



CITY OF

WHYALLA

'Whyalla, Where the Outback Meets the Sea'

MEMBERSHIP

Mayor C McLaughlin
Cr S Stuppos
Mr P Klobucar

Cr B Simpson
Mr A Rushbrook (Chair)

NOTICE OF SPECIAL AUDIT COMMITTEE MEETING

TO YOUR WORSHIP THE MAYOR & MEMBERS OF COUNCIL

NOTICE is hereby given pursuant to Section 126 of the Local Government Act that the Special Audit Committee Meeting **will be held via Microsoft Teams** on Monday 4 April 2022 at 11.00 am.

The business of the meeting is:

- 2022-23 Draft Annual Business Plan and Budget

This meeting is being held electronically.

Please note, the Council Chamber will not be open for in-person attendance at this meeting.

The Special Audit Committee Meeting is open to the public [Click here to join the meeting](#)

When attending the meeting via Microsoft Teams, participants' are agreeing to Microsoft's *Terms and Conditions* – follow this link [Microsoft Privacy Statement – Microsoft privacy](#) to view Microsoft's *Privacy Statement*.

A copy of the Agenda for the above meeting is supplied as required.

JUSTIN COMMONS
CHIEF EXECUTIVE OFFICER
Dated: 31 March 2022

AGENDA

SPECIAL AUDIT COMMITTEE MEETING – MONDAY 4 APRIL 2022

1. ACKNOWLEDGEMENT

“We acknowledge that this meeting is held on Barngarla Land and we give thanks for the use of this Land.”

2. ATTENDANCE RECORD

Apologies – Nil

Leave of Absence – Nil

3. DECLARATION OF MEMBERS’ CONFLICT OF INTERESTS

4. REPORTS – COUNCIL OFFICERS

4.1 Corporate Services– Ordinary Reports

4.1.1 2022-23 Draft Annual Business Plan and Budget

Page 3

5. CLOSE

6. DATE OF NEXT MEETING – Monday 9 May 2022

4.1 CORPORATE

4.1.1 2022-23 Draft Annual Business Plan and Budget

Audit Committee: 7 April 2021
Author's Title: Manager Finance
Director Corporate: Kathy Jarrett

File No.: 0-159

Annexures:

A – 2022-23 Draft Annual Business Plan content
 B – Draft Financial Statements
 C – Updated Long Term Financial Plan Tables

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
 Section 120*

☐

Yes

☒

No

Status:

*Information classified confidential under
 Section 90(2) of the Local Government Act*

☐

Yes

☒

No

Reason – Nil

PURPOSE

Section 126 of the Local Government Act 1999 provides that the functions of the Audit Committee includes “*proposing, and providing information relevant to, a review of the council’s strategic management plans or annual business plan*”. The information in this report provides the opportunity for the Committee to provide feedback to Council on how the draft Annual Business Plan addresses the parameters identified above and also whether the draft Annual Business Plan and Budget has been prepared with a view to the long term financial sustainability of the Council.

SUMMARY

The draft 2022-23 Annual Business Plan and Budget has been developed during an interesting and exciting time for Whyalla, with a large number of opportunities for the city beginning to present themselves. However, with these opportunities also comes a number of challenges, exacerbating existing issues that need to be addressed.

The resources required to deliver on the required body of work create budget pressure for Council and mean that the financial position over the term of the Long Term Financial Plan is below Council’s target range. Several initiatives for generating savings have been built into the plan, but more work is required to move Council back to a break-even position in a timelier manner.

The draft 2022-23 Annual Business Plan and Budget has been developed in a robust way, to ensure that it is delivering on the strategic priorities set out for the city. The rate increase is proposed at 4.9% (or just over \$1 per week for the average residential property), which is slightly below the projection in the LTFP when taking into account the current high level of CPI. Council are also experiencing cost pressures in the delivery of capital projects due to supply issues.

RECOMMENDATION

The Audit Committee:

- 1. provides the following comments to Council on the draft 2022-23 Annual Business Plan and Budget in the context of Council's adopted Budget Parameters and ongoing financial sustainability:**
 - a) ...**
 - b) ...**
 - c) ...**
- 2. recommend to Council that the draft 2022-23 Annual Business Plan and Budget be released for public consultation in accordance with Council's Public Consultation Policy, subject to Council's consideration of the above comments.**

4.1.1 2022-23 Draft Annual Business Plan and Budget

REPORT

BACKGROUND

The Annual Business Plan is Council's statement of its intended programs and outcomes for the ensuing year. It links the Council's longer term planning as set out in its Strategic Management Plans, with the allocation of resources in its budget. It also establishes the basis for review of Council's performance over the year included in its Annual Report.

The Annual Business Plan includes the following elements:

- a summary of the Council's longer term objectives, as set out in its Strategic Management Plans;
- a summary of the environmental scanning undertaken to identify the opportunities and threats that need to be addressed by the annual planning and budgeting process;
- the list of indicators against which Council's performance will be measured;
- the activities (initiatives and projects) that the Council intends to undertake to achieve its objectives;
- a high level summary of Council's service delivery mix; and
- a summary of the proposed sources of revenue for the year, including the proposed approach to rating and what it means for ratepayers.

At its meeting held 15 November 2021, the Council endorsed the process and timetable for the development and adoption of the 2022-23 Annual Business Plan and Budget (ABP&B).

At its meeting held 24 January 2022, Council endorsed a suite of parameters that would form the framework for the development of the 2022-23 ABP&B, based on a holistic review of all relevant information. This ensures that the budget is developed in a logical manner that is clear to all stakeholders. The adopted parameters are as follows.

The ABP&B will:

1. Support the achievement of the City of Whyalla's Strategic Direction.
2. Address issues arising, and opportunities identified, from organisational effectiveness assessments/reviews.
3. Reach a break-even operating position in the Long-Term Financial Plan (LTFP) by 2026-27 or earlier.
4. Continue to improve the maintenance of assets in accordance with Council's Asset Management Strategy, with a priority on:
 - maintenance to ensure assets reach end of life; and
 - 100% funding of renewal at end of life except where a service level change has been specified, or where renewal would be inconsistent with an adopted Council plan or resolution.
5. Review existing services and assets to ensure they meet prioritised community needs.
6. Council only approve New/Upgrade Capital Projects where it has identified:
 - borrowing capacity to fund upfront cost; and
 - operating capacity to fund ongoing costs.
7. Maintain predictability and stability in rating increases, in line with the LTFP.

The Audit Committee was presented with the information contained within these two reports at its meeting held 8 February 2022.

Section 126 of the Local Government Act 1999 provides that the functions of the Audit Committee includes “*proposing, and providing information relevant to, a review of the council’s strategic management plans or annual business plan*”. The information in this report provides the opportunity for the Committee to provide feedback to Council on how the draft Annual Business Plan addresses the parameters identified above and also whether the draft ABP&B has been prepared with a view to the long term financial sustainability of the Council.

DISCUSSION

The internal process undertaken in developing the draft Annual Business Plan has been expanded this year. Each business unit within Council started by developing their own business unit plan. This involved answering a broad range of questions, to assist with identifying the initiatives (and associated resources) required to deliver on Council’s strategic vision.

These business unit plans were focused on new projects and initiatives, rather than business as usual. They will be expanded over the coming years, to give an overall view of how each team within Council is contributing to the vision for the city.

The identified items were then prioritised, mapped to the strategic plan and discussed collectively by the leadership group. While all of the identified items are important, Council has limited resources and so has to find the right balance. Some items were pushed out to later years, while for others, an alternative delivery option was identified.

The items remaining for inclusion have been included in the plan as the list of strategic initiatives.

During the last 12 months, Council adopted a suite of Key Performance Indicators for the Chief Executive Officer. These identify the items that the elected body have prioritised as areas of focus in the short to medium term. For this reason, this list of indicators will be used to measure the performance of the organisation as a whole. Two additional measures were added, focusing on the delivery of the strategic initiatives and capital program outlined in the Annual Business Plan.

Refer **Annexure “A”** – *2022-23 Draft Annual Business Plan and Budget content*

The draft 2022-23 ABP&B was going through the graphic design process at the time of the Audit Committee Agenda deadline. All of the key content has been provided for review and it is hoped that the designed document will be able to be tabled at the meeting. The document will follow the same format as 2021-22.

The draft 2022-23 ABP&B has been prepared in line with the adopted parameters and in an environment consisting of:

- an operating deficit predicted by Council’s LTFP;
- a new/upgrade capital program that in large part has been set by previous Council decisions;
- higher cost pressures than seen over the last few years, with CPI estimated at 3.3% putting pressure on operating costs, while supply side issues are seeing capital prices being quoted at 20% or more higher than previous levels;
- a wage increase of 2.1%, plus an increase in the superannuation guarantee on 1 July 2022 from 10% to 10.5%; and
- record low interest rates, that are expected to begin increasing in the near future.

The projected operating position for 2022-23 and across the LTFP have deteriorated when compared to previous figures. This can be primarily attributed to the following factors:

- Council is committed to dealing with the large number of matters that have existed for some time within the city and organisation, while at the same time looking to the future and ensuring the city is ready for the large number of emerging opportunities. This requires extra capacity within the organisation, with resource levels having previously been static for a very long time.
- The Airport is recovering from the impacts of Covid-19, and it may be a number of years before passenger numbers return to previous levels. The airport is also undergoing extensive upgrades and the long-term funding model will be phased in over a number of years to avoid a large one-off increase. In addition, the ongoing depreciation of some assets cannot be passed on to passengers at this time due to grant funding conditions.

Airport

Due to the issues with the airport highlighted above, it is expected to run at a significant deficit for a number of years. The projections across the 10 years are:

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Operating Surplus/(Deficit) | (779) | (717) | (611) | (602) | (586) | (564) | (555) | (560) | (560) | (604) |
| Operating/(Deficit) Ratio | (25)% | (21)% | (17)% | (16)% | (15)% | (14)% | (13)% | (13)% | (13)% | (13)% |
| Net Financial Liabilities Ratio | 196% | 182% | 165% | 149% | 137% | 124% | 112% | 100% | 88% | 120% |
| Asset Renewal Funding Ratio | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 99% |

It is expected that the projected deficits could be reduced, based on the following factors:

- Additional grant funding is currently being sought for the airside project that is underway.
- The major upgrades underway will soon be completed, at which time the actual componentised depreciation figures will be known, with the current projections considered to be an overestimate.
- The passenger figures have been dropped to be conservative, but indication from the airlines is that they will be pushing hard in the near future to increase demand, so they may recover more quickly.

However, even with these improvements, the airport will still be in a deficit position. This is unavoidable, as Council is not allowed to charge passengers for any of the depreciation for the terminal and security equipment that was grant funded. As these items were 100% grant funded to begin with, it could be argued that the Airport and by extension Council, can carry these depreciation losses into the future. As can be seen in the projections, the Net Financial Liabilities Ratio is still reducing over time as loan borrowings reduce, showing that the cash position is not the area of concern.

Further discussions will need to be held with the Audit Committee on how the financial performance of the Airport should be measured into the future.

Council

For the reasons outlined above regarding the financial position of the Airport, it is considered useful to look at the operating position of the Council excluding the Airport.

With the budget pressures discussed earlier, the initial projections for this are as follows:

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Operating Surplus/(Deficit) | (1,685) | (2,078) | (1,719) | (1,776) | (1,869) | (1,846) | (1,859) | (1,934) | (2,047) | (1,949) |
| Operating/(Deficit) Ratio | (5)% | (6)% | (5)% | (5)% | (5)% | (5)% | (5)% | (5)% | (5)% | (4)% |
| Net Financial Liabilities Ratio | 60% | 65% | 63% | 63% | 64% | 66% | 68% | 71% | 72% | 76% |
| Asset Renewal Funding Ratio | 138% | 100% | 98% | 101% | 106% | 112% | 98% | 111% | 92% | 106% |

This is not a sustainable position, with deficits across the duration of the plan, that are actually increasing over time. It is accepted that a level of deficit is required for a number of years, as the city goes through a period of transformation, however the level of deficit needs to be falling over time.

Administration and Elected Members workshopped options for moving Council back to a breakeven position, while still allowing the Council to continue with its current priorities. The list that was agreed upon includes:

- Building in an assumption around the level of vacant positions within the organisation, with a reduction of \$350,000 per annum in budgeted wage expense, equivalent to around 2.5% of the workforce. With the increase in available resources in the organisation this is considered to be achievable moving forward.
- A detailed review of all Council buildings is currently underway, to identify where rationalisation can occur. The processes required to achieve the desired outcomes are likely to take a period of time, working through stakeholder management, and potentially the construction of new multi-use facilities. An ongoing savings target of \$200,000 per annum, made up mainly of depreciation but also including maintenance, is considered to be an achievable target. This has been built into the plan, starting at \$50,000 for year 2 and being fully implemented by year 5.
- An efficiency saving of \$25,000 ongoing per annum will be built into the plan, increasing to \$250,000 by year 10. With the additional resources now available in the organisation, this is a target that should be achievable.

The projections included within the LTFP for Council excluding Airport have been updated with these initiatives, with the following results:

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---------------------------------|---------|---------|---------|-------|-------|-------|-------|-------|-------|------|
| Operating Surplus/(Deficit) | (1,306) | (1,567) | (1,037) | (931) | (850) | (690) | (545) | (446) | (366) | (70) |
| Operating/(Deficit) Ratio | (4)% | (5)% | (3)% | (3)% | (2)% | (2)% | (1)% | (1)% | (1)% | 0% |
| Net Financial Liabilities Ratio | 59% | 63% | 59% | 57% | 57% | 57% | 57% | 58% | 57% | 59% |
| Asset Renewal Funding Ratio | 138% | 100% | 98% | 101% | 106% | 112% | 98% | 111% | 92% | 106% |

While these projections still result in deficits across the plan, they are going in a much more positive direction. More work will now be undertaken to improve these results even further.

Council is committed to reviewing service levels within the organisation and realising additional savings wherever possible. Some early discussions have been held on two initial areas where a change of service delivery could be achieved. Due to the sensitive nature these discussions are currently confidential. One of the items could potentially achieve a saving of \$350,000 per annum from year 3, while the other could save \$50,000 per annum from year 6.

Council is also currently exploring options for providing shared services within the Eyre Peninsular and if this was to progress, \$25,000 net income per annum from year 2 would be a conservative

target of the positive budget impact to Council.

