

ANNUAL BUSINESS PLAN

2024 – 2025



Version	Status	Release Date
Version 1.0	Draft released for Council	12 May 2024
Version 1.0	Draft released for 27 days community consultation	15 May – 10 June 2024
Version 2.0	Endorsed by Council	9 July 2024 OM286A:2024

Questions?

Members of the community who have questions regarding the 2024-2025 Annual Budget, the 2024-2025 Annual Business Plan or seek further information about Council's finances, are encouraged to contact Council during business hours, or via email.

Contact details for Council

Contact Director Corporate Services
 Phone: (08) 8553 4500
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 Web: www.kangarooisland.sa.gov.au/contact
 Mail: Kangaroo Island Council, PO Box 121, KINGSCOTE SA 5223

Community consultation

The Kangaroo Island Council Annual Business Plan 2024-2025 will be open to public consultation for 27 days from 15 May 2024 to close of business on Monday 10 June 2024. A report containing all submissions on the draft Annual Business Plan and Budget 2024-2025 will be presented to the Ordinary Meeting of Council held on 9 July 2024.

Council is communicating the consultation period and opportunities to provide feedback on the draft 2024-2025 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 will also be an opportunity to attend public consultation meetings to ask questions and submit questions in writing.

Acknowledgment of Country

The Kangaroo Island Council acknowledges the deep spiritual significance of Kangaroo Island to many Indigenous Australian nations. We also acknowledge the care and custodianship of this land by Indigenous Australians over many thousands of years, and pay respect to their cultures, and their elders past and present.



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Message from the Mayor

Welcome to the Kangaroo Island Council's Draft 2024/25 Annual Business Plan and Budget (ABP).

This draft plan outlines the Council's proposed priorities and work program for the coming financial year. This year's plan continues the Council's investment in the things we know matter most to our community – infrastructure, environment, and quality of life.

Under operational direction from the new Chief Executive Officer the draft plan sets out fiscal management for the coming 12 months, it takes its direction from our long-term planning principles.

Accordingly, it has been developed in line with our 2020-2024 Strategic Management Plan and aligns with our Long-Term Financial Plan (LTFP) FY2021 – 2030, developed by the Council to ensure the organisation's long-term sustainability.

It is imperative for the Council to stick to the LTFP. In consideration of the Annual Business Plan, the Council continues to be very careful not to spend money on frivolous items and to concentrate on debt reduction.

Our strategic approach to financial management continues a focus on maximising external funding. Proactively sourcing and acquiring external funding enables the Council to continue to invest in new initiatives and infrastructure for our growing visitor and residential population without imposing further costs on the community.

Our community has told us that they want the Island to be safe and accessible with spaces in the public realm that look good and provide opportunities to connect with the outdoors and one another.

The Council will retain the focus on renewing roads, footpaths, and kerbs; upgrade playgrounds and continue maintaining our parks and reserves.

These are the things we know will make a positive difference to our community's everyday life – not just for today, but for future generations that will call Kangaroo Island home.

Additionally, the Council continues to support our community's focus on disaster preparedness and mitigation.

External funding procured by the Council for the Preparing Kangaroo Island, Disaster Mitigation Project will continue to prepare and strengthen our community as we continue to move out of the shadow of the 2019-2020 bushfires.

The Kangaroo Island Council needs to generate additional revenue from visitation to support infrastructure needs.

It is important to note that revenue from our ratepayer base does not cover the expense of infrastructure investment to keep up with population and tourism growth. Therefore, where possible, the Council has sought grant funding for projects that improve our infrastructure, environment, and community assets. The Council will also seek an income stream from the visitor component.

I strongly recommend that everyone takes part in the consultation process for this plan which will be finalised at the July 2024 Council Meeting. This business plan continues the Council's "Back to Basics" approach.

Michael Pengilly



Mayor Kangaroo Island Council



Message from the CEO

Welcome to the Draft Annual Business Plan and Budget for Kangaroo Council for the 2024-2025 financial year.

The Annual Business Plan continues to be guided by the existing 2020-2024 Strategic Plan. The new Delivery Program 2025-2029 and Operational Plans 2025-2026, fully costed delivery programs of priority community programs are still in development.

Under my watch, the Council will implement an Integrated Planning and Reporting (IP&R) framework to ensure a community-led fiscal and operational model moving forward. The IP&R framework has dynamically altered the local government landscape in New South Wales, Western Australia, and Victoria, and once it is implemented, Kangaroo Island Council will become a South Australian local government leader.



IP&R provides a refined way for the Council to plan and review our plans for the future of Kangaroo Island. In essence, the IP&R framework begins with the community's, not the Council's, aspirations for a period of at least ten years. It includes a suite of integrated plans that set out a vision and goals and strategic plans to achieve them. It involves a reporting structure to communicate progress to the council and the community and a structured timeline for review to ensure the goals, successes, and outcomes are still relevant. Importantly, it provides a transparent, short, medium and long-term financial lens that drives sustainability and helps manage operational and project costs. It also helps remove ambiguity and is truly community driven.

I look forward to engaging and working with our Island community on this through the remainder of 2024.

I continue to look forward to working with staff, Elected Members, and the community to deliver the 2024-2025 Annual Business Plan and Budget, and I strongly encourage everyone to participate in the consultation process.

A handwritten signature in black ink, appearing to read "Daryl Buckingham".

CEO

Kangaroo Island Council

Daryl Buckingham

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.



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The **role** of your Elected Members is:

- to act as a representative, informed and responsible decision-maker in the interests of its community;
- to provide and co-ordinate various public services and facilities and to develop its community and resources in a socially just and ecologically sustainable manner;
- to encourage and develop initiatives within its community for improving the quality of life of the community;
- to represent the interests of its community to the wider community.
- to exercise, perform and discharge the powers, functions and duties of local government under this and other Acts in relation to the area for which it is constituted.
- to act with integrity, to ensure positive and constructive working relationships within the council.

The **functions** of your Council include—

- to plan at the local and regional level for the development and future requirements of its area;
- to provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area;
- to determine the appropriate financial contribution to be made by ratepayers to the resources of the council;
- to provide for the welfare, well-being and interests of individuals and groups within its community;
- to take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards;
- to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity;
- to provide infrastructure for its community and for development within its area (including infrastructure that helps to protect any part of the local or broader community from any hazard or other event, or that assists in the management of any area);
- to promote its area and to provide an attractive climate and locations for the development of business, commerce, industry and tourism;
- to establish or support organisations or programs that benefit people in its area or local government generally;
- to manage and, if appropriate, develop, public areas vested in, or occupied by, the council;
- to manage, improve and develop resources available to the council
- to undertake other functions and activities conferred in the Act.

Contact details for Executive Management Team

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Useful Definitions

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.

Budget review

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

Capital expenditure

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

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.

Financial year (FY)

The period from 1 July to the following 30 June.

