

MEMBERSHIP

Mr G Strawbridge (Chair) Ms P Christie Mr L Kozlovic Cr P Klobucar Cr P Borda (proxy) Cr S Todd (proxy)

NOTICE OF AUDIT AND RISK COMMITTEE MEETING

TO THE CHAIR & MEMBERS OF THE AUDIT AND RISK COMMITTEE

NOTICE is hereby given pursuant to Section 87(4) of the Local Government Act 1999 that the Audit and Risk Committee Meeting will be held in the Whyalla City Council Chamber, Grundel Street, Whyalla and via Teams on Monday 8 April 2024 at 11.00am.

The Audit and Risk Committee Meeting is open to the public to attend in person or electronically via Microsoft Teams, <u>Click here to join the meeting</u>.

When attending the meeting via Microsoft Teams, participants are agreeing to Microsoft's *Terms* and *Conditions* – follow this link <u>Microsoft Privacy Statement – Microsoft privacy</u> 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: 3 April 2024

AUDIT AND RISK COMMITTEE MEETING

To be held at the Whyalla City Council Chamber, Grundel Street, Whyalla and via Teams on Monday 8 April 2024 at **11.00am**

Members: Grant Strawbridge (Chair), Patricia Christie, Laurie Kozlovic, Cr Sharon Todd In Attendance: Justin Commons (CEO), Kathy Jarrett (Director Corporate Services), Jade Ballantine (Director City Growth), Grant Jennings (Manager Finance and Knowledge Management), Sue King (Manager People and Culture), Sandra Vigar (Finance Co-Ordinator), Ellisha Papoulis (Work Health Safety and Risk Advisor), Lisette Symons (Executive Co-Ordinator – Corporate). Apologies: Cr Peter Klobucar

WELCOME TO COUNTRY

"We acknowledge the Barngarla and Kaurna people, the traditional owners of the land on which we meet today and pay our respects to the Elders past and present and extend that respect to other Aboriginal and Torres Strait Islander people who are present today."

1.	1. STANDING ITEMS		Page
	1.1 Welcome and Apologies		
	1.2 Declaration of Members Conflict of Interests		
	1.3 Committee Members/ Staff/Auditors Discussion (if required)		
	1.4 Minutes from Previous Meetings – 5 February 2024	Adopt	3
	1.5 Business Arising from Previous Meetings (including progress against external/internal review recommendations)	Note	15

2.	ITEMS FOR DECISION		
	2.1 Review Draft Annual Business Plan and Budget	Recommend	25

4.	CON	IFIDENTIAL ITEMS		
	4.1	Service Reviews	Recommend	116
	4.2	Verbal Update on Council Business and City Developments	Note	
	4.3	Standing Item – Reports on any matters arising about good public administration	Note	

5.	MOTIONS WITH NOTICE		
	Nil		
6.	MOTIONS WITHOUT NOTICE		
7.	NEXT MEETING		
	Monday 13 May 2024 11.00am – 2.00pm	Note	
8.	CLOSE		
0.		Note	

1. **STANDING ITEMS**

1.4 Minutes of Audit and Risk Committee Meeting – 5 February 2024

Audit and Risk Committee Meeting:	8 April 2024		
Author's Title: Director:	Executive Coordinator - Corporate Corporate	File No.:	0-159

Annexures

A – Minutes of the Audit and Risk Committee Meeting held 5 February 2024

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1999, Section 120

Yes

Status:

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

	✓	No
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Reason -- Nil

Yes

PURPOSE

The purpose of this item is to seek the Audit and Risk Committee's confirmation of minutes from previous meetings of the Committee.

BACKGROUND / DISCUSSION

The last meeting of Council's Audit and Risk Committee was held on 5 February 2024. The confidential version of the minutes were distributed to Committee Members on 21 February 2024, which now require confirmation

Should the Committee wish to include any additional information in the minutes, this can be facilitated during the meeting, including moving into confidence if needed.

RECOMMENDATION

The Audit and Risk Committee:

1. Confirm the minutes of the Audit and Risk Committee meeting held on 5 February 2024 as a true and correct record of the meeting.

Annexure "A"

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MINUTES OF THE WHYALLA COUNCIL AUDIT AND RISK COMMITTEE MEETING HELD ON MONDAY 5 FEBRUARY 2024 AT 11.00 AM IN THE MURRAYLANDS AND RIVERLAND BOARD ROOM, LGA HOUSE, GROUND FLOOR, 148 FROME STREET, ADELAIDE AND AT 21 GRUNDEL STREET, WHYALLA AND VIA TEAMS.

PRESENT:	Mr G Strawbridge(Chair), Ms P Christie, Mr L Kozlovic and Cr P Klobucar
OFFICERS IN ATTENDANCE:	Chief Executive Officer (<i>Mr J Commons</i>) Director Corporate Services (<i>Ms K Jarrett</i>) Director City Growth (<i>Ms J Ballantine</i>) Manager Finance and Knowledge Management (<i>Mr G Jennings</i>) Manager People and Culture (<i>Mrs S King</i>) Executive Co-ordinator – Corporate (<i>Ms L Symons</i>)
COUNCIL MEMBERS:	Mayor Phill Stone Cr Zia Westerman (until 12 noon)

ACKNOWLEDGEMENT

The Chair acknowledged that the meeting was being held on Barngarla and Kaurna land and gave thanks for the use of this land.

1. STANDING ITEMS

1.1 Welcome and Apologies

Apologies – Nil Leave of Absence – Nil

1.2 Declaration of Members' Conflict of Interests – Nil

1.3 Committee Members and Auditors Discussion – Nil

1.4 Minutes of Previous Meeting – Monday 3 October 2023

The Chair noted that confidential items from the previous meeting were not included within the Minutes distributed with the Agenda papers, but that the full Minutes had been distributed to Committee Members on 12 October 2023.

Moved Mr L Kozlovic, seconded Ms P Christie

AC403-2024

That the Audit and Risk Committee confirm the minutes of the Audit and Risk Committee Meeting held on Monday 3 October 2024 as a true and correct record of proceedings subject to the inclusion of confidential items previously included as noted above.

Carried

Action:

Future Agendas distributed to Committee Members are to include the Confidential version of the Minutes.

1.5 Business Arising from Previous Meetings – as at 5 February 2024

The Director Corporate advised that the following items have been deferred to future meetings due to resource availability:

- o emergency management and business continuity
- review of Council's Fraud and Corruption Policy
- o review of the Audit and Risk Committee's Terms of Reference
- o first draft of the new Strategic Plan

Discussion was held on two items of business arising being the organisation's risk culture and the demolition of the previous Civic Building. It was noted that the UniSA's Culture Survey does not provide any indication as to Council's risk culture and it was agreed that further consideration is to be given to this matter. Regarding the demolition of the former Civic Building, a tender will shortly be released seeking early contractor involvement to understand the methodology needed and associated costs. Work is also progressing on the development of a Prospectus offering the Darling Terrace site and another parcel of Council land on Ekblom Street for development purposes. Independent advice is still being sourced as to whether this approach is most appropriate. The advice of Renewal SA will also be sought in this regard. It was further advised by the Director Corporate that no scheduled April 2024 meeting items were at risk of non-completion.

Moved Cr Klobucar, seconded Ms Christie

AC404-2024

That the Audit and Risk Committee notes the progress of actions taken, to address items of business arising from previous meetings of the Audit and Risk Committee, as well as external reviews.

Carried

2. ITEMS FOR DECISION

2.1 Review of the Asset Management Strategy and Long-Term Financial Plan

It was agreed that the Long-Term Financial Plan would be discussed first, followed by the Asset Management Strategy.

The Manager Finance and Knowledge Management provided an overview of the review of Council's Long-Term Financial Plan (LTFP) and Asset Management Strategy (AMS).

Key points highlighted by Management regarding the LTFP included:

- a conservative approach has been taken in not including potential increases in revenue associated with possible future developments. This is because it is very difficult to quantify what these increases might be in terms of quantum and timing.
- It is hoped that the State Government will finalise its land transactions with Council in the next few months, realizing additional once off revenue.

- There has been some market response to demand for the supply of quality housing in Whyalla, but it is difficult to speculate on the timing of any solutions to this, and therefore any growth projections.
- Some sensitivity analysis has been undertaken on the timing of future revenue growth, but in the absence of certainty, Council continues to remain conservative in its approach to not include growth revenue in the LTFP.
- The LTFP shows Council reaching a break-even position in year 4 of the LTFP being 27/28, but with the Airport excluded, shows a break-even position in 25/26, a year ahead of Council's current objective.

It was agreed that the LTFP is more reflective of a short-term plan that does not represent current or future potential activities with the following matters being considered:.

• The separation of the Airport was noted however consideration needs to be given as to how the Airport can be turned around.

Action: What would need to change to bring the Airport into a break-even position and what would be needed to achieve this is to be reported to the April Audit and Risk Committee meeting.

- Consistent with comments made by ESCOSA regarding Council's financial position, the continuing increase to ratepayers over the years of the LTFP is not sustainable. From this perspective, the next three years of the LTFP need to be brought back to a breakeven position to ensure the Council has capacity to leverage investment into the City when the timing is right.
- There needs to be a focus on renewal only, rather than new developments given the lack of resources available.
- Costs containment in the short term should be the priority and focus as well as the removal of anything new to bring the LTFP back to a 'match fit' position which in turn will ensure Council has the capacity to realise opportunities as they arise rather than dealing with legacy.

Action: Chair of the Audit and Risk Committee is to present the minutes of the 5 February meeting to the Council to reinforce the Committee's feedback regarding the LTFP and to provide any further clarification to Council as needed.

Following discussion on the LTFP, the Manager Finance and Knowledge Management provided introductory comments regarding the AMS, highlighting the significant data that sits behind the AMS which is now quite mature. The Manager Finance and Knowledge Management also highlighted that the AMS is consistent with the LTFP.

Discussion was held on the AMS with its comprehensive nature being noted. For future reference, additional information in the covering report as to the assumptions included in the AMS would be appropriate. The following additional matters were highlighted:

- The Audit and Risk Committee is not mentioned as a stakeholder within the AMS. The role of the Committee is to be considered in the context of asset management and included in the AMS accordingly.
- Table 3.1 is to be updated with the residual risk for 'all assets'.
- A greater understanding of which asset categories are more critical (from a condition and / or community value perspective) to assist with prioritisation would be appropriate. In this

regard, the inclusion of a heat map as to what's important / urgent would be a good future improvement to the AMS and Council's decision making.

• An indication as to what level of independent review is undertaken when each renewal activity occurs (e.g. do we need to do the activity) would be appropriate, noting that when the internal audit of the Asset Management Strategy is undertaken, a question should be asked as to what level of rigour is applied each time money is being spent on renewal.

Regarding both the LTFP and AMS, Management confirmed the light touch approach to community consultation is consistent with the Local Government Act 1999 particularly given the extensive community engagement undertaken on the Whyalla Community Plan. Furthermore, the feedback from ESCOSA regarding the degree of information available to the community about Council's LTFP will be addressed as part of the consultation process.

Moved Cr Klobucar, seconded Mr Kozlovic

AC405-2024

The Audit and Risk Committee provides the feedback on the draft 2025-2034 Asset Management Strategy and draft 2025-34 Long-Term Financial Plan which have been prepared for public consultation as outlined above.

Carried

Adjournment of Meeting

Moved Cr P Klobucar, Seconded Ms P Christie

AC406-2024

That the Audit and Risk Committee Meeting be adjourned for 10 minutes.

Carried

The Audit and Risk Committee Meeting adjourned at 12:07pm

Reconvening of Meeting

Moved Cr P Klobucar, Seconded Mr L Kozlovic

AC407-2024

That the Audit and Risk Committee Meeting reconvene.

Carried

The Audit and Risk Committee Meeting reconvened at 12.17pm

2.2 Budget Review 2023/24 Quarter 2

The Manager Finance and Knowledge Management presented the 2nd quarter budget review noting the Committee's previous comments regarding Council's budget position being supported by the increase in Whyalla's Financial Assistance Grant allocation offsetting a number of mainly once off items, rather than large ongoing cost increases which were seen last financial year. The Committee's feedback have been considered when structuring the LTFP in that the additional grant monies received have not just been used to improve long-term projections but have also been used to improve capacity to deal with future unknowns.

Discussion was held on the 2nd quarter review outcomes with the following matters noted:

- The increased revenue and costs associated with the Child Care Centre were highlighted, which will be of interest when the service review report comes through.
- Action: Following a discussion around the Council's degree of comfort with the deficit position and flexibility to address the shortfall, future reports are to contain commentary about options, levers and capacity available to address the shortfall (and what impact these levers may have on the business). This will assist Council understand the cause of the outcome presented and their consideration as to what levers can be implemented to address the shortfall and the appetite to implement.
- Standard corporate practice is for details to be maintained about the available levers (prioritised) in the event of them needing to be pulled.
- The need to focus on costs and scale things back was reinforced as per the previous discussions around the LTFP. Grants have been received to smooth out the events impacting on costs, however, it is important to get back to business as usual as this approach cannot be relied upon in the long term. The change to Council's financial position is material, and this cannot be sustained.

Moved Cr P Klobucar, seconded Ms P Christie

AC408-2024

The Audit and Risk Committee:

- 1. recommend the Budget Review 2023/24 Quarter 3, identifying an operating deficit of \$3,440,000 and an estimated cash position at end of reporting period of \$213,000, be submitted to Council for adoption; and
- 2. recommend that the 2023/24 Annual Business Plan and Budget and Long-Term Financial Plan be amended to reflect the variances.

Carried

2.3 Financial Internal Control Self-Assessment and Policy

The Manager Finance and Knowledge Management introduced the Financial Internal Control Self-Assessment and Policy noting several actions have been listed as not requiring monitoring as they are long term improvement processes rather than short term actions however, these should still be monitored against compliance with policies eg. credit card usage.

Discussion was held on the outcomes of the Self-Assessment and Policy and the need to undertake a review of the initial risk assessment forming the basis for the assessment. Discussion was held on

items in the Assessment that were highlighted as not requiring monitoring. In particular, credit card usage was discussed, and it was agreed that this will continue to be monitored. The following matters were also noted:

Action:

- The Policy and Self Assessment are to be shared with BDO for any feedback / improvements they might have as well as for reference in future internal audits they undertake. In particular, BDO's feedback is to be sought on the cycle of review for the Policy noting that the current 4-years is at the outer limit of review cycles.
- The Policy will be amended whereby items flagged as a long-term continuous improvement item will be initially reported to the Audit and Risk Committee, but delegated to the Executive Management Team for action and priority.

Moved Cr P Klobucar, seconded Mr L Kozlovic

AC409-2024

The Audit and Risk Committee:

- 1. notes the outcomes of the 2023 financial internal control self-assessment, including controls requiring improvement; and
- 2. recommends the updated Financial Internal Control Policy to Council for adoption subject to inclusions noted above.

Carried

The Chair sought leave of the meeting to defer Item 2.4 'Implementation of Service Review and Internal Audit Services' until 1pm and therefore to bring forward Agenda Item 3.1 'Quarterly Procurement Report'.

The leave of the meeting was granted.

3. ITEMS FOR NOTING

3.1 Quarterly Procurement Report

It was noted that the number of exemptions has been higher than in previous quarters. This has been examined and nothing has been flagged as being of great concern and it is believed that it is a one-off increase. This will continue to be monitored.

Moved Cr P Klobucar, Seconded Mr L Kozlovic

AC410-2024

That the Audit and Risk Committee receive and note the Quarterly Report – Procurement for the period 9 September to 31 December 2024.

The Manager Finance and Knowledge Management provided comments about the management of excess leave and the improvements achieved. Discussion was held on the approach being taken and now that the initial excess leave policy has been introduced. It was noted that there may be benefit in implementing an ongoing annual reminder to staff to take leave.

Moved Mr L Kozlovic, Seconded Ms P Christie

AC411-2024

The Audit and Risk Committee notes the progress on managing excess leave balances

Carried

2.4 Implementation of Service Review and Internal Audit Services

Mr Kyffin Thompson, Partner BDO Advisory joined the meeting via Teams at 12:54 pm

The Director Corporate highlighted that BDO have reviewed Council's risk profile and developed the Internal Audit Plan presented in the papers following a risk workshop with both the Audit and Risk Committee and Council. Management acknowledge that further work is required on the Risk Profile in terms of risk management strategies, which will be done over the coming months. Management have reviewed the Internal Audit Plan prepared by BDO and are comfortable that it can be accommodated from a resource perspective.

Mr Thompson from BDO provided a detailed overview of the risk assessment undertaken and the Internal Audit Plan as presented, specifically highlighting the risk and internal audit project linkage table outlining the projects that could be undertaken to address the identified risks.

Discussion was held on the plan with the following matters being considered:

- Does the Internal Audit Plan cover items you would normally expect to see in a Council, to which Mr Thompson confirmed it does.
- Is the order of the first two projects appropriate? Ordinarily you would undertake a review of the strategic and business planning process prior to a budget management review. However, given Council is currently undertaking a comprehensive review of its strategic management plans, there are no issues with undertaking the budget project first.
- What will be the nature of reports provided by BDO e.g. will they reflect a review of the process, or will there be commentary for example about whether Council's budget proposition is too aggressive and/or service level changes need to be made? The reports will be reporting on the adequacy of the processes adopted e.g. is the budget linked to the strategic plan and how is it monitored, are there appropriate controls and mechanisms to address changing circumstances. It will also highlight areas where expenditure may not be aligned with Council's strategic plan. The budget review project is confirmed as an assurance audit rather than a strategic audit.
- Is the internal audit function primarily around assurance, or is there a strategic advisory function as well? Internal audit projects will focus on three key areas being compliance, assurance and strategic.
- Is the order of projects correct and should the ICT project be brought forward in the program given Council's current ICT position. Regarding ICT, Management highlighted they were

comfortable with the project being scheduled for 25/26 given the comprehensive review of ICT undertaken in the last 12 months and the testing of the market approaches to be implemented over the next 12 months.

It was noted that the top three key priorities are appropriate and future priorities would be reviewed on an annual basis.

Moved Mr L Kozlovic, seconded Ms P Christie

AC412-2024

That thehe Audit and Risk Committee:

- 1. Note the actions taken to date to implement Service Review and Internal Audit Services
- 2. Recommends that Council endorse the Whyalla Council's:
 - a. Strategic Risk Assessment
 - b. Internal Audit Plan

Carried

Mr Kyffin Thompson left the meeting at 1:14 pm

4. CONFIDENTIAL ITEMS

4.1 Prudential Report for Foreshore Masterplan Delivery

Moved Mr L Kozlovic, Seconded Ms P Christie

AC413-2024

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Audit & Risk Committee orders that the public be excluded from the meeting with the exception of Phill Stone; Mayor, Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate Services, Jade Ballantine; Director City Growth, Grant Jennings; Manager Finance and Knowledge Management, Sue King; Manager People & Culture, and Lisette Symons; Executive Co-ordinator – Corporate Services for Agenda Item 4.1 – Prudential Reports – Stage 1 Foreshore Masterplan.

The Audit and Risk Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Council will receive and consider a report containing information the disclosure of which could reasonably be expected to prejudice the commercial position of the Council and would, on balance, be contrary to the public interest.

Carried

The Manager Finance and Knowledge Management highlighted that in ordinary circumstances, this report would have been brought to the Committee prior to being presented to Council, however the timing of the grant funding application precluded this approach. The Manager Finance and Knowledge Management further noted that Council endorsed the recommended resolution to

submit the grant funding application and if the grant funding application is successful, the operating costs of the new assets will be funded from funds generated from land sales which in turn will be used to bring down borrowings and reduce interest rate costs.

Discussion was held on the Prudential Report for the Foreshore Masterplan, with a particular focus on how the foreshore development will lock in Council's financial resources, leaving little capacity for Council to work with the State Government on other activities building Whyalla. Other strategic matters were also raised such as areas across Whyalla requiring investment (e.g. recreation centre, civic building, sport and recreation, council buildings in general etc), the instances of poor land use and very low value lease arrangements for both land and buildings especially in prime areas, the provision of tourism / cabin / workers accommodation and the desire of Discovery Park to further develop their site.

It was agreed that the Prudential Reports were of appropriate substance and quality however the value the Committee was providing to Council on matters of strategic importance was questioned. In this regard, comment was made that potential areas of value-add included governance, commercial and stakeholder management. However, the timing and methodology of the Committee's input (e.g. providing comment on reports at the end of the process) did not provide a strategic view of the circumstances before Council and therefore the Committee's contribution was not achieving best value. Accordingly, to commence looking at the bigger picture and thereby facilitating the Committee in adding best value, it was agreed that:

Action

- The Audit and Risk Committee would be invited to join the presentation being delivered to Council by Discovery Park; and
- A special meeting of the Audit and Risk Committee would be called for early March (post the Premier's visit to Whyalla) to discuss Council's overarching strategy and themes. Following this, the Committee can then revisit opportunities for adding value to Council's considerations and discuss how the Committee remains engaged in the business going forward.

Moved Cr P Klobucar, Seconded Ms P Christie

AC414-2024

The Audit and Risk Committee:

- 1. notes the report titled Prudential Reports Stage 1 Foreshore Masterplan; and
- 2. having considered Agenda Item 4.1 Prudential Reports Stage 1 Foreshore Masterplan in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Audit & Risk Committee pursuant to Section 91(7) of the Act, orders Annexure A pertaining to this item be kept confidential and not available for public inspection for a period of 7 years on the basis that it contains commercial information the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.

4.2 Unsolicited Proposal

Moved Ms P Christie, Seconded Mr L Kozlovic

AC415-2024

Pursuant to Section 90(2) and (3)(d) of the Local Government Act 1999, the Audit & Risk Committee orders that the public be excluded from the meeting with the exception of Phill Stone; Mayor, Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate, Jade Ballantine; Director City Growth, Grant Jennings; Manager Finance and Knowledge Management, Sue King; Manager People & Culture and Lisette Symons; Executive Coordinator – Corporate for Agenda for Agenda Item 4.2– Unsolicited Proposal – Purchase of Crown Land.

The Audit & Risk Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the committee will receive and consider a report containing commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information.

Carried

The Manager Finance and Knowledge Management provided an overview of the Unsolicited Proposal received and the process undertaken in considering the Proposal to date. Discussion was held on the Proposal with the following matters being raised:

- It was confirmed that the Proposal fits within the Unsolicited Proposal Policy framework.
- Care needs to be taken to ensure competitive neutrality is maintained.
- The Proposal needs to be dealt with in accordance with Council's Unsolicited Proposals Policy.

