



KANGAROO  
ISLAND  
COUNCIL

# Annual Business Plan

2022-2023



Version	Status	Release Date
Version 1.0	Draft released for Council	24 May 2022
Version 1.0	Draft released for <b>26</b> days community consultation	26 May 2022
Version 2.0	Endorsed by Council	12 July 2022

## Questions?

Members of the community who have questions regarding the 2022-2023 Annual Budget, 2022-2023 Annual Business Plan or seeking further information about Council's finances, are encouraged to contact Council during business hours, or via email.

## Contact details for Council

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Mail:	Kangaroo Island Council, PO Box 121, KINGSCOTE SA 5223

## Community consultation

The Kangaroo Island Council Annual Business Plan 2022-2023 **was** open to public consultation for 26 days from 26 May 2022.

Council **communicated** the consultation period and opportunities to provide feedback on the draft 2022-2023 Annual Business Plan and Budget through advertisements in the local newspaper The Islander, on public notice boards, on Council's website and Facebook page. There **was also** opportunity to attend a public consultation meeting to ask questions and submit questions in writing.

## Acknowledgment of Country

The Kangaroo Island Council acknowledges and respects Aboriginal people as the First Peoples and Nations of the lands and waters on which we live and work. We pay our respects to their Elders past, present and emerging. We acknowledge and respect the deep spiritual connection and the relationship that Aboriginal and Torres Strait Islander people have to Country.

# Contents

Message from the Mayor	1
Message from the Chief Executive Office	2
Your Council	3
Elected Members	3
Contact details for Elected Members	4
Executive Management Team	4
Contact Details for Council	4
Useful Definition	5
Vision and Mission	6
Council Services	7
Strategic Plan – Strategic Objectives and Strategic Outcomes	8
Linking Council's Strategic Plans to the Budget	9
Annual Business Plan and Budget alignment – Strategic Outcomes and Key Activities for 2022–2023	10
Measuring Overall Performance	12
Looking Back 2021-22 Projects	13
Snapshot - key budget influence	14
Looking Forward	15
2022-2023 Budget	15
Key budget assumptions	16
Summary Budget 2022-2023	16
Rates summary	17
Projects	21
Sources of Income and Expenditure	24
 APPENDIX A – FINANCIAL STATEMENTS	 26
Income Statement	26
Notes on Income Statement 2022-23 – changes in 2022-2023 budget from 2021-2022 budget	27
Balance Sheet	28
Cash Flow Statement	29
Statement of Changes in Equity	30
Uniform Presentation of Finances	31
APPENDIX B – FINANCIAL INDICATORS	33

# Message from the Mayor

The Covid-19 pandemic and the ongoing recovery process from the catastrophic 2019/2020 bushfires are the two key events that have continued to influence Kangaroo Island Council's operations and budget over the past financial year.

To expedite the recovery process, the Council engaged with the community to develop and implement a firm plan to improve the infrastructure of our townships, roads, and footpaths while managing the Council's debt.

In support of this, Council undertook the following renewal and capital works projects:

- Phase 1 of the Town Centre's Project in Kingscote, Parndana, American River and Penneshaw.
- Completion of the sealing of Wedgewood Road and Hickman's Road.
- Playford Highway repair and reseal after the 2019/2020 bushfires.
- Upgrade of Jetty Road and Borda Road.
- Renewing and installing new footpaths in townships as part of Council's Five-year Footpath Plan.



Council has worked hard to support our community by providing quality services while managing the constraints on our budget. Revenue from our ratepayer base does not cover the expense of infrastructure investment to keep up with population and tourism growth. Where possible, Council has sought grant funding for projects that bring opportunities for social connection, encourage business activity and economic investment as well as help our community mitigate the risks of natural disasters.

Despite a good season on the land and solid domestic tourism numbers, Kangaroo Island's economic recovery has been subject to the same challenges faced in regions around Australia. Kangaroo Island is experiencing: a shortage of worker's accommodation; a lack of childcare services to meet current needs; issues for residents to access professional, health and government services; an investment requirement in road and transport infrastructure to keep up with population and economic growth together with supply chain delays and increased costs across all industries.

We look forward to working with our partners to address these issues in the year ahead. In support of the island's economic recovery, Council will commence the following projects in the financial year 2022-2023:

- Installation of toilet amenities at Emu Bay Campground.
- Reseal and renewal of Birchmore Road, Sea Eagle Way, Playford Highway and South Coast Road.
- Installation of beach access stairs at Baudin Beach and Pennington Bay.
- Installation of playground equipment at American River, Penneshaw and Emu Bay.

Our Council is committed to continuing the upgrade of our infrastructure assets and delivering quality core services for the benefit of all Islanders while managing the budget and Council's debt. We will achieve this goal through sound business management, encouraging economic development and working with our partners to support the recent record levels of investment on Kangaroo Island.

A handwritten signature in black ink that reads "Michael Pengilly".

**Michael Pengilly**

Mayor

# Message from the Chief Executive Office

The Annual Business Plan for 2022-2023 will continue progress in delivering the objectives of our Strategic Plan 2020-2024.

Council developed this year's Annual Business Plan in consideration of the current economic environment and the consequent pressures on our communities. As a result, there has been considerable effort made to balance the needs of our communities with sustained investment in infrastructure and services.

The economic impact of Covid-19 and the ongoing recovery from the 2019/2020 bushfires have continued to influence Council's budget and operations. Yet despite these events, the past year has seen record levels of public and private investment on Kangaroo Island.

The Valuer-General increased the value of the properties on Kangaroo Island, which have risen in line with the increase in demand for land and property development investments being made across the island. This should be seen as confidence in the growth and opportunities on the island which also helps in allowing us to invest in infrastructure and assets as part of the Council's commitment to delivering value to our community.

Last year, the Council commissioned an in-depth report on our key assets to ensure a prudent way forward in effectively managing the Council's assets, roads and infrastructure.

This year, we are investing over \$1 million in renewing our key assets to deliver our services and maintain our infrastructure to a standard that meets our community's expectations.

In the past year, Council has been working with our strategic partners to:

- Improve the island's mobile blackspots and connectivity issues.
- Reduce the cost of freight and residential travel to the mainland.
- Secure our water supply. This is occurring through the SA Water desalination project. A \$64.9 million investment by the State Government.
- Invest in our townships. Stage 1 of the Town Centres Project is revitalising our townships and is critical to attracting investors, tourists and local consumers while supporting our tourism and hospitality sectors that have suffered a significant downturn in international tourist visitation due to COVID-19.

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

To achieve this, we need to consider the collective needs, interests and aspirations of the individuals, groups and businesses who make up our community. By working together, we can continue to build back stronger from the Black Summer bushfires and ensure long-term prosperity for all.



**Greg Georgopoulos**  
Chief Executive Office





# Your Council

## Elected Members

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



**Mayor**  
Michael Pengilly



**Deputy Mayor**  
Bob Teasdale



**Councillor**  
Sam Mumford



**Councillor**  
Peter Denholm



**Councillor**  
Shirley Pledge



**Councillor**  
Ken Liu



**Councillor**  
Rosalie Chirgwin



**Councillor**  
Richard Cotterill



**Councillor**  
David Mephram

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 facilitate communication between the community and Council.