The nature of these item means that it is far too early to build them into our LTFP projections, but Council is committed to progressing them further. If they were achieved, the LTFP projection for Council excluding Airport would be updated as follows:

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---------------------------------|---------|---------|-------|-------|-------|-------|------|------|------|------|
| Operating Surplus/(Deficit) | (1,306) | (1,542) | (654) | (523) | (409) | (159) | 32 | 188 | 337 | 701 |
| Operating/(Deficit) Ratio | (4)% | (5)% | (2)% | (1)% | (1)% | 0% | 0% | 0% | 1% | 2% |
| Net Financial Liabilities Ratio | 59% | 62% | 58% | 55% | 54% | 53% | 51% | 51% | 49% | 49% |
| Asset Renewal Funding Ratio | 138% | 100% | 98% | 101% | 106% | 112% | 98% | 111% | 92% | 106% |

This has been provided for discussion only, the LTFP projections will not be updated with these items at this stage. Further work will be progressed over the coming months and will be reported back to the Audit Committee in due course.

Opportunities/Challenges

Whyalla is entering an exciting period, with a number of large-scale projects moving closer to fruition, focused primarily around green hydrogen production and export and decarbonization of heavy industry. These projects have the potential to create a large number of jobs and set the city up for a new era of growing prosperity.

However, these opportunities also exacerbate existing issues that need to be addressed, particularly the need for significant urban renewal of our city to encourage attraction and retention of a larger population and the skilled workforce needed to service the growing industry requirements.

The city is tired, with the population level over the last 30 years (never far above 21,000) not having the capacity to fund the infrastructure for a city that was designed for a larger population base of 40,000 plus. Areas such as housing, civic infrastructure, recreation and open space need significant investment to ensure the livability and amenity of the city.

Council is keenly aware that the infrastructure and urban renewal improvements required are beyond the capacity of Whyalla alone to deliver. Council is keen to partner closely with both the Federal and State Governments, as well as the private sector to enable combined investment that unlocks the potential of Whyalla as a regional capital of strategic significance to our State and the nation.

Statutory Responsibilities

Council has prepared the draft 2022-23 ABP&B in accordance with the requirements of the Local Government Act 1999 (the Act) and Local Government (Financial Management) Regulations 2011.

A new appendix will be added to the business plan document, displaying Council's rating data in a standard way that conforms with the recent changes to the Act. This template has been prepared by the LGA in consultation with the Office of Local Government and while it is not mandatory, it is considered good practice to include it. The information displayed is not too dissimilar to the rate information that Council already included in the main document but does include some extras such as the rate in the dollar. The benefit of these changes is that all councils will now need to show rate increases in the same way.

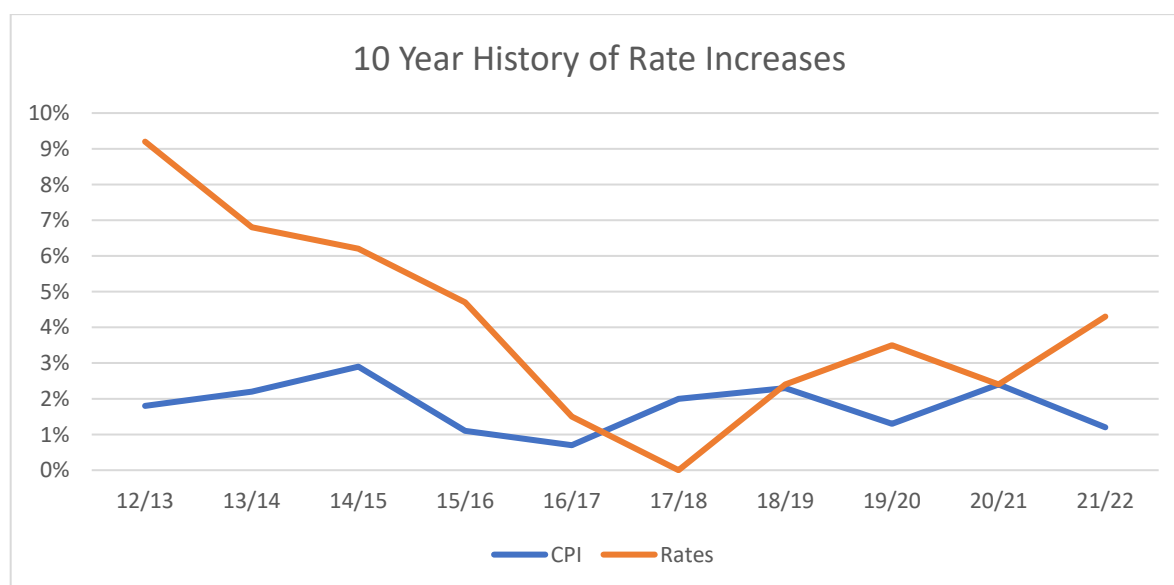
Also, as part of the recent changes to the Act, all changes made after consultation will need to be outlined within the final adopted document.

Financial Implications

Council has prepared the draft 2022-23 ABP&B in line with the adopted Strategic Plan, LTFP and Asset Management Strategy.

The State Valuation Office will provide Council with an update of valuations in mid-April. While this doesn't allow Council to model the impact of the rate increase on individual properties, as Council's rating policy is to raise the same proportion of rates from each property type each year, the average impact on each property type can still be modelled.

Rates will be set at an affordable level having regard to the Council's strategic direction and its social and economic objectives balanced against the community's ability to pay. Council is proposing a rating strategy that seeks to achieve a degree of stability and predictability over time, while ensuring we pay for those services and infrastructure maintenance obligations that we consume. Rate increases over the last 10 years have been inconsistent averaging 2.3% above CPI but ranging between 2% below CPI to and 7.4% above it, as shown in the graph below. Council is keen to avoid these fluctuations going forward with the Long Term Financial Plan predicting that rate increases of CPI plus 1.9% are required on average to correctly fund Council's forward plans. The rate increase for the current year is actually slightly lower than this level.



The draft ABP&B is based on a 4.9% general rate increase for the average ratepayer for 2022-23 (or just over \$1 per week for the average residential property). This is made up of the following components:

- CPI (Estimated) 3.3%
- Project Delivery 1.0%
- Local Government Costs 0.2%
- Deficit Recovery 0.2%
- Deferred Increase 0.2%

The increase is equivalent to \$64 per annum for the average residential property, but the actual increase payable by any individual ratepayer may be more or less than this depending on the movement in the capital value of each property.

Any reduction in the rate increase, while still funding Council services in a sustainable manner, would require higher rate increases in future years as well as a reduction in ongoing service delivery.

The Waste Management Service Charge is proposed to increase to \$365, up from \$355 in 2021-22, an increase in line with CPI.

The Regional Landscape Levy is set by the Eyre Peninsula Landscape Board and is a State Government tax imposed under the Landscape South Australia Act 2019. The Management Board has not yet advised Council of the levy for 2022-23, this is expected in mid-April. The levy for 2021-22 was \$923,800, and under the Act, unless permission is granted by the Minister, the levy can increase by a maximum of 2.5%, being CPI for September 2021. It is expected that this will be the case, meaning the levy would be \$946,900 for 2022-23.

The key financial measures for the draft 2022-23 ABP&B are:

- an operating deficit \$2.09 million;
- an operating deficit ratio of (6)%;
- a net liabilities ratio of 71%; and
- an asset sustainability ratio of 113%.

Refer **Annexure “B” – Draft Financial Statements** and **Annexure “C” – Updated Long Term Financial Plan Tables**

Council proposes an operating deficit of \$2.09 million and an operating deficit ratio of (6)%. The adjusted operating surplus/deficit ratio is lower than Council’s target range of (2)% to 1%. As discussed above, the deficit is exacerbated by the Airport, with Council excluding Airport projecting a deficit of (4)%. This deficit is still outside of Council’s target range, and further measures need to be put in place to move Council back to a breakeven position.

To provide some context, council would instead need to increase rate revenue by 12.5% (or just over \$3 per week for the average residential property) to achieve a balanced operating position in 2022-23 for Council excluding Airport. Alternatively, to achieve a breakeven position on average over the LTFP, a rate increase of 8% (or \$2 per week for the average residential property) would be required. One of Council’s budget parameters is to keep rate increases in line with those consulted on in the LTFP.

Council’s Net Financial Liabilities ratio is projected to be 71% for 2022-23, which is within target range.

Total borrowings are projected to be \$25.0 million for 2022-23. Over the term of the Long Term Financial Plan borrowings remain fairly steady but do increase slowly, reaching \$31.4 million by 2031-32. Total Revenue is projected to be over \$49 million by 2031-32, meaning that the Net Financial Liabilities Ratio will be at 64% at this time. This is well within Council’s target range. However, as discussed above, Council will be looking to implement further initiatives to improve the projected operating position, which in turn will result in projected loan borrowings reducing slowly over time. This is preferable in regard to managing risk.

The Asset Sustainability Ratio is projected to be 113% in 2022-23. This ratio is slightly above target as Council retimed some renewal works originally scheduled for 2021-22 to 2022-23 in line with updated project schedules. The ratio averages 103% over the remaining nine years of the plan.

Strategic Plan

The ABP&B is a key document that outlines the activities that Council will undertake to deliver on all its strategic objectives.

Legislation

The Audit Committee is required to review the draft 2022-23 ABP&B, in accordance with Section 126 of the Local Government Act 1999 and recommend to Council its release for public consultation.

Officer Direct or Indirect Interest – Nil

Risk Assessment

Council's operating deficit ratio for 2022-23 is outside of target range. A number of initiatives have been built into the LTFP to begin moving it back to a breakeven position, but further savings are required to ensure that this happens in a timelier manner. Borrowing levels are fairly flat over the term of the LTFP, but to reduce risk, it would be preferable that Council move to a position where they are projected to fall over time, to allow capacity to deal with changing circumstances.

Council will monitor the implementation of the draft 2022-23 ABP&B via regular budget updates and reviews in accordance with the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Council believes that this is a responsible budget based on current circumstances and Council's position. Feedback from consultation will be taken into account and Council will endeavor to ensure that any changes made to the budget are sufficiently offset so as not to negatively impact on the current projections.

Social Considerations – Not applicable

Community Engagement

Council will conduct consultation on its draft 2022-23 ABP&B in accordance with Section 123 of the Local Government Act.

The public consultation period is proposed to start on Thursday 28 April 2022 and end on Friday 20 May 2022.

Submissions on the draft 2022-23 ABP&B can be made via email, post or Council's website. A Public Information Evening will be held during the consultation period, at 6pm on Tuesday 3 May 2022 at the Mount Laura Homestead Museum building (Ekblom St).

Verbal submissions can be made at the General Council meeting on Monday 16 May 2022 commencing at 5:30pm.

Council will also be holding focus group sessions during the consultation period, to allow for some in depth conversation with a good cross section of the community. These sessions were very well received by the Elected Members and focus group participants last year and provided some great feedback on the direction of the city.

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

The draft ABP&B is based on a 4.9% general rate increase for the average ratepayer for 2022-23 (or just over \$1 per week for the average residential property), being 1.6% above CPI. The Waste Management Service Charge is proposed to increase by CPI to \$365.

Council proposes an operating deficit of \$2.09 million and an operating deficit ratio of (6)%. The adjusted operating surplus/deficit ratio is lower than Council's target range of (2)% to 1%. As discussed above, the deficit is exacerbated by the Airport, with Council excluding Airport projecting a deficit of (4)%. This deficit is still outside of Council's target range, and further measures need to be put in place to move Council back to a breakeven position.

Inside Cover

HOW TO HAVE YOUR SAY

Council welcomes feedback from our community on the proposed activities and funding arrangements contained within the Draft Annual Business Plan and Budget currently presented for 2022-23.

Community Consultation will be open from Thursday 28 April 2022 and all submissions or comments will need to be received by Friday 20 May 2022.

A full copy of Council's Draft Annual Business Plan and Budget 2022-23 is available to view at Council offices or by visiting Council's website: www.whyalla.sa.gov.au

Your feedback can be provided by:

- Attending our Community Information Session at 6pm on Tuesday 3 May 2022 at the Mount Laura Homestead Museum building (Ekblom St)
- Attending the General Council meeting at 5:30pm on Monday 16 May 2022
- Completing a written submission on Council's website: www.whyalla.sa.gov.au
- Email to council@whyalla.sa.gov.au
- In writing to: PO Box 126 WHYALLA SA 5600

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the lands in our region belonging to the Barngarla people, and acknowledge them as the traditional custodians from the past, for the present and into the future.

The Barngarla people are strong, and are continuously connecting to their culture and their country. Whyalla City Council and the Barngala people can work together to build a stronger future.

Mayor and CEO Message

On behalf of the Elected Members and City of Whyalla staff, we are pleased to present the Draft Annual Business Plan and Budget for financial year 2022-23 (FY23).

This plan outlines Council's proposed services, programs and projects for FY23, aligned with our vision to 'Unearth a Bright Future for Whyalla'. As always, our focus is not only on maintaining existing services and assets, but also ensuring preparedness to capitalise on the exciting opportunities on the horizon that will evolve our city and its economy.

FY22 snapshot

This past year has been significant for our city, with once-in-a-generation projects both announced and completed.

Of particular note was the completion of the State Government's \$100m Whyalla Secondary College, ensuring we have one of the most contemporary secondary schools in the nation.

Also of major importance for the long-term prosperity of our city was the confirmation of Whyalla as the preferred location for numerous green hydrogen projects. This includes the Federal Government and former Liberal State Government's interests in tens of billions of dollars of investments in a hydrogen hub at Port Bonython; as well as the current State Government's commitment to a \$593m green hydrogen-fuelled power plant, electrolyser and storage facility for Whyalla. These projects will be game-changing for our city, providing long-awaited diversification for our economy; creating hundreds of new jobs; increasing our population; and giving us a far more stable, secure future.

Other key highlights of projects delivered / commenced in FY22 included:

- Completing our \$12.1 million airport security, terminal and runway safety upgrade (primarily Federal Government funded)
- Adopting our Foreshore Master Plan, following extensive community consultation and input
- Commencing the \$4m Cuttlefish Coast Sanctuary Tourism and Environmental Management Project (incorporating \$2m in State Government funding)
- Delivering the third and final year of the \$14m Road Delivery Program

Our FY23 plan

As mentioned earlier, this plan is essential to prepare our city for long-term success, with appropriate, targeted planning more pertinent this year than ever due to the scale of major projects being touted.

