



KANGAROO  
ISLAND  
COUNCIL



Kangaroo Island Council

Annual Report 2019-20



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# Welcome

## Kangaroo Island Council presents the 2019-20 Annual Report and Audited Financial Statements.

The first section of this Report reflects Council's performance as set by its Annual Business Plan 2019-20 and its Strategic Plan 2014-2018, which was still in effect for the reporting period. This report presents a review the highlights of key work undertaken in our priority areas of Infrastructure, Community, Collaboration, Economy, Our Island, and Our Organisation.

In Section 2 Council reports Governance matters and in Section 3 Finance.

In this reporting period Council presents its cumulative performance against the three Strategic Imperatives which underpin the relevant Strategic Plan. Over the life of the Plan, we are pleased to report that we have completed almost all of our planned actions, despite the significant disruptions to 'business as usual' in this reporting period. They are Cost Reduction, Revenue and Stimulus/Service.

The 2020-2024 Strategic Plan will be endorsed by November 2020 following extensive consultation with residents and ratepayers, Elected Members, key stakeholders and Council staff. As we move forward with our new Strategic Plan, we will be guided by our Vision to be a 'confident and cohesive Community supported to rebuild our unique Island environment, with a strengthening economy led by primary production and tourism'.

We also remain steadfast in our Mission 'to provide our community with leadership and support, and to deliver key council services efficiently and effectively'.

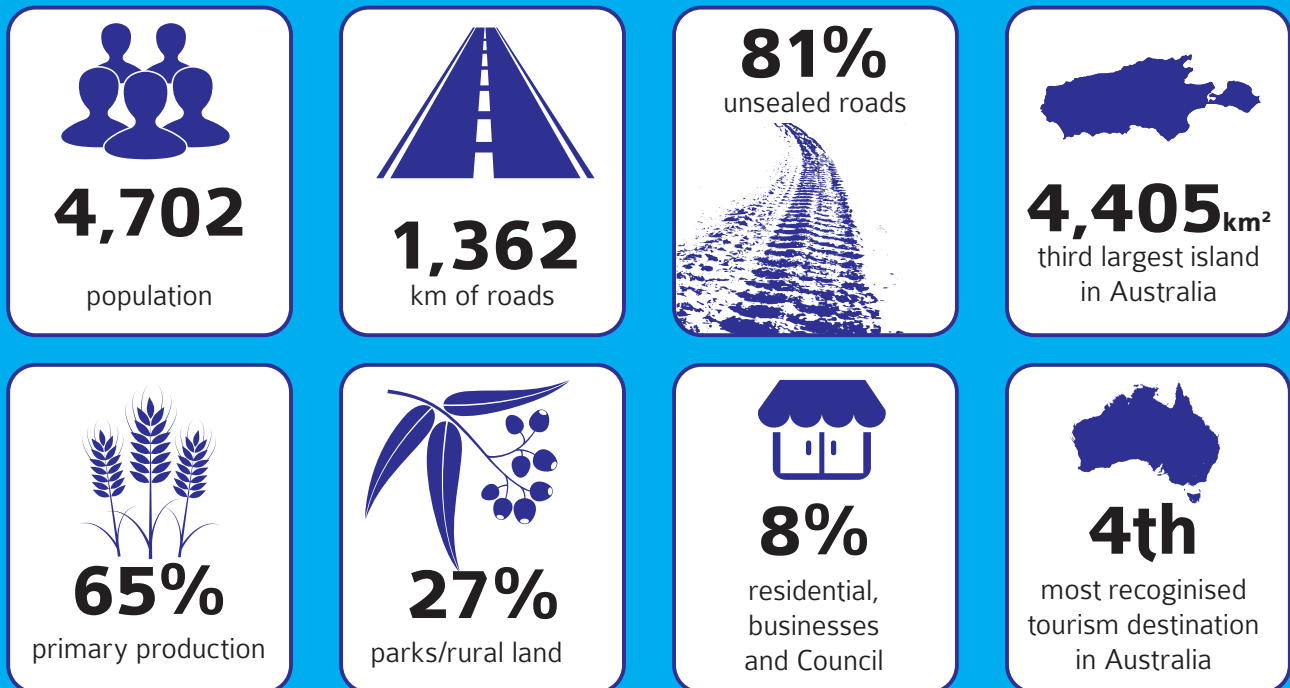
We sincerely thank the community, our Elected Members, all key stakeholders, and the many, many volunteers who give of themselves to support this community each and every year and particularly as we faced the devastating bushfires, and move forward with our recovery.

**Michael Pengilly**  
Mayor

**Greg Georgopoulos**  
Chief Executive Officer



## Island Profile



## Fast Facts



## Message from the Mayor



The 2019-2020 reporting period for Council has seen a financial year marred by two challenging events that have had a considerable adverse impact on Council: last Summer's bushfires and COVID-19. These events have added unplanned pressure on Council's budget and 'business as usual' operations across the Island.

As Council approached the Christmas break, the Island witnessed the beginnings of horrific bushfires during a period of extreme weather conditions.

The fires raged for four weeks until 21 January 2020 when the CFS declared them officially contained, even though the fire zone was not declared safe until 6 February 2020. The fires devastated almost half the Island, impacting many peoples' lives, livelihoods and livestock, and destroying the environment and wildlife.

We received tremendous support from our local Country Fire Service and farm fighting units, other State CFS brigades and firefighting volunteers, the Australian Defence Force Reservists, the Local Government Functional Support Group, State Emergency Service, SA Police and our own staff. Support was also there from SA Health, SA Water, SA Power Networks, BlazeAid, Green Industries SA, Fleurieu Regional Waste Authority and many others.

The clean-up of the bushfire zone continues and has been complex, often dangerous and taxing on energy and emotions. The work undertaken by the Australian Defence Force Reservists in the early aftermath of the

fires was invaluable as was the arrival of volunteer groups such as BlazeAid to replace and repair fences. The Island will be forever in debt to the thousands of people who crossed from the mainland to support our clean-up and rebuilding.

The spirit of giving to those directly impacted by the bushfires was humbling and it was brought home to us particularly after we established the Kangaroo Island Mayoral Relief and Recovery Bushfire Fund on 4 January. Donations came in from all over the world – over \$5.5M by 30 June 2020. All money in the Fund is for people whose homes, properties, businesses or community assets were directly impacted by the bushfires. We thank all those who generously donated. I also acknowledge the work of everyone involved in setting up and administering the Fund as Council agreed to absorb the entire cost of the Fund's administration.

Just as Council and the State and Federal Governments started the enormous task to support the rebuild of fire impacted zones, we were faced with the global pandemic, COVID-19, which placed further pressures on the community and local economy and continues to add another layer of complexity to the bushfire recovery effort.

Further, as a result of the fires, the Valuer General, in a bad decision, devalued all properties on Kangaroo Island, which had a major impact on rate revenue and on Council's budget.





His Excellency, General the Honourable David Hurley AC DSC (Retd), Michael Pengilly, Mayor Kangaroo Island Council, Greg Georgopoulos, CEO, Kangaroo Island Council

The financial year ended on a positive note with the Morrison Liberal Government committing \$33M to a \$49M water project, i.e. to build an additional desalination plant at Penneshaw to help futureproof the water needs of the Island and strengthen bushfire resilience. The remainder of the project is being funded by the State Government and SA Water.

Whilst the road ahead may be long, Council's response to extraordinary events over the past 12 months has been outstanding.

I sincerely thank everyone and every organisation that has contributed to the overall wellbeing and success of Council and the Island.

To the many hundreds of Islanders that support their local progress associations and community volunteer organisations, not-for-profits and various committees, you all play an important role in the decision making and actions that make this island a unique and special place.

I present this overview of the 2019-2020 financial year with appreciation of everybody's contribution in trying times.

**Michael Pengilly**

Mayor

# Your Elected Members



**Cr Bob Teasdale, Deputy Mayor**

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**Committee Representative**

- Audit and Risk Committee
- Finance Committee
- Penneshaw Community Business Centre



**Cr Peter Denholm**

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**Committee Representative**

- Finance Committee
- Awards and Grants Assessment Panel
- Fleurieu Regional Waste Authority
- Council Assessment Panel



**Cr Sam Mumford**

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**Committee Representative**

- Audit and Risk Committee
- Finance Committee
- Boating Facilities Committee



**Cr Ken Liu**

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**Committee Representative**

- Finance Committee



**Cr Rosalie Chirgwin**

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**Committee Representative**

- Finance Committee



**Cr Graham Walkom**

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**Committee Representative**

- Finance Committee
- Audit and Risk Committee
- Boating Facilities Committee



**Cr Shirley Pledge**

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**Committee Representative**

- Finance Committee
- Awards and Grants
- Assessment Panel
- KI Mayoral Bushfire Policy and Recovery Fund Committee



**Cr Peter Tiggemann**

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**Committee Representative**

- Boating Facilities Committee
- KI Mayoral Bushfire Policy and Recovery Fund Committee
- Awards and Grants Assessment Panel
- Finance Committee



# Message from the CEO



This reporting period has been like no other given the magnitude of what we have been faced with in the past 6 months, namely the bushfires, bushfire recovery and COVID-19.

We also had major governance matters to address at the beginning of the period that stemmed from a series of Ombudsman's investigations. We had to act on the Ombudsman's recommendations and that meant improving our governance structures and practices with regard to reporting. Among other things we had to set up a Section 41 committee to oversee CEO performance. Complex and significant, the additional governance workload placed a burden on the administration. It has also had an impact on the culture of the organisation, and will take a couple of years to harmonise.

The bushfires in December and January placed exceptional demands on staff. Many returned from leave to support the firefighting effort. Alongside Local Government Functional Support Group staff from 12 South Australian councils, they graded roads for emergency service vehicles, bulldozed fire breaks, closed roads, worked at the control centre or in behind-the-scenes support roles. Our resources were stretched to the limit. I thank every one of them for their extraordinary efforts and am proud of our administration's professional approach in responding to additional demands and pressures.

We have been fortunate to work with key stakeholders within the community to secure funding for bushfire recovery. Again, this was sought and administered on top of existing workloads. I acknowledge the expert support we have utilised to ensure this aspect of administration

was handled in an efficient and effective manner, working to tight deadlines.

Though some funding required specific responses, other funding streams were open to collaboration and in-kind support that enabled Council to, in some cases, double what was on offer to clean up, recover and build back better.

Council's administration and the CEO's Office received a subpoena to respond to the bushfire Royal Commission and Keelty Review, both requiring accurate and detailed reporting on how Council administration dealt with demands during the bushfires.

Staff also became involved in the subsequent review of bushfire risk mitigation for the part of the Island that was outside the Summer fire zone. Council staff have liaised closely with all key stakeholders to help ensure readiness for the next bushfire season.

The administration of the Kangaroo Island Mayoral Relief and Recovery Bushfire Fund was handled by our governance team and required additional resources to be assigned to help process the wave of applications.

Then with COVID-19 came more challenges. Council meetings and informal gatherings went digital. Council staff worked remotely where possible and limits were put on staff numbers in the office or in vehicles travelling to site.

During this period Council 'business as usual' became unusual in terms of balancing support for recovery work while continuing regular Council services. This included library and customer service as well as infrastructure and maintenance.

We continued to meet development and planning expectations despite the increased numbers of development applications lodged following the bushfires. These were processed as a high priority. Property owners from within the fire impacted zone urgently sought to establish temporary accommodation, sheds or replacement homes.

The devaluation of all property capital values across the entire island by the South Australian Valuer General (VG) was disappointing and has had a counterproductive impact, Council administration is trying to reverse this decision. The first revaluation in March resulted in an \$8.075 million reduction in the capital value of bushfire affected properties. Then in May, updated valuations for all properties on the Island saw the devaluation to every property by a combined amount of \$301 million,

effectively applying a 15% average reduction on each property, regardless of proximity to the fire scar.

The impact of COVID-19 on tourism reversed revenue forecasts for Council's major asset, the Kangaroo Island Airport and the resulting decline in passenger aircraft movements has impacted Council's capacity to fund the airport and its ongoing maintenance.

Despite the challenges, I am proud of the professional manner in which Council staff reacted to supporting the community throughout the bushfires and COVID-19. Behind the scenes I know work demands have been high and tough on individuals. I sincerely thank all our staff for the work they have undertaken, going above and beyond to meet the expectations of our community and our Elected Members.

I look forward to the challenging year ahead, working with our community, key stakeholders, the Mayor, Elected Members and the hard-working staff of Council to deliver Council services and Council's new Strategic Plan.

**Greg Georgopoulos**

Chief Executive Officer



Mrs Lan Le, His Excellency the Honourable Hieu Van Le AC, Governor of South Australia, Greg Georgopoulos, CEO, Kangaroo Island Council







# The Summer Bushfires – a report

Bushfires on Kangaroo Island are not unusual events. However, the Summer bushfires of 2019-20 were classed as catastrophic. A natural Disaster. Seasoned local CFS volunteers described the fires as the worst they had ever seen; virtually unstoppable.

Lightning strikes initiated fires on the North Coast of the Island on the 20th December, 2019, which by the 30th December were considered under control and burning within containment lines. However, on the evening of the 30th December, lightning strikes started a fire within the Ravine des Casoars Wilderness Protection Area at the western end of the Island. Two fires eventually became one.

The SA Country Fire Service held grave fears that what was an uncontrolled 'ravine fire' could spread further south into wilderness and Flinders Chase National Park. Worse still the fire had the potential to spread further east across the Island into paddocks and timber plantations.

An extreme fire weather rating was confirmed for the Island on Friday, 3 January 2020, with shifting northeasterly and northwesterly winds followed by a southerly change. Conditions deteriorated and the worst fears were realised. Emergency services began evacuations of residents as the fire became a massive firestorm.

On that day, Flinders Chase National Park and the adjoining Ravine des Casoars Wilderness Protection area were destroyed, along with the Kelly Hill Conservation Park.

Tragically, on 4 January, two lives were lost. When the SAPOL Incident Controller announced the deaths to a community meeting in the Kingscote Town Hall an audible gasp reverberated around the room as shocked locals felt the gravity of the situation.

As the fires continued to rage across the Island some 120 Reservists from the 10th/27th Battalion, Royal South Australia Regiment, were deployed to the Island. The ADF also brought in heavy machinery to help bolster containment lines and deal with dangerous trees that remained burning along roadsides and electrical power corridors.

The Army became life savers restoring water supplies to Parndana and Kingscote via a portable water purification treatment plant flown in to cover for the SA Water treatment plant damaged by the bushfires. Islanders were on restricted water use until the mobile desal plant was put in place at Kingscote. The army reservists also helped

farmers deal with dead livestock, cleared roads and recovered injured wildlife.

Under the command of Brigadier Damien Cantwell the ADF Reservists number would grow to some 900 personnel on the Island. They provided a micro-economic stimulus to a damaged Island economy as personnel spent their downtime in the local restaurants, cafes and hotels.

Council was directly involved as members of the Bushfire Emergency Management Committee, and played a key role in facilitating and, in the case of the Mayor, leading regular community town hall meetings with emergency service leaders. The meetings were well-attended events for locals and visitors to learn firsthand information about the fire-fighting efforts and risks.

The support of the local and mainland media became instrumental in keeping Islanders well informed of bushfire matters and how to keep themselves safe.





Interest in the bushfires became national and international news with reporters from all around the world visiting the Island, or contacting Council for updates.

Visits to the island by the Governor General and Governor of South Australia were well received, and a tour of the Island by the Prime Minister and Premier were a boost to morale.

Other visitors to the Island included high profile sports identities and philanthropists.

Local volunteers mobilised quickly to provide food and clothing to those who had lost everything. The level of support and generosity offered to the affected community was at times overwhelming.

On 21 January the fire was declared contained, and on the 6th February the fires were declared safe. Of the 440,500 hectare island, almost half was affected by this fire.

The final bushfire statistics make for sobering reading;

- **Two lives lost**
- **211,474 hectares of land burnt,**
- **113,406 hectares of primary production area burnt**
- **638 km fire perimeter**
- **91 houses destroyed or incurred major damage**
- **297 sheds and outbuildings destroyed or incurred major damage**
- **276 vehicles and pieces of machinery destroyed or incurred major damage**
- **1 community hall and adjoining tennis courts and playground destroyed**
- **1 sports club destroyed**
- **At least 59,730 livestock lost**
- **15,000 hectares of plantations burnt**
- **25% of all beehives lost**
- **5,500 km fencing destroyed (est)**
- **An extraordinary loss of wildlife and flora - the exact toll may never be known**





## SECTION 1

# Infrastructure

## Construction

Planned works completed by Council on unsealed roads were all completed this year, improving safety, durability and amenity and ensuring the requirements of our Asset Management Plans were met.

The following roads were resheeted:

### Unsealed Roads Upgrade Program

AREA	ROAD
<b>Stokes</b>	North Coast Road (DPTI \$2M Unsealed Roads Program) (part only)
<b>Wisanger</b>	Ten Trees Rd (part resheet)
<b>Dudley</b>	Cape Willoughby Rd (part resheet)
<b>Dudley</b>	Willson River Road (part resheet)
<b>Muston</b>	Muston Road (part resheet)
<b>Haines</b>	Moore's Road (part resheet)
<b>Island Beach</b>	Island Beach streets – de Coudeic Drive, Flinders Grove, Nepean Drive, Cassini Drive and Pennington Road

The State Government's (DPTI) **\$2M Unsealed Road Upgrade Program Stage 9** enabled works to be partially completed on resheeting North Coast Road from Playford Highway to Stokes Bay. A delayed funding agreement from DPTI caused postponement of a portion of the works with the remainder of the project to be completed in FY2021. These works were project managed by Council and completed by an external contractor. Works also included stormwater pipe upgrades and resheeting the road with 250mm thick crushed limestone rubble to a width of 7m wide. Receiving this money annually has been confirmed for the next three years. It is critical funding which goes a long way to sustaining our road network. This is a key deliverable for our Strategic Plan and without this funding, managing and maintaining our unsealed roads to an acceptable level would be challenging.

Council also completed works on the sealed road network. Due to the bushfires some of the planned projects had to be deferred to FY2021. This was due to the amount of time staff were engaged in bushfire activity works, and the extent of the area considered too dangerous to work in at the time of the fires and in the period that followed.





### Sealed Roads Upgrade Program

AREA	ROAD
<b>Parndana</b>	Wedgewood Road Hickmans Road upgrade to Seal (SLRP)
<b>Penneshaw</b>	The Lane (Stage 2)
<b>Vivonne Bay</b>	South Coast Road part Reseal (deferred)
<b>MacGillivray</b>	Birchmore Road (part reseal) (part deferred)
<b>Kingscote</b>	Drew Street (car parks reseal)
<b>Brownlow</b>	Burdon Drive (part reseal)

**Special Local Roads Program (SLRP)** The Local Government Transport Advisory Panel (LGAP) issues funding from the Federal Government, for roads of regional significance in the three primary priority categories of freight, tourism and community/social need.

Wedgewood /Hickmans Road, a major transport route between Parndana and South Coast Road, was nominated by Council and was successful on assessment by the LGAP for funding from FY2018 over four (4) years to upgrade this route to sealed bitumen status. Stage 2 was undertaken this year and involved raising and installing pavement materials and sealing of the first sector to East West Highway One junction. The intersection was also treated with a staggered alignment - a road safety upgrade that Council is adopting at many rural road intersections across the network. This section of the project cost \$1.05M with **SLRP** providing \$560K funding. Stage 3 will be delivered next financial year and will involve upgrading the section of Hickmans Road between East West One and East West Two.

Council allocated funds to upgrade footpaths along the streets listed below. The upgrades provide improved and safe access for pedestrians within the townships.

- Penneshaw - Middle Terrace
- Kingscote - Commercial Terrace, Murray Street  
Osmond Terrace
- Parndana - Smith Street
- American River - Scenic Drive

Improvements to **Community Waste Water Management Systems** were made with additional septic tanks added for the Island's Dump Ezy's at American River and Penneshaw. These septic tanks reduce the operating costs of the network by reducing pump blockages. Irrigation was installed at the Penneshaw Waste Water Treatment Plant to ensure Council can remove water from the holding ponds. The CWMS West Stage 2 project was deferred to 2020-21.

New **kerb** installations went ahead in Investigator Avenue, Kingscote, and pram ramps were upgraded in Parndana, improving safety, access and overall amenity.

With respect to coastal **risk mitigation**, plans and costings were prepared for an American River levee bank. These will be presented to the community for consultation in the new financial year. The process has been held up due to some land issues which need to be dealt with before formal consultation can commence.

An important addition to this year's program of capital works has been funding for intensive **township clean ups**. This program has been very successful with many positive comments received from the community, not just because of improved bushfire safety due to the significant removal of debris, but the overall improvement of township amenity.

**Kingscote Cemetery** works continued with the preparation of a new area within the cemetery for future use. Earthworks were completed to level and clear the area.







## Council Projects

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

The facility has been approved for use by external consultants Coastal Engineers however without an outer break wall, or protected ramp, the facility remains limited to only fair weather and many within the community still have concerns regarding its safe use.

## Grants

Council was successful in securing two grants for the Kangaroo Island Township Main Streets Upgrade Project. The **Department of Planning Transport and Infrastructure** committed \$1M through its 2019-20 **Open Spaces and Places for People** grant funding program. A further \$1M in federal funding from the **Department of Industry, Science, Energy and Resources** was awarded to Council for the project through the **Drought Communities Program**. The works for this exciting project will include main street streetscaping in Parndana, American River, Penneshaw and Kingscote. The works will include design, street furniture, plantings, irrigation, footpaths and sealing, and will be delivered in 2020-21. The majority of the works will be contracted.

## Community Capital Infrastructure Grants Program (CCIGP)

Five applications were granted Council CCIGP funding in 2019-20 with a total of \$45,037 being awarded to projects in Birchmore, Kingscote, Parndana, Penneshaw, and Brownlow.

The 2019-20 capital infrastructure projects have a combined value of \$131,590 with CCIGP grant funding contributing 34% to the total value.

ORGANISATION	PROJECT	GRANT
<b>Kangaroo Island Pony Club</b>	Birchmore Road re-fencing	\$ 2,672
<b>Kingscote Bowling Club Inc</b>	Replacement of Playing Lights and Poles	\$ 14,636
<b>Parndana Sports Club Inc</b>	Replacement of Existing Patron Fence and Coaches Boxes	\$ 9,636
<b>Lions Club of Kangaroo Island</b>	KI Lions Storage Shed - Brownlow	\$ 12,714
<b>Penneshaw Progress Association</b>	Verandah addition to Town Hall	\$ 5,379
<b>GRANT TOTAL</b>		<b>\$ 45,037</b>

During the past eight years, Council's CCIGP has contributed \$1,059,669 towards 57 Community projects with a combined project value of \$3,416,882. Thirteen projects were valued above \$100,000, 17 leveraged funding through grant co-contribution, and one achieved funding through a community loan at a reduced interest rate through Council. In all, Council has contributed 31% in funding towards the value of these projects.

# Community

## Grants and Sponsorship

This year \$12,799 was awarded to nine community projects from the Community Partnership Grant Program.

ORGANISATION	PROJECT	GRANT
<b>Kangaroo Island RSL</b> (auspiced by Penneshaw Progress)	Restoration of Penneshaw WW1 Honour Board	\$ 2,000
<b>Kangaroo Island Calisthenics</b>	Treasurer's laptop	\$ 600
<b>National Trust SA Kangaroo Island Branch</b>	Hope Cottage Museum Wagon Shed Paving	\$ 1,880
<b>Health Advisory Council</b>	Cook Centre Heritage Sign	\$ 500
<b>Artfeast</b>	Youth BollArt Project	\$ 1,386
<b>Penneshaw Progress Association</b>	Penguin Signs	\$ 1,373
<b>Women's Support Group</b> (auspiced by Junction Australia)	Glass cutting saw	\$ 1,670
<b>Artists Collective</b>	Easter Art Exhibition	\$ 1,190
<b>Junction Australia</b>	Community Directory	\$ 2,200
<b>TOTAL</b>		<b>\$ 12,799</b>

Through Council's **Sponsorship Program** it was a pleasure to support 36 applications from community groups, progress associations, sporting associations, church groups and education providers for assistance with indoor and outdoor facility hire and Development Application fees. Total sponsorship value provided was \$13,360.







Council also let the Team from Park Run set up a permanent Park Run track in Kingscote along the Brownlow to Kingscote path. Park Run is a popular get fit activity and Council is pleased they are active on the island.

## Commemorative Services

Council continued to support the Returned and Services League (RSL-Kangaroo Island Sub Branch) and Legacy with their facilitation of **ANZAC Day** and **Remembrance Day** commemorative services. Despite the impact of COVID-19, ANAC Day was commemorated at the Soldiers Memorial in Kingscote although there was no march.

## Celebrations and Awards

During the later stage of what is now referred to as the Black Summer bushfires, Australia Day celebrations went ahead. However this year's ceremony at Hope Cottage, Kingscote, was marked by the involvement of members the Australian Military Services who remained on the Island to assist with the bushfire recovery effort. A ceremony was also held in Penneshaw, where a New Zealand Army officer presented Kangaroo Island with a new ceremonial New Zealand flag to be flown in Penneshaw. The flag was presented to Council staff member William Stevens, who is also a New Zealander and member of the RSL.







(L to R) Beth Davis, Maree Baldwin, Jane Guider, Danielle Bowden and the Bowden children.

Council's Citizen of the Year Awards, presented on Australia Day, honoured Jane Guider as our **2020 Citizen of the Year**. The Stokes Bay Fireworks won the **2020 Event of the Year Award** and **2020 Project of the Year** was the Kingscote Youth and Skate Park.

This year's **Young Achiever Awards** were presented on Settlement Day 27 July by Deputy Mayor Bob Teasdale. Due to the COVID restrictions, we broke with tradition and held two Settlement Day ceremonies, one for the public at the Mulberry Tree, and a second at the Kingscote campus where the Awards were presented. Year 12 student Julia Haselgrove was named **Young Achiever of the Year** after a rigorous selection process against an excellent contingent of local nominees. Council also awarded Jade Hinton a **Special Commendation for Exemplary Service to the Bushfire Relief and Recovery Effort**.

## Kangaroo Island Community Education (KICE) Visit

A group of KICE students had an excursion to the Council depot this year, followed by a trip out to Hickmans Road, Parndana, for an up close view of roads under construction. Head Mechanic Mark Virgo explained the type of work undertaken in the various sections of the depot workshop, while Technical Services Manager John Fernandez accompanied the students to Hickmans Road, providing commentary about the roadworks process, and the plant and equipment needed to build and maintain our roads.



## Collaboration

Kangaroo Island Council collaborates with government agencies and key stakeholders on and off Island, to help deliver the services, infrastructure and amenity it is required to provide under the *Local Government Act*.

Those collaborations were tested - and welcomed - during the last half of this reporting period, following the adverse impacts of the Summer bushfires and COVID-19.

During the fires, Council approached the **Local Government Functional Support Group** (LGFSG) under the State Emergency Management Plan (SEMP) to provide a simple and clear way to coordinate local government support on the Island. This crisis showcased the maturity, sophistication and effectiveness of the LGFSG. Many South Australian Councils provided personnel and/or machinery in support of Kangaroo Island Council, local Island communities and the Country Fire Service (CFS). Councils included Burnside, Karoonda East Murray, Marion, Mount Barker, Norwood Payneham St Peters, Playford, Port Adelaide Enfield, Salisbury, West Torrens, Yankalilla, Victor Harbor, Berri and Barmera. Special thanks also to Burnside for providing executive support with an Acting Director Works and Infrastructure for the second half of this reporting period, and to West Torrens for their governance support.

More broadly, across the State's six Summer Bushfires – in Kangaroo Island, Angle Vale, Duck Ponds, Yorketown, Keilira and Cudlee Creek, through the LGFSG, 218 Council staff were deployed for a total of 6,421 staff hours, utilising 68 units of plant and involving 39 Councils. In addition, the LGA provided 17 staff working 792 hours.

As mentioned earlier in this report, the **Australian Defence Force** was a key collaborator in helping to support the Island during the crisis. As well as providing personnel on the ground, the ADF deployed two heavy lift Army CH-47 Chinooks from the 5th Aviation Regiment, to deliver hay bales to remote bushfire affected farms on Kangaroo Island during Operation BushfireAssist. The helicopters operated for two days principally delivering fodder and other supplies to the remoter parts of the island.

