



Kangaroo



Island



Council



Moving forward as a united community



Contact Us

Elected Members

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Milton Turner (deceased) 27/02/1930 – 08/07/2009		

Council Staff

Carmel Noon
Chief Executive Officer

Bernadette Brennan Human Resources & OHS	Daniel Rowley Community Infrastructure & Services Manager	John Fernandez Technical Services Manager	Aaron Wilksch & Melissa Grimes Development Services	Jing Zhang & Nicki Putland Financial Services
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Kangaroo Island Council

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Welcome

This Annual Report demonstrates our Council's continued commitment to transparent and accountable government

We present our achievements over the past year and provide a picture of past, current and future strategic and financial performance

Who is the annual report for?

Our report is produced for all interested stakeholders; ratepayers, residents, customers, potential investors and visitors.

What does our Annual Report tell you?

We have produced this Annual Report in accordance with the Local Government Act 1999 to provide you with a summary of our performance against our Strategic Plan 2008 - 2010. It will provide an insight into our operations and our financial performance, together with an understanding of the many challenges faced and successes achieved by our Island community.

Kangaroo Island Council

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

Whole of Island Vision Statement

As agreed by Kangaroo Island Agencies

Our whole of Island approach will support community learning; health, social and environmental well-being and economic growth, ensuring a sustainable future for all

Council's Mission

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

Council's Vision Statement

A confident, growing and cohesive community:

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

The core values that underpin this vision are:

Creativity and Innovation

To lead by initiative, innovation and have due regard for the community's aspirations

Equality

To treat citizens and each other with trust, honesty, tolerance and respect

Accountability and Transparency

To maintain the highest ethical standards in dealing with citizens and each other

Sustainability

To provide and manage the Island's assets for the current needs of the community and for future generations

Service Orientated

To provide appropriate service to our citizens in a prompt and pleasant manner

Participatory

To share information, listen and consult with the community and each other

Council's Strategic Plan for 2008-2010 identifies the goals, objectives and strategies for action which guide and inform all Council's corporate decision making. During 2009/10 we commenced the development of our next four year Strategic Plan.

Kangaroo Island

Our place, our history, why we live here
Land, Sea and Heritage, Positive Outlook, Relaxing

Overview: History - Demographics - Geography - Culture

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

Location

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



Sourced from www.coastshop.com.au

Geography and Environment

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

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

There are a number of settlements varying in size and facilities, including Baudin Beach, Emu Bay, Island Beach, Stokes Bay and Vivonne Bay. The township of Kingscote remains the principal centre of the Island's administrative and economic activity. Parndana provides services to the western end of the Island, American River and Penneshaw likewise in the east and on the Dudley Peninsula.

Kangaroo Island

Our place, our history, why we live here
Land, Sea and Heritage, Positive Outlook, Relaxing

Beginnings

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

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

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



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

Settlement

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

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

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Industry Development

For the next fifty years the Island's natural resources were in high demand from the developing mainland. This led to the establishment of various enterprises such as sealing, whaling and the export of salt and skins. Other industries attempted included timber cutting, saw milling, eucalyptus distilling, yacca gum harvesting and brick making. During the 1880s and 1890s there was a slow increase in the use of land for pastoralism mainly focussing on wool, but barley and other grain crops were also grown. By the early twentieth century attempts at mining coal, basalt, tin, silver, lead and gold proved unsuccessful with the exception of quarrying for gypsum which was the basis of a substantial operation at two sites near Pelican Lagoon.

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

Economic Prosperity

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

In recent times diversification from traditional production has led to expansion of the economic base. For example, in 2001 Kangaroo Island was declared Australia's eighteenth wine region, and now has some 28 growers and more than a dozen wine labels. Simultaneously, the Island's pristine environment has supported the development of high quality food and niche gourmet product industry. These include cheeses produced from a sheep dairy, honey from the purest strain of Ligurian bees in the world, olive oil, free range eggs, eucalyptus and lavender oils, quality fish and seafood such as farmed marron, abalone, barramundi and oysters.



Tourism has developed from its early beginnings in 1880 and is today one of the main economic drivers. The Island is promoted internationally as a premier eco-tourism destination and trades on its 'clean green' image and unique nature-based experiences. These include pristine beaches, native bushland and 21 national and conservation parks covering more than 30% of the Island.

Kangaroo Island

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Natural Environment

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

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



Recreation, Culture and Community

Kangaroo Island has a relaxed atmosphere with all the essential services and facilities of a larger regional centre. Residents are friendly and share a strong sense of community spirit. The Island offers a wide range of cultural and recreational activities to residents and visitors. Sports and social clubs cater for a range of opportunities including Island-wide competitive team sports, walking and gardening clubs, the annual Motor Fest and KI Racing Carnival. There is a vibrant arts community offering regular events, festivals and exhibitions and many commercial outlets and galleries offering local art and crafts for sale.

Kangaroo Island

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Services and Community Activities

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

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

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



Kangaroo Island Council Library – Kingscote

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

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

Legend

Commonly used acronyms in this report

AMP	Asset Management Plan
ASU	Australian Services Union
AWU	Australian Workers Union
CDO	Community Development Officer
CEO	Chief Executive Officer
CFS	Country Fire Service
CISM	Community Infrastructure Services Manager
CLASS	Community Living and Support Services
CPN	Community Passenger Network
Cr	Councillor
CWMS	Community Wastewater Management System
DAP	Development Assessment Panel
DPA	Development Plan Amendment
DECS	Department of Children's Services
DEH	Department of Environment and Heritage
DSA	Development Services Advisor
DTED	Department for Trade & Economic Development
DTEI	Department for Transport, Energy and Infrastructure
EPA	Environment Protection Agency
ETSA	Electricity Trust of South Australia
FOI	Freedom of Information
FPO	Fire Prevention Officer
FWS	Finding Workable Solutions
IAMP	Infrastructure Asset Management Plan
IT	Information Technology
HR/OHSW	Human Resources & Occupational Health, Safety & Welfare
KI	Kangaroo Island
KIDB	Kangaroo Island Development Board
LGA	Local Government Association
Mgr	Manager
NRM	Natural Resources Management
NVC	Native Vegetation Council
OHS	Occupational Health & Safety
PLEC	Power Line Advisory Committee
PPRADS	Performance, Planning, Review & Development System
RDA	Regional Development Australia
Rep	Representative
RLCIP	Regional & Local Community Infrastructure Program
RPT	Regular Public Transport
SAAS	South Australian Ambulance Service
SAFECOM	South Australian Fire & Emergency Services Commission
SAPOL	South Australian Police
SATC	South Australian Tourism Commission
SES	State Emergency Service
SFO	Senior Finance Officer
SMT	Senior Management Team
SOI	Statement of Intent
TOMM	Tourism Optimisation Management Model
TSD	Technical Services Department
TSM	Technical Services Manager

From the Mayor
Overview
Year in Review



Mayor Jayne's Overview

Local Government on Kangaroo Island continues to be one of the most challenging and diverse within South Australia with its many unique and critical issues. The diversity of problems facing this community have in many cases been long term and are not resolved easily. The focus of this Council has continued to be resolution of many of these long term issues, both within the bounds of our organisation and in driving community and economic growth appropriate for this Island.

Kangaroo Island is also one of the most remarkable regions of Australia. We have much to celebrate. Our amazing environment with the extensive and pristine flora and fauna, over 500km of coastline, our mediterranean climate and reliable rainfall, to name a few. The range of our agricultural, fishing and tourism industries, the growing and award winning food and wine sector, and our celebrated arts community adds to our community's wealth and diversity, and to the experience and enjoyment of our visitors.

The challenges lie with our remote Island existence, the small resident population, large geographical area and the growing attraction of visitors to our shores. Long term security for this community has been our focus, and this work has included access issues, energy requirements, infrastructure maintenance and renewal including roads, footpaths, signage, boat ramps, Community Waste Water Management Schemes (CWMS), camp grounds and day visitor sites, town centre projects and youth facilities. Work has also continued to meet the planning needs of this community into the future through the development of a new 4 year Strategic Plan and amendments to our Development Plan.

The success of the recently announced Federal Government funding of \$2.6 million for the upgrade of campgrounds and visitor sites is the culmination of many years work and lobbying, and the works will be completed by June 2011. The Bay of Shoals boat ramp was completed this year with funding from the State Government, and planning for the Emu Bay boat ramp upgrade is well under way. The second stage of the construction and sealing of Stokes Bay Road is completed with funding secured for stage 3, to begin in the coming year. American River CWMS is nearing completion with external funding, which will support continued growth of that town and provide environmental benefit to the area. The planning of the Penneshaw CWMS is well under way, and consultation will continue with the community.

From the Mayor

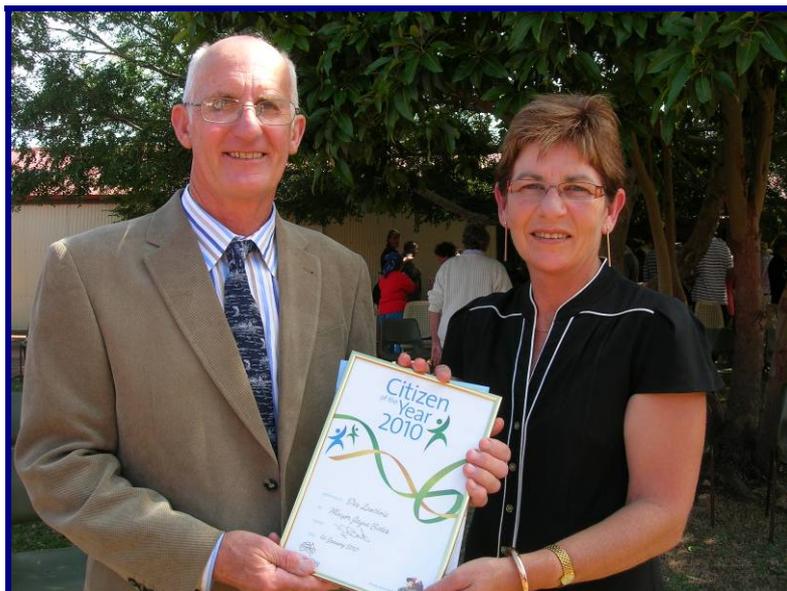
Overview Year in Review

These significant and complex projects have all been achieved while assessing and restructuring the organisation to maximise savings and improve outcomes for this community. All departments have been audited to improve efficiencies and the recommendations are being implemented. I would like to thank all staff for their commitment and resolve in the face of significant change, to this organisation and the community of Kangaroo Island, and to the CEO Carmel Noon and Senior Management Team for their leadership and direction in a very demanding and complex year.

The critical issue of managing the extensive road network is still to be resolved. It remains beyond the capacity of this small community to fund the maintenance of our roads with the growing tourism numbers without external assistance. The State Government now acknowledges this fact due to the extensive work and constant lobbying done by this Council, however has offered no solution to date. The failure to find a solution in the future will lead to the further deterioration of our road network, and the impact on our community and economy will escalate.

As this term of Council comes to a close I would like to acknowledge and thank the Elected Members who have worked tirelessly to achieve significant outcomes over the last four years. It has been a great privilege to work along side such a committed group who have always focused on building benefit and opportunity for this community.

Jayne Bates Mayor

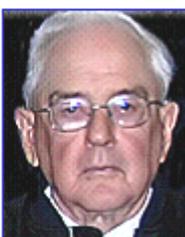


Des Lanthois Citizen of the Year 2010, being presented his award by Mayor Jayne Bates.

Introducing your Council

Democratically elected by the community for the community
A role model for sound democratic governance

Kangaroo Island Council
 1 July 2009 – 30 June 2010

	<p>Bates, Jayne Mayor</p>	<p>de Rohan, Susan (Not pictured)</p>	
	<p>Boxall, Malcolm</p>	<p>Connell, Graeme</p>	
	<p>Davis, Rebecca</p>	<p>Draysey, Trevor</p>	
	<p>Morris, Mark</p>	<p>Turner, Milton (Deceased 7 July 2009)</p>	
	<p>Wickham, Craig Deputy Mayor</p>	<p>Willson, Joyleen</p>	

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Principal Role of a Council

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

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

Functions of Council

The functions of a Council include:

- To plan at the local and regional level for the development and future requirements of its area
- To provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area (including general public services or facilities)
- To provide where possible for the welfare, well-being and interests of individuals and groups within the community
- To take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards
- To manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity
- To provide infrastructure for its community and for development within its area
- To promote its area and to provide an attractive climate and locations for the development of business, commerce, industry and tourism
- To establish or support organisations or programs that benefit people in its area or local government generally
- To manage and, if appropriate, develop, public areas vested in, or occupied by Council
- To manage, improve and develop resources available to the Council
- To undertake other functions and activities conferred by or under an Act

Roles of the Elected Members, CEO and Senior Management

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

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

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Representation Quota

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

Involving our Community

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

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

Planning and Decision Making

In accordance with the Kangaroo Island Council Public Consultation Policy and adherence to our commitment of transparent, accountable and responsive decision making, public consultation was strongly demonstrated through 2009/10. During the development of the 2010-2014 KI Council Strategic Plan a forum was held attracting approximately eighty attendees titled: *Future Search: United in our Future*. Representation was inclusive of residents, ratepayers, members of the community groups, Government agencies, Elected Members and Employees of Council.

Future Search enabled a broad spectrum of Kangaroo Island community representation to provide input into the direction and goals for the Council and the outcome set the platform for the development of this strategic plan. Each and every "common ground" item identified from the two day session was incorporated into the Kangaroo Island Council four year Strategic Plan. Furthermore, a direct flow-on effect occurred with the development of the 2010-2011 Business Plan and budget.

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

Corporate Governance

Strong leadership with accountable management
A role model for sound democratic governance

Councillor Allowances

Councillor allowances for the reporting period of 2009/10 were set in November 2009, and incorporate the CPI increase. The following table outlines the actual allowances for Elected Members over the 2009-10 period.

Elected Member	Allowance	Vehicle
Mayor	\$19,120.50	\$14,487.15
Deputy Mayor	\$8,599.48	\$1,335.26
Joy Willson	\$7,070.00	\$3,530.91
Bec Davis	\$7,070.00	\$3,077.25
Malcolm Boxall	\$7,070.00	\$1,797.79
Milton Turner	\$583.33	\$0.00
Mark Morris	\$7,070.00	\$0.00
Graeme Connell	\$7,070.00	\$0.00
Susan de Rohan	\$7,070.00	\$0.00
Trevor Draysey	\$7,070.00	\$0.00

Internal Review of Decisions

One application for review of a Council decision was made during the year. The matter under review related to a decision of Council relating to installing a gate on Archibald Street Reserve. The outcome of the review was that the actions were endorsed.

Report on the Use of Confidentiality Provisions

Refer to Statutory and Legislative Section on pages 60 - 65 of this report.

Training and Development Activities of Elected Members

During 2009/10 the Mayor and Councillors attended training on Good Decision Making 'Six of the Best' conducted by Michael Kelledy and Natasha Jones of Wallmans Lawyers.

Corporate Governance

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Good Governance

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

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

Ethics

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

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

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

- We are honest in our dealings with others
- We always demonstrate commitment and diligence in our efforts
- We are fair and even-handed in our dealings with others
- We have a sense of urgency on matters related to the community
- We "own" problems and are always responsive

Committee Membership

As of 30th June 2010

Committees of Council are referred to as Section 41 Committees (Local Government Act 1999), this also includes the Section 126 Audit Committee. The minutes from these committees are tabled at the following Council meeting for ratification. It is also legislative requirement under Section 56A of the Development Act 1993 that Council have a Development Assessment Panel.

