

DISTRICT COUNCIL OF LOWER EYRE PENINSULA

DRAFT - ANNUAL BUSINESS PLAN

2020/21



“Working with our Rural & Coastal Communities”

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1. INTRODUCTION

The Annual Business Plan sets out the Council's proposed programs and projects for the 2020/21 year and is aimed at providing efficient services for the community. The plan continues progress towards the longer term objectives for the District set out in the Strategic Management Plan adopted by the Council on 29 April 2016 which is being reviewed and updated by Council alongside the Annual Business Plan.

The business plan indicates an overall operating loss of \$382,600 which is primarily due to Council's four business activities having a combined net operating loss of \$951,100. The Port Lincoln Airport and Coffin Bay Caravan Park business activity operations have been significantly impacted by COVID-19 which has been the main contributor towards the budgeted losses for these business activities. Exclusive of these business activities, Council has budgeted for an operating profit of \$568,500 for the 2020-21 financial year which is considered to be sound within the Local Government Industry, and reflects the Council's Long Term Financial Plan which has been developed to ensure that the Council is financially viable over the next ten years.

The Annual Business Plan is presented on a Full Cost Attribution (FCA) basis. FCA is used to allocate indirect costs to the various functions of Council, including capital projects and other operating activities. For example an administration employee is required to re-allocate some of their time to cemeteries expenditure based on the amount of time they spend dealing with cemetery related work. This process applies to all staff with the exception of outside works employees whose time is allocated directly to the jobs they work on.

Roads and rubbish continue to be a major focus of the Annual Business Plan and comment has been made in regard to significant initiatives in Section 12 of the plan.

A full summary of Business Activity initiatives is included in Section 11 of the Business Plan, covering the Port Lincoln Airport, Coffin Bay Caravan Park, Cummins Homes and Community Waste Water Management Schemes.

2. FUNDING ACKNOWLEDGEMENT

In the 2020-21 financial year the District Council of Lower Eyre Peninsula is budgeting to receive the following amounts in grant funding from Australia's Commonwealth and State Governments and acknowledges the importance that this funding provides to the community:

Commonwealth Government

- \$935,800 – General and Local Road Financial Assistance Grants
- \$426,200 – Roads to Recovery Grant Funding (Year 2 of 5 Year Program)
- \$210,300 – Supplementary Local Road Funding (Prepaid in 2018/19)

State Government

- Not applicable

In addition Council has lodged grant applications to fund other key projects that Council is budgeting to undertake in the 2020-21 financial year including:

Commonwealth Government

- Rehabilitation of Bratten Way - \$996,700 – Special Local Roads Program Fund

State Government

- Cummins Railway Triangle Improvements - \$35,500 – Planning & Development Fund
- Coffin Bay Masterplan - \$30,000 – Planning & Development Fund
- Coffin Bay Town Centre & Jetty Project - \$550,200 – Regional Growth Fund

Without this vital funding Commonwealth and State Government funding Council would be unable to provide the current levels of service and maintain its assets to a standard required by the community without significant community impost.

Council will continue to work with the Commonwealth and State Governments to achieve the best outcomes for the community.

3. RATING LEVELS – CURRENT & FUTURE

3.1 2020/21 Rating Levels

The Annual Business Plan will result in an average rate rise of 1.89% to existing properties.

The proposed rate increase reflects the following factors:

• Item 1	Movement in the Consumer Price Index		2.40%
• Item 2	Rate Reduction Initiatives		-1.64%
	○ 2.1	Reduced Maintenance Expenditure	-0.43%
	○ 2.2	Reduction in New Projects	-0.57%
	○ 2.3	Use of Accumulated Cash	-0.64%
• Item 3	Strategic Objectives		0.29%
	○ 3.1	Engage Building Rules Consultant	0.29%
• Item 4	Legislative Requirements		0.64%
	○ 4.1	Solid Waste Levy	0.48%
	○ 4.2	Regional Assessment Panel	0.16%
• Item 5	Sustainability		0.20%
	○ 5.1	Depreciation on New Assets	0.20%
	Total		1.89%

Details surrounding the above items is included below:

Item 2.0 Rate Reduction Initiatives

Given the Consumer Price Index for the March 2020 quarter was 2.40% and is considered high by Council given the current COVID-19 pandemic and the impact that the pandemic may be having on the community, Council has sought various ways to reduce this CPI impact on ratepayers. Therefore Council have included a 1.64% reduction in the 2020/21 rate increase to offset the 2.40% CPI figure through the following measures:

Item 2.1 Reduced Maintenance Expenditure -0.43%

The 2020/21 budget includes a 5% or \$28,200 reduction in various maintenance expenditure lines (excluding road maintenance) on the basis that a recent organisation restructure will achieve greater workforce efficiencies. This is aimed at reducing the level of rate increase to ratepayers in the 2020/21 year.

The aim is not to reduce the levels of service provided to the community but more to gain efficiencies within the budgets provided.

3. RATING LEVELS – CURRENT & FUTURE **Cont'd:**

3.1 2020/21 Rating Levels **Cont'd:**

Item 2.2 Reduction in New Projects **-0.57%**

Council's draft 2021-2030 Capital Works Plan includes on average \$180,000 of new projects to be funded from general revenue as opposed to loan borrowings. To provide rate relief to ratepayers in light of the impact of COVID-19 on the community a 0.57% or \$37,600 has been removed from new project undertakings in the 2020/21 draft budget.

Item 2.3 Use of Accumulated Cash **-0.64%**

To enable additional rate reductions Council has included the funding of \$42,100 of grant programs and tourism initiatives from previously accumulated cash reserves resulting in a 0.64% decrease in rates required in the 2020/21 financial year.

Item 3.0 Strategic Objectives

Item 3.1 Engage Building Rules Consultant **0.29%**

After a failed search to replace the previous Building Rules Assessment Officer who retired in early 2018, the decision was made to split the role up to remove the element that requires accreditation as a Building Surveyor.

This resulted in Council employing a person in a project administration role to assist with various development project work as well as compliance associated with the Development & Environmental Services area of Council (i.e. CWMS desludging, building asset maintenance and upgrade works, planning & building development compliance).

Whilst the employment of that person will enhance the level of service in those specific areas, it still left a void in the area of Building Rules accredited work. As a result, a shared services agreement has been entered into with the City of Port Lincoln to purchase 6 hours per week of their dedicated Building Rules Assessment Officer to undertake the work that requires an appropriate accreditation. This has resulted in an additional \$19,000 per year (0.29% rate increase) being required for the engagement of that service.

Item 4.0 Legislative Requirements

Item 4.1 Solid Waste Levy **0.48%**

In 2019-20 the State Government increased the Solid Waste Levy, being a levy payable to the State Government for every tonne of waste sent to landfill, from \$50 per tonne to \$70 per tonne. This increase resulted in Council's Solid Waste Levy costs increasing by \$20,000 above CPI for the 2019/20 year and a further \$11,000 for the 2020/21 year.

In 2019/20 Council resolved to absorb the increase for that year however with these state imposed costs continuing to rise Council has determined that it can no longer absorb this levy without reducing service levels to the community and therefore needs to pass this cost onto the ratepayer.

3. RATING LEVELS – CURRENT & FUTURE **Cont'd:**

3.1 2020/21 Rating Levels **Cont'd:**

Item 4.2 Regional Assessment Panel **0.16%**

In 2020/21 the State Government will be introducing a new e-planning system that will require significant accreditation requirements for panel members over and above that which is currently allowed for the current Council Assessment Panel (CAP).

Therefore Eyre Peninsula Council's are moving ahead with the replacement of local CAP's with a Regional Assessment Panel that under legislation must be supported by a Regional Assessment Manager whose costs will be equally apportioned across the Eyre Peninsula Councils. This will save money as against Councils appointing their own Council Assessment Panels.

The increased cost to the District Council of Lower Eyre Peninsula is estimated to be \$10,500 or 0.16% increase in rates.

Item 5.0 Sustainability

Item 5.1 Depreciation on New Assets **0.20%**

During the formulation of the 2018/19 budget, Council reviewed its long term asset sustainability and targeted to provide funding to replace its infrastructure 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. Alternatively Council will put aside equivalent cash for future asset replacement.

As part of this asset sustainability target any new assets that are constructed or purchased in any given year has a resultant flow on increase to Council's annual depreciation expense. Therefore, to enable Council to provide for the replacement of assets into the future, a 0.20% increase is included to fund the additional depreciation on the following assets constructed or purchased in the 2019/20 financial year:

- Wakelin Road, Boston - Sealed
- Roberts Road, Boston – Sealed
- Shade Sails, Tulka
- Shade Sails, Louth Bay
- Cummins Administration Office Generator
- Administration Offices Solar Panels
- Cummins Cemetery Carpark
- Cummins Cemetery Gazebo
- Minor Construction & Sealing in Coffin Bay

TOTAL RATE INCREASE TO EXISTING PROPERTIES **1.89%**

3. RATING LEVELS – CURRENT & FUTURE **Cont'd:**

3.1 2020/21 Rating Levels **Cont'd:**

- **Growth in Council Properties**

An additional \$59,300 of general rate revenue will be raised from new development which Council will be required to service. This new development consists of the creation of new subdivisions and building construction on existing properties.