Post bushfires, as the Island transitioned into bushfire recovery, Council played an active role participating in the various initial **recovery committees**. With the Kangaroo Island **Bushfire Recovery Co-ordinator's Office** based in Kingscote, Council continued to liaise with the Co-ordinator to provide the support it could to the various initiatives that were being community driven and focussed within the bushfire affected footprint.

Post bushfire recovery work included a doubling down on ensuring all the agreed actions within the **KI Bushfire Management Plan** were achieved, to protect the island from a repeat of the recent bushfires. This work requires a close ongoing collaboration with the CFS Region One headquarters.

Other collaborative efforts included providing support for **BlazeAid** to set up on the Island who cleaned up or refenced farm fences lost or damaged by the bushfires. By the end of June 2020 BlazeAid volunteers celebrated the milestone of 500 kilometres of new fencing having been constructed on the Island.



Council also joined forces with **BizRebuild**, a business-led initiative developed by the Business Council of Australia, to provide practical and on the ground assistance to small and local businesses left devastated by the fires.



Council has placed a strong focus on securing **grants** to undertake the remedial and rebuilding work associated with the bushfires and COVID-19. Through effective partnerships with community and sports groups, Council has been successful in helping to win financial support from the Morrison and Marshall governments for projects such as the Parndana Netball courts lighting, and upgrades to other community assets impacted by the bushfires.

Council also sat on the **State Emergency Relief Fund Committee**, together with councils from the Adelaide Hills region. The committee was charged with the oversight of distributing funds to applicants from the Kangaroo Island and Cudlee Creek bushfires. Over \$9M was distributed to people directly affected by these fires who lived, or who owned property, within the fire scar as well as some community groups dealing with people directly impacted by the fires.

We continue our membership and support of **Regional Development Australia** Adelaide Hills, Fleurieu and Kangaroo Island. This year Council worked with RDA to encourage prioritisation of the **SA Water** water sustainability project for Kangaroo Island and its lifting onto the Federal Government's agenda as a major infrastructure project.

Council also partners with the Department of Environment and Water (DEW) in the **Kangaroo Island Feral Cat Eradication** Program to eradicate feral cats from Kangaroo Island by 2030. As of May 2020 the eradication of feral cats across the Dudley Peninsula began in earnest, starting from the very eastern end. Following extensive public consultation by DEW, Council approved the cat fence to run along a portion of Council road reserve on the narrow section of the Dudley Peninsula. Construction of the cat barrier fence near Pelican lagoon commenced in late 2019. The vision of the program is that: *Kangaroo Island is free of feral cats and there is complete compliance with requirements for domestic cat ownership under Kangaroo Island Council's Animal Management Plan.*

We continue to be actively engaged with the Department of Environment and Water (DEW) on **road vegetation management**, submitting an annual program to DEW prior to commencing works for threatened species identification. We meet regularly and have on site meetings to discuss local issues.

As a member of the **Southern & Hills Local Government Association** (S&HLGA) Council participates in the S&HLGA **Regional Public Health** Committee meetings. Council is committed to the



Kangaroo Island aspects of the **Regional Public Health Plan**. This includes a number of regional and local health initiatives to promote the greater health and wellbeing of our community and remains part of the Southern and Hills Community Wellbeing Alliance.

Council also sits on the S&HLGA **Road Working Party** which makes recommendations on regional priorities for the Special Local Roads Program (SLRP). The Wedgewood Hickmans Road upgrade (Stage 2 of 4) was one of the committee's four project recommendations.

A Council representative sits on the **Kangaroo Island Bushfire Management Committee** with the Department of Environment and Water, NRM Board, SA Water, KI Agriculture, CFS, CFS Volunteer Association, SAPOL, DPTI and Tourism KI. The Committee oversees the **Kangaroo Island Bushfire Management Area Plan** (BMAP) which identifies assets at risk from bushfire and the prevention and preparedness strategies and actions required to reduce the risk to those assets.

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

During the reporting period Council continued to carry out the **Routine Maintenance Contract** for the Department of Planning Transport and Infrastructure's (DPTI) road network on Kangaroo Island. Council also carried out additional private works for DPTI including: vegetation maintenance, stormwater maintenance, sign maintenance and upgrades, and bitumen spray sealing works. The working partnership delivers efficiency gains for DPTI as our depot crews are qualified to carry out the works to DPTI's required standards.



# Our Island

## Clean up

A significant activity to assist with the post bushfire clean-up was the establishment of an emergency landfill pit at Gosse.

**Fleurieu and Regional Waste Authority (FRWA)** staff met with Council and **Green Industries SA** representatives throughout January and February to establish the site, and the Environmental Protection Agency granted approval in early March 2020. Additional cells were also established at the Kangaroo Island Resource Recovery Centre at Kingscote.



FRWA recruited local people to operate the site with plant and equipment sourced from across the Island and the mainland.

FRWA staff, in conjunction with Green Industries SA and associated contractors worked six to seven days a week to ensure the 87 houses and over 200 properties were cleaned up as quickly as possible.

Between March and the end of June over 30,000 tonnes of burnt material was disposed of, with an additional 5,000 tonnes of metal and **3,500** tonnes of concrete recovered and recycled. The Gosse pit site will be fenced and revegetated in 2021.



The removal of **asbestos** from homes destroyed by the bushfire was professionally and expertly dealt with, through the co-operation of various agencies including **Green Industries SA**, the Environmental Protection Authority, Council and landowners. The removal of red tape and the priority given to removing and making this material safe was a welcome and pleasing result.

As part of the recovery process FRWA's **waste education officer** spent time at the Parndana Relief Centre, assisting with waste issues and providing services to those impacted by the fire. Gardening guru Sophie Thomson was brought across as part of the ReGrowth Garden Recovery project that established a community garden at the Parndana campus.

This year FRWA, in conjunction with Green Industries SA, produced a new range of waste education material including **bin stickers** (yellow lid recycling and green lid recycling for food organics and green organics).



The In-Vessel Composter, which was purchased in the previous financial year, was launched. The rich, high quality compost it produces has been a popular purchase with local gardeners.



## Waste Statistics 2019-2020

Significantly, the Kangaroo Island Council increased the amount of food organics and green organics collected by an impressive 68%, which is more than double the result achieved in other council areas. The Island's waste to landfill rate remained relatively steady but our rate of yellow lid recycling decreased by 7%, which was a disappointing result.

### Kerbside waste statistics for 2019-2020 compared to previous year

COUNCIL	WASTE	FOGO	RECYCLING	DIVERSION from landfill
Alexandrina	+1% 4840t	+21% 3977t	-1% 2621t	+3% 58%
Victor Harbor	-251% 2686t	+75% 2613t	+37% 1627t	+18% 61%
Yankalilla	-2% 1115t	+33% 873t	+6% 584t	+5% 56%
Kangaroo Island	-1% 809t	+68% 326t	-7% 442t	+6% 46%

## Island visitation

Throughout the bushfire Summer crisis and in the months that followed, Kangaroo Island received numerous goodwill visits from high level officials to witness the effects of the devastation and meet with locals who were directly affected. They included His Excellency General the Honourable David Hurley AC DSC (Retd), the Prime Minister of Australia Scott Morrison MP, the Governor of South Australia His Excellency the Honourable Hieu Van Le and the Premier of South Australia Steven Marshall MP.



One of the groups to visit the Island specifically to support the local economy immediately after the fires and prior to COVID-19 was Alliance Airlines with their **Hangar to Hangar** 400 kilometre charity ride in support of Breast Cancer Network Australia. They brought together 26 cyclists from their bases around Australia as well as support crew, taking in Stokes Bay, Parndana, Vivonne Bay, Kingscote, American River and Penneshaw on their Island ride.

The South Australian Tourism Commission launched a campaign **#BookThemOut** to stimulate domestic visitation to the Adelaide Hills and Kangaroo Island. The campaign highlighted the message that so much of these regions looks exactly as expected: pristine, pure and perfect. It was a successful campaign with the Island seeing a noticeable spike in visitor numbers, until the tourism industry was brought to a standstill with COVID-19.



Prime Minister the Right Honourable Scott Morrison, Australian Defence Force Personnel, Hon. Stephen Marshall MP, Premier of South Australia



## Supporting our Economy

Prior to the bushfires and COVID-19, Kangaroo Island's economic activity (Gross Regional Product) was valued by SGS Economics to be some \$234m. SGS Economics estimates it has shrunk in value by approximately 15% due to the bushfires and COVID-19.

While the combined crises inflicted a heavy blow on the Island's two main industries, agriculture and tourism, the Island remains an Australian tourism icon with a clean and green environment where quality produce is farmed on the land and at sea.

A key objective of the financial year was to set in place a new **Strategic Plan for 2020-2024**. The Plan was to develop a foundation that builds on Council's desire to bring the focus back to basics.

This shift in focus for Council included moves to reign in Council debt and reduce operational expenditure by over \$1M, on top of the previous financial year's cost reduction of \$1.3M.

Running a lean Council encouraged greater reliance on advocacy for increased investment by the Federal and State governments, to deliver key island foundation projects to enable and support economic growth. Foremost was a \$49M **investment by the Federal and State governments and SA Water** to build a second desalination plant at Penneshaw to water proof the island and diversify the local economy. With the water pipeline announcement came the further recommitment by private investors to go ahead with the building of the Cliffs, an international standard championship links golf course.

Council administration contributed to the **State Government's 20 Year State Infrastructure Plan** and **PIRSA's Strategic Plan** for regional growth in South Australia. Council administration also made contributions to the new **State Planning and Design Code** to ensure the specific needs of Kangaroo Island could be accommodated.

Though no figures have been formally placed on the actual **cost of the bushfire losses** on Kangaroo Island, Council is aware that over \$800M worth of commercial timber has been destroyed or damaged. Over \$6M worth of sheep were lost and well over \$100M in property losses. Loss of continuity of business across the entire Island is incalculable. Nor can a true dollar cost be attributed to the enormous loss of wildlife, and the environment that underpins the local eco-tourism industry, an industry that pre-bushfire contributed more than \$53M annually to the South Australian economy and supported more than 360 local jobs.

Council's planning services were bolstered by the **Department of Planning and Infrastructure** as the number of development applications received increased in response to the bushfires. A good sign for the recovery process.



Sadly, nothing could have prepared the tourism sector for what was about to hit after they began rebuilding with the assistance of the South Australian Tourism Commission's successful #BookThemOut campaign. With COVID came a halt to all visitation, including cruise ships.

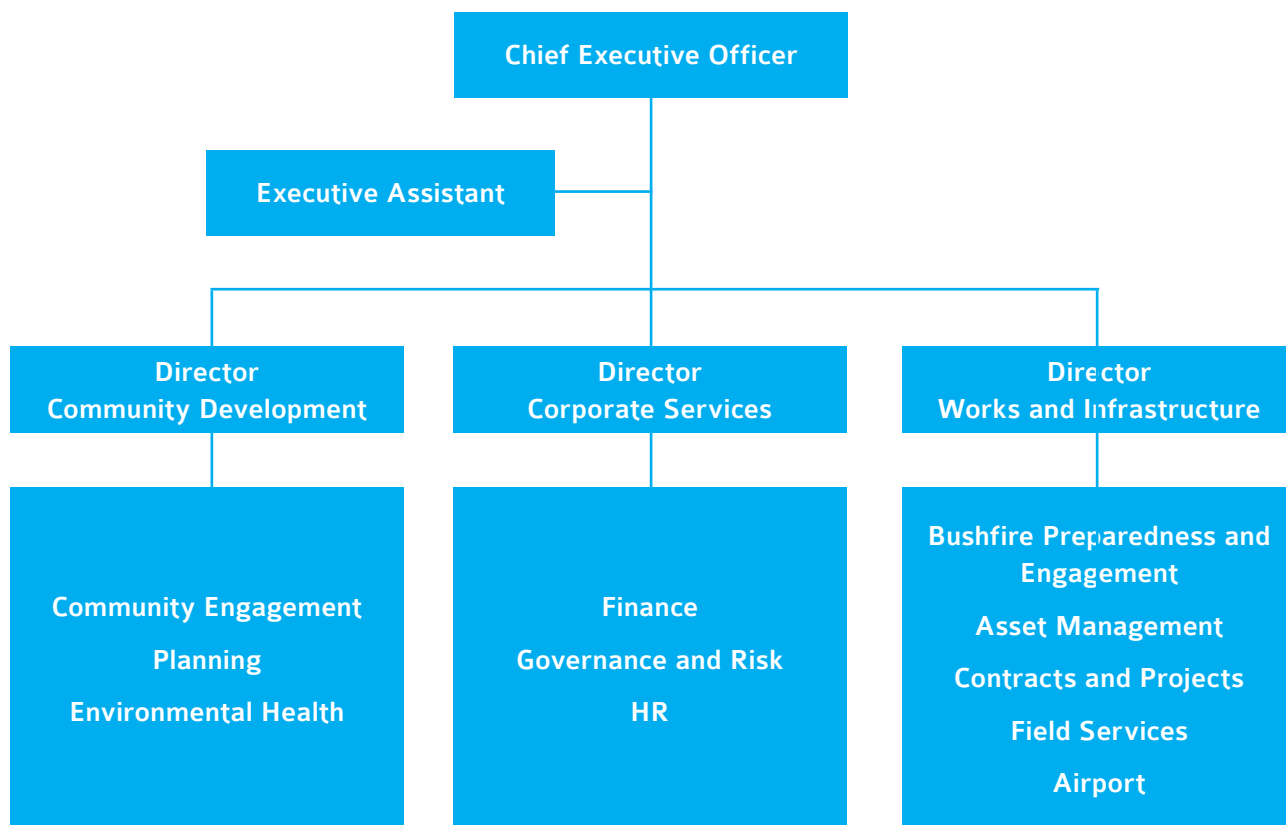
Earlier in the reporting period, Council received advice from **Regional Express Airlines** of its intention to quit services to the Island. Conversely **QANTAS** recommitted to increased services to the Island but the impact of COVID meant no flight movement gains, or stimulus to the tourism industry through this new opportunity. Like everywhere else, job losses have been significant in the tourism sector.

In the lead up to the end of the financial year, Council remained steadfast in its advocacy to ensure the Island receives its fair share of Federal and State government support for bushfire and COVID-19 recovery.





# Our Organisation



## Leadership

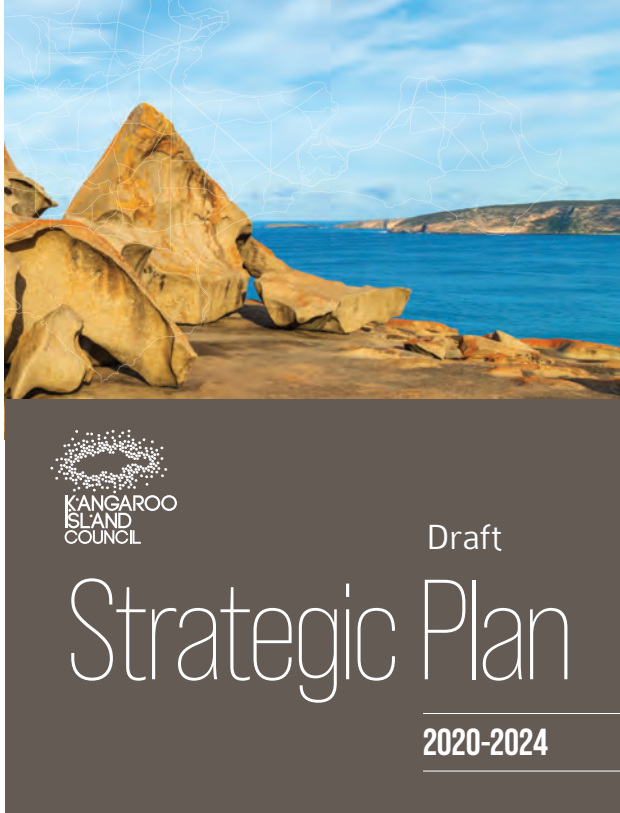
Council introduced a new Organisational Structure with key leadership changes during this reporting period. The Executive Leadership Team now comprises the Chief Executive Officer and three directors. The directorates are Corporate Services, Works and Infrastructure, and Community Development.

### Executive Leadership team

- Chief Executive Officer, Greg Georgopoulos
- Director Corporate Services, Nicki Putland (appointed January 2020, previously Director Council Services)
- Director Community Development, Pat Austin (appointed January 2020, previously Manager Community Affairs)
- Acting Director Works and Infrastructure, Alan Harvey (on secondment from Burnside from February 2020 to July 2020)

### Council Leadership Team

- Yarran Iversen, Asset Services Technical Officer
- Kerry Fricke, Acting Head of Finance
- John Fernandez, Technical Programs Manager (appointed Bushfire Preparedness and Engagement Manager January 2020)
- Aaron Wilksch, Development and Environmental Services Manager
- Danielle Fleet, Customer Engagement Manager



### Strategic Plan 2020-2024

Kangaroo Island Council continued work on its draft Strategic Plan 2020-2024.

The final document will be shaped by considerable public consultation and Elected Member deliberation. It will also be influenced by Council's back to basics approach, its focus on the bushfire recovery effort, and the impact of COVID-19. It is hoped that this Plan helps us find the balance in a world that has certainly changed for Council and our ratepayers during this reporting period and beyond.

### Our People

#### Health and Wellbeing

The **health and well-being** of our employees is important to Council but especially so this year as many

people were impacted directly or indirectly by the fires. Some lost property, some worked tirelessly assisting the front line effort, while others worked in an administrative support capacity. Stress levels were high and people were tired. Through the Local Government Risk Services we engaged a counsellor to have one on one follow up sessions with each member of staff to check on their resilience levels and how they were coping mentally and emotionally.

We continued to offer a number of opportunities to help people to make informed life and wellbeing choices. These included:

- Healthy Lifestyle Program - through the LGA Workers Compensation Scheme (LGAWCS) and Corporate Health Group
- Annual flu vaccination
- Skin cancer screenings through LGAWCS
- Mind your wellbeing Program

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

#### Recognition of Service Awards 2019 went to:

- Mark Virgo – 15yrs
- Phillipa Kelly – 10 years
- Jacinta Lassock – 10 years
- Lidia Pasquale – 10 years
- Scott Argent – 10 years
- Lesley Saunders – 10 years
- Jamie Jamieson – 10 years





## Training and Development

Providing our staff with the skills and knowledge to ensure they can fulfil the requirements of their roles and meet legislative compliance, is an essential Council investment. Training is identified through the Performance Development Plan (PDP) process, the needs of the Council, and annual budget allocations.

Employee training during the reporting period included:

- Environmental Awareness for Civil Construction Project
- Health and Safety Representative training
- Procurement Policy training
- Conflicts of Interest training
- First Aid training
- i-Responda Bushfire Training
- Confined Spaces training
- Differences in Roles for Councillors, Council Assessment Panel Members and Administration with respect to Planning
- Council Assessment Panel Training in the New Planning Code
- Administration Training in New Planning Code
- Leadership Success training
- Level 2 Operation Inspections of Children's Playgrounds
- Hazard Management and Risk Assessment Workshop
- Incident Investigation
- ICAC training
- Contract Management in Local Government Sector
- Squiz website training
- Public Interest Disclosure Act training
- Responsible Officers training

## Trainees / Apprentices

Council has one Heavy Vehicle Apprentice **mechanic** who is now in his third year. This position comes under the Motor Trading Authority. Our two previous trainees who were on short term contracts in the last reporting period, are now permanent employees.

## Our Workplace

Council maintains its commitment to Equal Employment Opportunities, guided by its **Equal Opportunity Policy**. We also maintain a relatively balanced gender representation. Council is committed to providing a work environment free from discrimination, harassment and bullying.

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

## Governance

Council has continued to implement and refine its internal control reporting system - ControlTrack. A self-assessment tool, it enables us to facilitate an integrated risk and control assessment process focusing on finance and governance. We provide a standard report to the Audit Committee to track how we are performing from one period to the next.

Council has also introduced a Risk Management Policy and Framework to the organisation which will be revisited in 2020-21.

## SECTION 2

# Governance

## Council decision making and process

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

## Council meetings

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

During the reporting period, 12 Ordinary Meetings of Council were held and 10 Special Council Meetings.

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

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

## Public forum

The public is encouraged to attend all Ordinary Meetings of Council where formal provision is made for Petitions, Deputations and Questions from the Gallery. The public is also welcome to attend Informal Gatherings.

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

## Committees

### Section 41 Committees

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

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

Documentation for each meeting (meeting times, agenda with reports, attachments and minutes) can be accessed on Council's website [www.kicouncil.sa.gov.au](http://www.kicouncil.sa.gov.au) and can be viewed in hard copy at Customer Service. Section 41 meetings are open to the public

### Section 41 Committees

During 2019-20 Council convened the following Section 41 committee meetings:

COMMITTEE	MEETINGS HELD
Audit & Risk Committee	4
Awards & Grants Assessment Panel - Disbanded	2
Boating Facilities - Disbanded	4
Finance Committee - Disbanded	4
KI Airport Management Committee - Disbanded	4
KI Mayoral Bushfire Relief & Recovery Fund Committee	13
CEO Performance Review Committee	4



## Council Representation on Various Committees

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

### Regional Subsidiaries

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

#### COMMITTEE

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

### Development Act

#### COMMITTEE

Council Assessment Panel  
Building Fire Safety Committee  
Strategic Planning & Development Policy Committee (Section 101A)

### Internal Operational Committees

#### COMMITTEE

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

### External Committees / Boards

#### COMMITTEE

Community Centres Working Group  
KI Bushfire Management Committee  
KI Community Housing  
KI Emergency Services Operational Advisory Group  
KI Health Advisory Council  
KI Natural Resources Management Board (Landscapes SA)  
LGA SA  
Penneshaw Community Business Centre  
Regional Development Australia  
Southern & Hills LGA Roads Working Party  
STARCLUB  
Tourism Optimisation Management Model  
ZEMC  
Resilient Hills & Coasts

## Scheme of Delegation

By the direction of the *Local Government Act* (1999) S44; "A Council may delegate a power or function vested or confirmed under this or another Act". By Motion of Council C224:2020 the chief executive officer has been provided with the decision making powers in terms of prescribed actions in order for Council to manage its operations. By the direction of the *Local Government Act* (1999) S101(1) and through Motion of Council C224:2020, "the chief executive officer may delegate (or sub-delegate) a power or function vested or confirmed in or on the chief executive officer under this Act". These delegations have been granted to specific staff positions in order that those staff can carry out their roles and responsibilities. The delegation of powers occurs on an annual basis.

## Council Allowances

### Elected Members

Elected Members' allowances are determined by the State Government's Remuneration Tribunal. The annual allowances as of 9 November 2019 for 12 months were:

Councillor	\$ 10,268
Deputy Mayor	\$ 12,835
Mayor	\$ 41,072

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

ELECTED MEMBER	REIMBURSEMENT ALLOWANCE
Mayor Pengilly	\$12,275.71
Cr Mumford	\$410.00
Cr Walkom	\$4,462.80
Cr Pledge	\$0.00
Cr Teasdale	\$7,172.49
Cr Denholm	\$8,363.19
Cr Liu	\$0.00
Cr Tiggemann	\$0.00
Cr Chirgwin	\$0.00
<b>GRAND TOTAL</b>	<b>\$32,684.19</b>

In addition, the Section 41 Audit Committee Chair, Mr Greg Connor received \$4,163.18 in allowances from Council, including sitting fees and travel disbursements.

### Executive Management

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

## Training and Development for Elected Members

The following training and development sessions were attended by Elected Members during the 2019-20 financial year.

COUNCILLOR	TRAINING
<b>Mayor Michael Pengilly</b>	Kelleyjones Lawyers - Public Interest Disclosure Act training 21/10/2019 Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20
<b>Peter Denholm</b>	Kelleyjones Lawyers - Public Interest Disclosure Act training 21/10/2019 Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20
<b>Ken Liu</b>	Kelleyjones Lawyers - Public Interest Disclosure Act training 21/10/2019 Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20
<b>Shirley Pledge</b>	Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20
<b>Sam Mumford</b>	Kelleyjones Lawyers - Public Interest Disclosure Act training 21/10/2019 Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20
<b>Bob Teasdale</b>	Kelleyjones Lawyers - Public Interest Disclosure Act training 21/10/2019 Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20
<b>Graham Walkom</b>	Kelleyjones Lawyers - Public Interest Disclosure Act training 21/10/2019 Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20 LGA & Norman Waterhouse Legislative Tools for Managing Bushfire Risk Webinar 22/06/20 LGA - Legislative Tools for managing bushfire risk webinar 22-23 June 2020
<b>Roslaie Chirgwin</b>	Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20
<b>Peter Tiggemann</b>	Kelleyjones Lawyers - Public Interest Disclosure Act training 21/10/2019 Introduction to the Mutual Schemes Due Diligence Performance Standards for Self Insurers Overview 19/06/20

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

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

During 2019-20, provisions of the *Local Government Act* 1999 section 90(2) were utilised 36 times.



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

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

MEETING DATE	LG ACT SECTION	ITEM DETAILS
9-Jul-19	90(3)(a)	Release of in-confidence report - Report to Council from the CEO Panel 29-01-2014
13-Aug-19	90(3)(j)	ICAC Referral
13-Aug-19	90(3)(d)	KI Biomass Project
13-Aug-19	90(3)(a)	Staff Matters
22-Aug-19	90(3)(a)	Procurement Practices, Procedures and Policies
10-Sep-19	90(3)(a)	WHS Matter
10-Aug-19	90(3)(a)	Land Acquisition Matter
10-Aug-19	90(3)(a)	Audit Committee Members - Independent member appointment
10-Aug-19	90(3)(h)	Emu Bay Boat Ramp Variations
12-Nov-19	90(3)(a)	Kangaroo Island Airport Management Committee
12-Nov-19	90(3)(b)	Sale of Land - Emu Bay, Adam Street Properties
10-Dec-19	90(3)(b)	Land Acquisition - KI Race Course Car Parking Land
10-Mar-20	90(3)(a)	Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 07/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 19/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 28/02/20
10-Mar-20	90(3)(d)(i&ii)	KI Shellfish Rescind Motion
10-Mar-20	90(3)(h)	Pennshaw Solar Project
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 13 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 20 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 27 March 2020
14-Apr-20	90(3)(a)	Cr K Liu - Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court
14-Apr-20	90(3)(d)(i&ii)	Late Report - REX Open Letter to Local Councils

MEETING DATE	LG ACT SECTION	ITEM DETAILS
12-May-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 17/04/20
12-May-20	90(3)(h)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 30/04/20
17-Apr-20	90(3)(d)(i&ii)	Rex Proposal For a New or Amended Agreement
11-Feb-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 30/01/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 15/05/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recover Fund Committee Special Meeting Minutes 29/05/20
9-Jun-20	90(3)(a)	CEO Performance Review Committee Minutes 20/05/20
9-Jun-20	90(3)(a)	CEO Performance Committee Special Minutes 27/05/20
9-Jun-20	90(3)(b)	EOI process for the potential lease, sale or disposal of the former VIC building at Penneshaw
9-Jun-20	90(3)(b)	Emu Bay Boat Ramp Land Sale
9-Jun-20	90(3)(a)	Finance Committee In-confidence Minutes - 28 May 2020
9-Jun-20	90(3)(j)	Ombudsman Final Report matter 2011/07898
9-Jun-20	90(3)(d)	Bushfire Consultant Update

17 confidential items were revoked, none expired and none ceased to apply during the financial year with 89 items still remaining in confidence, detailed in the table below.