Discussion was held on the proposed use of the land the subject of the proposal

Moved Ms P Christie, Seconded Mr L Kozlovic

AC416-2024

The Audit and Risk Committee:

- 1. notes the report Unsolicited Proposal Purchase of Crown Land and provides the following feedback to Council to be used during their deliberations:
- 2. having considered Agenda Item 4.2 Unsolicited Proposal Purchase of Crown Land in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Audit and Risk Committee pursuant to Section 91(7) of the Act, orders that this Report including Annexures be kept confidential and not available for public inspection for a period of five (5) years, on the basis that it contains commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, not withstanding that it will be reviewed annually in February of each year.

Carried

4.3 Verbal Update on Council Business and City Developments Nil

- 4.4 Reports on any matters arising about good public administration Nil
- 5. MOTIONS WITH NOTICE

Nil

6 MOTIONS WITHOUT NOTICE

Nil

DATE OF NEXT MEETING –
 Special Meeting – Date TBA
 Monday 8 April 2024 11.00am – 2.00pm at Civic Building on Grundel Street

8. CLOSE – Meeting closed at 2.09pm

Confirmed: Presiding Member – March 2024

1. STANDING ITEMS

1.5 Business Arising from Previous Meetings – as at 8 April 2024

Audit and Risk Committee Meeting:	8 April 2024		
Author's Title:	Lisette Symons - Executive Coordinator, Corporate	File No.:	0-159
Director:	Corporate		

Annexures

- A Business Arising from Previous Meetings
- B External/Internal Reviews Work Program
- C Meeting Schedule
- D Work Program

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1999, Section 120

Status:

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

Yes



/ No

PURPOSE

The purpose of this item is to bring to the Audit and Risk Committee's attention, Business Arising from previous meetings of the Audit and Risk Committee and internal/external reviews that remain outstanding.

BACKGROUND / DISCUSSION

Business arising for the Audit and Risk Committee has two sources:

- from previous meetings of the Audit and Risk Committee; and
- matters outstanding from internal/external reviews.

Also attached are the Committee's:

- Meeting Schedule
- Work Program note that this meeting has been primarily structured around the review of Council's draft Annual Business Plan and Budget. Other items have been re-timed as follows in line with resource availability and the Committee's future work program:
 - o Review of the Fraud and Corruption Control Policy to the May 2024 meeting
 - Emergency management and business continuity to the July 2024 meeting
 - o Risk framework and profile to the July 2024 meeting
 - ARC Terms of Reference to the October 2024 meeting in alignment with the ARC's performance review and annual report to Council.

RECOMMENDATION

The Audit and Risk Committee:

1. Note the progress of actions taken to address items of business arising from previous meetings of the Audit and Risk Committee as well as external reviews.

"ANNEXURE A"

WHYALLA CITY COUNCIL

BUSINESS ARISING FROM AUDIT COMMITTEE MEETINGS

AS AT 8 April 2024

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
1.	8 May 2023	<i>3.4 ESCOSA Advice</i> A deeper insight into the granular	Manager Finance	April 2024	The assumptions in the LTFP have been recently tested in depth.	100%
		assumptions within the LTFP will be required when receiving and responding to ESCOSA advice			The draft response to the ESCOSA report has been included in the ABP document.	
2.	3 Oct 2023	2.8 Business Continuity Plan Consider the role of the Audit and Risk Committee in relation to escalation and reporting process. Amend point of contact for media – should be one, normally CEO. Consider to be given to retaining a Public Relations entity to assist and prepare public media releases. Business Continuity Plans to be refined through scenario testing and a schedule of testing to be presented to the Audit and Risk Committee	Manager Governance	5 February 2024	The Business Continuity Plan has been updated to include the ARC's escalation and reporting role, as well as one point of contact for the media, being the CEO. A schedule of scenario testing will be provided to the ARC for review at the July 2024 meeting together with the scheduled review of emergency management and business continuity policies.	70%
3.	3 Oct 2023	3.2 Civic Building Demolition Update Consideration to be given to a 'health	Director Corporate	April 2024	A call for expressions of interest has been developed, and is currently being reviewed by	80%

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
		check' on the proposed approach from an independent property advisor to add value to the overarching approach being adopted.			 an independent property advisor An early indication from the Advisor is that the approach seems reasonable, including the possibility of Council being an anchor tenant in any development. This of course will be tested by the development of a business case for each option of Council's future long-term accommodation solution. A further verbal update will be provided during the 8 April 2024 ARC meeting. 	
4.	5 Feb 2024	2.1 Review of the Asset Management Strategy and Long-Term Financial Plan A report to go to A&RC advising what changes are required to bring the Airport into a break-even position and what is needed to achieve this	Manager Finance		Included in the Annual Business Plan report	100%
5.	5 Feb 2024	2.2 Budget Review 2023/24 Quarter 2 Following a discussion around the Council's degree of comfort with the deficit position and flexibility to address the shortfall, future reports are to contain commentary about options, levers and capacity available to address the shortfall (and what impact these levers may have on the business).	Manager Finance	May Audit and Risk Committee Meeting		
6.	5 Feb 2024	2.3 Financial Internal Control Self-	Manager		BDO reviewed the Policy and were comfortable	100%

Date of Meeting	Item	Responsible	Due Date	Status	Completed
	Assessment and Policy The Policy and Self-Assessment are to be shared with BDO for any feedback/improvements as well as for reference in future internal audits. In particular, feedback on the cycle of review for the Policy noting that the current 4 year cycle is at the outer limits of review cycles. The Policy will be amended whereby items flagged as long-term continuous improvement item will be initially reported to the Audit and Risk Committee, but delegated to EMT for action and priority.	Finance		with its contents. They suggested some small changes which were incorporated, focuses on only reporting actions with an extreme and high risk levels back to the Committee on a regular basis.	

* Completed items to be removed are shaded

Annexure "B"

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Source	Date of Report	#	Item	Responsible	Progress Comment	Original Due Date	Revised Due Date	Status / % Complete
GHC	Mar-21	6	Undertake a full review of Council's suite of WHS and HR policies	Mgr People & Culture	A review of all P&C and WHS policies and procedures has been completed This review has identified the policies and procedures to be updated, rescinded and reviewed. All WHS Policies and Procedures have been developed/reviewed and are subject to regular review cycles.	30/06/2023	30/04/2024	WHS - 100% P&C - 80%
GHC	Mar-21	16	Review of community land management plans	Mgr Governance	Overall review of all expired leases and land management plans being undertaken in tandem. Land Management data base updated in preparation for new plan population. Workshop completed with Kelledy Jones 25/9/23	30/06/2024		In Progress/60%
EAMR	Jun-22	9	Review of expired lease agreements	Mgr Governance	Overall review of all expired leases and land management plans being undertaken in tandem. Review of expired leases and licences is progressing.	30/06/2024		In Progress / 65%
CSA	Jul-23	-	Cyber Security Actions	Mgr Finance	Update provided under separate cover due to security risk of making these actions public	Ongoing		Ongoing

EXTERNAL/INTERNAL REVIEWS WORKPLAN

* Shaded items to be deleted

GHC - Governance Health Check

EAMR - External Audit Management Report

IFCSA - Internal Financial Controls Self Assessment

- recommendation number from external reports and risk number for internal review

"ANNEXURE C"

WHYALLA CITY COUNCIL AUDIT AND RISK COMMITTEE

INDICATIVE MEETING SCHEDULE AND WORK PROGRAM - 2024

Schedule of Ordinary Meetir	ngs
Monday 5 February 2024 at 11am	
Monday 8 April 2024 at 11am	
Monday 13 May 2024 at 11am	
Monday 15 July 2024 at 11am	
Tuesday 8 October 2024 at 11am	In person, to include joint workshop with Council.

Annexure "D"

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ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
5.4	Communication											
	Updates on relevant Council considerations since the last meeting					As re	equire	ed				Note
7	Meetings											
7.8	Set annual schedule of meetings					х					х	
7.8	Annual joint workshop with Council – topics tbd					х					Х	Endorse
7.10	Review Committee meeting procedures					х					х	Endorse
9.3	Reporting											
9.5	Reporting Audit and Risk Committee											
	annual report to Council					Х						Endorse
10.1	Strategic Management					1	1					
	Review Strategic Management Framework, including report on WTF: What's the future workshop outcomes and consideration of transformation / investment / development strategies				x							Note
	Review of strategic management plans (Strategic Plan, LTFP, AMP, WP, ITP), including consideration of transformation / investment / development strategies					x	x	2.1				Recommend
	Review ABP&B parameters and process for following year					х					х	Recommend
	Review draft ABP&B		Х					2.1				Recommend
	Review ESCOSA material			Х				2.1				Note
10.2	Financial and Prudential Manager	nent										
	Review annual financial statements					х					х	Recommend
	Review quarterly budget reports	х		х		х	х		x		х	Recommend
	Review application for new loan				Х							Recommend
	Review Council investments & loans					х						Recommend
	Rating review considerations					Х						Recommend
	Review any prudential report					As re	equire	ed				Recommend
	Review any business case / unsolicited proposals	As required Recommend					Recommend					
	Review financial/prudential policies:									х		Recommend



ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
	- Asset Accounting											
	- Budget Management &											
	Review											
	 Corporate Credit Card Entertainment and 											
	Hospitality											
	- Financial Hardship											
	- Financial Hardship Policy –											
	Retail Water Customers					Due	2026	6				Recommend
	- Disposal of Land and Other											
	Assets				Х							Recommend
	- Financial Internal Control						Х					Recommend
	- Procurement Policy				Х							Recommend
	- Prudential Management					Х						Recommend
	- Rating Policy						Х	2.1				Recommend
	- Retail Water – Pricing					Due	2026	6				Recommend
	- Treasury Management								Х			Recommend
	- Unsolicited Proposals					Due	202	7				Recommend
	- Water Connection & Billing					Due	2026	6				Recommend
	Quarterly Procurement Report			Х	Х	Х	Х		Х	Х	Х	Note
10.3	External Audit											
	Oversee any tender process											
	undertaken and recommend to				Due	Feh	ruarv	2026				Recommend
	Council the appointment of the				Duc	. 1 CD	luury	2020				Recommend
	external auditor.											
	Review annual audit plan				_		Х					Recommend
	Receive interim management			х					х			Note
	report											
	Receive end of year audit					х					х	Note
	completion report											
	Meet with external auditor					х					х	Note
	without management present			V	v	v	V	V	V	V	v	Nata
	Monitor management's responses to and progress			Х	Х	Х	Х	Х	Х	Х	Х	Note
	against audit findings											
10.4	Risk Management											
10.4	Review Risk Management											
	Policy, framework, appetite											
	statements, strategic risk				Х	Х				Х		Recommend
	profile											
	Review emergency											
	management and business				х	х				х		Note
	continuity policies and plans											
	Cyber security review report				Х					Х		Note
	Information or Annual report			Х	х					х		Note



ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
	Monitor management's responses to and progress against any risk reports			х	x	x	х	x	х	х	х	Note
10.5	Internal Audit, Internal Controls a	nd S	ervice	e Revi	iews	<u> </u>						
	Oversee Council's engagement of an internal audit and service review service provider			x	x							Recommend
	Review and monitor the program of service reviews and internal audit assignments					x					x	Note
	Receive and comment on service review and internal audit reports						х	4.1	x	х	x	Recommend or note
	Review internal financial controls – self assessment						х					Recommend
	Review CEO's report on the effectiveness and improvement of internal control (only required for 2023, prior to establishing internal audit program)					×						Note
	Meet with service review and internal audit service provider without management present					x					x	Note
	Monitor management's responses to and progress against service review and internal audit reports								x	х	х	Note
	Review update report on management of excess leave				х							Note
	Review final reports from Systems Modernisation review (confidential)				x					х		Recommend
11.1	Performance assessment, induction	on ar	nd pro	ofessi	onal	deve	lopm	ent				
	Review performance assessment methodology									х		Endorse
	Receive and consider performance assessment report including any professional development needs										х	Endorse
	Review the Committee's Terms of Reference										х	Recommend
11.2	Ethics, Integrity and Culture			•			-					
	Ensure a review of council's systems of control on ethical standards etc is included on the internal audit program. This					x						Endorse



ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
	includes arrangements for employees to raise concerns											
	Receive and consider internal audit report on council's systems of control on ethical standards etc								х			Recommend or note
	Review Council's key controls / policies that go towards good public administration including (note these policies are on a 4- yearly cycle of review):											
	- Behaviour Management			Nex	kt due	e by I	Nove	mber 2	027		L	Recommend
	- Fraud and Corruption								Х			Recommend
	- Complaints Handling		Next due May 2025				Recommend					
	- Public Interest Disclosure		Next due May 2025				Recommend					
	- Review of Council Decisions		Next due June 2025				Recommend					
	 Access to information, transparency and confidentiality 				х							Recommend
	- Privacy			Х								Recommend
	Review CEO's annual report on the effectiveness of the organisation's culture					x					х	Note
	Review any reports received that go towards good public administration	As required				Recommend or note						
	Other											
11.3	Propose and review the exercise of powers under section 130A of the Local Government Act 1999		As required				Recommend					

2 ITEMS FOR DECISION

2.1 Draft 2024/25 Annual Business Plan and Budget – For Endorsement

Audit and Risk Committee:	8 April 2024		
Author's Title:	Grant Jennings - Manager Finance & Knowledge Management	File No.:	0-159
Directorate:	Corporate Services		

Annexures:

Annexure A – Draft 2024/25 Annual Business Plan content

Annexure B – Adopted Rating Policy

Annexure C – Draft Financial Statements

Annexure D – Updated Long Term Financial Plan Tables

Annexure E – Sensitivity Analysis

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1999, Section 120

|--|

\checkmark

No

Status: Informatic

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



Reason – Not applicable

PURPOSE

Section 126 of the Local Government Act 1999 provides that the functions of the Audit & Risk 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 adopted parameters 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 development of the current ABP&B has been developed in conjunction with the 4 yearly review of the Strategic Management Plans, which in turn has been heavily influenced by advice received from the ARC and ESCOSA on the risks to Council's ongoing financial sustainability. This advice has been well heeded, and a number of adjustments made.

The short-term position is still for a deficit, however this is improved from recent years, and some of the changes to the LTFP, such as reduced capital investment, take a number of years to fully impact the operating position. The Airport continues to be a financial risk for Council, but projections for Council excluding Airport continue to improve.

It is proposed to go to public consultation with a draft 2024/25 ABP&B based on a rate increase of 5.0%, lower than the 5.8% originally presented in the LTFP.

RECOMMENDATION

The Audit & Risk Committee recommends that Council considers the Audit & Risk Committee's discussion of the draft 2024/25 Annual Business Plan and Budget, and provides the following specific advice in the context of Council's adopted Budget Parameters and ongoing financial sustainability:

a) ...

- b) ...
- c) ...

2.1 Draft 2024/25 Annual Business Plan and Budget – For Endorsement

REPORT

BACKGROUND

Section 126 of the Local Government Act 1999 provides that the functions of the Audit & Risk 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 adopted parameters 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.

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 on 22 January 2024, Council endorsed the process and timetable for the development and adoption of the 2024/25 Annual Business Plan and Budget (ABP&B).

They also endorsed a suite of parameters that would form the framework for the development of the 2024/25 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, for Council excluding Airport, 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 & Risk Committee (ARC) was presented with the information contained within this report at its meeting held 3 October 2023. In their deliberations, it was made clear that the Committee saw value in being involved in a joint workshop with Council early in the budget process, so that they could provide guidance on the key assumptions and projections before they became too fixed.

A joint workshop between Elected and ARC Members was held on 4 December 2023, with a focus on the assumptions to be used in the updated Long Term Financial Plan (LTFP) and to a lesser degree, the Asset Management Strategy (AMS). This provided some good guidance to Elected Members and Administration on the direction for the development of these draft plans.

At its meeting held 5 February 2024, the ARC was presented with the draft LTFP and AMS. Feedback centred primarily on the LTFP, with commentary on the fact that this only appeared to be a short-term plan, with potential future activities and revenue excluded. Commentary was also provided that Council needed to strip back planned investment and focus on core activities, with a view towards reducing the projected increases for current ratepayers.

The Chair of the ARC presented the Committee's feedback to Council at its meeting held 26 February 2024. This feedback was very timely, as it coincided with feedback received from an independent review of Council's financial planning undertaken by the Essential Services Commission of South Australia (ESCOSA) and was entirely consistent in its messaging. Council had been scheduled to endorse the draft Strategic Management Plans for consultation at this meeting, but based on this feedback, the item was withdrawn, to allow for further workshopping of the content.

A further joint workshop between Elected and ARC Members was held on 4 March 2024 and during this session, the idea of a "2-speed" Strategic Plan was formulated. This was considered to deal with the concerns raised by the ARC that the LTFP excluded potential future activities and revenue. The consensus at this workshop was also that Council needed to reduce its investment in the short term, which would reduce loan borrowings and pressure on projected rate increases and contribute to Council's capacity to capitalise on the opportunities that are on the horizon.

DISCUSSION

Refer Annexure A – 2024/25 Draft Annual Business Plan and Budget content

Note that the draft 2024/25 ABP&B was progressing through the graphic design process at the time of the Audit Committee Agenda deadline. All of the key content has been provided for review, with the designed document to be ready for the Council Meeting on 15 April 2024. The document will follow the same format as 2023/24, which is available to view on Council's website.

The key underlying assumptions that have been included within the development of the ABP&B are as follows:

- Consumer Price Index (CPI) of 4.2%, estimated for March 2024.
- A wage increase of 4%, plus a 0.5% increase in the superannuation guarantee.
- An increase in the Airport Passenger Levy of \$1 to \$12.50 in January 2025.
- All other fees and charges increasing by 5%.

The majority of Council's contracts have provision for CPI increases each year and so most of Council's contracting and material budgets are increased by this factor.

The proposed capital program includes \$7.7 million of newly identified projects, with \$5.2 million of this being for renewal and \$2.5 million being for new assets. This is offset by \$750,000 of grant funding. A project entitled Capacity Funding has been included within the program. Council did not fully allocate the new asset budget but recognised that there needs to be flexibility in the budget to react to changed circumstance and opportunities at short notice. These funds will only be allocated to specific projects/initiatives by Council resolution.

Of the spend on new assets, \$1.3 million relates to projects that are "self-funded" by offsetting operating savings, being the Recreation Centre Efficiency Project and the Steelworks Tour Bus. For this reason, these projects are in addition to Council's normal capacity to invest in new assets.

Around \$2.4 million of expenditure has been retimed from 2023/24 for projects that will now be completed next year, and it is likely that further budget will also be deferred during the third quarter budget review.

Based on the feedback from the ARC and ESCOSA, the available allocation for new assets was reduced by \$520,000 for each year of the LTFP, a total reduction of \$5.2 million over 10 years. This is in addition to a similar decrease implemented 12 months ago, impacted all years from 2025/26 onwards. While these two decisions have effectively halved Council's capacity to deliver new assets, it is considered appropriate to reduce the rate burden on Whyalla residents.

The payroll budget for 2024/25 has been reduced by 1.5 Full Time Equivalent (FTE) positions that are currently held vacant. The LTFP assumes that this figure increases to 3 FTE for 2025/26 and later years.

The changes outlined above are in addition to a number of assumptions around savings already built into the budget and LTFP projections. These include:

- Assumption of 1.5 vacant positions on average during the year \$165,00 for 2024/25.
- Savings from rationalisation of building stock \$50,000 for 2024/25 increasing to \$100,000 in 2025/26. \$150,000 of ongoing savings have been realised in this area in recent years.
- Ongoing depreciation savings of \$150,000 from a review of transport asset useful lives.
- Identification of other operating savings \$25,000 for 2024/25 increasing by \$25,000 in each subsequent year.

Identifying this level of savings, plus the cuts outlined above, is already challenging in the current environment and there is no real capacity to build more into the plan.

The impact of these assumptions and adjustments on the proposed rates increase is discussed in the financial implication section below.

ESCOSA Advice

The advice issued by ESCOSA discussed above relates to legislative changes introduced to section 122 of the *Local Government Act 1999*, now commonly known at the Local Government Advice Scheme. Under s122(1h), Council must publish this advice and Council's response to it (if any) in the Annual Business Plan for the next 4 years.

The Advice will be included as Appendix D to the document. Council's response to the key recommendation made by ESCOSA has been included in the main document as a section titled ESCOSA Advice – Action Plan. This is consistent with the draft response endorsed by Council at its meeting held 18 March 2024. It is expected that this action plan will be updated on an annual basis, as required.

Rating Policy

Deu to the legislative requirement to change the basis of rating from Site Value to Capital Value for 2024/25/ Council undertook public consultation on a rating review during January and February. The main items of discussion during consultation were; the proposal to remove the differential for coastal and rural living properties, and the application of capping at 12%.

Council held three workshops after the consultation period and worked though a large number of scenarios relating to these issues. At its meeting held 18 March 2024, Council resolved to adopt the updated Rating Policy for 2024/25, which:

- Maintained a differential for Coastal and Rural Living, but by setting this differential at 70%, still saw these properties experience a 40% rate increase on average; and
- Increased capping for residential properties to 18% for year 1 of the new year and set capping for non-residential properties at either 30% or 60%, by application only. These changes meant that the impact of capping on residential properties not receiving capping dropped from 8.3% to 3.5%, which still protecting properties most impacted by the change.

Refer Annexure B – Adopted Rating Policy

Financial Implications

The key financial measures for the draft 2024/25 ABP&B are:

- an operating deficit \$1.56 million;
- an operating deficit ratio of (4)%;
- a net liabilities ratio of 51%; and
- an asset sustainability ratio of 90%.

Refer **Annexure C** – *Draft Financial Statements* and **Annexure D** – *Updated Long Term Financial Plan Tables*

The budget proposes an operating deficit of \$1.56 million and an operating deficit ratio of (4)%. The operating surplus/deficit ratio is lower than Council's target range of (2)% to 1%. The deficit is exacerbated by the Airport, with Council excluding Airport projecting a deficit of (2)%, which is just inside the short term target.

The Net Financial Liabilities ratio is projected to be 51% for 2024/25, which is well within target range. Total borrowings are projected to be \$22.4 million for 2024/25. After 2025/26 borrowings are projected to reduce slowly, reaching \$10.3 million by 2033/34.

