

BUDGET CONSIDERATIONS

2024-2025
Annual Business Plan
and Budget

FINANCIAL REALITY

As outlined in the recent advice issued by ESCOSA, Council is at risk of being financially unsustainable. They made a number of observations/recommendations to Council, with the key ones being:

- The Whyalla Airport is a significant financial burden for Council.
- Council needs to look to contain costs wherever possible.
- The reliance on projected rate increases above CPI should be reduced.
- Less focus should be put on building new assets.
- Council should look to divest itself of surplus assets that offer little value to the community.

CURRENT FOCUS

The development of the Community Plan highlighted the things that are important to the community, and in an ideal world, Council would increase resourcing to deliver on all of the outcomes under its responsibility.

However, the current financial reality means that Council needs to take stock, focus on current services and plan for the future. This is in line with Council's 2-speed Strategic Plan, with an expectation that this focus will be required for the next 1 to 2 years.

Council has committed to continuing with the Foreshore Plaza upgrades in the short term, due to high level of community expectation relating to this project.

Measures being undertaken by Council:

- A reduction in New/Upgrade Project capacity of 50% across the 10 years of the plan, being just over \$1 million per year.
- A reduction in employee FTEs by 1.5 for 24/25 and a further 2 for 25/26.
- Undertaking a Service Review program, to ensure that current service levels are appropriate.
- Continuing to review the use of Council buildings.
- Investing in energy efficiency projects at the Recreation Centre, if grant funding can be sourced, that will result in long term savings.
- A reduction in projected rate increases of 7.3% across the 10 years of the plan, putting downward pressure on the cost to the community.

FUTURE FOCUS

Council has been prudent in not building future revenue increases into the LTFP, until such time as development has commenced. However, over the last few months a number of announcements have been made, which make it virtually certain that property growth will occur in the near future. It is expected that within a one to two year timeframe Council will see an uptick in revenue base this will allow for a widened focus. This will allow:

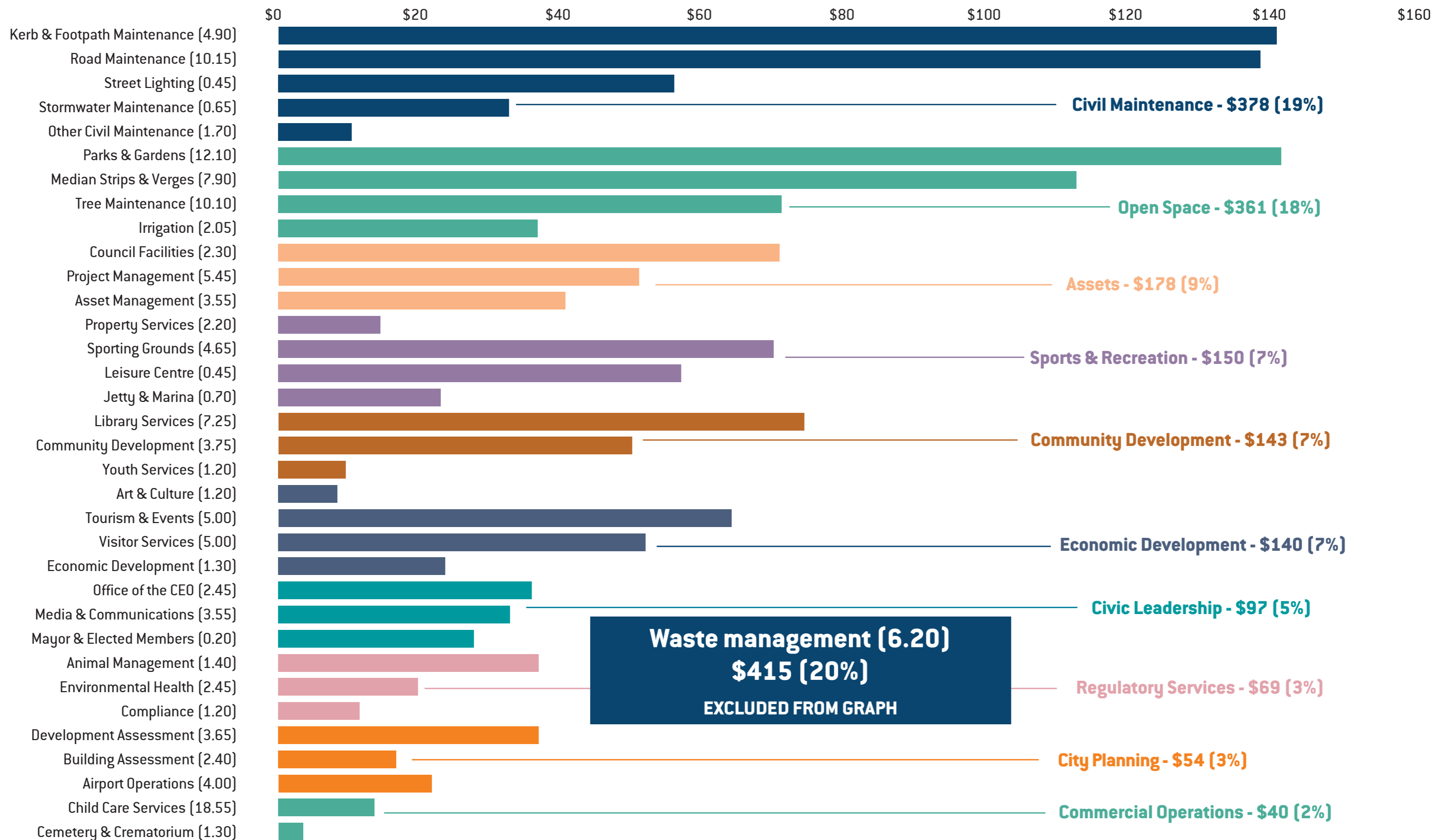
- Further reducing pressure on future rates increases.
- An improvement in Council's financial position.
- The ability to invest in service improvements prioritised by the community.
- Additional investment in new and upgraded facilities.

Council is also expecting to sell some parcels of land to the State Government for the Hydrogen Jobs Project, with these additional funds also improving Council's financial position and future delivery capacity.

The table below shows the potential revenue from projects that are already known to be in planning. While some of this revenue will be offset by an increased cost base from more properties/population, the majority will flow through to be available for other purposes.

SITE	POTENTIAL ANNUAL RATES REVENUE	RATEABLE BY	COMMENTS
Land for Hydrogen Jobs Plan	\$500,000	2024/25	Initial amount, if all land is purchased
Cabins - stage 1	\$85,000	2025/26	-
Kloeden - cabins stage 1	\$25,000	2025/26	-
Other - workers accommodation	\$250,000	2025/26	Assumed to only be rateable until 2027/28
Kloeden - workers accommodation	\$125,000	2026/27	Assumed to only be rateable until 2027/28
Kloeden - housing	\$100,000	2026/27	-
Cabins - stage 2	\$275,000	2027/28	-
Kloeden - cabins stage 2	\$205,000	2027/28	-
TOTAL	\$1,565,000		

WHAT THE PROPOSED AVERAGE RESIDENTIAL RATES BILL OF \$2,025 FUNDS:



The figure in brackets after each Service Area name represents Full Time Equivalent (FTE) employee numbers

The budget and FTE figures for each of the outward focused Service Areas above include an allocation from the internal support Service Areas, which are; Governance, Human Resources Customer Service, Finance, Procurement, Information Technology and Records Mangement