MEETING DATE	LG ACT SECTION	ITEM DETAILS
10-Oct-08	90(3)(a)	Rates Remission Application
31-Aug-12	90(3)(a)	Ombudsman's Draft Report
12-Dec-12	90(3)(a)	CEO Review Report (sealed)
12-Jun-13	90(3)(a)	CEO Review Panel Report (sealed)
11-Sep-13	90(3)(a)	Request for Rate Assistance
30-Oct-13	90(3)(a)	CEO Performance Review
30-Oct-13	90(3)(a)	Organisation Performance Review
13-Nov-13	90(3)(a)	Community Service Award
13-Nov-13	90(3)(a)	Request from a Ratepayer
12-Feb-14	90(3)(a)	Rating Matter
12-Mar-14	90(3)(a)	Rates Outstanding 3+ Years (excluding Council decision)
14-Mar-14	90(3)(a)	Employee Update
10-Jul-14	90(3)(a)	Code of Conduct 07/2014 - Final Report
10-Jul-14	90(3)(a)	Code of Conduct 08/2014 - Final Report
23-Jul-14	90(3)(a)	Code of Conduct final report 09/2014
13-Aug-14	90(3)(a)	COC 10/2014 Final Report
13-Aug-14	90(3)(a)	Staff Exit Interview Report
20-Aug-14	90(3)(a)	CEO Performance Review
20-Nov-14	90(3)(a)	Appointment of Independent DAP Members - Attachments Only
20-Jan-15	90(3)(a)	Nominations for DAC
14-Apr-15	90(3)(a)	Soldier Memorial Gates
12-May-15	90(3)(a)	Request for rates refund / waiver
9-Jun-15	90(3)(g)	2015-01- 2015-03 Code of Conducts verbal update - COC's finalised
18-Aug-15	90(3)(a)	Code of Conduct 2015/04
10-Nov-15	90(3)(a)	CEO Review
8-Dec-15	90(3)(g)	Legal Advice #2
8-Mar-16	90(3)(g)	Audit Committee Minutes



MEETING DATE	LG ACT SECTION	ITEM DETAILS
27-Oct-16	90(3)(a)	CEO Annual Review Process
8-Nov-16	90(3)(g)	Legal Matter
8-Nov-16	90(3)(g)	Organisational Chart
13-Dec-16	90(3)(g)	Legal Matter - Business Arising from In confidence Minutes 18.2 - 8/11/16
9-May-17	90(3)(a)	Code of Conduct 2017/01
29-Jun-17	90(3)(a)	Code of Conduct 2017/02
30-Oct-17	90(3)(a)	CEO Performance Review
30-Oct-17	90(3)(d)	Forestry Road Use Assessment
14-Nov-17	90(3)(a)	Recruitment of the Independent Chairperson for the FRWA Board
12-Jun-18	90(3)(a)	Final report on Code of Conduct complaint against CEO
12-Jun-18	90(3)(a)	Debt Management - Section 181-184 of LGA
12-Jun-18	90(3)(a)	Insurance Claim against Council
12-Jun-18	90(3)(a)	Outstanding Rates
14-Aug-18	90(3)(d)	Strategic Plan Consultant Appointment (excluding Council decision)
11-Sep-18	90(3)(a)	CEO Performance Review (report & attachments only)
9-Oct-18	90(3)(a)	Elections for the positions of representative members of the Board of Trustees - LGFA
12-Dec-18	90(3)(a)	WHS and Duty of Care to the CEO
12-Dec-18	90(3)(a)	CEO Contract & Performance Reviews
22-Jan-19	90(3)(a)	Business Arising from In-confidence Minutes 17/01/19
17-Jan-19	90(3)(a) (h)	Legal Advice
12-Feb-19	90(3)(a)	Legal Advice
19-Feb-19	90(3)(a)	Legal Advice
9-Apr-19	90(3)(a)	Sale of land for non-payment of rates
9-Apr-19	90(3)(d)	Request to purchase Council land - Lot 4 Baudin Beach
20-Mar-19	90(3)(d)	Strategic Development Opportunity
17-Apr-19	90(3)(a)	Confidential Report to Council
14-May-19	90(3)(d)	Sale of land for non-payment of rates
11-Jun-19	90(3)(j)	Confidential report to the Mayor
18-Jun-19	90(3)(a)	CEO Selection Panel
13-Aug-19	90(3)(j)	ICAC Referral
10-Sep-19	90(3)(a)	WHS Matter
10-Aug-19	90(3)(a)	Land Acquisition Matter
10-Aug-19	90(3)(a)	Audit Committee Members - Independent member appointment
10-Aug-19	90(3)(h)	Emu Bay Boat Ramp Variations
12-Nov-19	90(3)(a)	Kangaroo Island Airport Management Committee
12-Nov-19	90(3)(b)	Sale of Land - Emu Bay, Adam Street Properties
10-Dec-19	90(3)(b)	Land Acquisition - KI Race Course Car Parking Land
10-Mar-20	90(3)(a)	Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 07/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 19/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 28/02/20
10-Mar-20	90(3)(d)(i&ii)	KI Shellfish Rescind Motion
10-Mar-20	90(3)(h)	Pennshaw Solar Project

MEETING DATE	LG ACT SECTION	ITEM DETAILS
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 13 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 20 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 27 March 2020
14-Apr-20	90(3)(a)	Cr K Liu - Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court
14-Apr-20	90(3)(d)(i&ii)	Late Report - REX Open Letter to Local Councils
12-May-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 17/04/20
12-May-20	90(3)(h)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 30/04/20
17-Apr-20	90(3)(d)(i&ii)	Rex Proposal For a New or Amended Agreement
11-Feb-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 30/01/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 15/05/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recover Fund Committee Special Meeting Minutes 29/05/20
9-Jun-20	90(3)(a)	CEO Performance Review Committee Minutes 20/05/20
9-Jun-20	90(3)(a)	CEO Performance Committee Special Minutes 27/05/20
9-Jun-20	90(3)(b)	EOI process for the potential lease, sale or disposal of the former VIC building at Penneshaw
9-Jun-20	90(3)(b)	Emu Bay Boat Ramp Land Sale
9-Jun-20	90(3)(a)	Finance Committee In-confidence Minutes - 28 May 2020
9-Jun-20	90(3)(j)	Ombudsman Final Report matter 2011/07898
9-Jun-20	90(3)(d)	Bushfire Consultant Update

## Procurement and Competitive Tender

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

Council has a complaints mechanism in place and in 2019-20 no complaints were received with regard to Competitive Neutrality.

## List of Registers and Codes required to be kept

S68	Register of Elected Members' Interests
S79	Register of Elected Members' Allowances and Benefits
S105	Register of Salaries and Allowances (Officers)
S116	Register of Departmental Heads and Interests
S188	Schedule of Fees and Charges
S207	Register of Community Land
S231	Register of Public Roads
S252	Register of By-Laws



## Other Council Registers

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

## By-Laws

By-Law 1	Permits and Penalties
By-Law 2	Moveable Signs
By-Law 3	Local Government Land
By-Law 4	Roads
By-Law 5	Dogs
By-Law 6	Cats
By-Law 7	Keeping of Livestock, Fowl and Bees
By-Law 8	Foreshores & Boat Facilities

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

## Code of Conduct

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

The Code of Conduct also contains sanctions which may be imposed by Council on an Elected Member where a breach of the Code is found to be sustained. The Code of Conduct for Elected Members underwent Periodic Review in August 2018.

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

Code of Conduct for Council Employees (Gifts and Benefits) Policy

Complaints Against Council Employees Policy

Code of Conduct for Elected Members Policy

Code of Conduct for Elected Members (Gifts and Benefits)

Code of Conduct for Elected Members Procedure

Council Assessment Panel Code of Conduct

## Codes of Practice and Guidelines

Access to Council and Committee

Meetings and Documents

Meeting Procedures Code of Practice

Code of Practice: Access to Council and Committee Meetings and Documents

Caretaker Guidelines (2018)

Caretaker Policy (Election)

Election Signage Guidelines (2018)

## Documents

Many of the documents listed below are available for public inspection free of charge at the Kingscote Office, 43 Dauncey Street, Kingscote, between 9:00am and 5:00pm weekdays. Most documents can also be found on the Council's website [www.kangarooisland.sa.gov.au](http://www.kangarooisland.sa.gov.au).

Documents include but are not limited to:

Annual Reports

Annual Business Plans

Annual Financial Statements

Infrastructure and Asset Management Plans

Environmental Management Plans

Business Continuity Plan

Council and Committee Agendas and Minutes

Council Budget

Council Assessment Panel Agendas and Minutes

Development Plan

Kangaroo Island Council Lands Management Plan

Long Term Financial Plan

Policies and Procedures

Schedule of Fees and Charges

Strategic Plan 2020-24

Southern & Hills LGA 2020 Transport Plan

## Freedom of Information

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

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

There were 6 requests for information from 1 July 2019 to 30 June 2020.

NEW APPLICATIONS	6
Applications brought forward from previous year	0
Access granted in full	3
Access granted in part or the majority	2
Access refused	0
Transferred	0
Closed/withdrawn	0
Undetermined at 30 June 2020	1
Internal review – decision confirmed	0
Internal review – decision varied	0

## Time Limits

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

## Exemptions

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

## Internal Review of Council Decisions

There was one Internal Review of Council Decisions requests for the period governed by this Annual Report. The review was on a decision to revoke the community land classification of Lot 71 Howard Drive, Penneshaw. The review found the Council decision represented a best and/or preferable decision.

## Council Representation Quota Review

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

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

The Review was completed and endorsed by the Electoral Commissioner of South Australia [ECSA] on 14 February 2017. The Representation Quota remains unchanged and the new Quota period came into effect at the first sitting of the new Council in November 2018. It was determined that:

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

Council's representation quota is 384. The amount is ascertained by dividing the number of electors for the area of Council by the number of members who constitute the Council.

A comparison with other South Australian councils of a similar size appears in the table below.

COUNCIL	NUMBER OF COUNCILLORS	TOTAL ROLL	ELECTORS PER COUNCILLOR (QUOTA)
Kangaroo Island	9	3487	384
Ceduna	8	2071	259
Coorong	9	3757	417
Goyder	7	3023	432
Yankalilla	9	4203	467

The next scheduled Representation Review will be undertaken in 2024.

## Community Land

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



## Local Nuisance and Litter Control Act and Regulations

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

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

## COMMONLY USED ACRONYMS

### Legend – Council Personnel

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



SECTION 3

# Finance Report 2019-20 year



## Council's 2019-20 Annual Financial Statements were formally adopted by Elected Members on 24 November 2020.

Council's financial accounts for the 2019-20 financial year are represented fairly, in all material respects, and Council's financial performance for the year ended in accordance with accepted accounting standards and legislative requirements.

This reporting period reflects a net surplus of \$4.216M. This is another positive overall result for Council, however does reflect a decrease of \$44k on last year. FY2018-19 was the first time since FY2015 that Council returned an operating surplus, however the FY2020 results reflect a \$328K operating deficit.

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

Following the December and January bushfires, the South Australian Valuer General applied a **property revaluation** to all properties on Kangaroo Island, with a cumulative devaluation of properties to the value of approximately \$302 million. For the FY2021 the Valuer General has applied a 15% average reduction on each rateable property on Kangaroo Island and we expect to see some changes because of this next financial year. However, for those properties directly affected by bushfires in the summer of 2019-2020 a property revaluation was undertaken immediately afterward, which resulted in a lowering of the capital values that was backdated to December 2019 and applied to the rate revenues collected from those properties in FY2020. This revaluation combined with the budgeted CPI increase of 2.1% actually resulted in a small increase in FY2020 from the general rates collected in FY2019. **General Rates** increased from \$10.23M to \$10.409M.

**Grants** decreased by \$546K (down from \$5.309M in FY2019 to \$4.763M in FY2020).

This result reflects both a decrease in the overall value of grants in FY2020, and a change in methodology in the reporting between FY2019 and FY2020.

The Financial Assistance Grant (FAGS) received in 2020 reduced from \$3.330M FY2019 to \$2.122M in 2020, and the \$1M Council received for the Town Centres Streetscape Project, has been recognised as an **amount received in advance**. This is a change to the accounting treatment from FY2019 reporting. The main change for Council is that income from capital and other specific purpose grants previously recognised on receipt may be

recognised over time as performance obligations are met, (where these obligations are sufficiently specific and rise from enforceable contracts), and a liability recognised for unspent monies.

Council saw an increase in private works undertaken during the financial year. These are reported as **Reimbursements** and increased from \$680K in FY2019 to \$811K in FY2020. The most significant change in reimbursements was for private works undertaken as a result of the January 2020 bushfires. This was activity that had not been undertaken in the previous financial year.

**User Charges** decreased by \$260K, down from \$1.241M in FY2019 to \$981K. This includes among other items, a decrease in: aerodrome fees by \$70K; campground fees by \$20K; Lot 89 landing fees by \$64K; property rental and hall and equipment hire by \$40K and water standpipes by \$89K. When considering the results across both the 2019 and 2020 financial years, it is plain to see the effects of the 2020 summer bushfires and COVID-19 on Council's fee for service operations. Restrictions to travel by both sea and air and hire of council facilities, including campgrounds and built infrastructure have been significantly impacted.

In FY2020, the \$20.75M Council received over financial years 2017, 2018 and 2019 for the Kangaroo Island Airport redevelopment continues to be recorded as Income **Received in Advance**. This is in line with Council's Accounting Policy and the three funding agreements - South Australian State Government (\$10.25M), the Commonwealth's National Stronger Regions Fund (\$9.0M) and Commonwealth Development Grants Program (\$1.5M), where receipt of the funding is to be recognised over a 20 year period. The application of this accounting treatment in FY2020 has allowed the receipt of other grant revenues to also be reported in this way.

For FY2020 Council recognised \$2.612M of the airport funding as **Amounts Received Specifically for New or Upgraded Assets**, as well as \$348K received for the Emu Bay Boat Ramp and \$1.403K from the DPTI Special Roads Program (spent on the North Coast Road upgrade). The total of Amounts Received Specifically for New or Upgraded Assets is shown as \$4.364M.

**Total expenses** decreased by \$64k compared with the previous year. Although there was an increase in costs attributable to **materials, contracts and other expenses** where costs were up by \$105K in FY2020 and **employee costs** were up by \$13K in FY2020. When compared with FY2019, the **depreciation, amortization and impairment** costs were lower in FY2020, a reduction of \$33K from FY2019. **Finance costs** also decreased from \$612K in FY2019 to \$467K in FY2020.

The 'Black Summer' bushfires, exacerbated by drought, caused Council to incur substantial unbudgeted costs, with \$1.2M of material contract and other expenses attributed to supporting emergency services and undertaking repairs to fire damaged infrastructure.

The decrease in **depreciation** of \$33K from FY2019, is largely attributable to the revaluation of our road transport assets and a realignment of our community wastewater system, stormwater and road transport infrastructure asset management plans.

Council moved from a surplus position of \$185K in FY2019 to a deficit position of \$328K in FY2020. This is a negative change in direction of \$543K and, although Council has found some savings and efficiencies to meet

Elected Member and community expectations required for bushfire repair and recovery and COVID-19, this has come as an additional, unplanned cost to Council, on top of and parallel to Council's 'Business as Usual' operations.

The FY2020 **audit fees** were \$39,404. This represented **Galpins'** first year of their three year independent audit engagement.

Deloitte Touche had previously been appointed as the external auditors for a period of 5 years, with their contract expiring following the audit of the 2018/19 financials.

Five companies responded to a request for tender, for council's external audit services. A panel thoroughly evaluated the applications received, shortlisted the applicants, with the Audit and Risk Committee undertaking interviews. Galpins Accountants, Auditors and Business consultants were appointed as the External Audit Services provider for a three year period (1 July 2019 to 30 June 2022), with the right of renewal for a further two years (1 July 2022 to 30 June 2024).

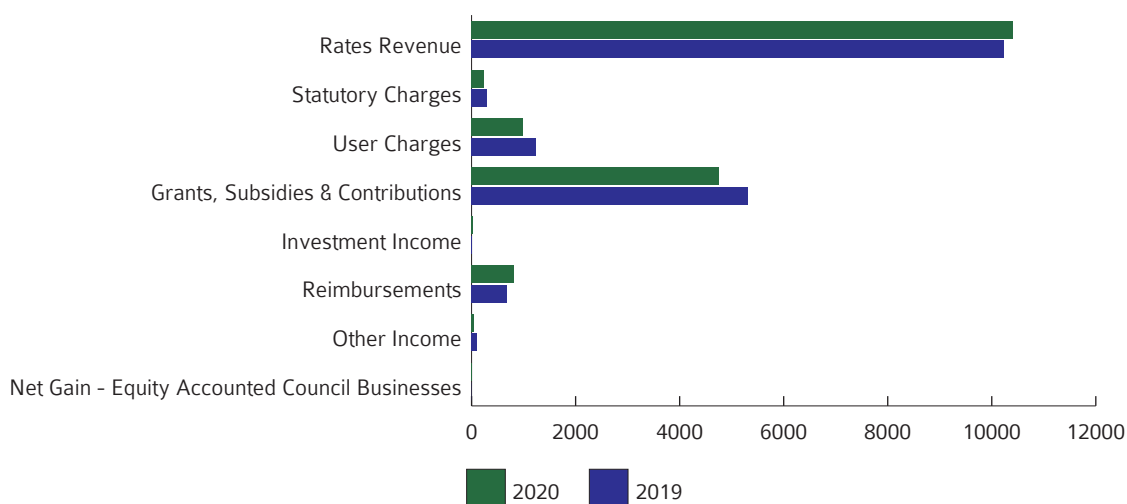
Galpins are responsible for the audit of Council's financial statements and internal controls.

## Revenue Sources

During 2019-20, Council continued to rely heavily on rates (60% of revenue, compared to 57% last year) and total grants (27%, compared to 30% last year) as its prime revenue sources.

The comparative proportion of funding sources can be seen in Graph 1:

**Graph 1: Revenue Sources**

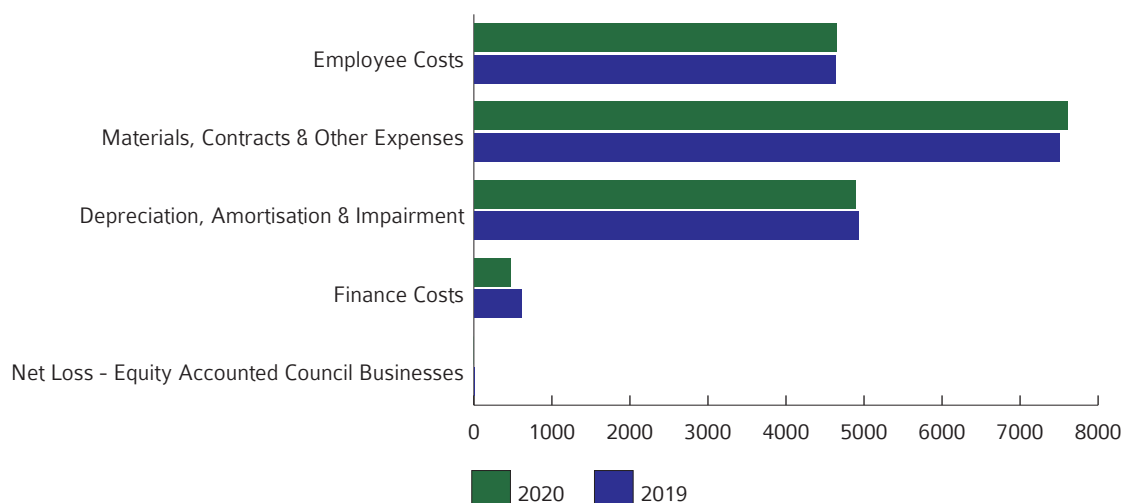




## Expenditure

Further challenges to Council's long term financial planning are the year to year variations in operational expenditure as reflected in Graph 2.

**Graph 2: Expenditure Areas**



## Borrowings / Debt Management

In FY2019 Council continued to borrow funds for the development of key infrastructure assets for the community, including road upgrades and Community Waste Water Management System (CWMS) assets. Council used the borrowings as a means of allocating costs to ratepayers and consumers over the useful life of the assets.

Outstanding borrowings as at 30 June 2020 are \$12.096M, a decrease in borrowings from \$14.67M the previous year. Council elected to have no new borrowing in FY2021.

## Financial Indicators

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

<b>OPERATING SURPLUS RATIO</b>	Expresses the operating surplus as a percentage of the total operating revenue.
<b>NET FINANCIAL LIABILITIES RATIO</b>	Net financial liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in council businesses). These are expressed as a percentage of total operating revenue.
<b>ASSET RENEWAL FUNDING RATIO</b>	Measuring capital expenditure on renewal or replacement of existing assets relative to the optimal level proposed in Council's Infrastructure and Asset Management Plans. It excludes new capital expenditure on the acquisition of additional assets.

Table 1: Financial Indicators

	2016/17	2017/18	2018/19	2019/20
Operating Surplus / (Deficit) (\$'000)	-1,143	-1,346	185	-328
Operating Surplus Ratio	-7%	-9%	1%	-1.9%
Adjusted Operating Surplus Ratio	-13%	-10%	1%	-1%
Net Financial Liabilities (\$'000)	17,953	14,880	13,295	26,022
Net Financial Liabilities Ratio	113%	99%	74%	148%
Asset Sustainability Ratio/Renewal Ratio	47%	155%	136%	76%

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

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

The change for receipt of the State Government Local Road Funding from assets free of charge to grant income had a significant effect on the operating surplus ratio from 2018 to 2019, and in FY2020 the bushfires had a significant impact on expenditure for Council which has resulted in a negative **operating surplus ratio**. There is a \$405K insurance claim pending for this which will be recognised as income once settled.

New accounting standards in relation to lease liabilities and amounts received in advance commenced July 2019 which results in these figures now being included in this ratio where previously they weren't. This results in a higher **Net Financial Liabilities Ratio**.

The **new lease standards** – AASB 16, effective 1 January 2019, have brought significant changes to the way councils report leases. The previous accounting treatment for a lessee under AASB 117 was based on the classification of a lease agreement either as a finance or an operating lease. A finance lease was a lease that transferred substantially all the risks and rewards of ownership to the lessee. An operating lease was a lease

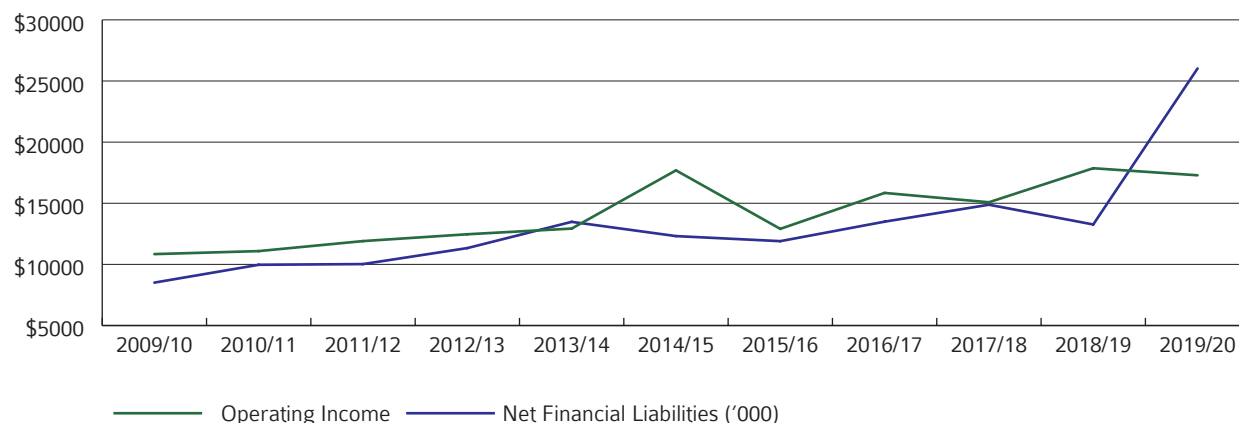
that did not transfer substantially all risks and rewards incidental to ownership. Under AASB 117, operating leases were not recorded in the Statement of Financial Position and did not formulate a part of the financial liabilities used to calculate this ratio. This can be seen in the graph below where there is a large change in the financial liabilities from FY2019 to FY2020.

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

In FY2020 Council has renewed Asset Management Plans and the required renewal expenditure is now included in the Asset Renewal Ratio. Previously Council used the depreciation figure for this calculation which resulted in a higher ratio in previous years.

Graph 3 below illustrates this trend where Council's level of net financial liability is no greater than its annual operating revenue and not less than zero.

Graph 3 – Net Financial Liabilities





## Rates

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

The number of rateable properties has remained relatively constant at 6,049 properties (in FY2019, the number was 5995 and in FY2018, 5963).

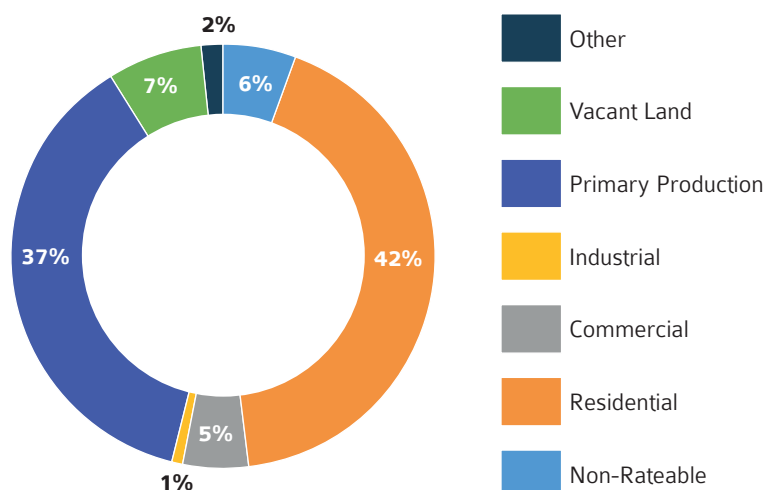
The capital value of properties on Kangaroo Island increased by approximately 1% during FY2020 year to a total of \$1.678BN (up from \$1.665BN in FY2019).

The changes in valuation are depicted in Table 2 and Graph 4 below.

**Table 2: Capital valuations by rating category**

DESCRIPTION	2019-20	2018-19	2017-18
Non-Rateable	\$96,949,390.00	\$96,941,432.00	\$90,453,340.00
Residential	\$711,161,114.00	\$702,893,114.00	\$661,180,400.00
Commercial	\$86,415,509.00	\$84,442,621.00	\$83,281,830.00
Industrial	\$10,520,250.00	\$10,497,487.00	\$8,598,017.00
Primary Production	\$627,865,491.00	\$623,304,500.00	\$608,085,354.00
Vacant Land	\$119,884,500.00	\$120,255,000.00	\$118,762,500.00
Other	\$25,588,246.00	\$26,922,746.00	\$24,401,996.00
<b>TOTAL</b>	<b>\$1,678,384,500.00</b>	<b>\$1,665,256,900.00</b>	<b>\$1,594,763,437.00</b>

**Graph 4 – Valuation by Rating Category 2019-20**

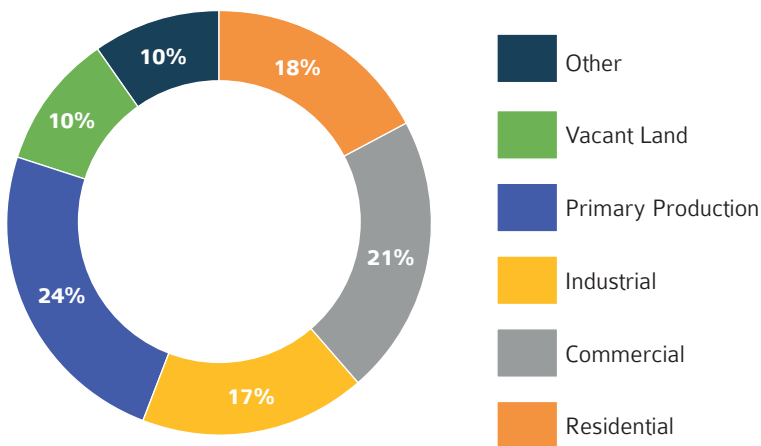


Average general rates for a residential property on Kangaroo Island were \$1,245 (compared with \$1,227 in FY2019), being an overall increase of 1.47%. Average rates for primary production properties were \$1,740 up from \$1,683, being an increase of 3.39% from FY2019.

