



KANGAROO
ISLAND
COUNCIL

Annual Business Plan

2020-2021

| Version | Status | Release Date |
|-------------|---|--------------|
| Version 1.0 | Draft released for Audit Committee meeting | 7 July 2020 |
| Version 2.0 | Draft released for Council | 7 July 2020 |
| Version 3.0 | Draft released for 21 days Community Consultation | 13 July 2020 |

Questions?

Members of the community who have questions or seek further information regarding the **2020-21** Annual Budget and Annual Business Plan, or who seek further information regarding the finances of Council, are encouraged to contact Council during business hours, or via email.

Contact Details for Council

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Community Consultation

The Kangaroo Island Council Annual Business Plan 2020-21 was open to public consultation for 21 days from Monday 13 July to Monday 3 August 2020.

A report containing all submissions on the draft Annual Business Plan and Budget **2020-21** was presented to the Ordinary Meeting of Council held on Tuesday 11 August 2020.

Council communicated the consultation period and opportunities to provide feedback on the draft Annual Business Plan and Budget **2020-21** through advertisements in the local newspaper *The Islander*, on public notice boards, on Council's website, on Council's Facebook page, and on Council's Local Spotlight App.

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Mission

To provide our community with leadership and support, and to deliver key council services efficiently and effectively.



Vision

A confident and cohesive Community supported to rebuild our unique Island environment, with a strengthening economy led by primary production and tourism.

Message from the Mayor



This is a moment in our local history that calls for the Kangaroo Island Council to get back to basics, while supporting our Island for the challenges of a changed world.

The Elected Members of Kangaroo Island Council, together with senior members of Council Administration, have worked diligently and collaboratively to deliver a substantial reduction in total expenditure for the **2020-21** financial year.

Our Island can, with tight budgetary controls, re-emerge from the bushfires, drought and COVID-19 – stronger, resilient as ever, and more able to adapt to the challenges ahead.

In reviewing its budgeted operating and capital expenditure, Council has found improved efficiencies and made prudent, measured cuts while continuing to support its determined focus on investing in critical infrastructure: unsealed roads, sealed roads, kerbs and footpaths.

In addition, Council is mindful of the essential need to support ongoing bushfire prevention and bushfire recovery efforts aimed at protecting lives, livelihoods and infrastructure.

We will continue to collaborate with the Federal and State governments to provide the necessary support required to deliver bushfire repair and ensure the expectation of residents, businesses and visitors are met.

The next few years will be difficult and at times trying. Serious choices have been made around managed growth and the levels of service that can be afforded by the community.

Our ratepayer base is small, we have an extensive infrastructure network and we face significant increased costs from the recent bushfires. These costs place extreme pressure on this and future budgets and business plans.

I believe we have made considered and necessary reductions to revenue and costs to alleviate the burden of rates for all ratepayers.

We will continue to deliver quality core services within our means, for the benefit of all Islanders.

Michael Pengilly
Mayor

Message from the Chief Executive Officer



The past twelve months have been unprecedented in terms of the management of Council. Staff and Elected Members have been truly tested in finding ways to enable Council to continue to serve our local community and the thousands of visitors who come to Kangaroo Island each year.

The 'Black Summer' bushfires, exacerbated by drought, caused Council to incur substantial unbudgeted costs - supporting emergency services and undertaking repairs to fire damaged infrastructure. Previously, such bushfire related costs have been totally reimbursed by Federal and/or State governments.

Council administration continues to advocate to, and negotiate with, the State government and its agencies to secure the reimbursement of all costs incurred in dealing with the recent natural disaster.

COVID-19 has certainly added yet another level of complexity to the island's economy and Council's previous revenue forecasts.

Both the bushfires and COVID are requiring a period of repair and recovery, which comes as an additional, unplanned cost to Council, on top of and parallel to Council's 'Business as Usual' operations.

Though I would argue there is no longer 'Business as Usual', Council has had to find savings and efficiencies to meet Elected Member and community expectations of no rate rises for the 2020/21 financial year, whilst carrying increased, unplanned costs. This is reflected in council's 2020/21 budget.

Council has also been successful in winning grants and we are grateful to both the Federal and State governments for continuing to invest in our Island. However, to strengthen our capacity to meet our financial obligations, we must secure further government investment, and attract additional private sector investment, to grow the Island's economy and retain our high standard of liveability and services.

Despite the challenges, Council has delivered a fair and reasonable budget considering the crises faced by all.

Staff will continue to play a pro-active role in the repair and recovery process. We will continue to find efficiency and effectiveness gains in our day to day operations and services, and we will continue to work hard for the benefit of all Islanders, our business community and those whom visit or wish to invest in our island home.

Greg Georgopoulos
Chief Executive Officer

Your Council

Elected Members

Our Elected Members are collectively responsible for strategy, decisions and policy making that adds value to the future of Kangaroo Island, and the lives and livelihoods of the individuals, organisations and businesses.



The role of your Elected Members is to:

- Participate in the deliberations and civic activities of the Council
- Formulate the Council's Strategic Plan objectives and policies
- Keep the Council's objectives and policies under review to ensure they are appropriate and effective
- Keep Council's resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery under review
- Represent the interests of Residents and Ratepayers, provide Community leadership and guidance, and to facilitate communication between the Community and Council

Contact details for Elected Members

| | | |
|-------------------------------|-----------------------|---|
| Mayor Michael Pengilly | M 0419 030 564 | E michael.pengilly@kicouncil.sa.gov.au |
| Cr Bob Teasdale, Deputy Mayor | M 0448 635 009 | E bob.teasdale@kicouncil.sa.gov.au |
| Cr Sam Mumford | M 0427 595 156 | E sam.mumford@kicouncil.sa.gov.au |
| Cr Rosalie Chirgwin | M 0490 485 123 | E rosalie.chirgwin@kicouncil.sa.gov.au |
| Cr Shirley Pledge | M 0427 041 787 | E shirley.pledge@kicouncil.sa.gov.au |
| Cr Peter Denholm | M 0412 543 534 | E peter.denholm@kicouncil.sa.gov.au |
| Cr Ken Liu | M 0428 322 005 | E ken.liu@kicouncil.sa.gov.au |
| Cr Graham Walkom | M 0452 286 238 | E graham.walkom@kicouncil.sa.gov.au |
| Cr Peter Tiggemann | M 0400 558 659 | E peter.tiggemann@kicouncil.sa.gov.au |

Executive Management Team

| | | |
|--|-----------------------|---|
| Greg Georgopoulos Chief Executive Officer | M 0416 181 927 | E greg.georgopoulos@kicouncil.sa.gov.au |
| Nicki Putland Director Corporate Services | M 0418 879 054 | E nicki.putland@kicouncil.sa.gov.au |
| Pat Austin Director Community Development | M 0424 199 987 | E pat.austin@kicouncil.sa.gov.au |
| TBA Director Works and Infrastructure | | |

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Council Services

All Councils have responsibilities under the *Local Government Act, 1999* and other relevant legislation, including the following:

- Regulatory activities e.g. maintaining the Voters' Roll and supporting the Elected Council
- Setting rates, preparing an annual budget and determining longer term strategic management plans for the area
- Management of basic infrastructure including roads, footpaths, parks, public open spaces, street lighting and rubbish collection
- Development planning and control, including building fire safety assessment
- Various environmental health services
- Fire protection
- Dog and cat management
- Parks and gardens
- Public amenities
- Ovals and sporting arenas
- Playgrounds
- Environmental programs
- Community programs
- Economic development

In response to Community needs, Council also provides further services and programs including:

- Library services
- Youth support
- Community development
- Car parking
- Tidal swimming pool

Council operates a number of facilities on a fee-for-service basis. Please refer to the Fees and Charges Schedule on our website at www.kangarooisland.sa.gov.au/publications. These provide important Community benefits whilst also generating revenue for services and projects:

- Camping grounds
- Cemeteries
- Waste management
- Community Wastewater Management Schemes (CWMS)
- Airport
- Town Halls
- Water standpipes
- Boat ramps and marina facilities.

Looking Back 2019-20 Achievements



Emu Bay Boat Ramp
Status: Completed



Ten Trees Road resheet
Status: Completed



Birchmore Road reseal
Status: Completed



Wedgewood Road sealed road upgrade
Status: Completed



Footpath upgrades – Kingscote, American River, Penneshaw & Parndana
Status: Completed



Pram ramp upgrades – Kingscote & Parndana
Status: Completed

Other Capital Works Projects commenced during 2019/20:

| | |
|------------------------|---|
| Unsealed Roads Program | North Coast Road - DPTI \$2M* |
| Part Re-sheets | Cape Willoughby Road, Muston Road, Willson River Road, Moores Road , Island Beach streets |
| Sealed roads | Burdon Drive reseal |
| Car Park reseal | Drew Street |

*Unfinished Capital expenditure will be carried forward into the 2020-21 budget

Kangaroo Island Mayoral Relief & Recovery Bushfire Fund

In response to the Kangaroo Island Black Summer Bushfire Emergency that began on the 20th December 2019, a Fund was established to receive donations from members of the public. The aim of the Fund was to gift money to individuals that were adversely and directly impacted by the bushfires, to aid in the recovery and rebuilding efforts.

All donated funds are held in trust and are not included in the Annual Business Plan, nor the budget presented in this document, nor in the financial statements contained in Appendix A.

The management and distribution of the Funds held in trust is overseen by the Kangaroo Island Council Section 41 Kangaroo Island Mayoral Relief & Recovery Bushfire Fund Committee, which was established pursuant to Section 41 of the Local Government Act, on 21 January 2020; by resolution of the Council.

Council appointed the following members to the Committee:

- Mayor Michael Pengilly (Presiding Member)
- Cr Shirley Pledge
- Cr Peter Tiggemann
- Mr Peter Murch (Community Member)
- Mr Austin Taylor OAM (Independent Auditor)

The Role of the Committee is to allocate funding in accordance with Clause 4 of the Kangaroo Island Mayoral Relief & Recovery Bushfire Fund Rules, these being:

4.1 Allocated by Council directly to those residents adversely affected by the bushfires via specific grant or program;

4.2 Contributed to a community group providing a support service/disaster recovery activity;

4.3 Allocated in accordance with the six categories annexed hereto and marked as Agreed Categories; or

4.4 Donated to Australian charities who will manage the distribution of donated monies to victims of the bushfires on behalf of the Kangaroo Island Council. The funds will be distributed to the following charities:

- Registered Kangaroo Island based charities.

The agreed Categories applicable to Rule 4.3 are as follows:

Category 1 – Deceased Persons. The next of kin of the people who died in the Fire are eligible for a compassion and bereavement gift payment of \$20,000.

Category 2 – Injury. People who were seriously injured by the Fire and who had an extended stay in hospital are eligible for a gift of up to \$5,000.

Category 3 – Destroyed Homes. Property owners whose house was destroyed or rendered uninhabitable by the Fire are eligible to receive \$5,000 per household.

Property owners who are owner / occupiers of the house destroyed are also eligible to receive an additional \$500 per child under 18 years of age, residing at the premises.

Tenants whose principal place of residence, was destroyed or rendered uninhabitable by the Fire are eligible to receive \$5,000 and an additional \$500 per child under 18 years of age, residing at the premises.

Category 4 – House and/or Property Damage. Property owners who experienced infrastructure damage to their house or contents as a result of the Fire and / or householders whose principal place of residence suffered infrastructure

damage to their house or property are eligible for a gift of \$2,000. The property has to be within the Fire footprint.

Property owners who experienced infrastructure damage to shedding are eligible for a gift of \$4,000 per property assessment number. The property has to be within the Fire footprint.

Property owners who experienced infrastructure damage to water tanks and pumps, fences and farm equipment are eligible for a gift of \$2,000 per property assessment number. The property has to be within the Fire footprint.

Category 5 – Business Households who derive an income from the affected property, e.g. primary producers, small businesses, are eligible to receive \$2,000 per property. Sharefarmers who derive an income from the affected property will be eligible per property \$2,000.

Category 6 – Vehicles. People who experienced damage to vehicles as a result of the fire are eligible to receive \$500 per household. Note - vehicles must have been registered at the time of the fires and registration details must be provided.

All categories, with the exception of the Sharefarmers category, are eligible for one payment per property only.

At the time of writing, the fund had received \$5,540,004 in donations and receipts plus interest of \$7,599. The committee has been working with a strong sense of urgency, having allocated \$3,044,670 thus far to eligible recipients. Donations continue to be received.

The success of the Fund has been extraordinary and the generosity of people, businesses and organisations from around Australia and the world has been overwhelming and enormously appreciated.

Rating Policy Statement

Pursuant to Section 123 (2)(g) of the *Local Government Act* 1999 and as stipulated in the Local Government (Financial Management) Regulations 2011 Part 2-6, Kangaroo Island Council's Annual Business Plan contains the necessary information relating to general rating and Valuations in the Rating and Rebate Policy, found in Appendix D of this document.

Council rates are imposed on all rateable properties in the Council area in accordance with the provisions of the *Local Government Act*, 1999. Council is only able to provide the assets and services expected by the community through the levying and collection of rates, Council's principal source of revenue.

Kangaroo Island Council's Policy for setting and collecting rates from the community covers the following:

- Methods used to value land
- Business Impact Statement
- General rates
- Fixed charges
- KI Landscape Board Levy (formerly NRM)
- Payment of rates
- Remission and postponement of rates
- Sale of land for non-payment of rates
- Adoption of valuations
- Council's revenue raising powers
- Differential rates
- Service rates and charges
- Rate concessions
- Late payment of rates
- Rebate of rates
- Disclaimer

Contact Details for Rates Information

Phone: (08) 8553 4500
Fax: (08) 8553 2885
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KINGSCOTE SA 5223

Assessments and Rates for 2020-21

| | |
|--|---------------------|
| Total Assessed Capital Value (Total Capital Value of all assessments on Kangaroo Island) | \$ 1,374,181,180 |
| Total Properties (Total assessments on Kangaroo Island) | 6,066 |
| Number of Rateable Properties (Total no of assessments that are charged rates-excludes Crown Land and Council owned) | 5,616 |
| Capital Value Rateable Properties (Total Capital Value of the assessments that are charged rates) | \$1,294,125,245 |
| General Rates Income (Total amount of rates raised after rebates have been deducted) | \$ 6,947,044 |
| Residential (cents in the dollar) (Rates calculated on the Capital value of the property e.g. CV \$100,000 x 0.003471 = \$347.10 in rates) | 0.004470 |
| Residential Income* (Total rates raised on Residential properties) | \$ 3,421,328 |
| Commercial - Shop (cents in the dollar) | 0.004738 |
| Commercial - Office (cents in the dollar) | 0.004738 |
| Commercial - Other (cents in the dollar) | 0.004738 |
| Industry - Light (cents in the dollar) | 0.004738 |
| Industry - Other (cents in the dollar) | 0.004738 |
| Commercial & Industry Income* (Total rates raised on Commercial & Industrial assessments) | \$434,180 |
| Primary Production (cents in the dollar) | 0.004358 |
| Primary Production Income* (Total rates raised on Primary Production assessments) | \$ 2,438,462 |
| Vacant Land (cents in the dollar) | 0.006750 |
| Vacant Land Income* (Total rates raised on Vacant Land assessments) | \$ 1,031,020 |
| Other Rateable Land (cents in the dollar) | 0.004738 |
| Marinas (cents in the dollar) | 0.004738 |
| Other Rateable Land & Marinas Income* (Total rates raised on assessments rated as Other (no Marinas)) | \$ 128,240 |
| CWMS (Community Waste Water Management Schemes) Income (Total service charges for properties charged the CWMS annual fee) | \$ 1,454,130 |
| CWMS (fee per connection) (Annual fee charged per property in connection area) | \$ 642.00 |
| Waste Management Income (Total Waste charges) | \$ 1,629,995 |
| Waste Management Charge - Treatment & Disposal (Annual fee charged per assessment) | \$ 225.00 |
| Waste Management Charge – Collection (Annual fee charged) | \$ 117.00 |
| NRM (Natural Resources Management) Levy Income (Total levy charged) | \$ 401,996 |
| NRM Levy per property (Annual fee charged per assessment) | \$ 79.00 |
| Fixed Charge (Annual fee charged per assessment) | \$ 290 |
| Number of Non-Rateable Properties (Council and Crown Land) | 450 |
| Capital Value Non-Rateable Properties (Total Capital Value) | \$ 80,055,935 |
| Rates Capping (maximum increase of rates payable subject to conditions) | 0% |

For further information on rates see Appendix D

**Indicates net of rate rebates*

Looking ahead to 2020-21

Significant Influences and Priorities

CPI – set at December 2019 quarter: (CPI Rate 2.1%)

LGPI¹ - set at March 2020 quarter: (LGPI Rate 2.4%)

A number of significant factors have influenced the preparation of Council's Annual Business Plan and Budget for 2020-21.

Catastrophic bushfires consumed the western districts of Kangaroo Island from late December 2019 to late January 2020.

The bushfires came off the back of a prolonged drought and in turn were followed by the global pandemic we now refer to as COVID-19.

