

District Council of Franklin Harbour

ANNUAL BUSINESS PLAN AND BUDGET

2022-23

Adopted: 13 July 2022

Resolution #: 51/07/22

INDEX

	Page No.
1. Introduction	3
2. District Profile	3
3. Key Strategic Principles, Functional Areas, Functional Objectives and Projects	3
4. Significant Influences and Priorities	4
5. Continuing Services	4
6. Capital Expenditure	5
7. Financial Sustainability/Financial Performance Measures	7
7.1 Operating Surplus Ratio	
7.2 Asset Sustainability Ratio	
7.3 Net Financial Liabilities & Net Financial Liabilities Ratio	
7.4 Overall Assessment of Councils Financial Sustainability	
8. Non-Financial Performance Measures for 2022-23.	9
9. 2021-22 Annual Business Plan achievements	10
10. Grant Funding	11
11. Funding the Business Plan	12
12. Uniform Presentation of Council Finances	14
13. Rating Arrangements 2022-23	15
Appendix A – Explanation of Uniform Presentation of Finances	20
Appendix B - Statutory Statements	22

1. Introduction

This draft Annual Business Plan (the Plan) outlines the District Council of Franklin Harbours' (Council) planned services, projects and major expenditures for the 2022-23 financial year.

The Plan aims to maintain efficient and desired services and facilities for the community, without imposing an unrealistic rate burden on ratepayers. The provision of services by Council is a reflection of both meeting Council's obligations under legislation and making policy choices on behalf of the community to achieve Council's longer-term goals. Council also has taken account of the current economic and seasonal conditions.

2. District Profile

Located on the eastern side of the Eyre Peninsula and bordering the Spencer Gulf, the District Council of Franklin Harbour is home to an estimated population of 1,350 people and covers an area of 2,767 square kilometres with 749 kilometres of roads. Cowell is the major centre in the district, which also comprises the holiday areas of Lucky Bay and Port Gibbon and the localities of Elbow Hill and Mitchellville.

3. Strategic Direction

Council will shortly commence updating its suite of strategic management plans. Among other things, the strategic management plan considered regional, state and national objectives and strategies relevant to the social, physical, environmental development and management of Council's area of responsibility. This plan identifies the strategic objectives and principal activities that have informed the goals, objectives, activities and services included in this Annual Business Plan.

Council's existing plan adopted the following vision and mission statements, believing it reflects Council's aspirations for the community.

VISION

A proud, growing and unified community benefiting from a diverse and environmentally sustainable economic base.

MISSION

The District Council of Franklin Harbour will provide our community with:

- **A high standard of essential services in a sustainable manner**
- **Representation of our needs to the wider population**
- **Stimulus for economic growth**
- **Sound management of our valuable natural environment**

STRATEGIC OBJECTIVES

Council's Strategic Management Plan is based on four 'pillars' or Strategic Focus Areas.

1. **Community wellbeing - maximise the benefit to the community from improved community services**
2. **Economic wellbeing - to foster a diverse and growing economic base that results in an increase in employment and population**
3. **Natural & built environment - maintain our high quality living environment**
4. **Governance & organisation - a professional, effective and customer oriented organisation playing the lead role in community development**

4. Significant Influences and Priorities

The 2022-23 financial year will be another busy period for Council on the back of a busy 12 months, during which a number of projects were delivered for the community. A comprehensive list of Council's achievements for the 2021-22 financial year can be found in Section 9.

A number of other significant factors have influenced the preparation of the Council's 2022-23 Annual Business Plan.

