



Barunga West
Council

DRAFT FOR CONSULTATION

ANNUAL BUSINESS PLAN

2020/21





A MESSAGE FROM THE MAYOR

Welcome to Council's 2020/21 Annual Business Plan (ABP). The goals and objectives in Council's Strategic Plan (*Uniquely Barunga 2020-2030*) provide the framework for this ABP.

At the time of preparing this plan, Council appointed a new Chief Executive. The world also began experiencing the effects of the COVID-19 Pandemic with its impacts on the community, economy and our general way of life.

As a result of the pandemic the Minister for Transport, Infrastructure and Local Government granted councils additional time to prepare their ABPs in order to fully consider the impact of the pandemic on operations and revenue. This is why Council's ABP is being released in July instead of in June.

In response to the pandemic, I am pleased to advise that our Council is one of the few councils prepared to freeze council-set rates for 2020/21.

A range of other initiatives have been recommended as part of this ABP to provide further support for the community and businesses during and post COVID-19.

A large part of this ABP focuses on maintaining and upgrading our existing assets, providing essential services and other services, programs and projects that have been approved by Council in previous years.

The ABP has identified a number of priorities including the need to upgrade the Port Broughton Community Wastewater Management System (CWMS) to meet the future waste water demands.

It has also highlighted the need to secure further funding from State and Federal governments in order to deliver some of these priorities in an acceptable timeframe. In this regard, further planning is required to ensure Council has a program of 'shovel ready' projects and initiatives that are eligible for the wide range of grant funding available through State and Federal Government programs.

Other initiatives ratepayers and Councillors have raised over many years will be planned and funded over the longer-term and will be presented in the revised Long-Term Financial Plan (LTFP), for the period 2020/2021 to 2029/2030.

The Elected Body is looking forward to working productively with the Chief Executive Officer and Council staff to ensure ratepayers are getting the services they pay for, and value for money.

COUNCILLORS

Council comprises the following eight Elected Members as well as the Mayor, and is responsible for policy making and decisions that impact the district, community, businesses and the environment.

The roles of Councillors, as described by *Local Government Act 1999* are to:

- Participate in the deliberations and civic activities
- Review policies and procedures
- Review Council's resource allocation, expenditure and activities
- Represent the interest of residents and ratepayers

Elected Members have nominated to actively represent all of the townships within the council area.

Elected Members are always available to take your feedback and you are invited to contact any member.

Elected member contact details can be found on Council's website at www.barungawest.sa.gov.au/council/elected-members



Leonie Kerley



Peter Button



Dave Eason



Rebecca Hewett



Rob Locke



Brian Lockyer



Margaret McDonald



Grant Rowlands



Georgie Simmons

PROFILE OF THE COUNCIL AREA

The Barunga West Council is located on the 'Top of the Yorke', adjacent to the Mid North of South Australia, with its southern-most boundary approximately 110 kilometres north of Adelaide. The townships in the Council area are Alford, Bute, Fisherman Bay, Kulpara, Melton, Mundoora, Port Broughton and Tickera.

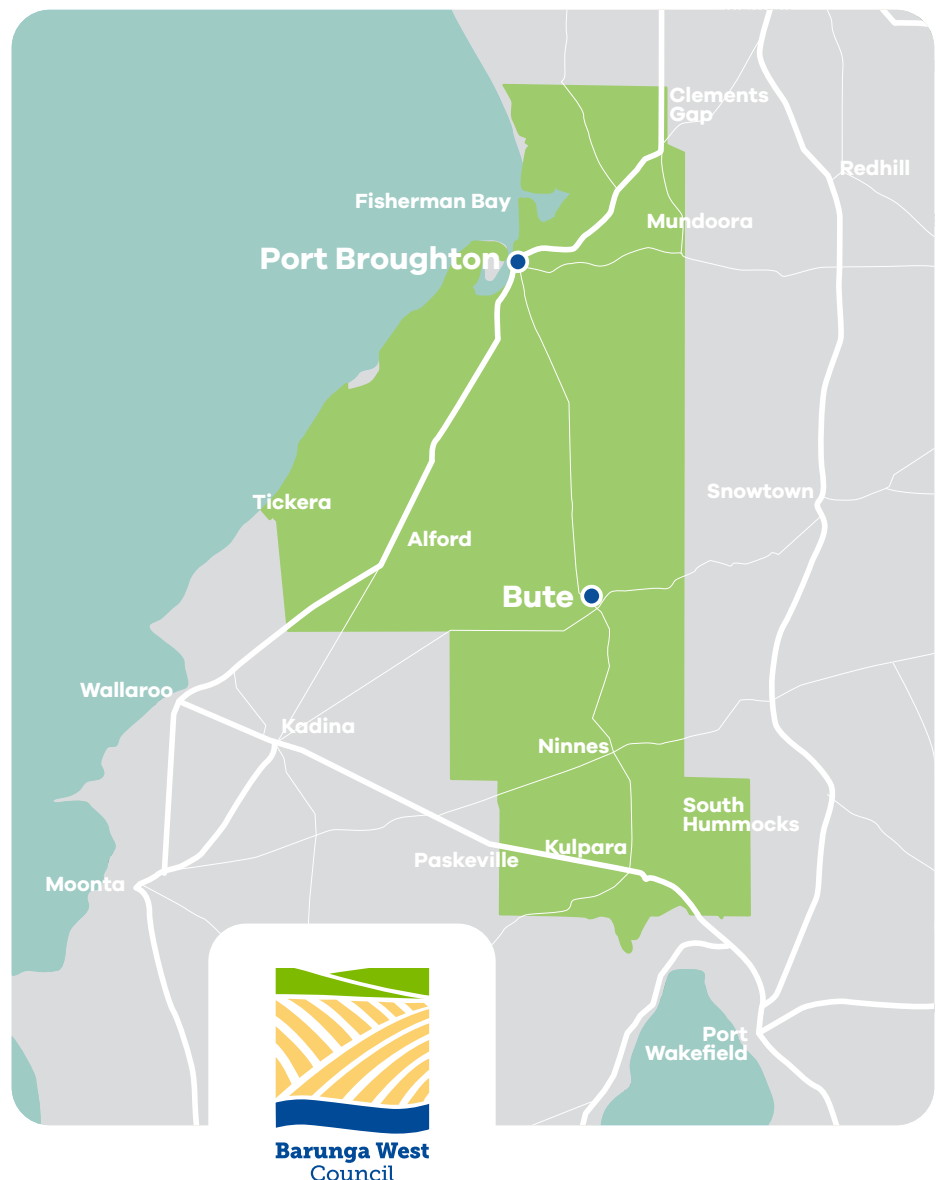
The Council covers an area of 1,590 square kilometres, and has a total of 931 kilometres of roads. It has boundaries with Copper Coast Council, Yorke Peninsula Council, Port Pirie Regional Council and Wakefield Regional Council.