The resulting environmental, social and economic calamity virtually stopped visitation to the island - tourism being around 30% of the Island's economy.

Export markets for Kangaroo Island seafood crashed. Restaurants closed, many locals lost their jobs or moved on to JobKeeper allowances.

The extraordinary impacts of these crises continue today, presenting Council with an unprecedented and long term challenge.

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

Council's recovery focus for the foreseeable future is, amongst other things to:

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

Council's intention is to support Kangaroo Island's recovery, and establish a stable base from which the Island can grow.

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

¹ The Local Government Price Index (LGPI) measures price movements faced by Local Government in South Australia in respect of their purchases of goods and services. As the mix of goods and services purchased by Local Councils is quite different from that typically consumed by households, overall price movements faced by Local Councils may differ markedly from those faced by households. Overall price movements indicated by the Consumer Price Index (CPI) - which measures changes in the price of a 'basket' of goods and services which account for a high proportion of expenditure by metropolitan households - may therefore not accurately reflect price movements faced by Local Councils. [The Australian Bureau of Statistics \(ABS\)](#), developed the LGPI as an independent and reliable measure of price movements faced by Local Government in South Australia. The South Australian Centre for Economic Studies sets the rate each year.

Following the December and January bushfires, the South Australian Valuer General applied a property revaluation to all properties on Kangaroo Island, with a cumulative devaluation of properties to the value of \$302 million. Effectively the Valuer General applied a 18% average reduction on each rateable property on Kangaroo Island for the 2020-21 financial year, regardless of the property's proximity to the fire or whether the property was directly and adversely impacted by fire.

The decision to reduce the Capital Value of all island properties, if not reversed, significantly and unfairly penalises Council's 2020-21 budget position. Council is seeking an urgent independent review of the Valuer General's decision.

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

This year Council elected to have **no increase in the rate revenue** from that obtained in 2019-20, and endorsed a rates capping position where no individual ratepayer will pay more than they did in 2019-20. Some property owners will pay less. This position was achieved through prudent internal efficiency measures and despite the increase in Council's external costs.

Therefore in 2020-21 there is **no CPI (or LGPI) increase** nor growth factor applied to the 2019-20 rate revenue.

Council supports previous Council decisions to bring the 'primary production differential' into line with the 'residential differential'.

As such, the **primary production differential** will increase a further 2.5% to move from 95.0% to 97.5%. It is intended that this pattern will continue until parity (100%) is reached.

Despite an increase in the State Government's Solid Waste Levy, continued **efficiencies in waste management** have enabled Council to maintain the Waste Service Charge at 2019-20 levels, with **no CPI (nor LGPI) increase** applied.

Community Wastewater Management Schemes (CWMS) service charges allocated to properties that have the capability to be connected to one of the CWMS schemes will also remain at 2019-20 levels with **no CPI (nor LGPI) increase** applied.

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

Council expects to deliver **\$8.2M of infrastructure and asset upgrades** in **2020-21**. Council secured the commitment of the State Government to provide \$2M for the Unsealed Roads Upgrade Program in 2020-21 and expects \$6.2M will be provided by other funding sources. This will enable Council to deliver a number of critical infrastructure projects integral to our drought, bushfire and COVID-19 repair and recovery.

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

Roads to Recovery funding for the financial year 2020-21 is budgeted at \$608,568 which is more than was received in 2019-20. In addition we received a special allocation of \$487,807 as a Federal Government response to COVID-19, to assist with stimulating the local economy through infrastructure projects bringing the total to \$1,096,375. This will be allocated to the Capital Works Program.

The **Enterprise Bargaining Agreement** (EBA) between Council and staff is currently being renegotiated as the current Agreement expired on 30 June 2020. In line with the current EBA guidelines the provisions of the existing agreement will continue until a new EBA is negotiated. For 2020-21 Council has adopted a budget with no wage increase for employees, (including executive management). This position is yet to be supported by employees.

2020-21 Essential Infrastructure Summary

| Essential Infrastructure | CAPEX | |
|--------------------------|--------------|--|
| Unsealed Roads | \$ 2,530,000 | All 2020-21 major capital works construction projects are listed under Appendix C, p60 |
| Sealed Roads | \$ 1,682,875 | |
| CWMS | \$ 95,000 | |
| Footpaths | \$ 200,000 | |
| Kerbs | \$ 150,000 | |
| Plant Replacement | \$ 40,000 | |
| Risk Mitigation & Safety | \$ 80,000 | |
| Township Enhancements | \$ 2,000,000 | |

This summary does not include incomplete 2019-20 projects where budgets have been approved to be carried over. These items can be found at Appendix C in the 2021 Capital Works List.

Strategic Plan Framework

The Annual Business Plan 2020-21 supports the draft Kangaroo Island 2020-24 Strategic Plan which is currently out for final consultation (framework depicted below). The Plan is built around five high level Strategic Objectives focused on the areas of: Infrastructure, Community, Economy, Environment and the Organisation. Each Strategic Objective is underpinned by three or four Strategic Outcomes. To ensure we achieve these Strategic Outcomes, and can measure our performance against the Plan, Council has developed a series of measurable Actions.



| | | | | |
|--|---|--|---|---|
| 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. |

Linking the Long-Term Financial Plan to our Strategic Objectives

Kangaroo Island Council remains committed to long term financial planning and financial sustainability. The draft 2020-2024 Strategic Plan allows Council to continue an approach to recovery and growth that does not stretch Council beyond its financial capacity, and delivers strategic, long term benefits as articulated in our five Strategic Plan Objectives and key Strategic Outcomes. These outcomes are underpinned by actions against which Council's performance will be measured.

Council adopted its most recent Long Term Financial Plan (LTFP) in May 2017. The LTFP will be revised again in the months following the adoption of the 2020-21 Annual Business Plan.

With the recent impacts of the drought, Black Summer bushfires and COVID-19, Council has made a conscious decision to deviate from the previously adopted LTFP parameters to deliver the 2020-21 Budget and Annual Business Plan. The recovery efforts for these circumstances has influenced the budgetary expectations and future review of the LTFP.

A comparison of the key conclusions of the 2017 LTFP against the 2020-21 Annual Budget and Business Plan informed the following:

- Council was targeting a net surplus in nine of the ten years of the 2017 LTFP plan. The 2020-21 annual budget has been able to again deliver against this target with an overall net surplus position.
- Our LTFP includes Income in Advance from the Airport Grant amortised in two tranches – with the Grant from the Federal Government amortised over five years (with a half year in the first and sixth years of the LTFP) and the Grant from the State Government amortised over 20 years. This income is included as stated in our annual 2020-21 budget.
- The LTFP plans for an increase in Operational Revenue by 22% over the 10 year period of the Plan, however in 2020-21 due to the impacts of COVID-19 and the catastrophic bushfires of the 2019-2020 summer, council administration have projected a reduction in operational revenue. This will adversely impact on the ten year plan deliverables and will be revisited following delivery of the 2020-21 Annual Budget. During 2020-21 council is anticipating a reduction in the overall user charge revenue with an expected reduction in the airport and ferry landing fees and annual lease incomes. Elected Members have also determined to deviate from previous rating assumptions set for the term of the LTFP. In 2020-21 there will be no CPI (or LGPI) or growth increase and service charge income will be maintained at 2019-20 levels. This is reflective of our ratepayers' capacity to pay as they recover from the impact of the drought, bushfires and a worldwide pandemic.
- Operational expenditure increases by 26% over the ten year period of the LTFP. Administration has worked diligently with Elected Members to maintain operating expenditure at similar levels to 2019-20. The LTFP will be reviewed in line with drought, bushfire and COVID-19 recovery efforts which will have an impact on the 2020-21 budget deliverables.

Appendix A provides a summary of the financial statements that flow from this Annual Business Plan and Budget.

Council has budgeted for an operating deficit of \$1.72M for 2020-21 but is expected to achieve an overall net surplus of \$5.565M after accounting for the receipt of capital grant income.

This is a decrease in operating deficit projected for 2020-21 compared to 2019-20 when using the same accounting methodology. With the DPTI road grant moving from operating revenue in the 2019-20 original budget to being recognised as a capital grant in the 2020-21 annual budget, this represents an improvement in the operating position of \$966K. The increase in Net Surplus compared to 2019-20 is \$3,442M. This is a good result and stems from proactive management of grants and other revenue, tight general budget control and good governance.

In terms of comparison with the LTFP, Council is reporting a \$5.565M net surplus position compared with a LTFP surplus forecast of \$1.5M. This reflects the larger impact in 2020-21 from capital grant income than the forecast in the long term financial plan.

One of the major differences in these two figures is that the amounts received for new or upgraded assets, as shown in the LTFP, do not include the DPTI \$2M road grant contribution. In the LTFP this contribution is reported as operating income whereas in the 2020-21 budget it is shown below the operating Surplus/Deficit position.

Rates and Statutory charges are in line with the LTFP but Investment Income and User Charges, Grants, Subsidies and Contributions are all below the LTFP forecast due to the adverse economic flow on effects of the bushfires and COVID-19. Reimbursements for 2020-21 are expected to be greater than the LTFP forecast.

The operating deficit is the difference between operating revenue and expenses for the financial year. Amongst other things, Council's long term financial sustainability is dependent on ensuring that over time, its expenses are equal to or less than its revenue.

It should be noted that Kangaroo Island Council will continue to face challenges in its quest for long term financial sustainability unless it finds the means to increase revenue in other ways through new investment in the Island such as tourist accommodation ventures, agriculture ventures that add value to products, increased population and new housing. Council continues to explore options to achieve this position.

Two key factors influence Council's financial sustainability challenges namely, a small rates base and a large asset base, which at 30 June 2019 was \$214M (as per the audited accounts).

With provision for depreciation of \$4.7M, this represents around 26% of our total operational cost base.

Council's budgeted revenue in 2020-21 includes \$6.947M proposed to be raised from general rates.

Other sources of revenue and funding for Council are defined below and represented in the corresponding Expected Income Charts (see information and charts on the following pages).

Sources of Income and Expenditure

Rates - Income levied under Section 7 of the Local Government Act 1999. Council's Rating and Rebate Policy contains comprehensive information relating to valuations and other information relating to each rate and charge levied, including purposes and rates in the dollar.

Rates income includes service charges for waste collection, treatment, and disposal, and community wastewater management schemes activities. Money collected from rates assists in providing a range of services such as road maintenance, waste collection and recycling, ongoing maintenance of parks, gardens and buildings, and planning and environmental health services.

State Government Statutory Charges -

Fees and charges set by regulation and collected by Council on behalf of the State Government for regulatory functions such as assessment of development applications, or penalties for non-compliance with a regulatory requirement. Revenue is generally offset against the cost of the service. However changes to the Planning Code will see Development Application (DA) Fees collected directly by the State Government when DA's are lodged electronically.

User charges set by Council - Charges for Council's fee based facilities and some services (Refer Schedule of Fees and Charges at www.kangarooisland.sa.gov.au).

Grants, Subsidies and Contributions -

Council aims to secure as much grant funding as possible from other levels of Government. Major projects of wider State benefit are usually joint-funded in partnership with State Government and/or other relevant parties.

In the event that Council succeeds in achieving a higher level of Grants Commission funding (untied) than that assumed in this Business Plan and Draft 2020-21 Budget, such funds will remain unallocated.

Council will make decisions throughout the year either to allocate any such funds to unforeseen expenditure pressures, or in the absence of such pressures, to retire debt.

Investment Income - Income from financial investments or loans to community groups. It includes interest received from LGFA and banks, and interest received on loans to community groups.

Reimbursements - Amounts received as payment for work done by the Council acting as an agent for other government bodies and property owners, organisations and individuals.

Other income - Income not classified elsewhere.

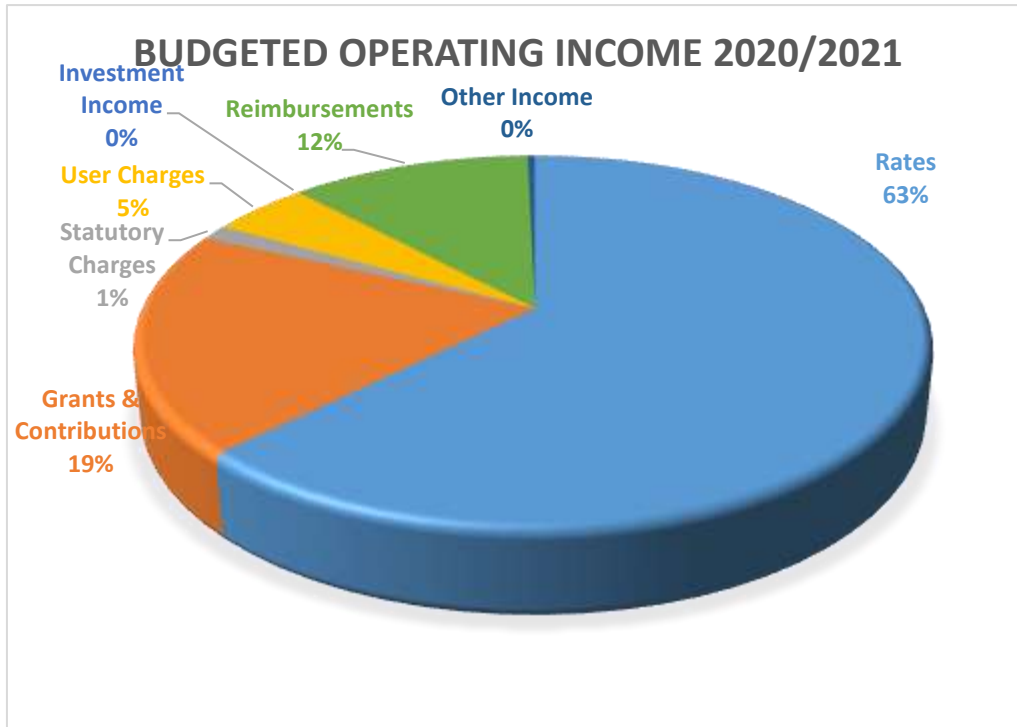
Employee expenses - All forms of consideration given by Council in exchange for service rendered by employees or for the termination of employment.

Materials, Contracts and other expenses - All expenses that are not employee costs, financial costs, depreciation, amortisation or impairment costs.

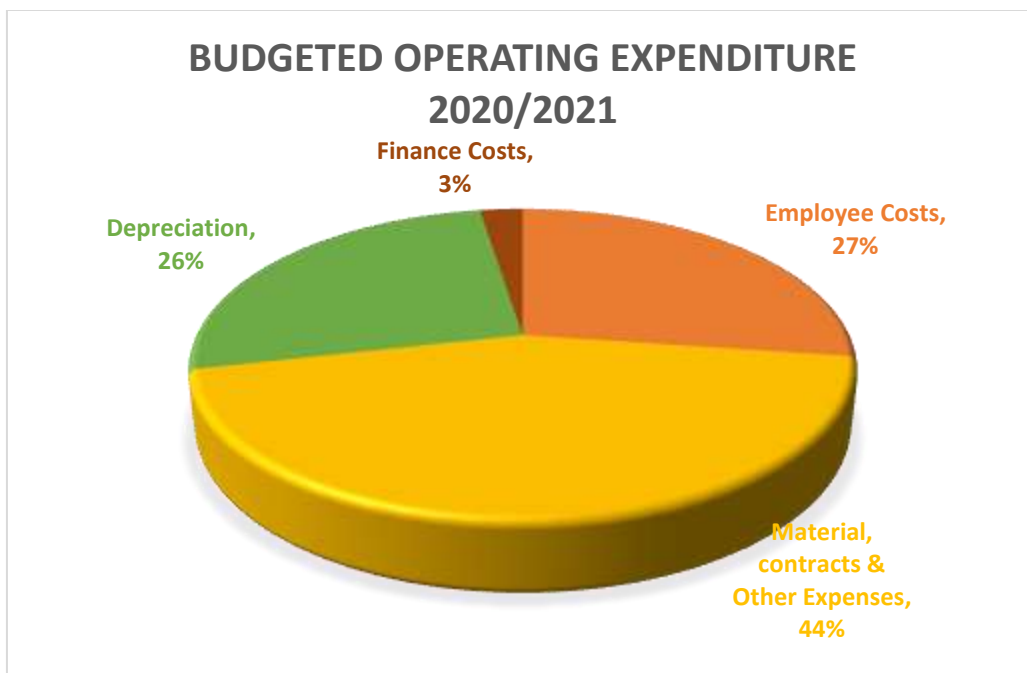
Finance costs - The costs of financing Council's activities through borrowings or other types of financial accommodation.

Depreciation, amortisation and impairment - Relate to infrastructure property, plant and equipment to which the Council has title.

Please go to our website to view the Long Term Financial Plan:
www.kangarooisland.sa.gov.au/plans



Income based on the Budgeted Income Statement.



Expenditure based on the Budgeted Income Statement.

Linking the Strategic Plan to the Budget

This Annual Business Plan 2020-21 is driven by fiscal responsibility and a back to basics approach through the Actions we have set down in our draft Strategic Plan. It is particularly relevant that we remain on course as we enter into another year of substantial economic stress inflicted by recovery costs related to the bushfires and impacts of COVID-19.