3.2 COVID-19 Pandemic

Due to the current health pandemic, Council have resolved to waive fines and interest on payments for March through to August (inclusive) for those customers that can demonstrate an inability to meet payments to Council as a result of a reduction of 30 per cent or more in business income, or as a result of a reduction in working hours due to the COVID-19 pandemic.

Council has included a range of other options in its draft budget and Annual Business Plan to support businesses whose revenue has been impacted by the Covid-19 health pandemic, and to support community groups and sporting clubs including support for: -

- Non-essential businesses impacted by a directive issued by Commissioner of Police
- Accommodation providers where premises are used solely for business purposes and where the provision of accommodation is the primary activity conducted from the land
- Coffin Bay, North Shields and Cummins Caravan Parks
- \$300 cash contribution for community and sporting clubs that were required to close due to COVID-19 to assist with meeting their fixed costs.

4. PUBLIC CONSULTATION

Public consultation in relation to the Annual Business Plan will be undertaken as follows: -

- Tuesday 9 June Annual Business Plan released for consultation.
- Friday 3 July Closing date for written submissions from the public
- Monday 6 July Members of the public will have the opportunity to ask questions and make verbal submission to Council between 9.00am and 10.00 am at the Council budget meeting.

A survey will also be available via Council's website and Facebook page and the Council offices.

5. COUNCIL PROFILE

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. The major industries of agriculture, aquaculture, fishing and tourism are recognised as being of primary significance to the State's economy. Mining proposals have the potential to provide significant economic benefit to the region.

The Council encompasses an area of 4,754 square kilometres with 709 km of coastline, a road network of 1,345kms (of which 146km is sealed) and a resident population estimated at 5510 in 2016¹. The population of the region continues to grow, primarily due to the ongoing development of the Lincoln Fringe Rural Living area.

The most significant business activity owned and operated by Council is the Port Lincoln Airport, which plays a vital role in the transport system serving Eyre Peninsula. The airport has typically catered for approximately 170,000 passenger movements and 16,000 aircraft movements annually.

Council owns and operates sixteen independent living units in Cummins for elderly citizens and also owns the Coffin Bay Caravan Park, with the operation of this facility leased to independent managers.

Council's head office is in Cummins and a branch office is maintained in Port Lincoln.

Works Depots and associated staff are located in Cummins and at the Port Lincoln Airport. Council has a work force of forty FTE employees and contracts out a number of specialised functions and major projects.

Council also maintains:

- Four boat ramps (North Shields, Coffin Bay, Dutton Bay and Farm Beach);
- The North Shields, Dutton Bay Louth Bay Jetties;
- Numerous reserves;
- Investigator Trail (in conjunction with the City of Port Lincoln) and the Oyster Walk in Coffin Bay; and,
- Six playgrounds, being in Coffin Bay Foreshore, Louth Bay, Tulka, North Shields, Cummins Railway Triangle & the Lions Park near Port Lincoln.

Facilities provided by other organisations in the area include a Medical Clinic in Coffin Bay, a Medical Clinic and Hospital with hostel accommodation in Cummins, Rural Care (child care) servicing the Cummins and District community, provision for students from reception to year 12 at Cummins Area School and Primary Schools at Lake Wangary and Poonindie. A wide range of recreational and sporting facilities are maintained throughout the district.

¹ ABS Data by Local Government Area sourced 14 May 2018 [here](#).

6. 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.

Review of the current Strategic Plan commenced in late 2019 with a community survey and workshops throughout the district. Using the community input received through those avenues, the Council have developed a new draft of the plan and are consulting on that draft in conjunction with the Annual Business Plan and Budget.

Key aspects of the Draft 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.

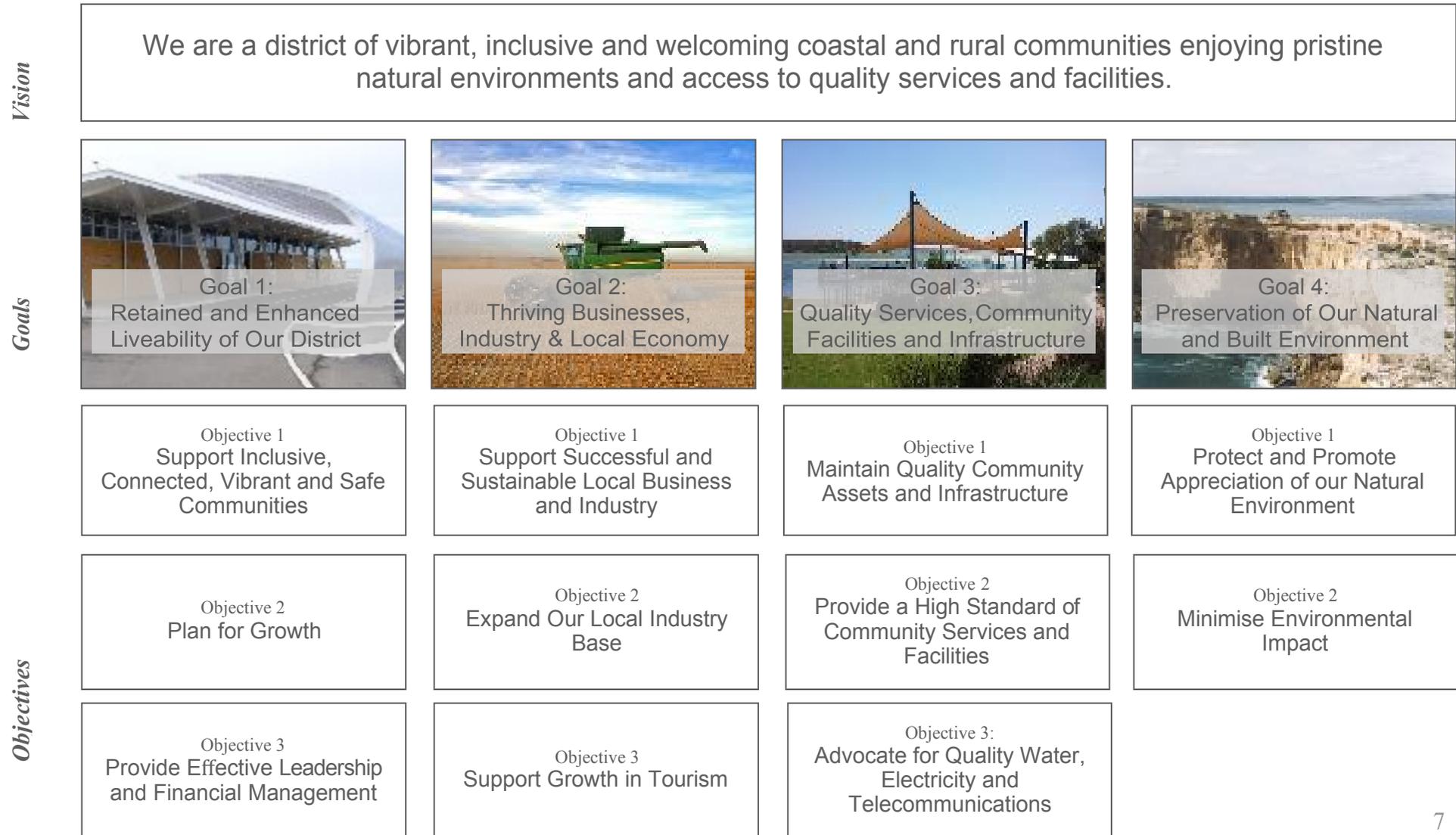
Collaboration

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

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

www.lowereyrepeninsula.sa.gov.au

Structure of the Strategic Plan



7. SIGNIFICANT INFLUENCES AND PRIORITIES

A number of significant factors have influenced the preparation of the Council's 2020/21 Annual Business Plan, including: -

- Consumer Price Index increase of 2.40% based on the Adelaide CPI for the year ended March 2020.
- Local Government Price Index (LGPI) for year ended March 2020 increased by 1.60%.
- Strategic Plan developed in 2015/16 that sets out the proposed capital projects and service standards Council aims to deliver.
- 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.
- COVID-19 pandemic

8. 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
- Health Services
- Port Lincoln Airport
- Independent Living Homes

9. COUNCIL SERVICES – CASH BUDGET (FCA not included)

The following is a summary of Council's budgeted cash operating expenditure for the 2020/21 year by function.