The main industries in the Council area are agriculture, aged-care services, and recreational and commercial fishing. Engineering, mining and tourism are also highly relevant and influence Council decision-making.

The Council area has several retirement facilities and these are expanding due to the amenity of life in the area and the central location of the Port Broughton Hospital and related medical services.

According to the 2016 Census data, the Council population is 2,544, an increase of 3.6% from the previous 2011 census data. The median age of the population is 55 (an increase from 51) compared to the State average of 40 (up from 39) and national average of 38 (up from 37). People aged 65 years and over make up 32.27% (up from 25.9%) of the population.

The increase in the average age of the population is expected to continue and Council is mindful of the infrastructure necessary to accommodate a growing population of elderly residents in addition to the robust needs of the agricultural and tourism sector.



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1. PURPOSE OF THE ANNUAL BUSINESS PLAN

The 2020/21 ABP is the key annual operational and financial planning document for the Council. It describes the budget allocation for the coming financial year and identifies the initiatives, projects and services that Council is planning to deliver to the community during the year.

Included in this plan is:

- A summary of Council's long-term vision and objectives
- A summary of Council's budget allocation that focuses on maintaining and upgrading its existing assets and providing ratepayers with essential services
- An outline of Council's priority initiatives
- A summary of Council's proposed operating expenditure, capital expenditure and sources of revenue
- The rates structure and policies



2. LINK TO THE STRATEGIC PLAN (2020-2030)

In the latter part of 2019, Council staff and its Elected Members developed a vision, values and a range of goals to be applied over a ten-year period. The Strategic Plan is based on community feedback received from a community survey undertaken in early 2019.

The following is the vision defined by Councilors:

“We are a vibrant, thriving, safe and welcoming coastal and agricultural community with an unspoilt natural environment and relaxed country lifestyle.”

This ABP summarises Council’s continuing operations and capital works program. The priority initiatives and projects link to and support the following goals and objectives in the Strategic Plan (2020-2023):

GOAL 1

An inclusive and connected community

OBJECTIVE 1

One community

OBJECTIVE 2

Retaining our coastal and rural character

OBJECTIVE 3

A safe, inclusive and active community

GOAL 2

Quality services, facilities and infrastructure

OBJECTIVE 4

Well maintained and sustainable local road network and community infrastructure

OBJECTIVE 5

Sustainable and accessible services

OBJECTIVE 6

Facilities that meet the needs of our community

GOAL 3

A robust local economy

OBJECTIVE 7

Sustainable local businesses and industry

OBJECTIVE 8

Develop and promote our tourism proposition

OBJECTIVE 9

Develop and promote the area as a desirable place to live

GOAL 4

Preserve and enhance our natural and built environment

OBJECTIVE 10

Preserve our local flora and fauna

OBJECTIVE 11

Promotion and recognition of our local environmental treasures

OBJECTIVE 12

Well-presented towns of which we are proud

GOAL 5

Effective and community leadership

OBJECTIVE 13

An Informed and engaged community

OBJECTIVE 14

Effective leadership and engagement

OBJECTIVE 15

A financially sustainable council

3. SIGNIFICANT INFLUENCES

The following significant influences have been considered in the preparation of this ABP:

- The ongoing effects of restrictions and business interruption as a result of the COVID-19 pandemic
- Projects and initiatives that require further planning so they are 'shovel ready' and eligible for the wide range of grant funding available through State and Federal Government programs
- Grant funding from the Drought Communities Programme, Local Roads and Community Infrastructure Program and Roads to Recovery Program
- The effect of both the Adelaide March 2020 CPI of 2.4% and the Local Government Cost Index March 2020 of 1.6%
- Asset Management Plans for Council infrastructure assets
- The Long-Term Financial Plan, aimed at ensuring the financial sustainability of the Council
- The responsibility to meet all requirements of the Work Health & Safety Act
- The responsibility to develop a Disability Action Plan which is a new legislative requirement

4. BUDGET AT A GLANCE

The ABP provides detail of the new and continuing services that Council will provide to ratepayers in the 2020/21 financial year and how it intends to fund those services.

It is designed to facilitate achievement of the goals of the Strategic Management Plan (Uniquely Barunga 2020–30) in conjunction with the capital expenditure requirements of Council's Long-Term Financial Plan.