We know that we can't rely on jobs alone to attract people to relocate to Whyalla for these projects – we also need improvements in the overall liveability of the city. We want these workers to live and work in Whyalla, not fly-in/fly-out or drive-in/drive-out. Existing Council projects targeting this include the Foreshore Master Plan; the \$4m Cuttlefish Coast Sanctuary Tourism and Environmental Management Project; a \$900,000 Leisure Centre upgrade; and a \$900,000 Jubilee Park upgrade.

We must also invest in resolving the numerous legacy issues across the city – particularly relating to ageing infrastructure that has been under-invested for some time – allowing us to shift our focus from the past to the future which, as we've outlined, is critical to set us up for long-term success.

However, these won't be enough to cater for the anticipated growth. We also need investment in the new and diverse housing needed to accommodate a growing population; as well as a range of

major infrastructure projects to complement existing attractions such as our world-class jetty and proposed five-star hotel.

We cannot fund these projects alone, so will require strong and effective partnerships with government and the private sector. Given Whyalla's vital importance to the state and national economies, we are confident we can secure the support required to bring them to fruition while minimising the impact on ratepayers.

As well as being critical to evolve our city to cater for its future workforce, it will also present significant benefits for our existing residents and ratepayers, enabling our city to become the modern regional centre we've all been seeking.

Your rates

Taking all of this into consideration, together with a projected CPI increase of 3.3% and other significant cost increases (primarily due to rising contracts, resulting from supply shortages and fuel prices); council is proposing a rate increase of 4.9% (or just over \$1 per week for the average residential property) - 1.6% above CPI.

We understand the inevitable queries and concerns that accompany rate rises. However, as we have outlined above, this increase – together with third-party investment – will be critical to allow Council to suitably prepare the city to capitalise on the major opportunities on our doorstep.

Community feedback

As always, we want to hear your thoughts on this year's Draft Annual Business Plan and Budget, ensuring we take these into consideration before adopting the final plan.

We will once again be conducting extensive community consultation, including formal and informal submissions, online engagement and the opportunity to make representations at the May general Council meeting. We encourage any members of the community with a passion for their city to ensure they have their say.

During public consultation, we will also be holding a Public Information Evening at 6pm on Tuesday 3 May at the Mount Laura Homestead Museum Building (Ekblom St) to provide an opportunity for a face-to-face question-and-answer session.

We are on the cusp of a new era for our city. We're confident this plan will enable us to seize the opportunities ahead by ensuring we are adequately planned and prepared. We trust you do too.

Kind Regards

Mayor Clare McLaughlin & CEO Justin Commons

Community Perceptions

COMMUNITY SURVEY

During late 2021, Council undertook its second annual survey, focused on understanding our community's perception of the city. These results have been compared to the initial survey from a year earlier to identify trends. These results, and the related commentary received, form an important input into Council's planning process and provide feedback on how the objectives within the Strategic Plan 2021-2030 are being met.

| SCORE – expressed in percentages (rounded and therefore resulting in slight variations in totals) | | Weighted Score -/5 | Trend |
|---|--|--------------------|------------|
| OUR PEOPLE– a safe and engaged community, which is healthy, culturally and socially rich | | | |
| Pride | Proportion who say they feel proud of Whyalla | 3.66 | ↑ |
| Safe, Healthy, Connected | Proportion who say they feel safe, healthy and connected to their community | 3.28 | ↓ |
| AVERAGE | | 3.47 | --- |
| OUR PLACES – protecting our natural environment and enhancing our built environment | | | |
| Attractive and creative city | Proportion who say they have great memories of Whyalla's parks, gardens, public buildings and infrastructure | 3.82 | ↑ |
| Activated | Proportion who say Whyalla's parks, gardens, public buildings and infrastructure are well used and reflect community needs | 3.52 | ↓ |
| Sustainable environment | We look after our natural environment, effectively protecting it for us now and for future generations | 3.26 | ↓ |
| AVERAGE | | 3.54 | --- |
| OUR ECONOMY – Whyalla has a diverse and sustainable economy | | | |
| Growing | New businesses in Whyalla | 3.21 | ↑ |
| Learning, working, staying | Higher education enrolments, higher education retention | 3.28 | --- |
| AVERAGE | | 3.25 | ↑ |
| OUR IMAGE – Whyalla is respected and recognised as a strong community with a bright, positive and long-term future | | | |
| Belonging | Would you recommend Whyalla as a place to live? (Net Promoter Score) | *-20 | --- |
| | Would you recommend Whyalla as a place to do business? (Net Promoter Score) | *-39 | ↑ |
| AVERAGE | | -30 | --- |
| OUR LEADERSHIP – we are a City confident in its leaders | | | |
| Strategic Accountable Engaged Modern | Proportion who say Council delivers value for the rate dollar | 2.73 | ↑ |
| | Proportion who are satisfied with Council services | 3.39 | ↑ |
| | Proportion who say it takes little effort to do business with Council | 3.20 | --- |
| | Proportion who are satisfied with their experience in dealing with Council | 3.22 | --- |
| | Proportion who say Council is engaging with residents, ratepayers, community groups, visitors | 3.05 | ↓ |
| | Proportion who say Council is exciting, modern and embracing change | 2.92 | ↑ |
| AVERAGE | | 3.09 | ↑ |

2021-22 Project Delivery

AIRPORT SCREENING AND TERMINAL UPGRADE

Work on this major upgrade was completed in October 2021, allowing screened flights to commence flying out of Whyalla from 1 November 2021. The project delivered on the objective of meeting the Australian Government measures to further strengthen Australia's domestic and international aviation security, while also increasing amenity for airport users, including access to a brand-new café.

AIRPORT TAXIWAY AND RUNWAY SAFETY UPGRADE

These works will significantly improve overall airport safety, by ensuring that the second runway has all weather access and separating Royal Flying Doctor Services from other users on the apron area. Work commenced in February 2022 and is expected to be completed by June. The work has been planned to ensure that there is no impact on passenger flights arriving at or departing Whyalla.

3 YEAR ROAD DELIVERY PROGRAM – STAGE THREE

This three year program is drawing to a close, with all kerbing and spray sealing works now completed. Six more roads will receive an asphalt treatment over the coming months, after related stormwater works are completed, while footpath renewal is continuing, being delivered internally by Council staff. The program has been a massive success, being delivered on time and well under budget and has meant that the large number of road, kerb and footpath assets that were at end of life have now been returned to a high level of service.

CUTTLEFISH COAST PROJECTS

This project supports and develops a pristine and fragile coastline. Its vision will position Whyalla as a year-round destination valued for its environment, recreation and lifestyle experiences. Accommodating a diverse range of activities, it balances the value of the existing natural, cultural and environmental assets, and adds local economic value.

This year the project has focused on getting all required designs, approvals and tenders completed so that delivery of all components will meet the June 2023 funding deadline. This has included appointing the future operator of the Lighthouse Cottages, to ensure that they are involved in the process of designing the upgrade works. Work has commenced on a number of components including the Point Lowly Changerooms and walking trails.

RECONSTRUCTION OF WALL STREET AND DARLING TERRACE

After a number of years on the capital program, works on this project have finally commenced, with the major stormwater component underway, with these works mainly occurring on Wallack Terrace. After this, the related works to reprofile and reseal the road as well as renew the kerbing and

footpaths will be completed under existing contracts or using internal resources. These works address a known flooding risk as well as some access issues caused by the existing road profile.

STREET TREE REPLACEMENT PROGRAM

Continued roll out of the Street Tree Replacement Program through the installation of new trees on a range of nature strips and median strips throughout Whyalla. These will be maintained with high quality fertiliser and soil conditioner, deep watering infrastructure and irrigation to ensure durability for the future.

2021-22 Achievements

| Objective | Planned Activities | Progress to Date | Tracking |
|--|---|--|--------------|
| Our People - a safe and engaged community, which is healthy, culturally and socially rich | | | |
| Pride | Promoting and developing the city's capacity in relation to arts, culture and heritage through the development of an implementation and resourcing plan associated with the Arts and Culture Strategy | Actions in the Arts and Culture Strategy being implemented. Public Art Plan in draft and almost ready to be circulated to stakeholders for their input. | On track |
| Safe, Healthy, Connected | Develop a forward plan for the Whyalla Recreation Centre to ensure this facility, which is of high importance to the community, can continue to improve Wellbeing into the future | Work on the development of this plan is well progressed and is expected to be presented to Council for adoption in the coming months. This plan will provide direction for works required to improve this vital asset. A review of the contract management arrangements within the Operations Agreement has been initiated. | On track |
| Our Places - protecting our natural environment and enhancing our built environment | | | |
| Attractive and creative city | Development of a new 3-year transport renewal program to commence in 2022-23 | Work is well progressed on the priority list of assets to be renewed as part of this program. The kerbing contract will be tendered first to ensure works can progress 6 months ahead of the sealing program. | On track |
| | Continue to increase the number of street trees and landscaping within our city | The current budget allocation allows for planting of 700 trees per year, plus expansion of the irrigation network to accommodate this. The program is progressing well. Council have also been successful in receiving grant funding to green the McDouall Stuart Road entrance from Iron Knob Road | On track |
| Activated | Delivery of upgraded facilities for Jubilee Park, that will increase the city's ability to be a regional hub for carnival competitions | The design for this project has been completed and development approval sought. The tender for the demolition of the changerooms has been undertaken and will be awarded this month to a local company. The tender for works will now occur later than originally planned due to competing priorities. However, works will still be completed before the grant funding deadline of 30 June 2023. | Minor delays |
| | Complete scoping of potential upgrade to facilities at Memorial Oval for future funding bids | Selection of consultant will occur in February with a draft proposal being expected in mid 2022. | On track |
| | Develop a roadmap for recreation and sporting facilities in our city | Appropriate resourcing is now in place in the Community Development portfolio. Will look to commence in the next few months. | Minor delays |
| | Continue the review of Council's buildings and plan for their future use, as well as promotion of initiatives that revitalise non-council owned buildings | This is a longer term project, with information on specific buildings/sites being brought to Council as individual issues are worked through. The Civic Building is likely to provide the greatest challenge moving forward. A framework for the management of facilities and buildings is being developed. | On track |
| Sustainable environment | Seek external funding for high priority stormwater works | A number of funding bids have been submitted relating to the delivery of the Broadbent Tce/Newton St project. In addition, grant funding was received towards the purchase of a block of land required to progress the Valley One project in the future. | On track |
| | Undertake a review of Council's Waste Management Strategy with a focus on strategies for reducing illegal littering | This project had been delayed due to competing priorities. Internal resources have now been secured and the project will begin. | Minor delays |

| Objective | Planned Activities | Progress to Date | Tracking |
|---|--|--|--------------|
| Our Economy - Whyalla has a diverse and sustainable economy | | | |
| Prosperous | Deliver an Economic Development Plan with a focus on attraction of new industry, creating more jobs, underpinning the sustainability of local businesses and growing the population. | Work is continuing on the development of this plan, with a number of workshops undertaken with Elected Members to guide the priorities. | On track |
| | Delivering Airport and Child Care services in a sustainable manner, to support our economy and community | Child Care has recently implemented updated policies that will help set the service up for future success, improving financial sustainability. The centre was also successful in achieving grant funding for overdue building upgrades. The Airport has experienced some increases in project costs that are putting pressure on the ability of the service to move to a position of cost recovery without large increases in the passenger tax. Council is working hard to access additional grant funding to reduce these impacts. | At risk |
| Growing | Delivery of Cuttlefish Coast projects, to improve the value proposition of the tourism offering on the Northern Coastline | Work on achieving the required development approvals is well underway, after which a number of the camping components will be able to go to quote/tender. The preferred operator for the Point Lowly Cottages has been selected, meaning that design of the upgrade can commence. | On track |
| Learning, working, staying | Continue working towards strategic priorities for the city, set out by the list of proposed Master Plans outlined in the Long Term Financial Plan | As part of the 2022/23 business planning process, focus is being put on future priorities. This will include formation of a framework around the delivery of major capital works over the next 5 years. | On track |
| Our Image - Whyalla is respected and recognised as a strong community with a bright, positive and long-term future | | | |
| Liveability | Completion of Foreshore Masterplan in line with extensive community consultation, with a focus on improvements in liveability | This plan was adopted after comprehensive public consultation, that highlighted the importance of this plan to the community. | On track |
| Leadership | Develop a city advocacy strategy that promotes our people, place and economy | A detailed Whyalla advocacy document was produced and distributed to a number of key Federal Ministers during the Local Government Conference held in Canberra in June 2021. A State election publication was developed, with promotion of the identified priorities progressed with all relevant candidates. Similar work will be undertaken for the Federal election. | On track |
| Our Leadership - we are a City confident in its leaders | | | |
| Governance | Review of the overall procurement process, to ensure that Council strikes the right balance between risk and efficiency, as well as contributing to the local economy | This review is being undertaken by the State Government Procurement team, who recently updated their own framework. Some minor delays have been experienced while they deal with increased workloads caused by Covid related contracts. | Minor delays |
| | Implementation of changes related to the State Government's Local Government Reform Bill | The changes are being implemented in tranches, with reports regularly provided to Elected Members on the work being undertaken to update Council processes accordingly. | On track |
| | Implementation of improvements highlighted by organisational effectiveness reviews | Work on addressing outstanding items continues to progress, with the Audit Committee receiving an update on a quarterly basis. | On track |

| Objective | Planned Activities | Progress to Date | Tracking |
|--|---|---|--------------|
| Our Leadership - we are a City confident in its leaders | | | |
| Civic Leadership | Ongoing progress of Elected Member professional development with a focus on best practice community and corporate governance | Internal training and planning sessions have been undertaken, with a focus on decision making and governance. Higher levels of training will be required next year, after a new Council is formed. | On track |
| Organisational Culture | Continue to build a constructive culture for Council | This is a long term journey for the organisation that commenced a number of years ago. The recent consultation process for the Covid Vaccination Policy highlighted the improvements made in this area, with a very high level of participation and staff feeling confident to voice a wide range of views. Council chose to move to a new organisation to deliver the annual cultural survey, partnering with UniSA to add an academic backing to the process. | On track |
| Community Participation | Increase levels of community participation through engagement | Work on the Foreshore Master Plan showed what can be achieved when Council and the community work closely together for the benefit of the city. It is important that this learning alongside others gained over the last 12 months are incorporated into the normal course of Council business moving forward. | On track |
| Customer Experience | Finalisation and implementation of a Customer Experience Framework for Council | Now that key staff members are in place, focus has begun to be placed on this important task. CX involves a cultural piece that will take place over the next 2-3 years. | Minor delays |
| | Undertake in depth community survey, to better understand community priorities | A second annual community survey was undertaken in late 2021, with almost 400 residents taking part. The results were consistent with the previous year, suggesting that the sample size is large enough. Now that this baseline of data has been collected, future surveys will aim to dig deeper on specific topics to uncover useful insights. | On track |
| Risk Management | Manage risks through maintaining council's risk management framework | Now that key staff members are in place, focus has begun to be placed on this important task. | Minor delays |
| Information Systems | Develop a roadmap and commenced staged implementation of modernised council systems | Work will soon commence on developing this roadmap, to assist with setting Council up for future success. Work is expected to be completed by late 2022. | On track |
| | Review of Asset Management systems, to ensure that Council has access to high quality information for decision making | Work has been undertaken to update our Geographic Information System (GIS) to ensure that Council has access to a cloud-based mapping system. Further work is required to fully integrate this with Council's asset data which will create more insight and enhance the decision making process. | On track |
| Service Delivery | Develop a service review program and then undertake a review of service levels, with an initial focus on those relating to assets, including utilisation, useful lives and where service levels are ill defined | Work on future priorities has begun, but has highlighted that most areas of Council focus are considered to be highly important. This makes it difficult to identify areas where adjustments could be made to generate real savings. Work will continue on this important process during the 2022/23 business planning process. | Minor delays |

