

2007 - 2008 Annual Report



Kangaroo Island Council

1 July 2007 - 30 June 2008

Welcome

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

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

Who is the annual report for?

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

What does our Annual Report tell you?

We have produced this Annual Report in accordance with the Local Government Act 1999 to provide you with a summary of our performance against our Strategic Plan 2007 – 2010. It will provide an insight into our operations and our financial performance, together with an understanding of the many challenges faced and successes achieved by our Island Community.

Kangaroo Island Council

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

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Whole of Island Vision Statement

As agreed by Kangaroo Island Agencies

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

Council's Mission

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

Council's Vision Statement

A confident, growing and cohesive community:

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

Preserving our unique heritage

Sustainedly managing our natural environment

The core values that underpin this vision are:

Creativity and Innovation

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

Equality

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

Accountability and Transparency

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

Sustainability

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

Service Orientated

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

Participatory

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

Following a comprehensive review including extensive public consultation we have updated our 2007-2010 Strategic Plan. The document identifies the goals, objectives and strategies for action which guide and inform all Council's corporate decision making.

Kangaroo Island

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

Overview: History - Demographics - Geography - Culture

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

Location

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

Geography and Environment

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

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

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

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Beginnings

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

The early explorers found no evidence of Aboriginal habitation. However, subsequent discovery of artefacts and campsites dating back more than 10,000 years confirm Aboriginal occupation. It remains a mystery as to why these first inhabitants left the island, however it is clear from the rich oral history from Aboriginal communities on the adjacent mainland that Kangaroo Island retains an important position in contemporary Aboriginal culture.

Settlement

The earliest European settlers were deserters from whaling ships, ex-convicts and sealers. The first official settlers arrived on 27 July 1836 disembarking from the Duke of York at Reeves Point near Kingscote. This became the first free settlement in Australia, but due to lack of water and suitable building timber it was largely abandoned after four years in favour of Adelaide with only the hardiest remaining.

Industry Development

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

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

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Economic Prosperity

Today Kangaroo Island has a diversity of commercial and industrial enterprises that contribute to investment in infrastructure and employment.

The Island's soil types and temperate climate support agricultural production. Primary industries consisting mostly of sheep, wool, grains, fishing, aquaculture and forestry continue to be a significant contributor to the Island's economy valued at more than \$100 million.

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

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

Natural Environment

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

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

Kangaroo Island

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

Recreation, Culture and Community

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

Services and Community Activities

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

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

The Kangaroo Island Council's Library is very well resourced providing access to a large collection of books, DVDs and videos, magazines, CDs, internet/email, photocopy, fax facilities, membership to a book club and Friends of the Library.

The Kangaroo Island Health Service, a privately operated Medical Clinic and visiting practitioners provide primary and preventative health care services. There is an emergency service, a thirty-bed hospital and aged care facility, and allied health and social support services.

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

From the Mayor
Overview
Year in Review



Mayor Jayne's Overview

I am very pleased to present this annual report on behalf of the Elected Members and Staff of the KI Council. It has been both a challenging and productive year for the Council as we have continued to focus on creating a long term sustainable future for this community, while supporting a very full annual program and the day to day business of the organisation.

The KI Study

The inadequacy of Council's resources to manage this Island appropriately continues to be our priority, and the KI Study, commissioned in partnership with the State Government to investigate the Island's long term sustainability has been completed. We believe the recommendations within this report offer Council a clear direction for the future management of Kangaroo Island, and as such, we have consulted extensively with the community, businesses, and local and State agencies. The strength of the report and the broad support it has received will assist Council in achieving a balanced sustainable future, with well maintained infrastructure and a supported and growing community and economy.

Long Term Sustainability

Although progress has been made on every recommendation within the KI Study, and has included a full review of Council's Strategic Plan, the focus to date has been to ensure our own processes and systems commit to sound financial management. Work is well under way in developing an Asset Management Plan (AMP), a Long Term Financial Plan (LTFP), and a strategic Treasury Policy. This work, completed by November 2008 will allow Council for the first time to accurately determine the shortfall in resources. This information is vital if Council is to achieve a positive long term solution to the resourcing issues this Island has suffered for many years. The organisation is well aware of the difficulty of the task ahead, and the final success will depend on the support and partnerships we build, as it will require the combined efforts and advocacy of all.

From the Mayor
Overview
Year in Review

Annual Works

In the following pages the annual works programs of all departments within Council are detailed. In many instances the success of these projects are dependant on our partnerships with the community, local agencies and with State Government. I would like to thank everyone who has supported Council in achieving these outcomes during the year, and we hope to continue to build on these partnerships and opportunities in the future. In November 2007, we welcomed Ms Carmel Noon to Kangaroo Island as Council's new CEO. Carmel has completed a very busy and productive year, consolidating and strengthening Council's position, and I commend Carmel, Council's Senior Managers and our staff on delivering a very demanding and full program.

December 2007 Bushfires

No greater challenge presented itself this year than the fires that burnt for 10 days in December. While the destruction and loss was extensive, the level of support and assistance offered to us as a community was overwhelming, and ongoing. The impact from the fires on this community was immense, but the potential for greater devastation was averted due to the skill, commitment and dedication of our local and mainland emergency services, who so willingly came to our aid.

Finally, I wish to acknowledge the commitment of the Elected Members, who have continued to work effectively and professionally throughout the year on a broad range of challenges and opportunities.



Mayor Jayne and Town Centre
Co-ordinators
meet at American River

Jayne Bates
Mayor

Introducing your Council

Democratically elected by the community for the community
Role model sound democratic governance

Kangaroo Island Council 1 July 2007 - 30 June 2008

 <p>Bates, Jayne Mayor</p>		
 <p>Boxall, Malcolm</p>	 <p>Connell, Graeme</p>	
 <p>Davis, Rebecca (Bec)</p>	 <p>Draysey, Trevor</p>	
 <p>Morris, Mark</p>	 <p>Turner, Milton</p>	
 <p>Wickham, Craig Deputy Mayor</p>	 <p>Willson, Joyleen</p>	

Councillor Susan deRohan not pictured

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Roles of the Elected Members

The Local Government Act 1993 prescribes the legal framework which gives councils the power to make local laws and also determines the roles and responsibilities of the elected representatives. The Mayor and nine Councillors serve four year terms. They make the strategic decisions in all the areas of Council's core business including developing Council's policies, operational plans, goals and overseeing its' performance. The Elected Members also serve a role in representing the overall public interest of all the stakeholders in the Council area.

Councils' employees provide advice to the elected members to guide this process. The Chief Executive Officer, Management and Staff deliver, monitor and implement the day to day services to facilitate the implementation of Council's decision making and strategic plan. The Mayor is the chair of Council meetings, ensuring council decisions are implemented, and also represents Kangaroo Island at government, civic and ceremonial functions.

Representation Quota

In February 2008 the Local Government Association confirmed the representation quota for Kangaroo Island to be 503. This is determined by dividing the total number of electors 5,035 by the number of elected representatives (10). This compares with an average quota of 3,340 in metropolitan Adelaide and an average of 384 across ten other comparable rural, regional councils of South Australia.

It is anticipated that the next review of representation will be concluded by 30 June 2009.

Involving our Community

Council meetings are held in Chambers in the Kingscote offices on the second Friday of every month – unless otherwise advertised in *Council Matters* in 'The Islander'. The public are encouraged to attend these meetings and any held during the year in other key townships. Each month our agenda and Council minutes are posted on the Council website or available to read at the main Council office.

At ordinary meetings of Council, Council's Committees and the Development Assessment Panel (DAP), formal provision is made for "questions from the gallery". Members of the public may also seek a deputation to a Council meeting by making an application in writing to the Chief Executive Officer. Approval for such deputations rests with the Mayor.

Introducing Your Council

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Role model sound democratic governance

Public Consultation

The Council is committed to transparent, accountable and responsive decision making. In April 2007 Council adopted a revised Public Consultation Policy. This document sets a framework to encourage community involvement in planning and decision making about the services Council provides and the community resources we manage.

Through the Community Development Officer and Senior Managers, Community stakeholders are encouraged to be involved in the strategic planning processes of Council. Public consultation on key issues i.e. annual Business Plan and Budget, Rates Policy etc is advertised in 'The Islander', on our website, in *KI Matters* our twice yearly newsletter, and through direct mail-out. Staff have implemented processes to regularly meet with Progress Associations and other key Island stakeholders. The outcomes of strategic issues discussed are provided to Council for input into the strategic planning process.

Councillor Allowances

The Mayoral Allowance for the reporting period was \$18,000 per annum, paid monthly; the Deputy Mayoral Allowance for the period was \$8,500 per annum, paid monthly and the Councillors Allowances was \$7,000 per annum paid quarterly.

Internal Review of Decisions

There were no formal requests during the year for a review of a Council decision.

Report on the Use of Confidentiality provisions

Refer to Statutory Legislative Section on pages 45 - 50 of this report.

Training and Development Activities of Elected Members

During the reporting period Councillors and the Mayor attended training on Asset Management Processes. The DAP members attended a governance session and other training/development sessions included: John Comrie - Audit, Hassells - DPA's, and professional development through participation in Planning SA Structure Planning session.

Committee Membership

COMMITTEE	MEMBERSHIP
Airport Security	CEO, Airport Mgr, Assistant Airport Mgr, Reps of Regional Express, DoTaRS, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, Air South
Airport Strategic	Mayor, Crs deRohan, Boxall & Turner, Wickham, Airport Mgr & FCS Mgr
American River Hall	Mayor, Crs Willson & Connell, CFM, TSM, CCSM & Reps of ARPA & AR Community
ASU Workplace Consultative Committee (Administrative)	CEO & CCSM (TSM proxy)
Audit	Mayor, Cr Wickham, & independent member John Comrie
AWU Workplace Consultative Committee (Works)	CEO, CCSM, TSM
Boating Facilities	Mayor, Crs Connell & Turner, Reps from American River, Emu Bay, Shoal Bay, & Penneshaw, CISM, TSM
Building Fire Safety	Building Officer, Senior Planner, Rep from SA CFS & P Harmer Building Surveyor
Camping & Day Visitor Strategy	Mayor, Crs Davis, Wickham, Willson & Connell, CEO, CISM, TOMM PO, Reps from DEH, TKI
Community Partnership Grants Program Advisory Committee	Mayor, Cr Davis with advice from CEO & CDO
Community Passenger Network	Cr Davis, CPN Officer, CDO, Reps of Transport Industry, Education sector & 2 Reps of Employment sector
Community Wastewater Management	Mayor, Crs Turner, Davis, Boxall, Morris & deRohan, CEO, TSM, CISM & EHO
Corella	Cr Boxall
Development Assessment Panel	Mayor, Crs Boxall & Wickham, Independent Chair & 3 independent Reps
Finance	Mayor, Crs Wickham, Willson, Morris & Boxall, CEO, CISM, TSM & FO
KI Community Housing	Cr Davis
KI Development Board	Cr Morris
KI District Bushfire Prevention	Mayor, (Cr Boxall proxy, FPO & General Inspector, Peter Davis
KI Network	CISM
LGA of SA	Mayor [Proxy Deputy Mayor]
Penneshaw Community Business Centre	Mayor
Roadside Vegetation Management Consultative Committee	Mayor, Crs Wickham, Boxall & Willson, TSM, Reps of NRMB, TKI, Botanist, Eco Action, AGKI, Forestry KI, KI Transport Operators, DEH & Transport Committee
Southern & Hills LGA [Executive & General meetings]	Mayor & CEO [Proxy first Deputy Mayor & second CISM]
TOMM	Mayor, CEO, TOMM Officer, Reps from Industry (1), KIDB (1), Tourism KI (2), NRMB (1), SATC(1), DEH (1), & Community (2)
Tourism KI	Mayor (Proxy Cr Turner)
Town Centres	Mayor, Crs Davis, deRohan & Connell, Reps from Progress Associations - Penneshaw, Advance Kingscote, Parndana, American River, and advice from Planning Officer & CDO

Committee Allowances

Members of the Development Assessment Panel (DAP) receive \$300 per meeting they attend and reimbursement of travel to/from the Island for those who live on the mainland. Elected members who sit on a committee do not receive a benefit in addition to their annual allowance. No other allowances are paid to any other committee members.

Committees of Council

Committees of Council are referred to as Section 41 Committees (Local Government Act 1999). The minutes from these committees are tabled at the following Council meeting for ratification.

Your Organisation

Our people, organisation structure, leadership team
Managing with propriety and probity

During the reporting period Council has undertaken regular evaluations, reviews and audits to ensure that its human resources, systems and processes are working as efficiently and effectively as possible.

During the year when existing positions within the organisation have become vacant, each has been reviewed before replacement. Consequently change has occurred within the organisation to ensure that the structure of Council best meets the needs of the community.

Best practice communication processes have also been implemented to ensure that staff and applicable stakeholders are aware of the decisions that are made by Council, and the directions/actions from Management that require execution.

