

Port Pirie Regional Council

BUSINESS PLAN
2020/21 – 2022/23

Draft for consultation



August 2020
Version : 1a

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- Table 1 - Rating – proposed differential rates
- Rates Policy – draft 2020/21
- Budget financial statements 2020/21 – 2022/23
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- Capital Works Program summary 2020-30

Introduction

Purpose

The Business Plan links the goals of Council's Community Plan with the services delivered, activities and projects to be undertaken by Council. It is a vital tool used in responsible management of council business. This Plan is a three year rolling plan and covers the financial years from 2020/21 to 2022/23.

Opportunities to get involved

Council is conducting a period of public consultation on its draft Business Plan 2020/21 to 2022/23 from Monday 12 October until 5:00pm on Wednesday 11 November 2020, providing the following opportunities for the community to have input:

- **A Special Meeting of Council** is to be held on Tuesday 3 November at 6pm in the Council Chambers, 115 Ellen Street, Port Pirie.
- **Public information sessions** will be offered to be held in Crystal Brook, Redhill, Napperby and Koolunga in collaboration with the Crystal Brook, Redhill and Koolunga Community Associations and the Pirie Districts Development Association as well offer to provide an information session for Business Port Pirie. These dates will be arranged with these associations and publicised.
- **Management** representative will be available at the Crystal Brook Regional Office on Friday of each week.

Opportunities to have your Say

There are a number of ways to provide feedback:

- **Online** – complete the online feedback form at www.pirie.sa.gov.au/feedback
- **In writing** – address submissions to PO Box 45, Port Pirie SA 5540 or deliver in person to the Council Administration Centre, 115 Ellen Street, Port Pirie or our branch office in Bowman Street, Crystal Brook.
- **Email** – send an email to council@pirie.sa.gov.au

All written submissions will be considered by Council prior to the adoption of the Business Plan.

About this Plan

Section 123 of the Local Government Act 1999 requires Council to prepare a Business Plan and Budget which provides a summary of the long term goals, the future activities planned and how Council intends to achieve them. It is also to provide an outline of how Council will measure its performance in achieving the objectives.

The Act requires the Business Plan to set out proposed operating and capital expenditure, taking into account the Long Term Financial Plan and Asset Management Plans, identify sources of income and describe the proposed rating structure, including an assessment of the impact on the community.

Mayor and CEO Message

Port Pirie Regional Council is pleased to present the 2020/21-2022/23 Business Plan and Budget. This is a plan for sustained services and improvements following the tumultuous period that impacted our society during the COVID-19 pandemic, with its impact continuing to be felt.

The South Australian Government granted councils the ability to delay their Business Plans to better understand the financial impacts of COVID-19 on our communities. While we are fortunate that our region has been relatively unaffected by the health implications of COVID-19 in comparison to other areas and States, we understand that many residents and businesses have been impacted.

Taking this time, we believe is important in considering the needs of our community but has resulted in a later adoption of the Business Plan and therefore, later issuing of rates notices. Legislation requires four instalments throughout 2020/21 and these will be spread evenly between December 2020 and June 2021. Council has been encouraging residents to consider making payments on their rates early by using last year's rates notice as an estimate. This will assist in easing financial pressures closer to Christmas and in the early months of 2021.

The delivery of the Business Plan is based on a reasonable rate increase based on the Consumer Price Index (CPI) and less than the planned increase in the Long Term Financial Plan 2019-29. Unfortunately, costs for delivering services have not stopped increasing but we are endeavouring to keep rate increases to a minimum whilst still maintaining the same breadth and degree of services. In this Business Plan we have also factored in continued support for those who may be experiencing financial difficulties as a result of COVID 19, consideration of our drought impacted primary producers and investment in an accelerated capital works program as an economic stimulus.

With an eye on constraint and a fiscally constrained environment, a key focus for 2020/21 will be a capital works program that has a number of works that have been brought forward and also continuing to deliver projects funded through Round 2 of the Federal Government's Drought Communities Program. The works program is spelt out in more detail in this report, but some of the key projects include:

- Bridges – Butlers Bridge overflow replace existing bridge with culverts - \$178,000
- Crystal Brook Main street – completion - \$760,000
- Koolunga drainage – flood protection from Broughton River - \$71,000
- Aerodrome weather station improvements to meet CASA requirements - \$22,000
- Drought Communities Program Round 2, \$1,000,000 on various facilities in Napperby, Bowman Park, Warnertown Park, Jubilee Park, Bunyip Park and White Cliffs
- Repairs to Solomontown Beach jetty - \$220,000
- Improvements to the rowing launch area and repairs to the boat ramp - \$220,000
- Public conveniences automated door opening & closing - \$70,000
- Stormwater drainage upgrade works - \$210,000
- Completing and implementing our first Disability Access & Inclusion Plan
- Developing multi-faceted Discovery Walking Trail in Port Pirie
- Creating a Mural Festival and Public art to recognise the 'Playground In A Day'
- Artwork storage to properly house the collection

Council is entering the second year of a Business Improvement program. This process has produced a range of efficiencies and cost savings within the first 12 months through a number of projects, with the current year's priorities being:

1. Development of a "Planning Tool" to guide more proactive delivery and scheduling of activities and better coordination of response to customer requests
2. Investigation of automatic locking of public toilets to save costs currently incurred
3. Transition of street lights to more efficient lighting options
4. Identification of improvement to our Customer Service Request system
5. Following the success of water saving initiatives on key recreational areas, investigation options for water savings on smaller parks
6. Review and improve our Contractor Management System

COVID-19 restrictions have temporarily changed the way Council has conducted community engagement but we are looking forward to resuming our face to face engagement with the community when it is safe to do so. Council is committed to being more personalised in our communications which includes bringing our projects, services and key consultations to the community.

Council has drafted a Business Plan consistent with our key financial performance indicators and our current Community Plan. It will be presented for community input through the public consultation options set out earlier in this document.

Our community's scrutiny and feedback is important and we encourage you to make use of the consultation options.



Leon Stephens
Mayor



Peter Ackland
Chief Executive Officer

Planning approach

The Community Plan 2016 – 2025 was built with the community, for the community and provides the guidance for this Business Plan. The Community Plan will undergo a review process in late October 2020. It has been designed to ensure that a clear direction is mapped which will lead to improved services and quality of life for residents and to ensure that Council will continue to provide leadership in a challenging and changing environment. The Community Plan was developed from the responses to a detailed community survey in which over 600 residents informed us of their views to help us improve the services and facilities we provide to the community with their ideas and suggestions as to how we can improve the region.

Our Vision

“Regional Leader – Economic Hub – Quality Lifestyle”

By 2025 the Port Pirie Region is the premier regional centre in South Australia where residents and visitors want to be

Our Mission

To progressively strive for excellence, lead with integrity and deliver positive outcomes for the community

Themes for our Future Direction

Community Wellbeing **Economic Prosperity** **Sustainability** **Leadership & Governance**

Our Aspirations

- ❖ **Be a region full of opportunities**
- ❖ **Be a regional economic hub**
- ❖ **Create and support a vibrant tourist industry**
- ❖ **Be a vibrant business community**
- ❖ **Pro-actively drive regional prosperity and continue to be the regional capital and leader**
- ❖ **Energise our community**
- ❖ **Provide quality services across the region**
- ❖ **Retain our commitment to accountable governance**
- ❖ **Provide first class recreation and sports facilities**
- ❖ **Enhance the lifestyle of residents**
- ❖ **Provide attractive places to live**

Link to Our Community Plan 2016-25

Council has a strong vision for our region. It involves transforming Port Pirie into an attractive modern regional city that is supported by a prosperous region, with a view to attracting more investment in the region. To achieve this, Council plans to improve community facilities; the appearance of the City and regional towns; people's perspective of the region; as well as the region's economic base.

The Business Plan 2020/21 to 2022/23 sets out the priorities and activities for the next three years which will assist the Council in achieving the aspirations identified in the Community Plan.

The Business Plan has been developed taking into consideration an appraisal of the current and emerging situation including:

- Alignment to our Community Plan that reflect Council's commitment to communities in the Council area
- Implementation status of the previous Business Plan
- Current economic environment
- Current achievement level of the planned goals commensurate with community and key stakeholder needs
- Effective and efficient use of Council's resources
- Ensure continued financial sustainability

The Business Plan includes the delivery of current ongoing services and the key actions for the next three years.

Service responsibilities from the Local Government Act and other legislation include:

- Infrastructure construction and maintenance including roads & footpaths, street furniture, trees, stormwater draining, community wastewater facilities, open spaces, parks and sporting facilities
- Services including building safety, dog and cat management, bylaws and parking, development planning
- Collection services including garbage, green waste and recycling
- Governance support for elected members committee and council meetings.

In response to community input other services that are provided include:

- Community events, community grants to support local community, sporting associations and clubs
- Community services including fire prevention and control, public safety, public conveniences, cemeteries
- Cultural services including libraries, internet suite and art gallery
- Visitor Information Centre
- Support of economic development strategies.