The Asset Sustainability Ratio is projected to be 90% in 2024/25. This ratio is at the bottom of the target range, due to some retiming of renewal in the plan, but averages 102% over the term of the plan, showing that renewal projection in the LTFP closely align to the AMS.

Council's LTFP is broken down into two key areas, the Airport as a stand-alone Business Unit and then Council excluding Airport.

<u>Airport</u>

The Airport model shows that the airport is running at a high level of deficit across the LTFP, despite increases in the Passenger Levy of \$1 per annum being built in over the first 3 years. Some level of deficit, around the \$200,000 mark will need to be carried by the airport for a number of years, due to the conditions of the grant funding received for the terminal upgrade.

However, the airport needs to return to a cash positive position as soon as possible, to begin reducing loan borrowings and build capacity for future renewal. Current income projections are already built upon the estimate that passenger numbers will be at approximately pre-Covid numbers for 2024/25, something that is looking increasingly at risk with current figures only slightly above 60%. However, noting the exponential growth about to occur in the city, there was hesitancy in reducing this assumption. It should also be noted that growth of only 1% has been built in for future years.

To move to a cash positive position in the short term, Council would need to consider increasing the passenger charge by approximately 75%, from the current level of \$11.50 (ex. GST) per passenger, to \$20.00. This modelling assumes that passenger numbers only recover to 75% of pre-Covid levels next year, and then increase 4% per year, reaching pre-Covid levels near the end of the plan. The passenger levy could then be held at the same level for at least a couple of years and then potentially even longer if numbers increase quicker than this.

There is hesitancy to implement a large change at this time, due to the fact that a screening fee of \$45.00 (ex. GST) per departing passenger had to be implemented, which has put pressure on ticket prices. However, a frank conversation with the airline may need to be held on this option in the near future, if projections don't improve significantly.

Other options, such as commercialisation of the airport zone, is likely to take a long period of time, with shorter term solutions being required.

Once Council excluding Airport reaches a surplus position in the coming years, some level of debt forgiveness for the Airport may be a viable option, as another option to improve the projections.

<u>Council</u>

Council excluding Airport proposes an operating deficit of \$727,000 and an operating deficit ratio of (2)%. The operating surplus/deficit ratio is just inside the target range; however a deficit position cannot be sustained over time.

Council excluding Airport's Net Financial Liabilities ratio is projected to be 32% for 2024/25, which is well within target range. Borrowings are projected to be \$13.6 million for 2024/25 and reduce down to only \$400,000 by 2033/34.

The Asset Sustainability Ratio is projected to be 90% in 2024/25. This ratio is at the bottom of the target range, due to some retiming of renewal in the plan, but averages 102% over the term of the plan, showing that renewal projection in the LTFP closely align to the AMS.

The changes made to the LTFP assumptions discussed above, primarily the reduction of capital spending and labour savings, have allowed projected rate increases across the LTFP to be reduced by 7.3%, with 0.8% of this reduction occurring in 2024/25, meaning that the projected rate increase has reduced from 5.8% to 5.0%. Currently the required rate increase for both 2025/26 and 2026/27 are 1.5% above CPI, with further work required over the coming year to get these down to a more acceptable level.

To provide some context, council would need to increase rate revenue by 7.5% to achieve a balanced operating position in 2024/25 for Council excluding Airport. This additional rate increase, 2.5% higher than the current proposal, could be adjusted out of the plan in future years, so that rate levels by the end of the plan are similar to current projections. There are a number of reasons why this option does not fully align with current circumstances:

- One of Council's budget parameters is to keep rate increases predictable over time, in line with those consulted on in the LTFP, rather than rely on one off spikes.
- It is noted above that the ARC and ESCOSA have expressed concern with projected rate increases above CPI and the cost pressure this puts on ratepayers. Options for lower projected rate increases have been requested.
- The move from Site Value to Capital Value will cause large rate changes for some property owners, and in the current environment where CPI is still above long term targets, higher rate increases than already projected may be too large of a pressure.

Sensitivity Analysis

Refer Annexure E – Sensitivity Analysis

Sensitivity analysis has been undertaken in a number of key areas, being Rate Increases, CPI and New Rate Income, to assist with understanding the key risks and opportunities present in the LTFP. All of these models are for Council excluding Airport.

Rate Increases

As discussed, the required rate increase for 2024/25 has reduced from 5.8% to 5.0%. A number of models have been prepared to show that adopting a lower rate increase than this is not recommended, without other changes to the plan, as it extends the timeframe for the return to surplus and increases borrowings. Model 1 shows a 4.2% rate increase, in line with CPI, which has moderate impacts. Model 2 shows a zero rate increase, which has a significantly negative impact on Council and would undo the good financial discipline exercised over the past few years.

<u>CPI</u>

Each year Council's budget is adopted based on March CPI, which needs to be assumed for the consultation version of the budget. As mentioned above, CPI is a key driver of Council's costs, and so this assumption is key one to test, to understand the possible range of impacts if it varies. Models 3 and 4 assume that if CPI changes, that the rate increase changes by the same amount.

The models show that the LTFP is not currently in a neutral position in relation to CPI, which is due to the fact that the wage assumption is tied to council's adopted EB Agreement and so doesn't change for CPI. What the models show is that the rate increase needs to change by around half of the adjustment in CPI, to achieve a model with a similar outcome. For instance, if CPI was to reduce by 1.0% to 3.2%, the rate increase could only reduce by 0.5% to 4.5%, and vice versa.

It is proposed that the impacts of any changes in actual CPI from the forecast will be discussed with Council after the consultation period, and that any suggested flow on impact on the rate increase will take into account the relationship above, seeking to not diminish Council financial position.

New Rate Income

The current LTFP projections take a prudent and responsible approach to potential new income streams, currently leaving them out until the value and timing are confirmed. However, to assist with understanding what sort of impact these could have, Model 5 and 6 has been developed.

The table below shows the development projects that are expected to soon break ground, a very high-level estimate of potential rates revenue and the year each is expected to be rateable by.

Site	Potential Annual Rates Revenue	Rateable by	Comments
Land for Hydrogen Jobs Project	\$500,000	2024/25	
Cabins - stage 1	\$85,000	2025/26	
Kloeden - cabins stage 1	\$25,000	2025/26	
Other - workers accommodation	\$250,000	2025/26	Assumed to only be rateable until 2027/28
Kloeden - workers accommodation	\$125,000	2026/27	Assumed to only be rateable until 2027/28
Kloeden - housing	\$100,000	2026/27	
Cabins - stage 2	\$275,000	2027/28	
Kloeden - cabins stage 2	\$205,000	2027/28	
Total	\$1,565,000		

Model 5 assumes that these projects come online as expected and that 60% of the projected rate income is the net impact for Council, i.e. that base costs for Council increase due to increased service requirements equivalent to 40% of the additional rates income.

Model 6 includes the same timings as above but assumes that each development is only half the size. The assumed impact on council's cost base is also halved.

Both models show a significant improvement in Council's financial projections, building capacity for Council. These are only two possible scenarios, with an infinite number of permutations that could be considered. However, they do provide a helpful tool to visualising the opportunity that sits ahead.

Caution is recommended in using these scenarios until such time as greater certainty is known. It would not be responsible to factor these into Council's decision making at this time.

If this growth did begin to eventuate, the actual modelling would differ from those shown here, as Council have indicated that they would like a portion of this step change in income to allow some of the capacity removed from the current LTFP to be returned.

Strategic Plan

The Annual Business Plan and Budget is a key document that outlines the activities that Council will undertake to deliver on all its strategic objectives. The Annual Business Plan has been developed to be consistent with the "2-speed" outlook that has been included in the updated draft Strategic Plan.

Legislation

Council will prepare and consulted on the draft 2024/25 Annual Business Plan and Budget in accordance with the following:

- Local Government Act 1999;
- Local Government (Financial Management) Regulations 2011; and
- Council's Public Consultation Policy.

Officer Direct or Indirect Interest - Nil

Risk Assessment

As shown in Council's financial projections, a deficit position will be maintained for a number of years. This is in large part due to the financial position of the Airport, which poses much of the current financial risk Council is facing. The projections for Council excluding Airport continue to improve, even with the reduction in projected rate increases that was introduced. There are certainly still other financial risks present, primarily on the cost side, but Council continues to build capacity into its plan to help deal with these as they arise.

Social Considerations

A key consideration for Council is to weigh the community's ability and willingness to pay against the long-term impacts that a reduced funding model will have on community capacity.

Community Engagement

The consultation process contains a number of ways for the community to be involved, including:

- a public information session on Tuesday 30 April 2024;
- a public information session on Tuesday 14 May 2024;
- the ability to view the detailed presentation from Council's website;
- making a written submission via Council's website, email or hard copy; and
- making a verbal submission at the Council Meeting on Monday 20 May 2024.

Environmental Implications – Nil

Communication

Council will commence its public consultation process on Friday 26 April 2024, with submissions closing on Monday 20 May 2024. The consultation process will be communicated using a variety of methods including a public notice in the local paper, tv classifieds, media releases, Facebook posts, radio announcements and also via Council's website.

Conclusion

The development of the current ABP&B has been developed in conjunction with the 4 yearly review of the Strategic Management Plans, which in turn has been heavily influenced by advice received from the ARC and ESCOSA on the risks to Council's ongoing financial sustainability. This advice has been well heeded and a number of adjustments made.

The short term position is still for a deficit, however this is improved from recent years, and some of the changes to the LTFP, such as reduced capital investment, take a number of years to fully impact the operating position. The Airport continues to be a financial risk for Council, but projections for Council excluding Airport continue to improve.

It is proposed to go to public consultation with a draft 2024/25 ABP&B based on a rate increase of 5.0%, lower than the 5.8% originally presented in the LTFP.

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 2024-25.

Community Consultation will be open from Friday 26 April 2024 and all submissions or comments will need to be received by Monday 20 May 2024.

A full copy of Council's Draft Annual Business Plan and Budget 2024-25 is available to view at Council offices or by visiting Council's website: <u>www.whyalla.sa.gov</u>.

Your feedback can be provided by:

- Attending one of our Community Information Sessions at 6pm on either Tuesday 30 April 2024 or Tuesday 14 May 2024 at the Civic Building on Grundel Street.

- Making a verbal submission at the General Council meeting at 5:30pm on Monday 20 May 2024
- 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 Barngarla people can work together to build a stronger future.

Mayor and CEO Message

Being developed

City at a Glance

Home to 21,890 residents 5.5% of our population are Aboriginal and Torres Strait Islander people 17.9% of our population born overseas 14.5% of population volunteer \$1.28 billion gross regional product 300 days of sunshine a year 270mm of rainfall a year

11,230 dwellings Council area is 1,000 km² Road Network 353 km Urban Area is 41.5 km² 11,512 Rateable Properties Total Operating Income of \$41.2 million Total Operating Expenditure of \$42.7 million

SEIFA Index 883

38% of adults completed High School43% of adults have a vocation or higher education45% of the population are aged between 25 and 60

Council at a Glance

Elected Members

Phill Stone	Mayor
Tamy Pond	Deputy Mayor
Peter Borda	Councillor
Kathryn Campbell	Councillor
Mark Inglis	Councillor
Peter Klobucar	Councillor
David Knox	Councillor
Bill Simpson	Councillor
Sharon Todd	Councillor
Zia Westerman	Councillor

Employees

Employees	163
FTE	141
Male	35%
Female	65%
Avg Length of Service	12 years
Avg Age	47 years

Strategic Direction

Whyalla City Council's Strategic Management Plans have a strong focus on creating a proud and thriving city with a diverse economy and a strong sense of community spirit.

- the Whyalla City Council Strategic Plan 2025-2034
- the Whyalla City Council Long Term Financial Plan 2025-2034
- the Whyalla City Council Asset Management Strategy 2025-2034

The plans have been developed to closely align with the City's inaugural Community Plan – Whyalla 2030 and Beyond: a plan developed by the Community for the Community. These plans also align with relevant regional and national initiatives and priorities included in the South Australian Strategic Plan.

Planning Framework

Same content as last year

Strategic Plan 2025-2034

Vision

WHYALLA: 2030 and Beyond!

We Embrace Opportunity, We Thrive Together, We Lead the Way.

In our amazing transformation, Whyalla has emerged as a thriving, clean city where every resident experiences a profound sense of belonging, showcasing a remarkable resilience, innovative spirit, and a strong community bond that has fuelled our journey towards prosperity. Whyalla is a city where progress is measured not only by economic indicators but by the sense of pride and opportunity that every resident enjoys in this thriving, progressive community.

Values We Care We Work Together We're Committed We Own It

Priorities

1-2 Years	2+ years
Financial sustainability and delivering on core	Larger liveability projects and increased
services	amenity

Our People and Community

Empowered people embrace their community to achieve a sense of belonging.

Our Liveability

A quality life in a safe and connected community.

Our Industries and Business

A diverse and prosperous economy.

Our Leadership

Leadership that creates and shares a prosperous future for the community of Whyalla.

2023-24 Community Perceptions

COMMUNITY SURVEY

During early 2023, Council undertook its third annual survey, focused on understanding our community's perception of the city. These results were compared to earlier surveys from earlier years 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 2025-2034 are being met. No survey has been undertaken in 2023/2024, with a review of the future schedule to be undertaken.

SCORE – expressed slight variations in	in percentages (rounded and therefore resulting in totals)	Weighted Score -/5	Trend		
OUR PEOPLE- a saf	OUR PEOPLE– a safe and engaged community, which is healthy, culturally and socially rich				
Pride	Proportion who say they feel proud of Whyalla	3.68			
Safe, Healthy, Connected	Proportion who say they feel safe, healthy and connected to their community	3.17	¥		
	AVERAGE	3.43			
OUR PLACES – prot	ecting our natural environment and enhancing our b	ouilt environ	ment		
Attractive and	Proportion who say they have great memories of	3.79			
creative city	Whyalla's parks, gardens, public buildings and infrastructure	3.79			
Activated	Proportion who say Whyalla's parks, gardens, public buildings and infrastructure are well used and	3.43	J		
	reflect community needs	5145	•		
Sustainable	We look after our natural environment, effectively	3.34	•		
environment	protecting it for us now and for future generations AVERAGE	3.52	-		
		3.52			
OUR ECONOMY – V	Whyalla has a diverse and sustainable economy				
Growing	New businesses in Whyalla	3.27	1		
Learning, working, staying	Higher education enrolments, higher education retention	2.91	.↓		
Staying	AVERAGE	3.09	¥		
OUR IMAGE – Why positive and long-t	alla is respected and recognised as a strong commur erm future	nity with a b	right,		
	Would you recommend Whyalla as a place to live? (Net Promoter Score)	*-22	¥		
Belonging	Would you recommend Whyalla as a place to do business? (Net Promoter Score)	*-40			
	AVERAGE	-31			
OUR LEADERSHIP -	we are a City confident in its leaders				
	Proportion who say Council delivers value for the	2.67	¥		
	rate dollar Proportion who are satisfied with Council services	3.35			
Strategic	Proportion who say it takes little effort to do	3.25	•		
Accountable	business with Council	5.25			
Engaged Modern	Proportion who are satisfied with their experience in dealing with Council	3.29	1		
Modern	Proportion who say Council is engaging with residents, ratepayers, community groups, visitors	3.08			
	Proportion who say Council is exciting, modern and embracing change	2.88			
	AVERAGE	3.09			

2023-24 Project Delivery

RECREATION CENTRE RENEWAL

These works focus on returning out of order components to service and ensuring that water quality is meeting all necessary standards. Work kicked off in early January and the main pool was filled and operational in mid-March. All other components will be completed in mid-April, with a slight delay caused by an industry wide shortage of switchboard components.

POINT LOWLY COTTAGES UPGRADE

This project will allow this historic and well-loved facility to return to service as a high end accommodation offering. The project is 50% externally grant funded. Works were completed at the end of March, with the operator to move in, in the near future and hiring to commence.

CHILDCARE CENTRE UPGRADE

Expansion of the Child Care Building footprint, to allow a higher number of licences to be obtained, while also ensuring that services are delivered in line with modern expectations. The project is 50% externally grant funded. Works are well underway on site and are due for completion in June 2024.

TRANSPORT RENEWAL PROGRAM

This is the second year of a three-year program, that includes renewal of road, kerb and footpath assets. The development of the program was based on detailed network condition data, in conjunction with visual assessments and usage information.

GULF VIEW DRIVE UPGRADE

Works to continue the sealing of Gulf View Drive, with the current section being more technical, due to stormwater requirements. The project is 50% externally grant funded. Work commenced in January and while progressing slower than expected, are still expected to be completed this financial year.

FORESHORE PLAZA

The detailed design for the open space components is at practical completion and was used to submit a grant application to the Federal Government. Once the outcome of this application is known, the works will be able to be tendered, with work to occur in 2024/25. It is currently unknown if the Surf Life Saving Club building component will proceed.

WHYALLA MARINA RENEWAL

Council has been successful in achieving 75% funding for the replacement of the Boat Ramp and pontoons. These works will be tendered in the near future and works completed over the next two years, needing to be aligned with dredging works that are also required.

PUBLIC TOILET RENEWAL

Planning is underway for the replacement of the Foreshore and Wetlands toilets. The Foreshore project will commence construction in the near future, however the Wetlands toilet will be delayed due to higher than expected costs for services at this site.

WHYALLA LIBRARY

The library is an important and well used community asset. Some components of the building are due for renewal including the polished concrete floor and air conditioning units. This work has been delayed, as Council works through alternate flooring options, as polished concrete is not considered to be an economical option moving forward, and the works will now occur in 2024/25.

Detailed updates on the delivery of the entire capital program can be found in Council Agendas on a quarterly basis.

2023-24 Achievements

Initiative	Planned Activities	Progress to Date	Tracking
Our People - a	safe and engaged community, which is healthy, culturally and socially rich		
Animal Management Plan	Implementation of programs, such as education and desexing, in line with the recently adopted Animal Management Plan. It is expected that this investment will reduce the number of animals requiring rehoming, which is a significant cost driver for Council.	Since the commencement of the Agreement between Council and the RSPCA, the number of dogs and cats impounded annually has been steadily decreasing. This saved Council approximately \$45,000 for 2023-24 and as this trend has continued over the first 6-month period for this year, further reductions are expected in the future. Examples of programs implemented in recent times include the NDN desexing program which resulted in 28 cats and 21 dogs being desexed. As a conservative estimate, desexing 28 cats may have prevented at least 280 kittens in the first year. If these kittens were not desexed, an additional 2,800 cats could have been produced by the end of the second year. Desexing 21 dogs may have prevented more than 100 puppies being born into the community. Note that the NDN program concluded in September 2023 and discussions are currently underway with the RSPCA regarding the implementation of a new program to further identify and target the most vulnerable in our community who would benefit from financial assistance to desex their dog or cat. Education programs have also been implemented including; media releases; distribution of booklets and information when investigating complaints / issuing expiation notices; referencing and directing animal owners to the Dog and Cat Management website; interviews on Triple Y radio station about dog and cat laws; direct education at Council's microchipping day held at the Dog Park in June 2023. It is acknowledged that further work in this area can be done and over the coming months work will start on improving the animal management information on council's website and the design and delivery of a targeted education program.	