Growth

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

Key financial indicators

These assist the reader of financial statements 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 Plans.

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.

Local Government Price Index

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 includes both operating and capital expenditure on a State average basis.

Operating expenditure

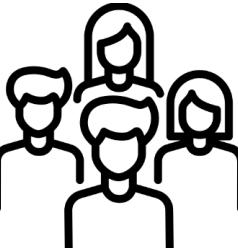
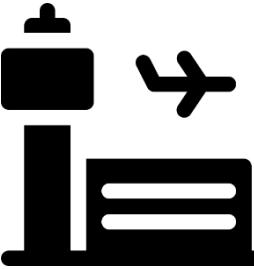
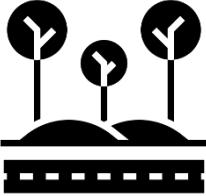
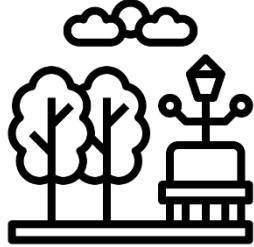
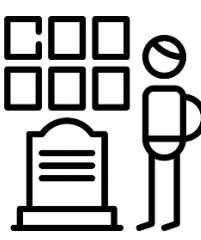
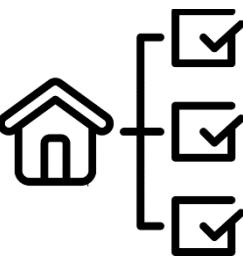
The cost related to the running of the Council; it represents the cost of consumption incurred when supplying services in the period.

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.

Council Services

Kangaroo Island Council provides more than 70 services to our community on an annual basis. Below is a snapshot of the key services delivered by Council:

Customer Service 	Waste Management 	Community Development 	Stormwater 
Fire Prevention 	Library Services 	Airport 	Ovals and Playgrounds 
Dog and Cat Management 	Roadside Vegetation 	Boating Facilities 	Parks and Gardens 
Cemetery Management 	Development Assessment 	Property Management 	Road Management 
<p>YOUR COUNCIL Strategic planning Risk management Community engagement Financial planning Leadership Advocacy</p> 			

Strategic Plan Framework



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.

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.

The 2024-2025 Annual Business Plan continues to be guided by the existing 2020-2024 Strategic Plan (framework as depicted in this document) as the new Delivery Program 2025-2029 and Operational Plans 2025-2026, fully costed delivery programs of priority community programs are still in development.

Being in a transition period, some aspects of the 2020-2024 Strategic Plan have had an influence on the budget considerations reflected in this Annual Budget Plan. We look forward to presenting and engaging with the community during throughout 2024 on the 2025-2029 Delivery and Operational Plans providing community led planning and focus.

Linking Council's Strategic Plans to the Budget

The Annual Business Plan 2024-25 is driven by fiscal responsibility but also considers long term impacts. It is aligned to the objectives and targets set in Council's 2020-2024 Strategic Plan, our Infrastructure and Asset Management Plans and Council's 2021-2030 Long Term Financial Plan (LTFP).

Asset Management Plans

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

Long Term Financial Plan

Kangaroo Island Council remains committed to long-term financial planning and financial sustainability. The information contained within the LTFP is presented at a high level, it is not a detailed budget. Council uses the information within the LTFP to inform decision making of the Council, understand the level of financial and interest rate risk exposure, confirm adequacy of spending on assets and capital renewal, allow the ability to track performance against key financial ratios, and inform decisions around service levels and service provision.

The 2021-30 LTFP projects income for FY2025 to be \$23.272M, the Council has determined an income of \$22.625M. The difference reflects a reduction in grants, subsidies and contributions and an increase in statutory income, increased revenue from user charges, and ongoing reimbursement income.

Our expenditure planned for this budget also differs from the LTFP forecast which was \$23.322M. Instead, it is planned to be \$23.762M. This recognises an increase on the LTFP forecast principally in employee costs, materials, contracts and other expenditure.

Importantly this additional revenue and budgeted expenditure allows the 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

Comparison Table

2024-25 Budget with 2021-2030 LTFP

	2024/25 BUDGET	LTFP FORECAST
Operating Income	\$22.625M	\$23.372M
Operating Expenses	\$23.762M	\$23.322M
Operating Surplus/(Deficit)	(\$1.137M)	\$0.049M
Non-Operating Income	\$3.500M	\$2.512M
Net Surplus/(Deficit)	\$2.363M	\$2.561M

Annual Business Plan and Budget Alignment

Strategic Outcomes and Key Activities for 2024-2025

Infrastructure

A built environment focused on essential and community services.

STRATEGIC GOAL	STRATEGIC OUTCOME FY25
1.1 ROADS AND ASSETS Develop and maintain our roads and physical assets to acceptable standards.	<ul style="list-style-type: none">• Unsealed road renewal• Sealed road renewal• Footpath and kerbing upgrades
1.2 ACCESS Optimise Island access opportunities and affordability.	<ul style="list-style-type: none">• Advocate for an increase in flight frequency to and from the Island
1.3 BUILT ENVIRONMENT Deliver a built environment that responds to community and business needs.	<ul style="list-style-type: none">• Implement the Council's Five-Year Footpath Program• Finalise Kangaroo Island Regional Plan
1.4 ENERGY AND UTILITIES Advocate for improved essential services across the Island.	<ul style="list-style-type: none">• Collaborate with SA Water and other stakeholders to water-proof Kangaroo Island by completing all major components of the SA Water plan by 2024.• Unsealed road upgrades \$3.5m with DIT Funding Program

Community

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

STRATEGIC GOAL	STRATEGIC OUTCOME FY25
2.1 PARTNERSHIPS Enhance community partnerships with the Council.	<ul style="list-style-type: none">• Continue Council's Community Grant scheme• Continue to work with community groups including Progress Associations and Sports Clubs
2.2 CULTURE, RECREATION, HEALTH AND WELL-BEING Enrich community culture, health and well-being.	<ul style="list-style-type: none">• Continue working with the community on projects including accessible beaches and community gardens• Continue to deliver the recommendations from the Disability Access and Inclusion Plan
2.3 LIVABILITY Deliver a built environment that responds to community and business needs.	<ul style="list-style-type: none">• Investigate actions of Preparing KI report to aid mitigation resilience and recovery• Implement Council's Tree Planting Program

Economy

Re-establish a strong and diverse economy

STRATEGIC GOAL	STRATEGIC OUTCOME FY25
3.1 ECONOMIC DEVELOPMENT Facilitate appropriate economic development by providing a supportive environment for local business.	<ul style="list-style-type: none"> Focus on and optimise grant funding for Council's priority areas
3.2 PLANNING Optimise land use to grow the Island economy	<ul style="list-style-type: none"> Review of Urban Design frameworks for townships Finalise the Kangaroo Island Regional Plan
3.3 COLLABORATION Collaborate with Government and other partners for better outcomes for Kangaroo Island.	<ul style="list-style-type: none"> Collaborate with Regional Development Australia (RDA) and identify and pursue favourable outcomes for Kangaroo Island