Link to Our Community Plan 2016-25 (continued)

The Business Plan describes the services and activities that are planned in the coming three years. This Plan includes the goals and priorities and the achievement measures, issues related to the management of our assets; particular infrastructure, the funding needed to provide the services and deliver the activities to an acceptable service quality, describes the proposed approach to rating and includes an assessment against the long term financial sustainability of the Council.

Delivery of the activities and services in the Business Plan link to the themes of the Community Plan as shown in the following diagram:



Our Key Actions 2020/21 to 2022/23

There are a number of actions planned to achieve each of the goals of the Community Plan for the remaining three years. These are shown for each of the strategic goals.

Progress on the achievement of these actions will be reported in the Annual Report.

Community Wellbeing

Establish the Port Pirie Council area as the region of choice for residents, based on our strong sense of community, healthy lifestyle, economic prosperity and job opportunities for all, quality services and strong identity.

Goal & Strategy	Action	Accountability	Performance measure	Target
CW1.3	Review the approach to community engagement	Corporate and Community	- Completion	- 100%
CW2.4	Actively promote and deliver the STARClub program	Corporate and Community	- Achieve planned key performance measures	- 100%
CW2.4	Develop and implement a community wide strategy to address the SEIFA indicators of social disadvantage	Office of CEO	- Strategy developed	- 100%
CW3.4	Work with other sports group to increase facility utilisation.	Infrastructure	- Port Pirie Sporting Precinct use at or near capacity	- 100%
CW3.5	Implement the Parks strategy	Infrastructure	- Key actions implemented	- 100%
CW4.1	Deliver youth activities at Council's libraries	Corporate and Community	- Youth programs delivered - Number of reading challenge participants	- 30 - Greater than 60
CW4.1	Maintain the public WiFi in Port Pirie and Crystal Brook	Corporate and Community	- WiFi available - WiFi coverage optimised	- Availability 90%
CW4.4	Review the delivery of community events	Corporate and Community	- Increase in attendance	- 10%

Our Key Actions 2020/21 to 2022/23 (continued)

Community Wellbeing (continued)

Goal & Strategy	Action	Accountability	Performance measure	Target
CW5.3	Provide Digital Literacy training to community members	Corporate and Community	- Deliver 40 sessions	- 100%
CW5.3	Deliver a variety of general interest sessions to encourage greater use of the Library	Corporate and Community	- Deliver 100 sessions - At least 50% participation	- 100% - 100%
CW7.1	Develop a strategy for the Riverbank Precinct from Solomontown Beach through to Berth 3.	Infrastructure	- Strategy endorsed for consultation by Council	- Consultation document complete
CW7.5	Develop and begin implementation of a plan for public art and sculptures across the region	Corporate & Community	- Plan drafted - Increase in types and amount of public art	- 2 new installations of public art
CW7.7	Develop and Implement the footpath strategy, incorporating cycling	Infrastructure	- Plan drafted - Key actions implemented	- 100%
CW7.9	Maintain and develop Port Pirie CCTV system	Corporate and Community	- All cameras operational	- 90%

Our Key Actions 2020/21 to 2022/23 (continued)

Economic Prosperity

Build a sustainable economically thriving and competitive Council area.

Goal & Strategy	Action	Accountability	Performance measure	Target
EP1.3	Collaborate with Business Port Pirie	Chief Executive Officer	<ul style="list-style-type: none"> - Business and Events Manager engaged - Increased membership 	<ul style="list-style-type: none"> - 30% increase in membership - Increased involvement in events
EP1.10	In partnership with Regional Development Australia Yorke & Mid North, implement the key actions from Aspire 2027	Chief Executive Officer	<ul style="list-style-type: none"> - Key actions implemented on time and within budget 	<ul style="list-style-type: none"> - 100%
EP2.1	Investigate options to make greater use of the Pirie River for tourism and recreational activities.	Corporate and Community	<ul style="list-style-type: none"> - Prepare options report for consideration by Council 	<ul style="list-style-type: none"> - Completed
EP2.5	Provide increased opportunities for RV's to park in Port Pirie	Corporate and Community	<ul style="list-style-type: none"> - RV park site chosen and developed 	<ul style="list-style-type: none"> - Completed

Our Key Actions 2020/21 to 2022/23 (continued)

Sustainability

Manage our environment, minimise our ecological footprint and head towards sustainability in all endeavours.

Goal & Strategy	Action	Accountability	Performance measure	Target
S1.1	Community education on waste minimisation	Development and Regulation	- Reduction in the percentage of waste that is sent to landfill	- 5%
S3.5	Implement the updated Parks strategy	Infrastructure	- Key actions implemented on time and within budget	- 100%
S4.1	Continue to investigate a solar desalination plant to reclaim water for our parklands	Infrastructure	- Feasibility study undertaken and infrastructure planned (if feasible)	- 100%
S6.5	In partnership with TLAP, implement key actions including greening projects	Chief Executive Officer	- Key actions implemented on time and within budget	- 100%

Our Key Actions 2020/21 to 2022/23 (cont'd)

Leadership and Governance

Provide best practice governance and administration that are inclusive, innovative, sustainable, transparent and achievement/outcome focussed while providing regional leadership.

Goal & Strategy	Action	Accountability	Performance measure	Target
L&G1.1	Review and update the Community Plan	Chief Executive Officer	- Review completed and adopted by Council	- 100%
LG1.4	Financial sustainability is performance is consistent with targets set in the Long Term Financial Plan	Infrastructure	- Performance measures are within target range	- 100%
LG1.5	Review land and buildings assets and make recommendations on their future use	Infrastructure	- Options report completed	- 100%
L&G1.6	Asset management strategy and plans are reviewed and updated	Infrastructure	- Revised plans adopted	- 100%
L&G1.8	Implement the Business Improvement Framework	Chief Executive Officer	- 2 services reviewed and considered by Council - At least 6 activities reviewed and implemented	- 100% - 100%
L&G 2.1	Promote MyLocal Services App to increase use for customer requests	Chief Executive Officer	- Increased use to report issues	- 20% increase in online use
L&G 2.2	Elector Representation review	Chief Executive Officer	- Review completed and considered by Council	- 100%

Our Investment - 2020/21

In the development of this Plan the strategies and priorities of many other plans were considered. The key focus areas for 2020/21 and the related activities and initiatives for each will be:

Community Wellbeing	Build capacity and increase the effort to improve the presentation of our public spaces - \$40,000	New / Multi-year
	Community support: <ul style="list-style-type: none"> Assistance Fund - \$55,000 Concessions and subsidies - \$26,000 	Multi-year
	Starclub - sporting organisations support – collaboration of District councils of Mt Remarkable, Orroroo-Carrieton, Peterborough and Northern Areas Council - \$130,000	Multi-year
	Work with sporting groups – Port Pirie Golf Club, Port Community & Football Club, Crystal Brook Oval Committee, Gulnare-Redhill Football Club - \$95,000	Multi-year
	Contribution to Friends of the Port Pirie Art Gallery - \$5,000 for 5 years	Multi-year
	Art & Culture projects – Public Art, Lighting & Mural Festival \$50,000 Explore opportunities for additional Christmas lighting and silo lighting projections	Multi-year
	Support Country Arts to deliver an entertainment program with outreach activities for greater community participation \$25,000	Multi-year
	Community Events – continue to support community events	Multi-year
	Parks, Swimming & Sporting facilities - \$4,560,000	Multi-year
	Disability Inclusion Action Plan – preparation - \$20,000	Multi-year
	Footpath & Kerbing maintenance - \$1,087,000	Multi-year
	Sealed roads maintenance – patching and potholing – \$2,117,000	Multi-year
	Streetscaping, including tree maintenance - \$1,041,000	Multi-year
	Public convenience cleaning – \$208,000 continue current provision, review frequency for high use areas	Multi-year
	Rural road maintenance – grading, potholing, patching, roadside verges - \$1,498,000	Multi-year
	Street cleaning in Port Pirie and rural towns - \$318,000	Multi-year
	Florence St public carpark - lease \$27,000	Multi-year
	Community Halls maintenance - \$222,000	Multi-year
Library & Internet Suite – borrower services, digital literacy sessions and general interest activities for all ages - \$1,204,000	Multi-year	

Our Investment – 2020/21 (continued)

Economic Prosperity	Attract / Facilitate major sporting events <ul style="list-style-type: none"> AFL/SANFL 	Multi-year
	Business Port Pirie – annual investment for three years - \$10,000	Multi-year
	Develop an event attraction strategy	Multi-year
	Initiate delivery of selected projects from Council’s Economic Development Strategy – Aspire - \$30,000	Multi-year
	Commence development of the next stage of Flinders Industrial Estate	Multi-year
	RV Park in Port Pirie - \$40,000	Multi-year
	Visitor Information Centre Port Pirie - \$609,000	Multi-year

Sustainability	Waste Strategy community education program, increase school participation - \$9,000	Multi-year
	Waste Collection and Management Services - \$3,082,200	Multi-year
	Continue to investigate water re-use opportunities - \$40,000	Multi-year
	Seek EOI for the installation of solar across major council buildings - \$5,000	Multi-year
	Implement new State Government Planning reform – portal contribution \$27,000	New

Our Investment - 2020/21 (continued)

Leadership & Governance	Review and revise the Community Plan - \$20,000	Multi-year
	Review Risk Management Framework – Strategic, Operational and Projects risks, review risk appetite	New
	Review of services – \$30,000	New
	Complete the implementation of the Health, Safety & Wellbeing monitoring & reporting program	New
	Finalise and implement the Footpath and street lighting strategies	Multi-year
	Increase the use of new technologies for improved efficiency of service delivery and customer responsiveness	Multi-year
	Implement the integrated reporting program	Multi-year
	Engage a business improvement coordinator to identify efficiencies in service delivery - \$125,000	Multi-year
	Review the delivery of community events and revise the policy	Multi-year

Capital Projects in 2020/21

The proposed capital works program for 2020/21 is \$8.85 million in total, of which \$2.73 million is allocated for new assets and the remainder of \$6.12 million reflecting the commitment to the renewal and upgrade of existing assets.

