



DISTRICT COUNCIL OF LOWER EYRE PENINSULA



2022-23 ANNUAL BUSINESS PLAN

Working with our Rural & Coastal Communities



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FOREWORD

We are pleased to present the 2022/23 Annual Business Plan which demonstrates Council's continued focus in providing and maintaining quality roads, infrastructure and open spaces for the benefit and enjoyment of locals and visitors alike.

The COVID-19 Pandemic has seen unprecedented times with Commonwealth and State Governments providing Local Council's stimulus funding in the bid to boost Australia's economic recovery. Council has previously received \$1.0m to undertake local road and community infrastructure projects from the Commonwealth Government and is set to receive a further \$1.0m in 2022/23. With this funding Council is seeking to continue its work in recent years in upgrading playgrounds, footpaths, walking trails and open spaces for the enjoyment of the community with a number of exciting projects proposed and detailed further within this plan.

COVID-19 has also seen a significant increase in tourism to the Eyre Peninsula which has placed our unique and beautiful coastline at risk of irreparable damage. In response and in-line with Council's long term strategic objectives of protecting our natural environment, Council is proposing to better delineate and formalise camping areas throughout the district to better protect the local environment for locals and tourists to enjoy into the future.

In 2021/22 Council undertook a kerbside recycling service trial within its major townships and since its commencement in November 2021 this service has redirected over 150 tonnes of waste from landfill. Given the trials success it is proposed that this service be retained on a permanent basis

with Council continuing to investigate means of further reducing the environmental impact from household waste.

The Plan provides for over \$13.4m in capital works, a significant undertaking for Council with \$6.8m in replacement and renewal and \$6.6m for new and upgraded infrastructure.

The plan continues to achieve Council's long-term objectives as detailed within Council's Strategic Plan, Long Term Financial Plan and Asset Management Plan whilst ensuring that Council is financially sustainable into the future.

We recommend the 2022/23 Annual Business Plan to the community and look forward to your feedback.



Jo-Anne Quigley
Mayor



Delfina Lanzilli
Chief Executive
Officer



EXECUTIVE SUMMARY

The Annual Business Plan sets out the Council's proposed programs and projects for the 2022/23 year and aims to achieve and/or progress the longer term objectives for the District that have been set out within Council's 2020-2030 Strategic Plan, Long Term Financial Plan and Asset Management Plan.

The business plan projects an Adjusted Operating Surplus of \$205,200,000 and represents a surplus of 1.39% of Council's operating income for the 2022/23 year. Councils should aim to have a small annual Operating Surplus to ensure they are able to meet the costs of general operations and replacement of assets when required. The projected surplus, along with Council's recent history and future long-term projections demonstrates Council's commitment towards long term financial sustainability whilst maintaining rates at acceptable levels to the community.

Rates are proposed to increase by 4.35% to existing properties being less than both the Consumer Price (CPI) Index and the Local Government Price Index (LGPI) increases of 4.7% and 4.5% respectively for the March 2022 annual indexation period.

Council acknowledges recent increases in the cost of living and have aimed to set a plan that ensures Council can continue to provide the services to the community without adding further financial burdens on its ratepayers.

In the setting of the Annual Business Plan Council addressed increases in costs that are outside of its control which includes the Commonwealth's increase to the Superannuation Guarantee Rate for employees, insurance premiums proposed to increase by 5%-10% and costs associated with maintaining and cleaning of Council's public conveniences following an increase in tourism and visitations to the Lower Eyre Peninsula and subsequent increased usage of these facilities.

The Annual Business Plan includes for the receipt of \$7.3m in grant funding that will enable Council to repair and upgrade sections of Bratten Way and Flinders Highway, continue upgrading and improving its community playgrounds and open spaces and bring forward two years of footpath construction works that will continue to enhance the amenity of Council's communities.

Roads and rubbish continue to be a major focus of the Annual Business Plan and commentary has been provided within the plan to outline significant initiatives in these areas.

A full summary of Business Activities undertaken by Council are included within the Business Plan, covering the Port Lincoln Airport, Coffin Bay Caravan Park, Cummins Homes and Community Waste-Water Management Schemes.

\$205k

Adjusted
Operating
Surplus

\$5.6m

Total Debt

\$13m

Capital
Works

\$7.3m

Grants
Received

\$18.7m

Total
Revenue

\$7.4m

Rate
Revenue

FUNDING ACKNOWLEDGEMENT

The District Council of Lower Eyre Peninsula is budgeting to receive a total of \$7.3m in grant funding with key contributions from Australia's Commonwealth and State Governments. Council acknowledges the importance and value that this funding provides to the community in delivering services, maintaining assets and infrastructure and enhancing the amenity of the district.

Council is also fortunate to work with a number of local partners such as the Cummins and District Financial Services, EP Landscapes Board and Regional Development Australia EP who continue to support Council in progressing community focused initiatives and objectives.

\$5.97m

• Commonwealth Government

- \$1,250k Financial Assistance Grants & Supplementary Local Road Funding
- \$426k Roads to Recovery
- \$2,716k Special Local Roads Program
- \$925k Regional Airports Screening Infrastructure Program
- \$656k Local Roads and Community Infrastructure Program

\$1.19m

• State Government

- \$918k Local Government Infrastructure Partnership Program
- \$136k Recreational Fishing, Boating and Camping Facilities Program
- \$100k Support Regional Aviation Initiative
- \$30k Stormwater Management Fund

\$0.14m

• Local Partners

- \$18k Cummins & District Financial Services
- \$58k EP Landscapes Board
- \$59k Regional Development Australia EP