All figures are 2020-21 Budget Figures

This section sets out a summary of Council's proposed Operating Income and Expenditure, and Capital Income and Expenditure for each of the functional areas and business units within Council, pursuant to the Local Government Act 1999 Part 2 123(2)(c).

We also provide an outline of Council's projects and activities for the year ahead as they relate to the strategic outcomes set down in the 2020-24 Strategic Plan, and the objectives as they are to be achieved in the form of Strategic Actions.

| Governance | | | | | |
|-----------------------------|--------------------|-------------------|------------------|----------------|-----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Corporate Services | 927,138 | -2,130,631 | - | - | -1,203,493 |
| Governance Support Services | 522,487 | - | - | - | 522,487 |
| Elected Members | 258,175 | - | - | - | 258,175 |
| Total | 1,707,800 | -2,130,631 | - | - | -422,831 |

Corporate Services

- Income includes the Federal Assistance Grant (FAGS), Local Road Funding grant and other income.
- Expenses include insurances, interest expenses, subscriptions, consultants, cleaning, electricity and water amongst others.

Governance Support Services

- Income included is from a reimbursement of expenses.
- Expenses include salaries of the CEO, part of the Governance Officer and EA salaries, part legal expenses, some consultants' expenses, travel and accommodation.

Elected Members

- Expenses include Governance Committee allowances, Elected Member mileage, Elected Member training, travel and accommodation, and part salaries of Governance Officer and EAs.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|---|--|---|-----------|
| Undertake Service Effectiveness and Efficiency review | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Complete a high end review of all Council services and staffing levels: prioritise and weight for need, effectiveness and efficiency in provision. | Q 1-4 |
| Develop Corporate Risk and Governance Registers | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Develop and implement a risk management plan to address and manage corporate risk. | Q 1-3 |
| Develop a Prospectus that identifies the strategic investment priorities for the Island | Economic Development 3.1 Facilitate appropriate economic development by providing a supportive environment for local business | Develop a Council endorsed Prospectus that identifies the strategic investment priorities for the Island. Facilitate development of an economic plan for Kangaroo Island | Q 1-2 |
| Elected Member Election and Education | Governance 5.3 Good Governance | Council will adopt and communicate government regulations and changes and report to Elected Members on actions taken to meet compliance requirements. | Q 1-4 |
| Work with other Government agencies to provide suitable infrastructure for Kangaroo Island's sustainable growth | Collaboration 3.3 Collaborate with Government and other partners for better Island outcomes | 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. Engage with industry alliances and networks and report annually. | Q 1-4 |

| | | | |
|-------------------------------|--|---|-------|
| Section 41 committee meetings | <p>Governance 5.3 Good Governance</p> <p>Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes</p> | <p>Council will ensure effective and transparent annual CEO performance reviews.</p> <p>Council will adopt and communicate government regulations and changes and report to Elected Members on actions taken to meet compliance requirements.</p> <p>Council will meet on time and achieve all legislated reporting requirements of a local government authority.</p> | Q 1-2 |
| Monthly Council Meetings | <p>Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes</p> | <p>Council will meet on time and achieve all legislated reporting requirements of a local government authority.</p> | Q 1-4 |

| Business Support – Finance and Information Technology | | | | | |
|---|--------------------|-------------------|------------------|----------------|-------------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Financial Service Operations | 550,965 | -3,420 | - | - | 547,545 |
| Information Technology | 433,112 | - | - | - | 433,112 |
| Rates | 610,004 | -7,544,131 | - | - | -6,934,127 |
| Landscape Board | 401,728 | -405,701 | - | - | -3,973 |
| Total | 1,995,809 | -7,953,252 | - | - | -5,957,443 |

Financial Service Operations

- *Income includes estimated interest.*
- *Expenses include salaries, audit contract, consultants and other contractual services.*

Information Technology

- *Expenses include other contractual services, renewal software licences, fixed telephone and mobile telephone charges, internet and data costs, some depreciation and lease charges.*

Rates

- *Income includes general rates, search fees, fines and reimbursed legal fees.*
- *Expenses includes rate rebates, salaries, contract expenses, postage and debt recovery costs.*

Landscape Board

- *Income is collected on behalf of the Landscape Board.*
- *Expenses includes the amount to be paid to the Landscape Board.*

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|--|--|-----------|
| Continued development of implemented financial budgeting, long term financial planning and reporting systems | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Refine LTFMP and financial sustainability ratios (as recommended by the Audit and Risk committee). Council will meet on time and achieve all legislated reporting requirements of a local government authority. | Q 1-4 |
| Continued review of Differential rating and Service Charge collection | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Refine LTFMP and financial sustainability ratios (as recommended by the Audit and Risk committee). | Q 1-4 |
| Undertake Service Effectiveness and Efficiency review | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Complete a high end review of all Council services and staffing levels: prioritise and weight for need, effectiveness and efficiency in provision. | Q 1-4 |

| Business Support – Community and Customer Services | | | | | |
|--|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Cemeteries | 74,949 | -40,675 | - | - | 34,274 |
| Community Engagement | 114,511 | - | - | - | 114,511 |
| Customer Service | 261,745 | - | - | - | 261,745 |
| Library | 133,437 | -37,340 | - | - | 96,097 |
| Records | 97,508 | - | - | - | 97,508 |
| Council (Civic) Events | 12,015 | - | - | - | 12,015 |
| Youth Services | 3,000 | - | - | - | 3,000 |
| Community Grants Provided | 20,450 | - | - | - | 20,450 |
| Tourism & Economic Development | 74,096 | - | - | - | 74,096 |
| Website Management | 19,522 | - | - | - | 19,522 |
| Total | 811,233 | -78,015 | - | - | 733,218 |

Cemeteries

- Income includes cemetery fees.
- Expenses include depreciation, wages and plant costs.

Community Engagement

- Expenses include salaries, advertising, consultants, Council (Civic) events, and other contractual services.

Customer Service

- Expenses include salaries and PCBC sponsorship.

Library

- Income includes grants income and sundry sales.
- Expenses include salaries, other contractual services and depreciation.

Records

- Expenses include salaries and other contractual expenses, freight and depreciation.
- Expenses includes wages and other expenses.

Youth Services

- Expenses include training seminars, conferences and other expenses.

Community Grants provided

- Expenses include community grants and sponsorship expenses.

Tourism and Economic Investments

- Expenses include strategic planning and town structure planning, council grants and wages.

Website management

- Expenses include salaries, consultants and software licences.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|---|---|-----------|
| Continuation of Civic Events program and provide support for new community event opportunities | Partnerships 2.1 Enhanced Community partnerships with Council | Collaborate with external agencies and Community groups to access funding to improve or extend community assets or services. | Q 1-4 |
| Review community grant and sponsorship programs and set funding baselines. | Partnerships 2.1 Enhanced Community partnerships with Council | Review community grant and sponsorship programs and set funding baselines. | Q 3-4 |
| Provide suite of risk management documents for major Culture and Sporting Events | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Develop and implement a risk management plan to address and manage corporate risk. | Q 1-2 |
| Support Youth on Kangaroo Island through the Youth Services budget, Young Achiever Awards and by working with external agencies to secure additional funding for projects that support and develop youth on the Island | Culture, Recreation, Health and Well Being 2.2 Enrich community culture, health and well being Partnerships 2.1 Enhanced Community partnerships with Council | Support an annual forum that gives youth a voice and provides guidance to KI Council's response to youth issues. Work with KI Community Education to enhance a sustainable future for youth on Island, including implementing a Council work experience program. | Q 1-4 |
| Continued management and maintenance programs for library for use by all members of the Community | Governance 5.3 Good Governance | Develop a community engagement strategy. | Q 1-4 |
| Continued delivery of customer service focused on our Community | Culture, Recreation, Health and Well Being 2.2 Enrich community culture, health and well being | Develop a community engagement strategy. | Q 1-4 |
| Communications Strategy development and implementation | Culture, Recreation, Health and Well Being 2.2 Enrich community culture, health and well being | Develop a community engagement strategy. | Q 2-3 |
| Tourism & Economic Development projects including investment in | Partnerships 2.1 Enhanced | Collaborate with external agencies and Community groups to access funding to | Q1-4 |

| | | | |
|--|--|---|------|
| town structure plans and master planning | <p>Community partnerships with Council</p> <p>Built Environment 1.3 Deliver a built environment that responds to community and business needs</p> | <p>improve or extend community assets or services.</p> <p>Make improvements to the streetscapes of our four main townships.</p> | |
| Website management | <p>Culture, Recreation, Health and Well Being</p> <p>2.2 Enrich community culture, health and well being</p> | Develop a community engagement strategy. | Q1–4 |

| Business Support – HR and Risk Management | | | | | |
|---|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Human Resources | 220,376 | - | - | - | 220,376 |
| Occupational Health & Safety | 109,335 | - | - | - | 109,355 |
| Payroll | 37,126 | - | - | - | 37,126 |
| Total | 366,837 | - | - | - | 366,837 |

Human Resources

- Expenses include salaries, training, travel and accommodation, legal fees and recruitment.

Work Health & Safety

- Expenses include salaries, stationary and printing, and other materials.

Payroll

- Expenses include salaries.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|---|--|---|-----------|
| Conduct annual review of existing HR Policies and Procedures and develop further policies and procedures as identified | Governance 5.3 Good Governance | Council will adopt and communicate government regulations and changes and report to Elected Members on actions taken to meet compliance requirements. | Q 1-3 |
| Maintain compliance with Council's Safety System (One System) and develop additional policies and procedures where applicable | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Develop and implement a risk management plan to address and manage corporate risk. | Q 1-4 |
| Identify training requirements through PDP process and the needs of the business and develop appropriate 12 month training plan | Governance 5.3 Good Governance | Council will have an engaged and effective workforce, reflected in an agreed positive score in the staff satisfaction survey. | Q 1-4 |
| Provide sufficient resources and support to the delivery end of the business | Culture 5.4 Positive organisational culture | Ensure positive levels of staff well-being as measured by the staff satisfaction survey. | Q 1-4 |
| Undertake Service Effectiveness and Efficiency review | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Complete a high end review of all Council services and staffing levels: prioritise and weight for need, effectiveness and efficiency in provision. | Q 1-4 |

| Asset Services – Business Undertakings | | | | | |
|--|--------------------|-------------------|------------------|-------------------|-------------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Airport | 1,316,884 | -219,571 | 45,000 | -2,612,500 | -1,470,187 |
| Campgrounds | 141,790 | -62,870 | - | - | 78,920 |
| Private Works | 1,537,107 | -1,709,085 | - | - | -171,978 |
| Property - Commercial (rental buildings) | 60,664 | -27,155 | - | - | 33,509 |
| Property - Land only | 3,600 | -300,689 | - | - | -297,089 |
| Total | 3,060,045 | -2,319,370 | 45,000 | -2,612,500 | -1,826,825 |

Airport

- Income includes grant recognition (capital), airport passenger landing fees, non RPT landing fees, parking fees, rent and advertising income.
- Expenses include depreciation, salaries and wages, cleaning contract, other contractual expenses, electricity, etc.

Campgrounds

- Income is from camping fees.
- Expenses include wages, cleaning contract, electricity and water, depreciation etc.

Private works

- Income includes Commercial activity including contracting to DPTI and SA Water.
- Expenses include wages, plant hire and materials.

Property – Commercial

- Income includes rent received, outdoor café licences, and reimbursements.
- Expenses include depreciation, cleaning contract, electrical services, water etc.

Property – Land only

- Income includes amounts received from Sealink and some rent.
- Expenses include electricity.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|---|---|-----------|
| Continued management and maintenance programs for Council campgrounds and recreation areas including Vivonne Bay, Brown Beach, American River, Emu Bay, Western River & Stokes Bay | <p>Built Environment 1.3 Deliver a built environment that responds to community and business needs</p> <p>Liveability 2.3 Improve Island liveability</p> <p>Liveability 2.3 Improve Island liveability</p> <p>Collaboration 3.3 Collaborate with Government and other partners for better Island outcomes</p> | <p>Source dedicated external funding over the next four years to deliver on Infrastructure Asset Management Plan priorities.</p> <p>Complete a review of all Council owned visitor facilities, determine requirements and develop options for self-sustaining maintenance funding.</p> <p>Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually.</p> <p>Mutually establish protocols with progress associations and industry alliances.</p> | Q 1-4 |
| Property Portfolio Review to continue, as part of the broader revitalization of Infrastructure and Asset Management Plan (IAMP) | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Review underutilised land and assets, and explore potential to lease, sell, co-develop for commercial or community return. | Q 1-4 |
| Continue to maximize private works opportunities, particularly DPTI maintenance contract income and sealed and unsealed road upgrades | Collaboration 3.3 Collaborate with Government and other partners for better Island outcomes | Mutually establish protocols with progress associations and industry alliances. | Q 1-4 |
| Continued development of Kangaroo Island Airport and precinct | Access 1.2 Optimise Island access opportunities and affordability | Develop an Airport masterplan. | Q 1-4 |

| Asset Services – Community Services | | | | | |
|-------------------------------------|--------------------|------------------|------------------|-------------------|------------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Fire Protection | 59,487 | - | - | - | 59,487 |
| Environmental Projects | - | - | 80,000 | -55,000 | 25,000 |
| Risk Mitigation and/or Safety | 12,110 | -1,500 | - | - | 10,610 |
| Ablution Facilities | 322,540 | - | - | - | 322,540 |
| Town Centres | 5,829 | - | 2,000,000 | -1,000,000 | 1,005,829 |
| 2020 Bushfire Event | 200,000 | -200,000 | 200,000 | | 200,000 |
| Bushfire Planning & Prevention | 160,449 | - | - | - | 160,449 |
| Total | 760,415 | -201,500 | 2,280,000 | -1,055,000 | 1,783,915 |

Fire Protection

- Expenses include contractual services, salaries and wages, and plant.

Risk Mitigation

- Income includes grant income.
- Expenses include other contractual services, materials and emergency services levy.

Ablution Facilities

- Expenses include cleaning contract and materials, depreciation, other contracts, water etc.

Town Centres

- Income includes Federal Grant for Township Enhancement Program (Portion funding (State grant) invoiced and received in June 2020, the amount in this table represents the portion expected to be received during 2020-21).
- Expenses include depreciation and Township Enhancement programs for Penneshaw, Parndana, American River and Kingscote..

2020 Bushfire Event

- Income includes 50% funding towards budgeted asset remediation.
- Expenses include some asset remediation of sealed and unsealed roads damaged during bushfire event.

Bushfire Planning & Prevention

- Expenditure includes dedicated officer and consultancy work

| Projects and Activities for 2020-2120 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|---|--|--|-----------|
| Preliminary implementation of planning for development of coastal protection - American River Levee Bank Stage 1 following LIDAR hazard Mapping Coastal townships | Changing Climate 4.2 Proactively adapt to environment change | Support collection and assessment of data on coastal hazard mapping for island. | Q 1-2 |
| 2020 Bushfire recovery | Planning 3.2 Optimise land use to grow the Island Economy | Provide assistance to those rebuilding from fire affected areas. | Q 1-4 |
| Bushfire management for fire prevention activities in townships in accordance with KI Bushfire Landscape Management Plan | Liveability 2.3 Improve Island liveability Changing Climate 4.2 Proactively adapt to environment change | Identify fire prevention priorities for the protection and safety of our communities. Implement processes, procedures and technology to help fireproof KI. Obtain funding for a strategic report identifying priorities and costed actions to respond to environment change and liaise with other stakeholders for a whole of island response. | Q 1-4 |

| Asset Services – Culture | | | | | |
|--------------------------------|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Property - Amenity use (Halls) | 134,338 | -20,975 | - | - | 113,363 |
| Total | 134,338 | -20,975 | - | - | 113,363 |

Property – Amenity use (Halls)

- Income includes facilities rental.
- Expenses include depreciation, other contractual services, wages and electricity.

| Projects and Activities for 2020-2120 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|---|--|-----------|
| To implement and complete routine maintenance activities on Town hall facilities | Liveability 2.3 Improve Island liveability | Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually. Support initiatives that improve township amenity. | Q 1-4 |

| Development & Environmental Services - Development | | | | | |
|--|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Development Planning | 290,558 | -63,170 | - | - | 227,388 |
| Building Control | 278,368 | -51,700 | - | - | 226,668 |
| Development Plan Amendments | - | - | - | - | - |
| Total | 568,926 | -114,870 | - | - | 454,056 |

Development planning

- Income includes development application fees, interest and sundry expenses.
- Expenses include salaries, consultants, Governance Committee allowances, legal fees commissions, and travel.

