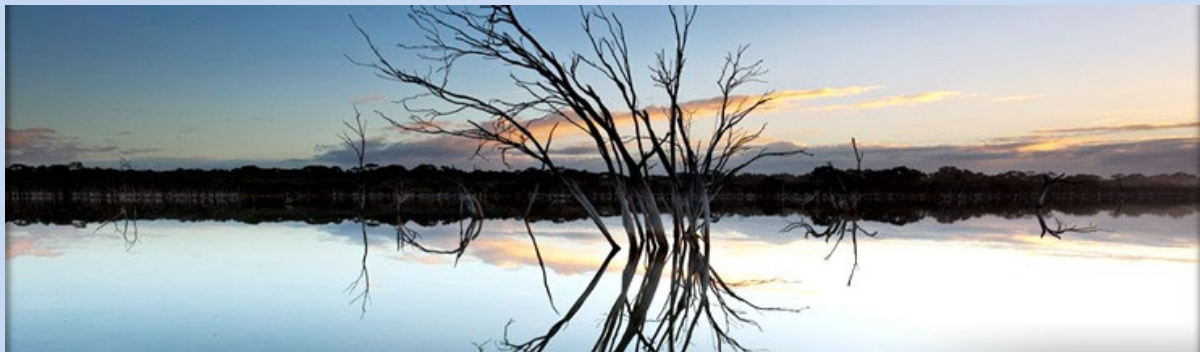


DISTRICT COUNCIL OF LOWER EYRE PENINSULA

ANNUAL BUSINESS PLAN

2021/22



“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 2021/22 year. The plan aims to achieve and/or progress the longer term objectives for the District set out in the Strategic Plan 2020-2030 adopted by Council on 17 July 2020.

The business plan indicates an overall operating loss of \$322,900 which is primarily due to the \$455,700 of operational carryover projects from the 2020/21 financial year. In addition Council's business activities recorded a total operating profit of \$169,200 for the 2021/22 year.

Exclusive of 2020/21 carryovers and Council's business activities Council has a budgeted operating loss of \$36,400 for the 2021/22 financial year. Per the Local Government Association's Financial Sustainability Information Papers, Councils should aim to have a small annual operating profit. Given the operating loss (exclusive of 2020/21 carryovers and business activities) represents less than 0.30% of Council's 2021/22 operating income and there are a significant number of new projects, particularly road re-sheeting, within the current budget, this position is considered to be a reasonable outcome. Council will continue to monitor its operating result each year to ensure that the Council is financially viable over the longer term.

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

2.1 Government:

In the 2021/22 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

- \$952,100 – General and Local Road Financial Assistance Grants
- \$426,200 – Roads to Recovery Grant Funding (Year 3 of 5 Year Program)
- \$210,300 – Supplementary Local Road Funding (Year 1 of 2 Year Program)
- \$918,250 – Local Government Infrastructure Partnership Program
- \$490,800 – Local Roads and Community Infrastructure Program
- \$300,000 – Domestic Airports Security Costs Support Program
- \$1,100,000 – Regional Airports Screening Infrastructure Grant

In addition, Council has lodged grant applications to fund other key projects that Council is budgeting to undertake in the 2021/22 financial year including:

Commonwealth Government

- Rehabilitation of Bratten Way - \$1,977,000 – Special Local Roads Program Fund

State Government

- Port Lincoln Airport Lighting Upgrade - \$175,000 – Support Regional Aviation Initiative

Without this vital 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.

2.2 Community Partners

In addition to the Government Grants, Council are also fortunate to work with community partners such as the Cummins & District Financial Services who have assisted Council with renovations to bathrooms and kitchens at the Cummins Homes and continue to provide funding towards the engagement of an Economic & Community Development Officer.

Council also work with the Eyre Peninsula Red Cross to deliver the Creating Connections program for residents over 50 within our district and appreciate the skills and knowledge the organisation adds to the program.

3. RATING LEVELS

3.1 2021/22 Rating Levels

The Annual Business Plan will result in an average rate rise of 2.76% to existing properties.

The proposed rate increase reflects the following factors:

•	Item 1	Movement in the Consumer Price Index		1.20%
•	Item 2	Strategic Objectives		1.34%
	○ 2.1	Rubble Road Construction	1.34%	
•	Item 3	Sustainability		0.22%
	○ 3.1	Depreciation on New Assets	0.22%	
		Total		2.76%

Details surrounding the above items are included below:

Item 2.0 Strategic Objectives

Item 2.1 Rubble Road Construction **1.34%**

During the recent formulation of Council's 2021-2030 Long Term Financial Plan and Asset Management Plan it was identified that there are a number of rubble roads that are coming to the end of their useful and serviceable lives over the next ten years.

Council has therefore increased its annual rubble road resheeting allocation and resourcing by \$250,000 per annum over the 2021-2030 period with a total of \$1,290,000 (including \$277,000 carried over from 2020/21) allocated to rubble road resheeting in 2021/22.

Item 3.0 Sustainability

Item 3.1 Depreciation on New Assets **0.22%**

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. If this replacement does not occur in any financial year, Council put aside equivalent cash for future asset replacement in an 'Asset Sustainability Reserve'.