Initiative	Planned Activities	Progress to Date	Tracking
Our People - a	safe and engaged community, which is healthy, culturally and socially rich		
Library Space	The Library is an important and well used community asset. Some components of the building are due for renewal and this is being taken as an opportunity to review the overall use of the space, to ensure it meets practice.	The polished concrete floor is due for major renewal, however investigations have revealed that this would require a lengthy closure of the Library to be undertaken. Alternative options are being explored, including the possibility of changing the flooring, to compare the overall cost and the impact on operations. The current shelving is not conducive to making the library a modern usable space, and it would make sense to replace this at the same time as the flooring, so this will be considered as part of the 24/25 budget process.	Minor delays
Water Security	Development of the Northern Water Supply Project will ensure water security in Whyalla for future generations. It also provides an opportunity to advocate for the concurrent upgrade Whyalla's water supply network, which currently doesn't meet industry standards.	Earlier in 2023, the Northern Water team undertook broad engagement with stakeholders and the community on the results of a site selection multi-criteria analysis which found Cape Hardy to be the best performing site across a range of criteria. The Northern Water team continues to engage with stakeholders and the wider community as the project is further defined to help identify potential issues, concerns, impacts, opportunities, and management measures to reduce risk and enhance local community benefits. Northern Water will provide several local community engagement opportunities throughout 2024 and 2025. A final decision whether to progress with the project is anticipated for late 2025. This will be based on the outcomes of the assessment process, land access discussions including with Traditional Owners and the financial viability of the project. The earliest that water may be available for use is in 2028.	Minor delays

Initiative	Planned Activities	Progress to Date	Tracking
Our Places - pr	otecting our natural environment and enhancing our built environment		
Waste Education	Currently almost half of the waste put in general waste bins across the city could be diverted to green waste. If this occurred, it would save almost \$300,000 a year in disposal costs. Education programs will be undertaken with industry partners to empower the community to begin making this change.	The 'Take the Pledge' program was launched in January in partnership with KESAB. This program looks to engage the local community to be involved in the	On Track
Recreation and Sport Plan	Develop a roadmap for recreation and sporting facilities in our city.	There are many complicating factors around the development of a plan of this nature, such as land ownership, the use of shared facilities and stormwater issues, to name just a few. Council is working with the State Government to develop a city structure plan, which will outline the future direction for land use in the city, and could be considered the first step in bedding down the future direction of sporting facilities in the city. However, a finalised plan is likely to be a number of years away, with a large number of stakeholders involved, who all have very different views and priorities.	
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.	Work continues to implement the decision already made by Council in this area, such as for YYY and Steel United. A report will be brought to Council in the near future on a proposed course of action for Tanderra, that is considered to meet the needs of both Council and users of the facility. Other smaller value properties will continue to be worked though over time.	Minor Delays
Review Stormwater Assets	Undertake a condition rating and valuation of Council's stormwater network as part of the 5 year cycle. Due to the nature of stormwater asset inspection, a portion of the network will be inspected and the results extrapolated over the remaining assets based on age and location.	Work on the condition rating and valuation of Council's stormwater assets is underway.	On Track

Initiative	Planned Activities	Progress to Date	Tracking	
Our Places - pro	Our Places - protecting our natural environment and enhancing our built environment			
Housing	Whyalla is in need of significant urban renewal, with the current housing stock not ready to meet the needs of a growing population. This renewal requires both private and public sector investment and Council have an important role to play in ensuring the correct parties are brought to the table on this issue.	There have been some positive developments in this space, with the State Government asking Council to support revocation of care and control of a number of Crown Land parcels. These parcels have been determined as being of strategic importance for housing and accommodation, and is seen as the first step toward seeing new housing development at scale in the city. In addition, there has been investigation of opportunities to expand the number of short term accommodation beds in the city. Progress in the area of housing is slower than Council would like, but it is positive to finally be seeing some progress in this space.	On Track	
Liveability	Whyalla needs significant investment in a large number of public infrastructure projects, to ensure that the city is able to take advantage of the opportunities that now face it. Current ratepayers cannot bear this cost, meaning that Council are required to advocate strongly for external funding sources to make this happen. The focus of all investment should be the liveability of the city, which will benefit both current and potential ratepayers long into the future. Detailed design for a number of high priority projects will be progressed, to ensure Council is shovel ready when funding is available.	It is hoped that upcoming grant announcements will allow Council to move ahead with some high profile projects, centred around the Foreshore Plaza. Very little traction has been gained thus far in attracting private investment from companies involved in the Hydrogen development, but it is hoped that a catalyst project may be able to set this in motion.	On Track	
Our Economy	- Whyalla has a diverse and sustainable economy			
Economic Development Plan	Delivery of 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.	Council has rejoined the RDA, who are responsible for delivery of these actions.	On Track	
Northern Coastline Master Plan	Complete delivery of the Point Lowly Cottages Upgrade, which will provide a key tourism asset for the region.	The cottages will soon be completed, with the facility manager now preparing the final fit out in readiness to make them available for bookings. Work is also being undertaken to make improvements to the Cuttlefish Dive site prior to the next season.	On Track	

Initiative	Planned Activities	Progress to Date	Tracking	
Our Image - Whyalla is respected and recognised as a strong community with a bright, positive and long-term future				
Foreshore Master Plan	 Progress the Surf Life Saving Club build alongside the open space components of the plan, such as playground and water play. Focus on the renewal of marina assets reaching end of life, such as the boat ramp and swimming enclosure. 	 The detailed design elements of the Foreshore Plaza Surf Live Saving Club build are well progressed. Council was successful in the Expression of Interest phase of the Growing Regions Program and has now progressed to a full grant application, the outcome of which will be known in the coming months. Council is waiting on final confirmation regarding a grant application for renewal works at the Whyalla Marina and is also progressing an Early Contractor Involvement process for dredging at both marinas as well as the removal of the end of life loading dock at Point Lowly Marina. 	On Track	
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. In addition, a pilot program will be developed to get community buy in for the uplift of local streetscapes.	Work on tree planting has been paused for the time being, due to concerns around capacity of current resources to manage trees to maturity. A review of the process and future plans will be undertaken.	Major Delays	
Replenishment	Council will double its annual sand replenishment program, to maintain the current beach over the next 15 to 20 years in line with the recommendations in the recently completed coastal adaptation study.	The first round of this program was delivered successfully and grant funding for a second round has been secured. Improvements to reduce fine sand movement have been requested by the EPA, which will be implemented for future rounds.	On Track	

Initiative	Planned Activities	Progress to Date	Tracking
Our Leadersh	${f ip}$ - we are a City confident in its leaders	•	
Community Participation	Increase levels of community participation through engagement.	The 'What's the Future' process undertaken to develop the Community Plan has been a highly successful community engagement process and shows the willingness of the community to be involved in decision making and action. Council has commenced the development of Frequently Asked Questions documents for major consultation processes. This ensures that staff and Council Members have the resources at their fingertip to answer community queries, but also allows community members to become informed and in some cases become advocates for Council.	On Track
Customer Experience	Finalisation and implementation of a Customer Experience Framework for Council.	Implementation of the framework is complete, review currently being undertaken to identify gaps and develop actions to address.	On Track
Organisational Development	With a performance management framework implemented the training and development plan will align Organisational and individual training and development needs.	On track to be completed in 23/24 FY	On Track
Information Systems	Commence staged implementation of the system modernisation roadmap.	Progressing this project will require a budget allocation, for detailed process mapping prior to tender and also technical assistance with tender evaluation. This will be discussed with Council over coming months.	Minor Delays
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.	A Service Review program has commenced, with Childcare, Airport and Open Space being prioritised for the first tranche, in recognition of the significant resources used in these areas.	On Track
Rates Review	Extensive community consultation will be undertaken as Council prepares to makes the move to rating using Capital Values for 2024/25.	Consultation was undertaken in January & February and included a well attended Public Information Evening. Letters were sent to shack, rural living and primary production owners to individually inform them of the process, as they are likely to be significantly impacted by the proposed changes. Getting the message across correctly was a challenge, as general understanding of rating is quite low and some of the concepts and mechanisms are complicated to explain in simple language. Council discussed the outcomes of consultation in great detail and made some adjustments to the final model, to try and achieve a balanced outcome for everyone.	On Track

Initiative	Planned Activities	Progress to Date	Tracking
Our Leadershi	P - we are a City confident in its leaders	•	
Review of Strategic Management Plans	The development of a Community Plan, outlining the future direction of the city as a whole, will drive the update to Council's Strategic Management Plans.	Engagement with the development of a Community Plan has been excellent, with well attended sessions and high levels of perception throughout. The finished product is completed, with a local community service provider to take the lead on tracking future progress. This document has formed the basis for the review of the Strategic Plan, which along with the Asset Management Strategy and Long Term Financial Plan, has undergone public consultation.	On Track
Future Civic Centre	Planning for the future home of Council is an exciting opportunity to ensure the delivery of a multi-use facility that delivers the best possible outcome for the community.	In September 2023, Council considered two practical options to deal with the state of repair of the Darling Street Civic Building, as well as the future home of Council. The options considered were to ensure demolition of the building by July 2024, or to test the market for private sector solution to the issue. The private sector solution to the issue may or may not include a redevelopment of the site with the option of Council being an anchor tenant in any re-development. The outcome of Council's consideration was an approval to develop a Prospectus for the future use and / or redevelopment of the Civic Building, Darling Terrace site for release to the market. At the same time, Council also endorsed including the Council owned land on Ekblom Street in the Prospectus. In parallel to going out to market, Council will also release an RFP for early contractor involvement in the demolition of the Civic Building, to ensure that the site is addressed by July 2024. This strategy was also considered by the Audit and Risk Committee in October 2023, with feedback being provided to secure independent advice as to the benefit of taking this approach. Progress achieved to date in implementing this strategy is that an RFP for early contractor involvement in the demolition of the Civic Building has been developed, and will be released late March to prospective contractors. An outline Prospectus has been developed, with the view that this will be released by the end of March. In releasing the Prospectus, Renewal SA will be engaged in terms of opportunities.	Minor Delays

2023-24 Measuring Our Performance

Key Focus Area	Measure	Progress	Performance
Key Imperatives / Project Delivery	•		•
Staged delivery of the foreshore master plan	On track against plans	The detailed design elements of the Foreshore Plaza Surf Live Saving Club build are well progressed. Council was successful in the Expression of Interest phase of the Growing Regions Program and has now progressed to a full grant application, the outcome of which will be known in the coming months.	On Track
Development of updated Strategic Management Plans that reflect community vision and need	Plans adopted	Engagement with the development of a Community Plan has been excellent, with well attended sessions and high levels of perception throughout. The finished product is nearing completion, with a local community service provider to take the lead on tracking future progress. This document has formed the basis for the review of the Strategic Plan, which along with the Asset Management Strategy and Long Term Financial Plan, will be presented to Council for public consultation in February.	On Track
Implementation of the economic development plan	On track against plans	Council has rejoined the RDA, who are responsible for delivery of these actions.	On Track
Provide leadership and organisational 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	While progress has been slow in this area compared to expectations, a number of key items are close to falling into place, such as land transfers for Hydrogen projects and housing. RDAEP are basing a resource in Whyalla on a regular basis, to help ensure that local projects are given sufficient priority. An upcoming visit from the Premier may be a catalyst for further announcements and momentum.	On Track
Delivery of annual capital program	On track against plans	Council is progressing with all major capital projects that are not pending grant funding, with the Point Lowly Cottages Upgrade, Childcare Upgrade and Recreation Centre Renewal all in progress and the Transport Renewal Program nearing completion. Based on committed costs, at least \$10 million of capital works will be delivered this financial year, which is broadly in line with long term averages. Some projects have been deferred to allow higher priorities to progress.	On Track
Delivery of initiatives outlined within the Annual Business Plan	On track against plans	Approximately 30% of the Strategic Initiatives are behind schedule in some capacity.	At Risk

Key Focus Area	Measure	Progress	Performance
Financial and Asset Management			
Performance against Council's adopted budget inclusive of savings	Financial results show improvement compared to adopted (or adjusted) budget	At this stage Council's projected financial position in in line with the adopted budget after adjusting for operating items carried forward, which are simply a timing variance, with the exception of the Airport, which has seen a significant reduction in projected income due to passenger numbers.	On Track
Identify and implement strategies to restore a surplus financial position by 2026/2027	LTFP projections	The current LTFP projections show a return to a breakeven position by 25/26 for Council excluding Airport, and a very small surplus in 26/27.	On Track
Develop and commence delivery of a service review program, ensuring effective and efficient delivery of council services	Status of service reviews	A Service Review program has commenced, with Childcare, Airport and Open Space being prioritised for the first tranche, in recognition of the significant resources used in these areas.	On Track
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	Work continues to implement the decisions already made by Council in this area, such as for YYY and Steel United. A report will be brought to Council in the near future on a proposed course of action for Tanderra, that is considered to meet the needs of both Council and users of the facility. Other smaller value properties will continue to be worked though over time.	At Risk
Continuous improvement of Council's asset management data and delivery	- Quality of asset data available - Improvement in asset condition over time	 Each annual revaluation cycle sees an improvement in Council's overall asset dataset and therefore helps to improve projections and planning for annual renewal programs. Council has seen a huge improvement in the condition of Transport assets over the last 5 years, due to the large investment made in ensuring all end of life assets were renewed in a timely manner. Buildings are the next focus area, with priority being placed on those providing direct service delivery, as opposed to those with limit community use. 	On Track

Key Focus Area	Measure	Progress	Performance
Organisational Development / Organisational P	erformance		
	- Organisational development plan developed and implementation commenced	- Action plans developed.	
Build organisational capacity: culture, leadership, training	- Leadership development undertaken	- on track for individuals - group Leadership development part of the T&D plan.	On Track
and development	- Training and development plan developed and implementation commenced	- Training & Development Plans development on track.	On Hack
	- Retention of senior management team	- One departure this financial year - Director Infrastructure.	
Build organisational governance, including implementation of local government legislative reform program	- Compliance with all Local Government Act requirements - Timely and efficient implementation of LG reform	 Council has commenced an internal audit program, which amongst other things, will ensure that Council in compliant with its legislative requirements. Implementation of LG Reform completed in a timely, efficient and cost-effective manner. 	On Track
Implement agreed recommendations from external / independent reviews as required e.g. external & internal audit reports, governance health check		Progressing well, reported to the Audit and Risk Committee at each quarterly meeting.	On Track
Customer & Stakeholder Engagement and Expe	rience		
Develop & commence implementation of a customer experience framework inclusive of standards and systems	lendorsed and implementation	Implementation of the framework is complete, review currently being undertaken to identify gaps and develop pactions to address.	On Track
Improve Community engagement/experience	Customer request closures, inbound correspondence response rate	Continuing to see improvement in this area.	On Track
Build community leadership	of strategies to build community	An agreement has been entered into with UniSA for an industry fellowship with a focus on building community leadership. The fellowship commenced in February and a further briefing will be provided to Council.	On Track
Undertake annual community survey	Survey results show increased ratings year on year against annual community survey	Need to rescope the annual survey to collect a different data set, now that three years of base data has been collected for the core measures.	At Risk

2024-25 at a Glance

The draft Annual Business Plan sets out Council's proposed services, programs and projects for 2024/25. 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 due for adoption in May.

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 \$800 (previously \$586)

GENERAL RATES AN AVERAGE GENERAL RATE INCREASE OF \$89 PER RESIDENTIAL PROPERTY (under \$2 a week or 5.9% - depending on valuation)

Waste Management Service Charge \$415 (previously \$400)

Regional Landscape Levy (collected on behalf of the State Government) \$1,070,900 for 2024/25 (\$1,017,100 for 2023/24)

SIGNIFICANT INFLUENCES

Loan borrowings estimated at \$22.4 million in June 2025

Consumer Price Index 4.2% (estimated Mar 2024)

Average Interest Rate 5.1% (estimated)

Increase in the superannuation guarantee at 1 July 2024 from 11.0% to 11.5%

CAPITAL SPEND

- \$5.2 million Capital spend on renewal of existing assets
- \$0.7 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 2024-25 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	
- Reliance on rates	- Election promises	
- Investment capacity	- State Prosperity Project	
- Containment of costs		
Legacy Issues	Economic	
- Disability access	- Economic Development Plan	
- Civic building	- Hydrogen industry	
	- Tourism	
Services	Technological	
- Service review framework	- Modernisation	
- Capacity to deliver on community expectations		
Workforce	Social	
- Recruitment	- Housing	
- Succession planning	- Public Health Plan	
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 5.0%

Wage increase 4.5% (including superannuation of 0.5%)

Consumer Price Index 4.2%

Interest Rate 5.1%

Capital Costs 3.2%

Ongoing Savings \$225,000

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, for Council excluding Airport, 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.

CEO Report on Financial Sustainability

Council financial sustainability has been discussed at length both internally and externally over the last two years or so, in the context of the unique and challenging position that Whyalla finds itself in. Once in a generation projects have the potential to transform the future of the city, centred around the development of a hydrogen industry at Port Bonython and Whyalla Barson. However, with this opportunity also comes significant challenges, with ageing infrastructure in the city meaning that a high level of investment is going to be required to support the change.

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 liveability and amenity of the city. Council cannot be the one to make this investment, external funding from other levels of government and private industry will be vital to revitalising the city.

Council recently received advice from an independent review undertaken by the Essential Services Commission of South Australia, which can be found in the next section of this document. The advice was consistent with the messaging that has been received from Council's Audit & Risk Committee over the past 12 months and focused on four key areas:

- Concern with Council's actual and projected operating deficits and the need to reduce costs and increase revenue other than rates from existing ratepayers.
- A need to focus on existing assets and services rather than building new infrastructure.
- An over reliance on projected rate increases in excess of CPI.
- The negative impact that the Airport is having on Council's financial position.

Over the past couple of years, Council has taken the position that additional resources were required to dealing with a large number of legacy issues, while also planning for the increase in liveability and amenity of the city, required to attract additional skilled workforce to Whyalla in the near future. It was concluded that making cuts to services within the city at the same time would be counterintuitive and that this decision should be deferred, until such time as Council became aware that the development would in fact not occur.

However, based on the consistent feedback received, it was acknowledged that some measures needed to be put in place for the coming budget cycle. Council has commenced a service review program, which will inform any changes to service levels and related budget impacts, so at this time the focus has been on reducing the capacity to invest in new assets, as well as making the decision to not fill a number of vacant positions.

This has allowed Council to reduce the level of projected rate increases by a cumulative 7.3% over the next 10 years, while still moving Council excluding the Airport back to a break even position over the next 3 years. The Airport is a longer term problem that is difficult to address I the short term.

It should be noted that additional rate revenue from new development is beginning to become more and more likely, with some of this potentially coming online in the next 6 months. Council will only build in additional rates revenue from commercial development in cases where that development is absolutely certain, i.e. construction has commenced, or previously non-rateable land has changed ownership.

Even if only half of currently proposed projects came to fruition, the additional rates revenue would move Council back to financially sustainable position and allow Council to begin building back some of the capacity it has removed from its LTFP.

The level of borrowings being carried by Council are reasonable, with the Net Financial Liabilities Ratio only projected to peak just above 50%. Council have set a conservative ceiling for this ratio of 80%, below the 100% recommended by the LGA. This shows that there is capacity to undertake additional investment, however Council doesn't currently have the capacity to service additional assets.

Council have recognised that we currently have a "2 speed" outlook and have updated the Strategic Plan accordingly. Initially there is a focus on financial sustainability and delivering on core services in the first 1 to 2 years, and then the ability to focus on larger liveability projects and increased amenity from year 2 onwards, as new revenue streams come online.

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 a reality occurs as soon as possible.

ESCOSA Advice – Action Plan

The Strategic Management Plan Advice Scheme commenced in April 2022 following changes to section 122 of the Local Government Act and requires councils to provide information to the Essential Services Commission of South Australia (ESCOSA) relating to the Long Term Financial Plan (LTFP) and Asset Management Strategy (AMS) once every four years, with Whyalla City Council being a second tranche council, and ESCOSA reviewing its strategic management plan in the 2023/24 financial year.

Councils are required to submit various information to ESCOSA by the end of September in their relevant financial year. ESCOSA must then provide advice back to council, by the end of the following February, on the appropriateness of:

- material amendments made, or proposed to be made, to the LTFP and/or AMS;
- the revenue sources outlined in the funding plan (contained within the LTFP); and
- may also provide advice on any other aspect of the council's LTFP and/or AMS.

Councils are required to include a copy of ESCOSA's advice (contained in Appendix D) and also included are Whyalla City Council's comments in response to various assertions made by ESCOSA within the Advice.

ESCOSA Advice	Council Comment/Proposed Action	Status
1. Improve the transparency of changes to its key planning	As noted by the commission, the biannual update process for the	Change incorporated into this
assumptions in its long-term financial plan and annual business	Long Term Financial Plan was recently adjusted to include an	document.
plan each year.	additional table of all key assumptions. This has now beeen	
	improved to show what these assumptions were before the	
	update, to highlight any significant changes.	
2. Complete its planned comprehensive review of its long-term	- The review of the Strategic Management Plans is currently	- On track.
financial plan and infrastructure and asset management plan, as	underway and will be completed in legislative timeframes.	
it is required to do under the LG Act; and consider publishing its	- Council has always made its updated Long Term Financial Plan	- Strategic Management Plan
long-term financial plan each year.	publicly available through the Council Agenda. However, it is	page will be updated regularly
	noted that this process could be improved by ensuring that the	after the new plans are
	most up to date LTFP projections are published on the Strategic	adopted.
	Management Plan page each year.	

ESCOSA Advice	Council Comment/Proposed Action	Status
3. Complete its planned Service Review Framework and report its actual and projected cost savings in its annual business plan	- Council has commenced its Service Review Program to address this risk.	- On track.
and long-term financial plan, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	- A new section has been added to the ABP to report on this.	- Change incorporated into this document.
4. Implement its planned long-term funding model for the Whyalla airport to ensure appropriate recovery of the airport's costs, to reduce the burden on the Council's budgets and the potential for cross-subsidies by ratepayers.	The long term funding model for Council's airport referred to here, was one that the previous Federal Government had committed to implementing for Regional Airports, primarily to address the increased impacts of screening costs. Unfortunately, this commitment was not followed through by the Federal Government. An Aviation White Paper is currently in development, and it is hoped that this will put a better long term funding model for regional airports back on the agenda. Other than this, the only ways of improving the operating result of the airport are to increase passenger numbers or find commercial opportunities	Ongoing
5. Improve the transparency of the Council's budgeting and forecasts to remove any budget distortion associated with the airport.	The financial result of the Airport has been separately reported for the past 4 years, which allowed ESCOSA to make their observations on its historic performance. For the 2023/24 budget cycle, a further improvement was made to Council's budget reporting to also include the result of Council without the impacts of the airport. This could be derived from the previous reporting, but this improvement was to make this completely transparent. The detailed commentary from ESCOSA appears to be requesting exactly this change, which is already in place.	No action required.
6. Improve the transparency of borrowings assumptions in its long-term financial plan and annual business plan, as appropriate.	This advice related to Council not publishing sufficient information around variable and fixed debt and debt terms. This information is published on a monthly basis within the Monthly Budget Report and is also reported annually to the A&RC in line with the Treasury Management Policy, with all loans held as Cash Advance Debentures, rather than taking out loans for specific purposes. ESCOSA did not ask any follow up questions on this topic during their review, so this additional information was not provided to them. It is felt that no changes are required in this area.	No action required.

ESCOSA Advice	Council Comment/Proposed Action	Status
7. Adhere to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure (particularly without funding commitments such as grants (on appropriate terms), contributions, or subsidies).	Council currently fully funds its Asset Management Strategy, so it is not advisable that additional funds are put towards the renewal of assets. The Asset Renewal Funding Ratio has been below the target range for a number of years; however, it should be noted that his relates to timing issues with project delivery, rather than underinvestment. Council has however taken on board that there should be a reduced focus on spending on new assets over the coming years, with allocations in the LTFP for this purpose reduced by \$520,000 per year, resulting in a cumulative reduction of \$5.2 million over the term of the LTFP.	Reduced allocations for new assets incorporated into the current LTFP projections.
8. Continue to review the estimates of asset lives (and valuations) informing its forecast rate of asset consumption (and depreciation expenses) and asset renewal needs in its long term financial plan and asset management plans.	Council will continue to review its estimates of asset lives etc via its program of valuation and condition ratings of all major assets - classes on a 5 yearly cycle, noting that this practice is consistent with Australian Accounting Standards.	No action required.
9. Complete the planned reviews of its asset management plans, with consideration of desired service levels, the level of the asset stock, and financial sustainability objectives, as appropriate.	 The review of Council's Asset Management Strategy is underway and will be completed in legislative timeframes. Further work in this area currently underway includes a program to rationalise Council's building stock, however this includes complex stakeholder engagement, which means that this work will be undertaken over a number of years. 	
10. Continue the good practice of consulting with the community on its strategic management plans, with a focus on understanding the community's preferences on service levels and managing emerging affordability risk.	This process is undertaken annually during the Annual Business Plan process, with significant conversation around service provision and the level of rates increases. The setting of service levels will also be a key outcome of Council's service review program.	Ongoing
11. Continue to review and consider options in limiting any further average rate increases above inflation, including through considering alternative funding models with the support of State and Federal Governments, as appropriate.	The level of reliance on rate increases above CPI was also raised as a concern by the A&RC. A recent review of the assumptions in the LTFP was undertaken and changes made to reduce assumed rate increases across the next 10 years by 7.3%. Further work is still required in this space, especially in years 2 and 3 of the plan, where rate increases of 1.5% above CPI are still required.	Reduced projections of future rate increases incorporated into the current LTFP projections.