Bendigo Bank



**Government of
South Australia**

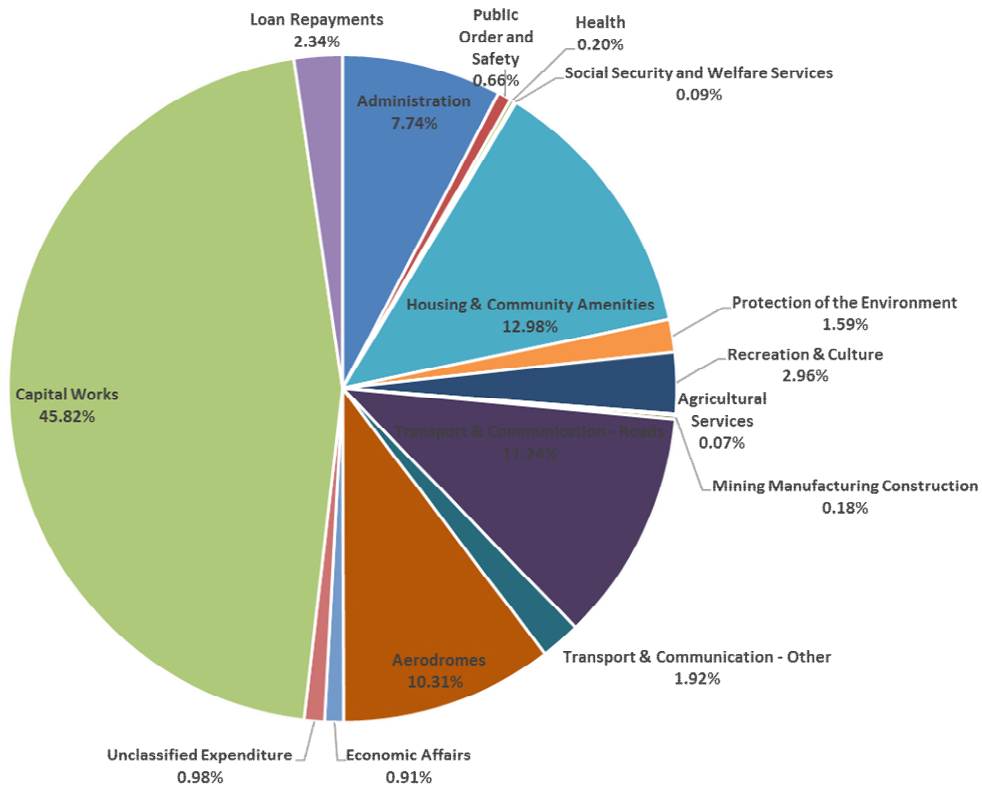


Australian Government



BUDGET SUMMARY

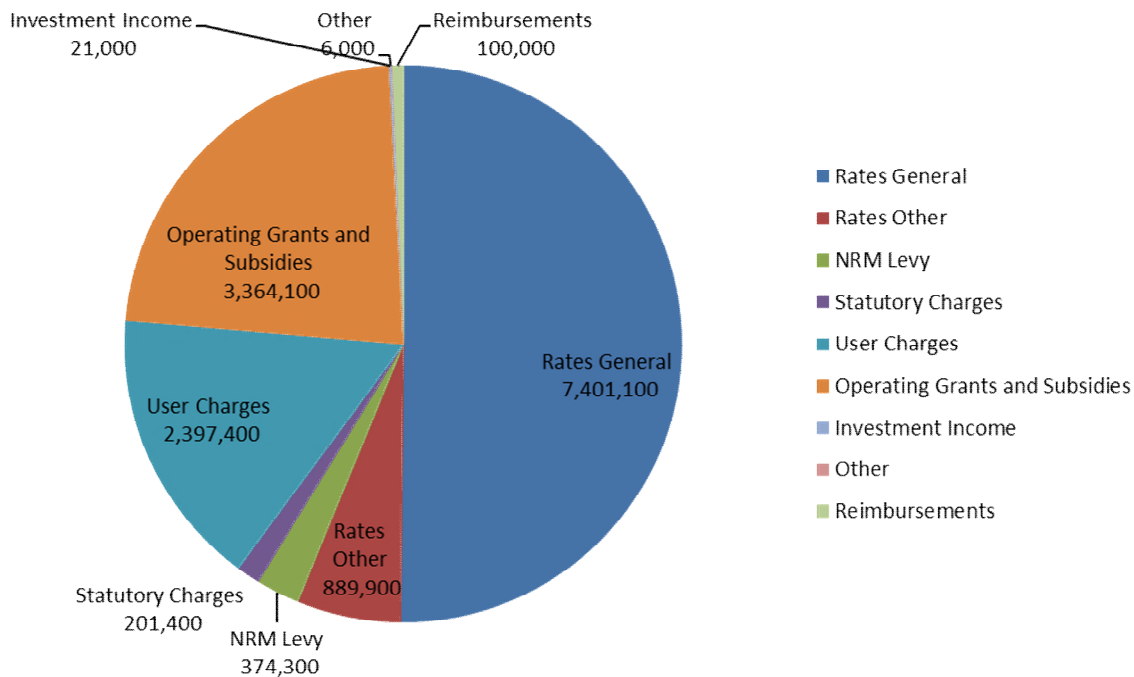
Expenditure



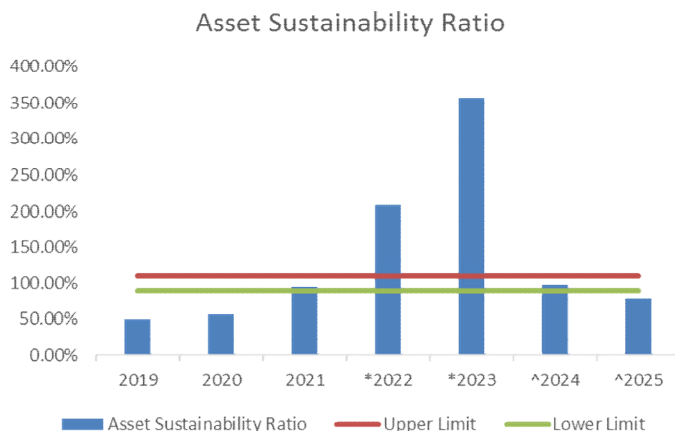
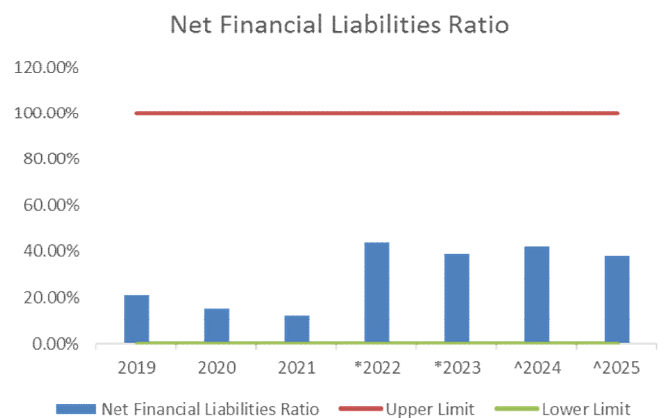
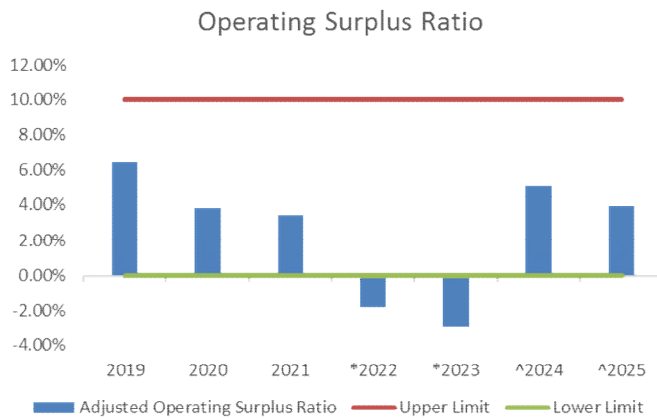
Capital Expenditure

(\$'000)	Community Development	Buildings	Open Spaces	Commercial Activities	CWMS	Roads	Stormwater	Footpaths	Plant & Equipment	Total
New / Upgrade	344	287	1,178	60	191	4,209	-	327	41	6,637
Renewal	-	123	-	264	2,020	4,238	52	12	69	6,778

Revenue Sources



Financial Indicators



Rating Levels

The Annual Business Plan will result in an average rate rise of 4.35% to existing properties being less than both the Consumer Price (CPI) Index and the Local Government Price Index (LGPI) increases of 4.7% and 4.5% respectively for the March 2022 annual indexation period.

* Budget Projections

^ Long Term Financial Plan Projections

STATEMENT OF EXPECTED RATE REVENUE

Statement on Expected Rate Revenue

Expected Rates Revenue				
	2021/22 (as adopted)	2022/23 (estimated)	Change	Comments
General Rates Revenue				
General Rates (existing properties)	\$7,069,654	\$7,456,998 ^(a)		For 2022/23 Council have proposed a General Rate Rise of 4.35% plus estimated growth (refer k) of 0.8% from new properties and development that have occurred over the 2021/22 year.
General Rates (new properties)	\$33,878	\$18,893 ^(b)		
General Rates (GROSS)	\$7,103,532	\$7,475,891 ^(c)		
Less: Mandatory Rebates	(\$21,132)	(\$21,421) ^(d)		
General Rates (NET)	\$7,082,400	\$7,454,470 ^(e)	5.3%	
<i>(e)=(c)+(d)</i>				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$362,115	\$374,310 ^(f)		The Regional Landscape Levy is a State tax, it is not retained by council.
Kerbside Recycling	\$146,744	\$272,000 ^(g)		2021/22 Service Charge was rebated as new service only commenced in November 2021. 2022/23 Includes full year service charge
CWMS	\$835,175	\$861,020 ^(h)		2.9% Increase to user charges plus 16 additional occupied connections due to growth / development
	\$8,426,434	\$8,961,800		
Less: Discretionary Rebates	(\$49,450)	(\$50,131) ⁽ⁱ⁾		
Expected Total Rates Revenue	\$8,014,869	\$8,537,359 ^(j)	6.5%	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
<i>(j)=(e)+(g)+(h)+(i)</i>				

Estimated growth in number of rateable properties

Number of rateable properties:	3,762	3,791 ^(k)	0.8%	
	<i>Actual</i>	<i>Estimate</i>		
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and				
				Growth is expected to account for around 0.8 per cent of the estimated increase in General Rates to be collected.

Estimated average General Rates per rateable property

Average per rateable property:	\$1,888	\$1,972 ^(l)	4.4%	
<i>(o)=(c)/(n)</i>				
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total General Rates paid by all rateable properties will equal the amount adopted in the budget.				
				These averages are based on the total of all rateable properties and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience.