The program includes a number of projects funded by the Drought Communities Program 1 and 2 for a total of \$2,000,000 which was spread over this year and the previous year. This has seen the replacement and improvement of a number of facilities in the rural area. Additional funding for this year will see further road upgrades across the region in addition to the planned works to maintain the service standard of the current infrastructure assets.

Roadworks Capital

- Road Reseal Program – Spray sealing and asphalt replacement of approximately 5.2 km of the sealed road network including Memorial Drive - \$880,000
- Road Re-sheeting Program – Approximately 38 km throughout the rural area - \$900,000
- Kerb Replacement Program – Replacement of kerb that has reached the end of its useful life and/or part of the road reseal replacement program including Memorial Drive - \$400,000
- Footpath Replacement Program – Replacement of spray sealed/asphalt/concrete/paved footpaths as per Footpath Strategy - \$250,00

Port Pirie Urban Projects

- Port Pirie Cemetery – Construction of a single lawn beam and master plan projects - \$27,000
- Library car park solar lighting upgrade - \$15,000
- World War I gates at Memorial Oval Port Pirie – repair stone work - \$15,000
- War Memorial installation of lecterns - \$5,000
- Design improvements to the recycled water reticulation system - \$46,000
- Repairs to Solomontown Beach jetty - \$220,000
- Improvements to the rowing launch area and repairs to the boat ramp - \$220,000
- Public conveniences automated door opening & closing - \$70,000
- Stormwater upgrades - \$210,000
- Minor swimming pool projects - \$70,000
- Major upgrade to the visual appearance of Warnertown Road entrance to Port Pirie - \$100,000
- CCTV at Solomontown Beach, Port Pirie - \$20,000
- Completion of City Park rejuvenation - \$85,000
- Ellen Street Bus stop re-location - \$75,000
- Public Art projects – Playground in a Day, Mural Festival - \$50,000

Capital Projects in 2020/21

Rural Area Projects

- Crystal Brook institute – replace gutter, stone work repairs and fire safety upgrades - \$75,000
- Redhill Recreational Grounds – resealing of access road - \$10,000
- Minor swimming pool projects - \$40,000
- Bridges – Butlers Bridge overflow replace existing bridge with culverts - \$178,000
- Crystal Brook Main street – completion - \$760,000
- Koolunga drainage – flood protection from Broughton River - \$60,000
- Aerodrome weather station improvements to meet CASA requirements - \$22,000
- Drought Communities Program Round 1 – completion of projects
 - Public Conveniences and improvements at Redhill, Wandearah, Warnertown, Koolunga
 - Crystal Brook Mural
 - Adelaide Square skatepark lighting
- Drought Communities Program Round 2 - \$1,000,000
 - Napperby Hall improvements - \$30,000
 - Rural Track upgrades - \$459,000
 - Bowman Park toilets replacement - \$120,000
 - Warnertown Park new toilets and landscaping - \$105,000
 - BBQ at Jubilee Park, Crystal Park - \$25,000
 - New dump point at Bunyip Park and environmental waste management at White Cliffs, Koolunga - \$25,000
 - Facades upgrade Bowman Street, Crystal Brook - \$235,000
 - Adverse event management plan - \$1,000

Plant, Vehicle & Equipment Replacement Plans

- Utilities x 2 - \$75,000, Vehicles x 5 – \$180,000
- Turf tractor - \$85,000
- Self propelled roller - \$175,000
- Illegal dumping trailer - \$15,000
- Street sweeper - \$400,000
- Truck with fuel pod - \$90,000
- Spray Motorbike/RTV – \$50,000
- Battery operated chainsaws and brushcutters - \$13,000
- IT system integration upgrade, network & workstation replacement program - \$155,000
- Mobile tablets - \$10,000

Funding the Business Plan

Funding of the Business Plan 2020/21 – 2022/23 is set out with a detailed description of the financial information for the coming year 2020/21 and a set of summary financial statements of the remaining years of the Plan.

Annual Budget 2020/21 highlights:

❖ Operating income	\$26.5 million
❖ Operating expenses	\$27.5 million
❖ Operating result	(\$1.1) million
❖ Operating result (Adjusted for the Grants partial pre-payment of \$2.4m)	\$1.3 million
❖ Rates Income (excluding fines and write-offs)	\$19.1 million
❖ Total Rates Income increase	0.8%
❖ Capital program	\$8.8 million
❖ Capital income	\$0.4 million
❖ Financial sustainability measures (forecast to be at 30 June 2021):	
○ Operating Surplus Ratio	(4%)
○ Operating Surplus Ratio (Adjusted for the Grants partial pre-payment)	5%
○ Net Financial Liabilities	50%
○ Asset Renewal Funding Ratio	88%

Capital Works for 2020/21

A total of \$8.8 million will be spent on capital projects in the following service areas:

Community Services / Amenities	\$645,000
Public Safety	\$20,000
Culture / Library	\$85,000
Tourism / Economic Development	\$255,000
Waste management	\$15,000
Environment / Stormwater Drainage	\$336,000
Street Services	\$845,000
Parks / Recreation / Marine	\$1,062,000
Regulatory	\$27,000
Roads / Foot / Kerb / Bridges	\$4,295,000
Aerodrome	\$22,000
Plant/Depot/Works Admin	\$1,033,000
Governance/Admin	\$213,000
TOTAL	\$8,853,000

Rates and Service Charges 2020/21

RATING STRATEGY

Council is able to raise income through a general rate, which applies to all rateable properties, or through a differential general rate, which applies to property according to its land-use and the location. The approach to rating is guided by the Rating Strategy in the Long Term Financial Plan.

As part of setting the rates each year, Council considers the impact of potential rate increases on the different types of land use, being residential, business, including manufacturing and retail, service industry and primary production sectors, and also their location. It takes into account the goals of the community plan, comments received from community consultation and importantly the current economic conditions. Council also considers the impact of the annual movement in the valuation of rateable properties, particularly at the aggregated land use level, as this may impact the distribution of the overall rate burden.

The Council is proposing to continue to apply differential general rates based on the locality in which the rateable property is situated and the use of the land. The Council has also determined that given the current economic conditions the annual increase in General Rates for 2020/21 is to be more aligned to the March 2020 annual Consumer Price All groups (2.4%) and Local Government Price (2.7%) indices. This has resulted in an overall increase in general property rates of 0.6% which is inclusive of the net growth factor of 0.27%. This results in an increase on Total Rate Income of 0.8% which is less than the 3% in the Long Term Financial Plan 2019-29.

Service Charges are based on the expense to provide the service. This includes an annual review of the actual and forecast costs as a basis for the calculation of the service charge for Waste Collection and the Community Wastewater Management schemes.

Due to increased waste disposal costs, particularly the Solid Waste Levy, the Waste Collection service charge will increase to \$257. The service charges for the Community Wastewater Management schemes at Crystal Brook and Napperby will increase by 2.4% (CPI) which consistent with the policy.

The Regional Landscape levy (formerly the NRM Levy) is determined by the Northern and Yorke Landscape Board and Council collects the levy on behalf of the Board. The Board has advised that Councils share of it's levy for 2020/21 is \$410,719 which is a decrease from the previous year.

RATES 2019/20

Valuation

The Valuer-General has provided the property valuations that have been used as the basis for rating purposes. The overall total property valuation for the region across all land use types has increased by 2.24%, with differing variations movements in the valuations for each land use category.

The overall valuation increase comprises amendments to the value of existing properties and also growth from new developments, improvements to existing properties and the like. The growth factor for 2020/21 is 0.27%.

Rates and Service Charges 2020/21 (continued)

Total Rate Income

Council proposes to raise total rate income of \$19 million (after rebates and remissions, including fines) from property rates and service charges, including an estimation for fines and penalty interest. This will enable Council to deliver the planned activities and services in 2020/21 and to fund the capital works program. The amount represents an overall increase of \$0.164 million from the previous year which is an increase of 0.8%. The proposed increase has considered support for those who may be experiencing financial difficulties as a result of COVID 19 and by the drought. The average rate increase is more aligned to the annual movements in the Consumer Price (2.4%) and Local Government Price indices and is less than the planned increase of 3% in the 2019 – 2029 Long Term Financial Plan.