Environment

Our environment is maintained, enhanced and protected

STRATEGIC GOAL	STRATEGIC OUTCOME FY25
4.1 WASTE MANAGEMENT Best practice waste management	<ul style="list-style-type: none"> Reduce waste to landfill on the Island. Review & implement relevant waste collection policies.
4.2 CHANGING CLIMATE Proactively adapt to environment change	<ul style="list-style-type: none"> Investigate actions of Preparing KI Report
4.3 ANIMAL AND LAND MANAGEMENT Statutory Requirements are met for animal, land and vegetation management.	<ul style="list-style-type: none"> Responsible dog and cat management Managing roadside vegetation Finalise Council By-Law review
4.4 CARBON NEUTRALITY Support initiatives for a sustainable carbon neutral future.	<ul style="list-style-type: none"> Working with all levels of Government on achievable and sustainable targets Implement Council's tree planning program Participate in the Local Government Net Zero Accelerate Program

Organisation

Leadership to deliver positive, social, financial and environmental outcomes

STRATEGIC GOAL	STRATEGIC OUTCOME FY25
5.1 RECOVERY Community is supported in its recovery	<ul style="list-style-type: none"> Support community and emergency services and collaborate to build preparedness and resilience Investigate recommended actions of Preparing KI Report
5.2 IMPROVEMENT Continuous improvement in strategic, financial, risk management and business planning processes	<ul style="list-style-type: none"> Implement risk management plan to address and manage corporate risk, operational risk and project risks. Implement internal self-assessment and revise to continuous improvements Undertake comprehensive review of information technology and implement changed system for improve effectiveness
5.3 GOVERNANCE Good governance	<ul style="list-style-type: none"> Complete By-Law review External and internal audits of performance
4.4 CULTURE Positive organisation culture.	<ul style="list-style-type: none"> WHS reporting Succession planning Staff satisfaction survey Implement organisational values program

Measuring Overall Performance

To enable the Council and the community to assess the Council's performance over the 2024-25 financial year, performance reporting tools have been established for several activities including:

Council	Audit and Risk Committee	Organisation
<ul style="list-style-type: none"> • Works and Infrastructure status reports • CEO Performance Reports • Quarterly departmental reports • Quarterly strategic plan reports measuring the status of strategic actions • Quarterly Finance Reports - Key financial ratios – these indicators provide a ready assessment of financial performance and sustainability. • Infrastructure Asset Management Plans • Annual report • Long Term Financial Plans 	<ul style="list-style-type: none"> • Corporate risk register • Internal Control Self-Assessment Tool • 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 • Annual Performance Reports 	<ul style="list-style-type: none"> • Incident and Injury reporting • Lost Time Injury (LTI) reporting • Staff satisfaction surveys • Grants Commission benchmarking • Corporate Health Group Reports • Local Government Mutual Risk Scheme & Fund Report • ESCOSA reporting to measure compliance with the Water Industries Act • Grants Commission returns.

Appendix B contains detailed information about the Council's performance against its Key Financial Ratios

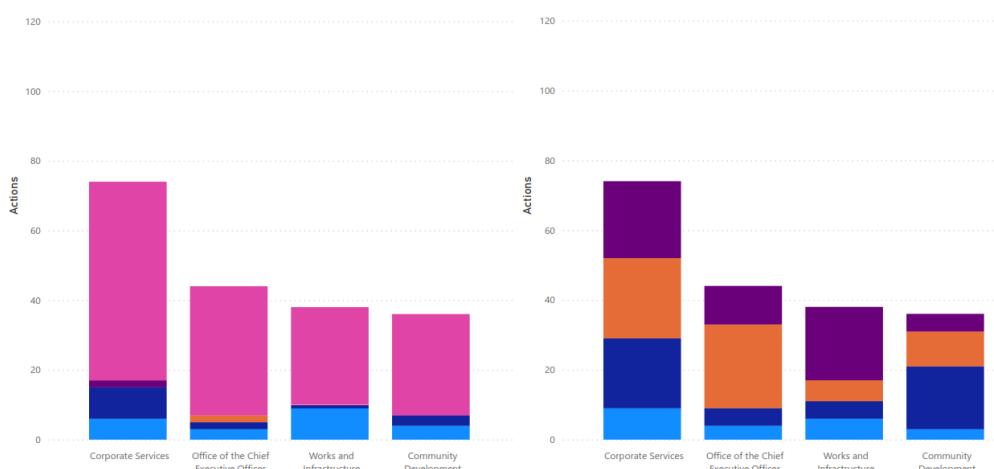
KEY FINANCIAL RATIOS	FY2022/23 BUDGET	FY2023/24 BUDGET	FY2024/25 PROPOSED
Operating Surplus / (Deficit) Ratio	(6%)	(12%)	(5%)
Net Financial Liabilities Ratio	115%	116%	121%
Asset Sustainability Ratio	146%	116%	161%

Actions by Directorate and Action Status

● Not yet started ● In Progress ● Awaiting internal response ● On Hold ● Completed
140

Actions by Directorate and Action Timeline

● Not Due Yet ● Over Due - Not Complete ● Completed On Time ● Completed Overdue
140



Looking Back 2023-24 Projects

The Council undertook many projects from the Infrastructure and Asset Management Plan with some of the highlights shown below:

Ten Trees Lagoon Road



The sealing of Ten Trees Lagoon Road, a critical freight route, was completed with funding from the Special Local Roads Program. Works included widening of the road and installation of guardrails.

Beach Access Staircases



The staircases at Pennington Bay and Baudin Beach were under renewal with funding from the Coast Protection Board Grant. The earth and composite border stairs and steel handrail will improve access to the beaches.

Footpath Upgrades



The Council continued with the installation of new and renewal of footpaths as part of the Council's Five-Year Footpath Plan including concrete footpaths in Kingscote and paved footpaths in Parndana.

Natural Risk Disaster Mitigation Plan



The Preparing KI: A Whole-of-Island Disaster Risk Reduction and Mitigation Action Plan was developed. This project was funded under the Commonwealth Government's 'Preparing Australia's Communities' program.

Other works completed during 2023/24 include:

- Installation of kerbing on Investigator Avenue
- Road re-sealing
- Expansion of the Community Wastewater Management System (Freycinet Way)
- Renewal of playground equipment at Penneshaw
- Fleet management and replacement
- Renewal of office at the Kangaroo Island Resource Recovery Centre
- Baudin Beach Boat Ramp
- Expansion of Kingscote Cemetery
- Continued implementation of Council's Tree Planting Program
- Installation of toilet at Emu Bay Campground
- Unsealed road patrol grading and re-sheeting

Key budget influences



COUNCIL ASSETS

The Council has a considerable network of assets and each year they must determine how to best spend its funds to maintain, renew and upgrade these for the benefit of the community. These budget decisions are driven by the Infrastructure Asset Management Plan (IAMP) and the (LTFP) Long Term Financial Plan which are focused on maintaining and renewing the assets the Council already has before it builds new ones.