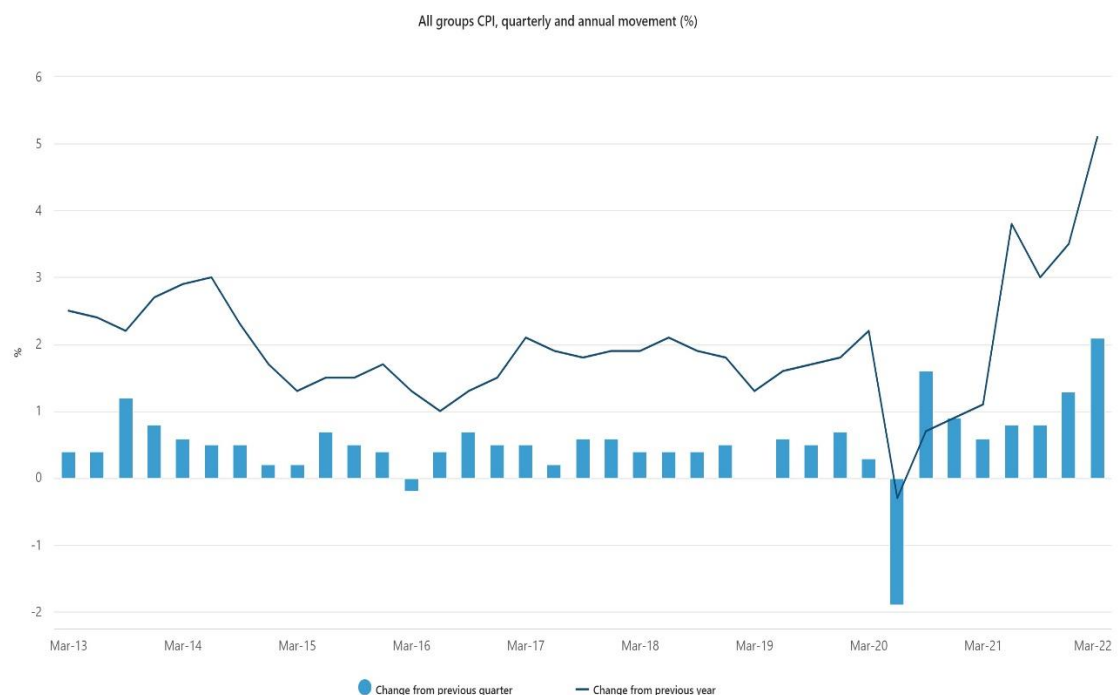
These include:

- The global Covid 19 pandemic
- Council's current financial position and Long Term Financial Management Strategy
- Requirements to maintain and improve infrastructure assets to sustainable standards
- Service delivery needs for the community
- State/Commonwealth grant funding not keeping pace with the increased costs
- Facilitating the future financial sustainability of Council by ensuring the financial operations remain within policy targets adopted for such purpose
- Provision of sufficiently qualified experienced and trained staff
- The need to establish sound Strategic Plans and policies to achieve long term sustainability

Impact of Inflation on the Annual Budget and Rate Setting Process

The 2022-23 financial year is the first year in a long time where current and forecast future inflation has been a material influence on the budget and rate setting process. The most recent Australian Bureau of Statistics Consumer Price Index figures from March 2022 measure inflation at 5.1% over the preceding twelve months.

The following graph demonstrates that since March 2015 inflation has on average been less than 2%. It can also be seen that inflation is spiking due to two main worldwide influences being the supply chain issues resulting from the Covid-19 pandemic as well as the impact on fuel prices due to the sanctions imposed on Russia in retaliation to Russia's invasion of Ukraine.



Management have reviewed Council's operating expenditure and identified reductions where possible without impacting on the range and level of Council services provided to the community. It has become clear from this review that many expenses (for example fuel and transportation costs) have increased by more than 5.1% and are expected to continue to increase over the 2022-23 financial year. From this analysis it may well be that cpi is not a relevant yardstick to measure the likely increase in costs expected to be incurred across the next financial year.

A simple way of looking at inflation is to think of it as the purchasing power of a dollar. i.e. How much can a dollar buy today when compared to how much a dollar could buy a year ago. Consider the following hypothetical situation:

- The provision of a service costs \$100 on the 31 March 2021
- Inflation between 31 March 2022 & 31 March 2023 is 5%

Question: What would it cost to provide the same level of service on the 31 March 2023?