## Contact details for Elected Members

Mayor Michael Pengilly	<b>M</b> 0419 030 564	<b>E</b> <a href="mailto:michael.pengilly@kicouncil.sa.gov.au">michael.pengilly@kicouncil.sa.gov.au</a>
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## Contact details for Executive Management Team

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Ian Hart	<b>M</b> 0492 071 017	
Director Community Services		
Vacancy		
Director Works and Infrastructure		

## Contact Details for Council

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Web:	<a href="http://www.kangarooisland.sa.gov.au">www.kangarooisland.sa.gov.au</a>
Mail:	Kangaroo Island Council, PO Box 121, KINGSCOTE SA 5223

# Useful Definition

## CPI

The Consumer Price Index (CPI) is based on the price of a 'basket' of goods and services and is used to measure change in this price over time. The content of the 'basket' is determined through the Australian Bureau of Statistics: Household Expenditure Survey.

## Differential rate

Refers to the rate in the dollar, which is used to calculate the 'actual' rates incurred by individual ratepayers.

## Growth

Refers to any new developments made to a property e.g. an extension, land divisions, separate tenancies and new builds.

## LGPI

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. The LGPI provides Council with a useful reference regarding the inflationary effect of price changes of goods and services consumed by Local Government. The index reflects, over time, the movement in prices for a number of cost components as well as the aggregate spent on these components. The index includes both operating and capital expenditure on a State average basis.

## Budget review

The process of reviewing the budgeted income and expenditure and assessing the budget every quarter.

## Financial year (FY)

The period from 1 July to the following 30 June.

## Key financial indicators

These are calculated and provided in accordance with Information Paper 9 – Local Government Financial Indicators prepared as part of the Financial Sustainability Program for the Local Government Association of South Australia. They assist the reader to track Council's financial management performance in identified critical areas

Key financial indicators are

- Operating surplus ratio  
The operating surplus ratio highlights the operating result as a percentage of total revenue (excluding the NRM Levy).
- Net financial liabilities ratio  
This ratio demonstrates the relative size of Council's net financial liabilities against total operating income
- Asset sustainability ratio  
This ratio represents the ratio of new capital expenditure on renewal or replacement of assets, relative to the optimal level of expenditure proposed in Council's Asset Management Plan

## Land use classification

A State-wide property database, linked to the capital valuation process, this is maintained by the Valuer-General. The database is updated annually and includes information on land use classification such as residential, commercial or industrial

## Average general rate

Council calculates its average general rate by dividing the total revenue to be raised by general rates by the total number of rateable properties.

## Average capital value

Council calculates its average capital value by dividing the capital value (set by the VG) of all rateable residential properties by the total number of rateable residential properties.

## Total revenue

Total revenue is the revenue received by Council from all of its various sources of funding including rates revenue (net of all rebates), fees and charges levied and grants received.

## Operating expenditure

The cost related to the running of the Council; it represents the cost of consumption incurred when supplying services in the period.

## Capital expenditure

The investment in the infrastructure and assets that creates a long-term benefit, beyond the current year.





## Vision

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



## Mission

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



# Council Services



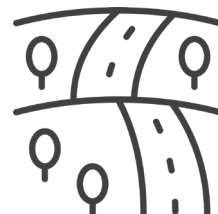
Library Services



Boating Facilities



Stormwater



Road Management



Waste Management



Ovals & Playgrounds



Economic  
Development



Fire Prevention



Community  
Development



Roadside Vegetation



Development  
Assessment








Parks & Gardens

## YOUR COUNCIL

Strategic Planning  
Risk Management  
Community Engagement  
Financial Planning  
Leadership  
Advocacy

# Strategic Plan (2020-2024)

1	2	3	4	5
				
INFRASTRUCTURE	COMMUNITY	ECONOMY	ENVIRONMENT	ORGANISATION
A built environment focused on essential and Community services.	Communities and Individuals empowered to improve the quality of Island life.	Re-establish a strong and diverse economy.	Our environment is maintained, enhanced and protected.	Leadership to deliver positive social, financial and environmental outcomes.
RECOVERY				
1.1 Develop and maintain our roads and physical assets to acceptable standards.	2.1 Enhance community partnerships with Council.	3.1 Facilitate appropriate economic development by providing a supportive environment for local business.	4.1 Best practice waste management.	5.1 Community is supported in its recovery.
1.2 Optimise Island access opportunities and affordability.	2.2 Enrich community culture, health and well-being.	3.2 Optimise land use to grow the Island economy.	4.2 Proactively adapt to environment change.	5.2 Continuous improvement in strategic, financial, risk management and business planning processes.
1.3 Deliver a built environment that responds to community and business needs.	2.3 Improve Island liveability.	3.3 Collaborate with Government and other partners for better Island outcomes.	4.3 Statutory requirements are met for animal, land and vegetation management.	5.3 Good governance.
1.4 Advocate for improved essential services across the Island.			4.4 Support initiatives for a sustainable carbon neutral future.	5.4 Positive organisational culture.

# Linking Council's Strategic Plans to the Budget

The Annual Business Plan 2022-2023 is again driven by fiscal responsibility but also considers long term impacts. It is aligned to the objectives and targets set in our 2020-2024 Strategic Plan, our Infrastructure and Asset Management Plans and Council's 2021-2030 Long Term Financial Plan (LTFP). The aim of the LTFP is to provide information to provide information to Council in order to:

- inform future decision making of Council
- understand the level of financial and interest rate risk exposure
- confirm the adequacy of spending on asset and capital renewal
- allow the ability to track performance against key financial ratios and
- inform decisions around future service levels and service provision.

## Asset Management Plans

The aim of Council's Asset Management Plans is to ensure that our assets, such as our roads, buildings, footpaths, playgrounds, marine facilities etc are renewed and replaced at the optimal rate, to enable us to extend their useful life and prevent them from deteriorating to unusable levels.

## Long Term Financial Plan (LTFP)

Kangaroo Island Council remains committed to long-term financial planning and financial sustainability. The 2021-2030 LTFP projects income for 2022-2023 to be \$19.224M, Council has determined an income of \$19.719M. The difference reflects an increase in grants and other income as compared with LTFP forecast figures.

Our expenditure planned for this budget also differs from the LTFP forecast which was \$21.030M. Instead it is planned to be \$20.940M.

Importantly this additional revenue and budgeted expenditure allows Council to progress capital works program, upgrading and renewing assets as well as road maintenance.

To view the Long Term Financial Plan visit: [www.kangarooisland.sa.gov.au/plans](http://www.kangarooisland.sa.gov.au/plans)

## Comparison Table 2022-2023 Budget with 2021-2030 LTFP

	2022/2023 Budget	LTFP FORECAST
Operating Income	\$19.719M	\$19.224M
Operating Expenses	\$20.940M	\$21.030M
Operating Surplus/(Deficit)	(\$1.221M)	(\$1.807M)
Non Operating	\$4.150M	\$3.854M
Net Surplus/(Deficit)	\$2.929M	\$2.047M