COUNCIL SERVICES

Kangaroo Island Council provides mandatory and discretionary services. There are only 6 mandatory services that Council must provide. It is mandatory for the Council to provide: town planning and building assessment, environmental health, fire prevention, dog and cat management, long term financial planning and strategic and business planning. Our Council is providing many other services beyond that which is legislated. These are things we know make a positive difference to our Community.



INFLATION

The rising inflation has had a significant impact on the availability of goods and services across all sectors. This together with delays in the global supply chain can hamper the Council's ability to deliver its projected projects and deliver levels of services in this year's budget.



DEBT MANAGEMENT

The Council is committed to managing and monitoring its finances and exposure to debt carefully and effectively. Fixed term borrowings are only used to fund capital projects with long-term benefits.



VISITATION

The Council has approximately 5,500 rateable properties and also welcomes more than 200,000 visitors to the Island each year. Kangaroo Island has become an established tourism destination however the revenue from our ratepayers does not cover the expenses of infrastructure required to keep up with the daily demand expectations of our visitors and the local resident community.



GRANT FUNDING

The ability for the Council to obtain external revenue to offset expenditure is critical to the organisation's ongoing financial viability. Proactively sourcing and acquiring external grant funding enables the Council to support our community, infrastructure investments and economic activity on Kangaroo Island.



COST OF LIVING

The expected increase in the cost of living that individuals are facing across Australia in 2024, combined with an expected increase in much of the capital land values across Kangaroo Island this financial year, will have an impact on household and business ability to pay their outgoings, including Council Rates. The Council is aware of this and provides options through hardship provisions, capping, rebates and payment arrangements.

Looking Forward

FY2025 Budget

For FY2025 a review of property values by the Valuer-General has resulted in an average increase across all rating categories on Kangaroo Island of 27% reflecting an increase of \$745M (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	FY 2023/24 TOTAL	FY2024/25 TOTAL	VALUATION INCREASE
Residential	\$1,036,962,836	\$1,330,240,423	\$293,277,587
Commercial	\$88,633,729	\$123,621,749	\$34,988,020
Industrial	\$14,353,999	\$14,931,214	\$577,215
Primary Production	\$1,319,539,493	\$1,772,418,698	\$452,879,205
Vacant Land	\$146,006,500	\$182,673,000	\$36,666,500
Other	\$25,644,595	\$179,590,500	\$153,945,905
Council, Non-Rateable	\$115,381,408	\$128,735,903	\$13,354,495
Total	\$2,746,522,560	\$3,530,874,456	\$784,351,896

Rate increase

The Council plans to deliver services that meet the needs of the community, the Island population and economic growth. To fund this, a general rate increase of 6.5% has been proposed for the 2024/25 Financial Year. Which will result in an increase of rates income from \$8.254M in 2024 to \$8.790M in 2025.

Waste service charges

The Council needs to fully recover costs for waste services, to ensure it is not using other revenue to subsidise the waste expenditure. A planned budget value from Fleurieu Regional Waste has been used to determine waste service charges. A waste treatment and disposal charge is applied to all rateable properties, while a collection charge is applied to properties where waste collection services are provided.

Community Wastewater Management Schemes

Community Wastewater Management Schemes (CWMS) Service charges are allocated to properties that have the capability to be connected to one of the CWMS schemes. To enable the maintenance of operations and expansion of the service the cost of the CWMS charge will increase by 3% per connection in 2025 with each connection \$699.

Landscape Levy

Kangaroo Island Council collects the Landscape Levy on behalf of the Landscape Board. In FY2025 the levy collected is \$472,578 a 5.9% increase year on year.

Grant income

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

Federal Assistance Grants

In FY2025 the Council expects to receive \$2.68M million in Federal Assistance Grants which are distributed via the State Grants Commission Funding Formula.

Unsealed Roads Upgrade Program

The Council again secured the commitment of the State Government to provide \$3.5m of funds for the period 2024-2025, and indexed annually with these funds the Council will deliver unsealed road upgrades and renewals.

Borrowings

To meet the needs of the community whilst delivering on its Capital Works Program, Council has opted to borrow \$3.4 million in FY2025. This is higher than the \$0.4M forecast in the Council's 2021-2030 LTFP, it is required for the extent \$10.336M of planned capital works in FY2025.

Key budget assumptions

KEY DRIVERS	FY2024/25 DRAFT BUDGET
Consumer Price Index (Year to December 2023 – Adelaide)	4.8%
Local Government Price Index ¹ (Year to December 2023)	Recurrent – 4.8% Capital – 3.6%
Increase in average rates	Increase of total rates collected by 6.5% increase in average rate by \$88 to \$1,539
Increase in waste-water connection charges	To achieve full cost recovery waste-water connection charges increase by 3% to \$699
No Change in waste treatment and disposal charges	To achieve full cost recovery of waste management services including treatment and disposal and road-side collection
Increase in employment wages	Based on EBA conditions a minimum 4% increase in 2025 FY
Depreciation	Based on useful life assumptions per asset class
Financial costs	Based on a combination of fixed and floating rate facilities held with Local Government Finance Authority

Summary budget FY2024/25

	FY2024 BUDGET \$	FY2025 BUDGET\$	YEAR ON YEAR CHANGE \$	YEAR ON YEAR CHANGE %
OPERATING BUDGET:				
Operating Revenue	20,109,495	22,625,098	2,515,603	12.5
Operating Expenses	22,587,881	23,761,902	1,174,021	5.2
OPERATING SURPLUS /DEFICIT	(2,478,386)	(1,136,804)	1,341,582	54.1
Not operating items	2,512,500	3,500,000	987,000	39.3
NET SURPLUS/DEFICIT	34,114	2,363,196	2,329,082	6,827.3
CAPITAL BUDGET:				
Renewal/Replacement	5,775,000	7,258,000	1,503,000	26.0
New/Upgrade	1,552,000	3,078,563	1,526,563	98.4
TOTAL CAPEX	7,237,000	10,336,563	3,029,563	41.86

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.

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 FY 24	2023/2024 CENTS IN \$\$	INCOME FOR FY 25	2024/2025 CENTS IN \$\$
Residential	\$3,434,067	0.2689	\$3,667,830	0.2268
Commercial	\$311,715	0.2850	\$319,218	0.2404
Industrial	\$56,609	0.2850	\$51,301	0.2404
Primary Production	\$3,237,820	0.2689	\$3,503,762	0.2268
Vacant	\$1,133,380	0.5378	\$1,155,219	0.4536
Other	\$76,911	0.2850	\$85,330	0.2404
TOTAL GENERAL RATE REVENUE	\$8,250,502		\$8,792,260	

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.