Answer: \$105

Another way of looking at this scenario is to conclude that \$100 could only purchase \$95 worth of services on 31 March 2023 when compared to how much \$100 would have purchased a year earlier.

Based on the above example if inflation were to be 7.1% (instead of 5.1%) across the 2022-23 financial year, then Council would not be increasing rate revenue in real terms as the cost of providing services would be 2% greater than budgeted for. Further to this if the real cost increases relevant to the local government were in the vicinity of 9% then in real terms rate revenue would be decreased by 2%.

Council can only set their rates once, in June of each year, whereas suppliers can increase their prices throughout the year in line with inflation.

5. Continuing Services

All councils have basic responsibilities under the Local Government Act 1999 and other relevant legislation.

These include:

- Regulatory activities, e.g. maintaining the voters roll and supporting the elected council
- Setting rates, preparing an annual budget and determining longer-term strategic management plans for the area
- Management of basic infrastructure including roads, footpaths, parks, public open space, community wastewater
- Street lighting and storm-water drainage
- Street cleaning, rubbish collection, recycling and waste management
- Development planning and control, including building safety assessment
- Various environmental health services.

In response to community needs the Council also provides and or supports further services and programs including:

- Libraries
- Community venues such as public halls and sporting grounds
- Economic development
- Tourist and historical venues, museum and sites
- Parks and gardens.

The Council also operates a number of facilities on a fee for service basis. These provide important community benefits while also generating revenue for services and projects of benefit to the district.

6. Capital Expenditure – Work Program 2022-23

Item	Budget 2022-23 \$,000	Comment
Renewal / Replacement		
Buildings	50	
Resealing		
Jetty Rd	32	
Jetty Rd – Boat Parking Area	18	
Brooks Drive-widen and reseal	50	
Resheeting		
Wilton	81	
Mitchellville	105	
Plant & Equipment		
JCB Fastrac Tractor	105	
Ingersol Rand Vibe Roller	14	
Hilux D-Cab (WM) (P122)	48	
Other		
Jetty Rd – Parking Area	30	
CWMS	10	
Disaster Recovery Program	1,701	Initial estimate, will be updated throughout the year
Total Replacement Assets	2,244	
New / Upgraded		
Local Road and Community Infrastructure Program (round 3)	607	
Cowell Kimba Road	1,185	Year 2 of a 5 year program funded by SLRP
Beach Rd	474	Carried over from 2021-22
Total New / Upgraded	2,266	
Total Capital Expenditure	4,510	

7. Financial Sustainability/Financial Performance Measures

All Councils pursuant to the Local Government Act 1999 are required to develop and maintain Long Term Financial Management Plans and Asset Management Plans to ensure sound strategic planning principles to assist with decision making are in place.

Council is committed to ensuring its long term financial sustainability. Council's financial sustainability is dependent on ensuring that, on average over time, its expenses are at least matched by its revenue. In addition, capital expenditure on existing infrastructure and other assets should be optimised in accordance with the Infrastructure and Asset Management Plan so as to minimise whole-of-life-cycle costs of assets.

7.1 Operating Surplus Ratio (OSR)

"Is Council covering its operating expenditure and depreciation charge from its operating revenue?"

The operating surplus ratio expresses the operating surplus / (deficit) as a percentage of total operating revenue. A result of greater than 0% would indicate that Council is covering its operating expenditure and depreciation charge from its operating revenue.

The operating surplus ratio from the proposed budgeted activity for the year is of 0%. This result arises because operating income is budgeted to be the same as operating expenditure for the year.

7.2 Asset Renewal Funding Ratio (ARFR)

"Is Council replacing its assets at the same rate the assets are wearing out?"

The Asset Renewal Funding Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its overall stock of assets is wearing out.

The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to Council's Asset Management Plan.

A result in the range of 90% to 110% would indicate that Council is replacing its assets in a timely manner. The asset renewal funding ratio for the 2022-23 is 100% which indicates that sufficient funds have been allocated to replace assets in the 2022-23 financial year.

7.3 Net Financial Liabilities (NFL) and Net Financial Liabilities Ratio

"Does Council have a manageable level of debt and other liabilities when considering its available revenue and other cash reserves?"