COUNCIL COMMITTEES	
Local Government Act 1999 Section 41	MEMBERSHIP
American River Hall	Mayor, Crs Connell & Willson, Rep from the American River community (3) and American River Progress Association & American River Community Sports Association Advice – CEO & CISM
Boating Facilities	Mayor, Crs Connell & Morris, Rep from American River, Emu Bay, Shoal Bay & Penneshaw Advice – CISM
Community Passenger Network	Cr Davis, Rep from Transport Industry, Education Sector, Employment Sector (2) & Health Sector (2) Advice - CPN Officer, CDO
Finance Committee	Mayor, Crs Wickham, Willson, Morris & Boxall, Advice - CEO, CISM, TSM & SFO
Roadside Vegetation Management Consultative Committee	Mayor, Crs Wickham, Boxall & Willson, Reps of NRMB, TKI, Botanist, Eco Action, AGKI, Forestry KI, KI Transport Operators, DEH & Transport Committee Advice – TSM & FPO
TOMM	Mayor (Cr Willson proxy), CEO (A/CEO proxy), (Reps from Industry (1), KIDB (1), Tourism KI (2), NRMB (1), SATC (1), DEH (1), & Community (2) Advice - TOMM PM & SFO
Town Centres	Mayor, Crs Davis, deRohan, Connell & Willson, Reps from Progress Associations - Penneshaw, Advance Kingscote, Parndana, American River <u>Advice</u> – CEO, DSM, CISM, CDO, TSM, Planning SA Rep & Project Consultants
Local Government Act 1999 Section 126	MEMBERSHIP
Audit Committee	Mayor, Cr Wickham, Cr Morris & Mr John Comrie Advice – CEO, SFO & <i>Compliance Officer</i>
Development Act 1993 Section 56A	MEMBERSHIP
Development Assessment Panel	Mayor, Crs Boxall & Wickham, Independent Chair & 3 Independent Reps

Committee Membership *_ cont*

INTERNAL OPERATIONAL COMMITTEES	MEMBERSHIP
Airport Security	CEO, Airport Mgr, Assistant Airport Mgr, Reps of Regional Express, DOTARS, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, Air South, KI Transfers
Building Fire Safety	Building Officer, Senior Planning Officer, Rep from SA CFS & Building surveyor
OHS Committee	HR/OHS Mgr, TSM, CISM, CAS, H&S Representatives, LGAWCS Advisor
Workplace Consultative Committee	TSM, CISM, HR/OHS Mgr, Employee Representatives, ASU & AWU Representatives

EXTERNAL COMMITTEES/BOARDS	MEMBERSHIP/COUNCIL REPRESENTATIVE
Fleurieu Regional Waste Authority	Cr Boxall (deputy Cr Willson) until Nov 2010 Cristian Barrios (deputy CISM) until Nov 2012
KI Community Housing	Cr Davis
KI Development Board	CEO (disbanded)
KI District Bushfire Prevention	Mayor, Cr Boxall, FPO & General Inspector
KI Health Advisory Council	CEO
KI Natural Resources Management Board	CISM (non voting)
KI Ports Management Group	Mayor & CEO
LGA of SA	Mayor (Proxy Deputy Mayor)
Penneshaw Community Business Centre	Mayor
Regional Development Board	Cr Wickham (Local Government Representative – Ministerial Appointment)
Road Safety KI Committee	TSM
Southern & Hills LGA [Executive & General meetings]	Mayor & CEO (Proxy first Deputy Mayor & second GMAS)
Southern & Hills LGA Roads Working Party	TSM
Tourism KI	Mayor (Proxy Cr Davis)

Committee Membership and Allowances

Independent members of the Development Assessment Panel (DAP) receive \$300 per meeting they attend and are reimbursed travel to/from the Island, for those who live on the mainland. Elected members who sit on a committee do not receive a benefit in addition to their annual allowance.

At the commencement of 2010 the fee for the services of Chairperson for the Audit Committee was reviewed in order for this amount to be consistent with other Councils. The cost is now \$1000 (plus GST and travel costs) per meeting. An independent Chairperson for Council's Audit Committee is a requirement of the Local Government Act 1999.

Year in Review

Highlights, achievements and challenges – our key projects
From the Chief Executive Officer



Chief Executive Officer's Report

I am pleased to present this Annual Report that highlights the challenges and achievements of this Council and the myriad of reports and plans that will assist in shaping the future of our community.

On reflection of the year it is clear that our Mayor, Elected Members, Senior Management and Staff have undertaken considerable amount of work across each of Council's key strategic directions. We are in the final year of our Strategic Plan and work commenced in March 2010 to develop the 2010-2014 plan, this being a legislative requirement. Council addressed the concerns highlighted in community surveys, stating that Council needed to engage more with the community on development of such plans. As a result the *Future Search* program was used in the development of the next 4 year Strategic Plan, as this program is designed to bring diverse groups together to seek common ground. Through this process common ground issues were agreed to and have been incorporated into this plan. The Annual Business Plan and Budget for 2010/11 was also developed from the Strategic Plan and both documents can now be located on our website.

Over the last 12 months the achievements, not limited to, have included the following:

- Our third unqualified audit
- Completion of the Council's Strategic Plan 2010-2014, as mentioned above
- Completion of the Strategic, Long Term Financial and Master plans for the Airport
- Completion of Elector Representational Review resulting in a status quo structure retaining the office of Mayor and nine area Councillors
- Completion of an impact study on the implementation of a *Travellers Levy*, by Access Economics
- Completion of an analysis of what a sustainable injection of funds into infrastructure would have on Council and the Island, by Econ Search
- Reviews including the Works Review, Library Review, and commencement of the Finance Review for the purpose of improved customer service, organisational efficiencies and financial gains

- Reduction of outstanding internal controls from the identified 400 to 30 and involvement of Stage 2 Pilot; the management program along with 5 other Council's in SA
- Section 41 Review resulting in a reduction of 'red tape'
- The first Enterprise Bargaining Agreement in a Council in SA that combined 7 referral agreements including the inside and outside workforce agreements
- Completion and official opening by Minister Conlon of the Bay of Shoals Boat Ramp
- Completion of the Kangaroo Island Bushfire Risk Management Plan in partnership with the Kangaroo Island Bushfire Prevention Committee
- Approval of the KI General Development Plan Amendment, by Minister Holloway
- Completion of Stage 1 of the Town Centre project with entrance statements established at the 4 Island Townships
- Continued funding for Stokes Bay Road upgrade project
- Increased funding to commence an Integrated Passenger Network in the next financial year

One of the major highlights was the Hon. Minister Albanese approving \$2.6 million under the Jobs Fund, which will generate 22 new jobs over the construction period and have ongoing benefits and increased job opportunities for the Island community. As a result of receiving these funds, Council conservatively estimates that its financial position over the 10 year life of its current financial plan will be improved by over \$400,000. This takes into account both increased revenue from the improved assets, as well as increased expenses relating to the operation, maintenance and depreciation of these assets over the life of the current Long Term Financial Plan.

Although Council has done much work on its operations to ensure that we are compliant, measures have been adopted with the purpose of improving; efficiencies; current deficit and customer services. This will continue to be investigated with outcomes adopted. Roads are by far Council's largest infrastructure cost and this cannot be reduced or compromised if we are to maintain our roads to a safe standard. We were informed that a Ministerial Group was formed to address KI issues and Council has sent a letter to this group asking for the State Government's intentions and position on the options that have been discussed over the last 2-3 years. Council will continue these discussions in the next financial year and hopefully a solution will be forthcoming.

Life presents many challenges some we can influence and some we cannot, however, we can all make a difference if we work together and respect each other's opinions. We may have various ideas and methods of achieving results however; the outcome for everyone should be to sustain a healthy, vibrant community for now and into the future.

Although we have challenges we have also had a visionary Mayor, Elected Member group and dedicated Employees. I would like to thank each and every one of them for their continued support.

With warmest regards,

Carmel Noon
Chief Executive Officer

Year in Review

People Development, Safety and Well Being **Human Resources / Occupational Health, Safety and Welfare**



Human Resources Report

Change management is always recognised as a difficult process as people in general terms will often reject change. However, to achieve efficiencies and standards to the required levels, whilst maintaining service levels, change was inevitable. The ongoing reviews and restructure of all facets of the Kangaroo Island Council saw the human resources/occupational health and safety area evolve to incorporate people, learning and communications. Though the structural changes didn't occur until the latter part of 2009/2010, many of the efficiencies implemented were system efficiencies that had been identified and had flowed from earlier reviews. The People, Learning and Communications Department of the Council was formed to incorporate human resources, OHS, payroll, employee development, community services, information management, customer services, library and all methods of communication.

Continuous Improvement

The Council undertook to adopt a *continuous improvement* approach to the administration, operations and finance aspects of Council and in its application has focused on employee development, compliance and striving for either meeting 'best practice' standards or setting 'best practice' standards.

The continuous improvement approach was initiated through undertaking reviews of each department's structure and operations, as well as continuing to take every opportunity when existing positions within the organisation became vacant, to not only review the position, but also review the structure of the department and the relationship the position has within the Council. This approach has proven to be very fruitful in gaining efficiencies and demonstrating improvements by way of successful audit outcomes and the recognition of the Kangaroo Island Council as a leader across local government.

Industrial Relations

2009/10 saw the Kangaroo Island Council lead local government by reaching agreement to incorporate seven industrial documents into one, inclusive of industrial awards and all previous industrial agreements and documents. In addition, a massive 98% vote of agreement was recorded for the adoption of the one industrial agreement. A key focus in combining the documents was to ensure the provision of equity across the organisation and to focus on the removal of disparity where it exists.

Occupational Health, Safety and Welfare

Similar to the industrial relations, the Kangaroo Island Council has worked towards implementing the local government based occupational health and safety 'One System'. This massive task has seen a complete overhaul of all OHS policies and will continue over the next couple of years as the intricacies of OHS procedures get consulted, reviewed, developed, communicated and implemented.

A working OHS Plan for 2010-2011 has been developed, following the successful completion of actions from the 2009 OHS Plan. Those achievements showed a strong emphasis on training, with training having been provided across the organisation on risk assessments (including identification, assessment and control of hazards), incident reporting, OHS Contractor Management and Job Safety Analysis, as well as legislatively required training such as Responsible Officer, Health and Safety Representative and Injury Management / Workers' Compensation.

Performance, Planning, Review and Development

The Performance, Planning, Review and Development System (PPRADS) provides a method of measuring performance, planning for reaching key objectives and recognise the contributions of staff. As well as addressing accountability, it also assists in identifying training opportunities for improvement and development purposes and lends itself to identifying other methods for employee development.

The PPRADS process has again proven successful this year, particularly in the training and development of staff towards succession planning. Multi-skilling of staff has enabled staff to multi-task and this practice has proven to be beneficial for the Council in addressing a number of efficiencies identified through department reviews. The development of operational manuals, which was introduced through 2009/10 resulting from the multi-skilling aspect as staff have undertaken a variety of roles as back up support / relief. Again, further efficiencies being gained as a broader set of skills has been applied across each sector. These efficiencies are reflected in the overall payroll costs which have decreased from the 2008/09 period by approximately \$400,000 (refer to the Annual Financial Statements for further details). Staff development continues to feature strongly as a result of the PPRADS process.

Equal Opportunity

The Council's commitment to equal opportunity is documented within the Employee Code of Conduct. This is further demonstrated via training, information and communication. Council's job descriptions incorporate equal opportunity principles and these are practiced through the Council's recruitment processes.

There were zero reports of discrimination, harassment or bullying behaviour by the Kangaroo Island Council for 2009/10. In comparison, in 2008/09 there was one report of bullying and harassment, which after a very stringent independent investigation and analysis, which was unfounded.

Remuneration, Benefits & Allowances of Senior Executives

During 2009/10 Council employed a Chief Executive Officer, five Senior Managers (one excluded from EBA) and two Management Advisors. The information below outlines the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package.

Chief Executive Officer

Superannuation
 Motor vehicle – full private use
 Mobile phone
 Remote Areas Rental Concession
 Travel Allowance

Senior Manager (not under EBA)

Performance-Based Contract Package

Superannuation
 Motor vehicle – full private use
 Mobile phone
 Travel Allowance

Senior Managers

****EBA benefits plus package***

Superannuation
 Private use of motor vehicle
 Mobile Phone

Management Advisors

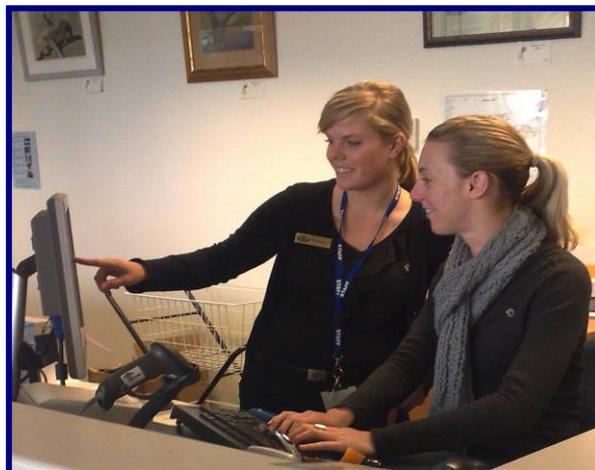
Fixed-term Contract

Reimbursement for expenses

** income protection, uniform allowance, travel allowance, 3 days extra leave, leave loading, sick leave reimbursement, time in lieu (TOIL)/Overtime, rostered days off, study allowance.*

Bernadette Brennan

Human Resources/Occupational Health, Safety and Welfare Manager



Year in Review

Highlights, achievements and challenges – our key projects
Technical Services



Technical Services Report

In April 2010 Kangaroo Island Council instigated the Work Services Review which was undertaken by UHY Haines Norton. The review recommended that an Asset Services Department be established combining the Technical Services Department with the external component of the Community Infrastructure and Services Department and the Airport to achieve coordinated works to the community.

The new department will become formally effective on 1 July 2010 and will provide the organisation with a focus on Asset and Project Management. While there is a major focus on Asset and Project Management, the new Asset Services Department incorporates the following services:

- Asset Management
- Major Project Management such as CWMS and Stokes Bay Road
- Civil Works incorporating all aspects of road works
- Parks and Gardens Management including Council Camping and Day Visitor sites
- Facility Maintenance
- Waste Management
- Community Wastewater Management Schemes
- Kingscote Airport
- Fire Prevention
- General Inspectorate
- Environmental Health

Following is a summary of the major achievements during 2009/10 relative to the applicable sections of the Kangaroo Island Council's Strategic Plan 2008/10.

Governance

Training

Local Government recognises the need to maintain employees who are trained in current technologies, possess suitable skills/knowledge to undertake the required works and have an understanding of the Kangaroo Island Council OHS Management System. Six Technical Services staff successfully completed Certificate in Civil Construction 3 (Plant), in a combined program with KI Development Board 'People for Places Project'.

A range of other training and refresher courses have also been provided to staff including:

- Working in Confined Spaces
- Workzone Traffic Management
- OH&S White Card
- Forklift Operations
- Preparing and Applying Chemicals

OHS&W

Technical Services Department staff actively participate in the Kangaroo Island Council OHS Committee and have formed the major nucleus of that committee for many years. Two new committee members undertook the Level 1 OHS Representative training in the 2009/10 period.

Environment/Development

Stormwater

The Brownlow Storm Surge Levee Upgrade project, externally funded under the Natural Disaster Mitigation Program, was completed. This project aims to protect Brownlow township and Council's infrastructure in the event of significant storm penetration of the existing levee bund. Final works were inspected to the satisfaction of staff of the Coastal Protection Branch of DEH. This department also offered valuable assistance in securing the external funds to do the works.



Council road crossings on the Harriet River were severely damaged in April 2009 and required significant reconstruction. This was funded in the most part by a grant from the Minister of Emergency Services.

Roadside Vegetation

The Roadside Vegetation clearance program continued with over 100kms of roadside vegetation maintained by external contractors.

An alternate method was trialled with success and this presented Council with additional resources to undertake this work. Council's staff continue to investigate cost effective alternatives to this work and understand the need to provide a safe passage for all vehicle users.

Water Affecting Activities

Council and NRM entered into an agreement to employ *Best Practice Standards* to Water Affecting Activities, when working in watercourses.

Infrastructure

Asset Management Plans

Council have engaged a consultant to develop the Asset Management Plans required to be completed by legislation. Currently Asset Management Plans are completed for:

- Roads
- Bridges
- Airport
- Plant & Equipment
- Buildings
- Reserves

Work has commenced on the following Asset Management Plans to be complete in the 2010/11 financial year:

- Stormwater
- CWMS
- Furniture & Fittings

Asset Management Plans will continually evolve. The condition of Council's buildings, plant, roads and all assets require regular assessment of their condition of wear, and this is required to be 'loaded' into a compliant system, in order to advise Council of its position.

Boat Ramps

Council contractors completed reconstruction of the Bay of Shoals boat ramp, and Minister Conlon opened the facility on June 2nd, 2010. Much of the funding to perform the works was from the South Australian Boating Facilities Advisory Committee, and staff appreciated Minister Conlon's assistance in securing final additional funds during the works period to help produce a satisfactory and safe facility for all users. The upgraded site is expected to be capable of accommodating increased numbers of vessels, both local and visitors.



Bay of Shoals boat ramp

Council have engaged a consulting traffic engineer to design car and trailer traffic movements at Christmas Cove, with any works undertaken to be funded from lease funds from mooring sites. The design is expected to be completed in late 2010.

Council engaged a marine engineer to complete a design of a new launching facility at Emu Bay. Consultation with Emu Bay Progress Association produced a desired concept of requirements and a final plan and technical specification is expected in late 2010.

Kangaroo Island Council allocated \$30,000 from the Regional & Local Communities Infrastructure Program-Round 2, towards construction of a breakwater for American River Boat Ramp. This project commenced in June and was completed in July 2010.

Depots

The Kingscote depot has had a concrete pad installed on the filling area, this will contain any spillage of fuel. Plumbing was also installed to direct any spillage or ground water from the bunded area into the existing gross pollutant trap. Excess clean water from this is directed into a 'percolation' trench which waters the grassed area in front of the depot.

To further comply with EPA requirements, a roof has been installed over the fuel bund at the Penneshaw Depot to minimise stormwater entry.

Sealed Roads – Capital Works

Kangaroo Island Council continued its commitment to maintaining the sealed road network with the resealing works undertaken at:



- South Coast Road - Gregors Road to Crabbs Road
- Calnan Court - Kingscote

This work was funded from the Federal Government's Road to Recovery program, from which Council have allocated funds since 2002, ensuring this important arterial route is maintained to a high standard. Kangaroo Island Council have been allocated \$287,000 annually under this program which ceases in 2014.

Unsealed Roads – Capital Resheeting

Council allocated funds to resheet over 20kms of its unsealed road network. Many of the target roads were identified from Council's Asset Management Plan development, and were of high *Tourist* and *Community* significance. Sections of North Coast Road, Cape Willoughby Road, Shorty Road, Elsegood Road, Longview Road and Thomas Road were upgraded, among many others.