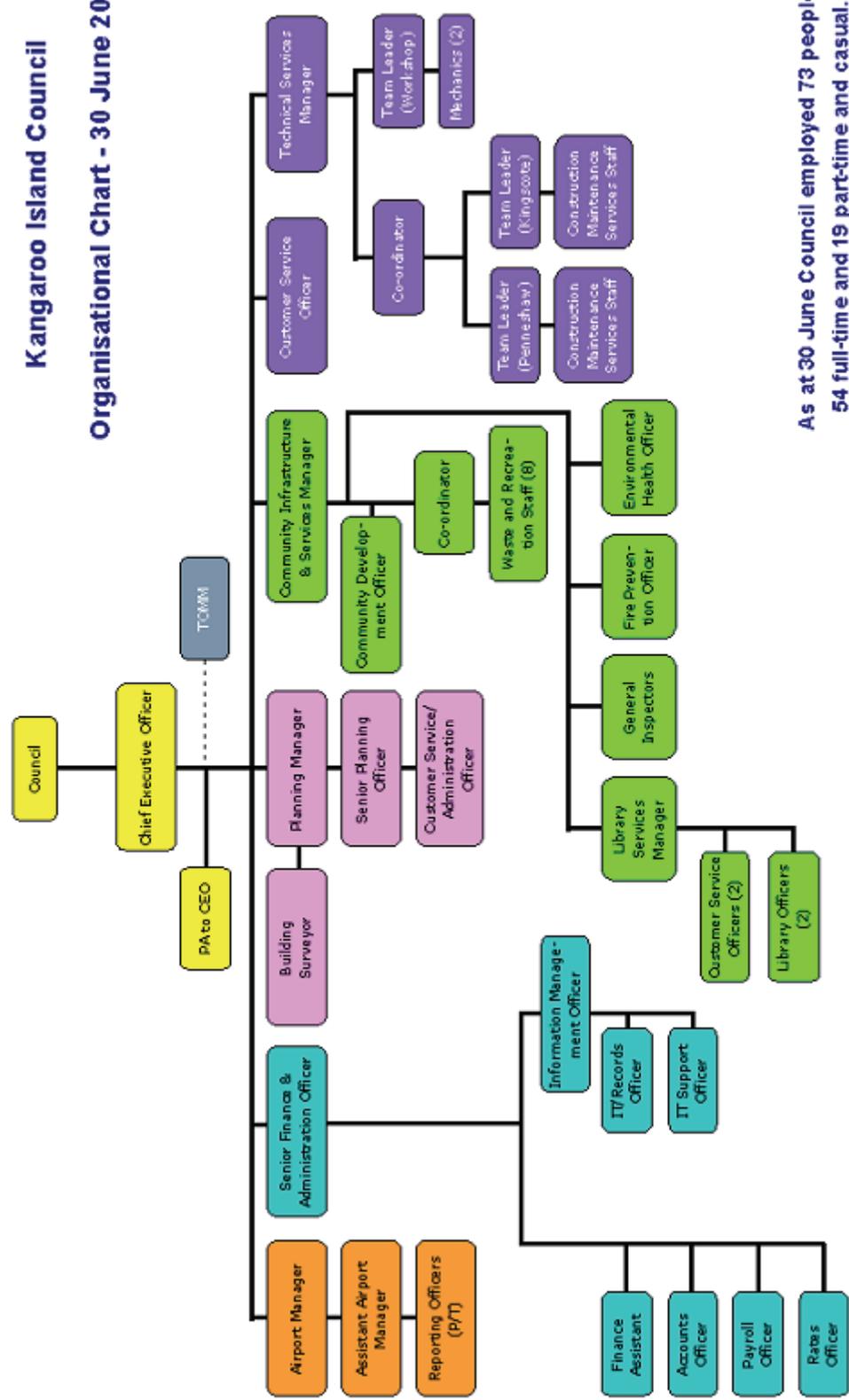
Council continues to strive for excellence, high performance and innovation. Kangaroo Island Council will continue to evolve as necessary to ensure maximum service delivery and performance to the Community.



Council's staff are pictured in a variety of roles and settings, from left to right: David Johnston of Technical Services Team has worked with Council for 30 years; Melissa Hay working in Customer Service; Aaron Wilksch from Developmental Services and Elena Walton in the Library.

Kangaroo Island Council

Organisational Chart - 30 June 2008



**As at 30 June Council employed 73 people;
54 full-time and 19 part-time and casual.**

Year in Review

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



Chief Executive Officer's Report

Every year there are challenges and none more than this year. However, despite the December 2007 fires, planning issues, Council's financial unsustainability and the many more challenges we faced, we can look back with satisfaction on significant achievements over the past 12 months.

In March 2008 the KI Study was released; *Local Government on Kangaroo Island Today and Tomorrow*. This study is a review of Council's role, capacity and relationships with other government and government-funded agencies in supporting and serving the Community. The KI Study included 11 recommendations. After *workshopping* this report with various stakeholders to develop the action items of the recommendations, it then formed part of a Community Consultation process where we took this report, the revised Strategic Plan, the Annual Business Plan and Rates Policy on a 'road show' supported by the Island's Progress Associations. We had a great response. We then commenced the first stage of the implementation process of the recommendations and actions of the KI Study.

KI Study Recommendations – Commencing the Implementation Phase

Recommendation number two was the first to be addressed. This recommendation asked Council to demonstrate its commitment to sound financial policies and achievable service levels. This began by addressing Council's auditors concerns regarding reported asset values and depreciation rates, and developing well-researched long term financial, infrastructure, and asset management plans. The lack of such plans is the reason why Council has never received an unqualified audit. Even prior to the release of the KI Study, Council had initiated a process to ensure that, by the end of November 2008, we would have Infrastructure Asset Management and Long Term Financial plans which has resulted in an unqualified audit for the first time. These plans establish what our financial 'gap' is, therefore arming us with information to explore other recommendations within the report including; the Government taking ownership of the ring route roads and investigating the introduction of a travellers levy which would make a contribution to infrastructure maintenance.

Reviewing and Restructuring

Our internal operations was reviewed which resulted in two organisational restructures over this period. The main areas of focus have included: reporting responsibilities; accountability and inefficiencies; implementation of an audit of our planning department; commencement of a LGA Good Governance pilot; commitment to an Internal Control audit; commitment to a Shared Services pilot with the Fleurieu Councils; completion of the Development Plan Amendment (DPA); a Leases and Licences review and commencement of the Airport Masterplan and operational audit, among many.

Major Achievements

We have been successful with major projects such as the American River Boat Ramp, with the Bay of Shoals currently in the design phase and the near finalisation of the leases at Christmas Cove, we secured funding for the sealing of Stokes Bay Road as a continuing project and the near completion of Stage One of the Town Centres Projects. We were also successful in obtaining disaster recovery funds to assist us with the rehabilitation of our infrastructure as a result of the December 2007 fires.

Communication Strategies

We are committed to ensuring that we are able to respond to the real needs of our Community. Through our communication strategies that we are in the process of implementing, we hope to better understand the views of our Community. It is an ongoing challenge to meet expanding Community expectations within our financial confines, and a clear understanding by our Community of our limited finances will assist in setting a realistic future direction.

Regional Cooperation

With respect to regional co-operation we are continuing to work more collaboratively with our neighbouring Councils; Victor Harbor, Yankalilla and Alexandrina. We are exploring strategic alliances with these Councils and will be participating in a 'shared services' pilot conducted by the Local Government Association over the coming year. We are also working closer with the Government Agencies on the Island and their mainland counterparts. Through the KI Study and the CEO forum I look forward to further developing stronger alliances.

I wish to take this opportunity to thank Mayor Jayne Bates who has been a tremendous support over this very challenging period and who is an inspiring individual. The Deputy Mayor Craig Wickham and the entire Council have also been incredibly supportive. It is a pleasure to work with a group of people who are united in achieving a sustainable future for all stakeholders of the Island. And of course to my hard working Senior Management team and the entire Council workforce who have been challenged continuously over this period. The foundations are now in place and we are in a good position for the next 12 months, being the implementation phase. As in the case of our environment that was damaged by the bushfires, we are now regenerating.

The Only Thing That Is Constant Is Change
Heraclitus (Greek Philosopher 500BC)

Carmel Noon
Chief Executive Officer

Year in Review

Highlights, achievements and challenges – our key projects
Technical Services



Technical Services Report

The Technical Services team is responsible for Council's infrastructure including all roads, related items and all buildings, reserves, CWMS, recreational and waste servicing facilities. Council allocated significant funds in the 2007/2008 budget for Capital Works.

The program of works was delayed whilst Council plant, equipment and staff were involved in assisting the CFS during the December 2007 Fire Event. The repair of infrastructure such as roads and signs after the fire was an urgent activity, and was supported by significant funding from the State Recovery Office. As a result, this work commenced between Christmas 2007 and New Year and continued throughout January and February 2008. However, to the credit of all staff, the original works program was completed within the timeline set by Council.

Sealed Roads - Capital Works

Kangaroo Island Council continued its commitment to maintaining the 240km sealed road network with the resealing work undertaken on the Playford Highway, between Harriet Road and Turkey Lane. Council have allocated funds in the previous 6 years to ensure this important arterial route is maintained to a high standard.



Roadside Vegetation

Management of roadside vegetation is one of the ongoing and necessary activities of Council. In 2007/08 we budgeted for \$130,000 to trim 130 Kilometres of roadside vegetation at various locations across KI. Additionally, Council have requested an investigation into alternative types of clearance equipment to determine if a cost effective method exists which will allow extra works to be undertaken within the annual allocation of funds. One such machine was trialled, with mixed results, and Council committed an additional \$22,000 to this trial.

Unsealed Roads - Capital Resheeting

Council allocated funds to resheet over 24 km of its 1,300 km unsealed road network. This necessary work was supported by the additional work in reinstating unsealed roads affected by the December fire event. As well as the capital funds allocated, Council allowed funds to provide improvements and emergency repairs to unspecified and various unsealed road sectors as required and created by environmental conditions, and in response to community reports.

December Fire Event

The Technical Services Department provided critical support to CFS and SA Police during the fire incident in December 2007. Following the fire the State Recovery Office allocated Council \$215,000 to undertake reinstatement works to roads and infrastructure affected by the unusually high traffic volumes on specific roads. This work was undertaken immediately following the fire containment and continued during the Christmas Break and into January and February. Works undertaken included signage reinstatement, vegetation clearance, monitoring and unsealed road repairs.

Bridges

As part of a focus on Asset Replacement and Risk Assessment, Council conducted an analysis of the condition of 34 bridges and a Level 1 bridge condition audit was undertaken of these structures by Council's consulting engineer. The audit identified 4 bridges in need of replacement within 6 years and also produced a maintenance program for extending the lifespan of 19 other bridges surveyed. Work will commence in 2008/09.



Town Centres - Urban Improvements Program

Kangaroo Island Council received in excess of \$330,000 to undertake Urban Improvements in 2007/08. Funding was approved for the initiatives now visible in Kingscote (entry walls and sails) Penneshaw (Middle Terrace improvements including oval entry statement) American River (wind shelter and Buick Drive structures); and Parndana (entry walls and Gum Leaf structure). The Technical Services Department provided logistical and equipment support for these improvements.

Tourism Signage

During 2007 Council, Tourism Kangaroo Island (TKI), Kangaroo Island Development Board (KIDB) and South Australian Tourism Commission (SATC) jointly funded an audit and report of existing tourism signage across KI. Numerous deficiencies were identified and a submission for funding has been made to secure funds to undertake improvements recommended in the report. Consultation was conducted on Council's policy in April 2008. Local Progress Associations and numerous other stakeholders provided valuable input into the process. Council expect to continue the outcomes of the Public Consultation in partnership with the SATC.



Boat Ramps

The American River Boat Ramp upgrade was completed in June 2008 and commenced operations at that time. As a condition of Federal and State Government funding, future infrastructure maintenance and replacement, such as this boat ramp, must be funded by a *user pays* system. Council has installed pay stations at both American River Boat Ramp and at Christmas Cove launching facilities.

Work commenced in May on the design and implementation of the Bay of Shoals Boat Ramp, and the design is expected to be finalised after consultation with interested local users was undertaken.

Car Parking Strategy

Council undertook a study of car parking in and adjacent to the Kingscote major shopping precinct. Actions from this study included *Time Zone* changes to improve parking opportunity for users, line marking implementation and upgrades. A design of additional and improved parking areas in Anzac Street, near Murray Street and Chapman Terrace was completed and delivered for Public Consultation in May 2008. Council have reserved the option to commence works on these sites once finances become available.



Council have also undertaken a study of car parking in and around Penneshaw. This has given consideration to the main shopping areas, the high infrequent traffic volumes associated with ferry movements and the road network under the care and control of DTEI as well as reference to the Penneshaw Gateway Master Plan 2002. The study has undergone local Public Consultation and was published on Council's website. Staff will progress the final design and seek funding as resources permit.

Flexibility into the Future

Technical Services have assessed the Department's performance over the financial year and conducted a structural review. This has determined that the formation of a maintenance team within the Department will provide the flexibility required to complete allocated works, while still being ready to assist outside organisations in emergency situations. This will commence in the 2008/09 year and will require no additional resources.

John Fernandez
Technical Services Manager

Year in Review

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



Community, Infrastructure and Services Report

The Community Infrastructure and Services team within Kangaroo Island Council was formed in early 2008 by combining the following areas of Council;

- *Community Infrastructure Management (Parks and Gardens)*
- *Community Wastewater Management Scheme (CWMS) Management*
- *Waste Management*
- *Fire Prevention*
- *General Inspectorate*
- *Environmental Health*
- *Library*
- *Customer Service*
- *Community Development*
- *Community Passenger Network*

The formation of this team provides Council with a linkage between Community consultation and delivery of programs. This ensures that the organisation is delivering the promises it makes to the community.

As a result of this clear direction of Council the team have delivered major outcomes for the community ensuring that the needs of the community are met over the long term. Following is a summary of the key outcomes achieved against the 2007/08 Business Plan adopted by Council.

Governance

Through the Community Development Officer, Community stakeholders are encouraged to be involved in the strategic planning processes of Council where regular meetings and processes have been developed to meet with Progress Associations, and other key stakeholders. These discussions result in all strategic issues being discussed, and suggestions and priorities fed back into the Council strategic planning process.

A key element of good governance is providing the staff with the skills to undertake their roles within the organisation. In 2007/08 the team has invested heavily in providing the employees with the required training and development of comprehensive performance review programs. Training undertaken includes;

- Certificate III in Waste Management
- Certificate III in Civil Construction
- Food Safety Auditor Training
- Mandatory Reporting
- Occupational Health Safety and Welfare
- Authorised Officer

The achievements of 2007/08 will be continued in 2008/09 ensuring the employees of the team will be highly skilled and customer focussed, delivering positive outcomes to the community.

Environment

A key focus of the Community Infrastructure and Services team is the delivery of good environmental outcomes to the community in the areas of infrastructure development and good practice. This focus builds on the achievements in previous years in relation to waste management and sustainable business.

Council participated as both a funding partner and participant in the Business Sustainability Project led by the Kangaroo Island Development Board. This project assessed 40 businesses and provided tools on how to become more sustainable in the areas of waste, water and energy. Council achieved a large monetary saving over the project life just by changing some practices.