Savings Targets

Council has incorporated saving targets into its Budget and Long Term Financial Plan projections, to put downward pressure on costs and in turn, required rate increases.

Below is a summary of saving targets that are included in the plan and how Council is performing against them.

It is important to note that cost pressures exist within many areas of Council's business, for example over the past two years significant increases have been experiences for electricity and animal rehoming. These savings targets are not a suggestion that Council's overall cost base may rise, however, without them the overall impact to ratepayers would have been higher.

Initiative	Details	Target	Progress
Building Rationalisation	A reduction in ongoing costs from the removal of underutilised and poor quality buildings from Council's portfolio, through a mix of demolition, sale or transfer.	Ongoing savings of \$250,000 per annum by 2025/26.	The sale of the WEDEB building generated ongoing savings of \$150,000 per annum in depreciation and interest.
Vacant Position Allowance	Underbudgeting the payroll budget, to recognise that some positions in the business will always be vacant, while recruitment processes are undertaken.	An average of 1.5 positions vacant at any time, a value of \$165,000 for the year	This has save Council \$700,000 over the past two years, when the assumtion was 3.5 vacant positions.
General Efficiencies	Accumulation of small savings from process change.	\$25,000 of ongoing savings.	This will be worked through in 2024/25.
Sealed Road Depreciation	A review of the useful life of sealed road pavement base, to ensure thaye are reflective of reality and industry standards.	\$150,000 of ongoing savings.	Work in being undertaken with a qualified engineer, with an aim to finalise prior to 30 June 2024.

Strategic Initiatives

A key objective of the Annual Business Plan & Budget is to outline how Council will deliver on the Strategic Plan 2025-2034 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 2024/25 to ensure that Council can deliver on these strategic objectives.

Initiative	Planned Activities	"2-Speed" Priority/Task	Budget
Our People and Com	nmunity - empowered people embrace their community to achieve a sense of	of belonging	
Library Space	The Library is an important and well used community asset. Some components of the building are due for renewal and this is being taken as an opportunity to review the overall use of the space, to ensure it meets best practice. This includes replacement of shelving, to improve accessibility and create a modern event space.		\$546,000
Recreation Centre	Delivery of an energy efficiency project, to ensure that the centre is operating in an environmentally friendly way and at the lowest cost possible.	Stage 1 - Deliver	\$750,000
Community Amenity	Council is conscious of the need to ensure that service levels in the city continue to meet community expectations and not to be distracted by the development coming on line in the city. Areas of particular focus include the management of trees, weeds and illegal littering. Novel approaches may be required to make improvements in these areas while operating within current budget constraints.	Stage 1 - Deliver	Additional allocation of \$100,000, above business as usual

Initiative	Planned Activities	"2-Speed" Priority/Task	Budget			
Our Liveability - a quali	Our Liveability - a quality life in a safe and connected community					
Building Rationalisation	Continue the review of Council's buildings and plan for their future use. A change of mindset is required to ensure that the community has access to modern multi-use facilities that are highly utilised and deliver community value.	Stage 1 - Plan	Goal to identify ongoing savings of \$100,000 per annum by 2025/26			
Review Building Assets	Undertake a condition rating and valuation of Council's building and open space assets as part of the 5 year cycle. Buildings are Council's most run down asset class and also of particular interest to the community, so it is vital that this data is accurate, to assist with good decision making.	Stage 1 - Deliver	\$100,000			
Foreshore Master Plan	Progress the open space plaza component of the plan, including water play. Focus on the renewal of marina assets reaching end of life, such as the boat ramp and swimming enclosure.	Stage 1 - Deliver	\$3,060,000			
Our Industries and B	JSINESS - a diverse and prosperous economy					
Economic Development Plan	Delivery of the Economic Development Plan with the Eyre Peninsula RDA.	Stage 1 - Deliver	\$176,000			
Northern Coastline	 Continue to plan for the future of the Cuttlefish Dive Site, to deal with the risks created by increased visitation, to improve the visitor experience and to look for ways for the community to benefit from this unique tourism asset. Continue with the negotiation of an Indigenous Land Use Agreement for the Northern Coastline, to allow for improvements to the tourist experience to proceed. 	Stage 2 - Plan	Not yet budgeted \$395,000			

Initiative	Planned Activities	"2-Speed" Priority/Task	Budget		
Our Leadership - Leade	Our Leadership - Leadership that creates and shares a prosperous future for the community of Whyalla				
Community Participation	Increase levels of community participation through engagement.	Stage 1 - Deliver	N/A		
Customer Experience	Continued improvement of overall Customer Experience.	Stage 1 - Deliver	N/A		
Organisational	With a performance management framework implemented the				
Development	training and development plan will align Organisational and	Stage 1 - Deliver	N/A		
Development	individual training and development needs.				
	Continue to plan for the future modernisation of Council's				
Information Systems	information systems, while recognising that significant	Stage 2 - Plan	Not yet budgeted		
	investment is not viable at the current moment.				
	Council is committed to ensuring public value to the Whyalla				
	community for all Council activities.				
	This will be achieved by our Service Review Framework focused				
Service Reviews	on identifying community need, achieving efficiency and	Stage 1 - Deliver	\$80,000		
	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.				
	Planning for the future home of Council is an exciting opportunity				
Future Civic Centre	to ensure the delivery of a multi-use facility that delivers the	Stage 1 - Plan	Not yet budgeted		
	best possible outcome for the community.				
	- Water Security				
	- Housing				
Advocacy	- Liveability	Stage 2 - Advocate	\$50,000		
,	- Precinct Partnerships		+)		
	- Alternate Funding Sources				
	- Airport Sustainability				

Measuring Our Performance

To ensure Council's accountability in delivering on the objectives in the Strategic Plan 2025-2034, the following measures have been put in place to track progress. These measures align with the Key Performance Indicators adopted by Council for the Chef Executive Officer.

Focus Area	Performance Measure
Key imperatives / project delivery	
Staged delivery of the foreshore master plan	On track against plan
Implementation of the economic development plan	On track against plan
Provide leadership and organisational resources to supporting region wide projects	Feedback from external stakeholders
(e.g. Hydrogen Hub, EPLGA, Upper Spencer Gulf group) to attract state and federal	
funds & external partners.	
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
Implement strategies to restore a surplus financial position by 2026/2027	LTFP projections
Delivery of a service review program, ensuring effective and efficient delivery of	Status of service reviews
council services	
Conduct a review of council assets and report to council identifying options	On track against plan
including but not limited to renewal, maintain or relinquish	
Continuous improvement of Council's asset management data and delivery	Quality of asset data available
	Improvement in asset condition over time

Focus Area	Performance Measure
Organisational development / organisational performance	
Build organisational capacity: culture, leadership, training and development	- Organisational development plan developed and
	implementation commenced
	- Leadership development undertaken
	- Training and development plan developed and implementation
	commenced
	- Retention of senior management team
Build organisational governance	Compliance with all Local Government Act requirements
Implement agreed recommendations from external / independent reviews as	Timely and efficient implementation of recommendations from
required e.g. external & internal audit reports, governance health check	external / independent reviews
Customer & Stakeholder Engagement and Experience	
Implementation of a customer experience framework inclusive of standards and	On track against plan
systems	
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 2024-25, totaling \$5.2 million. 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 in undertaken in an efficient manner

Asset Category	Total Cost			
Transport	\$1,423,000			
Buildings	\$1,783,000			
Rec and Open Space	\$ 328,000			
Plant	\$ 808,000			
Furniture & Equipment	\$ 470,000			
Irrigation	\$ 419,000			
	\$5,231,000			

TRANSPORT RENEWAL

This is the third year of a three year program, that includes renewal of road, kerb and footpath assets. The development of the program is based on detailed network condition data, in conjunction with visual assessments and usage information.

PLANT RENEWAL

Plant 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:

- Kanga
- Backhoe
- Tractor
- 8 mowers
- 3 fleet vehicles
- 4 minor plant items

FURNITURE & EQUIPMENT RENEWAL

LIBRARY SHELVING

The current library shelving does not meet Disability Discrimination Act requirements and are not conducive to a modern event space, as moving them to rearrange the library space in extremely difficult. The library floors are currently budgeted for renewal, which will require all shelves to be packed and removed. To avoid multiple interruptions to library services, it is efficient to also replace the shelving at this time.

IT EQUIPMENT

It is important that critical IT equipment is replaced as it comes to end of life, to ensure that all systems continue to operate as required to support service delivery. The budget includes a number of smaller projects, such as the replacement of critical servers, as well as links between sites covered by Council's network.

BUILDING RENEWAL

RECREATION CENTRE

There are two components to this budget allocation. In the first instance, this covers the finalisation of major renewal works undertaken in 2024/25, including regrouting and tiling works, to ensure that the pool areas are future proofed. The second part relates to the replacement of the air-conditioning system and roof, with these funds to be included with the Recreation Centre Efficiency Project funds (see New Capital Projects) to be leveraged for grant funding.

WHYALLA LIBRARY

The library is an important and well used community asset. This is the second year of a twoyear renewal program and includes allocation for the renewal of shade sails and blinds.

HMAS WHYALLA

\$208*,*000

\$141,000

\$291,000

Work has been undertaken over a number of years to get the ship to the point of being completely waterproof, to protect this important community asset into the future. The final step is to paint the entire ship, which will be undertaken over the next two financial years.

PUBLIC TOILETS

Public toilets across the city are in need of renovation to bring them up to modern standards. It is proposed that at least one toilet facility a year will be renewed over the coming years, with the Wetlands prioritised for the coming year.

\$255,000

\$214,000

\$630,000

MARITME MUSEUM

\$123,000

Minor renewal works are required to maintain this important community asset, including flooring, lighting and roof & guttering.

OTHER BUILDING WORKS

\$388,000

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

- Alex Ramsey Library
- Citizen Band Hall
- Field Street Hall
- Mount Laura Homestead
- Tanderra
- Visitor Information Centre
- Works Depot

OPEN SPACE RENEWAL

PLAYGROUNDS AND EQUIPMENT \$130,000

One to two playgrounds require replacement each year to ensure equipment isn't exceeding useful life. Civic Park playground have been identified as reaching end of life.

HUMMOCK HILL RETAINING \$126,000

The retaining walls on Hummock Hill are failing and are in need of urgent replacement. This is a well visited site and upkeep is a high priority for Council.

OTHER OPEN SPACE WORKS \$71,000

The program to replace many of the BBQs and related infrastructure across the city over the coming years will continue, with the Foreshore and Civic Park identified for this year.

Minor works will be done to replace signage on the Centenary Trailway.

IRRIGATION RENEWAL

An irrigation renewal program has been developed, with the replacement of the second of two major pump stations required this year.

New Capital Projects

The table below shows Council's expected spend on New Capital Projects during 2024-25, totaling \$2.5million. Council's capacity to invest in new assets has been reduced in line with recommendations from ESCOSA and the Audit & Risk Committee.

Project	Total Cost	Funding	Council Cost		
Foreshore Plaza	\$1,060,000	\$-	\$1,060,000		
Recreation Centre Efficiency Project	\$1,150,000	\$ 750,000	\$ 400,000		
Toilet Upgrades	\$ 350,000	\$-	\$ 350,000		
Steelworks Tour Bus	\$ 180,000	\$-	\$ 180,000		
Jubilee Power Upgrade	\$ 150,000	\$-	\$ 150,000		
Capacity Funding	\$ 350,000	\$-	\$ 350,000		
	\$3,240,000	\$ 750,000	\$2,490,000		

FORESHORE PLAZA

This is the final contribution budgeted for this project, bringing the total to \$3.06 million. Works are currently waiting on the outcome of a Federal Government grant submission. It is currently unknown if the Surf Life Saving Club building component will proceed.

RECREATION CENTRE EFFICIENCY PROJECT

A grant funding opportunity currently exists for the upgrade of buildings to achieve a high level of energy efficiency, reducing electricity usage. The grant will fund solar panels, but requires more than just this, including items such as a building management system. This allocation has been included in addition to renewal funds that were already allocated for the replacement of the air-conditioning and also the roof, which with its clear design is negatively impacting water quality and energy usage. This project is cost neutral, due to the electricity savings that will be generated.

TOILET UPGRADES

This funding is in recognition that the renewal allocation for each set of toilets, based on their current replacement cost, is not sufficient to upgrade them to current standards. This amount will be used to complete the three renewals currently under consideration, being the Foreshore, Wetlands and Wilson Park.

STEELWORKS TOUR BUS

Currently Council hires a bus to undertake all Steelworks Tours. The purchase of a bus will be cost neutral due to the reduction in hire costs. It will also offer much more flexibility in offering additional tours at short notice when demand is high, which will increase the revenue potential of this service. The bus could also be used to offer additional tour options in the future, such as a city tour.

JUBILEE POWER UPGRADE

The current switchboard at Jubilee Park does not meet current standards and requires regular maintenance to allow activity to continue at the site, however it is expected that this may also cease to be a viable option. Council have had a design completed for the installation of a complaint system.

CAPACITY FUNDING

Council recognises that there needs to be capacity in the budget to react to changing circumstances and also to take advantage of new grant funding sources. After the inclusion of all high priority projects, these funds remained unallocated and have been left in the budget to provide this capacity. These funds will only be allocated to projects by a resolution of Council.

Continuing Projects

The table below represents projects that have been approved as part of a previous budget process, where some of the approved expenditure is now expected to occur during 2024-25.

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 2023-24 project progress will be undertaken during the Third Quarter Budget Review.

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

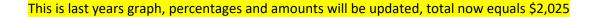
	New/Upgrade		Renewal		Funding		Council Cost	
Foreshore Plaza	\$	1,700,000	\$	-	\$	-	\$1	,700,000
Whyalla Marina	\$	-	\$	729,000	\$	-	\$	729,000
	\$	1,700,000	\$	729,000	\$	-	\$2	2,429,000

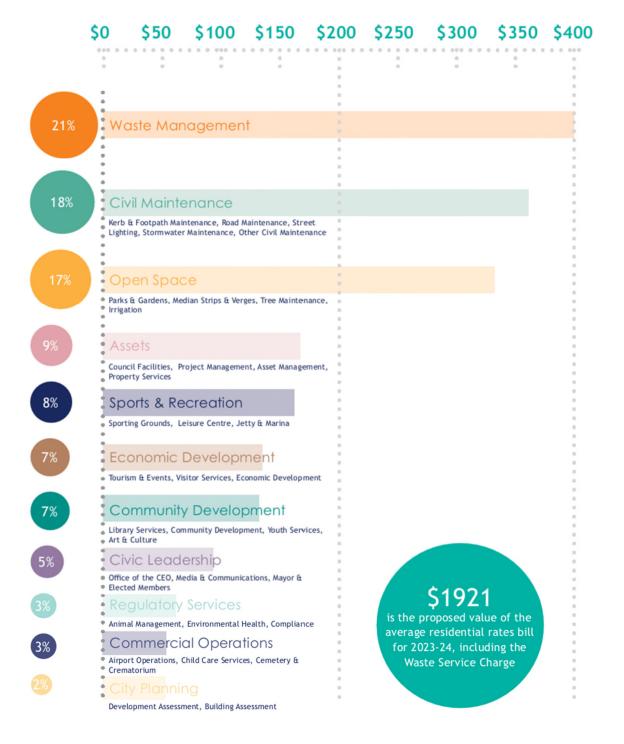
Council is Part of Your Every Day

Most people are surprised when they learn about all of the things Council provides for the community. Have you thought about how your daily life is improved by the services provided by the City of Whyalla? Below is a list of some of the services, programs and facilities Council delivers to make Whyalla a great place to live, work and play.



Rates at a Glance





Components of Council's Proposed Rate Increase

A number of significant factors have influenced the preparation of Council's 2024-25 draft Annual Business Plan and Budget and are reflected within the proposed rates increase of 5.0%.



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 4.2% 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 0.3% 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 that CPI. This impacts the required rate increase by 0.3%.

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 is required to assist in moving back to a break-even position in the medium term. For this year this has been set at 0.1%.

Funding the Annual Business Plan

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 2024-25 of (\$1,563,000) and an adjusted operating deficit ratio of (4%).

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

- Council has spent the last few years committed to dealing with a 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 required extra capacity and skills within the organisation, with resource levels having been static for a very long time. This extra resourcing is in the process of being rolled back over the next few years, which will reduce Council's cost base.
- The recovery of Airport passenger numbers from the impacts of Covid-19 has been halted and partially reversed by the reduction to only one airline servicing Whyalla. For this reason, the airport is expected to run at a significant deficit for a number of years, or until such time as passenger numbers increase. More info on this can be found in the Airport section of this plan.

As outlined elsewhere in this plan, Council have taken steps to reduce spending, in particular capital investment, to improve overall financial performance, while taking pressure off future rate increases. Council working towards moving back to a break even position over the next few years.

Council will also look to continue working with the State and Federal Government on alternatives 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 51% for 2024-25 and is within the target range.

The Asset Renewal Funding Ratio is projected to be 90% in 2024-25. 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. The ratio is at the bottom end of the target range.

Total borrowings are projected to be \$22.4m at 30 June 2025.

Council will monitor the implementation of the 2024-25 budget via regular budget updates and reviews in accordance with the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Budget at a Glance					
Net Rate Revenue	\$27.0 million				
Other Operating Revenue	\$14.2 million				
Operating Expenditure	\$42.7 million				
Capital Expenditure	\$10.9 million				

Key Financial Indicators	Target Short Term	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
Adjusted Operating Surplus/(Deficit) - \$'000		(2,648)	(2,499)	(3,440)	(1,563)
Adjusted Operating Surplus/(Deficit) Ratio	(2) - 1%	(7)%	(6)%	(9)%	(4)%
Net Financial Libilities Ratio	< 80%	40%	67%	51%	51%
Asset Renewal Funding Ratio	90 - 110%	80%	132%	133%	90%

2023 Year End Actual - Council's audited financial results as at 30 June 2023

2024 Adopted Budget - Budget for 2023-24 as adopted by Council June 2023

2024 Projected Budget - Council's revised budget, projecting its financial position to 30 June 2024

2025 Proposed Budget – Proposed Budget 2024-25

Summary Statement & Financing Transactions

	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
OPERATING ACTIVITIES				
Operating Revenues				
Rates	23,715	25,700	25,727	26,973
Statutory Charges	412	442	442	460
User Charges	3,742	5,568	4,799	5,841
Grants, subsidies and contributions - capital	1,227	840	840	386
Grants, subsidies and contributions - operating	8,964	5,569	6,930	6,355
Investment Income	38	12	42	12
Reimbursements	97	16	41	9
Other Income	1,229	1,116	1,166	1,131
Operating Expenses				
Employee Costs	(13,869)	(14,718)	(14,690)	(15,363)
Materials, contracts & other expenses	(17,885)	(17,637)	(19,140)	(17,300)
Depreciation, amortisation & impairments	(7,954)	(8,451)	(8,796)	(8,940)
Finance Costs	(645)	(956)	(801)	(1,127)
Operating Surplus/(Deficit) before Capital Amounts	(929)	(2,499)	(3,440)	(1,563)
CAPITAL ACTIVITIES				
Capital Expenditure on Renewal/Replacement	(3,555)	(7,692)	(7,826)	(5,960)
add back: Depreciation, Amortisation and Impairment	7,954	8,451	8,796	8,940
add back: Sale of Replaced Assets	232	238	283	129
Net Outlays on Existing Assets	4,631	997	1,253	3,109
Capital Expenditure on New and Upgraded Assets	(5,135)	(5,195)	(5,911)	(4,940)
add back: Amounts Specifically for New and Upgraded Assets	1,149	1,100	1,298	750
add back: Sale of Surplus Assets	1,421	0	0	0
Net Outlays on New and Upgraded Assets	(2,565)	(4,095)	(4,613)	(4,190)
Net Lending/(Borrowing) for Financial Year	1,137	(5 <i>,</i> 597)	(6,800)	(2,644)
FINANCING TRANSACTIONS				
New Borrowings	2,600	5,600	10,300	600
Repayment of Principal on Borrowings	(7,350)	5,000	10,300	000
(Increase)/Decrease in Cash and Cash Equivalents	242	(78)	(105)	(31)
Net Balance Sheet Funding	3,371	75	(3,395)	2,075
Financing Transactions	(1,137)	5,597	(3,393) 6 ,800	2,075 2,644

Airport

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 2024-25 of \$836,000 and an operating deficit ratio of (30%).

Airport passenger numbers were slowly recovering to pre-Covid levels, but have been halted and partially reversed by the reduction to only one airline servicing Whyalla. This can be directly attributed to the Federal Government's decision to make Whyalla a screened airport and their subsequent failure to implement a long-term funding model for regional airports prior to their interim grant funding solution expiring. The simple solution would be a large increase in the passenger levy, however passengers are already feeling the impact of screening costs hitting ticket prices, so any additional increases are likely to negatively impact passenger numbers further, meaning revenue won't improve. This is causing the airport to be in a large deficit position, and this won't be reversed until such time as passenger numbers see a significant increase.

The airport can afford to run at a small deficit over a period of time, due to the fact that major asset renewals are likely to be able to attract grant funding, meaning that depreciation does not need to fully fund renewal allocations. However, the airport operating position still needs to improve significantly from its current projections.

The airport's Net Financial Liabilities Ratio is projected to be 313% for 2024-25 and is outside of target range. Total borrowings are projected to be \$8.8 million at 30 June 2025.