Building Control

- Income includes septic tank fees, building application fees and development application fees.
- Expenses include contract staff salaries, salaries, consultants and legal fees.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|---|--|---|-----------|
| Effectively transition from the existing State Planning Strategy under the Development Act 1993 and Regulations to the New State Planning Strategy under the Planning Development & Infrastructure Act 2016, Regulations and the Planning & Design Code | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Council will meet on time and achieve all legislated reporting requirements of a local government authority. | Q 1-3 |
| Maintain a high degree of regulation of development, public health and environmental matters | Governance 5.3 Good Governance | Council will adopt and communicate government regulations and changes and report to Elected Members on actions taken to meet compliance requirements. | Q 1-4 |
| Assist Council with a range of strategic projects | Economic Development 3.1 Facilitate appropriate economic development by providing a supportive environment for local business | Focus and optimise grant funding on Council's high priority areas. | Q 1-4 |
| Continued review and adaption of service provision and efficiencies. | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Complete a high end review of all Council services and staffing levels: prioritise and weight for need, effectiveness and efficiency in provision. | Q 1-4 |

| Asset Services - Environment | | | | | |
|------------------------------|--------------------|-------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| CWMS | 1,060,471 | -1,464,632 | 335,000 | - | -69,161 |
| Standpipes | 31,883 | -45,000 | - | - | -13,117 |
| Stormwater | 276,174 | - | - | - | 276,174 |
| Street Cleaning | 14,400 | - | - | - | 14,400 |
| Street Lighting | 90,359 | - | - | - | 90,359 |
| Waste Management | 1,592,936 | -1,619,176 | - | - | -26,240 |
| Total | 3,066,223 | -3,128,808 | 335,000 | - | 272,415 |

CWMS

- Income includes CWMS service rate and bio solid disposal.
- Expenses include depreciation, interest, other contractual services, wages, materials, plant usage, and electricity.

Standpipes

- Income includes water sales.
- Costs include water purchase, other contracts and materials.

Stormwater

- Expenses include depreciation, wages, plant usage, and materials.

Street Cleaning

- Expenses include other contractual services.

Street Lighting

- Expenses include electricity and depreciation.

Waste Management

- Income includes service charge rate income.
- Expenses include other contractual services, depreciation, interest, materials and more.

| Projects and Activities for 2020-2021 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|---|--|-----------|
| Vivonne Ave CWMS line extension and Pioneer Street VC line replacement | Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards | Review the 2005 Kingscote STEDS Extension Plan to prioritise the extension works. | Q 1-4 |
| Continuation of fortnightly waste collection service | Waste Management 4.1 Best practice waste management | Decrease annual volume of waste taken off island by 5% year on year (excluding waste relating to the bushfires), and explore | Q 1-4 |

| | | | |
|---|--|--|-------|
| | | strategies for economic viability of greater diversion of waste. | |
| Expansion and promotion of HOT ROT system/in-vessel composting at KIRRC | Waste Management 4.1 Best practice waste management | Decrease annual volume of waste taken off island by 5% year on year (excluding waste relating to the bushfires) and explore strategies for economic viability of greater diversion of waste. | Q 1-4 |

| Asset Services - Recreation | | | | | |
|-----------------------------|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Lookouts | - | - | - | - | - |
| Parks & Gardens | 613,473 | - | 10,000 | - | 623,473 |
| Playgrounds | 54,422 | - | - | - | 54,422 |
| Ovals & Sporting Facilities | 39,158 | -2,335 | - | - | 36,823 |
| Council Pool | 49,526 | - | - | - | 49,526 |
| Total | 756,579 | -2,335 | 10,000 | - | 764,244 |

Parks and Gardens

- Expenses include wages, depreciation, cleaning contract, water, other contracts, materials, plant usage and more.

Playgrounds

- Expenses include depreciation, wages, plant usage, and materials etc.

Ovals & Sporting Facilities

- Income includes reimbursements and rent.
- Expenses include wages, water, contractual services, plant usage etc.

Council Pool

- Expenses include depreciation, cleaning contract, electricity and materials.

| Projects and Activities for 2020-2021 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|---|---|-----------|
| Parks & Gardens: Reeves Point Mulberry tree maintenance | Liveability 2.3 Improve Island liveability | Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 | Q 1-2 |

| | | | |
|--|---|---|-------|
| | | significant projects annually. | |
| Ovals & Sporting: Amenity maintenance | Liveability 2.3 Improve Island liveability | Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually. | Q 1-4 |
| Planned maintenance programs for Community parks, gardens, lookouts, playgrounds, ovals and pool in accordance with adopted Levels of Service. | Built Environment 1.3 Deliver a built environment that responds to community and business needs Liveability 2.3 Improve Island liveability | Make improvements to the streetscapes of our four main townships. Complete a review of all Council owned visitor facilities, determine requirements and develop options for self-sustaining maintenance funding. Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually. | Q 1-4 |
| Ongoing playground audits, maintenance and risk assessments | Governance 5.3 Good Governance | Council will adopt and communicate government regulations and changes and report to Elected Members on actions taken to meet compliance requirements. Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually | Q 1-4 |

| Development & Environmental Services – Regulatory Services | | | | | |
|--|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Health Services | 81,907 | -20,626 | - | - | 61,281 |
| Dog & Cat Management | 43,663 | -57,731 | - | - | -14,068 |
| Environment Services | 39,033 | - | - | - | 39,033 |
| General Inspector | 182,423 | -3,705 | - | - | 178,718 |
| Total | 347,026 | -82,062 | - | - | 264,964 |

Health Services

- Income includes Outdoor Food vending licences and other statutory charges.
- Expenses include salaries and wages, materials, and licenses etc.

Dog & Cat Management

- Income includes Dog and Cat registrations, expiation fees, pound charges etc.
- Expenses include salaries, plant usage, legal charges, and materials.

Environment Services

- Expenses include salaries, other contractual services, registrations and licenses, plant usage.

General Inspector

- Income includes parking fines and other expiations.
- Expenses include salaries, plant usage, travel, legal costs etc.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|---|--|--|-----------|
| Continued dog and cat management programs including Community education | Animal & Land Management 4.3 Statutory Requirements are met for Animal, Land & Vegetation Management | Deliver the Kangaroo Island Council Animal Management Plan In cooperation with Landscapes SA and PIRSA. | Q 1-4 |
| Continued environmental health activities including relevant inspections and Community engagement and education | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Council will meet on time and achieve all legislated reporting requirements of a local government authority. | Q 1-4 |
| Regulatory functions; continue to improve management of Council By-laws, parking and public facilities | Improvement 5.2 Continuous improvement in strategic, financial, risk management and | Council will meet on time and achieve all legislated reporting requirements of a local government authority. | Q 1-4 |

| | | | |
|--|--|---|-------|
| | business planning processes | Council will adopt and communicate government regulations and changes and report to Elected Members on actions taken to meet compliance requirements. | |
| Work with other agencies regarding feral cat management / eradication, bushfire safety controls and land management outcomes | Animal & Land Management 4.3 Statutory Requirements are met for Animal, Land & Vegetation Management | Deliver the Kangaroo Island Animal Management Plan In cooperation with Landscapes SA and PIRSA. | Q 1-4 |
| Undertake Service Effectiveness and Efficiency review | Improvement 5.2 Continuous improvement in strategic, financial, risk management and business planning processes | Complete a high end review of all Council services and staffing levels: prioritise and weight for need, effectiveness and efficiency in provision. | Q 1-4 |

| Asset Services – Transport | | | | | |
|--------------------------------|--------------------|-------------------|------------------|-------------------|------------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Bridges | 204,031 | - | - | - | 204,031 |
| Car Parks | 68,602 | -8,275 | - | - | 60,327 |
| Jetty / Boat Ramps Wharfs | 109,444 | -73,587 | - | - | 35,857 |
| Kerbs & Paths | 235,179 | - | 365,000 | - | 600,179 |
| Roads - sealed | 1,362,425 | - | 405,000 | - | 1,767,425 |
| Roads - unsealed | 1,523,196 | -1,096,375 | 4,342,875 | -3,608,584 | 1,161,112 |
| Roads - vegetation | 270,740 | - | - | - | 270,740 |
| Roads - patrol grading | 577,126 | - | - | - | 577,126 |
| Traffic Control - line marking | - | - | - | - | - |
| Traffic Control -signage | 92,133 | - | - | - | 92,133 |
| Verges | 81,122 | - | - | - | 81,122 |
| Total | 4,523,998 | -1,178,237 | 5,112,875 | -3,608,584 | 4,850,052 |

Bridges

- Expenses include depreciation, wages, plant usage and materials.

Car Parks

- Income from car parking fees and interest.
- Expenses include depreciation, wages, plant usage, materials and other contractual services.

Jetty, Boat Ramps, Wharfs

- Income includes marina launching fees and marina berthing fees.
- Expenses include depreciation, other contractual services, materials, wages, cleaning contract etc.

Kerbs & Paths

- Expenses include depreciation, wages, plant usage, and materials.

Roads – Sealed

- Expenses include depreciation, wages and plant usage, materials and contracts.

Roads – Unsealed

- Expenses include depreciation, wages and plant usage and materials.

Roads – Vegetation

- Expenses include contractual services, wages, plant usage and materials.

Roads – Patrol Grading

- Expenses include wages and plant usage.

Traffic Control

- Expenses include depreciation, wages and plant usage, materials and contracts.

Verges

- Expenses include contractual services, wages, plant usage and materials.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|--|---|-----------|
| <p>Sealed Roads - Upgrade Program:</p> <ul style="list-style-type: none"> • Wedgewood Rd Hickmans Road upgrade to Seal (SLRP) • Murray Street (Kingscote) • Addison Street (Kingscote) • Kingscote Terrace (Kingscote) • Commercial Street (Kingscote) • Faile Ct (American River) • Warawee Road (American River) • Nelcebe Road (American River) • Buick Street (Emu Bay) • Hawthorn Avenue (Emu Bay) • South Coast Road Reseal • Birchmore Highway Reseal • Seal Bay Road • Bimberta Avenue (American River) • Moreanda Drive (American River) | <p>Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards</p> <p>Built Environment 1.3 Deliver a built environment that responds to community and business needs</p> <p>Liveability 2.3 Improve Island liveability</p> | <p>Complete the Infrastructure and Asset Management Plan 2019-28.</p> <p>Secure at least \$2M per annum Local Road Sustainability funding.</p> <p>Source dedicated external funding over the next four years to deliver on Infrastructure Asset Management Plan priorities.</p> <p>Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually.</p> | Q 2-4 |
| <p>Unsealed Roads – Upgrade Program:</p> <ul style="list-style-type: none"> • Continue Implementation of DPTI Unsealed Roads Program - Stage 9 North Coast Road • Continue Implementation of DPTI Unsealed Roads Program - Stage 10 Redbanks Road • Continue Implementation of DPTI | <p>Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards</p> <p>Built Environment 1.3 Deliver a built environment that responds to community and business needs</p> | <p>Complete the Infrastructure and Asset Management Plan 2019-28.</p> <p>Secure at least \$2M per annum Local Road Sustainability funding.</p> <p>Source dedicated external funding over the next four years to deliver on Infrastructure Asset</p> | Q 2-3 |

| | | | |
|--|---|---|-------|
| <p>Unsealed Roads Program - Stage 10 Turkey Lane</p> <ul style="list-style-type: none"> • Wilson River Road • Moores Road (part re-sheet) • East West One Highway (part re-sheet) • North West Terrace • The Parade • High Street • Second Street • First Street | <p>Liveability 2.3 Improve Island liveability</p> | <p>Management Plan priorities.</p> <p>Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually.</p> | |
| <p>Kerbs & Footpaths</p> <ul style="list-style-type: none"> • Investigator Avenue • Kingscote Streets Footpath • Parndana Streets Footpath • Penneshaw Street Footpaths • American River Street Footpaths | <p>Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards</p> <p>Built Environment 1.3 Deliver a built environment that responds to community and business needs</p> <p>Liveability 2.3 Improve Island liveability</p> | <p>Complete the Infrastructure and Asset Management Plan 2019-28.</p> <p>Secure at least \$2M per annum Local Road Sustainability funding.</p> <p>Source dedicated external funding over the next four years to deliver on Infrastructure Asset Management Plan priorities.</p> <p>Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, streetscapes etc., completing at least 2 significant projects annually.</p> | Q 2-3 |
| <p>Condition assessment of Boating Facilities, baseline for the IAMP.</p> <p>Sounding Survey of the Christmas Cove Boat Facility</p> | <p>Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards</p> | <p>Seek financial assistance from State Government to complete the Emu Bay boating facility upgrade project</p> <p>Complete the Infrastructure and Asset Management Plan 2019-28.</p> | Q1-3 |

| | | | |
|---|---|---|-----|
| Continuation of Roadside Vegetation Control program | Animal & Land Management 4.3 Statutory Requirements are met for Animal, Land & Vegetation Management | Finalise Council's Roadside Vegetation Management Plan. | Q 3 |
|---|---|---|-----|

| Asset Services – Plant and Depots | | | | | |
|-----------------------------------|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Depot Operations | 252,128 | - | 24,000 | - | 276,128 |
| Workshop Operations | - | - | 40,000 | -10,000 | 30,000 |
| Total | 252,128 | - | 64,000 | -10,000 | 306,128 |

Depot Operations

- Expenses include salaries and wages, plant usage, depreciation, electrical services, cleaning contract, electricity, water, etc.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|---|---|--|-----------|
| Maintenance of existing plant and equipment and allocation to appropriate works | Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards | Complete the Infrastructure and Asset Management Plan 2019-28. | Q 1-4 |
| Proposed purchase of Depot equipment Replacement of Mower | Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards | Complete the Infrastructure and Asset Management Plan 2019-28. | Q 2 |

| Asset Services – Support Services | | | | | |
|-----------------------------------|--------------------|------------------|------------------|----------------|----------------|
| Function | Operating Expenses | Operating Income | Capital Expenses | Capital Income | Net Total |
| Asset Management | 579,789 | - | - | - | 579,789 |
| Total | 579,789 | - | - | - | 579,789 |

Asset Management

- Expenses include salaries, consultants, software licences, subscriptions freight and minor tools.

| Projects and Activities for 2020-21 Include | Strategic Outcomes | Strategic Actions | Timeframe |
|--|---|--|-----------|
| Implement long term Infrastructure Asset Management Plans and a process of continual improvement | <p>Roads & Assets 1.1 Develop and maintain our roads and physical assets to acceptable standards</p> <p>Built Environment 1.3 Deliver a built environment that responds to community and business needs</p> | <p>Complete the Infrastructure and Asset Management Plan 2019-28.</p> <p>Develop joint asset management plans with government agencies for roads and marine infrastructure.</p> <p>Source dedicated external funding over the next four years to deliver on Infrastructure Asset Management Plan priorities.</p> | Q 1-4 |

Measuring Overall Performance

To enable Council and the Community to assess Council's performance over the **2020-21** year, performance reporting tools have been established for a number of activities including:

Audit and Risk committee

- Action plan
- Internal Control Self-Assessment Tool - finance and IT controls, Airport compliance and governance self-assessments
- External and internal audits of financial performance

Finance committee

- Quarterly budget reviews measuring actual performance against budget
- Major project reports outlining status of capital projects undertaken during FY
- Treasury and debt management reports

Council

- Departmental status reports
- Customer service notifications
- FOI requests
- CEO Performance Reports

Leadership team

- Internal management reports, with traffic lights to show health of individual departmental budgets

Human Resources

- Staff Satisfaction Survey
- WHS reporting

Development Services

- ABS reporting/system indicators in Development Services
- Development Services Self-assessment Compliance Audit

Other

- ESCOSA reporting to measure compliance with the Water Industries Act
- Grants Commission returns

Target Financial Indicators

While indicators provide a ready assessment of financial performance and sustainability, they need to be interpreted in the context of Council's operating environment. (Refer Appendix B for a detailed listing of financial targets).