How General Property Rates are calculated

The method of calculation of rates is:

General Rates:

Fixed Charge (applicable to all properties)

+ Valuation x Rate in \$ (differential rates determined by land use and / or locality)

Service charges:

+ Waste Management Service Charge (applicable to all residential properties to which the services is available)

+ Community Waste Management Service Charge (applicable to Crystal Brook and Napperby properties where the service is available)

And Separate Area Rate:

+ Natural Resources Management Levy (applicable to all rateable properties)

= Total Property Rates Payable.

The following table shows the proposed total amounts for General Property Rates, Service Charges and NRM Levy, including rebates for 2020/21 compared to the total amounts raised in 2019/20 (excluding fines and interest):

Rates including rebates (excluding fines)	2019/20 \$ (m)	2019/20 % increase	2020/21 \$ (m)	2020/21 % increase
General Property Rates	16.209	2.8	16.306	0.6
Waste Management Service Charge	2.013	5.5	2.079	3.2
CWMS Service Charge	0.186	3.1	0.189	1.7
NRM Levy	0.428	3.4	0.411	(4.0)
TOTAL	18.836	3.0	18.985	0.8

The rating components for 2020/21 will be:

Fixed Charge	Differential Rates
\$535 (increase of \$25)	Average decrease of 2.3%

Rates and Service Charges 2020/21 (continued)

Fixed Charge

The proposed rating structure continues with the approach of a single fixed charge amount to be applied to all properties in the region, with the exception of contiguous properties and single farm enterprises which have only one fixed charge applied. The provisions of the Local Government Act prescribe that proportion of the total general rate income amount derived from the fixed charge component must not exceed 50% of the total general rate income.

The proposed total general rate income of **\$16.8 million** (excluding rebates) for 2020/21 is comprised of the following elements:

- Fixed Charge \$5.2m (all properties - approx. 31% of General Rates)
- Differential Rating \$11.6m (valuation based – approx. 69% of General Rates)

Differential Rates

The Local Government Act provides for a Council to raise revenue through a general rate which applies to all rateable properties, or through differential general rates which apply to classes of properties.

Differential rates can be raised according to the locality of the land and its use, and are calculated using the capital valuation of a property multiplied by the rate in the dollar value applicable to the property's land use and locality, in order to raise the balance of general rate income.

For 2020/21 Council is proposing to continue to apply differential general rates based on the locality in which the rateable property is situated and the use to which the property is put:

- Locality – town planning zones (TPZ) including airfield, bulk handling, coastal conservation, commercial, commercial policy area (PA) 1, commercial PA 2, commercial PA 3, community, deferred urban, industry, industry PA 4, industry PA 5, industry PA 6, local centre, mixed use (MU), MU PA 7, MU PA 8, neighbourhood, primary production, regional centre (RC), RC PA 9, residential, residential PA 10, rural landscape protection (RLP), RLP PA 11, RLP PA 12, rural living (RL), RL PA 13, RL PA 14, RL PA 15, RL PA 16, RL PA 17, RL PA 18, town centre and township.
- Land use – prescribed land use codes (LUC) including residential, commercial-shop, commercial-office, commercial-other, industry-light, industry-other, primary production, vacant and other.

Table 1 in the Attachments to this draft Business Plan sets out the proposed differential rate in the dollar for the proposed town planning zones and prescribed land use codes to be adopted for rating purposes. Valuation changes maybe received up until the date of the rate declaration therefore the rates in the dollar are indicative for the purposes of consultation.

As part of its consideration of the impact of rates, Council has modelled the effect of the proposed the differential general rate structure for 2020/21 based on the "average" valuation for each land use code.

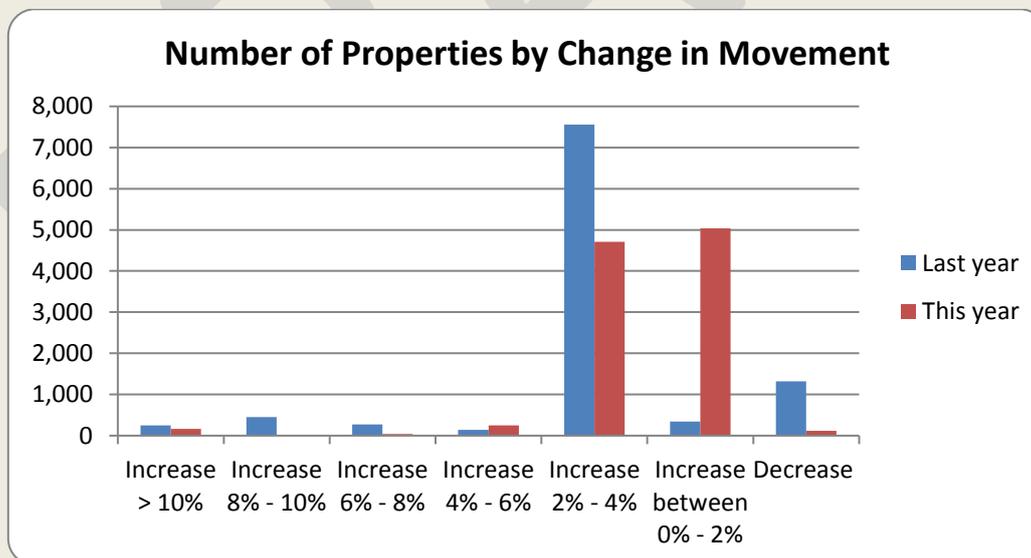
Rates and Service Charges 2020/21 (continued)

The average valuation is arrived at by dividing the total valuation for each land use code by the number of properties that comprise that code. The proposed change, in percentage terms, from the previous year's annual rates are specified in the following table.

Average Property Rates	2019/20	2020/21	Movement %
Residential - All	\$1,227	\$1,254	2.1%
Commercial - All	\$4,524	\$4,604	1.8%
Industry - All	\$13,813	\$11,332	-17.9%
Primary Production - All	\$2,214	\$2,261	2.1%
Vacant Land - All	\$1,144	\$1,068	-6.6%
Other - All	\$1,709	\$1,774	3.8%

The average residential rates for 2020/21 will increase to \$1,254 from \$1,227 which is an increase of \$27 compared to an increase of \$32 in 2019/20. The most recent information provided by the SA Grants Commission is for the year ended 30 June 2019 and shows that the average residential rate was \$1,490 which means that the proposed average residential rate for this Council for 2020/21 is 18% less than the SA average residential rate for 2018/19.

Individual property rates will vary; with some decreases and increases depending on the property capital value movement. Overall this would result in an increase in general rates of up to 2% for 5,038 properties or almost half of all properties. There would be an increase of 2-4% for 4,711 or 46% and 468 properties would have an increase of greater than 4% which is less than the 1,106 in 2019/20.



The increases and decreases in general rates will vary due to changes in an individual property's valuation. High increase percentages will show for low valued properties however the actual amount of the increase will be low in comparison to higher value properties.

As a result some rates will decrease while others increase, dependant upon the movement in the valuation. There are some properties that would experience an increase due to improvements to the property such as the completion of a new residence or building, or a land subdivision creating a land parcel which has previously not been rated.

Rates and Service Charges 2020/21 (continued)

Contribution

The following table shows the average increase in total general rates for each land use type, the percentage increase and the overall combined contribution from land use types throughout the Council area.

LAND USE	AVERAGE INCREASE	TOTAL GENERAL RATES (Mill)	CONTRIBUTION TO TOTAL RATES
Residential - All	2.4%	\$10.09	60%
Commercial - All	2.4%	\$2.29	14%
Industry - All	-12.2%	\$1.28	7%
Primary Production - All	2.4%	\$2.31	14%
Vacant - All	-9.4%	\$0.58	4%
Other - All	2.2%	\$0.22	1%
TOTAL GENERAL RATE INCOME		\$16.76	100%

Community Wastewater Management Schemes (CWMS)

Council provides effluent disposal systems service to identified properties in Crystal Brook and Napperby. The full cost of operating and maintaining the service is recovered through a charge to each property where the service is available and this includes non-rateable properties. The charges include an amount as a contribution towards the cost of capital and risk.

The following principles are used in setting the charges:

- each system is to be assessed independently, as each is of a different type and age;
- Total charges will reflect the average annual cost of operations (including depreciation);
- Charges on vacant properties will be 75% of occupied properties, reflecting pump out cost recovery from occupied properties;
- Ongoing Napperby irrigation costs to be treated as general Council and not a CWMS cost.

Any surplus of income over actual expenses (excluding annual depreciation) is set aside in a dedicated reserve account to be used for future replacement and upgrades of the respective schemes. The CWMS charges will increase for 2020/21 as shown below:

CWMS	Crystal Brook			Napperby		
	2019/20	2020/21	% increase	2019/20	2020/21	% increase
Property type						
Vacant	\$145	\$148	2.4%	\$338	\$346	2.4%
Occupied	\$193	\$197	2.4%	\$451	\$462	2.4%

Rates and Service Charges 2020/21 (continued)

Waste Management Service Charge (WMSC)

A three bin waste collection service is provided for residential properties where the service is available. The setting of the charge is guided by legislation which does not allow Council to charge more than the actual cost of providing the service. A number of rural properties receive a discounted charge where their property access point is more than 500 metres from their bin collection point. The discounts are applied automatically to these properties and for 2020/21 will total approximately \$23,765.