To deliver the services, initiatives and projects contained within this ABP, Council is targeting an operating deficit of \$618,000. This deficit is a result of \$6,889,000 in forecast income and \$7,507,000 in forecast expenditure.

In addition, capital expenditure for the year is forecast to be \$3.909 million, bringing the forecast total expenditure to \$9.685 million for the year (excluding depreciation). This total expenditure will be funded by operating income, capital income and accumulated cash reserves, which is forecast to reduce by \$2.86 million. A major factor in this increase of capital expenditure is the \$1.5 million to upgrade to the Port Broughton Community Wastewater Management System.

The primary reason for the operating deficit is the advanced payment of 50% of Council's 2020/21 allocation of Financial Assistance Grants totaling \$307,000 in 2019/20, which correspondingly reduces Council's 2020/21 total grant revenue. A further significant reason is the increase in professional services from \$286,000 in 2019/20 to \$683,000 in 2020/21, for costs of external advice associated with: the main street planning study; the Fisherman Bay freehold proposal; and work to advance concepts, designs and costings so that projects and initiatives are 'shovel ready' and capable of attracting external (grant) funding.

Budget at a glance	
Budget Operating Income	6,889,000
Budget Operating Expenditure	7,507,000
Budget Operating Surplus / (Deficit)	(618,000)
Budget Capital Income	537,000
Budget Net Surplus / (Deficit)	(82,000)
Budget Capital Expenditure – New	\$2,102,000
Budget Capital Expenditure – Renewal	\$1,807,000
Loans	No new fixed term Council loans budgeted
Cash Balances	Budgeted for \$2,900,000 reduction

5. CONTINUING ASSET MANAGEMENT AND SERVICES

Councils have responsibilities under the *Local Government Act (1999)* and other relevant legislation. These responsibilities include:

- Preparing an Annual Budget, Annual Business Plan, Long Term Financial Plan, Asset Management Plans and determining strategic management plans for the Council
- Setting rates
- Street cleaning
- Rubbish collection and waste management
- Management of infrastructure including roads, footpaths, parks, public open space, street lighting and storm-water drainage
- Development planning and control, including building safety assessment
- Various environmental health services
- Dog and Cat Management
- Pest control
- Community wastewater management systems
- Cemeteries
- Safety of food premises
- Native Vegetation and Roadside Vegetation Management
- Regulatory activities
- Supporting the Elected Members and business of Council
- Assessing Landscape Levy on all ratepayers, and collecting this levy on behalf of Natural Resources Management (NRM)

Council is responsible for approximately \$78.3 million of infrastructure and it needs to maintain these assets on behalf of ratepayers.

Council also provides the following discretionary services and programs:

- RV and Caravan parks at Alford, Bute and Port Broughton on a fee for service basis
- Transport services for the elderly through the Yorke Peninsula Community Transport Scheme
- Library services through the Port Broughton Area School
- Assistance for progress associations and community groups, including cash contributions, grant application support and in-kind support
- Assistance with maintenance of ovals and other sporting facilities
- Support for the Visitor Information Centre
- Rural Transaction Centre in Port Broughton, principally Centrelink services
- Rural Transaction Centre and licensed Post Office in Bute
- Foreshore control and protection

These functions make up a significant amount of Council staff's administrative effort.

6. OPERATING

OPERATING REVENUE SOURCES

Council's total operating revenue sources is \$6.889 million. This consists of:

Rates

Rates Income of \$4.918 million, which is unchanged from 2019/20 and forecast to provide 71% of Council's revenue for 2020/21.

Statutory charges

Statutory Charges are set by State Government and are fees and charges set by regulation and collected by the Council for regulatory functions such as assessment of development applications. This revenue generally offsets the cost of the service. The principal components are town planning, development applications and dog registration fees and are forecast to total \$83,000 in 2020/21.

User charges

User Pays charges are set by Council and cover a range of items including cemetery fees, caravan parks, boat ramps, and CWMS augmentation. These charges are adopted annually in Council's schedule of fees and charges and are forecast to total \$453,000 in 2020/21.

Grants

Known and committed grants for 2020/21 are as follows:

- \$307,000 prepayment of the 2020/21 Financial Assistance Grant funding which was received in 2019/20 but to be spent in 2020/21¹
- \$233,000 balance of Financial Assistance Grants for 2020/21
- \$1 million from the Drought Communities Program Stage 2
- \$297,000 from the Roads to Recovery Program
- \$279,118 from the Roads and Local Communities Programs
- \$20,000 from the Building Better Regions Fund
- \$18,000 from the Coast Protection Board

Investment income

Council maintains investment accounts for funds not immediately required for liquidity purposes. Council invests these funds in 24-hour at call accounts with the Local Government Finance Authority and the ANZ Bank.

Other Income

This includes sundry income, reimbursements, rebates and private works and are forecast to total \$59,000 in 2020/21.

¹ The prepayment of the grant improves the 2019/20 operating result by \$307,000, and has an offsetting reduction of income in 2020/21

OPERATING EXPENDITURE

Council's operating expenditure is forecast to be 65% or \$7.507 million of its total expenditure of \$11.416 million for the year.

Council is acutely aware that some businesses and families are impacted by COVID-19 and therefore more people may seek hardship support which would mean a reduction of rate revenue.

Council is looking at ways of reducing its operating expenditure over the next year or until the economy recovers.

Salaries and wages

Salaries and wages are forecast to cost \$2.134 million in 2020/21, consistent with costs last financial year. This figure includes all wage overheads, superannuation, workers compensation and leave entitlements.