# Annual Business Plan and Budget Alignment

## Strategic Outcomes and Key Activities for 2022-2023

### Infrastructure

A built environment focused on essential and community services

STRATEGIC GOAL	STRATEGIC OUTCOME 2022-2023
<b>1.1 ROADS AND ASSETS</b>  Develop and maintain our roads and physical assets to acceptable standards	<ul style="list-style-type: none"> <li>• Unsealed road renewal</li> <li>• Sealed road renewal</li> <li>• Footpath and kerbing upgrades</li> <li>• Review the 2005 Kingscote Community Wastewater Management System Extension Plan to prioritise the extension works</li> </ul>
<b>1.2 ACCESS</b>  Optimise Island access opportunities and affordability	<ul style="list-style-type: none"> <li>• Develop an Airport master plan</li> <li>• Advocate for an increase in flight frequency to and from the island</li> <li>• Work with community groups to improve disability accessibility for Council and community assets</li> </ul>
<b>1.3 BUILT ENVIRONMENT</b>  Deliver a built environment that responds to community and business needs	<ul style="list-style-type: none"> <li>• Make improvements to the streetscape character in the four main townships</li> <li>• Complete a review of all Council owned visitor facilities, determine requirements and develop options for self-sustaining maintenance funding</li> <li>• Upgrades and renewal on marine facilities based on condition audit undertaken</li> <li>• Negotiate with Federal and State governments to develop the Kangaroo Island Plan</li> </ul>
<b>1.4 ENERGY AND UTILITIES</b>  Advocate for improved essential services across the Island	<ul style="list-style-type: none"> <li>• Collaborate with providers to improve Island internet coverage and eliminate mobile blackspots on Kangaroo Island</li> <li>• Collaborate with SA Water and other stakeholders to water-proof Kangaroo Island by completing all major components of the SA Water plan by 2023</li> <li>• DIT Unsealed road upgrades \$2m</li> </ul>

### Community

Communities and individuals are empowered to improve the quality of life on Kangaroo Island

STRATEGIC GOAL	STRATEGIC OUTCOME 2022-2023
<b>2.1 PARTNERSHIPS</b>  Enhance community partnerships with Council	<ul style="list-style-type: none"> <li>• Review community grant and sponsorship programs and set funding baselines</li> <li>• Continue to work with community groups including Progress Associations and Sports Clubs</li> <li>• Implement a Council work experience and continue the Council trainee program</li> </ul>
<b>2.2 CULTURE, RECREATION, HEALTH AND WELL-BEING</b>  Enrich community culture, health and well-being	<ul style="list-style-type: none"> <li>• Adopt and develop programs from the Regional Public Health Plan 2022 – 2027</li> <li>• Continue working with the community on projects including accessible beaches and community gardens</li> <li>• Continue to deliver the recommendations from the Disability Access and Inclusion Plan</li> </ul>
<b>2.3 LIVABILITY</b>  Improve Island livability	<ul style="list-style-type: none"> <li>• Re imagining the main streets reflecting community aspiration</li> <li>• Develop the Kangaroo Island Natural Disaster Mitigation Project to aid mitigation, resilience and recovery</li> </ul>

## Economy

Re-establish a strong and diverse economy

STRATEGIC GOAL	STRATEGIC OUTCOME 2022-2023
<b>3.1 ECONOMIC DEVELOPMENT</b> Facilitate appropriate economic development by providing a supportive environment for local business	<ul style="list-style-type: none"> <li>• Focus on and optimise grant funding for Council's priority areas</li> <li>• Working closely with local businesses to develop and support opportunities</li> <li>• Finalise Council's Prospectus to attract continued investment and opportunities for our community</li> </ul>
<b>3.2 PLANNING</b> Optimise land use to grow the Island economy	<ul style="list-style-type: none"> <li>• Review of Urban Design frameworks for townships</li> <li>• Development and finalisation of the structure plan for American River</li> </ul>
<b>3.3 COLLABORATION</b> Collaborate with Government and other partners for better Island outcomes	<ul style="list-style-type: none"> <li>• Ongoing \$2 million unsealed roads upgrade with Department of Infrastructure and Transport (DIT)</li> <li>• Collaborate with Regional Development Australia (RDA) and identify and pursue favourable outcomes for Kangaroo Island for inclusion in RDA's Regional Roadmap</li> </ul>

## Environment

Our environment is maintained, enhanced and protected

STRATEGIC GOAL	STRATEGIC OUTCOME 2022-2023
<b>4.1 WASTE MANAGEMENT</b> Best practice waste management	<ul style="list-style-type: none"> <li>• Review of KIRRC building and infrastructure needs</li> </ul>
<b>4.2 CHANGING CLIMATE</b> Proactively adapt to environment change	<ul style="list-style-type: none"> <li>• Develop whole-of-island action plan for natural disaster mitigation</li> </ul>
<b>4.3 ANIMAL AND LAND MANAGEMENT</b> Statutory Requirements are met for animal, land and vegetation management	<ul style="list-style-type: none"> <li>• Responsible dog and cat management</li> <li>• Managing roadside vegetation</li> </ul>
<b>4.4 CARBON NEUTRALITY</b> Support initiatives for a sustainable carbon neutral future	<ul style="list-style-type: none"> <li>• Working with all levels of Government on achievable and sustainable targets</li> <li>• Develop a Council tree planning program</li> </ul>

## Organisation

Leadership to deliver positive, social, financial and environmental outcomes

STRATEGIC GOAL	STRATEGIC OUTCOME 2022-2023
<b>5.1 RECOVERY</b> Community is supported in its recovery	<ul style="list-style-type: none"> <li>• Support community and emergency services and collaborate to build preparedness and resilience</li> </ul>
<b>5.2 IMPROVEMENT</b> Continuous improvement in strategic, financial, risk management and business planning processes	<ul style="list-style-type: none"> <li>• Implement risk management plan to address and manage corporate risk</li> </ul>
<b>5.3 GOVERNANCE</b> Good governance	<ul style="list-style-type: none"> <li>• Delegation and policy review</li> <li>• External and internal audits of performance</li> </ul>
<b>5.4 CULTURE</b> Positive organisation culture	<ul style="list-style-type: none"> <li>• Work Health and Safety (WHS) reporting</li> <li>• Succession planning</li> <li>• Staff satisfaction survey</li> <li>• Review of the organisation's values</li> </ul>



# Measuring Overall Performance

To enable Council and the community to assess Council's performance over the 2022-2023 year, performance reporting tools have been established for a number of activities including:

## Audit and Risk committee

- Corporate risk register.
- Internal Control Self-Assessment Tool - finance and IT controls, Airport compliance and governance self-assessments.
- External and internal audits of financial performance.
- Quarterly budget reviews measuring actual performance against budget.
- Major project reports outlining status of capital projects undertaken during the financial year
- Treasury and debt management reports.

## Council

- Works and Infrastructure status reports.
- CEO Performance Reports.
- Quarterly departmental reports.
- Quarterly strategic plan reports measuring the status of strategic actions.
- Key financial ratios – these indicators provide a ready assessment of financial performance and sustainability, they need to be interpreted in the context of Council's operating environment. Appendix B contains detailed information about Council's performance against its Key Financial Ratios.

KEY FINANCIAL RATIOS	2021-2022 ACTUAL	2022-2023 BUDGET	2022-2023 PROPOSED
Operating Surplus / (Deficit) Ratio	3.4%	(5%)	(6%)
Net Financial Liabilities Ratio	97%	119%	115%
Asset Sustainability Ratio	79%	116%	146%

## Leadership team

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

## Other

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

# Looking Back 2021-2022 Projects

## Town Centres Project Phase 1

Works for Phase 1 of Town Centres Project began in March 2022. Phase 1 of the project was funded through the State Government's Open Spaces and Places for People grant and the Federal Government's Building Better Regions Fund Drought Communities grant. Council is seeking funding to fulfill Phase 2 and Phase 3 of the project. Summary of works in the townships below:



### Parndana

The last service centre for tourists and residents on the western side of the Island, Parndana will see immediate benefit from improved 'main street' feeling with more street trees and planting.

Phase 1 works include street plantings and the creation of a town square in Cook Street. The installation of vibrant artwork, furniture, reclaimed materials and planting in this space will improve the appeal of the town centre for the farming community, the heartland of Kangaroo Island.