2021-22 Measuring Our Performance

| Measure | Source | Performance |
|---|-------------------------------|---|
| Our People - a safe and engaged community, which is healthy, culturally and socially rich | | |
| Improvement in the Community's view of Council's performance in delivering on the People theme | Community Survey | The score from the 2021 survey was in line with 2020. There was an increase for Pride offset by a decrease for Safe & Healthy. |
| Progress against planned strategic initiatives | Internal | All strategic initiatives are currently on track. |
| Our Places - protecting our natural environment and enhancing our built environment | | |
| Improvement in the Community's view of Council's performance in delivering on the Places theme | Community Survey | The score from the 2021 survey was in line with 2020. There was an increase for Attractive & Creative offset by a decrease for both Activated and Environment. |
| Progress against planned strategic initiatives | Internal | 63% of strategic initiatives are currently on track, with the remaining 37% being slightly behind schedule but still progressing. |
| Our Economy - Whyalla has a diverse and sustainable economy | | |
| Improvement in of the Community's view of Council's performance in delivering on the Economy theme | Community Survey | There was a small increase in this score for 2021, with an improvement for Growing. |
| Progress against planned strategic initiatives | Internal | 75% of strategic initiatives are currently on track, with the remaining 25% being at risk due to circumstances beyond Council's direct control. |
| Our Image - Whyalla is respected and recognised as a strong community with a bright, positive and long-term future | | |
| Improvement of Council's Net Promoter Score | Community Survey | The score from the 2021 survey was in line with 2020, although the Net Promoter Score for Whyalla as a Place to do Business did see a small increase. |
| Progress against planned strategic initiatives | Internal | All strategic initiatives are currently on track. |
| Our Leadership - we are a City confident in its leaders | | |
| Improvement in the Community's view of Council's performance in delivering Leadership | Community Survey | The score from the 2021 survey was in line with 2020. There was an increase for Satisfied with Services offset by a decrease for Council is Engaging. |
| Progress against planned strategic initiatives | Internal | 67% of strategic initiatives are currently on track, with the remaining 33% being slightly behind schedule but still progressing. |
| Delivery of Capital Program presented in the Annual Business Plan | Project Reporting | Approximately 25% of the capital budget has been spent in the first half of the financial year. Some large projects such as the Northern Coastline Master Plan and Airport Airside Safety Upgrade have seen significant planning work undertaken, but will only begin to incur expenditure over the next 6 months. Due to the very high work load projected in this years plan, some works have been deferred to later years. |
| Improvement over time in Culture Survey Results | Culture Survey | The Culture Survey switched to a different provider using a different format for the current year. This means trend won't be available until after the next survey is completed. Survey results indicated that organisational culture and climate is good and slightly better than Local Government benchmarks. |
| No increase in Lost Time Injuries on a 5-year rolling basis | LGRS | Information currently unavailable |
| Achieve financial results consistent with or better than the adopted budget | Operating Surplus Ratio | As at the Second Quarter Budget Review, Council's operating position is in line with the original budget. Despite additional capital spend requiring to be approved for some unforeseen works, the Net Financial Liabilities Ratio is |
| | Net Financial Liability Ratio | |

2022-23 at a Glance

The draft Annual Business Plan sets out Council's proposed services, programs and projects for 2022/23. It aims to maintain efficient legislated and discretionary services for the community and continue progress towards the longer-term objectives for the City of Whyalla as set out in the Strategic Plan adopted in 2020.

The Annual Business Plan is Council's key management document reflecting the work that Council needs to undertake to meet its Strategic Plan goals and objectives within the constraints of the revised Long Term Financial Plan.

RATE REVENUE MADE UP OF

Fixed Charge **\$586** (previously \$586)

General Rates an average General Rate increase of **\$64** per residential property (just over \$1 a week or **4.9%** - depending on valuation)

Waste Management Service Charge **\$365** (previously \$355)

Regional Landscape Levy (collected on behalf of the State Government) **\$946,900** for 2022/23 (\$923,800 for 2021/22)

SIGNIFICANT INFLUENCES

Loan borrowings estimated at **\$25.0** million in June 2023

Consumer Price Index **3.3%** (estimated Mar 2022)

Local Government Interest Rate **2.1%** (estimated)

Increase in the superannuation guarantee at 1 July 2022 from 10% to 10.5%

CAPITAL SPEND

\$3.7 million Capital spend on renewal of existing assets

\$1.6 million External funding for the delivery of new assets

\$2.5 million Council spend on the delivery of new assets

Significant Influences & Priorities

The draft 2021-22 Annual Business Plan & Budget has been developed within the Planning Framework outlined earlier in the document. In addition to this, the annual planning process began with an Environmental Scan, to ensure that all relevant internal and external factors were taken into account in planning for the delivery of Council services for the year and beyond. The table below lists some of the key issues identified for each area examined but doesn't represent an exhaustive list of all the items discussed.

ENVIRONMENTAL SCAN

| Internal | External |
|--|-------------------------------|
| Financial Sustainability | Political |
| - Rate Methodology | - Election outcomes |
| - Reliance on rates | - Focus on renewable energy |
| Legacy Issues | Economic |
| - Recreation Centre | - Covid impacts |
| - Disability access | - Economic Development Plan |
| - Point Lowly Cottages | - Hydrogen industry |
| - Civic building | - Tourism |
| Services | Legal |
| - Service review framework | - Local Government reform |
| - Capacity to deliver new projects/service | |
| Workforce | Social |
| - Policy review | - Housing |
| - Recruitment | - Public Health Plan |
| - Succession planning | |
| Effectiveness | Technological |
| - Modernisation | - Preparation for change |
| Assets | Environmental |
| - Asset data | - Cuttlefish protection |
| - Comprehensive review of buildings | - Climate change |
| Performance | Relationships |
| - CEO KPIs | - Other spheres of government |
| - Business unit plans | - Private industry |

LTFP ASSUMPTION

Service Levels

Rate Increase 4.9%

Wage increase 2.6% (including superannuation of 0.5%)

Consumer Price Index 3.3%

Interest Rate 2.1%

Capital Costs 3.6%

Ongoing Savings \$25,000

Other Income

Budget Parameters

A suite of parameters were adopted at the beginning of the budget process, which have formed the framework within which the Annual Business Plan and Budget has been developed. This ensures that the budget is developed in a logical manner that is clear to all stakeholders. These parameters state that the Annual Business Plan and Budget will:

1. Support the achievement of the City of Whyalla's Strategic Direction.
2. Address issues arising, and opportunities identified, from organisational effectiveness assessments/reviews.
3. Reach a break-even operating position in the Long-Term Financial Plan by 2026-27 or earlier.
4. Continue to improve the whole of life focus on assets in accordance with Council's Asset Management Strategy, with a priority on:
 - maintenance to ensure assets reach end of life; and
 - 100% funding of renewal at end of life except where a service level change has been specified, or where renewal would be inconsistent with an adopted Council plan or resolution.
5. Review existing services and assets to ensure they meet prioritised community needs.
6. Council only approve New/Upgrade Capital Projects where it has identified:
 - borrowing capacity to fund upfront cost; and
 - operating capacity to fund ongoing costs.
7. Maintain predictability and stability in rating increases, in line with the LTFP

Budget Focus

Whyalla is entering an exciting period, with a number of large-scale projects moving closer to fruition, focused primarily around green hydrogen production and export and decarbonization of heavy industry. These projects have the potential to create a large number of jobs and set the city up for a new era of growing prosperity.

However, these opportunities also exacerbate existing issues that need to be addressed, particularly the need for significant urban renewal of our city to encourage attraction and retention of a larger population and the skilled workforce needed to service the growing industry requirements.

The city is tired, with the population level over the last 30 years (never far above 21,000) not having the capacity to fund the infrastructure for a city that was designed for a larger population base of 40,000 plus. Areas such as housing, civic infrastructure, recreation and open space need significant investment to ensure the livability and amenity of the city.

Council is keenly aware that the infrastructure and urban renewal improvements required are beyond the capacity of Whyalla alone to deliver. Council is keen to partner closely with both the Federal and State Governments, as well as the private sector to enable combined investment that unlocks the potential of Whyalla as a regional capital of strategic significance to our State and the nation.

Negotiating alternate and additional funding for our city is likely to take some time and effort and while this is happening it is important that Council continues to invest in the planned program of work of improving the liveability and amenity of our city. The proposed rate increase is in line with the adopted Long Term Financial Plan, and is the minimum required to allow the current program of work to progress.

Council is confident in the city's future, and it is important that we lead the way in ensuring the investment required to make it happen occurs as soon as possible.

Strategic Initiatives

A key objective of the Annual Business Plan & Budget is to outline how Council will deliver on the Strategic Plan 2021-2030 objectives during the year. While much of Council's business involves ongoing service delivery, the list below outlines the specific initiatives that have been identified to be undertaken in 2022-23 to ensure that Council can deliver on these strategic objectives.

| Initiative | Planned Activities |
|--|--|
| Our People - a safe and engaged community, which is healthy, culturally and socially rich | |
| Website Overhaul | Redesign of the Council website will provide a user-friendly experience reflecting the organisation's public value. The redesign will incorporate an enhanced site security framework and a mobile friendly response. The redesign of the Council Website will seek to engage the visitor economy with new and contemporary access points and information. |
| Playground Strategy | Council is looking to review its Playground Strategy, and update it for the future. This will investigate whether the current model of a large number of small community playgrounds is in line with community expectations, or if a smaller number of larger playgrounds would be a better fit. |
| Activating Whyalla | Using modular pods to offer an alternative approach to the activation of key spaces within the city. This offers a cost effective way of providing access to contemporary facilities while also increasing flexibility to react to changing demand in the future. |
| Our Places - protecting our natural environment and enhancing our built environment | |
| Hard Waste Options | With the change of service delivery method, and initiation of Veolia opening and now managing the waste transfer station, Council are looking to investigate whether additional options for handling Hard Waste can be offered to the community in an economical and fair manner. |
| Jubilee Park Changerooms | Delivery of upgraded facilities for Jubilee Park, that will increase the city's ability to be a regional hub for carnival competitions. |
| Recreation and Sport Plan | Develop a roadmap for recreation and sporting facilities in our city. |
| Review Building Assets | Continue the review of Council's buildings and plan for their future use, as well as promotion of initiatives that revitalise non-council owned buildings. |
| Review Transport Assets | Undertake a full condition rating and valuation of Council's road network as part of the 5 year cycle. The data will be improved by including the unsealed network, an area that has not received enough focus in the past. |
| Regional Waste Strategy | Provide input into the development of a Regional Waste Strategy for the Eyre Peninsular, which may include the potential for Whyalla to become a regional hub. |

| Initiative | Planned Activities |
|--|---|
| Our Places - protecting our natural environment and enhancing our built environment | |
| End of Life Buildings | <p>A number of Council's buildings are coming to end of life and require a plan of action if they are not to be replaced. An allocation has been made for demolition over the next few years to allow a program of works to be developed, with the first buildings highlighted being:</p> <ul style="list-style-type: none"> • Fauna Park • Ayliffe Street Depot • Civic Park Lunchroom |
| Our Economy - Whyalla has a diverse and sustainable economy | |
| Economic Development Plan | Begin delivering on the Economic Development Plan with a focus on attraction of new industry, creating more jobs, underpinning the sustainability of local businesses, increasing the population and growing the visitor economy. |
| SANFL Country Championships | <p>This two-day carnival will be hosted by Whyalla for the first time in July and provides a great opportunity to capitalise on the city's top level oval facilities, including Bennett Oval which was recognised as the winner of the 2021 South Australian AFL Community Facility Project of the Year.</p> <p>The event will be headlined by the Round 15 clash between North Adelaide and Adelaide on Saturday, July 16.</p> |
| Northern Coastline Master Plan | Delivery of Cuttlefish Coast projects, to improve the value proposition of the tourism offering on the Northern Coastline. |
| Our Image - Whyalla is respected and recognised as a strong community with a bright, positive and long- | |
| Foreshore Master Plan | Undertake detailed design for the first components to be delivered under the adopted Foreshore Master Plan, with a focus on improvements in liveability. |
| Greening Whyalla | Investment in greening of the city's open spaces involves the planting of 700 or more street trees each year, with appropriate species chosen to ensure the best long term outcomes. Grant funding has been received to deliver a greening project for the northern entrance to the city on McDouall Stuart Avenue. |

| Initiative | Planned Activities |
|--|--|
| Our Leadership - we are a City confident in its leaders | |
| Local Government Reform | The Statutes Amendment (Local Government Review) Act 2021 was assented to by the Governor on 17 June 2021. The implementation of the Review Act represents significant reform that presents an opportunity for the local government sector to demonstrate excellence in leadership, governance, and administration, enhancing the value that councils provide their communities. |
| Community Participation | Increase levels of community participation through engagement. |
| Customer Experience | Finalisation and implementation of a Customer Experience Framework for Council. |
| Organisational Development | With a performance management framework implemented the training and development plan will align Organisational and individual training and development needs. Key findings from the Uni SA Organisational Culture report will be actioned. |
| Information Systems | Develop a roadmap and commenced staged implementation of a modernised council systems. |
| Service Reviews | Council is committed to ensuring public value to the Whyalla community for all Council activities. This will be achieved by developing a Service Review Framework focused on identifying community need, achieving efficiency and effectiveness with the aim to achieve on-going savings that can be passed onto the rate payer, or redirected to areas identified as requiring higher need. |