Footpaths

Council upgraded footpaths on Rawson Street, Centenary Avenue and Dauncey Street in several sections. This included patching and repairs and sealing (Centenary Avenue). A poor section of footpath on Dauncey Street between Drew Street and Wheaton Street was reinstated to allow safer pedestrian access.

Special Local Roads Program

Kangaroo Island Council have indication that the Local Government Transport Advisory Panel (LGTAP) will approve funding to Council to continue the Stokes Bay Road upgrade project. Council have applied for funds to complete Stage 2 (\$200,000) that was not able to be finalised in 2010, and to commence and complete Stage 3 (\$600,000), which will take the project to a point approximately 1.3 km north of Stokes Bay Hall.

This is possible due to Stokes Bay Road being nominated within the region (Southern & Hills Local Government Association) as being the highest priority for upgrading in the *Community/Social* category of roads.

Kingscote Airport

In 2009/10 Kangaroo Island Council adopted the Kingscote Airport Strategic Master and Long Term Financial plans. These documents have set the long term strategic direction for the Kingscote Airport to ensure that major infrastructure upgrades can be met by the Council through sustainable charging. The plans also assessed the options for the Airport to meet the requirements of the community and stakeholders alike, to ensure that infrastructure meets these needs and set contingency proposals in place to enable this to be achieved if and when a number of circumstances arise.

Passenger Movements

Until October 2009 Kangaroo Island was serviced by two Regular Public Transport (RPT) airline services offering between 6 and 8 regular weekday flights operating between Adelaide and Kingscote. The loss of the second airline and the associated optional scheduling and convenience of this service is likely to have been a contributing factor to the reduction in RPT passengers carried.

In 2009/10 there was another small reduction in RPT numbers from the previous year with total RPT passenger movements reaching 54,192. This represented a total variation of -2.04 % on RPT numbers for the previous financial year and -7.63% on the previous 5 year average. This is in contrast to overall visitor numbers remaining static between 2008/09 and 2009/10 and an increase of 26% since 2001/02.



The Adelaide-Kingscote air route continues to face strong competition within the travel sector from ferry transport as a viable way to travel to and from Kangaroo Island. This optional mode of transport is very well marketed to any potential traveller wishing to visit and enjoy our attractions.

Construction

Kangaroo Island Council commenced management of the Aerodrome in 1986, and the existing runway lighting was reinstated at that time. It was identified in 2007 that the Kingscote Airport Runway lighting was suspected to failure in certain conditions. Kangaroo Island Council made the decision to commit funds to upgrade this lighting.

Through the efforts of the Mayor's advocacy and the Senior Management Team, an external funding opportunity was explored, applied for and a grant was realised from the Remote Aerodrome Safety Program (RASP) for 50% of the funds required to upgrade the lighting. RASP committed \$220,000 to enable Council to complete the works, which was finalised March 2010.

The major project that was successfully completed was the upgrade to the lighting for the sealed runway and taxiway. The work was undertaken by local contractors and the resultant outcome has provided a new pit and duct wiring circuit designed and constructed with reduced light spacing to meet the new aviation industry standards. These replaced components will serve this Airport well into the future.

Airport Future Developments

In April 2010 Kangaroo Island Council instigated the Work Services Review which was undertaken by UHY Haines Norton. The review recommended that an Asset Services Department be established combining the Technical Services Department with the external component of the Community Infrastructure and Services Department and the Kingscote Airport to achieve coordinated works to the community.

The inclusion of the Kingscote Airport in the new Asset Services Department will ensure that the Airport continues to be maintained at a high level. This will be achieved to a higher level through integration with other Council services and assistance with project and asset management requirements.

Future

In 2009/10 the foundations to the new Asset Services Department have been determined. The department will focus on the delivery of services to the community and respond to the requirements of Council to the best of its ability. The focus on Asset Management Plan and Project Management will ensure works are undertaken in a strategic manner and that the department can respond to Council requirements in the event of a new sustainable funding source.

The most important component of any Council department is its people and there will continue to be a focus on Occupational Health, Safety and Welfare and training of Council employees. This focus will be ensuring that staff are equipped with all the skills, knowledge and understanding to deliver their job requirements to the best of their ability.

In 2010/11 there are a number of projects that will either continue from 2009/10 or commence from the Technical Service Department previous commitments. The major projects of these include:

- Stokes Bay Road Upgrade
- Road resheeting program
- Emu Bay Boat Ramp Upgrade
- Tourism Signage Upgrade
- Street Name Blade replacement
- Mass Action Signage
- Roadside Vegetation

These projects will lay the foundations for the future with infrastructure being developed which will be sustainable over a long period of time. The Asset Services Department will undertake programs of an operational nature that influence overall Council business and sustainability particularly in the area of Asset Management Planning and delivery.

John Fernandez
Technical Services Manager

Year in Review

Highlights, achievements and challenges – our key projects
Community Infrastructure & Services



Community Infrastructure & Services Report

As discussed in the Technical Services Report, in April 2010 UHY Haines Norton undertook the Work Services Review which included the 'external' section of the Community Infrastructure and Services Department. The review recommended that an Asset Services Department with the 'community' component of the Community Infrastructure and Services Department being transferred to the People, Learning and Communications Department. This will ensure that the Asset Services Department focuses on delivery of asset and project management services to the community while the People, Learning and Communications Department continues to provide consolidated and consistent messages to the community.

The new department structure will be effective as at 1 July 2010. The following areas of the Community Infrastructure and Services Department have been transferred to the People Learning and Communications Department (formerly the Human Resources & OHS Department):

- Customer Service
- Library
- Communications
- Community Development
- TOMM

Following is a summary of the major achievements during 2009/10 relative to the applicable sections of the Kangaroo Island Council's Strategic Plan 2008/10.

Governance

Leases, Licences and Permits

Kangaroo Island Council continues to review the Leases, Licences and Permits. Council has appointed a local legal firm to oversee the Leases, Licences and Permits system to ensure that all documents meet the ever changing legislative requirements.

By-laws

During 2009/10 Kangaroo Island Council commenced the review of the Council By-laws which were due to expire on 1 January 2011. This review resulted in Council considering 9 By-laws which includes the establishment of separate By-laws for foreshore and boating facilities. Many of the requirements were extracted from the previous Local Government Land By-law but this provided a focus on these two areas. We are anticipating that the new By-laws will be adopted by Council in the second half of 2010.

Environment/Development

Community Wastewater Management Schemes (CWMS)

In 2009/10 the construction of the American River Community Wastewater Management Scheme was completed and became fully operational. Council continues to work through defects and liabilities with this project.

The upgrade of the Kingscote CWMS Wastewater Treatment Plant including the replacement of the liners in one of the storage lagoon was completed. Council is now assessing the functionality of the infrastructure prior to moving forward to further stages of the upgrade as recommended by the consulting engineers.

Linked with the upgrade of the Kingscote CWMS has been the upgrade of the Parndana CWMS Lagoon system and gravity network. These works have been delayed due to the winter period and this is likely to be completed in late 2010. The planning, design and consultation phase of the proposed Penneshaw CWMS continues with a final decision for the scheme to occur sometime during the 2010/11 financial year.

Funding for the above schemes has been achieved with commitments and support from the Local Government Association.

Waste Management

In 2009/10 Kangaroo Island Council resolved to adopt the Charter for the Fleurieu Regional Waste Authority under section 42 of the Local Government Act. This is the next phase in waste management on Kangaroo Island which will see waste managed professionally with people focussed on waste management with a regional and state perspective.

Council's Community Services Coordinator Cristian Barrios attended the Third National Landfill and Transfer Station Conference held in Hobart. He received the award for Kangaroo Island Council which achieved runner up in the best national small transfer category. This has reinforced Council's Waste Management Plan and Council now has gained further recognition as an industry leader.



Animal Management Plan

Every five years Council is required to review the Dog and Cat Management Plan required under the Dog and Cat Management Act 1995. Council reviewed and adopted a new plan during the 2009/10 period with the adoption of the Kangaroo Island Animal Management Plan. The new plan aligns the management of dogs and cats equally with some directions with other animals included.

Council's Environmental Health Officer (EHO) inspects any animal-keeping premises to ensure that there is no risk to human health and that both noise and odours are kept within reasonable limits.

Kangaroo Island Bushfire Risk Management Plan

During 2009/10 Kangaroo Island Council in partnership with CFS, DEH and SA Water developed and adopted the Kangaroo Island Bushfire Risk Management Plan. This plan is the first of its kind in South Australia and was developed based on the NSW model of landscape bushfire management planning. The plan model will now be rolled out across South Australia by CFS.



Stakeholders involved in the development of the Kangaroo Island Bushfire Risk Plan 2009-2014 left to right: Ray Jackson (CFS), Mayor Jayne Bates, Robert Ellis (DEH), Anthea Howard (KIC) and Bill Haddrill (DEH).

The Bushfire Risk Management Plan identifies a work plan for agencies involved and includes both operational works such as property inspections, and capital works such as road works in the Kangaroo Island Council Plan. As such Council has been undertaking inspections in accordance with the plan criteria.

Council also applied for funding from the Bushfire Resilience Fund for funding to undertake the capital works component. Council was successful in obtaining funding for the upgrade of Hanson Bay Road to GAFLC Major Track status. Council also received funding for the purchase of a forestry groomer which is proposed to be hired to all agencies to ensure the works allocated in the plan can be managed sustainably by all stakeholders in the future.

Waste Control Systems

Waste Control System applications (otherwise known as Septic Tank Applications) are still assessed and approved by Council's Environmental Health Officer. Apart from ensuring that any effluent entering the environment will present little or no risk to human health, this close supervision of waste control systems is done to ensure that there is little or no risk of any contamination of ground and surface water.

Asbestos

Council's Waste Depot is licensed to receive asbestos waste. However, due to the cost of freighting bricks to the Island being so expensive, the majority of the dwellings built on KI during the 1950s and up until the 1970s were constructed of asbestos sheeting. This is now starting to cause problems with people wanting to either renovate existing dwellings or demolish them and build new dwellings out of different materials.

During the past twelve months an old building on Kingscote Terrace, Kingscote was renovated, with the removal of some asbestos and some other non-asbestos material. In addition, an old asbestos wall was completely covered over in a non-asbestos material.

The old beach shelter at Snellings Beach was discovered to be roofed in the old Deep 6 asbestos sheeting and was removed at considerable expense to Council during the year as the roof was in poor condition and had a number of holes in it. Council continues to maintain its Asbestos Register as required by the OHS&W legislation and this is updated annually by Carter Corporation.

Old Police Station

The Old Police Station and cells were treated for salt damp during the reporting period which laid the foundations for these building to be maintained in the long term. Council views the maintenance and management of the significant cultural heritage items on Kangaroo Island, such as this, a priority.

Infrastructure

Camping and Day Visitor Sites

Kangaroo Island Council resolved to focus Council's efforts on obtaining funding from the Commonwealth Government's stimulus funding to implement the Community Camping and Day Visitor Strategy which Council had developed in 2005.

Council has been advised that the Commonwealth Government has allocated \$2,633,566 from the Infrastructure Employment Projects (IEP) fund. Council had to only commit \$200,000 of budgeted funds and in-kind salary employee time. This exciting project will see the upgrade of 12 campground and day visitor sites across Kangaroo Island during 2010/11.



Oval

The development of the Kingscote Oval Master Plan continued in 2009/10 and will continue during 2010/11 with the objective of the plan having all users agreeing on a combined vision for the site. This project has been engaging all users to assist in achieving this objective.

Cemeteries

A new plinth has been installed at the Penneshaw cemetery, to increase available plots and improve set out and access for excavation of graves.

The car park at the Kingscote Cemetery was sheeted with limestone, there was also a drainage system installed to reduce ground water problems when excavating graves.

Social/Community

Fire Preparedness Community Meetings

CFS in partnership with Council in line with the objectives of the Kangaroo Island Bushfire Risk Management Plan have been holding community education sessions with communities at risk from bushfire across Kangaroo Island.

Immunisation

Council ceased operating its monthly immunisation clinics at the Cook Community Health Centre, now that the KI Medical Clinic has employed a Practice Nurse to perform vaccinations.

However, Council and the Cook Community Health Centre continue to operate the SA School-Based Immunisation Program and provide vaccinations for the year 8 and 9 classes on the Island.

Food Safety

As part of its obligations under the Food Act 2001, Council encourages food safety by having its Environmental Health Officer (EHO) maintain a register of food businesses on the Island and arranging for periodic inspections of these food business premises. In addition Council provides free food safety training on its website and the EHO provides free advice to those people wishing to set up new food businesses.

Public Health and Safety

Council's EHO inspects swimming pools and spa pools that are open to members of the public to ensure that the operators run them in accordance with the SA Regulations. The role is also responsible for the inspection of animal keeping premises to ensure that they pose no risk to human health and are free from odours and excessive noise. Hairdressing and beauty salon type businesses are inspected on a periodic basis to ensure that they are run safely. As a part of the Legionella control program the water system at the Kangaroo Island Health Service is audited annually.

The EHO also provides information about vermin, mosquitoes and other pests such as millipedes and ensures that this information is distributed periodically throughout the community by means of notices in the local paper.

Future

As discussed in the Technical Services Report, from 1 July 2010 the Asset Services Department will continue the focus on the delivery of services to the community and respond to the requirements of Council to the best of its ability. There will be an emphasis on appropriate Asset and Project Management to assist in ensuring Council's sustainable future.

The Asset Services Department will continue to review delivery methods ensuring the department continue to deliver the Community's and Council's desires appropriately. Efficiencies and best practice methods will be continually sourced to ensure high standards are continually met.

The establishment of the Fleurieu Regional Waste Authority is an exciting direction for waste management in the future and the establishment of this as a sustainable business model will be a benchmark for the Fleurieu Region. It is anticipated that other regional alliances will be established using this as a model in the region and across South Australia.

In 2010/11 there are a number of projects that will either continue from 2009/10 or commence. The major projects include:

- Penneshaw CWMS
- Community Camping and Day Visitor Strategy Project
- Parndana CWMS Upgrade
- Kingscote Oval Master Plan development
- Completion of Town Centres Stage 2
- Implementation of the Bushfire Risk Management Plan

These projects have an emphasis on good planning and will place Council in a position of 'shovel ready' when opportunities for extra funding become available.

Daniel Rowley
Community Infrastructure and Services Manager



Shelter facilities built at Browns Beach Campgrounds with the Community Camping and Day Visitor Strategy Project Funding

Year in Review

Highlights, achievements and challenges – our key projects
Development Services



Development Services Report

Council's Development Services Department assesses development applications against the Kangaroo Island Development Plan, Development Act and Regulations, Building Code of Australia and relevant Australian Standards and Codes. The department is also responsible for providing accurate and concise planning advice to people undertaking development at all levels of scale and complexity, and provides strategic planning functions to maintain a purposeful direction for development of Kangaroo Island.

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

Building

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

The building component involves the assessment of technical and structural aspects of Development Applications under the Building Code (Building Rules applications), undertaking audit inspections of building work in progress, and the operation of the Kangaroo Island Building Fire Safety Committee. This Committee carries out audit inspections, typically on commercial buildings such as hotels, motels and halls as well as other buildings for public assembly and accommodation.

Planning

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

Supplementary roles of the planning function of Council includes the provision of property searches required for the sale and conveyance of real estate, consultation on strategic project works, such as those for the town centres and local Progress Association projects, maintaining development compliance including occupancy and fire safety provision documentation.



Development Statistics

Notwithstanding a reduced number of applications lodged in the 2009/2010 year compared to 2008/09 it has still been a busy year within the local building industry. The number of development applications lodged with Council during the 2009/10 financial year totalled 239, inclusive of 22 land division applications to a total development value of \$38,779,324. This compared to 290 applications in 2008/2009, inclusive of 28 land division applications, with a total value of \$19,710,927.

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

- Tourist accommodation comprising of 47 apartments in association with the Ozone Hotel complex
- Helicopter joy flight operation, near Hanson Bay
- Outdoor dining facility at Penneshaw Hotel
- Approval for the reinstatement of Penneshaw Caravan Park



Ozone Hotel redevelopment

There were three appeals lodged with the Environment, Resources and Development Court, which included:

- Two land divisions in rural areas that were initially refused by Council which were later compromised with improved outcomes, without having to go to a hearing
- Helicopter Joy flight operation which is under appeal by a third party appeal

Milestones

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

- The engagement of David Altmann, as the Development Services Advisor
- Maintaining and refining the essential development services functions
- Meeting statutory timeframes prescribed under the Development Act
- Timely processing of Development Applications and general administrative tasks
- Serving the community with sound planning advice and succinct planning assessment
- Recognition of service with a nomination to the South Australian Planning Institute of Australia, Awards for Excellence, in the *rural planning achievement* category
- Gazettal of the new Kangaroo Island Development Plan on 13 May 2010
- Lodgement of a Statement of Intent with the Minister for further amendments to the Development Plan via the General Farming, Rural Living, Forestry, and Bushfire Protection Development Plan Amendment

Partnering

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

Public Information

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

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

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

Human Resources

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

During this period staff have united to work effectively and productively to improve customer service to the community. To assist Aaron Wilksch, Senior Planning Officer and Melissa Grimes, Development Services Coordinator, Council has engaged the services of David Altmann, in a senior advisory capacity as the Development Services Advisor. Stewart Gowers assists on a contract basis with building rules assessments and audit inspections.