In 2007/08 the installation, upgrade and maintenance of the Community Wastewater Management Schemes (CWMS) formerly known as STEDS, was a key priority and will continue to be over the foreseeable future. The most significant achievement in ensuring these schemes are sustainable in the long term, was the appointment of a dedicated employee to manage these schemes. This has ensured they meet the appropriate standards and guidelines.

The following key projects were undertaken in 2007/08;

- American River CWMS construction commenced
- Upgrade of the Kingscote Wastewater Treatment Plant commenced
- Connection of properties in Kingscote
- Upgrade of Pump Stations in Kingscote
- Parndana Oval's sub-surface irrigation installed
- American River Oval sub-surface irrigation installed
- Integration of stormwater into the CWMS management programs
- Installation of 'Mobile Home Sullage Dump Points'
- Installation of 'Marine vessels Sullage Dump Point in Penneshaw'

The General Inspectors, in partnership with DEH, NRM and other agencies where appropriate, continued the implementation of the Dog and Cat Management Plan and the management of Little Corellas on Kangaroo Island.

This has resulted in a high level of compliance with management plans and Council acknowledges the co-operation of all stakeholders to achieve this outcome.

During 2007/08 the Council Fire Prevention Officer was upgraded to a full time position of Council as a result of the extensive fire management issues on Kangaroo Island and the need to review our existing bushfire prevention plan. Together with DEH, SA Water and KI Council, the Kangaroo Island District Bushfire Prevention Committee has commenced the development of a new bushfire risk management plan for Kangaroo Island which will be a landscape fire management plan across Kangaroo Island. Extensive consultation with land management agencies, businesses and community members has occurred to inform a bushfire risk assessment for Kangaroo Island. The resultant fire management plan will meet the needs of the community while seeking to protect environmental assets.

The Kangaroo Island Fires Event in December 2007 resulted in significant additional work for all employees of the Community Infrastructure Services Team. The Fire Prevention Officer was obviously heavily involved, however the Environmental Health Officer, CWMS Officer, Community Development Officer, Parks and Gardens Team, and Customer Service were also involved in the fires either during or post the event.

Under the *Fire and Emergency Services Act 2005* (SA) the Kangaroo Island District Bushfire Prevention Committee is also responsible for;

- the provision of May and October reports to CFS Region 1 providing advice on bushfire mitigation works in its area;
- implementation of bushfire mitigation works identified in the District Bushfire Prevention Plan;
- annual review of permit to burn conditions and coordination of the issuing of permits to burn;
- ensuring that property owners manage fire risk on their land, and administering the compliance programme under s.83 of the Act;
- undertaking community education regarding bushfire preparedness.

The Fire Prevention Officer assists the Committee in the delivery of these and a range of related bushfire mitigation activities and services, as well as liaising closely with the KI CFS Group and local brigades, DEH, SA Water and private landholders.

The Environmental Health Officer has introduced a web-based food safety training module called “I’m Alert” on the Council website. This program enables businesses to self train in the area of food safety. This initiative coupled with the ongoing food business inspections will result in a safer food industry on Kangaroo Island.



2008/09 will see the Community Infrastructure and Service Team maintain a focus on the environment with the above programs continuing. Due to global concerns and changing environment conditions, the team will assist the Council in the following areas; Climate Change, Carbon Trading, Sustainability, NRM Liaison, Environment Policy and Waste Management Practices.

Economic

Following extensive community consultation facilitated by the Urban Design Framework in 2007/08, the Town Centres project moved into its' implementation phase. Across the four key Island towns projects focussed on the establishment of *entry statements / central focus* for Kingscote, Penneshaw, Parndana and American River. This project was delivered primarily by volunteers representing respective Progress Associations with leadership provided by Council. The Community Development Officer facilitated meetings and fostered cooperation between the volunteer stakeholders. Council acknowledges and recognises the many, many hours of hard work put in by all the community members.

Infrastructure

The upgrade, maintenance and management of community infrastructure are a key focus of the Community Infrastructure and Services team. Council's infrastructure is characteristically aged, of poor standard and requires a high level of maintenance resulting in high cost to Council. In 2007/08 Council commenced the development of the Camping and Day Visitor Strategy which will determine service levels for each site and facility design standards. This strategy will be available for public comment in late 2008.

The following infrastructure projects were undertaken in 2007/08;

- Reserve Maintenance Plan developed
- Emu Bay Toilet replaced by late 2008
- Reeves Point Upgrade
- Playground replacement at American River and Penneshaw
- Commenced Kingscote Cemetery Development Plan
- Pennington Bay Upgrade
- Planning for the Penneshaw Youth and Community Park
- Planning for the Parndana BMX Track
- Continued removal of treated pine fixtures from reserves

All these projects were achieved through a high level of public input and consultation to achieve these positive outcomes for the community. The linkage created by the formation of the Community Infrastructure and Services team has resulted in positive outcomes in this area.

Social and Community

A major outcome during the year was the formation of the Youth Advisory Committee (YAC) and Youth Projects. Various funding was received including from the Office of Youth to assist in the delivery of various activities and projects. These included; National Youth Week *Shout, Share, Live, Unite* events; design of YAC logo, identity and purpose, and planning for a youth website. These activities support and skill young people to have a voice and speak out on issues of concern to them.



Customer Service

There has been a continual focus on improving the quality of our front counter services at the Kangaroo Island Library and Council's main office. This year has seen staff multi-skilled in both library and customer service and a streamlined approach to meeting enquiry and information requests.

In the Library

Service and the community remain the focus with programs and events being offered throughout the year. Early in 2008 extended opening was trialled during the summer months. Throughout the year activities such as toddler story time, school holiday programs, school visits, and the *Friends of the Library Short Story Competition*, have continued to deliver programs that promote life long learning and ensure future and current generations are empowered to make informed decisions.

Beyond the Library

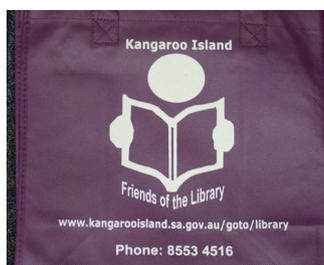
For the purpose of improving access to services for residents living beyond the township of Kingscote, a new web-based Library Management System, Spydus was introduced in December 2007. Spydus enables 24 hour access to the web-catalogue and online databases, enabling anyone with Internet access the ability to reserve and request items on line. A new book delivery service has begun for the American River Community. If this is successful the service will be rolled out to other smaller centres.

Volunteers

The *Friends of the Library* remain an incredible support to the library and the library staff. *The Friends* have completed the year with a bank balance of over \$8,000 and a substantial part of these funds has been allocated to the purchase of Library Bags promoting *the Friends* and the Library. *The Friends*, over the last year, have donated funds for the purchase of display boards, a display cabinet for the *HMS Duke of York model*, furnished the Investigator Room, donated funds for new talking books and children's picture books. Funds are raised through literary events, raffles and chocolate making. With only 25 volunteers *the Friends* do a remarkable job and their work is greatly appreciated by the Library Staff and Councillors.

Volunteers from the *Work for the Dole* program continue to provide valuable support to the Library. The participants of this program volunteer up to 15 hours of their time per week and have become active team members of the organisation.

Students from the Kingscote Campus of KICE also volunteer 3 hours per week in the library developing social and work skills, and providing staff with valuable assistance.



Future

The establishment of the Community Infrastructure and Services team of Council has developed strong linkages between the delivery of community projects and community consultation ensuring that projects meet both Council and the community's expectations. In 2008/09 this will be strengthened ensuring good partnerships and outcomes are achieved.



While the projects already commenced this year will continue in 2008/09 the changing Council environment will result in further challenges to the team in the delivery of services. New customer service standards will be developed and introduced via a customer service computer module which will manage customer queries and requirements.

2008/09 will set the foundation for many deliverables in the future. The Community Infrastructure and Services team will be developing business and long term plans for the following areas;

- Library
- Community Passenger Network
- Community Development
- Wastewater Management
- Waste Management

These plans will link into the development of the Council's Asset Management and Long Term Financial Plans which will place a requirement on Council to ensure infrastructure and services are sustainable in the long term.

The areas of Climate Change, Carbon Trading and NRM liaison will become a key focus of the Community Infrastructure and Services team. The development of an *Environment Policy* will ensure Council meets these challenges into the future and is in a position to embrace these changes.

The Community Infrastructure and Service team will be the key contact for the organisation in delivering the community engagement programs for the future.

Daniel Rowley
Community Infrastructure and Services Manager

Year in Review

Highlights, achievements and challenges – our key projects
Development Services



Development Services Report

The Development Services department is responsible for processing and determining all Development Applications, other than those referred to Council's Development Assessment Panel (DAP).

This includes everything from swimming pools, sheds/garages, farm buildings, new dwellings, retail/commercial/industrial developments, changes of land use and applications to divide land. Most applications are determined under delegation i.e., the applications are assessed and decisions issued by Council's planning and building staff. Applications for planning approval where public notification is required, and where objections are received, are generally referred to Council's Development Assessment Panel (DAP) for a decision.

Development Services also have an enforcement role in respect to taking action where unauthorised development occurs and in enforcing compliance with conditions of Development Approval. Processing of Section 7 searches is another area Development Services participates in. These are required to be provided to prospective purchasers when property is being sold to ensure that they are aware of any on-going conditions of development approval.

The review and maintenance of Council's planning policies i.e., the *Objectives and Principles of Development Control* contained in the *Kangaroo Island Development Plan*, is also a key role of the Department, as well as contributing to Council's long term strategic plans.

Development Services are staffed with two planners, one of whom is the manager, a part-time building officer and an administration officer. Throughout the year the department has focussed on improving the way in which it engages with the community, particularly relating to the provision of information about development applications where public comment is required to be invited. Future use of Council's website to display a greater level of detail of proposed developments should assist in obtaining and encouraging community feedback.

Development Assessment Panel (DAP)

Following changes made to the Development Act 1993 in 2007, the Development Assessment Panel (DAP) is now composed of three elected members and four independent members, (previously there were four elected members and three independent members).

DAP meets on the first Monday of each month in the Council Chambers within the main offices at Dauncey Street, Kingscote. Meetings are open to the public and everyone is welcome to attend and observe. Agendas and minutes, including copies of assessment reports prepared by Council staff, are available for viewing on Council's website.

The Panel determines 'non-complying' and contentious applications, and all applications recommended for refusal by Council's planning staff.

Strategic Planning

The Heritage Development Plan Amendment has been completed and it is anticipated that the list of local heritage places, which was placed on interim operation by the Minister for Urban Development and Planning on 1 November 2007, will be formally approved by December 2008. Property owners who objected to the listing of their properties had the opportunity to be heard by State Government's Local Heritage Advisory Committee in September 2008. Finalisation of the local heritage list will ensure that the heritage values of those places will be protected from inappropriate development in the future.



The General Development Plan amendment initiated in 2006 has been completed by Council and is awaiting approval by the Minister. This amendment will ensure the relevance of Council's planning policies - it underwent extensive public consultation from December 2007 to March 2008.

Council is committed to undertaking further Development Plan Amendments (DPAs) in relation to farming/forestry, coastal development and tourism. Priority will be given to the *Farming/Forestry DPA*, which will further explore appropriate minimum sizes for allotments in the *General Farming Zone* based on land capability, environmental improvement and proximity to existing centres. It is hoped that the DPA will also investigate and identify parts of the Island appropriate for commercial forestry development.

Strong community interest in particular development and land use issues is best expressed through taking the opportunity to comment on the Development Plan during review periods.

Andrew Lieschke
Development Services Manager

Year in Review

Highlights, achievements and challenges – our key projects
Kingscote Airport



K

ingscote Airport Report

Kingscote Aerodrome provides a crucial transportation link between Kangaroo Island and mainland Australia and provides facilities for regular public transport services, tourism and private charter operations, emergency medical evacuations, freight and general aviation.

Like most areas of the Island, Kingscote Airport was significantly impacted by the affects of the 2007 fires. Regular passenger numbers took a dive from first quarter figures as regular daily operations gave way to a wave of charter aircraft ferrying the army of fire fighters that came to the Island's aid. Maintenance programs came to a halt as staff were reassigned to manage the security and safety requirements associated with the deployment of fire bomber aircraft and CFS volunteers.

With the end of the fires came a return to normal airport operations however the time lost during this event cannot be reclaimed. The Airport must meet this challenge and continue to meet the level of service expected by our customers.

Airlines

Kangaroo Island continues to enjoy the benefits of two airline services with between 6 and 8 regular daily flights operating between Adelaide and Kingscote. The competition between Regional Express and Air South has been a windfall for passengers with the availability of an increased number of discounted internet fares.

Passenger Movements

2007/2008 saw continued growth with total passenger numbers reaching 63,331. Not only is this an increase of 6.97% when compared to the 2006/2007 figure of 59,204, it is the highest number of recorded passengers since the 2000/2001 figure of 77,816.

A regional airport - market overview presented to the Australian Airports Association – SA Division by the Department of Transport Energy and Infrastructure, listed Kingscote as having the highest number of aircraft movements and the fourth largest passenger numbers for 2007.

Security

In December 2007, as part of the ‘Securing our Regional Skies’ program, the Airport hosted a security exercise which included participants from SAPOL, The Australian Federal Police Rapid Regional Response Team (RRRT), CFS, SA Ambulance Service, SES, Council staff and community volunteers. The exercise provided valuable training for response to a security incident at the Airport as well as testing Airport response and procedures in an emergency.

To test the outcomes of this exercise a second exercise is programmed for December 2008, which will involve a more detailed scenario to maximise the participation of all responding agencies.

Compliance

Each year the Airport is required to undergo a series of audits and inspections to ensure compliance with aviation standards and regulations. Once again Kingscote successfully completed Annual Technical inspections, Civil Aviation Safety Authority Audit and Electrical inspections to ensure it meets the requirements of a Certified Aerodrome.

The airport is required to undergo a mandatory emergency exercise during 2008 to test and activate the Airport Emergency Plan. Airport Management expects to meet this requirement during a security exercise planned for December 2008.

Aims and Challenges for 2008/2009

To ensure that Kingscote Airport continues to meet the current and future needs of its customers; the Airport Strategic Committee has embarked on a project to review and update its Airport Master Plan. This up to date plan will provide strategic guidance to maintain aviation services and to shape the direction of all future airport related development. In addition to the Airport Master Plan there are two major capital works projects planned for 2008/2009; the replacement of the airport runway lighting and resealing a section of the main runway and a section of the main taxiway. Our aim is to ensure the completion of these projects within budget and to the highest standard through careful planning and management.



