

THE CORPORATION OF THE CITY OF THE CITY OF WHYALLA

# ANNUAL BUSINESS PLAN



2024-25

## 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: [www.whyalla.sa.gov](http://www.whyalla.sa.gov).

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](http://www.whyalla.sa.gov.au)
- Email to [council@whyalla.sa.gov.au](mailto: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.



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# MAYOR & CEO MESSAGE

On behalf of the Council Members and City of Whyalla staff, we are pleased to present the Annual Business Plan and Budget for financial year 2024-25 (FY25).

This plan outlines Council's proposed services, programs and projects for FY25, aligned with our vision to 'We Embrace Opportunity, We Thrive Together, We Lead the Way'. As always, our focus is not only on maintaining existing services and assets, but also ensuring preparedness to capitalise on the exciting opportunities that will evolve our city and its economy.

## FY24 SNAPSHOT

This past year saw significant progress for our city in both Council and State Government projects. The Hydrogen Jobs Plan took major strides forward, with the announcement of the preferred delivery partners; the opening of a local hydrogen office; the hosting of the Premier's Economic Summit in Whyalla; the State Prosperity Project; GFG Alliance signing an offtake agreement - as well as closing its Coke Ovens in preparation for its Green Steel transition - the formulation of the Whyalla Master Plan; and the release of our development site prospectus. These projects are critical for our city's future, creating hundreds of new jobs; increasing our population; and creating a far more stable and secure future.

Other key highlights of Council projects delivered / commenced in FY24 included:

- Completing the \$1.9m upgrade of the Recreation Centre, vastly improving the effectiveness and efficiency of the filtration system; upgrading the sauna; reopening the spa; and installing new beach access and water feature toys
- Finalising the \$1.9m renovations on the Point Lowly cottages (partially funded by the Government of South Australia's Local Government Infrastructure Partnership Program), providing a more modern and accessible facility to the community and tourists
- Completing the \$535,000 cuttlefish dive site upgrade (partially funded by the Australian Government's Local Roads and Community Infrastructure Program), creating a safer location that better caters for the ever-increasing visitor numbers and the expanded services now on offer
- Releasing detailed concept designs for the foreshore water park and community plaza, as well as moving to the next stage in the Federal Government funding process
- Finalising the \$1.4m expansion of the Child Care Centre (partially funded by the Australian Government Department for Education through the Community Child Care Fund Program under the Open Competitive Round 3 grant opportunity), providing a more modern, spacious facility that can cater for more families to help address current shortages

## OUR FY25 PLAN

As mentioned earlier, this plan is essential to prepare our city for long-term success, with proper, targeted planning continuing to be vital to ensure we are prepared to cater for the major projects planned for Whyalla.

The release of advice by the Essential Services Commission of SA (ESCOSA) has been important in helping inform our decision making for this year's plan. This advice highlighted that Council was 'potentially unsustainable', with the airport identified as the most critical factor. While useful and timely, this advice presented nothing new, as we have been open with the community that we are currently operating in a deficit, as well as highlighting the challenges we face.

This advice also further highlighted the fact Council cannot afford to fund the level of development required for our future growth - or to meet the many needs and expectations of our community - so we will continue to advocate strongly with government and the private sector to help ensure our goals come to fruition while minimising the impact on ratepayers. In particular, we need to attract people to relocate to Whyalla to live and work.

Our ongoing focus on resolving the numerous legacy issues across the city - particularly relating to ageing infrastructure that has been under-invested for some time - was also reinforced by ESCOSA, so this will continue in FY25. This critical work will allow us to shift our focus from the past to the future.

Some of the key projects slated for delivery in FY25 include

- Foreshore water park and community plaza, incorporating water play; outdoor adventure play (with junior and senior obstacles); wave lawn; scooter track; and shelter and seating. As mentioned earlier, this is heavily reliant on securing government funding
- Recreation Centre efficiency and operating cost improvement, via installation of solar panels and other efficiency improvements, helping reduce its impact on Council's budget
- Library renewal - primarily focused on new mobile shelving and floor refurbishment - aimed to make the facility more multi-functional and able to cater for more events

As well as looking to the future, Council is also committed to maintaining current service levels, and ensuring that our day-to-day service delivery is of a high standard that meets community expectations. A program of service reviews continues to be undertaken to ensure that programs are delivered in the most efficient and effective manner.

## YOUR RATES

Taking all of this into consideration, together with a projected CPI increase of 4.2%, council is proposing a rate increase of 5% (or just under \$2 per week for the average residential property), which is 0.8% above CPI.

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

This year also sees the implementation of the change to Capital Value, as legislated by the State Government. Council engaged extensively with the community on details related to its implementation which they could influence, and has made several changes to the policy as a result.

## COMMUNITY FEEDBACK

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

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

During public consultation, we will also be holding Public Information Evenings at 6:30pm on both Tuesday 30 April and Tuesday 14 May at the Civic Building Grundel Street to provide an opportunity for a face-to-face question-and-answer session.

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

## Kind Regards

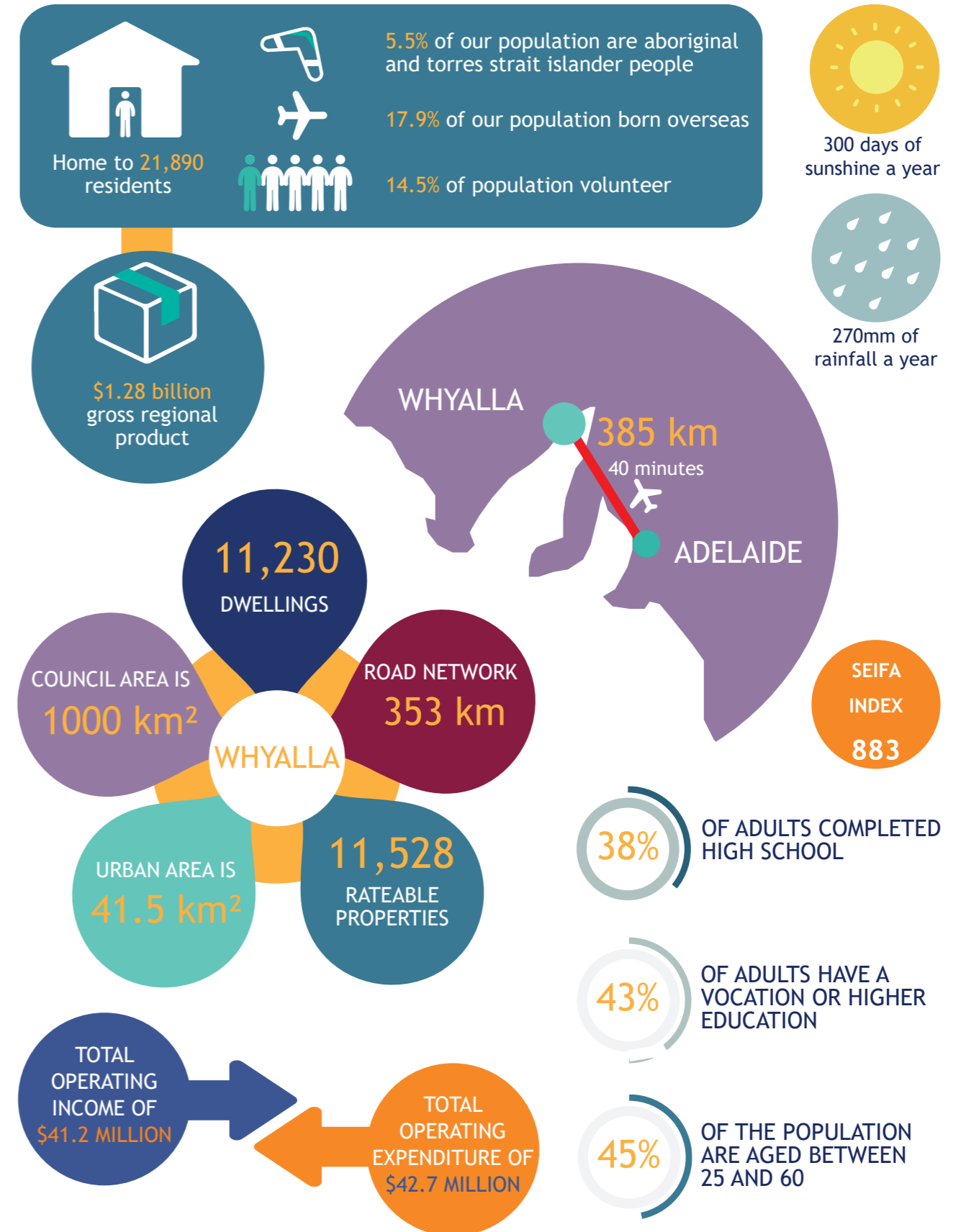


**Mayor**  
Phill Stone



**CEO**  
Justin Commons

# CITY AT A GLANCE



# COUNCIL AT A GLANCE

## ELECTED MEMBERS

Collectively Elected Members are responsible for policy making and decisions that impact on future plans for the city and the lives and livelihoods of individuals, organisations and businesses within it. The City of Whyalla is represented by ten elected members which includes a Mayor (Chairperson) and nine Councillors



The role of an Elected Member is to:

- participate in the deliberations and civic activities of the Council
- formulate the Council's objectives and policies
- keep the Council's objectives and policies under review to ensure they are appropriate and effective
- keep Council's resource allocation, expenditure and activities and the efficiency and effectiveness of its service delivery under review
- represent the interests of residents and ratepayers, to provide community leadership and guidance and to facilitate communication between the community and the Council.



**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

# FUTURE PLANNING



# 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

The diagram below demonstrates how our Plans connect to deliver on our Vision. Consistent with our commitment on delivering our plans, we consciously keep track of our progress and report back to you, our community, through the plans and reports outlined below.



# OUR 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.

Based on the feedback provide by the Audit and Risk Committee, an initial 2-speed focus has been added into the Strategic Plan, with 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.

## VALUES

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

### STRATEGIC PLAN 2025-2034

- 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.

# CITY SCORECARD



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 in percentages (rounded and therefore resulting in slight variations in totals)

Weighted Score -/5 Trend

OUR PEOPLE - a safe and engaged community, which is healthy, culturally and socially rich			
Pride	Proportion who say they feel proud of Whyalla	3.68	---
Safe, Healthy, Connected	Proportion who say they feel safe, healthy and connected to their community	3.17	↓
AVERAGE		3.43	---
OUR PLACES - protecting our natural environment and enhancing our built environment			
Attractive and creative city	Proportion who say they have great memories of Whyalla's parks, gardens, public buildings and infrastructure	3.79	---
Activated	Proportion who say Whyalla's parks, gardens, public buildings and infrastructure are well used and reflect community needs	3.43	↓
Sustainable environment	We look after our natural environment, effectively protecting it for us now and for future generations	3.34	↑
AVERAGE		3.52	---
OUR ECONOMY - Whyalla has a diverse and sustainable economy			
Growing	New businesses in Whyalla	3.27	↑
Learning, working, staying	Higher education enrolments, higher education retention	2.91	↓
AVERAGE		3.09	↓
OUR IMAGE - Whyalla is respected and recognised as a strong community with a bright, positive and long-term future			
Belonging	Would you recommend Whyalla as a place to live? (Net Promoter Score)	*-22	↓
	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			
Strategic Accountable Engaged Modern	Proportion who say Council delivers value for the rate dollar	2.67	↓
	Proportion who are satisfied with Council services	3.35	---
	Proportion who say it takes little effort to do business with Council	3.25	↑
	Proportion who are satisfied with their experience in dealing with Council	3.29	↑
	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	---

\* Net Promoter Score (NPS) measures how likely respondents are to recommend something. NPS is a score between -100 and 100, and is calculated using the percentage of promoters minus the percentage of detractors. Promoters are those who score 9 or above while detractors are those who score 6 or below, with the remainder being considered neutral.

# 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.



## CHILD CARE 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.



# ACHIEVEMENTS

## ANIMAL MANAGEMENT PLAN ON TRACK

### OBJECTIVE

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.

### PROGRESS TO DATE

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.

## LIBRARY SPACE MINOR DELAYS

### OBJECTIVE

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.

### PROGRESS TO DATE

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.

# OUR PEOPLE - a safe and engaged community, which is healthy, culturally and socially rich

## WATER SECURITY MINOR DELAYS

### OBJECTIVE

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.

### PROGRESS TO DATE

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.



# OUR PLACES - protecting our natural environment and enhancing our built environment

## WASTE EDUCATION ON TRACK

**OBJECTIVE** 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.

**PROGRESS TO DATE** 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

## RECREATION AND SPORT PLAN MINOR DELAYS

**OBJECTIVE** Develop a roadmap for recreation and sporting facilities in our city.

**PROGRESS TO DATE** 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 MINOR DELAYS

**OBJECTIVE** 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.

**PROGRESS TO DATE** 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.

## REVIEW STORMWATER ASSETS ON TRACK

**OBJECTIVE** 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.

**PROGRESS TO DATE** Work on the condition rating and valuation of Council's stormwater assets is underway.

## HOUSING ON TRACK

**OBJECTIVE** 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.

**PROGRESS TO DATE** 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.

## LIVABILITY ON TRACK

**OBJECTIVE** 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.

**PROGRESS TO DATE** 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.

# OUR ECONOMY - Whyalla has a diverse and sustainable economy environment

## ECONOMIC DEVELOPMENT PLAN ON TRACK

**OBJECTIVE** 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.

**PROGRESS TO DATE** Council has rejoined the RDA, who are responsible for delivery of these actions.

## NORTHERN COASTLINE MASTER PLAN ON TRACK

**OBJECTIVE** Complete delivery of the Point Lowly Cottages Upgrade, which will provide a key tourism asset for the region.

**PROGRESS TO DATE** 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.



# OUR IMAGE - Whyalla is respected and recognised as a strong community with a bright, positive and long-term future

## FORESHORE MASTER PLAN ON TRACK

**OBJECTIVE**

- 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.

**PROGRESS TO DATE**

- 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.

## GREENING WHYALLA MAJOR DELAYS

**OBJECTIVE** 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.

**PROGRESS TO DATE** 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.

## SAND REPLENISHMENT ON TRACK

**OBJECTIVE** 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.

**PROGRESS TO DATE** 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.

# OUR LEADERSHIP

- we are a City confident in its leaders

## COMMUNITY PARTICIPATION

ON TRACK

**OBJECTIVE** Increase levels of community participation through engagement.

**PROGRESS TO DATE**

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.

## CUSTOMER EXPERIENCE

ON TRACK

**OBJECTIVE** Finalisation and implementation of a Customer Experience Framework for Council.

**PROGRESS TO DATE**

Implementation of the framework is complete, review currently being undertaken to identify gaps and develop actions to address.

## ORGANISATIONAL DEVELOPMENT

ON TRACK

**OBJECTIVE**

With a performance management framework implemented the training and development plan will align Organisational and individual training and development needs.

**PROGRESS TO DATE**

On track to be completed in 23/24 FY

## INFORMATION SYSTEMS

MINOR DELAYS

**OBJECTIVE** Commence staged implementation of the system modernisation roadmap.

**PROGRESS TO DATE**

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.

## SERVICE REVIEWS

ON TRACK

**OBJECTIVE**

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.

**PROGRESS TO DATE**

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.

## RATES REVIEW

ON TRACK

**OBJECTIVE**

Extensive community consultation will be undertaken as Council prepares to make the move to rating using Capital Values for 2024/25.

**PROGRESS TO DATE**

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.

## REVIEW OF STRATEGIC MANAGEMENT PLANS

ON TRACK

**OBJECTIVE**

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.