Development Assessment Panel

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

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

Strategic Planning

The Kangaroo Island Council Development Plan is the principal document used to control development across the Island. The General Development Plan Amendment was finalised and consolidated in May 2010.



The new Development Plan and an extract of the quality zone mapping

Council has submitted a Statement of Intent (SOI) to undertake further amendments to the Development Plan, focusing upon elements of General Farming, Rural Living, Forestry and Bushfire Protection. This will identify greater development opportunities in certain areas and establish clearer guidelines for the kind and intensity of rural activities envisaged.

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

The Kangaroo Island Coastal Issues Work Group continues to focus upon coastal works for common goals of preservation of flora and fauna, the environment, and creating positive outcomes that allow public interface and interaction in identified fragile environments.

Aaron Wilksch, Senior Planning Officer
Melissa Grimes, Development Services Coordinator
David Altmann, Development Services Advisor



Range of Development Services brochures available at the Kingscote Customer Services Offices

Year in Review

Highlights, achievements and challenges – our key projects
Finance, Information Technology and Records



Financial Management & Information Services

Overview

Council overall recorded a net surplus of \$28,507 in 2009/10. A deficit of \$905,000 was expected, however, the surplus was primarily due to lower than expected employee costs and the diversion of resources from operating activities to capital projects during the year.

However, Council has recorded an operating deficit of \$2.1m for the financial year. The operating deficit highlights the challenges faced by Council in relation to both its asset and financial management strategies. Further development of Council's long-term planning in both critical areas will be undertaken in 2010/11, as Council takes steps to reduce the underlying weaknesses in its financial structure.

Capital expenditure totalled \$6.73m in 2009/10, \$26,000 higher than the revised budget target of \$6.7m. Major projects undertaken during the year included:

- Stokes Bay Road upgrade (\$1.46m)
- Airport pilot-activated lighting system at Kingscote (\$0.3m)
- Community wastewater management scheme upgrades at American River (\$1.1m) Parndana (\$0.5m), Kingscote (\$0.45m)
- Brownlow storm surge levee bank (\$0.296m)
- Bay of Shoals boat ramp (\$0.69m)

Council had cash on hand of \$797,000 at the end of 2009/10, \$710,000 higher than the revised budget target.

Council again achieved an unqualified audit opinion for 2009/10, an encouraging result which reflects the increased emphasis that Council has placed on sound financial management, asset management and strengthened internal controls.

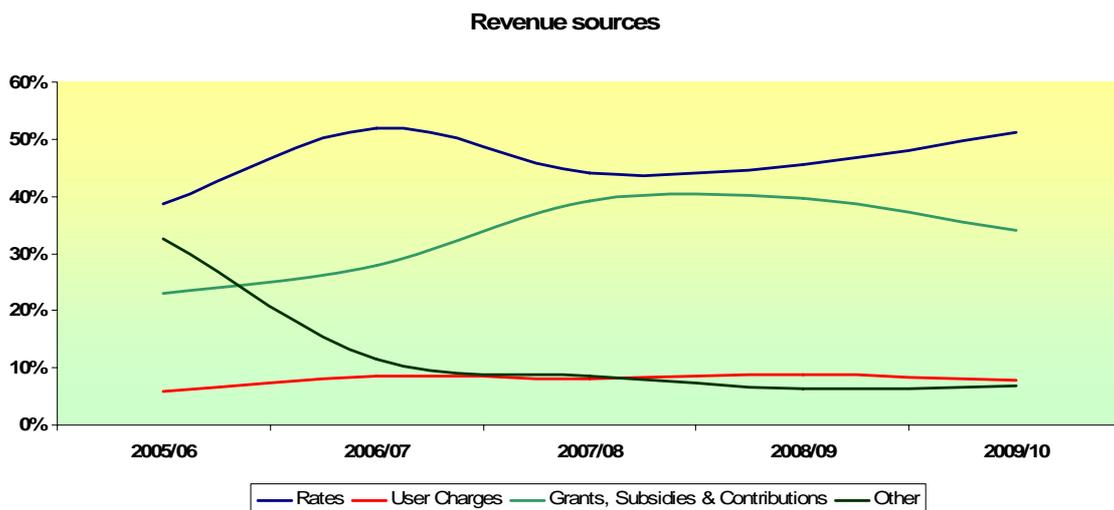
Council continued to pursue efficiency gains in its operations, with efficiency reviews or structural changes being undertaken at the Kingscote Airport and in the outside work areas. A review of the Finance Department and Council's financial management practices commenced in June 2010 and was to be completed in the first quarter of 2010/11. This review should lead to further efficiency gains through the streamlining and automation of key business processes throughout the organisation.

Financial sustainability remains a key challenge for the Kangaroo Island Council, with limitations on revenue-raising powers impacting on Council's ability to maintain its significant transport and tourism infrastructure assets to acceptable standards.

Funding sources

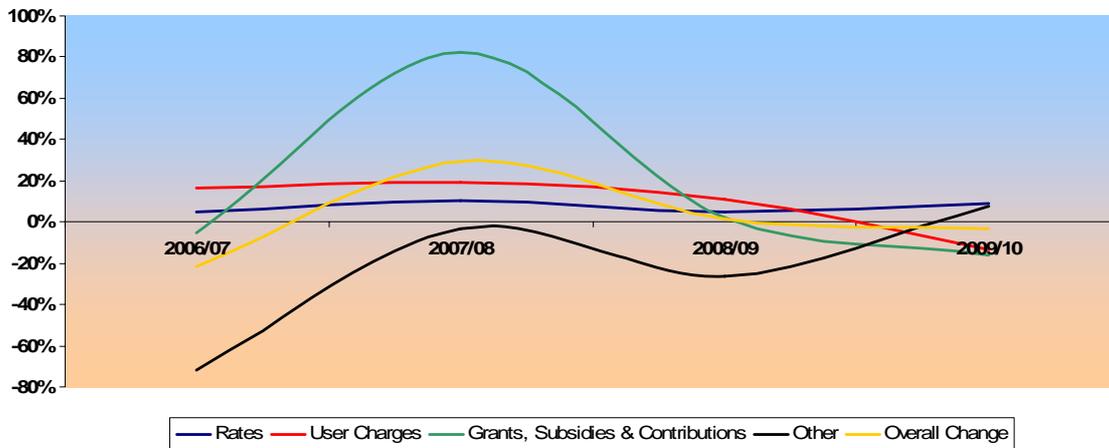
Council continued to rely heavily on rates (51%) and grants (34%) as its prime revenue sources in 2009/10. The proportions of these revenue streams are consistent with those experienced by Councils with similar characteristics to Kangaroo Island Council and reflect the limited scope of revenue-raising powers within the local government sector.

Wherever possible, Council actively seeks to obtain grant funding for the delivery of new services or the upgrading of infrastructure assets. Grant funding for one-off or capital projects, together with the revenue impact of assets received free of charge, is responsible for large variations in revenues experienced by the Kangaroo Island Council over the last 4 years, as shown in the graphs below.



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

Variation in revenue sources



Financial Indicators

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

Council has achieved favourable results for 4 of the 7 indicators in 2009/10, however Council still faces challenges in relation to delivering an operating surplus and the management of its asset-driven indicators.

Financial indicators					
	2005/06	2006/07	2007/08	2008/09	2009/10
Operating Surplus	-632,214	-612,021	-3,362,474	-2,730,296	-2,070,763
Operating Surplus Ratio	-13%	-12%	-59%	-46%	-32%
Net Financial Liabilities	1,441,863	1,733,762	3,379,108	5,869,886	7,442,308
Net Financial Liabilities Ratio	15%	18%	33%	55%	69%
Interest Coverage Ratio	0.9%	0.9%	-0.5%	1.7%	2.7%
Asset Sustainability Ratio	76%	99%	122%	24%	26%
Asset Consumption Ratio	83%	78%	64%	64%	65%
	Within target range		Outside target range		

Borrowings/Debt Management

In 2009/10, Council continued its policy of borrowing funds for the development of key infrastructure assets for its community, using borrowings as a means of allocating costs to consumers of those assets over their useful lives. Council also uses borrowings to cover shortfalls in its immediate cash management needs from time to time.

Council borrowed a total of \$9.4m during the year and repaid debt of \$7.5m. The high level of borrowings and repayments during the year reflects Council's use of short-term borrowings to cover cash shortfalls during the year. This is consistent with the Treasury Management policy as recommended by the Local Government Association.

Outstanding debt as at 30 June 2010 was \$7.3m, an overall increase of \$1.9m from the previous year.

Financial Sustainability / Long Term Financial Planning

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

Council adopted its Long Term Financial Plan (LTFP) in November 2008 and in 2009/10 further modelling was undertaken to determine the impact of alternative revenue streams and asset management priorities.

Due to the asset-intensive nature of Council's activities, further work will be undertaken to ensure the complete integration of the LTFP with asset management plans. The continued development of Council's asset management plans was a high priority during the year and it is expected that refinement of both the financial and the asset management plans will occur in 2010/11.

Internal Controls

Council was one of only 5 local government authorities in South Australia to undertake a pilot program in the assessment and review of internal controls using web-enabled technology developed by Deloitte. It is expected that the pilot program will enhance the understanding of internal controls across the whole organisation, strengthen those controls and engender a culture of continuous improvement.

Rates and Valuations

The capital value of rateable properties increased by only 0.62% during 2009/10 to a total of \$1.6bn, whilst the number of rateable properties increased by only 0.53% to 5,311.

The lack of growth in capital values and new rateable properties was reflective of global economic conditions, the failure of managed investment scheme timber forestry enterprises and the impact of poor returns from agricultural production during the year.

Average general rates for a residential property on Kangaroo Island were \$838 in 2009/10, an increase of 5% over 2008/09. Average rates for primary production properties were \$1,075, a decrease of 0.5% from 2008/09.

Information Services

Council continued to leverage its IT services from the Alexandrina Council, an example of shared services in the local government context benefitting smaller, rural-based Councils.

Council implemented an electronic purchasing system in the last quarter of 2009/10, an initiative that is expected to deliver cost savings benefits, as well as improved financial management through more comprehensive commitment accounting.

With the shared services agreement with Alexandrina Council due to expire at the end of 2010/11, Council will review its IT strategy during the year in order to ensure that it maximises efficiencies and information outputs from its systems.

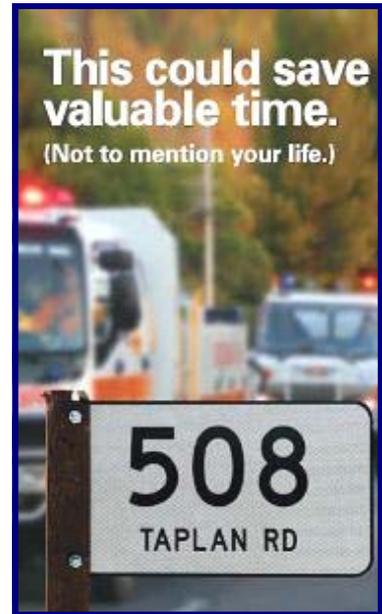
The emphasis in 2010/11 will be on streamlining critical business processes through automation, in order to drive efficiencies, improve customer service and facilitate more informed and timely decision-making for Council and management.

Rural Road Numbering

Kangaroo Island Council and the Department of Transport, Energy and Infrastructure's Rural Numbering Unit have worked in co-operation to undertake preliminary processes aimed at delivering the Rural Property Addressing Project for Kangaroo Island.

Rural Property Addressing is a joint state and local government initiative aimed to provide all occupied rural properties in South Australia - home and business - with a nationally consistent numbered address.

Many properties are currently located on un-named roads, requiring the property owner to rely on local knowledge and reference points among emergency services personnel (and service providers like vets and livestock officers) to find their property. Descriptions of property location are often confusing leading to time loss and frustration. Rural Property Addressing will end that confusion and ambiguity.



This initiative will provide a distance-based road number (based on the national standard) for the road access point to occupied properties that will assist emergency services and other service providers to find homes and businesses in regional South Australia with certainty, quickly and easily. A rural property address consists of the distance based road number, road name, locality and postcode.

In 2009/10 significant work was performed by Council staff to determine actual property entry locations and load these into GPS format, in addition to naming many previously un-named roads. Coupled with the rural nameblade replacement program, the project was made ready for the signage installation.

The Finance Team

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Tourism Optimisation Management Model

Tourism Optimisation Management Model (TOMM) is a collaborative project between the Kangaroo Island Council, Tourism Kangaroo Island, South Australian Tourism Commission, Kangaroo Island Natural Resources Board, Department for Environment and Heritage, Kangaroo Island Development Board, Industry and Community.

These stakeholders form the TOMM Management Committee (a Section 41 Committee of Council) and oversee the project. TOMM measures the long term health of the tourism industry and of Kangaroo Island from a variety of aspects including social, environmental, economic and visitor experience. TOMM collects and collates a variety of information that is utilised by all stakeholders to assist in informing decision making processes.

During 2009/10 TOMM has undergone a major review of its legislative requirements and responsibilities under the Local Government Act. Section 41 of the Local Government Act determines the role and responsibilities of Committees of Council. One of the fundamental criteria of a Committee is that they make recommendations to Council prior to full endorsement.

A committee which has funding partners cannot operate independently under this arrangement as the funding partners could be over ruled by Council during the endorsement process. The TOMM stakeholders have resolved to move to a more independent model and it was agreed that Regional Development Australia would be the 'host' stakeholder.

Through this review period TOMM has continued to collect data based on the Indicators provided and agreed to in previous years. The Residents Survey and Visitor Exit Survey has continued with reports from the outcomes of surveys been prepared and finalised.

TOMM Resident Survey

The TOMM Resident Survey randomly surveys around 10% of the Island's resident population and has been undertaken annually since 2000. The survey measures key indicators as part of the TOMM process as well as providing stakeholders with the opportunity to ask residents their opinions regarding issues specific to their organisation. TOMM provides an invaluable tracking tool, measuring community values and opinions over time regarding an array of issues.

Council utilises information from this survey including; resident values, opinions regarding specific Council issues (eg. bridging Council's financial gap, methods of communication, vehicles on beaches and appropriate development), perceptions of lifestyle and levels of satisfaction with Council's performance.

Nine years of tracking data is available to agencies to utilise in agency planning, setting strategic direction and addressing specific issues. The survey also provides a powerful tool in tracking community attitudes towards management actions put in place as a response to issues raised in the survey.

TOMM Visitor Exit Survey

Over this period approximately 185,000 visitors came to Kangaroo Island, based on the TOMM data capture method. This is an approximate equivalent number as for 2008/09 however Council information shows that the number of people travelling to Kangaroo Island via the Kingscote Airport reduced in 2009/10.

The TOMM Visitor Exit Survey relies on data received from visitors who complete a short questionnaire as they depart Kangaroo Island at either the Airport or Sealink ferry terminal. In 2009/10 approximately 1,600 people completed the survey which was submitted to be collated for the survey.

From the survey results it can be generalised that visitors were 'satisfied' with their visit to Kangaroo Island. In summary, in order to raise this 'bar' much work needs to be done on road and public infrastructure, standards of accommodation/dining experience, cost of travel, on-Island transport, costs to major attractions and improvement in customer services across the whole Island.

What do our visitors think about our performance?

