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### Welcome

Kangaroo Island Council presents the 2021-2022 Annual Report and Audited Financial Statements.

**Section 1** of this Report highlights Council's performance as set by its Strategic Plan 2020-2024. The Strategic Plan is supported by the Annual Business Plan 2021/22 and aligns with the goals of the Infrastructure Asset Management Plans.

It presents a review of some of the works undertaken to achieve the strategic objectives as set out under our 5 key areas of Infrastructure, Community, Economy, Environment and Organisation.

Section 2 of this report reviews Governance matters.

Section 3 covers our Finance Report and the Audited Financial Statements.

In this reporting period Council has tracked well against the requirements of the Strategic Plan. Of the 32 strategic actions to be commenced or completed in 2021/22, 24 were on track, 13 were on watch and 25 were completed.

We sincerely thank the community, our Elected Members, and all key stakeholders as we continue to move forward with our recovery.

#### **Greg Georgopoulos**

Chief Executive Officer

## Message from the Mayor



The financial year 2021/2022 has seen Council continue its focus on the recovery of our community from the 2019/2020 bushfires and the economic and social ramifications of the Covid-19 pandemic.

The KI Mayoral Bushfire Relief and Recovery Fund concluded in December 2021, providing much-needed assistance to those who suffered grievous losses and those still rebuilding from bushfire-affected areas.

More than \$5,953,400 was disbursed into the community from the Fund. Over 560 applications from individuals/families were assessed, along with 23 applications from community groups. Funds from the Kangaroo Island Mayoral Bushfire Relief and Recovery Fund were donated to rebuild the Stokes Bay Hall and the Western Districts Memorial Sports Club, both of which were destroyed in the 2019/20 bushfires. The KI Mayoral Bushfire and Relief and Recovery Fund was unique. Every dollar donated to the Fund went directly to recipients affected by the fire, with all administrative support covered by Council.

Council continued to focus on sound financial management and debt reduction, ensuring our Long-Term Financial Plan provides a sustainable future for generations to come.

Council's aim has always been to keep rate rises as low as possible. However, after two years without a rate rise to accommodate residents through drought and bushfire recovery, this year's rates were increased in line with the CPI.

Our budget has seen a fair distribution of expenditure across the island's townships and the rural sectors.

Private investment has been strong across the island this year. However, the public investment in the SA Water desalination plant and accompanying pipeline across the island's eastern half will generate economic activity for many years. It will boost the building sector and the rural sector along the pipeline.

Thank you to the Elected Members, CEO and staff for their ongoing commitment to our community.

**Michael Pengilly** 

Mayor

Kangaroo Island Council

## Message from the CEO



I am proud of the accomplishments, commitment and resolve of Council's staff and Elected Members to place the needs of the community at the centres of everything we do over the past year. We have worked hard to deliver and advocate for programs, project and services that improve the island's economy and the community's wellbeing.

Council engaged with the community to develop and implement a firm plan to improve the infrastructure of our townships, roads, and footpaths while managing the Council's debt. In addition, during the reporting period, Council commissioned an in-depth report on our key assets to ensure a prudent way forward in effectively managing the Council's assets, roads, and infrastructure.

We have also focussed on improving the organisation's capability through the alignment of strategy, structure, people, management processes together with upgrades to technology in order for the organisation to work a more efficient and effective manner, delivering greater value and benefit for our community.

Some of the key achievements in this context include:

- Risk Management: Finalising the Corporate Risk Register that is now reviewed and updated quarterly. Risk appetite training was provided to Elected Members and the Council's Senior Leadership team over the reporting period. In addition, risk appetite was endorsed by Elected Members to be incorporated into the Corporate Risk Register. Elected Members also endorsed risk training to be incorporated into a training program for new Elected Members.
- Information Technology (IT): Council developed a clear action plan for the upgrade of all information technology services and provisions.
   The Kangaroo Island Council IT Roadmap, aligned to the Kangaroo Island Council IT Strategy, was endorsed by Council and resulted in an upgrade of capital equipment and software.
- Rate Review: Council completed of a full Rate Review the included consideration and implementation of rating differentials in the Annual Business Plan process.
- Investment attraction and economic development: Council reviewed and updated the Kangaroo Island Prospectus that achieved a 14.5% alternative income for the annual budget equivalent to \$4.19 million gained through capital grants and additional private works for the South Australian Department for Infrastructure and Transport.

During the Financial Year 2021/22, Council worked with our strategic partners to:

- Improve the island's mobile blackspots and connectivity issues. Almost \$4.5 million was invested through grant funding to install 11 fixed wireless towers and two new Telstra towers across the island.
- · Obtain public investment into our road network. The State and Federal Government invested \$40 million to upgrade Hog Bay Road and Playford Highway.
- Reduce the cost of freight and residential travel to the mainland. A total of \$72 million was invested in two new SeaLink ferries and upgrades to terminals at Cape Jervis and Penneshaw.
- Secure our water supply. SA Water is constructing a 50-kilometre pipeline from Penneshaw to Kingscote to service townships on the island's north coast and upgrading the desalination plant at Penneshaw through a \$67 million investment by the State Government.
- Invest in our townships. Stage 1 of the Town Centres Project is revitalising our townships through \$2 million in grant funding from the State and Federal Governments.
- Access to health services. The State Government has invested \$10 million for Stage 1 of the expansion of the Kangaroo Island Health Service.
- Increase the capacity of childcare services. The Parndana Community Children's Centre Inc received \$1.8 million from the Federal Government's Local Economic Recovery Program.

Kangaroo Island Council exists to improve the quality of life for the community it serves. We aim to provide quality services and infrastructure that benefit our residents, ratepayers and visitors while respecting the natural environment, of which we are all custodians.

To achieve this, we must consider the collective needs, interests and aspirations of the individuals, groups and businesses that make up our community. I thank our staff and Elected Members for their ongoing commitment to this cause. I also want to acknowledge Councillor Tiggemann, who resigned in June 2022, for his contribution and commitment to our community.

**Greq Georgopoulos** 

Chief Executive Officer Kangaroo Island Council

### **Your Elected Members**



Mayor Michael Pengilly E michael.pengilly@ kicouncil.sa.gov.au M 0419 030 564

#### Committee Representative

- · Audit & Risk Committee
- KI Mayoral Bushfire Relief & Recovery Fund Committee



Councillor Shirley Pledge E shirley.pledge@kicouncil.sa.gov.au M 0427 041 787

#### Committee Representative

- CEO Performance Management Committee
- KI Mayoral Bushfire Relief & Recovery Fund Committee



Deputy Mayor Bob Teasdale E bob.teasdale@kicouncil.sa.gov.au M 0448 635 009

#### Committee Representative

- · Audit & Risk Committee
- CEO Performance Management Committee



Councillor Rosalie Chirgwin

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Councillor Peter Denholm E peter.denholm@kicouncil.sa.gov.au

#### Committee Representative

M 0412 543 534

- Fleurieu Regional Waste Authority
- · Council Assessment Panel



Councillor David Mepham
E david.mepham@kicouncil.sa.gov.au
M 0410 629 035

#### Committee Representative

- Council Assessment Panel
- Penneshaw Community
  Business Centre



Councillor Sam Mumford

E sam.mumford@ kicouncil.sa.gov.au M 0427 595 156

#### Committee Representative

- Audit & Risk Committee
- AGKI



Councillor Richard Cotterill

E Richard.cotterill@kicouncil.sa.gov.au M 0497 332 227

#### Committee Representative

 CEO Performance Management Committee



Councillor Ken Liu
E ken.liu@kicouncil.sa.gov.au
M 0428 322 005



Councillor Peter Tiggemann

Committee Representative

- CEO Performance
   Management Committee
- KI Mayoral Bushfire Relief & Recovery Fund Committee

Councillor Peter Tiggemann resigned as Councillor in June 2022.

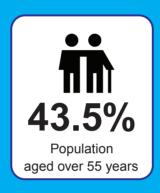
## **Island Profile**

4,405<sub>km²</sub>
Land mass. Third largest island in Australia, six times size of Singapore











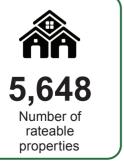
## **Fast Facts**





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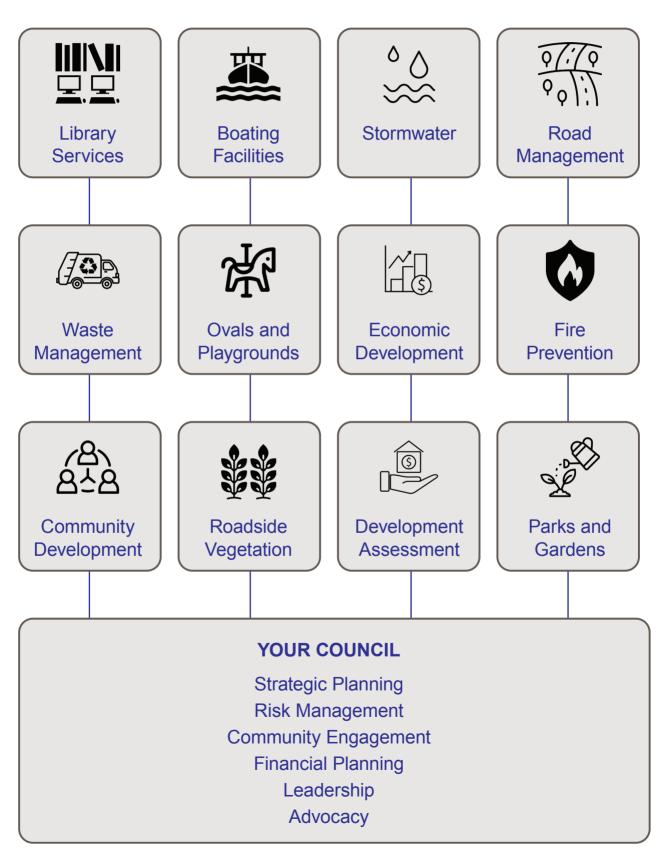








## **Council Services**





## Strategic Plan Overview

The 2020-2024 Strategic Plan was endorsed in September 2020 following extensive consultation with residents and ratepayers, Elected Members, key stakeholders and Council staff and can be accessed via <a href="https://www.kangarooisland.sa.gov.au">www.kangarooisland.sa.gov.au</a> The following pages report on strategic actions for the 2021/22 year.

## Strategic Objectives

This Strategic Plan is built around five high level strategic objectives focused on the areas of **infrastructure**, **community**, **economy**, **environment**, and our **organisation**.

At all times we act in a manner that is courteous, transparent, accountable, efficient and reflects our values of respect and integrity.

## Strategic Outcomes

To know we are successful in meeting our strategic objectives, we need to deliver a range of outcomes relevant to our community and specific to our objectives. Each objective is underpinned by three or four key strategic outcomes. Aiming for these outcomes focuses our efforts.

### **Actions**

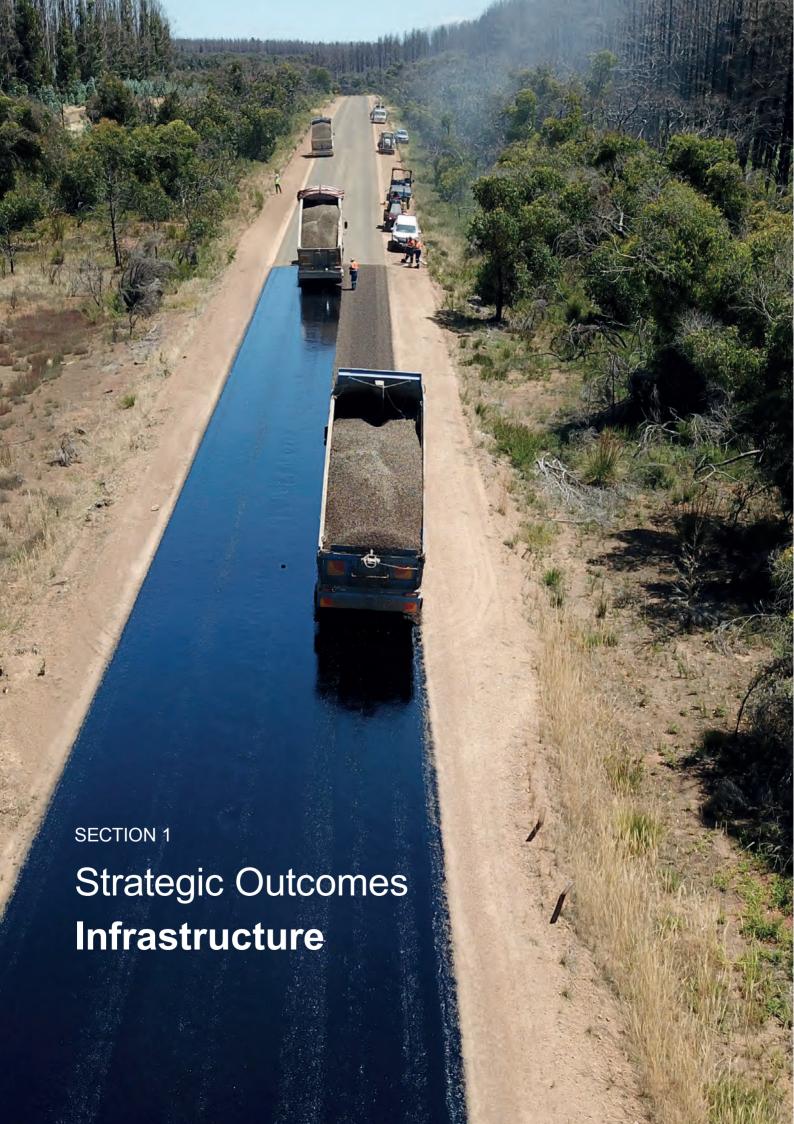
To ensure we achieve these outcomes and can measure our performance against the Strategic Plan, we have developed a number of actions. The actions are designed to be specific and measurable and will direct the work we do in the period covered by this Plan. As such, they will shape our future Annual Business Plans. Council will ultimately be measured against our ability to achieve a high percentage of our stated Actions during the strategic plan period.

## Recovery

Council's actions over the strategic plan period will be significantly impacted by our need to lead and support our challenged community in its recovery from the bushfires and Covid-19.

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// i \				
INFRASTRUCTURE	COMMUNITY	ECONOMY	ENVIRONMENT	ORGANISATION
A built environment focused on essential and Community services.	Communities and Individuals empowered to improve the quality of Island life.	Re-establish a strong and diverse economy.	Our environment is maintained, enhanced and protected.	Leadership to deliver positive social, financial and environmental outcomes.
RECOVERY				

1.1  Develop and maintain our roads and physical assets to acceptable standards.	2.1 Enhance community partnerships with Council.	3.1 Facilitate appropriate economic development by providing a supportive environment for local business.	4.1 Best practice waste management.	5.1 Community is supported in its recovery.
1.2 Optimise Island access opportunities and affordability.	2.2 Enrich community culture, health and well-being.	3.2 Optimise land use to grow the Island economy.	4.2 Proactively adapt to environment change.	5.2 Continuous improvement in strategic, financial, risk management and business planning processes.
1.3 Deliver a built environment that responds to community and business needs.	2.3 Improve Island liveability.	3.3 Collaborate with Government and other partners for better Island outcomes.	4.3 Statutory requirements are met for animal, land and vegetation management.	5.3 Good governance.
1.4 Advocate for improved essential services across the Island.			4.4 Support initiatives for a sustainable carbon neutral future.	5.4 Positive organisational culture.



## / Infrastructure

#### Strategic outcome:

#### A built environment focused on essential and community services

## 1.1.1 Deliver the Infrastructure and Asset Management Plan 2019-2028

Council contributed to the recovery effort from the 2019/20 bushfires by repairing critical infrastructure damaged by the catastrophic fire.

Council managed and completed private works for the Department of Infrastructure (DIT) involving the shoulder sealing of their road network. This work covered the completion of shoulder sealing from Birchmore Road to Bark Hut Road on the Playford Highway and sections of Hog Bay Road after the instalment of the SA Water pipeline.

Council prepared shoulder works from Bark Hut Road to Parndana, ready for the bitumen seal of the 14-kilometre section of road. These works, together with upgrades to approximately 52 kilometres of Hog Bay Road, are part of the \$40 million Kangaroo Island Road Safety and Bushfire Resilience Package funded by the Federal and State Governments due for completion in 2023.

The recovery effort was further expedited through the Council's work resealing fire-damaged sections of the Playford Highway, west of Harriet Road, funded through the State Government Local Government Disaster Recovery Assistance Arrangements program.

Finalisation of this road repair work is another milestone in the rebuild from the 2019/20 bushfires and significantly adds to road safety across our traffic network.

Resealing roads is part of the Council's asset renewal program designed to improve and restore the road pavement. Long term, it represents sound economic and engineering practice. It is the most cost-effective solution to maximising the lifespan of our roads.

Council managed and completed the seal of Hickman's Road from Airport Road to South Coast Road, which included the upgrade of six culverts, funded through the Special Local Roads Program.



One of the six new culverts upgraded as part of the seal of Hinckman's Road.



One of the two water trucks trialled by Council to improve grading of unsealed roads.

Council trialled the use of two bulk water carriers while undertaking routine grading unsealed road maintenance. This trial sought to enhance grading operational effectiveness and efficiency across the island.

High-traffic areas across our road networks with limestone road base material were chosen for this trial. Council constantly reviews work practices and tests additional work methods to strive for constant improvement in outcomes for the island's sizeable unsealed road network.

Unsealed roads across the island completed as part of the trial included North Coast Road and Smith Bay Road, Springs Road, Playford Highway to Gap Road and the Dover Farm Estate area.



Upgrade of Bell Manor and Springs Roads intersection.

Other works carried out this year included the upgrade of the Bell Manor and Springs Road intersection as part of Council's **Road Maintenance Program**.



The re-sheeting sections of Acacia Drive was part of Council's Unsealed Road Renewal Program 2021/2022.

The following road renewals were undertaken this year as part of Council's **Road Maintenance Program:** 

UNSEALED ROADS (RESHEETING)		
ROAD	LOCATION	
Island Beach Road	Hog Bay Road to Mitchell Drive	
Jetty Road	Vivonne Bay to Point Ellen Carpark	
Acacia Drive	800m section between Playford Highway & Brownlow Road	
Mchughs Road	Playford Hwy to East West One	
Pratts Road	1km section between North Coast Road and Stokes Bay Road	
Mt Taylor Rd	3kms at various locations	



Resealing works on South Coast Road and fire damaged resealing works across areas of the Playford Highway were completed in early February 2022.

SEALED ROADS	S (BITUMEN RESEALING)
ROAD	LOCATION
Esplanade	Wheelton to Buller Streets
Cygnet Road	Chapman and Dauncey Streets
Chapman Terrace	In front of the Ozone Hotel
Dauncey Street	Telegraph Road and Commercial Street (car parks only)
Franklin Street	Murray and Commercial Streets
Nepean Avenue	Pennington to Penguin Street
Brownlow Road	Tiggerman Corner to Haney Road
First Street (Brownlow)	Third Street to Boat Ramp
Elsegood Road	1km section between Hog Bay and South Coast Roads
Daw Street	Jubilee Avenue and Smith Street
Jubilee Avenue	Pioneer and Wheaton Streets
South Coast Road	15km between Timber Creek and Crabbs Roads

Special Local Roads Program funding enabled Council to upgrade and install guard rail safety barriers across 240 meters of Hickman's Road. Guard rails were also installed on the Playford Highway in collaboration with DIT through the Federal and State Government's Road Safety Programs.

Guardrails are first and foremost a safety barrier intended to shield a motorist who has left the roadway. They are used particularly in areas where roadways abut steep embankments, side slopes or are lined with trees, retaining walls and utility poles. They also assist with keeping animals and pedestrians from entering traffic areas.



Guardrails installed on the Playford Highway.

Council endorsed a **Kangaroo Island Five Year Footpath Plan** that includes \$350,000 dedicated towards new and upgraded footpaths across the island during this financial year.

A further \$250,000 was earmarked for footpaths as determined by Elected Members each year.

This plan was the culmination of a consultation in 2021 that included a review of footpaths across the island pertaining to new and upgrades to footpaths supported by an overarching five-year footpath plan. Feedback from all Kangaroo Island Progress Associations was incorporated into the final priority determination. The Five Year Footpath Plan incorporates Township Structure and Town Centres Project plans, Council Asset Management Plans and Township Vision strategies.

The plan clearly determines priorities for new and upgraded footpaths. Priority areas have been reviewed utilising a priority score allocation being given to footpath segments based on:

- Public Safety
- · Linking other Paths
- · Linking Public Facilities
- · Linking Pedestrian generating Facilities
- · Visual Impact.



One of the new footpaths installed in Kingscote as part of the Five Year Footpath Plan.



**Storm water maintenance** took place on Cape Willoughby Road in February and March.

Council budgeted \$64,000 for improvements to **storm water maintenance** in the Dudley Region within the 2021/2022 budget; Council crews cleared out and created drainage pathways as a result.

Annual rainfall on Kangaroo Island ranges between 400 to 900 mm with the higher rainfall occurring in the elevated, northern and eastern areas of the island and lower rainfall in the east and south east. Recent years have seen an increase in storm activity and large dumps of rain.

Strategic storm water infrastructure and drainage pathways such as these are critical for the redirection and management of annual rain and stormwater.

Council was successful in gaining grant funding from the **Support Regional Aviation Program** to replace of two of the aeronautical wind socks at the aerodrome.

These are vital navigation aids to pilots and are required to be maintained in good order to meet annual audit specifications.

Works completed as part of Council's **Marine Renewal Program** included repairs to pontoons at Christmas Cove, renewal of the American River Boat Ramp and minor repairs to Emu Bay Boat Ramp. Council also completed inspections of our marine assets. This work provides Council with asset assessments of our marine infrastructure to determine future works programs and inform the Infrastructure Asset Management Plans.



Pontoons at Christmas Cove.

Much work has been completed on Council's **Infrastructure Asset Management Plans** which detail information about community infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks.

The aim of Council's Infrastructure Asset Management Plans is to ensure that our assets, such as our roads, buildings, footpaths, playgrounds and marine facilities are renewed and replaced at the optimal rate, to enable us to extend their useful life and prevent them from deteriorating to unusable levels. These plans are linked to Council's Long Term Financial Plan (LTFP) which considers a 10-year planning period.

The following 2021-2030 Infrastructure Asset Management Plans chapters were adopted by Council at its 14 June 2022 meeting:

- Chapter 1 General Statements adopted 10 November 2020
- Chapter 3 Buildings and Complexes adopted 10 November 2020
- Chapter 4 CWMS adopted 10 November 2020

- Chapter 5 Land new chapter adopted
- Chapter 6 Plant and Equipment new chapter adopted
- Chapter 7 Recreation and Open Space adopted 10 November 2020
- Chapter 8 Stormwater adopted 10 November 2020
- Chapter 9 Transport adopted 19 January 2021 with the condition that the plan be reviewed within 2 years.

Chapter 2 – Airport, has been drafted and will be finalised after a valuation of the facility's scheduled in FY2022-2023.

#### 1.1.5 Review the 2005 Kingscote Community Wastewater Management System Extension Plan to prioritise the extension works.

Council completed a Technical Review of Community Wastewater Management System network to prioritise the extension program. This work included detailed designs of the extensions.



Works to replacement of asbestos pipe on Ayliffe Street.

Other works included an upgrade of the American River submersible aerator for the waste water treatment plant. The waste water treatment plant was upgraded at Kingscote with two submersible aerators (one per tank). The pump station upgrades included a retrofit of a new pump controller into an existing cabinet. Other works included the replacement of asbestos pipe on Ayliffe Street with new 100mm UPVC pipe.

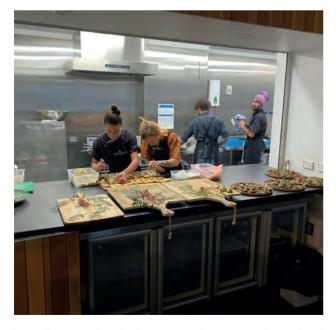
#### 1.2.1 Develop an Airport Master Plan



Photo Credit: Ashley Halliday Architecture Interiors / Sam Noonan Photographer

An **Economic Development Master Plan** was presented to Council this year. Council supported the University of Adelaide to produce the plan that used Kingscote Airport as a case study for regional airports to demonstrate how regional Councils can promote economic future-proofing of their airport activity hubs.

This year, the airport was used as a venue for the launch of the **Passports to Recovery** project, a major Federal Government-funded Citizen Science project led by Flinders University experts with further bookings for corporate events scheduled in the coming year.





The official launch of the Passports to Recovery project at the Kingscote Airport.

## 1.3.3 Make improvements to the streetscape character in the four main townships





Improvements to Dauncey Street Kingscote as part of the Town Centres Project. The photo on the top is before the upgrade, the photo on the bottom shows the new paving and streetscape.

Axiom Projects SA was awarded the contract for Phase 1 of Town Centres Project with works beginning in March 2022. The four key townships include Kingscote, Penneshaw, American River and Parndana.

The four key township projects have received a strong level of support during considerable community consultation last year. The vision and plans for this project have been shaped and influenced by the representative township progress associations.

The beautification of these townships will assist Council in attracting new investment, stimulate more development and encourage new businesses to Kangaroo Island, create new job opportunities and new career pathways for young people through the activation of public spaces.

Key works for Phase 1 of the Town Centres Project include:

#### Kingscote

Works include improved pedestrian access through flushed kerbs and raised crossings, widen and resurfaced footpaths, street planting and furniture.



Artist impression of the final works

#### **American River**

Improvements were made to the town centre appearance by better definition of pedestrian and vehicle areas (including parking and footpaths) along Tangara Drive and around the wharf precinct, as well as coastal-tolerant native street and tree planting and furnishings. These works will enable safer pedestrian movement and an overall tidier and better defined American River town centre.



Artist impression of the final works

#### Penneshaw

Along with furniture replacement on North Terrace, the proposed works in Middle Terrace included additional protuberances to create passive speed reduction, a greener and more attractive main street that complements existing planting, while enabling pedestrians and vehicle to move more safely in the precinct, and allowing long vehicles to park for short periods.



Artist impression of the final works

#### Parndana

Works include street planting to improve the appearance of Cook Street, with the creation of a town square helping create a destination for locals and visitors. Vibrant artwork, furniture, reclaimed materials and planting in this space will improve the appeal of the town centre

Phase 1 of the Town Centres Project has been funded by the SA Government's Open Spaces and Places for People grant and the Commonwealth Drought Communities Program.

Council has applied for funding for Phase 2 of the Town Centres Project through the Building Better Regions Fund – Round 6 which will create approximately 68 new jobs over the lifetime of the project.



Artist impression of the final works

## 1.3.4 Negotiate with Federal and State Governments to develop the Kangaroo Island Plan.

The South Australian Attorney General's Department began developing regional plans across South Australia. Kangaroo Island Council is unique in having the only dedicated Regional Plan.

The Planning and Land Use Services Department of the Attorney General's Department established a Local Government Regional Planning Committee to support the State Planning Commission's preparation of Regional Plans. This work includes a new Regional Plan for Kangaroo Island, which will replace the current Kangaroo Island volume of the South Australian Planning Strategy.

The Kangaroo Island Plan sits above all master plans. It is a dynamic long-term planning document that provides a conceptual layout to guide future growth and development. It will connect townships, buildings, economic and social settings, and their surrounding environments.

The Kangaroo Island Plan will be the one plan all government agencies and departments would work to and use for future strategic planning. The Kangaroo Island Plan provides long-term certainty for investors and planners at Federal, State and Local government levels and, notably, for the private sector.

## 1.4.1 Collaborate with providers to improve Island internet coverage and eliminate mobile blackspots on Kangaroo Island.

Residents, visitors and businesses on Kangaroo Island will benefit from a more reliable and resilient communication network thanks to a \$2.6 million grant to build open-access towers.

Swoop (formerly Beam Internet) is installing 11 fixed wireless towers across Kangaroo Island.

The open-access Fixed Wireless network provides a fail-safe way of communicating in natural disasters when other technologies, such as fibre and cable, have outages. In addition, these towers are 'open-access', meaning residents and visitors don't have to rely on one provider or one type of communication technology. The new towers also service two-way radios, fire detection, emergency

communications, equipment infrastructure and community radio stations.

The installation of the 11 new towers is a **Local Economic Recovery** (LER) project, supported under the Federal Government's **National Bushfire Recovery Fund** and co-funded by South Australian Government contributions.