The Enterprise Bargaining for other administration staff and the outside workers schedule a 2.25% increase in salaries and wages for inside staff and this has been accounted for in the ABP. Outside staff will negotiate a new enterprise bargain in 2020/21.

Materials, contractors and other expenses

Materials contractors and other expenses are forecast to increase by \$0.799 million in 2020/21.

These expenses fluctuate on an annual basis, dependent on the size and scope of operational budget projects, as well as continuing services. In 2020/21 it includes projects relating to the Drought Community funding, and Local Roads & Community funding. Council will run open competitive tender processes to obtain goods or services at the lowest cost or best value.

Depreciation

Depreciation is an accounting method of allocating the cost of a tangible asset over its useful life.

Depreciation expenses increased by \$261,000 in 2019/20 following the latest asset revaluations, and is expected to remain at that level in 2020/21.

Finance Costs

Council's outstanding loan balances continue to decline, as does Council's annual interest expense, which is forecast at \$27,000 in 2020/21 from \$35,000 in the prior year.

The objective of reducing the outstanding loan principal is to place Council in a position where it can borrow funds, if required, in the future.

Professional Services

Council engages a mixture of professional services to assist in meeting its responsibilities. This includes services such as legal, information technology, engineering, cost planning, communication and financial advice.

Professional services are forecast to increase from \$286,000 in 2019/20 to \$683,000 in 2020/21, as a result of work associated with the Fisherman Bay freehold proposal, and work to advance concepts, designs and costings so that projects and initiatives are 'shovel ready' and capable of attracting external (grant) funding. This increase forms a material part of the increase in 'Materials, contractors and other expenses', and the increase is included in that amount.

Plant & Machinery

Staff have foregone scheduled replacement of administration and works vehicles in 2020/21 and no new items of plant or machinery are budgeted for purchase during this year.

7. CAPITAL

CAPITAL REVENUE SOURCES

Council was provided with \$1 million in grant funding under the Drought Communities Programme Scheme Round 2 of which \$537,000 is for new and/or upgraded assets.

Capital revenue sources is expected to total \$0.537 million for the year, compared to \$0 in 2019/20.

CAPITAL EXPENDITURE

Council is responsible for a large portfolio of assets. It is therefore critical for the long-term sustainability of assets that the Council engages in practices and works that optimise assets' useful lives.

The capital budget for 2020/21 includes \$1.807 million in asset renewals consistent with Council's Infrastructure and Asset Management Plan.

In addition to this capital expenditure, there is expenditure of:

- \$1 million for Drought Communities Programme Round 2 projects, split between operating (\$463,000) and capital projects (\$537,000)
- \$279,000 for Roads and Local Communities Program projects
- \$297,000 for Road to Recovery projects

The projects funded under each of the above Federal Government grants are outlined below:

Drought Communities Programme Round 2 projects

This \$1 million program is designed to fund projects which employ local contractors.

Approval for how this grant is allocated was resolved by Council in 2019/2020 as projects needed to be submitted to the Federal Government for consideration during this period and completed by the end of 2020.

Projects were identified by Council during a consultation process with community groups and stakeholders who had eligible ideas and/or projects.

Bute will receive:

- A new roof for the Bute Sporting Clubrooms and new rainwater tanks
- New playground equipment, to replace old equipment that doesn't meet current Australian Standards

Work will start on the Bute Soldiers' Memorial Hall to assess the roof's structural integrity.

Port Broughton will receive:

- New playground equipment on the foreshore, to replace old equipment that doesn't meet current Australian Standards
- Upgrades to electrical services at the Port Broughton Oval, foreshore and Port Broughton Tourist Park
- Civil works to underground power lines to make way for the new helipad at the Port Broughton Hospital

Tickera will receive an upgrade of the Community Centre kitchen.

Roads and Local Communities Program projects

Council has been allocated \$279,000 in grant funding under the Roads and Local Communities Program. The program is designed to assist a community-led recovery from COVID-19 by supporting local jobs, firms and procurement.

The following initiatives will be funded from this project:

Upgrade to the Bute Town Hall – an additional \$150,000

The Bute Town Hall is currently closed due to structural issues, which render the facility unsafe. Funding of \$150,000 from the Drought Communities Program has been secured for the work to assess the structural issues, but to fix the issues, and ensure it is safe and can be reopened, a further \$150,000 capital investment is required, bringing the project's total to \$300,000.

Relocation of Visitor Information Centre to Port Broughton Council office – \$40,000

The Visitor Information Centre, located on McKay Street, is proposed to be relocated to the Council office, on the prominent corner of Bay Street and Harvey Street. The project will involve the creation of a 'Top of the Yorke' Tourism Centre, incorporating the Visitor Information Centre and a shop front to showcase local products and services. The delivery of this project, estimated to cost up to \$80,000, is subject to Council securing matching grant funding to contribute to the project.

Mundoora Bowling Club Upgrade – \$85,000

The Mundoora Bowling Club's building, located on Council's land, will be underpinned (raised and re-levelled) and the floor and cabinetry and other internal fittings affected will be repaired or replaced.

Port Broughton Foreshore Ramp – an additional \$20,000

The Port Broughton Foreshore Ramp project was initially identified by Council and approved as a project in the 2019/20 ABP for an estimated cost of \$30,000.

Early this year the project was reassessed and redesigned and in place of a timber ramp, a 20-metre concrete access ramp with hand rail is now proposed. The project has been tendered and the cost of its delivery has now increased from \$30,000 to \$50,000. The \$30,000 project budget from 2019/20 has been carried over into 2020/21.