Budget at a Glance				
Passenger Fee Revenue	\$958,000			
Screening Revenue	\$1,244,000			
Other Operating Revenue	\$577,000			
Operating Expenditure	\$3,615,000			

		2023	2024	2024	2025
	Target Short	Year End	Adopted	Projected	Draft
Key Financial Indicators	Term	Actual	Budget	Actual	Budget
Operating Surplus/(Deficit) - \$'000		(975)	(923)	(1,130)	(836)
Operating Surplus/(Deficit) Ratio	1 - 6%	(39)%	(34)%	(49)%	(30)%
Net Financial Libilities Ratio	< 250%	308%	291%	362%	313%
Asset Renewal Funding Ratio	90 - 110%	N/A	N/A	N/A	N/A

2023 Year End Actual - Council's audited financial results as at 30 June 2023 2024 Adopted Budget - Budget for 2023-24 as adopted by Council June 2023 2024 Projected Budget - Council's revised budget, projecting its financial position to 30 June 2024

2025 Proposed Budget – Proposed Budget 2024-25

Airport Summary Statement & Financing Transactions

	2023	2024	2024	2025
	Year End	Adopted	Projected	Draft
	Actual	Budget	Actual	Budget
OPERATING ACTIVITIES				
Operating Revenues				
User Charges	1,098	2,684	1,879	2,779
Grants, subsidies and contributions - operating	1,414	-	440	-
Operating Expenses				
Employee Costs	(523)	(439)	(399)	(420)
Materials, contracts & other expenses	(2,285)	(2,193)	(2,154)	(2,225)
Depreciation, amortisation & impairments	(416)	(657)	(508)	(529)
Finance Costs	(263)	(318)	(388)	(441)
Operating Surplus/(Deficit) before Capital Amounts	(975)	(923)	(1,130)	(836)
CAPITAL ACTIVITIES				
Capital Expenditure on Renewal/Replacement	(6)	-	-	-
add back: Depreciation, Amortisation and Impairment	416	657	508	529
Net Outlays on Existing Assets	410	657	508	529
Capital Expenditure on New and Upgraded Assets	(2,211)	-	(35)	-
add back: Amounts Specifically for New and Upgraded Assets	141	-	-	-
Net Outlays on New and Upgraded Assets	(2,070)	0	(35)	0
Net Lending/(Borrowing) for Financial Year	(2,635)	(266)	(657)	(307)
FINANCING TRANSACTIONS				
New Borrowings	2,600	300	700	300
Repayment of Principal on Borrowings	-	-	-	-
(Increase)/Decrease in Cash and Cash Equivalents	35	(34)		7
Financing Transactions	2,635	266	657	307

Council excluding Airport

As Council presents the finances of the Whyalla Airport separately, it is also considered informative to present Council's financial position with the impact of the Airport removed. This is especially useful at the current time, when the financial difficulties of the Airport are having such a large negative impact on the overall result. The projections for Council excluding the Airport is pertinent for much of Council's decision making processes, although it is important to remember that the Airport still needs to be financially sustainable in the long term.

Council excluding the Airport is projecting an operating deficit before capital revenues for 2024-25 of \$727,000 and an operating deficit ratio of (2%). This is within target range, however deficits cannot be sustained in the medium to long term.

Council excluding the Airport's Net Financial Liabilities Ratio is projected to be 32% for 2024-25 and is within target range.

The Asset Renewal Funding Ratio is projected to be 90% in 2024-25. 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. The ratio is at the bottom end of the target range.

Total borrowings are projected to be \$13.6 million at 30 June 2025.

Key Financial Indicators	Target Short Term	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
Adjusted Operating Surplus/(Deficit) - \$'000		(1 <i>,</i> 673)	(1,576)	(2,310)	(727)
Adjusted Operating Surplus/(Deficit) Ratio	(2) - 1%	(5)%	(4)%	(6)%	(2)%
Net Financial Libilities Ratio	< 80%	22%	51%	32%	32%
Asset Renewal Funding Ratio	90 - 110%	130%	132%	133%	90%

2023 Year End Actual - Council's audited financial results as at 30 June 2023
2024 Adopted Budget - Budget for 2023-24 as adopted by Council June 2023
2024 Projected Budget - Council's revised budget, projecting its financial position to 30 June
2024
2025 Proposed Budget – Proposed Budget 2024-25

	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
OPERATING ACTIVITIES				
Operating Revenues				
Rates	23,715	25,700	25,727	26,973
Statutory Charges	412	442	442	460
User Charges	2,644	2,884	2,920	3,062
Grants, subsidies and contributions - capital	1,227	840	840	386
Grants, subsidies and contributions - operating	7,550	5,569	6,490	6,355
Investment Income	38	12	42	12
Reimbursements	97	16	41	9
Other Income	1,229	1,116	1,166	1,131
Operating Expenses				
Employee Costs	(13,346)	(14,279)	(14,291)	(14,943)
Materials, contracts & other expenses	(15,600)	(15,444)	(16,986)	(15,075)
Depreciation, amortisation & impairments	(7,538)	(7,794)	(8,288)	(8,411)
Finance Costs	(382)	(638)	(413)	(686)
Operating Surplus/(Deficit) before Capital Amounts	46	(1,576)	(2,310)	(727)
CAPITAL ACTIVITIES				
Capital Expenditure on Renewal/Replacement	(4,690)	(7,692)	(7,826)	(5,960)
add back: Depreciation, Amortisation and Impairment	7,538	7,794	8,288	8,411
add back: Sale of Replaced Assets	232	238	283	129
Net Outlays on Existing Assets	3,080	340	745	2,580
Capital Expenditure on New and Upgraded Assets	(2,434)	(5,195)	(5,876)	(4,940)
add back: Amounts Specifically for New and Upgraded Assets	1,008	1,100	1,298	750
add back: Sale of Surplus Assets	1,421	0	0	0
Net Outlays on New and Upgraded Assets	(5)	(4,095)	(4,578)	(4,190)
Net Lending/(Borrowing) for Financial Year	3,121	(5,331)	(6,143)	(2,337)
FINANCING TRANSACTIONS				
New Borrowings	0	5,300	9,600	300
Repayment of Principal on Borrowings	(7,350)	0	0	0
(Increase)/Decrease in Cash and Cash Equivalents	207	(44)	(62)	(38)
Net Balance Sheet Funding	4,022	75	(3,395)	2,075
Financing Transactions	(3,121)	5,331	6,143	2,337

Council excluding Airport Summary Statement & Financing Transactions

2024-25 Rates Revenue

Council's revenue for 2024-25 includes \$21.5 million from general rates.

Council has set a rate which requires an increase in general rates to the average ratepayer of 5.0%. 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, as well as the impact of the change in the basis of rating from Site Value to Capital Value.

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

In setting rates for the 2024-25 financial year Council has considered the following plans and considerations:

- the 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 2024-25 financial year.
- the Asset Management Strategy that outlines required maintenance and renewal programs.
- the resources required for the delivery of Council services as documented in the 2024-25 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 valuation changes and how their impact can be minimised in setting rating levels, especially the change from the basis of rating from Site Value to Capital Value.

RATES AT A GLANCE

In 2024-25, a proposed average general rate increase of \$89 annually (under \$2 per week or 5.9%) 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 use Capital Value as the basis for valuing land within the Council area for the first time in 2024-25. This change is required by a change in State Government legislation, and was subject to public consultation in early 2024.

	Ratable		Rates Raised	Rates Raised		
Category	Properties	Differential	2023-24		2024-25	% Change
Residential	10,436	100%	\$15,867,158	\$	16,795,048	5.85%
Commercial	349	250%	\$ 2,305,127	\$	2,515,970	9.15%
Industry	71	300%	\$ 467,982	\$	410,549	-12.27%
Primary Production	13	10%	\$ 5,407	\$	6,651	22.99%
Vacant Land	268	300%	\$ 654,774	\$	491,874	-24.88%
Other	58	250%	\$ 92,838	\$	83,241	-10.34%
Heavy Industry	3	1600%	\$ 588,927	\$	618,374	5.00%
Coastal & Rural Living	314	70%	\$ 389,976	\$	469,094	20.29%
	11,512		\$20,372,190	\$	21,390,800	5.00%

DIFFERENTIAL GENERAL RATES

All land within a council area, except for land specifically exempt under section 147(2) of the Act is rateable. 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.

Council has elected to apply differential rates primarily based on the prescribed Land Use codes, being:

- 1 Residential
- 2 Commercial Shop
- 3 Commercial Office
- 4 Commercial Other
- 5 Industrial Light
- 6 Industrial Other
- 7 Primary Production
- 8 Vacant
- 9 Other

In addition, Council has elected to apply differentials using a combination of Locality and Land Use in a limited number of circumstances.

There are two separate differential groupings, made up of the following combinations of Locality and Land Use:

Heavy Industry

Significant Industry (Industry - Other and Other) Visitor Experience (Industry - Other) Strategic Employment (Other)

Coastal and Rural Living

Rural Shack Settlement (Residential and Vacant Land) Rural Settlement (Residential and Vacant Land) Rural Living (Residential, Vacant Land and Primary Production)

Based on these factors and by consolidating Land Use codes where appropriate, Council has eight identified differential groups. The table above shows the differential applied to each property type, with this being expressed as a percentage of the rate in the dollar applied to Residential 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.

The fixed charge will be set at a level that raises approximately 50% of total rates from residential properties, but also adjusted as necessary to ensure a fair distribution of rates across different property groups. For 2024-25 the fixed charge is proposed to be \$800, up from \$586 in 2023-24.

RATE CAPPING

Due to the large changes caused by shifting the basis of rating from Site Value to Capital Value, Council will apply a mechanism of rate capping for a period of 3 years, the maximum allowed under section 166(1)(I) of the Act.

After this time, Council may consider a mechanism for capping rate increases for properties that constitute a ratepayers principle place of residence under section 153(3) of the Act, with a decision to be made on an annual basis.

The cap adopted for each year will be applied to the net general rates payable for the previous year, after capping was applied, to set the maximum amount of general rates payable. For clarity, this means that the cap is cumulative.

For properties that fall into the differential categories Residential, Primary Production and Coastal & Residential Living, capping will be applied automatically within the following parameters:

2024/25	18% plus the General Rate Increase for 2024/25
2025/26	12% plus the General Rate Increase for 2025/26
2026/27	12% plus the General Rate Increase for 2026/27

Capping will not apply to properties held by the Crown or an instrumentality of the Crown that constitute domestic premises. Council have applied capping with the express purpose of smoothing the transition to the new rates system for individual property owners. Due to the portfolio size of the South Australian Housing Trust, they are insulated from the impacts of the rating changes to individual properties, and applying capping in this case would introduce a distortion to the rating system.

For properties that fall into the differential categories Commercial, Industrial, Vacant and Other, capping will be by application only. If an application is accepted, capping will also apply for the remaining years as applicable, a separate application is not required each year. Capping will be applied within the following parameters:

Small to Medium Business or Community Use

2024/25	30% plus the General Rate Increase for 2024/25
2025/26	30% plus the General Rate Increase for 2025/26
2026/27	30% plus the General Rate Increase for 2026/27
0+1	

<u>Other</u>

2024/25	60% plus the General Rate Increase for 2024/25
2025/26	60% plus the General Rate Increase for 2025/26
2026/27	60% plus the General Rate Increase for 2026/27

Capping will not apply to properties in the Heavy Industry category.

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 <u>www.whyalla.sa.gov.au</u>.

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 advised the levy for 2024-25, is \$1,070,900 for the Whyalla region (previously \$1,017,000), an increase of 5.3% from 2023-24.

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

Land Use Type	Rate per Land Use
Residential	\$92.35
Commercial	\$138.53
Industrial	\$138.53
Primary producers	\$184.70
Others & vacant land	\$92.35

WASTE MANAGEMENT SERVICE CHARGE

The Council waste management service charge is raised to maintain the operating and capital requirements relating to waste management services. 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 2024-25 financial year the service charge is proposed to be \$415, compared to \$400 for 2023-24.

Council will continue to provide the waste service charge remission, valued at \$178 for 2024-25. 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.

Other Operating Income

Same content as last year with updated percentages as follows:

General Rates	52%
Rates Other	13%
Statutory Charges	1%
User Charges	14%
Grants, Subsidies and Contributions	17%
Reimbursements and Other Income	3%
Employee Costs	36%
Materials, Contracts & Other Expenses	40%
Depreciation	21%
Finance Costs	3%

Appendix A and B

Provided as separate Annexures

Appendix C

To be provided later, rates valuation data only available on 8 April.

Appendix D

This will simply be the Advice paper issued by ESCOSA



Туре	Financial			
GDS Category	Financial Management – Public			
Responsible Officer	Finance Coordinator			
Policy Adopted	March 2024			
Review Period	Annually			
Last Reviewed	June 2023 (now archived)			
Next Review Date	June 2025			
Policy Version Number	8			
Applicable Legislation	 Local Government Act 1999 Local Government General Regulations 1999 Valuation Land Act 1971 Natural Resource Management Act 2004 Rates and Land Tax Remissions Act 1986 Rates and Land Tax Remissions Regulations 2011 Heritage Act 1993 Recreation Grounds Rates and Taxes Exemption Act 1981 Recreation Grounds (Regulations) Act 1931, Recreation Grounds Regulations 2011 Aboriginal Heritage Act 1988 Aboriginal Lands Trust Act 1966 Aboriginal Lands Trust Regulations 2014 Local Government (Financial Management) Regulations 2011 			
Related Documents	Financial Hardship Policy			
Public Consultation Required	No			
Purpose	All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council-occupied land and other land prescribed in the Act) is rateable			



Rating Policy

1. Introduction

Council's powers to raise rates are found in Chapter 10 of the *Local Government Act 1999* (*"the Act"*). The Act provides the framework within which the Council must operate but also leaves room for the Council to make a range of policy choices. This document includes reference to compulsory features of the rating system, as well as the policy choices that the Council can make on how it imposes and administers the collection of rates.

2. Policy Principles

Councils are required to raise revenue for Governance, Administration and the delivery of appropriate goods and services to the community. Rates are not a fee for service; they constitute a system of taxation for Local Government functions and purposes which are defined in the Act.¹

This policy represents Councils' commitment to balancing the five main principles of taxation being:

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

Councils' Rating Policy is underpinned by:

- accountability and professional ethics;
- community consultation;
- transparency and simplicity;
- efficiency;
- equitable distribution of the rate burden;
- consistency with the strategic directions of Council; and
- compliance with relevant legislation.

¹ Chapter 10 Local Government Act 1999

3. Implementation

In setting its rates annually, the Council will consider the following:

- Councils' Strategic Plan;
- Councils' Long Term Financial Plan and Asset Management Strategy;
- the recurrent expenditure and income resources required for the delivery of Council services which are documented in the Annual Business Plan and Budget over the next 12 months;
- the operating and capital projects and new programs for the coming year;
- the impact of rate changes on all ratepayers in the Council area;
- extreme changes in valuation and how their effect can be minimised in setting rating levels;
- Councils' recent development approval trends and growth expected for the Council area;
- Equity issues and the relationship between various land uses and the existing rating structure;
- Increased use of "user pays" cost recovery systems;
- Current local, state and national economic conditions and expected changes during the next financial year; and
- The principles as outlined in this policy.

4. Policy Statement

Method Used to Value Land

Council uses Capital Value as the basis for rating land within the Council area. Capital Value is the value of the land and all improvements on the land.

Adoption of Valuations

Council adopts the most recent valuations provided by the Valuer General that are to apply to the financial year in question at the time rates are adopted. Valuation changes received after this time, excluding objections and corrections, will to be applied to future financial years.

If a ratepayer is dissatisfied with the valuation made by the Valuer General, their rates notice will include information about how to object to the valuation. The lodgment of an objection does not change the due date for the payment of rates.

If an objection is upheld and a new value issued by the Valuer General, rates will be adjusted accordingly for the current financial year and an amended rate notice will be issued. Retrospective adjustments will not be made for prior financial years unless expressly directed by the Valuer General.

Differential General Rates

All land within a council area, except for land specifically exempt under section 147(2) of the Act is rateable. 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.

Council has elected to apply differential rates primarily based on the prescribed Land Use codes, being:

- 1 Residential
- 2 Commercial Shop
- 3 Commercial Office
- 4 Commercial Other
- 5 Industrial Light
- 6 Industrial Other
- 7 Primary Production
- 8 Vacant
- 9 Other

In addition, Council has elected to apply differentials using a combination of Locality and Land Use in a limited number of circumstances.

There are two separate differential groupings, made up of the following combinations of Locality and Land Use:

Heavy Industry

Significant Industry (Industry - Other and Other) Visitor Experience (Industry - Other) Strategic Employment (Other)

Coastal and Rural Living

Rural Shack Settlement (Residential and Vacant Land) Rural Settlement (Residential and Vacant Land) Rural Living (Residential, Vacant Land and Primary Production)

Based on these factors and by consolidating Land Use codes where appropriate, Council has eight identified differential groups. The table below shows the differential applied to each property type, with this being expressed as a percentage of the rate in the dollar applied to Residential properties.

Residential	100%
Commercial (Shop, Office and Other)	250%
Industrial (Light and Other)	300%
Primary Production	10%
Vacant	300%
Other	250%
Heavy Industry	1,600%
Coastal and Rural Living	70%

In applying this approach Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

Fixed Charge

Council applies a Fixed Charge to each rateable property, based upon the principle that:

- it is appropriate that all rateable properties make a contribution to the cost of administering the Councils' activities and make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property; and
- a fixed charge rating system reduces the impact of volatility in property valuations.

The Fixed Charge is set at a level such that it raises approximately 50% of the rates raised from Residential properties. In applying this approach Council will take into consideration all prevailing economic conditions and changes and adjust the Fixed Charge accordingly, to ensure an appropriate and fair equalisation of rates across properties.

Upon application, where two or more adjoining properties have the same owner and occupier, only one fixed charge is payable by the ratepayer. Properties may be classified as adjoining if:

- the relevant blocks are contiguous according to the Local Government Act;
- they have the same owner and occupier; and
- the owner lives at one property and the remaining are vacant land or zoned primary production.

Capping

Due to the large changes caused by shifting the basis of rating from Site Value to Capital Value, Council will apply a mechanism of rate capping for a period of 3 years, the maximum allowed under section 166(1)(I) of the Act.

After this time, Council may consider a mechanism for capping rate increases for properties that constitute a ratepayers principle place of residence under section 153(3) of the Act, with a decision to be made on an annual basis.

The cap adopted for each year will be applied to the net general rates payable for the previous year, after capping was applied, to set the maximum amount of general rates payable. For clarity, this means that the cap is cumulative.

For properties that fall into the differential categories Residential, Primary Production and Coastal & Residential Living, capping will be applied automatically within the following parameters:

2024/25	18% plus the General Rate Increase for 2024/25
2025/26	12% plus the General Rate Increase for 2025/26
2026/27	12% plus the General Rate Increase for 2026/27

Capping will not apply to properties held by the Crown or an instrumentality of the Crown that constitute domestic premises. Council have applied capping with the express purpose of smoothing the transition to the new rates system for individual property owners. Due to the portfolio size of the South Australian Housing Trust, they are insulated from the impacts of the rating changes to individual properties, and applying capping in this case would introduce a distortion to the rating system.

For properties that fall into the differential categories Commercial, Industrial, Vacant and Other, capping will be by application only. If an application is accepted, capping will also apply for the remaining years as applicable, a separate application is not required each year. Capping will be applied within the following parameters:

Small to Medium Business or Community Use

2024/25	30% plus the General Rate Increase for 2024/25
2025/26	30% plus the General Rate Increase for 2025/26
2026/27	30% plus the General Rate Increase for 2026/27

<u>Other</u>

2024/25	60% plus the General Rate Increase for 2024/25
2025/26	60% plus the General Rate Increase for 2025/26
2026/27	60% plus the General Rate Increase for 2026/27

Capping will not apply to properties in the Heavy Industry category.

Service Charges

The Act allows Council to apply a charge to ratepayers to recover the cost of dedicated services provided to specific properties. The use of such a charge is appropriate whenever beneficiaries can be identified, and it is practical to do so, ensuring users pay for the services provided to them.

Waste Management Service Charge

- The Council directly charges ratepayers for their kerbside waste collection services. The total amount recovered must not exceed the cost of providing the service. The charge is reviewed annually against the cost to provide the service. When making this assessment, the total cost of managing waste costs in the city is taken into account, including hard waste and illegal dumping.
- Properties may receive a discounted charge where their property access point is more than 500 metres from their bin collection point. These rebates are applied automatically against these properties.

Regional Landscape Levy

The Council is required under the *Landscape South Australia Act 2019* to make a specified contribution to the Eyre Peninsula Landscape Board. It does so by imposing a separate rate against all rateable properties. The levy is based on land use type and is shown as a separate charge on the rates notice.

This separate rate is effectively a State tax that Councils are required to collect and return to a State Government agency, the Landscape Administration Fund. Even though it appears on the Councils' rates notice, enquiries about this component should be directed to the Landscape Board. Contact details are available on the back of rates notices.

5. Help with Rates

Concessions

The State Government provides a "cost-of-living concession" payment which is provided directly to those entitled. This replaced the previous concession provided by the State Government, which as directed to councils and applied to rate bills. Queries and applications for concessions can be made through the Department for Communities and Social Inclusion (DCSI) Concessions Hotline 1800 307 758 or at www.sa.gov.au/concessions using the on-line form.

If successful, the applicant will receive the concession as a payment directly from Department for Communities and Social Inclusion.

Refuse Charge Remissions

Upon application, Council provides a \$178 waste service charge remission against the refuse charge for eligible pensioners. The application must be received prior to the due date for 3rd quarter rates to be applied to the current year. The concession will continue to be applied in subsequent years for eligible aged pensioners, but other eligible pensioners must apply on an annual basis. Council must be notified of any change in circumstance that would change eligibility.

Remission of Rates

Council has the discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship. This is delegated to the Chief Executive Officer.

If a ratepayer believes they are suffering financial hardship, as described in Councils' Financial Hardship Policy, they may contact the Rates Officer to discuss the matter. Such inquiries are treated confidentially, and any application will be considered on case-by-case basis.

Remission of Fines

Council permits the remission of rates fines and interest charges under delegated authority to the Manager Finance, in order to provide relief in those circumstances where it is reasonable to expect that, had the circumstances not existed, the amount would not have been outstanding.

This applies to fines and interest raised under Section 181(8) of the Local Government Act 1999 and must not exceed \$50 per month per property.

Postponement of Rates for Seniors

Holders of a State Seniors Card are eligible (under certain conditions) to postpone on a longterm basis, all but \$500 of the annual rates on their principal place of residence. The postponed amount is subject to a monthly interest charge, with the accrued debt falling due for payment only when the title to the land is transferred to another person (e.g. sold), or there is a failure to comply with a condition that is imposed by regulations under the Act.

Postponement of Rates due to Hardship

Persons other than the holders of a Seniors Card may also apply for postponement of rates. A postponement of rates may be considered if Council is satisfied that the payment of rates would cause hardship. Council may, on application and subject to the ratepayer substantiating hardship, consider granting a postponement of payment of rates in accordance with Financial Hardship Policy.