Administration

Employee Costs	1,447,400	
Insurance	46,500	
Elected Member / DAP	156,700	
IT Licenses / Support	222,300	
Other Administration Expenses	583,250	2,456,150

Public Order & Safety

Fire Prevention	37,400	
Dog Control	29,000	
Miscellaneous	2,200	68,600

Health

Immunisation	3,000	
Ambulance Contribution	2,000	
Food Act Compliance	24,000	
Miscellaneous	400	29,400

Social Security & Welfare

Early Intervention & Support Programs	12,000	
Youth Services	4,500	16,500

Housing & Community Amenities

Cummins Homes Maintenance	71,100	
Town Planning		
- General Consultants including Appeal costs	110,000	
- Development Miscellaneous	6,000	
Community Development		
- Miscellaneous	56,800	
Sanitation & Garbage		
- Waste Management	757,500	
- Transfer Station Operations	141,600	
- Illegal Dumping Recovery	3,000	
- Street Cleaning	30,800	
Effluent Maintenance	482,000	
Stormwater Drainage		
- Stormwater Maintenance	27,500	
- Emergency Recovery	5,000	

8. COUNCIL SERVICES – CASH BUDGET (FCA not included)cont'd

- Cemeteries	50,000	
- Standpipes	8,000	
- Street Lighting	83,900	
- Public Convenience Maintenance	135,600	1,968,800
Protection of the Environment		
Foreshore Maintenance	11,700	
Natural Resource Management Levy*	359,400	371,100
Recreation & Culture		
Library		
- Cummins Community Library	41,800	
- City of Port Lincoln Library	5,000	
- Community Information Grant	2,400	
- Provision of Vehicle for Weekly Travel to Coffin Bay	2,500	
Library Depot		
- Insurance	900	
Australia Day Ceremony	1,000	
Sport & Recreation		
- Cummins Swimming Pool	19,000	
- Community Bus	12,000	
- Reserves & Community Support Grants	77,000	
- Reserves Maintenance	182,900	
- Walking Trails Maintenance	24,000	
- Halls (Cummins Institute, Big Swamp insurance)	23,600	
- Brinkworth Reserve Contribution	5,000	
- Other Sport & Recreation	13,000	410,100
Agricultural Services		
Aleppo Pine Removal	2,000	
Drum Muster	9,600	11,600
Mining Manufacturing & Construction		
Building Rules Assessment	29,400	29,400
Transport and Communication – Roads		
Sealed Road Maintenance	229,100	
Unsealed Road Maintenance	640,100	869,200

8. COUNCIL SERVICES – CASH BUDGET (FCA not included)cont'd

Transport and Communication – Other

Bridges Maintenance	6,000	
Footpath Maintenance (General)	59,000	
Port Lincoln Airport	918,800	
Authorised Landing Area Maintenance	8,000	
Roadside Furniture	68,000	
Boat Ramp		
- General Maintenance	54,700	
Jetty Maintenance		
- General Maintenance	5,100	1,119,600

Economic Affairs

Tourism	35,500	35,500
Caravan Park & Camping Grounds		
- Coffin Bay (Insurance & general maintenance)	8,700	
- Louth Bay (Insurance & general maintenance)	3,000	
- Cummins (Insurance & general maintenance)	1,400	
- Farm Beach (Insurance & general maintenance)	6,000	
Miscellaneous	100	19,200

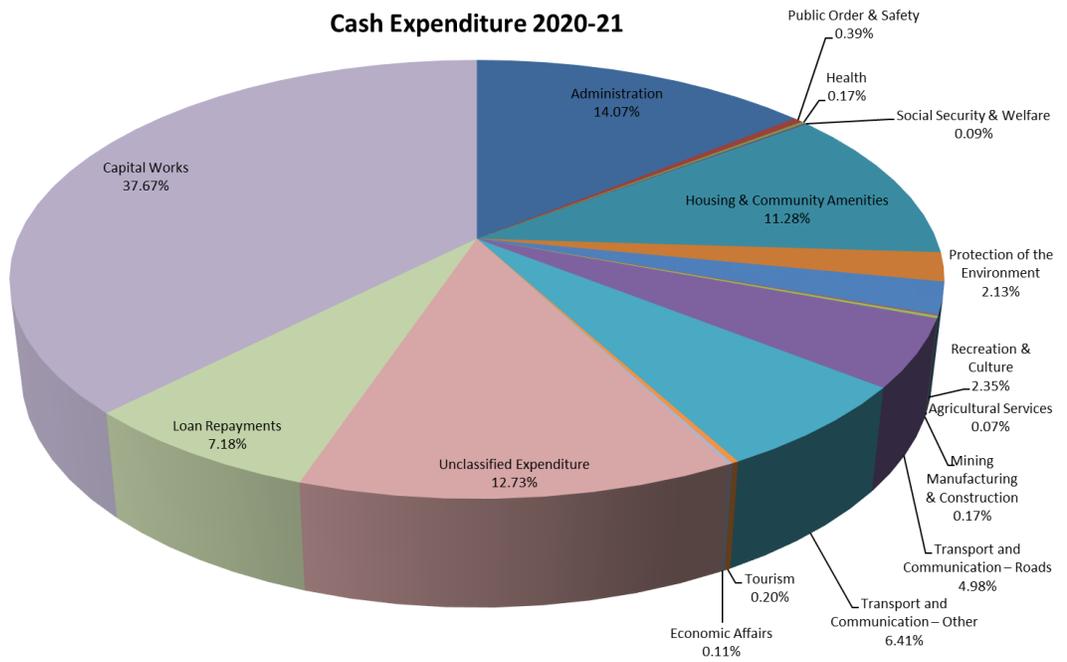
Unclassified Expenditure

Council Radios	11,000	
Rental Property Maintenance	500	
Private Works	8,000	
Donations	9,800	
Insurance		
Works Dept Administration Salaries	480,100	
Works Dept Wages Overheads	435,110	
Other Works Dept Overheads	777,190	
Machinery Operating Costs	500,000	2,221,700
Loan Repayments	1,253,300	1,253,300
Capital Works	6,574,200	6,574,200

Total Cash Expenditure **17,454,350**

* Council collects revenue for the NRM Levy and forwards funds on to the NRM Board.

10. CASH EXPENDITURE GRAPH – 2020/21 FINANCIAL YEAR



11. BUSINESS ACTIVITIES

Council undertakes the following business activities on a fee for service basis:-

11.1 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.

The Master Plan for the airport was reviewed in 2015-16, and Council are currently reviewing the Airport Business Plan covering management of the airport and financial aspects.

COVID-19 and the imposed travel restrictions and social distancing measures implemented by the Police Commissioner, has seen a significant drop in the number of passenger movements at the Port Lincoln Airport.

In addition Council has offered COVID-19 lease relief to businesses operating from the terminal building with lease payments in the 2020/21 year to be based on passenger numbers.

Council have therefore budgeted in the 2020/21 year for \$1.44m of revenue to be received which is down \$888,200 from the 2019/20 budget of \$2.33m resulting in the Port Lincoln Airport budgeted to make an operating loss of \$853,900 in 2020/21.

Council is anticipating a gradual increase in passengers as society moves out of the health pandemic with associated return to more normal levels of airport income.

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 2020/21 budget, the return on investment for the Council is \$56,500.

11.2 Coffin Bay Caravan Park Lease

Council own the Caravan Park and lease 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 \$76,200 at 30 June 2021. Council is budgeting for a \$30,400 cash deficit in the 2020/21 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 to be finalised in the 2021-22 financial year.

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 for the next three years prior to the next full market review.

11. BUSINESS ACTIVITIES

cont'd

11.2 Coffin Bay Caravan Park

Cont'd

Due to COVID-19 and the impact that is having on tourism and subsequent caravan park operations, Council has budgeted to receive a lessor annual lease fee with a resultant operating loss of \$34,700 for the 2020/21 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 2020/21 budget, the return on investment for the Council is \$3,800.

11.3 Cummins Homes – Independent living for the Aged

Council owns and operates sixteen 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.

The 2019/20 budget included the completion of the renovation of 15 single bedroom unit kitchens totalling \$190,000 which has been borrowed for and will be repaid by Council over a 10 year term.

During the 2020/21 year tenancy numbers have been budgeted to be at 85% of capacity being reflective of the upgrades and modernisation of the units that continues to be undertaken.

The 2019-20 budget saw the completion of the renovations to the bathrooms at a cost of \$34,600 and along with the kitchen upgrades has resulted in a more modern and appealing unit for tenants.

In 2020/21 Council have budgeted \$21,300 to replace the second septic tank at the Cummins Homes.

The Cummins Homes Reserve has a total accumulated cash deficit of \$101,700 at 30 June 2021 with Council waiving the interest payable to assist the activities of the homes.

11. BUSINESS ACTIVITIES

cont'd

11.4 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 for each of the schemes to enable Council to monitor each scheme.

The effluent levy charged to landowners at each location is the same 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 \$500, 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 Statewide 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 following details the capital works to be undertaken on the four schemes in 2020/21.