**Table 3: Average Rates Levied**

DESCRIPTION	2019-20	2018-19	2017-18
Residential	\$1,245.00	\$1,227.00	\$1,169.00
Commercial	\$1,524.00	\$1,540.00	\$1,528.00
Industrial	\$1,224.00	\$1,188.00	\$1,153.00
Primary Production	\$1,740.00	\$1,683.00	\$1,600.00
Vacant Land	\$738.00	\$733.00	\$702.00
Other	\$677.00	\$709.00	\$639.00

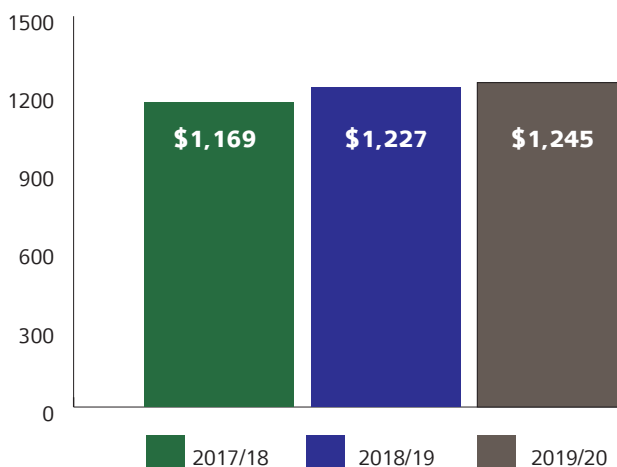
**Graph 5 – Average General Rates Levied 2019-20**



The average residential rate for Kangaroo Island is compared to the metro, rural and state averages below.

2017/18 AVERAGES*			2018/19 AVERAGES*			2019/20 AVERAGES*		
Metro	Rural	State	Metro	Rural	State	Metro	Rural	State
\$1,558	\$1,308	\$1,385	\$1,598	\$1,422	\$1,477	\$1,643	\$1,438	\$1,500

### Kangaroo Island average residential rate



Council offered both Mandatory and Discretionary Rebates during FY2020. The payment of these rebates were made in accordance with the provisions stipulated in Chapter 10, Division 5 of the *Local Government Act, 1999*. The value of rebates and other concessions provided to ratepayers in FY2020 totalled \$95K and can be seen in Note 2 of the financial statements. In FY2019 it was \$97K. Full details of rebates and rate capping provisions can be found in Council's Rating and Rebate Policy available on Council's website.



# Looking Ahead to 2020-21 (From 2020-21 Annual Business Plan)

## Significant Influences and Priorities

CPI – set at Dec 2019 quarter: CPI rate (2.1%)

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

These turbulent events played a significant role in the preparation of Council's 2020-21 Annual Business Plan and Budget.

Council's intention is to support Kangaroo Island's recovery, and establish a stable base from which the Island can grow. Council's **recovery** focus for the foreseeable future is, amongst other things, to:

- Seek funding from the National and State Recovery Office to support Council's operations relating directly to bushfire recovery.
- Advocate for additional investment from the Federal and State governments and the private sector to support key higher order projects to drive economic reform and recovery.
- Increase or shift internal resourcing to manage the additional work required to rebuild fire impacted assets and assist Council in delivering its core functions.

Another significant impact on the 2020-21 Business Plan and Budget has been the **devaluations** of all rateable properties on the island.

As mentioned in the introductory section of this Financial Report, following the December and January bushfires, the South Australian Valuer General applied a property revaluation to all properties on Kangaroo Island, with a cumulative devaluation of properties to the value of \$302M. Effectively the Valuer General applied a 15% average reduction on each rateable property on Kangaroo Island for the 2020-21 financial year. The decision to reduce the Capital Value of all island properties, if not reversed, significantly and unfairly penalises Council's future budgets.

In consideration of the economic impacts on the Kangaroo Island community of drought, bushfires and COVID-19, Elected Members have been very conscious of the ability of ratepayers to meet their ongoing rate commitments. As a result we have deviated away from the previously

adopted long-term financial plan assumptions. For FY2021 Council elected to have no increase in the rate revenue from that obtained in 2019-20, and endorsed a rates capping position where no individual ratepayer would pay more than they did in 2019-20. Some property owners would pay less.

This position was achieved through prudent internal efficiency measures and in spite of the increase in Council's external costs. Therefore in 2020-21 there is no CPI (or LGPI) increase nor growth factor applied to the 2019-20 **rate revenue**.

Council supports previous Council decisions to bring the '**primary production differential**' into line with the 'residential differential'. As such, the primary production differential will increase a further 2.5% to move from 95.0% to 97.5%. It is intended that this pattern will continue until parity (100%) is reached.

Despite an increase in the State Government's Solid Waste Levy, continued efficiencies in waste management will enable Council to maintain the **Waste Service Charge** at 2019-20 levels, with no CPI (nor LGPI) increase applied. **Community Wastewater Management Schemes** (CWMS) service charges allocated to properties that have the capability to be connected to one of the CWMS schemes will also remain at 2019-20 levels with no CPI (nor LGPI) increase applied.

To meet the needs of the community whilst delivering on our **Capital Works Program**, Council has opted not to borrow \$1.5M in 2020-21. Instead, this work will be funded through external sources and operating revenue. Council expects to deliver \$8.2M of infrastructure and asset upgrades in 2020-21.

Council secured the commitment of the State Government to provide \$2M for the **Unsealed Roads Upgrade Program** in 2020-21 and expects \$6.2M will be provided by other funding sources. This will enable Council to deliver a number of critical infrastructure projects integral to our drought, bushfire and COVID-19 repair and recovery.

In 2020-21 we expect to receive \$1,656,188 in **Federal Assistance Grants** (FAGs). This money is distributed to the states, which in turn distribute the grants to Local Government via the State Grants Commission Funding Formula. For budget purposes this has been included at 2019-20 rates plus a 2.1% uplift. An amount of \$1,124,184 was received in May 2020 as 'early payment for 2020-21'.

# General purpose financial statements

for the year ended 30 June 2020

A confident, growing and cohesive Community;

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

Preserving our unique heritage;

Sustainably managing our natural environment

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## Certification of Financial Statements

**We have been authorised by the Council to certify the financial statements in their final form.**

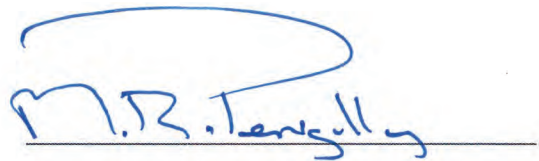
**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2020 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Greg Georgopoulos  
**Chief Executive Officer**

24 November 2020



Michael Pengilly  
**Mayor**

24 November 2020

# Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
<b>Income</b>			
Rates	2a	10,409	10,231
Statutory Charges	2b	234	297
User Charges	2c	981	1,241
Grants, Subsidies and Contributions	2g	4,763	5,309
Investment Income	2d	21	8
Reimbursements	2e	811	680
Other income	2f	54	98
Net Gain - Equity Accounted Council Businesses	19(a)	14	—
<b>Total Income</b>		<b>17,287</b>	<b>17,864</b>
<b>Expenses</b>			
Employee costs	3a	4,650	4,637
Materials, Contracts and Other Expenses	3b	7,606	7,501
Depreciation, Amortisation and Impairment	3c	4,892	4,925
Finance Costs	3d	467	612
Net loss - Equity Accounted Council Businesses	19(a)	—	4
<b>Total Expenses</b>		<b>17,615</b>	<b>17,679</b>
<b>Operating Surplus / (Deficit)</b>		<b>(328)</b>	<b>185</b>
Physical Resources Received Free of Charge		295	—
Asset Disposal & Fair Value Adjustments	4	(115)	4
Amounts Received Specifically for New or Upgraded Assets	2g	4,364	4,071
<b>Net Surplus / (Deficit)</b>		<b>4,216</b>	<b>4,260</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in Revaluation Surplus - I,PP&E	9a	258,509	(3,113)
<b>Total Amounts which will not be reclassified subsequently to operating result</b>		<b>258,509</b>	<b>(3,113)</b>
<b>Total Other Comprehensive Income</b>		<b>258,509</b>	<b>(3,113)</b>
<b>Total Comprehensive Income</b>		<b>262,725</b>	<b>1,147</b>

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

# Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	2,985	1,943
Trade & Other Receivables	5b	1,691	2,413
Inventories	5c	268	407
<b>Total current assets</b>		<b>4,944</b>	<b>4,763</b>
<b>Non-current assets</b>			
Financial Assets	6a	50	—
Equity Accounted Investments in Council Businesses	6b	131	117
Other Non-Current Assets	6c	1,372	5,085
Infrastructure, Property, Plant & Equipment	7a	476,414	214,454
<b>Total non-current assets</b>		<b>477,967</b>	<b>219,656</b>
<b>TOTAL ASSETS</b>		<b>482,911</b>	<b>224,419</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	5,279	4,296
Borrowings	8b	1,351	1,366
Provisions	8c	1,036	1,142
<b>Total Current Liabilities</b>		<b>7,666</b>	<b>6,804</b>
<b>Non-Current Liabilities</b>			
Trade & Other Payables	8a	11,982	14,599
Borrowings	8b	10,745	13,303
Provisions	8c	355	275
<b>Total Non-Current Liabilities</b>		<b>23,082</b>	<b>28,177</b>
<b>TOTAL LIABILITIES</b>		<b>30,748</b>	<b>34,981</b>
<b>Net Assets</b>		<b>452,163</b>	<b>189,438</b>
<b>EQUITY</b>			
Accumulated surplus		19,435	19,740
Asset revaluation reserves	9a	427,096	168,587
Other reserves	9b	5,632	1,111
<b>Total Equity</b>		<b>452,163</b>	<b>189,438</b>

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



# Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2020</b>					
Balance at the end of previous reporting period		19,740	168,587	1,111	189,438
Net Surplus / (Deficit) for Year		4,216	—	—	4,216
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	258,509	—	258,509
<b>Other comprehensive income</b>		—	258,509	—	258,509
<b>Total comprehensive income</b>		4,216	258,509	—	262,725
Transfers between Reserves	9b	(4,521)	—	4,521	—
<b>Balance at the end of period</b>		19,435	427,096	5,632	452,163
<b>2019</b>					
Balance at the end of previous reporting period		14,240	171,700	2,351	188,291
Net Surplus / (Deficit) for Year		4,260	—	—	4,260
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	(3,113)	—	(3,113)
<b>Other comprehensive income</b>		—	(3,113)	—	(3,113)
<b>Total comprehensive income</b>		4,260	(3,113)	—	1,147
Transfers between Reserves	9b	1,240	—	(1,240)	—
<b>Balance at the end of period</b>		19,740	168,587	1,111	189,438

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

# Statement of Cash Flows

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates Receipts		10,306	10,225
Statutory Charges		234	289
User Charges		981	1,333
Grants, Subsidies and Contributions (operating purpose)		4,763	4,500
Investment Receipts		21	11
Reimbursements		811	687
Other Receipts		886	1,507
<u>Payments</u>			
Finance Payments		(513)	(597)
Payments to Employees		(4,665)	(4,627)
Payments for Materials, Contracts & Other Expenses		(7,441)	(9,299)
<b>Net cash provided by (or used in) Operating Activities</b>	11b	<u>5,383</u>	<u>4,029</u>
<b>Cash flows from investing activities</b>			
Amounts Received Specifically for New/Upgraded Assets		2,752	4,071
Sale of Replaced Assets		280	78
Distributions Received from Equity Accounted Council Businesses		—	4
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,974)	(6,773)
Expenditure on New/Upgraded Assets		(465)	(1,526)
Loans Made to Community Groups		(56)	—
Capital Contributed to Equity Accounted Council Businesses		—	(4)
<b>Net cash provided (or used in) investing activities</b>		<u>(1,463)</u>	<u>(4,150)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		11,806	2,780
Proceeds from Bonds & Deposits		—	20,456
<u>Payments</u>			
Repayments of Borrowings		(14,670)	(5,246)
Repayment of Bonds & Deposits		(14)	(20,445)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(2,878)</u>	<u>(2,455)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>1,042</u>	<u>(2,576)</u>
plus: Cash & Cash Equivalents at beginning of period		1,943	4,519
<b>Cash and cash equivalents held at end of period</b>	11a	<u>2,985</u>	<u>1,943</u>

A detailed statement of cash flows is available on the Council's website.

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

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

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# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 1. Summary of Significant Accounting Policies

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

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

### (1) Basis of Preparation

#### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 10 November 2020.

#### 1.2 Critical Accounting Estimates

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

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

#### 1.3 Rounding

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

### (2) The Local Government Reporting Entity

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

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

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

As at 30 June 2020, Kangaroo Island Council has net assets of \$453,568 (2019 net assets of \$189,438).

Kangaroo Island Council has considered its current financial position along with other information such as the cash flows for the forthcoming 12 month period and the operating budget for the forthcoming 12 months; the ability of the Council to borrow funds from the LGFA to meet any outflows that may arise and the taxing powers of the Council to recoup, through rates and levies, expenditure incurred.

Through the evaluation of these factors, the Council believes that there is no significant going concern matter and the Council will be able to meet its debts when they fall due.

### (3) Income Recognition

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

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

## Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

In addition, the 2019/20 and 2020/21 Supplementary Local Road Grants of \$400,382 was paid in advance in June 2019.

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

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

### Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

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

### (4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

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#### **(5) Inventories**

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

#### **5.1 Other Real Estate Held for Resale**

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

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



## Note 1. Summary of Significant Accounting Policies (continued)

### (6) Infrastructure, Property, Plant & Equipment

#### 6.1 Initial Recognition

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

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

#### 6.2 Materiality

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

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

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

#### 6.3 Subsequent Recognition

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

#### 6.4 Depreciation of Non-Current Assets

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

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

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

Land Improvement	7 to 100 years
Airport	1 to 100 years
Building & Other Structures	7 to 100 years
Roads - Earthworks	250 Years
Roads – Pavement - Sub Sheet	250 Years
Roads – Sheeted Surface	15 to 30 Years

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 1. Summary of Significant Accounting Policies (continued)

Roads - Sealed Surface - Pavement	18 to 40 Years
Roads - Sealed Surface - Seal	80 to 100 Years
Guardrails	50 Years
Footpaths - Concrete	50 Years
Footpaths - Paved	50 Years
Footpaths - Spray Seal	25 Years
Footpaths - Mixed Surface	50 Years
Bridges	5 to 100 Years
Carparks - Formation Earthworks	400 Years
Carparks - Sheeted Surface	20 Years
Carparks - Sealed Surface - Pavement	30 Years
Carparks - Sealed Surface - Seal	100 Years
Walking Trails - Base Course	100 Years
Walking Trails - Spray Seal	30 Years
Stormwater Drainage	50 to 70 years
Community Wastewater Management Schemes	10 to 70 years
Furniture & Fittings	5 to 20 years
Plant & Equipment	4 to 20 years
Library Books	1 to 7 years

### 6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

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

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

### 6.6 Borrowing Costs

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

## (7) Payables

### 7.1 Goods & Services

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

### 7.2 Payments Received in Advance & Deposits

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

## (8) Borrowings

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

## (9) Employee Benefits

## Note 1. Summary of Significant Accounting Policies (continued)

### 9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 0.24% (2019, 1.02%)

Weighted avg. settlement period 7 years (2019, 7 years)

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

### 9.2 Superannuation

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

## (10) Provisions for Reinstatement, Restoration and Rehabilitation

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

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

## (11) Leases

### Accounting policy applicable from 01 July 2019

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

#### 11.1 Council as a lessee

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

##### i) Right-of-Use-Assets

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

Motor Vehicles	3 to 5 years
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The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.



# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 1. Summary of Significant Accounting Policies (continued)

### ii) Lease Liabilities

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

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

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

### (12) Equity Accounted Council Businesses

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

### (13) Impact of COVID-19

The COVID-19 pandemic has impacted the 2019/20 financial statements, which may impact on the comparability of some line items and amounts reported in this financial report.

The financial impacts are a direct result of either Council's response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The impacts on the Council's financial performance and financial position are outlined below:

- Decrease in rates revenue of approx. \$14,700 due to waiving of fines and interest.
- Costs of \$9,025 related to business support in the form of temporary suspension of fines, penalties, interest, rent (including sports fields, licence fees and debt recovery actions).

Council estimates that the reduction in revenue and increase in expenditure resulted in a decrease of approximately \$23,725 in the 2019/20 net surplus. It is expected that further financial impacts, though not significant, will flow into the 2020/21 financial year.

Council has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

### (14) GST Implications

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

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

### (15) New accounting standards and UIG interpretations

#### Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

Kangaroo Island Council early adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* from the year ended 30 June 2018. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations.

## Note 1. Summary of Significant Accounting Policies (continued)

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies.

The Council has determined the impact of the new standards mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed.

### AASB 16 Leases

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

### Adoption of AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. Before the adoption of AASB 16, the Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Council applied AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives were not restated).

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 (increase/(decrease) is, as follows:

<b>Assets</b>	<b>\$'000</b>
Infrastructure, Property, Plant and Equip.	
- Right-of-Use-Assets	99
<b>Total Assets</b>	<b>99</b>
<b>Liabilities</b>	
Interest-bearing loans and borrowings	99
<b>Total Liabilities</b>	<b>99</b>

### Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

### Effective for NFP annual reporting periods beginning on or after 1 January 2020

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australia Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

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

- AASB 17 Insurance Contracts

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

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

### **(16) Comparative Figures**

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

### **(17) Disclaimer**

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



## Note 2. Income

\$ '000	2020	2019
<b>(a) Rates</b>		
<b>General Rates</b>		
General Rates	6,985	6,853
Less: Discretionary Rebates, Remissions & Write Offs	(95)	(97)
<b>Total General Rates</b>	<b>6,890</b>	<b>6,756</b>
<b>Other Rates (Including Service Charges)</b>		
Natural Resource Management Levy	402	407
Waste Collection	1,616	1,568
Community Wastewater Management Systems	1,450	1,418
<b>Total Other Rates (Including Service Charges)</b>	<b>3,468</b>	<b>3,393</b>
<b>Other Charges</b>		
Penalties for Late Payment	38	67
Legal & Other Costs Recovered	13	15
<b>Total Other Charges</b>	<b>51</b>	<b>82</b>
<b>Total Rates</b>	<b>10,409</b>	<b>10,231</b>
<b>(b) Statutory Charges</b>		
Development Act Fees	71	94
Town Planning Fees	21	11
Health & Septic Tank Inspection Fees	38	47
Animal Registration Fees & Fines	64	56
Parking Fines / Expiation Fees	1	2
Other Licences, Fees & Fines	21	66
Rate Searches	18	21
<b>Total Statutory Charges</b>	<b>234</b>	<b>297</b>
<b>(c) User Charges</b>		
Cemetery/Crematoria Fees	37	38
Hall & Equipment Hire	120	160
Sundry	66	43
Biosolids Fees	8	7
Aerodrome Fees	395	465
Lease Fees	289	353
Camping Fees	66	86
Standpipe income	—	89
<b>Total User Charges</b>	<b>981</b>	<b>1,241</b>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 2. Income (continued)

\$ '000	2020	2019
<b>(d) Investment Income</b>		
Interest on Investments		
- Local Government Finance Authority	21	8
<b>Total Investment Income</b>	<b>21</b>	<b>8</b>
<b>(e) Reimbursements</b>		
Private Works	258	382
Asset Management	—	180
Insurances	24	50
CWMS Connections	—	4
Other	110	64
Bushfire	419	—
<b>Total Reimbursements</b>	<b>811</b>	<b>680</b>
<b>(f) Other income</b>		
Rebates Received	—	30
Sundry	9	9
Insurance Rebates	43	56
Standpipe Fees	2	1
Late Fees/Private Hire	—	2
<b>Total Other income</b>	<b>54</b>	<b>98</b>
<b>(g) Grants, Subsidies, Contributions</b>		
Amounts Received Specifically for New or Upgraded Assets	4,364	4,071
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>	<b>4,364</b>	<b>4,071</b>
Other Grants, Subsidies and Contributions	646	1,633
Untied - Financial Assistance Grant	998	2,254
Roads to Recovery	593	346
Individually Significant Item - Additional Grants Commission Payment (refer below)	1,124	1,076
Bushfire	1,402	—
<b>Total Other Grants, Subsidies and Contributions</b>	<b>4,763</b>	<b>5,309</b>
<b>Total Grants, Subsidies, Contributions</b>	<b>9,127</b>	<b>9,380</b>
The functions to which these grants relate are shown in Note 12.		
<b>(i) Sources of grants</b>		
Commonwealth Government	3,400	2,850
State Government	5,524	6,263
Other	203	267
<b>Total</b>	<b>9,127</b>	<b>9,380</b>

## Note 2. Income (continued)

\$ '000	2020	2019
<b>(ii) Individually Significant Items</b>		
Grant Commission (FAG) Grant Recognised as Income	1,124	1,076
On the 27 May 2020 Council received an advance payment of \$1,124,184 being 50% of the estimated FAG income for the 2020/21 financial year. In 2018/19 Council received an advance payment of \$1,075,842 being 50% of estimated FAG income for the 2019/20 year.		
Bushfire	1,402	—
<b>(h) Conditions over Grants &amp; Contributions</b>		
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:		
<b>Unexpended at the close of the previous reporting period</b>	<b>55</b>	<b>110</b>
<b>Less:</b>		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
African Boxthorn Grant	(55)	—
<b>Subtotal</b>	<b>(55)</b>	<b>(110)</b>
<b>Plus:</b>		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions:</i>		
African Boxthorn Grant	—	55
<b>Subtotal</b>	<b>—</b>	<b>55</b>
<b>Unexpended at the close of this reporting period</b>	<b>—</b>	<b>55</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>	<b>(55)</b>	<b>(55)</b>



# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 3. Expenses

\$ '000	Notes	2020	2019
<b>(a) Employee costs</b>			
Salaries and Wages		3,085	3,049
Employee Leave Expense		754	801
Superannuation - Defined Contribution Plan Contributions	18	399	325
Superannuation - Defined Benefit Plan Contributions	18	—	75
Workers' Compensation Insurance		142	148
Other		270	239
<b>Total Operating Employee Costs</b>		<b>4,650</b>	<b>4,637</b>
Total Number of Employees (full time equivalent at end of reporting period)		54	55
<b>(b) Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports and Grant Acquittals		39	58
Elected Members' Expenses		206	292
Election Expenses		1	56
<b>Subtotal - Prescribed Expenses</b>		<b>246</b>	<b>406</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		1,645	2,242
Contractors - Fleurieu Regional Waste Authority (FRWA)		1,473	1,374
Community Grants Provided		124	177
Energy		435	509
Insurances		302	292
Legal Expenses		155	141
Levies Paid to Government - Landscape Levy		402	395
Levies - Other		2	1
Parts, Accessories & Consumables		652	802
Professional Services		269	247
Sundry		421	612
Telecoms & Software		199	213
Lease & Rental		15	90
Bushfire		1,266	—
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>7,360</b>	<b>7,095</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>7,606</b>	<b>7,501</b>

### Note 3. Expenses (continued)

\$ '000	2020	2019
<b>(c) Depreciation, Amortisation and Impairment</b>		
<b>(i) Depreciation and Amortisation</b>		
Land Improvements	199	199
Buildings & Other Structures	309	286
Infrastructure		
- Stormwater Drainage	524	98
- CWMS	509	614
- Roads/Bridges/Footpaths	2,034	2,522
- Airport Upgrade	939	934
Right-of-use Assets	95	—
Library Books	—	1
Plant, Machinery & Equipment	262	243
Office Equipment, Furniture & Fittings	21	28
<b>Subtotal</b>	<b>4,892</b>	<b>4,925</b>
<b><u>Total Depreciation, Amortisation and Impairment</u></b>	<b><u>4,892</u></b>	<b><u>4,925</u></b>
<b>(d) Finance Costs</b>		
Interest on Loans	467	612
<b><u>Total Finance Costs</u></b>	<b><u>467</u></b>	<b><u>612</u></b>

### Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2020	2019
<b>Infrastructure, Property, Plant &amp; Equipment</b>		
<b>(i) Assets Renewed or Directly Replaced</b>		
Proceeds from Disposal	280	78
Less: Carrying Amount of Assets Sold	(395)	(74)
<b>Gain (Loss) on Disposal</b>	<b>(115)</b>	<b>4</b>
<b><u>Net Gain (Loss) on Disposal or Revaluation of Assets</u></b>	<b><u>(115)</u></b>	<b><u>4</u></b>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 5. Current Assets

\$ '000	2020	2019
<b>(a) Cash &amp; Cash Equivalent Assets</b>		
Cash on Hand at Bank	377	92
Deposits at Call	2,608	1,851
<b>Total Cash &amp; Cash Equivalent Assets</b>	<b>2,985</b>	<b>1,943</b>
<b>(b) Trade &amp; Other Receivables</b>		
Rates - General & Other	776	673
Accrued Revenues	287	267
Debtors - General	581	1,429
GST Recoupment	22	26
Prepayments	19	18
Loans to Community Organisations	6	—
<b>Subtotal</b>	<b>1,691</b>	<b>2,413</b>
<b>Total Trade &amp; Other Receivables</b>	<b>1,691</b>	<b>2,413</b>
<b>(c) Inventories</b>		
Stores & Materials	268	407
<b>Total Inventories</b>	<b>268</b>	<b>407</b>



## Note 6. Non-Current Assets

\$ '000	2020	2019
<b>(a) Financial Assets</b>		
<b>Receivables</b>		
Loans to Community Organisations	50	—
<b>Subtotal</b>	<u>50</u>	<u>—</u>
<b>Total Receivables</b>	<u>50</u>	<u>—</u>
<b><u>Total Financial Assets</u></b>	<u>50</u>	<u>—</u>

\$ '000	Notes	2020	2019
<b>(b) Equity Accounted Investments in Council Businesses</b>			
Fleurieu Regional Waste Authority	19	131	117
<b><u>Total Equity Accounted Investments in Council Businesses</u></b>		<u>131</u>	<u>117</u>

## (c) Other Non-Current Assets

<b>Other</b>		
Capital Works-in-Progress	1,372	5,085
<b>Total Other</b>	<u>1,372</u>	<u>5,085</u>
<b><u>Total Other Non-Current Assets</u></b>	<u>1,372</u>	<u>5,085</u>

## Note 7. Infrastructure, Property, Plant & Equipment

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

	Fair Value Level	as at 30/06/19				Asset movements during the reporting period										as at 30/06/20		
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustment Transfers	Adjustment Accumulated Depreciation	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
<b>\$ '000</b>																		
Land	2	26,103	400	–	26,503	–	–	–	(250)	–	–	–	–	680	26,533	400	–	26,933
Land Improvements	2	403	–	(301)	102	–	–	–	–	(5)	–	–	–	–	403	–	(306)	97
Land Improvements	3	7,148	202	(3,869)	3,481	–	23	–	–	(194)	–	–	–	–	7,149	225	(4,063)	3,311
Buildings & Other Structures	2	12,242	142	(10,534)	1,850	–	–	–	–	(141)	–	–	–	–	12,242	142	(10,674)	1,710
Buildings & Other Structures	3	7,357	1,422	(2,630)	6,149	–	1,998	–	–	(168)	–	–	–	–	7,357	3,420	(2,798)	7,979
Infrastructure																		
- Stormwater Drainage	3	7,620	–	(3,105)	4,515	–	296	297	–	(524)	35,582	(17,288)	–	–	7,620	36,288	(21,030)	22,878
- CWMS	3	29,466	–	(7,679)	21,787	–	37	1,199	–	(509)	–	–	–	(780)	28,665	1,236	(8,167)	21,734
- Roads & Footpaths	3	166,214	18,742	(63,262)	121,694	–	279	4,093	–	(2,034)	(35,582)	17,288	–	258,609	383,055	–	(18,709)	364,346
- Airport Upgrade	3	11,672	21,685	(8,573)	24,784	–	–	–	–	(939)	–	–	–	–	11,672	21,685	(9,512)	23,845
Right-of-Use Assets																		
Library Books	3	–	–	–	–	99	285	–	–	(95)	–	–	–	–	–	384	(95)	289
Plant, Machinery & Equipment	3	600	14	(614)	–	–	–	–	–	–	–	–	–	–	600	14	(614)	–
Office Equipment, Furniture & Fittings	3	6,928	958	(4,388)	3,498	–	29	102	(145)	(262)	–	–	–	–	6,483	1,089	(4,350)	3,222
	3	531	167	(607)	91	–	–	–	–	(21)	–	–	–	–	532	167	(629)	70
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>276,284</b>	<b>43,732</b>	<b>(105,562)</b>	<b>214,454</b>	<b>99</b>	<b>2,947</b>	<b>5,691</b>	<b>(395)</b>	<b>(4,892)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>258,509</b>	<b>492,311</b>	<b>65,050</b>	<b>(80,947)</b>	<b>476,414</b>
Comparatives		274,702	46,126	(102,441)	218,387	–	1,526	2,652	(74)	(4,925)	–	–	(3,113)	–	276,284	43,732	(105,562)	214,454

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

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

#### Valuation of Assets

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

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

#### Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

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

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

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

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

#### Other Information

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

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

#### Highest and best use

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



# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

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

### Transition to AASB 13 - Fair Value Measurement

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

### Land & Land Improvements

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

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

Land improvements are recognised at fair value, originally deriving from a valuation conducted by Liquid Pacific at 30 June 2016 at current replacement cost. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. The weighted average depreciation period for 2020 is 46 years (2019 – 40 years).