### American River

The coastal village of American River will be invigorated with upgraded foreshore facilities, delineated parking and coastal trees and plantings while maintaining its coastal village character which attracts many visitors and will encourage new, innovative businesses to develop.

Phase 1 works include improvements the town centre appearance by better definition of pedestrian and vehicle areas along Tangara Drive and around the wharf precinct.



### Penneshaw

Penneshaw, the 'gateway' to Kangaroo Island will encompass improved connection from the SeaLink ferry terminal to the town centre.

Phase 1 works include furniture replacement on North Terrace and remodeling Middle Terrace to include additional protruberances to create passive speed reduction, a greener and more attractive main street that complement existing plantings while enabling pedestrians and vehicles to move safely in the precinct.



### Kingscote

Kingscote is the principal township on the Island, being the civic, commercial and community focus, with a major role in servicing the island's tourist market.

Works for Phase 1 include improved pedestrian access on Dauncey Street by installing flushed kerbs, raised crossings, widen and resurfaced footpaths. The main street will be landscaped with seasonal garden beds & a significant number of mature deciduous trees that can grow in a coastal environment to provide shade in summer.

## Other Capital Work Projects completed during 2021-2022 include:

- Completion of Hickman's Road seal, creating a fully sealed connector road between the South Coast and Parndana.
- Improvements to Jetty Road and Cape Borda Road.
- Installation of new and renewal of footpaths in townships as part of Council's Five Year Footpath Plan.
- Installation of new roof at the Penneshaw Town Hall.

# Key Budget Influence



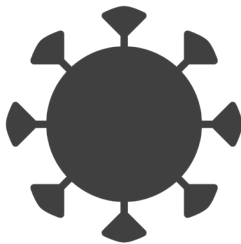
## Debt Management

Council is committed to managing and monitoring its finances and exposure to debt carefully and effectively. Borrowings are only necessary to fund long term capital projects not operational expenses.



## Inflation

The Covid-19 pandemic is having a significant impact on the availability of goods and services across all sectors. This together with delays in the global supply chain can hamper Council's ability to deliver its projected projects and deliver levels of services in this year's budget.



## COVID19

Covid-19 has proved a disruptive force for businesses and organisation's across Kangaroo Island. Council will continue to support landowners, businesses and community members through a range of hardship policies.



## Natural Disaster Mitigation

Council will continue to work with community groups, government agencies and emergency services to prepare and protect our community and natural environment.



## Grant Funding

The ability for Council to obtain grant revenue to offset expenditure is critical to the organisation's ongoing financial viability. Council can access a wide range of grant funding to support our community, infrastructure investments and economic activity on Kangaroo Island.



## Rates

The review of property values by the Valuer General for 2022-2023 resulted in an average increase across all categories of properties on Kangaroo Island by 22% reflecting a \$393.161M increase.

# Looking Forward

## 2022-2023 Budget

For 2022-2023 a review of property values by the Valuer General has resulted in an average increase across all rating categories on Kangaroo Island of 22% reflecting an increase of \$393.161M (see table below). This reflects current market levels, particularly for residential and rural properties and is an important consideration in setting rates.

### Valuer General's proposed valuations for Kangaroo Island

LOCAL GOVERNMENT	2021-2022 TOTAL	2022-2023 TABLE	VALUATION INCREASE
CV Residential	\$717,006,112	\$873,173,990	\$156,167,878
CV Commercial	\$73,881,625	\$80,030,649	\$6,149,023
CV Industry	\$11,098,000	\$13,111,500	\$2,013,500
Primary Production	\$759,920,607	\$968,324,483	\$208,403,876
Vacant Land	\$108,383,500	\$118,347,500	\$9,964,000
Other	\$24,350,586	\$24,008,612	-\$341,974
CV Total	\$1,786,860,680	\$2,180,022,220	\$393,161,540

#### Rate increase

While Council acknowledges the Island's economy is still recovering from the 2019-2020 bushfires and the impact of COVID-19, there are commercial realities for Council to deliver services that meet the needs of population and economic growth. To do this a general rate increase of 3.9% on the 2021-2022 rates total has been proposed in the 2022-2023 Financial Year. This does not mean all individual properties increase by 3.9%.

#### Waste service charges

Council needs to fully recover costs for waste services. To ensure we are not using other revenue to subsidise the waste expenditure, a CPI (3.9%) increase on the waste collection and waste treatment and disposal service charge will be applied in Financial Year 2022-2023.

#### Community Wastewater Management Schemes

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

#### Grant income

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

#### Federal Assistance Grants

In 2022-2023 Council expects to receive \$2.6 million in Federal Assistance Grants which are distributed via the State Grants Commission Funding Formula.

#### Roads to Recovery

Roads to Recovery funding for 2022-2023 is budgeted at \$405,712 which is less than 2021-2022 \$612,206 where we received a special allocation for drought and Covid-19 funding this is not available in 2022-2023.

#### Unsealed Roads Upgrade Program

Council again secured the commitment of the State Government to provide \$2M for the Unsealed Roads Upgrade Program in 2022-2023 and with this, and other capital funding Council expects to deliver \$8.489 million of infrastructure asset upgrades and renewals.

#### Borrowings

To meet the needs of the community whilst delivering on our Capital Works Program, Council has opted to borrow \$0.581 million in 2022-2023. This is in-line with the forecast in Council's 2021-2030 LTFP \$0.605M.

#### Enterprise Bargaining Agreement

The Enterprise Bargaining Agreement (EBA) between Council and staff was renegotiated in 2021-2022 and commits to a wage increase of 4% in Financial Year 2022-2023.

## Key budget assumptions

KEY DRIVERS		2022-2023 BUDGET
Consumer Price Index		3.9%
Local Government Price Index <sup>1</sup> (Year to December 2021)		3.3%
Increase in average rates	Increase of total rates collected by 3.9% Increase in average rate by \$44 to \$1,370	
Increase in waste collection charges	To achieve full cost recovery waste collection charges to increase by 3.9%	
Increase in waste treatment and disposal charges	To achieve full cost recovery waste treatment charges to increase by 3.9%	
Increase in employment wages	Based on EBA conditions a minimum 4% increase	
Depreciation	Based on useful life assumptions per asset class	
Financial costs	Based on a combination of fixed and floating rat facilities held with Local Government Finance Authority	

## Summary budget 2022-2023

	2021-2022 BUDGET \$	2022-2023 BUDGET \$	YEAR ON YEAR CHANGE \$	YEAR ON YEAR CHANGE %
<b>OPERATING BUDGET:</b>				
Operating Revenue	18,225,766	19,719,075	1,493,309	8.2
Operating Expenses	20,488,590	20,940,174	451,584	2.2
<b>OPERATING SURPLUS /DEFICIT</b>	<b>(2,262,824)</b>	<b>(1,221,099)</b>	<b>1,041,725</b>	<b>-46.0</b>
Not operating items	7,104,083	4,150,081	-2,954,002	-41.6
<b>NET SURPLUS/DEFICIT</b>	<b>4,841,259</b>	<b>2,928,982</b>	<b>-1,912,277</b>	<b>-39.5</b>
<b>CAPITAL BUDGET:</b>				
Renewal/Replacement	4,109,583	7,000,093	2,890,510	70.3
New/Upgrade	5,510,000	1,503,363	-4,006,637	-72.2
<b>TOTAL CAPEX</b>	<b>9,619,583</b>	<b>8,503,465</b>	<b>-1,116,127</b>	<b>-11.6</b>

<sup>1</sup> 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.