The ratepayer must agree to pay interest on the amount affected by the postponement at the cash advance debenture rate and providing the ratepayer satisfies the following criteria:

- the property is the principal place of residence of the ratepayer, and
- the property has been owned by the ratepayer and has been their principal place of residence for a minimum of one year, or
- any other financial hardship reason as approved by Council that is in accordance with Councils' Financial Hardship Policy.

The amount postponed will not exceed:

- 75% of the rates payable for the assessment and shall accrue interest at the cash advance debenture rate published by the LGFA for 1 July each year.
- 50% of the land value of the principal place of residence.

This will be conditional:

- the owner must advise the current or potential mortgagee of such debt.
- any change in financial circumstance must be immediately advised to Council.
- a new application must be completed for each subsequent year postponed.

The amount of the postponement may be extended and is conditional on Council approval.

6. Rebate of Rates

Mandatory Rebates

Council are required to rebate (discount) the rates payable on some land.

A 100% rebate must be applied to land used for:

- health services;
- religious purposes; and
- public cemeteries.

A compulsory rebate of 75% must be applied to land used by:

- community service organisations; and
- schools and universities.

Discretionary Rebates

In addition, the Council is allowed a wide discretion to rebate any percentage of rates for a number of other purposes, such as:

- securing proper development of an area;
- assisting or supporting a business;
- preservation of historically significant places;
- facilities or services for children or young persons;
- accommodation for the aged or persons with a disability; or
- other purposes.

Upon receipt of your application, the Council will take into account:

- why there is a perceived need for financial assistance through a rebate;
- the level of rebate being sought;
- the extent of financial assistance, if any, being provided to the ratepayer and/or in respect of the land by Commonwealth or State agencies;
- whether, and if so to what extent, they are or will be providing a service within the Council area;
- whether the ratepayer is a public sector body, a private not-for-profit body or a private or profit body;
- the nature and extent of Council services provided in respect of the land, in comparison to services provided elsewhere in the Councils' area;
- the community need, if any, that is being met by activities carried out on the land;
- the extent to which activities at the land provide assistance or relief to disadvantaged persons;
- the desirability of granting a rebate for more than one year;
- consideration of the full financial consequences of the rebate for the Council;
- the total income the applicant received for the prior financial year;
- the time the application is received;
- whether the applicant may be eligible for a Council community grant; and
- any other matters and policies of the Council, which the Council considers relevant.

After considering these matters, the Council may refuse to grant any rebate, or may grant a rebate of rates subject to specific conditions and taking into account the Discretionary Rate Rebate Operational Guidelines.

Retrospective rebates of rates will not be considered for prior financial years.

All persons who, or bodies, who wish to apply to the Council for a rebate of rates must do so on or before the due date of Councils' first quarterly rate instalment. The Council reserves the right to refuse to consider applications received after that date. To apply contact Councils' Rates Officer, or application forms are available on the website.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rate at the increased level (as the case may be), proportionate to the remaining part of the year.

Rebates on Service Charges

Rebates will not apply to service charges.

7. Payment of Rates

Rates are declared annually and may be paid, at the ratepayers' discretion, either in one lump sum, or in four quarterly instalments that typically fall due on the first Friday in September, December, March and June. The exact payment dates are set by Council at the declaration of rates and will be printed on the rate notice which will be forwarded to the ratepayer, not less than 30 days before the due date of each notice.

If a ratepayer opts to pay the full years rates in one single payment, the payment must be received prior to, or on the first quarter due date, as penalties will apply to outstanding rates.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment requirements is invited to contact Councils' Rates Officer to discuss alternative payment arrangements. The Council treats such enquiries confidentially.

Late Payment

The Council will impose a penalty of a 2% fine on any late payment for rates, in line with the requirements of the Act. This fine may be remitted (waived) in whole, or in part, at the Councils' discretion and only where the fault for the late payment has not been attributed to the ratepayer. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time and to allow Council to recover the administrative cost of following up unpaid rates.

A payment that continues to be late is then charged an interest rate (which is adjusted by legislation each year) for each month it continues to be in arrears, including the amount of any previous unpaid fines and including interest from any previous month. The purpose of this penalty is to cover any interest cost Council may meet because it has not received the rates on time.

Council issues reminder notice for payment of rates when rates are overdue, i.e. unpaid by the due date. Should rates remain unpaid, debt collection will be commenced. This attracts additional fees that are recoverable from the ratepayer.

When Council receives a partial payment of overdue rates, the Council must apply the money as follows:

- first to satisfy any costs awarded in connection with court proceedings (if applicable);
- second to satisfy any interest costs;
- third in payment of any fines imposed; and
- fourth in payment of rates, in chronological order (starting with the oldest account first).

Sale of Land for Non-payment of Rates

Where rates have been in arrears for three (3) years or more, and Council has unsuccessfully pursued all reasonable attempts to secure payment, Council will invoke section 184 of the *Local Government Act 1999* to pursue recovery of outstanding rates through the sale of land.

Council will provide the owner with details of all outstanding amounts, and notify them of Council's intention to sell the land if payment of the outstanding amount is not received within one month.

All other avenues (including but not limited to payment arrangements and financial hardship assistance) will be exhausted in the collection of the outstanding rates on land that constitutes a persons' principal place of residence prior to the Sale of Land for Non-payment of Rates process being initiated.

Should reasonable attempts to sell the land fail, section 185 of the Local Government Act 1999 will be applied, which may result in the land being transferred to the Crown or to Council.

Sale of Land for Non-payment of Rates will not be applied to rates arrears that have resulted due to an arrangement for postponement of rates unless the postponement ceases to have effect.

8. Delegations

Council acknowledges that the Chief Executive Officer may sub-delegate matters related to this policy to staff or other persons employed or engaged by Council.

Contact details for further information

Phone:	08 8640 3444
Email:	council@whyalla.sa.gov.au
Website:	www.whyalla.sa.gov.au
Post:	PO Box 126, Whyalla SA 5600
In person at:	Darling Terrace, Whyalla

Where a ratepayer believes that the Council has failed to properly apply this policy, it should raise the matter with the Council. In the first instance, contact our Rates Officer on 86403444 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they can write and explain the nature of their concern to:

Chief Executive Officer Whyalla City Council PO Box 126 Whyalla SA 5600

Availability of Policy

This policy will be available for inspection at Councils' Principal Office as per the contact details above during ordinary business hours and on the Council's website <u>www.whyalla.sa.gov.au.</u> Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Councils' Schedule of Fees and Charges.

9. Adopted by Council – 18 March 2024

Annexure "C"

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STATEMENT OF COMPREHENSIVE INCOME		2024	2024	2025
	Year End	Adopted	Projected	Draft
	Actual	Budget	Actual	Budget
	\$'000	\$'000	\$'000	\$'000
INCOME				
Rates	23,715	25,700	25,727	26,973
Statutory Charges	412	442	442	460
User Charges	3,742	5,568	4,799	5,841
Grants, subsidies, contributions - capital	1,227	840	840	386
Grants, subsidies, contributions - operating	8,964	5,569	6,930	6,355
Investment Income	38	12	42	12
Reimbursements	97	16	41	9
Other Income	1,229	1,116	1,166	1,131
TOTAL INCOME	39,424	39,263	39,987	41,167
EXPENSES				
Employee costs	13,869	14,718	-	15,363
Materials, contracts & other expenses	17,885	17,637		17,300
Depreciation	7,954	8,451	-	8,940
Finance Costs	645	956		1,127
TOTAL EXPENSES	40,353	41,762	43,427	42,730
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(929)	(2,499)	(3,440)	(1,563)
Net gain/(loss) on disposal or revaluations	(2,071)	-	-	-
Amounts specifically for new assets	1,149	1,100	1,298	750
Physical Resources Received Free of Charge	-	-	-	-
NET SURPLUS/(DEFICIT)	(1,851)	(1,399)	(2,142)	(813)
OTHER COMPREHENSIVE INCOME				
Changes in revaluation surplus - IPP&E	40,989	21,302	21,302	11,781
TOTAL COMPREHENSIVE INCOME	39,138	19,903	-	10,968
ADJUSTED OPERATING SUPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	6 (2,648)	(2,499)	(3,440)	(1,563)

STATEMENT OF FINANCIAL POSITION	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash & Equivalent Assets	108	250	213	244
Trade & Other Receivables	4,336	6,565	8,706	8,706
Inventories	2,783	2,861	2,783	2,783
Total Current Assets	7,227	9,676	11,702	11,733
Non-Current Assets				
Infrastructure, Property, Plant & Equipment	349,661	350,353	373,621	385,233
Other Non-Current Assets	1,681	4,597	-	1,481
Total Non-Current Assets	351,342	354,950		386,714
TOTAL ASSETS	358,569	364,626	-	398,447
LIABILITIES				
Current Liabilities				
Trade & Other Payables	4,843	3,431	3,743	3,743
Borrowings	-	-	-	-
Provisions	2,747	2,719	2,747	2,747
Total Current Liabilities	7,590	6,150	6,490	6,490
Non-Current Liabilities	11 500	26 100	24.000	22.400
Borrowings	11,500	26,100	21,800	22,400
Provisions	1,032	1,024	1,007	982
Total Non-Current Liabilities	12,532	27,124	-	23,382
TOTAL LIABILITIES	20,122	33,274	29,297	29,872
NET ASSETS	338,447	331,352	357,607	368,575
ΕΟΙΙΙΤΧ				
EQUITY Accumulated Surplus	16 500	AE 100	11 110	43,627
Asset Revaluation Reserve	46,582 291,578	45,109	44,440	-
Other Reserves	291,578 287	285,568 675	312,880 287	324,661 287
TOTAL EQUITY	338,447			368,575
	556,447	331,352	557,007	506,575

STATEMENT OF CHANGES IN EQUITY	2023 Year End Actual \$'000	2024 Adopted Budget \$'000	2024 Projected Actual \$'000	2025 Draft Budget \$'000
ACCUMULATED SURPLUS				
Balance at end of previous reporting period	48,045	46,508	46,582	44,440
Net Result for Year	(1,851)	(1,399)	(2,142)	(813)
Transfers to Other Reserves	-	-	-	-
Transfers from Other Reserves	388	-	-	-
Balance at end of period	46,582	45,109	44,440	43,627
ASSET REVALUATION RESERVE Property Plant & Equipment Balance at end of period	291,578 291,578	285,568 285,568	312,880 312,880	324,661 324,661
OTHER RESERVES				
Balance at end of previous reporting period	675	675	287	287
Transfers from Accumulated Surplus	-	-	-	-
Transfers to Accumulated Surplus	(388)	-	-	-
Balance at end of period	287	675	287	287
TOTAL EQUITY AT END OF REPORTING PERIOD	338,447	331,352	357,607	368,575

STATEMENT OF CASH FLOWS	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates	23,496	25,700	26,227	26,973
Statutory Charges	422	442	442	460
User Charges	3,960	5,568	(71)	5,841
Grants, Subsidies and Contributions - Operating	8,981	5,569		6,355
Investment Income	38	12	42	12
Reimbursements	106	16	41	9
Other Income	5,519	1,116	1,166	1,131
Payments				
Employee Costs	(13,834)	(14,718)	(14,690)	(15,363)
Materials, Contracts & Other Expenses	(19,008)	(17,562)	(20,165)	(17,225)
Finance Costs	(510)	(956)	(801)	(1,127)
Net Cash provided by (or used in) Operating Activities	9,170	5,187	(879)	7,066
CASH FLOWS FROM INVESTING ACTIVITIES Receipts				
Amounts Specifically for New/Upgraded Assets	1,149	1,100	1,298	750
Grants Utilised for Capital Purposes	1,227	840	840	386
Sale of Renewed/Replaced Assets	232	238	283	129
Sale of Surplus Assets	1,420	- 200	-	-
Payments	_,			
Expenditure on Renewal/Replacement of Assets	(3,555)	(7,692)	(6,826)	(4,960)
Expenditure on New/Upgraded Assets	(5,135)	(5,195)	(4,911)	(3,940)
Net Cash Provided by (or used in) Investing Activities	(4,662)	(10,709)	(9,316)	(7,635)
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CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Proceeds from Borrowings	2,600	5,600	10,300	600
Payments	,	,	,	
Repayments of Borrowings	(7,350)	-	-	-
Net Cash provided by (or used in) Financing Activities	(4,750)	5,600	10,300	600
Net Increase/(Decrease) in cash held	(242)	78	105	31
Opening cash, cash equivalents or (bank overdraft)	350	229	108	213
Closing cash, cash equivalents or (bank overdraft)	108	307	213	244

Annexure "D"

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ESTIMATED STATEMENT OF COMPREHENSIVE INCOME	2023 Actual \$'000	2024 Estimate \$'000	2025 Year 1 \$'000	2026 Year 2 \$'000	2027 Year 3 \$'000	2028 Year 4 \$'000	2029 Year 5 \$'000	2030 Year 6 \$'000	2031 Year 7 \$'000	2032 Year 8 \$'000	2033 Year 9 \$'000	2034 Year 10 \$'000
INCOME			• • • •					• • • •			• • • •	
Rates	23,715	25,727	26,973	28,186	29,343	30,300	31,229	32,187	33,172	34,188	35,237	36,319
Statutory Charges	412	442	460	475	489	502	515	528	541	555	569	583
User Charges	3,742	4,799	5,841	6,224	6,500	6,747	6,960	7,179	7,407	7,641	7,883	8,134
Grants, subsidies, contributions - capital	1,227	840	386	386	386	386	386	386	386	386	386	386
Grants, subsidies, contributions - operating	8,964	6,930	6,355	6,558	6,553	6,731	6,899	7,071	7,249	7,431	7,617	7,808
Investment Income	38	42	12	12	12	12	12	12	12	12	12	12
Reimbursements	97	41	9	9	9	9	9	9	9	9	9	9
Other Income	1,229	1,166	1,131	1,181	1,229	1,269	1,308	1,348	1,389	1,431	1,474	1,519
TOTAL INCOME	39,424	39,987	41,167	43,031	44,521	45,956	47,318	48,720	50,165	51,653	53,187	54,770
EXPENSES												
Employee costs	13,869	14,690	15,363	15,901	16,410	16,903	17,376	17,862	18,363	18,877	19,406	19,949
Materials, contracts & other expenses	17,885	19,140	17,300	17,680	18,191	18,597	19,064	19,593	20,220	20,642	21,160	21,742
Depreciation	7,954	8,796	8,940	9,250	9,466	9,672	9,865	10,112	10,366	10,626	10,925	11,232
Finance Costs	645	801	1,127	1,198	1,219	1,163	1,089	1,003	955	916	823	728
TOTAL EXPENSES	40,353	43,427	42,730	44,029	45,286	46,335	47,394	48,570	49,904	51,061	52,314	53,651
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(929)	(3,440)	(1,563)	(998)	(765)	(379)	(76)	150	261	592	873	1,119
Net gain/(loss) on disposal or revaluations	(2,071)	-	-	-	-	-	-	-	-	-	-	-
Amounts specifically for new assets	1,149	1,298	750	658	117	121	124	127	130	133	136	140
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-	-	-
NET SURPLUS/(DEFICIT)	(1,851)	(2,142)	(813)	(340)	(648)	(258)	48	277	391	725	1,009	1,259
OTHER COMPREHENSIVE INCOME												
Changes in revaluation surplus - IPP&E	40,989	21,302	11,781	8,745	7,399	8,668	8,003	10,132	10,334	10,551	10,785	11,021
TOTAL COMPREHENSIVE INCOME	39,138	19,160	10,968	8,405	6, 751	8,410	8,051	10,409	10,725	11,276	11,794	12,280
ADJUSTED OPERATING SUPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(2,648)	(3,440)	(1,563)	(998)	(765)	(379)	(76)	150	261	592	873	1,119

ESTIMATED STATEMENT OF FINANCIAL POSITION	2023 Actual \$'000	2024 Estimate \$'000	2025 Year 1 \$'000	2026 Year 2 \$'000	2027 Year 3 \$'000	2028 Year 4 \$'000	2029 Year 5 \$'000	2030 Year 6 \$'000	2031 Year 7 \$'000	2032 Year 8 \$'000	2033 Year 9 \$'000	2034 Year 10 \$'000
ASSETS												
Current Assets												
Cash & Equivalent Assets	108	213	244	308	177	209	183	223	200	222	179	194
Trade & Other Receivables	4,336	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706
Inventories	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783
Total Current Assets	7,227	11,702	11,733	11,797	11,666	11,698	11,672	11,712	11,689	11,711	11,668	11,683
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	349,661	373,621	385,233	394,049	399,706	405,959	412,411	420,555	431,078	440,607	451,419	461,959
Other Non-Current Assets	1,681	1,581	1,481	1,381	1,281	1,181	1,081	981	881	781	681	581
Total Non-Current Assets	351,342	375,202	386,714	395,430	400,987	407,140	413,492	421,536	431,959	441,388	452,100	462,540
TOTAL ASSETS	358,569	386,904	398,447	407,227	412,653	418,838	425,164	433,248	443,648	453,099	463,768	474,223
LIABILITIES												
Current Liabilities												
Trade & Other Payables	4,843	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743
Borrowings	-	-	-	1,400	2,300	1,800	2,500	400	1,900	1,200	1,900	-
Provisions	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747
Total Current Liabilities	7,590	6,490	6,490	7,890	8,790	8,290	8,990	6,890	8,390	7,690	8,390	6,490
Non-Current Liabilities												
Borrowings	11,500	21,800	22,400	21,400	19,200	17,500	15,100	14,900	13,100	12,000	10,200	10,300
Provisions	1,032	1,007	982	957	932	907	882	857	832	807	782	757
Total Non-Current Liabilities	12,532	22,807	23,382	22,357	20,132	18,407	15,982	15,757	13,932	12,807	10,982	11,057
TOTAL LIABILITIES	20,122	29,297	29,872	30,247	28,922	26,697	24,972	22,647	22,322	20,497	19,372	17,547
NET ASSETS	338,447	357,607	368,575	376,980	383,731	392,141	400,192	410,601	421,326	432,602	444,396	456,676
EQUITY												
Accumulated Surplus	46,582	44,440	43,627	43,287	42,639	42,381	42,429	42,706	43,097	43,822	44,831	46,090
Asset Revaluation Reserve	291,578	312,880	324,661	333,406	340,805	349,473	357,476	367,608	377,942	388,493	399,278	410,299
Other Reserves	287	287	287	287	287	287	287	287	287	287	287	287
TOTAL EQUITY	338,447	357,607	368,575	376,980	383,731	392,141	400,192	410,601	421,326	432,602	444,396	456,676

ESTIMATED STATEMENT OF CASH FLOWS	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual \$'000	Estimate \$'000	Year 1 \$'000	Year 2 \$'000	Year 3 \$'000	Year 4 \$'000	Year 5 \$'000	Year 6 \$'000	Year 7 \$'000	Year 8 \$'000	Year 9 \$'000	Year 10 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000
Receipts												
Rates	23,496	26,227	26,973	28,186	29,343	30,300	31,229	32,187	33,172	34,188	35,237	36,319
Statutory Charges	422	442	460	475	489	502	515	528	541	555	569	583
User Charges	3,960	(71)	5,841	6,224	6,500	6,747	6,960	7,179	7,407	7,641	7,883	8,134
Grants, subsidies, contributions	8,981	6,930	6,355	6,558	6,553	6,731	6,899	7,071	, 7,249	, 7,431	, 7,617	7,808
Investment Income	38	42	12	12	12	12	12	12	12	12	12	12
Reimbursements	106	41	9	9	9	9	9	9	9	9	9	9
Other Income	5,519	1,166	1,131	1,181	1,229	1,269	1,308	1,348	1,389	1,431	1,474	1,519
Payments												
Employee costs	(13,834)	(14,690)	(15,363)	(15,901)	(16,410)	(16,903)	(17,376)	(17,862)	(18,363)	(18,877)	(19,406)	(19,949)
Materials, contracts & other expenses	(19,008)	(20,165)	(17,225)	(17,605)	(18,116)	(18,522)	(18,989)	(19,518)	(20,145)	(20,567)	(21,085)	(21,667)
Finance Costs	(510)	(801)	(1,127)	(1,198)	(1,219)	(1,163)	(1,089)	(1,003)	(955)	(916)	(823)	(728)
Net Cash provided by (or used in) Operating Activities	9,170	(879)	7,066	7,941	8,390	8,982	9,478	9,951	10,316	10,907	11,487	12,040
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Amounts Specifically for New/Upgraded Assets	1,149	1,298	750	658	117	121	124	127	130	133	136	140
Grants Utilised for Capital Purposes	1,227	840	386	386	386	386	386	386	386	386	386	386
Sale of Renewed/Replaced Assets	232	283	129	87	156	171	176	180	325	178	241	332
Sale of Surplus Assets	1,420	-	-	-	-	-	-	-	-	-	-	-
Payments												
Expenditure on Renewal/Replacement of Assets	(3 <i>,</i> 555)	(6 <i>,</i> 826)	(4,960)	(5,527)	(6,112)	(6,118)	(6,654)	(6,936)	(8 <i>,</i> 978)	(8,345)	(9,221)	(9,573)
Expenditure on New/Upgraded Assets	(5 <i>,</i> 135)	(4,911)	(3,940)	(3,881)	(1,768)	(1,310)	(1,836)	(1,368)	(1,902)	(1,437)	(1,972)	(1,510)
Net Cash Provided by (or used in) Investing Activities	(4,662)	(9,316)	(7,635)	(8,277)	(7,221)	(6,750)	(7,804)	(7,611)	(10,039)	(9 <i>,</i> 085)	(10,430)	(10,225)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Proceeds from Borrowings	2,600	10,300	600	400	100	100	100	200	100	100	100	100
Payments	(7.250)				(4, 400)	(2,200)	(4,000)	(2,500)	(400)	(4.000)	(4, 200)	(4.000)
Repayments of Borrowings	(7,350)	-	-	-	(1,400)	(2,300)	(1,800)	(2,500)	(400)	(1,900)	(1,200)	(1,900)
Net Cash provided by (or used in) Financing Activities	(4,750)	10,300	600	400	(1,300)	(2,200)	(1,700)	(2 <i>,</i> 300)	(300)	(1,800)	(1,100)	(1,800)
Net Increase/(Decrease) in cash held	(242)	105	31	64	(131)	32	(26)	40	(23)	22	(43)	15
Opening cash, cash equivalents or (bank overdraft)	(242)	105	213	244	(131) 308	52 177	(28) 209	40 183	(23)	200	(43) 222	15
Closing cash, cash equivalents or (bank overdraft)	350 108	213	213 244	308	308 177	209	209 183	223	223	200 222	179	179 194
closing cash, cash equivalents of (bank overdraft)	108	213	244	508	1//	209	103	223	200	222	1/9	194