Measuring Our Performance

To ensure Council's accountability in delivering on the objectives in the Strategic Plan 2021-2030, the following measures have been put in place to track progress. These measures closely align with the Key Performance Indicators adopted by Council for the Chief Executive Officer.

| Focus Area | | Performance Measure |
|---|--|---|
| Key imperatives / project delivery | | |
| Deliver a master plan for the foreshore with a detailed first year plan identifying the elements to be delivered within the current budget levels for 2021/22 | | On track against plans |
| A strategic 10 year plan identifying how the legacy issues council faces can be addressed - including operational processes, staff resources, budget and timelines required. | | On track against plans |
| Develop and commence implementation of an economic development strategy/plan | | On track against plans |
| Provide leadership and organizational resources to supporting region wide projects (e.g. Hydrogen Hub, EPLGA, Upper Spencer Gulf group) to attract state and federal funds & external partners. | | Feedback from external stakeholders |
| Delivery of annual capital program | | On track against plans |
| Delivery of initiatives outlined within the Annual Business Plan | | On track against plans |
| Financial and asset management | | |
| Performance against Council's adopted budget inclusive of savings | | Financial results show improvement compared to adopted (or adjusted) budget |
| Develop and present to council options for restoring a surplus financial position by 2026/2027 | | Options presented to Council |
| Develop and commence delivery of a service review program, ensuring effective and efficient delivery of council services | | Status of service reviews |
| Conduct a review of council assets and report to council identifying options including but not limited to renewal, maintain or relinquish | | On track against plans |
| Finalization and presentation of Council's Asset Management Plans | | AMPs adopted by Council |

| Focus Area | Performance Measure |
|---|--|
| Organisational development / organisational performance | |
| Build organisational capacity: culture, leadership, training and development | <ul style="list-style-type: none">- Culture action plan developed and implementation commenced- Leadership team established, and leadership program commenced- Training and development plan developed and implementation commenced- Retention of senior management team; no loss in the next 18 months – 2 years |
| Build organisational governance: implement local government legislative reform program, commence preparation for the 2022 local government election | Timely and efficient implementation of LG reform |
| Implement agreed recommendations from external / independent reviews as required e.g. external & internal audit reports, governance health check | Timely and efficient implementation of recommendations from external / independent reviews |
| Customer & Stakeholder Engagement and Experience | |
| Develop & commence implementation of a customer experience framework inclusive of standards and systems | Customer experience framework endorsed and implementation commenced |
| Improve Community engagement/experience | Customer request closures, inbound correspondence response rate |
| Build community leadership | Development and implementation of strategies to build community leadership |
| Undertake annual community survey | Survey results show increased ratings year on year against annual community survey |

Capital Renewal Program

The table below shows Council's expected spend on Capital Renewal during 2022-23, totalling \$3.7million. Renewal expenditure is required to maintain Council's infrastructure networks at their current standards and service levels, as assets reach the end of their useful life.

Council's required spend on renewal is set out in the Asset Management Strategy and is based on extensive data relating to the condition and value of Council's assets. This data is extensively reviewed every 5 years, on a rolling schedule for each asset class. When developing the annual budget, the asset data receives a "ground truth", to ensure that the identified assets are the most appropriate for renewal. Other minor adjustments are also undertaken to ensure that the renewal program is undertaken in an efficient manner

| Asset Category | Total Cost |
|--------------------|--------------------|
| Transport | \$1,503,000 |
| Buildings | \$ 948,000 |
| Rec and Open Space | \$ 267,000 |
| Plant & Equipment | \$ 847,500 |
| Irrigation | \$ 100,000 |
| Total | \$3,665,500 |

TRANSPORT RENEWAL

The last three years saw a large investment to address roads, kerbs and footpaths that had reached end of life. This work boosted the condition of this asset class and means the annual spend for the next three years can drop down to a more sustainable long-term level. Work on the next program is being completed ready to go out for tender, with work prioritised based on condition and usage.

PLANT & EQUIPMENT RENEWAL

Plant & Equipment is used across Council to assist with service delivery. Replacement is scheduled to ensure that cost is optimised over the life cycle. The following items require replacement:

- Street sweeper
- Loader
- 4 mowers
- 3 fleet vehicles
- 5 trailers
- Recreation Centre floor scrubber
- Recreation Centre pool cleaner
- Minor IT equipment

BUILDING RENEWAL

PUBLIC TOILETS \$303,000

Public toilets across the city are in need of renovation to bring them up to modern standards. It is proposed that 2 toilets a year need to be renewed over the coming years, with the Foreshore and Civic Park identified as the highest priorities. The budget provided will cover two simple facilities, however if matching funding can be achieved, these will be able to be scoped to a much higher

level.

RECREATION CENTRE \$176,000

This is the second year of works required to protect this vital asset into the future. Previous year works were delayed while the Master Plan for this site was developed, meaning that much of the \$600,000 budgeted for 2021-22 will now also be completed this year.

HMAS WHYALLA \$105,000

Works will continue on the HMAS Whyalla to move the vessel towards a state of being entirely waterproof to protect the asset in the long term.

WHYALLA LIBRARY \$82,000

Works to repaint the entire building and replace components of the community kitchen.

OTHER BUILDING WORKS \$173,000

Required works have also been identified for the following sites, with many of these being renewal of minor building components:

- Jubilee Park Pavilions
- Memorial Oval
- Russell Street Hall
- Visitor Information Centre
- Girl Guide Hall

OPEN SPACE RENEWAL

PLAYGROUNDS AND EQUIPMENT \$202,000

Two playgrounds require replacement each year to ensure equipment isn't exceeding useful life. Consultation will be undertaken to prioritise works.

OTHER OPEN SPACE WORKS \$65,000

A program to replace many of the BBQs across the city over the coming years will be commenced, with Ada Ryan Gardens the first site identified.

Some minor sheds and shelter structures at Memorial Oval will be replaced.

IRRIGATION RENEWAL

Council has recently received improved data in relation to the Irrigation asset class and will develop and begin implementation of a program to renew sections of the network that are approaching end of life. This will ensure that the water usage is kept low while allowing the greening of the city to continue.

New Capital Projects

Council combined the capital program for the 2021-22 and 2022-23 financial years to be able to take maximum advantage of covid stimulus funding being offered by the State Government in 2021-22. This means that is adopting the 2021-22 Annual Business Plan and Budget, much of the program below was set in place. The funds for the Foreshore Master Plan Projects will first be used to undertake detailed design on the first components to be delivered and then will be used to seek matching funding to commence delivery.

| Project | Total Cost | Funding | Council Cost |
|---------------------------------|--------------------|--------------------|---------------------|
| Cuttlefish Coast Projects | \$1,833,000 | \$ 916,500 | \$ 916,500 |
| Foreshore Master Plan Projects | \$ 750,000 | \$ 300,000 | \$ 450,000 |
| Street Tree Replacement Program | \$ 162,500 | \$ 72,500 | \$ 90,000 |
| Child Centre Upgrade | \$ 600,000 | \$ 150,000 | \$ 450,000 |
| Walking Trails | \$ 400,000 | \$ 200,000 | \$ 200,000 |
| Gulf View Drive Upgrade | \$ 180,000 | \$ - | \$ 180,000 |
| Signage Improvements | \$ 110,000 | \$ - | \$ 110,000 |
| CCTV Improvements | \$ 100,000 | \$ - | \$ 100,000 |
| Total | \$4,135,500 | \$1,639,000 | \$2,496,500 |

CUTTLEFISH COAST PROJECTS

This project supports and develops a pristine coastline. Its vision will position Whyalla as a year-round destination valued for its environment, recreation and lifestyle experiences. Accommodating a diverse range of activities, it balances the value of the existing natural, cultural and environmental assets, and adds local economic value.

Delivering on the outcomes of the Northern Coastline Masterplan, deliverables include:

- formalisation of campsites and upgrade of camping facilities
- upgraded access and parking at cuttlefish dive site
- upgrade of Pt Lowly Cottages
- contemporary interpretive signage and walking trails
- protecting fragile ecosystems via track closures
- improved coastal access and facilities.

This project has been successful in receiving 50% funding from the State Government's Local Government Infrastructure Partnership Program and is being delivered over both 2021-22 and 2022-23.

FORESHORE MASTER PLAN PROJECTS

The Foreshore Master Plan was adopted in December 2021 after extensive community consultation. To ensure that the momentum behind this city defining project continues, budget has been allocated to commence the first stage of delivery. This will commence with detailed design of all relevant components. Before beginning the delivery, Council will seek matching external funding, to ensure that the city receives the best "bang for buck" on this investment.

STREET TREE REPLACEMENT PROGRAM

This program will continue to ensure more of the gaps within our street tree network are filled. Additionally, grant funding was approved to undertake a greening project for the northern entrance to the city on McDouall Stuart Avenue.

CHILD CARE CENTRE UPGRADE

Council was successful in obtaining \$450,000 of matching funding towards the upgrade of our Child Care Centre. This funding is crucial in bringing this facility up to modern standards and allowing the centre to accommodate the capacity it is licenced for. These outcomes will ultimately assist with moving the centre towards a break-even position, meaning that this investment is self-funding in the medium term.

WALKING TRAILS

Formalisation of a trail to connect the seven hills of the city, from Hummock Hill in the South-East to Mount Laura in the North-West. Design work has been undertaken in 2021-22, and Council will seek matching funding towards this project.

GULF VIEW DRIVE UPGRADE

As in previous years, this budget will allow for the preparation of a stretch of approximately 1km of Gulf View Drive ready for sealing, enabling better access to this popular tourism destination. The next section requires additional design compared to previous sections due to drainage issues, with this work being undertaken during 2021-22. Council will look to access Special Local Roads funding where possible to accelerate the progress on this work.

SIGNAGE IMPROVEMENTS

Installation of digital signage at the entrances to the city and the airport, to ensure that Council is taking advantage of our position as the gateway to the Eyre Peninsula and showing those travelling through what the city has to offer.

Design works for the installation of permanent illumination of the jetty and/or HMAS Whyalla, to be delivered in a future year.

CCTV IMPROVEMENTS

Installation of appropriate CCTV at both the Library and Child Care Centre to improve safety.

Continuing Projects

The table below represents projects that have been approved as part of a previous budget process, with some of the approved expenditure being expected to occur during 2022-23.

Projects can be retimed for a number of reasons, including increased complexity experienced after detailed design is completed. Some of the projects listed below were originally described as multi-year projects.

It is likely that more projects will be added to the list prior to budget adoption, as an extensive review of 2021-22 project progress will be undertaken during the Third Quarter Budget Review.

Further information on these projects is available in previous Annual Business Plans.

| | New/Upgrade | Renewal | Funding | Council Cost |
|---------------------------|---------------------|---------------------|-------------------|---------------------|
| Jubilee Park Changeroom | \$ 800,000 | \$ - | \$ 400,000 | \$ 400,000 |
| Levee Bank Extension | \$ 181,000 | \$ - | \$ - | \$ 181,000 |
| Patterson Street Hub | \$ 58,300 | \$ - | \$ - | \$ 58,300 |
| Marina Renewal | \$ - | \$ 815,000 | \$ - | \$ 815,000 |
| Little Athletics Track | \$ - | \$ 80,000 | \$ - | \$ 80,000 |
| Recreation Centre | \$ - | \$ 162,000 | \$ - | \$ 162,000 |
| Plant Replacement Program | \$ - | \$ 184,000 | \$ - | \$ 184,000 |
| Total | \$ 1,039,300 | \$ 1,241,000 | \$ 400,000 | \$ 1,880,300 |

Rates at a Glance

It is proposed in 2022-23, that every \$100* of rates received will be allocated to the following deliverables**