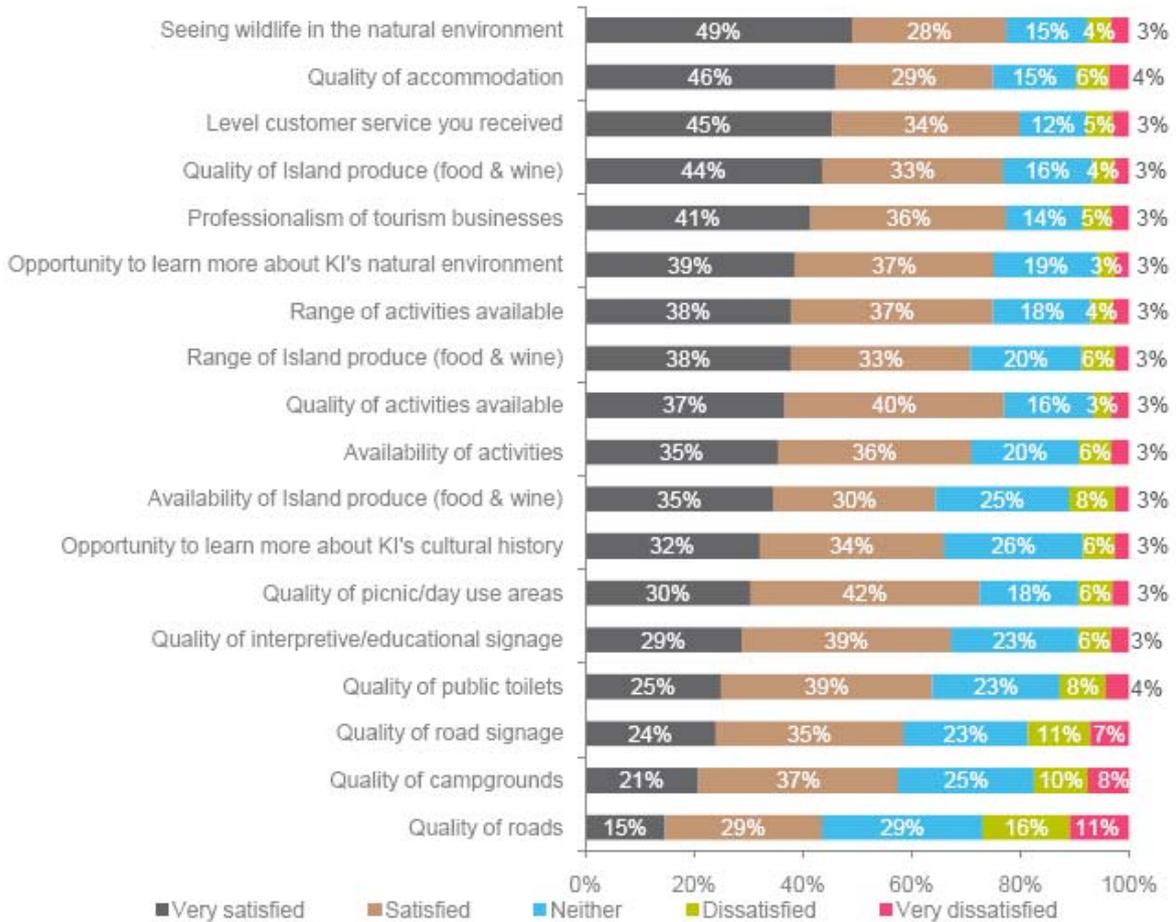
Of particular interest to Kangaroo Island Council are the following survey results:

- 25% of visitors to Kangaroo Island were very satisfied with the quality of public toilets
- 15% of visitors to Kangaroo Island were very satisfied with the quality of the roads on the Island
- 21% of visitors to Kangaroo Island were very satisfied with the quality of campgrounds
- 24% of visitors to Kangaroo Island were very satisfied with the quality of road signage
- 30% of visitors to Kangaroo Island were very satisfied with the quality of picnic/day use areas

The survey also lists areas identified by visitors that require focus, as follows:

- Road and road infrastructure suggestions (37%)
- More information (10%)
- Dining Facility and Experience (8%)
- Lowering the cost of travel (7%)
- Public transport, bus/taxi/infrastructure (6%)
- Prices/Fees to attractions/activities at Kangaroo Island (5%)
- My trip was too short (5%)

The following graph outlines the main results that were obtained from the 2009/10 TOMM Visitor Exit Survey.



Kangaroo Island Council is using the data from these surveys to enable Council to set direction for the future and these results have been used to assist in the preparation of the Council's 2010/14 Strategic Plan. The following projects have been implemented by Council to assist in improving Council's image in the community and improving Council's infrastructure:

- High level of focus on Customer Service
- Service level efficiencies
- Development of an additional sustainable ongoing funding source to assist in road maintenance
- Community Camping and Day Visitor Strategy (\$2.6 million Federal Funding has been received)
- Road signage improvements

Council will continue to monitor its performance through TOMM surveys to enable Council to be responsive to the community and visitor needs. Further information including TOMM survey results can be found at www.tomm.info and the results of the 2009/10 survey can be accessed via www.kangarooisland.sa.gov.au.

Valuing our Partnerships

Your input, research, and results
Community Engagement

Kangaroo Island Council is committed to engaging its community in the development of long term strategic planning and in gathering community opinion on Council's performance to inform future planning. The principles of community engagement will underpin the delivery of Council's future planning, community service delivery and inform activity across all of Council's services and departments.

Council utilises a number of tools to both inform and gather information from the community throughout the year. A brief overview of these is provided below.

Public Participation

In any community there are many diverse interest groups and the role of Local Government is to engage with and seek direct feedback from a representative cross section of its community.

Council is committed to engaging with the community on both an ongoing and tactical nature to gather feedback on selected projects or issues as well as to develop an understanding of the broader issues facing the community. Council currently undertakes this in a number of ways.

Progressing KI and Town Progress Associations

Kangaroo Island is home to several local Progress Associations (generally based in towns and community centres). Council Staff and Elected Members work with these groups to seek input into a variety of projects and processes, as well involving these groups as a voice for their local communities. Council also work with these groups to deliver projects on behalf of the community, such as recreational facilities, interpretation and town landscaping.

Council continues to support 'Progressing Kangaroo Island'; a regular forum where representatives from Progress Associations across the Island come together and update each other on current projects and issues as well as share experiences and provide feedback to Council employees. *There will be further focus on these forums with the appointment of the Community Engagement and Marketing Manager (CEMM).*

Public Participation Meetings

As part of its overall commitment to Community engagement, Council undertakes public meetings in relation to strategic and annual business planning (including annual budgeting) for the Community and off-Island ratepayers to provide both information and the opportunity for engagement and feedback.

For example, Future Search Forum provided a platform for the community to have input and consult with Council Management about the future strategic direction of Council and how it will affect the community. Council also convenes Community meetings on an as needs basis, in relation to specific projects or issues.



Community members providing input at the 2010 Future Search Forum

Aboriginal Liaison and Engagement

Kangaroo Island Council has asked the KINRM Board if Council is able to be part of their Indigenous Engagement Reference Group. KINRM liaised with the members of the reference group and all have kindly agreed for Council to be a member. This partnership has commenced and Council is now an active member of this group. This is the first step in Council building relationship with the Aboriginal Nations who have connections to Kangaroo Island ensuring engagement of all parties.

Valuing our Partnerships

Your input, research, and results
Measuring our Community

Community Measurement Tools

There are two key tools that Council uses in gathering information on community attitudes, priorities and measurement of Council's performance. These performance management tools are the Comparative Performance Measurement Survey (CPM) and the Tourism Optimisation Management Model (TOMM) Resident Survey (refer to page 47). This information is integral to ensuring future planning reflects the priorities of the community.

What does our community think about our performance?

Of particular interest to Council is the following results of the survey:

- 3% of residents believe overdevelopment is a driver to leave Kangaroo Island
- 68% of residents believe tourism results in better infrastructure
- 52% of residents believe tourism results in more services
- 61% of residents believe tourism development is in line with community values
- While 27% of residents indicated they would never leave Kangaroo Island, the most important reasons residents would leave include employment, family and health
- 44% of residents are satisfied with Kangaroo Island Council
- 29% of residents expressed the need for the Council to be more attentive and urging the Council to listen to the community
- 24% of the residents felt there was need for more public meetings, consultation, public forums, town meetings and community meetings
- 19% of residents felt that the Council could come up with different methods such as online surveys or self-completion questionnaires to collect residents' opinions and views
- 38% of residents would like the Council to focus on road maintenance and the upgrading the roads
- 18% wanted the provision and availability of basic amenities and community/public facilities to be more prominent on Kangaroo Island
- 17% of residents had expressed disappointment with the Council and hoped that the Council would "reconnect" itself to the community and staying community-focused
- 90% of the residents wanted the community facilities such the town centre, cemeteries, libraries and halls
- 79% of residents wanted the Council to keep the community and visitor facilities
- 75% of residents wanted the recreational facilities to be retained at their current level

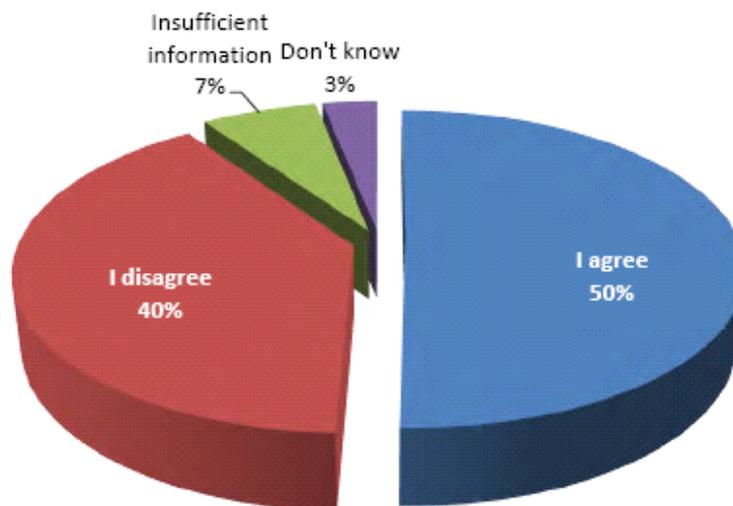
Valuing our Partnerships

Your input, research, and results
Measuring our Community

The following chart represents the perceptions of the Local Roads Levy Proposal and shows that 50% of Kangaroo Island residents agree with the proposal.

Q20a. As an alternative to reduction and/or elimination of services, Kangaroo Island Council have been investigating a Local Roads Levy to assist in funding local roads maintenance. The Council's position is that a \$10 levy (plus fees imposed on council) be charged on visitors to Kangaroo Island. This proposal excludes all rate-payers (on and off Island), residents and children up to and including 14. Do you agree or disagree with this proposal (n=409)

SINGLE RESPONSE, PROMPTED



Comparative Performance Measurement (CPM) Survey

A survey conducted through the Local Government Association is annually undertaken by Roy Morgan Research. Comparative Performance Measurement data is used by Councils across the State to measure trends in their own performance over time and to compare their performance with the average results for other Councils. The key areas covered by this survey are; governance, community satisfaction, financial and asset management and quality of life.

Councils are provided with the opportunity to participate in this survey annually. Kangaroo Island Council took part in this survey in 2009, and previous to this in 2006. For the first time in 2009 the survey covered both Kangaroo Island resident and non-resident ratepayers, providing community measurement of the importance and performance of Council across a wide range of measures.

In 2009 Kangaroo Island Council elected to be part of the resident phone survey to enable data to be compared against other Councils in South Australia. In 2009 Kangaroo Island Council surveyed 200 Kangaroo Island residents and 50 non-resident ratepayers from Adelaide.

Valuing our Partnerships

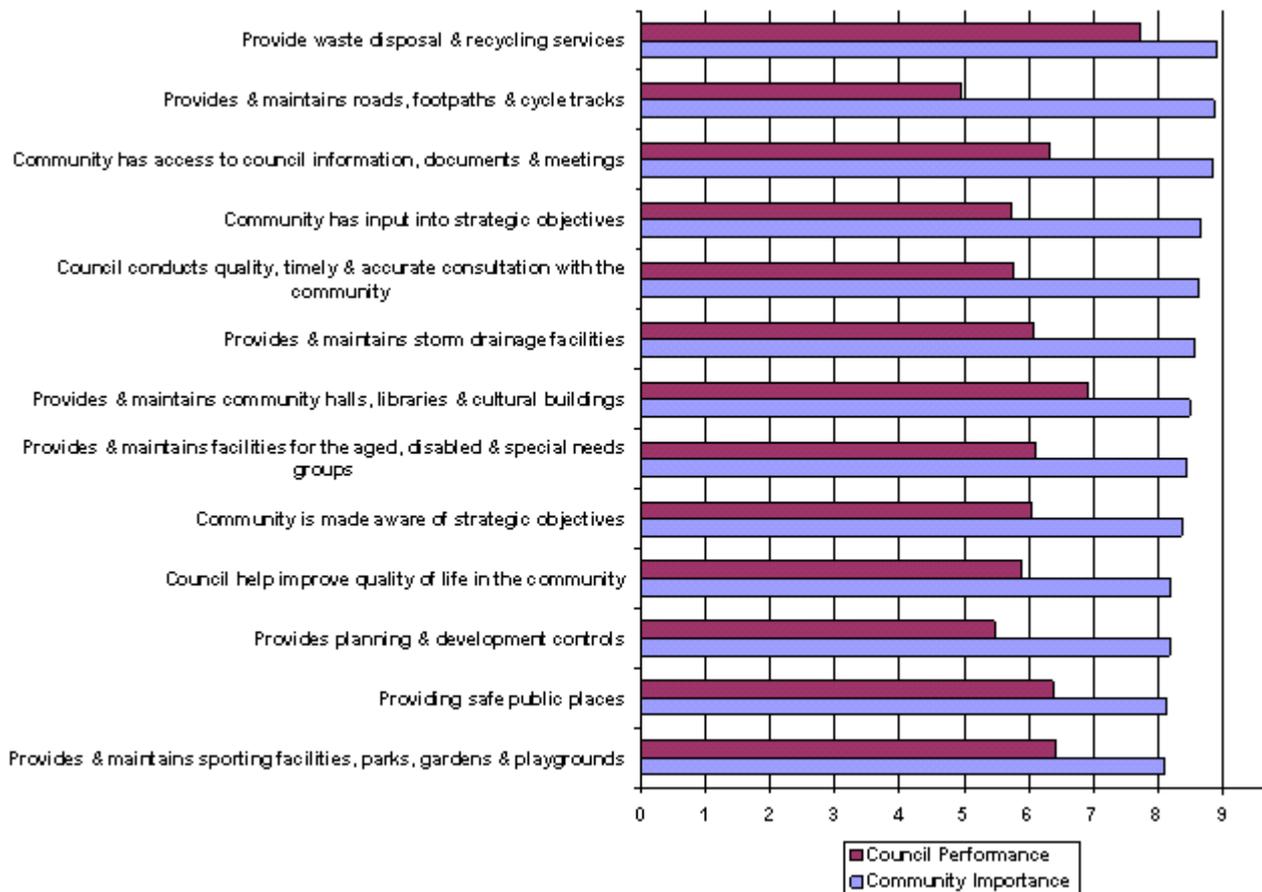
Your input, research, and results
Measuring our Community

What does our community think about our performance?

Of particular interest the following results were obtained:

- Kangaroo Island Council is performing better than the state average in consultation and access to information
- Kangaroo Island Council is performing lower than the state average in infrastructure management
- Kangaroo Island Council's overall performance is lower than the state average but well improved on the 2006 results

The following graph compares the community's response on Council's performance compared with the service importance. The measures outlined in the graph were the highest rating importance to the community.



The complete results of the 2009 CPM survey can be accessed via www.kangarooisland.sa.gov.au or in hard copy at the main Council Offices.

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Acknowledging our Community resources



Community Living and Support Services (CLASS) excursion day, transported to various locations by Council's Community Passenger Network (CPN)

Kangaroo Island Council has recognised it can achieve better outcomes for our community if we maximise resources by working together with the support, input and partnerships of our key stakeholders.

The involvement of volunteers, community members, businesses, associations, industry bodies and staff at varying levels within government agencies is essential to the work we do to achieve the directions outlined in our Strategic Plan 2008/10.

During 2009/10 we acknowledge the following partnerships within the Kangaroo Island Community and with the organisations and agencies listed below:

- Agriculture KI
- Australian Government Departments and Agencies
- Community Living and Support Services
- Community Housing
- Community Passenger Network Committee
- Community Service Organisations; Lions, Rotary, RSL, Sports Clubs etc.
- Cook Centre
- Council of the Ageing
- Department for Environment and Heritage
- Environmental Protection Agency
- Finding Workable Solutions Youth Inc. and Employment/Disability Services
- Fleurieu and Kangaroo Island Be Active
- Fleurieu Regional Waste Authority
- Friends of the Library
- Island Progress Associations

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Acknowledging our Community resources

Our Partners - cont.

- Kangaroo Island Community Education
- Kangaroo Island Development Board / Regional Development Australia
- Kangaroo Island Natural Resource Management Board
- KI Cancer Support
- KI Field Day
- KI Tourist Services
- KI Transfers
- Local Government Association of South Australia
- Local Government Managers Association
- Penneshaw Community Business Centre
- Progressing KI
- Road Safety Kangaroo Island
- South Australian Government Departments and Agencies
- Southern & Hills Local Government Association
- Southern Fleurieu Health Service
- State Emergency Service
- The History Trust of SA
- The Islander
- Tourism Kangaroo Island
- Tourism Optimisation Management Model (TOMM) Committee

Kangaroo Island Council also acknowledges associated bodies or organisations that assist Council in achieving positive outcomes for the community.



Friends of the Library

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Project Development

Town Centres

The Town Centres Projects are based on the Kangaroo Island Council Urban Design Frameworks. The Frameworks were developed for the basis of obtaining funding through the 'People for Places' and 'Open Space Funds' established by the Department for Planning and Local Government.

Stage 2 of the Town Centres project continued in 2009/10 with the completion of the modification of the corner of Telegraph/Commercial Street intersections. Stage 1 and 2 of the Town Centres Projects has contributed to making the Telegraph/Commercial Street and Telegraph/Murray Street intersections safer for vehicle movement and management when entering Kingscote. Council is continuing to work with the ETSA Power Line Advisory Committee (PLEC) in working towards undergrounding the power lines in the area.

Stage 2 also includes the planning phase for walking trails in American River, Kingscote, Parndana and Penneshaw. This report will provide direction for walking trail alignment and layout in the four towns. Council will be seeking funding for the roll out of these projects in 2010/11 and beyond.

Included in the Stage 2 strategy was the design phase for the upgrade of Nat Thomas Street in Penneshaw and Cook Street in Parndana. These design plans will be used to seek further funding for the establishment of vehicle and pedestrian shared spaces in the townships. This will not only enhance the aesthetics of the streets but also provide an opportunity for community events to be held in the townships. The expected roll out of these street modifications will occur in 2010/11 subject to what is deliverable within the project funding.