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ESTIMATED STATEMENT OF CHANGES IN EQUITY	2023 Actual \$'000	2024 Estimate \$'000	2025 Year 1 \$'000	2026 Year 2 \$'000	2027 Year 3 \$'000	2028 Year 4 \$'000	2029 Year 5 \$'000	2030 Year 6 \$'000	2031 Year 7 \$'000	2032 Year 8 \$'000	2033 Year 9 \$'000	2034 Year 10 \$'000
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	48,045	46,582	44,440	43,627	43,287	42,639	42,381	42,429	42,706	43 <i>,</i> 097	43,822	44,831
Net Result for Year	(1,851)	(2,142)	(813)	(340)	(648)	(258)	48	277	391	725	1,009	1,259
Transfers to Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Other Reserves	388	-	-	-	-	-	-	-	-	-	-	-
Balance at end of period	46,582	44,440	43,627	43,287	42,639	42,38 1	42,429	42,706	43,097	43,822	44,831	46,090
ASSET REVALUATION RESERVE												
Property Plant & Equipment	291,578	312,880	324,661	333,406	340,805	349,473	357,476	367,608	377,942	388 <i>,</i> 493	399,278	410,299
Balance at end of period	291,578	312,880	324,661	333,406	340,805	349,473	357,476	367,608	377,942	388,493	399,278	410,299
OTHER RESERVES												
Balance at end of previous reporting period	675	287	287	287	287	287	287	287	287	287	287	287
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Accumulated Surplus	(388)	-	-	-	-	-	-	-	-	-	-	-
Balance at end of period	287	287	287	287	287	287	287	287	287	287	287	287
TOTAL EQUITY AT END OF REPORTING PERIOD	338,447	357,607	368,575	376,980	383,731	392,141	400,192	410,601	421,326	432,602	444,396	456,676

ESTIMATED SUMMARY STATEMENT	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
INCLUDING FINANCING TRANSACTIONS	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	22 74 5	25 727	26.072	20.400	20.242	20.200	24.220	22 4 0 7	22 472	24.400	25 227	26.240
Rates	23,715	25,727	26,973	28,186	29,343	30,300	31,229	32,187	33,172	34,188	35,237	36,319
Statutory Charges	412	442	460	475	489	502	515	528	541	555	569	583
User Charges	3,742	4,799 840	5,841	6,224	6,500	6,747	6,960	7,179 386	7,407	7,641	7,883	8,134
Grants, subsidies and contributions - capital Grants, subsidies and contributions - operating	1,227	6,930	386 6,355	386 6,558	386 6,553	386 6,731	386 6,899	7,071	386 7,249	386 7,431	386 7,617	386 7,808
Investment Income	8,964 38	6,930	5,355 12	6,558 12	553,0 12	6,731 12	6,899 12	12	7,249	7,431	12	7,808
Reimbursements	50 97	42 41	9	9	9	9	9	9	9	9	9	9
Other Income	1,229	41 1,166	1,131	1,181	1,229	1,269	1,308	1,348	1,389	,431	,474	1,519
Operating Expenses	1,229	1,100	1,151	1,101	1,229	1,209	1,508	1,540	1,309	1,451	1,474	1,519
Employee Costs	(13,869)	(14,690)	(15,363)	(15,901)	(16,410)	(16,903)	(17,376)	(17,862)	(18,363)	(18,877)	(19,406)	(19,949)
Materials, contracts & other expenses	(17,885)	(19,140)	(17,300)	(17,680)	(18,191)	(18,597)	(19,064)	(19,593)	(10,303)	(10,677)	(13,400)	(13,343)
Depreciation, amortisation & impairments	(17,954)	(8,796)	(8,940)	(9,250)	(10,151) (9,466)	(10,557)	(9,865)	(10,112)	(10,366)	(10,626)	(10,925)	(11,232)
Finance Costs	(645)	(801)	(1,127)	(1,198)	(1,219)	(1,163)	(1,089)	(1,003)	(10,000)	(916)	(823)	(728)
Operating Surplus/(Deficit) before Capital Amounts	(929)	(3,440)	(1,563)	(998)	(765)	(379)	(1,005)	(1,000) 150	261	592	873	1,119
	()	(-,,	(-//	()	(/	(/	()					_,
Capital Expenditure on Renewal/Replacement	(3,555)	(7,826)	(5,960)	(5,527)	(5,612)	(6,118)	(6,154)	(6,936)	(8,478)	(8,345)	(8,721)	(9,573)
add back: Depreciation, Amortisation and Impairment	7,954	8,796	8,940	9,250	9,466	9,672	9,865	10,112	10,366	10,626	10,925	11,232
add back: Sale of Replaced Assets	232	283	129	87	156	171	176	180	325	178	241	332
Net Outlays on Existing Assets	4,631	1,253	3,109	3,810	4,010	3,725	3,887	3,356	2,213	2,459	2,445	1,991
Capital Expenditure on New and Upgraded Assets	(5,135)	(5 <i>,</i> 911)	(4,940)	(3,881)	(1,268)	(1,310)	(1,336)	(1,368)	(1,402)	(1,437)	(1,472)	(1,510)
add back: Amounts Specifically for New and Upgraded Assets	1,149	1,298	750	658	117	121	124	127	130	133	136	140
add back: Sale of Surplus Assets	1,421	-	-	-	-	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(2,565)	(4,613)	(4,190)	(3,223)	(1,151)	(1,189)	(1,212)	(1,241)	(1,272)	(1,304)	(1,336)	(1,370)
			(· · ·									
Net Lending/(Borrowing) for Financial Year	1,137	(6,800)	(2,644)	(411)	2,094	2,157	2,599	2,265	1,202	1,747	1,982	1,740
Now Porrowings	2,600	10,300	600	400	100	100	100	200	100	100	100	100
New Borrowings Repayment of Principal on Borrowings	,	10,300	600	400	(1,400)	(2,300)	(1,800)	(2,500)	(400)	(1,900)	(1,200)	(1,900)
(Increase)/Decrease in Cash and Cash Equivalents	(7,350)		- (21)	-	(1,400) 131	(2,300) (32)	(1,800) 26		. ,		(1,200) 43	
Net Balance Sheet Funding	242 3,371	(105) (3,395)	(31) 2,075	(64) 75	(925)	(32) 75	(925)	(40) 75	23 (925)	(22) 75	43 (925)	(15) 75
Financing Transactions	(1,137)	(3,393) 6,800	2,073 2,644	411	(923) (2,094)	(2,157)	(923) (2,599)	(2,265)	(<u>92</u> 3)	(1,747)	(923) (1,982)	(1,740)
	(1,137)	0,000	2,044	411	(2,094)	(2,137)	(2,399)	(2,205)	(1,202)	(1,747)	(1,502)	(1,740)
Adjusted Operating/(Deficit) Ratio	(7)%	(9)%	(4)%	(2)%	(2)%	(1)%	0%	0%	1%	1%	2%	2%
Net Financial Liabilities Ratio	40%	51%	51%	49%	45%	39%	34%	28%	27%	22%	20%	16%
Asset Renewal Funding Ratio	40% 80%	133%	90%	115%	100%	100%	102%	110%	99%	100%	100%	101%
	2270	100,0	20,0		_00/0	_00,0	_0_,0	/	00,0	_00/0	_00,0	

AIRPORT - ESTIMATED SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS	2023 Actual \$'000	2024 Estimate \$'000	2025 Year 1 \$'000	2026 Year 2 Ś'000	2027 Year 3 \$'000	2028 Year 4 \$'000	2029 Year 5 Ś'000	2030 Year 6 \$'000	2031 Year 7 \$'000	2032 Year 8 \$'000	2033 Year 9 \$'000	2034 Year 10 \$'000
Operating Revenues	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000	Ş 000
User Charges	1,098	1,879	2,779	3,027	3,179	3,304	3,399	3,496	3,597	3,700	3,806	3,916
Grants, subsidies and contributions - operating	1,414	440	_,		-	-	-,	-,	-	-	-,	-
Operating Expenses	,											
Employee Costs	(523)	(399)	(420)	(439)	(453)	(467)	(480)	(493)	(507)	(521)	(536)	(551)
Materials, contracts & other expenses	(2,285)	(2,154)	(2,225)	(2,302)	(2,369)	(2,433)	(2,493)	(2,556)	(2,620)	(2,686)	(2,753)	(2,822)
Depreciation, amortisation & impairments	(416)	(508)	(529)	(541)	(551)	(563)	(574)	(589)	(604)	(620)	(636)	(652)
Finance Costs	(263)	(388)	(441)	(472)	(498)	(522)	(546)	(573)	(602)	(627)	(634)	(640)
Operating Surplus/(Deficit) before Capital Amounts	(975)	(1,130)	(836)	(727)	(692)	(681)	(694)	(715)	(736)	(754)	(753)	(749)
Capital Expenditure on Renewal/Replacement	(6)	-	-	-	-	-	-	-	-	-	-	-
add back: Depreciation, Amortisation and Impairment	416	508	529	541	551	563	574	589	604	620	636	652
Net Outlays on Existing Assets	410	508	529	541	551	563	574	589	604	620	636	652
Capital Expenditure on New and Upgraded Assets	(2,211)	(35)	-	-	-	-	-	-	-	-	-	-
add back: Amounts Specifically for New and Upgraded Assets	141	-	-	-	-	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(2,070)	(35)	0	0	0	0	0	0	0	0	0	0
Net Lending/(Borrowing) for Financial Year	(2,635)	(657)	(307)	(186)	(141)	(118)	(120)	(126)	(132)	(134)	(117)	(97)
New Borrowings	2,600	700	300	200	100	100	100	200	100	100	100	100
Repayment of Principal on Borrowings	2,000	700	500	200	100	100	100	200	100	100	100	100
(Increase)/Decrease in Cash and Cash Equivalents	35	(43)	- 7	(14)	41	18	20	(74)	- 32	- 34	17	(3)
Financing Transactions	2,635	(4 3) 657	307	(14) 186	141	118	120	() 1 26	132	134	117	(3) 97
Adjusted Operating/(Deficit) Ratio	(39)%	(49)%	(30)%	(24)%	(22)%	(21)%	(20)%	(20)%	(20)%	(20)%	(20)%	(19)%
Net Financial Liabilities Ratio	308%	362%	313%	294%	284%	277%	273%	269%	265%	261%	257%	252%
Asset Renewal Funding Ratio	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

COUNCIL - ESTIMATED SUMMARY STATEMENT	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
INCLUDING FINANCING TRANSACTIONS	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Revenues	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rates	23,715	25,727	26,973	28,186	29,343	30,300	31,229	32,187	33,172	34,188	35,237	36,319
Statutory Charges	412	442	460	475	29,343 489	502	51,229	52,187	541	555	55,257	583
User Charges	2,644	2,920	3,062	3,197	3,321	3,443	3,561	3,683	3,810	3,941	4,077	4,218
Grants, subsidies and contributions - capital	1,227	2,920 840	3,002	3,197	3,321	3,443	3,501	3,085	3,810	3,941	386	386
Grants, subsidies and contributions - operating	7,550	6,490	6,355	6,558	6,553	6,731	6,899	7,071	7,249	7,431	7,617	7,808
Investment Income	38	42	12	12	12	12	12	12	12	12	12	12
Reimbursements	97	41	9	9	9	9	9	9	9	9	9	9
Other Income	1,229	1,166	1,131	1,181	1,229	1,269	1,308	1,348	1,389	1,431	1,474	1,519
Operating Expenses	2)220	2,200	_)_0	_,	_)0	2)200	2,000	2)010	2,000	2).02	_,	2)0 20
Employee Costs	(13,346)	(14,291)	(14,943)	(15,462)	(15,957)	(16,436)	(16,896)	(17,369)	(17,856)	(18,356)	(18,870)	(19,398)
Materials, contracts & other expenses	(15,600)	(16,986)	(15,075)	(15,378)	(15,822)	(16,164)	(16,571)	(17,037)	(17,600)	(17,956)	(18,407)	(18,920)
Depreciation, amortisation & impairments	(7,538)	(8,288)	(8,411)	(8,709)	(8,915)	(9,109)	(9,291)	(9,523)	(9,762)	(10,006)	(10,289)	(10,580)
Finance Costs	(382)	(413)	(686)	(726)	(721)	(641)	(543)	(430)	(353)	(289)	(189)	(88)
Operating Surplus/(Deficit) before Capital Amounts	46	(2,310)	(727)	(271)	(73)	302	618	865	997	1,346	1,626	1,868
Capital Expenditure on Renewal/Replacement	(4,690)	(7,826)	(5,960)	(5,527)	(5,612)	(6,118)	(6,154)	(6,936)	(8,478)	(8 <i>,</i> 345)	(8,721)	(9,573)
add back: Depreciation, Amortisation and Impairment	7,538	8,288	8,411	8,709	8,915	9,109	9,291	9,523	9,762	10,006	10,289	10,580
add back: Sale of Replaced Assets	232	283	129	87	156	171	176	180	325	178	241	332
Net Outlays on Existing Assets	3,080	745	2,580	3,269	3,459	3,162	3,313	2,767	1,609	1,839	1,809	1,339
Capital Expenditure on New and Upgraded Assets	(2,434)	(5 <i>,</i> 876)	(4,940)	(3,881)	(1,268)	(1,310)	(1,336)	(1,368)	(1,402)	(1,437)	(1,472)	(1,510)
add back: Amounts Specifically for New and Upgraded Assets	1,008	1,298	750	658	117	121	124	127	130	133	136	140
add back: Sale of Surplus Assets	1,421	-	-	-	-	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(5)	(4,578)	(4,190)	(3,223)	(1,151)	(1,189)	(1,212)	(1,241)	(1,272)	(1,304)	(1,336)	(1,370)
Net Lending/(Borrowing) for Financial Year	3,121	(6,143)	(2,337)	(225)	2,235	2,275	2,719	2,391	1,334	1,881	2,099	1,837
Net Lending/ (borrowing) for timatelal real	3,121	(0,143)	(2,337)	(223)	2,233	2,275	2,715	2,331	1,334	1,001	2,033	1,037
New Borrowings	-	9,600	300	200	-	-	-	-	-	-	-	-
Repayment of Principal on Borrowings	(7,350)	-	-	-	(1,400)	(2,300)	(1,800)	(2,500)	(400)	(1,900)	(1,200)	(1,900)
(Increase)/Decrease in Cash and Cash Equivalents	207	(62)	(38)	(50)	90	(50)	6	34	(9)	(56)	26	(12)
Net Balance Sheet Funding	4,022	(3,395)	2,075	75	(925)	75	(925)	75	(925)	75	(925)	75
Financing Transactions				225	(2,235)	(2,275)	(2,719)	(2,391)	(1,334)	(1,881)	(2,099)	(1,837)
	(3,121)	6,143	2,337	225	(2,235)	(2,275)	(2,715)	(2,351)	(1,554)	(1,001)	(2,055)	(-,,-,
	(3,121)	0,143	2,337	223	(2,233)	(2,273)	(2,713)	(2,391)	(1,334)	(1,001)	(2,055)	(_)~~ /
Adjusted Operating/(Deficit) Ratio	(3,121)	(6)%	(2)%	(1)%	0%	1%	1%	2%	2%	3%	3%	4%
Adjusted Operating/(Deficit) Ratio Net Financial Liabilities Ratio												

Key Assumptions - previous	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Consumer Price Index (CPI)	3.5%	3.0%	2.8%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Wage Increase	4.0%	3.5%	3.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Capital Costs Local Governmet Price Index (LGPI)	3.8%	3.3%	3.1%	2.9%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Depreciation Costs	2.5%	2.0%	1.8%	2.1%	2.0%	2.8%	2.8%	2.8%	2.8%	2.8%
Weighted Interest Rate	4.1%	4.3%	4.5%	5.0%	5.5%	6.0%	6.5%	6.5%	6.5%	6.5%
Rate Increase	5.4%	4.9%	4.7%	4.5%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%

Key Assumptions - updated	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Consumer Price Index (CPI)	4.2%	3.3%	2.9%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Wage Increase	4.5%	4.5%	3.2%	3.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Capital Costs Local Governmet Price Index (LGPI)	4.2%	3.3%	2.9%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Depreciation Costs	3.2%	2.3%	1.9%	2.2%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Weighted Interest Rate	5.1%	5.3%	5.5%	5.7%	5.9%	6.1%	6.3%	6.5%	6.5%	6.5%
Rate Increase	5.0%	4.8%	4.4%	3.4%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%

Other Relevant Information

CPI and LGPI are applied in arrears, i.e. the figure applied to each financial year is the estimated annual CPI for the March directly preceding LGPI is applied to the cost of capital

The Weighted Interest Rate takes into account that Council have a portion of fixed borrowings

The majority of items increase by CPI each year

The increase in superannuation guarantee of 0.5% each year impacts the Wage Increase assumption up to 2026

The assumption for Depreciation has been dropped for a number of years, as it is expected that this will correct over time after 2 years of large increases The plan assumes that 3 management positions will be removed from 2026, in line with a resolution of Council

This is based on the matching principle, as the plan also assumes that no additional rate income from development will come online in this time

If additional income is generated, the reduction in employee numbers may not be required

Annexure "E"

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Sensitivity Analysis - Rates Increase

Comparison Model	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Projections as at the Q2 Review	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(942)	(188)	76	620	1,141	1,632	2,039	2,681	3,307	3,898
Operating Surplus Ratio - %	(2)%	0%	0%	1%	3%	4%	4%	5%	6%	7%
Net Financial Liabilities Ratio - %	39%	34%	31%	25%	21%	13%	11%	6%	1%	(5)%
Total Borrowings	16,600	15,200	14,400	12,400	10,700	7,600	6,900	4,300	2,100	0

Consultation Model	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
5.0% Rate Increase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(727)	(271)	(73)	302	618	865	997	1,346	1,626	1,868
Operating Surplus Ratio - %	(2)%	(1)%	0%	1%	1%	2%	2%	3%	3%	4%
Net Financial Liabilities Ratio - %	32%	31%	27%	20%	16%	10%	8%	4%	1%	(2)%
Total Borrowings	13,600	13,800	12,400	10,100	8,300	5,800	5,400	3,500	2,300	400

Model 1	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
4.2% Rate Increase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(903)	(463)	(284)	69	363	584	690	1,008	1,259	1,471
Operating Surplus Ratio - %	(2)%	(1)%	(1)%	0%	1%	1%	1%	2%	3%	3%
Net Financial Liabilities Ratio - %	32%	32%	28%	22%	18%	13%	12%	8%	6%	3%
Total Borrowings	13,800	14,100	13,000	10,900	9,400	7,200	7,100	5 <i>,</i> 500	4,700	3,100

Model 2	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
0.0% Rate Increase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(1,605)	(1,238)	(1,141)	(869)	(661)	(538)	(541)	(345)	(214)	(132)
Operating Surplus Ratio - %	(4)%	(3)%	(3)%	(2)%	(2)%	(1)%	(1)%	(1)%	0%	0%
Net Financial Liabilities Ratio - %	35%	36%	35%	31%	28%	25%	27%	25%	26%	25%
Total Borrowings	14,500	15,600	15,400	14,200	13,700	12,600	13,700	13,500	14,100	14,200

Sensitivity Analysis - CPI

Consultation Model	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
CPI 4.2%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(727)	(271)	(73)	302	618	865	997	1,346	1,626	1,868
Operating Surplus Ratio - %	(2)%	(1)%	0%	1%	1%	2%	2%	3%	3%	4%
Net Financial Liabilities Ratio - %	32%	31%	27%	20%	16%	10%	8%	4%	1%	(2)%
Total Borrowings	13,600	13,800	12,400	10,100	8,300	5,800	5,400	3,500	2,300	400

Model 3	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
CPI 5.2%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(606)	(134)	82	469	809	1,079	1,229	1,600	1,908	2,118
Operating Surplus Ratio - %	(2)%	0%	0%	1%	2%	2%	3%	3%	4%	4%
Net Financial Liabilities Ratio - %	31%	30%	25%	19%	13%	7%	6%	1%	(2)%	(7)%
Total Borrowings	13,500	13,500	12,000	9,500	7,400	4,700	4,100	1,900	400	0

Model	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
CPI 3.29	SYear 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(853)	(405)	(226)	129	430	654	763	1,083	1,340	1,559
Operating Surplus Ratio - %	(2)%	(1)%	(1)%	0%	1%	1%	2%	2%	3%	3%
Net Financial Liabilities Ratio - %	33%	32%	28%	22%	18%	12%	11%	7%	5%	2%
Total Borrowings	13,700	14,000	12,900	10,700	9,100	6,900	6,700	5,100	4,200	2,600

Sensitivity Analysis - New Rates Income

Consultation Model	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
No Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(727)	(271)	(73)	302	618	865	997	1,346	1,626	1,868
Operating Surplus Ratio - %	(2)%	(1)%	0%	1%	1%	2%	2%	3%	3%	4%
Net Financial Liabilities Ratio - %	32%	31%	27%	20%	16%	10%	8%	4%	1%	(2)%
Total Borrowings	13,600	13,800	12,400	10,100	8,300	5,800	5,400	3,500	2,300	400

Model 5	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
High Level of New Rate Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(419)	291	685	1,427	1,620	1,960	2,178	2,522	2,731	2,901
Operating Surplus Ratio - %	(1)%	1%	2%	3%	4%	4%	5%	5%	5%	6%
Net Financial Liabilities Ratio - %	31%	28%	22%	14%	7%	(1)%	(5)%	(11)%	(15)%	(20)%
Total Borrowings	13,300	12,900	10,800	7,300	4,500	1,000	0	0	0	0

Model 6	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Medium Level of New Rate Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(574)	10	307	863	1,119	1,412	1,596	1,999	2,271	2,426
Operating Surplus Ratio - %	(1)%	0%	1%	2%	3%	3%	3%	4%	5%	5%
Net Financial Liabilities Ratio - %	31%	30%	25%	17%	11%	4%	2%	(4)%	(7)%	(12)%
Total Borrowings	13,500	13,300	11,600	8,700	6,400	3,400	2,400	0	0	0