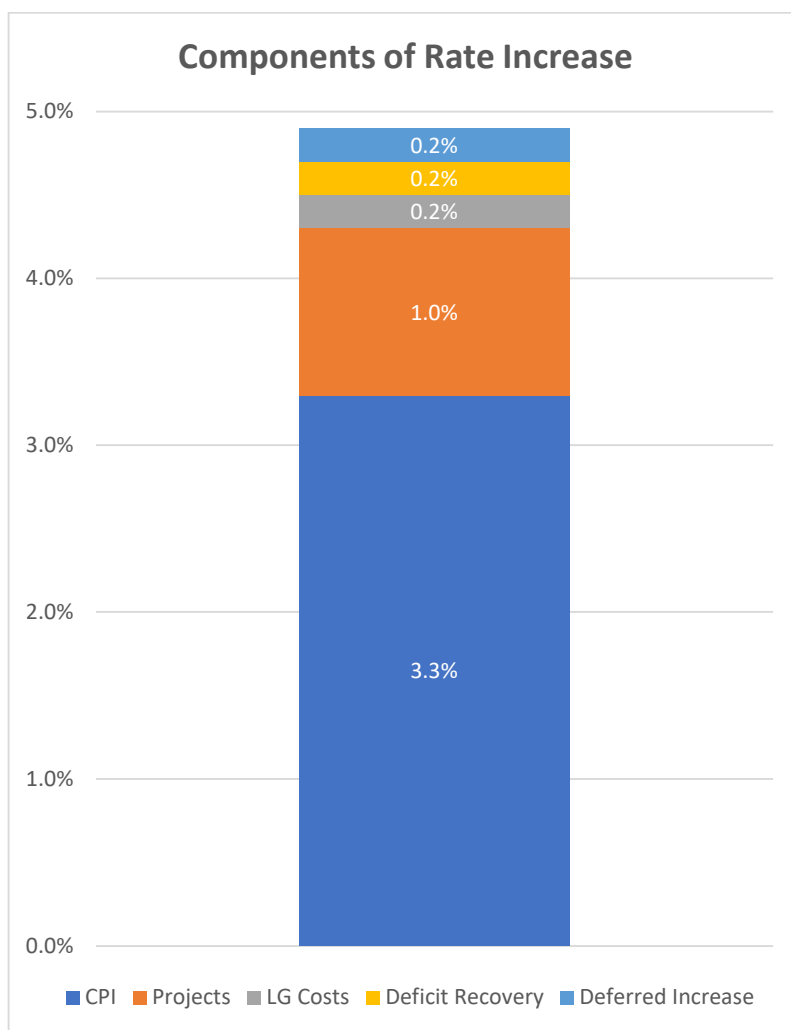
| Area | Rates | What does this include? |
|------------------------------|-------|--|
| Initiative | | |
| Business Undertakings | \$4 | Airport, Child Care |
| Economic Development | \$9 | Economic Development, Tourism & Events, Visitor Services |
| Assets | | |
| Environment | \$14 | Foreshore, Wetlands, Tree Maintenance, Streetsweeping, Street Lighting, Environmental Management, Stormwater |
| Recreation | \$20 | Parks & Gardens, Irrigation, Leisure Centre, Sporting Facilities, Point Lowly, Marina, Jetty |
| Transport | \$19 | Sealed Roads, Unsealed Roads, Footpaths, Laneways, Median Strips, Kerbs |
| Services | | |
| Waste | \$12 | Kerbside Waste, Hard Waste, Illegal Dumping, Public Waste Collection |
| Community Services & Amenity | \$7 | Community Development, Youth Services, STAR Club, Cemetery, Crematorium, Public Conveniences, Halls, Signage |
| Regulatory Services | \$9 | Animal Management, Compliance, Environmental Health, Development Assessment, Building Assessment |
| Library & Culture | \$6 | Library, Arts & Culture |

| | | |
|----------------------------|--|---|
| Included throughout | | |
| Leadership | | Elected Members, Chief Executive Officer, Media & Communications, Asset Management, Project Management, Buildings, Leases |
| Support Services | | Human Resources, Governance, Finance Services, Information Technology, Records Management, Procurement, Customer Service |

Components of Council's Proposed Rate Increase

A number of significant factors have influenced the preparation of Council's 2022-23 draft Annual Business Plan and Budget and are reflected within the proposed rates increase of 4.9%.

These include the following:



CONSUMER PRICE INDEX (CPI)

Increases in the Consumer Price Index influence almost all costs incurred in the course of conducting Council operations, including wage increases, contracts with suppliers, and the cost to purchase materials. For this reason, CPI is a suitable base for rate increases, adjusted for other items below. When using annual CPI, it is important to use the same period in each year. For this reason, Council uses March CPI for Adelaide each year in setting the budget. As this data is not yet available, an estimate of 3.3% is currently being used, with this to be updated before budget adoption.

PROJECT DELIVERY

To be able to deliver new assets to the community, an additional rate increase of 1.0% is required each year, to ensure that the costs of operations and maintenance can be accommodated.

LOCAL GOVERNMENT COSTS

Council incurs costs that are not completely reflected within the CPI index, such as paying wages and maintenance of complex infrastructure, that tend to increase more quickly than CPI. An additional rate increase of 0.2% is required to offset these further increases, which is lower than other years as a lower than CPI wage increase was negotiated.

DEFICIT RECOVERY

Council is currently in a deficit position. Allocation has been made for the identification of internal efficiencies to reduce cost pressures, but an additional rate increase of 0.2% is required to assist in moving back to a break-even position in the medium term.

DEFERRED INCREASE

A decision was undertaken to only fund a rate increase in line with CPI for 2020-21, to support the community during the height of Covid-19. A number of changes to the Long Term Financial Plan were required to accommodate this change, including an additional rate increase for the next three years of 0.2% higher.

Funding the Annual Business Plan

| Budget at a Glance | |
|-------------------------|----------------|
| Net Rate Revenue | \$23.4 million |
| Other Operating Revenue | \$12.7 million |
| Operating Expenditure | \$38.2 million |
| Capital Expenditure | \$10.1 million |

FINANCIAL INDICATORS

Key financial sustainability performance targets ensure the long term financial sustainability of the Council covering the maintenance and development of the community's assets as well as providing appropriate services.

Council has planned for an adjusted operating deficit before capital revenues for 2022-23 of (\$2,085,000) and an adjusted operating deficit ratio of (6%).

This ratio is below Council's target range. This can be primarily attributed to the following factors:

- Council is committed to dealing with the large number of matters that have existed for some time within the city and organisation, while at the same time looking to the future and ensuring the city is ready for the large number of emerging opportunities. This requires extra capacity within the organisation, with resource levels having been static for a very long time.
- The Airport is recovering from the impacts of Covid-19 and it may be a number of years for passenger numbers to return to previous levels. The airport is also undergoing extensive upgrades and the long term funding model will be phased in over a number of years to avoid a large one-off increase. In addition ,the ongoing depreciation of some assets cannot be passed on to passengers at this time due to grant funding conditions. For this reason, the airport is expected to run at a significant deficit for a number of years. More info on this can be found over the page.

Because of these factors, Council's Annual Business Plan and Budget 2022-23 is inconsistent with the previous projections within Council's LTFP. Large deficits are not sustainable in the long term, and Council have identified a number of targets for savings and efficiency improvements to ensure the Long Term Financial Plan (LTFP) projects a move back towards break-even in future years.

Council will also look to work with the State and Federal Government on an alternative model to fund the large amount of investment required in the city in the near future, including ensuring that Council continues to be financially sustainable while the city goes through a period of intense change.

Council's Net Financial Liabilities Ratio is projected to be 71% for 2022-23 and is within the target range.

The Asset Renewal Funding Ratio is projected to be 113% in 2022-23. Based on Council's Asset Management Strategy, this ratio indicates how close the alignment is between the predicted expenditure on the renewal of assets and what Council proposes to spend on these assets.

This ratio is slightly above target, as Council retimed some renewal expenditure from previous years in line with updated project delivery timetables.

Total borrowings are projected to be \$25.0m at 30 June 2023.

Council will monitor the implementation of the 2022-23 budget via regular budget updates and reviews in accordance with the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

| Key Financial Indicators | Target Short Term | 2021 Year End Actual | 2022 Adopted Budget | 2022 Projected Actual | 2023 Draft Budget |
|---|--------------------------|-----------------------------|----------------------------|------------------------------|--------------------------|
| Adjusted Operating Surplus/(Deficit) - \$'000 | | (3,665) | (1,423) | (1,035) | (2,085) |
| Adjusted Operating Surplus/(Deficit) Ratio | (2) - 1% | (12)% | (4)% | (3)% | (6)% |
| Net Financial Liabilities Ratio | < 80% | 40% | 72% | 68% | 71% |
| Asset Renewal Funding Ratio | 90 - 110% | 62% | 102% | 98% | 113% |

2021 Year End Actual - Council's audited financial results as at 30 June 2021

2022 Adopted Budget - Budget for 2021-22 as adopted by Council June 2021

2022 Projected Budget - Council's revised budget, projecting its financial position to 30 June 2022

2023 Proposed Budget – Proposed Budget 2022-23

Summary Statement & Financing Transactions

| | 2021 Year End Actual | 2022 Adopted Budget | 2022 Projected Actual | 2023 Adopted Budget |
|---|----------------------------|---------------------------|-----------------------------|---------------------------|
| Operating Revenues | 31,676 | 33,517 | 34,728 | 36,073 |
| <i>less:</i> Operating Expenses | (35,341) | (34,940) | (35,763) | (38,158) |
| Operating Surplus/(Deficit) before Capital Amounts | (3,665) | (1,423) | (1,035) | (2,085) |
| | | | | |
| Capital Expenditure on Renewal/Replacement | (4,690) | (9,531) | (9,240) | (4,906) |
| <i>add back:</i> Depreciation, Amortisation and Impairment | 8,727 | 7,607 | 7,607 | 8,045 |
| <i>add back:</i> Sale of Replaced Assets | 115 | 178 | 231 | 176 |
| Net Outlays on Existing Assets | 4,152 | (1,746) | (1,402) | 3,315 |
| | | | | |
| Capital Expenditure on New and Upgraded Assets | (6,548) | (14,559) | (16,323) | (5,175) |
| <i>add back:</i> Amounts Specifically for New and Upgraded Assets | 4,201 | 8,190 | 7,400 | 2,039 |
| <i>add back:</i> Sale of Surplus Assets | 375 | 0 | 0 | 0 |
| Net Outlays on New and Upgraded Assets | (1,972) | (6,369) | (8,923) | (3,136) |
| | | | | |
| Net Lending/(Borrowing) for Financial Year | (1,485) | (9,538) | (11,360) | (1,906) |
| | | | | |
| | | | | |
| New Borrowings | 23,400 | 9,500 | 16,200 | 1,800 |
| Repayment of Principal on Borrowings | (23,400) | 0 | 0 | 0 |
| (Increase)/Decrease in Cash and Cash Equivalents | (306) | (37) | 394 | 31 |
| Net Balance Sheet Funding | 1,791 | 75 | (5,325) | 75 |
| Financing Transactions | 1,485 | 9,538 | 11,269 | 1,906 |

Airport

| Budget at a Glance | |
|-------------------------|-------------|
| Passenger Fee Revenue | \$623,000 |
| Screening Revenue | \$2,034,000 |
| Other Operating Revenue | \$506,000 |
| Operating Expenditure | \$3,942,000 |

Council maintains and manages the Whyalla Airport. It is important for the airport to be financially sustainable in the medium to long term and to help achieve this, a separate budget and Long Term Financial Plan (LTFP) is prepared.

The airport is projecting an operating deficit before capital revenues for 2022-23 of \$779,000 and an operating deficit ratio of (25%).

Airport passenger numbers are expected to take a number of years to return to pre-Covid levels, which is contributing to a deficit position in the short term. In addition, the requirements of some of the significant Federal Government Grants received for the Terminal Upgrade are that the capital cost cannot be passed onto airport users. In practice this means that the airport will likely be required to carry a deficit relating to depreciation into the medium to long term.

Required increases in the passenger tax, relating to the increase in service generated by infrastructure upgrades, will be phased in over a number of years to reduce the impact on the Covid recovery and customer demand. Despite future deficits, the airport is still expected to have capacity to slowly reduce loan balances into the future.

The airport's Net Financial Liabilities Ratio is projected to be 196% for 2022-23 and is within target range. Total borrowings are projected to be \$6.3 million at 30 June 2023.

| Key Financial Indicators | Target Short Term | 2021 Year End Actual | 2022 Adopted Budget | 2022 Projected Actual | 2023 Adopted Budget |
|--------------------------------------|-------------------|----------------------|---------------------|-----------------------|---------------------|
| Operating Surplus/(Deficit) - \$'000 | | (563) | (392) | (703) | (779) |
| Operating Surplus/(Deficit) Ratio | 1 - 6% | (97)% | (18)% | (30)% | (25)% |
| Net Financial Liabilities Ratio | < 250% | 161% | 187% | 269% | 196% |
| Asset Renewal Funding Ratio | 90 - 110% | N/A | 100% | 119% | N/A |

2021 Year End Actual - Council's audited financial results as at 30 June 2021

2022 Adopted Budget - Budget for 2021-22 as adopted by Council June 2021

2022 Projected Budget - Council's revised budget, projecting its financial position to 30 June 2022

2023 Proposed Budget – Proposed Budget 2022-23

Airport Summary Statement & Financing Transactions

| | 2021 Year End Actual | 2022 Adopted Budget | 2022 Projected Actual | 2023 Adopted Budget |
|---|----------------------------|---------------------------|-----------------------------|---------------------------|
| Operating Revenues | 578 | 2,230 | 2,305 | 3,163 |
| <i>less:</i> Operating Expenses | (1,141) | (2,622) | (3,008) | (3,942) |
| Operating Surplus/(Deficit) before Capital Amounts | (563) | (392) | (703) | (779) |
| Capital Expenditure on Renewal/Replacement | - | (869) | (886) | - |
| <i>add back:</i> Depreciation, Amortisation and Impairment | 276 | 572 | 522 | 774 |
| Net Outlays on Existing Assets | 276 | (297) | (364) | 774 |
| Capital Expenditure on New and Upgraded Assets | (4,114) | (6,686) | (8,955) | - |
| <i>add back:</i> Amounts Specifically for New and Upgraded Assets | 3,822 | 4,555 | 4,765 | - |
| Net Outlays on New and Upgraded Assets | (292) | (2,131) | (4,190) | 0 |
| Net Lending/(Borrowing) for Financial Year | (579) | (2,820) | (5,257) | (5) |
| New Borrowings | 600 | 2,800 | 5,200 | - |
| Repayment of Principal on Borrowings | - | - | - | - |
| (Increase)/Decrease in Cash and Cash Equivalents | (21) | 20 | 57 | 5 |
| Financing Transactions | 579 | 2,820 | 5,257 | 5 |

2022-23 Rates Revenue

Council's revenue for 2022-23 includes \$18.6 million from general rates.

Council has set a rate which requires an increase in general rates to the average ratepayer of 4.9% (or just over \$1 per week for the average residential property). However, the actual increase payable by any individual ratepayer may be more or less than this depending on the movement in the valuation of each property, as set by the State Valuer General.

The State Valuation Office has not yet completed their overall assessment of property valuations for Whyalla.

In setting rates for the 2022-23 financial year Council has considered the following plans and considerations:

- the Community Strategic Plan that outlines the overall direction of Council and was developed following community consultation.
- the Long Term Financial Plan that projects the overall income receipts and expenditure outlays that are expected into the future and in particular the recurrent expenditure and income expected for the 2022-23 financial year.
- the Whyalla City Council Asset Management Strategy that outlines required maintenance and renewal programs.
- the resources required for the delivery of Council services as documented in the 2022-23 Annual Business Plan and Budget which also outlines financial and non-financial performance levels.
- equity issues and the relationship between the various land uses and the existing rating structure.
- extremes in valuations and how their impact can be minimised in setting rating levels.

RATES AT A GLANCE

In 2021-22, a proposed average general rate increase of \$64 annually (around \$1 per week or 4.9%) per residential property (depending on valuation)

General rates revenue accounts for 52% of operating income.