Notes

(d) Councils are required under the Local Government Act to provide a rebate to qualifying properties under a number of categories: Health Services - 100 per cent Religious purposes - 100 per cent Royal Zoological Society of SA - 100 per cent Community Services - 75 per cent Public Cemeteries - 100 per cent Educational purposes - 75 per cent The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).				
(e) Presented as required by the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(1)(ea) Please Note: The percentage figure in (e) relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).				
(f) Councils are required under the <i>Landscape South Australia Act 2019</i> to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's				
(h) Community Wastewater Management Systems				
(i) A council may grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who				
(j) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.				
(k) 'Growth' as defined in the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(2)				

Statement on Expected Rate Revenue

Expected Rates Revenue									
	Total expected revenue			No. of rateable properties		Average per rateable property			Cents in the \$
	2021/22	2022/23	Change	2021/22	2022/23	2021/22	2022/23	Change	2022/23
Differential Rate Categories (General Rates - GROSS)									
Category 1	\$3,083,464	\$3,156,319	2%	2185	2199	\$1,411	\$1,435	(p)	\$24
Category 2	\$205,881	\$210,482	2%	220	220	\$936	\$957	(p)	\$21
Category 3	\$3,743,606	\$4,036,891	8%	1416	1433	\$2,644	\$2,817	(p)	\$173
GRAND TOTAL (GROSS)	\$7,032,951	\$7,403,692	5.3%	3,821	3,852	\$1,841	\$1,922	(p)	\$81

The District Council of Lower Eyre Peninsula applies a differential rate based on locality of the land and has determined that:
 Category 1 - The rate for land inside the gazetted townships of Boston, Coffin Bay, Cummins, Louth Bay, North Shields, Poonindie, Tiatukia and Tulka be 20% more than the differential rate for land outside gazetted townships; and
 Category 2 & 3 - The rate for land inside the gazetted townships of Edillilie, Yeelanna, Coult, Mount Hope, Wanilla, Wangary, Mount Dutton Bay, Little Douglas and Farm Beach be the same as the differential rate for land outside gazetted townships:

Fixed Charge							
	Total expected revenue			Charge			
	2021/22	2022/23	Change	2021/22	2022/23	Change	
Fixed Charge	\$2,101,550	\$2,272,680	8%	\$550	\$590	(q)	\$40

The Council has decided to impose a fixed charge on all rateable properties on the basis that all rateable properties:-
 1 - Make a base level contribution to the cost of administering the Council's activities; and
 2 - Contribute to the cost of creating and maintaining the physical infrastructure that supports each property.
 Council under Section 151(10) of the Local Government Act are able to impose a fixed charge up to 50% of Council's General Rate Revenue with Council proposing to raise 31% of its General Rates from a Fixed Charge in 2022/23.
 This revenue amount is **included** in the General Rates GROSS figure at (c).

Adopted valuation method

Capital Value

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:

Capital Value – the value of the land and all improvements on the land;

Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or

Annual Value – a valuation of the rental potential of the property.

The Council has decided to use capital value as the basis for rating land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers

Notes

(p) Average per rateable property calculated as General Rates for category, including any fixed charge or minimum rate (if applicable) but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(q) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

(r) Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

COMMUNITY CONSULTATION

The draft Annual Business Plan was available for community feedback between Thursday 2 June 2022 and Friday 1 July 2022.

A range of consultation methods are being utilised for the draft 2022/23 Annual Business Plan and Budget, including advertisements and media releases in the public newspaper, local radio advertising, Council's Fortnightly Focus, Facebook page and corporate website.

Copies of this document are available from the Council offices at 32 Railway Terrace, Cummins and 38 Washington Street, Port Lincoln; and online at Council's website lowereyrepeninsula.sa.gov.au/

Surveys will also be made available via Council's website, Facebook page and offices on the Annual Business Plan. All written submissions from the community closed on Friday 1 July 2022.

A Special Council Meeting of Council was held on 4 July 2022 for any member of the community wishing to address Council.

PUBLIC MEETING

A formal public meeting to present the draft 2022/23 Annual Business Plan and Budget and hear community representations was held on 16 June 2022 at Council's principal office 32 Railway Terrace, Cummins at 7:30pm.

The presentation and community representations were available as a live streamed online session for those unable to attend in person.

A recording of the session was made available on Council's corporate website.



Elected Members

The District Council of Lower Eyre Peninsula comprises seven (7) Elected Members who are responsible for a variety of functions in accordance with the Local Government Act 1999 and other legislation. The Mayor is elected from within the Council membership.



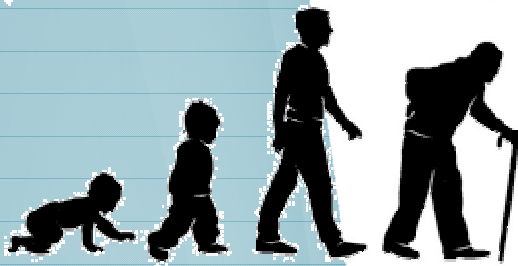
Back: Cr A.Tingay, Cr W.Holman, Cr D.Barrowcliff

Front: Cr B.Howell, Deputy Mayor P.Mitchell, Mayor J.Quigley, Cr S.Woolley

OUR VISION 2030

We are a district of vibrant, inclusive and welcoming coastal and rural communities enjoying pristine natural environments and access to quality services and facilities.

Our Community



Working Class

58%

Aged between 20 to 64

1,416 under 20
1,483 20 to 44
1,720 45 to 64
886 older than 64

43

MEDIAN AGE



FACEBOOK
FOLLOWERS

2,192

\$160m

Council is responsible for the annual maintenance and periodic replacement of \$160m of community assets



RECLAIMED
WATER

94 ML

Council supplied 94ML of reclaimed water to local sporting grounds

The District Council of Lower Eyre Peninsula is largely a rural community, interspaced with small country and coastal towns. The extensive east and west coasts of Council's boundaries provide magnificent fishing and surfing beaches, complimented by breathtaking views of rugged cliffs, idyllic picnic-spots and the beauty of the colour-changing Marble Ranges.

FOOTHPATHS

11 km

2 WALKING
TRAILS



BOATRAMPs

4

Council maintains 4 boat ramps in Coffin Bay, Dutton Bay, Farm Beach and North Shields.



COUNCIL AREA

4,754 km²

140,000

Annual passenger movements through the Port Lincoln Airport



22 TOWNSHIPS

Coffin Bay	Cummins	North Shields	Louth Bay	Tulka	Boston
Poonindie	Mount Dutton Bay	Edillilie	Yeelanna	Coulta	Mount Hope
Wanilla	Stamford	Point Boston	Farm Beach	Karkoo	Little Douglas
	Wangary	Kellidie Bay	Tiatukia	Kapinnie	

STRATEGIC MANAGEMENT PLAN

The Strategic Plan is the overarching Strategic Document for a Council and sets the vision and direction for the term of the Council.

A review of the Strategic Plan commenced in late 2019 with a community survey and numerous workshops occurring throughout the district. Using the community input received through those avenues, the Council developed a new plan that was adopted by the Council on 17 July 2020.

Key aspects of the Strategic Plan 2020-2030 include:

Vision 2030

We are a district of vibrant, inclusive and welcoming coastal and rural communities enjoying pristine natural environments and access to quality services and facilities.

As Council our values are:

Unity

Working together, supporting and encouraging each other to achieve quality outcomes for our district.

Responsibility

Taking ownership and being accountable for our decisions. Being transparent in our processes and decision making.

Integrity

Developing the trust and confidence of community and stakeholders through fairness, capability and delivery.

Inclusivity

Being open and approachable. Genuinely listening and considering. Being respectful of diversity.

Progressiveness

Being proactive. Continuously innovating and pursuing improvements in all respects. Embracing change.

Responsiveness

Adapting to new, emerging or changing needs and perspectives.