In addition, Telstra Corporation Limited, in partnership with Kangaroo Island Council, secured \$1,758,232 in funding from the **Black Summer** grant program to construct two new mobile towers at Stokes Bay and American River.



Mobile phone tower in Kingscote

# 1.4.2 Collaborate with SA Water and other stakeholders to water-proof Kangaroo Island by completing all major components of the SA Water plan by 2023

One of the most significant projects for Kangaroo Island commenced following the awarding of State and Federal Government funding for a \$67 million project to improve water security for the residents and businesses of Kangaroo Island, and to support the island's tourism and agriculture industries.

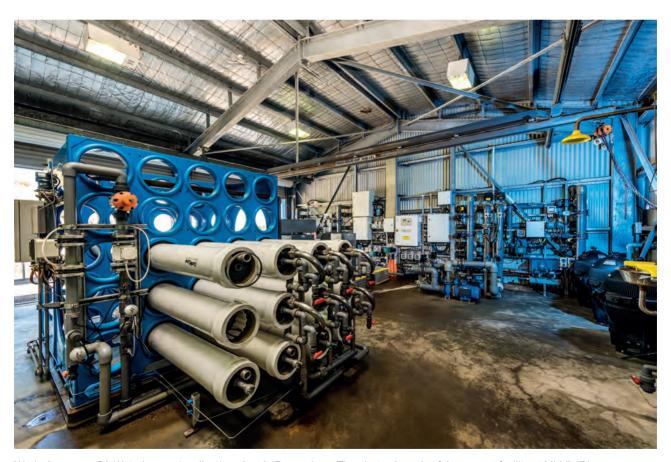
SA Water is constructing a new seawater desalination plant and a 50-kilometre pipeline from Penneshaw to Kingscote, providing connectivity to several coastal townships that do not currently have mains water available.

The new plant will produce 80 per cent of the island's water requirements, supporting further economic investment by lowering water costs and increasing efficiency.

The project will establish smaller reticulation mains which will connect into the existing Middle River-Kingscote system.

The new part of the network will have capacity to provide safe, reliable and affordable drinking water to more than 1,000 residents in Baudin Beach, Island Beach, Sapphiretown and American River, who currently rely on private rainwater tanks or water carters for their drinking water supply.

Council has been working in collaboration with SA Water and DIT on site preparation for the desal plant and shoulder sealing sections subject to the new pipeline.



Works began on SA Water's new desalination plant in Penneshaw. The photo above is of the current facility at Middle River.





#### Strategic outcome:

## Communities and individuals empowered to improve the quality of Island life

## 2.1.1 Review community grant and sponsorship programs and set funding baselines

Council reviewed the grant and sponsorship programs during the Financial Year 2022 to set funding baselines. As a result, a new policy was developed for endorsement and adoption by Elected Members in the following financial year. The new policy sets delegated baseline of all sponsorship – cash or inkind support – of \$500 and over to be endorsed by Elected Members to benefit community groups across the island.

## 2.1.2 Collaborate with external funders and Community groups to access external funds to improve or extend community assets or services

The Council worked in partnership with the **Western Districts Football Club** to rebuild their facilities that were destroyed during the 2019/20 bushfires.



Official opening of the Western Districts Football Club Ausco change rooms.

At the September 2021 Council Meeting, the funding agreement between the Australian Football League (AFL) Community Relief Fund, Western Districts Memorial Community Sports Centre and Kangaroo Island Council as auspice was endorsed including a Project Control Group that is chaired through Council. This significant funding of over \$1.4million enabled the club to rebuild the facilities that were destroyed in the 2019/20 Black Summer Bushfires. In June 2022, the first stage of the rebuild being the Ausco changerooms were officially opened and attended by AFL, South Australian National Football League (SANFL), Cricket Australia, South Australia Cricket Association (SACA) and State Government representatives.

Council have partnered with **Western KI Lions** and **Junction** to secure funding from Department of Premier and Cabinet for the upgrade of the **Spinners and Weavers Building** in Parndana. This community asset supports the community as a meeting space, craft groups and specialist services such as SA Community Legal Service, Red Cross and Junction Australia.

# 2.1.3 Create opportunities for a sustainable future for youth on Island, including implementing a Council work experience and training program

Council appointed six traineeship positions in the areas of finance, work health safety, customer service, parks and gardens and airport administration. Three of the trainees were employed by Council following successful completion of their business studies qualifications.

Council has also partnered with the **Kangaroo Island Community Education (KICE)** to develop a career pathway program. This program involves employees from Council with specialist skills and qualifications being interviewed by school children to discuss possible career pathways.



One of Council's trainees, Peter Tremaine.

Kangaroo Island Council is committed to developing young people and future leaders.

The Young Achievers Award recognises the achievements in areas such as community work, sport, education, science, culture, the arts and the environment. Consideration is given to young people who demonstrate leadership, dedication and significant personal accomplishment or active involvement in their community.



Mayor Michael Pengilly with Olivia Weatherspoon and Chloe Pittman, joint winners of the Young Achiever Award for 2021.

Kangaroo Island Young Achievers of the Year, Chloe Pittman and Olivia Weatherspoon received their awards from the Council in September 2021. The Young Achievers of the Year ceremony usually takes place on Settlement Day on July 27, but the event this year was cancelled due to COVID and took place in Council Chambers.

## 2.1.4 Partner with progress associations to deliver strategic outcomes for Council and communities

In partnership with **Baudin Beach Progress Association**, Council have secured funding of \$262,240 for the repair and upgrade of the Baudin Beach boat ramp through the **SA Boating Facilities Committee (SABFC)**. This funding will enable the Baudin Beach Progress Association to realise their vision of upgrading the boat ramp for a total budget of \$327,740 which includes cash and in-kind contributions from the Progress Association and Council. In 2016/17 SABFC provided \$30,000 towards the removal of the of shore breakwater at Baudin beach to restore the beach profile and \$16,000 to upgrade the existing car and trailer parking area at the boat ramp.

Two of the successful projects from the Federal Government's Black Summer Bushfire Program that were supported by Kangaroo Island Council are for fuel and improved recreation facilities at American River. Submitted by members of American River Community and Sports Association (The Shed) and supported by American River Progress Association's Strategic Plan, these projects will realise the community's desire for fuel to be once again available at American River and for The Shed to be the community meeting place for social and sporting interactions.

Community Centres Working Group meets quarterly to share skills, knowledge and information on the various projects, events and initiatives the Progress Associations are delivering for their communities. This enables Council to support grant applications, sponsor community events and advocate for strategic community needs.

## 2.2.3 Support arts, culture and heritage initiatives

Supporting progress associations with the upgrade of their town halls at **Parndana**, **Penneshaw and American Rive**r. This enabled enhanced use of these community assets to support community connectedness and wellbeing.

Through the Kangaroo Island Mayoral Bushfire Relief and Recovery Fund, Council sponsored the delivery of the annual **Stokes Bay Hall Fireworks** event. In 2022 this was held on the beach at Stokes Bay while the Stokes Bay Hall is still being re-built post the 2019/20 Black Summer Bushfires. The Mayoral Fund support enabled this event to be free entry, which was very well attended and enjoyed by a community that has been apart through most of the recovery since the bushfires due to COVID 19 restrictions.



Annual celebrations at the Stokes Bay Fireworks event.

Council continued support for the **Return Soldiers League (RSL)** with Anzac Day,
Remembrance Day and Vietnam Veteran's Day
commemoration services.



ANZAC Day Dawn Service 2022.

Working with the RSL, Council secured funding from Veterans SA. This funding enabled the Saluting their Service project which enabled the RSL to interview eight veterans from Kangaroo Island, to preserve their stories of service. The short documentary interviews were launched Remembrance Day 2021 and are available in the Kingscote Town Hall for public viewing. The Commemoration Fund enabled the RSL to install a new flag pole at Memorial Park so that the New Zealand flag can be raised for ANZAC Day services, along with other initiatives such as framing the ANZAC quilt and purchase of an additional display case for RSL memorabilia.

The Australia Day Ceremony at the Hope Cottage Museum included seven Australian Citizenship ceremonies with Mayor Michael Pengilly announcing the 2022 Citizen of the Year award winners to Anne Morrison and Greg Bald, Project of the Year to Humans of Kangaroo Island and Carols on the Coast with a special commendation to Margo Rosser for Community Event of the Year.



Australia Day celebrations at Hope Cottage. The recipients of the 2022 Awards were: Citizen of the Year won jointly by Anne Morrison and Greg Bald, Project of the Year was awarded to Sabrina Davis for the Humans of KI Project and Event of the Year was awarded to Margot Rosser, organiser of the Carols on the Coast event at Penneshaw.

## 2.3.3 Support arts, culture and heritage initiatives

As part of Council's commitment to enhancing the character, amenity, safety and accessibility of the build environment there have been equipment upgrades to playgrounds and two additional toilets installed at Brownlow and Kingscote. Council has also supported the American River and Penneshaw Progress Associations with the development of their community gardens.

The community engagement team worked with groups using the **Kingscote Pavilion**, on their vision for an upgrade and redevelopment of the current facilities and with the **Friends of Penneshaw Cemetery** on their beautification project to enhance and preserve this State Heritage Listed site.

Council worked in partnership with the Kangaroo Island Tourism Alliance (KITA) on the Three Towns Walking Trail Project, through funding from Recovery for Regional Tourism program under Austrade, which will be completed in the following year. The purpose of this project is to build on the visitor experience, increase appeal, increase the time spent in towns and supporting businesses further. This project will replace and enhance way finding and interpretive signage along the existing walking trails in Penneshaw, American River and Kingscote.



New playground equipment was installed at Memorial Park, Kingscote and Emu bay foreshore playgrounds. This is a photograph of the Emu Bay playground.

## 2.2.4 Develop a Disability Access and Inclusion Plan to meet the needs of the elderly and disabled

Kangaroo Island Council's Disability Access and Inclusion Plan 2021 – 2024 was adopted at the November 2021 Special Council meeting. Council recognises that local government plays an important role in enabling equitable access and as such our Disability Access and Inclusion Plan has been prepared to comply with the *Disability Inclusion Act 2018 (SA)* and is also recognised in Council's Strategic Plan 2020 – 2024 which identifies access and inclusion as fundamental to enriching community culture, health and wellbeing. During the last 12 months, Universal Design and Accessible Communications training has been attended by key Council staff.

In partnership with **Community Living Australia**, Council were successful in securing grant funding from **Harcourts** to purchase a Mobi-Mat which will enable access on the beach for people with disabilities or those with limited movement. This is the first beach access mat on Kangaroo Island, with the intention to have them available at several locations in the coming years.



Disability accessibility project manager Scott Carter, Parndana Bowls Club President Chris Turner, local resident Anthony Freebairn and committee member Meehgan May.

Council worked in partnership with the Parndana Bowling Club to secure grant funding through the Foundation for Rural Regional Renewal to secure funding for Phase 1 of their Disability Accessibility Project. The Disability Accessibility Project will result in an upgrade of the club's facility so that members and members of the Kangaroo Island community with a disability or mobility issues can access the facility. Phase 1 of the Disability Accessibility Project, the Parndana Bowling Club will implement in the following year:

- two disability car parks situated near the entrance of the facility
- · a ramp for wheelchair access to the clubhouse
- · a handrail to follow the wheelchair ramp
- a new gate that a person in a wheelchair or walking frame can use to access the facility

## 2.3.1 Identify fire prevention priorities for the protection and safety of our communities:

Kangaroo Island Council undertook a **Bushfire Mitigation and Protection Strategy** for
Townships in 2021. The continuation of this work
will be development of **Bushfire Mitigation Work Schedules** in which longer term on ground works
will be programmed to occur, providing increased
levels of protection for populated areas.

Council attend the Kangaroo Island Bushfire Management Committee, facilitated by the Country Fire Service (CFS) Region 1. The Bushfire Management Action Plan (2017) is due for complete review in 2023. In the interim Council delegates have assisted CFS in a complete review of the Asset Treatment Register. In this there are approximately 400 assets across Kangaroo Island, both private and state owned. Many of these assets are classed as Extreme or High Risk- and the treatment of protection measures for these assets is under constant review.

## 2.3.2 Implement processes, procedures and technology to help mitigate fire risk to Kangaroo Island townships.

Wide fire breaks have been undertaken after application to **CFS Regional Planning Unit** around some townships. These fire breaks have consisted of clearance of vegetation to provide a remnant "living verge" while providing emergency service agencies potential for defence of townships. These works were completed in Island Beach, Vivonne Bay and DeEstree Bay areas.

Further breaks have been created to compliment the prescribed burning program of **National Parks and Wildlife Service** (NPWS). These areas of protection are registered with State Government agencies and can be used in a running fire by Incident Control as a means of halting the progress of fire.

2.3.3 Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds pools, toilets, boat ramps, trails, streetscapes etc, completing at least two significant projects annually.

As part of the Council's 2021/2022 Capital Works Program, a new safer, compliant staircase was constructed at the **Kingscote Tidal Pool** as well as a new barbeque shelter.

Council also installed a new roof on the **Penneshaw Community Business Centre** and a new fish cleaning station at American River.



As part of the Council's 2021/2022 Capital Works Program, a new safer, compliant staircase has been constructed at the Kingscote Tidal Pool.



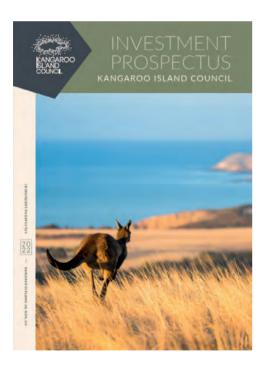


#### Strategic outcome:

#### Re-establish a strong and diverse economy

## 3.1.3 Develop a Council endorsed Prospectus that identifies the fundamental strategic investment priorities for the Island.

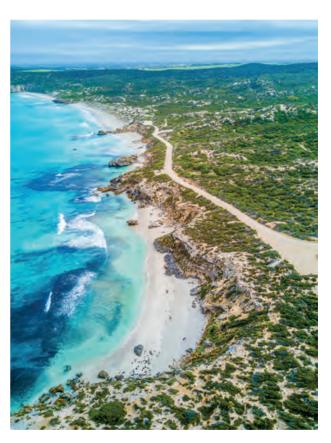
A Prospectus was drafted covering ten critical areas for development and was circulated to State and Federal Government ministers as required after the bushfires. Many of the projects in the draft **Prospectus** received funding during the reporting period. These include road network redevelopment, accommodation, the sea route connection, telecommunication and the development of a Kangaroo Island plan.



The draft Prospectus has been updated, finalised and presented to the Elected Members for endorsement in the next financial year.

## 3.1.2 Focus and optimise grant funding on Council's priority areas

Council undertook beach access audits and were able to secure funding from the **Coast Protection Board** for the replacement and upgrade of beach access stairs at **Pennington Bay** and **Baudin Beach**, to assist in protecting our coastal environment.



Pennington Beach will have new beach access stairs with funding secured from the Coast Protection Board.

## 3.2.3 Provide assistance to those rebuilding from fire affected areas

The Mayoral Bushfire Relief and Recovery Fund concluded in December 2021 which provided much needed assistance to those rebuilding from bushfire affected areas. The fund was established in response to the bushfire emergency that escalated on 20 December 2019 and was not declared safe until 6 February 2020. The support of donated items was overwhelming and extremely generous. Charity and volunteer organisations had reached capacity for donations and therefore it was identified that the preferred method to assist the Kangaroo Island community was to establish a fund to support those directly impacted by the devastating fires. \$5,953,443 was disbursed into the community with over 560 applications from individuals/families being assessed along with 23 applications from community groups.



Funds from the Kangaroo Island Mayoral Bushfire Relief and Recovery Fund were donated to rebuild the Stokes Bay Hall that was destroyed in the 2019/20 bushfires.

The Kangaroo Island Mayoral Bushfire and Relief and Recovery Fund was unique as every dollar donated went directly to recipients affected by the fire with all administrative support covered by Council.

CATEGORY	AMOUNT
Deceased Persons	\$40,000.00
Destroyed Homes – Owners	\$428,000.00
Destroyed Homes – Additional Children	\$16,500.00
Destroyed Homes Tenants	\$154,336.66
Damaged Homes – Owners	\$65,000.00
Destroyed / Damaged Sheds	\$670,000.00
Infrastructure Damage (Fences, tanks etc)	\$742,000.00
Income Loss	\$554,000.00
Sharefarmers	\$140,000.00
Vehicles	\$31,000.00
Community Projects	\$1,306,255.00
Additional Payments	\$1,795,504.00

Council's management and delivery of outcomes from the fund was recognised at the Local Government Sector Awards, where the administration was one of two finalist in the category of Excellence in Disaster Recovery / Emergency Response Management.

## 3.2.4 Review underutilised land and assets and explore opportunities

A major review and update of the Community
Land Register was completed and approved by
the Minister in June 2016. In 2020 council began
a review to update Management Plans for a
number of parcels of community land on an 'as
required' basis, via public consultation, following
consideration of changes to land ownership/
custodianship, dedications, occupation (including
leases), existing and future use, and climate change
impacts. This continued throughout Financial
Year 2021-2022. Council continues to manage
occupation and use of community land via leases,
licences, and permits.

## 3.3.1 Engage in formal dialogue with State Government agencies to develop a coordinated approach to a more economic delivery of government services on the Island, and shared cross-agency plans

The number of rateable properties on Kangaroo Island is approximately 5,600. Yet Kangaroo Island Council services a land area six times the size of Singapore that hosts about 200,000 tourists and visitors annually.

The key challenges faced in servicing a remote island community include maintenance and upgrades to road infrastructure, accessibility of medical and professional services, water security and freight costs.

In response, Council has partnered with the State and Federal governments to fund critical public infrastructure that supports further private investment and unlocks economic activity on the island and supports recovery from the 2019/20 bushfires.



Hog Bay Road. Along with the Playford Highway will be subject to major upgrades funded by the State and Federal Government.

**Road infrastructure:** Hog Bay Road and the Playford Highway Upgrade.

Value \$40 million

Kangaroo Island's 4,405 square kilometres contain 1,362 kilometres of roads, of which 81% are unsealed.

The upgrade of Hog Bay Road and Playford Highway will enhance the main arterial route along the 'backbone' of the island, enhancing bushfire resilience while improving tourism routes and freight access.

**Waterproofing the island:** SA Water Desalination Plant and Pipeline

Value: \$67 million

SA Water is constructing a new seawater desalination plant and a 50-kilometre pipeline from Penneshaw to Kingscote, providing connectivity to several costal townships that do not currently have mains water available. The new plant will produce 80% of the island's water requirements, supporting further economic investment by lowering water costs and increasing efficiency.



Artist impressions of the new SeaLink Kangaroo Island Ferry, Credit SeaLink South Australia.

Freight costs and accessibility: New SeaLink Ferries and Upgrade of Cape Jervis & Penneshaw Terminals

Value: \$72 million

SeaLink has committed a \$50 million investment in new drive-on ferries, with an additional \$22 million commitment from the state government to upgrade the ferry terminals at Cape Jervis & Penneshaw. The new SeaLink contract sees a significant reduction in the cost of travel and freight for residents and businesses – supporting development in housing and infrastructure on the island:

- 40% increase in services provided over the year
- 78% reduction in KI resident adult and child fares (introduced from March 2022)
- Up to 68% reduction in KI resident vehicle fares
- · 37% reduction in freight charges

Access to medical services: Expansion of Kangaroo Island Health Service – Stage 1

Value: \$10 million

The master plan for the expansion of the Kangaroo Island Hospital has multiple long-term stages. The first stage will create multiple accommodation units for nursing staff, addressing a critical shortage in personnel. A new aged care facility is included in the development's first stage, to address the growing care demands of an ageing population.



Megan Cooper , Vice-Chair of the Parndana Community Children's Centre Governing Council . Photo credit: Rosemary Clare Photography

Access to childcare services: Parndana Community Childcare Centre

Value: \$1.8 million

Plans to construct a new childcare facility at Parndana were granted planning consent in April 2022, with the centre set to provide services to Kangaroo Island's heartland and west end.

The Parndana Community Children's Centre Inc. received \$1.8 million from the federal government's **Local Economic Recovery** program to build the childcare centre next to the Parndana school campus.

Investment in the two-room centre, which will cater to babies and up to four-year-olds, supports the strong demand for childcare services across the island. Council is seeking further investment in childcare services and out-of-hour school care to support the island's population and economic growth.

**Visitor experience**: Flinders Chase National Park Visitor Centre

Value: \$14 million

Work is underway to rebuild the Flinders Chase National Park Visitor Centre and park infrastructure following the 2019/202 bushfires.

The rebuild is part of the state government's \$52 million investment in rebuilding essential park infrastructure to support and rejuvenate Kangaroo Island's visitor economy.

Kangaroo Island tourism industry contributes around \$140 million annually to the regional economy. The rebuild works will create more than 350 jobs in the region and will fast-track important work to these iconic sites.



Cape Willoughby Lighthouse. Photo credit: Quentin Chester

**Visitor experience**: Cape Willoughby Lighthouse upgrade and visitor experience hub – Stage 1

Value: \$5 million

The \$5m project to rejuvenate the area surrounding the oldest lighthouse in South Australia will feature a spectacular cantilever viewing platform extending over the 10m-high chasm, offering breathtaking views of the rugged cliffs and ocean below.

Upgrades to heritage accommodation and day visitor facilities, a café and visitor centre and new walking trails will also be part of the revamp.



Kangaroo Island's primary producers are set to benefit from the sheep blowfly eradication project.

**Sustainable agriculture:** Sheep blowfly eradication project

Value: \$3.5 million

Kangaroo Island Council is partnering with the **South Australian Research and Development Institute** (SARDI) to implement a pilot program to produce sterile flies to eradicate sheep blowflies on the island, which could save farmers up to \$88m over 25 years. With 600,000 sheep in the region, the project has significant implications for the island's productivity.





#### Strategic outcome:

#### Our environment is maintained, enhanced and protected

# 4.1.1 Decrease annual volume of landfill waste taken off island by 5% year on year (excluding waste relating to the bushfires).

Kangaroo Island Council recycled 51% of all kerbside material presented this financial year compared with 48% last year, according to the Fleurieu Regional Waste Authority (FRWA).



# 4.2.1 Obtain funding for a plan to respond to environment change and liaise with other stakeholders for a whole of Island response.

In April 2022, the Council successfully gained grant funding of \$290,000 (fully funded – no cocontribution) from the National Recovery and Resilience Agency to develop a prioritised, full costed whole-of-Island Action Plan to respond to natural disasters.

The Action Plan will prioritise a program of work based on the National Disaster Risk Reduction Framework that identifies resource gaps required for future investment in response to:

- Recommendations for Kangaroo Island from the Royal Commission into National Natural Disaster Arrangements;
- Recommendations for Kangaroo Island from the South Australian Government's Independent Review into South Australia's 2019-2020 Bushfire Season.

Key outcomes of this project are:

- 1 A prioritised, fully costed whole-of-Island Action Plan aligned to the National Disaster Risk Reduction Framework to better prepare the local community for natural disasters.
- 2 A whole-of-Island Action Plan based on the recommendations of the Royal Commission Report, SA Review and Council's commissioned strategies. This plan will provide Council, partnership agencies and our community with a single source of truth to make future decisions and investments to mitigate our risk of natural disasters.
- 3 Outcomes of the Action Plan will inform Council's Annual Business Planning process, Capital Works expenditure, grant funding opportunities and public-private partnerships for future investment in natural disaster risk reduction.
- **4** All key findings and learnings will be shared with the Local Government Association and relevant government agencies.

## 4.2.2 Developing the response plan for severe weather events and implement

The Local Government Association (LGA) assisted Council in the **Council Ready** program- a body of work that prepared the Council to provide assistance to **Incident Control Agencies** as required during severe weather events.

Further work by the LGA Functional Support Group saw the completion of an Incident Control Manual-that clearly defines the role and responsibility of the Council when assisting in particular types of incidents such as fire, flood, storm, heat, pandemic and earthquake.

## 4.2.3 Support collection and assessment of data on coastal hazard mapping for island

Council supported the **Reef Builder** project to build two native oyster reefs near boat ramps adjacent to Kingscote and American River. Reef Builder is a partnership between The **Nature Conservancy Australia** and the Federal Government.



Diver deploying oyster shells used to create the native reefs. Photo credit Tait Schmaal

The Reef Builder project aims at bringing back shellfish reefs from the brink of extinction while supporting the economic recovery of communities impacted by bushfires and Covid 19. Outcomes from the project include data collection and assessment relevant to the island's marine and coastal environments.

#### 4.3.1 Deliver the Kangaroo Island Council Animal Management Plan and Asset Management Plans in cooperation with all relevant legislative agencies.

The Kangaroo Island Council Animal Management Plan was reviewed and will be presented to Council in Financial Year 2022/23. The plan was reviewed internally to verify cohesion and compliance with By-Laws and other State Government legislation before a consultant reviewed it.



There are approximately 1400 dogs and 250 cats listed on Council's register.

## 4.3.2 Review and revise Council's Roadside Vegetation Management Plan

Note - This strategic action is not proceeding as Council is now required to use the National Vegetation Council Guidelines.

Council staff submitted the Kangaroo Island Council Roadside Vegetation Control Plan to the Native Vegetation Council (NVC) for endorsement in 2018/19. NVC issued their primary document, The Guidelines for the Management of Roadside Native Vegetation and Regrowth Vegetation, in September 2020. The new plan has assumed status over prior Kangaroo Island Council Roadside Vegetation Management Plans and is used as a standard for operational work and new construction activities.



Regeneration of roadside vegetation following the 2019/20 bushfires.

Council contributed to **Weed Control Committees** facilitated by the Kangaroo Island Landscape Board. Of particular concern was the Tasmanian Blue Gum, where several government agencies participated in measures to control the spread of the Blue Gum wildlings that emerged after the 2019/20 bushfires.

Considerable work was undertaken by conservation groups acting to suppress the effect of the damage done by the emerging Blue Gum wildlings, with significant success in the clean-up of roadsides in the fire scar area.

## 4.4.1 Advocate for sustainable initiatives and businesses

Recent changes to South Australian law removed liability from retailers when customers use their own containers. As a result, Council supported a pilot program that allows customers to walk away with reusable cups and containers and then drop them back later at locations in Kingscote, helping cafes and their customers become a greater sustainable community.

The **Resuably** application has a live tracker, which helps identify where the cups are going. It also measures redistribution and provides information about waste diversion and the project's environmental impact. Council supported the Reusably application by encouraging retailers on Kangaroo Island to join the reusable cups and food containers network.

## 4.4.4 – Develop a Council tree planting program

The tree planting program was developed during the year in consultation with Council's landscape architect. The tree planting program will be funded as part of the Council's Annual Business Plan 2022-2023.



## a La Organisation

#### Strategic outcome:

Leadership to deliver positive social, financial and environmental outcomes

#### 5.1.1 Work closely with the State Recovery Office and local Recovery Coordinator to deliver timely and effective completion of the Recovery Plan

Council staff continued participation in the recovery process and were active in assisting state agencies in their work in the recovery activities. Major works in included resealing sections of South Coast Road and Playford Highway subject to heat damage.

Council is an active member of the **Kangaroo Island Bushfire Management Committee**. The role of the Kangaroo Island Bushfire Management Committee is to coordinate the planning and delivery of bushfire risk reduction activities in the Committee area.

## 5.1.2 Support community and emergency services and collaborate to build preparedness and resilience

Kangaroo Island Council staff work closely with other emergency agencies in preparedness for their role in assisting Incident Control agents. This can range from road closures to full assistance with heavy plant and equipment should an incident escalate to a higher level.

# 5.2.1 Complete an in-depth review of all Council services and staffing levels – prioritise and weight for need, effectiveness and efficiency in provision

Council commissioned BDO Industrial and Organisational Psychology to evaluate the necessity and level of Council services being offered. Consultation with Elected Members, staff and community stakeholders took place in February and March of 2021.



Kangaroo Island Council Field Crews carry out preventative maintenance on our stormwater infrastructure and a high programming priority is placed on this work leading into the winter months.

The scope of the project was broadly defined to accurately document:

- the current functional services and associated levels of service provided across Council;
- resources allocated to maintaining current services and service levels; and
- the degree of alignment between council services, levels of service and the Kangaroo Island 2020-2024 Strategic Plan and Kangaroo Island 2020-2021 Annual Business Plan, and to benchmark findings against similar local government entities.