ROADS TO RECOVERY PROGRAM

Council has been allocated \$297,000 from the Roads to Recovery Program, which supports the maintenance of local road infrastructure assets. This year the funding will be allocated to work to improve Mundoora Road, which will reseal 1 kilometre of road starting at Oaklands Road and heading south towards Mundoora and will reseal approximately 2 kilometres of road between Spensley Road and Three Mile Road.

8. PRIORITY INITIATIVES AND PROJECTS

OPERATING INITIATIVES

Operating initiatives and projects, recommended during the 2020/21 budget process, and that will be funded from a combination of Financial Assistance Grant and the balance of rate revenue, include:

Professional services for Fisherman Bay freehold proposal – \$224,000

To ensure the public infrastructure is delivered to a quality expected of Council and its ratepayers Council will need to engage the services of a Project Director and specialist engineers and advisors (legal and financial). This expenditure will only occur if an agreement on the infrastructure that is to be delivered can be reached with Fisherman's Bay Management Authority.

Mainstreet planning study – \$120,000

Council has approved the development of a plan for its mainstreets and upgrades to townships: Alford, Bute; Fisherman Bay; Muntoora; Port Broughton; and Tickera.

Requests for Proposals are currently being sought, which will include costs for geotechnical survey, along with community engagement, landscaping, architect and quantity surveying services.

Communication initiatives – \$50,000

Council will develop a range of communication tools, including social media pages, tourism signage, monthly district updates and media campaigns including 'Top of the Yorke' branding to enhance the district's reputation and increase awareness of activities in Barunga West focusing on its strengths and contributions to the wider region and state. Council will also undertake a review and update of all of its website content.

Heritage assessment – \$20,000

Council will engage a qualified heritage expert to recommend heritage protection for places and precincts that demonstrate aesthetic, social or historical values important to Barunga West. This process will involve consultation with affected property owners at various stages of the process. There are currently no heritage listed properties in the Barunga West Council area.

Walking trails study – \$20,000 (equivalent to the grant from the Building Better Region Fund)

Council has received \$20,000 from the 'Community Investments Stream' from round 4 of the Building Better Regions Fund (Drought Support). The funding is for the development of a recreational trail strategy for the 'Top of the Yorke' to promote tourism. The grant will be used to scope and cost a range of trails within the Council area that could be pursued over the next five years.

Planning to create 'shovel ready' projects – \$76,000

Council will commence work to progress concepts, designs, engineering and cost estimates for identified future projects including:

- Investment in its caravan parks and RV parks, including the opportunity for a new facility at Tickera
- The 2016 Port Broughton Foreshore Masterplan including its potential staging and costs, and additional improvements to the environment (e.g. beach, flora areas)
- An improved boat ramp and boating facilities at Tickera including the improvement of North Gully Road
- Traffic planning and assessments on council-owned roads

A set of 'shovel ready' projects and initiatives will enable Council to secure external funding such as State and Federal grants.

Bute silo art project – \$50,000

Council will pursue a silo art project at Bute as part of the successful Australian Silo Art Trail, to help attract tourism to the region. The delivery of this project, estimated to cost up to \$100,000, would be subject to Council securing matching grant funding to contribute to the project.

Events – \$30,000

Up to \$30,000 of funding will be provided to support township events. In 2021 the Council area will celebrate significant milestones such as Port Broughton township's 150th anniversary (sesquicentennial) and the 100th anniversary of the Bute Town Hall. Some of these funds will be used to engage an event specialist who will work with community stakeholders to develop an event plan and to engage with the State Government to advocate for additional funding from the Connecting Drought Communities – Events Grant.

Community Grants – \$10,000 (additional funding)

The community grant allocation has been increased from \$30,000 to \$40,000.

Human resource services – \$30,000 (additional funding)

Work will be undertaken to realign Council's resources to deliver functions focused on delivering the ABP's priority initiatives and projects, in addition to regular asset management responsibilities and essential services.

De-sludging Program of the Bute Septic Tanks – \$15,000

Council's contractors will attend Bute properties in early 2021 to remove accumulated sludge from septic tanks.

Port Broughton coastal and flood mitigation – \$52,000

Council will continue to work with the Coast Protection Board and the South Australian Councils Alliance to develop a solution for coastal protection and flood mitigation at Port Broughton. The expenditure of \$52,000 is to continue a project, which was commenced in 2019/20. Council will receive \$18,000 from Coast Protection Board toward this expenditure, in addition to \$20,000 received in 2019/20.

Disability Action Plan – \$7,500

The Council will work with the Copper Coast Council and Yorke Peninsula Council to develop a regional Disability Access and Inclusion Plan (DAIP) by 31 October 2020, under Part 5, section 16 of the *Disability Inclusion Act 2018*.

CAPITAL INITIATIVES

Upgrade to the Port Broughton Community Wastewater Management System (CWMS) – \$1.5 million plus external funding

The aim will be to upgrade the CWMS, which is now approximately 17 years old and is at capacity. The work will also seek to connect and service Fisherman Bay ratepayers. The upgrade will be funded by CWMS charges that are being held in Council's cash account, in addition to contributions from Fisherman's Bay Management Authority and the LGA administered CWMS Subsidy Fund.

Enterprise system renewal and hardware refresh – \$80,000

Council's current business enterprise system consists of both digital and manual based practices and has not changed greatly in the last decade. There is a need to upgrade the system and purchase a license so Council can provide a modern solution to meet current requirements. Investment is also required to maintain and strengthen Council's Information Technology network infrastructure to deliver high availability, business continuity and redundancy.