3. RATING LEVELS **Cont'd**

3.1 2021/22 Rating Levels **Cont'd**

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 0.22% increase is included to fund the additional depreciation on the following assets constructed or purchased in the 2020/21 financial year:

- Cummins Footpaths
- Cummins Township Street Sealing
- Bruce Terrace, Cummins – Widening and Kerbing
- Coffin Bay Town Centre Carpark
- Cummins Railway Triangle Reserve Improvements

TOTAL RATE INCREASE TO EXISTING PROPERTIES **2.76%**

3.2 Fortnightly Kerbside Recycling – Service Charge

At Council's June 2021 meeting Council resolved to seek pricing for the implementation of a trial kerbside recycling service to begin as soon as practicable in the 2021/22 financial year with the following structure:

- Location – All Major Townships
- Frequency - Fortnightly collection

A fortnightly kerbside recycling service charge of \$115.42 per bin per annum is being implemented to cover the cost of the service, which is being trialled in the townships of Boston, Coffin Bay, Cummins, Louth Bay, North Shields, Poonindie, Tiatukia, & Tulka.

Given the service is not anticipated to commence until November 2021 Council will waive \$38.47 of the \$115.42 annual service charge for the 2021/22 year in recognition that the service is not operating for the full year.

• Growth in Council Properties

An additional \$74,500 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.

4. PUBLIC CONSULTATION

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

- Thursday 3 June Annual Business Plan released for consultation.
- Tuesday 15 June Public presentation of Annual Business Plan (Online Presentation) at 7.30pm
- Wednesday 14 July Closing date for written submissions from the public
- Friday 16 July Members of the public will have the opportunity to ask questions and make verbal submission to Council between 10.00am and 11.00 am at Council's July meeting.

Two surveys were also available via Council's website and Facebook page and the Council offices on the Annual Business Plan and a proposed fortnightly kerbside recycling trial in major townships.

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 two 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 2021 [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.

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.

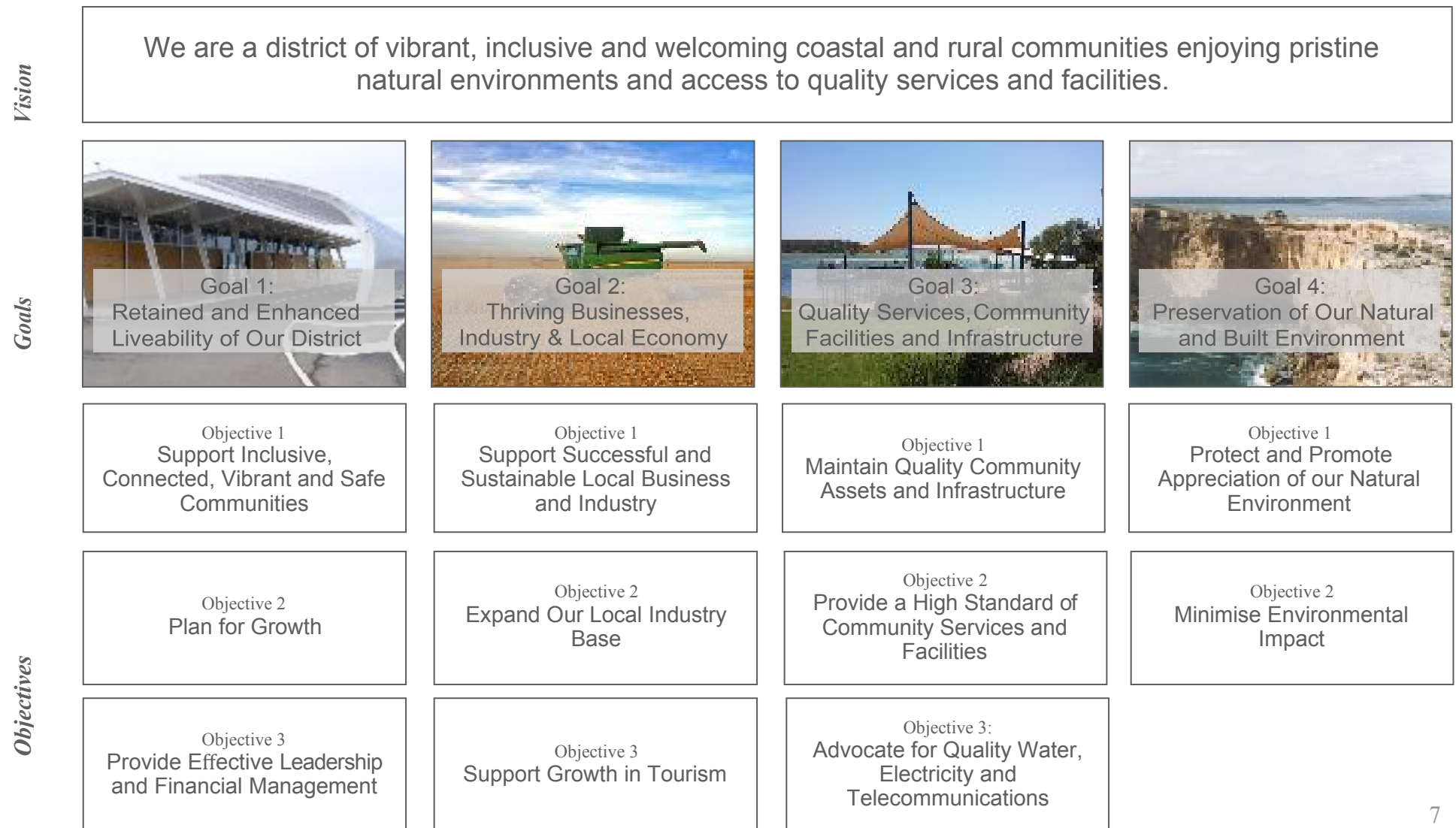
Collaboration

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



7. SIGNIFICANT INFLUENCES AND PRIORITIES

A number of significant factors have influenced the preparation of the Council's 2021/22 Annual Business Plan, including: -

- Consumer Price Index increase of 1.20% based on the Adelaide CPI for the year ended March 2021.
- Local Government Price Index (LGPI) for year ended March 2021 increased by 0.40%.
- Strategic Plan developed in 2019/20 that sets out the service standards 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.