APPENDIX A

FINANCIAL STATEMENTS

| Kangaroo Island Council | | | | | | | |
|--|---------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|--|--|
| Statement of Comprehensive Income | | | | | | | |
| Proposed Budget 2020/21 | | | | | | | |
| | Audited AFS 2016/17 | Audited AFS 2017/18 | Audited AFS 2018/19 | 2019/20 Original Budget | 2020/21 Proposed Budget | Variance between 2019/20 & 2020/21 | Variance between 2019/20 & 2020/21 |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | % |
| Income | | | | | | | |
| Rates Revenues | 9,300 | 9,902 | 10,328 | 10,588 | 11,000 | 412 | 3.9% |
| Less Rates Rebate | (94) | (94) | (97) | (98) | (506) | (408) | 416.3% |
| Statutory Charges | 234 | 264 | 297 | 231 | 218 | (13) | -5.6% |
| User Charges | 1,041 | 1,169 | 1,241 | 1,097 | 796 | (301) | -27.4% |
| Grants, Subsidies and Contributions | 3,447 | 3,180 | 5,309 | 4,461 | 3,213 | (1,248) | -28.0% |
| Investment Income | 12 | 7 | 8 | 5 | 5 | - | 0.0% |
| Reimbursements | 1,751 | 503 | 680 | 354 | 1,922 | 1,568 | 442.9% |
| Other Income | 148 | 138 | 98 | 72 | 56 | (16) | -22.2% |
| Net Gain - Equity Accounted Council Businesses | 7 | 13 | - | - | - | - | |
| Total Income | 15,845 | 15,081 | 17,864 | 16,710 | 16,704 | (6) | 0.0% |
| | | | | | | | |
| | | | | | | | |
| | Audited AFS 2016/17 | Audited AFS 2017/18 | Audited AFS 2018/19 | 2019/20 Original Budget | 2020/21 Proposed Budget | Variance between 2019/20 & 2020/21 | Variance between 2019/20 & 2020/21 |
| Expenses | | | | | | | |
| Employee Costs | 4,999 | 5,170 | 4,965 | 5,365 | 5,537 | 172 | 3.2% |
| Less: Capitalized and distributed costs | (342) | (626) | (328) | (442) | (525) | (83) | 18.8% |
| Net Employee Costs | 4,657 | 4,544 | 4,637 | 4,923 | 5,012 | 89 | 1.8% |
| Materials, Contracts & Other Expenses | 7,234 | 7,129 | 7,707 | 7,302 | 8,577 | 1,275 | 17.5% |
| Less: Capitalized and distributed costs | (36) | (394) | (206) | (287) | (422) | (135) | 47.0% |
| Net Material Costs | 7,198 | 6,735 | 7,501 | 7,015 | 8,155 | 1,140 | 16.3% |
| Depreciation, Amortisation & Impairment | 4,576 | 4,636 | 4,925 | 4,927 | 4,793 | (134) | -2.7% |
| Finance Costs | 557 | 512 | 612 | 532 | 465 | (67) | -12.6% |
| Net loss - Equity Accounted Council Businesses | - | - | 4 | - | - | - | |
| Total Expenses | 16,988 | 16,427 | 17,679 | 17,397 | 18,425 | 1,028 | 5.9% |
| | | | | | | | |
| Operating Surplus / (Deficit) | (1,143) | (1,346) | 185 | (687) | (1,721) | (1,034) | 150.5% |
| Asset Disposal & Fair Value Adjustments | (111) | 19 | 4 | - | 10 | 10 | 0.0% |
| Amounts Received Specifically for New or Upgraded Physical Resources Received Free of Charge | 258 | 1,496 | 4,071 | 2,810 | 7,276 | 4,466 | 158.9% |
| Physical Resources Received Free of Charge | 2,024 | 1,564 | - | - | - | - | 0.0% |
| Operating Result from Discontinued Operations | - | - | - | - | - | - | 0.0% |
| Net Surplus / (Deficit) ¹ | 1,028 | 1,733 | 4,260 | 2,123 | 5,565 | 3,442 | 162.1% |
| | | | | | | | |
| Other Comprehensive Income | | | | | | | |
| <i>Amounts which will not be reclassified subsequently to operating result</i> | | | | | | | |
| Changes in Revaluation Surplus - I, PP&E | 723 | - | (3,113) | - | 3,320 | - | 0.0% |
| Recoupments Offset to asset Revaluation Reserve | - | (13) | - | - | - | - | 0.0% |
| Total Other Comprehensive Income | - | (13) | (3,113) | - | 3,320 | - | 0.0% |
| | | | | | | | |
| Total Comprehensive Income | 1,028 | 1,720 | 1,147 | 2,123 | 8,885 | 3,442 | 162.1% |
| | | | | | | | |
| Operating Surplus Ratio | -7% | -9% | 1% | -4% | -10% | -6% | 150.6% |

Notes on Budgeted Statement of Comprehensive Income 2020-21

1. Income

1.1 Rates

2020/21 Budget \$ 11.000m

2019/20 Budget \$ 10.588m

Increase 3.9% \$ 412k

Changes in rates revenue due to:

| | | | |
|---|---|------------|---|
| 1 | Increase in Landscape Levy | \$13,413 | Last year's budget \$388k now \$402k |
| 2 | Increase in 'calculated' rates position | \$341,318 | |
| 3 | Increase in Primary Production Differential | \$ 50,000 | As per Council resolution |
| 4 | Decrease in CWMS | \$ (3,208) | Reduction based on 19/20 Actuals |
| 5 | Increase in Waste | \$ 10,716 | Increase in number of rateable properties |
| 6 | Search Fees & Fines | \$ 0 | No Change based on 19/20 Actuals |

1.2 Rates Rebates – \$407,821 increase in rates rebates

1.3 Statutory Charges – Expect \$3,171 decrease in Search Fees

1.4 User Charges

2020/21 Budget \$796k

2019/20 Budget \$1,097m

Decrease 27.5% \$(301,283) Lower camping fees, aircraft passenger levy, and ferry passenger landing fees

Changes in:

| | | | |
|---|------------------------------|--------------|--|
| 1 | Bio Solids | \$ 0 | No change |
| 2 | Camping Fees | \$ (2,580) | Expect slight decrease due to impact of COVID-19 |
| 3 | Boat launching fees | \$ (1,994) | Slight decrease as per 19/20 YTD Actuals |
| 4 | Cemetery Fees | \$ 13,747 | Increased based on 19/20 YTD Actuals |
| 5 | Airport Lease Income | \$ (4,489) | Decrease based on Actuals since January 2020 |
| 6 | Airport Passenger Fees | \$(277,720) | Expect decrease due to continued impact of COVID-19 and Actuals since January 2020 |
| 7 | Rent Received | \$ 2,775 | Slight increase in Penneshaw and American River |
| 8 | Ferry Passenger Landing Fees | \$ (41,630) | Expect decrease due to continued impact of COVID-19 and Actuals since January 2020 |
| 9 | Standpipes | \$ 0 | No change based on 19/20 Actuals |

1.5 Grants, Subsidies & Contributions

2020/21 Budget \$3,213m

2019/20 Budget \$4.461m

Decrease 28% \$(1,247,707)

Change in Grants, Subsidies and contributions due to:

| | | | |
|---|-------------------------|---------------|---|
| 1 | FAGS Grant | \$ 20,882 | Based on CPI Increase on 19/20 grant. No Additional Local Road Funding budgeted. |
| 2 | DPTI Grant | \$(2,000,000) | Shown as Operating Income 19/20 budget – shown as Capital Income in 20/21 budget. |
| 3 | Roads to Recovery Grant | \$ 771,805 | Additional 608,568 R2R (Drought) funding. |

1.6 Investment income – no change

1.7 Reimbursements

2020/21 Budget \$1,921m

2019/20 Budget \$354k

Increase 443% \$1,568,115

Change in Reimbursements due to:

| | | | |
|---|-----------------------------|--------------|---|
| 1 | Other Commercial Activity | \$1,550,835 | \$1,043m DPTI – Playford Highway shoulder reseal project. \$500k BBRF SA Water project. |
| 2 | 2020 Bushfire Funding | \$ 200,000 | Contribution towards sealed and unsealed road remediation of bushfire damage. |
| 3 | DPTI Stage 8 Management Fee | \$ (180,000) | Shown as Operating Income 19/20 budget – shown as Capital Income in 20/21 budget. |

1.8 Other Income – Expect \$11,000 decrease based on 19/20 Actuals for Insurance distributions.

2. Expenses

2.1 Employee Costs

2020/21 Budget \$5.537m

2019/20 Budget \$5.365m

Increase 3.2% \$172,375 Budget for appointment of Director Works & Infrastructure – salary and oncosts

2.2 Materials, Contracts & Other Expenses

2020/21 Budget \$8.578m

2019/20 Budget \$7.302m

Increase 17.5% \$1,275,717 Refer below tables

Increase in Materials, Contracts & Other Expenses

| | | | |
|---|----------------------------|-------------|---|
| 1 | Other Contractual Services | \$1,383,101 | DPTI Playford Highway shoulder reseal private works \$907k, and BBRF SA Water private works project \$500k. |
| 2 | Legal Services | \$ 21,000 | |

| | | | |
|---|-------------------------|-----------|---|
| 3 | Staff Contract Services | \$ 93,137 | Development & Environmental Services – additional contractor engaged in lieu of EHO staff member \$101K. |
| 4 | Lease Charges | \$ 81,094 | 19/20 budget included 9 leased vehicles – 20/21 budget 20 leased vehicles. (Note- there is no overall change to fleet numbers – a review undertaken during year 2019/20 suggested leasing the vehicles was more cost effective than owning over the longer term. |
| 5 | Insurances | \$ 35,942 | Increase in asset value and premiums |
| 6 | Quarry Materials | \$ 42,412 | Dudley Unsealed Road maintenance \$31,375. |
| 7 | Misc Works Contracts | \$ 52,376 | Additional works Parks & Gardens, Verges, and Roadside Veg re Township Improvement Plan. |
| 8 | Subscriptions | \$ 23,908 | RHC and additional S&H LGA. |
| 9 | Cleaning Contract | \$ 59,903 | Allowance for CPI increase, and impacts of COVID pandemic |

Decreases in Materials, Contracts & Other Expenses

| | | | |
|---|--------------------------------|------------|--|
| 1 | Consultants | \$ 35,003 | Reduction in consultant's budgeted use |
| 2 | Advertising | \$ 39,012 | Community Engagement reduction in print advertising \$38,077 |
| 3 | Council Grants Expense | \$ 124,717 | Reduction in Community Engagement allocations \$125,500 |
| 4 | Other Expenses | \$ 192,767 | Rates Rebate increase \$46,080. Decrease in Plant costs. |
| 5 | Travel & Accommodation | \$ 46,267 | Budget savings |
| 6 | Training/Seminars/Conference | \$ 40,044 | Budget savings |
| 7 | Governance Committee Allowance | \$ 15,212 | Reduction in EM Allowances |
| 8 | Audit Contract | \$ 23,310 | New auditors/contract in place. |

2.3 Depreciation

| | | |
|----------------|-------------|--|
| 2020/21 Budget | \$4.793m | |
| 2019/20 Budget | \$4.927m | |
| Decrease 2.7% | \$(134,518) | Reduction in CWMS depreciation due to revaluation of asset class in 2018/2019. |

2.4 Finance Costs

| | | |
|----------------|------------|---|
| 2020/21 Budget | \$464,971 | |
| 2019/20 Budget | \$531,608 | |
| Decrease 12.5% | \$(66,637) | 6 x facilities due to be paid out 20/21 year, combined with reduction in variable interest rate. Additionally the 2020-21 includes no new borrowings. |

3. Amounts Received Specifically for New or Upgraded Assets

| | | |
|----------------|-------------|--|
| 2020/21 Budget | \$7,276,084 | Amortisation of Airport grant income \$2,612,500. Federal grant for Townships Improvement project \$1,000,000, DPTI Stage 10 \$2,000,000, grant for Wedgewood/Hickmans \$808,584, American River Levee Bank \$55,000, DPTI Stage 9 carried over from 19/20 \$800,000. (Please note \$1M State grant for Townships Improvement project paid June 2020). |
| 2019/20 Budget | \$2,810,000 | Amortisation of Airport grant income \$2,250,000. Grant for Wedgewood/Hickmans \$560,000 |
| Increase 159% | \$4,466,084 | |

| Kangaroo Island Council | | | | | | |
|--|---------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|---|
| Statement of Financial Position | | | | | | |
| Proposed Budget 2020/21 | | | | | | |
| | Audited AFS 2016/17 | Audited AFS 2017/18 | Audited AFS 2018/19 | 2019/20 Original Budget | 2020/21 Proposed Budget | Variance between 2019/20 & 2020/21 |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 2,917 | 4,519 | 1,943 | 890 | 758 | (132) |
| Trade & Other Receivables | 2,566 | 1,068 | 2,413 | 2,182 | 1,040 | (1,142) |
| Inventories | 216 | 366 | 407 | 366 | 260 | (106) |
| Total Current Assets | 5,699 | 5,953 | 4,763 | 3,438 | 2,058 | (1,380) |
| Non-Current Assets | | | | | | |
| Equity Accounted Investments in Council Businesses | 108 | 121 | 117 | 121 | 115 | (6) |
| Infrastructure, Property, Plant & Equipment | 197,346 | 218,387 | 214,454 | 218,788 | 219,411 | 623 |
| Other Non-Current Assets | 6,132 | 965 | 5,085 | 2,000 | 2,048 | 48 |
| Total Non-Current Assets | 203,586 | 219,473 | 219,656 | 220,909 | 221,574 | 665 |
| TOTAL ASSETS | 209,285 | 225,426 | 224,419 | 224,347 | 223,632 | (715) |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Trade & Other Payables | 2,191 | 4,716 | 4,296 | 1,845 | 1,294 | (551) |
| Borrowings | 1,166 | 1,189 | 1,366 | 1,296 | 484 | (812) |
| Provisions | 880 | 971 | 1,142 | 993 | 1,117 | 124 |
| Total Current Liabilities | 4,237 | 6,876 | 6,804 | 4,134 | 2,895 | (1,239) |
| Non-Current Liabilities | | | | | | |
| Trade & Other Payables | 4,324 | 14,013 | 14,599 | 13,125 | 12,084 | (1,041) |
| Borrowings | 13,866 | 15,946 | 13,303 | 15,207 | 8,735 | (6,472) |
| Provisions | 287 | 300 | 275 | 287 | 246 | (41) |
| Total Non-Current Liabilities | 18,477 | 30,259 | 28,177 | 28,619 | 21,065 | (7,554) |
| TOTAL LIABILITIES | 22,714 | 37,135 | 34,981 | 32,753 | 23,960 | (8,793) |
| Net Assets | 186,571 | 188,291 | 189,438 | 191,594 | 199,672 | 8,078 |
| EQUITY | | | | | | |
| Accumulated Surplus | 13,093 | 14,240 | 19,740 | 17,543 | 23,110 | 5,567 |
| Asset Revaluation Reserves | 171,713 | 171,700 | 168,587 | 171,700 | 175,020 | 3,320 |
| Other Reserves | 1,765 | 2,351 | 1,111 | 2,351 | 1,542 | (809) |
| Total Council Equity | 186,571 | 188,291 | 189,438 | 191,594 | 199,672 | 8,078 |
| | | | | | | |
| | | | | | | |

| Kangaroo Island Council | | | | |
|--|---------------|----------------|--------------|----------------|
| Statement of Changes in Equity | | | | |
| Proposed Budget 2020/21 | | | | |
| | Accumulated | Asset | | |
| | Surplus | Revaluation | Other | Total |
| | \$ '000 | Reserve | Reserves | Equity |
| 2020/21 Proposed Budget | | | | |
| Balance at the end of previous reporting period | 17,543 | 171,700 | 2,351 | 191,596 |
| a. Net Surplus / (Deficit) for Period | 5,565 | | | 5,565 |
| b. Other Comprehensive Income | | | | - |
| - Gain (Loss) on Revaluation of I,PP&E | | 3,320 | | 3,320 |
| Total Comprehensive Income | 5,565 | 3,320 | - | 8,885 |
| c. Transfers between Reserves | - | | (809) | (809) |
| Balance at the end of period | 23,108 | 175,020 | 1,542 | 199,672 |
| 2019/20 Budget | | | | |
| Balance at the end of previous reporting period | 15,420 | 171,700 | 2,351 | 189,472 |
| a. Net Surplus / (Deficit) for Period | 2,123 | - | | 2,123 |
| b. Other Comprehensive Income | - | | | - |
| - Gain (Loss) on Revaluation of I,PP&E | - | | | - |
| Total Comprehensive Income | 2,123 | - | - | 2,123 |
| c. Transfers between Reserves | - | | | - |
| Balance at the end of period | 17,543 | 171,700 | 2,351 | 191,596 |
| Jun-19 | | | | |
| Balance at the end of previous reporting period | 14,240 | 171,700 | 2,351 | 188,291 |
| a. Net Surplus / (Deficit) for Period | 4,260 | - | | 4,260 |
| b. Other Comprehensive Income | - | | | - |
| - Gain (Loss) on Revaluation of I,PP&E | - | (3,113) | | (3,113) |
| Total Comprehensive Income | 4,260 | (3,113) | - | 1,147 |
| c. Transfers between Reserves | 1,240 | | (1,240) | - |
| Balance at the end of period | 19,740 | 168,587 | 1,111 | 189,438 |
| Jun-18 | | | | |
| Balance at the end of previous reporting period | 13,093 | 171,713 | 1,765 | 186,571 |
| a. Net Surplus / (Deficit) for Period | 1,733 | | | 1,733 |
| b. Other Comprehensive Income | - | | | - |
| - Gain (Loss) on Revaluation of I,PP&E | | (13) | | (13) |
| Recoupments Offset to asset Revaluation Reserve | | (13) | | (13) |
| Total Comprehensive Income | 1,733 | (13) | - | 1,720 |
| c. Transfers between Reserves | (586) | | 586 | - |
| Balance at the end of period | 14,240 | 171,700 | 2,351 | 188,291 |
| Jun-17 | | | | |
| Balance at the end of previous reporting period | 11,817 | 170,990 | 2,013 | 184,820 |
| a. Net Surplus / (Deficit) for Year | 1,028 | - | - | 1,028 |
| b. Other Comprehensive Income | | | | |
| - Gain (Loss) on Revaluation of I,PP&E | - | 723 | - | 723 |
| Total Comprehensive Income | 1,028 | 723 | - | 1,751 |
| c. Transfers between Reserves | 248 | - | (248) | - |
| Balance at the end of period | 13,093 | 171,713 | 1,765 | 186,571 |
| Jun-16 | | | | |
| Balance at the end of previous reporting period | 8,713 | 176,601 | 2,292 | 187,606 |
| a. Net Surplus / (Deficit) for Year | 2,825 | - | - | 2,825 |
| b. Other Comprehensive Income | | | | |
| - Gain (Loss) on Revaluation of I,PP&E | - | (5,611) | - | (5,611) |
| Total Comprehensive Income | 2,825 | (5,611) | - | (2,786) |
| c. Transfers between Reserves | 279 | - | (279) | - |
| Balance at the end of period | 11,817 | 170,990 | 2,013 | 184,820 |