Vaughn Clarke
Airport Manager

Year in Review

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



Finance, Information Technology and Records

The Finance and Information Services Department is an important and pivotal part of the Kangaroo Island Council's operations. The finance section provides accountability for the administration and control of all of Council's finances. This includes payroll, rates administration, the accounts payable and accounts receivable sections. Most importantly the day to day finances including budget and annual financial statements.

The information services section of the department administers the records system of Council and the day to day maintenance of the Information Technology (IT) network of the Kangaroo Island Council.

The 2007/08 financial year has been challenging and particularly for our finance department. Council is undergoing significant changes in order to meet the requirements and recommendations of the Local Government Financial Sustainability Review in a timely manner. This has been particularly challenging for smaller councils such as the Kangaroo Island Council. Council has faced significant resourcing issues throughout the year nevertheless has been very proactive in ensuring that by the end of November 2008 an *Infrastructure & Asset Management Plan (IAMP)* and a *10 year Long Term Financial Plan (LTFP)* are in place and operable in order to meet legislative compliance.

The Finance and Technical Services Department of Council have spent a significant amount of resources in developing the IAMP. Council completed its data capture and verification of all its data on its entire road infrastructure asset by April 2008. This information is now housed with Tonkins Consulting on a bureau type basis which is a state first for any Council. Tonkins Consulting supplies Council with valuations and depreciation figures for our entire road infrastructure. In addition, Council has sought to obtain revaluations on all other asset categories which were completed by June 2008.

Now Council has up-to-date information regarding its assets, it has sought specialised assistance to help produce the IAMP for roads infrastructure initially and other asset categories at a later date. With the steps that Council has undertaken to date it is envisaged that Council will have an operable IAMP in place by the end of November 2008 and the figures obtained from the IAMP will help Council establish the funding 'gap' between what we can afford and what Council will need to spend to bring our Assets up to a service standard that our ratepayers expect.

Once the IAMP is finalised for all asset categories the Finance Department of Council can complete the LTFP. It is envisaged that the LTFP will be completed by the end of November 2008. The data collection for the LTFP is well underway and an 'assumptions' workshop will be scheduled with Council in October 2008. The assumptions workshop once conducted will form the framework of the LTFP, and the figures from the IAMP will be incorporated into the LTFP as well as the assumptions and the strategic objectives of Council. Once all this information is collated it will provide Council with a powerful tool to determine whether it can sustain the current level of service to the Community. If not, what then does Council need to alter to become sustainable?

Throughout the course of the year Council has had a number of organisational restructures. The Finance and Information Services Department underwent a change upon the departure of the Corporate and Community Services Manager (CCSM) in December 2007. The role of CCSM was split across the other departments of the organisation. As a result a new position Senior Finance and Administration Officer was created. The previous part time role of Budgeting Finance Officer is to be expanded to a full time position of Finance Officer in 2008/09.

The Kangaroo Island Council completed its first Annual Business Plan in August 2007 and the preparation is now in place for the completion of Council's second *Annual Business Plan* by the end of July 2008. The *Annual Business Plan* sets out what Council will achieve for the financial year, which is based on Council's *Strategic Plan* objectives. The *Annual Business Plan* now incorporates the Council's budget, fees, charges and rating policy for the financial year.

Records Management

The Information Services section of the department had a number of achievements in 2007/08.

All in-coming correspondence to Council is scanned and entered onto the Electronic Document and Records Management System, given a unique identifying number and subsequently assigned to the relevant staff member. Approximately 10,000 pieces of correspondence are received per annum. The hard copies of all of these documents are filed after receipt.

This year saw the installation and refurbishment of a records archival building situated at the Kingscote Depot. The building is a records storage compliant building that should address the significant lack of archival space in the main Council offices and provide a suitable off-site solution to our critical records storage.

Information Technology Management

In regards to the IT section of the Information Services Department, Council has been proactive in ‘cleansing’ its IT database. Part of this ‘cleansing’ process was a bulk mail out to all ratepayers requesting appropriate amendments. Council received a significant response from ratepayers outlining their address details. Council now is in the process of inputting these responses and updating the database.

The Kangaroo Island Council continued the IT shared services agreement with Alexandrina Council and at the later part of the 2007/08 financial year were looking at securing a longer term agreement for 3 years. Council has also been in discussion with the Fleurieu Councils to ascertain whether an IT shared service structure can be broadened to incorporate these Councils, in order to gain economy of scale, minimise costs and avoid duplication.

The Finance and Information Services Department are looking forward to the 2008/09 financial year where there will be continued challenges. Specific emphasis will be focussed on ensuring that the IAMP and LTFP are completed by the end of November 2008, a review will be done on the internal controls of the organisation and a business continuity and Risk Management Plans are hoped to be established by the end of the 2008/09 financial year. Some key projects for the Information Services section will be; a continuation of the database ‘cleansing’ project, continuing state record archival of important older documentation and the introduction of microwave links that will replace the soon to be defunct PAPL line system. The purpose of the microwave link is to allow a stable and high speed connection between the Council’s main office and the works depot in Kingscote, the Kangaroo Island Development Board and the Airport.

Paul Duka
Senior Finance and Administration Officer

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Special Projects

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

The involvement of volunteers, community members, businesses, associations, industry bodies and staff at varying levels within government agencies is essential to the work we do to achieve the directions outlined in our revised Strategic Plan 2008 – 2010.

During 2007/08 we acknowledge the following partnerships within the Kangaroo Island Community and with the organisations and agencies listed below;

- Kangaroo Island Development Board
- Kangaroo Island Natural Resource Management Board
- Tourism Kangaroo Island
- Ag KI
- KI Eco Action
- TOMM Committee
- Department for Environment & Heritage
- Kangaroo Island Community Education
- Advance Kingscote; Island Beach Ratepayers Association; and American River, Parndana, Penneshaw, Baudin Beach, Stokes Bay, Vivonne Bay, and Emu Bay Progress Associations.
- Country Fire Service
- State Emergency Service
- Alexandrina Council
- Southern Hills District Local Government Association
- Local Government Association of South Australia
- Local Government Managers Association
- South Australian Government Departments and Agencies
- Australian Government Departments and Agencies
- Community Service Organisations

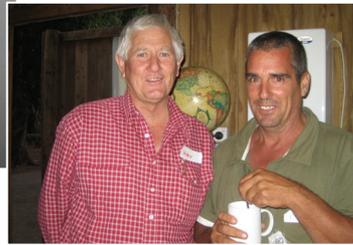


A joint Eco Action / Council working bee

Valuing our Partnerships

Working together to achieve better outcomes for Kangaroo Island
Special Projects

December 2007 Wild Fires and Recovery Process



As a community, we understand and appreciate the volatility of our Island, and that fire is part of the challenge in living in such a unique and extraordinary environment. The Island has recorded a major 'campaign' fire almost every year for the last 20 years, but none to equal the enormity of the December Fires of 2007.

On the afternoon of December 6th 2007, a dry thunder storm moved across Kangaroo Island. By nightfall 14 fires had started, and were spread across the Island from west to east. Five fires were contained within hours, two more in the next 48 hours, and of the remainder, some joined together and the Island fought four major fires for the next 10 days. 1,400 personnel from 17 different agencies from every state of Australia came to our aid, to help defend our community. 150 appliances and 17 aircraft including the Erickson Air crane were utilised. The Salvation Army at the height of the fires were serving 2,000 meals a day, the largest operation they have ever mounted. SAPOL closed all major roads and access was restricted to the towns of Kingscote, Penneshaw and American River. The effort by so many was extraordinary, the outcome remarkable, as the possibility, indeed the probability of these fires destroying a far greater area and risking whole communities was very real.

The outcome was a total of 90,800 hectares destroyed, 20% of the Island. 14,000 hectares was private land, mainly farms including stock, crops, valuable pasture feed, and over 76,800 hectares was public land.

One young life was lost.

As the Island moved from response to recovery, the initial focus was on the immediate needs of individuals, families, businesses and communities that had been directly impacted by the fires.

The State Recovery Office extended their expertise, support and funding to assist as the impacts became clear, and an Island Recovery Committee was formed with membership from all Island agencies and service clubs. The Island community volunteered to help those affected, and worked tirelessly to assist those in need. The effects extended further than the boundaries of the fire, as the impact on the Island's tourism industry was real and crippling. Sensational media reporting was the 'second' fire and it would take a significant and costly marketing effort to repair the damage. The work of Recovery Committee lasted many months, and coordinated the recovery efforts, community communication, engagement, funding, and State liaison.

The Kangaroo Island Council acted in supporting roles during both the response and recovery periods. A significant portion of the Technical Services Department personnel and plant was relocated to the fire ground, and worked under the direction of the CFS for the duration of the fire. A major effort by this same department following the fire was required to repair and replace critical road infrastructure prior to the approaching Christmas tourism season. During the fires the Council also assisted in areas of waste management, road signage, health; supporting the CFS with community vulnerability assessments, coordination of community meetings, and the production of newsletters; and acting as an important point of contact for information and reassurance for the community.

The Island has now moved from recovery to improving our preparedness and defendability for the future events. A review of the Council's District Fire Prevention Plan is well under way, and is incorporating significant and valuable community input together with major support from the Department of Environment and Heritage and CFS. This process and the lessons learnt during both the response and recovery periods will assist in effecting the changes needed in fire management on Kangaroo Island.

Jayne Bates
Chair KI Bushfire Recovery Committee



Food Preparation, December 2007 - Parndana

Valuing our Partnerships

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

TOMM, in its eleventh year, is a collaborative project between the Kangaroo Island Council, Tourism Kangaroo Island, South Australian Tourism Commission, Kangaroo Island Natural Resources Board, Department for Environment and Heritage, Kangaroo Island Development Board, Industry and the Community.

These stakeholders form the TOMM Management Committee and oversee the project.

TOMM aims to measure the impact of tourism on Kangaroo Island from a variety of aspects including social, environmental, economic and visitor experience. TOMM collects and collates a variety of information that is utilized by all stakeholders to assist in informing decision making processes.

In August 2007 TOMM Project Manager, Toni Duka took 12 months maternity leave. Tobias Mendelovici was appointed to the role and served as acting Project Manager for a period of around ten months.

An overview of the achievements of TOMM for 2007-2008 include:

Data Collection and Management

- Completion of 2006-2007 Visitor Exit Survey, including review and reporting. The report is available at www.tomm.info in the 'Quick Links' box.
- Completion of 2007-2008 *Island Resident Survey*, including review of the survey, inclusion of stakeholder questions and production of the annual *Resident Survey Report*. The report is available at www.tomm.info in the "Quick Links" box.
- TOMM visitor numbers data updated quarterly and available at www.tomm.info in the 'Quick Links' box.



Publications and Presentations

- A variety of presentations, interviews and articles detailing outcomes for TOMM were completed, including Islander articles, and a feature in "Sprinkla" magazine.
- TOMM was presented by Simon McArthur, TOMM Ambassador, at the UN China conference.
- "Caring for our Island" and TOMM article included in Kangaroo Island Visitor Guide.

Publications and Presentations cont_

- Review of Wildlife Watching Guidelines Fact Sheet
- Facilitated a presentation to TOMM and NRM Boards from Manfred Lenzens based around the work that he undertook for Norfolk Island and whether KI could benefit from that experience. His research team brings together expertise in environmental science, economics, energy technology, social science, ecology, climate change, water and waste technology, agriculture and education. They develop leading-edge research and applications for environmental and broader sustainability issues, and offer consultancy to organisations such as companies, government agencies and NGOs in a broad range of areas. Manfred's full report can be downloaded from:-
<http://www.isa.org.usyd.edu.au/publications/reports.shtml>

Student Projects

- A multitude of Student enquiries answered;
- Meetings & presentations held with University of South Australia and Flinders University regarding TOMM.



Strategic Tourism Plan

TOMM was recognized as the body responsible for monitoring and reporting on the implementation of the plan. Funding of \$12,585 was approved (each year for two years) to support TOMM in this role.

Enquiries and Other Activities

- Many requests for TOMM data and information have been received and responded to via phone or email.
- Facilitation of TOMM Management Committee.
- Participation in the Tourism VET program 'Taste of Tourism' for students on Kangaroo Island.
- Undertook Sustainable Funding workshop with Management Committee.
- Review of Stakeholder funding contributions.
- Appointment of two new Community Members to vacant positions on the Management Committee.
- Started implementation of Indicator review project – engaged consultant and held workshop.

The Project Manager will continue to support the management committee to progress the development and implementation of TOMM.

Visitor Exit Survey 2007/2008

TOMM undertakes a Visitor Survey each year, where visitors leaving the Island have the opportunity to complete a survey providing information about their visit. This has been occurring for about seven years now, and provides valuable information for making better decisions regarding tourism on the Island. The full report is available at www.tomm.info, a summary of the 2007/2008 results includes:

Visitor Behaviour

- On average visitors stayed for 4.4 nights this year.
- Road and road infrastructure improvements ranked number one as the item which would encourage visitors to stay longer and cost consideration was ranked as number two.
- Wine tasting/ purchasing local products is one activity that has been increasingly popular since 2005/06.
- The proportion of visitors to Kingscote Township reached a high of 85% this year, followed by Penneshaw Township with 78%. Flinders Chase was ranked third at 76%.
- 78% of visitors indicated they would contribute financially to the environmental activities at KI. The key area of support among the visitors is the ‘endangered species e.g. sea lions, glossy black cockatoos.’
- Three quarters of visitors felt that the marketing material of KI matched their experience.
- Half of the visitors found out about KI’s quarantine regulations prior to their visit. International visitors have the lowest awareness these regulations. 46% of international visitors only found out about the regulations during their visit.