Additional work on unsealed roads – \$150,000 (additional funding)

In 2020/21 Council proposes to increase its work to upgrade the unsealed network by adding an additional 7 kilometres to its work schedule, increasing the annual total kilometres of unsealed road upgrades to 35 kilometres.

Footpaths – \$100,000

Work will be undertaken to improve the footpath of Harvey Street and will involve the leveling and paving of approximately 200 metres of footpath on both sides of the roadway.

Fisherman Bay Road kerbing – \$38,000

Kerbing and storm-water measures will be installed on the section of Fisherman Bay Road near Viking Lane to mitigate the risk of flooding.

Port Broughton cemetery expansion – \$20,000

Work will continue to be undertaken to level and prepare the vacant area to the north of Port Broughton Cemetery.

Re-sealing of South Terrace, Alford – \$20,000

The entrance to the RV Park at Alford on South Terrace will be upgraded.

9. FINANCIAL SUMMARY 2020/2021

Uniform Presentation of Finances	2018/19 Actual	2019/20 Estimated	2020/21 Budget
Operating Income	6,839	6,600	6,889
Less Operating Expenditure	(6,908)	(6,722)	(7,507)
Operating Surplus/(Deficit)	(69)	(122)	(618)
Less: Net Expenditure – Renewal/Replacement of Existing Assets			
Capital Expenditure – Renewal/Replacement of Existing Assets	(752)	(764)	(1,807)
Add: Depreciation, Amortisation and Impairment Expenses	1,384	1,730	1,731
Add: Proceeds – Sale of Replaced Assets	29	13	0
Net Expenditure on Existing Assets	661	979	(76)
Less: Net Expenditure – New & Upgraded Assets			
Capital Expenditure – New & Upgraded Assets	(654)	(395)	(2,102)
Less: Grants received specifically for New & Upgraded Assets	590	0	535
Add: Proceeds – Sale of Surplus Assets	0	163	0
Net Expenditure on New & Upgraded Assets	(64)	(232)	(1,567)
Net Lending (Borrowing) for Financial Year *	528	625	(2,261)

Council has added to its Cash Reserves in 2018/19 and 2019/20, and will reduce those reserves in 2020/21 to renew its CWMS infrastructure.

The prepayment of \$307,000 Financial Assistance Grants affects both the 2019/20 and 2020/21 financial years, improving the 2019/20 result to the corresponding detriment of the 2020/21 budget result.

10. LOAN PORTFOLIO

Council has reduced its debt levels over the last 8 years.

Council current loan portfolio as at 30 June 2020:

Purpose	Type	Maturity	BALANCE
Patrol Grader	Council	15-07-22	\$188,023
PB Library Extensions	Council	17-03-23	\$50,176
PB Library Extensions	Community	17-03-23	\$7,602
PB Office Extensions	Council	17-05-25	\$249,633
TOTAL			\$495,434

No new fixed rate loans are budgeted in the 2020/21 financial year.

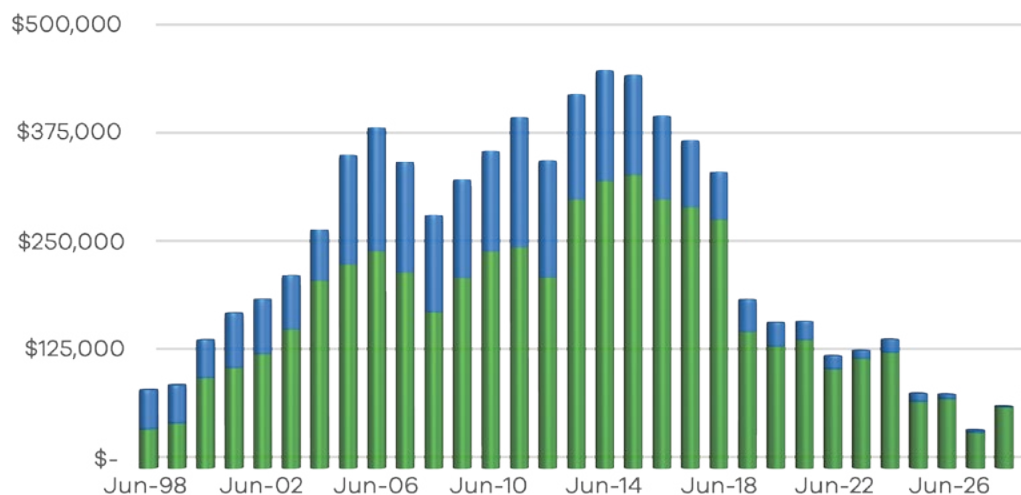
Interest expense for the year is \$27,397.

The balance at June 30 2021 is budgeted at \$361,260.

Council is in the process of reviewing its Cash Advance Debenture (CAD) facility with the Local Government Finance Authority. This provides a variable term and rate debt option, typically used for liquidity purposes to fund short term illiquidity.

Council has approved a community loan of \$80,000 for the Port Broughton Sporting Club, to be facilitated through CAD, to improve the facilities at the Port Broughton Oval. At this point of time the loan has been excluded from the budget estimates.

Annual Principal & Interest Repayments 1997-2030



11. RATES STRUCTURE AND POLICIES

Council's rating and rebate policy sets out the rates structure and policies for the financial year. The structure of this policy is a result of an assessment of the impact of the rates structure and policies on the community, based on modelling that has been undertaken or obtained by the Council.

The full Draft Rates and Rebates Policy 2020/21 is attached.

In response to the impacts of COVID-19 on Council's rate payers, Council has decided not to increase the council-set rates raised for 2020/21.

Council arrived at this decision to lessen the rating burden on all ratepayers due to business restrictions and lifestyle changes introduced to counter the effects of the COVID-19 pandemic.