## Rates Summary

Pursuant to Section 123 (2 d & e) 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.

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.

## Differential Rates for each Rating Category

	INCOME FOR 2021-2022	2021-2022 CENTS IN \$\$	INCOME FOR 2022-2023	2022/2023 CENTS IN \$\$
Residential	\$3,139,192	0.3235	\$3,257,578	0.2780
Commercial	\$317,758	0.3429	\$302,113	0.2947
Industrial	\$53,353	0.3429	\$54,619	0.2947
Primary Production	\$2,789,098	0.3235	\$3,028,389	0.2780
Vacant	\$1,114,021	0.6470	\$1,063,925	0.5560
Other	\$76,471	0.3429	\$75,782	0.2947
<b>TOTAL GENERAL RATE REVENUE</b>	<b>\$7,489,893</b>		<b>\$7,782,405</b>	

## Explaining Council's rates position

In the past year there has been an increase in the number of properties that require Council's services and this is reflected in Council's rates position.

The Council rate differential is higher for vacant blocks to encourage development. In 2022-2023 Council will not increase the fixed charge of \$340. The primary production and residential differentials are now at parity and will require no further alignment in 2022-2023.

The overall rate revenue Council needs to collect in 2022-2023 to deliver services is \$7.782million. This comprises of a 3.9% increase on the total general rates collected in 2021-2022 of \$7.489 million. This does not mean that all individuals will receive a 3.9% increase in their general rates. The rate rise is applied as per the Valuer General's valuation on individual properties which differs across land use codes and locations across Kangaroo Island.

## Valuer General and Council Rates

All land within the Council area, except for land specifically exempt, for example Crown Land and land owned by the Council, is considered subject to rates. Council does not 'decide' on the valuation of properties on Kangaroo Island. Valuations are provided by Valuer-General (State Government). The Valuer General increased the valuation of all properties on Kangaroo Island by an average of 22% or \$393.161M for 2022-2023.

A property owner may object to the valuation referred to in their rates notice by writing to the Valuer-General within 60 days after the date of service of the rate notice. Council has no role in this process and the lodgment of an objection does not change the due date for payment. Objections forwarded to: State Valuation Office, 101= Grenfell Street, Adelaide SA 5000. Phone: 1300 653 345 or email: [lsgobjections@sa.gov.au](mailto:lsgobjections@sa.gov.au)



## Rating and Rebate Policy

Kangaroo Island Council's Rating and Rebate Policy (available for download on council's website), which outlines Council's direction for setting and collecting rates from the community, covers the following:

- Methods used to value land
- Business Impact Statement
- General rates
- Fixed charges
- Tenanted property
- 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
- Single farm enterprise
- Rate concessions
- Late payment of rates
- Rebate of rates
- Disclaimer

## Payment terms:

The Council has determined that the payment of all rates can be either by full payment – due and payable by 8 September 2022 – or by quarterly installments due and payable on the following dates:

- 1st payment 8 September 2022
- 2nd payment 8 December 2022
- 3rd payment 8 March 2023
- 4th payment 8 June 2023

## Regional Landscape Levy

The Regional Landscape Levy, previously known as the Natural Resources Management (NRM) Levy, is a State tax. Councils are required under the Landscape South Australia Act 2019 to collect the levy on all rateable properties on behalf of the State Government.

The total amount will be payable to the Kangaroo Island Landscape Board less the amount prescribed under the Landscape South Australia Act 2019 for establishment and collection costs.

The Landscape Levy is distributed evenly throughout the Council area by the imposition on each separate assessment of rateable land in the Council area for the same amount, that being \$81.40 for 2022-2023.

## Fixed charges:

Council imposes a fixed charge of \$340 on each assessed property. A fixed charge is applied to ensure that all residents/owners contribute towards the provision of basic services at a reasonable level.

## Waste Management Service Charge

Council imposes 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.

The waste management services are determined as follows:

SERVICE CHARGE	WASTE TREATMENT AND DISPOSAL	WASTE COLLECTION
Applicable to:	All rateable properties	<ul style="list-style-type: none"> <li>• Residential properties</li> <li>• Commercial properties</li> <li>• Industrial properties</li> <li>• Primary Production properties</li> </ul>

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:

- Collection Charge Rate: Distance less than 500 metres 100%;
- Collection Charge Rate: Distance less than 2 kilometres 75%;
- Collection Charge Rate: Distance less than 5 kilometres 50%;
- Collection Charge Rate: Distance over 5 kilometres 0%.

## Community Wastewater Management Scheme

Council provides a Community Wastewater Management Scheme (CWMS) 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 or to allow for the future capital replacement of the system.

Summary of charges:

	ADOPTED 2019-2020	ADOPTED 2020-2021	ADOPTED 2021-2022	ADOPTED 2022-2023
Average rate increases	2.6%	0%	5.05%	3.9%
Fixed rates charge	\$290.00	\$290.00	\$340.00	\$340.00
Minimum residential rate	N/A	N/A	N/A	N/A
CWMS fee per connection	\$642.00	\$642.00	\$643.00	\$667.00
Waste management charge – collection	\$117.00	\$117.00	\$119.00	\$124.00
Waste management charge – treatment and disposal	\$225.00	\$225.00	\$265.00	\$275.00
Regional Landscape Levy	\$78.50	\$79.00	\$79.00	\$81.40
Rate capping	20%	20%	N/A	N/A
Average general rates	\$1,245	\$1,225	\$1,328	\$1,370

### Further information about Council rates

Further information about rates including a number of frequently asked questions can be accessed on Council's website at: [www.kangarooisland.sa.gov.au/services/rates](http://www.kangarooisland.sa.gov.au/services/rates).





Council Projects



# Projects

Each year Council has a range of options in relation to how it will spend money to ensure that its considerable network of assets are maintained to the standards expected by the community. These decisions relate to either renewing or upgrading the existing asset network and/or determining whether new assets are needed to better provide the services required by the community.

The decisions made by Council are informed by Council's existing Asset Management Plans, its priorities as documented in its Strategic Plan and community feedback. Equally they are constrained by the outputs of the Long Term Financial Plan and Council's desire to responsibly manage its levels of debt.

The following section presents a summary of the budgeted renewal projects, operating projects or new and upgrade capital projects that Council is committed to undertaking in 2022-2023.

## Renewal projects

	LINK TO STRATEGIC PLAN	GRANT FUNDING SECURED (\$'000)	TOTAL PROJECT VALUE (\$'000)
Buildings and complexes	1.1.1		475
Recreation and open spaces	1.1.1		470
Playgrounds	1.1.1	\$270	270
Unsealed roads	1.1.1	\$2,406	2,500
Sealed roads	1.1.1	\$705	1,000
Beach Stair Access	1.1.1	\$265	335
Guardrails	1.1.1		55
Plant & Equipment	1.1.1		1,548
Stormwater and bridges	1.1.1		84
CWMS	1.1.1		83
Airport and buildings renewal	1.1.1		131
Footpath renewal	1.1.1		50
<b>TOTAL</b>		<b>\$3,646</b>	<b>\$7,001</b>

## Strategic Plan references

- 1.1.1 Deliver the Infrastructure and Asset Management Plan 2019-2028.
- 5.2.2 Refine Long Term Financial Management Plan and financial sustainable ratio  
(as recommended by the Audit and Risk committee).
- 5.1.2 Support community and emergency services and collaborate to build preparedness and resilience.