**PROGRESS TO DATE**

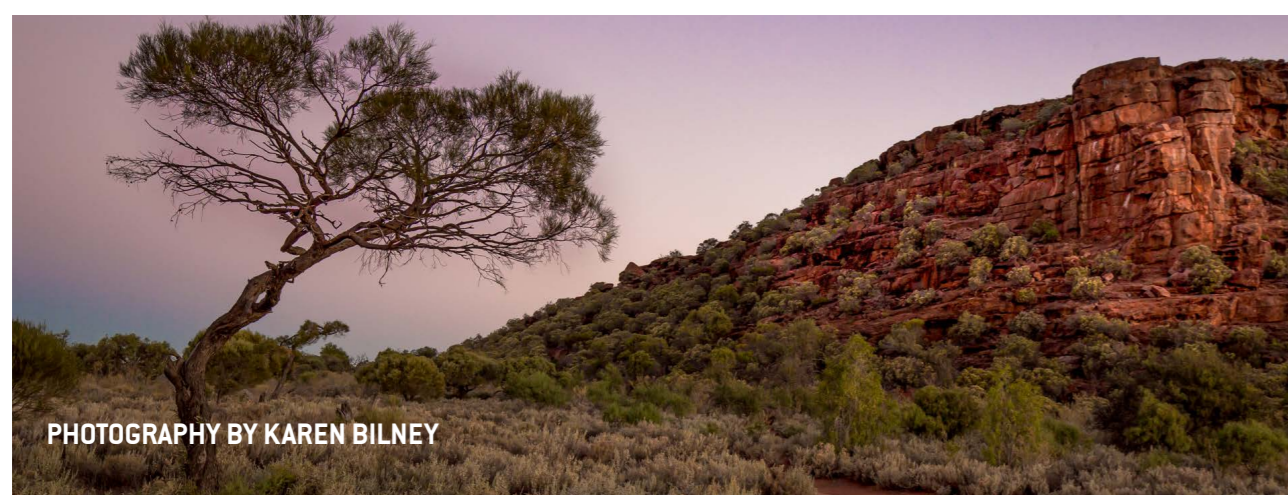
Engagement with the development of a Community Plan has been excellent, with well attended sessions and high levels of perception throughout. The finished product is completed, with a local community service provider to take the lead on tracking future progress. This document has formed the basis for the review of the Strategic Plan, which along with the Asset Management Strategy and Long Term Financial Plan, has undergone public consultation.

**FUTURE CIVIC CENTRE** **MINOR DELAYS**

**OBJECTIVE** 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.

**PROGRESS TO DATE** 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.



PHOTOGRAPHY BY KAREN BILNEY

2023-24  
**MEASURING OUR PERFORMANCE**

Key imperatives / project delivery

FOCUS AREA	PROGRESS
<b>STAGED DELIVERY OF THE FORESHORE MASTER PLAN</b>	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.
MEASURE	On track against plans <b>ON TRACK</b>
<b>DEVELOPMENT OF UPDATED STRATEGIC MANAGEMENT PLANS THAT REFLECT COMMUNITY VISION AND NEED</b>	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.
MEASURE	Plans adopted <b>ON TRACK</b>
<b>IMPLEMENTATION OF THE ECONOMIC DEVELOPMENT PLAN</b>	Council has rejoined the RDA, who are Responsible for delivery of these actions.
MEASURE	On track against plans <b>ON TRACK</b>

## Key imperatives / project delivery

FOCUS AREA	PROGRESS
<p><b>PROVIDE LEADERSHIP AND ORGANISATIONAL RESOURCES TO SUPPORTING REGION WIDE PROJECTS</b> (e.g. Hydrogen Hub, EPLGA, Upper Spencer Gulf group) to attract state and federal funds &amp; external partners</p>	<p>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.</p>
<p>MEASURE Feedback from external stakeholders</p>	<p><b>ON TRACK</b></p>
<p><b>DELIVERY OF ANNUAL CAPITAL PROGRAM</b></p>	<p>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.</p>
<p>MEASURE On track against plans</p>	<p><b>ON TRACK</b></p>
<p><b>DELIVERY OF INITIATIVES OUTLINED WITHIN THE ANNUAL BUSINESS PLAN</b></p>	<p>Approximately 30% of the Strategic Initiatives are behind schedule in some capacity.</p>
<p>MEASURE On track against plans</p>	<p><b>AT RISK</b></p>

## Financial and asset management

FOCUS AREA	PROGRESS
<p><b>PERFORMANCE AGAINST COUNCIL'S ADOPTED BUDGET INCLUSIVE OF SAVINGS</b></p>	<p>At this stage Council's projected financial position is 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.</p>
<p>MEASURE Financial results show improvement compared to adopted (or adjusted) budget</p>	<p><b>ON TRACK</b></p>
<p><b>IDENTIFY AND IMPLEMENT STRATEGIES TO RESTORE A SURPLUS FINANCIAL POSITION BY 2026/2027</b></p>	<p>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.</p>
<p>MEASURE LTFP projections</p>	<p><b>ON TRACK</b></p>
<p><b>DEVELOP AND COMMENCE DELIVERY OF A SERVICE REVIEW PROGRAM, ENSURING EFFECTIVE AND EFFICIENT DELIVERY OF COUNCIL SERVICES</b></p>	<p>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.</p>
<p>MEASURE Status of service reviews</p>	<p><b>ON TRACK</b></p>
<p><b>CONDUCT A REVIEW OF COUNCIL ASSETS AND REPORT TO COUNCIL IDENTIFYING OPTIONS INCLUDING BUT NOT LIMITED TO RENEWAL, MAINTAIN OR RELINQUISH</b></p>	<p>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 through over time.</p>
<p>MEASURE On track against plans</p>	<p><b>AT RISK</b></p>

## Financial and asset management

FOCUS AREA	PROGRESS
<b>CONTINUOUS IMPROVEMENT OF COUNCIL'S ASSET MANAGEMENT DATA AND DELIVERY</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>MEASURE</b> <ul style="list-style-type: none"> <li>Quality of asset data available</li> <li>Improvement in asset condition over time</li> </ul>	<b>ON TRACK</b>



## Organisational development / organisational performance

FOCUS AREA	PROGRESS
<b>BUILD ORGANISATIONAL CAPACITY: CULTURE, LEADERSHIP, TRAINING AND DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>Action plans developed.</li> <li>On track for individuals - group Leadership development part of the T&amp;D plan.</li> <li>Training &amp; Development Plans development on track.</li> <li>One departure this financial year - Director Infrastructure.</li> </ul>
<b>MEASURE</b> <ul style="list-style-type: none"> <li>Organisational development plan developed and implementation commenced</li> <li>Leadership development undertaken</li> <li>Training and development plan developed and implementation commenced</li> <li>Retention of senior management team</li> </ul>	<b>ON TRACK</b>
<b>BUILD ORGANISATIONAL GOVERNANCE, INCLUDING IMPLEMENTATION OF LOCAL GOVERNMENT LEGISLATIVE REFORM PROGRAM</b>	<ul style="list-style-type: none"> <li>Council has commenced an internal audit program, which amongst other things, will ensure that Council is compliant with its legislative requirements.</li> <li>Implementation of LG Reform completed in a timely, efficient and cost-effective manner.</li> </ul>
<b>MEASURE</b> <ul style="list-style-type: none"> <li>Compliance with all Local Government Act requirements</li> <li>Timely and efficient implementation of LG reform</li> </ul>	<b>ON TRACK</b>
<b>IMPLEMENT AGREED RECOMMENDATIONS FROM EXTERNAL / INDEPENDENT REVIEWS AS REQUIRED</b> e.g. external & internal audit reports, governance health check	Progressing well, reported to the Audit and Risk Committee at each quarterly meeting.
<b>MEASURE</b> Timely and efficient implementation of recommendations from external / independent reviews	<b>ON TRACK</b>

# Customer & Stakeholder Engagement and Experience

FOCUS AREA	PROGRESS
<p><b>DEVELOP &amp; COMMENCE IMPLEMENTATION OF A CUSTOMER EXPERIENCE FRAMEWORK INCLUSIVE OF STANDARDS AND SYSTEMS</b></p> <p>MEASURE Customer experience framework endorsed and implementation commenced</p>	<p>Implementation of the framework is complete, review currently being undertaken to identify gaps and develop pactions to address.</p> <p><b>ON TRACK</b></p>
<p><b>IMPROVE COMMUNITY ENGAGEMENT/ EXPERIENCE</b></p> <p>MEASURE Customer request closures, inbound correspondence response rate</p>	<p>Continuing to see improvement in this area.</p> <p><b>ON TRACK</b></p>
<p><b>BUILD COMMUNITY LEADERSHIP</b></p> <p>MEASURE Development and implementation of strategies to build community leadership</p>	<p>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.</p> <p><b>ON TRACK</b></p>
<p><b>UNDERTAKE ANNUAL COMMUNITY SURVEY</b></p> <p>MEASURE Survey results show increased ratings year on year against annual community survey</p>	<p>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.</p> <p><b>AT RISK</b></p>

# 2024-25 PLAN

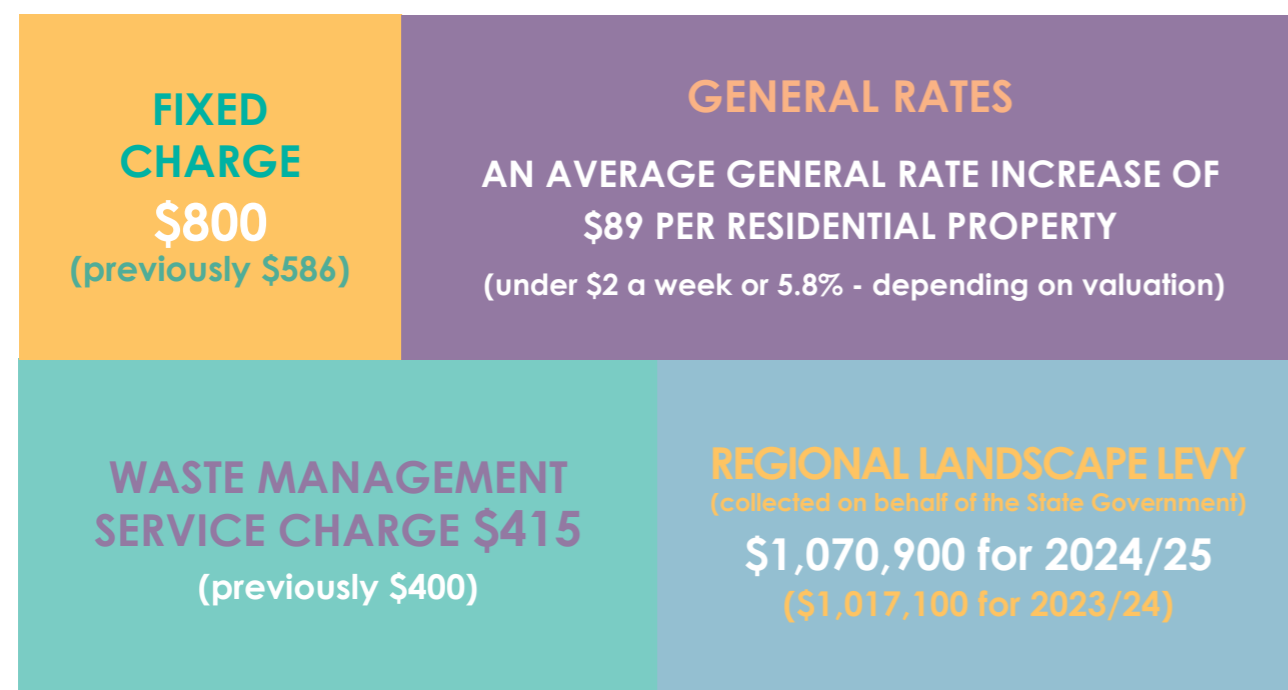




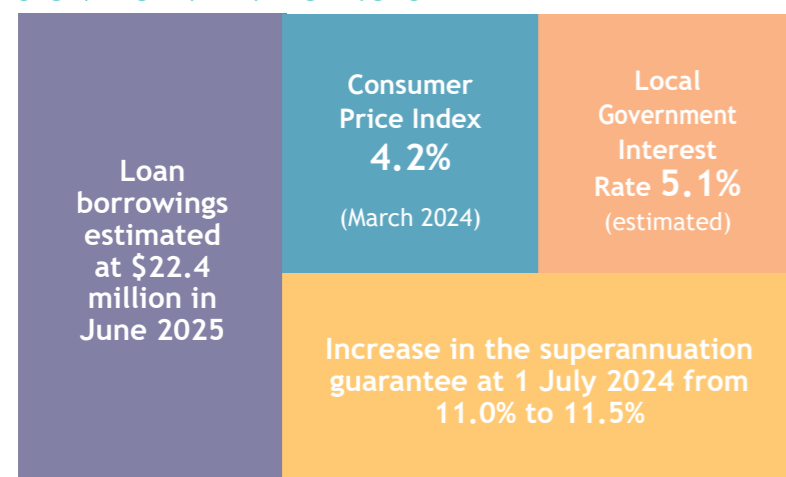
# AT A GLANCE

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.

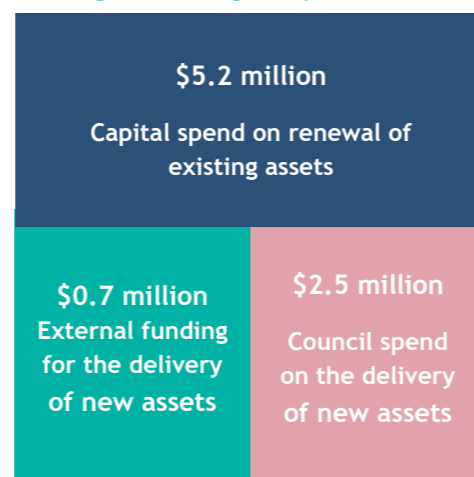
## RATE REVENUE MADE UP OF



## SIGNIFICANT INFLUENCES



## CAPITAL SPEND



## 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
<b>Financial Sustainability</b> - Reliance on rates - Investment capacity - Containment of costs	<b>Political</b> - Election promises - State Prosperity Project
<b>Legacy Issues</b> - Disability access - Civic building	<b>Economic</b> - Economic Development Plan - Hydrogen industry - Tourism
<b>Services</b> - Service review framework - Capacity to deliver on community expectations	<b>Technological</b> - Modernisation
<b>Workforce</b> - Recruitment - Succession planning	<b>Social</b> - Housing - Public Health Plan
<b>Assets</b> - Asset data - Comprehensive review of buildings	<b>Environmental</b> - Cuttlefish protection - Climate change
<b>Performance</b> - CEO KPIs - Business unit plans	<b>Relationships</b> - Other spheres of government - Private industry

In addition, the assumptions that underly Council's Long Term Financial Plan were tested for appropriateness.

LTFP ASSUMPTION	
Service Levels	Interest Rate 5.1%
Rate Increase 5.0%	Capital Costs 3.2%
Wage increase 4.5% (including superannuation of 0.5%)	Ongoing Savings \$225,000
Consumer Price Index 4.2%	Other Income

All of this information combined was used to formulate the Budget Parameters shown on the next page.

## 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 in 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

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.

# STRETEGIC INITIATIVES

## OUR PEOPLE AND COMMUNITY

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

INITIATIVE	PLANNED ACTIVITIES
<p><b>LIBRARY SPACE</b></p> <p>BUDGET \$546,000</p>	<p>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.</p> <p>..... <b>STAGE 1 - DELIVER</b></p>
<p><b>RECREATION CENTRE</b></p> <p>BUDGET \$750,000</p>	<p>Delivery of an energy efficiency project, to ensure that the centre is operating in an environmentally friendly way and at the lowest cost possible.</p> <p>..... <b>STAGE 1 - DELIVER</b></p>

COMMUNITY AMENITY	PLANNED ACTIVITIES
<p>BUDGET ADDITIONAL ALLOCATION OF \$100,000 ABOVE BUSINESS AS USUAL</p>	<p>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.</p> <p>..... <b>STAGE 1 - DELIVER</b></p>

## OUR LIVEABILITY

A quality life in a safe and connected community.

INITIATIVE	PLANNED ACTIVITIES
<p><b>BUILDING RATIONALISATION</b></p> <p>BUDGET GOAL TO IDENTIFY ONGOING SAVINGS OF \$100,000 PER ANNUM BY 2025/26</p>	<p>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.</p> <p>..... <b>STAGE 1 - PLAN</b></p>
<p><b>REVIEW BUILDING ASSETS</b></p> <p>BUDGET \$100,000</p>	<p>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.</p> <p>..... <b>STAGE 1 - DELIVER</b></p>
<p><b>FORESHORE MASTER PLAN</b></p> <p>BUDGET \$3,060,000</p>	<p>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.</p> <p>..... <b>STAGE 1 - DELIVER</b></p>

## OUR INDUSTRIES AND BUSINESS

A diverse and prosperous economy.