- Cummins CWMS - \$720,700
 - WTP Mechanical Upgrade
 - Gravity Main Replacement on Bratten Way
 - Pump Station Upgrades
 - Retrofit Pump Stations for Mobile Pump (8 Pumps)
 - Mobile Pumps x 2
 - Replace Earthenware Pipes (Trigg Street)
 - Lagoon Fencing and Tree Removal
 - Upgrade Level Sensors

- Coffin Bay CWMS- \$30,000
 - Retrofit Pump Stations for Mobile Pump
 - Upgrade Level Sensors

11. BUSINESS ACTIVITIES **cont'd**

11.4 Community Wastewater Management Scheme (CWMS) **Cont'd**

- Tulka CWMS - \$133,400
 - External Genset Power Sockets for 3 Pump Stations
 - Smart Communications for WWTP
 - Dual Capability Large Capacity Genset & Trailer
 - Mandatory Risk & OTR Plans
 - Smart PS System (Coffin Bay Linked to Depot)

- North Shields CWMS- \$106,100
 - Pump Replacement
 - PLC Replacement

The budgeted operational and capital activities will result in a net cashflow loss of \$734,900 for the 2020/21 financial year and an overall cash closing balance of \$95,800 for the CWMS Reserve.

The CWMS's have a budgeted operating loss of \$39,400 in the 2020/21 financial year which in the main is attributable to a larger than average program of desludging of septic tanks across the Cummins Township.

12. OTHER SIGNIFICANT ISSUES

12.1 Road Funding

The Plan includes the sealing projects of the Coffin Bay Town Centre Carpark, at a cost of \$452,600, sealing of minor sections of road in Cummins, widening and kerbing of Bruce Tce by the town oval at a cost of \$417,600 and some repairs to select sections of the Flinders Highway totaling \$56,100.

In addition to the sealed road works Council will spend \$771,200 on re-sheeting rural roads, \$362,000 on sealed road reseals and will spend \$1,054,100 on general road maintenance.

12.2 Waste Management

Waste Management is budgeted to cost Council \$1,132,000 in 2020/21 of which \$69,300 is to replace fencing surrounding the Coffin Bay Waste Transfer Station. Kerbside collection and disposal costs amount to \$906,300. The Waste Transfer Station general operations cost of \$156,400 off-set by income of \$49,000. This means that the net cost to Council for Transfer Station operations is \$107,400 in 2020/21. The total net cost to Council of waste management general operations amounts to 15.69% of general rate revenue.

In 2020/21 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.

12.3 Machinery Replacement

Plant purchases with a total changeover cost of \$542,000 have been included in the draft budget, including four loaders and two trucks to be purchased from the Plant Reserve.

Light vehicle replacement continues inline with the scheduled changeover dates and includes two utilities and two cars budgeted at a total net cost of \$100,000.

The plant reserve is budgeted to have a balance of \$266,000 at the end of the year.

12. OTHER SIGNIFICANT ISSUES

cont'd:

12.4 Residential Land Development

Included in the 2020/21 budget is \$1.49m for the development of residential allotments in Cummins and Coffin Bay.

It is expected the residential development works will yield 10 allotments along the Coffin Bay Esplanade and 20 residential allotments behind East Terrace in Cummins (as a first stage) at an estimated cost of \$595,000 and \$895,000 respectively.

The timing of the Coffin Bay development remains to be determined, however Council has included funding to undertake a Master Plan over the town, with this review to identify optimal use of all public space.

Council has budgeted to borrow for the development of the allotments with the anticipated funds from the sale of land used to fully repay the land development costs and any interest charged from the borrowings.

12.5 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 will continue to engage with the State Government (Department for Planning Transport & Infrastructure (DPTI)) in relation to bringing the Tod Highway up to standard for the transportation of grain. 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 have 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.

Council and DPTI have 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.

12. OTHER SIGNIFICANT ISSUES

cont'd:

12.6 Bratten Way

As per section 3 of this document 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 2020/21 budget includes \$1,738,500 for year 2 of the Bratten Way rehabilitation project, funded on a 2:1 basis from the Commonwealth Special Local Roads Program (SLRP).

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.

In 2016/17 Council engaged consultants to assist staff in undertaking a detailed analysis of the Bratten Way and to provide reports on the structural integrity of the pavement. Following this review Council undertook initial cement stabilisation works on the Lawrence Road intersection and along two kilometres of the Bratten Way in the 2017/18 year at a cost of \$610,000. Council has been successful in gaining Commonwealth SLRP funding on a 2:1 basis to undertake crushed rock overlay of these sections.

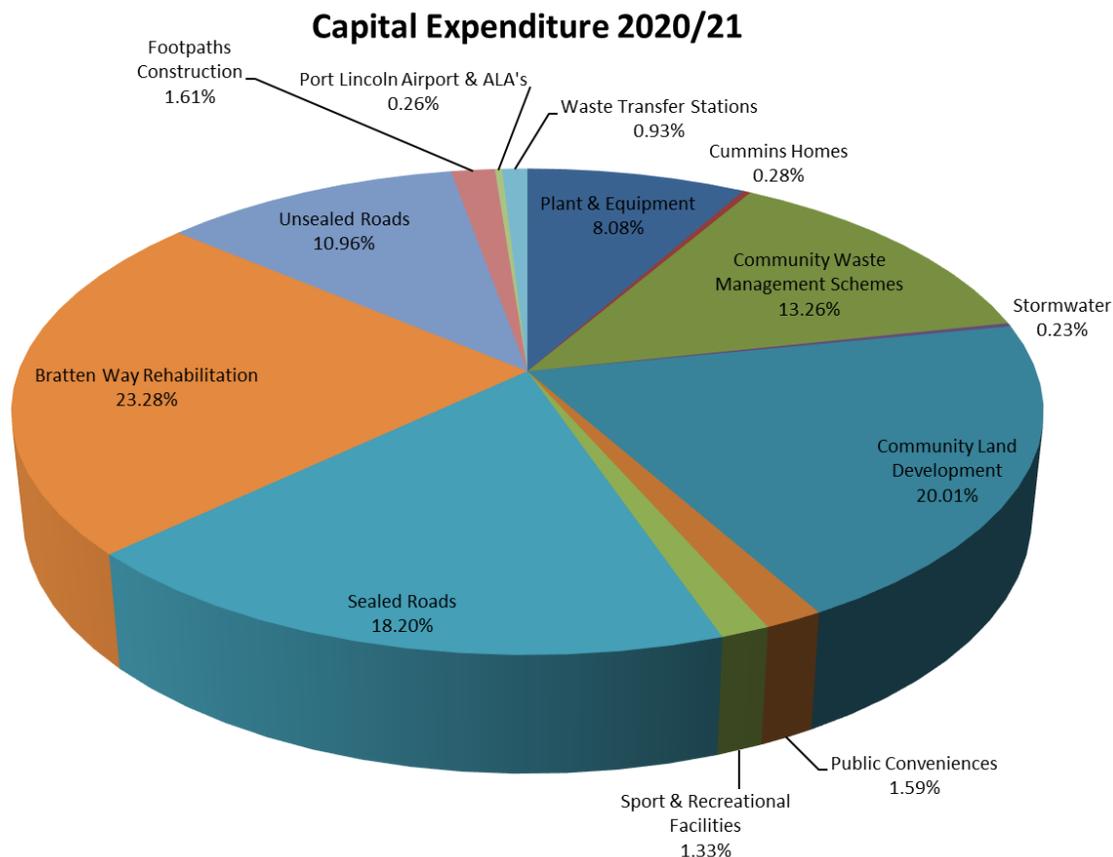
Council has again applied for SLRP funding in the 2020/21 year to undertake further works on failed sections of the Bratten Way. If successful with this application the works completed will have rejuvenated the worst sections of the road.

In the assessment of the Bratten Way it is evident significant future works will be required to maintain and upgrade much of the balance of the pavement to a standard that will be able to cope with current traffic volumes and load factors that have contributed to the recent pavement failures.

Council is again reviewing future plans for the balance of the road, and has engaged a consultant to assist with developing future management strategies for the road.

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

13. CAPITAL WORKS EXPENDITURE GRAPH 2020/21



14. FUNDING THE BUSINESS PLAN

Consistent with the aim of Council’s long-term financial plan to be sustainable, an operating deficit of \$382,600 before capital revenues is budgeted in 2020/21. The operating deficit 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 operating surplus includes a combined operating loss of \$951,100 from self funding activities including the Port Lincoln Airport, Cummins Homes, Coffin Bay Caravan Park and the four Community Wastewater Management Schemes. The Port Lincoln Airport and Coffin Bay Caravan Park have been significantly impacted by the health pandemic, being the main reason for the operating losses.

The net affect of this leaves an adjusted operating surplus of \$568,500 after deducting the deficit from these specific self funding activities. It is noted that Council will receive Roads to Recovery funding totalling \$426,200 which is required to be reported as Operating Income, however the funds are being spent on roads with the expenditure capitalised, resulting in an inflated operating surplus.

Adjusting the operating surplus for the Roads to Recovery funding would result in a net adjusted operating surplus for Council of \$142,300 which is considered a reasonable and sound position.