However, Council's rating differential continues to be higher for vacant land to encourage development. In FY2025 Council will not increase the fixed charge of \$340. The primary production and residential differentials have reached parity and require no further alignment in FY2025.

The overall rate revenue Council needs to collect in FY2025 to deliver services is \$8.79 million. This comprises of a 6.5% increase on the total general rates collected in FY2024 of \$8.25 million. 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.

A cap of 8% increase on the general rates charged based on the FY2024 will be applied. For those ratepayers who have not had a change of rating category, or a change of ownership, in the FY2024 year the 8% cap will mean the general rates payable in FY2025 will not be more than 8% increase on the FY2025 rates. Approximately 260 assessments will not be entitled to this 8% capped rate increase.

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. The 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 27% or \$784M million for FY2025 with total capital values of all properties on Kangaroo Island of \$3.530 billion.

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. The Council has no role in this process and the lodgement of an objection does not change the due date for payment. Objections should be forwarded to: State Valuation Office, 101 Grenfell Street, Adelaide SA 5000. Phone: 1300 653 345 or email: 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 the 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 5 September 2024 – or by quarterly instalments due and payable on the following dates:

- 1st payment 5 September 2024
- 2nd payment 5 December 2024
- 3rd payment 6 March 2025
- 4th payment 5 June 2025

Regional Landscape Levy

The Regional Landscape Levy, previously known as the Natural Resources Management (NRM) Levy, is a State Government tax. The 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 with it imposed on each separate assessment of rateable land in the Council area increased by 5.9% from \$86.40, bringing the total charge to \$91.43 per assessment for FY2025.

Fixed charges:

The 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

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. Due to the on-going effectiveness of the waste management on Kangaroo Island the collection and treatment and disposal fees will remain unchanged at \$124 and \$285 respectively for FY2025.

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">Residential propertiesCommercial propertiesIndustrial propertiesPrimary Production properties

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

The 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. The 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. The on-going expansion and operation of the CWMS operations requires an increase of \$20, with the fee per property of \$699 in FY2025.

Summary of charges:

	ADOPTED FY2022	ADOPTED FY2023	ADOPTED FY2024	PROPOSED FY2025
Average rate increases (%)	5.05%	3.9%	6.0%	6.5%
Fixed rates charge (\$)	\$340	\$340	\$340	\$340
Minimum residential rate (\$)	N/A	N/A	N/A	N/A
CWMS fee per connection	\$643	\$667	\$679	\$699
Waste management charge – collection	\$119	\$124	\$124	\$124
Waste management charge – treatment and disposal	\$265	\$275	\$285	\$285
Regional Landscape Levy	\$79.00	\$81.40	\$86.75	\$91.43
Rate capping	N/A	N/A	6%	8%
Average general rates	\$1,328	\$1,370	\$1,451	\$1,393

Further information about Council rates

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

Projects

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

The decisions made by the Council are informed by the 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 and new and upgrade capital projects that the Council is committed to undertaking in FY2025.

Renewal projects

	LINK TO STRATEGIC PLAN	GRANT FUNDING SECURED (\$'000)	PROJECT COST (\$'000)
Buildings and complexes	1.1.1	-	\$448,000
Recreation and open spaces	1.1.1	-	\$561,000
Unsealed roads	1.1.1	\$3,500,000	\$3,963,500
Sealed roads	1.1.1	-	\$998,500
Plant & Equipment	1.1.1	-	\$633,000
Stormwater and bridges	1.1.1	-	\$182,000
CWMS	1.1.1	-	\$288,000
Airport	1.1.1	-	\$125,000
Footpaths	1.1.1	-	\$59,000
TOTAL		\$3,500,000	\$7,258,000

Assets requiring renewal are identified from estimates of remaining life obtained from the asset register. Candidate proposals are inspected to verify accuracy of remaining life estimate and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds for scheduling into forward works programme.

The priority ranking criteria differs for each asset category. Scheduling of renewals and upgrades must also consider availability of materials, plant and equipment required for all projects and if additional plant or equipment is needed to be hired.

The projects scheduled for 2024/25 include:

- Buildings and complexes: Renewal of Murray Street Carpark, Kingscote Pavillion cladding, Kingscote depot retaining wall and shedding and fencing at Kangaroo Island Resource Recovery Centre
- Recreation and open spaces: Boat Ramp and stairs renewal as per condition audit reports, Vivonne Bay playground, Parndana playground, Kingscote Tidal Pool shelters, Emu Bay Boat Ramp carpark drainage, North Terrace viewing platforms and Tangara Drive footbridge
- Unsealed roads: Resheeting of Seagers Road, Boxer Road and Gap Roads through the DPTI Program along with portions of Pratts Road, Lovers Lane and Snug Cove Road
- Sealed roads: Town street reseals (American River, Kingscote and Penneshaw) and pavement rehabilitation North Coast Road and Elsegood Road.
- Plant & Equipment: Renewal of grader, vegetation groomer, works vehicle, drain spray unit and tipper truck
- Stormwater and bridges: Co funding for Church Road Floodway renewal and concrete spalling repairs to various bridges
- CWMS: Renewal of end-of-life pumps, pits and pipes
- Airport: Building roof repairs, runway renewal and seal of runway blast zone
- Footpaths: Footpath capital repairs

Strategic Plan references

1.1.1 Deliver the Infrastructure and Asset Management Plan 2019-28

New or upgrade capital projects

	LINK TO STRATEGIC PLAN	PROJECT VALUE (\$'000)
Recreation Space Amenities	2.3.3	\$320,000
Footpath Program	1.1.1	\$640,000
Road Upgrade Engineering	1.1.1	\$174,000
CWMS Extension	1.1.1	\$999,000
Plant & Equipment	1.1.1	\$415,563
Stormwater Management	1.1.1	\$285,000
Buildings and Complexes	1.1.1	\$245,000
TOTAL		\$3,078,563

The projects scheduled for 2024/25 include:

- Recreation and Open Space: Continuation of the Tree Planting program and works at Christmas Cove
- Footpath Program: Continuation of the footpath program within the main townships
- Sealed Road Upgrade: Sealing of portion of Mary Seymour Lane
- CWMS Extension: Construction of Freycinet Way extension and planning works for Dutton Street and Karatta Terrace extensions
- Plant & Equipment: Wheeled type excavator with rotary hitch (as per the Plant Replacement Program)
- Stormwater Management: Continuation of kerbing program including Nepean Street and Investigator Avenue, Flood plain mapping and Kingscote Stormwater Management Plan
- Buildings & Complexes: Work dependent on outcome of 2023/24 reports

Strategic Plan references

1.1.1 Deliver the Infrastructure and Asset Management Plan 2019-28

2.3.3 Enhance the character, amenity, safety and accessibility of the built environment.

Key operating projects

	LINK TO STRATEGIC PLAN	PROJECT VALUE
Community Partnerships	2.1.1	\$32,000
Information Technology Review	5.2.3	\$230,000
Integrated Planning and Reporting	5.2.3	\$50,000
Implementation Preparing KI Report	4.4.2	\$120,000

Strategic Plan references

1.1.2 Deliver the Infrastructure and Asset Management Plan 2019-28

2.1.1 Review Community grant and sponsorship programs and set funding baselines.

2.3.3 Enhance the character, amenity, safety and accessibility of the built environment.

4.4.2 Seek funding to analyse and develop a KIC implementation plan to reduce the KIC carbon footprint to carbon neutrality.