Net financial liabilities is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments. Specifically, net financial liabilities equal total liabilities less financial assets, where financial assets for this purpose includes cash, cash equivalents, trade and other receivables, and other financial assets, but excludes equity held in Council businesses, inventories and land held for resale.

The following table sets the budget estimates as of 30 June 2023:

Calculation of Net Financial Liabilities Ratio	\$,000
Trade & Other Payables	142
Borrowings	5,762
Provisions	2,640
Total Liabilities	8,544
Less Financial Assets:	
Cash & Cash Equivalents	0
Trade & Other Receivables	303
Total Financial Assets	303
Equals: Net financial liabilities (NFL)	8,241
Operating Income (Opinc)	4,523
Net Financial Liabilities Ratio (NFL divide Opinc)	182%

Net financial liabilities are forecast to be \$8.2M as of 30 June 2023. There are some significant identifiable components included in this forecast being CWMS borrowings of approximately \$2.5M as well as lease liabilities of \$2.3M in relation to the Cowell cottages. The CWMS loan has an income stream that steadily repays this over a number of years whilst the lease liabilities have identifiable assets that need to be considered. The adjusted Net financial liabilities of \$3.4M whilst high are still at a manageable level, when divided by operating revenue an adjusted NFLR of 75% is achieved which is well within the benchmark range the local government sector likes to operate in.

7.4 Overall Assessment of Council's Financial Sustainability

The operating surplus ratio indicates that Council is covering its operating (i.e. non-capital) costs from the operating revenue that is available for the twelve months that this plan relates to.

The result of 100% in the asset renewal funding ratio indicates that sufficient funds have been allocated in this plan to renew Council's existing assets as identified in Council's asset data base.

When considering the analysis of the NFLR although it is outside of the industry average on the surface, the adjusted ratio of 75% is not. Council's long term financial plan contains a financial strategy (refer section 11) that steadily allows Council to reduce borrowings over time without impacting on services provided to the community.

Accordingly it can be seen that this Annual Business Plan & Budget is financially sustainable.

8. Non-Financial Performance Measures – 2022-23

In addition to the legislative performance measures, Council is required to develop non-financial performance measures.

The strategy reference refers to the strategic objectives identified in Council's Strategic Management Plan

Community Wellbeing

- Continue to advocate for full-time provision of medical services to be provided in the Community (Strategy 1.01)
- Maintain a strong relationship with Eyre Peninsula Far North Health Network and SA Health (Strategy 1.01)

Economic Wellbeing

- Continue with progressing the Foreshore Development to enhance the towns attractiveness and livability, attract new residents, and to provide a foundation for future business opportunities and investment in the local economy (Strategy 2.01) – Area enclosed by Second Street extension to be filled and landscaped, including a wetland
- Establish shelter and camp facilities in strategic locations along the coast (Strategy 2.01) – Enhancements to Port Gibbon caravan park / Eco-Eyre
- Ensure that Council has adequate land available to enable the town to grow and attract new residents (Strategy 2.06) – Progress to approval stage the Farr Street land parcel subdivision
- Establish food hall or fast food at new foreshore site (Strategy 2.08) – Commercial Building at Foreshore to be tenanted.

Natural & Built up Environment

- Provide high quality footpaths and Roads (Strategy 3.06) – upgrade Cowell-Kimba Road - SLRP grant funding
- Provide high quality footpaths and roads (Strategy 3.06) – Repair / Rebuild Flood damaged road network

Governance & Organisation

- Ensure the ongoing review of Council's Strategic Plans (Strategy 4.01) – Update the Cowell Master Plan
- Host EPLGA Conference in 2023
- Host Official Foreshore/Marina opening event later in 2022

9. 2021-22 Annual Business Plan Achievements

Community Wellbeing

- Continue to advocate for full-time provision of medical services to be provided in the Community (Strategy 1.01) - ongoing
- Maintain a strong relationship with Eyre Peninsula Far North Health Network and SA Health (Strategy 1.01) - ongoing