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
- Assistance with School immunisation program
- 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 2021/22 year by function.

Administration

Employee Costs	1,623,700	
Insurance	49,200	
Elected Member / DAP	168,500	
IT Licenses / Support	252,700	
Other Administration Expenses	714,050	2,808,150

Public Order & Safety

Fire Prevention	38,000	
Dog Control	29,000	
Miscellaneous	1,800	68,800

Health

Immunisation	3,000	
Ambulance Contribution	2,000	
Food Act Compliance	48,000	
Miscellaneous	300	53,300

Social Security & Welfare

Early Intervention & Support Programs	20,000	
Youth Services	4,500	24,500

Housing & Community Amenities

Cummins Homes Maintenance	66,000	
Town Planning	176,000	
Community Development	22,000	

Sanitation & Garbage	1,269,600	
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Kerbside Waste & Recycling Collections, Transfer Station Operations, Street Cleaning, Illegal Dump Recovery

Effluent Maintenance	480,000	
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Stormwater Drainage		
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- Stormwater Maintenance	42,900	
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- Stormwater Studies	110,000	
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Other Community Amenities	324,000	2,490,500
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Cemeteries, Standpipes, Streetlighting, Public Conveniences

Protection of the Environment

Foreshore Maintenance	36,700	
Natural Resource Management Levy*	362,100	398,800

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

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

Recreation & Culture

Library	53,500	
Australia Day Ceremony	1,000	

Sport & Recreation	452,500	507,000
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Reserves Maintenance, Community Contributions, Reserves & Community Support Grants, Walking Trail Maintenance, Hall Operations, Community Bus

Agricultural Services

Aleppo Pine Removal	2,000	
Drum Muster	9,600	11,600

Mining Manufacturing & Construction

Building Rules Assessment	36,400	36,400
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Transport and Communication – Roads

Sealed Road Maintenance	345,600	
Unsealed Road Maintenance	661,100	1,006,700

Transport and Communication – Other

Bridges Maintenance	6,000	
Footpath Maintenance (General)	60,000	
Port Lincoln Airport	1,960,950	
Authorised Landing Area Maintenance	8,000	
Roadside Furniture	55,000	
Boat Ramp	80,500	
Jetty Maintenance	120,100	2,290,550

Bridges, Footpaths, Airports, Authorised Landing Areas, Roadside Furniture, Boat Ramps, Jetties

Economic Affairs

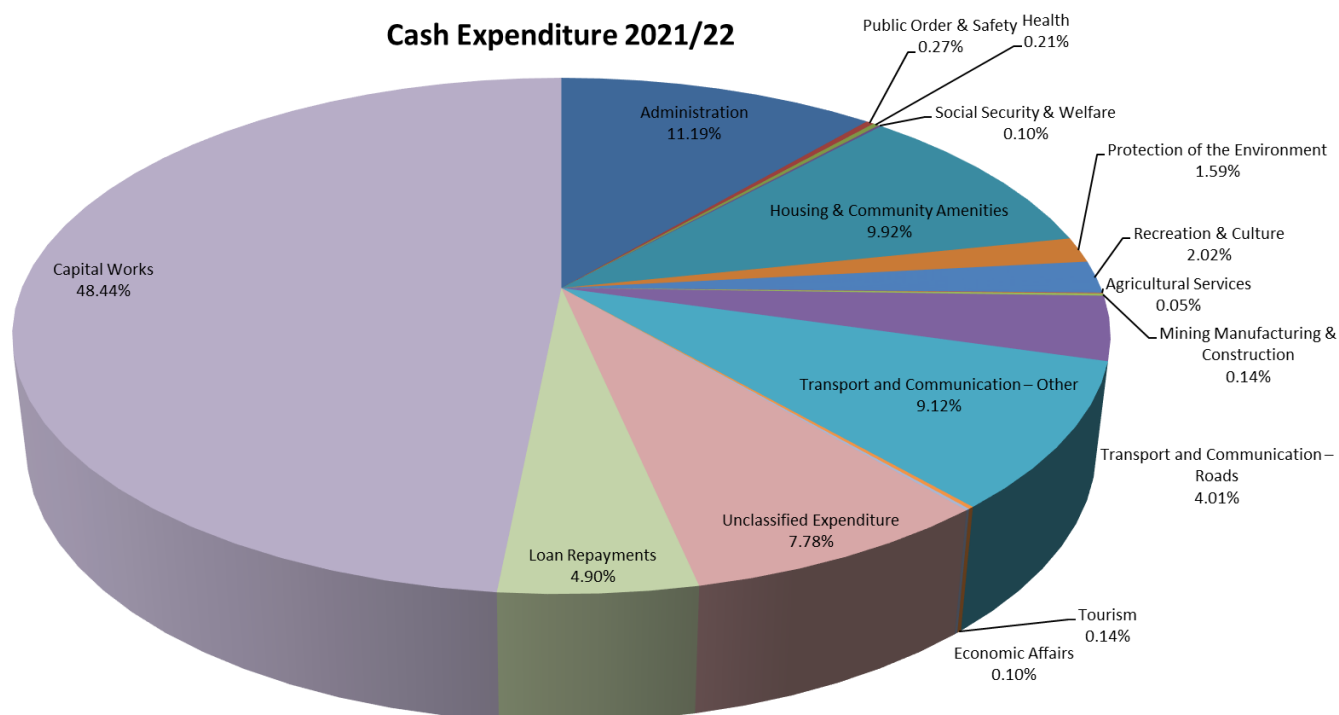
Tourism	35,500	35,500
Caravan Park & Camping Grounds	24,800	
Miscellaneous	100	24,900