INITIATIVE	PLANNED ACTIVITIES	
<b>ECONOMIC DEVELOPMENT PLAN</b> BUDGET \$176,000	Delivery of the Economic Development Plan with the Eyre Peninsula RDA.	<b>STAGE 1 - DELIVER</b>
<b>NORTHERN COASTLINE</b> BUDGET \$395,000	<ul style="list-style-type: none"> <li>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.</li> <li>Continue with the negotiation of an Indigenous Land Use Agreement for the Northern Coastline, to allow for improvements to the tourist experience to proceed.</li> </ul>	<b>STAGE 2 - PLAN</b>

## OUR LEADERSHIP

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

INITIATIVE	PLANNED ACTIVITIES	
<b>COMMUNITY PARTICIPATION</b>	Increase levels of community participation through engagement.	<b>STAGE 1 - DELIVER</b>

<b>CUSTOMER EXPERIENCE</b>	Continued improvement of overall Customer Experience.	<b>STAGE 1 - DELIVER</b>
<b>ORGANISATIONAL DEVELOPMENT</b>	With a performance management framework implemented the training and development plan will align Organisational and individual training and development needs.	<b>STAGE 1 - DELIVER</b>
<b>INFORMATION SYSTEMS</b> NOT YET BUDGETED	Continue to plan for the future modernisation of Council's information systems, while recognising that significant investment is not viable at the current moment.	<b>STAGE 2 - PLAN</b>
<b>SERVICE REVIEWS</b> BUDGET \$80,000	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 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.	<b>STAGE 1 - DELIVER</b>
<b>FUTURE CIVIC CENTRE</b> NOT YET BUDGETED	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.	<b>STAGE 1 - PLAN</b>
<b>ADVOCACY</b> BUDGET \$50,000	<ul style="list-style-type: none"> <li>Water Security</li> <li>Housing</li> <li>Liveability</li> <li>Precinct Partnerships</li> <li>Alternate Funding Sources</li> <li>Airport Sustainability</li> </ul>	<b>STAGE 2 - ADVOCATE</b>

# 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 Chief Executive Officer.

FOCUS AREA	PERFORMANCE MEASURE
<b>KEY IMPERATIVES / PROJECT DELIVERY</b>	
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 (e.g. Hydrogen Hub, EPLGA, Upper Spencer Gulf group) to attract state and federal funds & external partners.	Feedback from external stakeholders
Delivery of annual capital program	On track against plans
Delivery of initiatives outlined within the Annual Business Plan	On track against plans
<b>FINANCIAL AND ASSET MANAGEMENT</b>	
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 council services	Status of service reviews
Conduct a review of council assets and report to council identifying options including but not limited to renewal, maintain or relinquish	On track against plan
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
<b>ORGANISATIONAL DEVELOPMENT / ORGANISATIONAL PERFORMANCE</b>	
Build organisational capacity: culture, leadership, training and development	<ul style="list-style-type: none"> <li>Organisational development plan developed and implementation commenced</li> <li>Leadership development undertaken</li> <li>Training and development plan developed and implementation commenced</li> <li>Retention of senior management team</li> </ul>
Build organisational governance	Compliance with all Local Government Act requirements
Implement agreed recommendations from external / independent reviews as required e.g. external & internal audit reports, governance health check	Timely and efficient implementation of recommendations from external / independent reviews
<b>CUSTOMER &amp; STAKEHOLDER ENGAGEMENT AND EXPERIENCE</b>	
Implementation of a customer experience framework inclusive of standards and systems	On track against plan
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

## 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 experienced 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.

<b>BUILDING RATIONALISATION</b>	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.	<b>ONGOING SAVINGS OF \$250,000 PER ANNUM BY 2025/26</b>	The sale of the WEDEB building generated ongoing savings of \$150,000 per annum in depreciation and interest.
<b>VACANT POSITION ALLOWANCE</b>	Underbudgeting the payroll budget, to recognise that some positions in the business will always be vacant, while recruitment processes are undertaken.	<b>AN AVERAGE OF 1.5 POSITIONS VACANT AT ANY TIME, A VALUE OF \$165,000 FOR THE YEAR</b>	This has saved Council \$700,000 over the past two years, when the assumption was 3.5 vacant positions.
<b>GENERAL EFFICIENCIES</b>	Accumulation of small savings from process change.	<b>\$25,000 OF ONGOING SAVINGS</b>	This will be worked through in 2024/25.
<b>SEALED ROAD DEPRECIATION</b>	A review of the useful life of sealed road pavement base, to ensure they are reflective of reality and industry standards.	<b>\$150,000 OF ONGOING SAVINGS</b>	Work in being undertaken with a qualified engineer, with an aim to finalise prior to 30 June 2024.

## 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 is 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
<b>Total</b>	<b>\$5,231,000</b>

### 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 \$255,000

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 \$214,000

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 \$630,000

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 \$291,000

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

### HMAS WHYALLA \$208,000

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 \$141,000

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.

### MARITIME 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	2023-24		
	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
<b>Total</b>	<b>\$3,240,000</b>	<b>\$750,000</b>	<b>\$2,490,000</b>

## 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
<b>Total</b>	<b>\$1,700,000</b>	<b>\$729,000</b>	<b>\$-</b>	<b>\$2,429,000</b>



## COUNCIL IS PART OF YOUR EVERY DAY

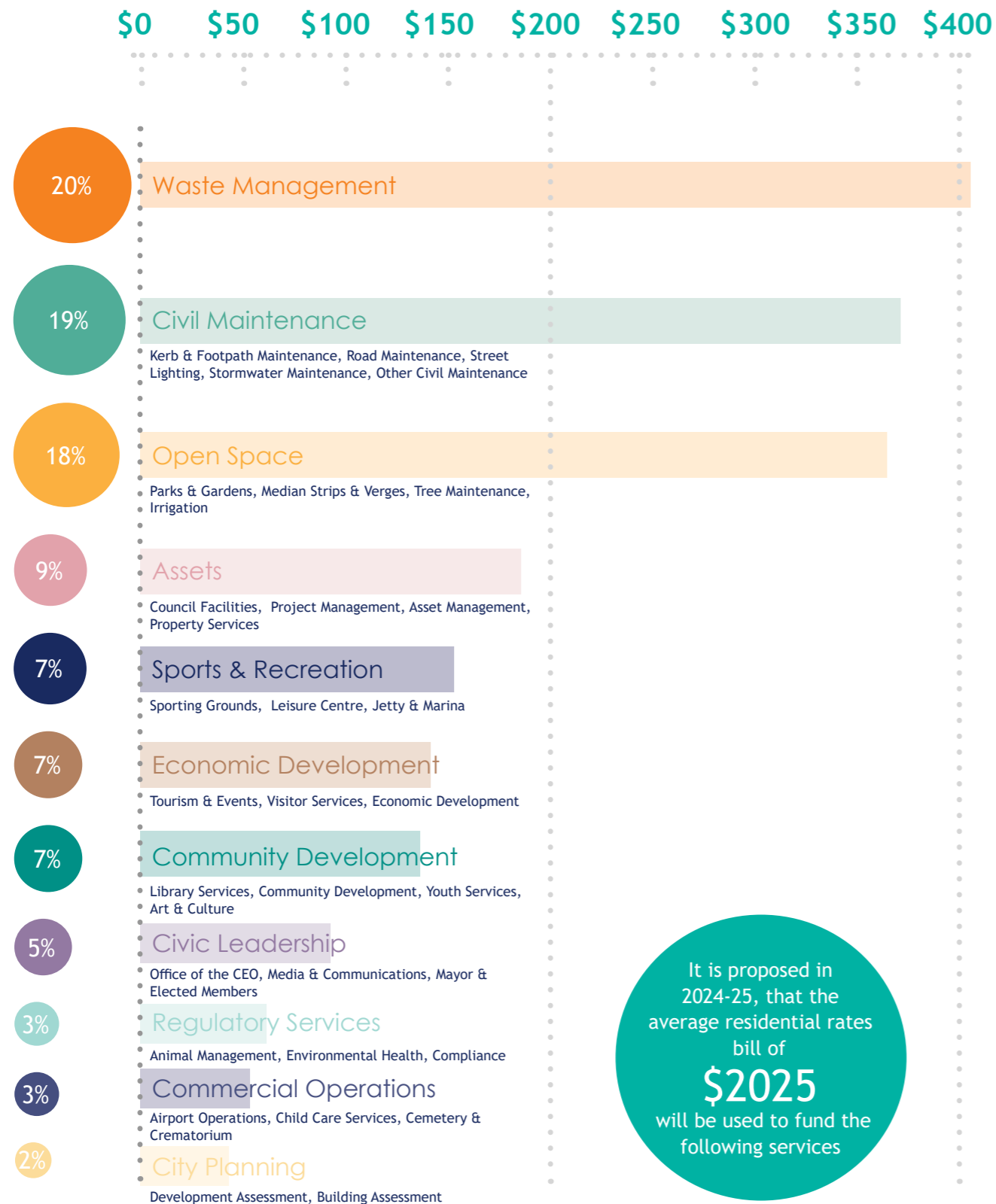
Most people are surprised when they learn about all of the things Council provides for the community. Have you thought about how your daily life is improved by the services provided by the City of Whyalla? Below is a list of some of the services, programs and facilities Council delivers to make Whyalla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



# FUNDING THE PLAN



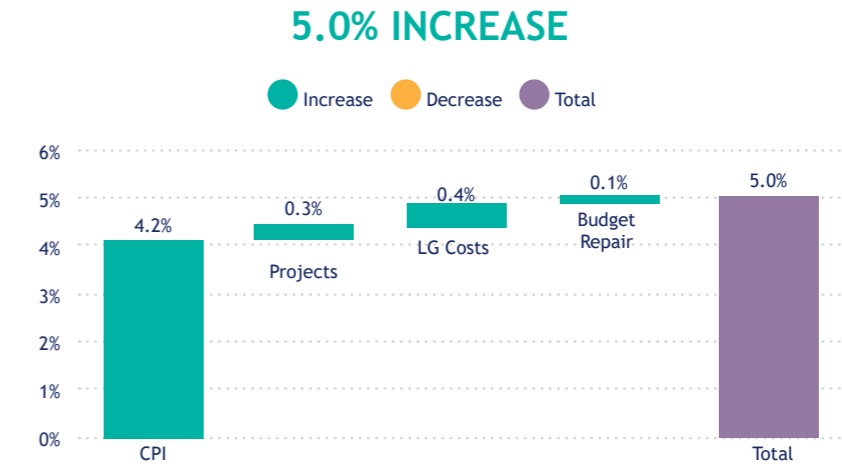
# RATES AT A GLANCE



# COMPONENTS OF 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 than CPI. This impacts the required rate increase by 0.4%.

## 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 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 Liabilities Ratio	< 80%	40%	67%	51%	51%
Asset Renewal Funding Ratio	90 - 110%	80%	132%	133%	90%

\*Adjusted operating surplus/(deficit) adjusts for timing differences in the payment of financial assistance grants

**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

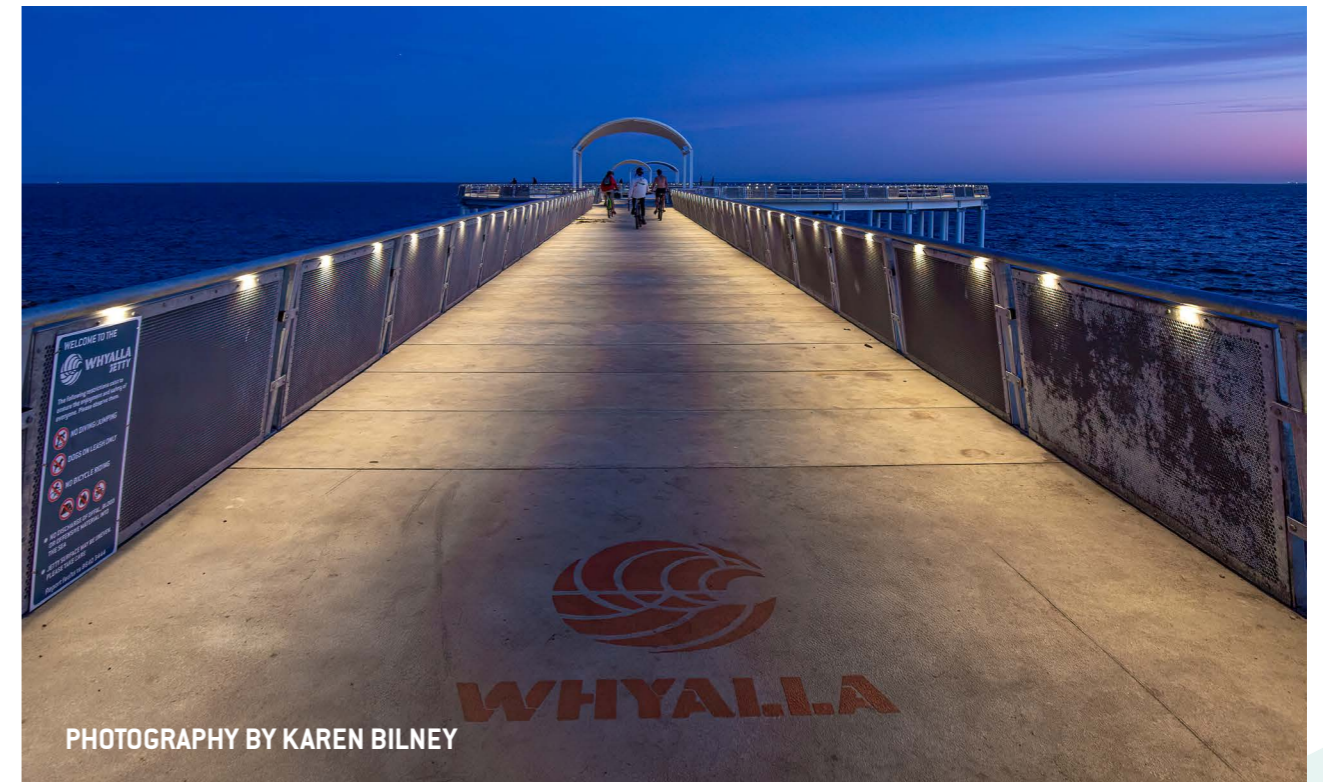
### Summary Statement

	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Adopted Budget
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
<b>OPERATING REVENUES</b>				
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
<b>OPERATING EXPENSES</b>				
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)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(929)</b>	<b>(2,499)</b>	<b>(3,440)</b>	<b>(1,563)</b>
<b>CAPITAL ACTIVITIES</b>				
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
<b>Net Outlays on Existing Assets</b>	<b>4,631</b>	<b>997</b>	<b>1,253</b>	<b>3,109</b>
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
<b>Net Outlays on New and Upgraded Assets</b>	<b>(2,565)</b>	<b>(4,095)</b>	<b>(4,613)</b>	<b>(4,190)</b>
<b>Net Lending/(Borrowing) for Financial Year</b>	<b>1,137</b>	<b>(5,597)</b>	<b>(6,800)</b>	<b>(2,644)</b>

In any one year the below financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Adopted Budget
	\$'000	\$'000	\$'000	\$'000
New Borrowings	2,600	5,600	10,300	600
Repayment of Principal on Borrowings	(7,350)	0	0	0
(Increase)/Decrease in Cash and Cash Equivalents	242	(78)	(105)	(31)
Net Balance Sheet Funding	3,371	75	(3,395)	2,075
<b>Financing Transactions</b>	<b>(1,137)</b>	<b>5,597</b>	<b>6,800</b>	<b>2,644</b>

\*Depending on cash flow



# 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.

KEY FINANCIAL INDICATORS	Target Short Term	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
Operating Surplus/(Deficit) - \$'000		(975)	(923)	(1,130)	(836)
Operating Surplus/(Deficit) Ratio	1 - 6%	(39)%	(34)%	(49)%	(30)%
Net Financial Liabilities 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