The review demonstrated that Kangaroo Island Council undertakes an extensive range of functions, despite being a small council with limited resources and revenue sources. While the 'business' of running a council professionally and sustainably is a challenge for all councils across the State due to rising resident and ratepayer expectations, static

or declining rate revenues, and escalating costs, the situation is compounded in rural communities and is further exacerbated on Kangaroo Island by idiosyncrasies such as it being an island, high tourism demands, the impact of bushfires and travel restrictions brought about by Covid-19. Given these pressures, trying to find a pathway forward that is acceptable to most residents and their elected representatives, while satisfying legislative demands, is challenging.

A number of conclusions and recommendations were presented as food for thought. Two key recommendations were: to fill key staff vacancies to ensure sound management and governance and, to invest in systems and technology - or partnerships with other councils - to deliver administrative efficiencies. These will be investigated and actioned as a priority.

# 5.2.2 Refine Long-Term Financial Management Plan and financial sustainability ratios (as recommended by the Audit and Risk Committee)

Under the *Local Government Act 1999*, a Council must review its Long-Term Financial Plan as soon as practicable after adopting an Annual Business Plan for a particular financial year. The LTFP is a live document where this strategic action was completed in March 2022.

The Long-Term Financial Plan review was endorsed by Council at the March 2022 ordinary Council meeting and the April 2022 Audit and Risk Committee Meeting. The Long-Term Financial Plan provided important guidelines for the 2022-2023 Annual Budget presenting high level information that is used to inform future decisions of Council, understand level of financial and interest rate risk exposure, confirm adequacy of spending on assets and capital renewal, track against key financial ratios and inform decisions around future service levels and service provision.

The Long-Term Financial Plan is reviewed annually and will be next reviewed at the end of the second quarter FY2023.

## 5.2.3 Develop and implement a risk management plan to address and manage corporate risk.

This strategic action was completed during the 2021-2022 period. The Corporate Risk Register is now a live document. The register identifies key corporate risks, rated from low risk through to extreme risk and is reviewed regularly and reported to the Audit and Risk Committee.



Kangaroo Island Council Field Crews rehabilitate embankment at Penneshaw.

During this period the Corporate Services team worked closely with Local Government Risk Services and the Elected Members to consider and document Council's risk appetite. Elected members considered the differences between inherent and residual risk and included an evaluation of how much risk Council was willing to accept in pursuit of its long-term objectives.

Risk Appetite Statements are valuable to;

- Gain a better understanding of Council's attitude to risk
- · Enhance decision making
- · Influence risk culture
- Prioritise risk treatment
- Enable management to take risks in order to achieve objectives
- · Limit excessive risk taking; and to
- Enable monitoring and review

## 5.3.1 Council will ensure effective and transparent annual CEO performance reviews.

Our two strategic actions under Good Governance were both met during the period, including transparent CEO performance reviews where 4 Section 41 CEO performance review meetings were conducted. Further details can be seen within Section 2 - Governance.

## 5.3.2 Council and staff will meet legislated reporting requirements of a local government authority

The following policies and strategic documents were reviewed and endorsed by Council during FY2021-2022:

- 1 Fraud and Corruption Prevention Policy
- 2 Order Making Policy
- 3 Loans to Community Groups Policy
- 4 General Complaints Policy
- 5 Caretaker Policy
- 6 Request for Service Policy
- 7 Order Making Policy
- 8 Records Management Policy
- 9 Prudential Management Policy
- 10 Cemetery Policy
- 11 Supplementary Elections Policy
- 12 Elected Member Computer Systems Usage Policy
- 13 Mayor Seeking Legal Advice Policy
- 14 Library Policy
- 15 Mineral Pit and Royalties Policy
- 16 Risk Management Policy & Risk Management Framework
- 17 Fees and Charges Policy
- 18 Art and Culture Policy
- 19 Media Policy
- 20 Internal Control Policy
- 21 Council use of Closed Circuit Television (CCTV) Monitors - Policy
- 22 Procurement Policy
- 23 Sponsorship and Council Grants Policy
- 24 Memorial Policy
- 25 Asset Accounting Policy

- 26 Debt Collection Policy,
- 27 Rating and Rebate Policy
- 28 Accounting, Disposal of Land and Assets Policy
- 29 Budget Reporting and Management Policy
- **30** Funding Policy
- 31 Credit Card Policy
- 32 Code of Practice: Access to Meetings and Documents
- 33 Code of Practice Meeting Procedures
- 34 Community Wastewater Management Schemes (CWMS): Customer Charter / Policy

# 5.4.2 Council will achieve and engage an effective workforce by implementing a continuous values and behaviour program.

Successful recruitment to key vacancies has resulted in planned activities within the next reporting period that will see these strategic actions completed. A facilitator has been engaged to assist Elected Members and the workforce to review and develop agreed values and behaviours.

The **Values and Behaviours Program** provided a strong foundation for all elements of the employee lifecycle, including future recruitment, attraction and retention strategy, policy development, employee recognition and performance development.

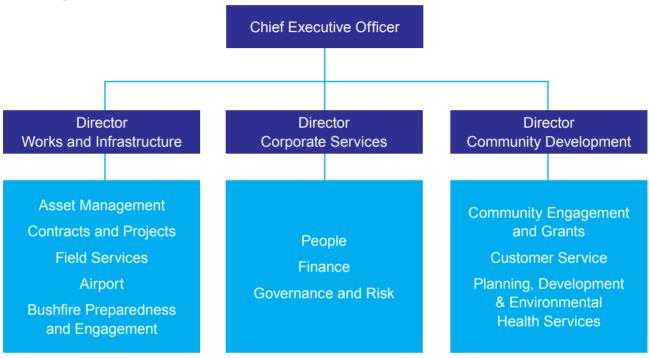
Council continues to communicate regularly with employees through staff meetings and engaging with the Workplace Consultative Committee and Work Health & Safety Committee.



#### Work Health and Safety

Kangaroo Island Council is committed to providing and maintaining a working environment for employees, Elected Members, contractors, volunteers and members of the public that is safe and without risks to health, so far as it is reasonably practicable. Key activities undertaken in this reporting period included a review of the management of high-risk construction works and the management of hazardous substances – chemicals.

#### Our Organisation



#### Leadership

Council's saw some key leadership changes during this reporting period. The Executive Leadership Team comprises the Chief Executive Officer and three directors.

The directorates are Corporate Services, Works and Infrastructure, and Community Development

#### **Executive Leadership team**

- · Chief Executive Officer, Greg Georgopoulos
- Director Corporate Services, Nicki Putland
- Director Community Development, Pat Austin (retired January 2022)
- Director Community Development, Ian Hart (appointed in January 2022)
- Director Works and Infrastructure, Paul Simpson (resigned in March 2022)
- Director Works and Infrastructure, Jon Herron (appointed in August 2022)

#### Council Leadership Team

- · Yarran Iversen, Manager Operations
- · Brett Freeland, Finance Manager
- · John Fernandez, Manager Projects and Regulations
- Cameron Gibbons, Senior Manager Development Services (resigned in May 2022)
- Anna Osman, Manager Community Engagement and Grants



### Governance

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

#### Council and Council meetings

Monthly Council meetings are held on the second Tuesday of each month, with the exception of the January meeting which is held on the third Tuesday. All meeting times and locations are advertised in The Islander newspaper, in the front window of Council's Dauncey Street office and on Council's website.

Each month the Council agenda and minutes are posted on the Council website.

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

#### Public forum

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

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

#### Committees

#### Section 41 Committees

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

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

Documentation for each meeting (meeting times, agenda with reports, attachments and minutes) can be accessed on Council's website

#### www.kicouncil.sa.gov.au

Section 41 meetings are open to the public unless an order to exclude the public for a specific item is resolved.

#### Section 41 Committees

During 2021/22 Council convened the following Section 41 committee meetings

COMMITTEE	MEETINGS HELD
Audit & Risk Committee	6
KI Mayoral Bushfire Relief & Recovery Fund Committee (Disbanded Dec 21)	5
CEO Performance Review Committee	4

### Council Representation on Various Committees

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

#### Regional Subsidiaries

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

#### **COMMITTEE**

Southern & Hills LGA (Executive & General meetings)

Fleurieu Regional Waste Authority

Council also contributes to various internal and external committees as represented in the following tables.

### Planning, Development and Infrastructure Act 2016

#### **COMMITTEE**

Council Assessment Panel

**Building Fire Safety Committee** 

#### **Internal Operational Committees**

#### **COMMITTEE**

Airport Safety

Airport Security

Kangaroo Island Airport Emergency Committee

Workplace Consultative Committee

Workplace Health and Safety Committee

#### External Committees / Boards

#### COMMITTEE

Community Centres Working Group

KI Bushfire Management Committee

KI Community Housing

KI Emergency Services Operational Advisory Group

KI Health Advisory Council

KI Landscapes Board

Local Government Association Board

Penneshaw Community Business Centre

Regional Development Australia

Southern & Hills LGA Roads Working Party

**STARCLUB** 

**Tourism Optimisation Management Model** 

Zone Emergency Management Committee

Resilient Hills & Coasts

#### Scheme of Delegation

By the direction of the *Local Government Act* (1999) S44; "A Council may delegate a power or function vested or confirmed under this or another Act". By Motion of Council C141:2022 the chief executive officer has been provided with the decision-making powers in terms of prescribed actions in order for Council to manage its operations. By the direction of the Local Government Act (1999) S101(1) and through Motion of Council C141:2022, "the chief executive officer may delegate (or sub-delegate) a power or function vested or confirmed in or on the chief executive officer under this Act". These delegations have been granted to specific staff positions in order that those staff can carry out their roles and responsibilities. The delegation of powers occurs on an annual basis.

#### Council Allowances

#### **Elected Members**

Elected Members' allowances are determined by the State Government's Remuneration Tribunal. The annual allowances as of 7 November 2020 for 12 months were:

Mayor \$38,286

(\$42,540 -10% voluntary deduction)

Deputy Mayor \$13,293.75 Councilor \$10,635.00

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

ELECTED MEMBER	REIMBURSEMENT ALLOWANCE
Mayor Pengilly	\$8,669.52
Cr Mumford	\$0
Cr Pledge	\$0
Cr Teasdale	\$4,899.76
Cr Denholm	\$5,705.60
Cr Liu	\$0
Cr Tiggemann	\$0
Cr Chirgwin	\$0
Cr Cotterill	\$3,706.34
Cr Mepham	\$504.75
GRAND TOTAL	\$33,576.26
ELECTED MEMBER MEALS COSTS	\$8,759.27

A payment was made to former Cr Graham Walkom for mileage reimbursement claim during his term as councillor of \$1,291.68. In addition, the Section 41 Audit Committee Chair, Mr Greg Connor received \$13,390.62 in allowances from Council, including sitting fees and travel disbursements.

#### **Executive Management**

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

#### **Disclosures**

A summary of costs associated for Council employee's gifts and benefits for FY2022 was \$3,841.96, for Elected Members, inclusive of hospitality for FY2022 was \$510.68. There were

no costs for interstate or international travel for the reporting period.

### Training and Development for Elected Members

There was no formal training and development sessions for Elected Members during the 2021-22 financial year.

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

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

During 2021-22, provisions of the *Local Government Act* 1999 section 90(2) were utilised 20 times within Council Meetings.

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

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

2021-22 In confidence Reports for Council Meetings:

MEETING DATE	LG ACT SECTION	ITEM DETAILS
22-Jul-21	90(3)(a)	Young Achiever of the Year Awards
22-Jul-21	90(3)(b)	Cr Peter Tiggemann - Question on Notice - DIT Project / Playford Highway - Shoulder Sealing Project
5-Aug-21	90(3)(a)	CEO Performance Review Committee
14-Sep-21	90(3)(d)	Lot 4 Baudin Beach
14-Sep-21	90(3)(b)	Special Local Roads Funded Projects- budget adjustment
14-Sep-21	90(3)(b)	Works and Infrastructure Services Status Report
12-Oct-21	90(3)(j)	Correspondence from Department Environment & Water
26-Oct-21	90(3)(h)	Legal Matter - Trans-Tasman Energy Group (TTEG)
26-Oct-21	90(3)(h)(a)	Elected Member - Legal Matter
9-Nov-21	90(3)(j)	Correspondence from Department Environment & Water
14-Dec-21	90(3)(j)	Correspondence from Department Environment & Water
11-Jan-22	90(3)(d)	Sealink Resident Rate - Community Concerns Update - Verbal update only
11-Jan-22	90(3)(a)	Employee Recruitment Update - verbal update only
11-Jan-22	90(3)(a)	Citizen of the Year Awards
18-Jan-22	90(3)(a)	Chief Executive Officer Leave arrangements
8-Feb-22	90(3)(a)	Council Assessment Panel - Appointment of Independent Member
8-Feb-22	90(3)(a)	Questions on Notice - Cr Liu - Illegal Developments
10-Feb-22	90(3)(d)	Correspondence from Brian Johnston - unsolicited bid
22-Feb-22	90(3)(b)	Private Works for Department of Infrastructure and Transport - Playford Highway Shoulder Sealing
22-Feb-22	90(3)(b)	Town Centres Project Update Q1 2022

A total of 41 confidential items were revoked, none expired and none ceased to apply during the financial year with 56 items still remaining in confidence as of 30 June 2022, detailed in the table below for Council meetings.

MEETING DATE	LG ACT SECTION	ITEM DETAILS
31-Aug-12	90(3)(a)	Ombudsman's Draft Report
12-Mar-14	90(3)(a)	Rates Outstanding 3+ Years (excluding Council decision)
14-Mar-14	90(3)(a)	Employee Update
13-Aug-14	90(3)(a)	Staff Exit Interview Report
14-Apr-15	90(3)(a)	Soldier Memorial Gates
12-May-15	90(3)(a)	Request for rates refund / waiver
8-Nov-16	90(3)(g)	Legal Matter
8-Nov-16	90(3)(g)	Organisational Chart
13-Dec-16	90(3)(g)	Legal Matter - Business Arising from In confidence Minutes 18.2 - 8/11/16
9-May-17	90(3)(a)	Code of Conduct 2017/01
12-Jun-18	90(3)(a)	Debt Management - Section 181-184 of LGA
12-Jun-18	90(3)(a)	Outstanding Rates
17-Jan-19	90(3)(a) (h)	Legal Advice
12-Feb-19	90(3)(a)	Legal Advice

MEETING DATE	LG ACT SECTION	ITEM DETAILS
19-Feb-19	90(3)(a)	Legal Advice
14-May-19	90(3)(d)	Sale of land for non-payment of rates
10-Sep-19	90(3)(a)	WHS Matter
10-Aug-19	90(3)(h)	Emu Bay Boat Ramp Variations
10-Mar-20	90(3)(a)	Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 07/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 19/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 28/02/20
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 13 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 20 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 27 March 2020
14-Apr-20	90(3)(a)	Cr K Liu - Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court
12-May-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 17/04/20
12-May-20	90(3)(h)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 30/04/20
11-Feb-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 30/01/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 15/05/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recover Fund Committee Special Meeting Minutes 29/05/20
9-Jun-20	90(3)(a)	Finance Committee In-confidence Minutes - 28 May 2020
9-Jun-20	90(3)(j)	Ombudsman Final Report matter 2011/07898
14-Jul-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 19/06/20
14-Jul-20	90(3)(a)	Cr Liu - Outstanding payment from former CEO
14-Jul-20	90(3)(a)	Cr Liu - Question without Notice update on Minute C201:2020 Apology to Mr Postle and offer of assistance
11-Aug-20	90(3)(a)	CEO Performance Review Final Report
11-Aug-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 24 July 2020
11-Aug-20	90(3)(a)	Development Matter Update - Unauthorised Development
8-Sep-20	90(3)(a)	KIMBRRF Committee Minutes 28/08/20
10-Nov-20	90(3)(a)	KIMBRRF Committee Minutes 13-10-20
10-Nov-20	90(3)(a)	KIMBRRF Committee Minutes 23-10-20
8-Dec-20	90(3)(a)	In-confidence correspondence for information (including tabled documents)
13-Apr-21	90(3)(h)	Christmas Cove Marina - Mr Batt & Mr Coppins underleases and Marina Rules
11-May-21	90(3)(a)	Sapphiretown Illegal Developments
11-May-21	90(3)(a)	Capital Works Delivery
8-Jun-21	90(3)(h)	Christmas Cove Boat Launching Facility: Underleases & Christmas Cove Boat Launching Facilities Rules – Confidential
22-Jul-21	90(3)(h)	Correspondence from HWL Ebswoth

MEETING DATE	LG ACT SECTION	ITEM DETAILS
5-Aug-21	90(3)(a)	CEO Performance Review Committee
12-Oct-21	90(3)(j)	Correspondence from Department Environment & Water
26-Oct-21	90(3)(h)	Legal Matter - Trans-Tasman Energy Group (TTEG)
26-Oct-21	90(3)(h)(a)	Elected Member - Legal Matter
9-Nov-21	90(3)(j)	Correspondence from Department Environment & Water
14-Dec-21	90(3)(j)	Correspondence from Department Environment & Water
8-Feb-22	90(3)(a)	Questions on Notice - Cr Liu - Illegal Developments
10-Feb-22	90(3)(d)	Correspondence from Brian Johnston - unsolicited bid

#### **Committee Meetings:**

#### Audit & Risk Committee Meeting:

DATE	LG ACT SECTION	ITEM DETAILS	RETAINED / RELEASED
21 July 2021	90(3)(d)	Internal Controls	Retained

#### **CEO Performance Review Committee**

DATE	LG ACT SECTION	ITEM DETAILS	RETAINED / RELEASED
3 August 2021	90(3)(a)	Draft CEO Performance Review Report	Report retained / Minutes released

#### Kangaroo Island Mayoral Bushfire Relief & Recover Fund Committee

DATE	LG ACT SECTION	ITEM DETAILS	RETAINED / RELEASED
26 November 21	90(3)(a)	KIMBRRF Committee Minutes - Item 6.2 Assessment Reports	Retained

#### **Procurement and Competitive Tender**

The Council has endorsed a Procurement Policy (incorporating Contracts and Tenders) which commits to delivering cost-effective services to our community while supporting local businesses where possible. Tenders are assessed across a basket of criteria, appropriate for the works / services being tendered for and to ensure a "fair go" for local businesses, one of the criteria assessed is Local Content with a weighting of up to 20%.

The Procurement Policy is also mindful of the *Government Business Enterprises (Competition) Act 1996*. The contracting of significant works or services is released to open competitive tender unless there are mitigating reasons, for example, specialist expertise is required, and then a limited select tender process is carried out. While the policy has a focus on buying locally, there remains a commitment to ensuring the best value for money is received.

Council has a complaints mechanism in place and in 2021-22 no complaints were received with regard to Competitive Neutrality.

## List of Registers and Codes required to be kept

Assessment Register (rateable land)

Register of Elected Members' Interests and Staff

Register of Elected Members' Allowances and Benefits

Register of Salaries and Allowances (Staff)

Register of Departmental Heads and Interests

Schedule of Fees and Charges

Register of Community Land

Register of Public Roads

Register of By-Laws

Register of Gifts (Council Members and Staff)

Campaign Donations Return Register

Register of Registered Cats

Register of Registered Dogs

Register of Campaign Donation Returns

Register of Confidential Items

Register of Development Approvals

Register of Council Delegations

#### **By-Laws**

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

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

#### Code of Conduct

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

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

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

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

Complaints Against Council Employees Policy

Code of Conduct for Elected Members Policy

Code of Conduct for Elected Members (Gifts and Benefits)

Code of Conduct for Elected Members Procedure

Council Assessment Panel Code of Conduct

#### Codes of Practice

Code of Practice for Meeting Procedures

Code of Practice for Access to Meetings and Documents

#### **Documents**

Many of the documents listed below are available on the Council's website <a href="https://www.kangarooisland.sa.gov.au">www.kangarooisland.sa.gov.au</a>.

Documents include but are not limited to:

Annual Report
Annual Business Plan
Annual Financial Statements
Asset Management Plans
Environmental Management Plan
Infrastructure Management Plan
Business Continuity Plan
Council and Committee Agendas and Minutes
Council Budget
Council Assessment Panel Agendas and Minutes
Lands Management Plan
Long Term Financial Plan
Policies and Procedures
Schedule of Fees and Charges
Strategic Management Plan

#### Freedom of Information

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

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

There were seven requests for information from 1 July 2021 to 30 June 2022.

New applications	7
Applications brought forward from previous year	1
Access granted in full	1
Access granted in part or the majority	6
Access refused	0
Transferred	0
Closed/withdrawn	0
Internal review – decision confirmed	1
Internal review – decision varied	0

#### **Time Limits**

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

#### **Exemptions**

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

#### Internal Review of Council Decisions

There were five Internal Review of Council Decisions requests for the period governed by this Annual Report.

An internal review is a process established under section 270 of the *Local Government Act 1999* that enables any person affected by a decision to seek an internal review of the decision of the Council, Council employee or other persons acting on behalf of the Council. The Council considers internal reviews against the Council's Internal Review of Council Decisions. In an internal review Council will examine the process by which the original decision was made. The internal review may or may not result in the disputed decision being reconsidered or overturned.

MATTER UNDER SEC 270 REVIEW	OUTCOME OF REVIEW
Requesting a review of council decisions associated with lot 101 Tangarra Drive American River in Council November 2021 Agenda item 11.10	The decision made by the Council was both required of it in accordance with its legal obligations and, therefore, open for it to make, was reasonable in the circumstances, based upon all of the available evidence, able to be made on the facts available and in the public interest; and it was a reasonable decision, made in a reasonable manner, by a reasonable and responsible public authority.
Review of KIC decision (resolution C145:2022) passed at its April ordinary meeting, namely – "That Council advise T-Ports Pty Ltd that Council will proceed with the lease at 217 North Coast Road to T-Ports Pty Ltd for a Stockyard and Processing Facility	Matter still being processed.
Seeking a review of the Council's decision to proceed with the lease at 217 North Coast Road, Kingscote to T-Ports Pty Ltd for a stockyard and processing facility	Determined to refuse to deal with the application in accordance with Section 270(4)(d) of the Act and Clause 5.5.1(d) of the Procedure.
Seeking a review of the Council's decision to proceed with the lease at 217 North Coast Road, Kingscote to T-Ports Pty Ltd for a stockyard and processing facility	Determined to refuse to deal with the application in accordance with Section 270(4)(d) of the Act and Clause 5.5.1(d) of the Procedure.
Council to review its assessment of rates in respect of the land owned by Mr Tydeman for the 2021/22 Financial year - 11 Osmond Street Kingscote	Determined to deal with the request pursuant to clause 5.1.4 of the policy: Applications for a review of the impact that any declaration of rates or services charges may have had on ratepayers, will be dealt with promptly, and if appropriate under Council's Rating and Rebate Policy

#### Council Representation Quota Review

The Kangaroo Island Council comprises an elected mayor and 9 councillors.

For 2021-22 financial year, Kangaroo Island Council there were 3617 total electors resulting in an average representation quota of 361 per elector.

Kangaroo Island Council is next required to conduct a representation review pursuant to Chapter 3 Part 1 Division 2 of the Local Government Act 1999 in 2024-2025.

Comparison of the average representation quota for councils of a similar size and type:

COUNCIL	NO OF ELECTED MEMBERS	REPRESENTATION QUOTA
Kangaroo Island Council	10	361
Goyder	7	445
York Peninsula	12	759
Ceduna	9	236
Orroroo Carrieton	6	115

#### **Community Land**

The major review and update of the Community Land Register [the Register] was completed and approved by the Minister in June 2016. The Register is updated on an as-required basis and is available on Council's website <a href="https://www.kangarooisland.sa.gov.au">www.kangarooisland.sa.gov.au</a> or at 43 Dauncey St, Kingscote. Council maintains leases and permits for the use of Community Land. This process is regularly reviewed and improved including consideration of changes to land ownership/custodianship including any dedications, existing and future use, Climate Change impacts, and activities affecting the Island as a whole.

#### Local Nuisance and Litter Control Act and Regulations

There were six complaints of local nuisance or littering received by Council.

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

#### **COMMONLY USED ACRONYMS**

LEGEND	COUNCIL PERSONNEL
CAM	Community Affairs Manager
CEO	Chief Executive Officer
CLG	Council Leadership Group
DCS	Director Corporate Services
DCD	Director Community Development
DTI	Department Transport & Infrastructure
DWI	Director Works & Infrastructure
DCEO	Deputy Chief Executive Officer
DSA	Developmental Services Advisor
ELT	Executive Leadership Team
EM	Elected Members
EHO	Environmental Health Officer
FM	Finance Manager
FPO	Fire Prevention Officer
GI	General Inspector
GAO	Governance Administration Officer
HR	Human Resources
MDES	Mgr Development & Environmental Services
TPM	Technical Programs Manager
WHS	Workplace Health & Safety
BCP	Business Continuity Plan
CDAP	Council Development Assessment Panel
CFS	Country Fire Service
CWMS	Community Wastewater Management Scheme
DAC	Development Assessment Commission
DEW	Dept for Environment & Water
DPA	Development Plan Amendment
DPTI	Dept of Planning, Transport & Infrastructure
EPA	Environment Protection Authority
ERD	Environment, Resources & Development
FRWA	Fleurieu Regional Waste Authority
FWS	Finding Workable Solutions
FY	Financial Year
HAC	Health Advisory Committee
KIC	Kangaroo Island Council

LEGEND	COUNCIL PERSONNEL
KICHA	KI Community Housing Association
KIBMC	Kangaroo Island Bushfire Management Committee
KIIBA	Kangaroo Island Industry Brand Alliance
KIHS	KI Health Service
KINRM	Kangaroo Island Natural Resource Management
KIPMG	KI Ports Management Group
KPIs	Key Performance Indicators
KIRRC	KI Resource Recovery Centre
KIRSC	KI Road Safety Committee
LG	Local Government
LGA	Local Government Association
LGS	Local Government Services
MOU	Memorandum of Understanding
MOA	Memorandum of Agreement
NVC	Native Vegetation Council
PAR	Plan Amendment Review
PDs	Position Description
PDI Act	Planning, Development & Infrastructure Act 2016)
PDP	Personal Development Plan
RDA	Regional Development Australia
RDIF	Regional Development Infrastructure Fund
RH&C	Resilient Hills & Coats
RPT	Regular Passenger Transport
SA Govt	South Australian Government
SATC	South Australian Tourism Commission
SCAP	State Commission Assessment Panel
SEB	Significant Environmental Benefit
SHLGA	Southern & Hills Local Government Association
SIRPA	Sapphiretown, Island Beach Residents Association
SOP	Safe Operating Procedure
SPC	State Planning Commission
TKI	Tourism Kangaroo Island
ZEMC	Zone Emergency Management Committee



Council's 2021-22 Annual Financial Statements were formally adopted by Elected Members on 8 November 2022.

Council's financial accounts for the 2021-22 financial year (FY2022) are represented fairly, in all material respects, and Council's financial performance for the year ended in accordance with accepted accounting standards and legislative requirements.

This reporting period reflects a net surplus of \$4.964M. This is another positive overall result for Council, an increase of \$\$1.679M on last year. The FY2022 results detail a \$226K operating surplus.

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

In FY2022 General Rates were held consistent with the previous year with a small increase in total income from \$6.876M to \$7.475M.

**Grants** increased by \$3.122M in FY2022 to \$12,008M, up from \$8.886M in FY2021. The increase in grant funding corresponds with the employment of a full-time Grants Officer in FY2022.

Council saw an increase in **private works** undertaken during the financial year. These are reported as Reimbursements and increased from \$3.578M in FY2021 to \$5.232M in FY2022. The most significant change in reimbursements was for private works undertaken as a result of the January 2020 bushfires, this was activity that had not been undertaken in the previous financial years.

**User Charges** increased by \$152K in FY2022 up from \$744K in FY2021 to \$896K. This includes among other items, a increase in Camping Fees by \$28K and increased Property Rental and Hall and Equipment hire by \$84K year on year.

In FY2022, the \$20.75M Council received over financial years 2017, 2018, 2019 and 2020 for the Kangaroo Island Airport redevelopment continues to be recorded as Income Received in Advance. This is in line with Council's Accounting Policy and the three funding agreements - South Australian State Government (\$10.25M), Commonwealth's National Stronger Regions Fund (\$9.0M) and Commonwealth Development Grants Program (\$1.5M), where receipt of the funding is to be recognised over a 20 year period.