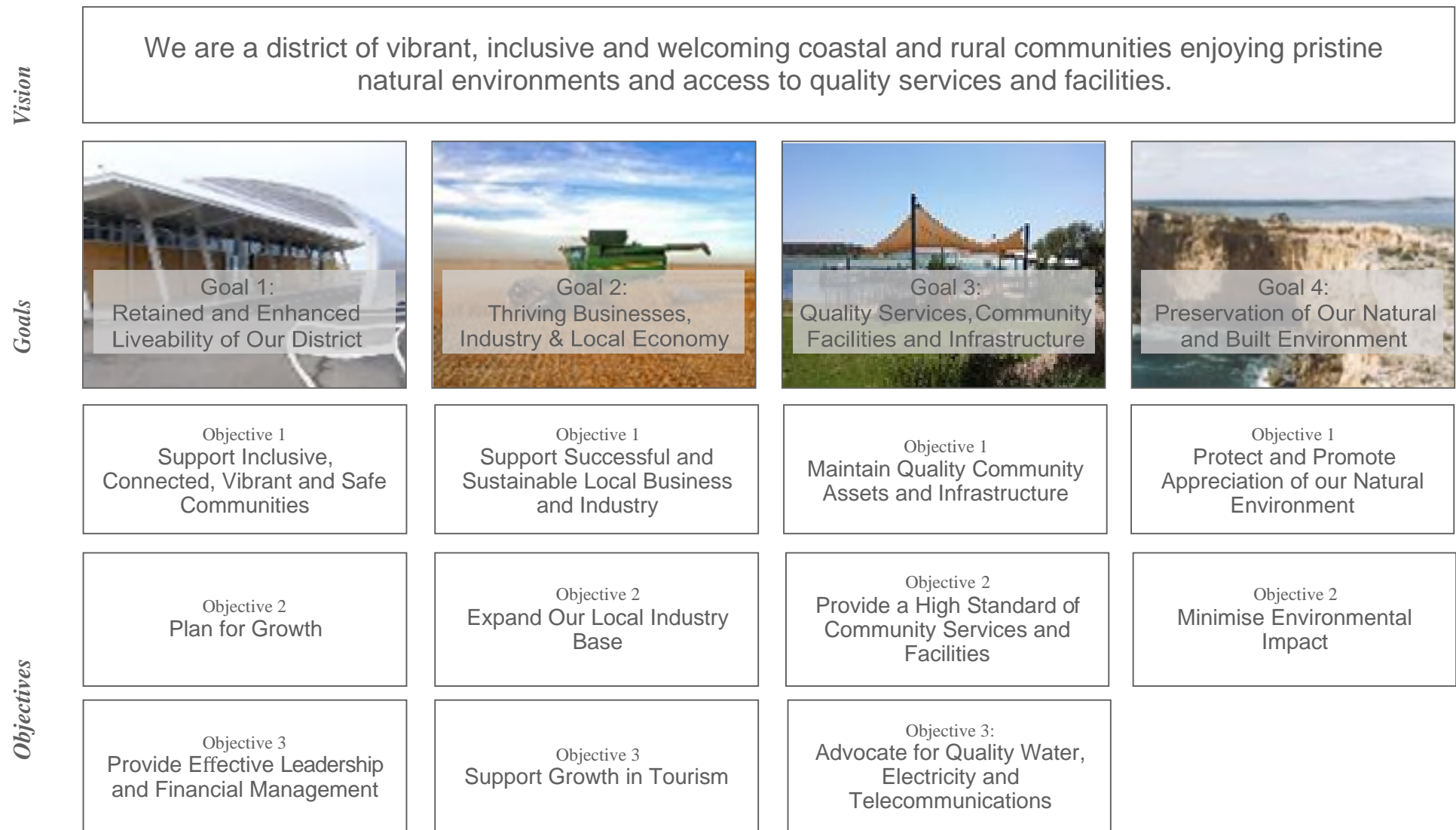
Collaboration

Pursuing effective relationships with stakeholders and partnering with them to deliver community outcomes.

A full copy of the Strategic Plan is available on Council's website:

www.lowereyrepeninsula.sa.gov.au

Structure of the Strategic Plan



SIGNIFICANT INFLUENCES AND PRIORITIES

A number of significant factors have influenced the preparation of the Council's 2022/23 Annual Business Plan, including: -

- Consumer Price Index increase of 4.70% based on the Adelaide CPI for the year ended March 2022.
- Local Government Price Index (LGPI) for year ended March 2022 increased by 4.50%.
- Strategic Plan developed in 2019/20 that sets out the service standards and long term objectives that Council aims to deliver.
- 2021-2030 Long Term Financial Plan that sets out the capital works Council aims to undertake over the next ten years.
- 2021-2030 Asset Management Plan that identifies current assets that are nearing the end of their useful and serviceable life and require capital expenditure to return the asset to 'as new' condition
- Enterprise bargaining agreements to provide for annual wages and salary rises.
- Contract renewal tied to CPI movements.
- New fees/charges/legislative requirements imposed by other levels of government e.g. Waste management legislative requirements, Governance standards, Litter Nuisance & Control Act 2016, Planning Development & Infrastructure Act 2016.
- Requirement to maintain and improve infrastructure assets to acceptable standards including roads, footpaths, street lighting, stormwater drainage, boat ramps, walking trails, reserves, garbage collection and Council property.
- Service and infrastructure needs of developing areas.
- The cost of delivering core Council services such as waste management.
- Provision of significant levels of grant funding from Commonwealth and State Governments
- Commonwealth Government's staged Superannuation Guarantee percentage increase
- Increased visitation and tourist movements experienced on the Eyre Peninsula





COUNCIL SERVICES

All Councils have basic responsibilities under the Local Government Act and other relevant legislation. These include:

- Governance activities
 - maintaining the voters roll and supporting the elected Council;
 - setting rates, preparing an annual budget and determining longer-term strategic management plans for the area
- Regulatory Requirements such as animal management and fire prevention
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting, storm-water drainage, walking trails and boat ramps, camp grounds
- Street cleaning and rubbish collection and disposal
- Development planning and control, including building safety assessment
- Various environmental health services
- Community Waste-Water Management Schemes

In response to community needs the Council also provides further services and programs including:

- Youth Advisory Committee
- Creating connections programs and health service advocacy
- Community Development assistance and grants
- Cemetery management
- Provision of public conveniences
- Foreshore maintenance
- Library contributions and support
- Swimming Pool contribution
- Sport & Recreation support
- Drum Muster program
- Authorised Landing Areas
- Tourism contributions
- Camping Reserves
- Assistance with School immunisation program
- Port Lincoln Airport
- Independent Living Homes

COUNCIL SERVICES – OPERATING EXPENDITURE

The following is a summary of Council's budgeted operating expenditure for the 2022/23 year by function.

	\$'000	\$'000			
Administration	2,226	2,226	Aerodromes	3,019	3,019
Public Order and Safety	193	-	Other Transport	421	421
Dog Control	-	90	Economic Affairs NEC	267	267
Fire Protection	-	98	Other Purposes NEC	328	-
Other	-	5	Public Debt Transactions	-	108
Health	59	-	Other Purposes NEC	-	220
Health Inspections	-	32	Total	15,180	15,180
Health Other	-	27			
Social Security and Welfare Services	27	-			
Aged & Disabled Services	-	19			
Families and Children	-	8			
Housing & Community Amenities	3,800	-			
Housing	-	164			
Town Planning	-	305			
Other Community Development	-	48			
Sanitation & Garbage	-	1,557			
Sewerage	-	888			
Urban Stormwater Drainage	-	344			
Other Community Amenities	-	494			
Protection of the Environment	465	465			
Recreation & Culture	867	-			
Libraries	-	66			
Other Cultural Services	-	14			
Sport & Recreation	-	787			
Agricultural Services	22	22			
Mining Manufacturing Construction	53	-			
Building Act	-	53			
Transport & Communication	6,874	-			
Road Construction and Maintenance	3,291	-			
Sealed Roads	-	1,253			
Formed and Surfaced Roads	-	2,038			
Bridges	15	15			
Footpaths	127	127			
	\$'000	\$'000			



BUSINESS ACTIVITIES

Port Lincoln Airport

Council own and operate the Port Lincoln Airport as a self-funding activity with user charges generally meeting the costs associated with the facility and providing reserve funds for future requirements.

COVID-19 has seen a large change in the number of passengers utilising the Port Lincoln Airport with 140,000 annual passenger movements anticipated in the 2022/23 financial which represents an almost 20% reduction in passenger movements pre-COVID-19 and net loss of income of \$280,000 per annum. It is anticipated that as travel restrictions ease and travel confidence increases that numbers will increase to approximately 160,000 annual passenger movements.