Rates revenue is used to provide a range of services such as road rehabilitation, footpath repairs and maintenance, stormwater drainage, the collection of rubbish and recyclable materials, ongoing maintenance of parks, gardens and buildings, street lighting and street cleaning, libraries, animal control, planning and enforcement of local laws, provision of community grants and events for the people of Whyalla to accommodate social needs.

METHOD USED TO VALUE LAND

The Council will continue to use Site Valuation as the basis for valuing land within the Council area for 2022-23.

It is noted that the State Government recently passed legislation requiring the use of Capital Valuations for rating purposes from the 2024-25 financial year. A Rating Review will be undertaken

before that time to decide the parameters that will be used to introduce this change.

| Category | Ratable Properties | Rates Raised 2021-22 | Proposed Rates 2022-23 | % Change |
|---------------------|---------------------------|-----------------------------|-------------------------------|-----------------|
| Residential | 10,672 | \$ 14,048,003 | \$ 14,736,355 | 4.90% |
| Business & Industry | 519 | \$ 2,431,840 | \$ 2,551,000 | 4.90% |
| Regional Centre | 3 | \$ 298,344 | \$ 312,963 | 4.90% |
| Heavy Industry | 3 | \$ 509,679 | \$ 534,653 | 4.90% |
| Primary Production | 13 | \$ 4,683 | \$ 4,912 | 4.89% |
| Rural Living | 121 | \$ 149,588 | \$ 156,918 | 4.90% |
| Coastal Living | 192 | \$ 189,325 | \$ 198,602 | 4.90% |
| Total | 11,523 | \$ 17,631,462 | \$ 18,495,403 | 4.90% |

DIFFERENTIAL GENERAL RATES

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

Due to the need to balance the community's capacity to pay the Council has elected 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 residential, residential character, regional centre, caravan and tourist parks, commercial, district centre, local centre, town centre, open space, recreation, community, special industry (hydrocarbons), industry, light industry, deferred industry, coastal conservation, rural living, coastal settlement, settlement and remote area.
- Land use – prescribed land use codes (LUC) including residential, commercial-shop, commercial-office, commercial-other, industry-light, industry-other, primary production, vacant and other.

Council has regard to relative movements in valuation to ensure that the rate burden remains relatively constant between the classes of properties.

FIXED CHARGE

Council considers it appropriate that:

- all rateable properties make a contribution to the cost of administering Council's activities; and
- all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

Approximately 38% of Council's general rate revenue is generated via the fixed charge portion. For 2022-23 the fixed charge is proposed to be \$586 as it was in 2021-22.

RATE CAPPING

Council will continue the application of rate capping for the 2022-23 financial year. The general rate increase will be capped at 25%. Please refer to Council's Rating Policy for eligibility.

RATE REBATE

A rebate of rates in respect of any rateable land in Council area will be available in accordance with the Local Government Act 1999 and Council's Rating Policy. The Policy provides eligibility guidance upon which a ratepayer is entitled to a rebate of rates.

A full version of Council's Rating Policy can be viewed at www.whylla.sa.gov.au.

REGIONAL LANDSCAPE LEVY

The Regional Landscape Levy, set by the Landscape Boards, is a State Government tax imposed under the and Landscape South Australia Act 2019. Council is obliged to collect the levy on behalf of the State Government for no net gain to Council. Council collects the levy on behalf of the Eyre Peninsula Landscape Board. The levy is based on land use type and is shown as a separate charge on the rates notice.

The management board has not yet advised the levy for 2022- 23, but it is currently estimated that it will be approximately \$946,900 for the Whyalla region (previously \$923,800), an increase of 2.5% from 2021-22.

Further information on the Regional Landscape Levy and the Landscape Boards be found at: <https://landscape.sa.gov.au/>.

SERVICE CHARGES

Service charges are levied on the concept of user pays based on the cost to operate and maintain the service, the cost to improve or replace the service and recognition that the value of a property is enhanced by the availability of the service.

WASTE MANAGEMENT

The Council waste management service charge is raised to maintain the operating and capital requirements relating to waste management services partially through the sale of recycled materials, gate fees, product sales and the waste service charge. The revenue raised from this charge can only be applied to maintenance and replacement of the service and only those properties receiving the service will be levied.

For the 2022-23 financial year the service charge is proposed to be \$365, compared to \$355 for 2021-22.

Council will continue to provide the waste service charge remission, valued at \$178 for 2022-23. Eligible aged pensioners who have received the rebate before will have it applied automatically if their circumstances haven't changed. Other eligible pensioners will need to apply for this rebate annually by completing the relevant form and providing supporting evidence of eligibility.

Pages Not Included

City At a Glance

Page to be the same as last year.

Council At a Glance

Page to be mainly the same as last year, update Elected Member list to show casual vacancy and update to high level workforce stats.

Strategic Direction/Strategic Plan

These two pages will be the same as last year.

Continuing Services

Page to be the same as last year.

Other Operating Income/Expenditure

Page to be mainly the same as last year, only changing the percentage each item adds to the overall budget.

STATEMENT OF COMPREHENSIVE INCOME

| | 2021 Year End Actual \$'000 | 2022 Adopted Budget \$'000 | 2022 Projected Actual \$'000 | 2023 Adopted Budget \$'000 |
|--|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| INCOME | | | | |
| Rates | 21,390 | 22,381 | 22,381 | 23,402 |
| Statutory Charges | 378 | 371 | 411 | 404 |
| User Charges | 2,643 | 4,369 | 3,205 | 3,595 |
| Grants, subsidies, contributions | 6,099 | 5,426 | 7,515 | 7,646 |
| Investment Income | 11 | 34 | 12 | 12 |
| Reimbursements | 67 | 14 | 17 | 14 |
| Other Income | 1,088 | 922 | 1,187 | 1,000 |
| TOTAL INCOME | 31,676 | 33,517 | 34,728 | 36,073 |
| EXPENSES | | | | |
| Employee costs | 11,846 | 12,786 | 12,608 | 13,947 |
| Materials, contracts & other expenses | 14,584 | 14,071 | 15,256 | 15,760 |
| Depreciation | 8,727 | 7,607 | 7,607 | 8,045 |
| Finance Costs | 184 | 476 | 292 | 406 |
| TOTAL EXPENSES | 35,341 | 34,940 | 35,763 | 38,158 |
| OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS | (3,665) | (1,423) | (1,035) | (2,085) |
| Net gain/(loss) on disposal or revaluations | (767) | - | - | - |
| Amounts specifically for new assets | 4,201 | 8,190 | 7,400 | 2,039 |
| NET SURPLUS/(DEFICIT) | (231) | 6,767 | 6,365 | (46) |
| OTHER COMPREHENSIVE INCOME | | | | |
| Changes in revaluation surplus - IPP&E | 3,361 | 4,330 | 4,330 | 10,641 |
| TOTAL COMPREHENSIVE INCOME | 3,130 | 11,097 | 10,695 | 10,595 |
| ADJUSTED OPERATING SUPPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS | (3,644) | (1,423) | (1,035) | (2,085) |

STATEMENT OF FINANCIAL POSITION

| | 2021 | 2022 | 2022 | 2023 |
|---|-----------------|----------------|------------------|----------------|
| | Year End | Adopted | Projected | Adopted |
| | Actual | Budget | Actual | Budget |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash & Equivalent Assets | 580 | 282 | 186 | 155 |
| Trade & Other Receivables | 3,939 | 6,388 | 6,339 | 6,339 |
| Inventories | 2,802 | 114 | 2,802 | 2,802 |
| Total Current Assets | 7,321 | 6,784 | 9,327 | 9,296 |
| Non-Current Assets | | | | |
| Investment Property | - | 2,705 | - | - |
| Infrastructure, Property, Plant & Equipment | 281,083 | 319,058 | 303,047 | 315,548 |
| Other Non-Current Assets | 4,576 | 1,175 | 4,476 | 4,376 |
| Total Non-Current Assets | 285,659 | 322,938 | 307,523 | 319,924 |
| TOTAL ASSETS | 292,980 | 329,722 | 316,850 | 329,220 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade & Other Payables | 6,423 | 3,339 | 3,423 | 3,423 |
| Borrowings | - | 1,300 | - | 100 |
| Provisions | 2,595 | 2,276 | 2,595 | 2,595 |
| Total Current Liabilities | 9,018 | 6,915 | 6,018 | 6,118 |
| Non-Current Liabilities | | | | |
| Borrowings | 7,000 | 23,300 | 23,200 | 24,900 |
| Provisions | 1,090 | 640 | 1,065 | 1,040 |
| Total Non-Current Liabilities | 8,090 | 23,940 | 24,265 | 25,940 |
| TOTAL LIABILITIES | 17,108 | 30,855 | 30,283 | 32,058 |
| NET ASSETS | 275,872 | 298,867 | 286,567 | 297,162 |
| EQUITY | | | | |
| Accumulated Surplus | 43,047 | 50,162 | 49,412 | 49,366 |
| Asset Revaluation Reserve | 231,847 | 246,753 | 236,177 | 246,818 |
| Other Reserves | 978 | 1,952 | 978 | 978 |
| TOTAL EQUITY | 275,872 | 298,867 | 286,567 | 297,162 |

STATEMENT OF CHANGES IN EQUITY

| | 2021 | 2022 | 2022 | 2023 |
|--|-----------------|----------------|------------------|----------------|
| | Year End | Adopted | Projected | Adopted |
| | Actual | Budget | Actual | Budget |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ACCUMULATED SURPLUS | | | | |
| Balance at end of previous reporting period | 41,136 | 43,395 | 43,047 | 49,412 |
| Net Result for Year | (231) | 6,767 | 6,365 | (46) |
| Transfers to Other Reserves | (799) | - | - | - |
| Transfers from Other Reserves | 2,941 | - | - | - |
| Balance at end of period | 43,047 | 50,162 | 49,412 | 49,366 |
| ASSET REVALUATION RESERVE | | | | |
| Property Plant & Equipment | 231,847 | 246,753 | 236,177 | 246,818 |
| Balance at end of period | 231,847 | 246,753 | 236,177 | 246,818 |
| OTHER RESERVES | | | | |
| Balance at end of previous reporting period | 1,952 | 1,952 | 978 | 978 |
| Transfers from Accumulated Surplus | 799 | - | - | - |
| Transfers to Accumulated Surplus | (1,773) | - | - | - |
| Balance at end of period | 978 | 1,952 | 978 | 978 |
| TOTAL EQUITY AT END OF REPORTING PERIOD | 275,872 | 298,867 | 286,567 | 297,162 |

STATEMENT OF CASH FLOWS

| | 2021 Year End Actual \$'000 | 2022 Adopted Budget \$'000 | 2022 Projected Actual \$'000 | 2023 Adopted Budget \$'000 |
|---|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Operating Receipts | 33,081 | 33,483 | 31,316 | 36,061 |
| Investment Income | 11 | 34 | 12 | 12 |
| Payments | | | | |
| Operating Payments | (26,979) | (26,782) | (29,789) | (29,632) |
| Finance Costs | (191) | (476) | (292) | (406) |
| Net Cash provided by (or used in) Operating Activities | 5,922 | 6,259 | 1,247 | 6,035 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Amounts Specifically for New/Upgraded Assets | 5,062 | 8,190 | 7,400 | 2,039 |
| Sale of Renewed/Replaced Assets | 115 | 178 | 231 | 176 |
| Sale of Surplus Assets | 375 | - | - | - |
| Payments | | | | |
| Expenditure on Renewal/Replacement of Assets | (4,620) | (9,531) | (9,240) | (4,906) |
| Expenditure on New/Upgraded Assets | (6,548) | (14,559) | (16,232) | (5,175) |
| Net Cash Provided by (or used in) Investing Activities | (5,616) | (15,722) | (17,841) | (7,866) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds from Borrowings | 23,400 | 9,500 | 16,200 | 1,800 |
| Payments | | | | |
| Repayments of Borrowings | (23,400) | - | - | - |
| Net Cash provided by (or used in) Financing Activities | 0 | 9,500 | 16,200 | 1,800 |
| Net Increase/(Decrease) in cash held | 306 | 37 | (394) | (31) |
| Opening cash, cash equivalents or (bank overdraft) | 274 | 245 | 580 | 186 |
| Closing cash, cash equivalents or (bank overdraft) | 580 | 282 | 186 | 155 |

Annexure "C"

ESTIMATED STATEMENT OF COMPREHENSIVE INCOME

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|
| | Actual | Estimate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) |
| INCOME | | | | | | | | | | | | |
| Rates | 21,390 | 22,381 | 23,402 | 24,332 | 25,284 | 26,302 | 27,362 | 28,466 | 29,617 | 30,815 | 32,064 | 33,365 |
| Statutory Charges | 378 | 411 | 404 | 413 | 423 | 434 | 445 | 456 | 467 | 478 | 490 | 502 |
| User Charges | 2,643 | 3,205 | 3,595 | 3,915 | 4,182 | 4,359 | 4,516 | 4,676 | 4,851 | 5,015 | 5,185 | 5,361 |
| Grants, subsidies, contributions | 6,099 | 7,515 | 7,646 | 7,564 | 7,679 | 7,885 | 8,011 | 8,138 | 8,269 | 8,402 | 8,539 | 8,678 |
| Investment Income | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Reimbursements | 67 | 17 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Other Income | 1,088 | 1,187 | 1,000 | 1,039 | 1,080 | 1,123 | 1,168 | 1,214 | 1,262 | 1,313 | 1,366 | 1,421 |
| TOTAL INCOME | 31,676 | 34,728 | 36,073 | 37,289 | 38,674 | 40,129 | 41,528 | 42,976 | 44,492 | 46,049 | 47,670 | 49,353 |
| EXPENSES | | | | | | | | | | | | |
| Employee costs | 11,846 | 12,608 | 13,947 | 14,349 | 14,765 | 15,209 | 15,620 | 16,042 | 16,492 | 16,953 | 17,427 | 17,915 |
| Materials, contracts & other expenses | 14,584 | 15,256 | 15,760 | 16,291 | 16,280 | 16,852 | 17,394 | 17,816 | 18,290 | 18,827 | 19,419 | 19,893 |
| Depreciation | 8,727 | 7,607 | 8,045 | 8,207 | 8,402 | 8,608 | 8,821 | 9,091 | 9,371 | 9,662 | 9,961 | 10,272 |
| Finance Costs | 184 | 292 | 406 | 726 | 875 | 993 | 1,129 | 1,281 | 1,439 | 1,613 | 1,789 | 1,947 |
| TOTAL EXPENSES | 35,341 | 35,763 | 38,158 | 39,573 | 40,322 | 41,662 | 42,964 | 44,230 | 45,592 | 47,055 | 48,596 | 50,027 |
| OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS | (3,665) | (1,035) | (2,085) | (2,284) | (1,648) | (1,533) | (1,436) | (1,254) | (1,100) | (1,006) | (926) | (674) |
| Net gain/(loss) on disposal or revaluations | (767) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amounts specifically for new assets | 4,201 | 7,400 | 2,039 | 824 | 205 | 206 | 206 | 206 | 206 | 206 | 206 | 206 |
| NET SURPLUS/(DEFICIT) | (231) | 6,365 | (46) | (1,460) | (1,443) | (1,327) | (1,230) | (1,048) | (894) | (800) | (720) | (468) |
| OTHER COMPREHENSIVE INCOME | | | | | | | | | | | | |
| Changes in revaluation surplus - IPP&E | 3,361 | 4,330 | 10,641 | 8,014 | 8,535 | 9,043 | 9,266 | 9,503 | 9,755 | 10,020 | 10,284 | 10,555 |
| TOTAL COMPREHENSIVE INCOME | 3,130 | 10,695 | 10,595 | 6,554 | 7,092 | 7,716 | 8,036 | 8,455 | 8,861 | 9,220 | 9,564 | 10,087 |
| ADJUSTED OPERATING SUPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS | (3,644) | (1,035) | (2,085) | (2,284) | (1,648) | (1,533) | (1,436) | (1,254) | (1,100) | (1,006) | (926) | (674) |