KANGAROO ISLAND COUNCIL

STATEMENT OF CASH FLOWS

Proposed Budget 2020/21

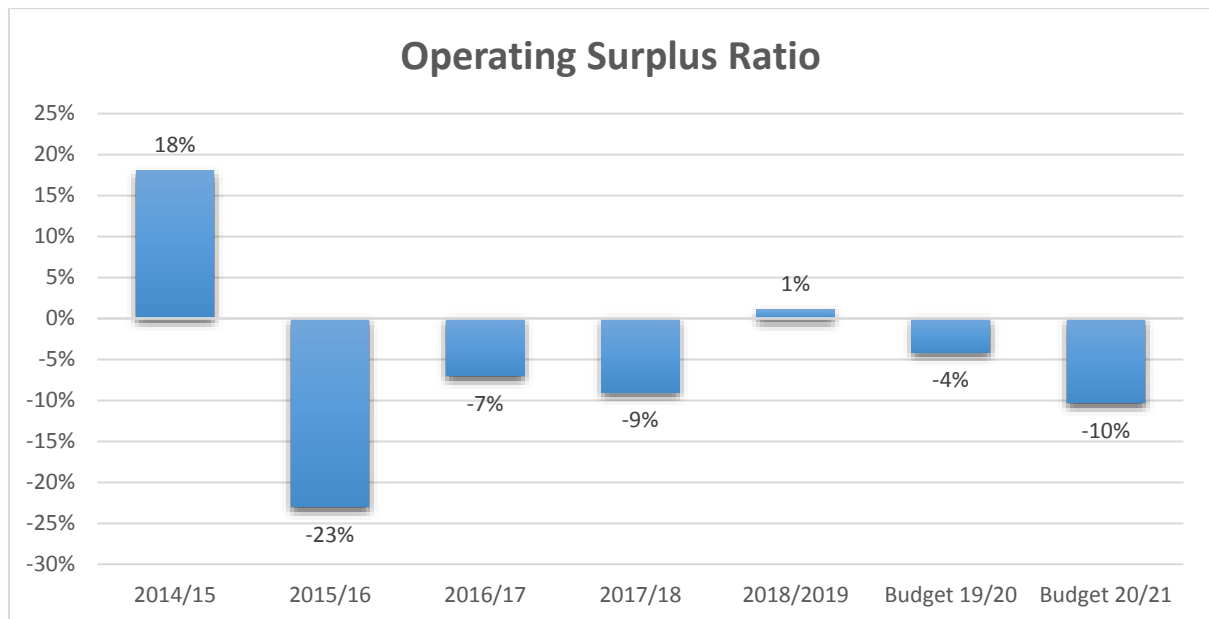
| | Audited AFS 2016/17 | Audited AFS 2017/18 | Audited AFS 2018/19 | 2019/20 Original Budget | 2020/21 Proposed Budget | Variance between 2019/20 & 2020/21 | Variance between 2019/20 & 2020/21 |
|---|---------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| <u>Receipts</u> | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | |
| Operating Receipts | 20,598 | 31,163 | 18,541 | 16,705 | 25,897 | 9,192 | 55.0% |
| Investment Receipts | 12 | 6 | 11 | 5 | 5 | 0 | 0.0% |
| <u>Payments</u> | | | | | | | |
| Operating Payments to suppliers & employees | (12,800) | (13,723) | (13,925) | (11,938) | (24,350) | (12,412) | 104.0% |
| Finance Payments | (529) | (503) | (597) | (532) | (465) | 67 | -12.6% |
| Net cash provided by (or used in) Operating Activities | 7,281 | 16,943 | 4,030 | 4,240 | 1,086 | (3,154) | -74.4% |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| <u>Receipts</u> | | | | | | | |
| Amounts specifically for new or upgraded assets | 258 | 1,496 | 4,072 | 560 | 7,276 | 6,716 | 1199.3% |
| Sale of replaced assets | 18 | 60 | 78 | 0 | 10 | 10 | 0.0% |
| Sale of surplus assets | 39 | 70 | 0 | 0 | 0 | 0 | 0.0% |
| <u>Payments</u> | | | | | | | |
| Expenditure on renewal/replacement of assets | (2,162) | (7,066) | (6,773) | (2,968) | (3,994) | (1,026) | 34.6% |
| Expenditure on new/upgraded assets | (7,958) | (12,004) | (1,526) | (1,591) | (3,853) | (2,262) | 142.2% |
| Net Cash provided by (or used in) Investing Activities | (9,805) | (17,444) | (4,149) | (3,999) | (561) | 3,438 | -86.0% |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | |
| <u>Receipts</u> | | | | | | | |
| Proceeds from borrowings and Bonds received | 4,115 | 4,574 | 23,236 | 1,649 | 1,500 | (149) | -9.0% |
| <u>Payments</u> | | | | | | | |
| Repayment of borrowings | (1,321) | (2,471) | (25,691) | (1,886) | (2,157) | (271) | 14.4% |
| Net Cash provided by (or used in) Financing Activities | 2,794 | 2,103 | (2,455) | (237) | (657) | (420) | 177.2% |
| Net Increase (Decrease) in cash held | 270 | 1,602 | (2,576) | 4 | (132) | (136) | -3394.6% |
| Cash & cash equivalents at beginning of period | 2,647 | 2,917 | 4,519 | 886 | 890 | 4 | 0.5% |
| Cash & cash equivalents at end of period | 2,917 | 4,519 | 1,943 | 890 | 758 | (132) | -14.8% |
| | | | | | | | |
| | | | | | | | |

| KANGAROO ISLAND COUNCIL | | | | | | |
|---|------------------------|------------------------|------------------------|-------------------------------|-------------------------------|----------|
| (YTD) UNIFORM PRESENTATION OF FINANCES | | | | | | |
| Proposed Budget 2020/21 | | | | | | |
| | Audited AFS 2016/17 | Audited AFS 2017/18 | Audited AFS 2018/19 | 2019/20 Original Budget | 2020/21 Proposed Budget | Variance |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Income | 15,845 | 15,081 | 17,864 | 16,710 | 16,704 | (6) |
| less Expenses | (16,988) | (16,427) | (17,679) | (17,397) | (18,425) | (1,028) |
| Operating Surplus / (Deficit) | (1,143) | (1,346) | 185 | (687) | (1,721) | (1,034) |
| less Net Outlays on Existing Assets | | | | | | |
| Capital Expenditure on renewal and replacement of Existing Assets | (2,162) | (7,066) | (6,773) | (2,968) | (3,994) | (1,026) |
| less Depreciation, Amortisation and Impairment | 4,576 | 4,636 | 4,925 | 4,927 | 4,793 | (134) |
| less Proceeds from Sale of Replaced Assets | 18 | 60 | 78 | 0 | 10 | 10 |
| | 2,432 | (2,370) | (1,770) | 1,959 | 809 | (1,150) |
| less Net Outlays on New and Upgraded Assets | | | | | | |
| Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments) | (7,958) | (12,004) | (1,526) | (1,591) | (3,853) | (2,262) |
| less Amounts received specifically for new and Upgraded Assets | 258 | 1,496 | 4,071 | 560 | 7,276 | 6,716 |
| less Proceeds from sale of Surplus Assets (including investment property & real estate developments) | 39 | 70 | 0 | 0 | 0 | 0 |
| | (7,661) | (10,438) | 2,545 | (1,031) | 3,423 | 4,454 |
| Net Lending / (Borrowing for Financial Year) | (6,372) | (14,154) | 960 | 241 | 2,511 | 2,270 |
| | | | | | | |

APPENDIX B

FINANCIAL INDICATORS

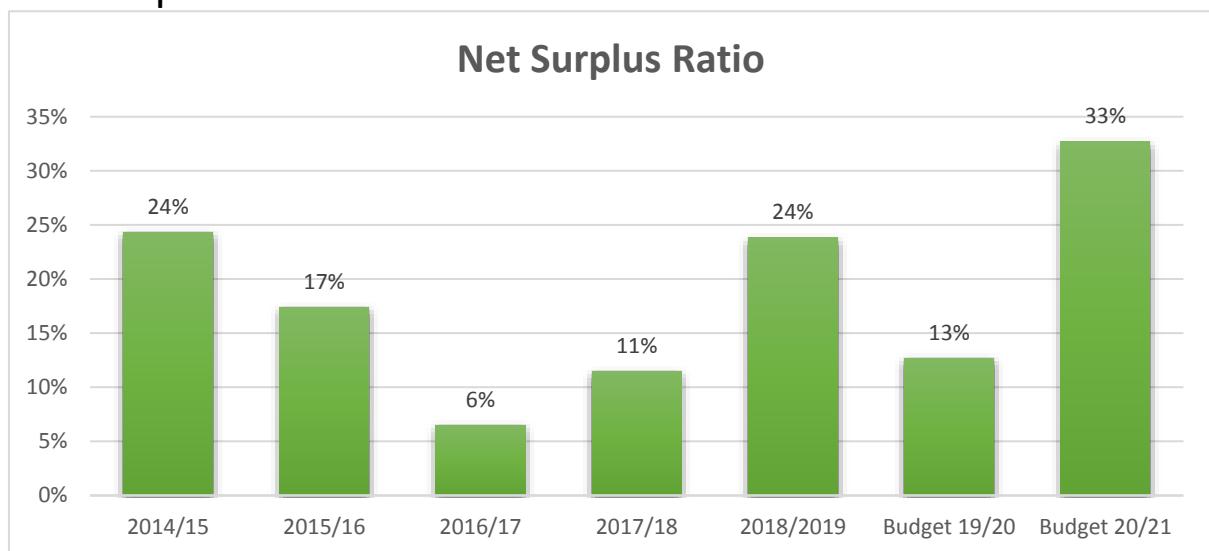
Operating Surplus Ratio



The Operating Surplus Ratio is the operating surplus/(deficit) expressed as a percentage of operating income. A positive ratio indicates the percentage of operating income available to help fund proposed capital expenditure. A negative ratio indicates the percentage increase in operating income or decrease in operating expenses required to achieve a break-even operating result.

Target – We aim to achieve an Operating Surplus Ratio of 0% within 10 years.

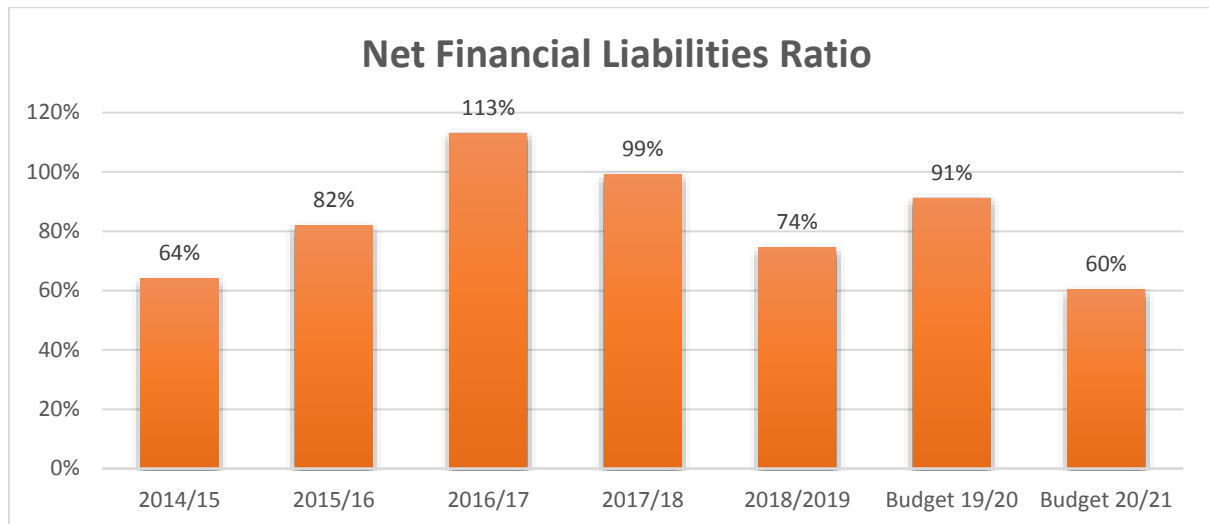
Net Surplus Ratio



The Net Surplus Ratio is the net surplus/(deficit) expressed as a percentage of operating income. This ratio recognises that Amounts received Specifically for New or Upgraded Assets and Physical Resources Received Free of Charge can have a significant influence on the Overall Net Surplus Ratio position.

Target – We aim to achieve a Net Surplus every year.

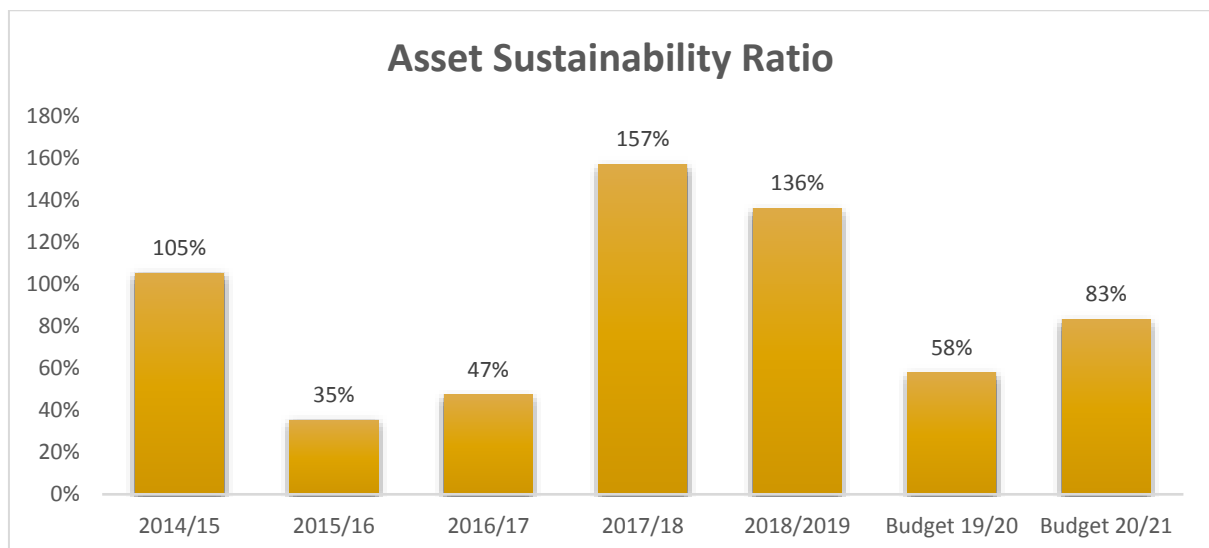
Net Financial Liabilities Ratio



The Net Financial Liabilities Ratio represents Council's net financial liabilities (total liabilities less financial assets) expressed as a percentage of total operating income. If the ratio falls, over time, this indicates that the Council's capacity to meet its financial obligations from operating revenue is strengthening.

Target – This Ratio should be greater than zero but less than 100% of Operating Revenue.

Asset Sustainability Ratio



The Asset Sustainability Ratio demonstrates whether assets are being renewed and replaced at the rate they are wearing out.

The ratio is usually calculated by measuring capital expenditure on renewal or replacement of assets over the financial year, divided by the optimal level of expenditure proposed in Council's Infrastructure and Asset Management Plans. However, because we have not had rigorous asset management planning in previous years, we have used depreciation as the measure and have done this again for the 2020-21 budget to demonstrate the trend.

Target - Council's target for this ratio is between 90% and 110% of depreciation.

Financial Indicators

Estimates for Council's Operating Surplus Ratio, Net Financial Liabilities Ratio and Asset Sustainability Ratio for **2020-21** budget are set out below in a manner consistent with the note in the Model Financial Statements entitled "*Financial Indicators*".

| | Budget 20/21 | Budget 19/20 | Actual 18/19 |
|--|--------------|--------------|--------------|
| Operating Surplus Ratio | -10% | -4% | 1% |
| Net Financial Liabilities Ratio | 60% | 91% | 74% |
| Asset Sustainability Ratio | 83% | 58% | 136% |

Achieving an operating surplus annually is challenging for Kangaroo Island Council, largely due to the high value of assets held, in particular over 1,362 kms of road, together with bridges, kerbs and footpaths valued at in excess of \$195M. With total depreciation of \$4.8M and general rates revenue of \$6.947M Council is reliant on grants to support the necessary revenue required to deliver the services expected of a local government. The operating revenue expected to be received by Council in 2020-21 is not sufficient to fund any capital expenditure and this is represented by both our operating position and our **operating surplus ratio**.