The airport is projected to receive \$1.78m of revenue against \$1.64m of expenditure (exclusive of security screening operations) resulting in a net cash surplus of \$0.14m, however due to the reduced annual passenger movements the airport yields a net operating loss of \$450,600 in 2022/23. Given that the Port Lincoln Airport has recently received significant levels of grant funding for the replacement and upgrade of its assets a short-term operating loss is deemed manageable however will continue to be monitored to ensure sufficient funds are available for future operations and asset renewals.

\$248,000 of capital works have been included with a \$211,000 allocation for the finalisation of the runway and taxiway lighting upgrade project that commenced in the 2021/22 financial year.

A return on Council's investment to rate payers is still being taken from the Reserve amounting to six percent of the Airports operating income for the year. In relation to the 2022/23 budget, the return on investment for the Council is \$100,800 and represents a 1.43% saving to ratepayers.

Recent changes to legislation have resulted in security screening being required from 1 July 2021 for some regular public transport (RPT) services. Council have engaged a contractor to undertake security screening operations on Council's behalf for all departing RPT flights with security screening equipment and baggage carousel systems having been installed in the terminal.

Coffin Bay Caravan Park Lease

The Caravan Park is Crown Land under the care and control of Council with Council currently leasing its operations to a third party. The caravan park is treated as a self funding activity and is budgeted to have a cash deficit of \$40,900 at 30 June 2023. Council is budgeting for a \$4,500 cash deficit in the 2022/23 year.

As the lessor of the Caravan Park the Council is responsible for specified capital improvements and financed the construction of two ablution blocks and a fire hydrant system which require Council to borrow funds with the incurred loan repayments being funded for by Caravan Park lease payments.

The cash deficit position is attributable to the borrowings associated with these projects, with repayments of \$12,500 included in the 2022/23 budget.

The annual lease fee was increased on 1 January 2018 based on a percentage of Caravan Park revenue, with CPI increases to occur on 1 January each year prior to the next full market review scheduled to occur in the 2023/24 financial year.

A return on Council's investment to rate payers is still taken from this Reserve amounting to six percent of the Caravan Parks operating income for the year. In relation to the 2022/23 budget, the return on investment for the Council is \$7,800 and equates to a 0.11% saving to ratepayers.

Cummins Homes – Independent living for the Aged

Council owns and operates sixteen independent living rental accommodation units for aged and disabled people in Cummins. The Cummins Homes Committee is continually investigating options to make the units more appealing to tenants and their families.

During the 2022/23 year tenancy numbers have been budgeted to be at 85% of capacity which is reflective of the upgrades and modernisation of the units that continues to be undertaken.

The Cummins Homes Reserve has a budgeted total accumulated cash deficit of \$34,400 at 30 June 2023 with Council waiving the interest payable to assist the activities of the homes with the deficit primarily due to recent upgrades to kitchens and bathrooms at the units.

Community Wastewater Management Scheme (CWMS)

Council manages four Community Wastewater Schemes which service Cummins, North Shields, Coffin Bay and Tulka. The overall cash management of these schemes has been consolidated; however, financial records continue to be recorded individually to enable Council to monitor each scheme.

The effluent levy charged to landowners at each location is identical on the basis that land-owners in each location are provided with the same, or a very similar level of service for their money.

The Business Plan has been developed using an occupied levy of \$525, with an understanding that levies charged are aimed at ensuring the long-term sustainability of the schemes. It is relevant that the subsidy provided through the State Government for new CWMS schemes is apportioned on the assumption that Councils are charging in line with the SA Water sewerage rate, and that this is the amount which Council's would need to charge to ensure viability of a new scheme. It is noted that Council's current effluent levy is significantly below both the SA Water sewerage rate and the State-wide average charge for CWMS connections.

Council considers the current fee charged for CWMS connections to be adequate based on current costs however the fee will be subject to yearly review. Council will make every endeavour to keep the levy to the minimum amount required for future replacement, operation and maintenance of the four schemes.

The 2022/23 budget includes \$2.23m capital works to be undertaken on the four schemes with the replacement and upgrade of pump stations in Cummins, North Shields and Tulka at a cost of \$2.04m being a significant undertaking that aims meet current regulatory standards, reduce maintenance costs and enable offsite monitoring and fault detection.

The budgeted operational and capital activities will result in a net cashflow deficit of \$1.92m for the 2022/23 financial year and an overall cash deficit closing balance of \$1.65m for the CWMS Reserve. The CWMS's have a budgeted operating profit of \$43,800 in the 2022/23 financial year.

OTHER SIGNIFICANT ISSUES

1.1 Road Funding

The Plan includes \$6.87m of capital works on Council's sealed and unsealed roads and includes the following sealed road capital works:

- Rehabilitation and upgrade of Flinders Highway	\$ 1,797,600
- Rehabilitation of Bratten Way	\$ 4,284,600
- Dodd Rd / Western Approach Rd Intersection Upgrade	\$ 171,000
- Survey & Design for Future Road Construction & Sealing	\$ 176,700
- Bruce Terrace, Cummins Widening & Kerbing	\$ 166,200
- Cummins Township Road Construction & Sealing	\$ 276,300

In addition, Council will spend \$1.13m on re-sheeting rural roads, \$405,200 on sealed road reseals and will spend \$1.38m on general road maintenance.

1.2 Waste Management

Waste Management is budgeted to cost Council \$1.51m in 2022/23 with general waste and recyclable kerbside collection and disposal costs amounting to \$1.28m.

The operation of the Waste Transfer Stations of \$0.23m is off-set by income of \$0.05m. This means that the net cost to Council for Transfer Station operations is \$0.18m in 2022/23. The total net cost to Council of waste management general operations equates to approximately 20% of general rate revenue.

In 2022/23 Council will continue to waive disposal fees at the Waste Transfer Stations for recyclable glass, plastics and metal being products that can be on-sold by Council to cover the majority of receival costs.

1.3 Rail Closure

The decision by Viterra in 2019 to cease using rail as a medium for the transport of grain to the Port Lincoln Export Port is an issue for our region with significant ramifications for the residents of Lower Eyre Peninsula.

Council has continued to advocate for improvements to the standard of Tod Highway with the State Government (Department for Planning Transport & Infrastructure (DPTI) as Council notes this is the highway that has seen the greatest number of increases in truck movements following the closure due to the strategic significance of the Cummins Silo system as a 'hub' for Viterra grain storage. It is recognised that important improvements are required such as increasing lane widths, building road shoulders, providing over taking lanes, vegetation clearance and upgrades to intersections.

The Commonwealth and State Governments pledged \$32m to commence upgrades to the Eyre Peninsula Highways including the Tod Highway, Lincoln Highway and Flinders Highways, and to make traffic safety improvements within the City of Port Lincoln, however to date this has only consisted of some shoulder improvements along the Tod Highway.

Council and DPTI engaged a consultant to assess traffic movements through Cummins, including in relation to access to the Viterra grain site, the use of Bruce Terrace and the future use of the current rail corridor and this report has now been received by both parties.

1.4 Bratten Way

A consideration for Council in the formulation of this plan was the significant pavement failures that have been experienced along sections of Bratten Way and the significant funding that is going to be required to rehabilitate and upgrade the Bratten Way to a standard that will be able to cope with the roads current traffic volumes and load factors. The 2022/23 budget includes \$4.28m for year 4 of a 5 year Bratten Way rehabilitation project, funded on a 2:1 basis from the Commonwealth Special Local Roads Program (SLRP).

Council have been successful in receiving \$3.76m of SLRP funding to date to undertake rehabilitation works on Bratten Way with a further \$1.00m included in the budget for 2022/23.

Council is aware of the significant role played by the Bratten Way in supporting the regional economy. It is estimated that 150,000 tonnes of grain is transported along the road every season to the Viterra strategic site at Cummins, with this grain coming from the north and west portions of the Council district, and from beyond the Council boundaries.

The changes in grain management practices to feed grain to the Viterra strategic site at Cummins instead of direct delivery into Port Lincoln, and the closure of the railway line between Kapinnie and Yeelanna have each contributed to Bratten Way being unable to cater for the grain transport task on the road.

Council will continue to pursue alternative means of funding any required works on the Bratten Way.