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

Unclassified Expenditure

Council Radios	11,000	
Rental Property Maintenance	2,500	
Private Works	8,000	
Donations	25,300	
Insurance		
Works Dept Employee Costs	1,009,700	
Other Works Dept Overheads	397,700	
Machinery Operating Costs	500,000	1,954,200
Loan Repayments	1,231,296	1,231,296
Capital Works	12,161,300	12,161,300
Total Cash Expenditure		25,103,496

10. CASH EXPENDITURE GRAPH – 2021/22 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 in 2020, saw a significant drop in the number of passenger movements at the Port Lincoln Airport. The airport typically records around 170,000 annual passenger movements however due to COVID-19 Council budgeted for only 80,000 passenger movements in 2020/21 with this increasing in the 2021/22 budget to 140,000 passenger movements following an increase in the amount of intrastate tourism and travel being experienced in the district.

Council have therefore budgeted in the 2021/22 year for \$1.66m of operating revenue (exclusive of operating grants for security screening operations) to be received which is down \$0.31m from the 2019/20 budget of \$1.97m.

Given the anticipated \$1.40m of operating grants for security screening operations the Port Lincoln Airport is budgeting to make an operating profit of \$168,600 in 2021/22.

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 2021/22 budget, the return on investment for the Council is \$99,900 and represents a 1.48% saving to ratepayers.

Council is anticipating an increase in passengers as society moves out of the health pandemic with associated return to more normal levels of airport income. However it is important to note that the pandemic will continue to have an effect on passenger numbers into the next year.

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 recently installed in the terminal.

11. BUSINESS ACTIVITIES

Cont'd

11.2 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 \$59,500 at 30 June 2022. Council is budgeting for a \$15,500 cash deficit in the 2021/22 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 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 2021/22 budget, the return on investment for the Council is \$7,700 and equates to a 0.11% saving to ratepayers.

11.3 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 2021/22 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 Cummins Homes Reserve has a budgeted total accumulated cash deficit of \$88,600 at 30 June 2022 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.

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 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 \$510, 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 following details the capital works to be undertaken on the four schemes in 2021/22.

- Cummins CWMS - \$535,800
 - Resheeting WWTP driveway
 - Upgrade 2 x Pump Stations
 - Spare Chlorine Pump
 - WTP Mechanical Upgrade
 - Pump Station Upgrades
 - Mobile Pumps x 2
 - Kapinnie Road Earthenware Drainage Replacement
- Coffin Bay CWMS- \$45,200
 - Replace 5 x Pump Station Pumps
 - WWTP Transfer Pump
 - WWTP Bunker Storage

11. BUSINESS ACTIVITIES

Cont'd

11.4 Community Wastewater Management Scheme (CWMS)

Cont'd

- Tulka CWMS - \$128,000
 - Replace SPS 2 Pump
 - Liquid Chlorine Dosing System
 - Smart Communications for WWTP
 - Dual Capability Large Capacity Genset Trailer
 - Smart PS System (Coffin Bay Linked to Depot)
- North Shields CWMS- \$87,000
 - Pump Station Upgrades

The budgeted operational and capital activities will result in a net cashflow deficit of \$582,700 for the 2021/22 financial year and an overall cash deficit closing balance of \$150,500 for the CWMS Reserve. The CWMS's have a budgeted operating loss of \$7,800 in the 2021/22 financial year.

12. OTHER SIGNIFICANT ISSUES

12.1 Road Funding

The Plan includes the following sealed road capital works:

- Rehabilitation and upgrade of Flinders Highway	\$	1,870,900
- Rehabilitation of Bratten Way	\$	3,170,600
- Dodd Rd / Western Approach Rd Intersection Upgrade	\$	170,000

In addition, Council will spend \$1.29m on re-sheeting rural roads, \$538,500 on sealed road reseals and will spend \$1.45m on general road maintenance.

12.2 Waste Management

Waste Management is budgeted to cost Council \$1.51m in 2021/22 with kerbside collection and disposal costs amounting to \$1.33m which is inclusive of a fortnightly kerbside recycling collection trial for the townships of Boston, Coffin Bay, Cummins, Louth Bay, North Shields, Poonindie, Tiatukia, & Tulka. The operation of the Waste Transfer Stations of \$183,200 is off-set by income of \$51,000. This means that the net cost to Council for Transfer Station operations is \$132,200 in 2021/22. The total net cost to Council of waste management general operations equates to 20.66% of general rate revenue.

In 2021/22 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 Poonindie Township Status

It has been noted over the past 3-4 years that the level of services provided to the township of Poonindie, along with their inclusion for further projects within the Long Term Financial Plan should see the township moved to the 13% differential rate applied to Major Towns.