The Kangaroo Island Council is expecting to receive a large proportion of grant revenue during 2020-21 however this is provided specifically to Council to provide new or upgraded assets which has a nil effect on the operating surplus ratio position, but assists in Council achieving an overall positive **Net Surplus Ratio position**.

The **Net Financial Liabilities Ratio** sits comfortably below the upper target of 100%. This indicates that the Council's capacity to meet its financial obligations from operating revenue is strengthening as existing facilities continue to be repaid and no new borrowings are taken out in 2020-21.

With recognition of the DPTI \$2M contribution as grant income in 2020-21 we are able to demonstrate an improvement in the **Asset Sustainability Ratio**. Our large expenditure in recent years on new assets (Penneshaw CWMS and the Airport), has influenced our ability to commit to asset renewal and replacement expenditure. It is expected that the improved trend, demonstrated in 2020-21, will continue as long as the \$2M DPTI contribution continues to be received as income. Furthermore, as we continue to develop our infrastructure asset management plans and become more sophisticated in real time reporting the alignment of operating and capital expenditure in our annual budgets on asset renewal will be better informed and our asset sustainability ratio should continue to improve.

APPENDIX C

2020-21

CAPITAL WORKS, NEW AND RENEWED EXPENDITURE

| 2020-21 Capital Works List | | | |
|-------------------------------------|--|---------------------|----------------------|
| | | CAPEX | CAPIN |
| | | | |
| Footpaths | Upgrade to Footpaths – Kingscote, Penneshaw, Parndana, American River | \$ 200,000 | |
| Kerbs | Upgrade to Kerbs – Investigator Avenue Stage 3 | \$ 150,000 | |
| Parks and Gardens | Carry over 19/20 Upgrade and repair works to camping and day visitors' amenities | \$ 25,000 | |
| Plant Replacement | Mower | \$ 40,000 | \$ -10,000 |
| Unsealed Roads | Carry over 19/20 DPTI \$2M Unsealed Roads Program – North Coast Road | \$ 800,000 | \$ -800,000 |
| | Willson River Road (2km) | \$ 330,000 | \$ -2,000,000 |
| | Moore's Road (1km) | | |
| | East West One (1km) | | |
| | Brownlow streets (part resheet) | | |
| | DPTI \$2M 20/21 Unsealed Roads Program – Redbanks Road and Turkey Lane | \$ 2,000,000 | |
| Sealed Roads | Wedgewood Rd Hickmans Road upgrade Sector 2 | \$ 1,212,875 | \$ -808,584 |
| | Bimberta & Morenda Drive | \$ 270,000 | |
| | Township Reseals – Murray St, Addison St, Kingscote & Commercial, Buick & Hawthorn, Warrawee & Nelcebe | | |
| | Rural Reseals - Birchmore Rd, Seal Bay Rd | | |
| | Carry over 19/20 South Coast Road resheet | \$ 110,000 | |
| | Carry over 19/20 Birchmore Highway reseal | \$ 25,000 | |
| | Reseal to fire damaged sealed roads (CAPEX and OPINC) | \$ 200,000 | |
| Town Centres | Township Enhancements Program (State and Federal grants) | \$ 2,000,000 | \$ -1,000,000 |
| Kingscote Depot | Carry over 19/20 Security fencing and electric gate | \$ 24,000 | |
| Airport | Upgrade runway lighting | \$ 45,000 | |
| Risk Mitigation & Safety | A/River levy bank works | \$ 80,000 | \$ - 55,000 |
| | Total | \$ 7,511,875 | \$ -4,673,584 |
| | Net Capital Spend | \$ 2,838,291 | |
| CWMS * | Vivonne Ave line extension, Pioneer Street VC line replacement | \$ 95,000 | |
| | Carry over 19/20 Penneshaw CWMS West Stage 2 | \$ 240,000 | |
| | Total CWMS | \$ 335,000 | |
| | Total Net Capital Spend | \$ 3,173,291 | |

2020-21 New and Renew Expenditure

| | |
|---------------------------------|---------------------|
| New Capital Projects | \$ 525,000 |
| Upgrade Capital Projects | \$ 3,327,875 |
| Renewal Capital Projects | \$ 3,994,000 |
| Total | \$ 7,846,875 |

APPENDIX D

RATING AND REBATE POLICY


| | |
|---|---|
|  | <h2 style="text-align: center;"><i>Rating & Rebate Policy</i></h2> |
| Policy Classification | Council Policy |
| First Issued: | 8 August 2008 |
| Dates of Review: | June 2021 |
| Version Number: | 14 |
| Applicable Legislation: | <p><i>Local Government Act 1999</i></p> <p><i>Aged Care Act, 1997 (Commonwealth)</i></p> <p><i>Community Titles Act, 1996</i></p> <p><i>Education and Early Childhood Services (Registration & Standards) Act, 2001</i></p> <p><i>Goods and Services Act, 1999</i></p> <p><i>Health Care Act, 2008</i></p> <p><i>Valuation of Land Act, 1971</i></p> <p><i>Landscape South Australia Act 2019</i></p> <p><i>Water Industries Act, 2012</i></p> <p><i>Local Government (Financial Management) Regulations 2011</i></p> |
| Related Policies or Documents: | <p>Fees & Charges Policy</p> <p>Funding Policy</p> <p>FRWA Kerbside Collection and Waste Management Policy</p> <p>Rates Management Procedure Manual</p> <p>Code for Establishing and Applying Property Units as a Factor of the Imposition of Annual Service Charges for Community Wastewater Management Systems - published by the Local Government Association of South Australia, April 2006</p> |
| Associated Forms: | NA |
| Responsible Manager: | <p>Director Corporate Services</p> <p>Finance Department</p> |
| Approved by Council: | <i>Delete last two rows if policy is an administration policy</i> |
| Minutes Reference: | |

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7. Availability and Grievances **Error! Bookmark not defined.**

Rating & Rebate Policy

1. Preamble

- 1.1 Council's powers to raise rates are found in Chapter 10 of the Local Government Act 1999 (the Act). The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices.

2. Purpose

- 2.1 This document sets out the policy of the Kangaroo Island Council for setting and collecting rates from its community.

3. Scope

- 3.1 This document includes reference to compulsory features of the rating system, as well as the policy choices that the Council has made on how it imposes and administers the collection of rates.

4. Definitions

- 4.1 **CEO** means the Chief Executive Officer of the Kangaroo Island Council.
- 4.2 **Council** means the Elected Body.
- 4.3 **Kangaroo Island Council (KIC)** means the administration.
- 4.4 **CPI** means Consumer Price Index
- 4.5 **CWMS** means Community Wastewater Management Scheme
- 4.6 **DCSI** means Department for Communities & Social Inclusion
- 4.7 **DVA** means Department of Veterans' Affairs
- 4.8 **EFTPOS** means Electronic Funds Transfer at Point Of Sale
- 4.9 **LGA** means the Local Government Association of SA
- 4.10 **LSA** means Landscape South Australia Act 2019
- 4.11 **'Landscape Levy'** means Levy imposed under the Landscape South Australia Act 2019
- 4.12 **'Notional Valuation'** means the capital valuation assigned by the State Valuation Office after allowing for the portion of land under a current State Heritage Agreement
- 4.13 **'SFE'** means Single Farm Enterprise
- 4.14 **'the Act'** means the Local Government Act, 1999

5. Policy Statement

5.1 Strategic Focus

In setting its rates for each financial year Council will consider the following:

- Its Strategic Plan.
- Its Long Term Financial Plan.
- State legislative requirements.
- Its Budget requirements.
- The current economic climate.
- The specific issues faced by our community.
- The impact of rates on the community.
- The impact of rates on businesses.
- The relationship between Council objectives and rating policy.
- Council's debt strategy.
- Required funding for future asset replacement.
- The impact of differential changes in property valuations across the Island.

- As may be relevant, issues of consistency and comparability across Council areas in the imposition of rates on sectors of the community.

•
Copies of Council's Strategic Plan and Budget will be available for inspection and purchase at the Kangaroo Island Council offices and at Council's website www.kangarooisland.sa.gov.au

5.2 Method Used to Value Land

5.2.1 Councils may adopt one of three valuation methodologies to value the properties in their areas. They are:

- Capital Value – the value of the land and all the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

5.2.2 The Kangaroo Island Council has decided to use Capital Value as the basis for valuing land within the Council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers because property value is considered a reasonable indicator of income and capital value, which closely approximates the market value of a property.

5.3 Adoption of Valuations

5.3.1 A Council may employ or engage a Valuer to value the land in the area or it may use the valuations provided by the Valuer-General, or it may use a combination of both subject to certain restrictions. The Valuer-General is a statutory officer appointed by the Governor. The Kangaroo Island Council has adopted the most recent valuations made by the Valuer- General.

5.4 Objection to Valuation

5.4.1 A person may object to a valuation of the Valuer-General in writing, setting out the reasons for the objection, and the Valuer General must consider the objection. An objection to a valuation must be made within 60 days after the date of service of the valuation notice to which the objection relates, explaining the basis for the objection. If the person then remains dissatisfied with the valuation, they have a right to a review.

5.4.2 Right-of-Review applications must be made within 21 days of receipt of the notice of the decision (in relation to the objection) from the Valuer-General. A payment of the prescribed fee for the review to be undertaken, together with the review application must be lodged in the Office of the Valuer-General, who will then refer the matter to an independent Valuer. If the person remains dissatisfied with the valuation then they have a right of appeal to the Land and Valuation Court.

The address of the Office of the Valuer-General is:

Postal: State Valuation Office

GPO Box 1354

Adelaide SA 5001

Telephone: 1300 653 345

Email: lsqobjections@sa.gov.au

Website: www.sa.gov.au/landservices

Note: Council has no role in the process of considering an objection to a valuation. It is also important to note that the lodgement of an objection does not change the due date for the payment of rates.

5.5 Notional Values

- 5.5.1 Certain properties may be eligible for a notional value under the Valuation of Land Act 1971. This relates to some primary production land or where there is State Heritage recognition. Any owner who believes that they are entitled to a 'notional value' must apply in writing to the Office of the Valuer-General.

5.6 Business Impact Statement

- 5.6.1 Council has considered the impact of rates on businesses in the Council area, including primary production. In considering the impact, Council assessed the following matters:
- Those elements of Council's strategic management plans relating to business development.
 - The current and forecast economic climate.
 - Operating and capital projects for the coming year that will principally benefit industry and business development on the Island.
 - Movement in the Consumer Price Index (Adelaide Capital City index) and other relevant indices. The CPI represents the movement in prices associated with the goods and services consumed by the average metropolitan household for the most recent calendar year.
 - Valuation changes in commercial and industrial properties as compared with valuation changes in residential properties across the Island.

5.7 Council's Revenue Raising Powers

- 5.7.1 All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and other land prescribed in the Local Government Act, 1999 – refer Section 147 of the Act), is rateable. The Local Government Act, 1999 provides for a 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.
- 5.7.2 In addition, Council can raise separate rates for specific areas of the Council or service rates or charges for specific services. Council also raises revenue through fees and charges, which are determined giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available for inspection and purchase at the Kangaroo Island Council offices and free of charge from Council's website www.kangarooisland.sa.gov.au
- 5.7.3 A Goods and Services Tax at a rate determined under the Goods and Services Act, 1999 will be charged on those fees not given exemption under the Act.

5.8 Differential General Rates

- 5.8.1 Council set the differential general rates for the current year after consideration of capital value changes as advised by the Valuer-General. Other factors taken

into consideration include equity and fairness, simplicity, benefit to the community, impact of the differentials and the capacity to pay.

- 5.8.2 Kangaroo Island Council uses differential rating as it believes it is the fairest method of allocating rates. Council's differential rating system is based on land use.
- 5.8.3 The proposed differential general rates on the capital value of all rateable land in the area of the Council vary according to the use of the land for the current year as follows:
1. Residential
 2. Commercial – Shop
 3. Commercial – Office
 4. Commercial – Other
 5. Industry – Light
 6. Industry – Other
 7. Primary Production
 8. Vacant Land
 9. Other
 10. Marinas
- 5.8.4 If a ratepayer believes that a particular property has been wrongly classified by Council as to its land use, then the ratepayer (the objector) may object to that land use classification (to Council) within 60 days of being notified. The objection must set out the basis for the objection and details of the land use that, in the opinion of the ratepayer, should be attributed to that property. Council may then decide an objection as it sees fit and notify the objector in writing of its decision. An objector also has the right to appeal against Council's decision to the Land and Valuation Court.
- 5.8.5 A ratepayer may raise the matter with Council and, upon request, Council will provide a copy of Section 156 of the Local Government Act, 1999 which sets out the rights and obligations of ratepayers in respect of objections to a land use classification.

Note: Lodgement of an objection does not change the due date for the payment of rates.

5.9 Fixed Charge

- 5.9.1 Council imposes a fixed charge on each assessed property.
- 5.9.2 Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one fixed charge is payable by the ratepayer.
- 5.9.3 The reason for a fixed charge is to ensure that all residents / owners contribute towards the provision of basic services at a reasonable level.

5.10 Service Charge – Community Wastewater Management Scheme (CWMS) (formerly known as STEDS)

- 5.10.1 Council provides a Community Wastewater Management Scheme to most properties within the townships of Kingscote, Brownlow, Parndana, American River and Penneshaw, while also maintaining a service at Parndana East. Council must cover the full cost of operating and maintaining the service,

inclusive of interest payments on loans raised to upgrade the CWMS systems. Council must also allow for the future capital replacement of the system.

5.10.2 Council has committed to sustainable charging for CWMS on Kangaroo Island, which has been determined by the LGA and other external sources. Council will recover this cost through the imposition of a sustainable service charge per property unit as follows:

- Areas in the townships of Kingscote, Brownlow, Parndana, Parndana East, American River and Penneshaw, with the service charge being levied on all properties whether connected or otherwise, and if property is developed or vacant, and located in the defined collection scheme boundaries.

5.10.3 The property units are determined by reference to the “CWMS Accounting Principles – The Costing and Pricing of CWMS – December 2016.” published by the Local Government Association of South Australia.

5.11 Service Charges – Waste Management

5.11.1 Council is continuing to impose a Waste Management Service Charge in respect of the collection, treatment and disposal (including by recycling) of waste for the whole of Kangaroo Island. This charge is calculated and incurred in line with the Fleurieu Regional Waste Authority Kerbside Collection and Waste Management Policy, whilst separating the waste management services provided and payments determined as follows:-

| Category 1: Waste Treatment & Disposal | Category 2: Waste Collection |
|--|------------------------------|
| All Rateable Properties. | Residential |
| | Commercial |
| | Industrial |
| | Primary Production |

Note:-

- *Approved Single Farm Enterprises receive Waste Rebates, however all occupied property Assessments are charged the applicable Waste Service Charges.*
- *Non-rateable property Assessments will incur the annual Waste Management Service Charge if the Waste Collection Service is provided to the property Assessment.*

5.11.2 Pursuant to Section 155 of the Local Government Act, 1999 and Regulation 13 of the Local Government (General) Regulations, 2013, waste collection charges are applied on properties that are required to take their waste a distance to be collected. The Waste Collection charges are then charged based on the following tiered rates:-

- | | |
|--|-------|
| a. Collection Charge Rate: Distance Less than 500 metres | 100%; |
| b. Collection Charge Rate: Distance Less than 2 kilometres | 75%; |
| c. Collection Charge Rate: Distance Less than 5 kilometres | 50%; |
| d. Collection Charge Rate: Distance Over 5 kilometres | 0%. |

5.11.3 Where more than one occupied building is located on land under a single assessment, Council reserves the right to impose additional charges in respect of these residential or commercial buildings. This proviso also applies to strata or other community title properties.

- 5.11.4 Council has determined that where land has been annexed specifically for the purpose of supporting telecommunications facilities, an application may be made by the land owner for a full rebate of the waste service charge based upon the merit of the application.

5.12 Tenanted property

- 5.12.1 Council has determined that tenants of premises where there are multiple occupants in occupation of what would otherwise be considered to be contiguous properties, or a single property having multiple occupants who lease the property from a common owner, will be charged rates in accordance with the Valuer-General's land use determination and will be levied the relevant waste management charges as determined under Council's Waste Management Policy. In addition, where CWMS is available, a separate CWMS charge will be levied on each assessment.

5.13 Single Farm Enterprise (SFE)

- 5.13.1 A SFE is defined in Section 152 of the Act. The definition imposes an absolute requirement that all the occupiers be the same for all of the assessments comprising the SFE (regardless of who may own the land).
- 5.13.2 Existing SFE's that have applied to Council in preceding financial years will not need to reapply – unless requested to do so by Council. However, new SFE applications will need to be submitted by 30th June.
- 5.13.3 Council reserves the right to impose additional service charges on existing SFEs if the properties have additional occupied housing contained within the properties.