Total Waste Management service income would be approximately \$2.079 million (including rebates). The charge for 2020/21 will increase by \$12.

Year	2019/20	2020/21
3 Bin Waste Collection Service Charge	\$245	\$257

Many commercial properties voluntarily participate in the collection service and are invoiced by Council for this service, with no impact on rates.

Natural Resources Management Levy

The Natural Resource Management Act 2004 requires Council to raise a levy on behalf of the Northern and Yorke Natural Resources Management Board. This levy is shown separately on the rates notice. Council does not set this levy, retain this revenue, nor determine how the revenue is spent.

Council is required to raise \$410,719 (after rebates) and recover this amount by applying a rate in the dollar of approximately 0.01714 against the capital value of every property.

Northern & Yorke Regional Landscapes
Regional Landscapes Centre - Clare (head office), 155 Main North Road, Clare SA 5453
Phone: (08) 8841 3400. Monday to Friday from 9am till 5pm.
Website: <https://landscape.sa.gov.au/ny/home>

Payment of Rates

The Council has decided that the payment of rates will be by 4 instalment billing. Consistent with s181 of the Local Government Act the payment of Rates fall due in December, February, April and June. The Rates Notices will be sent at least 30 days prior to the due date of the payment instalment.

Council has a Hardship Policy for those that are experiencing financial difficulties and may not be able to meet the rates payment due dates. There are a number of options available including payment plans and waiving of rates under specific circumstances. The policy has been amended to provide extra support for those experiencing difficulties due to COVID related circumstances. Ratepayers should contact the Rates Officer on 8633 9734 for further information and to discuss their situation. All enquiries are confidential. A copy of the Policy is available from the Council website <http://www.pirie.sa.gov.au>

Rates and Service Charges 2020/21 (continued)

The following payment services are available:

- BPAY through a bank or financial institution;
- Australia Post in person at a post office;
- Post Billpay Service using online facilities and a credit card;
- Telephone – call 131816;
- Online using Council website – www.pirie.sa.gov.au;
- Mail a cheque to PO Box 45, Port Pirie, 5540;
- In person using EFTPOS, cheque or cash at the administration office, Ellen St, Port Pirie available Monday to Friday from 9am to 5pm
- In person using EFTPOS or cheque at the Crystal Brook Regional Office available Monday to Friday from 10am to 4pm.

Late Payment of Rates *

The Local Government Act provides for Councils to impose a penalty of a 2% fine on any payment for rates, whether due by instalment or otherwise that are unpaid after the due date. A payment that continues to be in arrears is then charged penalty interest at an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Penalty fines allow the Council to recover some of the administration costs that arise because rates were not received by the due date.

*The rate is set by legislation and is reviewed each year in June.

Rebate of Rates

The Local Government Act requires Councils to rebate the rates payable on certain land-use types. Specific provisions are made in the Act for statutory rebates for land used solely for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. Discretionary rebates are granted for land used for specific purposes. Applications for a discretionary rebate must be received no later than 30 September 2019.

Rate Concessions

The State Government has changed the concessions for general rates. They make the payment of a 'cost of living' allowance which will be paid directly to pensioners and concession card holders, to replace the former rates concession. The payment is administered by State agencies who will determine eligibility.

Further information is available from the Department of Communities and Social Inclusion on 1800 307 758 or by visiting the website <http://www.dcsi.sa.gov.au>

Rates and Service Charges 2020/21 (continued)

Exemption from Rates

Section 147(2) of the Local Government Act 1999 specifies those types of public properties that are exempt from rates. Section 147(2)(f) of the Local Government Act 1999 specifies that land occupied or held by the Council, except land held from a Council under a lease or licence, is exempt from rates. Some community owned land that is operated under lease or licence may be eligible for rates exemption subject to the requirements of the Recreational Grounds Act.

Postponement of Rates for State Seniors Card Holders

Section 182A of the Local Government Act 1999 provides for the option for State Seniors Card Holders to postpone part of the rates on a long term basis. A deferred amount is subject to a monthly interest charge with the accrued debt being payable on the disposal or sale of the property. Applications are subject to the same conditions as deferral or postponement of rates.

Remission of Rates

Section 182 of the Local Government Act permits the Council, on the application of a ratepayer, to partially or wholly remit rates or to postpone payment of rates, on the basis of hardship. The Council has a strategy that where the payment of rates will cause a ratepayer demonstrable hardship, the Council is prepared to make extended payment provisions or defer the payment of rates. Such inquiries are treated by Council as confidential.

Sale of Land for Non-payment of Rates

The Local Government Act 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 notify the principal ratepayer of the land of its intention to sell the land, provide the recipient 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.

Except where extraordinary circumstances can be demonstrated, the Council will enforce the sale of land where rates remain unpaid.

Further information

For further information refer to the Rates Policy available from the Council website.

Annual Budget 2020/21

BUSINESS OPERATIONS

This proposed annual budget is based on continuing to provide the same degree of services at essentially the same level as was provided in the previous financial year, and which are identified in more detail in the Annual Business Plan.

The proposed annual budget for 2020/21 has an operating deficit of \$1.076 million. This is due to the partial prepayment of half of the Financial Assistance Grants (FAG's) funds of \$2.4 million for 2020/21, which were paid in June 2020.

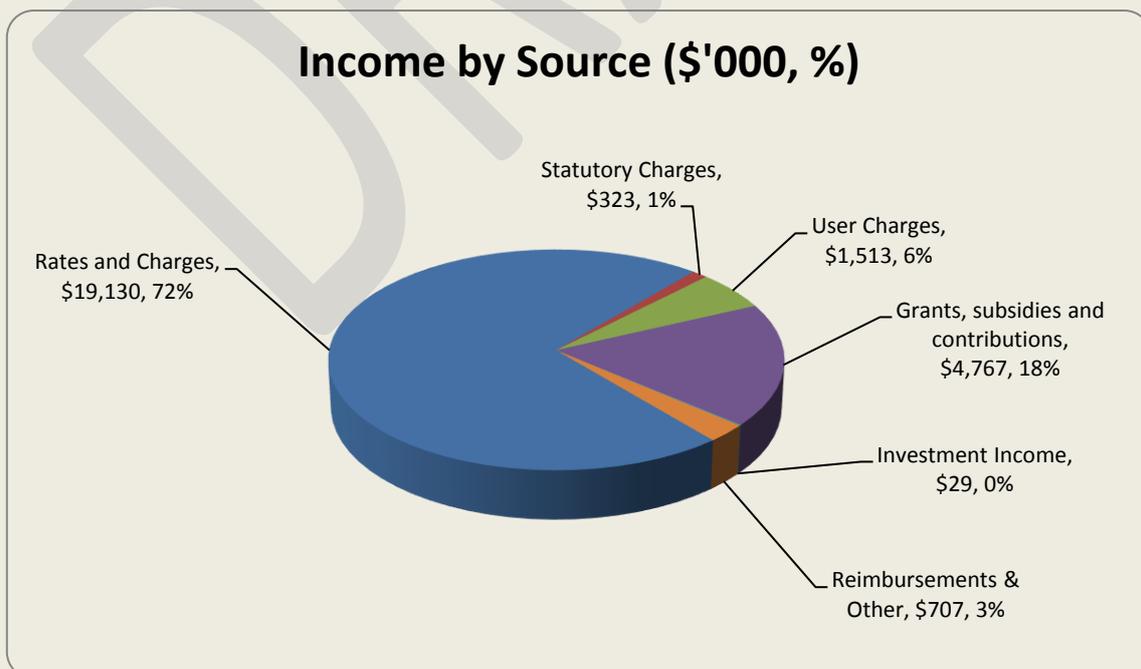
The Operating result, adjusted for the grant funds prepayment is a small surplus of \$1.346 million.

The capital program is proposed to be \$8.8 million, which is significantly more than the previous year as part of the economic stimulus in response to the COVID-19 conditions. Council has made a conscious decision to increase its focus on maintenance and operational activities over the next year.

Operating Income

Income is raised from property rates, fees and charges, grants & subsidies, investment income and other income including reimbursements and contributions, donations and sale of surplus assets.