FUNDING THE BUSINESS PLAN

The 2022/23 Annual Business Plan provides for an operating loss of \$424,400. This is primarily attributable to the \$389,600 of operating losses associated with Council's business activities due to the impact of COVID-19 and the carryover of approximately \$240,000 of operational projects from the 2021/22 financial year. Once these are adjusted for an operating profit of \$205,200 is achieved which is consistent with the aim of Council's long-term financial plan to be financially sustainable. The operating profit measures the difference between operating revenue and expenses for the period. The Council's long-term financial sustainability is dependent on ensuring that on average over time, its expenses are matched by revenue.

The adjusted operating surplus of \$205,200 or 1.39% of Council's total operating income for the 2022/23 year is considered a sound operating position for Local Governments and indicates that Council should be able to fund its general operations and have sufficient funds to renew and replace its assets when due without rating its community at unreasonable levels.

RATING

Valuation Method

Councils may adopt one of three valuation methodologies to value the properties in its area. They are:

Capital Value – the value of the land and all the improvements on the land.

Site Value – the value of the land and any improvement which permanently affects the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.

Annual Value – a valuation of the rental potential of the property.

The Council has decided to use capital value as the basis for rating land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:-

- 1 The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- 2 Property capital value is considered to be a relatively good indicator of wealth.
- 3 The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average rate per property.

Differential Rates

The District Council of Lower Eyre Peninsula applies a differential rate based on locality of the land and has determined that:

- 1 The rate for land inside the gazetted townships of Boston, Coffin Bay, Cummins, Louth Bay, North Shields, Poonindie, Tiatukia and Tulka be 20% more than the differential rate for land outside gazetted townships; and
- 2 The rate for land inside the gazetted townships of Edillilie, Yeelanna, Coult, Mount Hope, Wanilla, Wangary, Mount Dutton Bay, Little Douglas and Farm Beach be the same as the differential rate for land outside gazetted townships:

This is on the basis that the land outside gazetted townships and land inside gazetted townships of Edillilie, Yeelanna, Coult, Mount Hope, Wanilla, Wangary, Mount Dutton Bay, Little Douglas and Farm Beach:

- 1 Tends to be remote from many of the services provided by Council (i.e. less access to garbage collection, Council maintained reserves, etc.);
- 2 Does not have significant footpaths or street lighting;
- 3 Is predominantly serviced by unsealed roads.

Fixed Charge

A Council may impose a fixed charge on every property in its area, provided that it has not imposed a minimum rate. Where two or more adjoining properties have the same owner and occupier, or where there is a single farm enterprise comprising more than one property, only one fixed charge is payable by the ratepayer.

Ratepayers need to apply for an exemption from the fixed charge where multiple properties form a Single Farm Enterprise.

The Council has decided to impose a fixed charge on all rateable properties on the basis that all rateable properties:-

- 1 Make a base level contribution to the cost of administering the Council's activities; and
- 2 Contribute to the cost of creating and maintaining the physical infrastructure that supports each property.

The fixed charge for the 2022/23 is \$590 per rateable property.

Regional Landscapes Levy

The whole Council area is in the Eyre Peninsula Landscapes Region and Council is required to raise funds by way of a fixed charge Regional Landscapes Levy to assist in funding the operations of the Eyre Peninsula Landscape Board pursuant to the Landscape South Australia Act 2019.

In the 2022/23 the Board has advised Council that the amount of \$374,300 is required to be collected from ratepayers which Council will do so by imposing a separate rate based on the use of the land as follows:

-	Residential	\$80.59
-	Commercial	\$120.87
-	Industrial	\$120.87
-	Primary Producers	\$161.16
-	Other & Vacant Land	\$80.59

The Landscapes Levy is effectively a State tax that Councils are required to collect, and return to a State Government agency, the Regional Landscapes Board. Council does not retain this revenue or determine how the revenue is spent.

Applications for an exemption from the Regional Landscapes Levy need to be made at the Council office.

Kerbside Recycling

In the 2021/22 financial year Council undertook a trial of a kerbside recycling service in each of its major townships on a fortnightly basis. Since the implementation of the service in November 2021 over 120 tonnes of household recyclables have been diverted from landfill.

Given the success of the service Council has proposed to maintain the fortnightly kerbside recycling service into the future with a service charge of \$145.50 per bin per annum to cover the cost of the service in the townships of Boston, Coffin Bay, Cummins, Louth Bay, North Shields, Poonindie, Tiatukia, & Tulka.

Community Wastewater Management Scheme

The Council provides Community Wastewater Management Systems (CWMS) to the townships of Coffin Bay, Cummins, North Shields and Tulka. To fund the provision of this service Council has decided to impose a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure after considering:

- 1 The nature of the service;
- 2 The user pays system;
- 3 The cost of establishing, operating, maintaining and replacing the service;
- 4 Consistency in the level of service provided to property owners in the four effluent schemes across the Council district; and
- 5 The likelihood of an enhancement to the value of the property due to the availability of the service, whether or not the service is actually being used.

Where a service that is subject to a service charge is available to non-rateable land, a service charge is levied against that land.

The service charge in the 2022/23 financial year for each property to which the service is provided is:

Occupied Allotment Charge	\$525
Vacant Allotment Charge	\$355
Extra Pump Out Charge (Small Tanks)	\$ 72
Occupied Pump Reduction Charge	\$500
Full Occupied Pump Reduction Charge	\$355

Rebate of Rates

The Local Government Act 1999, requires Councils to rebate the rates payable on some land and allows Council to determine the level of rebates on certain other land.

Council may determine to provide a discretionary rebate of rates for a variety of reasons, including providing relief due to anomalies in valuations or rapid changes in valuations.

The effect of providing a rebate of rates eases the rate burden on the rebated properties and increases the rate burden on the non-rebated properties.

Under section 166 of the Act, the Council may apply discretionary rebates. A full list of the discretionary rebates are provided within Council's Rates Policy FIN-POL-12 which is available on Council's website.

Community Equity

Council has considered the impact of rates on the community, including:

- 1 Householders, businesses and primary producers;
- 2 The broad principle that the rate in the dollar should be the same for all properties except where there is clearly a different level of services available to ratepayers or some other circumstance which warrants variation from the broad principle; and
- 3 Minimising the level of general rates required by levying fees and charges for goods and services on a user pays basis, where it is possible to recover some or all of the cost of operating or providing the service or goods, with provision for concessions to those members of the community unable to meet the full cost.

Fees and charges levied by Council are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available on the Council website or can be provided by staff at the two offices of Council.

SOURCES OF COUNCIL REVENUE

The Council's operating revenue of \$14.75m in 2022/23 includes \$7.40 million proposed to be raised from general rates.

Other sources of revenue for the Council are:

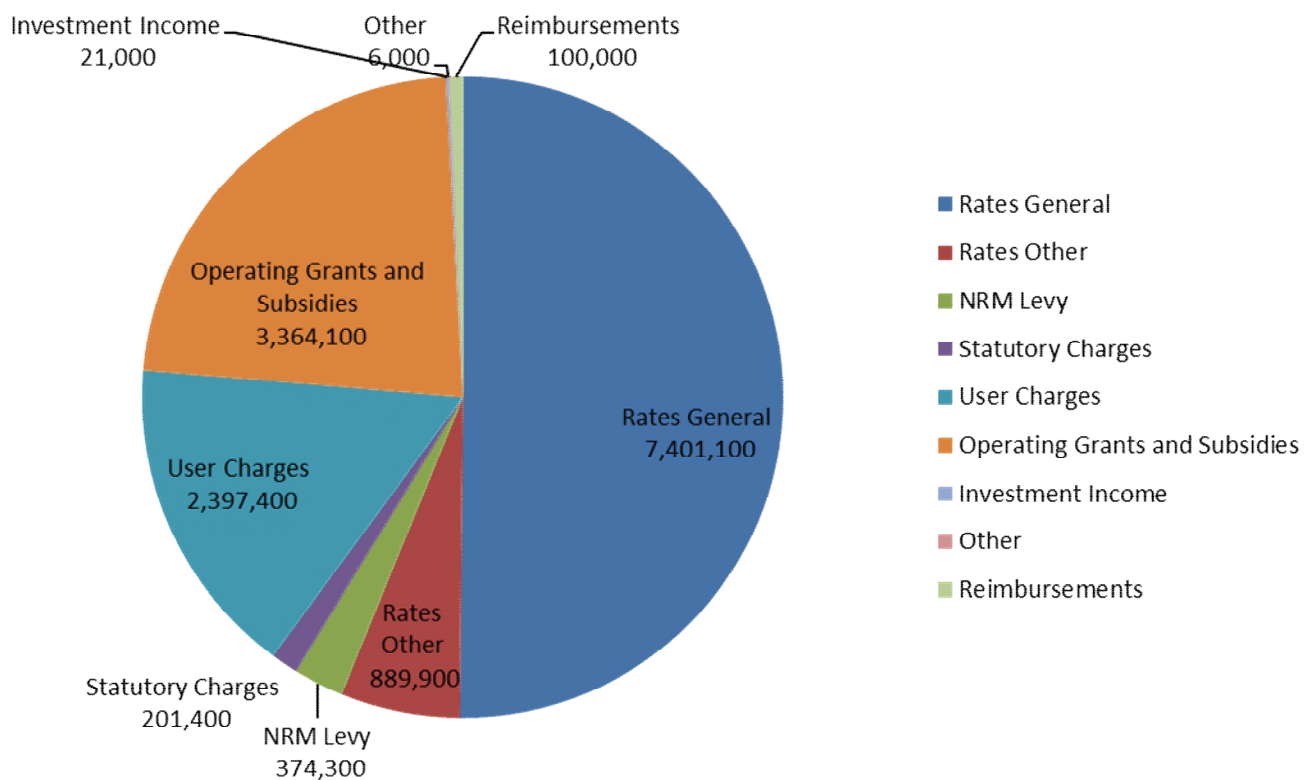
Service Charges. The Community Waste Water Management Schemes (formerly known as STEDS) are used to collect funds for the operation and improvement of schemes to dispose of septic waste.