In line with the Asset Accounting Policy adopted in 2011/12 and reviewed annually, Council has decided to apply the capitalisation thresholds for Land Improvement assets, to be consistent with the other major asset classes. Council does not recognise on its balance sheet or provide depreciation for Land Improvements, or Buildings and Structures which Council considers will not rationally be replaced. Where there is no regular cash flow generated from the asset, the net present value of future cash flows for that asset is the disposal value. Where assets are not rationally replaced, and Council has decided that there is no expected future economic benefit continuing to flow to Council, the disposal value will be reduced to nil.

### Buildings & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values and were valued for 30 June 2016 by Liquid Pacific.

For Buildings & Structure assets which Council considers will not rationally be replaced, the same accounting treatment applies as stated in the Land & Land Improvements section above.

### Infrastructure

Transportation assets were valued by Public Private Property as at 30 June 2020

Stormwater drainage infrastructure was valued by JLL Public Sector Valuations Pty Ltd as at 30 June 2019 at depreciated current replacement cost, based on actual costs incurred during the reporting period and an assessment of useful life and asset condition data.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2019 by JLL Public Sector Valuations Pty Ltd on the same basis as that determined for Stormwater assets.

### Plant & Equipment

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

### Furniture & Fittings

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

### Library Books

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

## Note 8. Liabilities

\$ '000	2020 Current	2020 Non Current	2019 Current	2019 Non Current
<b>(a) Trade and Other Payables</b>				
Goods & Services	1,263	—	1,170	—
Payments Received in Advance <sup>1</sup>	3,778	11,982	2,731	14,599
Accrued Expenses - Employee Entitlements	141	—	126	—
Accrued Expenses - Finance Costs	60	—	106	—
Accrued Expenses - Other	—	—	112	—
Deposits, Retentions & Bonds	36	—	50	—
Other	1	—	1	—
<b><u>TOTAL Trade and Other Payables</u></b>	<b><u>5,279</u></b>	<b><u>11,982</u></b>	<b><u>4,296</u></b>	<b><u>14,599</u></b>

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

## (b) Borrowings

Loans	1,351	10,745	1,366	13,303
<b><u>TOTAL Borrowings</u></b>	<b><u>1,351</u></b>	<b><u>10,745</u></b>	<b><u>1,366</u></b>	<b><u>13,303</u></b>

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

## (c) Provisions

Employee Entitlements (including oncosts)	1,019	73	1,038	84
Provision for Legal and Constructive Obligations arising from past events	—	—	97	—
Future Reinstatement / Restoration, etc	17	282	7	191
<b><u>TOTAL Provisions</u></b>	<b><u>1,036</u></b>	<b><u>355</u></b>	<b><u>1,142</u></b>	<b><u>275</u></b>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 9. Reserves

	as at 30/06/19				as at 30/06/20
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	21,244	680	—	—	21,924
Land Improvements	6,209	—	—	—	6,209
Buildings & Other Structures	771	—	—	—	771
Infrastructure					
- Stormwater Drainage	3,689	—	—	—	3,689
- CWMS	7,278	(780)	—	—	6,498
- Roads/Bridges/Footpaths	126,827	258,609	—	—	385,436
Furniture & Fittings	362	—	—	—	362
Library Books	204	—	—	—	204
Plant, Machinery & Equipment	2,003	—	—	—	2,003
<u>Total Asset Revaluation Reserve</u>	<u>168,587</u>	<u>258,509</u>	<u>—</u>	<u>—</u>	<u>427,096</u>
Comparatives	171,700	(3,113)	—	—	168,587

	as at 30/06/19				as at 30/06/20
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Airport Reserve	163	4,309	—	—	4,472
CWMS Reserve	541	212	—	—	753
Asset Reinvestment Reserve	289	—	—	—	289
Kingscote CBD Car Park Reserve	30	—	—	—	30
Open Space Reserve	15	—	—	—	15
Ronald Maxwell Bell Property Reserve	61	—	—	—	61
Daniel Williams Reserve	12	—	—	—	12
<u>Total Other Reserves</u>	<u>1,111</u>	<u>4,521</u>	<u>—</u>	<u>—</u>	<u>5,632</u>
Comparatives	2,351	—	(1,240)	—	1,111



## Note 9. Reserves (continued)

### PURPOSES OF RESERVES

#### Asset Revaluation Reserves

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

#### Airport Reserve

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

#### CWMS Reserve

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

#### Asset Reinvestment Reserve

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

#### Kingscote CBD Carpark Reserve

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

#### Open Space Fund Reserve

Contributions from developers for future open space developments and expenditure.

#### Ronald Maxwell Bell Property Reserve

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

#### Daniel Williams Reserve

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

## Note 10. Assets Subject to Restrictions

\$ '000	2020	2019
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.		
<b>Cash &amp; Financial Assets</b>		
Developer Contributions	31	31
Sale of Ratepayer's Property	74	74
Community Services	—	55
Infrastructure	1,000	—
<b>Total Cash &amp; Financial Assets</b>	<b>1,105</b>	<b>160</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>		
Land Assets <sup>1</sup>	26,503	26,503
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>26,503</b>	<b>26,503</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>	<b>27,608</b>	<b>26,663</b>

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

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2020	2019
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### (a) Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	2,985	1,943
<b>Balances per Statement of Cash Flows</b>		<b>2,985</b>	<b>1,943</b>

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

<b>Net Surplus/(Deficit)</b>		4,216	4,260
<b>Non-Cash Items in Income Statements</b>			
Depreciation, Amortisation & Impairment		4,892	4,925
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(14)	4
Non-Cash Asset Acquisitions		(295)	–
Grants for capital acquisitions treated as Investing Activity		(4,364)	(4,071)
Net (Gain) Loss on Disposals		115	(4)
		<b>4,550</b>	<b>5,114</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		728	(1,345)
Net (Increase)/Decrease in Inventories		139	(41)
Net Increase/(Decrease) in Trade & Other Payables		(8)	155
Net Increase/(Decrease) in Unpaid Employee Benefits		(30)	53
Net Increase/(Decrease) in Other Provisions		4	93
<b>Net Cash provided by (or used in) operations</b>		<b>5,383</b>	<b>4,029</b>

### (c) Financing Arrangements

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

Bank Overdrafts	100	100
Corporate Credit Cards	14	14
LGFA Cash Advance Debenture Facility	17,854	8,163

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

## Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).										
\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions/Activities										
Business Undertakings	727	1,560	1,840	2,046	(1,113)	(486)	—	—	21,345	24,393
Community Services	57	346	899	1,282	(842)	(936)	—	239	122	1,141
Culture	37	56	292	324	(255)	(268)	33	31	—	880
Economic Development	410	—	20	64	390	(64)	—	—	—	324
Environment	3,071	3,564	2,741	3,652	330	(88)	—	55	133	29,835
Recreation	65	2	956	591	(891)	(589)	—	—	1,880	30,595
Regulatory Services	2,409	247	2,955	880	(546)	(633)	1,402	—	—	12
Transport & Communication	1,000	424	6,012	4,458	(5,012)	(4,034)	560	346	4,520	127,224
Plant Hire & Depot/Indirect	11	—	891	403	(880)	(403)	—	—	3,511	4,132
Governance	9,906	4,551	1,018	2,339	8,888	2,212	2,768	4,638	4,327	46
Support Services	—	—	—	1,640	—	(1,640)	—	—	447,073	261
Other Revenue/Expenses	—	7,114	—	—	—	7,114	—	—	—	5,576
Total Functions/Activities	17,693	17,864	17,624	17,679	69	185	4,763	5,309	482,911	224,419

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

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

### Note 12(b). Components of Functions

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The activities relating to Council functions are as follows:

#### **BUSINESS UNDERTAKINGS**

Airport Management, Caravan & Camping Parks, Marinas/Boat Havens, Private Works, Property Portfolio.

#### **COMMUNITY SERVICES**

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

#### **CULTURE**

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

#### **ECONOMIC DEVELOPMENT**

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

#### **ENVIRONMENT**

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

#### **RECREATION**

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

#### **REGULATORY SERVICES**

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

#### **TRANSPORT**

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

#### **COUNCIL ADMINISTRATION**

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



## Note 13. Financial Instruments

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### Recognised Financial Instruments

#### Bank, Deposits at Call, Short Term Deposits

##### Accounting Policy:

Carried at lower of cost and net realisable value; interest is recognised when earned.

##### Terms & Conditions:

Deposits are returning fixed interest rates between 0.1% and 0.45% (2019: 0.1% and 1.25%).

##### Carrying Amount:

Approximates fair value due to the short term to maturity.

#### Receivables - Rates & Associated Charges

##### Accounting Policy:

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

##### Terms & Conditions:

Secured over the subject land, arrears attract fines of 2% and interest of 6.35% (2019: 2% and 6%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

#### Receivables - Fees & Other Charges

##### Accounting Policy:

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

##### Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

#### Receivables - Other Levels of Government

##### Accounting Policy:

Carried at nominal value.

##### Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

##### Carrying Amount:

Approximates fair value.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

### Note 13. Financial Instruments (continued)

---

#### Liabilities - Creditors and Accruals

**Accounting Policy:**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

#### Liabilities - Interest Bearing Borrowings

**Accounting Policy:**

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

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable on a quarterly and annual basis; interest is charged on a spread of fixed or variable rates between **2.2%** and **6.73%** (2019: **2.95%** and **6.8%**). Overdraft rate is 7.35% (2019: 9.1%).

**Carrying Amount:**

Approximates fair value.

#### Liabilities - Leases

**Accounting Policy:**

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

## Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2020</b>					
<b>Financial Assets</b>					
Cash & Equivalents	2,985	—	—	2,985	2,985
Receivables	1,672	—	—	1,672	1,672
Other Financial Assets	—	29	26	55	50
<b>Total Financial Assets</b>	<b>4,657</b>	<b>29</b>	<b>26</b>	<b>4,712</b>	<b>4,707</b>
<b>Financial Liabilities</b>					
Payables	1,359	—	—	1,359	1,359
Current Borrowings	1,392	—	—	1,392	1,351
Non-Current Borrowings	—	2,328	8,857	11,185	10,745
<b>Total Financial Liabilities</b>	<b>2,751</b>	<b>2,328</b>	<b>8,857</b>	<b>13,936</b>	<b>13,455</b>
<b>2019</b>					
Cash & Equivalents	1,943	—	—	1,943	1,943
Receivables	2,413	—	—	2,413	2,516
Other Financial Assets	—	—	—	—	(4)
<b>Total Financial Assets</b>	<b>4,356</b>	<b>—</b>	<b>—</b>	<b>4,356</b>	<b>4,455</b>
<b>Financial Liabilities</b>					
Payables	1,565	—	—	1,565	18,895
Current Borrowings	1,900	—	—	1,900	1,366
Non-Current Borrowings	—	5,841	10,814	16,655	13,303
<b>Total Financial Liabilities</b>	<b>3,465</b>	<b>5,841</b>	<b>10,814</b>	<b>20,120</b>	<b>33,564</b>

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

\$ '000	2020		2019	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	7.35%	—	9.11%	—
Other Variable Rates	2.20%	8,080	2.95%	5,741
Fixed Interest Rates	4.90%	4,016	4.25%	8,928
		<b>12,096</b>		<b>14,669</b>

### 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.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

### Note 13. Financial Instruments (continued)

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#### Risk Exposures

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

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

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

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



## Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2020	2019
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### (a) Capital Commitments

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

Land Improvements	—	500
Infrastructure	4,000	478
Other	—	55
	<u>4,000</u>	<u>1,033</u>

#### These expenditures are payable:

Not later than one year	2,000	1,033
Later than one year and not later than 5 years	2,000	—
	<u>4,000</u>	<u>1,033</u>

### (b) Other Expenditure Commitments

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

Audit Services	129	37
IT	62	72
Other	608	540
	<u>799</u>	<u>649</u>

#### These expenditures are payable:

Not later than one year	409	300
Later than one year and not later than 5 years	390	349
	<u>799</u>	<u>649</u>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 15. Financial Indicators

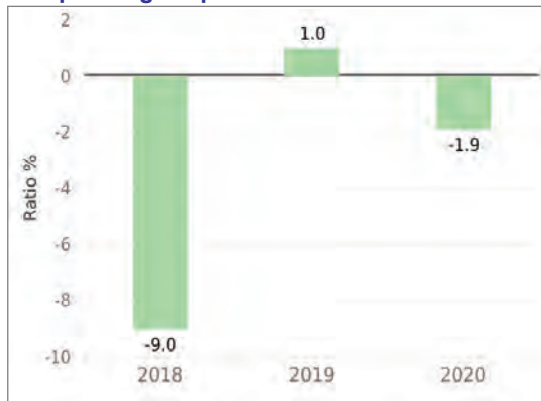
\$ '000	Amounts 2020	Indicator 2020	Prior periods	
			2019	2018
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>				
<b>1. Operating Surplus Ratio</b>				
Operating Surplus	(328)	(1.9)%	1.0%	(9.0)%
Total Operating Income	17,287			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
<b>2. Net Financial Liabilities Ratio</b>				
Net Financial Liabilities	26,022	151%	74%	99%
Total Operating Income	17,287			
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>				
<b>Adjustments to Ratios</b>				
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>				
<b>Adjusted Operating Surplus Ratio</b>				
Operating Surplus	(176)	(1.0)%	1.0%	(10.0)%
Total Operating Income	17,439			
<b>Adjusted Net Financial Liabilities Ratio</b>				
Net Financial Liabilities	25,870	148%	74%	99%
Total Operating Income	17,439			
<b>3. Asset Renewal Funding Ratio</b>				
Net Asset Renewals	3,974	76%	136%	151%
Infrastructure & Asset Management Plan required expenditure	5,243			

*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.*

## Note 15. Financial Indicators (continued)

### Financial Indicators - Graphs

#### 1. Operating Surplus Ratio



##### Purpose of operating surplus ratio

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

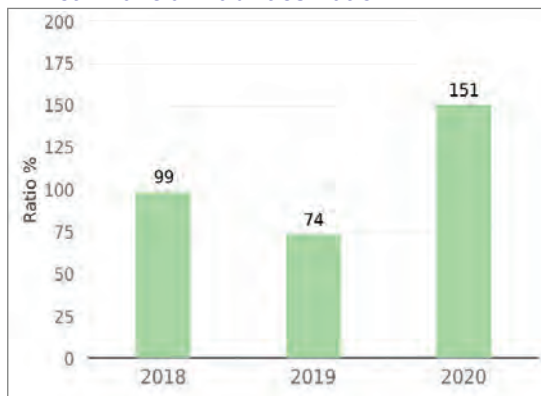
##### Commentary on 2019/20 result

2019/20 ratio (1.9)%

The change for receipt of the State Government Local Road Funding from assets free of charge to grant income had a significant effect on this ratio from 2018 to 2019.

The bushfires during the year had a significant impact on expenditure for Council. There is a \$405k insurance claim pending for this which will be recognised as income once settled.

#### 2. Net Financial Liabilities Ratio



##### Purpose of net financial liabilities ratio

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

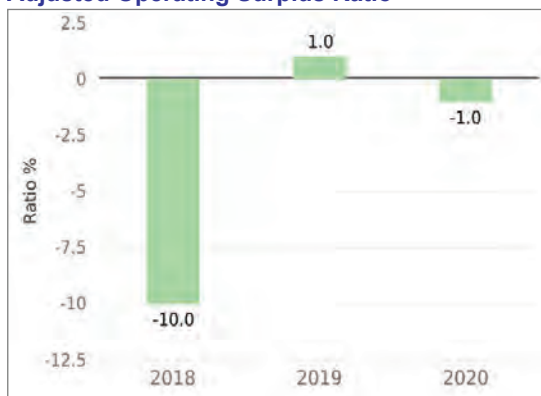
##### Commentary on 2019/20 result

2019/20 ratio 151%

New accounting standards in relation to lease liabilities and amounts received in advance commenced July 2019 which results in these figures now being included in this ratio where previously they weren't.

This results in a higher Net Financial Liabilities Ratio.

#### Adjusted Operating Surplus Ratio



##### Purpose of adjusted operating surplus ratio

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

##### Commentary on 2019/20 result

2019/20 ratio (1.0)%

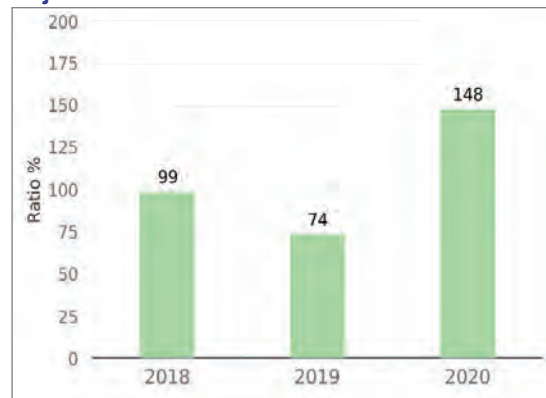
The ratio is adjusted to remove the effect of Financial Assistance and Supplementary Road Grants paid in advance

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 15. Financial Indicators (continued)

### Adjusted Net Financial Liabilities Ratio



#### Purpose of adjusted net financial liabilities ratio

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

#### Commentary on 2019/20 result

2019/20 ratio 148%

The ratio is adjusted to remove the effect of Financial Assistance and Supplementary Road Grants paid in advance

### 3. Asset Renewal Funding Ratio



#### Purpose of asset renewal funding ratio

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

#### Commentary on 2019/20 result

2019/20 ratio 76%

Council has renewed Infrastructure Asset Management Plans (IAMP) and the required renewal expenditure listed within these revised IAMPs is now included in this ratio.

Previously Council used the depreciation figure solely for this calculation which resulted in a higher ratio in previous years.

Where we don't have completed IAMPs, we have used the actual renewal for the year.



## Note 16. Uniform Presentation of Finances

\$ '000	2020	2019
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	17,287	17,864
less Expenses	(17,615)	(17,679)
<b>Operating Surplus / (Deficit)</b>	<b>(328)</b>	<b>185</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(3,974)	(6,773)
add back Depreciation, Amortisation and Impairment	4,892	4,925
add back Proceeds from Sale of Replaced Assets	52	78
	<b>970</b>	<b>(1,770)</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(465)	(1,526)
add back Amounts Received Specifically for New and Upgraded Assets	2,752	4,071
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	228	—
	<b>2,515</b>	<b>2,545</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>3,157</b>	<b>960</b>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 17. Leases

### (i) Council as a lessee

#### Terms and conditions of leases

#### Right of use assets

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

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

#### Right of use assets

\$ '000	Ready to use	Property Lease	Motor Vehicles	Total
<b>2020</b>				
Adoption of AASB 16 at 1 July 2019	—	—	99	99
Additions to right-of-use assets	—	—	285	285
Depreciation charge	—	—	(95)	(95)
<b>Balance at 30 June 2020</b>	<b>—</b>	<b>—</b>	<b>289</b>	<b>289</b>

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

\$ '000	2020	2019
Balance at 1 July	99	—
Additions	285	—
Accretion of interest	9	—
Payments	(101)	—
<b>Balance at 30 June</b>	<b>292</b>	<b>—</b>
<b>Classified as:</b>		
Current	107	—
Non Current	185	—

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

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

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	95	—
Interest expense on lease liabilities	9	—
<b>Total amount recognised in profit or loss</b>	<b>104</b>	<b>—</b>

## Note 17. Leases (continued)

### (ii) Council as a lessor

\$ '000	2020	2019
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	42	48
Later than one year and not later than 5 years	39	83
Later than 5 years	3	4
	<u>84</u>	<u>135</u>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

### Note 18. Superannuation

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

#### Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019/20; 9.50% in 2018/19). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018/19) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

#### Contributions to Other Superannuation Schemes

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



## Note 19. Interests in Other Entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2020	2019	2020	2019
<b>Council's Share of Net Income</b>				
Joint Ventures	14	(4)	131	117
<b>Total Council's Share of Net Income</b>	<b>14</b>	<b>(4)</b>	<b>131</b>	<b>117</b>

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

#### (a) Carrying Amounts

\$ '000	Principal Activity	2020	2019
Fleurieu Regional Waste Authority	Waste and Recycling Management	131	117
Southern and Hills Local Government Association	Local Government Policies & Procedures	—	—
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>131</b>	<b>117</b>

#### **Fleurieu Regional Waste Authority**

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

#### **Southern and Hills Local Government Association**

The Southern and Hills Local Government Association is a regional subsidiary to represent the interests of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island within Local Government in South Australia.

The group meets 6 times annually to discuss Local Government policy and procedures and to promote Local Government Initiatives from a regional perspective.

Kangaroo Island Councils interest in the Southern & Hills Local Government Association for 2019-20 is deemed to be immaterial in amount and has not been recognised. This will be reviewed annually.

#### (b) Relevant Interests

\$ '000	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2020	2019	2020	2019	2020	2019
Fleurieu Regional Waste Authority	15.00%	15.00%	15.00%	15.00%	22.00%	22.00%

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

### Note 19. Interests in Other Entities (continued)

#### (c) Movement in Investment in Joint Venture or Associate

\$ '000	Fleurieu Regional Waste Authority		Southern and Hills Local Government Association	
	2020	2019	2020	2019
Opening Balance	117	121	—	—
Share in Operating Result	14	(4)	—	—
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>131</b>	<b>117</b>	<b>—</b>	<b>—</b>

#### (d) Share of Joint Operations Expenditure Commitments

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

\$ '000	2020	2019
<b>Operating Expenditures Payable</b>		
Not later than one year	209	281
Later than one year and not later than 5 years	708	31
	<b>917</b>	<b>312</b>

#### (e). Contingent Liabilities of Joint Venture Operations

Each Member is Jointly and Severally Liable for the Debts of the Operation

- arising from Council's Share of Joint Operation	878	582
- arising from Joint and Several Liability of all Members	5,850	3,879

#### (f). Transactions with Council

Aggregate amount of transactions with Council

- receipts from Council	—	1,358
-------------------------	---	-------

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

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

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

---

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

### 1. LAND UNDER ROADS

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

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

### 2. POTENTIAL INSURANCE LOSSES

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

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

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

### 3. BANK GUARANTEES

Council has not guaranteed any loans or other banking facilities to community organisations and sporting bodies. Council does not expect to incur any loss arising from these guarantees

### 4. LEGAL EXPENSES

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

## Note 22. Events after the Balance Sheet Date

---

Events that occur after the reporting date of 30 June 2020, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

At this stage, the financial impacts on Council's operations have not been significant and Council expects that further impacts on Council's operations to flow into the 2020/21 financial year will not be significant. We refer to note 1.13 providing details of the financial impacts caused by COVID-19 during the 2019/20 financial year.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

## Note 23. Related Party Transactions

### Key Management Personnel

#### Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 13 persons were paid the following total compensation:

\$ '000	2020	2019
<b>The compensation paid to Key Management Personnel comprises:</b>		
Short-Term Employee Benefits	580	526
Post-Employment Benefits	39	40
Supplies	10	15
<b>Total</b>	<b>629</b>	<b>581</b>

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

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

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

#### Receipts from Key Management Personnel comprise:

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

Planning & Building Application Fees	1	—
<b>Total</b>	<b>1</b>	<b>—</b>



## Note 24. Council information and contact details

---

**Principal place of business:**

43 Dauncey St  
KINGSCOTE SA 5223

### Contact details

**Mailing Address:**

PO Box 121  
KINGSCOTE SA 5223

**Telephone:** 08 8553 4500

**Facsimile:** 08 8553 2885

**Opening hours:**

9.00am to 5.00pm  
Monday to Friday

**Internet:** [www.kangarooisland.sa.gov.au](http://www.kangarooisland.sa.gov.au)

**Email:** [kicouncil@kicouncil.sa.gov.au](mailto:kicouncil@kicouncil.sa.gov.au)

### Officers

CHIEF EXECUTIVE OFFICER  
Greg Georgopoulos

### Elected members

**Mayor**

Michael Pengilly

**Councillor**

Bob Teasdale - Deputy Mayor

Sam Mumford  
Shirley Pledge  
Graham Walkom  
Rosalie Chirgwin  
Peter Tiggemann  
Peter Denholm  
Ken Liu

### Other information

**ABN:** 93 741 277 391

## Auditor's Report – Financial Statements

# Galpins

Accountants, Auditors  
& Business Consultants

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



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## INDEPENDENT AUDITOR'S REPORT

### To the members of Kangaroo Island Council

#### Opinion

We have audited the accompanying financial report of Kangaroo Island Council (the Council), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Kangaroo Island Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Council's responsibility for the financial report

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

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

## Auditor's Report – Financial Statements

### Auditor's responsibility for the audit of the financial report


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

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

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

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

### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

25 November 2020

## Auditor's Report – Internal Controls

# Galpins

Accountants, Auditors  
& Business Consultants

David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
Renaë Nicholson CA  
Tim Muhlhauser CA  
Aaron Coonan CA  
Luke Williams CA, CPA  
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## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS

### To the members of Kangaroo Island Council

#### Opinion

We have audited the compliance of Kangaroo Island Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, Kangaroo Island Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2020.

#### Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

#### The Council's responsibility for internal controls

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

#### Our independence and quality control

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



## Auditor's Report – Internal Controls

### Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

### Limitations of controls

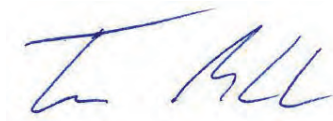
Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

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

### Limitation of use

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

### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

25 November 2020

## Certificate of Auditor Independence

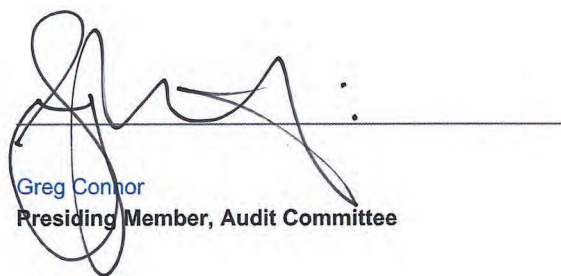
### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Kangaroo Island Council for the year ended 30 June 2020, the Council's Auditor, Galpins – Accountants, Auditors and Business Consultants has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Greg Georgopoulos  
Chief Executive Officer



Greg Connor  
Presiding Member, Audit Committee

Date: 24 November 2020

## Statement by Auditor

Galpins

Accountants, Auditors  
& Business Consultants

David Chant CA, FCPA  
 Simon Smith CA, FCPA  
 David Sullivan CA, CPA  
 Jason Seidel CA  
 Renae Nicholson CA  
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**KANGAROO ISLAND COUNCIL**
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2020**
**Statement by Auditor**

I confirm that, for the audit of the financial statements of Kangaroo Island Council for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA, Registered Company Auditor  
 Partner

25 November 2020





FLEURIEU REGIONAL WASTE AUTHORITY

# Annual Report 2019-20



FLEURIEU REGIONAL  
WASTE AUTHORITY



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# Message

## From the Independent Chairperson

It is with great pleasure that I present the Fleurieu Regional Waste Authority Annual Report for 2019-20.

Despite a devastating period for our region, with significant bushfires on Kangaroo Island and the COVID-19 pandemic, the FRWA has assisted it's communities recover from and endure during these events. We provided first response assistance to the Bushfire Relief Centre at Parndarna and then, during the clean-up, established a new site to dispose of over 30,000 tonne of waste and recovered 5,000 of metal. Our Waste Education Officer spent several weeks helping KI residents deal with waste and clean up issues and then worked with renowned gardener, Sophie Thomson, to establish a community garden at Parndarna Primary School.

Financially the Authority has exceeded expectations. We returned a significant benefit to the Kangaroo Island Council while carrying forward \$330,000 for Alexandrina Council, City of Victor Harbor and District Council of Yankalilla, to fund an increase in recycling processing costs in 2020-21.