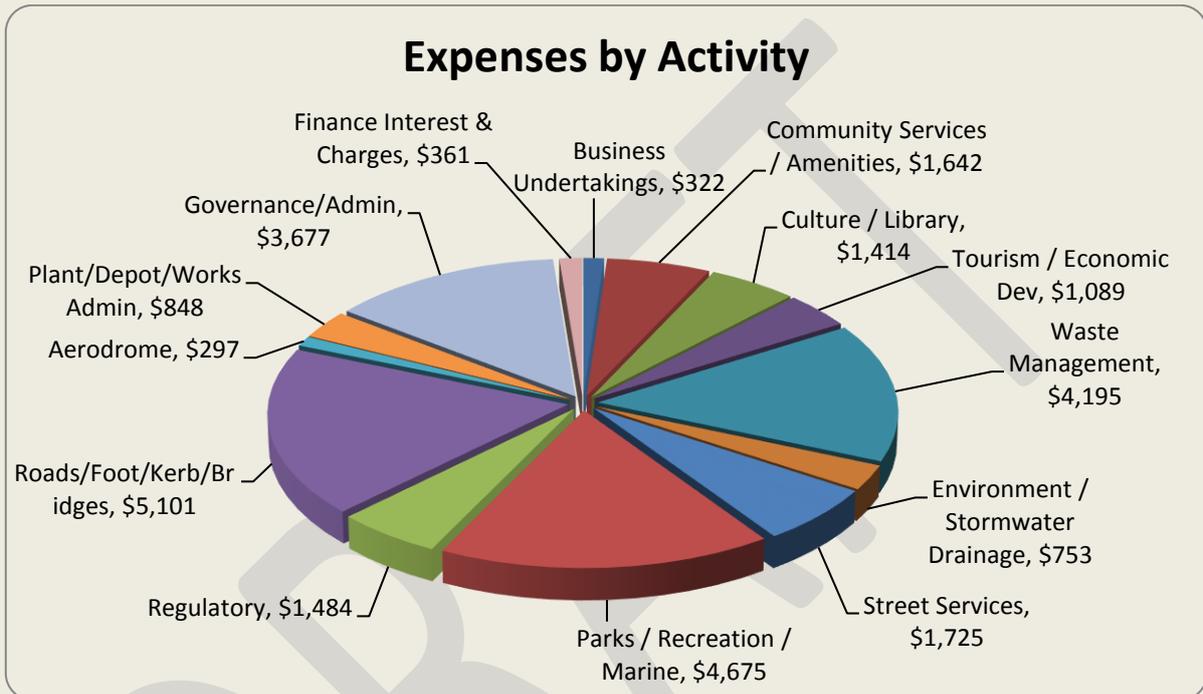
The total operating income for 2020/21 is estimated to be \$26.46 million. The diagram shows the estimated income by source.



Annual Budget 2020/21 (continued)

Operating Expenses

The total operating expenses for 2020/21 are estimated to be \$27.54 million. Operating expenses include payments for employees, contractors, materials, plant & equipment maintenance, loan interest and an amount for asset depreciation.



FINANCIAL PERFORMANCE

The financial performance of the council business is monitored by three key indicators. The financial impact of all planned activities is assessed against the targets as part of the preparation and the quarterly review of the Budget. The forecast result is monitored to ensure that it is consistent with the long term target for each indicator.

The table shows the recent actual and planned budget performance compared with the long term target ranges for each of the indicators. The Asset Renewal Funding Ratio is below the target range for this three year period however it follows a period of high capital asset renewal and is projected to increase in future years to maintain a 10 year average within the target range.

FINANCIAL SUSTAINABILITY RATIOS	2020/21 Budget	2021/22 Budget	2022/23 Budget	3 year average	LTFP Target Range
Operating Surplus Ratio (adjusted)	5%	1%	0%	2%	1-5%
Net Financial Liabilities Ratio	50%	46%	43%	46%	30-70%
Asset Renewal Ratio	88%	94%	91%	91%	80-110%

Long Term Financial Plan 2020-30

Long term financial planning promotes thinking about the influence of changing circumstances on the decisions made about the service programs and the assessment of potential new projects and their impact on the future financial sustainability of council business. Financial planning is a guiding framework and so is an essential tool for responsible financial management. The importance is recognised in that financial plans both long term and short term are a requirement of the Local Government Act.

The key documents in the Council long term planning suite are:

- Community Strategic Plan
- Development Plan
- Asset Management Strategy and Plans
- Capital Works Plan
- Long Term Financial Plan

The Long Term Financial Plan (LTFP) sets out in financial terms the resourcing needed for Council to achieve the goals of the Community Plan. It includes the projected income and expenses for the period from 2020 – 2030, using 2019/20 as the base year and includes 2018/19 to assist with trend analysis.

Each year, as part of the development of the Business Plan and Budget, the LTFP is reviewed to assess the potential impact of the planned service levels and service delivery on the future longer term financial position and whether the performance will be sustainable. The LTFP is regularly updated during the year to ensure that the financial performance is monitored against with the planned targets.

Financial Sustainability Measures:

The financial performance of the council business is monitored by three key indicators. Target ranges for each of these indicators have been set in the LTFP. The financial impact of all planned activities is assessed against the targets as part of the preparation of the draft Annual Budget and at each subsequent review of the Budget. The results should be consistent with the average long term target for each indicator.

The table shows the projected financial sustainability indicators average for the term of the LTFP compared to the target ranges for each indicator. The forecast average is within the target range.

FINANCIAL INDICATORS	LTFP Target Ranges
Operating Surplus Ratio	1-5 %
Net Financial Liabilities Ratio	30-70%
Asset Renewal Funding Ratio	80-110%

Long Term Financial Plan 2020–2030 (cont'd)

Objectives of the Long Term Financial Plan:

1. To achieve and maintain an Operating Surplus

Aim for a breakeven operating position in the short to medium term. In the longer term, seek to achieve and maintain consistent operating surpluses to reduce and eventually eliminate the need for regular borrowing to fund new assets and asset backlogs.

2. To fund Asset Renewal/Replacement of existing assets

Target an average Asset Renewal Ratio of 100% (measured against the planned Capital works program). This would mean that the existing assets are being renewed and replaced to maintain the existing services levels.

3. To review New Asset Requirements

Identify and include priority new works, and projects to be primarily funded by grants and future operating surpluses.

4. To reduce Reliance on Borrowing

Provide for new loans for major capital projects until the operating surpluses can be achieved to fund the capital program.

5. To achieve the Plan

The success of the LTFP is totally reliant on ongoing consistency with its objectives. The financial performance shall be reviewed at each budget review and annually when preparing the Business Plan and Budget to identify any issues which could negatively impact the successful achievement of the LTFP.

Asset Management

The Council is responsible for the management of infrastructure assets valued at more than \$265 million. This includes roads assets of local roads, footpaths, kerbing and infrastructure to protect our community such as stormwater drainage, assets for health and wellbeing including parks, recreation reserves, foreshore and marine structures and many sporting facilities, also numerous other assets such as buildings, street furniture and the community wastewater facilities. The ongoing maintenance and planned renewals and upgrades are included in the LTFP. These are based on the assumption of continuing to provide the current average level of service over the life of these assets.

Asset revaluations are difficult to reliably estimate and so these are not included in the LTFP. Revaluations are completed periodically and the financial impact of these will be included in the updated LTFP as they become known.

Depreciation is an allocation of the cost of use of assets each year and is based on the most recent valuation, including capital works and it has been assumed that this will increase each year.

Capital Works Plan 2020-30

Provision is made for the renewal/replacement and new/upgrade of assets in the 10 year Capital Works Plan (CWP) which has been updated and added into the LTFP. The planned works are drawn from the Asset Management Strategy and supporting plans. Much of the CWP is undertaken by contractors. The CWP has gross expenditure of \$84.5 million over the ten year period. The CWP is to be funded from general income.

Long Term Financial Plan 2020–2030 (cont'd)

Capital Plan Summary:

Component	\$ (m)
Total capex	\$84.5
• Renewal/Replacement	\$67.7
• New/Upgrade	\$16.8
Funded by:	
• General income	\$84.5

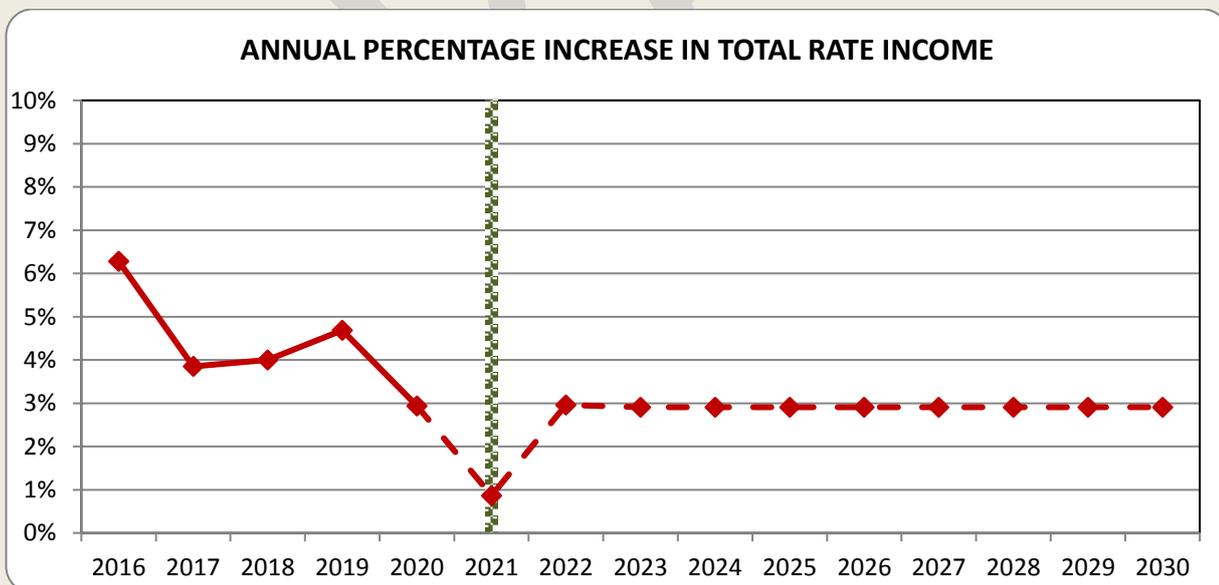
There are also a number of unfunded projects which will require further investigation of partnership funding, detailed costing and the expected Council contribution. The decisions about including these in the CWP will consider all aspects of each project and the influence on the future financial sustainability.