As a result of this, the change in township classification for Poonindie has been included within the proposed 2021/22 Council budget.

While the terms 'Major' and 'Minor' imply they relate to the size of a town, for the purpose of rating the two descriptors simply apply to the level of services provided within each township.

Towns classified as 'Major' pay more in differential rates component than the towns classified as 'Minor' as they receive a greater number, or higher level of services than minor towns or, as was the case with Boston / Tiatukia, the services provided to the area have a higher cost to deliver due to the distances between properties.

12. OTHER SIGNIFICANT ISSUES

Cont'd

12.3 Poonindie Township Status

Cont'd

Currently, differential rates are applied as follows:

- Major – Inside gazetted townships of Cummins, Coffin Bay, North Shields, Louth Bay, Boston, Tulka & Tiatukia
- Minor – Inside Gazetted townships of Edillilie, Yeelanna, Coult, Mount Hope, Wanilla, Farm Beach, Poonindie, Little Douglas, Mount Dutton Bay and Lake Wangary.
- Outside Gazetted Townships – All other settlements (such as Karkoo, White Flat etc) and rural properties.

A matrix is used to determine where various towns may fit within the major and minor classifications, with assessment occurring against nine key components:

- Roads
- Drainage
- Verge Maintenance
- Footpaths
- Street Lighting
- Kerbside Waste Collection
- Playgrounds
- Gardens / Lawn Areas
- Extended Public Facilities

Additional weighting is placed upon sealed and kerbed roads, street lighting, reserve / recreational improvements and incorporation within the footpath construction programme as being the significant items that define a major township.

As can be seen within the matrix on the following page, the scoring of the level of services provided to Poonindie exceed the total scoring applied to Tiatukia (which is currently rated as major town).

Township Scoring Used to Allocate Major or Minor Township Status

***Consideration to be given to upgrades included in LTFP when scoring**

Locality	Garbage Collection	Access to Waste Disposal Site	Sealed & Kerbed Streets	Storm Water Drains	Street Lighting	Maintained Parks / Reserves	Public Toilets	Play-grounds	Other. ie rockwalls, boat ramps, jetties, trails	Foot-paths	Fire control/ verge mtce	> 20 Residences	Score
Maximum Score	5	2	5	3	2	5	3	2	5	3	3		38
Gazetted Major Townships													
Coffin Bay	5	2	5	3	2	5	3	2	5	3	3	Yes	38
Cummins	5	2	5	3	2	3	3	1	1	3	1	Yes	29
North Shields	5	1	5	3	2	3	2	2	4	2	1	Yes	30
Louth Bay	5	1	5	2	1	3	2	2	3	0	1	Yes	25
Tulka	5	1	3	3	1	2	0	1	2	0	2	Yes	20
Boston *	5	1	4	3	1	2	2	1	2	0	3	Yes	24
Tiatukia *	5	1	4	2	0	1	1	1	2	0	3	Yes	20
Gazetted Minor Townships													
Poonindie	5	1	5	3	2	1	0	1	0	2	2	Yes	22
Mount Dutton Bay	5	1	0	1	1	0	2	0	3	0	1	Yes	14
Edillilie	5	1	1	1	1	0	0	0	0	0	1	Yes	10
Yeelanna	5	1	3	1	1	1	1	0	0	0	1	Yes	14
Coulta	5	1	2	1	1	1	1	0	0	0	1	Yes	13
Mount Hope	5	1	1	1	1	1	0	0	0	0	1	No	11
Wangary	5	1	1	3	1	0	0	0	0	1	1	Yes	13
Wanilla	5	1	0	1	1	0	0	0	0	0	1	Yes	9
Stamford	5	1	0	1	0	0	0	0	0	0	1	Yes	8
Settlements Outside Gazetted Townships													
Point Boston	5	1	0	0	0	0	0	0	1	0	1	No	8
Farm Beach	5	1	4	2	0	0	1	0	1	0	0	No	14
Karkoo	5	1	0	1	1	0	0	0	0	0	1	No	9
Little Douglas	5	1	0	1	0	0	0	0	1	0	0	No	8
Kellidie Bay	3	1	0	0	0	0	0	0	0	0	0	No	4
			* Due to terrain and allotment sizes basic services such as roads and stormwater drainage are at a high cost										

12. OTHER SIGNIFICANT ISSUES

cont'd

12.4 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.

12.5 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 2021/2 budget includes \$3.17m for year 3 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 \$1.78m of SLRP funding to date to undertake rehabilitation works on Bratten Way.

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.