For FY2022 Council recognised \$6.380M as Amounts Received Specifically for New or Upgraded Assets. Other grants include the \$2.919M Financial Assistance Grant and \$0.506M from the Roads to Recovery Program and Local Roads and Community Infrastructure Program Funding.

#### **Expenses**

**Total expenses** for FY2022 are \$23.405M an increase of \$2.702M compared with the previous year. Increases in costs are attributable to other materials, contracts and expenses where costs were up by \$3.565M in FY2022 and employee costs were up by \$491K in FY2022 when compared with FY2021.

The depreciation, amortization and impairment costs increased by \$186K in FY2022. Finance costs decreased from \$247K in FY2021 to \$184K in FY2022.

The increase in depreciation by \$186K from FY2021, is largely attributable to the revaluation of our road transport assets and a realignment of our building and structures, community wastewater system, stormwater and road transport infrastructure asset management plans.

The total of the expenditure incurred using credit cards provided by Council for use by Elected Members or employees of the Council during the FY2022 was \$31,423.03.

Council moved a deficit position in FY2020 of \$328K to a small surplus \$739K in FY2021 followed by surplus position of \$226K in FY2022. Council has been able to find some savings and efficiencies to meet Elected Member and community expectations related to bushfires and COVID measures – these costs have come on top of, and parallel to Council's 'Business as Usual' operations.

The FY2022 audit fees were \$28K. This represented Galpins' third year of their three-year independent audit engagement. Galpins Accountants, Auditors and Business Consultants were appointed as the Kangaroo Island Council's External Audit Services provider for a three year period (1 July 2019 to 30 June 2022), with the right of renewal for a further two years (1 July 2022 to 30 June 2024). Galpins are responsible for the audit of Council's financial statements, grant acquittals and audit of internal controls.

#### Revenue Sources

During FY2022 Council continued to rely heavily on rates (48% of revenue, compared to 49% last year) and total grants (24%, compared to 20% last year) as its prime revenue sources. Favourably, reimbursements for private works are another significant revenue source (22% compared to 23% in FY2021). A small gain in equity accounted business from FRWA, \$71K in FY2022, compared to the equity loss of \$1.477 last year, also improved the total income.

#### **Expenditure**

Further challenges to Council's long term financial planning are the year-to -year variations in operational expenditure with materials, contracts and other expenses increasing by \$3.565M or 39% year on year.

#### Borrowings / Debt Management

In FY2022, Council only borrowed funds to develop key infrastructure assets for the community, including road upgrades and Community Waste Water Management System (CWMS) assets.

Outstanding borrowings as at 30 June 2022 are \$10.698M, an increase of \$1,937M in borrowings from \$8.761M the previous year.

Council used the borrowings as a means of allocating costs to ratepayers and consumers over the useful life of the assets.

#### **Financial Indicators**

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

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

Table 1: Financial Indicators

	2017/18	2018/19	2019/20	2020/21	2021/22
Operating Income	\$15,081	\$17,864	\$17,287	\$21,435	\$23,631
Operating Surplus /Deficit('000)	-\$1,346	\$185	-\$328	\$732	\$226
Operating Surplus Ratio	-9%	1%	-1%	3%	1.0%
Net Financial Liabilities ('000)	\$14,880	\$14,880	\$26,022	\$20,860	\$17,430
Net Financial Liability Ratio	99%	99%	148%	97%	74%
Asset Sustainability, /Renewal Ratio	155%	155%	76%	76%	74%

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

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

In FY2021 the bushfires had a significant impact on expenditure for Council, however Council still delivered a positive **operating surplus ratio**. The extent of that bushfire expenditure was significantly reduced in FY2022.

New accounting standards in relation to lease liabilities and amounts received in advance commenced July 2019 which results in these figures now being included in this ratio where previously they weren't. This resulted in a higher **Net Financial Liabilities Ratio** in FY2020, a lower actual ratio 97% was achieved in FY2021 and a lower ratio of 74% in FY2022.

The **new lease standards** – AASB 16, effective 1 January 2019, have brought significant changes to the way councils report leases. The previous accounting treatment for a lessee under AASB 117 was based on the classification of a lease agreement either as a finance or an operating lease. A finance lease was a lease that transferred substantially all the risks and rewards of ownership to the lessee. An operating lease was a lease that did not transfer substantially all risks and rewards incidental to ownership. Under AASB 117, operating leases were not recorded in the Statement of Financial Position and did not formulate a part of the financial liabilities used to calculate this ratio.

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

In FY2022 Council continued renewal of its
Asset Management Plans. The required renewal
expenditure is included in the **Asset Renewal Ratio** calculations. Previously Council used the
deprecation figure for this calculation which resulted
in a higher ratio.

#### Rates

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

In addition, Council can raise separate rates for specific areas of the Council, or service rates or charges for specific services.

The number of rateable properties in the Kangaroo Island Council area slightly increased with 5,648 properties in FY2022 compared with 5,618 in FY2021.

#### Valuation by Rating Category 2020-21

RATING CATEGORY	VALUATION BY CATEGORY
00 – Non-Rateable	\$53,221,550
01 – Residential	\$717,006,112
02- Commercial Shop	\$18,488,864
03 – Commercial Officer	\$3,091,944
04 – Commercial Other	\$52,300,817
05 – Industrial	\$3,331,000
06 – Industrial Other	\$7,767,000
07 – Primary Production-	\$759,920,607
08 – Vacant Land	\$108,383,500
09 – Other	\$24,350,586
10 – Marinas	\$0
11 – Council / Non-Rateable	\$38,998,700
TOTAL	\$1.786.860.680

The capital value of properties on Kangaroo Island in FY2022 increased to \$1.786BN, up from\$1.374BN in FY2021.

Average General Rates for a Residential property on Kangaroo Island for FY2022 and FY2021 were \$1,224, and \$1,242 respectively. Average General Rates for a Primary Production property on Kangaroo Island in FY2022 were \$2,057 up from \$1,695 in FY2021. This change resulted from an increase in valuation of primary production land -\$759,920,607 in FY2022 compared to \$494,945,753 in FY2021.

Council offers both **Mandatory and Discretionary Rebates**. The payment of these rebates are made in accordance with the provisions stipulated in Chapter 10, Division 5 of *the Local Government Act, 1999*. The value of rebates and other concessions provided to ratepayers in FY2022 was \$96K and can be seen in Note 2 of the financial statements, in FY2021 this totalled \$103K .Full details of rebates and rate capping provisions can be found in Council's **Rating and Rebate Policy** available on Council's website

### Looking ahead to 2022-2023

(From the 2022-2023 Annual Business Plan)

#### Significant influences and priorities

For FY2023 a review of property values by the Valuer General has resulted in an average increase across all rating categories on Kangaroo Island of 21% reflecting an increase of \$371.304M. This reflects current market levels, particularly for residential and rural properties and is an important consideration in setting rates.

#### Rate increase

While Council acknowledges the Island's economy is still recovering from the 2019/20 bushfires and the impact of COVID-19, there are commercial realities for Council to deliver services that meet the needs of population and economic growth. To do this a general rate increase of 3.9% on the FY2022 rates total has been proposed in the 2023 Financial Year. This does not mean all individual properties increase by 3.9%.

#### Waste service charges

Council needs to fully recover costs for waste services. To ensure we are not using other revenue to subsidise the waste expenditure, a CPI (3.9%) increase on the waste collection and waste treatment and disposal service charge will be applied in Financial Year 2022/23.

## Community Wastewater Management Schemes

Community Wastewater Management Schemes (CWMS) Service charges allocated to properties that have the capability to be connected to one of the CWMS schemes will increase by CPI.

#### Grant income

Kangaroo Island Council relies heavily on State and Federal Government support by way of grant income and contribution to services as well as to undertake capital works.

#### **Federal Assistance Grants**

In FY2023 Council expects to receive \$2.6 million in Federal Assistance Grants which are distributed via the State Grants Commission Funding Formula.

#### Roads to Recovery

Roads to Recovery funding for the FY2023 is budgeted at \$405,712 which is less than FY2022 \$437,000 and previous income years where we received a special allocation for drought relief in FY2021 and Covid-19 funding. This is not available in FY2023.

#### **Unsealed Roads Upgrade Program**

Council again secured the commitment of the State Government to provide \$2M for the Unsealed Roads Upgrade Program in FY2023 and with this and other capital funding Council expects to deliver \$8.489 million of infrastructure asset upgrades and renewals.

#### **Borrowings**

To meet the needs of the community whilst delivering on our **Capital Works Program**, Council has opted to borrow \$0.581 million in FY2023. This is in-line with the forecast in Council's 2021-2030 LTFP \$0.605M.

#### **Enterprise Bargaining Agreement**

The Enterprise Bargaining Agreement (EBA) between Council and staff, was renegotiated in FY2022 and commits to a wage increase of 4% in Financial Year 2022/23.

# General purpose financial statements

for the year ended 30 June 2022

A confident, growing and cohesive Community;

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

Preserving our unique heritage;

Sustainably managing our natural evironment

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#### **Certification of Financial Statements**

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

#### In our opinion:

- the accompanying financial statements comply with the *Local Government Act* 1999, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Greg Georgopoulos
Chief Executive Officer

8 November 2022

Michael Pengilly

Mayor

8 November 2022

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	11,266	10,460
Statutory Charges	2b	347	278
User Charges	2c	896	744
Grants, Subsidies and Contributions	2g	5,628	4,239
Investment Income	2d	23	8
Reimbursements	2e	5,282	4,980
Other income	2f	118	726
Net Gain - Equity Accounted Council Businesses	19(a)	71	
Total Income		23,631	21,435
Expenses			
Employee costs	3a	5,232	4,741
Materials, Contracts and Other Expenses	3b	12,832	9,267
Depreciation, Amortisation and Impairment	3c	5,157	4,971
Finance Costs	3d	184	247
Net loss - Equity Accounted Council Businesses	19(a)	_	1,477
Total Expenses		23,405	20,703
Operating Surplus / (Deficit)		226	732
Asset Disposal & Fair Value Adjustments	4	(1,642)	(2,094)
Amounts Received Specifically for New or Upgraded Assets	2g	6,380	4,647
Net Surplus / (Deficit)		4,964	3,285
Other Comprehensive Income Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	602	(11,308)
Other Equity Adjustments - Equity Accounted Council Businesses	19(a)i	269	_
Total Amounts which will not be reclassified subsequently to operating result		871	(11,308)
Total Other Comprehensive Income		871	(11,308)
Total Comprehensive Income		5,835	(8,023)

### Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	2,624	2,484
Trade & Other Receivables	5b	5,799	3,743
Inventories	5c	651	282
Subtotal		9,074	6,509
Total current assets		9,074	6,509
Non-current assets			
Financial Assets	6a	22	36
Other Non-Current Assets	6b	2,481	355
Infrastructure, Property, Plant & Equipment	7a(i)	464,273	464,377
Total non-current assets		466,776	464,768
TOTAL ASSETS		475,850	471,277
LIABILITIES Current Liabilities			
Trade & Other Payables	8a	5,476	6,412
Borrowings	8b	510	581
Provisions Liability Accounted Investments in Council Businesses	8c 8d	962 1,006	1,006 1,347
Subtotal	od	7,954	9,346
			<u> </u>
Total Current Liabilities		7,954	9,346
Non-Current Liabilities			
Trade & Other Payables	8a	7,512	9,368
Borrowings Provisions	8b	10,188	8,180
Total Non-Current Liabilities	8c	<u>221</u> 17,921	<u>243</u> 17,791
Total Non-Juneau Elabilities		17,921	17,791
TOTAL LIABILITIES		25,875	27,137
Net Assets		449,975	444,140
EQUITY			
Accumulated surplus		27,953	22,720
Asset revaluation reserves	9a	416,390	415,788
Other reserves	9b	5,632	5,632
Total Council Equity		449,975	444,140
Total Equity		449,975	444,140

The above statement should be read in conjunction with the accompanying Notes.

## Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2022					
Balance at the end of previous reporting period		22,720	415,788	5,632	444,140
Net Surplus / (Deficit) for Year		4,964	_	_	4,964
Other Comprehensive Income - Gain (Loss) on Revaluation of I,PP&E Other Adjustments - Equity Accounted Council	7a	-	602	-	602
Businesses Other comprehensive income		269 269	602		269 871
Total comprehensive income		5,233	602	_	5,835
Transfers between Reserves Balance at the end of period	9b	27,953	416,390	5,632	449,975
<b>2021</b> Balance at the end of previous reporting period		19,435	427,096	5,632	452,163
Net Surplus / (Deficit) for Year		3,285	_	_	3,285
Other Comprehensive Income - Gain (Loss) on Revaluation of I,PP&E Other Adjustments - Equity Accounted Council	7a	-	(11,308)	-	(11,308)
Other comprehensive income			(11,308)		(11,308)
Total comprehensive income		3,285	(11,308)	_	(8,023)
Transfers between Reserves Balance at the end of period	9b		415,788	 5,632	

The above statement should be read in conjunction with the accompanying Notes.

### **Statement of Cash Flows**

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Cash flows from operating activities			
Receipts			
Rates Receipts		11,199	10,645
Statutory Charges		347	278
User Charges		896	329
Grants, Subsidies and Contributions (operating purpose)		5,628	4,857
Investment Receipts		23	8
Reimbursements		5,282	5,029
Other Receipts		1,686	1,644
Payments		,	,
Finance Payments		(184)	(256)
Payments to Employees		(5,296)	(4,915)
Payments for Materials, Contracts & Other Expenses		(14,891)	(10,362)
Net cash provided by (or used in) Operating Activities	11b	4,690	7,257
Cash flows from investing activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		1,722	881
Sale of Surplus Assets		390	-
Repayments of Loans by Community Groups		14	14
Payments			
Expenditure on Renewal/Replacement of Assets		(4,192)	(3,959)
Expenditure on New/Upgraded Assets		(4,421)	(1,360)
Net cash provided (or used in) investing activities			,
Net cash provided (or used in) investing activities		(6,487)	(4,424)
Cash flows from financing activities			
Receipts			
Proceeds from Borrowings		7,839	430
Payments			
Repayments of Borrowings		(5,806)	(3,764)
Repayment of Finance Lease Liabilities		(96)	
Net Cash provided by (or used in) Financing Activities		1,937	(3,334)
Net Increase (Decrease) in Cash Held		140	(501)
plus: Cash & Cash Equivalents at beginning of period		2,484	2,985
Cash and cash equivalents held at end of period	11a	2,624	2,484

The above statement should be read in conjunction with the accompanying Notes.

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

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For the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies

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

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

### (1) Basis of Preparation

### 1.1 Compliance with Australian Accounting Standards

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

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

### 1.2 Critical Accounting Estimates

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

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

### 1.3 Rounding

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

### 1.4 Estimates and assumptions

The COVID-19 pandemic has impacted the 2021/22 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Councils response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

### Examples include:

- 1. Increased costs related to protective equipment and cleaning related to maintianing services and employee safety.
- 2. Reduced Passenger Levy income collected from travellers using Kangaroo Island Airport; and
- 3. Discounts of up to 50% on licenses to support businesses.

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. It is expected further financial impacts will flow into the 2022/23 financial year but these have been largely taken into account during the development of the budget process for 2022/23. The budget assumptions for 2022/23 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

### (2) The Local Government Reporting Entity

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

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

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

As at 30 June 2022, Kangaroo Island Council has net assets of \$449,975 (2021 net assets of \$444,140).

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

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

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

### (3) Income Recognition

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

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

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

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

	Cash Payment, Received	Annual Allocation	Difference
2018/19	\$2,254	\$2,239	+ \$15
2019/20	\$2,122	\$2,074	+ \$48
2020/21	\$2,091	\$2,093	- \$2
2021/22	\$4,089	\$3,629	+ \$460

In addition, the 2022/23 Supplementary Local Road Grant of \$408k was paid in advance in April 2022.

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

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

### **Construction Contracts**

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

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

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

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

For the year ended 30 June 2022

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

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

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

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

### (5) Inventories

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

### 5.1 Other Real Estate Held for Resale

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

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

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

### **6.1 Initial Recognition**

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

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

### 6.2 Materiality

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

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

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

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

### **6.3 Subsequent Recognition**

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

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

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

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

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

Land Improvement Airport Building & Other Structures	7 to 100 years 1 to 100 years 7 to 100 years
Roads – Sheeted Surface Roads - Sealed Surface - Pavement Roads - Sealed Surface - Seal Guardrails Footpaths - Concrete Footpaths - Paved Footpaths - Spray Seal Footpaths - Mixed Surface Bridges Carparks - Sheeted Surface Carparks - Sealed Surface - Pavement	15 to 30 Years 18 to 40 Years 80 to 100 Years 50 Years 50 Years 25 Years 50 Years 5 to 100 Years 20 Years 30 Years
Carparks - Sealed Surface - Seal	100 Years
Walking Trails - Base Course Walking Trails - Spray Seal Stormwater Drainage Community Wastewater Management	100 Years 30 Years 50 to 70 years 10 to 70 years
Schemes Furniture & Fittings Plant & Equipment Library Books	5 to 20 years 4 to 20 years 1 to 7 years

### 6.5 Impairment

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

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

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

For the year ended 30 June 2022

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

### **6.6 Borrowing Costs**

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

### (7) Payables

### 7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 14 days after the month of invoice. No interest is payable on these amounts.

### 7.2 Payments Received in Advance & Deposits

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

### (8) Borrowings

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

### (9) Employee Benefits

### 9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 1.49% (2021, 0.24%) Weighted avg. settlement period 7 years (2021, 7 years)

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

### 9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

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

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

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

### (11) Leases

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

### Accounting policy applicable from 01 July 2019

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

### 11.1 Council as a lessee

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

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

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

Motor Vehicles	3 to 5 years

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

### ii) Lease Liabilities

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

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

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

### (12) Equity Accounted Council Businesses

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

### (13) GST Implications

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

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

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

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### Amendments to AASB 16 Covid-19 Related Rent Concessions

For the year ended 30 June 2022

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

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 2021 the AASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the consolidated financial statements of the Group.

### Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

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

 AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

### Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)

### Effective for NFP annual reporting periods beginning on or after 1 January 2025

 AASB 2014-10 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7))

### (15) Comparative Figures

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

### (16) Disclaimer

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

### Note 2. Income

\$ '000	2022	2021
(a) Rates		
General Rates		
General Rates	7,571	6,979
Less: Discretionary Rebates, Remissions & Write Offs	(96)	(103)
Total General Rates	7,475	6,876
Other Rates (Including Service Charges)		
Landscape Levy	402	400
Waste Collection	1,847	1,612
Community Wastewater Management Systems	1,459	1,453
Total Other Rates (Including Service Charges)	3,708	3,465
Other Charges		
Penalties for Late Payment	60	59
Legal & Other Costs Recovered	23	60
Total Other Charges	83	119
<u>Total Rates</u>	11,266	10,460
(b) Statutory Charges		
Development Act Force	400	
Development Act Fees Town Planning Fees	169	91
Health & Septic Tank Inspection Fees	_ 55	24 38
Animal Registration Fees & Fines	61	62
Parking Fines / Expiation Fees	3	3
Other Licences, Fees & Fines	19	28
Rate Searches	40	32
Total Statutory Charges	347	278
(c) User Charges		
Cemetery/Crematoria Fees	41	22
Hall & Equipment Hire	191	107
Sundry	45	50
Biosolids Fees	13	5
Aerodrome Fees	143	146
Lease Fees	326	305
Camping Fees	137	109
Total User Charges	896	744

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### Note 2. Income (continued)

\$ '000	2022	2021
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	23	8
Total Investment Income	23	8
(e) Reimbursements		
Private Works	5,232	3,578
Insurances	12	37
Other	20	41
Bushfire	18	1,324
Total Reimbursements	5,282	4,980
(f) Other income		
Sundry	117	9
Insurance Rebates	_	671
Contributions	_	46
Standpipe Fees	1	_
Total Other income	118	726
(a) Cranta Subsidies Contributions		
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	6,380	4,647
Total Amounts Received Specifically for New or Upgraded Assets	6,380	4,647
Other Grants, Subsidies and Contributions	28	706
Untied - Financial Assistance Grant	2,919	1,044
Roads to Recovery	437	609
LRCIP	69	689
Individually Significant Item - Additional Grants Commission Payment (refer below)	1,578	1,191
Bushfire  Total Other Crents, Subsidies and Contributions	597	
Total Other Grants, Subsidies and Contributions	5,628	4,239
Total Grants, Subsidies, Contributions	12,008_	8,886
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	2,788	3,405
State Government	9,182	4,348
Other	38	1,133
Total	12,008	8,886

### Note 2. Income (continued)

\$ '000	2022	2021
(ii) Individually Significant Items		
Grant Commission (FAG) Grant Recognised as Income	1,578	1,119
On the 13 April 2022 Council received an advance payment of \$1,577,897 being 75% of the estaimated FAG income for the 2022/23 financial year. The equivalent payments made in the previous two years were \$1,118,954 being 50% of the estimated FAG income for the 2021/22 financial year and \$1,124,184 being 50% of estimated FAG income for the 2020/21 year respectively.		
Bushfire	597	_

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### Note 3. Expenses

\$ '000	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		3,528	3,091
Employee Leave Expense		782	795
Superannuation - Defined Contribution Plan Contributions	18	399	330
Superannuation - Defined Benefit Plan Contributions	18	52	56
Workers' Compensation Insurance		175	160
Other Employee Related Costs		296	309
Total Operating Employee Costs		5,232	4,741
Total Number of Employees (full time equivalent at end of reporting period)		56	57
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports and Grant Acquittals		28	28
Elected Members' Expenses		327	207
Election Expenses			17
Subtotal - Prescribed Expenses	_	355	252
(ii) Other Materials, Contracts and Expenses			
Contractors		7,364	4,062
Contractors - Fleurieu Regional Waste Authority (FRWA)		1,571	1,519
Community Grants Provided		83	62
Energy		342	349
Insurances		318	312
Maintenance		1	_
Legal Expenses		99	198
Levies Paid to Government - Landscape Levy		406	402
Levies - Other		2	3
Parts, Accessories & Consumables		971	1,042
Professional Services		176	365
Sundry		364	244
Telecoms & Software		148	195
Lease & Rental		16	16
Bushfire		616	246
Subtotal - Other Material, Contracts & Expenses		12,477	9,015
Total Materials, Contracts and Other Expenses		12,832	9,267

### Note 3. Expenses (continued)

\$ '000	2022	2021
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Land Improvements	284	199
Buildings & Other Structures	496	347
Infrastructure		
- Stormwater Drainage	535	528
- CWMS	528	532
- Roads/Bridges/Footpaths	2,042	2,059
- Airport Upgrade	930	919
Right-of-use Assets	77	110
Plant, Machinery & Equipment	244	257
Office Equipment, Furniture & Fittings	21	20
Subtotal	5,157	4,971
Total Depreciation, Amortisation and Impairment	5,157	4,971
(d) Finance Costs		
Interest on Loans	184	247
Total Finance Costs	184	247
Total Timanoo Oosto	104_	241
Note 4. Asset Disposal & Fair Value Adjustments		
\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Less: Carrying Amount of Assets Sold	(1,776)	(2,094)
Gain (Loss) on Disposal	(1,776)	(2,094)
(III) Associate Complete to Describe manufacture		
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	391	_
Less: Carrying Amount of Assets Sold	(257)	
Gain (Loss) on Disposal	134	
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,642)	(2,094)

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### Note 5. Current Assets

\$ '000	2022	2021
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	992	977
Deposits at Call	1,632	1,507
Total Cash & Cash Equivalent Assets	2,624	2,484
(b) Trade & Other Receivables		
Rates - General & Other	658	591
Accrued Revenues	4	4
Debtors - General	5,083	3,105
Prepayments	48	37
Loans to Community Organisations	6	6
Subtotal	5,799	3,743
Total Trade & Other Receivables	5,799	3,743
(c) Inventories		
Stores & Materials	651	282
<u>Total Inventories</u>	651	282

### Note 6. Non-Current Assets

\$ '000	2022	2021
(a) Financial Assets		
Receivables		
Loans to Community Organisations	22	36
Subtotal	22	36
Total Receivables	22	36
Total Financial Assets	22	36
(b) Other Non-Current Assets		
Other		
Capital Works-in-Progress	2,481	355
Total Other	2,481	355
Total Other Non-Current Assets	2,481	355

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

Note 7. Infrastructure, Property, Plant & Equipment

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

			as at 30/06/21	1/06/21			Asset mo	Asset movements during the reporting period	g the reporting	period			as at 30/06/22	06/22	
	а : <u>-</u>					Asset	**************************************	7 77 77	]	Revaluation Decrements	Revaluation Increments				
000, \$	Value	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	New / Upgrade	Additions Renewals	Asset Disposals			(ARR) (Note	At Fair Value	, At Cost	Accumulated Depreciation	Carrying amount
Land	2	4.123	ı	I	4.123	I	ı	(220)	ı	ı	I	3.903	I	I	3.903
Land	က	7,507	I	I	7,507	I	I		I	I	I	7,507	I	I	7,507
Land Improvements	7	1,464	I	(726)	738	I	I	I	(49)	I	16	1,484	I	(780)	704
Land Improvements	က	8,765	I	(3,959)	4,806	I	199	(12)	(235)	I	I	8,739	199	(4,180)	4,758
Buildings & Other Structures	2	14,119	I	(7,795)	6,324	I	104	(99)	(280)	I	I	13,891	104	(7,913)	6,082
Buildings & Other Structures	က	7,497	I	(2,910)	4,587	187	66	(27)	(216)	I	4	7,432	286	(3,083)	4,635
Infrastructure															
- Stormwater Drainage	က	43,600	299	(21,537)	22,730	541	39	(24)	(532)	I	526	43,556	1,246	(21,526)	23,276
- CWMS	က	28,715	1,481	(8,774)	21,422	I	172	(37)	(528)	I	I	28,641	1,653	(9,264)	21,030
- Roads & Footpaths	က	379,435	5,659	(19,143)	365,951	2,621	2,485	(1,610)	(2,042)	I	32	376,874	10,765	(20,202)	367,437
- Airport Upgrade	က	11,672	21,724	(10,431)	22,965	I	I	I	(086)	I	I	11,672	21,723	(11,361)	22,034
Right-of-Use Assets		ı	384	(204)	180	34	I	I	(77)	I	I	I	419	(282)	137
Library Books	က	009	4	(614)	ı	I	I	I	I	I	I	009	4	(614)	I
Plant, Machinery & Equipment	က	6,473	1,118	(4,598)	2,993	9	I	(36)	(244)	I	24	6,402	1,123	(4,784)	2,741
Office Equipment, Furniture & Fittings	က	532	167	(648)	51	I	1	I	(21)	I	I	531	168	(670)	29
Total Infrastructure, Property,															
Plant & Equipment		514,502	31,214	(81,339)	464,377	3,389	3,098	(2,032)	(5,157)	1	602	511,232	37,700	(84,659)	464,273
Comparatives		492,311	65,050	(80,947)	476,414	2,377	3,959	(2,093)	(4,971)	(26,095)	14,787	514,502	31,214	(81,339)	464,377

For the year ended 30 June 2022

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

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

### **Valuation of Assets**

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

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

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

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

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

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

### Information on Valuations

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

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

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

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

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

### **Other Information**

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

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

### Highest and best use

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

For the year ended 30 June 2022

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

### Transition to AASB 13 - Fair Value Measurement

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

### **Land & Land Improvements**

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

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

Land improvements are recognised at fair value, originally deriving from a valuation conducted by Marsh Advisory at 30 June 2021 at current replacement cost. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

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

### **Buildings & Other Structures**

Buildings and other structures generally are recognised at fair value, based on current market values and were valued for 30 June 2021 by Marsh Advisory.