Total Rate Income

The Total Rate Income includes General Property Rates, Service Charges for CWMS, Waste collection, NRM levy, Rate Fines income, Rate rebates and Write-offs from Objection to valuations.

It is proposed that Total Rate Income will increase by 3% each year for the period of the LTFP. This is a reduction from 3.5% for the period from 2022 on the LTFP 2019-29.

The graph below shows the history of rate increases from 2016 with the projected increases to 2029.



Loans

Borrowing is an important strategy for Council to fund new assets. Responsible debt management in the long term should demonstrate assessment of the impact on financial performance. The borrowing options include overdraft, fixed term or combination of arrangements.

Long Term Financial Plan 2020–2030 (cont'd)

Loans (cont'd)

Loan funding is used to meet the cost of the capital works program. This is to spread the cost of new assets such as construction of new facilities or purchase of new equipment over a specific longer time frame to match the benefit and use of the assets.

The Loan portfolio includes a mix of fixed and variable interest loans and fixed and variable term loans. All the repayments for fixed interest loans of principal and interest payments are spread over the loan period. Interest payments are shown in operating expenses.

The repayment structure for the variable term loans is flexible and allows for the offset of funds which can be redrawn to meet commitments. The Council has committed to a plan to reduce the principal outstanding each year by a minimum of \$600,000 so that the total balance of the loan portfolio would be less than \$4 million by 2030.

There are no new loans proposed in the Plan.

Reserves

Council maintains several reserve funds for specific purposes.

These include:

- Community Wastewater Management Scheme (CWMS) Reserves hold unspent rates paid by Crystal Brook and Napperby ratepayers which are used to provide for maintenance programs, repairs and capital upgrades and replacements.
- Fisherman's Wharf Reserve holds mooring fees used to provide future capital works to this area.
- Asset Revaluation Reserve is an unfunded record of changes in the fair value of Council's fixed assets.

Business Operations

The Operations income and expenses reflect continuing service provision with adjustments for known circumstance changes and influences. CPI assumption is 2% unless other wise stated.

Operating Income:

General Property Rates

The approach to the collection of rates from properties across the council region takes into consideration the composition and distribution of the general rates burden by applying objectives relating to equity, consistency, sustainability and simplicity, with reference to the principles of taxation, because rates are a tax.

A basic principle for long term financial sustainability is for ratepayers to fund the services they consume, in short for a balanced operating position.

Long Term Financial Plan 2020–2030 (cont'd)

Business Operations (Cont'd)

Operating Income (cont'd)

General Property Rates (cont'd)

The five principles that apply are:

- *Equity* – taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more (vertical equity);
- *Benefit* – taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid;
- *Ability-to-pay* – in levying taxes the ability of the taxpayer to pay the tax must be taken into account;
- *Efficiency* – if a tax is designed to change consumers behaviour and the behaviour changes, the tax is efficient (e.g. tobacco taxes), if the tax is designed to be neutral in its effect on taxpayers and it changes taxpayers behaviour a tax is inefficient; and
- *Simplicity* – the tax must be understandable, hard to avoid and easy to collect.

To some extent these principles can be at odds with each other, so there is an effort to balance the application of the principles, the policy objectives of taxation, the need to raise income and the effects of the tax on the community.

A further influencing factor is the long term future financial sustainability of the Council. The importance of financial sustainability is to ensure that each generation 'pays their way', rather than leaving it to future generations to address the issue of repairing and replacing worn out infrastructure. To achieve this 'intergenerational equity', it is crucial that current ratepayers effectively fund the current net cost of services provided and community assets consumed. An operating deficit requires future generations to subsidise these costs.

Council is able to raise income through a general rate, which applies to all rateable properties, or through a differential general rate, which applies to property according to its land-use and the location.

As part of setting the rates, Council considers the impact of potential rate increases on the different types of land use, being residential, business, including manufacturing and retail, service industry and primary production sectors, and also their location. It takes into account the goals of the community plan, comments received from community consultation and the current economic conditions. Council also considers the impact of the annual movement in the valuation of rateable properties, particularly at the aggregated land use level, as this may impact the distribution of the overall rate burden.

The Council decided to apply differential general rates based on the locality in which the rateable property is situated and the use of the land. Differential rates can be raised according to the locality of the land and its use, and are calculated using the capital valuation of a property multiplied by the rate in the dollar value applicable to the property's land use and locality, in order to raise the balance of general rate income.

Long Term Financial Plan 2020–2030 (cont'd)

Business Operations (continued)

Operating Income (cont'd)

General Property Rates (cont'd)

Due to the need to balance the community's capacity to pay, Council has applied differential general rates based on the locality in which the rateable property is situated and the use to which the property is put:

- Locality – town planning zones (TPZ) including airfield, bulk handling, coastal conservation, commercial, commercial policy area (PA) 1, commercial PA 2, commercial PA 3, community, deferred urban, industry, industry PA 4, industry PA 5, industry PA 6, local centre, mixed use (MU), MU PA 7, MU PA 8, neighbourhood, primary production, regional centre (RC), RC PA 9, residential, residential PA 10, rural landscape protection (RLP), RLP PA 11, RLP PA 12, rural living (RL), RL PA 13, RL PA 14, RL PA 15, RL PA 16, RL PA 17, RL PA 18, town centre and township.
- Land use – prescribed land use codes (LUC) including residential, commercial-shop, commercial-office, commercial-other, industry-light, industry-other, primary production, vacant and other.

Service Charges

Community Wastewater Management Schemes (CWMS)

Council provides effluent disposal systems service to identified properties in Crystal Brook and Napperby. The full cost of operating and maintaining the service is recovered through a charge to each property where the service is available and this includes non-rateable properties.

The following principles are used in setting the charges:

- each system is to be assessed independently, as each is of a different type and age;
- Total charges will reflect the average annual cost of operations (including depreciation);
- Charges on vacant properties will be 75% of occupied properties, reflecting pump out cost recovery from occupied properties;
- Ongoing Napperby irrigation costs to be treated as general Council and not a CWMS cost.

The charges include an amount as a contribution towards the cost of capital and risk.

Any surplus of income over actual expenses (excluding annual depreciation) is set aside in a dedicated reserve account to be used for future replacement and upgrades of the respective schemes. CPI increase.

Waste Management Service Charge (WMSC)

A three bin waste collection service is provided for residences where the service is available. The setting of the charge is guided by legislation which does not allow Council to charge more than the actual cost of providing the service. A number of rural properties receive a discounted charge where their property access point is more than 500 metres from their bin collection point.

Long Term Financial Plan 2020–2030 (cont'd)

Business Operations (continued)

Operating Income (cont'd)

Waste Management Service Charge (cont'd)

Many commercial properties voluntarily participate in the collection service and are invoiced by Council for this service, with no impact on rates.

Natural Resources Management Levy

The Natural Resource Management Act 2004 requires Council to raise a levy on behalf of the Northern and Yorke Landscapes Board. This levy is shown separately on the rates notice. Council does not set this levy, retain this revenue, nor determine how the revenue is spent.

Landscape South Australia Northern & Yorke
Head office - Clare, 155 Main North Road, Clare SA 5453
Phone: (08) 8841 3400. Monday to Friday from 9am till 5pm.
Website: <https://landscape.sa.gov.au/ny/home>

Other Income

- Grant and subsidy income
The Financial Assistance Grants includes an annual increase of 1% to 2024 then 2% and it is assumed that they will be paid in each respective year so there is no forecast adjustment of prepayment of grants funds.

The current Roads to Recovery grant program payments information is known to 2023/24. Additional funds are to be received in 2020/21 due to the drought status of the region.

Operating grants to support service delivery including the Library include an annual increase of 2%.

- Fees & Charges including Licence fees – assumes an increase each year of between 1.5% and 3% which also includes anticipated growth in the number of users of these services. (The methodology for Lease fees is based on property information.)
- Interest income from funds on hand is monitored and reviewed each year depending on the level of anticipated funds and interest rate movements.

Funds on hand are expected to be relatively low throughout the early years and with the current low interest rates of 1 – 2% expected to continue, the estimated income is lower than in later years of the plan. This income type also includes community loan repayments.

- Other income including re-imbursements and income from various sources is relatively minor and it is assumed to remain at a low level.

Long Term Financial Plan 2020–2030 (cont'd)

Business Operations (continued)

Operating Expenses:

An underlying assumption of the LTFP is that current service levels and programmed activities would continue so the future estimated expenses are developed from the base year and adjusted to reflect known changes. This includes additional maintenance costs for new and upgraded assets and, also includes expected decreases where investment in infrastructure will mean improved efficiencies and reduced ongoing expenses.

From 2019 a series of planned service reviews was commenced. It is expected that these will provide efficiency gains over time and Council will then have the opportunity to determine of the capacity identified by these reviews is applied to lessen the rate burden, increase services or a combination of both.