12. OTHER SIGNIFICANT ISSUES

cont'd

12.5 Bratten Way

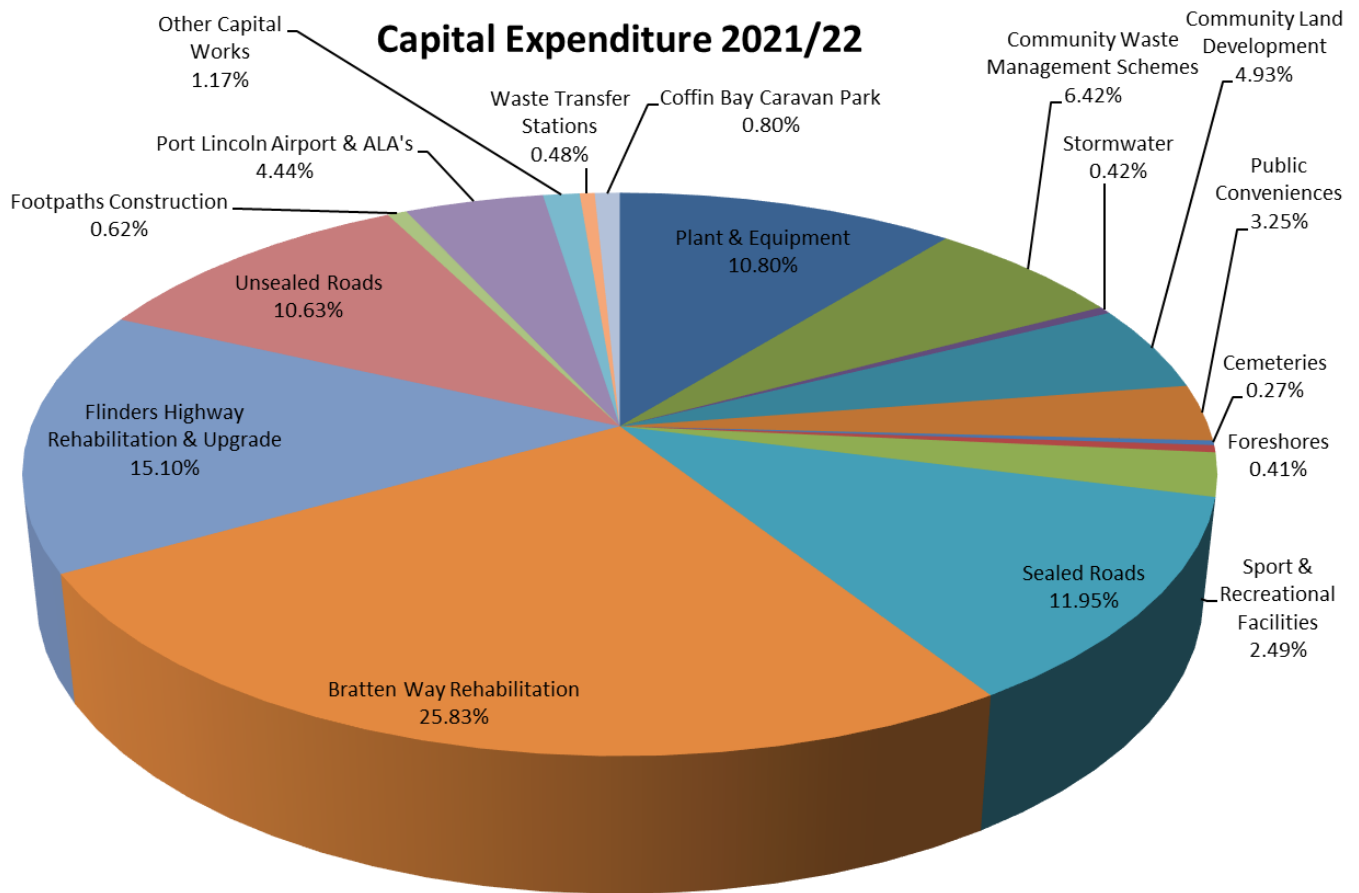
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In 2016/17 Council engaged consultants to assist staff in undertaking a detailed analysis of the Bratten Way and to provide reports on the structural integrity of the pavement. Following this review Council undertook initial cement stabilisation works on the Lawrence Road intersection and along two kilometers 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.

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

13. CAPITAL WORKS EXPENDITURE 2021/22



13.1 Machinery Replacement

Plant purchases equate to 9.37% of Council's total capital expenditure in 2021/22 with a net changeover cost of \$1,313,500 (\$618,500 carried over from 2020/21).

\$488,000 has been included to replace one grader, one roller and one truck from the Plant Reserve resulting in the reserve having a cash closing balance at 30 June 2022 of \$195,700.

Light vehicle replacements for the 2021/22 (exclusive of carryovers) continue inline with the scheduled changeover dates and includes four utilities, two cars and one mower budgeted at a total net cost of \$207,000.

14. FUNDING THE BUSINESS PLAN

Consistent with the aim of Council's long-term financial plan to be sustainable, an operating deficit of \$322,900 before capital revenues is budgeted in 2021/22. 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 deficit includes \$455,700 of operational carryover projects from the 2020/21 financial year and a \$169,200 operating profit from Council's business activities which when excluded results in an overall operating loss of \$36,400 for the 2021/22 financial year which is considered a break even position for Council and a reasonable outcome.

15. RATING

15.1 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.

15. RATING

Cont'd

15.2 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, Tiatukia and Tulka be 20% more than the differential rate for land outside gazetted townships; and
- 2 The rate for land inside the gazetted township of Poonindie be 13% more than the differential rate for land outside gazetted townships; and
- 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:

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.

15.3 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 2021/22 is \$550 per rateable property.

15. RATING**Cont'd****15.4 Separate Rates**

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 2021/22 the Board has advised Council that the amount of \$362,100 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	\$78.62
- Commercial	\$117.92
- Industrial	\$117.92
- Primary Producers	\$157.23
- Other & Vacant Land	\$78.62

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.

15.5 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 2021/22 financial year for each property to which the service is provided is:

Occupied Allotment Charge	\$510
Vacant Allotment Charge	\$345
Extra Pump Out Charge (Small Tanks)	\$ 70
Occupied Pump Reduction Charge	\$485
Full Occupied Pump Reduction Charge	\$345

15. RATING

Cont'd

15.6 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.