Satisfaction and Importance of Attributes

- This year the overall satisfaction rating was 8.4 out of a possible 10, compared with 8.5 last year.
- The overwhelming majority of visitors would recommend KI as a holiday destination (97%). This proportion has remained consistent over the past 7 years.
- Nature-based activities were the main attraction for visitors, with 55% mentioning observing/interacting with native animals/wildlife and 55% wine tasting and purchasing local produce.
- Conditions of the roads were more of an issue in Summer and Autumn.
- The five highest incidences of satisfaction were recorded for ‘general sightseeing/driving’ (83%), ‘to see native wildlife, nature and natural environment’ (81%), ‘relaxation’ (75%), ‘personal service received as a visitor’ (73%) and ‘quality of accommodation’ (69%). These attributes scored higher than the previous year.
- The most common themes and drivers of dissatisfaction for visitors were, in order of priority: road infrastructure, high expenses on KI, limited trading hours, customer service and friendliness, quality of accommodation and lack of restaurants, cafes and other eating places.

The common mentioned suggestions for improvements for KI are: road infrastructure, the desire for more information, lowering the cost of the ferry and a desire for lower prices/fees to the attractions or activities at KI.

Resident Opinions 2007/2008

TOMM undertakes an annual survey of around 10% of the Island's resident population. This information has been collected for seven years now and provides an excellent insight into resident values and opinions over time. For more detailed information visit www.tomm.info.

Residency characteristics

- Just under one quarter of residents surveyed have lived on KI all their life.
- Amongst those who had moved to KI, the majority had moved from SA (either Adelaide or a regional area).
- Around half the residents living on KI have done so for 11- 40 years.
- The most recorded reason for living on KI was job opportunity/job related reasons, closely followed by lifestyle.
- About one quarter of residents could not envisage anything that would make them leave KI.
- Most residents agree that KI is a friendly place to live and a great place for kids to grow up. Residents also report making an effort to buy locally when goods are available and display a high level of personal responsibility in the future of KI.
- There is clearly a high level of engagement of Kangaroo Island residents in taking part in natural resources management with 92% having undertaken some form of environmental activity in the past 12 months. More than half participated in tree planting and revegetation (57%).

Satisfaction with organisations

- Residents are most satisfied with KI Health Service; KI Sealink; and Primary Industries SA.
- Residents are least satisfied with KI Council; KI Development Board; and Department for Environment and Heritage.
- However Kangaroo Island Council again recorded an increase in satisfaction with results for this year being the highest achieved since measurement commenced.
- Almost three quarters of residents (73%) felt that Council's direction on Waste Management was appropriate.

TOMM awareness and understanding

- Eight out of ten respondents are aware of TOMM.

Measure of employment derived from tourism

- Around 16% of respondents reported that their primary income is from tourism.

Toni Duka
TOMM Project Manager

Corporate Governance

Strong leadership with accountable management
Role model sound democratic governance

Good Governance

The Declaration of the Role of Australian Local Government adopted at the 1997 National General Assembly includes a commitment to provide good governance, which is described as:

“being fully informed on local issues; by considering all aspects of environmental, social and economic well being; through effective strategic and corporate planning based on extensive community consultation; and by balancing competing claims and interests openly, fairly and sympathetically. Local Government will without fear or favour, uphold the highest standards set by legislation and public policy having regard to local community values.”

Governance is about how we govern our organisation to ensure that we deliver value to the Community in an accountable and transparent way. Corporate governance relates to the Chief Executive Officer and the organisation. It includes the way an organisation is structured, operated and controlled in order to achieve long term strategic goals, and good customer and employee relations. It is how the business is supported by effective policies procedures and systems.

Ethical Framework – Codes of Conduct

The Codes of Conduct adopted by Council for both Councillors and Staff provide a framework for behaviour, actions, and decisions of Councillors and staff. They promote five ethical principles that are common to all codes applicable to the public sector, namely;

- respect for persons,
- respect for the law and system of government,
- integrity,
- diligence,
- economy and efficiency.

The codes apply to all Councillors, employees, contractors, volunteers and consultants. Reviewed annually they will be updated before the end of 2008.

Industrial Relations

Our staff are employed under two types of employment arrangements; contract or through an Enterprise Bargaining Agreement between Council and the Australian Services Union (ASU) or the Australian Workers Union (AWU).

During the year there was no time lost due to industrial action. We have two vibrant workplace committees chaired by the CEO with representation from Management, Staff, applicable Unions and these provide an established and trusted forum to discuss workplace issues. The committees meet on a regular basis.

Occupational Health Safety and Welfare

We are committed to ensuring that the health, safety and welfare of all our employees, visitors and persons in our work place. We have an active OHS Committee, headed by the Chief Executive Officer and with safety representatives from each work area. Following the OHS&W Audit and Analysis last year a dedicated officer will be appointed later in 2008. Having a dedicated resource to assist the committee will ensure continuous improvement, up-to-date policies and procedures, ongoing training of staff, continual hazard and risk assessment.

Performance, Planning, Review and Development

The success of the Council is primarily dependent upon the success of its people: it is through the combined efforts of individuals that we can achieve our goals. In line with the challenging new directions the Council is taking, it is timely that we all refocus on recognising and valuing our people by providing a work environment in which all are empowered and encouraged to perform to the best of our individual and collective abilities.

We must strive to develop strategies that will enable our people to provide our community members with better value and improved services. The Council's Performance Planning, Review and Development System (PPRADS) links individual performance objectives to the Council's strategic direction. Its objective is to create a performance orientated culture. Employees who achieve their objectives and contribute to our success will be recognised and rewarded through the PPRADS. PPRADS supports the Council in achieving its strategic business goals.

We are a community based organisation that provides a range of services that benefit the KI Community. We must streamline our internal support systems that collectively enable all of us to work in a productive and efficient organisation. PPRADS provides the opportunity to all staff to develop and feel part of the collective effort.

Equal Opportunity

The Kangaroo Island Council through its processes has established Equal Opportunity practices. Equal Opportunity legislation states "Equal Opportunity means fairly treating employees and customers".

Fair treatment is:

- treating people as individuals without making judgments based on irrelevant personal characteristics
- creating a work environment free from discrimination, harassment, bullying and victimization
- allowing all employees to work to their full potential
- making decisions based on merit.

As part of the Kangaroo Island Council's commitment to ongoing improvement, the Kangaroo Island Council has identified the formalisation of an Equal Opportunity program in the 2009 Human Resources and Occupational Health Safety and Welfare plan.

Remuneration, Benefits & Allowances of Senior Executives

For 2007/08 seven executives were employed by the Kangaroo Island Council with the following remuneration packages.

Number of Executives	Salary Range \$	Package
1	120,000 – 130,000	*
2	110,000 – 120,000	**
1	110,000 – 120,000	***
1	100,000 – 110,000	*
2	80,000 – 90,000	****

- * Package includes Superannuation, Private Use of Vehicle, Mobile Phone, Remote Areas Rental Concession
- ** Package includes Superannuation, Private Use of Vehicle, Mobile Phone and Enterprise Bargaining Conditions
- *** Package includes Superannuation and Mobile Phone
- **** Package includes Superannuation and Enterprise Bargaining Conditions

Risk Management

Risk Management is a principle of good governance and can be defined as actively seeking to eliminate, reduce and generally control organisational risks (safety, fire, major hazards, security lapses, environmental hazards) enhancing the benefits and avoiding detriment from speculative risks such as investment, marketing, human resources, IT strategy commercial and business.

During the reporting period Council has actively pursued a number of mechanisms to implement effective risk management, including insurance (insurable risks) occupational health and safety management systems, internal and external audits and instigated effective policies, procedures and systems, accessed quality expert advice primarily from the Local Government Association.

These include: Audit Committee; Completion of the KI Study; Insurances Portfolio with Local Government Risk Services; OHS&W Audit; Asset Management and Long Term Financial Plans and Access to professional expertise through the Local Government Finance Authority.

Summary of Insurances

As of 30 June 2008 Council had the following insurances:

Type	Limit of Liability
Local Government Special Risks	\$ 4,000,000
General and Products Liability	\$10,000,000
Personal Accident	\$20,000,000
Journey Injury	\$ 2,000,000
Asset Mutual Fund	\$35,000,000
Income Protection	\$10,000,000

Legislative Information

Requirements under the Local Government Act, information and disclosures

Performance Monitoring and Management

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

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

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

REQUIREMENT	COMPLIANCE	REPORT PAGE
a copy of the audited financial statements of the council for the relevant financial year	Yes	54
a list of the registers that are required to be kept under this Act or the <i>Local Government (Elections) Act 1999</i>	Yes	46
a list of the codes of conduct or practice required under this Act or the <i>Local Government (Elections) Act 1999</i>	Yes	42
a copy of its most recent information statement under the <i>Freedom of Information Act 1991</i>	Yes	46
information on allowances paid to members of the council or a council committee	Yes	12,14
information on the number of senior executive officers and information on the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package	Yes	44
a report on the use of sections 90(2) and 91(7) by the council and its council committees containing the information required by the regulations	Yes	49
a report on the applications made to the council under the <i>Freedom of Information Act 1991</i> during the relevant financial year containing the information required by the regulations	Yes	48
a statement of— the council's representation quota; and	Yes	11
the average representation quota for councils of a similar size and type (taking into account various factors prescribed by the regulations); and	Yes	11
when the council next intends to conduct a review under Chapter 3	Yes	11
the procedures that are available under Chapter 3 for electors to make submissions on representation under this Act	Yes	11

Schedule 4 Requirements _cont

the annual report of any subsidiary received by the council under Schedule 2 for the relevant financial year	Yes	50
other information to be included in the annual report under this or another Act	Yes	N/A
the council's performance in implementing its strategic management plans during the relevant financial year, and the council's projections and targets under its plans for the next financial year; and the council's performance against its annual business plan for the relevant financial year	Yes	PP 17 - 34
the extent to which activities of the council have been subjected to competitive tender or other measures to ensure services are delivered cost effectively, and the extent (if any) to which the council has pursued policies for purchasing local goods and services	Yes	49
the decision-making structure of the council	Yes	11
the training and development activities for members of the council during the relevant financial year	Yes	12
the implementation of equal employment opportunity programs, and other human resource management or development programs, during the relevant financial year	Yes	43
the progress of the council in preparing or finalising any management plans for community land required under the Chapter 11	Yes	49

Documents to be made available by Councils – Schedule 4

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

Information Statement

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

Council Policy & Administration Documents

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

Many of these documents, listed below, are available for public inspection free of charge at the Council Offices, 43 Dauncey Street, Kingscote between 9:00 am and 5:00 pm Monday to Friday. Alternately you can view them on our website <http://www.kangarooisland.sa.gov.au> go to Council Information / Council Policies or copies may be purchased on payment of \$0.30 per single A4 page or \$0.50 per double A4 page for each extract. A full list of fees and charges is listed under Council Policies. Our Website site map is included in the Appendices on Page 51.

Policy Documents

Authorised Officers Rev 03 9 May 08
 Boat Ramp Rev 01 13 July 07
 Concessions and Waivers non-rates Rev 00 8 Feb 08
 Council Members Allowances & Benefits Rev 00 8 Jun 07
 CWMS Connection Rev 02 14 Sept 07
 CWMS Policy Rev 03 20080314
 DAP & Staff Delegations Rev 00 26 Feb 07
 Donations Rev 00 10 Aug 07
 Elected Members Training and Development Rev 00 14 Jun 06
 Election Signage R00 20071109
 Fees and Charges Rev 00 26 Aug 08
 Food Vending Vehicles Rev 00 14 Sep 06
 Motor Vehicle Policy Rev 00 8 Feb 08
 Outdoor Dining Rev 00 11 May 07
 Privacy Rev 00 14 Sep 07
 Public Consultation Rev 03 13 Apr 07
 Records Management Rev 00 14 Jun 06
 Road Naming Rev 00 12 Oct 07
 Safe Environment Policy Rev 00 14 Dec 07
 Staff Training & Development Rev 00 19 Jul 06
 Waste Management Rev 02 19 Jan 07

By-Laws

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

Codes

Code of Conduct - DAP Panel
 Code of Conduct - Elected Members Rev 01 19 Jan 07
 Code of Conduct - Employees Rev 01 19 Jan 07
 Code of Practice - Access to Council Meetings & Document Rev 02 9 Mar 07
 Code of Practice - Meeting Procedure Rev 00 19 Jan 07

Delegations

Delegations - Community Titles Act 1996 Rev 00 10 Aug 07
 Delegations - Development Act 1993 & Development Regulations 1993 Rev 01 26 Feb 07
 Delegations - Dog & Cat Management Act 1995 Rev 00 10 Aug 07
 Delegations - Environment Protection (Waste Management) Policy 1994 Rev 00 10 Aug 07
 Delegations - Expiation of Offences Act 1996 Rev 00 10 Aug 07
 Delegations - Fences Act 1975 Rev 00 10 Aug 07
 Delegations - Fire & Emergency Services Act/Emergency Services Regulations 2005 Rev 00 18 Jan 06
 Delegations - Food Act 2001 Rev 00 14 Sep 07
 Delegations - Freedom of Information Act 1991 & Freedom of Information (Fees & Charges) Regs 2003 Rev 00 19 Jan 07
 Delegations - Housing Improvement Act 1940 Rev 00 14 Sep 07
 Delegations - Liquor Licensing Act 1997 Rev 00 10 Aug 07
 Delegations - Local Government Act 1934 Rev 00 19 Jan 07
 Delegations - Local Government Act 1999 Rev 00 19 Jan 07
 Delegations - NRM (General) Regulations 2005 Rev 00 14 Sep 07
 Delegations - Occupational Health, Safety & Welfare Act 1986 Rev 00 19 Jan 07
 Delegations - Public & Environmental Health Act 1987 Rev 00 14 Sep 07

Delegations_cont

Delegations - Road Traffic (Miscellaneous) Regulations 1999 Rev 00 14 Sep 07
Delegations - Roads (Opening & Closing) Act 1991 Rev 00 14 Sep 07
Delegations - Supported Residential Facilities Act 1992 Rev 00 14 Sep 07

Documents

Annual Report
Annual Financial Statements
Corporate Plan
Council & Committee Agendas
Council & Committee Minutes
Council Budget
Development Assessment Panel Agendas
Development Assessment Panel Minutes
Development Plan

Registers

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

Other Information Requests

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

There were no requests for information under the provisions of the *Freedom of Information Act*, 1991, for the 12 months to 30 June 2008. Council did receive fifty requests for information and the majority of these requests were granted. One request was refused under the provisions of Council's privacy policy.