15. BUDGETED OPERATING STATEMENT

Budgeted Operating Statement for Period Ending 30 June 2021

DISTRICT COUNCIL OF LOWER EYRE PENINSULA					
BUDGET STATEMENT OF COMPREHENSIVE INCOME					
			2019	2020	2021
			ACTUAL	BUDGET	BUDGET
REVENUE					
Rates			7,435,607	7,729,100	7,901,900
Statutory charges			146,187	161,900	162,900
User charges			2,323,966	2,351,800	1,252,800
Grants, subsidies and contributions			1,896,934	1,433,900	1,413,300
Investment Income			132,039	71,400	18,100
Reimbursements			122,600	82,700	64,000
Other income			55,879	3,500	5,000
Net gain - joint ventures & associates					
TOTAL INCOME			12,113,212	11,834,300	10,818,000
EXPENSES					
Employee Costs			2,802,725	2,996,898	2,739,760
Materials, contracts & other expenses			4,357,040	5,369,390	4,381,413
Finance Costs			293,178	361,400	263,500
Depreciation, amortisation & impairment			3,476,292	3,734,400	3,815,900
Net loss - joint ventures & associates					
TOTAL EXPENSES			10,929,235	12,462,088	11,200,573
OPERATING SURPLUS/(DEFICIT)			1,183,977	(627,788)	(382,573)
Asset disposal & fair value adjustments			(20,080)	-	-
Amounts specifically for new or upgraded assets			142,500	1,523,150	1,032,200
Physical resources received free of charge					
NET SURPLUS/(DEFICIT)			1,306,397	895,362	649,627

16. SOURCES OF COUNCIL REVENUE

The Council's revenue in 2020/21 includes \$6.77 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.

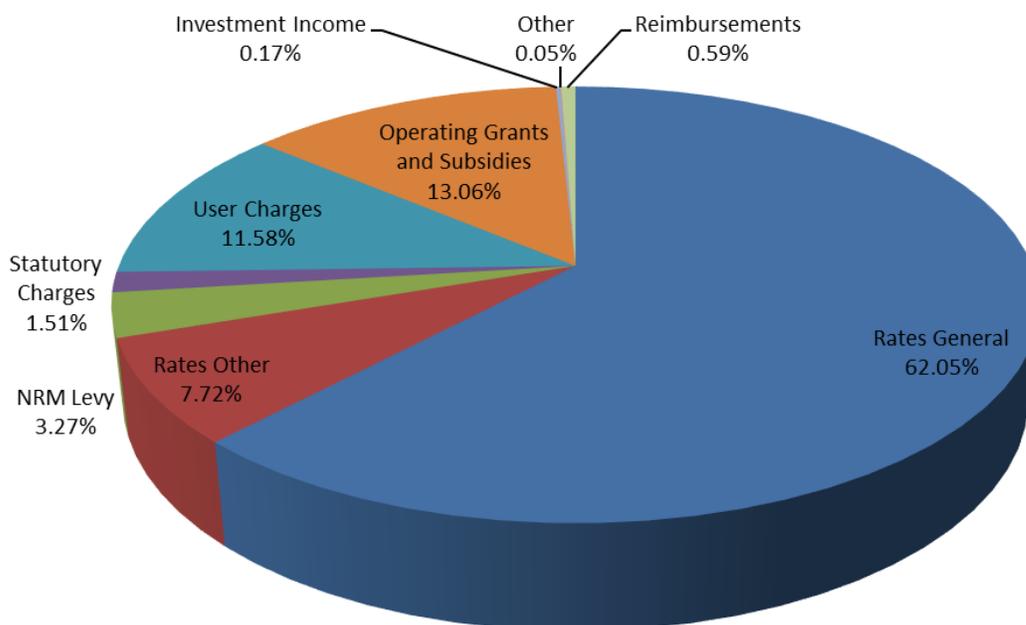
Separate Rates. Council collects the Natural Resource Management Levy on behalf of the Eyre Peninsula Natural Resource Management Board.

User Pays charges set by Council. These comprise charges for the Council's fee based 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 normally seeks 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.

17. GRAPH - REVENUE SOURCES FOR 2020/21 YEAR



18. IMPACT ON COUNCIL'S FINANCIAL POSITION

18.1 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 asset construction.

In 2020/21 Council is budgeting to borrow \$2.86 million and accordingly, the level of the Council's outstanding debt is expected to increase by approximately \$1.23m to be \$8.67 million at 30 June 2021.

Of the \$8.67 million total borrowings, \$2.37 million is for loans relating to the Port Lincoln Airport to fund capital projects including the new Terminal, Land Acquisitions and portion of the Sullivan Drive realignment which is considered to be attributable to the Airport.

In addition, a significant component of Council's debt 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) and Land Development Projects. After deducting loans related to these activities Council's projected debt as at 30 June 2020 is \$4.71 million.

The total amount of fixed loan repayments as a percentage of general rate revenue is budgeted to be 18.31 percent for the 2020/21 financial year.

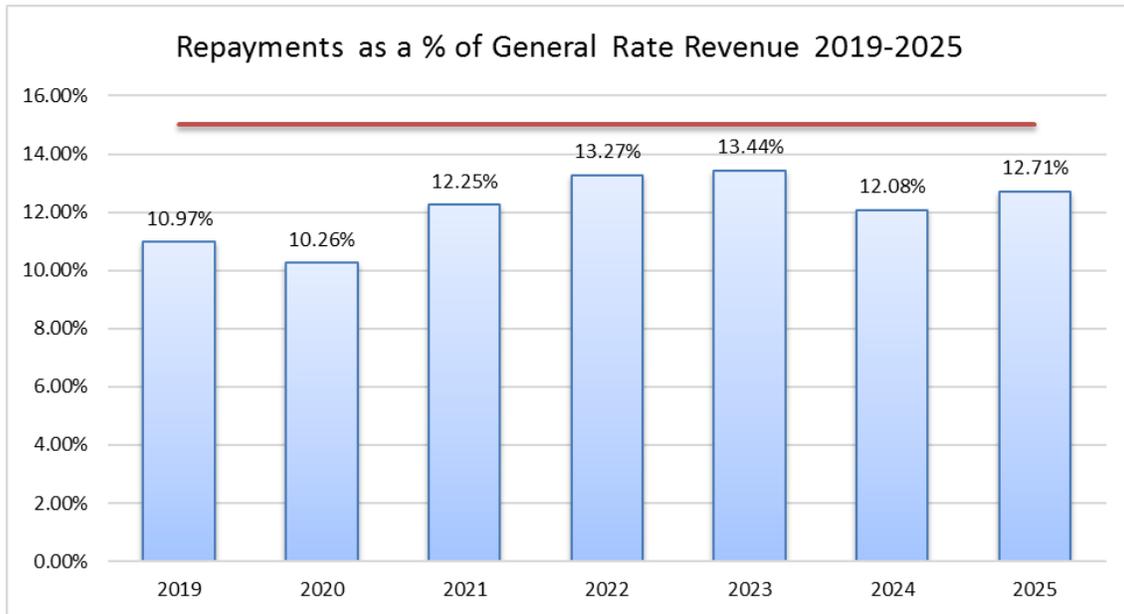
Council will have two Cash Advance Debentures for the Port Lincoln Airport and Land Development with repayments totalling \$70,000 in 2020/21 amounting to 1.03% of general rate revenue.

Again, a significant portion of the fixed loan repayments relate to **Business Activities** or self funding activities and after deducting these loans the repayments to be funded from general rates is 12.25 percent in 2020/21, with this estimated to peak at 13.44 percent in the 2022/23 financial year.

18. IMPACT ON COUNCIL’S FINANCIAL POSITION **cont’d**

18.1 Council Debt **cont’d**

The following graph shows the predicted Council loan repayments for the period 2019 – 2025 based on Council’s 2019/20 and 2020/21 budgets and the draft 2021-2030 Capital Works Plan.



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 next 3-5 years with the percentage of repayments fitting within Council’s loan borrowing policy.

Further-more Council considers that the projects to be funded by the loan borrowings will add important infrastructure for the region with this level of borrowing being supported by the community.

18. IMPACT ON COUNCIL'S FINANCIAL POSITION

cont'd

18.2 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 \$6.3m at 30 June 2021 being 89% of budgeted operating revenue for 2020/21.

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

18.3 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 2.43% for the 2020/21 year which sits well within the LGA recommended target.

18.4 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 re-valued all significant assets as at 1 July 2016.

- 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 Maloney Field Services.
- Infrastructure assets were re-valued using the experience of Council staff and expert consultants where appropriate on 1 July 2016. 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.

18. IMPACT ON COUNCIL’S FINANCIAL POSITION **cont’d**

18.4 Depreciation **cont’d**

Council is in the process of developing an Asset & Infrastructure Management Plan and the asset valuation data will form the basis of this plan.