Economic Wellbeing

- Continue with progressing the Foreshore Development to enhance the towns attractiveness and livability, attract new residents, and to provide a foundation for future business opportunities and investment in the local economy (Strategy 2.01) – Commercial Building, Waterpark, Basketball Court, Paving and Landscaping Complete
- Provide appropriate infrastructure for economic development (Strategy 2.06) – Construction of the Commercial Building (Foreshore Development) - Complete

Natural & built Environment

- Enhance the aesthetics of our township's environment (Strategy 3.05) – Tree planting program - Commenced
- Re-sheet sections of Cowell-Mangalo Road (Strategy 3.06) – Completed
- Re-sheet sections of Wilton Road and Schultz Road (Strategy 3.06) – carried forward to 2022-23
- Seal the final 3.8km of Beach Road – SLRP grant funding (Strategy 3.06) Construction commenced – carried forward to 2022-23

Governance & Organisation

- Ensure the ongoing review of Council's Strategic Plan (Strategy 4.01.02) – Commenced
- Provide Monthly newsletter and maintain regular updates on website and Facebook (Strategy 4.02) – investigating with neighboring councils to produce a local area newspaper which will incorporate Council news - Complete

Drought Community Program Projects

- Upgrade to Lions Park – Bouncy Pillow, Shade, Landscaping - Complete

10. Grant Funding

Council will receive the following grant funding in 2022-23:

- Financial Assistance Grants, both General Purpose and Local Roads Grants (sourced from Federal Government)
 - Council has complete discretion as to expenditure of funds received.
- Specific Purpose Grants (State and Federal Governments)
 - Which are to be spent on specific projects or programs.
- Special Local Roads Program (Federal Government)
- Roads to Recovery Grants (Federal Government)
 - While funds received are to be spent on road projects, Council has complete discretion on whether funding is applied towards maintaining, renewing or upgrading roads
- Capital Grants are amounts received by Council specifically to be used for capital purposes

Operating Grants	Amount \$,000
Local Roads (Grants Commission)	258
General Purpose (Grants Commission)	1,055
Supplementary Local Roads (Grants Commission)	113
Roads to Recovery	229
Other	138
Total Operating Grant Funding	1,793
Capital Grants	
Local Road and Community Infrastructure Program (Round 3)	607
Special Local Roads Program	1,034
Total Capital Grant Funding	1,641

11. Funding the Business Plan

The Council's long-term financial sustainability is dependent on ensuring that, on average over time, its expenses are less than its revenue, as outlined in the LTFP.

The following is an extract of Councils financial strategy as outlined in the Long Term Financial Plan 2021-30 that was adopted in June 2021.

The LTFP is based on Councils current operating service levels as well as projected capital renewal expenditure obtained from Councils Asset Management Plan.

- *Community Wastewater Management Schemes ("CWMS") charges are set at an appropriate level to ensure whole of life costs are recovered.*

There are currently two types of charges designed to achieve this being:

- *A service charge of \$150 per unit per annum*
- *A capital charge of \$367 per unit per annum*

The capital charge is aimed at recouping the original construction cost of the Cowell CWMS and is being used to repay the debt incurred at the time of construction.

The service charge is aimed at recouping the whole of life costs of running and renewing the Cowell CWMS as it wears out. In 2018-19 the service charge was reduced from \$442 per unit per annum to \$150 in recognition of the out of pocket expenses being incurred by rate payers required to enable them to connect to the mains. The intention was for this to be a short term arrangement with the service charge to be reinstated to the previous level in due course.

Council have discussed this matter at length and feel that a phasing in strategy needs to be employed to return the service charge to the level required to recoup the whole of life costs of the Cowell CWMS. The Local Government Act requires this to happen. If the service charge were not increased to the previous level, then this would mean the shortfall in revenue required to cover the whole of life costs of the CWMS would be covered most likely from general rate revenue which would be seen as unfair to those ratepayers who do not receive the benefits of the CWMS.