The project also includes the development of a 'style guide' for street furniture, including trees and paving, for the township of Kingscote. While the guide will be focussed on Kingscote it has been developed to be expanded across Kangaroo Island. This guide combined with the standard drawings in the Camping and Day Visitor Strategy provides a comprehensive suit of standard designs for Council and the community to be able to use.

The final component of Stage 2 is the fourth entrance wall for Parndana to be located on Rowland Hill Highway. The Parndana Progress Association is working with a local artist to develop design plans and install a unique symbol for this entrance. The Progress Association is also working with local stone masons and builders to install the entrance wall(s).

Some of the implementation of the Town Centres plans will be undertaken in conjunction with the Community Camping and Day Visitor Strategy major project to be delivered in 2010/11. Many other opportunities will be pursued to implement these key projects across the four larger settlements.

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Project Development

Kingscote Oval Upgrade Project

In 2009/10 Kangaroo Island Council allocated funding to enable Council to take a lead role in the Kingscote Oval Upgrade Project as the community organisations could not move this project forward without extra assistance.

Council appointed 'One-Eighty Sport and Leisure' to develop a Master Plan for the oval in which all organisations who use the site have ownership and a shared vision for improvements and management of the site.

Numerous meetings have and will continue to be held to achieve this shared vision. Council is committed to ensuring all organisations and stakeholders have the shared vision and take ownership of this vision to enable the project to move forward.

Partnership Projects

Council considers projects which can be undertaken in partnership with community groups a high priority ensuring that Council has the budget ability and it meets Council's long term goals and maintenance commitments.

Council often partners community groups in the upgrade of play equipment and playgrounds. This has occurred in both Kingscote and Penneshaw where Council has only provided site establishment works.

The Community Camping and Day Visitor Strategy major project will ensure that the community is continually engaged in the management of Council parks and gardens infrastructure.

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Project Development

KI Youth our future Community leaders

During 2009/10 Council identified the benefits of developing a strategic partnership resourcing, a specific service provider who could on Council's behalf consult with young people to effectively engage with them.

The partnership with Finding Workable Solutions Inc - Youth Services (FWS) enables Council to support the development of youth initiatives by young people, for young people. By encouraging young people to identify what they are interested in, and guiding their planning towards achieving these outcomes, young people learn vital life skills which Council and the community value highly.

FWS has done an excellent job in partnership with Council and other applicable groups in engaging the Youth Advisory Committee (YAC) which meets in Kingscote, Penneshaw and Parndana to discuss youth perspectives on services and activities on KI for young people. The three groups merge for a joint planning session, and all provide advice and presentations to Council.

Some key outcomes in the last year have been:

- Progress on the development of a skate park in Kingscote
- Creative expression art workshops conducted by Shep (artist)
- Training on DJ equipment
- Regular YAC meetings conducted across the Island

Council has also convened a joint agency group; the KI Youth Partnership that meets quarterly to discuss issues and opportunities for young people. This group includes Health, Police, Fleurieu Work Scheme, Kangaroo Island Community Education, KI Development Board and Council. The objective of the group is to share information about services, problems and opportunities for young people with a view to joint action if appropriate.

Council greatly values these partnerships and the feedback that it obtains from young people about their priorities.



Youth Advisory Committee (YAC) Workshop

Legislative Information

Requirements under the Local Government Act, information and disclosures

Performance Monitoring and Management

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

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

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

REQUIREMENT	COMPLIANCE	REPORT PAGE
A copy of the audited financial statements of the council for the relevant financial year.	Yes	Reverse Cover
A list of the registers that are required to be kept under this Act or the <i>Local Government (Elections) Act 1999</i> .	Yes	62-63
A list of the codes of conduct or practice required under this Act or the <i>Local Government (Elections) Act 1999</i> .	Yes	62
A copy of its most recent information statement under the <i>Freedom of Information Act 1991</i> .	Yes	61
Information on allowances paid to members of the Council or a Council committee.	Yes	15,18
Information on the number of senior executive officers and information on the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package.	Yes	24
A report on the use of sections 90(2) and 91(7) by the Council and its Council committees containing the information required by the regulations.	Yes	64
A report on the applications made to the Council under the <i>Freedom of Information Act 1991</i> during the relevant financial year containing the information required by the regulations	Yes	64
A statement of— the Council's representation quota; and	Yes	14
the average representation quota for Councils of a similar size and type (taking into account various factors prescribed by the regulations); and	Yes	14
when the Council next intends to conduct a review under Chapter 3; and	Yes	14
The procedures that are available under Chapter 3 for electors to make submissions on representation under this Act.	Yes	14

Schedule 4 Requirements – cont.

The annual report of any subsidiary received by the Council under Schedule 2 for the relevant financial year.	Yes	N/A
Other information to be included in the annual report under this or another Act.	Yes	N/A
The Council's performance in implementing its strategic management plans during the relevant financial year, and the Council's projections and targets under its plans for the next financial year; and the Council's performance against its annual business plan for the relevant financial year.	Yes	20 - 46
The extent to which activities of the Council have been subjected to competitive tender or other measures to ensure services are delivered cost effectively, and the extent (if any) to which the council has pursued policies for purchasing local goods and services.	Yes	65
The decision-making structure of the Council.	Yes	14
The training and development activities for members of the Council during the relevant financial year.	Yes	15
The implementation of equal employment opportunity programs, and other human resource management or development programs, during the relevant financial year.	Yes	22 - 24
The progress of the Council in preparing or finalising any management plans for community land required under the Chapter 11.	Yes	65

Documents to be made available by Councils – Schedule 4

The *Local Government Act 1999* and *Local Government (Elections) Act* requires that a number of registers be kept and made available to the public on request.

Information Statement

Every year Kangaroo Island Council publishes an Information Statement which complies with the provisions of the *Freedom of Information Act, 1991*, and the *Local Government Act, 1999*.

Council Policy and Administration Documents

There are a number of documents that Council holds such as policies, codes and registers which outline procedures and the conduct of the organisation in its business affairs.

List of Registers:

Many of the documents, listed below, are available for public inspection free of charge at the Kingscote Council Offices, 43 Dauncey Street, Kingscote between 9:00 am and 5:00 pm Monday to Friday. They can also be viewed on Council's website <http://www.kangarooisland.sa.gov.au> under Council Information / Council Policies and copies may be purchased on payment of \$0.40 per single A4 page or \$0.60 per double A4 page for each extract. A full list of fees and charges is listed under Council Policies. Our Website site map is included in the Appendices on Page 66.

Policy Documents

- Caretaker Policy
- Concessions and Waivers non-rates
- Council Members Allowances and Benefits
- CWMS Policy
- DAP and Staff Delegations
- Donations
- Elected Members Training and Development Policy
- Election Signage
- Fees and Charges
- Food Vending Vehicles
- Internal Control Policy
- Internal Review of Council's Decision Procedure
- Media Policy
- Motor Vehicle Policy
- Outdoor Dining
- Order Making Policy
- Privacy Policy
- Procurement Policy
- Public Consultation Policy
- Rating and Rebate Policy 2009/10
- Records Management
- Road Naming
- Safe Environment Policy
- Supplementary Elections Policy
- Waste Management
- Whistleblower Protection Policy

By-Laws

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

Codes

- Code of Conduct - DAP Panel
- Code of Conduct - Elected Members
- Code of Conduct - Employees
- Code of Practice - Access to Council Meetings and Documents
- Code of Practice - Meeting Procedures

Delegations

Community Titles Act 1996
 Development Act 1993, Development (Development Plans) Amendment Act 2006 and
 Development Regulations
 Dog and Cat Management Act 1995
 Environment Protection Act 1993 (Waste Management) Policy 1994
 Expiation of Offences Act 1996
 Fences Act 1975
 Fire and Emergency Services Act/Emergency Services Regulations 2005
 Fire Prevention Officers Under Fire and Emergency Services Regulations 2005
 Food Act 2001
 Freedom of Information Act 1991 and Freedom of Information (Fees & Charges)
 Regulations 2003
 Housing Improvement Act 1940
 Land & Business (Sale and Conveyancing) Act 1994
 Liquor Licensing Act 1997
 Local Government Act 1934
 Local Government Act 1999
 Natural Resources Management Act 2004, (Transitional Provisional Levies)
 Regulations 2004 and NRM (General) Regulations 2005
 Occupational Health, Safety and Welfare Act 1986
 Public and Environmental Health Act 1987
 Public and Environmental Health Act (Waste Control) Regs 1995 (Legionella) Regs 2008
 Road Traffic (Miscellaneous) Regs 1999 (Road Rules – Ancillary Miscellaneous Provisions)
 Regulations
 Roads (Opening and Closing) Act 1991 02 Apr 09

Documents (not limited to)

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

Registers

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

Other Information Requests

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

There were zero requests for information under the provisions of the *Freedom of Information Act 1991*, for the 12 months to 30 June 2010. Council did receive sixty six requests for information which did not need to be determined under the Act, and the majority of these requests were granted.

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

The Freedom of Information Management Officer
 Kangaroo Island Council
 PO Box 121
 Kingscote SA 5223

Amendment to Council Records

A member of the public may gain access to Council documents to make amendments to their personal records by making a request under the Local Government Act. As part of this application it is necessary to complete a *Freedom of Information Request* form to access the records he/she wishes to inspect.

Confidential Items

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

During 2009/10 provisions of the Act Section 90 (3) and Section 91 (7) were utilised 31 times, or for 4% of the total agenda items considered.

Matters relating to the personal affairs of a person	7
Matters relating to commercially sensitive information	2
Matters relating to commercial information	11
Matters relating to the security of Council	1
Matters relating to breach of law or court order or duty	3
Matters relating to legal advice or possible litigation	1
Matters relating to information to/from another authority	2
Matters relating to tenders for supply	4
Total	31

As listed above 16 of the 31 issues where information was declared confidential was subsequently made publicly available.

Extent to which Council has ensured competitive tender

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

The following works were placed out to competitive tender during the 2009/10 period:

- Kingscote CWMS Upgrade
- Parndana CWMS Upgrade
- Replacement of Vivonne Bay, Hanson Bay and Western River Toilets
- Plant
- Roadside Vegetation works

Community Land

During the reporting period Council has been reviewing leases and licences over community land to ensure they are up to date and meet legislative requirements. Processes involving the lease or licence of Community Land have been improved and refined.

Subsidiaries

The Fleurieu Regional Waste Authority was established under Section 42 of the Local Government Act during the reporting period. This Authority will manage waste from Alexandrina, Kangaroo Island, Victor Harbor and Yankalilla Council areas commencing in the 2010/11 financial year.

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

Adoption and Distribution

Pursuant to the requirements of the *Local Government Act, 1999* the reports within this Annual Report, including the Audited Financial Statements were adopted by the Kangaroo Island Council at a Council meeting held on the 12th day of November 2010.

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

Copies are made available for public perusal at the Kingscote Council at front counter and on the electronic kiosk, Penneshaw Business Centre and at the Kingscote Public Library. Copies are also available to download from our website www.kangarooisland.sa.gov.au or can be purchased at the Council Offices for a cost of \$15.00.

Appendix 1: Council Website Site Map

Home	Council Services		Contact Info																																										
<ul style="list-style-type: none"> ▶ Welcome Council Info Council Documents Annual Business Plan 2010-2011 ▶ Annual Reports ▶ By-Laws ▶ KI Study ▶ Policies & Procedures Strategic Plan 2010-2014 Council History ▶ History Council Information Council & Committee Meetings ▶ An Overview ▶ Audit Committee Agendas & Minutes ▶ Council Agendas & Minutes ▶ DAP Agendas & Minutes ▶ Finance Committee Agendas & Minutes Council Newsletter Elected Members Performance Staff ▶ Positions Vacant ▶ Staff by Department 	<ul style="list-style-type: none"> Council Services Airport Animal Management ▶ Animal Management Plan - Draft Boating Facilities ▶ An Overview ▶ American River ▶ Baudin Beach ▶ Bay of Shoals (Kingscote) ▶ Christmas Cove (Penneshaw) ▶ Emu Bay Cemeteries Community Passenger Network Development Services ▶ Cat 3 Notifications ▶ Caution - Potential Roof Truss Failure Environmental Health ▶ Asbestos Information ▶ Chemical Safety ▶ Food Premises ▶ Immunisations ▶ Online Food Safety Training Fire Prevention ▶ Bushfire Risk Management Plan ▶ Fire Management Library Online Services ▶ Change of Address - Company ▶ Change of Address - Individuals ▶ Rate Payments ▶ Sundry Debtors Payments Operations Centre and Works Depot Parks and Reserves ▶ Overview ▶ American River Community Hall 	<ul style="list-style-type: none"> ▶ Camping & Day Visitor Strategy ▶ Camping Fees Roadside Vegetation Tenders Waste Management Water & Wastewater Management Community Info Australia Day Award Recipients Businesses Community Partnerships Grants Community Information Families SA Concessions Justices of the Peace Progress Associations ▶ Contact Details Progressing KI ▶ Meeting Notes Recreation & Sport ▶ Be Active ▶ Grants/Funding Guide ▶ Open Space Strategy ▶ Penneshaw Youth & Community Park Regional Profile Review of Elector Representation Starting a Business Tourist Info Council Campgrounds How to get to the Island KI Visitor Information ▶ Penneshaw Visitor Information ▶ Tour Kangaroo Island (SATC) ▶ Travel tips from Kangaroo Island Visitors National Parks of KI Tourism Management (TOMM) 	<ul style="list-style-type: none"> Contact Info Contact Forms & Guides Environment & Health Planning & Building Rates & Property Youth Corner Kangaroo Island Youth Partnership Launchpad FYA Eastside National Youth Week Report - 2008 Young Achiever Awards Youth Advisory Committee 																																										
			<table border="1"> <thead> <tr> <th colspan="3">Visitors 09/10</th> </tr> <tr> <th>Month</th> <th>Year</th> <th>Hits</th> </tr> </thead> <tbody> <tr> <td>June</td> <td>2010</td> <td>3981</td> </tr> <tr> <td>May</td> <td>2010</td> <td>4508</td> </tr> <tr> <td>April</td> <td>2010</td> <td>7846</td> </tr> <tr> <td>March</td> <td>2010</td> <td>4515</td> </tr> <tr> <td>February</td> <td>2010</td> <td>4603</td> </tr> <tr> <td>January</td> <td>2010</td> <td>4612</td> </tr> <tr> <td>December</td> <td>2009</td> <td>4318</td> </tr> <tr> <td>November</td> <td>2009</td> <td>4965</td> </tr> <tr> <td>October</td> <td>2009</td> <td>5855</td> </tr> <tr> <td>September</td> <td>2009</td> <td>4802</td> </tr> <tr> <td>August</td> <td>2009</td> <td>4355</td> </tr> <tr> <td>July</td> <td>2009</td> <td>4399</td> </tr> </tbody> </table>	Visitors 09/10			Month	Year	Hits	June	2010	3981	May	2010	4508	April	2010	7846	March	2010	4515	February	2010	4603	January	2010	4612	December	2009	4318	November	2009	4965	October	2009	5855	September	2009	4802	August	2009	4355	July	2009	4399
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Appendices

Assistance with the production of this report

Appendix 2: Information Credits

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

Kangaroo Island Council Strategic Management Plan 2008 - 2010

Kangaroo Island Council Annual Report 2008 - 2009

Kangaroo Island Council Asset Management Plans

Kangaroo Island Council Long Term Financial Plan 2009 - 2019

Lampert, RJ (2002), Natural History of Kangaroo Island, M. Davies, C. Twidale and M. Tyler, Occasional Publications of the Royal Society of South Australia

Local Government on Kangaroo Island Today and Tomorrow 2008, JAC Comrie Pty Ltd

Local Government Association of South Australia; Comparative Performance Measurement Program 2009

Tourism Optimisation Management Model, Kangaroo Island Resident Survey 2009/2010

Tourism Optimisation Management Model, Visitor Exit Survey 2009/2010

This Southern Land – A Social History of Kangaroo Island 1800 – 1890; Jean Nunn, Investigator Press, 1989

Kangaroo Island 184 Great Years – A History in Photographs 1802 -1986; Neville Cordes, The Island Press, 1986

Soldier Settlers, War Service Land Settlement – Kangaroo Island; Jean Nunn, Investigator Press, 1981

Photo Credits

Our appreciation to the following for permission to use their images:

- Andrew Dell
- The Islander
- Community Living and Support Services
- Southern Ocean Lodge
- Finding Workable Solutions
- Kangaroo Island Natural Resources Management Board
- Ian Drummond, Executive Chairman - Aurora Hotels Group

Appendix 3: Unqualified Audit Opinion Notification

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

ABN 30 164 612 890

12 November 2010

Ms Carmel Noon
Chief Executive Officer
Kangaroo Island Council
PO Box 121
KINGSCOTE SA 5223

Dear Carmel

We are pleased to advise that we have completed our audit for the financial year ended 30 June 2010. We have issued an unqualified audit opinion on the Financial Report for the year ended 30 June 2010.

In accordance with Section 129 of the Local Government Act 1999, our audit opinion has been separately issued to the Principal Member of the Council, with a copy also sent to Council's Audit Committee.

Our 2010 balance date management letter has been prepared in accordance with Sections 129 (4) and (5) of the Act and will shortly be issued to both the Principal Member of the Council and to the Audit Committee.

Please contact me on (08) 8267 4777 (donvenn@deannewbery.com.au) if additional information is required.