Due to its routine and regular changeover machinery is not required to be re-valued inline with other Council assets. Council has a plant replacement program for major items of plant as per the following table. A plant reserve is retained and amounts are either appropriated to the reserve or recouped from the reserve based on the budgeted plan change over costs for a particular year as against the depreciation which is charged in that year.

All significant assets are revalued every five years inline with Council practices and are due to be re-valued at 1 July 2021.

18.5 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 2020/21 financial year Council’s targeted asset renewal spend based on the above methodology is \$2.16m with the following asset renewal projects budgeted to be undertaken:

• Replace Coffin Bay Waste Transfer Station perimeter fence	\$ 69,300
• Replace Lions Park Public Conveniences	\$ 118,700
• Replace gable makers at the Cummins and Coffin Bay ALA’s	\$ 9,500
• Flinders Highway Pavement Repairs	\$ 56,100
• Unsealed road resheeting	\$ 771,200
• Sealed road reseals	\$ 362,000
• Replace rural stormwater drains	\$ 47,000
• Plant & Machinery Replacement	\$ 865,000
TOTAL	\$ 2,298,800

19. WHAT IT MEANS FOR RATES

This section sets out the requirements of the District Council of Lower Eyre Peninsula for setting and collecting rates from its community pursuant to Section 123(2)(d)(e) & (g) of the Local Government Act.

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19. WHAT IT MEANS FOR RATES

cont'd

19.1 STRATEGIC FOCUS

In setting its rates for the 2020/21 financial year, the Council has considered the following:

- 1 The District Council of Lower Eyre Peninsula Strategic Plan 2016/2025 and the draft 2020 Strategic plan. The Strategic Plan has been reviewed in conjunction with an extensive community consultation program;
- 2 Draft 2021-2030 New Capital Works Plan
- 3 10 Year Long Term Financial Plan 2019-28;
- 4 The budget for the 2019/20 financial year;
- 5 Legislative requirements;
- 6 The current economic climate and relevant factors such as inflation and interest rates;
- 7 The need to balance appropriate service delivery and minimise the rate burden on the community;
- 8 The level of Federal Government Financial Assistance Grants (FAG's) and Roads to Recovery monies to be received;
- 9 Both realised and unrealised impact of the COVID-19 pandemic on the community

19.2 BUSINESS IMPACT STATEMENT

The Council has considered the impact of rates on all businesses in the Council area, including primary production. In considering the impact, Council considers the following matters:

- 1 Those elements of the Council's strategic management plans relating to business development;
- 2 The equity of the distribution of the rate burden – Council has determined to apply differential general rates to reflect the provision of and access to certain Council services within specified major and minor gazetted townships and outside of gazetted townships. Apart from this, Council considers that all ratepayers receive broadly comparable services and are generally similarly impacted upon by prevailing economic conditions.

The following graphs provide valuable information in relation to rates per residential property and rates per capita for the 2017/18 financial year.

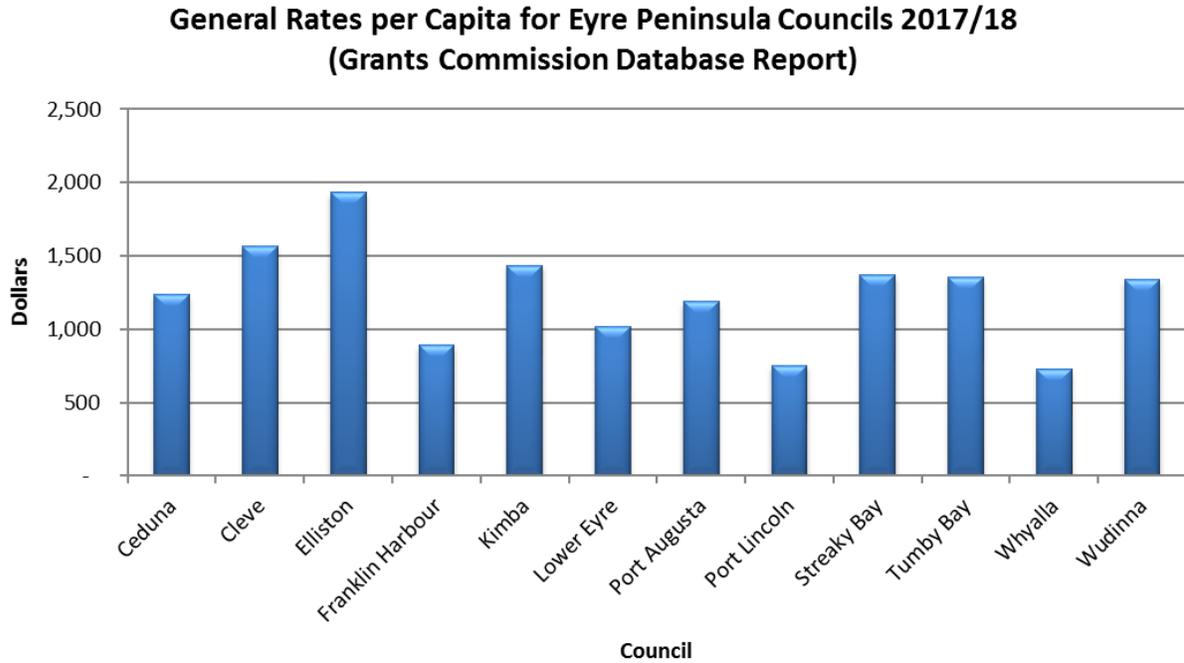
19. WHAT IT MEANS FOR RATES

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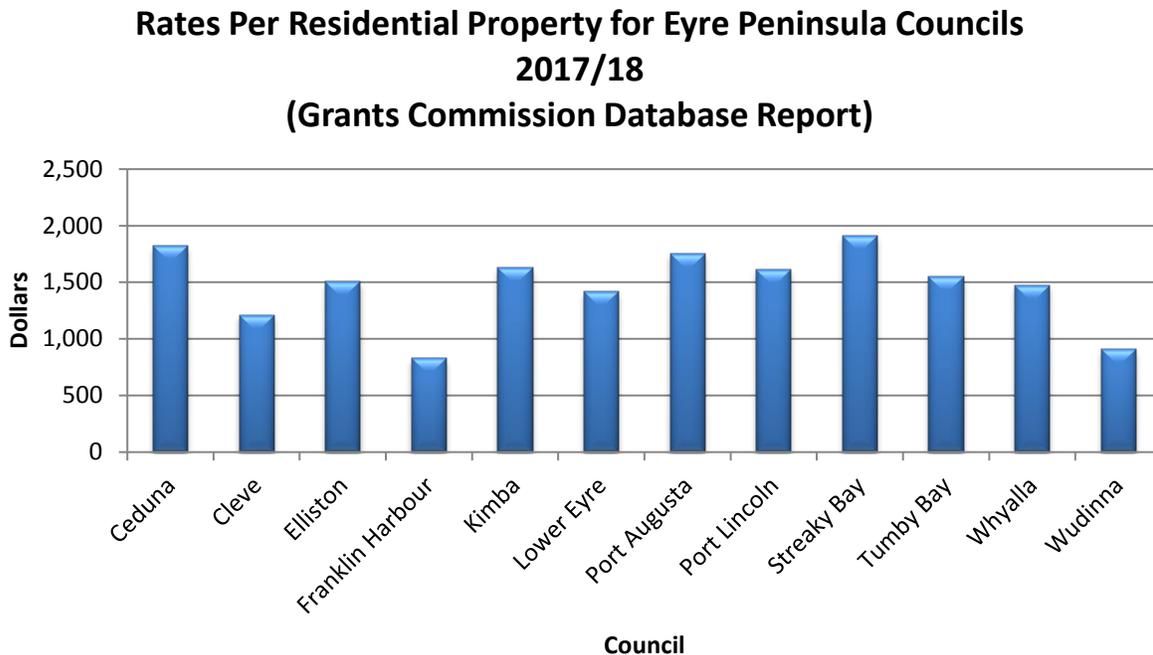
19.2 BUSINESS IMPACT STATEMENT

cont'd

Graph 1 – Rates Per Capita for Eyre Peninsula Councils



Graph 2 – Rates per Residential Property for Eyre Peninsula Councils



19. WHAT IT MEANS FOR RATES

cont'd

19.3 VALUATIONS

19.3.1 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.

19.3.2 Adoption of Valuations

The Council adopts the valuations made by the Valuer-General.

If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the Valuer-General in writing within 60 days of first receiving the notice of the valuation, explaining the basis for the objection, provided they have not:

- a) previously received a notice of this valuation under the Local Government Act, in which case the objection period is 60 days from the receipt of the first notice; or
- b) previously had an objection to the valuation considered by the Valuer-General.

19. WHAT IT MEANS FOR RATES **cont'd**

19.3 VALUATIONS **cont'd**

19.3.2 Adoption of Valuations **cont'd**

The address and telephone number of the office of the Valuer General is:

State Valuation Office
GPO Box 1354
Adelaide SA 5001

General Enquiries	1300 653 346
Objections to Property Valuation	1300 653 346
Email Requests	lsgobjections@sa.gov.au

Council has no role in valuing land or processing objections to valuations of land. It is also important to note that the lodgement of an objection does not change the due date for the payment of rates.