5.14 Landscape Levy

- 5.14.1 The Landscape Levy, set by the LSA Boards, is a State Government tax imposed under the Landscape South Australia Act 2019. As such, Councils are obliged to collect the levy on behalf of the State Government for no gain to Council.
- 5.14.2 The Landscape Levy is distributed evenly throughout the Council area by the imposition of an amount on each separate assessment of rateable land in the Council area for the same amount.

5.15 State Government Concessions

- 5.15.1 Cost of Living Concession (COLC) - The previous State Government Pension Concession of Council rates has been replaced with a COLC from 1st July 2015. Unlike the Pension Concession on Council rates which was paid directly to Council on your behalf, the COLC will be paid directly to those eligible from the State Government.
- 5.15.2 Self-Funded Retirees The Government of South Australia may determine that self-funded retirees meeting certain conditions will be entitled to a rebate on rates for their principal place of residence. Ratepayers who hold or are eligible and applying for a State Seniors card may be entitled to this rebate and will need to submit an application to State Government, Department of Communities and Social Inclusion (DCSI).

5.16 Centrelink Recipients and Low Income Earners

- 5.16.1 The DCSI may assist Centrelink recipients and low income earners with the payment of Council rates for their principal place of residence. (Remissions are not available on vacant land or rental premises).

All queries and applications are to be directed to the DCSI at:-

Email – concessions@sa.gov.au

Concessions Hotline– 1800 307 758

Website – www.sa.gov.au/concessions

5.17 Rebate of Rates

- 5.17.1 The Act sets out in Chapter 10, Division 5 (Sections 159 to 166) those provisions applicable to the Council granting a rebate of rates to persons or bodies.

5.18 Mandatory Rebates

- 5.18.1 Council must grant a rebate in the amount specified in respect of those land uses which the Act provides will be granted a rebate.

- 5.18.2 Rates on the following land will be rebated at 100%:

- Health Services - Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under Health Care Act 2008;
- Religious Purposes - Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes;
- Public Cemeteries - Land being used for the purposes of a public cemetery;
- Royal Zoological Society of SA - Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated.

Rates on the following land will be rebated at 75%:

- Community Services - Land being predominantly used for service delivery and administration by a community services organisation. A “community services organisation” is defined in the Act as a body that –
- is incorporated on a not for profit basis for the benefit of the public; and
- provides community services without charge or for a charge that is below the cost to the body of providing the services; and
- does not restrict its services to persons who are members of the body.

- 5.18.3 It is necessary for a community services organisation to satisfy all of the above criteria to be entitled to the mandatory 75% rebate. The Act further provides that eligibility for a rebate by a community services organisation is subject to it providing one or more of the following community services –

- emergency accommodation
- food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);
- supported accommodation (i.e., residential care facilities in receipt of Commonwealth funding or accommodation for persons with mental health,

intellectual, physical or other difficulties who require support in order to live an independent life);

- essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- legal services for disadvantaged persons;
- drug or alcohol rehabilitation services; or
- the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.

Educational Purposes

- Land occupied by a government school under a lease or licence and being used for educational purposes; or
- Land occupied by a non-government school registered under the Education and Early Childhood Services (Registration and Standards) Act, 2011, and being used for educational purposes; or
- Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.

5.18.4 Where a person or body is entitled to a rebate of 75% Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. Council may grant the further 25% rebate upon application or on its own initiative. In either case Council will take into account those matters set out within the Applications Clause of this Policy and may take into account any or all of those matters set out within that Clause.

5.18.5 Where an application is made to Council for a rebate of up to a further 25% the application will be made in accordance with the Applications Clause of this Policy and Council will provide written notice to the applicant of its determination of that application.

5.19 Discretionary Rebates

5.19.1 Council may in its absolute discretion grant a rebate of rates or service charges in any of the following cases pursuant to Section 166 of the Act:

- a) Where it is desirable for the purpose of securing the proper development of the area (or a part of the area);
- b) Where it is desirable for the purpose of assisting or supporting a business in its area;
- c) Where it will be conducive to the preservation of buildings or places of historic significance;
- d) Where the land is being used for educational purposes;
- e) Where the land is being used for agricultural, horticultural or floricultural exhibitions;
- f) Where the land is being used for a hospital or health centre;
- g) Where the land is being used to provide facilities or services for children or young persons;
- h) Where the land is being used to provide accommodation for the aged or disabled;
- i) Where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act, 1997 (Commonwealth) or a day therapy centre;
- j) Where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;

- k) Where the rebate relates to common property or land vested in a community corporation under the Community Titles Act, 1996 over which the public has a free and unrestricted right of access and enjoyment; and
 - l) Where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations.
 - m) Where the rebate is considered by the Council to be appropriate to provide relief in order to avoid what would otherwise constitute a liability to pay a rate or charge that is inconsistent with the liabilities anticipated by the Council in its annual business plan or a liability that is unfair or unreasonable.
 - n) Where the rebate is to give effect to a review of a decision of the Council under the Act, Chapter 13 Part 2.
 - o) Where the rebate is contemplated under another provision of the Act, 1999.
- 5.19.2 Council may grant a rebate of rates up to and including 100% of the relevant rates or service charges. Council may grant a rebate for a period exceeding one year, but not exceeding 10 years in respect of (a), (b) or (k) and not exceeding 3 years in respect of (l).

5.19.3 Council has an absolute discretion:

- To grant a rebate of rates or service charges in the above cases; and
- To determine the amount of any such rebate.

5.19.4 Persons who, or bodies which, seek a discretionary rebate, will be required to submit an application form to Council and provide to Council such information as stipulated on the application form and any other information that Council may reasonably require.

5.19.5 Council acknowledges that it has a number of long standing arrangements with various organisations to provide discretionary rebates. For each such organisation Council reserves the right either to extend the rebate for another 12 months (or to inform the organisation accordingly without requiring it to submit an application) or to request an application for Council consideration. This latter situation will particularly apply if the circumstances of the organisation are known (or perceived) to have changed.

5.20 Rate Capping

5.20.1 To provide ratepayers with relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to rapid changes in valuation, a rebate of general rates for the current year will be granted to the Principal Ratepayer of an Assessment under Section 166 (1) (l) of the Act. This can occur either by Council of its own initiative where Council is in possession of sufficient information to determine the entitlement to the rebate or otherwise on application to Council, where the amount of any increase in rates in respect of that assessment in monetary terms between the amount of general rates imposed for the last full year and the amount of general rates imposed for the current year, is greater.

5.20.2 For 2020/21 there will be no increase in the general rates from the previous year, subject to the below criteria being met. The amount of the rate capping rebate to be provided will be the amount of any increase in general rates from 2019/20.

| | | |
|-----------------|-------------------|---|
| Example: | \$1,500.00 | Previous full year general rates |
| | \$2,000.00 | Current full year general rates |
| | -\$ 500.00 | Rate Capping Rebate applies in current year |

5.20.3 The rebate is only applicable if:

- The property has the same owner(s) and the same ratepayer in both the previous & current years;
- The increase in capital improvement is <\$10,000; and
- The rate code in both the previous & current years are the same.

5.20.4 The rebate will be calculated collectively on adjoining properties under identical ownership and single farm enterprises and the rate rebate will be applied to the first assessment listed.

5.20.5 In providing the rates capping rebate to the applicable assessments, Council has deemed the rebate should provide relief in respect of any substantial valuation change.

5.21 Payment of Rates

5.21.1 As required by Section 181 of the Act, Kangaroo Island Council offers ratepayers the opportunity to pay their rates in four equal or approximately equal instalments, due in the months of September, December, March and June each year.

5.21.2 In cases where the initial account requiring payment of rates is not sent at least 30 days prior to this date, or an amended account is required to be sent, the Chief Executive Officer has the authority to fix the date by which rates must be paid for these assessments.

5.21.3 The Chief Executive Officer also has the authority to enter into agreements with principal ratepayers relating to the payment of rates in any case where they consider it necessary or desirable to do so.

5.21.4 Rates may be paid by:-

- Bpay – through your bank;
- In Person during the applicable business hours at the Council office
43 Dauncey Street, KINGSCOTE
Or
Penneshaw Community Business Centre Middle Terrace, PENNESHAW
- Internet – www.kangarooisland.sa.gov.au
- Mail (cheque/money order) – PO Box 121, KINGSCOTE 5223

5.21.5 Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact Council to discuss alternative payment arrangements. Such inquiries are treated confidentially by Council.

Note: Late payment fines and interest may still apply.

5.22 Late Payment of Rates / Debt Recovery

- 5.22.1 The Act provides that Councils may impose a penalty on any payment for rates, whether instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late.
- 5.22.2 The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Councils to recover the administrative cost of following up unpaid rates and to cover any interest cost a Council may incur because it has not received the rates on time.
- 5.22.3 Any payment extensions or arrangements will continue to be charged fines & interest until the outstanding amount is paid in full.
- 5.22.4 The Kangaroo Island Council imposes late payment penalties strictly in accordance with the Act. The ability to remit penalties in whole or part is a power vested in Council. At the Kangaroo Island Council, each case will be considered on its merits based on the information provided.

5.23 Postponement and Remission of Rates

- 5.23.1 Council may postpone or remit rates in whole or in part under section 182(1) of the Act if satisfied on the application of a ratepayer that payment would cause hardship.
- 5.23.2 The Council has an absolute discretion to:
- grant or decline postponement or a remission of rates or service charges in such circumstances; and
 - determine the amount of any such postponement or remission.
- 5.23.3 The ratepayer has the discretion to decide between rate postponement and rate remission whenever it is established on the application of a ratepayer that the payment of rates would cause hardship.
- 5.23.4 Council will assess whether the payment of rates will cause hardship against the expected income and expenditure of the ratepayer in the financial year to which the application relates.
- 5.23.5 Interest will be raised on any amount affected by postponement at the cash advance debenture rate used by the Local Government Finance Authority as at the commencement of each financial year.
- 5.23.6 The amount of any rate remission granted will be no greater than the difference between the fixed charge and the amount of rates raised. The Landscape Levy is payable in full.
- 5.23.7 Persons or bodies seeking rate relief under section 182 of the Act will be required to submit a written application to the Council and provide sufficient information to substantiate hardship and the need for postponement or a remission to be granted. Australian Taxation Office assessment notices and statutory declarations may need to be submitted with the application. The

amount of the postponement or remission being sought also needs to be submitted.

- 5.23.8 Council requires an application for postponement or a remission of rates to be in the form of a written letter addressed to the Chief Executive Officer.

5.24 Postponement of Rates – Seniors

- 5.24.1 Eligible senior ratepayers (i.e. persons eligible to hold a Seniors card) have the option to apply to Council for a postponement of the payment of the prescribed proportion of rates for the current or a future financial year. The postponement is only available in relation to the prescribed proportion of rates being any amount in excess of \$500 per rateable year and applies to the principal place of residence of the eligible senior ratepayer.

- 5.24.2 Additional information pertaining to the property may be requested by Council to help in the decision making of the application, for example, mortgage documents.

- 5.24.3 If a postponement of the payment of rates occurs, interest will accrue at the rate specified in the Act on the amount affected by the postponement, until the amount is paid in full.

- 5.24.4 During the postponement period, Council may complete regular reviews of the outstanding balance. The reviews will be to ensure there is adequate property value available to repay the postponement amount, plus any interest held against the property upon the sale of the property. Council may request additional information be provided to complete the review.

5.25 Deferred Payments

- 5.25.1 Under special circumstances, Council's CEO or delegate may authorise a deferred payment option to ratepayers. Deferred payment options may not incur fines and / or interest during the period specified.

- 5.25.2 The deferred payment option is intended to provide financial relief for a group of property assessments who have/are experiencing the same circumstance, as a once off relief. It is not the intention of this relief to be provided on property assessments/ratepayers singularly or on an ongoing/regular basis.

5.26 Delivery of Rate Notices

- 5.26.1 Ratepayers are able to elect to have their rate notices delivered in the post or electronically and the options are:-

- Post;
- Email;
- Bpay View – via internet banking;

- 5.26.2 The default is to deliver rate notices in the post and ratepayers are able to request Council in writing if delivery by email is preferred. If no written request is received from the ratepayer, rate notices will continue to be sent in the post.

5.27 Debt Recovery

5.27.1 All ratepayers have until the date on which the instalment of rates is due. After that the following recovery procedure will come into effect:

- a) Fines and interest as provided by the Act will be added.
- b) An overdue notice will be forwarded within 28 days of the imposition of a late payment penalty.
- c) The debt may be placed in the hands of a debt collector if payment or arrangement for payment is not made within the overdue notice pay by date (21 days from date on overdue notice) and a notice of intention to issue a claim will be forwarded by the debt collector.
- d) Court proceedings will be instigated if the payment is still overdue after 21 days.

5.27.2 All fees and court costs will be recovered from the ratepayer.

5.27.3 When Council receives a payment in respect of overdue rates, Council applies the money received in the following order:

- a) To satisfy any costs awarded in connection with court proceedings;
- b) To satisfy any interest costs;
- c) In payment of any fines imposed;
- d) In payment of rates, in date order of their imposition (starting with the oldest account first).

5.28 Sale of Land for Non-Payment of Rates

5.28.1 Section 184 of the Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. The Kangaroo Island Council enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of the Act.

5.29 Overpayment of Rates

5.29.1 Council will not pay interest on any voluntary overpayment of rates and will not refund any amount unless requested by the principal ratepayer. Any credit balance will be applied against the next instalment of rates.

5.29.2 Council may review the balance of rates on each property and if rates have been overpaid, a refund payment may be processed to the principal ratepayer. Council will require in writing if the ratepayer requests any rate refunds or overpaid rates to be paid towards future rate payments.

5.30 Applications

5.30.1 All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, Kangaroo Island Council via email at kicouncil@kicouncil.sa.gov.au or post at PO Box 121, Kingscote SA 5223 and include sufficient details to identify the relevant property and any supporting documentation in support of the application.

5.31 Changes to Assessment Records

5.31.1 All changes to postal address of ratepayer/owner, changes of ownership of a property and changes to ratepayer/owner name must be notified promptly to Council in writing or via Council's website at www.kangarooisland.sa.gov.au

5.32 Disclaimer

5.32.1 A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

5.32.2 Where a ratepayer believes that Council has failed to properly apply this policy it should raise the matter with Council. In the first instance contact should be directed to the Rates Officer to discuss the matter. If after this initial contact a ratepayer is still dissatisfied, they should then write to the Chief Executive Officer, Kangaroo Island Council explaining the nature of their concerns:-

- email at kicouncil@kicouncil.sa.gov.au ; or
- post at PO Box 121, Kingscote SA 5223.

5.33 Contact Details for Further Information

| | <u>Rates Officer</u> | <u>KI Council</u> |
|-----------|--|--|
| Email | rates@kicouncil.sa.gov.au | kicouncil@kicouncil.sa.gov.au |
| Telephone | 08 8553 4500 | 08 8553 4500 |
| Facsimile | 08 8553 2885 | 08 8553 2885 |
| Website | www.kangarooisland.sa.gov.au | www.kangarooisland.sa.gov.au |

6. Review and responsibilities

This Rating and Rebate Policy shall be reviewed by Council and the Audit & Risk Committee annually.

7. Availability and Grievances

7.1.1 This Policy will be available for inspection at the Council's Offices 43 Dauncey Street, Kingscote during ordinary business hours and via the Council's website: www.kangarooisland.sa.gov.au Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

7.1.2 Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer, Kangaroo Island Council, PO Box 121, Kingscote SA 5223

SIGNED:



Chief Executive Officer

Date: 9 June 2020

Being a Policy adopted by the Mayor and Elected Council

| History: | | |
|----------------|-----------|-----------------------|
| Date Reviewed: | Version: | Reason for Amendment: |
| 8 August 2008 | Version 1 | Final Policy |

| | | |
|----------------|------------|--|
| 27 April 2009 | Version 2 | Draft Policy Adoption 2009-10 |
| 2 July 2010 | Version 3 | Draft Policy Adoption 2010-11 |
| 30 June 2011 | Version 4 | Draft Policy Adoption 2011-12 |
| 13 June 2012 | Version 5 | Annual Policy Review by Council 2012-13 |
| 12 June 2013 | Version 6 | Annual Policy Review by Council 2013-14 |
| 11 June 2014 | Version 7 | Annual Policy Review by Council 2014-15 |
| 09 June 2015 | Version 8 | Annual Policy Review by Council 2015-16 |
| 21 June 2016 | Version 9 | Annual Policy Review by Council 2016-17 |
| 13 June 2017 | Version 10 | Annual Policy Review 2017-18 Ref# C189:2017 |
| 08 August 2017 | Version 11 | Minor Addition to recognise transition from Council's Waste Management Policy to FRWA's Waste Management Policy. C263:2017 |
| 12 June 2018 | Version 12 | Annual Policy Review 2018-19 Ref# C176:2018 |
| 12 June 2019 | Version 13 | Annual Policy Review 2019-20 Ref# C214:2019 |
| 9 June 2020 | Version 14 | Council Policy Review |