Yours Sincerely
DEAN NEWBERY & PARTNERS



DON VENN
Partner

2009 – 2010 Annual Financial Statements

1 July 2009 – 30 June 2010

Kangaroo Island Council



Moving forward as a united community

**General Purpose Financial Reports
for the year ended 30 June 2010**

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**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010**

	Notes	2010 \$	2009 \$
INCOME			
Rates	2	6,640,726	6,096,089
Statutory charges	2	217,138	211,479
User charges	2	1,008,062	1,168,516
Grants, subsidies and contributions	2	2,290,669	2,729,281
Investment income	2	21,311	60,499
Reimbursements	2	423,999	440,159
Other income	2	239,429	128,278
Total Income		<u>10,841,334</u>	<u>10,834,301</u>
EXPENSES			
Employee costs	3	3,097,357	3,497,581
Materials, contracts & other expenses	3	4,452,851	4,797,313
Finance costs	3	350,620	291,228
Depreciation, amortisation & impairment	3	5,011,270	4,978,475
Total Expenses		<u>12,912,098</u>	<u>13,564,598</u>
OPERATING SURPLUS / (DEFICIT)		(2,070,764)	(2,730,297)
Asset disposal & fair value adjustments	4	(41,375)	(177,157)
Amounts received specifically for new or upgraded assets	2	2,140,645	2,373,009
Physical resources received free of charge	2	-	200,882
NET SURPLUS / (DEFICIT) transferred to Equity Statement		28,506	(333,563)
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	9,681,836	22,672,598
Total Other Comprehensive Income		<u>9,681,836</u>	<u>22,672,598</u>
TOTAL COMPREHENSIVE INCOME		<u>9,710,342</u>	<u>22,339,035</u>

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

BALANCE SHEET
as at 30 June 2010

ASSETS	Notes	2010	2009
		\$	\$
Current Assets			
Cash and cash equivalents	5	797,618	1,789,702
Trade & other receivables	5	1,323,552	1,080,527
Inventories	5	92,933	99,667
Total Current Assets		<u>2,214,103</u>	<u>2,969,896</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	7	178,291,545	161,429,698
Other Non-current Assets	6	890,542	6,462,890
Total Non-current Assets		<u>179,182,087</u>	<u>167,892,588</u>
Total Assets		<u>181,396,190</u>	<u>170,862,484</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	1,029,592	1,984,757
Borrowings	8	238,526	2,765,525
Provisions	8	421,697	328,666
Total Current Liabilities		<u>1,689,815</u>	<u>5,078,948</u>
Non-current Liabilities			
Borrowings	8	7,028,840	2,605,544
Provisions	8	844,824	1,055,623
Total Non-current Liabilities		<u>7,873,664</u>	<u>3,661,167</u>
Total Liabilities		<u>9,563,479</u>	<u>8,740,115</u>
NET ASSETS		<u>171,832,711</u>	<u>162,122,369</u>
EQUITY			
Accumulated Surplus		8,986,966	7,449,059
Asset Revaluation Reserves	9	160,187,973	150,506,137
Other Reserves	9	2,657,772	4,167,173
TOTAL EQUITY		<u>171,832,711</u>	<u>162,122,369</u>

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	TOTAL EQUITY \$
2010					
Balance at end of previous reporting period		7,449,059	150,506,137	4,167,173	162,122,369
Restated opening balance		7,449,059	150,506,137	4,167,173	162,122,369
Net Surplus / (Deficit) for Year		28,506			28,506
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment			9,681,836		9,681,836
Transfers between reserves		1,509,401		(1,509,401)	-
Balance at end of period		8,986,966	160,187,973	2,657,772	171,832,711
2009					
Balance at end of previous reporting period		4,656,792	127,833,539	7,293,003	139,783,334
Restated opening balance		4,656,792	127,833,539	7,293,003	139,783,334
Net Surplus / (Deficit) for Year		(333,563)			(333,563)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			22,672,598		22,672,598
Transfers between reserves		3,125,831		(3,125,831)	-
Balance at end of period		7,449,059	150,506,137	4,167,173	162,122,369

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

CASH FLOW STATEMENT
for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		10,390,133	11,864,903
Investment receipts		19,034	100,125
<u>Payments</u>			
Operating payments to suppliers & employees		(8,484,256)	(9,144,671)
Finance payments		(293,630)	(219,163)
Net Cash provided by (or used in) Operating Activities	11	1,631,281	2,601,194
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,140,645	2,373,009
Sale of replaced assets		50,182	168,905
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,352,027)	(1,339,449)
Expenditure on new/upgraded assets		(5,358,463)	(5,957,093)
Net Cash provided by (or used in) Investing Activities		(4,519,663)	(4,754,628)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		9,413,716	6,240,000
<u>Payments</u>			
Repayments of Borrowings		(7,517,418)	(4,283,010)
Net Cash provided by (or used in) Financing Activities		1,896,298	1,956,990
Net Increase (Decrease) in cash held		(992,084)	(196,444)
Cash & cash equivalents at beginning of period	11	1,789,702	1,986,146
Cash & cash equivalents at end of period	11	797,618	1,789,702

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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 equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The financial report was authorised for issue by certificate under clause 11 of the Local Government (Financial Management) Regulations 1999 dated 12 November 2010.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Kangaroo Island Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 43 Dauncey Street, Kingscote.

3 Revenue Recognition

Revenue 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 accordance with the recommendations provided by the Local Government Association, Council has elected to treat the advance payment of the Financial Assistance Grant as Income in 2010. The total amount received in June 2010 was \$458,002.

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 (as amended). Other receivables are generally unsecured and do not bear interest.

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

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

5 Inventories

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

5.1 Other Real Estate held for resale

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

6 Infrastructure, Property, Plant & Equipment

6.1 Transitional Provisions

As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land under Roads. Details of the effects of this election are given in Note 7.

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".

6.2 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. 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 as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1000
Other Plant & Equipment	\$1000
Buildings & Structures	\$1000
Land Improvements	\$1000
Road Infrastructure	\$1000
Stormwater Drainage	\$1000
Community Wastewater Management Schemes	\$1000
Library Books	\$1000

6.4 Subsequent Recognition

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

All non current assets other than receivables and investments are revalued in accordance with the Local Government (Financial Management) Regulations 1999. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-Current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to depreciated replacement cost.

Revaluation increments arising upon revaluing the above mentioned non-current asset classes to their depreciated replacement cost are credited directly to the asset revaluation reserve.

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 in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to 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.

<u>Asset Class</u>	<u>Useful Life</u>
Building & Structures	7 to 100 years
Land Improvements	7 to 100 years
Infrastructure	
Road Infrastructure	5 to 100 years
Stormwater	50 to 70 years
CWMS	10 to 70 years
Plant & Equipment	4 to 20 years
Furniture, Fittings & Office Equipment	3 to 100 years
Library Books	1 to 7 years

6.6 Impairment

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

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

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

Loans are carried at their principal amounts. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

A Liability for untaken sick leave was provided for. The amounts relate to an obligation to payout 25% of sick leave outstanding after 10 years of service upon termination of employment. The amounts not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows.

9.2 Superannuation

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

10 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 as assets under lease, 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.

11 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax" Receivables and Creditors include GST receivable and payable. Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment. Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

12 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

13 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2010 reporting period.

- AASB 1 First-time Adoption of Australian Accounting Standards
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations
- AASB 7 Financial Instruments: Disclosures
- AASB 9 Financial Instruments
- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110 Events after the Reporting Period
- AASB 117 Leases
- AASB 118 Revenue
- AASB 119 Employee Benefits
- AASB 132 Financial Instruments: Presentation
- AASB 136 Impairment of Assets
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 1031 Financial Instruments: Recognition and Measurement
- AASB 2009-11 Amendments to Australian Accounting Standards arising from
- AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]
- AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]
- Interpretation 4 Determining whether an Arrangement contains a Lease
- Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Standards not affecting local government have been excluded from the above list.)

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 2 – INCOME

	Notes	2010 \$	2009 \$
RATES REVENUES			
<u>General Rates</u>		4,127,555	3,880,641
Less: Mandatory rebates		<u>(47,983)</u>	<u>(45,577)</u>
		4,079,572	3,835,064
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		118,658	112,554
Waste collection		1,358,908	1,318,687
Community wastewater management systems		<u>992,828</u>	<u>751,320</u>
		2,470,394	2,182,561
<u>Other Charges</u>			
Penalties for late payment		71,668	54,646
Legal & other costs recovered		<u>19,092</u>	<u>23,817</u>
		90,760	78,464
		<u>6,640,726</u>	<u>6,096,089</u>
STATUTORY CHARGES			
Development Act fees		98,898	98,063
Town planning fees		9,010	7,356
Animal registration fees & fines		31,154	24,684
Parking fines / expiation fees		13,005	11,952
Other registration fees		18,879	20,234
Sundry		<u>46,192</u>	<u>49,190</u>
		217,138	211,479
USER CHARGES			
Cemetery/crematoria fees		21,622	19,021
Aerodrome Fees		476,661	441,557
Garbage/effluent Collection		23,578	23,781
Lease Fees		252,085	226,817
Hall & equipment hire (Property Rents)		112,179	97,515
Parking fees (Caravan Parking Fees)		19,519	18,005
Sales - general (Rate Searches)		11,270	12,030
Sundry		<u>91,148</u>	<u>329,790</u>
		1,008,062	1,168,516
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		<u>21,311</u>	<u>60,499</u>
		21,311	60,499

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

NOTE 2 - INCOME (continued)

	Notes	2010 \$	2009 \$
REIMBURSEMENTS			
- for private works		265,085	234,413
- other		<u>158,914</u>	<u>205,746</u>
		<u>423,999</u>	<u>440,159</u>
OTHER INCOME			
Sundry		<u>239,429</u>	<u>128,278</u>
		<u>239,429</u>	<u>128,278</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,140,645	2,373,009
Other grants, subsidies and contributions		1,832,667	2,279,530
Individually significant item - additional Grants Commission payment	see below	458,002	449,751
		<u>4,431,314</u>	<u>5,102,290</u>
The functions to which these grants relate are shown in Note 2.			
Sources of grants			
Commonwealth government		858,047	363,416
State government		2,939,554	4,664,144
Other		<u>633,713</u>	<u>74,730</u>
		<u>4,431,314</u>	<u>5,102,290</u>

Individually Significant Item

In June 2010, the Commonwealth Government again made an advance payment of \$458,002 which represents one quarter of the 2010/11 Financial Assistance Grant. The Adjusted operating Surplus and Adjusted Operating Surplus Ratio adjust for the effect of the advance payment in both 2009 and 2010.

458,002	449,751
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 2 - INCOME (continued)

	Notes	2010 \$	2009 \$
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		405,568	435,998
Less: expended during the current period from revenues recognised in previous reporting periods			
Economic Development		(42,841)	(31,780)
CWMS Infrastructure		-	(404,218)
Business Undertakings		(20,000)	-
Community Services		(20,000)	-
Regulatory Services		(150,000)	-
Transport		(172,727)	-
Subtotal		(405,568)	(435,998)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Economic Development		-	42,841
Business Undertakings		-	20,000
Community Services		20,000	20,000
Regulatory Services		56,734	150,000
Transport		-	172,727
Subtotal		76,734	405,568
Unexpended at the close of this reporting period		76,734	405,568
Net increase (decrease) in assets subject to conditions in the current reporting period		(328,834)	(30,430)
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Land & Improvements		-	81,997
Roads, Bridges & Footpaths		-	118,885
TOTAL PHYSICAL RESOURCES RECEIVED		-	200,882

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 3 – EXPENSES

	Notes	2010 \$	2009 \$
EMPLOYEE COSTS			
Salaries and Wages		2,653,595	3,049,081
Employee leave expense		592,598	443,551
Superannuation - defined contribution plan contributions	18	183,255	178,346
Superannuation - defined benefit plan contributions	18	123,544	135,609
Workers' Compensation Insurance		177,805	135,492
Other		81,596	66,563
Less: Capitalised and distributed costs		<u>(715,036)</u>	<u>(511,063)</u>
Total Operating Employee Costs		<u>3,097,357</u>	<u>3,497,580</u>
Total Number of Employees		59	60
(Full time equivalent at end of reporting period)			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		10,040	9,870
Elected members' expenses		147,106	129,727
Subtotal - Prescribed Expenses		<u>157,146</u>	<u>139,597</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,389,166	1,418,969
Energy & Water		250,540	225,476
Council Grants Expense		137,829	166,761
Legal Expenses		104,720	283,599
Levies paid to government - NRM levy		116,850	110,225
Insurance		245,678	209,292
Parts, accessories & consumables		818,456	845,354
Professional services		435,850	263,985
Sundry		796,616	1,134,055
Subtotal - Other Materials, Contracts & Expenses		<u>4,295,705</u>	<u>4,657,716</u>
		<u>4,452,851</u>	<u>4,797,313</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 3 - EXPENSES (continued)

	Notes	2010 \$	2009 \$
FINANCE COSTS			
Interest on overdraft and short-term drawdown		4	27
Interest on Loans		308,946	245,956
Premiums & discounts recognised		41,670	45,245
		<u>350,620</u>	<u>291,228</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land Improvements		914,346	847,768
Buildings & Other Structures		762,345	713,764
Infrastructure		2,522,091	2,609,693
- Community Wastewater Management Systems		198,745	-
Plant & Equipment		454,277	648,129
Furniture & Fittings		127,486	127,141
Other Assets		31,980	31,980
		<u>5,011,270</u>	<u>4,978,475</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2010 \$	2009 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		50,182	168,905
Less: Carrying amount of assets sold		14,556	346,063
Gain (Loss) on disposal		<u>35,626</u>	<u>(177,158)</u>
<i>Assets surplus to requirements</i>			
Proceeds from disposal		-	-
Less: Carrying amount of assets sold		77,001	-
Gain (Loss) on disposal		<u>(77,001)</u>	<u>-</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(41,375)</u>	<u>(177,158)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 5 - CURRENT ASSETS

		2010	2009
	Notes	\$	\$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		204,147	92,853
Deposits at Call		593,471	1,696,849
		<u>797,618</u>	<u>1,789,702</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		749,820	508,254
Accrued Revenues		15,971	13,694
Debtors - general		240,775	364,685
GST Recoupment		135,110	151,258
Prepayments		181,876	42,636
		<u>1,323,552</u>	<u>1,080,527</u>
INVENTORIES			
Stores & Materials		92,933	99,667
		<u>92,933</u>	<u>99,667</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

Note 6 - NON-CURRENT ASSETS

		2010	2009
	Notes	\$	\$
FINANCIAL ASSETS			
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		890,542	6,462,890
		<u>890,542</u>	<u>6,462,890</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2009						2010					
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	25,215,834	-	-	25,215,834	25,242,960	-	-	25,242,960	25,242,960	-	-	25,242,960
Land Improvements	36,722,212	-	(18,244,144)	18,478,068	38,873,402	-	(19,094,567)	19,778,835	38,873,402	-	(19,094,567)	19,778,835
Buildings & Other Structures	44,466,101	-	(20,152,865)	24,313,236	47,206,544	-	(21,117,935)	26,088,609	47,206,544	-	(21,117,935)	26,088,609
Infrastructure	115,086,560	1,594,853	(33,536,952)	83,144,461	125,449,838	2,645,417	(38,632,488)	89,462,767	125,449,838	2,645,417	(38,632,488)	89,462,767
- Community Wastewater Management Systems	8,774,488	682,902	(2,909,482)	6,547,908	8,774,488	8,360,856	(3,108,227)	14,027,117	8,774,488	8,360,856	(3,108,227)	14,027,117
Plant & Equipment	3,328,216	545,928	(632,632)	3,241,512	3,146,835	-	-	3,146,835	3,146,835	-	-	3,146,835
Furniture & Fittings	827,860	92,901	(512,294)	408,467	1,027,623	-	(534,675)	492,948	1,027,623	-	(534,675)	492,948
Library	600,030	4,734	(524,552)	80,212	7,976	600,030	(556,532)	51,474	7,976	600,030	(556,532)	51,474
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	235,021,301	2,921,318	(76,512,921)	161,429,698	249,729,666	11,606,303	(83,044,424)	178,291,545	249,729,666	11,606,303	(83,044,424)	178,291,545
2009 Totals	203,468,208	-	(63,610,478)	139,857,730	235,021,301	2,921,318	(76,512,921)	161,429,698	235,021,301	2,921,318	(76,512,921)	161,429,698

This Note continues on the following page.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR								2010 \$
	2009 \$	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	
		New/ Upgrade	Renewals						
Land	25,215,834	27,126	-	-	-	-	-	-	25,242,960
Land Improvements	18,478,068	926,342	566,398	-	(914,346)	-	-	722,373	19,778,835
Buildings & Other Structures	24,313,236	148,034	39,673	-	(762,345)	-	-	2,350,011	26,088,609
Infrastructure	83,144,461	1,392,752	996,489	(77,001)	(2,522,091)	-	-	6,528,157	89,462,767
- Community Wastewater Management Systems	6,547,908	7,175,735	502,219	-	(198,745)	-	-	-	14,027,117
Plant & Equipment	3,241,512	439,233	-	(14,556)	(454,277)	-	-	(65,077)	3,146,835
Furniture & Fittings	408,467	65,595	-	-	(127,486)	-	-	146,372	492,948
Library	80,212	3,242	-	-	(31,980)	-	-	-	51,474
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	161,429,698	10,178,059	2,104,779	(91,557)	(5,011,270)	-	-	9,681,836	178,291,545
2009 Totals	139,857,730	3,195,760	1,028,147	(346,062)	(4,978,475)	-	-	22,672,598	161,429,698

This Note continues on the following page.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

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

Valuation of Assets

Land & Land Improvements

Pursuant to Council's election, Land assets were valued as at the 30th June 2010 by Maloney Field Services Property Consultants and Valuers. All acquisitions made after the respective dates of valuation are recorded at cost.