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

Capital expenditure by asset type

Unsealed Roads		\$3,963,500
Sealed Roads		\$1,172,500
Plant		\$1,048,563
Recreation, and Open-Space		\$881,000
Buildings and Complexes		\$693,000
CWMS		\$1,287,000
Stormwater		\$467,000
Footpaths		\$699,000
Airport		\$125,000
TOTAL		\$10,336,563



One of the Council's projects in 2024-25 is the ongoing Community Wastewater Management System (CWMS) works in Freycinet Way, Penneshaw. Trenching works are currently underway at the rear of properties on the northern side of the road and work in the road reserve on Freycinet Way will follow.

Sources of Income and Expenditure

Income	Expenditure
Rates	Employee expenses
Income levied under Section 7 of the <i>Local Government Act 1999</i> . 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.	All forms of consideration given by Council in exchange for service rendered by employees or for the termination of employment.
Rates income includes service charges for waste collection, treatment, disposal, and community wastewater management schemes activities.	Materials, Contracts and other expenses All expenses that are not employee costs, financial costs, depreciation, amortisation or impairment costs.
State Government Statutory Charges	Finance costs The costs of financing Council's activities through borrowings or other types of financial accommodation.
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.	Depreciation, amortisation and impairment Relates to infrastructure property, plant and equipment to which the Council has title.
User charges set by Council	
Charges for Council's fee-based facilities and services are listed in the Schedule of Fees and Charges and can be found 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.	
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.	



APPENDIX A – FINANCIAL STATEMENTS

Income Statement

	FY2024 BUDGET \$	FY2025 BUDGET \$
Rates Revenue	12,338,572	13,115,902
Statutory Charges	335,407	356,538
User Charges	1,082,912	1,151,135
Grants, Subsidies and Contributions	2,977,700	4,414,000
Investment Income	13,213	14,045
Reimbursements	3,157,307	3,356,217
Other Income	204,384	217,260
Net Gain – Equity Accounted Council Businesses	-	-
TOTAL INCOME	20,109,495	22,625,098
Employee Costs	8,028,219	8,288,041
Less: Capitalised and distributed costs (E)	(1,790,559)	(1,657,408)
Net Employee Costs	6,237,660	6,630,633
Materials, Contracts and Other Expenses	11,320,083	11,805,644
Less: Capitalised and Distributed Costs (M)	(214,115)	-
Net Material Costs	11,105,968	11,805,644
Depreciation, Amortisation and Impairment	4,996,294	5,017,480
Finance Costs	248,881	308,146
Net Loss – Equity Accounted Council Businesses	-	-
TOTAL EXPENSES	22,588,835	23,761,902
OPERATING SURPLUS / DEFICIT	(2,479,340)	(1,136,804)
Asset Disposal and Fair Value Adjustments	-	-
Amounts Received Specifically for New or Upgraded Assets	2,512,500	3,500,000
Physical Resources Received Free of Charge	-	-
Operating Result from Discontinued Operations	-	-
Net Surplus / (Deficit)	33,160	2,363,196
Changes in Revaluation	10,151,958	10,414,379
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-
TOTAL COMPREHENSIVE INCOME	10,185,118	12,777,575

Notes on Income Statement 2024-24– Changes in FY2025 Budget from FY2024 Budget

1. Income	2. Expenses
<p>Rates</p> <p>Changes in rates revenue in 2024/25 are due to changes in:</p> <ul style="list-style-type: none">The Valuer General's property valuations rising on average by 27% across Kangaroo Island.The vacant land differential remains at 200% <p>Statutory Charges</p> <ul style="list-style-type: none">Are Fees and charges set by regulation, collected by Council for regulatory functions including Freedom of Information Requests.Many local government fees and charges that are set by State Government statute are updated as part of the Department of Treasury and Finance's annual indexation process.In the FY2025 Council expect an increase in incomes collected from rates searches/property transactions, building inspections, planning fees & dog registrations. <p>User Charges</p> <ul style="list-style-type: none">Charges for Council's fee-based services seek to recover costs of services provided.Fees and charges for FY2025 had a CPI increase of 6.3% applied. Factors such as strategic alignment and ease of administrative application are considered when setting charges.The final FY2025 fees and charges document will be endorsed by Council at the Ordinary Council meeting held on 9 July 2025. <p>Grants, subsidies and Contributions</p> <ul style="list-style-type: none">Funding from government or other relevant parties.Operating Grants included in the FY2025 budget are based on Actual FY2023 Financial Assistance Grant & Roads to Recovery grant contribution levels, where an allowance of a prepayment has been incorporated. <p>Investment Income</p> <ul style="list-style-type: none">Income from financial investments or loans to community groups.The FY2025 budget is based on the actual income received for FY2023. <p>Depreciation and Finance Costs</p> <p>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.</p> <p>Reimbursements</p> <ul style="list-style-type: none">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. <p>Other Income</p> <p>Income not classified elsewhere. The FY2025 budget includes any employment subsidies payable for trainee or apprenticeship schemes.</p>	<p>Employee Costs</p> <p>The increase in employee cost expenditure can be explained by several factors related to 60+ Full Time Equivalent roles at Council including</p> <ul style="list-style-type: none">Allowance for replacement of vacant positions – including any changes in salary to attract and retain suitably qualified and skilled staffAllows for minor change in positions, or grades of employment.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. <p>Materials, Contracts and Other Expenses</p> <p>These have increased in the FY2025 budget.</p> <ul style="list-style-type: none">Although it is built on last year's actual costs a large portion of the increase from FY2024 budget is attributable to the increase in capital related costs inflationary pressures with LGPI capital increases of 3.6% year on year.Provision has also been made to accommodate a number of required contracted expenditures including; mid-term training for Elected Members, implementation of Integrated Planning and Reporting and work for Digital Transformation.