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

### Infrastructure

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

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

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

### Plant & Equipment

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

### **Furniture & Fittings**

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

### **Library Books**

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

### Note 8. Liabilities

	2022	2022	2021	2021
\$ '000	Current	Non Current	Current	Non Current
(a) Trade and Other Payables				
Goods & Services	874	_	1,460	_
Payments Received in Advance 1	4,156	7,512	4,648	9,368
Accrued Expenses - Employee Entitlements	28	_	36	_
Accrued Expenses - Finance Costs	51	_	51	_
Accrued Expenses - Other	331	_	181	_
Deposits, Retentions & Bonds	36	_	36	_
Total Trade and Other Payables	5,476	7,512	6,412	9,368

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

(b) Borrowings				
Loans	510	10,188	581	8,180
Total Borrowings	510	10,188	581	8,180
All interest bearing liabilities are secured over the future revenues of the Council				
(c) Provisions				
Employee Entitlements (including oncosts)	952	83	996	95
Future Reinstatement / Restoration, etc	10	138	10	148
<u>Total Provisions</u>	962	221	1,006	243
(d) Other Liabilities				
Liability Accounted Investments in Council Businesses	1,006		1,347	
Total Other Liabilities			1,347	
TOTAL OTHER EIGDINGS	1,006	<del>-</del>	1,347	_

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### Note 9. Reserves

	as at 30/06/21				as at 30/06/22
\$ '000	Opening	Increments	Tuesefess		Closin
\$ 000	Balance	(Decrements)	Transfers	Impairments	Balanc
(a) Asset Revaluation Reserve					
Land	6,521	_	_	_	6,52
Land Improvements	8,531	16	_	_	8,547
Buildings & Other Structures	2,154	4	_	_	2,158
Infrastructure	0.740	500			4.07
- Stormwater Drainage	3,748	526	_	_	4,274
- CWMS	6,510	_	_	_	6,510
- Roads/Bridges/Footpaths	385,755	32	_	_	385,787
Furniture & Fittings	362	_	_	_	362
Library Books	204	_	_	_	204
Plant, Machinery & Equipment	2,003		24		2,027
Total Asset Revaluation Reserve	415,788	578	24		416,390
Comparatives	427,096	(11,308)	_	_	415,788
Comparatives		(11,308)	_	-	
Comparatives	as at 30/06/21	(11,308)	Tfrs from	Other	as at 30/06/22
Comparatives \$ '000		. , ,	Tfrs from Reserve	Other Movements	
	as at 30/06/21 Opening	Tfrs to			as at 30/06/22 Closing
\$ '000 (b) Other Reserves	as at 30/06/21 Opening	Tfrs to			as at 30/06/22 Closing
\$ '000 (b) Other Reserves Airport Reserve	as at 30/06/21 Opening Balance	Tfrs to			as at 30/06/22 Closing Balance
\$ '000 (b) Other Reserves Airport Reserve	as at 30/06/21 Opening Balance	Tfrs to			as at 30/06/22 Closing Balance
\$ '000  (b) Other Reserves  Airport Reserve  CWMS Reserve  Asset Reinvestment Reserve	as at 30/06/21 Opening Balance  4,472 753	Tfrs to Reserve			as at 30/06/22 Closing Balance
\$ '000  (b) Other Reserves  Airport Reserve  CWMS Reserve  Asset Reinvestment Reserve  Kingscote CBD Car Park Reserve	as at 30/06/21 Opening Balance  4,472 753 289	Tfrs to Reserve			as at 30/06/22 Closing Balance 4,472 753 286
\$ '000  (b) Other Reserves  Airport Reserve  CWMS Reserve  Asset Reinvestment Reserve  Kingscote CBD Car Park Reserve  Open Space Reserve	4,472 753 289 30	Tfrs to Reserve			4,472 753 289
\$ '000  (b) Other Reserves  Airport Reserve  CWMS Reserve  Asset Reinvestment Reserve  Kingscote CBD Car Park Reserve  Open Space Reserve  Ronald Maxwell Bell Property Reserve	as at 30/06/21 Opening Balance  4,472 753 289 30 15	Tfrs to Reserve			4,472 753 289 30 15
\$ '000  (b) Other Reserves  Airport Reserve  CWMS Reserve	4,472 753 289 30 15 61	Tfrs to Reserve	Reserve	Movements	4,472 753 289 30

### Note 9. Reserves (continued)

### **Purposes of Reserves**

### **Asset Revaluation Reserves**

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

### **Airport Reserve**

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

### **CWMS** Reserve

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

### **Asset Reinvestment Reserve**

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

### **Kingscote CBD Carpark Reserve**

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

### **Open Space Fund Reserve**

Contributions from developers for future open space developments and expenditure.

### **Ronald Maxwell Bell Property Reserve**

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

### **Daniel Williams Reserve**

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

### Note 10. Assets Subject to Restrictions

\$ '000	2022	2021
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.		
Cash & Financial Assets		
Developer Contributions	33	33
Sale of Ratepayer's Property	76	76
Infrastructure	1,000	1,881
Total Cash & Financial Assets	1,109	1,990
Infrastructure, Property, Plant & Equipment		
Land Assets 1	7,405	7,405
Total Infrastructure, Property, Plant & Equipment	7,405	7,405
Total Assets Subject to Externally Imposed Restrictions	8,514	9,395

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

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### Note 11. Reconciliation to Statement of Cash Flows

The bank overdraft facilities may be drawn at any time and may be terminated by the

\$ '000	Notes	2022	2021
(a) Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Total Cash & Equivalent Assets	5	2,624	2,484
Balances per Statement of Cash Flows		2,624	2,484
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit) Non-Cash Items in Income Statements		4,964	3,285
Depreciation, Amortisation & Impairment		5,157	4,971
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(71)	1,477
Grants for capital acquisitions treated as Investing Activity		(6,380)	(881)
Net (Gain) Loss on Disposals		1,642	2,094
		5,312	10,946
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(10)	(2,052)
Net (Increase)/Decrease in Inventories		(369)	(14)
Net Increase/(Decrease) in Trade & Other Payables		(177)	(1,481)
Net Increase/(Decrease) in Unpaid Employee Benefits		(56)	(1,401)
Net Increase/(Decrease) in Other Provisions		(10)	(141)
Net Cash provided by (or used in) operations		4,690	7,257
(c) Financing Arrangements			
Unrestricted access was available at balance date to the following lines	of		
credit:			
Bank Overdrafts		100	100
Corporate Credit Cards		11	11
LGFA Cash Advance Debenture Facility		13,924	16,820

bank without notice.

# Note 12(a). Functions

		Inco	Income, Expenses a	and Assets have etails of these Fu	s and Assets have been directly attributed to the following Fun Details of these Functions/Activities are provided in Note 12(b)	tributed to the fast are provided	Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).	ns / Activities.		
		INCOME		EXPENSES	O SURPLUS	OPERATING SURPLUS (DEFICIT)	GRANTSI	GRANTS INCLUDED IN INCOME	TOTAL AS: (C	TOTAL ASSETS HELD (CURRENT & NON-CURRENT)
000. \$	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Business Undertakings	5,913	5,566	6,267	3,644	(354)	1,922	I	(22)	21,034	21,425
Community Services	94	51	1,200	886	(1,106)	(835)	ı		I	I
Culture	32	38	270	291	(238)	(253)	28	33	I	I
Economic Development	402	I	22	13	345	(13)	I	I	I	I
Environment	3,343	2,027	3,148	2,942	195	(915)	ı		I	14
Recreation	92	65	1,162	964	(1,086)	(888)	I	I	I	I
Regulatory Services	853	1,524	2,282	2,664	(1,429)	(1,140)	265	I	I	I
Transport & Communication	188	994	6,211	5,597	(6,023)	(4,603)	I	817	5,106	5,407
Plant Hire & Depot/Indirect	5	21	1,487	1,003	(1,482)	(982)	I	I	2,877	3,172
Governance	12,725	11,149	1,321	2,699	11,404	8,450	5,003	3,389	2,728	2,809
Support Services	1	I	I	I	I	I	I	I	444,105	438,450
Total Functions/Activities	23,631	21,435	23,405	20,703	226	732	5,628	4,239	475,850	471,277

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

For the year ended 30 June 2022

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

### The activities relating to Council functions are as follows:

### **Business Undertakings**

Airport Management, Caravan & Camping Parks, Boating Facilities, Private Works, Property Portfolio.

### **Community Services**

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

### Culture

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

### **Economic Development**

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

### **Environment**

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

### Recreation

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

### **Regulatory Services**

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

### Transport

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

### **Council Administration**

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

### Note 13. Financial Instruments

### **Recognised Financial Instruments**

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

### **Accounting Policy:**

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

### **Terms & Conditions:**

Deposits are returning fixed interest rates between 0.3% and 1.05% (2021: 0.3% and 0.45%).

### **Carrying Amount:**

Approximates fair value due to the short term to maturity.

### **Receivables - Rates & Associated Charges**

### **Accounting Policy:**

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

### **Terms & Conditions:**

Secured over the subject land, arrears attract fines of 2% and interest of 5.2% (2021: 2% and 5.2%). 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 reassessed annually) when collection in full is no longer probable.

### **Terms & Conditions:**

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

### **Carrying Amount:**

Approximates fair value (after deduction of any allowance).

### Receivables - Other Levels of Government Accounting Policy:

Carried at nominal value.

### **Terms & Conditions:**

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

### **Carrying Amount:**

Approximates fair value.

For the year ended 30 June 2022

### Note 13. Financial Instruments (continued)

### **Liabilities - Creditors and Accruals**

### **Accounting Policy:**

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

### **Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

### **Carrying Amount:**

Approximates fair value.

### **Liabilities - Interest Bearing Borrowings**

### **Accounting Policy:**

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

### **Terms & Conditions:**

Secured over future revenues, borrowings are repayable on a quarterly and annual basis; interest is charged on a spread of fixed or variable rates between 2.05% and 6.73% (2021: 2.05% and 6.73%). Overdraft rate is 7.71% (2021: 7.71%).

### **Carrying Amount:**

Approximates fair value.

### **Liabilities - Leases**

### **Accounting Policy:**

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

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u> </u>	\ i yeai	œ ⊇ 5 years	> 5 years	Casii i iows	values
Financial Assets and					
Liabilities					
2022					
Financial Assets					
Cash & Cash Equivalents	2,624	_	_	2,624	2,624
Receivables	5,752	22	1	5,775	5,773
Total Financial Assets	8,376	22	1	8,399	8,397
Financial Liabilities					
Payables	1,292	_	_	1,292	1,292
Current Borrowings	544	_	_	544	510
Non-Current Borrowings	_	3,872	6,551	10,423	10,188
Total Financial Liabilities	1,836	3,872	6,551	12,259	11,990
2021					
Financial Assets					
Cash & Cash Equivalents	2,484	_	_	2,484	2,484
Receivables	3,707	26	13	3,746	3,742
Total Financial Assets	6,191	26	13	6,230	6,226
Financial Liabilities					
Payables	1,728	_	_	1,728	1,728

### Note 13. Financial Instruments (continued)

				Total	
\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Contractual Cash Flows	Carrying Values
Current Borrowings	629	_	_	629	515
Non-Current Borrowings	_	1,685	6,779	8,464	8,061
Total Financial Liabilities	2,357	1,685	6,779	10,821	10,304

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

	2022		2021	
\$ '000	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.63%	7,975	2.05%	5,472
Fixed Interest Rates	3.81%	2,723	3.81%	3,289
		10,698		8,761

### **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.

For the year ended 30 June 2022

### Note 13. Financial Instruments (continued)

### Risk Exposures

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

<u>Market Risk</u> 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 <u>currency risk</u> apply.

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

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

### Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2022	2021
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	2,000	2,000
	2,000	2,000
These expenditures are payable:		
Not later than one year	2,000	2,000
	2,000	2,000
(b) Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	106	131
IT	963	38
Other	374	785
_	1,443	954
These expenditures are payable:		
Not later than one year	657	461
Later than one year and not later than 5 years	786	493
	1,443	954

# Notes to and forming part of the Financial Statements For the year ended 30 June 2022

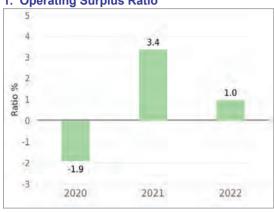
### Note 15. Financial Indicators

	Indicator	Indic	ators
	2022	2021	2020
Financial Indicators overview 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.			
Operating Surplus Ratio     Operating Surplus	1.0%	3.4%	(1.9)%
Total Operating Income	1.0 /0	0.470	(1.5)70
This ratio expresses the operating surplus as a percentage of total operating revenue.			
2. Net Financial Liabilities Ratio Net Financial Liabilities			
Total Operating Income	74%	97%	151%
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.			
Adjusted Operating Surplus Ratio			
Operating Surplus Total Operating Income	(2.8)%	3.4%	(1.0)%
Adjustments to Ratios In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.			
Adjusted Net Financial Liabilities Ratio Net Financial Liabilities Total Operating Income	85%	103%	148%
3. Asset Renewal Funding Ratio			
Asset Renewals Infrastructure & Asset Management Plan required expenditure	74%	76%	76%
Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.			

### Note 15. Financial Indicators (continued)

### Financial Indicators - Graphs

### 1. Operating Surplus Ratio



### Purpose of operating surplus ratio

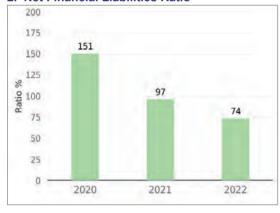
This indicator is to determine the percentage the operating revenue varies from operating expenditure

### Commentary on 2021/22 result

2021/22 ratio 1.0%

The ratio is the operating surplus / (deficit) expressed as a percentage of operating income. Council aims to achieve an Operating ratio of 0% each year.

### 2. Net Financial Liabilities Ratio



### Purpose of net financial liabilities ratio

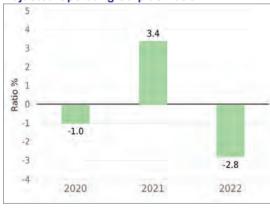
This indicator shows the significance of the net amount owed to others, compared to operating revenue

### Commentary on 2021/22 result

2021/22 ratio 74%

The downward trend in the ratio indicates Council's capacity to meets its financial obligations from operating revenue is strengthening. Council's target for this ratio is greater than 0% but less than 120%.

### **Adjusted Operating Surplus Ratio**



### Purpose of adjusted operating surplus ratio

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

### Commentary on 2021/22 result

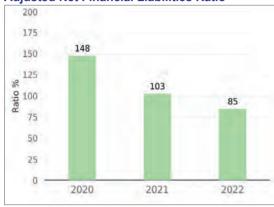
2021/22 ratio (2.8)%

Because some grants funds (e.g. Financial Assistance Grants) are partly paid in advance, this ratio adjusts the financial liabilities ratio in the year to account for any pre-payments.

For the year ended 30 June 2022

### Note 15. Financial Indicators (continued)

### **Adjusted Net Financial Liabilities Ratio**



### Purpose of adjusted net financial liabilities ratio

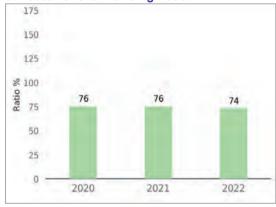
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

### Commentary on 2021/22 result

2021/22 ratio 85%

Because some grants funds (e.g. Financial Assistance Grants) are partly paid in advance, this ratio adjusts the financial liabilities ratio in the year to account for any pre-payments.

### 3. Asset Renewal Funding Ratio



### Purpose of asset renewal funding ratio

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

### Commentary on 2021/22 result

2021/22 ratio 74%

The ratio is calculated by measuring capital expenditure on renewal and replacement of assets over the financial year, divided by the optimal level of expenditure proposed in Council's Infrastructure Asset Management Plans. Council's target for this ratio is between 90% and 110%.

2022

(4,421)

1,722

390 (2,309)

(1,118)

2021

(1,360)

881

(479)

1,265

### Note 16. Uniform Presentation of Finances

**Net Outlays on New and Upgraded Assets** 

Real Estate Developments)

Capital Expenditure on New and Upgraded Assets (including Investment Property &

add back Proceeds from Sale of Surplus Assets (including investment property, real

add back Amounts Received Specifically for New and Upgraded Assets

estate developments & non-current assets held for resale)

Net Lending / (Borrowing) for Financial Year

\$ '000

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	23,631	21,435
less Expenses	(23,405)	(20,703)
Operating Surplus / (Deficit)	226	732
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,192)	(3,959)
add back Depreciation, Amortisation and Impairment	5,157	4,971
	965	1,012

For the year ended 30 June 2022

### Note 17. Leases

### (i) Council as a lessee

### Terms and conditions of leases

### Right of use assets

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

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

### (a) Right of use assets

\$ '000	Ready to use	Property Lease	Motor Vehicles	Total
2022				
Opening balance	_	_	180	180
Additions to right-of-use assets	_	_	34	34
Depreciation charge			(77)	(77)
Balance at 30 June	_		137	137
2021				
Opening balance	_	_	289	289
Additions to right-of-use assets	_	_	_	_
Depreciation charge			(109)	(109)
Balance at 30 June		_	180	180

### (b) Lease liabilities

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

\$ '000	2022	2021
Balance at 1 July	185	292
Additions	34	_
Accretion of interest	11	10
Payments	(96)	(117)
Balance at 30 June	134	185
Classified as:		
Current	61	66
Non Current	73	119

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

The Group had total cash outflows for leases of \$96k.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	77	109
Interest expense on lease liabilities	11_	10
Total amount recognised in profit or loss	88	119

### Note 17. Leases (continued)

### (ii) Council as a lessor \$ '000 2022 2021 Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows: Not later than one year 14 28 Later than one year and not later than 5 years 7 18 Later than 5 years 1 1 22 47

For the year ended 30 June 2022

### Note 18. Superannuation

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

### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.00% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020/21) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

### **Contributions to Other Superannuation Schemes**

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

### Note 19. Interests in Other Entities

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

	Council's Share of	Council's Share of Net Assets		
\$ '000	2022	2021	2022	2021
Joint Ventures - in profit	71	_		
Joint Ventures - in loss	_	(1,477)	(1,006)	(1,346)

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

### (a) Carrying Amounts

\$ '000	Principal Activity	2022	2021
Fleurieu Regional Waste Authority	Waste and Recycling		
	Management _	(1,006)	(1,346)
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		(1,006)	(1,346)

### Fleurieu Regional Waste Authority

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

### Southern and Hills Local Government Association

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

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

Kangaroo Island Councils interest in the Southern & Hills Local Government Association for 2021-22 is deemed to be immaterial in amount and has not been recognised. This will be reviewed annually.

### (b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2022	2021	2022	2021	2022	2021
Fleurieu Regional Waste Authority	12.00%	15.00%	12.00%	15.00%	22.00%	22.00%

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

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

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

	Fleurieu Regional Waste Authority		Southern and Hills Local Government Association	
\$ '000	2022	2021	2022	2021
Opening Balance	(1,346)	131	_	_
Share in Operating Result	71	(1,477)	_	_
Other Adjustment	269	_	_	_
Council's Equity Share in the Joint Venture or Associate	(1,006)	(1,346)	_	_

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

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

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

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

### 1. Land under roads

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

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

### 2. Potential insurance losses

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

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

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

### 3. Bank guarantees

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

### 4. Legal expenses

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

### Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2022, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

The financial impacts on Council's operations have not been significant and Council expects that further impacts on Council's operations to flow into the 2022/23 financial year will not be significant.

I

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

### Note 23. Related Party Transactions

### **Key Management Personnel**

### **Transactions with Key Management Personnel**

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

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	810	579
Post-Employment Benefits	60	39
Supplies	1	30
Total	871	648

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

One Councillor has interests in a printing & signage business that provided goods to the value of \$730.

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

### Receipts from Key Management Personnel comprise:

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

Planning & Building Application Fees	 
Total	 

### Note 24. Council information and contact details

### Principal place of business:

43 Dauncey St KINGSCOTE SA 5223

### **Contact details**

Mailing Address: PO Box 121

KINGSCOTE SA 5223

**Telephone:** 08 8553 4500 **Facsimile:** 08 8553 2885

### Officers

CHIEF EXECUTIVE OFFICER Greg Georgopoulos

Opening hours:

9.00am to 5.00pm Monday to Friday

Internet: <a href="www.kangarooisland.sa.gov.au">www.kangarooisland.sa.gov.au</a></a>
<a href="mailto:kicouncil.sa.gov.au">kicouncil.sa.gov.au</a></a>

### **Elected members**

Mavor

Michael Pengilly

Councillor

Bob Teasdale - Deputy Mayor

Sam Mumford Shirley Pledge Rosalie Chirgwin

Peter Tiggemann - Resigned 25 May 2022

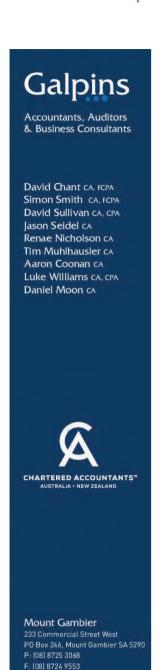
Peter Denholm Ken Liu

Richard Cotterill David Mepham

### Other information

**ABN:** 93 741 277 391

## Auditor's Report - Financial Statements



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

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

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

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

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Stirling

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ABN: 30 630 511 757

Liability limited by a scheme approved under Professional Standards Legislation

Tim Muhlhausler CA, Registered Company Auditor Partner

8 November 2022

### Auditor's Report – Internal Controls

# Galpins Accountants, Auditors

& Business Consultants

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



# Mount Gambier 233 Commercial Street West PO Box 246, Mount Gambier SA 529 P: (08) 8724 9553 E: admin@galpins.com.au

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### INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS

## To the members of Kangaroo Island Council Opinion

We have audited the compliance of Kangaroo Island Council (the Council) with the requirements of Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 have been conducted properly and in accordance with law.

In our opinion, Kangaroo Island Council has complied, in all material respects, with Section 125 of the Local Government Act 1999 in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2020 to 30 June 2021.

### **Basis for opinion**

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3150 Assurance Engagements on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

### The Council's responsibility for internal controls

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

### Our independence and quality control

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

## Certificate of Auditor Independence

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Kangaroo Island Council for the year ended 30 June 2022, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Greg Georgopoulos

Chief Executive Officer

Date: 8 November 2022

**Greg Connor** 

**Presiding Member, Audit Committee** 

## Statement by Auditor

## Galpins

Accountants, Auditors & Business Consultants

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



### **Mount Gambier**

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### KANGAROO ISLAND COUNCIL

**GENERAL PURPOSE FINANCIAL STATEMENTS** For the year ended 30 June 2022

### Statement by Auditor

I confirm that, for the audit of the financial statements of Kangaroo Island Council for the year ended 30 June 2022, I have maintained my independence in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (Including Independence Standards) (the Code), in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

### **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

Tim Muhlhausler CA, Registered Company Auditor

Partner

8 November 2022













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# Message

### From the Independent Chairperson

It is my pleasure to present the Fleurieu Regional Waste Authority Annual Report for 2021-22.

In a society that continues, albeit increasingly less so, to be disrupted by COVID-19 pandemic and world events, the 2021-22 financial year saw the Authority continue to build on initiatives commenced in previous years and to continue its success in the delivery of services to its Constituent Councils and their communities.

Following detailed and rigorous consultation, the revised (updated and more progressive) Fleurieu Regional Waste Authority Charter was published in the Government Gazette on 19 August 2021. This has provided for the formation of a new Board with Councils nominating a mix of Elected Members and staff to the Board with breadth of experience across finance and operations, together with passion and business acumen. There are now also two independent Board members, one with experience in state government, governance and an entrepreneur, with a background in compostable packaging.

This mix has provided the Authority with a highly skilled Board that is guiding and driving the Authority to achieve its strategic objectives.

The Authority also formed a new Audit Committee comprising one independent member, a Board Member and finance and governance staff from member Councils. This will continue to build on work of the previous Audit Committee, in conjunction with our internal auditors.

The Authority has continued to diligently work through the remediation of properties impacted by asbestos contaminated material. The Board has closely monitored the progress of the remediation project and I am pleased to report that the project is on schedule, due to be completed in October 2022 and under budget. Our project team including McMahon Services, Greencap and Prominent Loss Adjusting Services have worked closely with affected parties to minimise disruptions, whilst maintaining a safe environment. This has been a challenging project but one that has, again, demonstrated that by working together even the most difficult matters can be resolved.

Financially, the Authority provided a positive outcome for most of its Councils, this on the back of increased commodity prices for recycled materials and increased patronage through the waste and recycling depots. The Authority has also reviewed its transport activities and implemented a range of changes that will provide positive benefits into the 2022-2023 financial year.

Environmentally, kerbside waste collection diversion rates have remained static but with waste and recycling depot diversion rates falling, predominately due to an increase in waste but also a change in the classification of material for recycling.

To ensure that our Councils continue to reduce the impact of their communities on the environment, the Authority has progressed the Summer Recycling Collections Program. I am pleased to report that all Council have endorsed this program for implementation this coming 2022-23 summer. This will reduce waste to landfill and increase the amount of material recycled, resulting in a diversion rate of over 70%.

Finally, I again recognise and thank the staff of FRWA - the waste collections drivers, the site operators, the waste education and customer service team, as well as the finance and administration staff who drive and run our business every day at such high standards and providing critical services to the community.

I also recognise and thank my fellow Board members for their vision, wise counsel and support over the past twelve months. In particular, Cr Peter Denholm from Kangaroo Island who has indicated that he will not be continuing from the November council elections. Peter has been a passionate supporter of FRWA since 2015, his sage advice, enthusiasm, historical knowledge and considered approach has, in large part, made the Authority what it is today. We wish Peter all the best in his future endeavours as he steps back from his Council duties in November 2022.

Thank you, all.

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





# FRWA Governance

FRWA is administered by a Board in accordance with the requirements of the *Local Government Act 1999* and the Fleurieu Regional Waste Authority Charter 2021. This year the Authority formed a new Board to broaden the skills and increase the diversity of its membership. The membership of the Board comprises seven members including, one person from each member council, two independent members and an independent Chairperson.

This year we welcomed Cr Bryan Littlely from the City of Victor Harbor and independent members, Ms Marion Vigot and Mrs Vicki Tomlinson. Marion Vigot is an entrepreneur with a background in start up businesses and compostable packaging, and Vicki Tomlinson has experience in highest levels of state government working in the areas of governance and risk.

Our Board will change again in the coming year due to local government elections with our two Elected Members not standing for Council and staff changes at our member Councils may also produce some change.

Board Members: Peter Denholm (Kangaroo Island Council), Vicki Tomlinson (Independent Member), Elizabeth Williams (Alexandrina Council), Marion Vigot (Independent Member), Michael Kelledy (Independent Chairperson), Simon Grenfell (Executive Officer). Absent Bryan Littlely (City of Victor Harbor), Andy Baker (District Council of Yankalilla



The Board held six meetings during the 2021-22 financial year. Given the wide area that the Authority covers, it holds Board meetings in each Council area during the year. The table below details the Board Member attendance.

Board Member	Meetings
Mr Michael Kelledy (Independent Chairperson)	6 of 6
Cr Peter Denholm (Kangaroo Island Council)	6 of 6
Cr Bryan Littlely (City of Victor Harbor)	3 of 6
Mr Andy Baker (District Council of Yankalilla)	6 of 6
Ms Elizabeth Williams (Alexandrina Council)	6 of 6
Ms Marion Vigot (Independent Member)	5 of 5
Mrs Vicki Tomlinson (Independent Member)	5 of 5

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

The membership of the FRWA Audit Committee change mid-way through 2021-22 due to the implementation of the new FRWA Charter and changes to the FRWA Board. The Audit Committee held five meetings during the 2021-22 financial year. The table below details the Audit Committee Member attendance

Audit Committee Member	Meetings
Mr Peter Fairlie-Jones (Independent Chairperson)	5 of 5
Cr Alistair Christie (District Council of Yankalilla Board Member)	1 of 1
Ms Elizabeth Williams (Alexandrina Council Board Member)	5 of 5
Ms Karen Rokicinski (City of Victor Harbor)	3 of 5
Mr Gary Lewis (District Council of Yankalilla)	5 of 5

# Executive Officer's Report

Over the past year the team at FRWA have demonstrated how flexible and resilient they can be. Despite the challenges of COVID-19, lockdowns, changing community behaviours and managing contaminated materials; we achieved the priority actions in the 2021-22 Business Plan.

Our staff are the backbone of our organisation and to ensure that we can continue to thrive, we have invested in a Work Health and Safety Co-ordinator with a focus on "Health" as well as risk management. These investments are already providing return to our business and will continue to do so well into the future.

With the adoption of the new Charter, the changes to our governance structure have been invigorating and stimulating with new Board Member and Audit Committee Members providing a fresh and different perspective on our operations and the services we provide to the community.