ESTIMATED STATEMENT OF FINANCIAL POSITION

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Estimate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) |
| Current Assets | | | | | | | | | | | | |
| Cash & Equivalent Assets | 580 | 186 | 155 | 155 | 144 | 220 | 208 | 204 | 126 | 289 | 266 | 209 |
| Trade & Other Receivables | 3,939 | 6,339 | 6,339 | 6,339 | 6,339 | 6,339 | 6,339 | 6,339 | 6,339 | 6,339 | 6,339 | 6,339 |
| Inventories | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 | 2,802 |
| Total Current Assets | 7,321 | 9,327 | 9,296 | 9,296 | 9,285 | 9,361 | 9,349 | 9,345 | 9,267 | 9,430 | 9,407 | 9,350 |
| Non-Current Assets | | | | | | | | | | | | |
| Infrastructure, Property, Plant & Equipment | 281,083 | 303,047 | 315,548 | 323,977 | 330,555 | 338,170 | 346,593 | 355,727 | 365,041 | 375,173 | 385,035 | 398,154 |
| Other Non-Current Assets | 4,576 | 4,476 | 4,376 | 4,276 | 4,176 | 4,076 | 3,976 | 3,876 | 3,776 | 3,676 | 3,576 | 3,476 |
| Total Non-Current Assets | 285,659 | 307,523 | 319,924 | 328,253 | 334,731 | 342,246 | 350,569 | 359,603 | 368,817 | 378,849 | 388,611 | 401,630 |
| TOTAL ASSETS | 292,980 | 316,850 | 329,220 | 337,549 | 344,016 | 351,607 | 359,918 | 368,948 | 378,084 | 388,279 | 398,018 | 410,980 |
| Current Liabilities | | | | | | | | | | | | |
| Trade & Other Payables | 6,423 | 3,423 | 3,423 | 3,423 | 3,423 | 3,423 | 3,423 | 3,423 | 3,423 | 3,423 | 3,423 | 3,423 |
| Borrowings | 0 | 0 | 100 | 600 | 200 | 300 | 300 | 400 | 300 | 400 | 0 | 0 |
| Provisions | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 |
| Total Current Liabilities | 9,018 | 6,018 | 6,118 | 6,618 | 6,218 | 6,318 | 6,318 | 6,418 | 6,318 | 6,418 | 6,018 | 6,018 |
| Non-Current Liabilities | | | | | | | | | | | | |
| Borrowings | 7,000 | 23,200 | 24,900 | 26,200 | 26,000 | 25,800 | 26,100 | 26,600 | 27,000 | 27,900 | 28,500 | 31,400 |
| Provisions | 1,090 | 1,065 | 1,040 | 1,015 | 990 | 965 | 940 | 915 | 890 | 865 | 840 | 815 |
| Total Non-Current Liabilities | 8,090 | 24,265 | 25,940 | 27,215 | 26,990 | 26,765 | 27,040 | 27,515 | 27,890 | 28,765 | 29,340 | 32,215 |
| TOTAL LIABILITIES | 17,108 | 30,283 | 32,058 | 33,833 | 33,208 | 33,083 | 33,358 | 33,933 | 34,208 | 35,183 | 35,358 | 38,233 |
| NET ASSETS | 275,872 | 286,567 | 297,162 | 303,716 | 310,808 | 318,524 | 326,560 | 335,015 | 343,876 | 353,096 | 362,660 | 372,747 |
| Equity | | | | | | | | | | | | |
| Accumulated Surplus | 43,047 | 49,412 | 49,366 | 47,906 | 46,463 | 45,136 | 43,906 | 42,858 | 41,964 | 41,164 | 40,444 | 39,976 |
| Asset Revaluation Reserve | 231,847 | 236,177 | 246,818 | 254,832 | 263,367 | 272,410 | 281,676 | 291,179 | 300,934 | 310,954 | 321,238 | 331,793 |
| Other Reserves | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 |
| TOTAL EQUITY | 275,872 | 286,567 | 297,162 | 303,716 | 310,808 | 318,524 | 326,560 | 335,015 | 343,876 | 353,096 | 362,660 | 372,747 |

ESTIMATED STATEMENT OF CASH FLOWS

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | Actual | Estimate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Operating Receipts | 33,081 | 31,316 | 36,061 | 37,277 | 38,662 | 40,117 | 41,516 | 42,964 | 44,480 | 46,037 | 47,658 | 49,341 |
| Investment Income | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Payments | | | | | | | | | | | | |
| Operating Payments | (26,979) | (29,789) | (29,632) | (30,565) | (30,970) | (31,986) | (32,939) | (33,783) | (34,707) | (35,705) | (36,771) | (37,733) |
| Finance Costs | (191) | (292) | (406) | (726) | (875) | (993) | (1,129) | (1,281) | (1,439) | (1,613) | (1,789) | (1,947) |
| Net Cash provided by (or used in) Operating Activities | 5,922 | 1,247 | 6,035 | 5,998 | 6,829 | 7,150 | 7,460 | 7,912 | 8,346 | 8,731 | 9,110 | 9,673 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Amounts Specifically for New/Upgraded Assets | 5,062 | 7,400 | 2,039 | 824 | 205 | 206 | 206 | 206 | 206 | 206 | 206 | 206 |
| Sale of Renewed/Replaced Assets | 115 | 231 | 176 | 193 | 154 | 75 | 202 | 259 | 169 | 386 | 193 | 175 |
| Sale of Surplus Assets | 375 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments | | | | | | | | | | | | |
| Expenditure on Renewal/Replacement of Assets | (4,620) | (9,240) | (4,906) | (5,638) | (4,339) | (4,931) | (5,790) | (6,525) | (6,574) | (7,564) | (7,063) | (10,268) |
| Expenditure on New/Upgraded Assets | (6,548) | (16,232) | (5,175) | (3,177) | (2,260) | (2,324) | (2,390) | (2,456) | (2,525) | (2,596) | (2,669) | (2,743) |
| Net Cash Provided by (or used in) Investing Activities | (5,616) | (17,841) | (7,866) | (7,798) | (6,240) | (6,974) | (7,772) | (8,516) | (8,724) | (9,568) | (9,333) | (12,630) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Proceeds from Borrowings | 23,400 | 16,200 | 1,800 | 1,900 | 0 | 100 | 600 | 900 | 700 | 1,300 | 600 | 2,900 |
| Payments | | | | | | | | | | | | |
| Repayments of Borrowings | (23,400) | 0 | 0 | (100) | (600) | (200) | (300) | (300) | (400) | (300) | (400) | 0 |
| Net Cash provided by (or used in) Financing Activities | 0 | 16,200 | 1,800 | 1,800 | (600) | (100) | 300 | 600 | 300 | 1,000 | 200 | 2,900 |
| Net Increase/(Decrease) in cash held | 306 | (394) | (31) | 0 | (11) | 76 | (12) | (4) | (78) | 163 | (23) | (57) |
| Opening cash, cash equivalents or (bank overdraft) | 274 | 580 | 186 | 155 | 155 | 144 | 220 | 208 | 204 | 126 | 289 | 266 |
| Closing cash, cash equivalents or (bank overdraft) | 580 | 186 | 155 | 155 | 144 | 220 | 208 | 204 | 126 | 289 | 266 | 209 |

ESTIMATED STATEMENT OF CHANGES IN EQUITY

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Estimate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) |
| ACCUMULATED SURPLUS | | | | | | | | | | | | |
| Balance at end of previous reporting period | 41,136 | 43,047 | 49,412 | 49,366 | 47,906 | 46,463 | 45,136 | 43,906 | 42,858 | 41,964 | 41,164 | 40,444 |
| Net Result for Year | (231) | 6,365 | (46) | (1,460) | (1,443) | (1,327) | (1,230) | (1,048) | (894) | (800) | (720) | (468) |
| Transfers to Other Reserves | (799) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers from Other Reserves | 2,941 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at end of period | 43,047 | 49,412 | 49,366 | 47,906 | 46,463 | 45,136 | 43,906 | 42,858 | 41,964 | 41,164 | 40,444 | 39,976 |
| ASSET REVALUATION RESERVE | | | | | | | | | | | | |
| Property Plant & Equipment | 231,847 | 236,177 | 246,818 | 254,832 | 263,367 | 272,410 | 281,676 | 291,179 | 300,934 | 310,954 | 321,238 | 331,793 |
| Balance at end of period | 231,847 | 236,177 | 246,818 | 254,832 | 263,367 | 272,410 | 281,676 | 291,179 | 300,934 | 310,954 | 321,238 | 331,793 |
| OTHER RESERVES | | | | | | | | | | | | |
| Balance at end of previous reporting period | 1,952 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 |
| Transfers from Accumulated Surplus | 799 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers to Accumulated Surplus | (1,773) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at end of period | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 | 978 |
| TOTAL EQUITY AT END OF REPORTING PERIOD | 275,872 | 286,567 | 297,162 | 303,716 | 310,808 | 318,524 | 326,560 | 335,015 | 343,876 | 353,096 | 362,660 | 372,747 |

**ESTIMATED SUMMARY STATEMENT
INCLUDING FINANCING TRANSACTIONS**

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|--|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Estimate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) | \$('000) |
| Operating Revenues | 31,676 | 34,728 | 36,073 | 37,289 | 38,674 | 40,129 | 41,528 | 42,976 | 44,492 | 46,049 | 47,670 | 49,353 |
| less: Operating Expenses | (35,341) | (35,763) | (38,158) | (39,573) | (40,322) | (41,662) | (42,964) | (44,230) | (45,592) | (47,055) | (48,596) | (50,027) |
| Operating Surplus/(Deficit) before Capital Amounts | (3,665) | (1,035) | (2,085) | (2,284) | (1,648) | (1,533) | (1,436) | (1,254) | (1,100) | (1,006) | (926) | (674) |
| Capital Expenditure on Renewal/Replacement | (4,690) | (9,240) | (4,906) | (5,638) | (4,339) | (4,931) | (5,790) | (6,525) | (6,574) | (7,564) | (7,063) | (10,268) |
| add back: Depreciation, Amortisation and Impairment | 8,727 | 7,607 | 8,045 | 8,207 | 8,402 | 8,608 | 8,821 | 9,091 | 9,371 | 9,662 | 9,961 | 10,272 |
| add back: Sale of Replaced Assets | 115 | 231 | 176 | 193 | 154 | 75 | 202 | 259 | 169 | 386 | 193 | 175 |
| Net Outlays on Existing Assets | 4,152 | (1,402) | 3,315 | 2,762 | 4,217 | 3,752 | 3,233 | 2,825 | 2,966 | 2,484 | 3,091 | 179 |
| Capital Expenditure on New and Upgraded Assets | (6,548) | (16,232) | (5,175) | (3,177) | (2,260) | (2,324) | (2,390) | (2,456) | (2,525) | (2,596) | (2,669) | (2,743) |
| add back: Amounts Specifically for New and Upgraded Assets | 4,201 | 7,400 | 2,039 | 824 | 205 | 206 | 206 | 206 | 206 | 206 | 206 | 206 |
| add back: Sale of Surplus Assets | 375 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Outlays on New and Upgraded Assets | (1,972) | (8,832) | (3,136) | (2,353) | (2,055) | (2,118) | (2,184) | (2,250) | (2,319) | (2,390) | (2,463) | (2,537) |
| Net Lending/(Borrowing) for Financial Year | (1,485) | (11,269) | (1,906) | (1,875) | 514 | 101 | (387) | (679) | (453) | (912) | (298) | (3,032) |
| New Borrowings | 23,400 | 16,200 | 1,800 | 1,900 | 0 | 100 | 600 | 900 | 700 | 1,300 | 600 | 2,900 |
| Repayment of Principal on Borrowings | (23,400) | 0 | 0 | (100) | (600) | (200) | (300) | (300) | (400) | (300) | (400) | 0 |
| (Increase)/Decrease in Cash and Cash Equivalents | (306) | 394 | 31 | 0 | 11 | (76) | 12 | 4 | 78 | (163) | 23 | 57 |
| Net Balance Sheet Funding | 1,791 | (5,325) | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Financing Transactions | 1,485 | 11,269 | 1,906 | 1,875 | (514) | (101) | 387 | 679 | 453 | 912 | 298 | 3,032 |
| Adjusted Operating/(Deficit) Ratio | (12)% | (3)% | (6)% | (6)% | (4)% | (4)% | (3)% | (3)% | (2)% | (2)% | (2)% | (1)% |
| Net Financial Liabilities Ratio | 40% | 68% | 71% | 73% | 69% | 66% | 65% | 64% | 62% | 62% | 60% | 64% |
| Asset Renewal Funding Ratio | 62% | 98% | 113% | 100% | 98% | 101% | 106% | 112% | 98% | 111% | 92% | 105% |