Balance Sheet

	FY2024 BUDGET \$	FY2025 BUDGET \$
Cash and Cash Equivalents	214,230	138,735
Trade and Other Receivables	1,258,803	1,341,774
Inventories	682,423	682,423
TOTAL CURRENT ASSETS	2,182,456	2,162,932
Equity Accounted Investments in Council Businesses	-	-
Infrastructure, Property, Plant and Equipment	520,718,946	537,456,409
Other Non-Current Assets	1,843,196	1,843,196
TOTAL NON-CURRENT ASSETS	522,562,142	539,299,605
TOTAL ASSETS	524,744,598	541,462,537
Trade and Other Payables (C)	2,023,410	2,508,138
Borrowings (C)	862,711	873,824
Provisions (C)	1,036,865	1,036,865
TOTAL CURRENT LIABILITIES	3,922,986	4,418,827
NON-CURRENT LIABILITIES		
Trade & Other Payables (NC)	8,357,141	7,844,641
Borrowings (NC)	12,183,866	16,141,312
Provisions (NC)	354,456	354,456
TOTAL NON-CURRENT LIABILITIES	20,895,463	24,340,409
TOTAL LIABILITIES	24,818,449	28,759,236
NET ASSETS	499,926,149	512,703,301
Accumulated Surplus	33,408,728	35,771,924
Asset Revaluation Reserves	459,094,027	469,508,406
Other Reserves	7,423,224	7,423,000
TOTAL EQUITY	499,925,979	512,703,330

Cash Flow Statement

	FY2024 BUDGET \$	FY2025 BUDGET \$
Operating Receipts	19,970,136	22,528,082
Investment Receipts	8,809	14,045
Operating Payments for Suppliers and Employees		(16,817,492)
Finance Payments	(246,881)	(300,588)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES		
Amounts Received Specifically for New / Upgrade Assets	2,000,000	3,500,000
Sale of Replaced Assets	-	-
Sale of Surplus Assets	-	-
Expenditure on Renewal / Replacement of Assets	(5,775,000)	(8,098,200)
Expenditure on New / Upgraded Assets	(1,552,100)	(4,376,420)
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(5,327,100)	(9,487,120)
Proceeds from Borrowings	2,805,879	5,102,818
Repayment of Borrowings	(1,282,146)	(1,134,682)
NET CASH PROVIDED BY (OR USED) IN FINANCING ACTIVITIES	1,523,733	3,968,136
NET INCREASE (DECREASE) IN CASH HELD	(55,587)	(94,937)
Cash and Cash Equivalents at the Beginning of Period	296,817	214,230
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	241,230	146,293

Statement of Changes in Equity

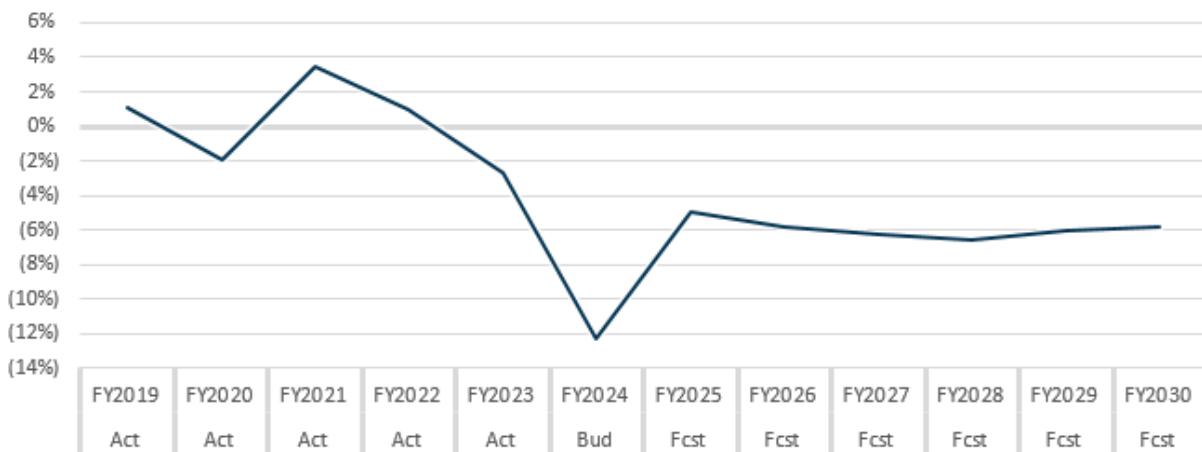
	FY 2024 BUDGET \$	FY 2025 BUDGET \$
ACCUMULATED SURPLUS		
Balance at the end of previous reporting period	33,375,568	33,408,728
Net result for the year	33,160	2,370,754
Transfers from other reserves		2,470,176
BALANCE AT THE END OF THE PERIOD	33,408,728	38,249,658
Balance at the end of previous reporting period	448,942,069	459,094,027
Gain (Loss) on Revaluation of I, PP&E	10,151,958	10,141,379
BALANCE AT THE END OF THE PERIOD	459,094,027	469,508,406
Balance at the end of previous reporting period	5,632,824	5,292,824
Transfer from Accumulated Surplus	1,790,003	(340,000)
BALANCE AT THE END OF THE PERIOD	7,422,827	4,952,824
TOTAL EQUITY AT END OF REPORTING PERIOD	499,925,582	512,710,888

Uniform Presentation of Finances

	FY2024 BUDGET \$	FY2025 BUDGET \$
Income	20,109,495	22,625,098
Less Expenses	(22,588,835)	(23,761,902)
OPERATING SURPLUS/DEFICIT	(2,479,340)	(1,136,804)
Capital Expenditure on renewal and replacement of Existing Assets	(5,775,000)	(7,258,000)
add back Depreciation, Amortisation and Impairment	4,996,294	5,017,480
add back Proceeds from Sale of Replaced Assets	-	-
	(778,706)	(2,240,520)
Capital Expenditure on New and Upgraded Assets	(1,552,100)	(3,078,563)
add back Amounts Received Specifically for New and Upgraded Assets	2,000,000	3,500,000
BALANCE AT THE END OF PERIOD	447,900	421,437
NET LENDING /(BORROWING) FOR FINANCIAL YEAR	(2,810,146)	(2,955,887)