Land Improvement assets were revalued as at the 30th June 2010 by Maloney Field Services Property Consultants and Valuers. All acquisitions made after the respective dates of valuation are recorded at cost.

Buildings & Other Structures

Pursuant to Council's election, Buildings and Other Structures were revalued as at the 30th June 2010 by Maloney Field Services, Property Consultant and Valuers. All acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure

Roads Infrastructure – Pursuant to Council's election, Roads Infrastructure assets were revalued as at the 30th June 2010 by Tonkin's Engineering, at written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage Infrastructure– Pursuant to Council's election, Stormwater assets were revalued as at 30th June 2008 by Wallbridge and Gilbert Engineering Consultants at written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community Wastewater Management System (CWMS) Infrastructure – Pursuant to Council's election, CWMS assets were revalued as at 30th June 2008 by Wallbridge & Gilbert Engineering Consultants at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

Pursuant to Council's election, Plant & Equipment assets were revalued as at 30th June 2010 by Maloney Field Services, Property Consultants and Valuers. Plant and Equipment is measured at its Fair Value. All acquisitions made after the respective dates of valuation are recorded at cost.

Furniture & Fittings Equipment

Pursuant to Council's election, Furniture and Fittings assets were revalued as at the 30th June 2010 by Maloney Field Services, Property Consultant and Valuers. All acquisitions made after the respective dates of valuation are recorded at cost.

Library Books

Pursuant to Council's election, Library books and other lending materials were revalued as at the 30th June 2007 by Maloney Field Services, Property Consultant and Valuers. All acquisitions made after the respective dates of valuation are recorded at cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 8 - LIABILITIES

TRADE & OTHER PAYABLES	Notes	2010 \$		2009 \$	
		Current	Non current	Current	Non current
Goods & Services		463,058	-	1,069,503	-
Payments received in advance		132,544	-	474,989	-
Accrued expenses – employee entitlements		326,734	-	321,095	-
Accrued expenses - other		95,612	-	80,293	-
GST Payable		11,644	-	38,877	-
		1,029,592	-	1,984,757	-
BORROWINGS					
Loans		238,526	7,028,840	2,765,525	2,605,544
		238,526	7,028,840	2,765,525	2,605,544

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

PROVISIONS

Employee entitlements (including oncosts)	402,100	70,133	309,248	159,548
Future reinstatement / restoration, etc	19,597	774,691	19,418	896,075
	421,697	844,824	328,666	1,055,623

Movements in Provisions - 2010 year only

(current & non-current)	Future Reinstatement
Opening Balance	915,493
Add Unwinding of present value discounts	41,670
Additional amounts recognised	19,597
(Less) Payments	-37,400
Unused amounts reversed	0
Add (Less) Remeasurement Adjustments	-145,072
Closing Balance	794,287

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 9 – RESERVES

ASSET REVALUATION RESERVE	1/7/2009	Net Increments (Decrements)	Transfers, Impairments	30/6/2010
Notes	\$	\$	\$	\$
Land	20,320,085	-	-	20,320,085
Land Improvements	16,883,906	722,373	-	17,606,279
Buildings & Other Structures	16,504,940	2,350,011	-	18,854,951
Infrastructure				
- Roads, bridges, footpaths	90,288,384	6,528,157	-	96,816,541
- Stormwater drainage	1,911,270	-	-	1,911,270
Management Systems	2,521,717	-	-	2,521,717
Plant & Equipment	1,516,898	(65,077)	-	1,451,821
Furniture & Fittings	355,194	146,372	-	501,566
Library Books	203,743	-	-	203,743
TOTAL	150,506,137	9,681,836	-	160,187,973
Totals	127,833,539	22,672,598	-	150,506,137

OTHER RESERVES	1/7/2009	Transfers to Reserve	Transfers from Reserve	30/6/2010
Marina Berths Reserve	130,276	-	(6,332)	123,944
Airport Reserve	1,063,547	-	(92,354)	971,193
CWMS Reserve	279,266	855,443	-	1,134,709
Committed Funds Reserve	2,317,255	-	(2,317,255)	-
Asset Reinvestment Reserve	288,838	-	-	288,838
Kingscote CBD Car Park Reserve	22,457	711	-	23,168
Open Space Reserve	65,534	1,672	-	67,206
Ronald Maxwell Bell Property Reserve	-	48,714	-	48,714
TOTAL OTHER RESERVES	4,167,173	906,540	(2,415,941)	2,657,772
Totals	7,293,003	172,933	(3,298,763)	4,167,173

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 9 – RESERVES (continued)

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets and available-for-sale financial assets.

Marina Berths Reserve

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

Airport Reserve

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

CWMS Reserve

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

Committed Funds Reserve

Unspent funds at the end of the financial year that are to be carried forward for use in the following financial year.

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 require 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 2010

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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.

	Notes	2010 \$	2009 \$
CASH & FINANCIAL ASSETS			
Developers contributions		90,374	87,991
Sale of ratepayer's property		48,715	-
		<u>139,089</u>	<u>87,991</u>
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Land assets utilised for recreation or other community purposes are subject to the provisions of Chapter 11, Part 1 of the Local Government Act, 1999 relating to 'Local Government Land'. Such assets are identified on Council's Community Land Register in accordance with the provisions in the Act.		<u>25,242,960</u>	<u>25,215,834</u>
		<u>25,242,960</u>	<u>25,215,834</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>25,382,049</u>	<u>25,303,825</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2010 \$	2009 \$
Total cash & equivalent assets	5	<u>797,618</u>	<u>1,789,702</u>
Balances per Cash Flow Statement		<u>797,618</u>	<u>1,789,702</u>

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

Net Surplus (Deficit)		28,506	(333,563)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		5,011,270	4,978,475
Net increase (decrease) in unpaid employee benefits		(4,989)	120,193
Premiums & discounts recognised & unwound		55,734	45,246
Non-cash asset acquisitions		-	(200,882)
Grants for capital acquisitions treated as Investing Activity		(2,140,645)	(2,373,009)
Net (Gain) Loss on Disposals		41,375	177,157
		<u>2,991,251</u>	<u>2,413,617</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(243,025)	(8,336)
Net (increase) decrease in inventories		6,734	15,872
Net increase (decrease) in trade & other payables		(960,804)	199,452
Net increase (decrease) in other provisions		(162,876)	(19,411)
Net Cash provided by (or used in) operations		<u>1,631,280</u>	<u>2,601,194</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	-	200,882
<i>Amounts recognised in Income Statement</i>		-	200,882
		-	200,882

(d) Financing Arrangements

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

Bank Overdrafts	100,000	100,000
Cash Advance Debenture	838,178	5,500,000
Corporate Credit Cards	11,000	15,000

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 12 - FUNCTIONS

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2010	2009	2010	2009
	2010	2009	2010	2009	2010	2009	\$	\$	\$	\$
Business Undertakings	1,095,534	1,048,001	903,752	1,035,441	191,783	12,560	-	-	9,505,150	8,942,149
Community Services	120,813	166,475	616,524	775,966	(495,711)	(609,491)	53,607	47,564	2,705,128	1,204,096
Culture	52,463	47,689	314,966	429,447	(262,503)	(381,758)	33,086	32,309	1,684,486	1,160,197
Economic Development	94,591	104,747	181,601	185,984	(67,010)	(81,237)	73,040	67,300	-	-
Environment	2,637,465	2,360,847	2,363,510	2,490,879	273,955	(130,032)	-	-	22,639,105	16,882,204
Recreation	44,635	30,627	1,492,536	1,472,226	(1,447,901)	(1,441,599)	-	-	41,642,191	46,701,523
Regulatory Services	172,817	182,882	778,966	911,493	(606,149)	(728,611)	-	-	-	-
Transport & Communication	446,782	450,704	3,788,488	3,915,842	(3,341,706)	(3,465,138)	267,138	253,579	89,839,315	83,169,429
Plant Hire & Depot/Indirect	8,265	56,846	637,588	747,615	(629,323)	(690,769)	-	-	4,917,406	4,478,646
Governance	1,890,827	2,353,954	1,618,141	1,370,463	272,686	983,491	1,843,798	2,328,529	6,249,408	5,354,345
Support Services	18,441	20,036	216,024	229,241	(197,583)	(209,205)	-	-	-	-
Other Revenue/Expenditure	4,258,701	4,011,492	-	-	4,258,701	4,011,492	-	-	2,214,103	2,969,895
TOTALS	10,841,332	10,834,300	12,912,096	13,564,597	(2,070,763)	(2,730,297)	2,290,669	2,729,281	181,396,292	170,862,484

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 12 - COMPONENTS OF FUNCTIONS (continued)

The activities relating to Council functions are as follows:

Business Undertakings

Camping Grounds, Airport, Private Works, Property Portfolio.

Community Services

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

Culture

Library Services, Cultural Venues, Cultural Events.

Economic Development

Tourism and Other Economic Development.

Environment

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

Recreation

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

Regulatory Services

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

Transport

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

Plant Hire & Depot

Plant & Equipment Hire, Works Depot Operations.

Unclassified Activities

Non Specific Activities.

Governance

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

Support Services

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

Other Revenue and Expenditure

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2.75% and 4.25% (2009: 2.7% and 7%). Short term deposits have an average maturity of 90 days and an average interest rates of 3.56% (2009: 90 days, 4.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables Rates & Associated Charges (including legals & penalties for late payment)	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2009: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
Receivables Retirement Home Contributions	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable by 6 monthly instalments of principle and interest;; interest is charged at fixed (or variable - describe) rates between 5.67% and 6.80% (2009: 5.4% and 7.25%)</p> <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 2010**

Note 13 - FINANCIAL INSTRUMENTS (continued)

Liquidity Analysis

2010	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Liabilities</u>					
Payables	607,246	-	-	607,246	-
Current Borrowings	291,006	-	-	291,006	238,526
Non-Current Borrowings	-	1,322,492	8,239,786	9,562,278	7,028,840
Total	898,252	1,322,492	8,239,786	10,460,530	7,267,366

2009	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Liabilities</u>					
Payables	1,583,369	-	-	1,583,369	-
Current Borrowings	2,541,255	-	-	2,541,255	2,765,525
Non-Current Borrowings	-	131,950	2,697,864	2,829,814	2,605,544
Total	4,124,624	131,950	2,697,864	6,954,438	5,371,069

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

	30 June 2010		30 June 2009	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	0	-	0	-
Other Variable Rates	5.00	4,661,822	5.61	2,373,294
Fixed Interest Rates	6.40	2,605,544	6.39	2,997,775
		7,267,366		5,371,069

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 13 - FINANCIAL INSTRUMENTS (continued)

Net Fair Value

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

Risk Exposures

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

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down 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 2010**

Note 14 - COMMITMENTS FOR EXPENDITURE

	2010	2009
Notes	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	209,000
Infrastructure	335,950	-
Plant & Equipment	30,600	769,000
	<u>366,550</u>	<u>978,000</u>
These expenditures are payable:		
Not later than one year	366,550	978,000
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>366,550</u>	<u>978,000</u>
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities		
Audit Services	11,231	11,000
Waste Management Services	1,606,696	4,090,000
Other	337,457	166,000
	<u>1,955,384</u>	<u>4,267,000</u>
These expenditures are payable:		
Not later than one year	944,181	763,000
Later than one year and not later than 5 years	1,011,203	3,504,000
Later than 5 years	-	-
	<u>1,955,384</u>	<u>4,267,000</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 15 - FINANCIAL INDICATORS

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.

	2010	2009	2008
Operating Surplus	(2,070,764)	(2,730,297)	(3,362,474)
Being the operating surplus (deficit) before capital amounts.			
Adjusted Operating Surplus	(2,079,015)	(3,180,048)	(3,362,474)

In June 2009 the Commonwealth Government made an advance payment approximately equal to one quarter of the 2009/10 Financial Assistance Grant (see Note 3). This income has materially distorted the amount of the Operating Result for both the 2008/09 and 2010/11 reporting periods. The **Adjusted Operating Surplus** and **Adjusted Operating Surplus Ratio** adjust for this distortion.

Operating Surplus Ratio

<u>Operating Surplus</u>	(32%)	(46%)	(59%)
Rates - general & other less NRM levy			

Adjusted Operating Surplus Ratio

<u>Adjusted Operating Surplus</u>	(32%)	(53%)	(59%)
This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy			

Net Financial Liabilities

	7,442,308	5,869,886	3,379,110
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).			

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	69%	55%	33%
Total Operating Revenue less NRM levy			

Interest Cover Ratio

<u>Net Interest Expense</u>	2.7%	1.8%	(0.5%)
Total Operating Revenue less NRM levy less Investment Income			

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	26%	24%	31%
Depreciation Expense			

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.

Asset Consumption Ratio

<u>Carrying value of depreciable assets</u>	65%	64%	64%
Gross value of depreciable assets			

Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2010 \$	2009 \$
Income	10,841,334	10,834,300
less Expenses	<u>12,912,098</u>	<u>13,564,597</u>
	(2,070,764)	(2,730,297)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,352,027	1,339,449
less Depreciation, Amortisation and Impairment	5,011,270	4,978,475
less Proceeds from Sale of Replaced Assets	50,182	168,905
	<u>(3,709,425)</u>	<u>(3,807,931)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	5,358,463	5,957,093
less Amounts received specifically for New and Upgraded Assets	2,140,645	2,373,009
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	-
	<u>3,217,818</u>	<u>3,584,084</u>
Net Lending / (Borrowing) for Financial Year	<u>(2,562,371)</u>	<u>(2,954,144)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

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

	2010	2009
	\$	\$
Not later than one year	55,555	47,716
Later than one year and not later than 5 years	107,507	54,659
Later than 5 years	196,265	105,328
	<u>359,327</u>	<u>207,703</u>

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for various items being marina berths and jetties. Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2010	2009
	\$	\$
Not later than one year	506	-
Later than one year and not later than 5 years	2,520	-
Later than 5 years	17,044	-
	<u>20,070</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 18 – SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2009/10 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2008/09). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) 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 of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (6% in 2008/2009) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2009, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 19 - ASSETS & LIABILITIES NOT RECOGNISED

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 1,362 km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

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

Council does not expect to incur any loss.

4. LEGAL EXPENSES

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

5. SUPERANNUATION – DEFINED BENEFITS SCHEME

An obligation exists under Local Super rules for Council to contribute toward salarylink benefits offered by Local Super under a defined benefit superannuation plan, and these contributions may be increased on actuarial advice when investment performance declines.

6. RATES DEBTORS

Council has raised rates and service charges against properties owned by the State Government and its agencies in accordance with the relevant provisions of the Local Government Act 1999.

Council is currently in dispute with the State Government and its agencies in relation to some of those charges. The total amount of rates and service charges outstanding as a result of this dispute are \$285,779.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 20 EVENTS OCCURRING AFTER BALANCE DATE

No significant events occurred after the balance date of 30 June 2010.

KANGAROO ISLAND COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Carmel Noon, the person for the time being occupying the position of Chief Executive Officer of (insert Council name), do hereby state that the Financial Statements of the Council for the year ended 30 June 2010 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.



Carmel Noon

CHIEF EXECUTIVE OFFICER

Dated this 12 day of NOVEMBER 2010

ADOPTION STATEMENT

Laid before the Kangaroo Island Council and adopted on the 12th day
of November 2010.



Cr. Jayne Bates

MAYOR

KANGAROO ISLAND COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

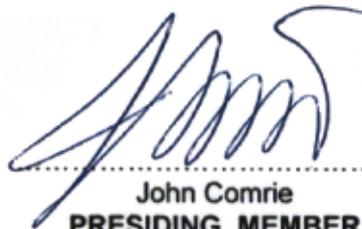
CERTIFICATION OF AUDITOR INDEPENDENCE

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 2010, the Council's Auditor, Dean Newbery and Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



Carmel Noon
CHIEF EXECUTIVE OFFICER



John Comrie
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 12 Nov., 2010

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

ABN 30 164 612 890

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KANGAROO ISLAND COUNCIL

We have audited the accompanying financial report of the Kangaroo Island Council, which comprises the balance sheet as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officer's Statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Kangaroo Island Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Kangaroo Island Council as of 30 June 2010, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 1999 and the Australian Accounting Standards (including Australian Accounting Interpretations).

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**



**DON VENN
PARTNER**

Signed on the 12th day of November 2010,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

ABN 30 164 612 890

Auditor's Independence Declaration Under Section 16A of the Local Government (Financial Management) Regulations 1999 to the Kangaroo Island Council.

I confirm that, for the audit of the financial statements of the Kangaroo Island Council for the year ended 30 June 2010, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.



DON VENN

Partner

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS
214 MELBOURNE STREET
NORTH ADELAIDE SA 5006**

NORTH ADELAIDE, this 12th day of July 2010



Kangaroo Island Council