Accordingly, the long term financial plan has been prepared on the understanding that the service charge will be increased by \$50 per annum plus CPI for each year within the five year period commencing 30 June 2023 and ending 30 June 2028.

- *Additional revenue is included in the LTFP because of several initiatives that are outlined in the following table:*

	2023-24	2024-25	2025-26
Rate increase due to growth	10,000	10,000	10,000
Marina rent/berth sales	24,000	30,000	36,000
Marina Café rent	15,000	15,000	15,000
Port Gibbon Cabins x2	51,840	54,432	57,154
Camping fees	25,000	25,000	25,000
Additional camping Point Gibbon/ Rangeview	15,000	17,500	20,000
Per Annum	140,840	151,932	163,154

These estimates are believed to be conservative with the possibility existing that even larger revenue streams may eventuate once the foreshore redevelopment project is completed.

- *Waste management user charges are set at an appropriate level to ensure the full cost of providing these services is recovered from those who benefit from the service.*
- *Council will continue to review service delivery to the community to identify any further opportunities to reduce operating costs due to increased operating efficiencies. This will be an ongoing objective for management to ensure the maximum benefit to the community per dollar of rates.*
- *Council will not undertake any further construction of upgraded or new assets over the next 10 years unless additional revenue is identified that will fund such upgrades. By committing to this strategy, Council will be able to allocate resources to replacing existing assets in a timely manner as well as minimising any increases in operating costs associated with additional assets. Should an upgrade program be agreed to, then a complete re-work of the LTFP will be undertaken to confirm Council will remain in a financially sustainable position after the completion of these works.*
- *Grant revenue will be targeted in a strategic manner. This means that grant revenue to build new assets would only be pursued and accepted if the new assets were deemed to have strategic significance, particularly, if additional funding was to be contributed by Council. Where an operating grant is sought and additional Council funds are required to be contributed, then careful consideration will be given to long-run benefits and costs. This will ensure activities that may better fit Council's strategic objectives are not being delayed in lieu of the activity being funded by the grant.*
- *The LTFP will be revised as part of the Annual Business Planning process each year.*

Council's revenue in 2022-23 includes \$1.9M proposed to be raised from general and other rates which has been increased by March cpi of 5.1% plus 2%. Readers are referred to section 4 of this plan for further information as to why such an increase was believed to be necessary. In real terms it is more than likely rate revenue will decrease due to operational and capital costs increasing by more than 7.1% throughout the 2022-23 financial year.

There is little forecast growth expected for the region. Accordingly, no increases to rates revenue have been factored in for growth.

Other sources of proposed revenue for the Council are:

- User charges and commercial revenue
- Statutory charges set by State Government
- Grants
- Other revenue

12. Uniform Presentation of Finances

The Uniform Presentation of Finances together with the results of the Key Financial Indicators provides a summarised report that focuses on Council's finances at a strategic level.

Readers are strongly encouraged to take the time to comprehend how this report is structured and what the implications of the various lines of this report are for the Key Financial Indicator calculations. Definitions and examples of the key components of this report are included in the glossary at the end of this document.

The Uniform Presentation of Finances report highlights the operating surplus/ (deficit) measure which is considered the most critical indicator of a Council's financial performance.

The last line, or rather the result of this report, is the movement in Net Financial Liabilities (Net Lending/Borrowing) for the year based on Council's planned capital and operating budgets for that year.

Achieving a zero result on the net lending/(borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's income (with income including amounts received specifically for new/upgraded assets).