Fees that are beyond the control of Council (e.g. planning fees) will be charged at the legislated rate.

Other initiatives to be delivered in 2020/21 to provide further relief to ratepayers in response to the COVID-19 pandemic include:

- The extension of Council's hardship policy including waiving all or part of council-set rates for 2020/21 in extreme hardship cases
- No fee² on the use of town halls for non-for-profit community groups and or community celebrations and funerals
- No rates charged on outdoor eating areas

Differential general rates

Council uses a differential rates model for determining annual general rates. There are 9 differential general rate codes used. The rates are applied according to the use of the land. Each rate code is based on a set percentage of the Residential rate, as follows:

- | | |
|-----------------------|---------|
| • Residential | 100.00% |
| • Commercial – Shop | 100.00% |
| • Commercial – Office | 100.00% |
| • Commercial – Other | 110.00% |
| • Industry – Light | 110.00% |
| • Industry – Other | 110.00% |
| • Primary Production | 70.00% |
| • Vacant land Rate | 120.00% |
| • Non-Rateable | 0.00% |

The differential rates will remain unchanged in 2020/21.

Fixed charge

A Council may impose a fixed charge on each assessed property. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one fixed charge is payable by the ratepayer.

Council will apply a fixed charge per property of \$350, the same charge applied in 2019/20.

The reason for a fixed charge is to ensure that all residents/owners contribute towards the provision of basic services at a reasonable level. The balance of the general rates per assessment is determined by the capital valuation of the property.

CWMS service charges

The Council provides septic effluent disposal, treatment and re-use systems in the townships of Port Broughton and Bute. The systems include a wastewater treatment plant at Port Broughton, storage lagoons at Port Broughton and an evaporation pond at Bute.

The system at Port Broughton includes two irrigation systems which provides for recycled water to be re-used at the Port Broughton Oval and Golf Club.

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

The service charge for each separate allotment receiving or able to receive the service will remain at \$450 for a residential property and \$220 for a vacant property.

² Excluding bond/cleaning fees

Pensioner concessions and self-funded retirees

Pensioner Concessions on Council rates are no longer administered by Local Government.

Payment of rates

Payment of rates will be available to ratepayers by way of four approximately equal instalments on 30 September 2020, 15 December 2020, 15 March 2021 and 15 June 2021.

Cash, cheque, money order, credit card, BPay and EFTPOS may be used to pay rates. In-person payments at the Council offices can be made at either Council Office in Bay St Port Broughton or Railway Terrace Bute.

BPay View is now available. There is a unique BPay View Registration Number on all rates notices which allows ratepayers to register and receive online bills. Council staff are available to assist with registration.

Late payment of rates

The *Local Government Act 1999* provides that Councils may impose a penalty on any payment for rates, whether an instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late.

The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Council to recover the administrative cost of following up unpaid rates and to cover any interest cost Council may incur because it has not received the rates on time.

Council imposes late payment penalties strictly in accordance with the *Local Government Act 1999*. The ability to remit penalties in whole or part is a power vested in Council and each case will be considered on its merits based on the information provided.

Remission and postponement of rates

Under Section 182 of the *Local Government Act 1999*, a postponement of rates may be granted if Council is satisfied that the payment of rates would cause financial hardship.

Upon application, Council may request that the ratepayer substantiates the hardship, and request additional information pertaining to the relevant property. This information will help Council consider approval to postpone payment of rates, which will be provided on the condition that the ratepayer agrees to pay interest on the amount affected by the postponement at the Cash Advance Debenture rate.

All successful applications will require the full outstanding rates to be paid upon the completion of the postponement period or at the transfer of ownership settlement date, whichever occurs the earliest.

Sale of land for non-payment of rates

Section 184 of the *Local Government Act* provides that Council may sell any property where the rates have been in arrears for three years or more. Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. Council enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of the Act.

ATTACHMENT 1 – Annual Financial Statements

DISTRICT COUNCIL OF BARUNGA WEST

STATEMENT OF BUDGETED COMPREHENSIVE INCOME for the budget year ended 30 June 2021

	2021 Bud	2020 Est
INCOME		
Rates	4,918	4,919
Statutory charges	83	88
User charges	453	462
Grants, subsidies and contributions	1,310	951
Investment income	31	44
Reimbursements	35	42
Other income	59	94
Total Income	6,889	6,600
EXPENSES		
Employee costs	2,134	2,141
Materials, contracts & other expenses	3,615	2,816
Depreciation, amortisation & impairment	1,731	1,730
Finance costs	27	35
Total Expenses	7,507	6,722
OPERATING SURPLUS / (DEFICIT)	(618)	(122)
Asset disposal & fair value adjustments	-	91
Amounts received specifically for new or upgraded assets	535	-
NET SURPLUS / (DEFICIT)	(83)	(31)
transferred to Equity Statement		
Other Comprehensive Income		
Changes in revaluation surplus - infrastructure, property, plant & equipment	-	804
Total Other Comprehensive Income	-	804
TOTAL COMPREHENSIVE INCOME	(83)	773

This Statement is to be read in conjunction with the attached Notes.