15.7 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.

16. BUDGETED OPERATING STATEMENT

Budgeted Operating Statement for Period Ending 30 June 2022

<u>DISTRICT COUNCIL OF LOWER EYRE PENINSULA</u>					
<u>BUDGET STATEMENT OF COMPREHENSIVE INCOME</u>					
			2020	2021	2022
			ACTUAL	BUDGET	BUDGET
REVENUE					
Rates			7,736,923	7,896,900	8,472,100
Statutory charges			155,900	162,900	184,900
User charges			1,894,830	1,252,800	2,094,400
Grants, subsidies and contributions			1,417,601	1,450,800	3,070,000
Investment Income			91,680	18,100	22,500
Reimbursements			91,695	64,000	95,800
Other income			14,442	5,000	15,000
Net gain - joint ventures & associates					
TOTAL INCOME			11,403,071	10,850,500	13,954,700
EXPENSES					
Employee Costs			3,075,381	2,808,240	3,639,625
Materials, contracts & other expenses			4,389,843	4,837,233	6,527,253
Finance Costs			238,576	263,500	226,646
Depreciation, amortisation & impairment			3,453,996	3,815,900	3,884,100
Net loss - joint ventures & associates					
TOTAL EXPENSES			11,157,796	11,724,873	14,277,624
OPERATING SURPLUS/(DEFICIT)			245,275	(874,373)	(322,924)
Asset disposal & fair value adjustments			(1,092,652)	-	-
Amounts specifically for new or upgraded assets			402,525	1,530,000	3,974,600
Physical resources received free of charge			194,574		
NET SURPLUS/(DEFICIT)			(250,278)	655,627	3,651,676

17. SOURCES OF COUNCIL REVENUE

The Council's revenue in 2021/22 includes \$7.04 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.

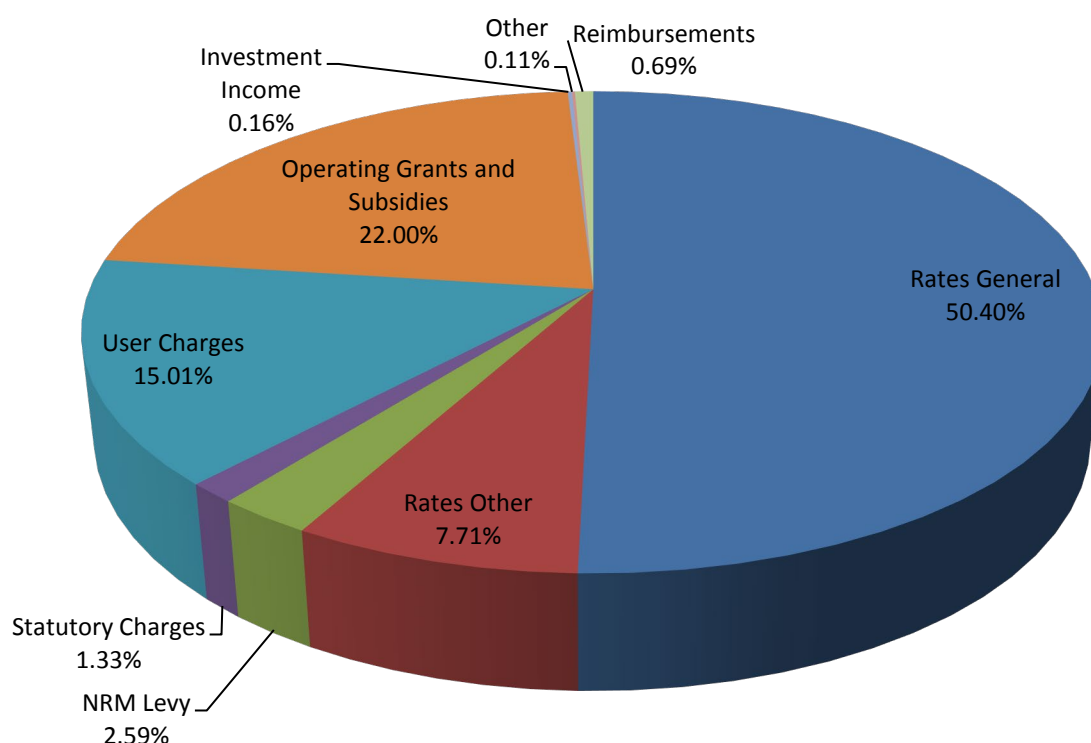
Separate Rates. Council collects the Regional Landscapes Levy on behalf of the Eyre Peninsula Regional Landscapes Board.

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

18. GRAPH - REVENUE SOURCES FOR 2021/22 YEAR



19. IMPACT ON COUNCIL'S FINANCIAL POSITION

19.1 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 2021/22 Council is budgeting to borrow \$3.46 million and accordingly, the level of the Council's outstanding debt is expected to increase by approximately \$2.37m to be \$8.61 million at 30 June 2022.

Of the \$8.61 million total borrowings, \$1.90 million is for loans relating to the Port Lincoln Airport to fund capital projects including the new Terminal and runway surface and lighting upgrades. In addition further borrowings were required during 2020/21 due to the COVID-19 pandemic having a significant impact on annual passenger movements and associated revenues.

A further \$134,200 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). After deducting loans related to the airport and other self servicing activities, Council's projected debt as at 30 June 2022 is \$6.58 million.