## New or upgrade capital projects

	LINK TO STRATEGIC PLAN	GRANT FUNDING SECURED (\$'000)	TOTAL PROJECT VALUE (\$'000)
Tree Planting Program	4.4.4		\$20
Footpath Program	1.1.1		\$250
Bridge maintenance	1.1.1		\$30
CWMS extension	1.1.1		\$543
Grant seed funding	3.1.2		\$500
Toilet upgrade at Reeves Point and Baudin Beach	1.1.1		\$100
Cemetery management program	1.1.1		\$25
Upgrade Parndana Hall	1.1.1		\$15
Property asset review	1.1.1		\$20
<b>TOTAL</b>			<b>1,503</b>

## Strategic Plan references

- 1.1.1 Deliver the Infrastructure and Asset Management Plan 2019-2028.
- 3.1.2 Focus on and optimise grant funding for Council's priority areas.
- 4.4.4 Develop a Council tree planting program.
- 5.2.2 Refine Long Term Financial Management Plan and financial sustainable ratio (as recommended by the Audit and Risk committee).
- 5.1.2 Support community and emergency services and collaborate to build preparedness and resilience.

## Operating projects

	LINK TO STRATEGIC PLAN	TOTAL PROJECT VALUE (\$'000)
Traineeship program	2.1.3	187
LGA Elections / New Council Induction	5.3.2	55
Debt Reduction Program	5.3.2	20
Asset Review	5.2.2	120
Identification of Alternative Sources Income Project	5.2.2	50
<b>TOTAL</b>		<b>\$432</b>

## Strategic Plan references

- 1.1.1 Deliver the Infrastructure and Asset Management Plan 2019-2028.
- 2.1.3 Create opportunities for a sustainable future for youth on the Island, including implementing a Council work experience and training program.
- 5.1.2 Support community and emergency services and collaborate to build preparedness and resilience.
- 5.2.2 Refine Long Term Financial Management Plan and financial sustainable ratios as recommended by the Audit and Risk committee).
- 5.3.2 Council and staff will meet legislated reporting requirements of a local government authority.

## Capital expenditure by asset type

	(\$000)
Unsealed roads	2,500
Sealed roads <i>(includes Grant seed funding)</i>	1,500
CWMS	626
Footpaths	300
Airport	131
Plant replacement	1,548
Buildings and complexes <i>(includes Property asset review)</i>	495
Road infrastructure – bridges / guardrails	85
Playgrounds, recreation and open space	1,235
Stormwater	84
<b>TOTAL</b>	<b>\$8,504</b>





# Sources of Income and Expenditure

## Income

### 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, disposal, and community wastewater management schemes activities.

### 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 mean that Development Application (DA) are lodged electronically.

### User charges set by Council

Charges for Council's fee based facilities and some services are listed in the Schedule of Fees and Charges and can be found at [www.kangarooisland.sa.gov.au](http://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.

### Investment Income

This reflects 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.

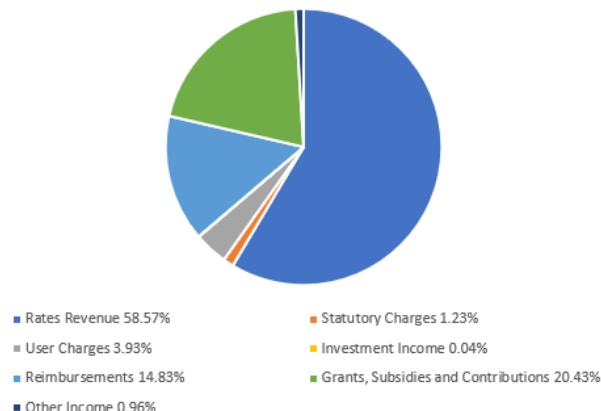
### Reimbursements

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

### Other income

Income not classified elsewhere

## Sources of operating income 2022-2023



## Expenditure

### 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.

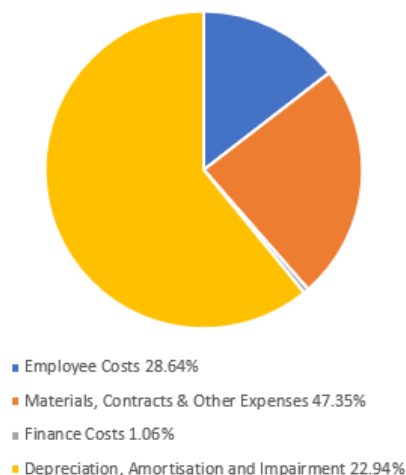
### Finance costs

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

### Depreciation, amortisation and impairment

Relates to infrastructure property, plant and equipment to which the Council has title.

## Areas of operating expenditure 2022-2023









# Appendix A - Financial Statement

## Income Statement

\$	2021-2022 BUDGET	2022-2023 BUDGET
Rates Revenue	11,320,715	11,644,553
Less: Rates Revenue	-	(94,500)
Statutory Charges	248,560	242,310
User Charges	775,920	728,563
Grants, Subsidies and Contributions	2,758,353	4,028,574
Investment Income	8,160	7,096
Reimbursements	2,924,730	2,817,757
Other Income	189,328	177,773
Net Gain – Equity Accounted Council Businesses	-	-
<b>TOTAL INCOME</b>	<b>18,225,766</b>	<b>19,552,126</b>
Employee Costs	8,019,449	7,892,518
Less: Capitalised and distributed costs (E)	(2,056,682)	(2,228,666)
Net Employee Costs	5,962,767	5,663,852
Materials, Contracts and Other Expenses	9,456,935	10,107,217
Less: Capitalised and Distributed Costs (M)	(129,169)	(191,174)
Net Material Costs	9,336,766	9,916,043
Depreciation, Amortisation and Impairment	4,804,129	4,971,078
Finance Costs	384,928	222,252
<b>EXPENCES</b>	<b>20,488,590</b>	<b>20,773,225</b>
<b>OPERATING SURPLUS / DEFICIT</b>	<b>(2,262,824)</b>	<b>(1,221,099)</b>
Asset Disposal and Fair Value Adjustments	-	296,081
Amounts Received Specifically for New or Upgraded Assets	7,104,083	3,854,000
Physical Resources Received Free of Charge	-	-
Operating Result from Discontinued Operations	-	-
Net Surplus / (Deficit)	4,841,259	2,928,982
Changes in Revaluation	-	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>4,841,259</b>	<b>2,928,982</b>

# Notes on Income Statement 2022-2023

## Changes in 2022-2023 Budget from 2021-2022 Budget

### 1. Income

#### Rates

Changes in rates revenue in 2022-2023 are due to changes in:

- The Valuer General's property valuations rising on average by 22% across Kangaroo Island.
- Retained vacant land differential of 200%.
- CPI and growth increase incorporated at 3.9%.
- Increase of CPI in CWMS and waste collection service charges.

#### Statutory Charges

- Fees and charges set by regulation, collected by Council for regulatory functions.
- In the 2022-2023 budget we expect an increase in incomes collected from rates searches/property transactions, building inspections, planning fees & dog registrations.

#### User Charges

- Charges for Council's fee based services.
- Fees and charges from 2021-2022 were reviewed by administration and a CPI increase of 3.9% applied and incorporated into the 2022/2023 fees and charges schedule.
- The final 2022-2023 fees and charges were endorsed by Council at the Ordinary Council meeting held on 12 July 2022.