DISTRICT COUNCIL OF BARUNGA WEST

STATEMENT OF BUDGETED FINANCIAL POSITION
as at 30 June 2021

	2021 Bud	2020 Est
ASSETS		
Current Assets		
Cash and cash equivalents	875	3,699
Trade & other receivables	363	394
Inventories	100	15
Total Current Assets	1,338	4,108
Non-current Assets		
Financial assets	3	5
Infrastructure, property, plant & equipment	51,872	49,694
Total Non-current Assets	51,875	49,699
Total Assets	53,213	53,807
LIABILITIES		
Current Liabilities		
Trade & other payables	535	907
Borrowings	141	134
Provisions	586	626
Total Current Liabilities	1,262	1,667
Non-current Liabilities		
Borrowings	219	361
Provisions	50	50
Total Non-current Liabilities	269	411
Total Liabilities	1,531	2,078
NET ASSETS	51,682	51,729
EQUITY		
Accumulated Surplus	485	(669)
Asset Revaluation Reserves	51,003	51,003
Other Reserves	194	1,394
TOTAL EQUITY	51,682	51,728

This Statement is to be read in conjunction with the attached Notes.

DISTRICT COUNCIL OF BARUNGA WEST

STATEMENT OF BUDGETED CHANGES IN EQUITY for the budget year ended 30 June 2021

	Notes	Accumulated Surplus	Asset Revaluati on Reserve	Availabl e for sale Financial Assets	Other Reserves	Total Council Equity	Minority Interest Equity	TOTAL EQUITY
2021		Bud	Bud	Bud	Bud	Bud	Bud	Bud
Balance at end of previous reporting period		(632)	51,003	-	1,394	51,765	-	51,765
Adjustment due to compliance with revised Accounting Standards						-		-
Adjustment to give effect to changed accounting policies						-		-
Restated opening balance		(632)	51,003	-	1,394	51,765		51,765
Net Surplus / (Deficit) for Year		(83)	-		-	(83)		(83)
Other Comprehensive Income								
Transfers between reserves		1,200	-		(1,200)	-		-
Balance at end of period		485	51,003	-	194	51,682		51,682
2020								
Balance at end of previous reporting period		(301)	50,199	-	1,094	50,992	-	50,992
Net Surplus / (Deficit) for Year		(31)	-		-	(31)	-	(31)
Other Comprehensive Income								
Changes in revaluation surplus - infrastructure, property, plant & equipment			804		-	804		804
Transfers between reserves		(300)	-		300	-		-
Balance at end of period		(632)	51,003	-	1,394	51,765	-	51,765

This Statement is to be read in conjunction with the attached Notes

DISTRICT COUNCIL OF BARUNGA WEST

STATEMENT OF BUDGETED CASH FLOWS

for the budget year ended 30 June 2021

	Notes	2021 Bud	2020 Est
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		4,938	4,863
Fees & other charges		90	95
User charges		105	878
Investment receipts		28	526
Grants utilised for operating purposes		1,310	971
Reimbursements		39	33
Other revenues		381	346
<u>Payments</u>			
Employee costs		(2,174)	(2,121)
Materials, contracts & other expenses		(4,071)	(3,178)
Finance payments		1	(37)
Net Cash provided by (or used in) Operating Activities		647	2,376
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		535	-
Sale of replaced assets		-	13
Sale of surplus assets		-	163
Repayments of loans by community groups		2	1
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,787)	(764)
Expenditure on new/upgraded assets		(2,122)	(395)
Net Cash provided by (or used in) Investing Activities		(3,372)	(982)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	-
<u>Payments</u>			
Repayments of borrowings		(135)	(150)
Net Cash provided by (or used in) Financing Activities		(135)	(150)
Net Increase (Decrease) in cash held		(2,860)	1,244
Cash & cash equivalents at beginning of period		3,698	2,454
Cash & cash equivalents at end of period		838	3,698

This Statement is to be read in conjunction with the attached Notes

DISTRICT COUNCIL OF BARUNGA WEST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the budget year ended 30 June 2021

Note 15 - FINANCIAL INDICATORS

2021 2020 2019

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

<u>Operating Surplus</u>	(9.0%)	(2.0%)	(1.0%)
Total Operating Revenue			

This ratio is the percentage by which Council's annual operating surplus or deficit varies from its total operating income. The LGA suggests councils should seek to achieve a ratio of between 0% and 10%, a range that effectively targets, on average over time, a small annual operating surplus.

Adjusted Operating Surplus Ratio

(5%)	(2%)	(1%)
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	4%	-31%	-19%
Total Operating Revenue			

Net financial liabilities are the amount of money owed by Council less money held or invested or owed to it. This ratio is a measure of the significance of the net amount owed compared with income for the year; the lower the ratio the higher the capacity to meet liabilities from operating revenue. For comparison purposes, an LGA study found that in 2017-18 the net financial liabilities ratio for the local government sector was 27%.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	103%	43%	52%
Infrastructure & Asset Management Plan required expenditure			

This ratio is the level of capital expenditure on renewal and replacement of assets relative to the level of expenditure identified in Council's asset management plans. A ratio of 100% or more indicates that Council's expenditure is sufficient to maintain the condition of its assets.

DISTRICT COUNCIL OF BARUNGA WEST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the budget year ended 30 June 2021

UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables

	2021 Bud	2020 Est
Income	6,889	6,600
less Expenses	<u>7,507</u>	<u>6,722</u>
Operating Surplus / (Deficit)	(618)	(122)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,787	764
Depreciation, Amortisation and Impairment	(1,731)	(1,730)
Proceeds from Sale of Replaced Assets	-	(13)
	<u>56</u>	<u>(979)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	2,122	395
(including investment property & real estate developments)		
Amounts received specifically for New and Upgraded Assets	(535)	-
Proceeds from Sale of Surplus Assets	-	(163)
(including investment property and real estate developments)		
	<u>1,587</u>	<u>232</u>
Net Lending / (Borrowing) for Financial Year	(2,261)	625



Barunga West
Council

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