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

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

Amendment to Council Records

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

Confidential Items

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

During 2007/08 provisions of the Act Section 90 (3) and Section 91 (7) were utilised 31 times, or for 4 % of the total agenda items considered.

Matters relating to the personal affairs of a person	6
Matters relating to commercially sensitive information	11
Matters relating to the security of Council	1
Matters relating to breach of law or court order or duty	3
Matters relating to legal advice or possible litigation	9
Matters relating to tenders for supply	1
Total	31

On 19 of the 31 occasions information originally declared confidential has subsequently been made publicly available.

Extent to which Council has ensured competitive tender

Council is committed to delivering cost effective services to our community whilst supporting local business where possible. We are also mindful of the *Government Business Enterprises (Competition) Act 1996*. For purchase of items under \$3,000 it is Council's practice to pursue a local purchasing policy. For the contracting of significant works, services are released to open competitive tender unless there are mitigating reasons e.g. specialist expertise is required and then a limited select tender process is carried out.

During the reporting period a limited tender was released to KI Builders and one recommended by DEH for the construction of Emu Bay and Reeves Point Toilets. This was due to the speciality nature of the works required. A similar limited tender process was pursued for the construction of the Kingscote Wastewater Treatment Plant and Kingscote CWMS as there were only 3 builders/ contractors in South Australia who do this.

The American River Boat Ramp Upgrade Project was placed out to competitive tender, and 5 tenderers received contract documentation with 3 submitting pricing. Best pricing was sought for the supply of one new replacement motor grader to replace a current unit.

Community Land

During the reporting period Council has not been involved in the progress, preparation or finalisation of any management plans for community land.

Subsidiaries

There were no Subsidiaries established under Section 42 of the Local Government Act during 2007/08. We expect to become a signatory to the Fleurieu Waste Authority when it commences within the next 12 months.

Adoption and Distribution

Pursuant to the requirements of the *Local Government Act, 1999* the reports within this Annual Report were adopted by the Kangaroo Island Council at a Special Council meeting held on the 27th day of November 2008 and the Audited Financial Statements were adopted at another Special Meeting of Council on 5th December 2008.

A full copy of this report will be provided to each member of the Council, the Presiding Members of both Houses of Parliament, the SA Local Government Grants Commission, Parliamentary Library and the State Library. Copies are made available for public perusal at the Kingscote Council, Penneshaw Business Centre Offices and at the Kingscote Public Library. Copies are available to download from our website www.kangarooisland.sa.gov.au or can be purchased at the Council Offices for a cost of \$15.

Appendices

Appendix 1: Council Website Site Map

Home	Council Information		Council Services	
	Council Information		Airport	
	Staff →	Positions vacant	Boating Facilities	
		Staff by Department	Community Passenger Network	
	Elected Members		Development Services →	Forms & Guides
	Council Meetings →	Meetings		Potential Roof Truss Failure
		Council Minutes	Dog and Cat Management →	Dog and Cat Plan
		DAP Meetings	Environmental Health →	Chemical Safety
		DAP Minutes		Food Premises
	Annual Reports			Immunisations
	Performance			Online Food Safety Training
	By-Laws		Fire Prevention →	Bushfire Risk Management Plan
	Council History →	History		Fire Management
	Council Newsletter		Online Services →	Change of Address - Company
	Council Policies			Change of Address - Individual
	Strategic Plan			Rate Payments
	Local Government Focus			Sundry Debtor Payments
			Operations Centre & Works Depot	
			Parks and Reserves →	Overview
				Camping and Day Visitor Strategy
				Camping Fees
			Rates and Property →	Forms & Guides
			Roadside Vegetation	
			Tenders	
			Waste Management	
			Water & Wastewater Management	
			Youth Services →	Kangaroo Island Youth Service
				Launchpad FYA Eastside
				Youth Advisory Committee

Community Information		Tourist Information	Contact
Businesses		How to get to the Island	
Community Grants		National Parks of KI	
Community Information		Council Campgrounds	
Families SA		KI Visitor Information →	Tour Kangaroo Island
Concessions			Penneshaw Visitor Information
Justices of the Peace			
Library & Information Services		Tourism Management (TOMM)	
Progress Associations →	Contact Details		
Progressing KI →	Minutes		
Recreation & Sport →	Be Active		
	Grants/Funding Guide		
	Open Space Strategy		
	Penneshaw Youth & Community Park		
Regional Profile			
Starting a Business			

Appendices

Assistance with the production of this report

Appendix 2: Information Credits

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

South Australia – Kangaroo Island Visitor Guide 2007; South Australian Tourism Commission, Adelaide

Kangaroo Island Council Strategic Plan 2007 - 2010

KIDB Annual Report 2007/2008; Kangaroo Island Development Board, 2008 Kangaroo Island Council Annual Report 2006/2007

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

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

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

Photo Credits

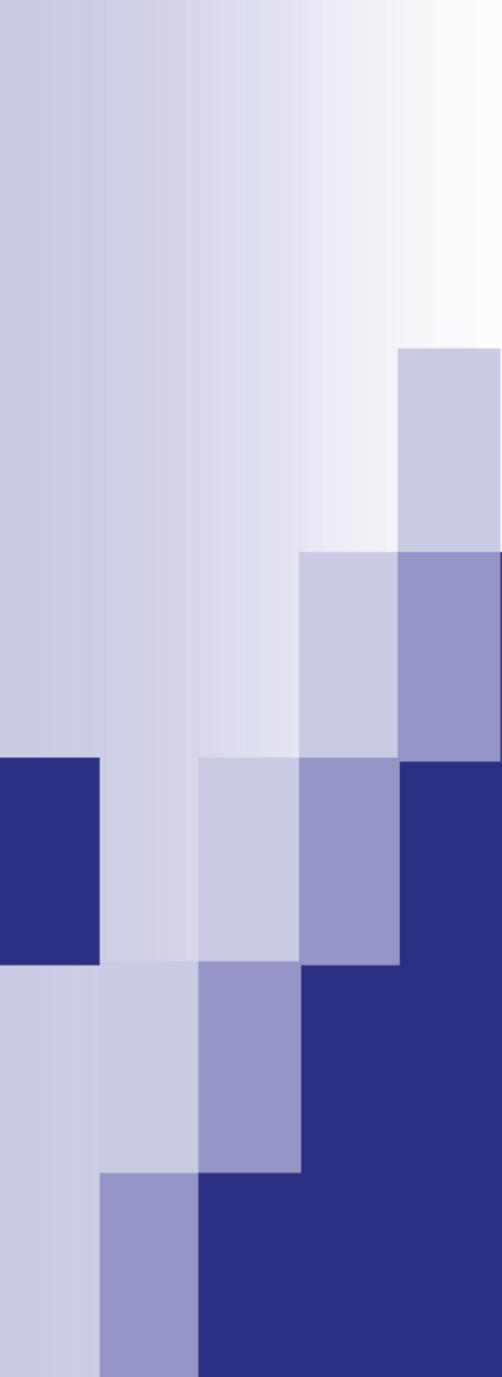
Our appreciation to the following for permission to use their images:-

Cristian Barrios
Markus Magerer
Colin Wilson
Cathie Tydeman

Appendices

Financial health, performance, sustainability, key factors

Appendix 3: Audited Financial Statements Auditor Information



Kangaroo Island Council

**Annual Financial
Statements
2007-2008**

**General Purpose Financial Reports
for the year ended 30 June 2008**

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INCOME STATEMENT
for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
INCOME			
Rates	2	5,809,910	5,274,252
Statutory charges	2	290,969	176,459
User charges	2	1,051,947	880,390
Grants, subsidies and contributions	2	2,489,663	2,566,940
Investment income	2	281,151	181,367
Reimbursements	2	432,600	398,475
Other income	2	131,853	260,490
Total Income		10,488,093	9,738,373
EXPENSES			
Employee costs	3	3,263,504	2,724,659
Materials, contracts & other expenses	3	5,878,887	3,871,019
Finance costs	3	234,235	268,178
Depreciation, amortisation & impairment	3	4,473,941	3,486,538
Total Expenses		13,850,567	10,350,394
OPERATING SURPLUS / (DEFICIT)		(3,362,474)	(612,021)
Net gain (loss) on disposal or revaluation of assets	4	(2,939)	(13,441)
Net gain (loss) - joint ventures & associates	19	-	-
Amounts received specifically for new or upgraded assets	2	2,685,948	273,257
Physical resources received free of charge	2	-	160,400
NET SURPLUS / (DEFICIT)		(679,465)	(191,805)

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

BALANCE SHEET
as at 30 June 2008

ASSETS	Notes	2008	2007
		\$	\$
Current Assets			
Cash and cash equivalents	5	1,986,146	4,815,677
Trade & other receivables	5	1,072,192	810,888
Inventories	5	115,539	120,256
Total Current Assets		3,173,877	5,746,821
Non-current Assets			
Infrastructure, Property, Plant & Equipment	7	139,857,729	51,579,579
Other Non-current Assets	6	3,189,373	162,791
Total Non-current Assets		143,047,102	51,742,370
Total Assets		146,220,979	57,489,191
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	1,830,015	3,118,407
Borrowings	8	416,304	523,491
Provisions	8	204,879	215,197
		2,451,198	3,857,095
Liabilities relating to Non-current Assets held for Sale		-	-
Total Current Liabilities		2,451,198	3,857,095
Non-current Liabilities			
Borrowings	8	2,997,775	3,414,081
Provisions	8	988,473	89,152
Other Non-current Liabilities	8	-	-
Total Non-current Liabilities		3,986,248	3,503,233
Total Liabilities		6,437,446	7,360,328
NET ASSETS		139,783,533	50,128,863
EQUITY			
Accumulated Surplus		4,656,991	7,685,390
Asset Revaluation Reserve	9	127,833,539	37,499,404
Other Reserves	9	7,293,003	4,944,069
TOTAL EQUITY		139,783,533	50,128,863

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
ACCUMULATED SURPLUS			
Balance at end of previous reporting period		7,685,390	9,618,771
Net Surplus / (Deficit) for Year		(679,465)	(191,805)
Transfers to Other Reserves		(8,262,702)	(3,061,239)
Transfers from Other Reserves		5,913,768	1,319,663
Balance at end of period		4,656,991	7,685,390
ASSET REVALUATION RESERVE			
	9		
Balance at end of previous reporting period		37,499,404	37,499,404
Gain on revaluation of infrastructure, property, plant & equipment		90,334,135	-
Balance at end of period		127,833,539	37,499,404
OTHER RESERVES			
	9		
Balance at end of previous reporting period		4,944,069	3,202,493
Transfers from Accumulated Surplus		8,262,702	3,061,239
Transfers to Accumulated Surplus		(5,913,768)	(1,319,663)
Balance at end of period		7,293,003	4,944,069
TOTAL EQUITY AT END OF REPORTING PERIOD		139,783,533	50,128,863
<i>Total of all revenues recognised directly in Equity</i>		90,334,135	-
NET CHANGE IN EQUITY		90,334,135	-

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

CASH FLOW STATEMENT
for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		9,945,638	9,523,740
Investment receipts		281,151	181,367
<u>Payments</u>			
Operating payments to suppliers & employees		(9,537,063)	(6,615,826)
Finance payments		(234,235)	(268,178)
Net Cash provided by (or used in) Operating Activities		455,491	2,821,103
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,685,948	2,673,257
Sale of replaced assets		65,455	761,932
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(5,512,932)	(4,219,161)
Net Cash provided by (or used in) Investing Activities		(2,761,529)	(783,972)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	67,569
<u>Payments</u>			
Repayments of Borrowings		(523,493)	(725,136)
Net Cash provided by (or used in) Financing Activities		(523,493)	(657,567)
Net Increase (Decrease) in cash held		(2,829,531)	1,379,564
Cash & cash equivalents at beginning of period		4,815,677	3,436,113
Cash & cash equivalents at end of period		1,986,146	4,815,677

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

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

The financial report was authorised for issue by the Council by certificate under clause 11 of the Local Government (Financial Management) Regulation 1999 dated 5th December 2008.

1.2 Accrual Basis & Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

3 Revenue Recognition

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

Where grants, contributions and donations recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes.

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 at maturity of three months or less from the date of acquisition.

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Transitional Provisions

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045 which expires 30 June 2008. As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads.

6.2 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset.

6.4 Subsequent Recognition

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

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

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

6.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

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

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

6.6 Impairment

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

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

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 within 30 days of receipt of a compliant invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Employee Entitlements

Liabilities for employees' entitlements to salaries, wages and employee entitlements 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 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 Council 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.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members: The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2007/08; 9% in 2006/07). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefits Members: Council makes employer contributions to the defined benefit categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently 6% (6% in 2006/07) of superannuation salary. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

10 Lease

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

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

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

11 GST Implications

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 expenditure include GST net of any recoupment.

Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

12 Comparative Information & Transition to AIFRS

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

13 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2008 reporting period.

- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements
- AASB 123 Borrowing Costs
- AASB 1004 Contributions
- AASB 1050 Administered Items
- AASB 1051 Land Under Roads
- AASB 1052 Disaggregated Disclosures
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]
- AASB 2007-8 Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]
- AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]
- *Interpretation 4 Determination whether an Arrangement contains a Lease*
- *Interpretation 13 Customer Loyalty Programmes*
- *Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- *Interpretation 129 Disclosure – Service Concession Arrangements*
- *Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 2 – INCOME

	Notes	2008 \$	2007 \$
RATES REVENUES			
<u>General Rates</u>		3,696,180	3,390,778
Less: Mandatory rebates			
Less: Discretionary rebates, remissions & write offs		(40,770)	(44,297)
		3,655,410	3,346,481
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		111,368	43,892
Waste collection		1,279,974	1,266,694
Community wastewater management systems		686,601	575,464
		2,077,943	1,886,050
<u>Other Charges</u>			
Penalties for late payment		37,501	40,439
Legal & other costs recovered		39,056	1,282
		76,557	41,721
		5,809,910	5,274,252
STATUTORY CHARGES			
Development Act fees		108,397	79,014
Building Application Fees		11,936	10,374
Animal registration fees & fines		23,050	20,831
Parking fines / expiation fees		13,735	13,426
Septic Tank Fees		27,135	30,529
Other Statutory Charges		106,716	22,285
		290,969	176,459
USER CHARGES			
Aerodrome Fees		491,702	382,101
Lease Fees		227,575	184,955
Garbage/Effluent Collection		29,794	14,922
Property Rents		110,514	84,937
Cemetery Fees		17,456	10,274
Rates Searches		21,005	13,560
Caravan Park Fees		15,774	14,610
Other User Charges		138,127	175,031
		1,051,947	880,390

NOTE 2 (CONT)

	Notes	2008 \$	2007 \$
INVESTMENT INCOME			
Local Government Finance Authority		281,151	181,367
		281,151	181,367
REIMBURSEMENTS			
- for private works		349,199	319,314
- other		83,401	79,161
		432,600	398,475
OTHER INCOME			
Sundry		131,853	260,490
		131,853	260,490
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,685,948	273,257
Other grants, subsidies and contributions		2,489,663	2,566,940
		5,175,611	2,840,197
Sources of grants			
Commonwealth government		2,199,149	327,004
State government		2,900,420	2,513,193
Other		76,042	-
		5,175,611	2,840,197

NOTE 2 (CONT)

Conditions over grants & contributions

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

	2008	2007
	\$	\$
<i>Unexpended at the close of the previous reporting period</i>	2,982,505	464,638
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Governance</i>	10,000	-
<i>Economic Development</i>	19,000	31,248
<i>Coastal Protection</i>	30,000	9,333
<i>Community Services</i>	1,400	1,364
<i>Regulatory Services</i>	395,371	13,486
<i>Roads Infrastructure</i>	118,593	216,392
<i>CWMS Infrastructure</i>	2,003,923	46,081
<i>Subtotal</i>	2,578,287	317,904
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Governance</i>	-	10,000
<i>Economic Development</i>	31,780	19,000
<i>Coastal Protection</i>	-	30,000
<i>Community Services</i>	-	1,400
<i>Regulatory Services</i>	-	395,371
<i>CWMS Infrastructure</i>	-	2,380,000
<i>Subtotal</i>	31,780	2,835,771
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	435,998	2,982,505
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	(2,546,507)	2,517,867
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		
Stormwater Drainage	-	39,200
Roads	-	108,200
Land	-	13,000
TOTAL PHYSICAL RESOURCES RECEIVED	-	160,400

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 3 - EXPENSES

	Notes	2008 \$	2007 \$
EMPLOYEE COSTS			
Salaries and Wages		2,671,354	2,257,252
Employee leave expense		548,353	335,699
Superannuation	17	277,391	253,423
Workers' Compensation Insurance		126,825	107,945
Other		69,107	45,815
Less: Capitalised and distributed costs		(429,526)	(275,475)
Total Operating Employee Costs		3,263,504	2,724,659
Total Number of Employees		60	58
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		10,000	8,560
- Other Services		-	-
Elected members' expenses		129,119	88,917
Election expenses		-	23,217
Subtotal - Prescribed Expenses		139,119	120,694
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,511,466	1,271,616
Energy		109,961	97,225
Water		79,490	90,509
Council Grants Expense		278,070	209,022
Insurance		183,883	178,170
Landfill Remediation Liability (refer below *)		900,000	-
Legal Expenses		194,706	55,554
Levies paid to government - NRM levy		110,225	43,892
Parts, accessories & consumables		986,530	855,585
Professional services		656,107	298,133
Sundry		729,330	650,619
Subtotal - Other Materials, Contracts & Expenses		5,739,768	3,750,325
		5,878,887	3,871,019

Kangaroo Island Council has this year recognised a liability for Capping & Post-Closure Remediation Provisions of Council's landfill. The provision was quantified for the first time during 2007/08. An expense has been recorded in the Income Statement to bring to account the Provision in the Balance Sheet.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

NOTE 3 (CONTINUED)

	2008	2007
	\$	\$
FINANCE COSTS		
Interest on overdraft and drawdown	14	66
Interest on Loans	234,221	268,112
	<u>234,235</u>	<u>268,178</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings, Structures & Improvements	1,131,744	298,097
Infrastructure	2,562,074	2,665,571
Plant & Equipment	639,942	405,945
Furniture, Fittings & Office Equipment	108,214	97,111
Library Books	31,967	19,814
	<u>4,473,941</u>	<u>3,486,538</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2008	2007
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	65,455	761,932
Less: Carrying amount of assets sold	68,394	775,373
Gain (Loss) on disposal	<u>(2,939)</u>	<u>(13,441)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>(2,939)</u>	<u>(13,441)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 5 - CURRENT ASSETS

	2008	2007
Notes	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	288,462	1,130
Deposits at Call	1,697,684	4,814,547
	<u>1,986,146</u>	<u>4,815,677</u>
TRADE & OTHER RECEIVABLES		
Rates - General & Other	521,534	500,888
Accrued Revenues	53,320	53,954
Debtors - general	258,375	141,407
GST Recoupment	206,693	87,604
Prepayments	32,270	27,035
	<u>1,072,192</u>	<u>810,888</u>
INVENTORIES		
Stores & Materials	115,539	120,256
	<u>115,539</u>	<u>120,256</u>

Note 6 - NON-CURRENT ASSETS

	2008	2007
Notes	\$	\$
OTHER NON CURRENT ASSETS		
Capital Works-in-Progress	3,189,373	162,791
Other	-	-
	<u>3,189,373</u>	<u>162,791</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS : FOR THE YEAR ENDED 30 June 2008												
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT												
	2007						2008					
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT COST	ACCUM DEP'N	CARRYING AMOUNT	
Land	6,423,160	453,314	-	6,876,474	25,215,834	-	25,215,834	-	-	25,215,834		
Buildings	10,873,585	5,479,017	(3,114,758)	13,237,844	48,862,096	-	48,862,096	-	(28,439,746)	20,422,350		
Infrastructure	30,585,253	5,952,320	(7,796,140)	28,741,433	124,438,172	-	124,438,172	-	(34,293,008)	90,145,164		
Plant & Equipment	802,837	2,617,801	(1,048,306)	2,372,332	3,524,216	-	3,524,216	-	(385,153)	3,524,216		
Furniture, Fittings & Office Equipment	144,759	367,588	(248,677)	263,670	827,860	-	827,860	-	(492,572)	107,458		
Library Books	154,230	10,632	(77,036)	87,826	600,030	-	600,030	-	(63,610,479)	139,857,729		
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	48,983,824	14,880,672	(12,284,917)	51,579,579	203,468,208	-	203,468,208	-	(12,284,917)	51,579,579		
2007 Totals					48,983,824			14,880,672			51,579,579	
	CARRYING AMOUNT MOVEMENTS DURING YEAR											
	2007 CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Net Revaluation	2008 CARRYING AMOUNT				
		New/Upgrade	Renewals									
Land	6,876,474	1,341	-	-	-	-	18,338,019	-	25,215,834			
Buildings	13,237,844	395,163	8,789	-	(1,131,744)	-	7,912,298	-	20,422,350			
Infrastructure	28,741,433	778,541	664,437	-	(2,562,074)	-	62,522,827	-	90,145,164			
Plant & Equipment	2,372,332	83,617	450,287	(68,394)	(639,942)	-	1,273,146	-	3,524,216			
Furniture, Fittings & Office Equipment	263,670	13,767	37,238	-	(108,214)	-	236,246	-	442,707			
Library Books	87,826	-	-	-	(31,967)	-	51,599	-	107,458			
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	51,579,579	1,272,429	1,160,751	(68,394)	(4,473,941)	-	90,334,135	-	139,857,729			
2007 Totals	50,912,277	4,929,214		(775,374)	(3,486,538)					51,579,579		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

VALUATION OF ASSETS

Land

Pursuant to Council's election, Land assets were revalued as at 30 June 2008 by Maloney Field Services, Property Consultant and Valuers.

Buildings, Structures & Improvements

Pursuant to Council's election, Buildings, Structures & Improvements assets were revalued as at 30 June 2008 by Maloney Field Services, Property Consultant and Valuers.

Infrastructure

All Infrastructure assets are initially recorded at cost.

Road Infrastructure - Pursuant to Council's election, Road Infrastructure assets were revalued as at 30 June 2008 by Tonkin Engineering, at written down replacement cost.

Stormwater - Pursuant to Council's election, Stormwater assets were revalued as at 30 June 2008 by Wallbridge & Gilbert at written down replacement cost.

STEDS - Pursuant to Council's election, STEDS assets were revalued as at 30 June 2008 by Wallbridge & Gilbert at written down replacement cost.

Plant & Equipment

Pursuant to Council's election, Plant & Equipment assets were revalued as at 30 June 2008 by Maloney Field Services, Property Consultant and Valuers. Plant & Equipment is measured at its Fair Value.

Furniture, Fittings & Office Equipment

Pursuant to Council's election, Furniture, Fittings & Office Equipment assets were revalued as at 30 June 2008 by Maloney Field Services, Property Consultant and Valuers.

Library Books

Pursuant to Council's election, Library Book assets were revalued as at 30 June 2007 by Maloney Field Services, Property Consultant and Valuers, at written down replacement cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 8 - LIABILITIES

Notes	2008		2007	
	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES				
Goods & Services	905,545	-	360,897	-
Payments received in advance	484,745	-	2,400,000	-
Accrued expenses - employee entitlements	365,805	-	298,337	-
Accrued expenses - other	53,473	-	49,214	-
GST Payable	20,447	-	9,959	-
	1,830,015	-	3,118,407	-
BORROWINGS				
Bank Overdraft	-	-	67,569	-
Loans	416,304	2,997,775	455,922	3,414,081
	416,304	2,997,775	523,491	3,414,081
PROVISIONS				
Employee entitlements (including oncosts)	184,879	108,473	215,197	89,152
Landfill Capping	-	400,000	-	-
Landfill Post Closure	20,000	480,000	-	-
	204,879	988,473	215,197	89,152
Movements in Provisions - 2008 year only (current & non-current)				
Opening Balance	304,349	0	0	0
Add Additional amounts recognised	81,307	400,000	500,000	0
(Less) Payments	(92,304)	0	0	0
Closing Balance	293,352	400,000	500,000	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/07/2007	Net Increments (Decrements)	Transfers on Sale	30/06/2008
	\$	\$	\$	\$
Land	1,982,066	18,338,019	-	20,320,085
Buildings	2,803,950	7,912,298	-	10,716,248
Infrastructure	32,198,544	62,522,827	-	94,721,371
Plant & Equipment	243,752	1,273,146	-	1,516,898
Furniture & Fittings	118,948	236,246	-	355,194
Library Books	152,144	51,599	-	203,743
TOTAL	37,499,404	90,334,135	-	127,833,539
2007 Totals	37,499,404	-	-	37,499,404
OTHER RESERVES	1/07/2007	Transfers to Reserve	Transfers from Reserve	30/06/2008
American River CWMS	2,399,536	527,381	(2,444,165)	482,752
Special Projects Reserve	-	3,765	-	3,765
Marina Berths Reserve	19,167	12,943	(3,182)	28,928
Airport Reserve	1,036,033	69,790	-	1,105,823
Roads to Recovery Reserve	149,380	2,948	(127,510)	24,818
CWMS Reserve	222,691	275,223	-	497,914
Waste Management Reserve	133,846	-	(85,290)	48,556
Committed Funds Reserve	639,243	4,619,835	(639,911)	4,619,167
Linnetts Subdivision Reserve	29,296	1,582	(25,480)	5,398
Penneshaw CWMS	79,667	4,905	(28,489)	56,083
General Reserve	112,215	2,736,364	(2,559,741)	288,838
Kingscote CBD Car Park	19,963	1,281	-	21,244
KIN Reserve	103,032	6,685	-	109,717
TOTAL OTHER RESERVES	4,944,069	8,262,702	(5,913,768)	7,293,003
2007 Totals	3,202,493	3,061,239	(1,319,663)	4,944,069

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

American River CWMS

Funds provided by the LGA for the extension of CWMS to the American River township.

Special Projects Reserve

Council contributed funds towards the Council office redevelopment.

Marina Berths Reserve

Holds contributions from lessees and funds received from the marina berths at Christmas Cove Penneshaw.

Airport Reserve

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

Roads to Recovery Reserve

R2R supplementary funding which has not been spent during the year.

CWMS Reserve

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

Waste Management Reserve

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

Committed Funds Reserve

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

Linnetts Subdivision Reserve

Bond funds received from developer of sub division as provision for future works

Penneshaw CWMS

Funds provided by the LGA for the potential extension of CWMS to the Penneshaw township.