The Board has provided valuable input into our programs in particular the Summer Recycling Collection Program which progressed this year with a community survey, bin audits and data analysis to determine the optimal kerbside waste collection service for the summer period. After workshops and consideration of all the research the FRWA Board endorsed the weekly collection of Food Organics and Garden Organics (FOGO) and Co-mingled recycling and fortnightly collection of general waste for six weeks over the summer period.

The response to the community survey was outstanding with over 1,300 people responding and 700 of these signing up to be 'Friends of FRWA' and receive our quarterly newsletter. The survey showed that the community is passionate about recycling and want to recycle more with 73% of respondents believing they could do more to reduce their waste to landfill. It also demonstrated that we need to look at different ways to communicate our messages around recycling with 80% of people confused and wanting to know more about recycling items and 19% of people thinking that plastic bags can go into recycling bins.

After carefully considering the options and for the collection of kerbside waste and recycling over summer the Board recommended the weekly collection of FOGO and Co-mingled recycling and fortnightly collection of general waste over the summer period.

The member Councils then endorsed the service to commence in December 2022. It is estimated that this will increase the kerbside waste diversion rate from 59% to over 70%. Ensuring that this region continues to lead the State in diverting waste from landfill and achieves our goal of 70% diversion of waste from landfill by 2030.

Food Waste is still the number one contributor of waste to landfill. We have continued to promote our Weekly Food Waste collection service for businesses by joining up with Plastic Free SA and holding two Managing Food Waste Responsibly sessions in Yankalilla and Victor Harbor. We also supported the City of Victor Harbor in extending their FOGO collection to an additional 260 households that further increased the collection of FOGO by 54 tonnes for the year.

FRWA continues to progressively remediate properties affected by Asbestos Contaminated Material with 89 properties of 123 full remediated so far. We have recovered 16,234 tonnes and expect to recover 25,000 tonnes. This material has been managed within a waste derived fill site management plan authorised by an independent auditor. Regular project reviews have identified a number of efficiencies that will see the majority of the project completed within the allocated budget by the end of 2022.

While still undertaking our normal operations we have continued to improve our digital resources by upgrading and refreshing our website. The new website reflects all our modern branding while providing the community with a one stop shop for waste information and resources. In particular an improved Bin Collection search function with personalised calendars.

We also installed a point of sale system at the Strathalbyn Waste and Recycling Depot to improve data transfer and security while making it easier for our staff.

This year's achievements would not have been possible without the dedication and hard work of our staff, our consultants and contractors, the commitment of the FRWA Board, the support of the constituent Councils.

I look forward to continuing to work with member Councils and the Board to build on these achievements and deliver our Strategic objectives.



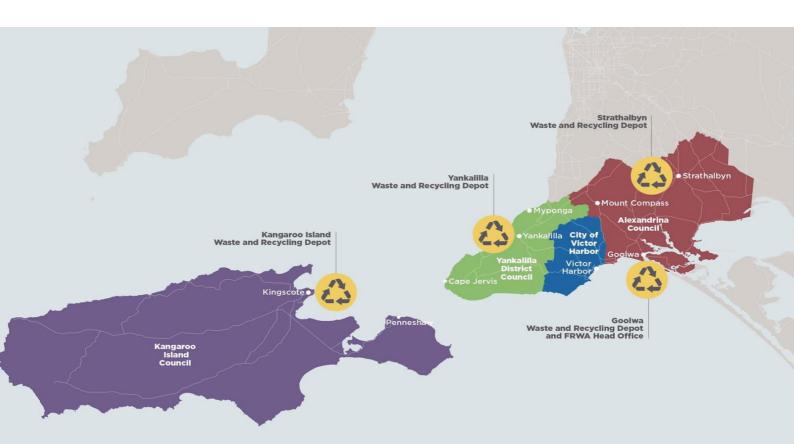
# **Our Services**

The Fleurieu Peninsula and Kangaroo Island covers 7,341km2 and has a resident population of 54,000 which increases by up to 50% in coastal areas during holiday periods.

FRWA is a fine example of local governments working together to achieve efficiencies across boundaries. We are capturing the best practices brought over from the Councils: reducing waste going to landfill, increasing recycling, and promoting a cleaner and healthier environment for today and tomorrow.

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

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



# Our Mission and Objectives

### **About FRWA**

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

To achieve the vision of the Strategic Plan a number of objectives were adopted with corresponding key performance indicators. Below is a summary of progress the Authority has made in achieving its objectives.

## Objective 1: Reduce the impact of the community on the environment through best practice waste management and diversion

**Key Performance Indicators** 

- Increase kerbside diversion rates from 50% to 70% by 2030
- Reduce the amount of organic waste in the blue bin from 44% to less than 15% by 2025
- Reduce contamination of the recycling bin to less than 8% by 2025
- Reduce greenhouse gas emissions of FRWA by 30% by 2030

### Objective 2: Advocate and facilitate a local circular economy

**Key Performance Indicators** 

- Value of recovered materials is increased by 10% by 2025
- Reduce freight kilometres by 5% by 2025
- Constituent councils purchase recyclable materials equivalent to 30% by weight of material collected in the yellow bin.

### Objective 3: Provide flexible services that meet the needs of councils, residents and visitors.

**Key Performance Indicators** 

- Reduce the number of bin banks in rural areas by 15% by 2025
- Increase range of services provided to customers by 20% by 2025
- Increase range of services provided to constituent Councils by 2025

### Objective 4: Provide efficient and effective regional subsidiary

**Key Performance Indicators** 

- Reduce the cost of kerbside collection per property by 5% by 2025, excluding CPI and solid waste levy
- Reduce the cost to councils of waste transfer station operations by 10% by 2025 excluding CPI and solid waste levy.

# **Our Performance**

The Fleurieu Regional Waste Authority (FRWA) measures its performance against the key performance indicators in its Strategic Plan and Business Plan.

FRWA continues to develop its performance measurement ensuring it can demonstrate it is achieving its objectives. The information below is a qualitative description of our performance against key performance indicators.

Indicator	Target	2021-22 Budget	2021-22 Actual
Operating Surplus Ratio	0% to 1%		
- Including ACM Borrowings		6%	5.7%
- Excluding ACM Borrowings		6%	6.7%
Net Financial Liabilities Ratio	30% to 50%		
- Including ACM Borrowings		129%	125%
- Excluding ACM Borrowings		58%	29%
Asset Renewal Funding Ratio	80% to 100%	102%	52%*
Own Source Revenue Ratio	23% to 28%	31%	31%

<sup>\*</sup>The Asset Renewal Ratio was lower than planned due to delayed renewal of a prime mover and walking floor trailer.

The following is a qualitative and quantitative report on the achievements of the Strategic Plan key performance indicators.

## Objective 1: Reduce the impact of the community on the environment through best practice waste management and diversion

One of FRWA's main performance indicators, the kerbside waste diversion rate has increased from 50% in 2018-19 to 59% in 2021-22 due to the introduction of fortnightly collection of waste. It is anticipated that this will increase to above 70% due to the changes in waste collection cycle during summer.

The kerbside bin audit undertaken in December 2021 found that organic waste makes up 32% of waste in the blue (general waste) bin a reduction of 12% from the 2017 bin audit. The kerbside bin audit also found that contamination of the recycling bin is 10%. These results demonstrate that the performance of our waste management system is improving.

FRWA are continuing to develop methods to reduce our greenhouse gas emissions, including the review of transport activities. These changes will be further analysed in 2022-23.

### Objective 2: Advocate and facilitate a local circular economy

The value of recovered materials has increased since 2020 with changes in processes to recover high value metals and landscape rock from council projects and the production of high quality wood chip from tree logs. These changes have increased revenue at waste and recycling depots. FRWA have also increased the amount of cardboard recycled through the Goolwa Waste and Recycling depot by separately collecting and transporting 19.6 tonne of carboard to the Southern Materials Recycling Facility.

To reduce the freight kilometres by 5% by 2025 from 2020 a number of changes have been made to our operations. FRWA has had the opportunity to change where our co-mingled recycling is processed from Edinburgh to Seaford Downs this has reduced the travel distance for 114km to 50.6km for 5,500 tonnes of material. FRWA staff are continuing to analysis our freight movements and have recently changed operations at the transfer stations that has seen payloads increase by on average 15%. FRWA kerbside collection vehicles are now depositing the majority of kerbside waste at the Goolwa Waste and Recycling Depot for transport to the disposal site. This has increased payloads, reduced travel time and fuel use across our operations.

### Objective 3: Provide flexible services that meet the needs of councils, residents and visitors.

FRWA continues to improve services for its residents and has removed 15 bin banks (from 113 total bin banks across the Fleurieu and KI) in the Alexandrina Council and DC Yankalilla over the past two years and provided roadside collections for over 200 rural properties. This is a 12% reduction in the number of bin banks.

We continue to extend the range of services provided to our customers with the introduction of the following waste collection services:

- Weekly Business Food Waste collection service
- On-demand collection of kerbside waste
- Caravan Park Collection Service

Our Waste and Recycling Depots now also provide rubber bin latches for bins and we also accept paint as part of the Paintback scheme that recycles unwanted paint.

### Objective 4: Provide efficient and effective regional subsidiary

FRWA strives to provide effective and efficient services. Detailed analysis is still to be undertaken on the cost of kerbside collection per property. Increases in income at Waste and Recycling Depots has meant that Alexandrina Council no longer contributes to the operations of the Goolwa and Strathalbyn Waste and Recycling depots and the cost to the District Council of Yankalilla has halved compared to the budgeted amount in 2019-20. The cost of the Kangaroo Island Resource Recovery Centre has increased due to the structure of the fees and charges which the KI Council are currently considering.

# Kerbside Collection Services

FRWA has a fleet of 13 collection vehicles and provides fortnightly collection of waste, recycling and Food Organics Garden Organics to over 32,000 properties.

Waste creation has normalised after COVID-19 increasing by 2.4% this year. FOGO increased 3% and continues to increase more than general waste and co-mingled recycling increasing by just 1.1%.

Diversion rates remained steady across the region with a 59% diversion rate achieved with minor changes at Council level.

The summer period continues to be a period of high waste production with general waste increasing by 33% compared to October and November. This year the kerbside collections team provided stats and analysis to demonstrate that weekly collection of FOGO and Recycling would provide a positive impact for the community and while being financially achievable.

To cater for the increase in FOGO waste and reduce travel times, FRWA staff this year will develop alternative collection schedules for the Boards consideration. This will include changing what waste streams are collected together and the collection of DC Yankalilla waste across five days.

This year we focused on efficiency improvements and route scheduling. We removed 6 bin banks in the Strathalbyn area and provided 150 properties with roadside collections. We also removed bin banks at Myponga Beach and Sellicks Hill providing roadside collections for another 50 properties.

The removal of bin banks increases the level of service for the householder, reduces the amount of litter in the environment and reduces the risk of incidents for our collection drivers so will continue to be a focus for FRWA moving forward.

**DIVERSION** COUNCIL WASTE RECYCLING FOGO from landfill +1% +4% +1% +1% Alexandrina 4749t 2757t 4274t 60% 61% +8% +3% +1% **Victor Harbor** -1% 2690t 1665t 2818t 55% +6% +1% +3% Yankalilla -1% 1230t 871t 655t 906t +1% +0% +3% Kangaroo Island -8% 400t 528t 51% NO CHANGE +2.5% +3% +1.1% **Total (tonnes)** 59% 9702t 8236t 5605t Kerbside waste statistics from July 2021 to June 2022 compared to the same period last year.

# Waste and Recycling Depots

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

All waste and recycling depots reported a more stable year this year coming off significant busier year due to COVID-19. Changes to the way waste for recycling is classified has seen a 43% increase in waste to landfill and a 7% reduction in waste diverted from landfill resulting in an overall 3% increase in waste managed at our waste transfer stations.

This has resulted in the diversion rate from 84% to 74%.

We have progressed and implemented Recycled Product Plans for our Goolwa site to ensure that the material we are recycling meets all the required standards and is safe for its intended use.

To further increase the services, we provide to the community we have introduced the Paint Back scheme to our mainland depots. The scheme allows the community to bring in unwanted paint tins which are then returned to Paint Back for recycling.

We have replaced two old front end loaders at Strathalbyn and Yankalilla. These loaders were loaders that were purchased from Councils prior to 2010 and had reached their useful life. The new loaders have quick hitch attachments which has increased their versatility and capacity with a four-in-one bucket and forklift attachments.

We also refreshed our Strathalbyn and Yankalilla depots with new signage and a spring clean in June 2022.

The team at the Goolwa WRD have also successfully managed the incoming Asbestos Contaminated Material so that it complies with the site management plan and SA Environment Protection Authority requirements.

Transport and logistics are a major focus of our business and in the latter half of the year our staff identified a number of efficiencies that would provide beneficial outcomes for the organisation. These included bringing all kerbside collected general waste back to the Goolwa WRD for transport to landfill and closer monitoring or payloads out of our transfer stations.

FRWA had budgeted and ordered a new prime-mover and walking floor trailer to replace the current unit that had reached the end of its useful life. Using this unit and the existing prime-mover, from May, FRWA were able to bring all waste back to the Goolwa Waste and Recycling Depot. While full analysis of the trial is still being undertaken, we have reduced fuel usage, reduced travel times of our RACV's and increased our payloads by approximately 15%. These changes will further increase our capacity to manage increases in waste collections and changes in collection schedules into the future.

•

# Waste Education

and Projects

Waste Education and projects this year have focused on creating a stronger online presence to reach the community, partially motivated by the challenges presented by COVID-19 restricting some in person activities.

Updating the FRWA website has helped to raise our public image and to simplify some of our communication and business processes. Online fillable forms and updating our payment gateway have streamlined procedures for services such as additional collections and event bins. The new address search function now makes it easy for residents to find their next collection and download a personal zoned calendar in place of the full council calendar.

Social media campaigns for specific projects this year have enabled a wider engagement with the community, informing us of current attitudes and key issues so we can more effectively target waste education. We had over 1,300 respondents to our online Summer Recycling Collection community survey, with 800 signing up to our new 'Friends of FRWA' newsletter, which is sent out bi-monthly.

### **Summer Recycling Survey**

For residents of our member councils



Be in the draw to win a \$200 visa gift card

















Bin audits were undertaken both during fortnightly collection and during the peak of summer weekly collections, to provide data for the summer collection change (part of the recommended actions from the Summer Recycling Collections Trial 2020/21 Final Report).

A total of 600 bins were audited during fortnightly collection, and a further 300 bins audited during peak summer weekly collection. The audit showed there is more food, including packaged food and drink in all waste streams over the summer peak, adding further confirmation for a change to summer collections.



With support from City of Victor Harbor Council, FRWA delivered 256 green bins, kitchen caddies, compost bags and education material to households in the expanded rural area of Victor Harbor. FRWA supported the City of Victor Harbor in promoting the program through local publications and social media.

FRWA partnered with Plastic free SA to deliver two events for hospitality businesses across our region to help them manage their food and compostable waste responsibly. We now have 24 businesses taking part in our weekly commercial FOGO collections.

### SUMILING SAUMOYED BREWERY

The brewery's organic waste is composted right here in SA, thanks Bec from FRWA for enabling food retailers to divert organics from landfill.



As part of a DC Yankalilla education campaign, FRWA took a community group to Peats soils to learn where our green waste goes to be commercially composted.









A FRWA truck demonstration provided some excitement for Science Week at Kingscote library.

In the past year, FRWA has strengthened working relationships with community and business groups across the region including the Fleurieu Environment Centre, Sealink, KI Tourism Alliance, Business Victor Harbor, KI business hub and others. FRWA has delivered 14 in person community sessions and been involved in supporting many council and community programs and events such as the Science Fair, the Festival of nature, Alexandrina council Food systems workshop, Science week and National Recycling week displays.











FLEURIEU REGIONAL WASTE AUTHORITY

# Financial Statements

# General Purpose Financial Reports for the year ended 30 June 2022

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**Audit Report - Financial Statements** 

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**Auditor Certificate of Audit Independence** 

### Fleurieu Regional Waste Authority Annual Financial Statements for the year ended 30 June 2022



### **CERTIFICATION OF FINANCIAL STATEMENTS**

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

- the accompanying financial statements comply with the *Local Government Act* 1999, *Local Government (Financial Management) Regulations* 2011 and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

Simon Grenfell

**EXECUTIVE OFFICER** 

Date: 21 September 2022

Michael Kelledy

CHAIR OF THE BOARD

# Statement of Comprehensive Income for the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
INCOME			
User charges	2	10,329,214	9,024,433
Grants, subsidies and contributions	2	68,477	159,570
Investment income	2	94	338
Reimbursements	2	2,309	7,140
Other income	2	6,416	30,009
Total Income	_	10,406,510	9,221,490
	_		
EXPENSES			
Employee costs	3	3,082,003	3,084,886
Materials, contracts & other expenses	3	5,846,845	15,238,693
Depreciation, amortisation & impairment	3	812,499	659,550
Finance costs	3	74,799	99,545
Total Expenses	_	9,816,146	19,082,674
	_		
OPERATING SURPLUS / (DEFICIT)	_	590,364	(9,861,184)
	-		
Asset disposal & fair value adjustments	4	<u>-</u>	12,821
<b>NET SURPLUS / (DEFICIT)</b> (transferred to Equity Statement)		590,364	(9,848,363)
Total Other Comprehensive Income	_	-	-
TOTAL COMPREHENSIVE INCOME	_	590,364	(9,848,363)
	_		

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

### **Statement of Financial Position**

### as at 30 June 2022

		2022	2021
ASSETS	Notes	\$	\$
Current Assets			
Cash and cash equivalents	5	2,589,732	1,385,180
Trade & other receivables	5	505,597	894,345
Inventories	5	70,256	92,353
Total Current Assets		3,165,585	2,371,878
Non-current Assets			
Infrastructure, property, plant & equipment	6	4,535,828	4,327,509
Total Non-current Assets	_	4,535,828	4,327,509
Total Assets	-	7,701,413	6,699,387
LIABILITIES			
Current Liabilities			
Trade & other payables	7	2,613,682	2,271,337
Borrowings	7	599,223	810,587
Provisions	7	5,646,493	10,335,665
Total Current Liabilities	<u>.</u>	8,859,398	13,417,589
Non-current Liabilities			
Borrowings	7	7,179,209	2,190,843
Provisions	7	46,066	64,579
Total Non-current Liabilities	_	7,225,275	2,255,422
Total Liabilities	<u>-</u>	16,084,673	15,673,011
NET ASSETS		(8,383,260)	(8,973,624)
EQUITY			
Accumulated Surplus	-	(8,383,260)	(8,973,624)
TOTAL EQUITY		(8,383,260)	(8,973,624)

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

# Statement of Changes in Equity for the year ended 30 June 2022

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2022	Notes	\$	\$	\$	\$
Balance at end of previous reporting period		(8,973,624)	-	-	(8,973,624)
Net Surplus / (Deficit) for Year		590,364			590,364
Balance at end of period		(8,383,260)	-	-	(8,383,260)
2021					
Balance at end of previous reporting period		874,739	-	-	874,739
Net Surplus / (Deficit) for Year Other Comprehensive Income		(9,848,363)			(9,848,363)
	_	(0.070.004)			(0.070.004)
Balance at end of period	_	(8,973,624)	-	-	(8,973,624)

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

### **Statement of Cash Flows**

### for the year ended 30 June 2022

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
Receipts:			
User charges		10,888,223	9,115,302
Investment receipts		94	338
Grants utilised for operating purposes		68,477	159,570
Reimbursements		2,309	-
Other revenues		6,416	-
Payments:			
Employee costs		(3,130,843)	(3,084,886)
Materials, contracts & other expenses		(10,357,668)	(5,948,671)
Finance payments		(28,640)	(104,056)
Net Cash provided by (or used in) Operating Activities	8	(2,551,632)	137,597
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts:			
Sale of replaced assets		-	153,956
Payments:			
Expenditure on renewal/replacement of assets		(609,263)	(948,344)
Expenditure on new/upgraded assets		(411,555)	(22,370)
Net Cash provided by (or used in) Investing Activities		(1,020,818)	(816,758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts:			
Proceeds from borrowings		5,587,589	785,980
Payments:			
Repayments of borrowings		(810,587)	(704,867)
Net Cash provided by (or used in) Financing Activities		4,777,002	81,113
Net Increase (Decrease) in cash held		1,204,552	(598,048)
Cash & cash equivalents at beginning of period	8	1,385,180	1,983,228
Cash & cash equivalents at end of period	8	2,589,732	1,385,180

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 2022

## Note 1 - Significant Accounting Policies

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

### 1 Basis of Preparation

### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 21 September 2022.

### 1.2 Historical Cost Convention

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

### 1.3 Critical Accounting Estimates

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

### 1.4 Rounding

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

### 1.5 Covid-19

The COVID-19 pandemic has impacted the 2021/22 financial statements. The financial impacts are a direct result of either the Authority's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include; The closure of sites between the 21 July and 27 July 2021 whereby only contractors disposing of waste from septic tanks were permitted on site and other economic losses were incurred through sick leave and additional wages required to ensure critical functions were maintained.

To reduce the impact of Covid-19 the Authority has worked to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. It is expected further financial impacts will flow into the 2022/23 financial year but these have been largely taken into account during the development of the budget process for 2022/23. The budget assumptions for 2022/23 assume a continued easing of restrictions put in place by the government, the Authority has determined that there is no material uncertainty that casts doubt on the Authority's ability to continue as a going concern.

#### 2 The Local Government Reporting Entity

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

**Note 1 - Significant Accounting Policies** 

#### 3 Income recognition

#### 3.1 Revenue

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

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

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

#### Council Contributions

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

#### Waste Disposal Operations

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

### 4 Cash, Cash Equivalents and Other Financial Instruments

### 4.1 Cash, Cash Equivalent Assets

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

#### 4.2 Other Financial Instruments

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 9.

### 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.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

**Note 1 - Significant Accounting Policies** 

### Infrastructure, Property, Plant & Equipment

### 6.1 Initial Recognition

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

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

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

### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 6. No capitalisation threshold is applied to the acquisition of land or interests in land.

### 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 6.

### 6.4 Depreciation of Non-Current Assets

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

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

#### 6.5 Impairment

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

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

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

# Notes to and forming part of the Financial Statements

### for the year ended 30 June 2022

**Note 1 - Significant Accounting Policies** 

### 7 Payables

### 7.1 Goods & Services

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

### 7.2 Payments Received in Advance & Deposits

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

#### 8 Contract Liabilities

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

### 8 Borrowings

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

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

### 9 Provisions

### 9.1 Employee Benefits

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

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

Weighted average discount rate	1.25% (2021: 0.26%)
Weighted average settlement period	1.6 years (2021: 1.6 years)

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

### Superannuation:

The Authority makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and the Authority's involvement with the schemes are reported in Note 12.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

**Note 1 - Significant Accounting Policies** 

### 9.2 Provisions for reinstatement, restoration, rehabilitation.

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

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

### 12 GST Implications

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

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

### 13 New and amended standards and interpretations

The Authority applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. New standards and amendments relevant to the Authority are listed below. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### Amendments to AASB 16 Covid-19 Related Rent Concessions:

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 2021 the AASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the consolidated financial statements of the Group.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 2 - INCOME

		2022	2021
	Notes	\$	\$
USER CHARGES			
Council Contributions		7,131,793	6,271,291
Waste Disposal Operations	_	3,197,421	2,753,142
		10,329,214	9,024,433
INVESTMENT INCOME			
Interest on investments:			
Banks & other		94	338
	-	94	338
REIMBURSEMENTS	-		
- other	_	2,309	7,140
		2,309	7,140
OTHER INCOME	<del>-</del>		
Sundry	_	6,416	30,009
		6,416	30,009
GRANTS, SUBSIDIES, CONTRIBUTIONS	-		
Other grants, subsidies and contributions		68,477	159,570
	-	68,477	159,570
Sources of grants			
State government		68,477	159,570
<b>g</b>	-	68,477	159,570
	-		

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 3 - EXPENSE

		2022	2021
	Notes	\$	\$
EMPLOYEE COSTS			
Salaries and Wages		2,505,927	2,458,191
Employee leave expense		150,275	204,117
Superannuation - defined contribution plan contributions	12	228,280	217,712
Superannuation - defined benefit plan contributions	12	13,110	19,876
Workers' Compensation Insurance		127,995	126,584
Other		56,416	58,406
Total Operating Employee Costs	•	3,082,003	3,084,886
Total Number of Employees		29	32
(Full time equivalent at end of reporting period)			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		13,600	13,000
- Auditing of internal controls		-	2,000
Bad and Doubtful Debts		4,602	-
Board member expenses		35,763	23,217
Rental Charge		85,764	85,764
Subtotal - Prescribed Expenses		139,729	123,981
Other Materials, Contracts & Expenses			
Contractors		1,753,377	11,632,823
Energy		664,472	554,708
Waste Disposal		2,111,289	1,853,719
Maintenance		572,909	413,486
Legal Expenses		2,319	4,741
Parts, accessories & consumables		168,928	154,317
Professional services		66,814	93,384
Sundry		367,008	407,534
Subtotal - Other Materials, Contracts & Expenses	•	5,707,116	15,114,712
	-	5,846,845	15,238,693
INDIVIDUALLY SIGNIFICANT ITEMS	•		
Provision for remediation costs	1.3,7,15	-	9,877,286

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3 - EXPENSE Cont...

DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Plant, Machinery & equipment	812,499	659,550
	812,499	659,550
FINANCE COSTS		
Interest on Loans	74,799	99,545
	74,799	99,545
Note 4 - ASSET DISPOSALS AND FAIR VALUE	2022	2021
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
Assets renewed or directly replaced		
Proceeds from disposal	-	153,956
Less: Carrying amount of assets sold		141,135
Gain (Loss) on disposal		12,821

12,821

NET GAIN (LOSS) ON DISPOSAL OR REVALUATION

**OF ASSETS** 

### Notes to and forming part of the Financial Statements

### for the year ended 30 June 2022

### **Note 5 - CURRENT ASSETS**

		2022	2021
CASH & EQUIVALENT ASSETS	Notes	\$	\$
Cash on Hand and at Bank		2,506,160	455,186
Deposits at Call		83,572	929,994
		2,589,732	1,385,180
TRADE & OTHER RECEIVABLES		<u>.</u>	
Debtors - general		251,898	892,920
GST Recoupment		255,437	-
Prepayments		1,788	1,425
Total		509,123	894,345
Less: Allowance for Doubtful Debts		(3,526)	
		505,597	894,345

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 9.

### **INVENTORIES**

Stores & Materials	70,256	92,353
	70,256	92,353

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

2021 2022 \$'000 \$'000 Fair Value Carrying Carrying Fair Value Acc' Dep'n Acc' Dep'n Fair Value Cost Cost Level Amount Amount 2 7,268,743 4,327,509 8,289,561 (3,753,733)4,535,828 Plant, Machinery & equipment (2,941,234)Total IPP&E 7,268,743 (2,941,234)4,327,509 8,289,561 (3,753,733) 4,535,828 Comparatives 7,370,860 3,216,090 4,154,770 7,268,743 (2,941,234)4,327,509

	2021		Carrying Amounts Movement During the Year					2022		
	\$		\$					\$		
	Carrying	Add	litions				Tran	sfers		Carrying
	Amount	New / Upgrade	Renewals	Disposals	Dep'n	Impair't	In	Out	Net Reval'n	Amount
Plant, Machinery & equipment	4,327,509	411,555	609,263	-	(812,499)	-	-	-	-	4,535,828
Total IPP&E	4,327,509	411,555	609,263	-	(812,499)	-		-	-	4,535,828
Comparatives	4,154,770	22,370	951,054	(141,135)	(659,550)	-	-	-	-	4,327,509

This note continues on the following pages.

# Notes to and forming part of the Financial Statements

### for the year ended 30 June 2022

### Note 6 (con't) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### **Valuation of Assets**

### **General Valuation Principles**

### Plant, Machinery & Equipment

Plant, Machinery & Equipment are recognised on a cost basis.