Separate Rates. Council collects the Regional Landscapes Levy on behalf of the Eyre Peninsula Regional Landscapes Board.

User Pays charges set by Council. These comprise charges for the Council's fee for service facilities such as the Port Lincoln Airport, Cummins Homes, Caravan Parks and Camping Grounds, Cemeteries and Rental Properties.

Statutory Charges set by State Government. These are fees and charges set by regulation and collected by the Council for regulatory functions such as assessment of development applications. Revenues generally off-set the cost of the service.

Grants and Partnerships. The Council endeavours to attract as much grant funding as possible from other levels of government, and major projects of wider State benefit may be jointly funded in partnership with the State and Commonwealth governments and other relevant parties.



IMPACT ON COUNCIL'S FINANCIAL POSITION

Council Debt

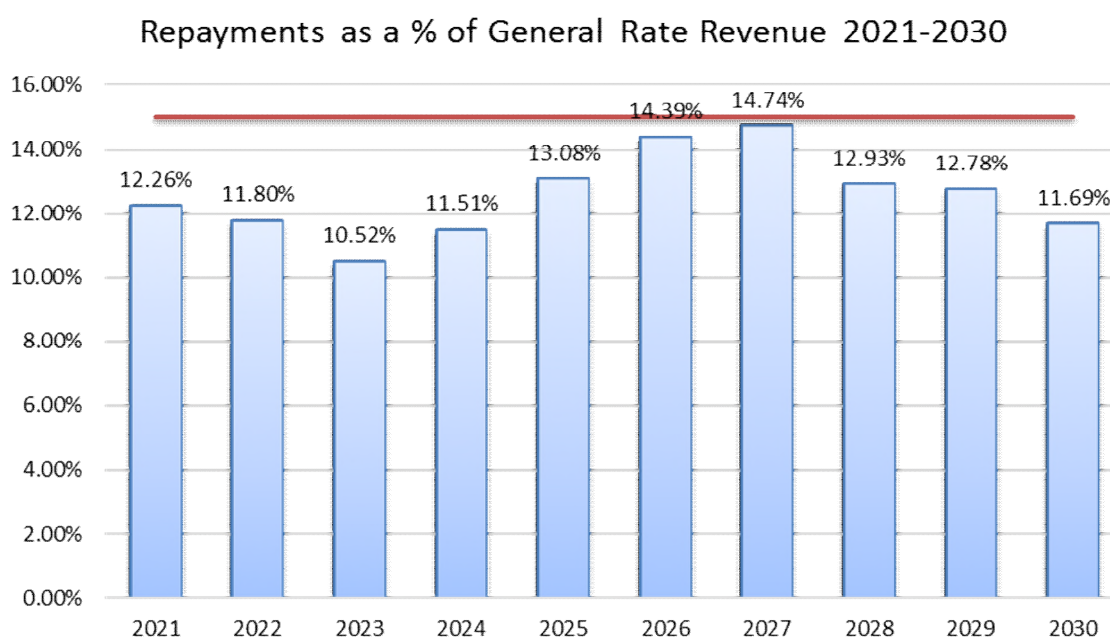
Council practise is to borrow for the construction of new Council assets, effectively spreading payment for such assets over 10 years. This is to ensure that future users of the assets make a contribution towards the assets construction.

In 2022/23 Council is budgeting to borrow \$3.08 million and accordingly, the level of the Council's outstanding debt is expected to increase by approximately \$2.40m to be \$5.64 million at 30 June 2023.

Of the \$5.64 million total borrowings, \$55,500 relates to other self-servicing activities (e.g. loans to community groups) or business activities (e.g. Coffin Bay Caravan Park, Community Waste Management Schemes). After deducting loans related to the airport and other self-servicing activities, Council's projected debt as at 30 June 2023 is \$5.58 million.

The total amount of fixed loan repayments as a percentage of general rate revenue is budgeted to be 10.52% percent for the 2022/23 financial year.

The following graph shows the predicted Council loan repayments for the period 2021 – 2030 based on Council's 2021/22 and 2022/23 budgets and the 2021-2030 Long Term Financial Plan which shows loan repayments increasing over the coming financial years and peaking at 14.74% in the 2026/27 year.



Council's Treasury Management Policy FIN-POL-03 states that:

"Council will endeavour to structure its borrowing program in order to maintain the annual debt servicing commitment at less than 15% of general rate revenue.

This policy is to apply only to those loans to be serviced by general rate income and does not include self servicing or self funding activities such as CWMS Schemes, Caravan Parks or Airports where income from the activity is expected to be available to meet the repayments."

Loan borrowings as a percentage of general rate revenue are shown to be fairly consistent over the 2025-2030 financial years with the percentage of repayments not exceeding Council's loan borrowing policy in any one year.

Council has carefully considered its loan borrowings and the associated repayments as a percentage of general rate revenue and considers that the projects to be funded by loan borrowings over the next ten years will add important infrastructure to the region and are therefore comfortable with the project debt position of Council.

Net Financial Liabilities

Net financial liabilities are a key indicator of the Council's financial position. It measures total liabilities less financial assets (i.e. what the Council owes to others, less money the Council has or is owed). The level of Council's net liabilities is expected to be \$5.67m at 30 June 2023 being 39% of budgeted operating revenue for 2022/23.

It is noted that a considerable amount of the loan borrowings relates to Business Activities or self funding activities.

Interest Rate Cover

The Interest Rate Cover Ratio refers to Council's net interest payments as a percentage of operating revenue.

This ratio indicates the extent to which a Council's operating revenues are committed to interest expenses. As with all financial indicators associated with measuring indebtedness and its associated costs, there is no right or wrong ratio. Council simply needs to manage this ratio within a range acceptable to it, giving regard to long term sustainability and its suite of Strategic Management Plans and Financial Management Policies.

DCLEP has a budgeted net Interest Rate Cover of 0.98% for the 2022/23 year which sits well within the LGA recommended target.

Depreciation

Local Government in South Australia has placed a significant emphasis on financial sustainability and much of this revolves around the depreciation of assets and their subsequent replacement. Councils should be spending the calculated depreciation attributable to assets on the replacement of such assets or alternatively, placing an equivalent amount in a reserve for future replacement of the assets.

The District Council of Lower Eyre Peninsula are required to re-valued all significant assets every five years with the latest condition assessments and revaluations conducted as at 1 July 2021.

- Land was re-valued using the Valuer General's Capital valuations as supplied to Council on an annual basis. As no depreciation is charged on land this process merely provided the basis for recognising Council's land assets.
- Council owned buildings were re-valued by AssetVal.
- Infrastructure assets were re-valued using the experience of Council staff and expert consultants where appropriate on 1 July 2021. As part of the process employees undertook condition assessments of all sealed and unsealed roads, footpaths and stormwater drains. This data is being used to calculate the expected remaining useful lives of assets, and to set future works programs for the management and renewal of these asset classes. All assumptions and unit rates used have been quantified by an engineer in line with advice received from Councils Auditor.