UNIFORM PRESENTATION OF FINANCES	Forecast 2021-22 \$000	Budget 2022-23 \$000
Operating Revenue	4,191	4,523
less Operating Expense	(4,124)	(4,517)
Operating Surplus / (Deficit) before Capital Amounts	67	6
less Disaster Recovery Program - Net Impact	841	1,410
Operating Surplus / (Deficit) before Capital Amounts (Including impact of DRP)	908	1,416
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,781	2,245
less Depreciation, Amortisation & Impairment	(1,157)	(1,279)
less Proceeds from Sale of Replaced Assets	(242)	(39)
Net Outlays on Existing Assets	382	926
less Net Outlays on New & Upgraded Assets		
Capital Expenditure on New & Upgraded Assets	5,699	2,266
less Amounts specifically for new or upgraded Assets	(4,095)	(1,641)
less Proceeds from Sale of Surplus Assets	0	0
Net Outlays on New & Upgraded Assets	1,603	625
Net Lending/ (Borrowing) for Financial year	(1,078)	(136)

The result of (\$136k) indicates that Council is spending slightly more than it is receiving when considering Council budget in aggregate.

A full explanation of the components to the above Uniform Presentation of Finances is contained in Appendix A.

13. Rating Arrangements 2022-23

Method used to value land

The Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all improvements on the land
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The District Council of Franklin Harbour uses capital value as the basis for valuing land within its Council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth.
- Property value is a relatively good indicator of wealth and capital value provides a fair indicator of overall property value.
- The distribution of property values throughout the Council area is such that some ratepayers will pay more and some less depending on fluctuations of property value.

Rating information for 2022-23

In setting its rates for the 2022-23 financial year the Council considered the following:

- The current economic climate and relevant factors such as inflation and interest rates.
- The specific issues faced by our community, which are the effects of seasonal variations for the farming community.
- The need to continue to replace and upgrade infrastructure assets that include both plant and machinery and our road network.
- The objective of attracting and continuing to attract and support business activity to generate economic development.
- Council's strategic plan and the meeting of those objectives.
- The budget for the 2022-23 financial year and the long-term financial plans.
- Householders, businesses and primary producers.
- The broad principal of achieving equity in the distribution of rates.
- Minimising the level of general rates required by levying fees and charges for goods and services where that is possible.
- Setting fees and charges to recover the full cost of operating or providing the services of goods, with provision for concessions to those members of the community unable to readily meet the full cost.
- Taking into account changes to Council valuations by the Valuer-General.
- Submissions made during the Public Consultation process.

Adoption of valuations

The Council has considered the valuations made by the Valuer-General effective as at xxxxxxxx. If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the Valuer-General in writing, within 60 days of receiving notification of the valuation, explaining the basis for the objection to State Valuation Office, GPO Box 1354, ADELAIDE SA 5001 or email lsgobjections@sa.gov.au.

Business impact statement

The Council has considered the impact of rates on all businesses in the Council area, and in particular primary production. Council has also considered the equity of the distribution of the rate burden between ratepayers; Council's policy on facilitating local economic development; current local, state and national economic conditions; changes in the valuation of business and primary production properties; and specific Council projects for the coming year and specific infrastructure maintenance issues.

Council's Revenue Raising Powers

All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and other land prescribed in the Local Government Act 1999 – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or services rates or charges for specific services. Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Council Office, 6 Main Street Cowell.

Differential rates

In accordance with the provisions of Section 153 of the Local Government Act 1999 Council has decided to impose differential general rates on the following properties, based on land use and zoning.

	ABP 2021-22 \$,000	ABP 2022-23 \$,000	\$,000 increase	% increase
Residential	555	595	39	7.1%
Commercial - Shop	11	12	1	7.1%
Commercial - Other	28	30	2	7.1%
Industry - Light	9	9	1	7.1%
Industry - Other	33	36	2	7.1%
Commercial (Bulk Handling) Zone	53	56	4	7.1%
Primary Production	554	593	39	7.1%
Vacant Land & Other	115	123	8	7.1%
Total Expected revenue from General Rates (excluding rebates and remissions that are not discretionary rebates or remissions)	1,357	1,453	96	7.1%

The use or zoning of the land is used as the factor to levy differential rates. If a ratepayer believes that a particular property has been wrongly identified by the Council as to its use or zoning, then they may object to the Council within 21 days of being notified.

It is important to note that the lodgement of an objection does not change the due date for payment of rates.

Fixed charge

Council over the past few years have adopted a fixed charge as a part of its rating policy. The fixed charge for the 2022-23 will be \$419 an increase of 7% from the 2021-22 fixed charge.