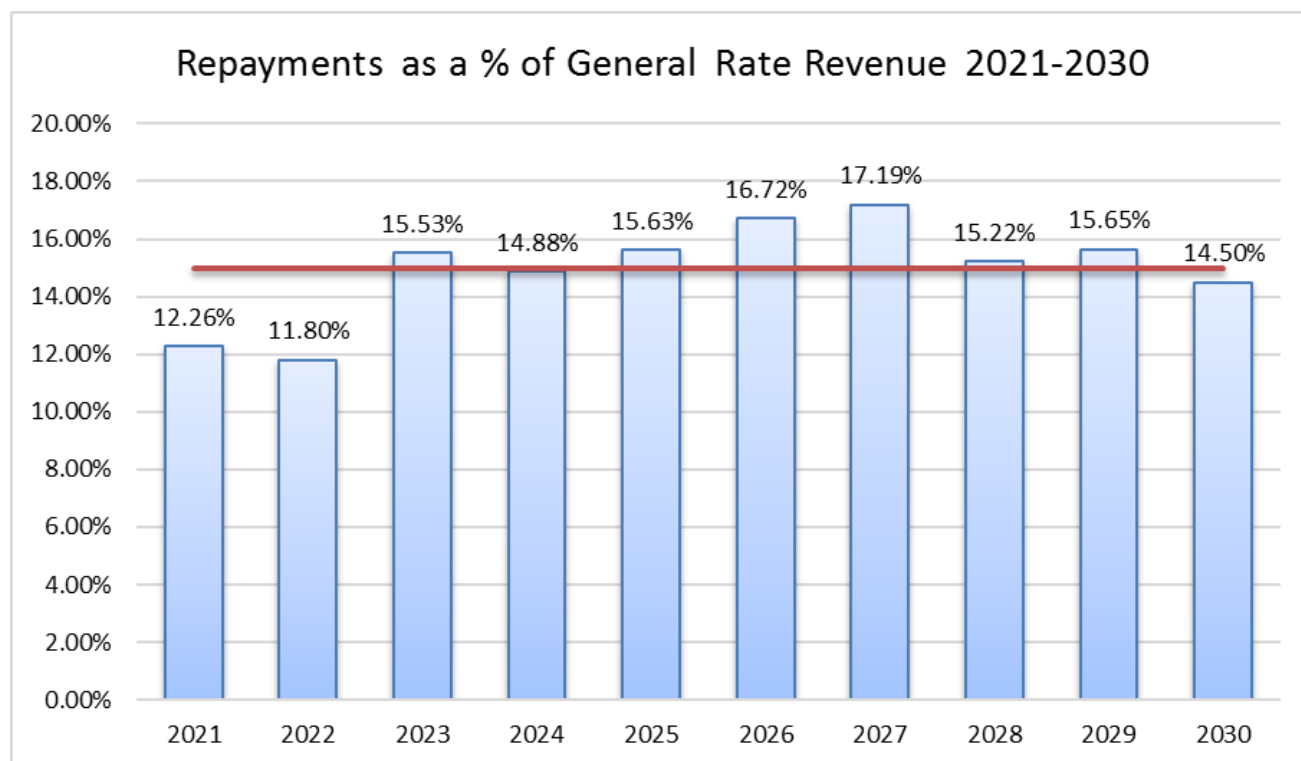
The total amount of fixed loan repayments as a percentage of general rate revenue is budgeted to be 18.74 percent for the 2021/22 financial year.

Council will have one Cash Advance Debentures for the Port Lincoln Airport with repayments totalling \$78,800 in 2021/22 amounting to 1.11% 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 11.80 percent in 2021/22, with this estimated to peak at 17.19 percent in the 2026/27 financial year.

19. IMPACT ON COUNCIL'S FINANCIAL POSITION**Cont'd****19.1 Council Debt****Cont'd**

The following graph shows the predicted Council loan repayments for the period 2021 – 2030 based on Council's 2020/21 and 2021/22 budgets and the draft 2021-2030 Long Term Financial 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 2023-2030 financial years with the percentage of repayments exceeding Council's loan borrowing policy in six of the ten years.

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 in exceeding the self imposed 15% debt limit for six of the ten years of the plan.

19. IMPACT ON COUNCIL'S FINANCIAL POSITION

Cont'd

19.2 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 \$5.91m at 30 June 2022 being 44% of budgeted operating revenue for 2021/22.

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

19.3 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 1.67% for the 2021/22 year which sits well within the LGA recommended target.

19.4 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.

19. IMPACT ON COUNCIL'S FINANCIAL POSITION**Cont'd****19.4 Depreciation****Cont'd**

Council has developed and adopted its Asset Management Plan 2021-2030 with the asset valuation data forming 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. 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.

19.5 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 2021/22 financial year Council's targeted asset renewal spend (excluding carryovers) based on the above methodology is \$2.20m with the following asset renewal projects budgeted to be undertaken:

• Replace Fishery Bay Swimming Area Walkway	\$	12,000
• Replace Deport Chemical Shed	\$	4,000
• Replace Coffin Bay Boat Ramp Toilet Roofing and Septic Tank	\$	50,200
• Replace Marjorie Agars Reserve Shelter	\$	20,000
• Unsealed road resheeting	\$	993,000
• Sealed road reseals	\$	340,500
• Replace rural stormwater drains	\$	44,400
• Plant & Machinery Replacement	\$	958,000
TOTAL	\$	2,422,100