All waste and recycling depots produced a positive end of year result due to increased activity and efficiency gains. The performance of our kerbside collection service improved significantly over the year and even with tonnages collected increasing by 8%, we were still able to provide a positive year end result.

Green Industries SA which is driving the State Government's circular economy priorities, provided FRWA with over \$230,000 in funding for our ongoing and new initiatives, such as the transport subsidy for the transport of recyclables, installation of waste tracking software and the printing of new waste education material. These initiatives and projects ensure that our communities have the best practice waste management infrastructure and publications.

FRWA has continued to engage and support its community in waste management, with over 38 charities benefiting from our donation program, 26 presentations made to community groups and over 1000 people participating in our waste education program.

**Michael Kelledy**  
Independent Chairperson  
Fleurieu Regional Waste Authority





We have also supported community projects such as the Port Elliot Dog Park – Dog Waste Project and the collection of food organics from commercial businesses on Kangaroo Island.

These initiatives and the implementation of fortnightly collection of kerbside waste in all Councils have significantly increased the region's diversion of waste from landfill - our total waste diversion rate is 69%.

This is an outstanding result that exceeds the State Government's 2022 targets for metropolitan areas.

To ensure that the FRWA continues to achieve the objectives of its owner Councils, the Board has reviewed the 10-year Strategic Plan. An extensive engagement process with Council Elected Members and staff was undertaken and a plan was developed that has a vision of *"FRWA will provide diverse and flexible resource management services that are affordable, improve environmental outcomes and promote a circular economy that our community are proud of."* This plan will build on the achievements of the councils and FRWA and will modernise the way in which our communities manages their waste and resources.

The collaborative spirit that FRWA and its Councils demonstrates was recognised by the Local Government Professional SA at their 2020 Leadership Excellence Awards when we were awarded the *Excellence in Cross Council Collaboration Award*.

In closing, I thank the management team led by our Executive Officer, Simon Grenfell and all our employees for their ongoing commitment to FRWA in providing diverse, efficient and flexible resource management services that our communities are proud of. I would also like to thank my fellow Board members for their wise counsel and support over the past twelve months and in doing so make special mention of the commitment of and the contribution from Glenn Sanford who, at the end of the financial year, retired from the Board.



# FRWA Governance

FRWA is administered by a Board in accordance with the requirements of the *Local Government Act 1999* and the Fleurieu Regional Waste Authority Charter. The membership of the Board comprises nine members including an Independent Chairperson, to govern and lead the Authority. The eight other members, comprise an elected member and an officer from each Constituent Council.

*Board Members: John Fernandez, Alistair Christie, Andy Baker, Michael Kelledy (Independent Chairperson), Elizabeth Williams, Tim Glazbrook, Peter Denholm, Simon Grenfell (EO), Michael Scott. Absent: Glenn Sanford.*



The Board held six meetings during the 2019-2020 financial year. Given the wide area that the Authority covers, it holds Board meetings in each Council area during the year. The table below details the Board Member attendance.

<b>Board Member</b>	<b>Meetings</b>
Mr Michael Kelledy (Independent Chairperson)	4 of 6
Mr Andy Baker (District Council of Yankalilla)	5 of 6
Cr Alistair Christie (District Council of Yankalilla)	5 of 6
Cr Peter Denholm (Kangaroo Island Council)	6 of 6
Mr John Fernandez (Kangaroo Island Council)	6 of 6
Cr Tim Glazbrook (City of Victor Harbor)	4 of 6
Mr Glenn Sanford (City of Victor Harbor)	4 of 6
Cr Michael Scott (Alexandrina Council)	4 of 6
Ms Elizabeth Williams (Alexandrina Council)	6 of 6

<b>Deputy Board Member</b>	<b>Meetings</b>
Mr Brian Doman (City of Victor Harbor)	1 of 6

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

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

The Internal Audit committee held six meetings during the 2019-2020 financial year. The table below details the Internal Audit Committee Member attendance

<b>Internal Audit Committee Member</b>	<b>Meetings</b>
Mr Peter Fairlie-Jones (Independent Chairperson)	6 of 6
Cr Alistair Christie (District Council of Yankalilla)	6 of 6
Cr Tim Glazbrook (City of Victor Harbor)	4 of 6
Mr Glenn Sanford (City of Victor Harbor)	1 of 6
Ms Elizabeth Williams (Alexandrina Council)	5 of 6



# Executive Officer Report

The Fleurieu Regional Waste Authority is recognised as a leader in waste management within South Australia. I am grateful for the opportunity to lead a positive and dynamic organisation that provides essential services for its communities.

FRWA continues to achieve the objectives of its strategic plan through the services it delivers. The strategic objectives of FRWA for the 2019-20 financial year were:

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

The 2019-20 financial year was full of opportunities, first there was the bushfires on Kangaroo Island, while devastating for the affected community, they provided FRWA with an opportunity to demonstrate what we can do in an emergency. The COVID-19 pandemic restrictions also presented us with the opportunity to demonstrate that we can safely adapt and continue to provide essential services to the communities.

The communities have continued to embrace waste management and the diversion of waste from landfill. All Councils increased the amount of waste they divert from landfill with the region, now 58% of kerbside waste from landfill. This is an increase of 8% on last year's result and a credit to the whole community.

The City of Victor Harbor became the fourth and final one of our Councils to change to fortnightly collection of kerbside waste. Thanks to previous Councils' learnings, the transition was seamless and has resulted in City of Victor Harbor now diverting 61% of its waste from landfill.

**Simon Grenfell**  
Executive Officer  
Fleurieu Regional Waste Authority

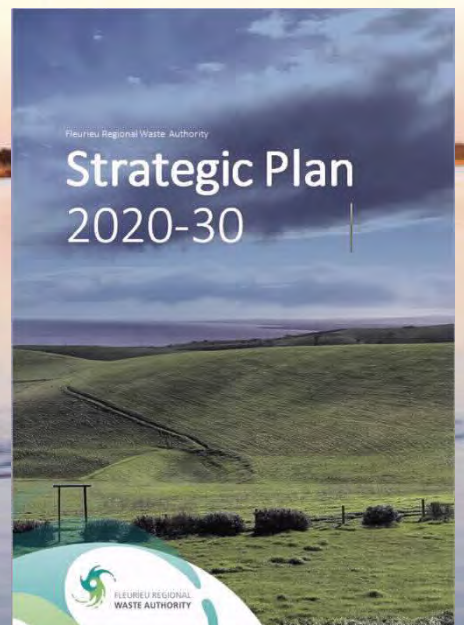




The fortnightly collection of waste continues to provide benefits for the communities with this now providing a foundation for FRWA to offer additional services including commercial FOGO, recycling collections for small businesses and on-demand collection services for those residents and businesses that require an urgent pick up. It is planned to implement these services prior to December 2020.

This year FRWA, in conjunction with Green Industries SA, produced a new range of waste education material, including bin stickers, kitchen caddy stickers and kerbside collection calendars. The new calendars are customised for each Council and have significantly reduced printing and postage costs.

The 2019/20 financial year has been a challenging but successful year for the Authority. It has demonstrated our ability to deliver positive environmental, social and economic outcomes for member Councils and the communities. These achievements would not have been possible without the commitment and hard work of the FRWA Board, the Constituent Councils and, importantly, the staff of FRWA. I look forward to continuing to work with member Councils and the Board to build on these achievements into the future.



# About FRWA

## Why we exist and our members

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

The Fleurieu Peninsula and Kangaroo Island covers 7,341km<sup>2</sup> and has a resident population of 54,000, which increases by up to 50% in coastal areas during holiday periods.

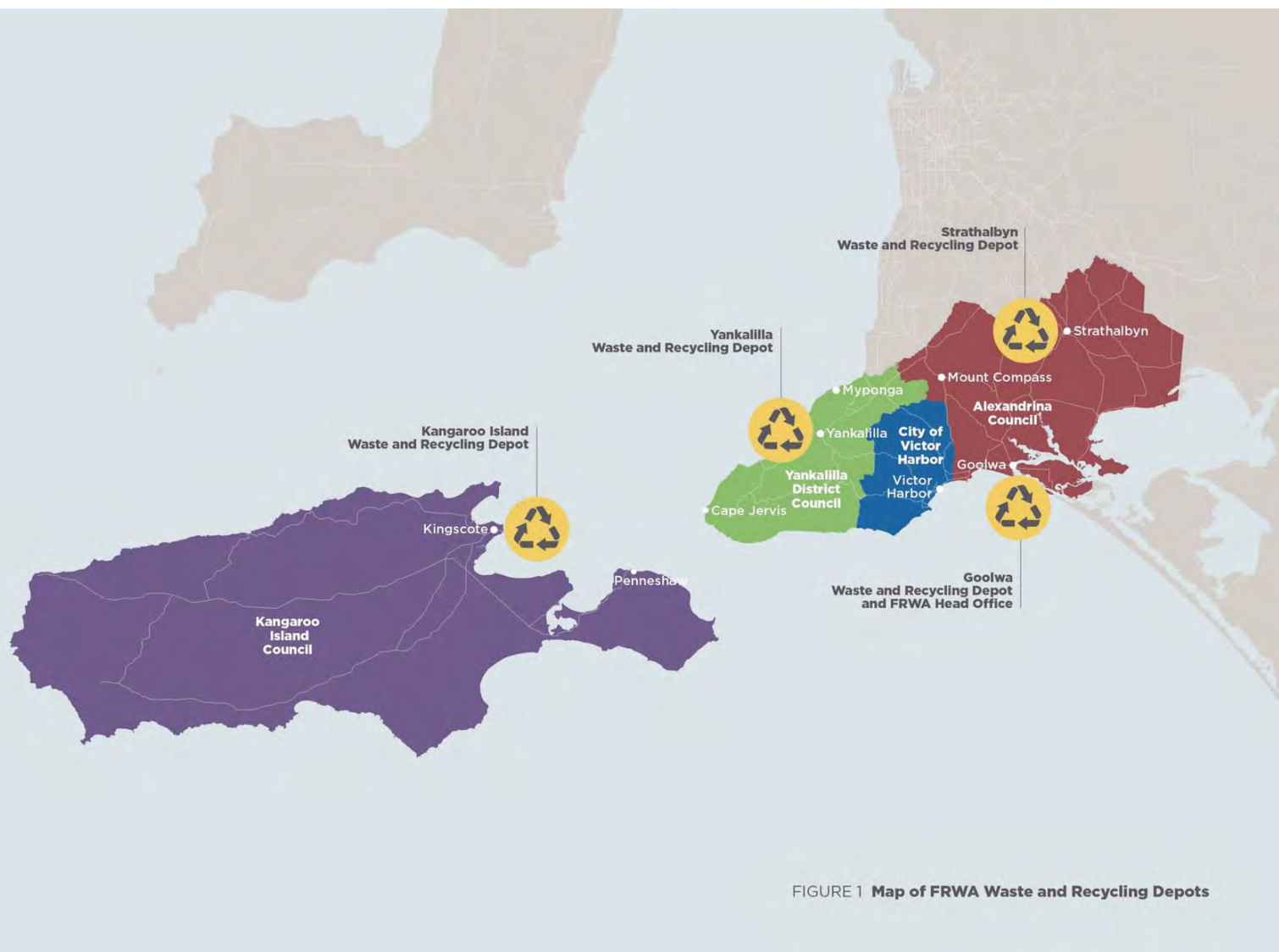
FRWA is a fine example of local governments working together to achieve efficiencies across boundaries.

We are capturing the best practices brought over from the Councils: reducing waste going to landfill, increasing recycling, and promoting a cleaner and healthier environment for today and tomorrow.

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

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







# Kerbside Collection Services

FRWA has a fleet of 13 collection vehicles and provides fortnightly collection of waste, recycling and Food Organics Garden Organics to over 32,000 properties. This year, in and with the City of Victor Harbor, FRWA implemented fortnightly collection of kerbside waste. This means that all the FRWA Councils now have their waste collected fortnightly and will allow further efficiency gains, and increase in diversion rates to be made in the future.

Kerbside tonnages increased by 8% this year, mainly due to the continued increase in FOGO which peaked during March and April, when residents stayed at home, due to the COVID-19 pandemic restrictions, taking the

opportunity to clean up their gardens.

Kerbside waste to landfill reduced by 9% (933 tonnes), FOGO increased by 38% (2145 tonnes) and recycling increased by 9% (427 tonnes).

Significantly the Kangaroo Island Council increased the amount of FOGO collected by 68% and the City of Victor Harbor reduced its waste to landfill by 25%. These diversion rates have provided financial, social and environmental benefits to the community.

The kerbside diversion rate for the region is now 58% up from 54% the year before. This is one of the highest kerbside diversion rates in the state.

COUNCIL	WASTE	FOGO	RECYCLING	DIVERSION from landfill
Alexandrina	+1% 4840t	+21% 3977t	2621t -1%	58% +3%
Victor Harbor	2686t -25%	+75% 2613t	1627t +37%	61% +18%
Yankalilla	1115t -2%	+33% 873t	584t +6%	56% +5%
Kangaroo Island	809t -1%	+68% 326t	442t -7%	46% +6%

Kerbside waste statistics for 2019-2020 compared to the previous year.

Reduction in waste to landfill  
over the past 5 years

30%



Kerbside waste  
diverted from landfill

58%





To ensure FRWA provides best practice kerbside services this year we have installed a new fleet tracking software which provides full transparency across our activities. The collection trucks are now fitted with six cameras which record all movements and collections.

Collection routes can be programed and optimised easily with additional collections being seamlessly added to drivers' tasks. Whilst this system is still being commissioned, it has already dramatically improved our customer service and efficiency and will allow FRWA to offer additional services to sectors of the communities that have different waste needs.



# Waste and Recycling Depots

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

The most significant activity this year was the establishment of an emergency landfill cell at Gosse on Kangaroo Island, to facilitate the clean-up from the December 2019 bush fires. FRWA staff met with KI Council and Green Industry SA representatives throughout January and February to establish the site, with EPA approval granted in early March 2020. Additional cells were also established at the Kangaroo Island Resource Recovery Centre at Kingscote.

FRWA recruited local people to operate the site with plant and equipment sourced from across KI and the mainland.

Our staff, in conjunction with Green Industries SA and associated contractors, worked 6-7 days per week to ensure the 87 houses and over 200 properties were cleaned up as quickly as possible.

Between March and the end of June over 30,000 tonnes of burnt material was disposed of and 5,000 tonnes of metal/3,500 tonne of concrete, were recovered and recycled.

The site will now been fenced and will be revegetated by the local Landscape group in 2021.

Our other Waste and Recycling Depots performed above expectations with changes to operating hours and fees and charges during the year providing better than budgeted outcomes.

To ensure we provided a safe environment for our staff and customers, all of our sites transitioned to electronic payments only. As restrictions have eased we are educating and informing our community regarding the benefits of cash payments and, for now, are accepting cash payments as a last resort. We are using this period to transition to card only payments in June 2021. All WRD's performed well and have increased waste diversion from landfill from 79% to 80%.

FRWA will be planning to increase this further with a concentrated focus on increasing the number of materials available to the public for reuse.

**The Goolwa WRD** has continued to perform well with increased sales of mulch and crushed rock.

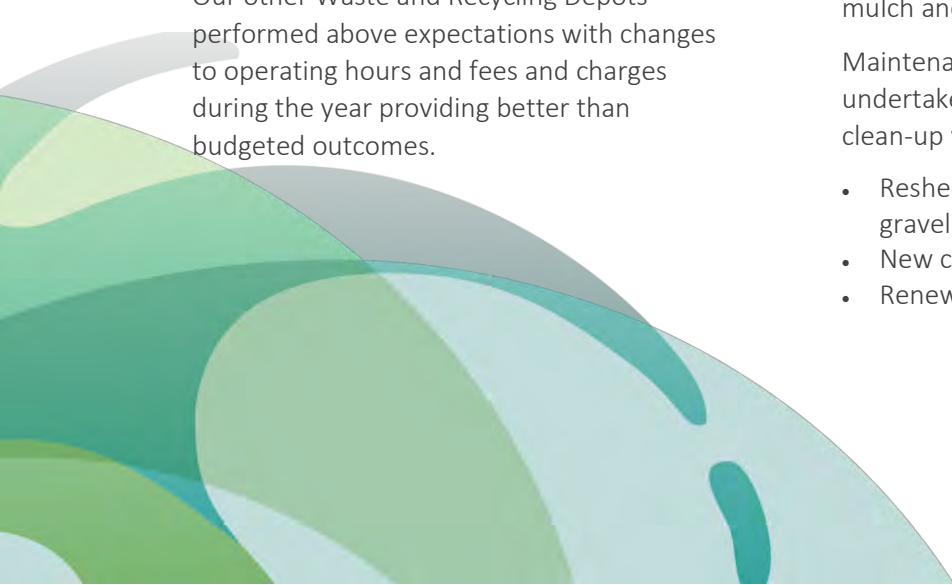
Further site works improvements have included:

- Planting of 20 large trees and 800 endemic native species around the site.
- Recovery of 2000 tonne of rock for sale
- Creation of a new steel recycling area
- Wayfinding line marking to direct customers to the right location.

**The KIRRC** has continued to improve its services with 3 grades of mulch now available to the public. The in-vessel composter installed in 2019 is producing high quality mulch and compost for sale to the community.

Maintenance and upgrades on the site were undertaken once the bulk of the fire waste clean-up was completed. This included:

- Resheeting of the internal roads with gravel.
- New concrete material sales bays,
- Renew of electrical wiring in the office



The **Yankalilla WRD** has continued to provide ongoing services to the community and this year we purchased new material bins to assist the community sort its waste and reduce the handling of materials.

A review of the **Strathalbyn WRD** operating hours found that every second Monday was not popular with the community, with very little patronage. The site is now open on Tuesdays, Thursdays and Sundays. The site continues to be popular with locals, in particular the salvage shop where many locals find bargains. Mulch sales from the site have also increased dramatically over the last six months of the year, with mulch purchased by local landscapers for use in Mt Barker.

Images *Pictures of recovered steel at Gosse*





# Waste education and projects

Waste Education continues to be an important part of FRWA's activities. The continued increase in waste diversion is a result of FRWA's efforts in this area.

The first half of the year was extremely productive from a waste education perspective with the implementation of fortnightly collection of waste in the City of Victor Harbor going smoothly. The team used its experience from the three previous roll outs and with the community seeing what the surrounding Councils had done, was accepting of the program.

During this time, we provided 26 presentations to community groups and 13 school sessions. These sessions ranged in topics depending on the audience from where does our waste go, to what goes in which bin and Food Organics and Green organics.

FRWA staff also initiated a compostable produce bag trial at Goolwa Foodland. The objectives of the trial were to:

- Encourage phasing out single use plastic produce bags
- Reduce the amount of single use plastic sent to landfill
- Increase awareness of environmental and economic benefits of the project
- Increase the amount of FOGO material into the green organics waste stream through greater community awareness
- Provide an opportunity to promote participating supermarkets, FRWA's FOGO initiative and compostable products

The trial ran from July to December 2019 and found that the majority of customers supported the use of compostable bags, were prepared to pay extra for compostable bags and would shop at a location that provided compostable bags. The trial also received good exposure through the local paper and Goolwa Foodland's social media platforms. Despite this, the trial was not continued due to the ongoing cost of providing the compostable bags.





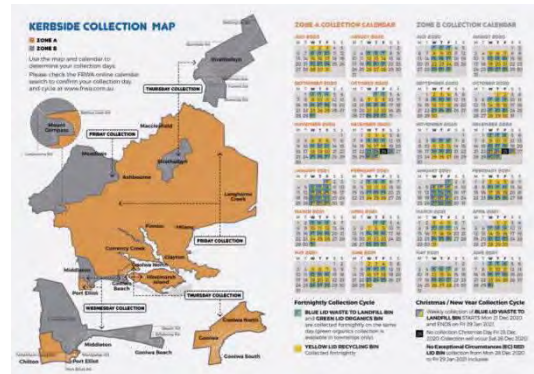
To increase the penetration of our recycling messages, FRWA has partnered with Green Industries SA in the creation of our waste education infrastructure. Green Industries SA has adopted the “Which Bin” branding that is used as the State waste and recycling message, this style being used by the majority of councils in metropolitan Adelaide. This style was used in the production of new kerbside collection calendars. The new calendars are customised for each Council area and contain waste education messages to help residents place the right materials in the right bin.

By using this style and format, as well as receiving over \$12,000 in grant and in-kind funding, FRWA has been able to leverage the investment GISA makes in advertising.

The recent “Which Bin” campaign had the following reach:

- YouTube ads, were seen by more than 231,000 South Australian YouTube users.
- TV ads reached approximately 414,966 people across SA, aged 25-54
- Facebook ads were seen by more than 325,696 viewers across SA.

As part of the recovery process our Waste Education officer also spent time at the Parndarna Relief Centre, assisting with waste issues and providing services to those impacted by the fires. We also assisted Sophie Thomson in the ReGrowth Garden Recovery project that established a community garden at the Parndarna Primary School.



FLEURIEU REGIONAL WASTE AUTHORITY

# Financial Statements

# Fleurieu Regional Waste Authority

## General Purpose Financial Reports

### for the year ended 30 June 2020

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**Fleurieu Regional Waste Authority**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>INCOME</b>			
User charges	2	9,083,674	7,848,469
Grants, subsidies and contributions	2	234,771	302,166
Investment income	2	2,581	2,876
Reimbursements	2	15,349	9,871
Other income	2	9,064	16,843
<b>Total Income</b>		<b>9,345,439</b>	<b>8,180,225</b>
<b>EXPENSES</b>			
Employee costs	3	3,115,286	3,018,245
Materials, contracts & other expenses	3	5,356,982	4,540,002
Depreciation, amortisation & impairment	3	706,091	543,092
Finance costs	3	114,629	85,413
<b>Total Expenses</b>		<b>9,292,988</b>	<b>8,186,752</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>52,451</b>	<b>(6,527)</b>
Asset disposal & fair value adjustments	4	40,653	(20,536)
<b>NET SURPLUS / (DEFICIT) (transferred to Equity Statement)</b>		<b>93,104</b>	<b>(27,063)</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>93,104</b>	<b>(27,063)</b>

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



# FLEURIEU REGIONAL WASTE AUTHORITY



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2020 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

  
.....  
Michael Kellady  
CHAIR OF THE BOARD

  
.....  
Simon Grenfell  
EXECUTIVE OFFICER

Date: 23 September 2020

**Fleurieu Regional Waste Authority**  
**Statement of Financial Position**  
**as at 30 June 2020**

		2020	2019
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,983,227	474,409
Trade & other receivables	5	492,572	380,329
Inventories	5	94,273	164,040
		<u>2,570,072</u>	<u>1,018,778</u>
<b>Non-current Assets</b>			
Infrastructure, property, plant & equipment	6	4,154,770	3,641,795
<b>Total Non-current Assets</b>		<u>4,154,770</u>	<u>3,641,795</u>
<b>Total Assets</b>		<u>6,724,842</u>	<u>4,660,573</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	7	1,918,201	1,132,293
Contract liabilities	7	360,745	23,645
Borrowings	7	461,466	335,516
Provisions	7	228,203	181,530
Other current liabilities	8	333,367	124,944
<b>Total Current Liabilities</b>		<u>3,301,982</u>	<u>1,797,929</u>
<b>Non-current Liabilities</b>			
Borrowings	7	2,458,850	2,015,684
Provisions	7	89,273	65,326
<b>Total Non-current Liabilities</b>		<u>2,548,123</u>	<u>2,081,010</u>
<b>Total Liabilities</b>		<u>5,850,105</u>	<u>3,878,939</u>
<b>NET ASSETS</b>		<u>874,736</u>	<u>781,634</u>
<b>EQUITY</b>			
Accumulated Surplus		874,736	781,632
<b>TOTAL EQUITY</b>		<u>874,736</u>	<u>781,632</u>

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

**Fleurieu Regional Waste Authority**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2020**

		Accumulated Surplus	TOTAL EQUITY
2020	Notes	\$	\$
Balance at end of previous reporting period		781,632	781,632
<b>Net Surplus / (Deficit) for Year</b>		<b>93,104</b>	<b>93,104</b>
<b>Other Comprehensive Income</b>		-	-
<b>Balance at end of period</b>	9	<b>874,736</b>	<b>874,736</b>

2019			
Balance at end of previous reporting period		808,695	808,695
<b>Net Surplus / (Deficit) for Year</b>		<b>(27,063)</b>	<b>(27,063)</b>
<b>Other Comprehensive Income</b>		-	-
<b>Balance at end of period</b>	9	<b>781,632</b>	<b>781,632</b>

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

**Fleurieu Regional Waste Authority**  
**Statement of Cash Flows**  
**for the year ended 30 June 2020**

		2020	2019
	Notes	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i><b>Receipts:</b></i>			
User charges		9,172,959	7,726,473
Investment receipts		2,581	2,876
Grants utilised for operating purposes		154,771	152,166
Reimbursements		-	9,871
Other revenues		-	17,248
<i><b>Payments:</b></i>			
Employee costs		(3,115,286)	(3,018,245)
Materials, contracts & other expenses		(4,066,457)	(4,371,812)
Finance payments		(110,455)	(87,674)
<b>Net Cash provided by (or used in) Operating Activities</b>	9	<u>2,038,113</u>	<u>430,903</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i><b>Receipts:</b></i>			
Amounts specifically for new or upgraded assets		80,000	150,000
Sale of replaced assets		108,545	20,000
<i><b>Payments:</b></i>			
Expenditure on renewal/replacement of assets		(1,173,926)	(755,181)
Expenditure on new/upgraded assets		(113,030)	(688,542)
<b>Net Cash provided by (or used in) Investing Activities</b>		<u>(1,098,411)</u>	<u>(1,273,723)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		\$	\$
<i><b>Receipts:</b></i>			
Proceeds from borrowings		1,166,664	1,189,730
<i><b>Payments:</b></i>			
Repayments of borrowings		(597,547)	(495,271)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>569,117</u>	<u>694,459</u>
<b>Net Increase (Decrease) in cash held</b>		<u>1,508,819</u>	<u>(148,361)</u>
 Cash & cash equivalents at beginning of period	9	<u>474,409</u>	<u>622,770</u>
<b>Cash &amp; cash equivalents at end of period</b>	9	<u>1,983,227</u>	<u>474,409</u>

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



# FLEURIEU REGIONAL WASTE AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

## Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

### **1 Basis of Preparation**

#### **1.1 Compliance with Australian Accounting Standards**

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 23 September 2020.

#### **1.2 Historical Cost Convention**

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

#### **1.3 Critical Accounting Estimates**

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

#### **1.4 Rounding**

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

### **2 The Local Government Reporting Entity**

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

### **3 Income recognition**

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

#### *Council contributions*

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

#### *Waste Disposal Operations*

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

# FLEURIEU REGIONAL WASTE AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

## Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

### **4 Cash, Cash Equivalents and other Financial Instruments**

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

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

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

### **5 Inventories**

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

### **6 Infrastructure, Property, Plant & Equipment**

#### **6.1 Initial Recognition**

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

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

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

#### **6.2 Materiality**

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

#### **6.3 Subsequent Recognition**

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

#### **6.4 Depreciation of Non-Current Assets**

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

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

# FLEURIEU REGIONAL WASTE AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

## Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

### 6.5 *Impairment*

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

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

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

### 7 *Payables*

#### 7.1 *Goods & Services*

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

### 8 *Contract Liabilities*

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

The Board approved the retention of a surplus as at 30 June 2020 for each Constituent Council, up to the value of estimated additional recycling cost in the 2020/21 year, to be offset against additional costs as they are incurred.

### 9 *Borrowings*

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

### 10 *Employee Benefits*

#### 10.1 *Salaries, Wages & Compensated Absences*

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

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

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

#### *Superannuation*

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

# FLEURIEU REGIONAL WASTE AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

## Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

### 11 *GST Implications*

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

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

### 12 *New and amended standards and interpretations*

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities:

The Authority applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). The Authority has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019, and as such there was no impact on the financial statements from the adoption of the new standards as at 1 July 2019.

#### *Adoption of AASB 16 Leases (AASB 16)*

AASB 16 Leases, which commenced from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for low-value assets - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2020 the Authority has no leases to which this treatment needs to be applied, other than the for the office and workshop premises at Goolwa. However, as the Authority is currently negotiating a lease agreement for this premise with Alexandrina Council and no lease payments have been made to date, the value of the right-of-use asset and lease liability is deemed to be nil.