## BUDGET AT A GLANCE

Passenger Fee Revenue <b>\$958,000</b>	Screening Revenue <b>\$1,244,000</b>
Operating Expenditure <b>\$3,615,000</b>	Other Operating Revenue <b>\$577,000</b>

# AIRPORT SUMMARY STATEMENT & FINANCING TRANSACTIONS

## Summary Statement

	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
<b>Operating Revenues</b>				
User Charges	1,098	2,684	1,879	2,779
Grants, subsidies and contributions - operating	1,414	-	440	-
<b>Operating Expenses</b>				
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)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(975)</b>	<b>(923)</b>	<b>(1,130)</b>	<b>(836)</b>

## CAPITAL ACTIVITIES

Capital Expenditure on Renewal/ Replacement	(6)	-	-	-
add back: Depreciation, Amortisation and Impairment	416	657	508	529
<b>Net Outlays on Existing Assets</b>	<b>410</b>	<b>657</b>	<b>508</b>	<b>529</b>
Capital Expenditure on New and Upgraded Assets	(2,211)	-	(35)	-
add back: Amounts Specifically for New and Upgraded Assets	141	-	-	-
<b>Net Outlays on New and Upgraded Assets</b>	<b>(2,070)</b>	<b>0</b>	<b>(35)</b>	<b>0</b>

<b>Net Lending/(Borrowing) for Financial Year</b>	<b>(2,635)</b>	<b>(266)</b>	<b>(657)</b>	<b>(307)</b>
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	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
<b>Financing Transactions</b>				
New Borrowings	2,600	300	700	300
Repayment of Principal on Borrowings	-	-	-	-
(Increase)/Decrease in Cash and Cash Equivalents	35	(34)	(43)	7
<b>Financing Transactions</b>	<b>2,635</b>	<b>266</b>	<b>657</b>	<b>307</b>

\*Depending on cash flow

# 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		(1,673)	(1,576)	(2,310)	(727)
Adjusted Operating Surplus/ (Deficit) Ratio	(2) - 1%	(5)%	(4)%	(6)%	(2)%
Net Financial Liabilities 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

## COUNCIL EXCLUDING AIRPORT SUMMARY STATEMENT & FINANCING TRANSACTIONS

Summary Statement	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
<b>Operating Revenues</b>				
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
<b>Operating Expenses</b>				
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)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>46</b>	<b>(1,576)</b>	<b>(2,310)</b>	<b>(727)</b>
<b>CAPITAL ACTIVITIES</b>				
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
<b>Net Outlays on Existing Assets</b>	<b>3,080</b>	<b>340</b>	<b>745</b>	<b>2,580</b>
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
<b>Net Outlays on New and Upgraded Assets</b>	<b>(5)</b>	<b>(4,095)</b>	<b>(4,578)</b>	<b>(4,190)</b>
<b>Net Lending/(Borrowing) for Financial Year</b>	<b>3,121</b>	<b>(5,331)</b>	<b>(6,143)</b>	<b>(2,337)</b>

## Financing Transactions

	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
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
<b>Financing Transactions</b>	<b>(3,121)</b>	<b>5,331</b>	<b>6,143</b>	<b>2,337</b>

\*Depending on cash flow



## 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, an average general rate increase of \$89 annually (around \$2 per week or 5.8%) 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.

CATEGORY	RATABLE PROPERTIES	SITE VALUE	RATES RAISED 2022-23	Rates Raised 2023-24	% Change
Residential	10,436	100%	\$15,867,158	\$16,780,378	5.76%
Commercial	349	260%	\$2,305,127	\$2,473,381	7.30%
Industry	72	350%	\$467,982	\$442,997	-5.34%
Primary Production	13	10%	\$5,407	\$6,651	23.00%
Vacant Land	281	350%	\$654,774	\$545,441	-16.70%
Other	60	250%	\$92,838	\$90,043	-3.01%
Heavy Industry	3	1600%	\$588,927	\$618,378	5.00%
Coastal & Rural Living	314	70%	\$389,976	\$462,648	18.63%
<b>Total</b>	<b>11,528</b>		<b>\$20,372,190</b>	<b>\$21,419,917</b>	<b>5.14%</b>

**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         | 4. Commercial - Other | 7. Primary Production |
| 2. Commercial - Shop   | 5. Industrial - Light | 8. Vacant             |
| 3. Commercial - Office | 6. Industrial - Other | 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)(l) 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

### OTHER

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 [www.whyalla.sa.gov.au](http://www.whyalla.sa.gov.au).

### REGIONAL LANDSCAPE LEVY

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

The management board has 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: <https://landscape.sa.gov.au/>.

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

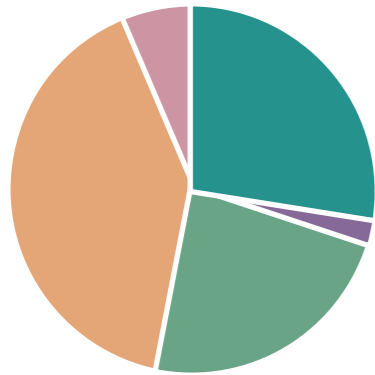
### WASTE MANAGEMENT SERVICE CHARGE

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



### Rates Other

Other rate revenue includes the State Government's Regional Landscape Levy collected on behalf of the Landscape Board as well as the Waste Management Service Charge and are expected to account for 13% of operating income in 2024-25.

### Statutory Charges

Statutory Charges are expected to account for 1% of operating income in 2024-25. Statutory charges are fees for regulatory services. They are associated with the granting of a permit/license or the regulation of an activity. They include Development Act Fees, Animal Registrations and Parking Fines.

### Grants, Subsidies and Contributions

Operating Grants, Subsidies and Contributions are expected to account for 17% of operating income in 2024-25. This includes the General Purpose Grant, Local and Special Road Grants, Roads to Recovery Grant and other minor grants.

### Reimbursements and Other Income

Reimbursements and Other Income are each expected to account for 3% of operating income in 2024-25.

Reimbursements are amounts received as payment for work done by the Council acting as an agent for others. Other Income includes interest income and other revenue not separately classified above.

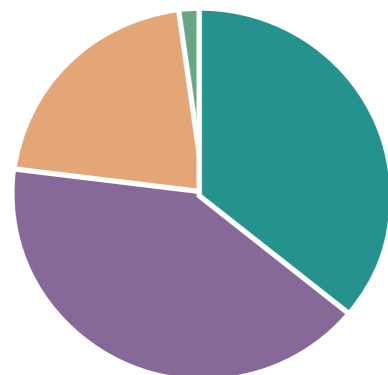
### User Charges

User Charges are expected to account for 14% of operating income in 2024-25. User Charges relate to the recovery of service delivery costs through the charging of fees to users of Council's services. They include airport fees, child care fees, hire of community facilities and property leases.

## OTHER OPERATING EXPENSES

### Employee Costs

Employee costs are expected to account for 36% of operating expenditure in 2024-25. Employee costs include all labour related expenses such as wages and salaries as well as oncosts including allowances, leave entitlements and employer superannuation.



### Materials, Contracts & Other Expenses

Materials, Contracts & Other Expenses are expected to account for 40% of operating expenditure in 2024-25. Materials cover payments for physical goods and includes purchase of consumables, water and energy. Contract services involve payments for the external provision of services.

### Depreciation

Depreciation expense is expected to account for 21% of operating expenditure in 2024-25.

Depreciation is an accounting measure, which records the consumption of the Council's infrastructure, property, plant and equipment and has been based on Council's Asset Management Strategy.

### Finance Costs

Finance Costs are expected to account for 3% of operating expenditure in 2024-25. Finance Costs cover the interest expense related to financing Council's activities through borrowings, calculated using projected cash flows.

# APPENDIX A FINANCIAL STATEMENTS



# FINANCIAL STATEMENTS BUDGET 2024-25

## STATEMENT OF COMPREHENSIVE INCOME

Year Ended 30 June	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>				
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
<b>TOTAL INCOME</b>	<b>39,424</b>	<b>39,263</b>	<b>39,987</b>	<b>41,167</b>
<b>EXPENSES</b>				
Employee costs	13,869	14,718	14,690	15,363
Materials, contracts & other expenses	17,885	17,637	19,140	17,300
Depreciation	7,954	8,451	8,796	8,940
Finance Costs	645	956	801	1,127
<b>TOTAL EXPENSES</b>	<b>40,353</b>	<b>41,762</b>	<b>43,427</b>	<b>42,730</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(929)</b>	<b>(2,499)</b>	<b>(3,440)</b>	<b>(1,563)</b>
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	-	-	-	-
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1,851)</b>	<b>(1,399)</b>	<b>(2,142)</b>	<b>(813)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Changes in revaluation surplus - IPP&E	40,989	21,302	21,302	11,781
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>39,138</b>	<b>19,903</b>	<b>19,160</b>	<b>10,968</b>
<b>ADJUSTED OPERATING SUPPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(2,648)</b>	<b>(2,499)</b>	<b>(3,440)</b>	<b>(1,563)</b>

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

## STATEMENT OF FINANCIAL POSITION

Year Ended 30 June	2023 Year End Actual	2024 Adopted Budget	2024 Projected Actual	2025 Draft Budget
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
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
<b>Total Current Assets</b>	<b>7,227</b>	<b>9,676</b>	<b>11,702</b>	<b>11,733</b>
<b>NON-CURRENT ASSETS</b>				
Infrastructure, Property, Plant & Equipment	349,661	350,353	373,621	385,233
Other Non-Current Assets	1,681	4,597	1,581	1,481
<b>Total Non-Current Assets</b>	<b>351,342</b>	<b>354,950</b>	<b>375,202</b>	<b>386,714</b>
<b>TOTAL ASSETS</b>	<b>358,569</b>	<b>364,626</b>	<b>386,904</b>	<b>398,447</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade & Other Payables	4,843	3,431	3,743	3,743
Borrowings	-	-	-	-
Provisions	2,747	2,719	2,747	2,747
<b>Total Current Liabilities</b>	<b>7,590</b>	<b>6,150</b>	<b>6,490</b>	<b>6,490</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	11,500	26,100	21,800	22,400
Provisions	1,032	1,024	1,007	982
<b>Total Non-Current Liabilities</b>	<b>12,532</b>	<b>27,124</b>	<b>22,807</b>	<b>23,382</b>
<b>TOTAL LIABILITIES</b>	<b>20,122</b>	<b>33,274</b>	<b>29,297</b>	<b>29,872</b>
<b>NET ASSETS</b>	<b>338,447</b>	<b>331,352</b>	<b>357,607</b>	<b>368,575</b>
<b>EQUITY</b>				
Accumulated Surplus	46,582	45,109	44,440	43,627
Asset Revaluation Reserve	291,578	285,568	312,880	324,661
Other Reserves	287	675	287	287
<b>TOTAL EQUITY</b>	<b>338,447</b>	<b>331,352</b>	<b>357,607</b>	<b>368,575</b>

## STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June	2023	2024	2024	2025
	Year End Actual	Adopted Budget	Projected Actual	Draft Budget
	\$'000	\$'000	\$'000	\$'000
<b>ACCUMULATED SURPLUS</b>				
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	-	-	-
<b>Balance at end of period</b>	<b>46,582</b>	<b>45,109</b>	<b>44,440</b>	<b>43,627</b>
<b>ASSET REVALUATION RESERVE</b>				
Property Plant & Equipment	291,578	285,568	312,880	324,661
<b>Balance at end of period</b>	<b>291,578</b>	<b>285,568</b>	<b>312,880</b>	<b>324,661</b>
<b>OTHER RESERVES</b>				
Balance at end of previous reporting period	675	675	287	287
Transfers from Accumulated Surplus	-	-	-	-
Transfers to Accumulated Surplus	(388)	-	-	-
<b>Balance at end of period</b>	<b>287</b>	<b>675</b>	<b>287</b>	<b>287</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>338,447</b>	<b>331,352</b>	<b>357,607</b>	<b>368,575</b>

## STATEMENT OF CASH FLOWS

Year Ended 30 June	2023	2024	2024	2025
	Year End Actual	Adopted Budget	Projected Actual	Draft Budget
	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
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	6,930	6,355
Investment Income	38	12	42	12
Reimbursements	106	16	41	9
Other income	5,519	1,116	1,166	1,131
<b>Payments</b>				
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)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>9,170</b>	<b>5,187</b>	<b>(879)</b>	<b>7,066</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
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	-	-	-
<b>Payments</b>				
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)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(4,662)</b>	<b>(10,709)</b>	<b>(9,316)</b>	<b>(7,635)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds from Borrowings	2,600	5,600	10,300	600
<b>Payments</b>				
Repayments of Borrowings	(7,350)	-	-	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(4,750)</b>	<b>5,600</b>	<b>10,300</b>	<b>600</b>
Net Increase/(Decrease) in cash held	(242)	78	105	31
Opening cash, cash equivalents or (bank overdraft)	350	229	108	213
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>108</b>	<b>307</b>	<b>213</b>	<b>244</b>

# APPENDIX B

## LONG TERM FINANCIAL PLAN STATEMENTS



PHOTOGRAPHY BY KAREN BILNEY

# ESTIMATED STATEMENT OF COMPREHENSIVE INCOME



Year Ended 30 June

	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>INCOME</b>												
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
<b>TOTAL INCOME</b>	<b>39,424</b>	<b>39,987</b>	<b>41,167</b>	<b>43,031</b>	<b>44,521</b>	<b>45,956</b>	<b>47,318</b>	<b>48,720</b>	<b>50,165</b>	<b>51,653</b>	<b>53,187</b>	<b>54,770</b>
<b>EXPENSES</b>												
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
<b>TOTAL EXPENSES</b>	<b>40,353</b>	<b>43,427</b>	<b>42,730</b>	<b>44,029</b>	<b>45,286</b>	<b>46,335</b>	<b>47,394</b>	<b>48,570</b>	<b>49,904</b>	<b>51,061</b>	<b>52,314</b>	<b>53,651</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(929)</b>	<b>(3,440)</b>	<b>(1,563)</b>	<b>(998)</b>	<b>(765)</b>	<b>(379)</b>	<b>(76)</b>	<b>150</b>	<b>261</b>	<b>592</b>	<b>873</b>	<b>1,119</b>
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1,851)</b>	<b>(2,142)</b>	<b>(813)</b>	<b>(340)</b>	<b>(648)</b>	<b>(258)</b>	<b>48</b>	<b>277</b>	<b>391</b>	<b>725</b>	<b>1,009</b>	<b>1,259</b>
<b>OTHER COMPREHENSIVE INCOME</b>												
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
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>39,138</b>	<b>19,160</b>	<b>10,968</b>	<b>8,405</b>	<b>6,751</b>	<b>8,410</b>	<b>8,051</b>	<b>10,409</b>	<b>10,725</b>	<b>11,276</b>	<b>11,794</b>	<b>12,280</b>
<b>ADJUSTED OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(2,648)</b>	<b>(3,440)</b>	<b>(1,563)</b>	<b>(998)</b>	<b>(765)</b>	<b>(379)</b>	<b>(76)</b>	<b>150</b>	<b>261</b>	<b>592</b>	<b>873</b>	<b>1,119</b>