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

Office Equipment	5,000
Other Plant & Equipment	5,000
Buildings - new construction/extensions	10.000

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

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 7 - LIABILITIES

		20	22	202	21
		•	5	\$	
TRADE & OTHER PAYABLES	Notes	Current	Non- current	Current	Non- current
Goods & Services		718,505	-	742,722	-
Payments received in advance - contract li	abilities	747,380	-	829,393	-
Accrued expenses - employee entitlements	3	232,819	-	189,781	-
Accrued expenses - other		669,199	-	509,441	-
GST Payable		245,779	<u>-</u>		-
		2,613,682	<u> </u>	2,271,337	-
BORROWINGS Loans		599,223 599,223	7,179,209 7,179,209	810,587 810,587	2,190,843 2,190,843
All interest bearing liabilities are secured or	ver the futur	e revenues o	f the Council.		
PROVISIONS					
LSL Employee entitlements (including oncosts)		217,425	46,066	219,956	64,579
Provision for rock crushing		383,788	-	182,021	-
Provision for remediation costs	1.3,7,15	4,977,505	-	9,877,286	-
Other Provisions		67,775		56,402	
		5,646,493	46,066	10,335,665	64,579

In March 2021, the Authority undertook testing of its recycled road base material at the Goolwa Waste and Recycling Depot and found that the stockpile contained asbestos. The Authority notified the South Australian Environment Protection Authority in March 2021 and engaged a consultant to assist in the coordination and removal of asbestos containing material from identified properties in South Australia, in accordance with specific remediation plans.

A provision for remediation costs was recognised at 30 June 2021 and represents the Board's best estimate of the costs that may be incurred in relation to the coordination and removal of asbestos containing material from identified properties.

Remediation works commenced in July 2021 and have continued during the financial year ended 30 June 2022. The Board estimate that the majority of the remediation costs will be incurred, and remediation works completed, within the next 12 months.

This provision is a significant estimate as outlined in Note 1.3.

### **CONTRACT LIABILITIES**

Revenues received in advance				
Additional collection services	83,125	-	83,125	-
Council contributions	746,268	-	746,268	-
	829,393	-	829,393	-

The Authority's Board approved the retention of Surplus Council Contributions as at 30 June 2021 for each constituent Council to fund the asbestos contaminated material remediation project.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### **Note 8 - RECONCILIATION TO CASH FLOW STATEMENT**

#### **Reconciliation of Cash** (a)

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

		2022	2021
	Notes	\$	\$
Total cash & equivalent assets	5	2,589,732	1,385,180
Balances per Cash Flow Statement		2,589,732	1,385,180
(b) Reconciliation of Change in Net Assets to Cash from Operating	Activiti	es	
Net Surplus (Deficit)		590,364	(9,848,363)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		812,499	659,550
Net increase (decrease) in unpaid employee benefits		21,994	8,460
Change in allowances for under-recovery		3,526	
Net (Gain) Loss on Disposals		-	(12,821)
	-	1,428,383	(9,193,174)
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		631,001	(401,773)
Net (increase) decrease in inventories		22,097	1,920
Net (increase) decrease in other current assets		-	(10,317)
Net increase (decrease) in trade & other payables		53,528	9,892,287
Net increase (decrease) in other provisions		(4,686,641)	(151,346)
Net Cash provided by (or used in) operations		(2,551,632)	137,597
(d) Financing Arrangements			
	of aradite		
Unrestricted access was available at balance date to the following lines of Bank Overdrafts	n creatt.		
		10,000	10,000
Corporate Credit Cards		•	•
LGFA Cash Advance Debenture facility		6,421,863	857,115

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 2022

Note 9 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as loans and receivables.

**Accounting Policies - Recognised Financial Instruments** 

Bank, Deposits at Call, Short **Term Deposits** 

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned

Terms & conditions: Deposits are returning fixed interest rates between 0.01% and 1.05% (2021: 0.01% and 0.05%).

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

Receivables - Fees & other charges

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & conditions: Unsecured, and do not bear interest. The Authority is not materially exposed to any individual debtor.

Carrying amount: approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

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

Carrying amount: approximates fair value.

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 Authority.

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

**Liabilities** - Interest Bearing Borrowings

Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate.

Terms & conditions: secured over future revenues, debenture loan borrowings are repayable in six-monthly instalments; interest is charged at fixed rates between 1.8 % and 4.8% (2021: 1.8% and 4.8%) and cash advance debentures require interest only at variable rates between 2.05% and 2.8% (2021: 1.3% and 2.2%).

Carrying amount: approximates fair value.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 9 - FINANCIAL INSTRUMENTS (con't)

### **Liquidity Analysis**

2022		Due < 1 year	Due > 1 year <u>&lt;</u> 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$
Cash & Equivalents		2,589,732	-	-	2,589,732	2,589,732
Receivables		505,597	-	-	505,597	503,809
	Total	3,095,329	-	-	3,095,329	3,093,541
Financial Liabilities						_
Payables		1,711,664	-	-	1,711,664	1,711,664
<b>Current Borrowings</b>		813,799	-	-	813,799	599,223
Non-Current Borrowings		-	2,951,149	5,734,924	8,686,073	7,179,209
	Total	2,525,463	2,951,149	5,734,924	11,211,536	9,490,096
2021		Due < 1 year	Due > 1 year; <u>&lt;</u> 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2021 <u>Financial Assets</u>		Due < 1 year	•	_	Contractual	
		,	≤ 5 years	years	Contractual Cash Flows	Values
Financial Assets		\$	≤ 5 years	years	Contractual Cash Flows \$	Values \$
Financial Assets  Cash & Equivalents	Total	\$ 1,385,180	≤ 5 years	years	Contractual Cash Flows \$ 1,385,180	Values \$ 1,385,180
Financial Assets  Cash & Equivalents	Total	\$ 1,385,180 894,345	≤ 5 years	years	Contractual Cash Flows \$ 1,385,180 894,345	Values \$ 1,385,180 894,345
Financial Assets  Cash & Equivalents  Receivables	Total	\$ 1,385,180 894,345	≤ 5 years	years	Contractual Cash Flows \$ 1,385,180 894,345	Values \$ 1,385,180 894,345
Financial Assets Cash & Equivalents Receivables Financial Liabilities	Total	\$ 1,385,180 894,345 2,279,525	≤ 5 years	years	Contractual Cash Flows \$ 1,385,180 894,345 2,279,525	Values \$ 1,385,180 894,345 2,279,525
Financial Assets  Cash & Equivalents Receivables  Financial Liabilities Payables	Total	\$ 1,385,180 894,345 2,279,525  1,572,115	≤ 5 years	years	Contractual Cash Flows \$ 1,385,180 894,345 2,279,525 1,572,115	Values \$ 1,385,180 894,345 2,279,525 1,572,115
Financial Assets Cash & Equivalents Receivables  Financial Liabilities Payables Current Borrowings	Total	\$ 1,385,180 894,345 2,279,525  1,572,115	≤ 5 years	years	Contractual Cash Flows \$ 1,385,180 894,345 2,279,525 1,572,115 503,853	Values \$ 1,385,180 894,345 2,279,525 1,572,115 433,250

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

	30 June 2022		30 June 2021	
	Weighted Average Interest Rate	Carrying Value	· · · · · · · · · · · · · · · · · · ·	
	%	\$	%	\$
Other Variable Rates	2.63	1,743,117	1.73	1,532,865
Fixed Interest Rates	3.65	6,035,315	2.55	1,468,565
	_	7,778,432		3,001,430

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 9 - FINANCIAL INSTRUMENTS (con't)

#### **Net Fair Value**

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the 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 Authority is the carrying amount, net of any impairment. All Authority 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 Authority's boundaries, and there is no material exposure to any individual debtor.

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

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

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### **Note 10 - FINANCIAL INDICATORS**

	2022	2021	2020
Operating Surplus Ratio			
Operating Surplus	5.7%	-107.0%	0.6%
Total Operating Income			

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

### **Net Financial Liabilities Ratio**

Net Financial Liabilities	125%	145%	37%
Total Operating Income			

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

The Authority's current Net Financial Liabilities Ratio is a result of borrowings required to remediate properties affected by asbestos contaminated material. These borrowings will be paid down over 15 years to return the Net Financial Liabilities Ratio to a similar level as 2020.

### **Asset Renewal Funding Ratio**

Outlays on Existing Assets	52%	107%	87%
Asset Renewals - IAMP	02 /0	107 70	01 70

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 11 - UNIFORM PRESENTATION OF FINANCES

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

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

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

202	2	20	21
\$		5	\$
	10,406,510		9,221,490
_	(9,816,146)		(19,082,674)
	590,364		(9,861,184)
(609,263)		(948,344)	
812,499		659,550	
		153,956	
	203,236		(134,838)
(411,555)		(22,370)	
-		-	
-		-	
	(411,555)		(22,370)
	382,045		(10,018,392)
	(609,263) 812,499	10,406,510 (9,816,146) 590,364 (609,263) 812,499 - 203,236 (411,555)	\$ 10,406,510 (9,816,146) 590,364  (609,263) (948,344)  812,499 659,550 153,956  203,236  (411,555) (22,370)

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

#### Note 12 - SUPERANNUATION

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

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.0% in 2020-21; 10.0% in 2021-22). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020-21) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2022. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

### **Contributions to Other Superannuation Schemes**

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

### Notes to and forming part of the Financial Statements

### for the year ended 30 June 2022

#### **Note 13 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

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

#### Note 14 - RELATED PARTY DISCLOSURES

### **KEY MANAGEMENT PERSONNEL**

The Key Management Personnel of the Authority include the Independent Board Chair, External Member of the Audit Committee and Executive Officer under section 112 of the Local Government Act 1999. In all, 3 persons were paid the following total compensation:

	2022	2021
	\$	\$
Salaries, allowances & other short term benefits	199,463	183,379
Post-employment benefits	14,740	14,740
Long term benefits	-	4,803
Termination benefits	-	-
TOTAL	214,203	202,922

### **Note 15 - ECONOMIC DEPENDENCE**

A provision for remediation costs of \$4,977,505 has been recognised at 30 June 2022 (2021: \$9,877,286) (refer to Notes 1.3, 3 and 7). As a result, the Authority's current liabilities exceed its current assets at 30 June 2022 by \$5,693,813 (2021: \$11,045,711) and the Authority has a net deficiency of \$8,383,260 (2021: \$8,973,627).

The financial statements of the Authority have been prepared on a going concern basis as its Charter includes a requirement for additional financial contributions to be made by the Constituent Councils due to the insufficient working capital available to meet the Authority's estimated financial obligations, and in accordance with Section 31 of Part 2 of Schedule 2 of the Local Government Act 1999, the liabilities incurred by a regional subsidiary are guaranteed by the Constituent Councils.



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

### Bentleys SA Audit Partnership

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GPO Box 939 Adelaide SA 5001

ABN 43 877 091 903

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admin@adel.bentleys.com.au bentleys.com.au

### Opinion

We have audited the accompanying financial report of the Fleurieu Regional Waste Authority, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the Fleurieu Regional Waste Authority as of 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

### **Basis for Opinion**

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

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

### Responsibilities of Management and Those Charged with Governance for the Financial Report

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

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.







### Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <a href="http://www.auasb.gov.au/Home.aspx">http://www.auasb.gov.au/Home.aspx</a>. This description forms part of our auditor's report.

### **BENTLEYS SA AUDIT PARTNERSHIP**

DAVID FRANCIS PARTNER

Dated at Adelaide this 26th day of September 2022



### **Bentleys SA Audit Partnership**

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# INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF FLEURIEU REGIONAL WASTE AUTHORITY

### **Opinion**

We have audited the compliance of the Fleurieu Regional Waste Authority (the Authority) with the requirements of *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 are in accordance with legislative provisions.

In our opinion, the Authority has complied, in all material respects, with Section 125 of the Local Government Act 1999 in relation to Internal Controls, established by the Authority in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with legislative provisions for the period 1 July 2021 to 30 June 2022.

### Limitation on Use

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

### **Limitations of Controls**

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

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

### Independence

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









### The Authority's Responsibility for the Internal Controls

The Authority is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the Local Government Act 1999 in relation to Internal Controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

### Our Responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3150 Assurance Engagement on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

### **BENTLEYS SA AUDIT PARTNERSHIP**

DAVID FRANCIS PARTNER

Dated at Adelaide this 26th day of September 2022



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2022, the Authority's Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Michael Kelledy
CHAIR OF THE BOARD

Fleurieu Regional Waste Authority

Date: 21 September 2022



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2022, the Authority's Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act* 1999 and the *Local Government (Financial Management)* Regulations 2011 made under that Act.

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

Simon Grenfell

EXECUTIVE OFFICER

Fleurieu Regional Waste Authority

Date: 21 September 2022



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2022, the Authority's Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Nigel Morris

CHIEF EXECUTIVE OFFICER
Alexandrina Council

Date: 14 7 22



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Nathan Cunningham
CHIEF EXECUTIVE OFFICER
District Council of Yankalilla

Date: 13 July 2022



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022

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Karen Rokicinski

Haren Hokiansk

Acting CHIEF EXECUTIVE OFFICER
City of Victor Harbor

Date: 12 July 2022



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022

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

Greg Georgopoulos

CHIEF EXECUTIVE OFFICER

Kangaroo Island Council

Date: 13th July 2022



### **Bentleys SA Audit Partnership**

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# Certification of Auditor Independence

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

**Bentleys SA Audit Partnership** 

David Francis

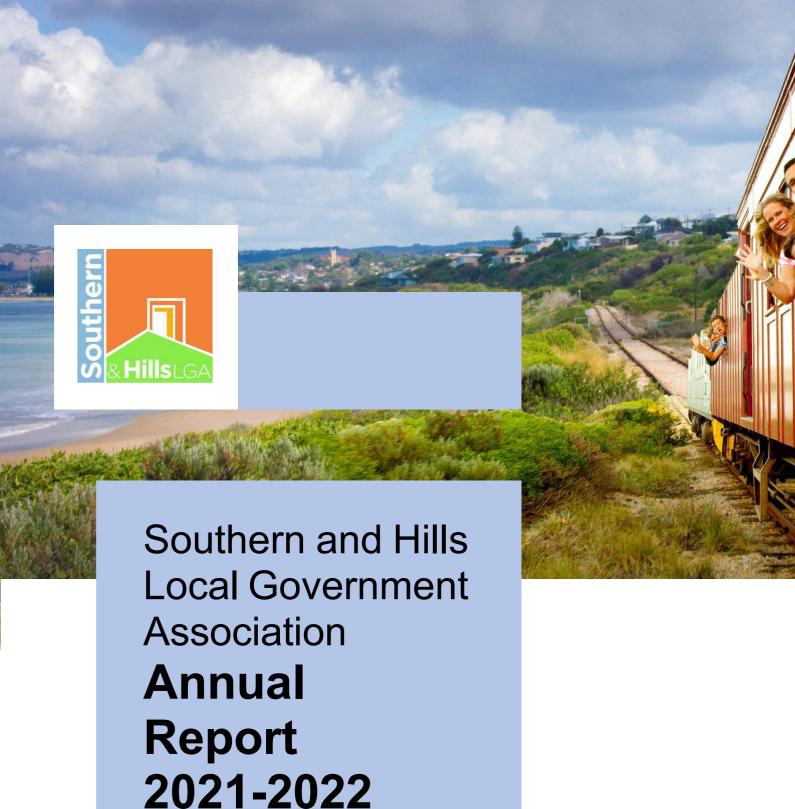
Partner

Dated at Adelaide this 26th August 2022





PO Box 2375, Goolwa SA 5214 1226 Port Elliot Road, Goolwa Phone: (08) 8555 7405 www.frwa.com.au

















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# Southern and Hills Local Government Association – Snapshot

6 Councils

SIZE
8,656
Square Kilometres

\$5.36b

GROSS
REGIONAL
PRODUCT

5,539
KILOMETERS OF LOCAL ROADS

132,206
REGIONS
POPULATION

TOURISM Destination

Councils Total
Revenue
\$192 MILLION

652
Kilometres

Largest Industry
Employment

Health Care and
Social Assistance



#### About the Southern & Hills Local Government Association region

The Southern & Hills Local Government Association was first formed in July 1969 and is now constituted as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. Consisting of six (6) local government Councils:

- o Adelaide Hills Council
- Alexandrina Council
- Kangaroo Island Council
- o Mt Barker District Council
- City of Victor Harbor
- District Council of Yankalilla

#### Collectively these six (6) Councils have:

- ☑ More than 131,000 people as of 30<sup>th</sup> June 2022.
- ☑ Area consists of 8,656 square kilometres.
- ☑ An ocean coastline of 652 Km.
- ☑ The River Murray and lakes form the southeast boundary of the region.
- ☑ The region has extreme diversity form the foothill suburbs of Adelaide to the isolation of the inaccessible west coast of Flinders Chase National Park.
- ☑ Significant areas within the region are under primary production include highly productive farm, horticulture, viticulture, forestry, fishing and intensive animal keeping enterprises and in the more undulating parts sheep farming, cereal growing and dairying.
- ☑ The region contributed nearly \$6 billion in gross value to the State economy
- ✓ Much of the area has, (by South Australian standards) a high rainfall.
- ☑ A large part of the area is within the 30 Year Plan for Greater Adelaide.
- ☑ Significant growth pockets both in population and development, placing demands on infrastructure and the natural environment.
- ☑ Projected change in the population to 2026 by approximately 25%.
- ☑ Within the region, Victor Harbor and Goolwa are key retirement destinations.
- ☑ Within the region, The Adelaide Hills, The Fleurieu and Kangaroo Island are all major tourism destinations.
- ☑ Kangaroo Island is a major component of the Australian and SA tourism plan with tourist numbers targeted to double over the next decade.

#### **President's Report**

It has been my pleasure to serve as President and Chair once again during 2021-2022.

I wish to thank all S&HLGA member councils, all the elected members and the staff for their strong efforts to support each other and their own communities during these still post covid challenging times.

We have continued the excellent work with many of our important regional programs and projects such as:

- the work of the S&HLGA Roads Working Party and the completion of a new 2030 Regional Transport Plan
- monitoring the current S&HLGA Regional Public Health plan and commencing our new 2022-2027 S&HLGA Regional Public Health Plan
- successfully completing our two critical social inclusion projects and the Community Wellbeing Indicators project. These projects have been well received by the sector and have been award winners.
- implementing and monitoring the region's Climate Change Adaptation Plan and the Resilient Hills and Coasts 2020-2025 Regional Action Plan

We have continued to cement our many regional stakeholder and partner relationships, working very closely with the RDA to further the regional economic growth strategies and Infrastructure Plan, input into our two regional Landscape Boards Strategic and operational plans, continued support for the SA Coastal Councils Alliance as well as maintaining and reviewing key strategy and performance documents such as the Annual Action Items, Annual Budget and completing and endorsing our new 2021-2025 Strategy and Business Plan. These activities are all designed to drive and improve the wellbeing of our communities.

I would once again point out the S&HLGA Value proposition report documents a consistent four figure percentage return on member Council subscriptions demonstrating amazing value for member councils.

S&HLGA has been an active participant on the LGA regional SAROC committee.

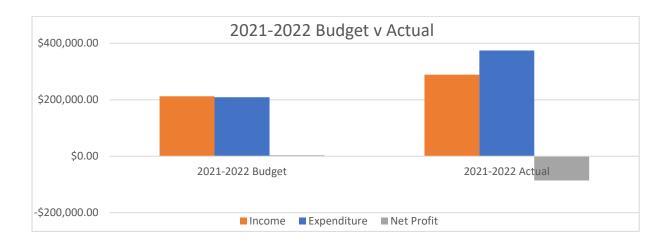
Thank you to our Executive Officer, Graeme Martin for his co-ordination and management and drive in supporting the body. He has been ably supported during 2021-2022 by Penny Worland in the Regional Public Health space and Jen St Jack and Olivia Davies as co-ordinators of the Regional Climate Adaption Plan and associated projects. A big thank you to Sara O'Dea who has provided very valuable assistance to the Board.

In closing, I acknowledge and thank all the member councils for their support during the year and acknowledge the ongoing contribution of member Mayors and CEOs to the S&HLGA Board.

Mayor Keith Parkes President



#### **Dashboard 2021-2022**



#### **Transport**

- Completed the new 2030 S&HLGA Transport Plan
- o Recommended for Special Local Roads Funding of \$2,140,000
- Progressed the South Coast Freight Route concept

#### **Health and Wellbeing**

- The Community Wellbeing Indicators project regional winner of the Health & Wellbeing Ministers Excellence in Public Health Award for 2021
- Implemented and monitored the regional and member Council actions of the "Wellbeing in our Community" Regional Public Health Plan for S&HLGA and commenced the development of the new S&HLGA Regional Public Health & Wellbeing Plan 2022-2027
- Successfully completed the two S&HLGA disability and inclusions projects, \$76,464 Regional Champions for Accessible Destinations and \$81,408 Regional Champions for Accessible Communications with the former winning the Planning Institute of Australia award for Community Wellbeing & Diversity

#### **Environment**

- o Successful application to Commonwealth Government for Balancing Bushfire & Biodiversity
- Implemented and monitored the actions of the Resilient Hills and Coasts Climate Change
   2020-2025 Regional Action Plan
- Actively worked with the LGA and our regional Landscape Boards on developing regional strategies

2022 S&HLGA Value Summary	Average Value per Council	Total Value for the S&HLGA region
General advocacy	\$20,000	\$120,000
Programs and Projects	\$376,227	\$1,878,300
Capacity building	\$7,130	\$42,783
Total	\$403,357	\$2,041,083

# **ORGANISATION**

S&HLGA Organisation and its Board structure, members and office bearers

# The Southern and Hills Local Government Association Board July 2021

Council	Elected Member Representative	Council Staff Representative
Adelaide Hills	Mayor Jan – Claire Wisdom	CEO Andrew Aitken
Alexandrina Council	Mayor Keith Parkes	CEO Glenn Rappensberg*
Kangaroo Island Council	Mayor Michael Pengilly	* Resigned May 2022 CEO Greg Georgopolous
Mt Barker District Council	Mayor Ann Ferguson	CEO Andrew Stuart
City of Victor Harbor	Mayor Moira Jenkins	CEO Victoria MacKirdy
District Council of Yankalilla	Mayor Simon Rothwell	CEO Nigel Morris

Council	Proxy Representative	Role
Adelaide Hills	Lachlan Miller	Executive Manager Governance
Alexandrina Council		
Kangaroo Island Council	Bob Teasdale	Deputy Mayor
Mt Barker District Council	Samantha Jones	Councillor
City of Victor Harbor		
District Council of Yankalilla		Deputy Mayor

#### **Office Bearers 2021 – 2022**

President Mayor Keith Parkes, Alexandrina Council

Deputy President Mayor Moira Jenkins, City of Victor Harbor

Executive Officer Mr Graeme Martin

Auditor Ms Katerina Galvan, Jon Colquhoun - HLB Mann Judd

Elected under the provisions of the Constitution of the Local Government Association:

Delegates to LGA Board Mayor Keith Parkes

Mayor Jan – Claire Wisdom (via Metro/GAROC)

Delegates to SAROC Mayor Keith Parkes Alexandrina Council

Mayor Moira Jenkins City of Victor Harbor

#### Southern & Hills Local Government Association Past Presidents and Secretaries / Executive Officers

Years	President	Council	Secretary / EO
2021 - 2022	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2020 - 2021	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2019 – 2020	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2018 - 2019	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2017 – 2018	Mayor Keith Parkes <sup>g</sup>	Alexandrina Council	Graeme Martin
2016 - 2017	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2015 - 2016	Mayor Bill Spragg		Graeme Martin
2014 - 2015	Mayor Bill Spragg <sup>f</sup>	Adelaide Hills Council	Graeme Martin
2011 2010	Mayor Ann Ferguson	Adelaide Hills Council DC Mount Barker	Ordonio Martin
2013 - 2014	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2012 - 2013	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2011 - 2012	Mayor Ann Ferguson	DC Mount Barker	Fred Pedler <sup>d</sup> Graeme Martin <sup>e</sup>
2010 - 2011	Mayor Ann Ferguson ° Mayor Brian Hurn OAM	DC Mount Barker The Barossa Council	Fred Pedler <sup>b</sup>
2009 - 2010	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2008 - 2009	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2007 - 2008	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2006 - 2007	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2005 - 2006	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2004 - 2005	Mayor Kym McHugh	Alexandrina Council	Fred Pedler <sup>b</sup>
2003 - 2004	Mayor Kym McHugh	Alexandrina Council	Fred Pedler <sup>b</sup>
2002 - 2003	Mayor John Crompton <sup>a</sup>	City of Victor Harbor	Fred Pedler <sup>b</sup>
2001 - 2002	Mayor John Crompton	City of Victor Harbor	Fred Pedler <sup>b</sup>
1999 - 2000	Mayor Bernie Eglinton APM	DC Mt Barker	Fred Pedler <sup>b</sup>
1998 - 1999	Mayor Bernie Eglinton APM	DC Mt Barker	Dean Gollan
1997 - 1998	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1996 - 1997	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1995 - 1996	Mayor Anita Aspinall	DC Stirling	Peter Vlatko
1993 - 1994	Cr GR Mayfield	DC Yankalilla	Malcolm Davis
1991 - 1992	Mayor Val Ball	DC Strathalbyn	John Coombe
1989 - 1990	Cr Val Bonython	DC East Torrens	Eric March
1987 - 1988	Cr PD Secker	DC Mt Barker	Dean Gollan
1985 - 1986	Mayor Leon O'Driscoll	DC Strathalbyn	Vernon Cotton
1984 - 1985	Cr CA Phieffer	DC Onkaparinga	David Seaman
1982 - 1983	Cr Brian Pym	DC Mt Pleasant	Adrian Hamiester
1980 - 1981	Cr Roy Galpin	DC Port Elliot and Goolwa	Ron Wellington
1979	Mayor M Checker	DC Gumeracha	Malcolm Anderson
1978	Mayor M Checker	DC Gumeracha	John Grosvenor
1976 - 1977	Mayor A Davidson	DC Strathalbyn	Vernon Cotton
1975	Cr Ray Orr	DC Mt Barker	Reginald Walters
1974	Cr L Hughes	DC Meadows	Wally Richards
1969-1973	No minutes available	od	
30 <sup>th</sup> July 1969	First Constitution for S&HLGA Adopt	eu	

 $<sup>^{\</sup>rm a}$  Until 12 $^{\rm th}$  May 2003  $^{\rm b}$  Executive Officer  $^{\rm c}$  From February 2011  $^{\rm d}$  To December 2011  $^{\rm e}$  From January 2012

<sup>&</sup>lt;sup>f</sup> From February 2015 <sup>g</sup> From December 2017

# REPORTING AND ACCOUNTABILITY

S&HLGA Reporting flow and performance monitoring

#### **S&HLGA Administration - Flow**



#### The Board

The Board held 6 ordinary bi-monthly meetings during the year. Board Members are generally the Mayor and Chief Executive Officer of each Council. To provide the opportunity for Board Members to gain firsthand knowledge of regional issues, meetings are hosted by Member Councils on a rotational basis and were held at:

Date	Host
20 August 2021	Mt Barker
22 October 2021	Yankalilla
10 December 2021	Alexandrina
25 February 2022	Kangaroo Island
22 April 2022	Adelaide Hills
24 June 2022	City of Victor Harbor

Key Issues acted on by the Board included:

- o Updating and maintaining of the S&HLGA Website to the LGA Squiz platform
- o Implementing and monitoring the S&HLGA Regional Public Health Plan, commencing new 2022-2027 Regional Public Health Plan
- o Completed the two ILC disability and social inclusion projects
- o Implementing and monitoring the S&HLGA Regional Climate Change Adaptation Plan and 2020-25 Regional Action Plan
- o Continued to work closely with the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and with RDA officers to implement the 2019 Regional Public Transport study, develop the regional Infrastructure Priority Plan, and the South East Transport Corridor review
- o The South Australian Regional Organisation of Councils (SAROC) is a Committee of the LGA that focuses on key issues affecting country Councils. The S&HLGA continues to support the Governance process by attending the meetings, contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements and/or Minutes of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils.
- o Commissioned the new 2030 Regional Transport Plan, Special Local Roads Program applications as well as the advocacy of the South Coast Freight Corridor and Public Transport in the region.
- o Having input into and supporting the LGA in developing and highlighting Local Government reform issues and advocacy with the State Government
- Approved and gazetted the new Charter for S&HLGA

Regional Consultations and briefings were usually coordinated to occur on the day of Board meetings. 6 various speakers addressed meetings of the Board.