#### Grants, subsidies and Contributions

- Funding from government or other relevant parties.
- Operating Grants included in the 2022/2023 budget are based on 2022-2023 Financial Assistance Grant & Roads to Recovery grant contribution levels, where an allowance of a prepayment has been incorporated.

#### Investment Income

- Income from financial investments or loans to community groups.
- The 2022-2023 budget is based on the actual income received for 2022-2023.

#### Depreciation and Finance Costs

Depreciation and Finance costs are based on last year's audited actuals and actuals projected forward and do not show any significant deviation from the previous year's budget.

#### Reimbursements

- Amounts received as payment for work done by the Council acting as an agent for other government bodies, property owners and individuals.
- Includes private works and considers completion of the DIT and SA Water contract projects.
- Ongoing works will be in line with our private works policy.

#### Other Income

Income not classified elsewhere. The 2022-2023 budget includes any employment subsidies payable for trainee or apprenticeship schemes.

### 2. Expenses

#### Employee Costs

The increase in employee cost expenditure can be explained by several factors.

- Allowance for replacement of vacant positions – including any changes in salary.
- Allocation of all currently employed FTE staff across the operating aspects of the budget, with an aim to deliver greater proportion of operating and maintenance activities.
- Allows for minor change in positions, or grades.
- A greater concentration of employee time on maintenance of existing assets rather than on building new assets aligns with the allocation of all staff to conducting the operating and maintenance activities of Council.

#### Materials, Contracts and Other Expenses –

These have also increased in the 2022-2023 budget.

- Although it is built on last year's actual costs a large portion of the increase from 2022-2023 budget is attributable to the recognition of plant and equipment expenditure within the operating budget rather than within the capital budget. This reflects the approach to spend more of Council's resources on maintaining our existing assets rather than building new assets.
- Provision has also been made to accommodate a number of the BDO service review recommendations, including a review in to Council's plant and equipment and provision of several trainees who will not only provide support but will allow some succession planning addressing several of the concerns within Council's Corporate Risk Register.

## Balance Sheet

\$	2021-2022 BUDGET	2022-2023 BUDGET
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	2,507,072	2,165,571
Trade and Other Receivables	1,113,258	1,124,149
Inventories	682,423	6640,773
<b>TOTAL CURRENT ASSETS</b>	<b>4,322,754</b>	<b>3,930,493</b>
<b>NON-CURRENT ASSETS</b>		
Equity Accounted Investments in Council Businesses	-	-
Infrastructure, Property, Plant and Equipment	496,198,806	473,067,000
Other Non-Current Assets	1,843,196	1,844,847
<b>TOTAL NON-CURRENT ASSETS</b>	<b>498,042,002</b>	<b>474,951,847</b>
<b>TOTAL ASSETS</b>	<b>502,364,756</b>	<b>478,882,340</b>
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables (C)	2,337,084	2,408,502
Borrowings (C)	1,350,519	681,519
Provisions (C)	1,036,865	1,705,864
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,724,467</b>	<b>4,795,885</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade & Other Payables (NC)	9,382,141	8,734,774
Borrowings (NC)	11,917,124	12,363,648
Provisions (NC)	354,456	332,823
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>21,653,721</b>	<b>21,431,245</b>
<b>TOTAL LIABILITIES</b>	<b>26,378,189</b>	<b>26,227,130</b>
<b>NET ASSETS</b>	<b>475,986,567</b>	<b>452,665,210</b>
<b>EQUITY</b>		
Accumulated Surplus	31,335,650	27,533,233
Asset Revaluation Reserves	439,018,093	419,489,153
Other Reserves	5,632,824	5,632,824
<b>TOTAL EQUITY</b>	<b>475,986,567</b>	<b>452,665,210</b>

## Cash Flow Statement

\$	2021-2022 BUDGET	2022-2023 BUDGET
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating Receipts	21,264,428	21,172,787
Investment Receipts	8,160	12,240
Operating Payments for Suppliers and Employees	(18,021,558)	(18,564,400)
Finance Payments	(384,928)	(389,008)
<b>NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES</b>	<b>2,866,102</b>	<b>2,231,619</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Amounts Received Specifically for New / Upgrade Assets	7,104,083	4,028,574
Sale of Replaced Assets	-	296,018
Sale of Surplus Assets	-	-
Expenditure on Renewal / Replacement of Assets	(4,109,583)	(7,000,903)
Expenditure on New / Upgraded Assets	(5,510,000)	(1,488,363)
<b>NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES</b>	<b>(2,515,500)</b>	<b>(4,164,674)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	2,392,000	1,591,554
Repayment of Borrowings	(5,777,970)	
<b>NET CASH PROVIDED BY (OR USED) IN FINANCING ACTIVITIES</b>	<b>1,814,030</b>	<b>1,591,554</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>2,164,633</b>	<b>(341,501)</b>
Cash and Cash Equivalents and the Beginning of Period	342,440	2,507,072
<b>CASH AND CASH EQUIVALENTS AND THE END OF PERIOD</b>	<b>2,507,072</b>	<b>2,165,571</b>



## Statement of Changes in Equity

\$	2021-2022 BUDGET	2022-2023 BUDGET
<b>ACCUMULATED SURPLUS</b>		
Balance at the end of previous reporting period	26,494,391	31,335,650
Net result for the year	4,841,259	2,928,982
Transfers from other reserves	-	6,731,399
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>31,335,650</b>	<b>27,553,223</b>
<b>ASSET REVALUATION RESERVE</b>		
Balance at the end of previous reporting period	427,033,133	439,018,093
Gain (Loss) on Revaluation of I, PP&E	11,984,960	(19,528,941)
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>439,018,093</b>	<b>419,489,152</b>
<b>OTHER RESERVES</b>		
Balance at the end of previous reporting period	5,632,824	5,632,824
Transfer from Accumulated Surplus	-	-
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>5,632,824</b>	<b>5,632,824</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>475,986,567</b>	<b>452,655,209</b>

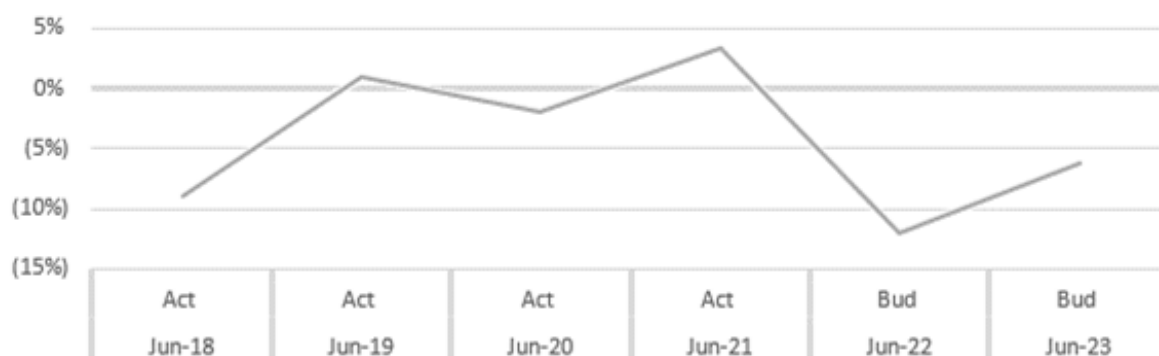
## Uniform Presentation of Finances

\$	2021-2022 BUDGET	2022-2023 BUDGET
Income	18,225,766	19,552,126
Less Expenses	(20,488,590)	(20,773,225)
<b>OPERATING SURPLUS/DEFICIT</b>	<b>(2,262,824)</b>	<b>(1,221,099)</b>
<b>NET OUTLAYS ON EXISTING ASSETS</b>		
Capital Expenditure on renewal and replacement of Existing Assets	(4,109,583)	(7,000,903)
add back Depreciation, Amortisation and Impairment	4,804,129	4,971,078
add back Proceeds from Sale of Replaced Assets	-	296,018
	<b>694,546</b>	<b>(1,733,807)</b>
<b>NET OUTLAYS ON NEW AND UPGRADED ASSETS</b>		
Capital Expenditure on New and Upgraded Assets	(5,510,000)	(1,488,363)
add back Amounts Received Specifically for New and Upgraded Assets	7,104,083	4,028,574
<b>BALANCE AT THE END OF PERIOD</b>	<b>1,594,083</b>	<b>2,540,211</b>
<b>NET LENDING /(BORROWING) FOR FINANCIAL YEAR</b>	<b>25,805</b>	<b>(314,695)</b>