# ESTIMATED STATEMENT OF FINANCIAL POSITION



Year Ended 30 June

	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>ASSETS</b>												
<b>Current Assets</b>												
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
<b>Total Current Assets</b>	<b>7,227</b>	<b>11,702</b>	<b>11,733</b>	<b>11,797</b>	<b>11,666</b>	<b>11,698</b>	<b>11,672</b>	<b>11,712</b>	<b>11,689</b>	<b>11,711</b>	<b>11,668</b>	<b>11,683</b>
<b>NON-CURRENT ASSETS</b>												
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
<b>Total Non-Current Assets</b>	<b>351,342</b>	<b>375,202</b>	<b>386,714</b>	<b>395,430</b>	<b>400,987</b>	<b>407,140</b>	<b>413,492</b>	<b>421,536</b>	<b>431,959</b>	<b>441,388</b>	<b>452,100</b>	<b>462,540</b>
<b>TOTAL ASSETS</b>	<b>358,569</b>	<b>386,904</b>	<b>398,447</b>	<b>407,227</b>	<b>412,653</b>	<b>418,838</b>	<b>425,164</b>	<b>433,248</b>	<b>443,648</b>	<b>453,099</b>	<b>463,768</b>	<b>474,223</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
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
<b>Total Current Liabilities</b>	<b>7,590</b>	<b>6,490</b>	<b>6,490</b>	<b>7,890</b>	<b>8,790</b>	<b>8,290</b>	<b>8,990</b>	<b>6,890</b>	<b>8,390</b>	<b>7,690</b>	<b>8,390</b>	<b>6,490</b>
<b>NON-CURRENT LIABILITIES</b>												
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
<b>Total Non-Current Liabilities</b>	<b>12,532</b>	<b>22,807</b>	<b>23,382</b>	<b>22,357</b>	<b>20,132</b>	<b>18,407</b>	<b>15,982</b>	<b>15,757</b>	<b>13,932</b>	<b>12,807</b>	<b>10,982</b>	<b>11,057</b>
<b>TOTAL LIABILITIES</b>	<b>20,122</b>	<b>29,297</b>	<b>29,872</b>	<b>30,247</b>	<b>28,922</b>	<b>26,697</b>	<b>24,972</b>	<b>22,647</b>	<b>22,322</b>	<b>20,497</b>	<b>19,372</b>	<b>17,547</b>
<b>NET ASSETS</b>	<b>338,447</b>	<b>357,607</b>	<b>368,575</b>	<b>376,980</b>	<b>383,731</b>	<b>392,141</b>	<b>400,192</b>	<b>410,601</b>	<b>421,326</b>	<b>432,602</b>	<b>444,396</b>	<b>456,676</b>
<b>EQUITY</b>												
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
<b>TOTAL EQUITY</b>	<b>338,447</b>	<b>357,607</b>	<b>368,575</b>	<b>376,980</b>	<b>383,731</b>	<b>392,141</b>	<b>400,192</b>	<b>410,601</b>	<b>421,326</b>	<b>432,602</b>	<b>444,396</b>	<b>456,676</b>

# ESTIMATED STATEMENT OF CASH FLOWS

Year Ended 30 June



## CASH FLOWS FROM OPERATING ACTIVITIES

	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Receipts</b>												
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
<b>Payments</b>												
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)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>9,170</b>	<b>(879)</b>	<b>7,066</b>	<b>7,941</b>	<b>8,390</b>	<b>8,982</b>	<b>9,478</b>	<b>9,951</b>	<b>10,316</b>	<b>10,907</b>	<b>11,487</b>	<b>12,040</b>

## CASH FLOWS FROM INVESTING ACTIVITIES

<b>Receipts</b>												
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	-	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Expenditure on Renewal/Replacement of Assets	(3,555)	(6,826)	(4,960)	(5,527)	(6,112)	(6,118)	(6,654)	(6,936)	(8,978)	(8,345)	(9,221)	(9,573)
Expenditure on New/Upgraded Assets	(5,135)	(4,911)	(3,940)	(3,881)	(1,768)	(1,310)	(1,836)	(1,368)	(1,902)	(1,437)	(1,972)	(1,510)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(4,662)</b>	<b>(9,316)</b>	<b>(7,635)</b>	<b>(8,277)</b>	<b>(7,221)</b>	<b>(6,750)</b>	<b>(7,804)</b>	<b>(7,611)</b>	<b>(10,039)</b>	<b>(9,085)</b>	<b>(10,430)</b>	<b>(10,225)</b>

## CASH FLOWS FROM FINANCING ACTIVITIES

<b>Receipts</b>												
Proceeds from Borrowings	2,600	10,300	600	400	100	100	100	200	100	100	100	100
<b>Payments</b>												
Repayments of Borrowings	(7,350)	-	-	(1,400)	(2,300)	(2,300)	(1,800)	(2,500)	(400)	(1,900)	(1,200)	(1,900)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(4,750)</b>	<b>10,300</b>	<b>600</b>	<b>400</b>	<b>(1,300)</b>	<b>(2,200)</b>	<b>(1,700)</b>	<b>(2,300)</b>	<b>(300)</b>	<b>(1,800)</b>	<b>(1,100)</b>	<b>(1,800)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>(242)</b>	<b>105</b>	<b>31</b>	<b>64</b>	<b>(131)</b>	<b>32</b>	<b>(26)</b>	<b>40</b>	<b>(23)</b>	<b>22</b>	<b>(43)</b>	<b>15</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>350</b>	<b>108</b>	<b>213</b>	<b>244</b>	<b>308</b>	<b>177</b>	<b>209</b>	<b>183</b>	<b>223</b>	<b>200</b>	<b>222</b>	<b>179</b>

## CLOSING CASH, CASH EQUIVALENTS OR (BANK OVERDRAFT)

	<b>108</b>	<b>213</b>	<b>244</b>	<b>308</b>	<b>177</b>	<b>209</b>	<b>183</b>	<b>223</b>	<b>200</b>	<b>222</b>	<b>179</b>	<b>194</b>
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# ESTIMATED STATEMENT OF CHANGES IN EQUITY



Year Ended 30 June

## ACCUMULATED SURPLUS

	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
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	43,097	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	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>46,582</b>	<b>44,440</b>	<b>43,627</b>	<b>43,287</b>	<b>42,639</b>	<b>42,381</b>	<b>42,429</b>	<b>42,706</b>	<b>43,097</b>	<b>43,822</b>	<b>44,831</b>	<b>46,090</b>

## ASSET REVALUATION RESERVE

Property Plant & Equipment	291,578	312,880	324,661	333,406	340,805	349,473	357,476	367,608	377,942	388,493	399,278	410,299
<b>Balance at end of period</b>	<b>291,578</b>	<b>312,880</b>	<b>324,661</b>	<b>333,406</b>	<b>340,805</b>	<b>349,473</b>	<b>357,476</b>	<b>367,608</b>	<b>377,942</b>	<b>388,493</b>	<b>399,278</b>	<b>410,299</b>

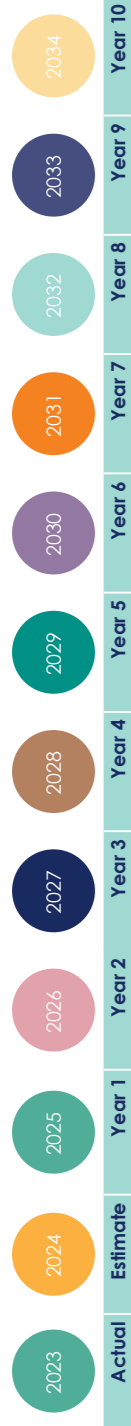
## OTHER RESERVES

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)	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>

## TOTAL EQUITY AT END OF REPORTING PERIOD

	<b>338,447</b>	<b>357,607</b>	<b>368,575</b>	<b>376,980</b>	<b>383,731</b>	<b>392,141</b>	<b>400,192</b>	<b>410,601</b>	<b>421,326</b>	<b>432,602</b>	<b>444,396</b>	<b>456,676</b>
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# ESTIMATED SUMMARY STATEMENT 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
<b>Operating Revenues</b>												
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 and contributions - capital	1,227	840	386	386	386	386	386	386	386	386	386	386
Grants, subsidies and contributions - operating	8,764	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
<b>Operating Expenses</b>												
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, amortisation & impairments	(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)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(929)</b>	<b>(3,440)</b>	<b>(1,563)</b>	<b>(998)</b>	<b>(765)</b>	<b>(379)</b>	<b>(76)</b>	<b>150</b>	<b>261</b>	<b>592</b>	<b>873</b>	<b>1,119</b>
Capital Expenditure on Renewal/Replacement assets	(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
<b>Net Outlays on Existing Assets</b>	<b>4,631</b>	<b>1,253</b>	<b>3,109</b>	<b>3,810</b>	<b>4,010</b>	<b>3,725</b>	<b>3,887</b>	<b>3,356</b>	<b>2,213</b>	<b>2,459</b>	<b>2,445</b>	<b>1,991</b>
Capital Expenditure on New and Upgraded Assets	(5,135)	(5,911)	(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	-	-	-	-	-	-	-	-	-	-	-
<b>Net Outlays on New and Upgraded Assets</b>	<b>(2,565)</b>	<b>(4,613)</b>	<b>(4,190)</b>	<b>(3,223)</b>	<b>(1,151)</b>	<b>(1,189)</b>	<b>(1,212)</b>	<b>(1,241)</b>	<b>(1,272)</b>	<b>(1,304)</b>	<b>(1,336)</b>	<b>(1,370)</b>
<b>NET LENDING/(BORROWING) FOR FINANCIAL YEAR</b>	<b>1,137</b>	<b>(6,800)</b>	<b>(2,644)</b>	<b>(411)</b>	<b>2,094</b>	<b>2,157</b>	<b>2,599</b>	<b>2,265</b>	<b>1,202</b>	<b>1,747</b>	<b>1,982</b>	<b>1,740</b>
New Borrowings	2,600	10,300	600	400	100	100	100	200	100	100	100	100
Repayment of Principal on Borrowings	(7,350)	-	-	(1,400)	(2,300)	(2,300)	(1,800)	(2,500)	(400)	(1,900)	(1,200)	(1,900)
(Increase)/Decrease in Cash and Cash Equivalents	242	(105)	(31)	(64)	131	(32)	26	(40)	23	(22)	43	(15)
Net Balance Sheet Funding	3,371	(3,395)	2,075	75	(925)	75	(925)	75	(925)	75	(925)	75
<b>Financing Transactions</b>	<b>(1,137)</b>	<b>6,800</b>	<b>2,644</b>	<b>411</b>	<b>(2,094)</b>	<b>(2,157)</b>	<b>(2,599)</b>	<b>(2,265)</b>	<b>(1,202)</b>	<b>(1,747)</b>	<b>(1,982)</b>	<b>(1,740)</b>
<b>Adjusted Operating/(Deficit) Ratio</b>	<b>(7)%</b>	<b>(9)%</b>	<b>(4)%</b>	<b>(2)%</b>	<b>(2)%</b>	<b>(1)%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>
<b>Net Financial Liabilities Ratio</b>	<b>40%</b>	<b>51%</b>	<b>51%</b>	<b>49%</b>	<b>45%</b>	<b>39%</b>	<b>34%</b>	<b>28%</b>	<b>27%</b>	<b>22%</b>	<b>20%</b>	<b>16%</b>
<b>Asset Renewal Funding Ratio</b>	<b>80%</b>	<b>133%</b>	<b>90%</b>	<b>115%</b>	<b>100%</b>	<b>100%</b>	<b>102%</b>	<b>110%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>101%</b>

# AIRPORT - ESTIMATED SUMMARY STATEMENT 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
<b>Operating Revenues</b>												
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	-	-	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>												
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)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(975)</b>	<b>(1,130)</b>	<b>(836)</b>	<b>(727)</b>	<b>(692)</b>	<b>(681)</b>	<b>(694)</b>	<b>(715)</b>	<b>(736)</b>	<b>(754)</b>	<b>(753)</b>	<b>(749)</b>
Capital Expenditure on Renewal/Replacement Assets	(6)	-	-	-	-	-	-	-	-	-	-	-
add back: Depreciation, Amortisation and Impairment	416	508	529	541	551	563	574	589	604	620	636	652
<b>Net Outlays on Existing Assets</b>	<b>410</b>	<b>508</b>	<b>529</b>	<b>541</b>	<b>551</b>	<b>563</b>	<b>574</b>	<b>589</b>	<b>604</b>	<b>620</b>	<b>636</b>	<b>652</b>
Capital Expenditure on New and Upgraded Assets	(2,211)	(35)	-	-	-	-	-	-	-	-	-	-
add back: Amounts Specifically for New and Upgraded Assets	141	-	-	-	-	-	-	-	-	-	-	-
<b>Net Outlays on New and Upgraded Assets</b>	<b>(2,070)</b>	<b>(35)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET LENDING/(BORROWING) FOR FINANCIAL YEAR</b>	<b>(2,635)</b>	<b>(657)</b>	<b>(307)</b>	<b>(186)</b>	<b>(141)</b>	<b>(118)</b>	<b>(120)</b>	<b>(126)</b>	<b>(132)</b>	<b>(134)</b>	<b>(117)</b>	<b>(97)</b>
New Borrowings	2,600	700	300	200	100	100	100	200	100	100	100	100
Repayment of Principal on Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Cash and Cash Equivalents	35	(43)	7	(14)	41	18	20	(74)	32	34	17	(3)
<b>Financing Transactions</b>	<b>2,635</b>	<b>657</b>	<b>307</b>	<b>186</b>	<b>141</b>	<b>118</b>	<b>120</b>	<b>126</b>	<b>132</b>	<b>134</b>	<b>117</b>	<b>97</b>
<b>Adjusted Operating/(Deficit) Ratio</b>	<b>(39)%</b>	<b>(49)%</b>	<b>(30)%</b>	<b>(24)%</b>	<b>(22)%</b>	<b>(21)%</b>	<b>(20)%</b>	<b>(20)%</b>	<b>(20)%</b>	<b>(20)%</b>	<b>(20)%</b>	<b>(19)%</b>
<b>Net Financial Liabilities Ratio</b>	<b>308%</b>	<b>362%</b>	<b>313%</b>	<b>294%</b>	<b>284%</b>	<b>277%</b>	<b>273%</b>	<b>269%</b>	<b>265%</b>	<b>261%</b>	<b>257%</b>	<b>252%</b>
<b>Asset Renewal Funding Ratio</b>	<b>0%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>



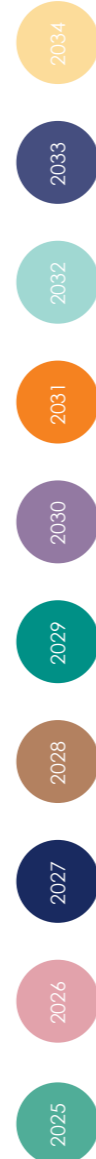
# COUNCIL - ESTIMATED SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS



Year Ended 30 June

	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
<b>Operating Revenues</b>												
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	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	840	386	386	386	386	386	386	386	386	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
<b>Operating Expenses</b>												
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)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>46</b>	<b>(2,310)</b>	<b>(727)</b>	<b>(271)</b>	<b>(73)</b>	<b>302</b>	<b>618</b>	<b>865</b>	<b>997</b>	<b>1,346</b>	<b>1,626</b>	<b>1,868</b>
Capital Expenditure on Renewal/Replacement add back: Depreciation, Amortisation and Impairment	(4,690)	(7,826)	(5,960)	(5,527)	(5,612)	(6,118)	(6,154)	(6,936)	(8,478)	(8,345)	(8,721)	(9,573)
add back: Sale of Replaced Assets	7,538	8,288	8,411	8,709	8,915	9,109	9,291	9,523	9,762	10,006	10,289	10,580
<b>Net Outlays on Existing Assets</b>	<b>232</b>	<b>283</b>	<b>129</b>	<b>87</b>	<b>156</b>	<b>171</b>	<b>176</b>	<b>180</b>	<b>325</b>	<b>178</b>	<b>241</b>	<b>332</b>
<b>Net Outlays on New and Upgraded Assets</b>	<b>3,080</b>	<b>745</b>	<b>2,580</b>	<b>3,269</b>	<b>3,459</b>	<b>3,162</b>	<b>3,313</b>	<b>2,767</b>	<b>1,609</b>	<b>1,839</b>	<b>1,809</b>	<b>1,339</b>
Capital Expenditure on New and Upgraded Assets add back: Amounts Specifically for New and Upgraded Assets	(2,434)	(5,876)	(4,940)	(3,881)	(1,268)	(1,310)	(1,336)	(1,368)	(1,402)	(1,437)	(1,472)	(1,510)
add back: Sale of Surplus Assets	1,008	1,298	750	658	117	121	124	127	130	133	136	140
add back: Sale of Surplus Assets	1,421	-	-	-	-	-	-	-	-	-	-	-
<b>Net Outlays on New and Upgraded Assets</b>	<b>(5)</b>	<b>(4,578)</b>	<b>(4,190)</b>	<b>(3,223)</b>	<b>(1,151)</b>	<b>(1,189)</b>	<b>(1,212)</b>	<b>(1,241)</b>	<b>(1,272)</b>	<b>(1,304)</b>	<b>(1,336)</b>	<b>(1,370)</b>
<b>NET LENDING/(BORROWING) FOR FINANCIAL YEAR</b>	<b>3,121</b>	<b>(6,143)</b>	<b>(2,337)</b>	<b>(225)</b>	<b>2,235</b>	<b>2,275</b>	<b>2,719</b>	<b>2,391</b>	<b>1,334</b>	<b>1,881</b>	<b>2,099</b>	<b>1,837</b>
New Borrowings	-	9,600	300	200	-	-	-	-	-	-	-	-
Repayment of Principal on Borrowings (Increase)/Decrease in Cash and Cash Equivalents	(7,350)	-	-	(1,400)	(1,800)	(2,300)	(1,800)	(2,500)	(400)	(1,900)	(1,200)	(1,900)
Net Balance Sheet Funding	4,022	(3,395)	2,075	75	(925)	75	(925)	75	(925)	75	(925)	75
<b>Financing Transactions</b>	<b>(3,121)</b>	<b>6,143</b>	<b>2,337</b>	<b>225</b>	<b>(2,235)</b>	<b>(2,275)</b>	<b>(2,719)</b>	<b>(2,391)</b>	<b>(1,334)</b>	<b>(1,881)</b>	<b>(2,099)</b>	<b>(1,837)</b>
<b>Adjusted Operating/(Deficit) Ratio</b>	<b>(5)%</b>	<b>(6)%</b>	<b>(2)%</b>	<b>(1)%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
<b>Net Financial Liabilities Ratio</b>	<b>22%</b>	<b>32%</b>	<b>32%</b>	<b>31%</b>	<b>27%</b>	<b>20%</b>	<b>16%</b>	<b>10%</b>	<b>8%</b>	<b>4%</b>	<b>1%</b>	<b>-2%</b>
<b>Asset Renewal Funding Ratio</b>	<b>130%</b>	<b>133%</b>	<b>90%</b>	<b>115%</b>	<b>100%</b>	<b>100%</b>	<b>102%</b>	<b>110%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>101%</b>

## KEY ASSUMPTIONS



### KEY ASSUMPTIONS PREVIOUS

Consumer Price Index (CPI)	3.5%	3.0%	2.8%	2.6%	2.5%	2.5%	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%	2.8%	2.8%
Capital Costs Local Government Price Index (LGPI)	3.8%	3.3%	3.1%	2.9%	2.8%	2.8%	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%	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%	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%	4.4%	4.4%

### KEY ASSUMPTIONS UPDATED

Consumer Price Index (CPI)	4.2%	3.3%	2.9%	2.7%	2.5%	2.5%	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%	2.8%	2.8%
Capital Costs Local Government Price Index (LGPI)	4.2%	3.3%	2.9%	2.7%	2.5%	2.5%	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%	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%	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%	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

# APPENDIX C

## UNIFORM PRESENTATION OF RATES

PHOTOGRAPHY BY ANETTE KIRBY



## Uniform Presentation of Annual Business Plan and Budget (ABP&B) Proposal

Expected Rates Revenue				
	2023/24 (as adopted)	2024/25 (estimated)	Change	Comments
<b>General Rates</b>				
General Rates (existing properties)	\$20,656,507	\$21,812,544 (a)		For 2024/25, an expected General Rate rise of around 5.0 per cent is projected
General Rates (new properties)	\$0	\$79,740 (b)		
<b>General Rates (GROSS)</b>	<b>\$20,656,507</b>	<b>\$21,892,284 (c)</b>		
Less: Mandatory Rebates	(\$229,296)	(\$415,373) (d)		
<b>General Rates (NET)</b>	<b>\$20,427,211</b>	<b>\$21,476,911 (e)</b>	<b>5.1%</b>	
(e)=(c)-(d)				
<b>Other Rates (inc. service charges)</b>				
Regional Landscape Levy	\$1,015,356	\$1,072,063 (f)		The Regional Landscape Levy is <b>not retained</b> by council.
Waste collection	\$4,464,200	\$4,634,098 (g)		\$207.50 for each red bin, \$103.75 for each yellow bin and \$103.75 for each green organic bin.
	\$24,891,411	\$26,111,008		
Less: Discretionary Rebates	(\$329,045)	(\$343,752) (h)		
<b>Total Rates Revenue</b>	<b>\$24,562,366</b>	<b>\$25,767,257 (i)</b>	<b>4.9%</b>	Excludes Mandatory & Discretionary Rebates and the Regional Landscape Levy.
(m)=(e)+(g)+(h)+(i)+(k)-(l)				

### Growth in number of rateable properties

Number of rateable properties	11,512 <i>Actual</i>	11,528 <i>Estimate</i>	(j)	0.1%	
'Growth' is defined in the regulations as where new properties have been created which has added ratepayers to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.					
Growth' is expected to account for 0.1% of the estimated increase in General Rates to be collected.					

### Average General Rates per rateable property

Average per rateable property	\$1,774	\$1,863 (k)	5.0%	
(k)=(e)/(i)				
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).				
The total rates paid by all rateable properties will equal the amount adopted in the budget.				
These 'averages' are based on the <b>total of all rateable properties</b> and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience.				

### Notes

(c) For 2024/25, General Rates are shown after the impact of capping is applied
(d) Councils are <b>required</b> under the Local Government Act to provide a rebate to qualifying properties under a number of categories: Health Services - 100 per cent      Religious purposes - 100 per cent      Royal Zoological Society of SA - 100 per cent Community Services - 75 per cent      Public Cemeteries - 100 per cent      Educational purposes - 75 per cent The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).
(e) Presented as required by Regulation 6(1)(ea) of the Local Government (Financial Management) Regulations 2011. <b>Please Note:</b> The percentage figure in (c) relates to the change in the total amount of General Rates to be collected from <u>all</u> ratepayers, not from <u>individual</u> ratepayers (ie. not everyone's rates will necessarily change by this figure).
(f) The Regional Landscape Levy is <b>not retained by council</b> . Councils are <b>required</b> under the <i>Landscape South Australia Act 2019</i> to collect the levy on all rateable properties on behalf of the State Government.
(h) A council <b>may</b> grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).
(j) 'Growth' as defined in Regulation 6(2) of the Local Government (Financial Management) Regulations 2011. <b>Please note:</b> The 2024/25 number of rateable properties is an estimate based on the most current information available at the time of going out to consultation on the ABP&B. This information is updated regularly and therefore may be subject to change at the time of adoption of ABP&B.

## Uniform Presentation of Annual Business Plan and Budget (ABP&B) Proposal

Differential Rates										
	Total expected revenue			No. of rateable properties		Average per rateable property			Cents in the \$	
	2023/24	2024/25	Change	2023/24	2024/25	2023/24	2024/25	Change	2024/25	
<b>Land Use</b>										
Residential	\$15,867,158	\$16,780,378	5.8%	10436	10436	\$1,520	\$1,608	(l)	\$88	0.003935
Commercial	\$2,305,127	\$2,473,381	7.3%	349	349	\$6,605	\$7,087	(l)	\$482	0.010230
Industry	\$467,982	\$442,997	-5.3%	71	72	\$6,591	\$6,153	(l)	-\$439	0.013771
Primary Production	\$5,407	\$6,651	23.0%	13	13	\$416	\$512	(l)	\$96	0.000393
Vacant Land	\$654,774	\$545,441	-16.7%	268	281	\$2,443	\$1,941	(l)	-\$502	0.013771
Other	\$92,838	\$90,043	-3.0%	58	60	\$1,601	\$1,501	(l)	-\$100	0.009836
<b>Locality</b>										
Coastal & Rural Living	\$389,976	\$462,648	18.6%	314	314	\$1,242	\$1,473	(l)	\$231	0.002754
Heavy Industry	\$588,927	\$618,378	5.0%	3	3	\$196,309	\$206,126	(l)	\$9,817	0.066136

Council uses a differential rating system, using Land Use Codes and Locality as the factors to apply such differential rates. In applying differential general rates, council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business and wider community.

### Fixed Charge

Fixed Charge	Total expected revenue			Charge or Rate		
	2023/24	2024/25	Change	2023/24	2024/25	Change
	\$6,717,904	\$9,184,800	37%	\$586	\$800 (m)	\$214

A Fixed Charge ensures all rateable properties pay a base amount to the cost of administering council activities and maintaining the services and infrastructure that supports each property. Rates based on values are then applied in addition to the fixed charge. Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2024/25 council proposes to raise 43% of its general rate revenue by way of the fixed charge. This revenue amount is **included** in the General Rates GROSS figure at (c).

### Adopted valuation method

#### Capital Value

Council has the option of adopting one of two valuation methodologies to assess the properties in its area for rating purposes:

**Capital Value** – the value of the land and all improvements on the land; or

**Annual Value** – a valuation of the rental potential of the property.

Council is making the change to use **Capital Value** as the basis for valuing land within the Council area for 2024/25. Site Value was used up to and including 2023/24, but is no longer an option due to changes in legislation.

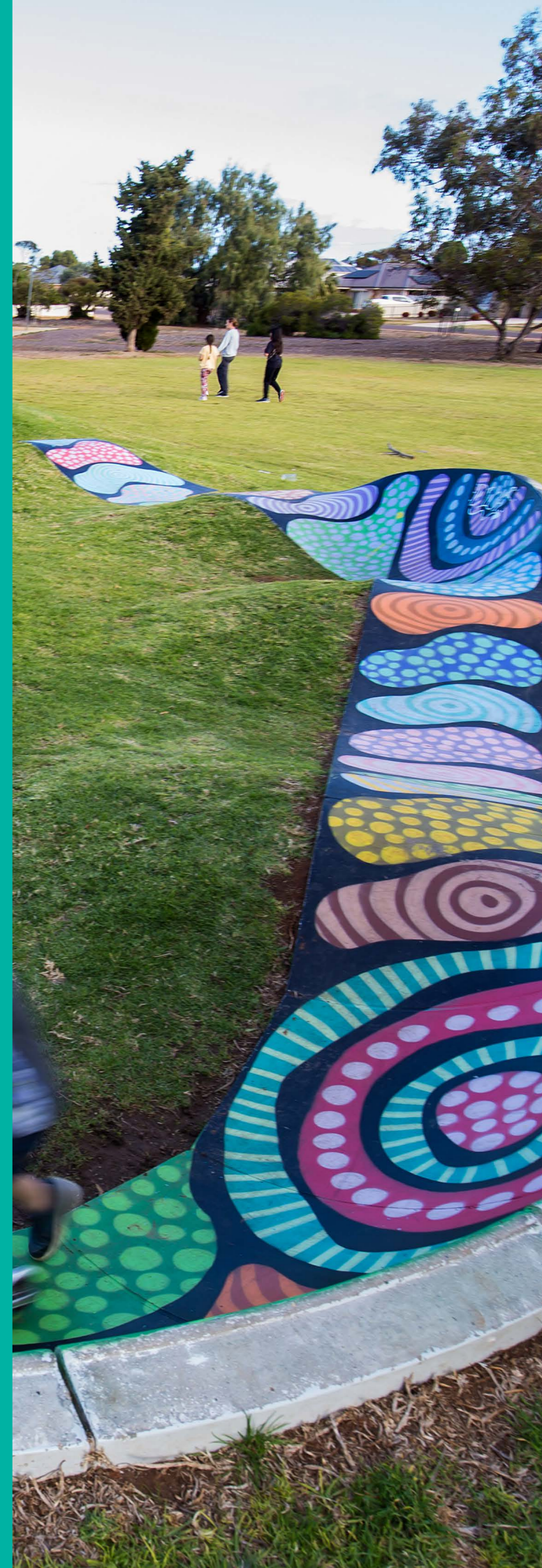
#### Notes

(l) Average per rateable property calculated as General Rates for category, including any fixed charge but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(m) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

# APPENDIX D

## ESCOSA ADVICE - ACTION PLAN



PHOTOGRAPHY BY ANETTE KIRBY

# ESCOSA ADVICE - ACTION PLAN

ESCOSA ADVICE	COUNCIL COMMENT/PROPOSED ACTION	STATUS
Improve the transparency of changes to its key planning assumptions in its long-term financial plan and annual business plan each year.	As noted by the commission, the biannual update process for the Long Term Financial Plan was recently adjusted to include an additional table of all key assumptions. This has now been improved to show what these assumptions were before the update, to highlight any significant changes.	Change incorporated into this document.
Complete its planned comprehensive review of its long-term financial plan and infrastructure and asset management plan, as it is required to do under the LG Act; and consider publishing its long-term financial plan each year.	<ul style="list-style-type: none"> <li>The review of the Strategic Management Plans is currently underway and will be completed in legislative timeframes.</li> <li>Council has always made its updated Long Term Financial Plan publicly available through the Council Agenda. However, it is noted that this process could be improved by ensuring that the most up to date LTFP projections are published on the Strategic Management Plan page each year.</li> </ul>	<ul style="list-style-type: none"> <li>On track.</li> <li>Strategic Management Plan page will be updated regularly after the new plans are adopted.</li> </ul>
Complete its planned Service Review Framework and report its actual and projected cost savings in its annual business plan and long-term financial plan, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	<ul style="list-style-type: none"> <li>Council has commenced its Service Review Program to address this risk.</li> <li>A new section has been added to the ABP to report on this.</li> </ul>	<ul style="list-style-type: none"> <li>On track.</li> <li>Change incorporated into this document.</li> </ul>
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
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.
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
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).	<p>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 this relates to timing issues with project delivery, rather than underinvestment.</p> <p>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.</p>	Reduced allocations for new assets incorporated into the current LTFP projections.
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.
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.	<ul style="list-style-type: none"> <li>The review of Council's Asset Management Strategy is underway and will be completed in legislative timeframes.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>On track.</li> <li>Work on a program of building rationalisation is behind schedule, however is a future focus for Council.</li> </ul>
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
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.