### 13 *Comparative figures*

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year. Comparative figures for 'Revenue received in advance' were previously presented within 'Trade and Other Payables'. They are now presented within 'Contract Liabilities' as a result of adopting the new accounting standard AASB 15 Revenue from Contracts with Customers.



**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 2 - INCOME**

	Notes	2020 \$	2019 \$
<b><u>Revenue from Contracts with Customers:</u></b>			
<b>USER CHARGES</b>			
Council Contributions		5,621,498	5,658,579
Waste Disposal Operations		3,462,176	2,189,890
		<u>9,083,674</u>	<u>7,848,469</u>
<b><u>Other Revenue and Other Income:</u></b>			
<b>INVESTMENT INCOME</b>			
Interest on investments:			
Banks & other		2,581	2,876
		<u>2,581</u>	<u>2,876</u>
<b>REIMBURSEMENTS</b>			
- other		15,349	9,871
		<u>15,349</u>	<u>9,871</u>
<b>OTHER INCOME</b>			
Sundry		9,064	16,843
		<u>9,064</u>	<u>16,843</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Other grants, subsidies and contributions		234,771	302,166
		<u>234,771</u>	<u>302,166</u>
<b><i>Sources of grants</i></b>			
State government		234,771	302,166
		<u>234,771</u>	<u>302,166</u>
<b><i>Conditions over grants &amp; contributions</i></b>			
<i>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:</i>			
<i>Unexpended at the close of the previous reporting period</i>		-	90,000
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>			
<i>Plant &amp; Equipment</i>		-	(90,000)
<i>Subtotal</i>		-	(90,000)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Plant &amp; Equipment</i>		-	-
<i>Subtotal</i>		-	-
<i>Unexpended at the close of this reporting period</i>		-	-

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 3 - EXPENSE**

	Notes	2020 \$	2019 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		2,489,385	2,488,717
Employee leave expense		241,711	141,935
Superannuation	16	211,018	221,876
Superannuation - defined benefit plan contributions	16	11,065	5,336
Workers' Compensation Insurance		109,080	106,251
Other		53,027	54,130
<b>Total Operating Employee Costs</b>		<b>3,115,286</b>	<b>3,018,245</b>
<b>Total Number of Employees</b>		<b>34</b>	<b>34</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		11,670	9,980
- Auditing of Internal Controls		2,000	1,970
Bad and Doubtful Debts		-	70,000
Board members' expenses		24,839	25,379
Rental charge - accrued		84,000	80,000
Subtotal - Prescribed Expenses		<b>122,509</b>	<b>187,329</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		1,664,662	1,044,974
Energy		607,232	618,875
Waste Disposal		1,680,254	1,595,931
Maintenance		380,836	374,365
Legal Expenses		41,739	87,600
Parts, accessories & consumables		191,611	105,097
Professional services		61,911	126,500
Sundry		606,228	399,331
Subtotal - Other Materials, Contracts & Expenses		<b>5,234,473</b>	<b>4,352,673</b>
		<b>5,356,982</b>	<b>4,540,002</b>
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Plant, machinery & equipment		706,091	543,092
		<b>706,091</b>	<b>543,092</b>
<b>FINANCE COSTS</b>			
Interest on Loans		114,629	85,413
		<b>114,629</b>	<b>85,413</b>

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS**

	Notes	2020 \$	2019 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		108,544	20,000
Less: Carrying amount of assets sold		(67,891)	(40,536)
<b>Gain (Loss) on disposal</b>		<u>40,653</u>	<u>(20,536)</u>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		<u>40,653</u>	<u>(20,536)</u>

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 5 - CURRENT ASSETS**

	Notes	2020 \$	2019 \$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		<b>1,456,657</b>	100,188
Deposits at Call		<b>526,570</b>	374,221
		<b>1,983,227</b>	<b>474,409</b>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Debtors - general		<b>477,991</b>	414,186
Prepayments		<b>14,581</b>	36,143
Total		<b>492,572</b>	450,329
Less: Provision for Impairment		-	(70,000)
		<b>492,572</b>	<b>380,329</b>
<i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>		-	-
<b>INVENTORIES</b>			
Stores & Materials		<b>94,273</b>	164,040
		<b>94,273</b>	<b>164,040</b>



# Fleurieu Regional Waste Authority

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

	2019 \$'000			2020 \$'000		
	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost
Plant, machinery & equipment	3,641,795	7,235,643	(3,593,848)	3,641,795	4,154,770	7,364,399
Office equipment, Furniture & fittings	-	20,634	(20,634)	-	-	3,280
Buildings & other structures	-	3,181	(3,181)	-	-	3,181
<b>Total IPP&amp;E</b>	<b>3,641,795</b>	<b>7,259,458</b>	<b>(3,617,663)</b>	<b>3,641,795</b>	<b>4,154,770</b>	<b>7,370,860</b>
<b>Comparatives</b>	<b>2,781,701</b>	<b>6,524,054</b>	<b>(3,742,353)</b>	<b>2,781,701</b>	<b>3,641,795</b>	<b>7,259,458</b>
						<b>3,641,795</b>

2019 \$	CARRYING AMOUNT MOVEMENTS DURING YEAR \$								2020 \$	
Carrying Amount	Net Adjust AASB 16	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
3,641,795		113,030	1,173,926	(67,891)	(706,091)	-	-	-	-	4,154,770
3,641,795	-	113,030	1,173,926	(67,891)	(706,091)	-	-	-	-	4,154,770
2,781,701	-									3,641,795

Plant, machinery & equipment

**Total IPP&E**

**Comparatives**

This note continues on the following pages.

**FLEURIEU REGIONAL WASTE AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

**Buildings & Other Structures**

Buildings and other structures are recognised on a cost basis.

**Plant, Furniture & Equipment**

These assets are recognised on a cost basis.

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

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$10,000

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

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

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 7 - LIABILITIES**

		2020		2019	
		\$		\$	
<b>TRADE &amp; OTHER PAYABLES</b>	<b>Notes</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Goods & Services		<b>690,903</b>		502,222	
Accrued expenses - employee entitlements		<b>258,491</b>		392,911	
Accrued expenses - other		<b>968,807</b>		237,162	
		<b>1,918,201</b>	<b>-</b>	<b>1,132,295</b>	<b>-</b>
<b>BORROWINGS</b>					
Loans		<b>461,466</b>	<b>2,458,850</b>	335,516	2,015,684
		<b>461,466</b>	<b>2,458,850</b>	<b>335,516</b>	<b>2,015,684</b>
<b>PROVISIONS</b>					
Employee entitlements (including oncosts)		<b>186,802</b>	<b>89,273</b>	146,530	65,326
Other Provisions		<b>41,401</b>		35,000	
		<b>228,203</b>	<b>89,273</b>	<b>181,530</b>	<b>65,326</b>
<b>CONTRACT LIABILITIES</b>					
Revenue received in advance					
- additional collection services		<b>53,745</b>	<b>-</b>	23,645	-
- council contributions		<b>307,000</b>	<b>-</b>	-	-
		<b>360,745</b>	<b>-</b>	<b>23,645</b>	<b>-</b>

*The Board approved the retention of a surplus of Council contributions as at 30 June 2020 for each Constituent Council for the value of estimated additional recycling cost in the 2020/21 year.*

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 8 - OTHER CURRENT LIABILITIES

		2020 \$	2019 \$
<b>OTHER</b>	Notes		
Provision for rock crushing		333,367	124,944
		<u>333,367</u>	<u>124,944</u>

*An additional crushing expenditure provision for Kangaroo Island was implemented during the year to manage large volumes of construction and demolition waste created by bushfires on the island.*



**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 9 - RECONCILIATION TO CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

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

	Notes	2020 \$	2019 \$
Total cash & equivalent assets	5	<u>1,983,227</u>	<u>474,409</u>
Balances per Cash Flow Statement		<u>1,983,227</u>	<u>474,409</u>

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

Net Surplus (Deficit)	93,104	(27,063)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	706,091	543,092
Net increase (decrease) in unpaid employee benefits	64,219	29,588
Grants for capital acquisitions treated as Investing Activity	(80,000)	(150,000)
Net (Gain) Loss on Disposals	<u>(40,653)</u>	<u>20,536</u>
	742,761	416,153
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(112,243)	(57,324)
Net (increase) decrease in inventories	69,767	(38,845)
Net increase (decrease) in trade & other payables	1,123,004	146,284
Net increase (decrease) in other provisions	6,401	159,947
Net increase (decrease) in other liabilities	<u>208,423</u>	<u>(195,312)</u>
<b>Net Cash provided by (or used in) operations</b>	<u><b>2,038,113</b></u>	<u><b>430,903</b></u>

**(c) Financing Arrangements**

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

Corporate Credit Cards	10,000	10,000
LGFA Cash Advance Debenture facility	613,715	868,520

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 10 - FINANCIAL INSTRUMENTS**

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

**Accounting Policies - Recognised Financial Instruments**

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Bank deposits are measured at amortised cost, interest is recognised when earned</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 0.01% and 0.05% (2019: 0.10% and 0.15%).</p>
<b>Receivables</b> - Fees & other charges	<p><b>Accounting Policy:</b> Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.</p> <p><b>Terms &amp; conditions:</b> Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p>
<b>Liabilities</b> - Creditors and Accruals	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p>
<b>Liabilities</b> - Interest Bearing Borrowings	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable in six monthly instalments; interest is charged at fixed or variable rates between 1.80% and 4.80% (2019: 3.10% and 4.80%)</p>

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 10 - FINANCIAL INSTRUMENTS (con't)**

**Liquidity Analysis**

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

<b>2019</b>	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b><u>Financial Assets</u></b>	\$	\$	\$	\$	\$
Cash & Equivalents	474,409			474,409	474,409
Receivables	344,186			344,186	380,329
<b>Total</b>	<b>818,595</b>	<b>-</b>	<b>-</b>	<b>818,595</b>	<b>854,738</b>
<b><u>Financial Liabilities</u></b>					
Payables	525,867			525,867	525,867
Current Borrowings	431,866			431,866	335,516
Non-Current Borrowings		1,808,076	492,084	2,300,160	2,015,685
<b>Total</b>	<b>957,733</b>	<b>1,808,076</b>	<b>492,084</b>	<b>3,257,893</b>	<b>2,877,068</b>

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

	<b>30 June 2020</b>		<b>30 June 2019</b>	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Variable Rates	<b>2.20</b>	<b>990,285</b>	3.10	735,480
Fixed Interest Rates	<b>2.72</b>	<b>1,930,031</b>	2.08	1,615,720
		<b>2,920,316</b>		<b>2,351,200</b>

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 10 - FINANCIAL INSTRUMENTS (con't)**

**Net Fair Value**

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

**Risk Exposures:**

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

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

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

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

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 11 - COMMITMENTS FOR EXPENDITURE**

	2020	2019
Notes	\$	\$
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Board & Employee Remuneration Contracts	<b>916,539</b>	248,500
Maintenance Contracts	-	63,333
	<b>916,539</b>	311,833
These expenditures are payable:		
Not later than one year	<b>208,557</b>	281,138
Later than one year and not later than 5 years	<b>707,982</b>	30,695
Later than 5 years	-	-
	<b>916,539</b>	311,833



**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 12 - FINANCIAL INDICATORS**

	2020	2019	2018
<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	0.56%	-0.33%	1.10%
Total Operating Income			

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

**Net Financial Liabilities Ratio**

<u>Net Financial Liabilities</u>	37%	37%	27%
Total Operating Income			

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

**Asset Renewal Funding Ratio**

<u>Net Outlays on Existing Assets</u>	87%	63%	99%
Net Asset Renewals - IAMP			

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

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 13 - UNIFORM PRESENTATION OF FINANCES**

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

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

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

	2020	2019
	\$	\$
Income	9,345,439	8,180,225
Expenses	<u>(9,292,988)</u>	<u>(8,186,752)</u>
<b>Operating Surplus / (Deficit)</b>	<b>52,451</b>	<b>(6,527)</b>
 <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	(1,173,926)	(755,181)
Add back Depreciation, Amortisation and Impairment	706,091	543,092
Proceeds from Sale of Replaced Assets	<u>108,545</u>	<u>20,000</u>
	<b>(359,290)</b>	<b>(192,089)</b>
 <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	(113,030)	(688,542)
Amounts received specifically for New and Upgraded Assets	80,000	150,000
	<u>(33,030)</u>	<u>(538,542)</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>(339,869)</u></b>	<b><u>(737,158)</u></b>

**Fleurieu Regional Waste Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 14 - RELATED PARTY DISCLOSURES**

**KEY MANAGEMENT PERSONNEL**

The Key Management Personnel of the Authority include the Independent Board Chair, External Member of the Internal Audit Committee and Executive Officer under section 112 of the Local Government Act 1999.

In all, three persons were paid the following total compensation:

	<b>2020</b>	2019
	\$	\$
Salaries, allowances & other short term benefits	109,852	169,697
Post-employment benefits	8,867	18,418
Long term benefits	48,633	4,073
Termination benefits	184,876	-
<b>TOTAL</b>	<b>352,228</b>	192,188

**FLEURIEU REGIONAL WASTE AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 15 – SUPERANNUATION**

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

**Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019-20; 9.50% in 2020-21). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Salarylink (Defined Benefit Fund) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018-19) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

**Contributions to Other Superannuation Schemes**

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

# **FLEURIEU REGIONAL WASTE AUTHORITY**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020**

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

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



# **FLEURIEU REGIONAL WASTE AUTHORITY**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020**

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

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

There are no other events subsequent to 30 June 2020 that need to be disclosed in the financial statements.

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

***Opinion***

We have audited the financial report of Fleurieu Regional Waste Authority, which comprises the Statement of Financial Position as at 30 June 2020, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of Financial Statements.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

***Basis for Opinion***

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

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

***Other Information***

The Board is responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Board's Responsibility for the Financial Report***

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

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

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


***Auditor's Responsibilities for the Audit of the Financial Report***

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

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

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

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



Nexia Edwards Marshall  
Chartered Accountants



Jamie Dreckow  
Partner

Adelaide, South Australia

24 September 2020

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

We have audited the Internal Controls of Fleurieu Regional Waste Authority (“the Authority”) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities for the year ended 30 June 2020 have been conducted properly and in accordance with law.

### **The Authority’s Responsibility for the Internal Controls**

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

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Authority’s compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the year ended 30 June 2020. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

### **Limitation of Use**

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

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

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

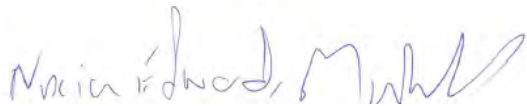
The opinion expressed in this report has been formed on the above basis.

**Independence**

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

**Opinion**

In our opinion, the Authority has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to Internal Controls established by the Authority relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with law for the year ended 30 June 2020.



Nexia Edwards Marshall  
Chartered Accountants



Jamie Dreckow  
Partner

Adelaide  
South Australia

24 September 2020



# FLEURIEU REGIONAL WASTE AUTHORITY



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2020, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Michael Kelledy

**CHAIR OF THE BOARD**  
Fleurieu Regional Waste Authority

Date: 26 August 2020

# FLEURIEU REGIONAL WASTE AUTHORITY



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2020, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Simon Grenfell  
**EXECUTIVE OFFICER**  
Fleurieu Regional Waste Authority

Date: 26 August 2020

# FLEURIEU REGIONAL WASTE AUTHORITY



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2020, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

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

Date: 25/8/2020

# FLEURIEU REGIONAL WASTE AUTHORITY

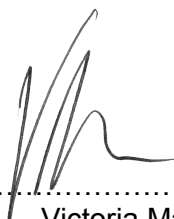


## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2020, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



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

Date: 20 Aug 2020

# FLEURIEU REGIONAL WASTE AUTHORITY

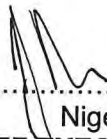


## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2020, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Nigel Morris

**CHIEF EXECUTIVE OFFICER**  
**District Council of Yankalilla**

Date: 27th August 2020



# FLEURIEU REGIONAL WASTE AUTHORITY



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2020, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



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

Date: 31 August 2020

**FLEURIEU REGIONAL WASTE AUTHORITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

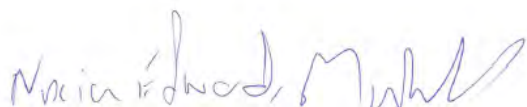
**STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board and in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



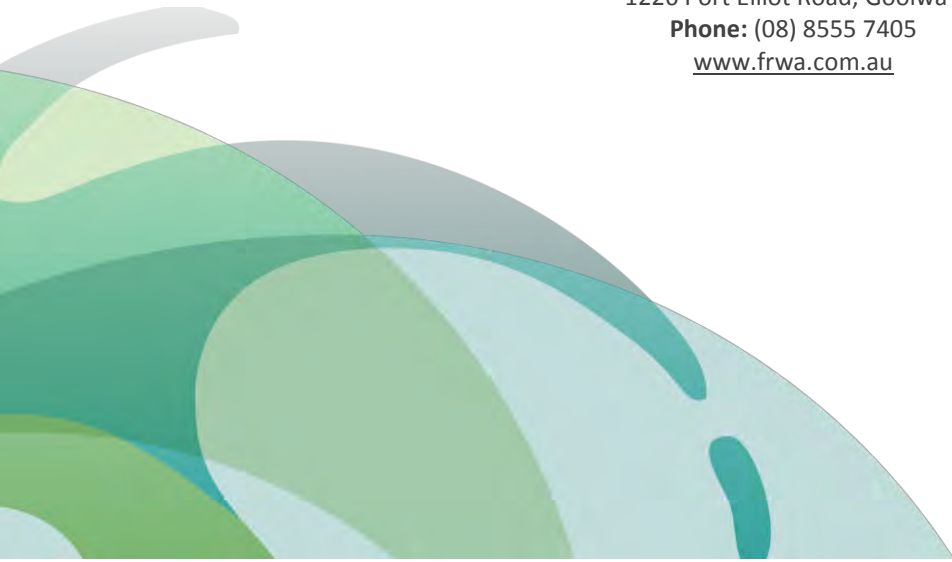
Jamie Dreckow  
Partner



Nexia Edwards Marshall  
Chartered Accountants

24 September 2020





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[www.frwa.com.au](http://www.frwa.com.au)



# ANNUAL REPORT

## 2019-2020





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Area of 8,656 Km<sup>2</sup>



Population  
127,975



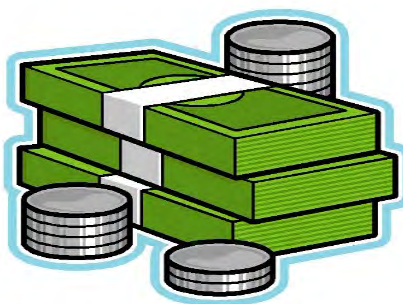
Prominent retirement  
destination



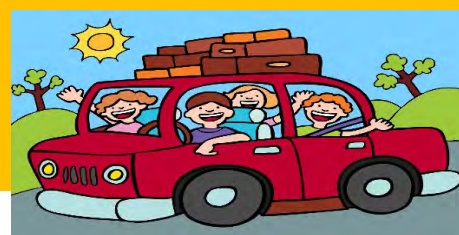
Coastline 652 Kilometres



Total Council revenue  
\$182.4 million



Adelaide Hills, Fleurieu and  
Kangaroo Island are major  
tourism destinations



5,539 kilometres of Local  
Roads



25% projected  
Population increase  
by 2026



## About the Southern & Hills Local Government Association region

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

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

Collectively these six (6) Councils have:

- ☑ More than 127,000 people as at 30<sup>th</sup> June 2018.
- ☑ 5,539 kilometres of local roads
- ☑ Area consists of 8,656 square kilometres.
- ☑ An ocean coastline of 652 Km.
- ☑ The River Murray and lakes form the southeast boundary of the region.
- ☑ The region has extreme diversity from the foothill suburbs of Adelaide to the isolation of the inaccessible west coast of Flinders Chase National Park.
- ☑ Significant areas within the region are under primary production include highly productive farm, horticulture, viticulture, forestry, fishing and intensive animal keeping enterprises and in the more undulating parts sheep farming, cereal growing and dairying.
- ☑ The region contributed nearly \$3 billion in gross value to the State economy in 2006/07 or 4.4% of gross state product.
- ☑ Much of the area has, (by South Australian standards) a high rainfall.
- ☑ A large part of the area is within the 30 Year Plan for Greater Adelaide.
- ☑ Significant growth pockets both in population and development, placing demands on infrastructure and the natural environment.
- ☑ Projected change in the population to 2026 by approximately 25%.
- ☑ Within the region, Victor Harbor and Goolwa are key retirement destinations.
- ☑ Within the region, The Adelaide Hills, The Fleurieu and Kangaroo Island are all major tourism destinations.
- ☑ Kangaroo Island is a major component of the Australian and SA tourism plan with tourist numbers targeted to double over the next decade.

## The Southern and Hills Local Government Association Board

July 2019

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

Council	Proxy Representative	Role
<b>Adelaide Hills</b>	Lachlan Miller	Executive Manager Governance
<b>Alexandrina Council</b>		
<b>Kangaroo Island Council</b>	Bob Teasdale	Deputy Mayor
<b>Mt Barker District Council</b>	Samantha Jones	Deputy Mayor
<b>City of Victor Harbor</b>		
<b>District Council of Yankalilla</b>	Simon Rothwell	Deputy Mayor

**Office Bearers 2019 – 2020**

President	Mayor Keith Parkes, Alexandrina Council
Deputy President	*Mayor Moira Jenkins, City of Victor Harbor (* from February 2020) Mayor Glen Rowlands, District Council of Yankalilla
Executive Officer	Mr Graeme Martin
Auditor	Mr Nathan Saluja, HLB Mann Judd

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

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



## **President's Report**

It has been my pleasure to once again serve as President and Chair during 2019-2020.

The second half of the year has been punctuated by extreme events. The region first endured devastating Bushfires only to be followed by the COVID19 virus pandemic. The latter's impact has been far reaching and yet to play out in full.

I wish to thank all S&HLGA member councils for their unfailing efforts to support each other and their own communities during this most disruptive time.

Core activities and focus have included the continuing work of the existing Roads Working Party and the 2020 Transport Plan review, monitoring the S&HLGA Regional Public Health plan and implementing the region's Climate Change Adaptation Plan, working very closely with the RDA to further the Regional Infrastructure Plan, developing regional CWMS strategies with our CWMS user Group, supporting the establishment of the SA Coastal Councils Alliance as well as maintaining and reviewing key strategy and performance documents such as the Annual Action Items, Annual Budget and tracking our current 2017-2021 Business Plan. These activities are all designed to drive and improve the wellbeing of our communities.

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

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

We acknowledge and continue to work with our many regional stakeholders as we continue to confront the many impacting regional issues.

Thank you to our Executive Officer, Graeme Martin for his co-ordination and management and drive in supporting the body. He has been ably supported during 2019-2020 by project officers Jen St.Jack and Penny Worland

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

## **Mayor Keith Parkes**

### **President**



## The Board

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

Date	Host
23 August 2019	Mt Barker
25 October 2019	Adelaide Hills
6 December 2019	Alexandrina
7 February 2020	Kangaroo Island
30 April 2020	Video Conference
19 June 2020	City of Victor Harbor

Key Issues acted on by the Board included:

- o Transferring, updating and maintaining of the S&HLGA Website to the new LGA Squiz platform
- o Monitoring and implementing the S&HLGA Regional Public Health Plan.
- o Monitoring and implementing the S&HLGA Regional Climate Change Adaptation Plan.
- o Supervising the DEW sponsored Resilient Regions Central Co-ordinator pilot project.
- o Continued to work closely with the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and with RDA officers to implement the 2019 Regional Public Transport study, develop the regional Infrastructure Priority Plan, and support the region in its response to the severe summer bushfires and the ongoing COVID19 impacts.
- o **The South Australian Regional Organisation of Councils (SAROC)** is a Committee of the LGA that focuses on key issues affecting country Councils. The S&HLGA continues to support the Governance process by attending the meetings, contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils.
- o Continued the updating of the Roads Database component of the regional 2020 Transport Plan, special local roads funding applications and continued the comprehensive review of the Regional Transport Plan in anticipation of the new 2030 Regional Transport Plan as well as the advocacy of the South Coast Freight Corridor and Public Transport in the region.
- o Having input into and supporting the LGA in developing and highlighting Local Government reform issues and advocacy with the State Government
- o Review and input into the SA Grants Commission Local Government Grants methodology

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

9 various speakers addressed meetings of the Board.

The Board reviewed its achievements to date via the 2019-2020 Key Action Plan, tracked the Actual performance against Budget and developed a new Budget and Action Plan for 2020-2021

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

### **S&HLGA Value proposition**

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

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

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

2020 Summary	Value per Council	Value for the S&HLGA region
General advocacy	\$20,000	\$120,000
Programs and Projects	\$374,939	\$1,900,500
Capacity building	\$6,870	\$41,221
Total	\$401,809	\$2,061,721

**Table 1**

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

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

**Table 2**

## Committees and Working/Task Groups

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

Committee	S&HLGA Executive Officer Role	Meeting Frequency	Comment
Regional Public Health	Secretarial/Administration	Every 2 months	ongoing
Resilient Hills & Coast - Climate change Adaptation	Committee member	Every 2 months	ongoing
Regional Economic Development Officers	Committee member	Every 2 months	ongoing
Regional EO Management Group	Committee member	Every 2 months	Precedes SAROC
S&HLGA Advisory Group	Secretarial/Administration	Every 2 months	Precedes S&HLGA Board
S&HLGA Roads Works Group	Secretarial/Administration	Ad hoc but at least 3 times per annum	ongoing
S&HLGA CWMS User Group	Secretarial/Administration	Every 2-3 months	ongoing
SAROC	Advisor/Observer	Every 2 months	ongoing

## S&HLGA Roads Working Party

The Roads Working Party (RWP), with membership drawn from directors /managers of technical services of Councils and regional managers and infrastructure planners of the Department of Planning, Transport and Infrastructure held the main RWP meeting in April 2020. The work of the committee included:

- Co-ordinate the annual review of HDS Australia Pty Ltd's summary assessment and update of the 2020 Transport Plan
- Co-ordinate the application process of Councils to the SLRP.
- Make recommendations for the SLRP 2020 – 2021 based on the final draft of the 2020 Transport Plan.
- Review and plan the update of the S&HLGA Roads Database that comprises the roads nominated by Councils under the policy of the 2020 Transport Plan.
- Continue the complete review and update of the 2020 Transport Plan as the seed regional Infrastructure Plan
- Review and plan the next 2030 S&HLGA Transport plan due for completion March 2021
- Further the South Coast Freight Corridor concept

- The following projects were recommended, based on the methodology of the Plan and proposed funding under the Special Local Roads Program for 2020 – 2021

Project	Council	Total Project Cost for this stage	SLRP request	Council contribution	comment
Springs Rd	Mt Barker	\$1,340,000	\$893,000	\$447,000	Stage 4 of 4
Wedgewood/Hickmans Rd	Kangaroo Island	\$1,255,004	\$816,670	\$438,334	Stage 3 of 4
Forktree Rd	District Council of Yankalilla	\$450,000	\$300,000	\$150,000	Stage 1 of 2
<b>Total</b>		<b>\$3,045,004</b>	<b>\$2,009,670</b>	<b>\$1,035,334</b>	

## CWMS Group

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

The S&HLGA CWMS Committee has been reviewing options for CWMS assets and focuses on:

- Facilitate knowledge sharing across Councils operating CWMS
- Identification of regional capacity and skills gaps
- Assist with ensuring efficient and compliant ongoing operations and maintenance
- Identify opportunities for shared resources and procurement
- Monitor new policy directions
- Assist with strategic analysis and direction options for CWMS

The CWMS User group held meetings on:

Date	Host
12 September 2019	LGA House
24 June 2020	Video Conference



## S&HLGA Regional Public Health Plan

Executive Officer Role: Secretary and Task group member - Implementation and Monitoring of a Regional Public Health Plan for S&HLGA:

- Committee meetings ( preparation Agendas & Minutes )
- Liaise with LGA Public Health Program Manager
- Liaise with SA Public Health Office
- Represent the region at Forums and workshops
- Liaise with Public Health Researchers
- Prepare funding submissions for regional Public Health projects

Of significant importance was the co-ordination and administration of the Community Wellbeing alliance Pilot study for the LGA. In addition the region successfully applied for two ILC grants for disability and inclusion programs for Communications and Destinations

The S&HLGA Regional Public Health Committee held meetings on:

Date	Host
3 July 2019	City of Victor Harbor
21 August 2019	City of Victor Harbor
16 October 2019	City of Victor Harbor
4 December 2019	Alexandrina, Strathalbyn

## S&HLGA Regional Climate Change Adaptation Committee

Executive Officer Role: Committee member (Resilient Hills and Coast) - Implementation and Monitoring of the Regional Climate Change Adaptation Plan for S&HLGA:

- Committee meetings
- S&HLGA presentations
- Liaise and co-ordinate with Project Manager
- Monitor and administer the “Where we build, What we build” project
- Represent the region at forums and workshops

Importantly S&HLGA was appointed to co-ordinate and administer the Resilient Regions Central Co-ordinator Pilot study for the Department of Water and Environment.