If an objection, review or appeal results in the alteration of a valuation after rates are paid, and a refund is due, payment will be made as soon as possible to the ratepayer, and in the event that an additional amount is payable as a result of the objection, review or appeal, Council will not recover the additional amount from the ratepayer if the rate notice has been issued.

19.3.3 Notional Values

Under the Valuation of Land Act 1971, where a property is the principal place of residence of a ratepayer, the property may be eligible for a notional value. A notional value is the value of a property based on its actual use rather than the highest and best potential use. This can relate to primary production land or State Heritage recognition. A notional value is generally less than the capital value. Application for a notional value must be made to the Office of the Valuer General.

19.4 MAXIMUM INCREASE OF RATES

Under Section 153 of the Local Government Act, Council must determine whether it will fix a maximum increase in the general rate to be charged on any rateable land within its area that constitutes a principal place of residence of a ratepayer.

The effect of setting a maximum rate increase would ease the rate burden on properties which have had a significant increase in capital valuation (excluding as a result of development) and would increase the rate burden on remaining properties.

Council considers that the trends in property valuations provided by the Valuer General do not necessitate setting a maximum rate increase.

19. WHAT IT MEANS FOR RATES

cont'd

19.5 DIFFERENTIAL GENERAL RATES

A review of the basis of rating was conducted in 2007 which concluded that Council would group each locality into three differential rate groups being:

- Gazetted major towns;
- Gazetted minor towns; and
- Outside townships

Reviews of township boundaries have occurred since 2007 with the latest occurring in 2018-19 as part of a Council wide township boundary review where Council formalised the township boundaries of Little Douglas, Farm Beach and Poonindie and amended the Wangary township boundary to encompass the Rural Living Zone.

Council imposes a differential general rating system, and has determined that:

- 1 The rate for land inside the gazetted townships of Cummins, Coffin Bay, North Shields, Louth Bay, Boston, Tiatukia and Tulka be 13% 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, Poonindie, Little Douglas and Farm Beach be the same as the differential rate for land outside gazetted townships:

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, Poonindie, 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 mainly serviced by unsealed roads.

19. WHAT IT MEANS FOR RATES

cont'd

19.6 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.

19.7 SEPARATE RATES

The whole Council area is in the Eyre Peninsula Landscapes Region (previously Natural Resources Management Board area) and Council is required pursuant to the Landscape South Australia Act 2019 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.

The Council is required to collect this revenue and pay the amount collected to the Board. The Council is simply operating as revenue collector for the Board in this regard. The Council does not retain this revenue or determine how the revenue is spent.

The Regional Landscapes Levy in 2019/20 collected approximately \$353,800 from the District Council of Lower Eyre Peninsula land owners using a varying levy based on the properties identified land use.

The NRM Board has increased this amount to \$359,400 in 2019/20 being an increase of 1.58%.

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

The following is a summary of the categories of property uses and expected annual charge:

Residential	\$79.15
Commercial	\$118.72
Industrial	\$118.72
Primary Producers	\$158.30
Other & Vacant Land	\$79.15

19. WHAT IT MEANS FOR RATES

cont'd

19.8 SERVICE CHARGES

The Council provides a septic tank effluent disposal scheme to properties contained in the townships of Cummins, North Shields, Coffin Bay and Tulka. The cost of operating, maintaining and improving this service for this financial year is budgeted to be \$1,630,500.

This includes utilising funds previously accumulated and set aside for the future replacement of the assets employed in providing the service.

The Council will recover these costs through the imposition of a service charge. 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 for each property to which the service is provided is budgeted to be:

Occupied Allotment Charge	\$500
Vacant Allotment Charge	\$340
Extra Pump Out Charge (Small Tanks)	\$ 65
Occupied Pump Reduction Charge	\$475
Full Occupied Pump Reduction Charge	\$340

The Council has decided to raise the revenue to fund septic tank effluent disposal schemes by means of a service charge 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.

19. WHAT IT MEANS FOR RATES

cont'd

19.9 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.

19. WHAT IT MEANS FOR RATES

cont'd

19.10 REBATE OF RATES

The Local Government Act 1999, as amended, 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.

Council considers that the trends in property valuations provided by the Valuer General do not necessitate a rebate of rates based on anomalies in valuations or rapid changes in valuations.

19.10.1 Discretionary Rebates

- 1 The Council has adopted the following position in relation to the rebate of general and separate rates for land used by organisations which in the opinion of Council, provide a benefit or service to the local community, in line with section 166(1)(j) of the Act.
 - (a) The Council has granted a rebate of 100% of general and separate rates levied for the following service clubs, community and/or sporting organisations which operate on property rated in their own name, under the provisions of part 1 above:-

NAME OF ORGANISATION	ASSESSMENT NUMBER
Kapinnie Hall Committee	213
Yeelanna Memorial Association	240
Yeelanna Memorial Association	249
Yeelanna Memorial Association	276
Karkoo Hall Committee	331
Mount Hope Soldiers Memorial Hall	353
Wanilla Progress Association	491
Coffin Bay Progress Association	616
Catholic Diocese of Port Pirie	743
Catholic Diocese of Port Pirie	745
Coffin Bay Yacht Club	940
Coffin Bay Yacht Club	1156
Masonic Lodge Sirius No. 133	1172
Cummins Memorial Rec Centre	1220

19. WHAT IT MEANS FOR RATES **cont'd**

19.10 REBATE OF RATES **cont'd**

19.10.1 Discretionary Rebates **cont'd**

NAME OF ORGANISATION	ASSESSMENT NUMBER
Cummins Memorial Rec Centre	1221
Cummins Memorial Rec Centre	1222
Cummins Memorial Rec Centre	1223
Cummins Memorial Rec Centre	1224
Cummins Community Opportunity Shop Inc.	1227
Cummins-Yeelanna R.S.L. Sub Branch	1530
Marble Range Community Sports Centre Inc.	1542
Coulta Memorial Hall Association	1791
Port Lincoln Golf Club	2354
Cummins Memorial Rec Centre	2397
PE Jarrett, FJ Nelligan & RT Strudwick - (Edillilie Recreation Centre)	2508
Edillilie Memorial Progress Association	2540
White Flat Community Hall	2630
Port Lincoln Gun Club	2693
Port Lincoln Go Kart Club Inc.	2759
Port Lincoln Sporting Car Club Inc.	2760
Port Lincoln Pony Club Inc.	2763
Trustees North Shields Hall	2855
Port Lincoln Motor Cycle Club	2948
Lions Club of Port Lincoln	3026

- (b) The Council has granted a rebate of 100% of general and separate rates levied on the following land for community service groups which operate on property rated in the name of the District Council of Lower Eyre Peninsula or the Crown, under the provisions of part 1 above:-

NAME OF ORGANISATION	ASSESSMENT NUMBER
Big Swamp Community Centre Incorporated	453
Wanilla Progress Association	503
Wanilla Progress Association	591
Coffin Bay Progress Association	1269
Cummins Memorial Recreation Centre	1736
Australian Boy Scouts Association	2043
Ravendale Park Pony Club	2117
Cummins & District Enterprise Committee	2149
Louth Bay Community Club Inc.	2535
Louth Bay Community Club Inc.	2674
Louth Bay Community Club Inc.	2678
North Shields Sports Association	2925
North Shields Sports Association	2926
Coffin Bay Sporting Association	3181

19. WHAT IT MEANS FOR RATES **cont'd**

19.10 REBATE OF RATES **cont'd**

19.10.1 Discretionary Rebates **cont'd**

(c) The Council has granted a rebate of 100% of general and separate rates levied on the following land leased and operated by community service groups, under the provisions of part 1 above:-

OWNER	LESSEE	ASSESS NUMBER
City of Port Lincoln	Rotary Club of Port Lincoln	2980

2 The Council has adopted the following position in relation to the rebate of general and separate rates for land used for agricultural, horticultural or floricultural exhibitions in line with Section 166(1)(e) of the Act:

(a) The Council has granted a rebate of 100% of general and separate rates levied for the following organisation, under the provisions of part 2 above:-

NAME OF ORGANISATION	ASSESSMENT NUMBER
Cummins A. & H. Society	3041

Further information relating to rebates is available from the Cummins Council office.

19. WHAT IT MEANS FOR RATES

cont'd

19.11 PAYMENT OF RATES

The Council proposes that the payment of rates will be either:

- 1 In one instalment for the 2020/21 year falling due on 7 September 2020; or
- 2 In four equal (or approximately equal) instalments for the 2020/21 year falling due on the following days: 7 September 2020, 7 December 2020, 7 March 2021 and 7 June 2021.