# Appendix B - Financial Indicators

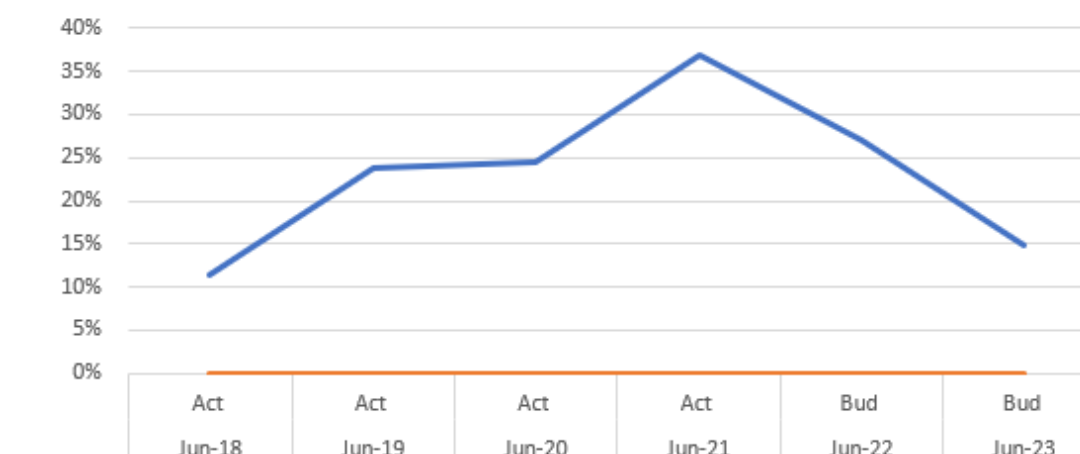
## Operating Surplus Ratio



The Operating Surplus Ratio is the operating surplus/(deficit) expressed as a percentage of operating income. A negative ratio indicates the percentage increase in operating income or decrease in operating expenses required to achieve a break-even operating result. The negative ratio is appropriate in the short-term in response to the recent significant economic events

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

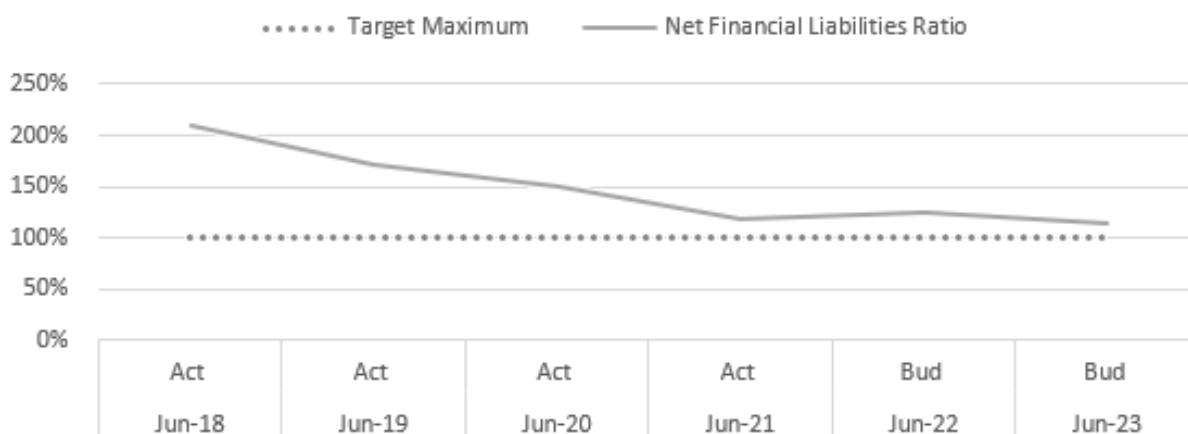
## Net Surplus Ratio



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.**

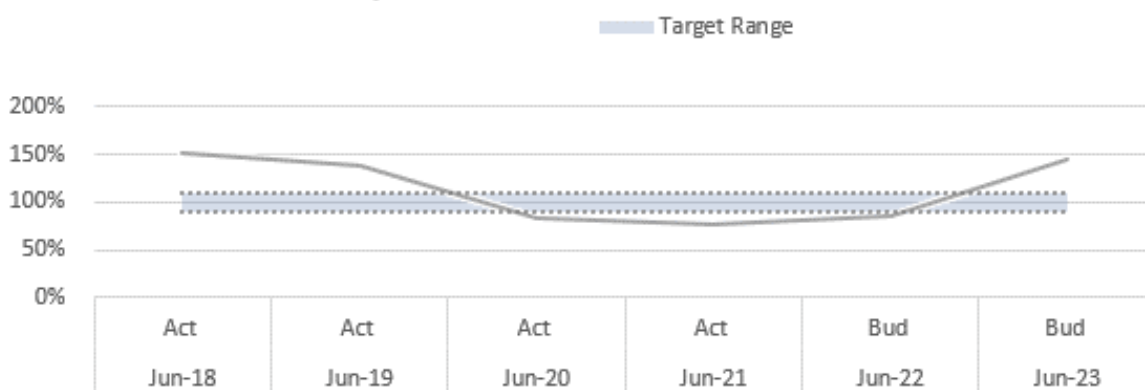
## Net Financial Liabilities Ratio



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. The ratio remaining above 100% demonstrates the Council's ongoing commitment to funding significant developments.

**Target – This Ratio should be greater than zero but less than 120% 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 asset sustainability ratio represents the ratio of new capital expenditure on renewal or replacement of assets, relative to depreciation.

The ratio is 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 2022-2023 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 Surplus Ratio, Net Financial Liabilities Ratio and Asset Sustainability Ratio for 2022-2023 budget are set out below in a manner consistent with the note in the Model Financial Statements entitled "*Financial Indicators*".

	ACTUAL 2020-2021	BUDGET 2021-2022	BUDGET 2022-2023
Operating Surplus Ratio	3.4%	-12%	-6%
Net Surplus Ratio	3.4%	27%	15%
Net Financial Liabilities Ratio	103%	125%	115%
Asset Sustainability Ratio	76%	86%	146%

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 \$7.78M 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 2022-2023 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 2022-2023, 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 above the upper target of 100%. The Council's capacity to meet its financial obligations from operating revenue is strengthening as existing facilities continue to be repaid and prudential new borrowings are considered.

Our large expenditure in recent years on new assets has influenced our **Asset Sustainability Ratio**. It is expected the improved trend, demonstrated in 2022-2023, will continue as long as the \$2m DIT contribution continues to be received as income. As Council continues 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.









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