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

Date	Host
8 August 2019	Mt Barker
18 October 2019	Kangaroo Island
13 February 2020	City of Victor Harbor
1 April 2020	Video Conference
11 June 2020	Video Conference

### Regional Economic Development Network Committee

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

Executive Officer Role: Committee member - A Working Group has been formed with the Economic Development Officers from the S&HLGA Member Councils. - The principal activity is to share information, achieve procurement and resource sharing efficiencies and develop a regional infrastructure Plan by:

- Identify and collating infrastructure projects from Council plans
- Grade them according to Local, District or Regional category, dollar value and impact and probability
- Review the criteria to insure relevant social and environmental impacts are captured

The RDA Economic Development Network Committee held meetings on:

Date	Host
5 August 2019	Alexandrina, Strathalbyn
4 November 2019	Alexandrina, Strathalbyn
17 February 2020	Alexandrina, Strathalbyn
18 May 2020	Video Conference

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

## Regional LGA Organisations EO Management Group

Executive Officer Role: Committee member – To provide input into the sector, develop capacity, share knowledge and develop co-operation between the regions:

- Have input into SAROC Business Plan and the Agenda
- Develop a working relationship with the LGA Management team
- Have input into sector issues
- Advocate on behalf of the regions
- Share information and provide collegiate support
- Develop a priority issues and action list

The Regional LGA Organisations EO Management Group held meetings on:

Date	Host
18 September 2019	LGFA Offices
30 October 2019	Adelaide Oval
16 January 2020	LGA House
27 February 2020	Watervale
6 April 2020	Video Conference
29 April 2020	Video Conference

## SAROC

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

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

- Review of the 2019 SAROC Annual Business Plan and development of the 2020 SAROC Annual Business Plan
- Working with the State Government on the management and control of abundant pest species particularly Little Corellas
- Assist and input into the SA Productivity Commission review of Local Government costs and efficiency
- Continued working on Coastal Council Alliance project and the development of its Governance structure and strategic plan
- Taking a leadership position on Waste and recycling strategy including the ban of single use plastics
- Lobbying the State Government on support for the second tranche of Climate Change and adaptation sector partner agreements

- Liaising with the State Government and SA Grants commission to develop and identify a statewide priority Roads database and map
- Identifying and working with the State Government on the role of the LG sector in any economic recovery and stimulus programs

### **Regional Research Papers and Submissions**

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

- 2020 Value proposition
- Review of the SA Grants Commission methodology
- GM Crop legislation
- Response and input into the draft Planning and Design code

### **Workshops and seminars**

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

- LGA AGM
- Coastal Council Alliance Task Group meetings
- Phase 2 Ratings Equity Task Group meetings
- Northern Freight Bypass Committee update workshop
- Bushfire Forum KI
- Carbon neutral transport options for Council Fleets workshop
- GM crops Task Group

### **Rubble Royalties**

The S&HLGA received the final top up funds from Rubble Royalties in 2019-2020. The S&HLGA has member Council Kangaroo Island as the sole contributor to this scheme. During the year funds were allocated to:

- S&HLGA Strategic directions
- Working with the State Government and the Regional EO group to review the impact of Rubble Royalties and seek their removal.
- KI Bushfire forum

## **LGA Board**

Mayor Jan – Claire Wisdom (Adelaide Hills Council) along with Mayor Keith Parkes (Alexandrina Council) have represented the Southern and Hills Region at the Local Government Association State Board meetings.

## **Resources**

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

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

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

Jen St Jack has provided under contract, project oversight of the Resilient Hills and Coast Climate Change Adaptation committee as well as the inaugural Resilient Regions Central Co-ordinator for the DEW sponsored pilot.

Penny Worland has provided under contract, project oversight of the S&HLGA Community Wellbeing Alliance pilot program sponsored by the LGA.





## KEY CATEGORIES & THEMES

### THE 2017-2021 S&HLGA BUSINESS PLAN



#### OBJECTIVE



















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

### THE 2019-2020 S&HLGA ANNUAL KEY ACTION PLAN

Theme	Items & Actions
<b>General Administration (sound financial and compliance management)</b>	Budget, Charter Review, Board meetings, Subscriptions and Levies, Key Actions, Audit, Annual Report, Grant reporting & acquittals, Meeting Agenda format review, 3 year forward financial forecast
<b>Projects and support (sustainability and development)</b>	Regional Public Health Plan review, Community Wellbeing Pilot, Resilient Hills & Coast Climate adaptation Plan, Community Energy Scheme, Where we build, What we build, Resilient Regions Central Co-ordinator, Regional Transport Plan, Grants Commission review.
<b>Leadership, advocacy and marketing</b>	LGA Peri-Urban Governance, LG reform, Relationship building with State Government MPs, Website maintenance
<b>Opportunities (capacity and infrastructure)</b>	CWMS, Waste, Regional Infrastructure Plan, Regional Procurement, LGA R&D and External Funding, Telecommunications

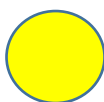


Theme	Items & Actions	Item	Status	Comment
<b>General Administration (sound financial and compliance management)</b>	Budget, Charter Review, Board meetings, Subscriptions and Levies,	Budget		2019-2020 Budget Adopted. 2020-21 Budget tabled
		Charter review		Due December 2020

<b>compliance management)</b>	Key Actions, Audit, Annual Report, Grant reporting & acquittals, 3 year S&HLGA forward forecast	Subscriptions & levies		Members invoiced July 2019
		Audit		Completed 24 August 2019
		Annual Report		Completed and distributed 30 September 2019
		LGA Grants		Annual LGA Regional Capacity application submitted and received 30 Sept 2019
		3 Year forward forecast		Draft presented October 2019
<b>Projects and support (sustainability and development)</b>	Regional Public Health Plan, Resilient Hills & Coast Climate adaptation Plan, Regional Transport Plan	Regional Public Health Plan		Commenced LGA Community Wellbeing pilot / /Committee regularly meeting. Seeking to defer review.
		Resilient Hills & Coast Climate adaptation Plan		Committee meeting regularly. CEP project completed, What we build where we build project near completion, Successful Resilient Regions Co-ordinator role application and funding. AMLR funding application submitted and successful 26 Sept.
		Grants Commission Review Project		Meeting with Grants Commission completed Sept 2019. Ongoing dialogue
		Regional Transport Plan		SLRP applications submitted and successful. South Coast Freight corridor concept review
<b>Leadership, advocacy and marketing</b>	LGA Peri-Urban Governance review, New Government Policies and LG Reform, Relationship building with State Government MPs, Website maintenance	LGA peri Urban Governance review		Peri-urban regional organisation to be investigated
		LG reform		LG reform on hold due to COVID19
		Relationship with MPs		Regularly meeting
		Website		Updated now migrated to LGA squiz platform. Addition of committee agenda and minutes to be completed
<b>Opportunities (capacity and infrastructure)</b>	CWMS, Waste, Regional Infrastructure Plan, Regional Procurement, External Funding,	CWMS		Committee meeting regularly
		Waste		Meeting with Fleurieu waste CEO. Regional waste strategy commenced with Regional LGAs
		Infrastructure Plan		RDA priority project forum/ Committee meeting regularly. Infrastructure SA state strategy released May 2020
		External funding		Project based and WIP. Overabundant species research required via SAROC
		Telecommunications		



= Not on track / yet to commence



= on track



= completed / no further action

Category	S&HLGA Role	Item	Comment/Description
<b>Administration</b>	Active/Lead	Charter Review	Draft issued Dec 2019. Project to be completed by Dec 2020
	Active/Lead	Budget 2019-2020	Endorsed by Board 26/04/2019. New 2020-21 Budget tabled April 2020
	Active/Lead	Draft Key Action 2019-2020	Endorsed August 2019
	Active/Lead	Regional Capacity grant acquittal 2018-2019	submitted July 2019, received Sept 2019
	Active/Lead	Audit 2018-2019	Completed Aug 2019
	Active/Lead	Annual Report 2018-2019	Completed Aug 2019
	Active/Lead	3 year forward financial forecast	First draft issued Oct 2019 for discussion. COVID 19 impact has necessitated this project be postponed.
<b>Projects – Lead/S&amp;HLGA Committee</b>	Active/Lead	Regional Public Health Plan	<u>Community Wellbeing Alliance Pilot</u> funding of \$75,000 received. 12 month delivery timeframe from July 1 2019. Consultant contractor appointed and work plan developed. LGA R&D application for LG <u>Community Wellbeing indicator project</u> successful Sept 2019. RFQ for indicator project issued 6 Nov 2019. Consultant appointed Jan 2020. Commencement late Jan 2020 but now pushed back till March 2021. <u>ILC grants</u> successful.
	Active/Lead	Resilient Hills & Coast	<u>Community Energy Scheme</u> to stop at current position and be wound up with the resources developed under the project to be published for use by the community, industry and local government.
	Active/Lead		<u>Where we build, what we build project</u> has received \$95,000 Natural disaster Program grant and \$40,000 Insurance Council of Australia grant commitment. Milestones 1,2, 3,4 & 5 completed. Final milestone due June 2020
			Resilient Regions Central Co-ordinator 12 month trial funding of \$80,000 received from DEW. S&HLGA to manage this trial. Completion June 2020
			Extension of Resilient Hills & Coast project officer until June 30 2020 via AMLR Water Sustainability grant funding.

Category	S&HLGA Role	Item	Comment/Description
	Active/Lead	Road Works Party	Completed HV assessment of South Coast Freight Corridor. Issues with Middleton main street traffic to be resolved. Further work and advocacy suspended until the demand profile completed in 2020-21. Developing a new Roads database and new 2030 Transport Plan for 2020-2021
	Active/Lead	CWMS	Committee now active with regular meetings scheduled. Key focus is on audit/description of each Council scheme and then seek common ground for efficiencies around operations and procurement. Last meeting completed after 12 Sept 2019. Legatus Group now leading sector review
<b>Projects – Lead</b>	Active/Lead	Grants Commission methodology review	March 2019 - Completed submission to SA Grants Commission. Review meeting with the Commission completed Sept 2019. Commission response received March 2020. S&HLGA Committee via AHC seeking further response and dialogue
	Active/Lead	Regional Native Vegetation Plan	Reviewing cost and opportunity for some external contributory funding although revised Guidelines may prove to be sufficient for S&HLGA member Councils
	Lead/Partner/Influence	Regional LGA Management Group	Regular meeting of the LGA EOs and development of priority projects in conjunction with SAROC. S&HLGA to take the lead on Overabundant Species management. Regular Meetings with SAROC
<b>Projects - Partner</b>	Partner/Influence	Coastal Alliance project	We have a significant interest in this but S&HLGA role is largely information provision via steering committee and input into the report. Adam Gray appointed as project consultant Jan 2020
	Partner/Advocate	Telecommunications	Advocating for regional black spot funding and ready for 5G
	Partner/Influence	Economic Development Officers Forum	RDA lead but focus on Regional Infrastructure plan and Public

Category	S&HLGA Role	Item	Comment/Description
			Transport. Note Infrastructure SA strategy release May 2020
	Partner/Influence	Ratings Equity Impact study (phase 2)	EO on the Steering Committee. Project completed and with State Govt for action
<b>Relationships</b>	Active/Lead/Influence	State MPs/Federal MP	Continue regular catch ups during 2019-2020
	Active/Lead/Influence	Peri –Urban Group	Advocate and seek input from potential expanded Council members into a larger peri – urban Regional Organisation. Meeting convened by Gawler Council August 2019. Information conveyed to Adelaide Plains Mayor Nov 2019. Planned meeting with Barossa in Jan 2020. On hold due to COVID19 impact.



## Acronyms

AICD.....	Australian Institute of Company Directors
AMLNRNM.....	Adelaide and Mt Lofty Ranges Natural Resources Management Board
CEO.....	Chief Executive Officer
CWMS.....	Community Wastewater Management Systems
DEW.....	Department of Environment and Water
EO.....	Executive Officer
ESCOSA.....	Essential Services Commission of South Australia
GAROC.....	Greater Adelaide Region of Councils
GM.....	Genetically Modified
LGA.....	Local Government Association
MDBA.....	Murray Darling Basin Authority
MOU.....	Memorandum of Understanding
NBN.....	National Broadband Network
NRM.....	Natural Resources Management
OLG.....	Office of Local Government
PIRSA.....	Primary Industries & Regions SA
RDA.....	Regional Development Australia
SA.....	South Australia
SAROC.....	South Australian Regional Organisation of Councils
SEB.....	Significant Environmental Benefits
S&HLGA.....	Southern and Hills Local Government Association
SLRP.....	Special Local Roads Program

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

<b>Years</b>	<b>President</b>	<b>Council</b>	<b>Secretary / EO</b>
2019 – 2020	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2018 - 2019	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2017 – 2018	Mayor Keith Parkes <sup>g</sup>	Alexandrina Council	Graeme Martin
2016 - 2017	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2015 - 2016	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2014 - 2015	Mayor Bill Spragg <sup>f</sup> Mayor Ann Ferguson	Adelaide Hills Council DC Mount Barker	Graeme Martin
2013 - 2014	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2012 - 2013	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2011 - 2012	Mayor Ann Ferguson	DC Mount Barker	Fred Pedler <sup>d</sup> Graeme Martin <sup>e</sup>
2010 - 2011	Mayor Ann Ferguson <sup>c</sup> Mayor Brian Hurn OAM	DC Mount Barker The Barossa Council	Fred Pedler <sup>b</sup>
2009 - 2010	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2008 - 2009	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2007 - 2008	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2006 - 2007	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2005 - 2006	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2004 - 2005	Mayor Kym McHugh	Alexandrina Council	Fred Pedler <sup>b</sup>
2003 - 2004	Mayor Kym McHugh	Alexandrina Council	Fred Pedler <sup>b</sup>
2002 - 2003	Mayor John Crompton <sup>a</sup>	City of Victor Harbor	Fred Pedler <sup>b</sup>
2001 - 2002	Mayor John Crompton	City of Victor Harbor	Fred Pedler <sup>b</sup>
1999 - 2000	Mayor Bernie Eglinton APM	DC Mt Barker	Fred Pedler <sup>b</sup>
1998 - 1999	Mayor Bernie Eglinton APM	DC Mt Barker	Dean Gollan
1997 - 1998	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1996 - 1997	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1995 - 1996	Mayor Anita Aspinall	DC Stirling	Peter Vlatko
1993 - 1994	Cr GR Mayfield	DC Yankalilla	Malcolm Davis
1991 - 1992	Mayor Val Ball	DC Strathalbyn	John Coombe
1989 - 1990	Cr Val Bonython	DC East Torrens	Eric March
1987 - 1988	Cr PD Secker	DC Mt Barker	Dean Gollan
1985 - 1986	Mayor Leon O'Driscoll	DC Strathalbyn	Vernon Cotton
1984 - 1985	Cr CA Phieffer	DC Onkaparinga	David Seaman
1982 - 1983	Cr Brian Pym	DC Mt Pleasant	Adrian Hamiester
1980 - 1981	Cr Roy Galpin	DC Port Elliot and Goolwa	Ron Wellington
1979	Mayor M Checker	DC Gumeracha	Malcolm Anderson
1978	Mayor M Checker	DC Gumeracha	John Grosvenor
1976 - 1977	Mayor A Davidson	DC Strathalbyn	Vernon Cotton
1975	Cr Ray Orr	DC Mt Barker	Reginald Walters
1974	Cr L Hughes	DC Meadows	Wally Richards
1969-1973	No minutes available		
30 <sup>th</sup> July 1969	First Constitution for S&HLGA Adopted		

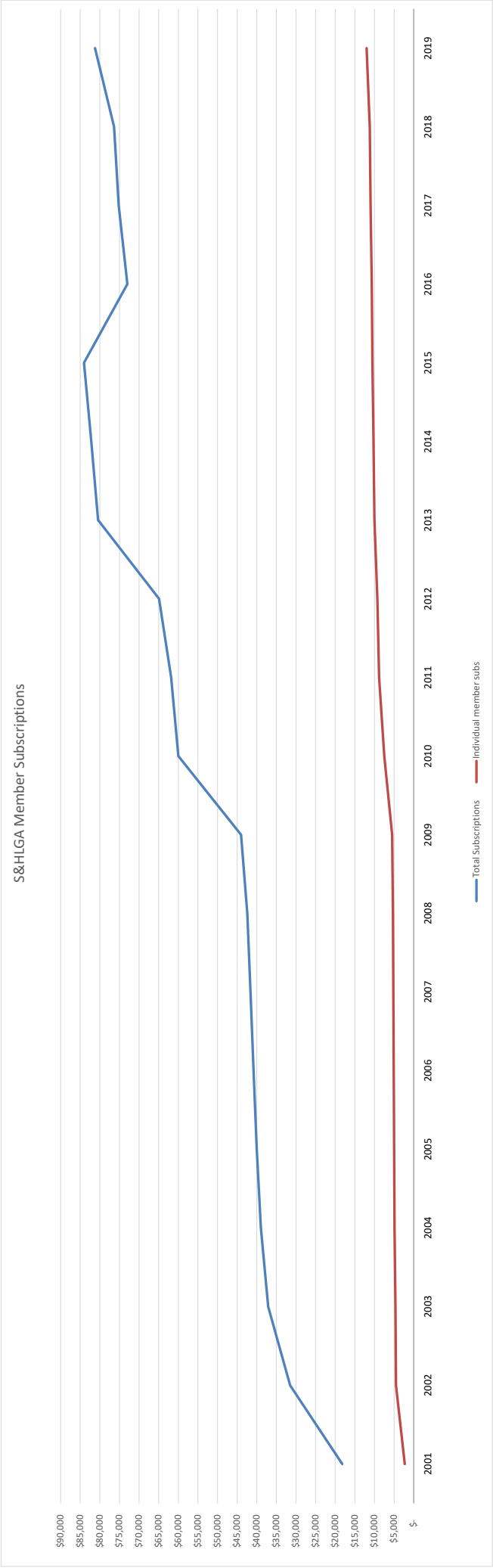
Attendance register maintained for annual and half yearly conferences from 1968 to 1990

<sup>a</sup> Until 12<sup>th</sup> May 2003 <sup>b</sup> Executive Officer <sup>c</sup> From February 2011 <sup>d</sup> To December 2011 <sup>e</sup> From January 2012

<sup>f</sup> From February 2015 <sup>g</sup> From December 2017

Financial Year ended	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Individual member subs	\$ 2,275	\$ 4,500	\$ 4,635	\$ 4,867	\$ 5,000	\$ 5,100	\$ 5,200	\$ 5,300	\$ 5,500	\$ 7,500	\$ 8,829	\$ 9,270	\$ 10,000	\$ 10,250	\$ 10,500	\$ 10,685	\$ 11,000	\$ 11,200	\$ 12,000	\$ 13,667
Total Subscriptions	\$ 18,200	\$ 31,500	\$ 37,080	\$ 38,936	\$ 40,000	\$ 40,800	\$ 41,600	\$ 42,400	\$ 44,000	\$ 60,000	\$ 61,803	\$ 64,890	\$ 80,443	\$ 82,172	\$ 84,037	\$ 72,995	\$ 75,173	\$ 76,373	\$ 81,214	\$ 91,214
\$ Change from previous year		\$13,300	\$5,580	\$1,856	\$1,064	\$800	\$800	\$800	\$1,600	\$16,000	\$1,803	\$3,087	\$15,553	\$1,729	\$1,865	-\$11,042	\$2,178	\$1,200	\$4,841	\$10,000
% Change from previous year		73.1%	17.7%	5.0%	2.7%	2.0%	2.0%	1.9%	3.8%	36.4%	3.0%	5.0%	24.0%	2.1%	2.3%	-13.1%	3.0%	1.6%	6.3%	12.3%

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



# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## FINANCIAL STATEMENTS

### Statement of Comprehensive Income for the Year Ended 30<sup>th</sup> June 2020

		2020	2019
	Notes	\$	\$
<b>Income</b>			
Subscriptions	1.8	81,214	76,373
Operating Grants	2.2	423,581	261,239
Investment Income	1.7	2,282	4,456
Other		54,478	28,655
Total Income	1.4	561,555	370,723
<b>Expenditure</b>			
Contractual Services	3	243,951	167,523
Finance Charges		3,958	3,763
Other		173,850	104,707
Total Expenditure		421,759	275,993
<b>Surplus (Deficit) from Operations</b>		<b>139,796</b>	<b>94,731</b>

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

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## Balance Sheet as at 30<sup>th</sup> June 2020

	2020	2019
Notes	\$	\$
<b>Current Assets</b>		
Investments	376,271	181,281
Debtors	10,450	147,675
	<hr/>	<hr/>
Total Current Assets	386,721	328,956
	<hr/>	<hr/>
<b>Current Liabilities</b>		
Accounts Payable	14,300	21,326
Grants in Advance	0	80,000
Employee provisions	8,429	0
GST/PAYG	(3,419)	0
Rounding	(15)	0
	<hr/>	<hr/>
Total Current Liabilities	19,295	101,326
	<hr/>	<hr/>
<b>Net Current Assets</b>	367,426	227,630
	<hr/>	<hr/>
	<hr/>	<hr/>
<b>Net Assets</b>	367,426	227,630
	<hr/>	<hr/>
<b>Equity</b>		
Accumulated Surplus	367,426	227,630
	<hr/>	<hr/>
<b>Total Equity</b>	367,426	227,630
	<hr/>	<hr/>

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



# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## Statement of Changes in Equity for the Year Ended 30<sup>th</sup> June 2020

	2020	2019
Notes	\$	\$
<b>Accumulated Surplus</b>		
Balance at beginning of period	227,630	132,899
Net Surplus / (Deficit)	139,796	94,731
Balance at end of period	367,426	227,630
<b>Total Equity</b>	<b>367,426</b>	<b>227,630</b>

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

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2020

	2020	2019
Notes	\$	\$
<b>Cash Flows from Operating Activities</b>		
Receipts	678,147	328,452
Payments	(448,083)	(269,962)
GST Paid (received)	(33,398)	(4,987)
Finance Costs	(3,958)	(3,637)
Interest Receipts	2,282	4,456
	<hr/>	<hr/>
Net Cash Provided by (Used in) Operating Activities	194,990	54,322
<b>Net increase/(decrease) in Cash Held</b>	<b>194,990</b>	<b>54,322</b>
	<hr/>	<hr/>
<b>Cash at the beginning of the reporting period</b>	<b>181,281</b>	<b>126,959</b>
	<hr/>	<hr/>
<b>Cash at the end of the reporting period</b>	<b>376,271</b>	<b>181,281</b>
	<hr/>	<hr/>

### Reconciliation of Change in Net Assets to Cash from operating activities

	2020	2019
		\$
Net Surplus	139,796	94,731
Decrease / (Increase) in Debtors	137,225	(147,675)
(Decrease) / Increase in Accounts Payable	(2,031)	27,266
(Decrease) / Increase in Grants in Advance	(80,000)	80,000
	<hr/>	<hr/>
<b>Net Cash provided by Operating Activities</b>	<b>194,990</b>	<b>54,322</b>
	<hr/>	<hr/>

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

## **SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2020**

#### **Note 1 - Significant Accounting Policies**

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

#### **1 Basis of Preparation**

##### **1.1 Compliance with Australian Accounting Standards**

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

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

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

##### **1.2 Historical Cost Convention**

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

##### **1.3 Critical Accounting Estimates**

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

##### **1.4 Rounding**

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

##### **1.5 Non Current Assets and Non Current Liabilities**

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

##### **1.6 Employees**

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

##### **1.7 Investments**

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

##### **1.8 Subscriptions**

Clause 6 of the Charter of the Association prescribes that subscriptions (not levies) by Constituent Councils are equal.

Constituent Council Subscription 2020	\$12,000
Constituent Council Subscription 2019	\$11,200

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.9 Income recognition

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

### 1.10 Cash

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

### 1.11 New accounting standards for application in future periods

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

## 2 Functions / Activities of the Association

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

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

<b>Administration:</b>	The operation of the Office of the Association and its decision making forums.
<b>Special projects:</b>	The research into and implementation of projects prescribed by Acts or regulations or approved by Board decision.

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

#### Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2020	104,959	120,640	225,599	40.2%	176,808	41.9%	48,791
2019	106,989	80,829	187,818	50.7%	184,528	66.9%	3,290
<b>Projects</b>							
2020	318,622	17,334	335,956	59.8%	244,951	58.1%	91,005
2019	154,250	12,255	166,505	44.9%	68,020	24.7%	98,485
<b>Total</b>							
2020	423,581	137,974	561,555	100%	421,759	100%	139,796
2019	261,239	109,484	370,723	100%	275,993	100%	94,731

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 3. Contractual Services

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

		2020	2019
Consultants:	Jeanette Pope	\$0	\$0
	Grange Advisors Pty Ltd	\$0	\$85,239
	HDS Australia Pty Ltd	\$5,653	\$23,444
	RH&C (CVH)	\$0	\$45,000
	Seed Consulting	\$117,182	\$0
	Jack Jensen	\$60,222	\$0
	Penny Worland Consulting	\$60,894	\$13,840
	<b>Totals</b>	<b>\$243,951</b>	<b>\$167,523</b>

### 4. Comparison of Budget and Actual Results

	2020		2019	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	152,914	225,599	174,273	187,818
Projects	20,033	335,956	20,050	182,905
<b>Total Revenue</b>	<b>172,947</b>	<b>561,555</b>	<b>194,323</b>	<b>370,723</b>
Expenditure				
Administration	175,750	176,808	170,000	184,529
Projects	77,400	244,951	68,050	91,464
<b>Total Expenditure</b>	<b>253,150</b>	<b>421,759</b>	<b>238,050</b>	<b>275,993</b>
<b>Surplus (Deficit)</b>	<b>(80,203)</b>	<b>139,796</b>	<b>(43,727)</b>	<b>94,731</b>

## CERTIFICATION OF FINANCIAL STATEMENTS

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

- o the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Association's financial position at 30 June 2020 and the results of its operations and cash flows for the financial year.
- o internal controls implemented by the Authority provide a reasonable assurance that the Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- o the financial statements accurately reflect the Association's accounting and other records.

Dated 31<sup>st</sup> August 2020



**Graeme Martin**  
**EXECUTIVE OFFICER**



**Mayor Keith Parkes**  
**PRESIDENT**

## CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2020, the Association's Auditor, HLB Mann Judd, 169 Fullarton Rd, Adelaide, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Dated 31<sup>st</sup> August 2020



**Graeme Martin**  
**EXECUTIVE OFFICER**



**Mayor Keith Parkes**  
**PRESIDENT**



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

**TO THE BOARD MEMBERS OF SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**

**STATEMENT OF AUDITORS INDEPENDENCE  
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

I confirm that, for the audit of the financial statements of Southern & Hills Local Government Association for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

*HLB Mann Judd*

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



**Jon Colquhoun  
Director**

**Adelaide, South Australia  
31 August 2020**

**[hlb.com.au](http://hlb.com.au)**

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

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

### **Opinion**

We have audited the financial report of Southern & Hills Local Government Association ("the Entity") which comprises the Balance Sheet as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 30 June 2020, and its financial performance and its cash flow for the year then ended in accordance with Australian Accounting Standards.

### **Basis for Opinion**

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

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

### **Responsibilities of Management and Board Members for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Board Members are responsible for overseeing the Entity's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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



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

Adelaide, South Australia  
31 August 2020



**Jon Colquhoun**  
**Director**

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ISLAND  
COUNCIL