A register will be developed to record savings and efficiencies gain through this process.

Adjustments include:

- Employee costs increase of between 2% - 2.5% per annum. This may vary in future years as it is dependant on future EB negotiations however the increase has been modelled to reflect close to the movement of CPI. From 2021 there are further planned increases in the Superannuation Guarantee at the rate of 0.5% each year for 4 years;
- Depreciation: increase following asset revaluations and for new assets;
- Finance Charges: interest on current borrowings as per loan repayment schedule;
- All Other expenses: increase up to 2% each year;
- Specific events: estimated amounts have been included for the LG Elections in 2022 and 2026;
- GST is excluded from all amounts.

Financial Performance

The table shows the projected financial sustainability indicators average for the term of the LTFP compared to the target ranges for each indicator. The forecast average is within the target range.

FINANCIAL INDICATORS	2020-30 average	LTFP Target Ranges
Operating Surplus Ratio *	2%	1-5 %
Net Financial Liabilities Ratio *	38%	30-70%
Asset Renewal Funding Ratio	93%	80-110%

- *Adjusted for Financial Assistance Grants prepayments*

Long Term Financial Plan 2020–2030 (cont'd)

Business Operations (continued)

Financial Performance (cont'd)

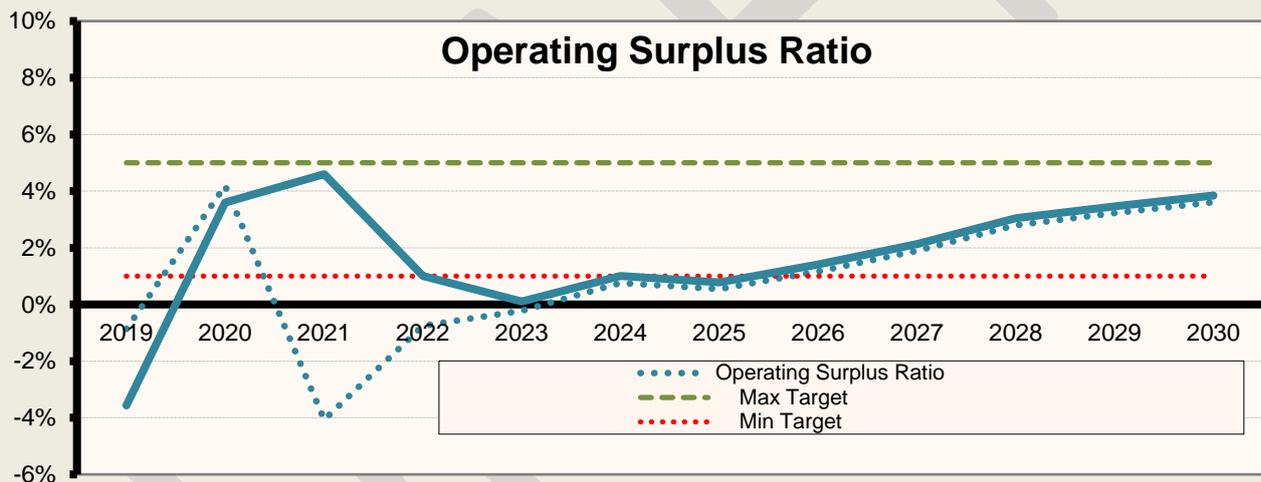
Operating Surplus

The Operating Surplus Ratio expresses the Operating Surplus (or Deficit) as a percentage of Total Operating Income to measure the extent to which income covers the operational expenses and if any funds are available to fund the capital works.

Calculation:
$$\frac{\text{Operating Surplus/(Deficit)}}{\text{Total Operating Income}}$$

Commencing with a deficit result in 2020/21 the position is forecast to gradually increase for the remainder of the LTFP to reach 4% by 2030 which is within the target range.

The following chart shows the annual operating result (adjusted for financial assistance grant prepayments/corrections) for the financial years from 2018/19 to 2029/30.



Financial Liabilities

The affordability of debt is measured by the net Financial Liabilities Ratio.

The Net Financial Liabilities are calculated as the difference between amounts owed and amounts held. The Net Financial Liabilities Ratio measures the net financial liability amount against total operating income. A ratio trend that is reducing indicates the improving capacity to meet financial obligations.

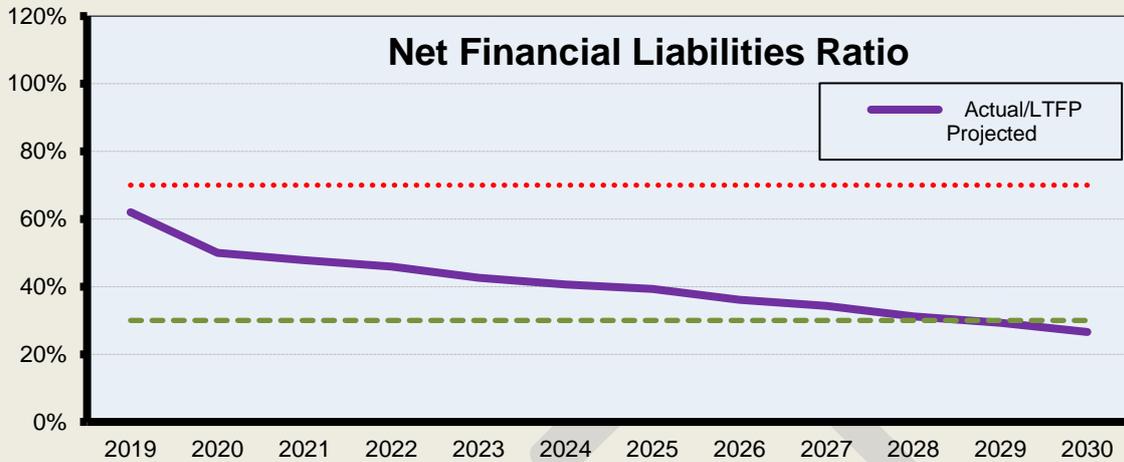
Calculation:
$$\frac{\text{Net Financial Liabilities}}{\text{Total Operating Income}}$$

For 2020/21 the Financial Liabilities Ratio is forecast to be 50% then decrease for the remainder of the LTFP to be below the minimum target range of 30% by 2028.

Long Term Financial Plan 2020–2030 (cont'd)

Business Operations (continued)

Financial Liabilities (cont'd)

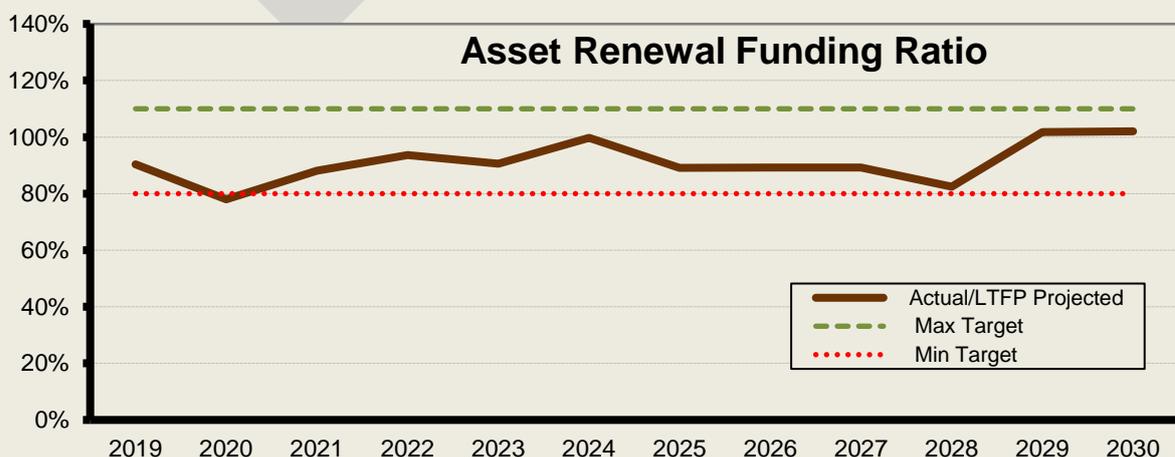


Asset Renewal Ratio

The Asset Renewal Ratio measures the extent to which existing assets are being renewed or replaced, compared to the planned Capital works in the Asset Management Plan/s. If the capital expenditure budget for the renewal or replacement of existing assets matches that projected in the Asset Management Plan/s, then the ratio will be 100%. If the ratio is less than 100% for any extended period, this will lead to a deterioration of asset condition over time, leaving future generations of ratepayers to fund high asset maintenance and replacement to restore the asset service level.

Calculation:
$$\frac{\text{Net Asset Renewal/Replacement}}{\text{Total Planned Renewal/Replacement (IAMP)}}$$

The capital works program for 2020/21 has included projects to achieve a ratio of 65% and decrease in 2020/21 to 63% which is below the target range of 80% - 110%. This will be followed by an increased program and see the ratio increase and then stabilise in future years. The average over the life of the LTFP will be 90% which is within the target range for this indicator. The review of the Asset Management Strategy and the Asset Management Plans will continue to improve the forward planning.



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