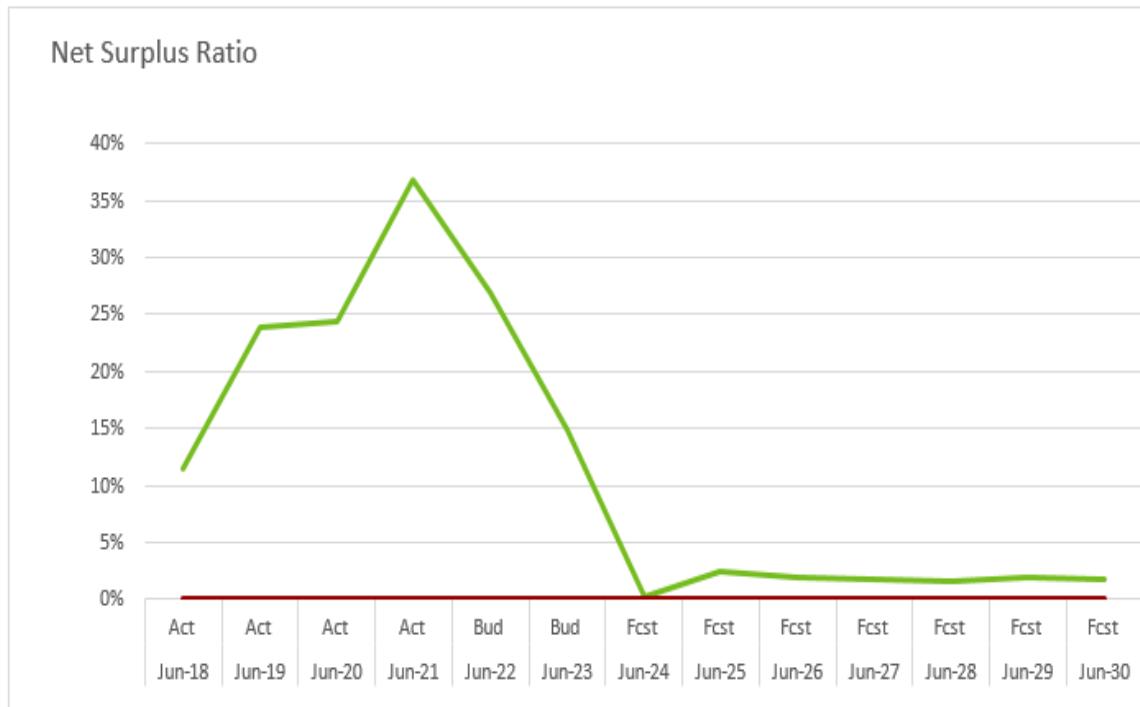
APPENDIX B – FINANCIAL INDICATORS

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 small negative ratio is appropriate in the short-term in response to the recent significant economic events and the net surplus results in the subsequent indicator.

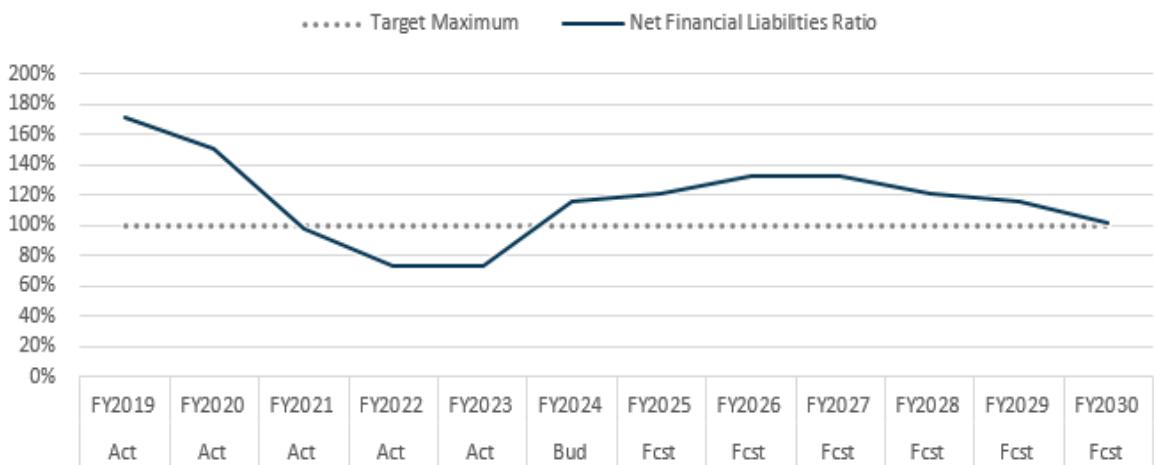
Target – We aim to achieve an Operating Surplus Ratio of 0% within 10 years.



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.

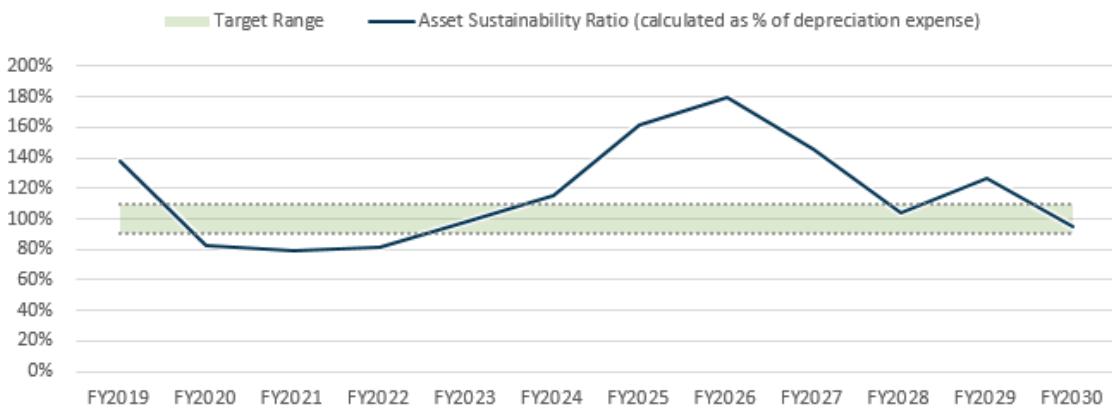
Net Financial Liabilities Ratio



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 (calculated as % of depreciation expense)



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 2024-25 budget to demonstrate the trend.

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

Financial Indicators

Estimates for the Council's Operating Surplus Ratio, Net Surplus Ratio, Net Financial Liabilities Ratio and Asset Sustainability Ratio for **2024-25** budget are set out below in a manner consistent with the note in the Model Financial Statements entitled "*Financial Indicators*".

	ACTUAL 2023	BUDGET 2024	BUDGET 2025
Operating Surplus Ratio	-6%	-12%	-5%
Net Surplus Ratio	15%	0.2%	10.48%
Net Financial Liabilities Ratio	115%	123%	121%
Asset Sustainability Ratio	146%	116%	161%

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 \$540M. With total depreciation of \$5.01M and general rates revenue of \$8.7M 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 2024-25 is not sufficient to fund any capital expenditure and this is represented by both our operating position and the **Operating Surplus Ratio**.

The Kangaroo Island Council is expecting to receive a large value (\$3.5M) of grant revenue during 2024-25, however this is provided specifically to Council to provide new or upgraded assets which has a nil effect on the operating surplus ratio position; these grants do assist 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.

The Council's significant expenditure in recent years on new and renewed assets has influenced our **Asset Sustainability Ratio**. It is expected the improved trend, demonstrated in 2024-25, will continue as long as the \$3.5M DPTI unsealed roads contribution continues to be received as income.

As the Council continues to develop and refine 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 can be expected to continue improving.



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