Council has developed and adopted its Asset Management Plan 2021-2030 with asset valuation data from 1 July 2016 forming the basis of this plan and is due for review and updating in 2022/23 to align with the latest condition assessments and valuations conducted as at 1 July 2021.

Due to its routine and regular changeover machinery is not required to be re-valued inline with other Council assets.

Asset Renewal

Council aims to fund the replacement of its infrastructure and building assets in any given year to the extent of 90% of annual depreciation and to replace plant assets to the extent of 100% of annual depreciation.

In the 2022/23 financial year Council's targeted asset renewal spend (excluding carryovers) based on the above methodology is \$1.59m with the following asset renewal projects budgeted to be undertaken:

• Constructed Footpaths	\$ 11,500
• Unsealed road resheeting	\$ 1,077,600
• Sealed road reseals	\$ 405,200
• Replace rural stormwater drains	\$ 50,900
• Plant & Machinery Replacement	\$ 50,000
TOTAL	\$ 1,595,200

APPENDICES

Appendix 1 – Statement of Comprehensive Income for Year Ending 30 June 2023

	Actual 2020/21	Budget 2021/22	Budget 2022/23
INCOME			
Rates	7,943,211	8,472,100	8,665,300
Statutory charges	250,099	184,900	201,400
User charges	1,803,475	2,094,400	2,397,400
Grants, subsidies and contributions	1,715,323	3,070,000	3,364,100
Investment Income	67,688	22,500	21,000
Reimbursements	81,968	95,800	100,000
Other income	16,000	15,000	6,000
Net gain - joint ventures & associates			
Total Income	11,877,764	13,954,700	14,755,200
EXPENSES			
Employee Costs	3,577,173	3,639,625	4,027,488
Materials, contracts & other expenses	4,491,805	6,527,253	7,052,433
Finance Costs	203,699	226,646	140,300
Depreciation, amortisation & impairment	3,382,879	3,884,100	3,959,400
Net loss - joint ventures & associates			
Total Expenses	11,655,556	14,277,624	15,179,621
OPERATING SURPLUS/(DEFICIT)	222,208	(322,924)	(424,421)
Asset disposal & fair value adjustments	(279,908)	-	-
Amounts specifically for new or upgraded assets	2,731,320	3,974,600	3,991,850
Physical resources received free of charge	140,335		
NET SURPLUS/(DEFICIT)	2,813,955	3,651,676	3,567,429

Appendix 2 – Balance Sheet as at 30 June 2023

	Actual 2020/21	Budget 2021/22	Budget 2022/23
Assets			
Current Assets			
Cash and cash equivalents	6,183,244	3,789,785	1,430,226
Trade & other receivables	955,903	747,598	955,903
Other financial assets	-	-	-
Inventories	251,791	443,838	251,791
Total Current Assets	7,390,938	4,981,221	2,637,920
Non-Current Assets			
Financial Assets	-	-	-
Infrastructure Property, Plant and Equipment	162,370,157	188,890,014	189,549,069
Less Accumulated Depreciation	(69,297,648)	(75,558,693)	(77,136,888)
Total Non-Current Assets	93,072,509	113,331,321	112,412,181
Total Assets	100,463,447	118,312,541	115,050,101
Liabilities			
Current Liabilities			
Trade & Other Payables	1,338,350	793,390	1,369,063
Borrowings	1,092,764	1,334,103	1,313,662
Provisions	900,096	989,833	943,746
Total Current Liabilities	3,331,210	3,117,326	3,626,470
Non-Current Liabilities			
Long -term Borrowings	5,143,497	7,272,107	4,329,849
Long-term Provisions	90,589	57,085	94,982
Total Non-Current Liabilities	5,234,086	7,329,192	4,424,831
Total Liabilities	8,565,296	10,446,517	8,051,302
Net Assets	91,898,151	107,886,024	106,998,800
Equity			
Accumulated Surplus	38,374,028	54,656,721	49,814,829
Asset Revaluation Reserve	53,478,072	59,697,700	61,053,898
Business Activities at Beginning of Year	(115,469)	(2,255,927)	(1,030,379)
Transfers to Business Activities	417,620	(4,232,470)	(2,839,549)
Transfers from Business Activities	(256,100)	-	-
Business Activities at End of Year	46,051	(6,488,397)	(3,869,928)
Total Equity	91,898,151	107,886,024	106,998,800

Appendix 3 – Statement of Cash Flows for the Year Ending 30 June 2023

	Actual 2020/21	Budget 2021/22	Budget 2022/23
Cash Flows from Operating Activities			
Receipts			
Rates	8,030,843	8,472,100	8,665,300
Statutory charges	250,099	184,900	201,400
User charges	1,687,379	2,094,400	2,397,400
Grants, subsidies and contributions	1,858,223	3,070,000	3,364,100
Investment Income	55,005	22,500	21,000
Reimbursements	100,265	95,800	100,000
Other Income	16,514	15,000	6,000
Payments			
Employee costs	3,396,547	3,621,619	3,994,305
Materials, contracts & other services	4,112,484	6,513,607	8,669,806
Finance costs	336,375	226,646	140,300
Net Cash Provided by (or used in) Operating Activities	4,152,922	3,592,828	1,950,789
Cash Flows from Investing Activities			
Receipts			
Grants specifically for new or upgraded assets	872,970	3,974,600	3,991,850
Sale of replaced assets	174,091	411,500	20,000
Sale of surplus assets	-	-	-
Distributions received from associated entities			
Repayments of loans by community groups	47,000	-	-
Payments			
Expenditure on renewal/replacement of assets	2,918,050	8,116,570	6,798,949
Expenditure on new/upgraded assets	3,446,474	4,629,002	6,615,930
Loans made to community groups	-	-	-
Net Cash Used in Investment Activities	(5,270,463)	(8,359,472)	(9,403,029)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings	500,000	3,462,750	3,083,750
Payments			
Repayments of Borrowings	1,094,799	1,092,800	683,700
Net Cash from Financing Activities	(594,799)	2,369,950	2,400,050
Net Increase (Decrease) in Cash Held	(1,712,340)	(2,396,694)	(5,052,190)
Cash on Hand at Beginning of Year	7,895,584	6,186,479	6,482,416
Projected Cash on Hand at End of Year	6,183,244	3,789,785	1,430,226

Appendix 4 – Uniform Presentation of Finances for the Year Ending 30 June 2023

	Actual 2020/21	Budget 2021/22	Budget 2022/23
Operating Revenues	11,877,764	13,954,700	14,755,200
<i>less</i> Operating Expenses	(11,655,556)	(14,277,624)	(15,179,621)
Adjusted Operating Surplus / (Deficit) before Capital Amounts	222,208	(322,924)	(424,421)
<i>less</i> Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	2,918,050	8,116,570	6,798,949
Add Back Depreciation, Amortisation and Impairment	(3,382,879)	(3,884,100)	(3,959,400)
Proceeds from Sale of Replaced Assets	(174,091)	(411,500)	(20,000)
	(638,920)	3,820,970	2,819,549
<i>less</i> Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	3,446,474	4,629,002	6,615,930
<i>less</i> Grants and Contributions specifically for New and Upgraded Assets	(872,970)	(3,974,600)	(3,991,850)
<i>less</i> Proceeds from Sale of Surplus Assets	-	-	-
<i>less</i> net movements in inventories			
	2,573,504	654,402	2,624,080
Net Lending / (Borrowing) for Financial Year	(1,712,376)	(4,798,296)	(5,868,050)

Appendix 5 – Key Financial Indicators for the Year Ending 30 June 2023

	Actual 2020/21	Budget 2021/22	Budget 2022/23
Operating Surplus Ratio			
<u>Adjusted Operating Surplus</u>	1.93%	(2.38%)	(2.95%)
Total Operating Revenue less RL Levy			
Net Financial Liabilities Ratio			
<u>Net Financial Liabilities</u>	12%	44%	39%
Total Operating Revenue			
Asset Renewal Funding Ratio			
<u>Net Asset Renewals</u>	95%	209%	357%
Asset Management Plan Expense			
** 2022 Budget is based on Depreciation Expense			