Asset reinvestment Reserve

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

Kingscote CBD Carpark

Car Park contributions for future CBD Carparking in Kingscote

KIN Reserve

Kangaroo Island Network funds held in trust for committee discretion

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

	Notes	2008 \$	2007 \$
CASH & FINANCIAL ASSETS			
Unexpended Loans		-	670,000
Developers Contributions		70,869	19,963
Other unexpended amounts from other levels of Government		24,818	149,380
CWMS/STEDs scheme		337,524	2,728,496
Other		109,717	141,976
		542,928	3,709,815
 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Land assets utilised for recreation or other community purposes are subject to the provisions of Chapter 11, Part 1 of the Local Government Act, 1999 relating to 'Local Government Land'.			
Such assets are identified on Council's Community Land Register in accordance with the provisions in the Act.			
		25,215,834	21,320,480
		25,215,834	21,320,480
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		25,758,762	25,030,295

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2008 \$	2007 \$
Total cash & equivalent assets	5	1,986,146	4,815,677
Less: Short-term borrowings	8	-	(67,569)
Balances per Cash Flow Statement		1,986,146	4,748,108

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

Net Surplus (Deficit)		(679,465)	(191,805)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		4,473,941	3,486,538
Non-cash asset acquisitions		-	(160,400)
Grants for capital acquisitions treated as Investing Activity		(2,685,948)	(273,257)
Net (Gain) Loss on Disposals		2,939	13,441
		1,111,467	2,874,517
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(261,304)	(33,267)
Net (increase) decrease in inventories		4,717	17,557
Net increase (decrease) in trade & other payables		(1,288,392)	22,245
Net increase (decrease) in other provisions		889,003	(59,949)
Net Cash provided by (or used in) operations		455,491	2,821,103

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	2	-	160,400
		-	160,400

(d) Financing Arrangements

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

Bank Overdrafts	100,000	100,000
Corporate Credit Cards	11,000	11,000

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT) BEFORE CAPITAL		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2008	2007	2008	2007
	2008	2007	2008	2007	2008	2007	\$	\$	\$	\$
Business Undertakings	1,272,886	1,059,454	934,624	930,266	338,262	129,188	10,000	3,426	5,378,487	3,708,222
Community Services	352,658	78,769	808,569	480,830	(455,911)	(402,061)	306,117	35,682	583,879	587,299
Culture	52,350	45,945	392,662	383,528	(340,312)	(337,583)	32,114	35,747	491,355	573,415
Economic Development	88,298	87,873	169,338	203,258	(81,040)	(115,385)	50,531	71,755	499,437	388,384
Environment	4,682,315	4,742,087	3,189,774	1,956,665	1,492,541	2,785,422	2,214,339	2,531,218	12,910,633	5,151,203
Recreation	71,354	18,289	1,118,855	664,405	(1,047,501)	(646,116)	57,973	6,400	35,432,441	4,278,630
Regulatory Services	226,284	488,329	1,385,568	852,671	(1,159,284)	(364,342)	373,636	342,575	-	14,196
Transport & Communication Depot	685,765	404,603	3,799,507	3,254,575	(3,113,742)	(2,849,972)	258,578	120,000	85,115,210	25,814,293
Governance	13,745	9,575	627,684	489,875	(613,939)	(480,300)	-	8,182	809,843	2,640,039
Support Services	1,887,566	1,835,729	1,237,932	996,781	649,634	838,948	1,871,323	2,085,212	1,825,817	1,960,100
Other Revenue/Expenditure	845	1,446	188,993	150,981	(188,148)	(149,535)	-	-	-	-
	3,839,975	1,399,931	-	-	3,839,975	1,399,931	1,000	-	3,173,877	12,373,410
TOTALS	13,174,041	10,172,030	13,853,506	10,363,835	(679,466)	(191,805)	5,175,611	5,240,197	146,220,979	57,489,191

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments Bank, Deposits at Call, Short Term Deposits

Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & conditions: Deposits are returning fixed interest rates between 3.4% and 7% (2007: 3.4% and 6%).

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges (including legals & penalties for late payment)

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: Secured over the subject land, arrears attract interest of a base rate plus 2% (2006: base rate plus 2%) Although 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. Although 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 the Governments of the Commonwealth & State.

Carrying amount: approximates fair value.

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 Loans

Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 5.4% and 7.25% (2006: 5.4% and 7.25%)

Carrying amount: approximates fair value.

Liabilities - Finance Leases

Accounting Policy: accounted for in accordance with AASB 117.

Net Fair Value

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

Risk Exposures

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

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

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

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of Council's financial instruments - both assets and liabilities - are at fixed rates. Any such variations in future cash flows will not be material in effect on either Council incomes or expenditures.

Liquidity Analysis

2008	Floating Interest Rate	Fixed interest maturing in			Non- interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Financial Assets	\$	\$	\$	\$	\$	\$
Fair Value through P&L						
Cash Assets	1,984,780	-	-	-	1,366	1,986,146
Loans & Receivables						
Receivables	-	-	-	-	986,602	986,602
Total	1,984,780	-	-	-	987,968	2,972,748
<i>Weighted Average Interest Rate</i>	7.00%					
Financial Liabilities						
Payables	-	-	-	-	1,410,737	1,410,737
Current Borrowings	-	416,304	-	-	-	416,304
Non-Current Borrowings	-	-	510,462	2,487,313	-	2,997,775
Total	-	416,304	510,462	2,487,313	1,410,737	4,824,816
<i>Weighted Average Interest Rate</i>	6.30%	6.42%	6.67%	6.82%	-	-
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	1,984,780	(416,304)	(510,462)	(2,487,313)	(422,769)	(1,852,068)

2007	Floating Interest Rate	Fixed interest maturing in			Non- interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Financial Assets	\$	\$	\$	\$	\$	\$
Fair Value through P&L						
Cash Assets	4,814,547	-	-	-	1,130	4,815,677
Loans & Receivables						
Receivables	-	-	-	-	729,899	729,899
Total	4,814,547	-	-	-	731,029	5,545,576
<i>Weighted Average Interest Rate</i>	6.25%					
Financial Liabilities						
Payables	-	-	-	-	2,770,856	2,770,856
Current Borrowings	67,569	455,922	-	-	-	523,491
Non-Current Borrowings	-	-	673,303	2,740,778	-	3,414,081
Total	67,569	455,922	673,303	2,740,778	2,770,856	6,708,428
<i>Weighted Average Interest Rate</i>	6.30%	6.35%	6.50%	6.50%	-	-
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	4,746,978	(455,922)	(673,303)	(2,740,778)	(2,039,827)	(1,162,852)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 14 - COMMITMENTS FOR EXPENDITURE

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

	2008	2007
Notes	\$	\$
Capital Commitments		
Buildings	26,591	85,000
Infrastructure	3,557,424	380,000
	3,584,015	465,000
These expenditures are payable:		
Not later than one year	3,584,015	465,000
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	3,584,015	465,000

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

Other Expenditure Commitments		
Audit Services	34,000	51,000
Waste Management Services	4,900,000	5,800,000
Employee Remuneration Contracts	600,000	400,000
Other	205,660	150,000
	5,739,660	6,401,000
These expenditures are payable:		
Not later than one year	1,090,600	1,467,000
Later than one year and not later than 5 years	4,649,060	4,934,000
Later than 5 years	-	-
	5,739,660	6,401,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 15 - FINANCIAL INDICATORS

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

	2008	2007	2006
Operating Surplus	(3,362,474)	(612,021)	(632,214)
<i>Being the operating surplus (deficit) before capital amounts</i>			
Operating Surplus Ratio	(59%)	(12%)	(13%)
<u>Operating Surplus / Rates - General & Other less NRM Levy</u>			
<i>This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.</i>			
Net Financial Liabilities	3,379,108	1,733,763	1,441,863
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).</i>			
Net Financial Liabilities Ratio	33%	18%	15%
<u>Net Financial Liabilities / Total Operating Revenue less NRM Levy</u>			
Interest Cover Ratio	(0.5%)	0.9%	0.9%
<u>Net Interest Expense / Total Operating Revenue less NRM Levy less Investment Income</u>			
Asset Sustainability Ratio	122%	99%	76%
<u>Net Asset Renewals / Depreciation Expense</u>			
<i>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.</i>			
Asset Consumption Ratio	64%	78%	83%
<u>Carrying value of depreciable assets / Gross value of depreciable assets</u>			
<i>Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.</i>			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

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

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

	2008 \$	2007 \$
Operating Revenues	10,488,093	9,738,373
<i>less</i> Operating Expenses	(13,850,567)	(10,350,394)
Operating Surplus / (Deficit)	<u>(3,362,474)</u>	<u>(612,021)</u>
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	4,350,124	4,219,161
<i>less</i> Depreciation, Amortisation and Impairment	(4,473,941)	(3,486,538)
<i>less</i> Proceeds from Sale of Replaced Assets	(65,455)	(761,932)
	<u>(189,272)</u>	<u>(29,309)</u>
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	1,272,429	-
<i>less</i> Amounts received specifically for New and Upgraded Assets	(2,685,948)	(2,673,257)
	<u>(1,413,519)</u>	<u>(2,673,257)</u>
Net Lending / (Borrowing) for Financial Year	<u>(1,759,683)</u>	<u>2,090,545</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008**

Note 17 - SUPERANNUATION

Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme (Local Super). The Scheme has two categories of membership, each of which is funded differently.

The Scheme's accumulation category, Local Super, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Scheme.

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

Council makes employer contributions to the defined benefit category of the Scheme at rates determined by the Trustee on the advice of the Scheme's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE STATEMENT OF FINANCIAL POSITION

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

1. POTENTIAL INSURANCE LOSSES

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

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

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

2. BANK GUARANTEES

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

Council does not expect to incur any loss.

3. 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.

4. SUPERANNUATION - DEFINED BENEFITS SCHEME

An obligation exists under Local Super rules for Council to contribute toward salarylink benefits offered by Local Super under a defined benefit superannuation plan, and these contributions may be increased on actuarial advice when investment performance declines. An actuarial review is currently in progress as at 30 June 2008 to assess financial performance of the scheme and any contribution changes that might be required. The review, which occurs on a triennial basis, is expected to be finalised by March 2009.

Note 19 - EVENTS OCCURRING AFTER THE REPORTING DATE

There were no significant events occurring after balance date.

KANGAROO ISLAND COUNCIL

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008**

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Carmel Noon, the person for the time being occupying the position of Chief Executive Officer of Kangaroo Island Council, do hereby state that the Financial Statements of the Council for the year ended 30 June 2008 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.



Carmel Noon

CHIEF EXECUTIVE OFFICER

Dated this 3rd day of Dec. 2008

ADOPTION STATEMENT

Laid before the Kangaroo Island Council and adopted on the 5th day of December 2008 2008.



Jayne Bates

MAYOR

Dated this 5th day of Dec. 2008

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

ABN 30 164 612 890

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

Report on the Financial Report

We have audited the accompanying financial report of Kangaroo Island Council which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, a summary of the significant accounting policies, other explanatory notes and the Chief Executive Officer's Statement for the year ended on that date.

Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999. We confirm that the independence declaration required by the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999, provided to the Chief Executive Officer on 30 June 2008, would be in the same terms if provided to the Chief Executive Officer as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report of Kangaroo Island Council is in accordance with the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999 including:

- (a) giving a true and fair view of Kangaroo Island Council's financial position as at 30 June 2008; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (c) complying with Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999; and
- (d) where applicable, in accordance with the provisions relating to subsidiaries (and regional subsidiaries) of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999.

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**



**DON VENN
PARTNER**

Signed on the 4th day of December 2008,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

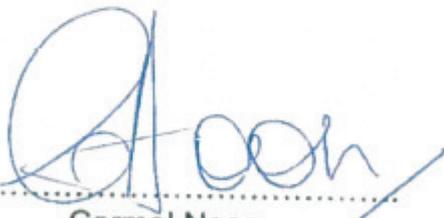
KANGAROO ISLAND COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2008

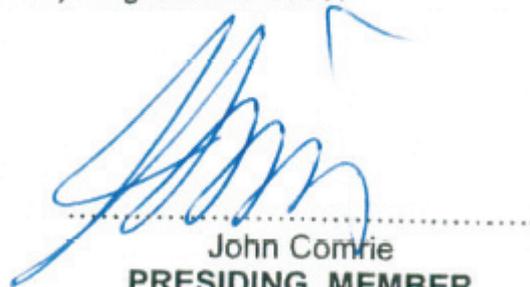
CERTIFICATION OF AUDITOR INDEPENDENCE

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 2008, the Council's Auditor, Dean Newbery and Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

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



Carmel Noon
CHIEF EXECUTIVE OFFICER



John Comrie
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 5th December 2008

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

ABN 49 976 436 356

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

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999. In accordance with Regulation 16A of the Local Government (Financial Management) Regulations 1999, we state as follows:

We confirm that for the audit of the financial statements of the Kangaroo Island Council for the year ended 30 June 2008, we have maintained our 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 requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.



DON VENN
Partner

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

NORTH ADELAIDE, this 30th day of June 2008

Contact Us

Elected Members

Jayne Bates - Mayor PO Box 245 Penneshaw SA 5222	Phone: 08 8553 1087 Fax: 08 8553 1087	Mobile: 0427 530 080 Email: bateski@bigpond.net.au
Craig Wickham - Deputy Mayor PO Box 169 Kingscote SA 5223	Phone: 08 8553 9170 Fax: 08 8553 9122	Mobile: 0409 282 748 Email: craig@exceptionalkangarooisland.com
Malcolm Boxall - Councillor PO Box 217 Kingscote SA 5223	Phone: 08 8553 9016 Fax: n/a	Mobile: 0427 616 200 Email: mfbxall@activ8.net.au
Graeme Connell - Councillor 16 Telegraph Road Kingscote SA 5223	Phone: 08 8553 2369 Fax: 08 8553 2129	Mobile: 0408 806 272 Email: graeme.connell@bigpond.com
Bec Davis - Councillor RSD 315 NS Kingscote SA 5223	Phone: 08 8559 7287 Fax: n/a	Mobile: 0428 108 968 Email: becdavis@activ8.net.au
Susan de Rohan - Councillor PO Box 196 Kingscote SA 5223	Phone: 08 8553 2401 Fax: n/a	Mobile: 0419 847 022 Email: sderohan@bigpond.com
Trevor Draysey - Councillor PO Box 3656 Norwood SA 5067	Phone: 08 8161 2147 Fax: 08 8161 2595	Mobile: 0408 331 554 Email: trevord@hospharm.com.au
Mark Morris - Councillor PO Box 266 Kingscote SA 5223	Phone: 08 8553 0024 Fax: n/a	Mobile: 0427 530 024 Email: dover.farm@bigpond.com
Milton Turner - Councillor 35 Centenary Avenue Kingscote SA 5223	Phone: 08 8553 3240 Fax: n/a	Mobile: 0419 860 360 Email: n/a
Joyleen Willson - Councillor PO Box 557 Penneshaw SA 5222	Phone: 08 8553 1065 Fax: n/a	Mobile: 0438 876 811 Email: joydon@kin.on.net

Council Staff

John Fernandez	Paul Duka	Andrew Lieschke	Daniel Rowley	Vaughn Clarke	Bernadette Brennan
Technical Services	Financial Services	Development Services	Community & Infrastructure	Kingscote Aerodrome	Human Resources OHS&W
08 8553 4522	08 8553 4521	08 8553 4509	08 8553 4524	08 8553 9004	08 8553 4507
<p>All correspondence should be addressed to the main offices of Kangaroo Island Council 43 Dauncey Street, Kingscote, SA 5223 or visit www.kangarooisland.sa.gov.au Phone: 08 8553 4500 Email kicouncil@kicouncil.sa.gov.au Carmel Noon, Chief Executive Officer</p>					