## Local Government Advice

The Corporation of the City of Whyalla

February 2024

### Enquiries concerning this advice should be addressed to:

Essential Services Commission  
GPO Box 2605  
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# City of Whyalla

## AT A GLANCE

### OVERVIEW

The Essential Services Commission finds the City of Whyalla’s current and projected financial performance **potentially unsustainable** taking into account Whyalla airport’s high historical and forecast operating expenses over the next 10 years, and the planned average rate increases of 4.1% p.a. per property over this period

### RISKS IMPACTING SUSTAINABILITY

- ⚠ Whyalla airport’s costs are not recovered (to be cost neutral) or are not reduced in the short-medium term
- ⚠ Costs in all areas are not controlled and constrained
- ⚠ The asset renewal needs of the existing infrastructure base are not met
- ⚠ Retaining assets that do not provide benefit to the greater community, rather than disposing of them

### CONTINUE

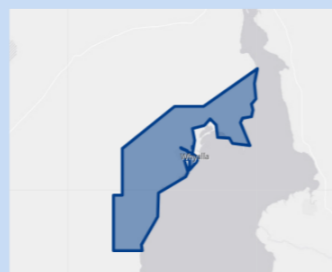
- ✓ Reviewing estimates of asset lives valuations
- ✓ Consulting with the community on strategic management plans
- ✓ Reviewing and considering options to limit further average rate increases above inflation

### COMMISSION’S RECOMMENDATIONS

- Improve the transparency of changes to key planning assumptions in the long-term financial plan and annual business plan
- Complete a comprehensive review of the long-term financial plan and infrastructure and asset management plans with consideration of desired service levels
- Publish the long-term financial plan each year
- Report actual and projected cost savings in the annual business plan and long-term financial plan
- Implement the planned long-term funding model for the airport to ensure appropriate recovery of its costs
- Improve the transparency of the Council’s budgeting and forecasts to remove the budget distortion linked to the airport
- Improve the transparency of borrowing assumptions in the long-term financial plan and annual business plans
- Provide more funding to the renewal of its assets, rather than prioritising initiatives involving new or upgraded infrastructure

### KEY FACTS

- Population in 2021 was **21,244**
- Council covers **399 square kilometres**
- **11,512** rateable properties in 2022-23
- **\$23.7 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$358.6 million**



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## Glossary of terms

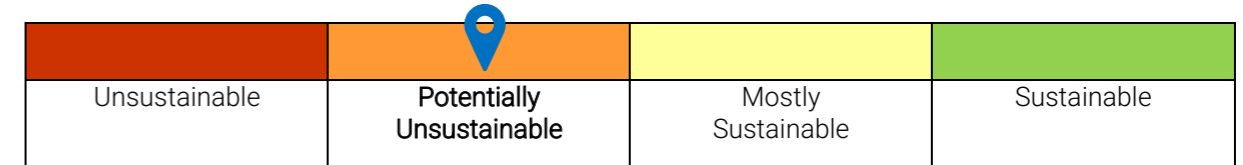
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	The Corporation of the City of Whyalla
CWMS	Community Wastewater Management System
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	<a href="#">Local Government Advice: Framework and Approach – Final Report</a>
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

Legend:  Low-risk  Moderate-risk  High-risk

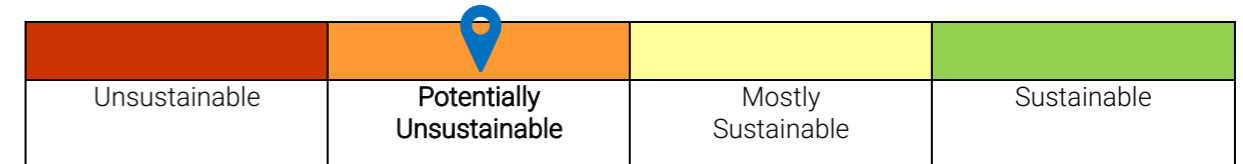
## 1 The Commission’s key advice findings for the Corporation of the City of Whyalla

The Essential Services Commission (**Commission**) finds the Corporation for the City of Whyalla’s (**Council** or **City of Whyalla**) current and projected financial performance potentially unsustainable, driven by continued operating deficits, growth in its cost base, and higher financial risks emerging through increased borrowings. The Council’s projected improvement to its financial performance is reliant on cost control, a reassessment of its service levels and asset needs, and further rates increases above forecast Consumer Price Index (**CPI**).<sup>1</sup>

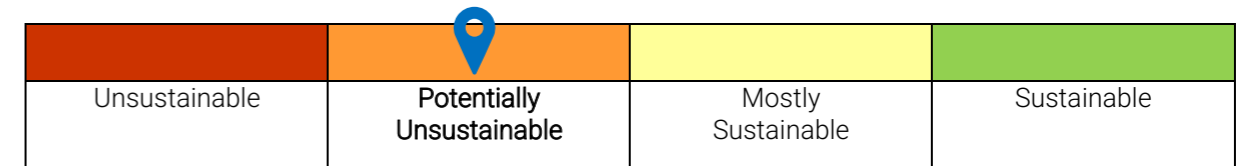
### Current financial performance:



### Projected financial performance (future):



### Previous financial performance (past ten years):



Looking ahead, the Commission suggests the following steps, so the Council continues to budget appropriately, reports its cost savings and efficiencies, maintain the reasonableness of the assumptions underpinning its financial and asset management planning and looks for opportunities to limit the extent of further residential rate increases.

### Budgeting considerations

1. **Improve** the transparency of changes to its key planning assumptions in its long-term financial plan and annual business plan each year.
2. **Complete** its planned comprehensive review of its long-term financial plan and infrastructure and asset management plan, as it is required to do under the LG Act; and consider publishing its long-term financial plan each year.

<sup>1</sup> The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2025 (and the Commission’s calculations of average annual percentage growth) and the midpoint of the RBA’s target range (2.5 percent) from 2025-26.



### Continuing to provide evidence of ongoing cost efficiencies

3. **Complete** its planned Service Review Framework and report its actual and projected cost savings in its annual business plan and long-term financial plan, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.
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.
5. **Improve** the transparency of the Council's budgeting and forecasts to remove any budget distortion associated with the airport.

### Managing financial risk

6. **Improve** the transparency of borrowings assumptions in its long-term financial plan and annual business plan, as appropriate.

### Refinements to asset management planning

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).
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.
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.

### Containing rate levels

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.
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.

## 2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Parliament to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.<sup>2</sup>

One of the main purposes of the Local Government Advice Scheme (**advice or the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFPs**) and infrastructure and asset management plans (**IAMPs**)<sup>3</sup> – both required as part of a council's SMP.<sup>4</sup> Financial sustainability is considered to encompass intergenerational equity,<sup>5</sup> as well as program (service level) and rates stability.<sup>6</sup> The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, as outlined in the LTFP.<sup>7</sup> In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.<sup>8</sup>

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the second scheme year (2023-24), including the City of Whyalla.

This report provides the Local Government Advice for the Council in 2023-24.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2024-25 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.<sup>9</sup> It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website<sup>10</sup>), nor is it compelled under the LG Act to follow the advice.

The Commission thanks the Council for meeting with the Commission and for providing relevant information to assist the Commission in preparing this advice.

### 2.1 Summary of advice

In general, the Commission finds the Council's financial position is potentially unsustainable, driven by an increasing cost base, forecast operating deficits and an increase to its borrowings which will add further pressure on its financial capacity. The Council is projecting to increase rates above CPI to improve its financial situation and allow it to continue to renew its asset base at existing service levels.

The Council is projecting to target an operating surplus position by 2030-31, however its plans don't factor in growth from rateable properties or upside resulting from the development of the Hydrogen industry in the council area. Historically, the Whyalla airport (**airport**) has contributed to the Council's deficits which has been impacted by the COVID-19 pandemic and the associated decline in passenger numbers. The Council has, at times, not been able to meet its ongoing renewal needs of its existing

<sup>2</sup> Amendments to the LG Act (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

<sup>3</sup> Commonly referred to as asset management plans.

<sup>4</sup> The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.

<sup>5</sup> 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

<sup>6</sup> Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at [www.escosa.sa.gov.au/advice/advice-to-local-government](http://www.escosa.sa.gov.au/advice/advice-to-local-government).

<sup>7</sup> LG Act s122(1f)(a) and (1g)(a)(ii).

<sup>8</sup> LG Act s122(1f)(b) and (1g)(b).

<sup>9</sup> LG Act s122(1h).

<sup>10</sup> The Commission must publish its advice under LG Act s122(1i)(a).

infrastructure base,<sup>11</sup> and it recognises it may not have the capacity to fund the existing infrastructure for a city that was designed for a larger population base (around double the current population).

The past rate increases, from 2012-13 to 2022-23, have been at almost double the rate of historical inflation similar to the rate of growth in operating costs. Based upon the evidence available to the Commission, the Council has not been able to reduce its recent deficits through effective cost constraint.

Its forward projections from 2023-24 in its annual business plan (ABP) show a gradual improvement in its financial sustainability outlook (over the longer-term) because the forecast rate of operating income growth outpaces expense growth, through:

- ▶ continued average rate increases above the Reserve Bank of Australia (RBA)-based forecast inflation rate - this is generally aligned with the Council's own forecast inflation; however, it is forecasting an additional 1.9 percent per annum increase on rate revenues above inflation, and
- ▶ lower rate of average cost growth particularly in 'materials, contracts and other' expenses lower than it has experienced over the past 10 years (however this is increasing on a much higher cost base from 2022-23).

Based on the financial projections in its LTFP (included in its ABP), the Commission has identified that the Council could make further improvements to its financial situation and avoid a significant burden being placed on ratepayers through higher rate contributions. This could include a focus on cost control and consideration of whether the Council needs to retain the same asset stock and provide the same level of services. Further, and noting the Council acknowledges the financial sustainability risk it faces, it may need to reassess the timing of new infrastructure spending until growth or funding from Government and private sector investment in the region becomes evident.

## 2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Council's material changes to its 2023-24 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure), and its current and projected rate levels.

In providing this advice, the Commission has followed the approach explained in the Framework and Approach – Final Report (F&A).<sup>12</sup> The attachment explores these matters further.<sup>13</sup>

### 2.2.1 Advice on material plan amendments in 2023-24

#### Key Points:

- The long-term financial plan document was last adopted in March 2020 and is comprehensively updated every four years, potentially being inconsistent with the requirements of the LG Act.
- ▲ Rates income increased by 5 percent mainly reflecting the change in CPI between the Council's 2022-23 adopted budget (estimated by the Council at 2.3 percent for 2023-24), and its 2023-24 adopted budget where actual CPI of 7.9 percent was applied.
- ▲ Operating expenses increased by 3 percent mainly driven by changes in the CPI.

<sup>11</sup> As recommended by its AMPs.

<sup>12</sup> Available at: [www.escosa.sa.gov.au/advice/guidance-on-local-government-advice](http://www.escosa.sa.gov.au/advice/guidance-on-local-government-advice)

<sup>13</sup> The attachment (to this advice) will be available on the Commission's website with the advice, available at: [www.escosa.sa.gov.au/advice/advice-to-local-government](http://www.escosa.sa.gov.au/advice/advice-to-local-government)

▲ 'Materials, contracts and other' expenses, and depreciation increased by approximately 4 percent respectively reflecting the higher anticipated costs associated with electricity contract renewal, and higher asset indexation.

The Council updates its LTFP projections each time a budget is amended (as part of its annual business planning process, typically in June) and then again in October for the audited (or actual) financial information. Its main LTFP document was last adopted in March 2020 and is comprehensively updated every 4 years.<sup>14</sup> The Commission notes this contrasts with the approach of other councils which republish their LTFP each year, therefore potentially being inconsistent with the requirements of the LG Act.<sup>15</sup>

Since the Council adopted its LTFP several of its long-term planning assumptions would have changed, including macro-economic variables such as CPI, asset indexation, interest rates, and commodity prices (among other things).<sup>16</sup> While the Council regularly updates its forecast numbers in its ABP, it is not clear how its assumptions have changed over its forecast period, and the implications being that ratepayers (or stakeholders) may not be fully informed on these matters. More recently, in its 2023-24 ABP, the Council has been disclosing its long-term planning assumptions.

Regarding the Council's IAMP, it was comprehensively reviewed in 2019-20, however it is preparing to undertake this review again within the next 12 months. It is positive that the Council incorporates annual updates to its asset valuations, and also undertakes a detailed valuation process and asset condition assessment for each asset class every 5 years.<sup>17</sup> The Council states it has observed increases in asset value of 8 percent at 30 June 2022, approximately 3.5 percent higher than it had anticipated in financial projections.

The Commission considers that it would be appropriate for it to:

1. **Improve** the transparency of changes to its key planning assumptions in its long-term financial plan and annual business plans each year.
2. **Complete** its planned comprehensive review of its long-term financial plan and infrastructure and asset management plan, as it is required to do under the LG Act; and consider publishing its long-term financial plan each year.

The Council's 2023-24 LTFP projections shows notable increases in total operating income and total operating expenses, compared with the 2022-23 projections,<sup>18</sup> as follows:

- ▶ A 5 percent increase in rates income mainly reflecting the change in CPI between the Council's 2022-23 adopted budget (estimated by the Council at 2.3 percent for 2023-24), and its 2023-24 adopted budget where actual CPI of 7.9 percent was applied.<sup>19</sup>
- ▶ A 43 percent increase in user charges being offset by a 24 percent decrease in 'grants, subsidies and contributions', reflecting the shift in funding assumptions for security screening at the airport which will be levied on airlines using the airport.

<sup>14</sup> City of Whyalla, *Long Term Financial Plan 2021 – 2030*, March 2020

<sup>15</sup> Under s.122(4)(a)(i) of the LG Act the Council must undertake a review of its long-term financial plan on an annual basis.

<sup>16</sup> Including numerous COVID and post-COVID impacts.

<sup>17</sup> The Council's statement on material amendments to its IAMP provided to the Commission in September 2023.

<sup>18</sup> The overlapping nine years forecast in both the 2022-23 and 2023-24 LTFPs (included in its ABP).

<sup>19</sup> CPI Adelaide (All groups) increased by 7.9 percent in the year to March 2023 quarter. Available at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023>.

- ▶ An increase in operating expenses by 3 percent driven by changes in CPI (as noted above), however some offsetting factors include the Council resolving to reduce the size of the management team by three FTEs from 2025-26 if growth expected from the development of Hydrogen (and related) industries don't eventuate. Other changes include increases in 'materials, contracts and other' expenses and depreciation by approximately 4 percent respectively reflecting the higher anticipated costs associated with electricity contract renewal, and higher asset indexation.

In relation to capital expenditure, the Council is proposing higher spend on both asset renewals, and new and upgraded assets, of 4 and 8 percent respectively. This reflects some approved projects being deferred, driven by difficulties in attracting interest from contractors, project scope changes and associated price increases.<sup>20</sup>

Overall, the amendments to the Council's plans show that it mostly forecasts operating deficits over the next 10 years. Financial sustainability is discussed below in section 2.2.2.

## 2.2.2 Advice on financial sustainability

### Operating performance

#### Key Points:

- ✔ The average operating surplus ratio between 2012-13 and 2022-23 was 0.2 percent.
- ⚠ In its forward projections, the operating surplus ratio is not forecast to meet the suggested LGA target range (with a surplus) until 2030-31 (when it will be 0.5 percent).
- ⚠ The Whyalla airport operations show an accumulated operating deficit of \$2.8 million over the last five years (from 2018-19 to 2022-23). With airport operations excluded, the Council registers a \$1.3 million surplus over this period.
- ❌ Between 2023-24 and 2032-33 the Council is forecasting an accumulated loss of nearly \$5 million, primarily due to the Whyalla airport.

The Council has experienced some volatility in its operating performance from 2012-13 to 2022-23, however it has achieved an operating surplus ratio<sup>21</sup> of 0.2 percent, on average, over this period. In its forward projections, the operating surplus ratio is not forecast to meet the suggested LGA target range (with a surplus) until 2030-31 (when it will be 0.5 percent). Over the forecast period (from 2023-24 to 2032-33) the Council is forecasting accumulating a loss of nearly \$5 million.

The historical operating performance is driven by average increases in its total operating income and total operating expenses of 4.4 percent per annum and 4.7 percent per annum respectively, both increasing at almost double the rate of historical CPI (from 2012-13 to 2022-23).<sup>22</sup> This also reflects higher year-on-year increases in its cost structure in 2022-23, notably in 'employee costs', 'materials,

<sup>20</sup> The Council has resolved to reduce new and upgraded asset expenditure by 25 percent from 2025-26, recognising that the Council may need to cut back in the medium to longer-term if development in the Hydrogen industry does not occur as expected.

<sup>21</sup> The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised*, May 2019 (**LGA SA Financial Indicators Paper**), p. 6).

<sup>22</sup> Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

contracts and other' expenses, and depreciation charges of 12 percent, 14 percent and 10 percent respectively (with depreciation charges reflecting the indexation of its asset base).<sup>23</sup>

The Council's airport operations show an accumulated operating deficit of \$2.8 million over the last five years (from 2018-19 to 2022-23) which has been a significant contributor to the Council's past financial performance.<sup>24</sup> Over this period, if airport operations are excluded, the Council registers a cumulative \$1.3 million surplus. In general, the operating income for airport services was lower than the operating costs, and this was exacerbated by the COVID-19 pandemic due to travel restrictions. Recent upgrades and expansion of the airport infrastructure (partly funded through grants) has also increased depreciation and financing charges (due to additional borrowings). The Council has been absorbing some of the deficits relating to the airport as it has not been able to recoup all the costs due to the terms of its grant funding agreements. The Commission's analysis of the airport's historical and projected operating performance shows that it is not self-sustaining as some deficits have been funded from increased borrowings and existing cash balances (meaning that the cost recovery for the airport may not be set appropriately). Further, this suggests that some cost constraint and review of the airport's funding model (and charging structure) is needed to ensure appropriate recovery of the airport's costs, and in turn reduce the burden on the Council's budgets and ratepayers.<sup>25</sup>

On the income side (for the Council as a whole), the Council has had to increasingly rely on rates revenue which increased on average by 4.3 percent per annum from 2012-13 to 2022-23 (when rateable property growth was negligible and CPI growth averaged 2.6 percent).<sup>26</sup> The Council also receives 'grants, subsidies and contributions' and 'user charges' which have accounted for 19 percent and 12 percent (on average) of total operating income respectively.