Rates may be paid:

- 1 In person at:

Cummins Office	Port Lincoln Office
32 Railway Terrace	38 Washington Street
Cummins SA 5631	Port Lincoln SA 5606; or
- 2 Posted to the District Council of Lower Eyre Peninsula, PO Box 41 Cummins SA 5631; or
- 3 By telephone or internet banking using the BPay facility or E-Services.
- 4 Over the counter using Australia Post.

Unlike in previous years, Council in the 2020/21 year will not be offering a discount for the payment of rates, in full, by 7 September 2020. This is due to the continued decline in Australia's official cash rate which is now at 0.25% meaning that a discount has little impact for either Council or the ratepayer.

Council is prepared to allow three working days after the due date for rate payments as a grace period.

Ratepayers who use the BPay or Australia Post facility need to be aware that it is their responsibility to ensure that Council receives the payment for rates on or before the due date for rate payment and that the Council will not waive fines for rates not received on or before the due date for rate payments (having regard to allowances provided for grace periods) unless it is the Council's facilities that are at fault.

19. WHAT IT MEANS FOR RATES

cont'd

19.11 PAYMENT OF RATES

cont'd

Any ratepayer who may, or is likely to experience difficulty with meeting the standard payment arrangement is invited to contact Council staff to discuss and make alternative arrangements. Council encourages discussion with Staff relating to any payment difficulties and such enquiries are treated confidentially by the Council.

Credits on rate assessments in excess of \$100.00 will be refunded and credits on rate assessments of less than \$100.00 will attributed to any future rates liability.

19.12 LATE PAYMENT OF RATES

The Local Government Act 1999, as amended, provides that Councils impose a penalty of 2% on any payment for rates, whether instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. The purpose of the penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Councils to cover the administrative cost of following up unpaid rates and to cover any interest cost the Council may meet because it has not received the rates on time.

The Council is prepared to allow three working days after the due date for rate payments as a grace period. Late payment penalties will not be applied by Council if the payment is received within the three working day grace period. Late penalties will be applied to rates as soon as possible after the expiration of the grace period and will apply from the due date for payment.

Where rates remain unpaid, interest will be added (following three working days grace period) at the prescribed interest rate as soon as possible after each full month.

Overdue notices will only be issued to any ratepayer in arrears in excess of \$10.00. Amounts less than \$10.00 will remain as a debt against the assessment and will attract interest until paid.

19. WHAT IT MEANS FOR RATES

cont'd

19.13 COUNCIL'S REVENUE RAISING POWERS

All land within a Council area, except for land specifically exempt (e.g. crown land, Council occupied land and other land prescribed in Section 147 of the Local Government Act 1999), is rateable. The Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service charges for specific services.

19.14 CONCESSIONS

Historically the State Government funded a range of concessions on Council rates. The State Government ceased providing direct funded concessions on Council rates for eligible pensioners and self-funded retirees in 2015/2016 and introduced an alternative Cost of Living concession by way of direct payment to the rate payers.

Council have historically provided a concession to eligible property owners on their Community Wastewater Management System (CWMS) charges however, in the 2017/18 financial year the Department for Communities and Social Inclusion (DCSI) provided this CWMS concession directly to eligible households.

Further information on available concession can be found on DCSI's website www.dcsi.sa.gov.au.

19. WHAT IT MEANS FOR RATES

cont'd

19.15 REMISSION OF RATES

Section 182 of the Local Government Act 1999, as amended, permits a Council, upon application by the ratepayer, to partially or wholly remit rates, on the basis of hardship. All ratepayers are invited to make written application setting out their relevant particulars.

19.16 POSTPONEMENT OF RATES

Section 182 of the Local Government Act 1999, as amended, permits a Council, upon application by the ratepayer, to partially or wholly postpone rates, on the basis of hardship, to support businesses or to alleviate valuation anomalies.

Section 182A of the Local Government Act 1999, as amended, stipulates a Council, upon application by the prescribed ratepayer (a person who holds a *State Seniors Card* issued by the State Government), must postpone rates of any amount in excess of \$500.00 subject to the applicant meeting eligibility criteria.

Council considers that the postponement of rates is a fair and reasonable method of providing rate relief to identified groups of ratepayers, whilst providing equity across the rate-paying community.

All applications for postponement of rates must be made in writing and applications must meet all of the criteria contained in the Local Government Act.

No discount will be applied to any portion of the rates payable by a ratepayer in the event that an agreement is reached for the postponement of rates on a property.

19. WHAT IT MEANS FOR RATES

cont'd

19.17 DEBT COLLECTION PROCEDURES

Overdue notices are posted to ratepayers who have incurred fines and interest on unpaid rates.

Debt collection is commenced if the debt is 90 days in arrears and where the amount of the debt is in excess of \$100.00.

The following summarised list of procedures is followed in an attempt to collect outstanding rates.

Action Taken	Result
Seven Day Letter	Rates Paid / Payment Arrangement Established
Intention to Summons Letter	Rates Paid / Payment Arrangement Established
Referral to Collection Agency	Debt Recovered by Agency on Behalf of Council

Accounts with payment arrangements or which have been referred to Council’s collection agency are monitored regularly.

The following is a detailed list of the procedures (as listed above) carried out by Council in an attempt to collect outstanding rates:

After the due date for any instalment of rates, a letter is issued to warn the ratepayer that legal action may be initiated if the Council is not contacted within seven days. If an arrangement is not made, an attempt to telephone all ratepayers with outstanding rates is made to discuss payment arrangements or particular circumstances which may affect the finalising of the rate account.

If contact is made by the ratepayer, an arrangement for the payment of rates is made. A letter to confirm this arrangement is forwarded to the ratepayer. Regular monitoring of these accounts is carried out to ensure that arrangements are being adhered to. Should a payment arrangement not be adhered to, a telephone call is made or a letter is forwarded to warn the ratepayer of possible legal action and as a reminder of the agreement. A revised arrangement can be made to suit the ratepayer’s circumstances.

19. WHAT IT MEANS FOR RATES

cont'd

19.17 DEBT COLLECTION PROCEDURES

cont'd

If no contact is made by the ratepayer, a letter warning that the Council intends to summons the ratepayer is forwarded. This letter advises that legal action will be taken if no contact is made within seven days. An arrangement can be made if contact is made by the ratepayer.

If no contact is made by the ratepayer to the Council, a copy of the *Intention to Summons* letter is forwarded to Council's debt collection agency to engage their assistance in recovering the debt of unpaid rates.

Regular contact is made between the collection agency and the Council regarding the overdue account, including the addition of legal fees and any changes or payments made on the account.

19.18 SALE OF LAND FOR NON-PAYMENT OF RATES

The Local Government Act 1999, as amended provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

Should any rates be in arrears for three rating years or more, Council staff will advise Council that they have commenced proceedings to sell the property for non-payment of rates, in accordance with the Act. The Council will make the final decision regarding the sale of property should the proceedings lead to the actual auction of the land for the non-payment of rates.

19.19 PROVISION FOR SUPPLY OF COPIES OF DOCUMENTS

Fees and charges apply for certified copies of any entry in the assessment record. The list of applicable fees and charges is available at the Offices of Council.

19. WHAT IT MEANS FOR RATES

cont'd

19.20 LOCAL GOVERNMENT INQUIRIES

The Local Government Act 1999, as amended provides that a person who has a defined interest in land within the Council area may request in writing, a certificate stating the amount of any liability for rates or charges and any amount received on account of rates or charges on the land. This information is produced by staff upon receipt of the relevant fee or when arrangements have been made for its payment.

Most commonly, land agents, conveyancers and solicitors request this type of information when the sale of land is imminent. The request for the Inquiry may be faxed to the Council Office and an invoice for the fee for the supply of the information can be issued upon request.

Updates to these Local Government Inquiries are granted within two months of the date of the original Inquiry, free of charge, provided that the request to provide such an update is made in writing and the updated request relates to the same financial year. The request for the update to the Inquiry may be faxed to the Council Office.

No updates relating to the liability for rates or charges and amounts received on account of rates or charges will be granted to any person who has not requested this information in writing.

Only ratepayers are able to access updates or information relating to their own liability for rates or charges and amounts received on account of rates or charges over the telephone; all other requests for such information will be supplied in writing, following the relevant request.

Any requests to update a Local Government Inquiry made two months after the date of the original Inquiry or which relates to the following financial year, is treated as a new Inquiry, with the associated fee requested.

Land agents, conveyancers and solicitors are requested by Council to pay the total Council rates outstanding for the relevant financial year or years as soon as practicable after settlement following the sale or transfer of land to another party.

19.21 PREDICTED RATE INCREASE

The total general rate revenue is budgeted to amount to \$6.77 million for the 2020/21 year. Council proposes that the average increase in general rates in the 2020/21 financial year will be 1.89% excluding rates from new development.

Ratepayers should note that changes in individual property valuations can vary from the average property valuation movements which may result in a variation from the 1.89% average rate increase.

Development on a property will also result in an increase in capital valuation and subsequently, an increase in rates payable.