The Board reviewed its achievements to date via the 2021-2022 Key Action Plan, tracked the Actual performance against Budget and developed a new Budget and Action Plan for 2022-2023

At the commencement of 2021-2022 the Board completed a review of its Annual Key Actions, the EO performance and its Annual Budget performance covering the previous period.

#### **S&HLGA Value proposition**

The S&HLGA provided a report back to its Council members on the estimated value of their membership. This is based on the same methodology utilised by the LGA in determining its membership value.

The value from membership in a regional organisation can be summarised in the following key categories; advocacy and representing the region, establishing and implementing high level regional partnerships and links, developing and strengthening regional capacity.

The table 1 below summarise the ongoing value per council and for the region as a total.

2022 Summary	Average Value per Council	Total Value for the S&HLGA region
General advocacy	\$20,000	\$120,000
Programs and Projects	\$376,227	\$1,878,300
Capacity building	\$7,130	\$42,783
Total	\$403,357	\$2,041.083

#### Table 1

The table 2 below summarises and compares the S&HLGA membership subscriptions and levies total with the value per S&HLGA member Councils as measured in the value proposition over the past years

	2018	2019	2020	2021	2022
Av Council membership	\$12,529	\$12,279	\$13,536	\$15,202	\$21,570
Value per Council	\$427,871	\$430,953	\$401,809	\$390,087	\$403,357
Return on Investment	3,375%	3,385%	2,968%	2,466%	1,870%

#### Table 2

# COMMITTEES, PROGRAMS AND PROJECTS

S&HLGA Committees, work groups and the programs and projects undertaken during 2021-2022

#### **Committees and Working/Task Groups**

The S&HLGA EO was a member of the following Committees and Working Groups during the course of the year:

	Committee	S&HLGA Executive Officer Role	Meeting Frequency	Comment
1	Regional Public Health	Secretarial/Administration	Every 2 months	ongoing
2	Resilient Hills & Coast - Climate change Adaptation	Secretarial/Administration	Secretarial/Administration Every 2 months	
3	Regional Economic Development Officers	Committee member	Every 2 months	ongoing
4	Regional EO Management Group	Committee member	Every 2 months	Precedes SAROC
5	S&HLGA Advisory Group	Secretarial/Administration	As necessary	Precedes S&HLGA Board
6	S&HLGA Roads Works Group	Secretarial/Administration	Ad hoc but at least 3 times per annum	ongoing
7	S&HLGA CWMS User Group	Secretarial/Administration	As necessary	ongoing
8	SAROC	Advisor/Observer	Every 2 months	ongoing



#### **S&HLGA Roads Working Group**

The Roads Working Party (RWP) has its membership drawn from directors /managers of technical services of Councils and as required regional managers and infrastructure planners of the Department of Planning, Transport and Infrastructure.

The RWP held meetings on:

Date	Host
1 October 2021	HDS (Aust) Pty Ltd offices
16 December 2021	On Line
13 April 2022	HDS (Aust) Pty Ltd offices

- o Continued the development of the 2030 S&HLGA Transport Plan.
- o Co-ordinated the application process of Councils to the SLRP.
- Made recommendations for the SLRP 2022 2023 based on the new 2030 Transport Plan critical Roads database.

- o Reviewed Part A and part B drafts of the next 2030 S&HLGA Transport plan.
- Further input into the South Coast Freight Corridor concept and SE Freeway issues.
- The following projects were recommended, based on the methodology of the Plan and proposed funding under the Special Local Roads Program for 2022 – 2023.

Project	Council	Total Project Cost for this stage	SLRP request	Council contribution	comment
Ten Trees Lagoon Rd	Kangaroo Island	\$2,000,000	\$1,340,000	\$660,000	Stage 1 of 1
Nangkita Rd	Alexandrina	\$900,000	\$600,000	\$300,000	Stage 1 of 1
Three Gullies Rd	Victor Harbor	\$300,000	\$200,000	\$100,000	Stage 1 of 1
Total		\$3,200,000	\$2,140,000	\$1,060,000	



#### **S&HLGA Regional Public Health Plan**

S&HLGA Regional Public Health Committee (RPHC) has its membership drawn from Health, Environment and social planning officers of the member Councils

The S&HLGA RPHC held meetings on:

Date	Host
20 July 2021	Alexandrina, Strathalbyn
21 September 2021	On Line
30 November 2021	On Line
1 March 2022	On Line
29 March 2022	On Line

Primary tasks and focus for this committee:

- o Attendance at Committee meetings to implement and monitor the Wellbeing in Our Community- Regional Public Health Plan
- Liaise with LGA officers responsible for Public Health Programs
- Liaise with SA Public Health Office
- Represent the region at Forums and workshops
- Liaise with Public Health Researchers
- o Prepare funding submissions for regional Public Health projects

- Of significant importance was the winning of the Ministers Health & Wellbeing Public Health Award for the Community Wellbeing Indicators project.
- In addition, the region successfully completed the two ILC grants for disability and inclusion projects for Communications and Destinations.
- The commencement of the new 2022-27 S&HLGA Regional Public Health Plan.



### S&HLGA Regional Climate Change Adaptation Committee (Resilient Hills and Coasts)

Resilient Hills and Coasts has its membership drawn from Environmental officers of the member Councils, RDA, Department of Water and Environment, Green Adelaide and Landscapes Board

The S&HLGA Regional Climate Change Adaptation Committee (Resilient Hills & Coast) held meetings on:

Date	Host
15 July 2021	District Council of Yankalilla
16 September 2021	City of Victor Harbor
9 December 2021	Mt Barker District Council
10 February 2022	On Line
9 April 2022	Adelaide Hills, Stirling
9 June 2022	City of Victor Harbor

Primary tasks and focus for this committee:

- Attendance at Committee meetings to implementation and Monitoring of the Regional Climate Change Adaptation Plan for S&HLGA:
- S&HLGA presentations as required
- o Implement and monitor the 2020-2025 Regional Action Plan
- Represent the region at forums and workshops
- o Liaise with various "Climate Change" State Government agencies and authorities

- Successful application for Federal funding for a regional and community Resilience study –
   Balancing Bushfire & Biodiversity
- Established a working group to develop Yankalilla Carbon Farming Pilot
- Successful Council & partner funding for the continuance of the Resilient Hill & Coasts project co-ordinator
- Liaised with Hills and Fleurieu Landscape Board and had input into its climate smart Farming forum



#### **Regional Economic Development Network Committee**

The S&HLGA has strongly supported the activities and research of the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and worked closely with RDA officers to partner with the organisation in the general Economic Development of the region.

This Committee has been formed with the Economic Development Officers from the S&HLGA Member Councils under the guidance of the RDA.

The RDA Economic Development Network Committee held meetings on:

Date	Host
9 August 2021	City of Victor Harbor
8 November 2021	Alexandrina, Goolwa
7 February 2022	On Line
16 May 2022	Mt Barker

#### Primary tasks and focus for this committee:

- To share information, achieve procurement and resource sharing efficiencies and develop a regional infrastructure Plan
- o Identify and collating infrastructure projects from Council plans
- Grade them according to Local, District or Regional category, dollar value and impact and probability
- Review the criteria to insure relevant social and environmental impacts are captured
- Generally, identify and develop regional economic growth strategies and opportunities

- Continued to Advocate for the Regional university hubs
- o Guided and assisted in the development and re-opening of the Strathalbyn Abattoir
- Noted the regional Housing crisis and active in the KI pilot housing projects
- Worked through the meeting Action items
- Shared information and knowledge about individual Council projects and programs
- Worked with the Mayo Communications group on addressing the Mobile blackspots in the region



#### **Regional LGA Organisations EO Management Group**

The Regional LGA EO group has its membership drawn from each of the Executive Officers of the respective regional LGA organisations

The Regional LGA Organisations EO Management Group held meetings on:

Date	Host
8 July 2021	Mt Gambier
6 September 2021	Loxton
8 February 2022	Mintaro
28 April 2022	On Line
27 June 2022	On Line

Primary tasks and focus for this committee:

- To provide input into the sector, develop capacity, share knowledge and develop cooperation between the regions:
- Have input into SAROC Business Plans and the Agenda
- Develop a working relationship with the LGA Management team
- Have input into sector issues
- Advocate on behalf of the regions
- Share information and provide collegiate support
- Develop a priority issues and action list

- o Input into the SAROC 2022-2023 Business Plan
- o Identified critical issues with the regional recycling (MRF) concept
- Input into Joint Planning Boards and Regional Plans
- o Guidance and assistance with the regional road mapping exercise (QGIS)
- Advocacy on the regional housing crisis, regional workforce development and regional mental health services



#### **SAROC**

The South Australian Regional Organisation of Councils (SAROC) is a Committee of the LGA that focuses on key issues affecting country Councils.

The S&HLGA supports the Governance process by contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements and/or Minutes of meetings for S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils that included:

#### Key achievements and outcomes:

- Review of the 2022 SAROC Annual Business Plan and development of the 2023 SAROC Annual Business Plan
- o Development of a Regional Housing Policy Toolkit
- o Progressing the development of a Regional Health Workforce Toolkit
- Advocated to address deteriorating medical services in regional areas
- Reviewed the LGA Community Waste Water Management Systems program
- Provided input into the LGA 2022 State Election Platform and Campaign Advocacy kit for Councils
- Advocacy on Hoarding and Squalor issues
- Development of the QGIS digital mapping of Regional Roads hierarchy



#### **MP Relationships**

The EO S&HLGA met regularly with the regions State government Members of Parliament (Finniss, Mawson, Kavel and Heysen) to discuss key priorities and policy impact for the region.

Federal MP Rebekha Sharkie (Mayo) and/or members of her team were regular attendees at S&HLGA Board meetings along with the regions State government MPs.

#### **Regional Research Papers and Submissions**

The following Papers and Submissions have been prepared on behalf of Member Councils during the course of the year:

- 2022 Value proposition
- Advocacy Proposal on Hoarding and Squalor
- o LGA Building Capacity progress report
- LGA Building Capacity final report 2020-2021
- Comment and input into the Independent review of the LGA Regional Building Capacity Grant program
- Audit Committee Exemption report
- State Election regional priorities and advocacy report

#### **LGA Board**

Mayor Jan – Claire Wisdom (Adelaide Hills Council) along with Mayor Keith Parkes (Alexandrina Council) have represented the Southern and Hills Region at the Local Government Association State Board meetings.

#### Resources

The continuation of the *capacity building grant from the Local Government Research and Development Scheme has improved* the capacity of the Executive Officer that has been applied across a range of Association projects and programs during the year.

Part of the additional capacity has supported the processes and project outcomes around the S&HLGA Roads Working Party and the applications to the Local Government Transport Advisory Panel, involvement with SAROC, the regional EO group, the regional committees and various reports, submissions and forums throughout the year.

Mr Graeme Martin has provided Executive Officer services to the Association.

Penny Worland has provided under contract, project oversight of the S&HLGA Community Wellbeing Indicators project, ILC Champions for accessible destinations, ILC Champions for accessible communications and a preliminary review of the current S&HLGA Regional Public Health plan in anticipation of a new S&HLGA 2022 Regional Public Health plan as required under legislation.

Josh Spiers from Adelaide Hills Council is co-ordinating and developing the new S&HLGA 2022-2027 Regional Public Health and Wellbeing Plan.

Jen St Jack and Olivia Davies have provided under contract, project oversight and co-ordination of the work program of the Resilience Hills and Coasts, S&HLGA's Climate Change Committee.

Sara O'Dea from RDA AHF&KI provides meeting minutes secretarial services to the S&HLGA Board

# 2021-2022 KEY ANNUAL ACTION PLAN

S&HLGA Key Annual Action Plan report for 2021-2022



#### 2021-22 S&HLGA ANNUAL KEY ACTION PLAN

#### **KEY CATEGORIES & THEMES**

#### THE 2021-2025 S&HLGA BUSINESS PLAN

#### KEY STRATEGIC OBJECTIVES

- 1. Advocate and Assist Provide leadership and advocacy for its member Councils on regional and state issues
- 2. **Promote and Partner** To market & promote the Southern & Hills Local Government Association as a credible and capable advocate on behalf of its member Councils. Partner with relevant organisations and regional drivers
- 3. **Research and Recommend -** To conduct research and communicate on important or emerging issues for Councils and their communities
- 4. Capacity and Capability Build the capacity of its member Councils. Provide valuable information. Explore opportunities both external and internal to build capacity and capability in our region
- 5. **Good Governance -** Provide sound financial management. Ensure compliance with all regulatory obligations. Continually review, evaluate and mitigate risks

#### THE 2021-2022 S&HLGA ANNUAL KEY ACTION PLAN

Theme	Items & Actions
General Administration (sound financial and compliance management)	Budget, Complete Charter Review, Board meetings, Subscriptions and Levies, Key Actions, Audit, Annual Report, Grant reporting & acquitals.
Projects and support (sustainability and development)	New Regional Public Health Plan, Resilient Hills & Coast Climate adaptation Plan, ILC Accessibility and Destinations projects, Implement new 2030 Transport Plan and SLRP applications.
Leadership, advocacy and marketing	LG reform, Continue relationship building with Government MPs, Website information & maintenance, Peri-Urban grouping Overabundant species (Little Corella) Strategy and Management, SLRP review
Opportunities (capacity and infrastructure)	CWMS, Waste, Regional Infrastructure Plan, Membership and External Funding, Regional Development Assessment Panel, Telecommunications and 5G

Theme	Items & Actions	Item	Status	Comment
General Administration	Budget, Charter	Budget		Adopted
(sound financial	Review, Board meetings,	2021-2025 S&HLGA Business Plan		Complete

Theme	Items & Actions	Item	Status	Comment
and compliance	Subscriptions and	Charter review		Complete
management)	Levies, Key Actions, Audit, Annual Report,	Subscriptions & levies		Issued and received
	Grant reporting &	Audit		Complete
	acquittals, 4 year	Annual Report		Complete and issued
	2021-2025 S&HLGA Business Plan	LGA Grants		Capacity Grant received
		Website		WIP
Projects and support (sustainability and development)	Regional Public Health Plan, Resilient Hills & Coast Climate adaptation Plan, Regional Transport Plan	Regional Public Health Plan		WIP Phase 2 Community Wellbeing Indicators grant application submitted but rejected. Winner Minister's Excellence in Public Health Award
		Resilient Hills & Coast Climate adaptation Plan		Co-ordinator appointed. Implementing Regional Action Plan
		Regional Transport Plan		Completed May 2022
		ILC Accessibility/Destinations		WIP ILC Destinations finalised 30/09/2021 Winner PIA award Nov 2021
Leadership,	LGA Peri-Urban	LGA peri Urban		Peri-urban regional
advocacy and marketing	Governance review, New Government	Governance review		conference/organisation to be investigated
	Policies and LG Reform, Relationship	LG reform		Continue to work with the LGA/SAOC
	building with State	Relationship with MPs		Regularly meeting
	Government MPs,	Overabundant species ( Little Corellas )		WIP
		SLRP Review		Completed
Opportunities (capacity and infrastructure)	CWMS, Waste, Regional Infrastructure Plan, External Funding,	CWMS		Committee to meet regularly. Liaise with Legatus. Workshop forums planned for April 2022
	Regional Development Assessment Panel, Regional Plan and telecommunications	Waste		Liaise with the regional Waste Authorities to co- ordinate the regional strategy around waste management and the circular economy
		Infrastructure Plan		Recent RDA priority project forum/ Committee meeting regularly
		External funding		Project based and WIP.
		Telecommunications	Ō	Seek funding opportunities as presented Mayo Advisory Group to be investigated RDA/S&HLGA to partner preliminary information for the Advisory Group.
		SA Coastal Councils Alliance		WIP.

Theme	Items & Actions	Item	Status	Comment
		Regional Assessment Panel		

Key	Not on track/overdue / yet to commence
	Past due date but some minor action commenced
	Past due date / action commenced and on track
	completed / no further action required

Category	S&HLGA Role	Item	Comment/Description
Administration	Active/Lead	Charter Review	Adopted and Gazetted 27 Jan 2022
	Active/Lead	Budget 2021-2022	Adopted June 2021
	Active/Lead	Key Action 2021-2022	Adopted June 2021
	Active/Lead	Regional Capacity grant acquittal 2020-2021	Acquited 2020-21 Received for 2021-22
	Active/Lead	Audit 2020-2021	Complete August 2021
	Active/Lead	Annual Report 2020-2021	Complete September 2021
	Active/Lead	2021-2025 S&HLGA Business Plan	Adopted Dec 2021
Projects – Lead/S&HLGA Committee	Active/Lead	Regional Public Health Plan	WIP. Applied for Phase 2 Community Wellbeing Indicators LGA R&D grant. Winner of Regional category Ministers Excellence in Public Health 2021 award. AHC developing new 2021- 2025 regional Public Health Plan. Awaiting Ministerial approval of draft for stakeholder consultation
	Active/Lead	Resilient Hills & Coast	re-appointed a co-ordinator. Contract signed. Sub contractor from June – Dec 2022
	Active/Lead	S&HLGA Advisory Group	2022 Meeting schedule issued
	Active/Lead	2030 Transport Plan/ Road Works Party	S&HLGA 2030 Regional Transport Plan. complete. SLRP funding recommendations lodged May 2022
	Active/Influence	CWMS	Legatus Group now leading sector review. Regional forums set up April 2022. State Conference April19/20 Mt Gambier.
		1166	D 11 11
Projects – Lead	Active/Lead	ILC Communications/Destinations Projects	Destinations project complete. Destinations project winner of 2021 PIA award. Communications project WIP and successfully

Category	S&HLGA Role	Item	Comment/Description
eutegery			negotiated with LGA for final delivery
	Lead/Partner/Influence	Regional LGA Management Group	Regular meeting of the LGA EOs and development of priority projects in conjunction with SAROC
Projects - Partner	Partner/Influence	Coastal Alliance project	Supported Funding Proposal. Subscriptions paid. Key plank in LGA state election advocacy
	Partner/Advocate	Telecommunications	Advocating for regional black spot funding and ready for 5G. Potential Mayo user group. RDA/S&HLGA joint project underway
	Partner/Influence	Economic Development Officers Forum	RDA lead but focus on Regional Infrastructure plan, Federal stimulus opportunities and Public Transport.
	Partner/Influence	Waste Management Strategy	
	Partner/Advocate	Northern Freight Bypass. SE Transport Corridor studies	Final reports released.  Minister for Transport to attend Aug meeting
	Partner/Influence	Overabundant Species	S&HLGA/LGA/Landscapes Board working on collaborative project for managing Little Corellas. Cherp have application for State and Federal funding with support from 11 Councils and S&HLGA
	Partner/Influence	SLRP Review	Working with LGA assessing Hudson Howell recommendations. Review completed and now most recommendations being implemented
Relationships	Active/Lead/Influence	State MPs/Federal MP	Continue regular catch ups during 2021-2022 Meetings with MP Finniss and Kavel during March 2022 in lead up to election
	Active/Lead/Influence	Peri –Urban Group	Advocate and seek input from potential expanded Council members into a larger peri – urban Regional Organisation. Option to pursue an annual conference

#### **Acronyms**

AICD.....Australian Institute of Company Directors CEO......Chief Executive Officer CWMS......Community Wastewater Management Systems DEW......Department of Environment and Water EO.....Executive Officer ESCOSA.....Essential Services Commission of South Australia GAROC......Greater Adelaide Region of Councils LGA.....Local Government Association MP.....Members of Parliament MDBA......Murray Darling Basin Authority MOU......Memorandum of Understanding NBN......National Broadband Network NRM.....Natural Resources Management OLG.....Office of Local Government PIRSA.....Primary Industries & Regions SA RH&C.....Resilient Hills and Coasts Committee RDA.....Regional Development Australia RPHC.....Regional Public Health Committee RWP.....Roads Works Party SA.....South Australia SAROC.....South Australian Regional Organisation of Councils S&HLGA.....Southern and Hills Local Government Association SLRP.....Special Local Roads Program

# **FINANCIALS**

S&HLGA Audited Financial statement for 2021-2022

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION FINANCIAL STATEMENTS

# Statement of Comprehensive Income for the Year Ended 30<sup>th</sup> June 2022

	Notes	<b>2022</b> \$	2021 \$
Income			
Subscriptions Operating Grants Investment Income Other	1.8 2.2 1.7	129,423 42,783 665 115,694	91,214 42,151 1,258 39,833
Total Income		288,565	174,456
Expenditure			
Employee Costs Materials, Contracts and other expenses Finance Charges	3	150,733 218,354 5,536	137,149 219,153 4,036
Total Expenditure		374,623	360,338
Surplus (Deficit) from Operations	_	(86,058)	(185,882)

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

#### Balance Sheet as at 30th June 2022

		2022	2021
	Notes	\$	\$
<b>Current Assets</b>			
Investments Debtors	_	218,876 0	201,700 0
Total Current Assets		218,876	201,700
<b>Current Liabilities</b>	_		
Accounts Payable Grants in Advance GST PAYG Payable Employee provisions Rounding Superannuation payable Wages payable Total Current Liabilities  Net Current Assets	-	2,673 81,818 (1,808) 5,152 36,169 (15) 0 (599) 123,390	0 (9,912) 2,576 23,194 (15) 906 3,406 20,156
Net Assets	<u>-</u>	95,486	181,544
Equity			
Accumulated Surplus	_	95,486	181,544
Total Equity		95,486	181,544

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

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION Statement of Changes in Equity for the Year Ended 30<sup>th</sup> June 2022

		2022	2021
	Notes	\$	\$
Accumulated Surplus			
Balance at beginning of period Net Surplus / (Deficit)		181,544 (86,058)	367,426 (185,882)
Balance at end of period	_	95,486	181,544
Total Equity	_	95,486	181,544

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

#### Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2022

		2022	2021	
	Notes	\$	\$	
Cash Flows from Operating Activities				
Receipts Payments GST Paid (received) Finance Costs Interest Receipts	_	406,690 (382,437) (2,205) (5,537) 665	202,013 (390,984) 17,179 (4,037) 1,258	
Net Cash Provided by (Used in) Operating Activities		17,176	(174,571)	
Net increase/(decrease) in Cash Held		17,176	(174,571)	
Cash at the beginning of the reporting period	_	201,700	376,271	
Cash at the end of the reporting period	_	218,876 201,70		

## Reconciliation of Change in Net Assets to Cash from operating activities

	2022	2021
		\$
Net Surplus	(86,058)	(185,882)
Decrease / (Increase) in Provisions	8,063	
Decrease / (Increase) in Debtors	0	10,450
(Decrease) / Increase in Accounts Payable	13,353	860
(Decrease) / Increase in Grants in Advance	81,818	-
Net Cash provided by Operating Activities	17,176	(174,571)

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

#### SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2022

#### Note 1 - Significant Accounting Policies

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 31 July 2022.

#### 1 Basis of Preparation

#### 1.1 Compliance with Australian Accounting Standards

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

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

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

#### 1.2 Historical Cost Convention

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

#### 1.3 Critical Accounting Estimates

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

#### 1.4 Rounding

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

#### 1.5 Non-Current Assets and Non-Current Liabilities

The Association has nil non-current assets or non-current liabilities.

#### 1.6 Employees

The Association has one employee having converted the CEO from contractor to employee in February 2019.

#### 1.7 Investments

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

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.8 Subscriptions

Clause 6 of the Charter of the Association prescribes that subscriptions (not levies) by Constituent Councils are equal. The Charter has since been amended in January 2022 allowing flexible subscriptions.

Constituent Council Subscription 2022 \$20,000 Constituent Council Subscription 2021 \$13,667

#### 1.9 Income recognition

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

#### 1.10 Cash

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

#### 1.11 New accounting standards for application in future periods

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

#### 2 Functions / Activities of the Association

- **2.1** Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note 2.2.
- 2.2 The activities of the Association are categorised into the following broad functions:

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

forums.

Special projects: The research into and implementation of projects prescribed by Acts or

regulations or approved by Board decision.

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#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

Administration

Year		Revenue			Expenses		Curpluo
rear	Grants	Other	Total Revenue	%	Expenses Total	%	Surplus (Deficit)
2022	0	131,295	131,295	45.5%	196,452	52.4%	(65,157)
2021	0	92,472	92,472	53.0%	205,278	57.0%	(93,728)
Projects							
2022	157,270	0	157,270	54.5%	178,171	47.6%	(20,901)
2021	62,251	19,732	81,984	47.0%	155,060	43.0%	(73,077)
Total							
2022	157,270	131,295	288,565	100%	374,623	100%	(86,058)
2021	62,251	112,204	174,456	100%	360,338	100%	(185,882)

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 3. Contractual Services

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

,	,	2022	2021
Consultants:	Jeanette Pope	\$13,723	\$20,400
	URPS .	\$2,443	\$47,496
	HDS Australia Pty Ltd	\$33,025	\$28,810
	Centre for Inclusive design	\$23,850	\$10,500
	Seed Consulting	\$0	\$0
	Jack Jensen	\$33,000	\$7,500
	Penny Worland Consulting	\$21,944	\$27,455
	ILC Advisors	\$0	\$1,580
	AHC	\$10,000	\$0
	Totals	\$137,985	\$153,741
	Material and other expenses	\$ 80,369	\$ 65,412
	Total .	\$218,354	\$219,153

#### 4. Comparison of Budget and Actual Results

	2022		20	21
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration Projects	131,281 144,270	131,295 157,270	92,214 63,910	92,472 81,984
Total Revenue	275,551	288,565	156,124	174,456
Expenditure				
Administration Projects	186,028 171,424	196,452 178,171	184,449 100,559	205,278 155,060
Total Expenditure	357,452	374,623	285,008	360,338
Surplus (Deficit)	(81,901)	(86,058)	(128,884)	(185,882)

#### **CERTIFICATION OF FINANCIAL STATEMENTS**

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

- the accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Association's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- o the financial statements accurately reflect the Association's accounting and other records.

Dated 19th September 2022

**Graeme Martin** 

**EXECUTIVE OFFICER** 

**Mayor Keith Parkes PRESIDENT** 

#### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2022, the Association's Auditor, HLB Mann Judd, 169 Fullarton Rd, Adelaide, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Dated 19th September 2022

Graeme Martin

**EXECUTIVE OFFICER** 

**Mayor Keith Parkes PRESIDENT** 



The Board C/- Graeme Martin Executive Officer Southern & Hills Local Government Association 13 Ringmer Drive Burnside SA 5066

#### TO THE BOARD MEMBERS OF SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

#### STATEMENT OF AUDITORS INDEPENDENCE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

I confirm that, for the audit of the financial statements of Southern & Hills Local Government Association for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd Chartered Accountants

Jon Colquhoun Director

Adelaide, South Australia
19 September 2022



#### Independent Auditor's Report to the Members of Southern & Hills Local Government Association

#### Opinion

We have audited the financial report of Southern & Hills Local Government Association ("the Association") which comprises the Balance Sheet as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Association as at 30 June 2022, and its financial performance and its cash flow for the year then ended in accordance with Australian Accounting Standards.

#### **Basis for Opinion**

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

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

#### Responsibilities of Management and Board Members for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Board Members are responsible for overseeing the Association's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd Chartered Accountants

Adelaide, South Australia 19 September 2022 Jon Colquhoun Director

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#### Southern and Hills Local Government Association Independent Assurance Report

#### **Qualified Opinion**

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Southern and Hills Local Government Association ('Association') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2021 to 30 June 2022 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, in all material respects:

- (a) The controls established by the Association in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2021 to 30 June 2022.

#### **Basis for Qualified Opinion**

The Association sought exemption from the requirement in clause 30 of Schedule 2 of the *Local Government Act 1999*. The Minister granted the exemption on the basis that the Association would periodically review and update its internal controls and encouraged the use of the practical and contemporary guidance material on internal controls issued by the Local Government Association's 'Better Practice Model – Internal Financial Controls'.

The Association's 'Operations Manual – Finance Policy' is available on the Association's website and was last updated in October 2014.

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3150 Assurance Engagement on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies

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

#### The Associations Responsibility for Internal Control

The Association is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

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#### **Our Independence and Quality Control**

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

#### Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the Local Government Act 1999 in relation only to the internal controls established by the Authority to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Information and ASAE 3150 Assurance Engagements on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the Local Government Act 1999 in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

#### **Limitations of Controls**

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

#### **Limitations of Use**

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

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd Chartered Accountants

Adelaide, South Australia 19 September 2022 Jon Colquhoun Director

hlb.com.au

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