The lower forecast average expense growth of 2.6 percent per annum over the next 10 years (driven by lower 'materials, contracts and other' expenses growth of 1.8 percent) is approximately in line with RBA-based forecast inflation.<sup>27</sup> While this represents a material change from the Council's past performance (with average annual growth of 4.7 percent in the 10 years to 2022-23), the Council's projected costs are increasing on a higher cost base. This combined with annual average rates revenue growth of 4.6 percent per annum to 2032-33, is expected to gradually improve the Council's operating performance. To improve its operating performance, the Council may need to consider more meaningful savings targets, and it's not clear to the Commission what savings have been achieved historically, or what cost challenges it is placing on its budgets. It is also noted the Council's current plans do not forecast growth in rateable property numbers which can add more risk of its expansion activities on its ratepayers.

The Commission notes that unless the Council puts in place measures to constrain its costs and generally mitigate its financial sustainability risks (as it recognises in its plans),<sup>28</sup> significant burden will be placed on ratepayers through higher rate contributions. Such measures could include (among other things) seeking efficiency in its operating costs or divesting some of its assets or services that do not provide benefit to the greater community. Related to this the Commission has observed some initiatives being considered, as the Council states it is committed to developing a Service Review Framework focused on identifying community need, achieving efficiency and effectiveness with the aim to achieve ongoing savings that can be passed onto the ratepayer, or redirected to areas identified as requiring higher need.<sup>29</sup> Further, in reviewing its plans, ratepayers could benefit from more transparency or

<sup>23</sup> Based on the Council's Financial Report Template provided to the Commission in an Excel document. Also see City of Whyalla, *2022-23 Annual Report*, available at [https://www.whyalla.sa.gov.au/\\_data/assets/pdf\\_file/0039/1519689/Annual-Report-2023\\_FINAL\\_small.pdf](https://www.whyalla.sa.gov.au/_data/assets/pdf_file/0039/1519689/Annual-Report-2023_FINAL_small.pdf).

<sup>24</sup> Based on the Commission's analysis of the Council's ABPs over the period 2018-19 to 2022-23, where historical financial information is available on the Whyalla airport.

<sup>25</sup> The Council states that the airport has undergone extensive upgrades, and the long-term funding model will be phased in over a number of years to avoid a large one-off increase. See City of Whyalla, *Annual Business Plan 2023-24*, July 2023, p. 40.

<sup>26</sup> Based on CPI Adelaide (All groups). Available at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023>.

<sup>27</sup> The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

<sup>28</sup> City of Whyalla, *Annual Business Plan 2023-24*, July 2023, pp. 23-24.

<sup>29</sup> City of Whyalla, *Annual Business Plan 2023-24*, July 2023, p. 26.

reporting around the Council's budget to allow them to review the financial sustainability of the airport compared to the Council's other services.<sup>30</sup>

Against this background, and as part of the Council's continuing review of its plans, the Commission has found that it would be appropriate for the Council to:

3. **Complete** its planned Service Review Framework and report its actual and projected cost savings in its annual business plan and long-term financial plan, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.
4. **Implement** its planned long-term funding model for the 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.
5. **Improve** the transparency of the Council's budgeting and forecasts to remove any budget distortion associated with the airport.

**Net financial liabilities**

**Key Points:**

- ⚠ Net cash flows after operating and investing activities (i.e. capital-related) averaged negative \$1.0m per annum between 2012-13 and 2022-23, which was primarily used to fund its capital expenditure requirements.
- ✅ The net financial liabilities ratio has averaged 24.7 percent over the period from 2012-13 and 2022-23 ranging between negative 6.9 percent and 46.4 percent.
- ✅ The net financial liabilities ratio is estimated to peak at 71.3 percent in 2024-25, progressively declining to 35.5 percent in 2032-33.

With the Council's frequent operating deficits (which include depreciation expenses), its net cash flow after operating and investing (that is, capital-related) activities has averaged negative \$1.0 million per annum between 2012-13 and 2022-23. This net cash flow (in addition to the Council's existing cash balances and borrowing capacity) has been primarily used to fund its capital expenditure requirements. Overall, the Council has relied primarily on rates revenue and operating and capital grant funding to support its financial liabilities.

Over the period 2012-13 to 2022-23, the Council's net financial liabilities ratio averaged 24.7 percent (or has ranged between negative 6.9 percent and 46.4 percent), however has typically been within the suggested LGA target range for this ratio.<sup>31</sup> The Council has estimated that the net financial liabilities ratio will peak at 71.3 percent in 2024-25 with total borrowings projected of \$29.0 million (with \$8.3 million related to the airport).<sup>32</sup> The ratio will then progressively decline to 35.5 percent in 2032-33, which reflects a marginally lower trend in borrowings and the projected operating income growth (an average of 3.1 percent per annum).

The Council applies a target of 80 percent for its net financial liabilities ratio (below the 100 percent suggested by the LGA), and recognises that it may not have the capacity to service further debt funded assets costs.<sup>33</sup> When viewed in the context of the Council's historical and forecast operating deficits,

<sup>30</sup> This assumes the Council has an appropriate cost allocation methodology between the airport and other council services (so that all airport costs can be reasonably identified).

<sup>31</sup> The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

<sup>32</sup> City of Whyalla, *Annual Business Plan 2023-24*, July 2023, pp. 43 and 62.

<sup>33</sup> City of Whyalla, *Annual Business Plan 2023-24*, July 2023, p 24.

including any upward revisions to asset valuation and depreciation,<sup>34</sup> this may present a sustainability risk (as councils have a continuing obligation to fund its asset renewals and debt servicing costs).

The Commission observes that there is limited information on the Council's borrowing assumptions, for example in relation to average debt term, refinancing assumptions, and the level of fixed and variable borrowings, which could assist in understanding the Council's financial and sustainability risks. Therefore, the Commission considers it would be appropriate for the Council to:

6. **Improve** the transparency of borrowings assumptions in its long-term financial plan and annual business plan, as appropriate.

**Asset renewals expenditure**

**Key Points:**

- ⚠ Between 2012-13 and 2021-22, total capital expenditure averaged \$10.1 million per annum (including \$5.5 million on asset renewals and \$4.6 million on new and upgraded assets) and, based on the asset renewal expenditure requirements specified in its AMP, it has generally underperformed on meeting its asset service sustainability requirements during that time.
- ⚠ Between 2012-13 and 2021-23, the asset renewal funding ratio averaged 85%.
- ✅ The forecast asset renewal funding ratio over the next 10 years is projected to be 104%.
- ❌ Historical spending (over the last 10 years) on asset renewals has been below the rate of depreciation, in some years by a significant margin. Renewal spending is forecast to account for 69 percent of depreciation expense on average to 2032-33.

Between 2012-13 and 2022-23 the Council's total capital expenditure averaged \$10.1 million per annum (including \$5.5 million on asset renewals and \$4.6 million on new and upgraded assets) and, based on the asset renewal expenditure requirements specified in its AMP, it has generally underperformed on meeting its asset service sustainability requirements during that time. In eight of the last 11 years, it has underspent on the renewal and rehabilitation needs of its asset stock, and in other years it has overspent – indicating significant spend volatility compared to its AMP. The Council's asset renewal funding ratio (IAMP-based) was below the suggested LGA target range of 90 to 110 percent,<sup>35</sup> and averaged 85 percent between 2012-13 and 2022-23.

From 2023-24, the Council's asset renewal spending profile is increasing, reflecting the Council's intention to focus more on its asset renewal spending priorities.<sup>36</sup> As such, its asset renewal funding ratio (IAMP-based) is expected to trend in line with the suggested LGA target range (averaging 104 percent from 2023-24 to 2032-33).

The Council has grown its asset base, particularly over the last five years (from 2018-19 to 2022-23) and predominantly relates to new or upgraded asset expenditure, which averaged \$8 million per annum over this period. It is noted, the airport accounted for approximately 38 percent of total expenditure on new or upgraded assets, with significant projects (in the last three years), being the airport Runway, Apron and

<sup>34</sup> For example, if significant asset revaluations are needed to accurately reflect forward looking asset costs, the Council's LTFP looks unsustainable, based upon the Council seeking to keep the same asset stock and provide the same services. This is because the depreciation charge will increase, placing more pressure on the operating surplus ratio, and the Council will have less capacity to build cash reserves or finance additional borrowings.

<sup>35</sup> The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p.9).

<sup>36</sup> City of Whyalla, *Annual Business Plan 2023-24*, July 2023, p. 40.

Taxiway Upgrade (\$6.9 million), Airport Terminal Upgrade (\$6.8 million), and Point Lowly Lighthouse Cottages (\$1.9 million).

The Council recognises in its ABP that it has a sustainability risk,<sup>37</sup> and that new and upgraded asset investment will incur ongoing costs, such as interest, maintenance, and depreciation, however, the Council is also focused on ensuring preparedness to capitalise on growth opportunities in the region. The Commission considers that this direction may be unaffordable for ratepayers without further funding commitments (on appropriate terms); and it is suggested that the Council could be better placed (from a financial and asset sustainability perspective) if it were more focused on the renewal of its existing asset stock, rather than increasing investment in new and upgraded assets. For this reason, the Commission considers that it would be appropriate for it to:

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).

The Commission notes the Council's historical spending (over the last 10 years) on asset renewals has been below the rate of depreciation, in some years by a significant margin. Renewal spending is forecast to account for 69 percent of depreciation expense on average to 2032-33.<sup>38</sup> In this context it is important to understand the extent to which the depreciation values reflect the current cost of the asset, and if the Council's spending priorities are being appropriately allocated to the renewal and rehabilitation of its assets. In assessing the Council's asset renewal ratios, it appears that it had deferred or under invested on its asset renewal needs but could also be because assets are no longer needed or in some instances renewals are done to a lower specification.<sup>39</sup>

Based on discussions with the Council, it states that asset revaluations for 2023-24 are approximately 11 percent higher than the asset indexation applied in its ABP. Additionally, there may be some scope to reassessing asset lives (such as for transport assets) which could indicate that for some assets the asset lives are shorter in the depreciation calculation than occurs in practice. Therefore, the Commission considers that it would be appropriate for the Council to:

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.

In general, the Commission's review of the Council's asset management planning practices (along with discussions with the Council) indicate that asset condition and valuations are appropriately understood and considered. It is noted that the Council has reported desktop valuations for most of its assets as of 30 June 2023, and condition audits were carried out over the last 4 years. However, further updates to its Asset Management Strategy (adopted in March 2020) may be needed to align to the current economic environment and/or possible changes in service levels and rationalisation to achieve financial sustainability (as previously discussed). Further, it is noted that councils are required to undertake a comprehensive review of its strategic management plans (including asset management plans) within two years after each general election of the council. Therefore, the Commission considers that it would be appropriate for it to:

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.

<sup>37</sup> City of Whyalla, *Annual Business Plan 2023-24*, July 2023, p. 24. Includes the CEO Report on Financial Sustainability.

<sup>38</sup> The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses) is forecast to average 69 percent to 2032-33. This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed. Prior to 2013, the calculation of the ratio in the sector was based on the 'depreciation method' and was known as the asset sustainability ratio until 2018.

<sup>39</sup> The Council recognises it does not have the capacity to fund the infrastructure for a city that was designed for a larger population. See City of Whyalla, *Annual Business Plan 2023-24*, July 2023, p. 23.

## 2.2.3 Advice on current and projected rate levels

### Key Points:

- ▲ Rate revenue per property growth has averaged 4.1 percent or \$63 per annum for each property between 2012-13 and 2021-22, which is 2.1% above CPI for the same period.
- ▲ The forecast rate increases for 2023-24 is 8.7 percent per property.
- ▲ The forecast rate increases per property from 2023-24 to 2031-32 is projected to be an average of 4.1 percent per annum or a cumulative increase of \$983 over this period which is meaningfully above the RBA-based inflation forecast of an average of 2.6 percent per annum.
- Affordability risk for further average rate increases appears to be high based on a range of factors including:
  - the relative low socio-economic indexes for areas (SEIFA) economic resources ranking for the Council area,
  - higher proportional unemployment in the region than other regions,
  - lower property values (than metropolitan areas),
  - an assessment of the economic resources available to the community,
  - prior effects of cumulative rate increases,
  - future effects of forecast cumulative rate increases, and
  - a number of community concerns (written submissions).

The Council's rate revenue per property growth has averaged 4.1 percent or \$63 per annum for each property in the period between 2012-13 and 2021-22 (encompassing negligible rateable property growth) and is more than double CPI growth of an average of 2.0 percent per annum over that period.

In 2023-24, the Council has budgeted for an average rate increase of 8.7 percent, higher than anticipated for this year in its previous LTFP projection (an estimated 4.0 percent increase in average rates was previously forecast for 2023-24). The increase reflects the Council's higher short-term inflation expectations and associated operating cost pressures and contributes toward the upgrade of infrastructure. Further, the Council has included in its rate revenue projections an additional 1.9 percent on top of CPI to maintain its financial sustainability,<sup>40</sup> although this will not provide for a breakeven operating result until the end of the decade.

Its 2023-24 LTFP projections indicate an average increase of \$983 to existing rates in total to 2032-33 (to \$3,216 per annum), meaningfully above the RBA-based inflation forecast of an average inflation (2.6 percent per annum).<sup>41</sup> Most ratepayers are expected to experience similar average increases, however it receives larger contributions from heavy industry ratepayers (such from Santo Limited's Port Bonython sites) and separately from GFG Alliance's under a mutual agreement covering its integrated steelworks and port, and iron ore mining sites. The Commission considers there may be benefit in the Council revisiting this agreement to ensure an equitable contribution is received for the use of the Council's assets and services.

Affordability risk within the community for the further rate increases appears to be high based on a range of factors, including an assessment of the economic resources available to the community,<sup>42</sup> and

<sup>40</sup> City of Whyalla, *Long Term Financial Plan 2021-2030*, March 2020, p. 2.

<sup>41</sup> The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

<sup>42</sup> The City of Whyalla area is ranked 7 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at

the number of community concerns on affordability and cost of service provision. However, the Commission notes the Council's community consultation processes are comprehensive and are focused on understanding concerns on rates affordability and service provision.<sup>43</sup> Overall, the Commission considers it would be appropriate for it to:

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.

Affordability risk could be impacted in the context of the Council's financial sustainability risks, which is evident from the forecast operating deficits (to 2029-30), uncertainty around its future asset renewal, service levels, and new investment needs driven principally by the proposed development of a hydrogen industry in Whyalla. The associated implications for the Council's funding requirements (for capital expenditure, borrowings, and depreciation) could mean the community may be exposed to further rate increases, if additional external funding is not sourced (on appropriate terms) or further efficiencies are not realised.

Nonetheless, given historical and forecast rate increases and the current economic conditions affecting many communities' capacity to pay, it would be appropriate for the Council to:

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.

### 2.3 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

- ▶ ongoing performance against its LTFP estimates and its goal to achieve an operating breakeven position,
- ▶ improved disclosure of its key planning assumptions in its LTFPs and ABPs,
- ▶ material changes to the LTFP and IAMP following its comprehensive review,
- ▶ identification and reporting of cost savings and operating efficiencies, and
- ▶ how it has sought to address the emerging financial sustainability risks and affordability risks.

<https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021>.

<sup>43</sup> The Council sought community engagement through public information sessions, a focus group session, and allowed interested parties to view its proposed plans and make written or verbal submissions. See City of Whyalla, *Special Council Meeting Agenda – 29 May 2023, Item 4.2.3 Submissions on Draft 2023/24 Annual Business Plan and Budget*, pp. 51-52, available at [https://www.whyalla.sa.gov.au/\\_data/assets/pdf\\_file/0035/1347956/agenda-COMLETE-29-may-2023.pdf](https://www.whyalla.sa.gov.au/_data/assets/pdf_file/0035/1347956/agenda-COMLETE-29-may-2023.pdf).



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