Service Charges

Community Waste Water Management Scheme

Pursuant to Section 155 of the Local Government Act 1999, the Council proposes to adopt an annual service charge for the financial year ending 30 June 2023, in respect of the prescribed service of effluent waste disposal, on all land to which the Council provides or makes available the services as follows:

- CWMS Port Gibbon Maintenance Fee \$460
- CWMS Cowell Maintenance Fee \$210
- CWMS Cowell Capital Fee \$393

Port Gibbon Water Supply Charge

Pursuant to Section 155 of the Local Government Act 1999, the Council proposes to adopt an annual service charge for the financial year ending 30 June 2023, in respect of the prescribed service of water supply, on all land to which the Council provides or makes available the Port Gibbon Water Supply as follows:

- Port Gibbon Water Supply \$289

Lucky Bay Water Supply Charge

Pursuant to Section 155 of the Local Government Act 1999, the Council proposes to adopt an annual service charge for the financial year ending 30 June 2023, in respect of the prescribed service of water supply, on all land to which the Council provides or makes available the Lucky Bay Water Supply as follows:

- Lucky Bay Water Supply \$289

Kerbside Bin Collection

Pursuant to Section 155 of the Local Government Act 1999, the Council proposes to adopt an annual service charge for the financial year ending 30 June 2023, in respect of the prescribed service of one (1) kerbside bin collection, on all land to which the Council provides or makes available the service as follows:

- Kerbside Bin Collection (140L Bin) \$278
- Kerbside Bin Collection (240L Bin) \$331

Additional Bin Collections

Pursuant to Section 155 of the Local Government Act 1999, the Council proposes to adopt an annual service charge for the financial year ending 30 June 2023, in respect of the prescribed service of additional kerbside bin collections, on all those that utilize the service as follows:

- Additional Bin Collections \$214.00/bin

Recycle Bin Collection

Pursuant to Section 155 of the Local Government Act 1999, the Council proposes to adopt an annual service charge for the financial year ending 30 June 2023, in respect of the prescribed service of recycle bin collections, on all properties that utilize the service as follows:

- Recycle Bin Collection \$128.00

Rebates

Section 159 to 166 of the Local Government Act, 1999 pertain to the Rebate of Rates.

Council is required to provide statutory rebates to schools, churches, hospitals, and Commonwealth / State Government land under Section 159 to 165 of the Local Government Act, 1999.

Late payment of rates

The Local Government Act provides that Councils impose a fine of 2% on any instalment unpaid after the due date. At the expiration of each full month from the due date, interest is charged at the prescribed percentage of the total in arrears and unpaid rates. This does not include interest from previous months.

Council issues a final notice for payment of rates when rates are overdue, i.e. unpaid by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice, then the Council may refer the debt to a debt collection agency for collection. The debt collection agency charges collection fees that are recoverable from the ratepayer.

When Council receives a payment in respect of overdue rates Council applies the money received as follows:

First - to satisfy any costs awarded in connection with court proceedings.

Second – to satisfy any interest costs.

Third – in payment of any fines imposed.

Fourth – in payment of rates, in chronological order (starting with the oldest account first).

Regional Landscape Levy

The Regional Landscape Levy is a State Government initiative under the Landscape South Australia Act 2019.

The Levy provides additional funding to help take care of natural resources such as water, soil, animal and plant control sustainably developing and protecting natural resources for the benefit of communities and future generations living in the Franklin Harbour region.

Council levies an amount against each rateable property to collect the amount determined by the State Government.

For 2022-23 Council's annual contribution to the Eyre Peninsula Landscape Board is \$98,353.

Postponement of rates for seniors

Section 182A of the Local Government Act 1999, that allows eligible Senior Ratepayers to postpone a proportion of their council rates each financial year commencing 2007/2008, provides for a threshold amount of rates that cannot be postponed. The threshold is set at \$500.00 annually. The outstanding rates will attract interest (i.e. the scheme is non-concessional) and will remain a charge on the property until the property is sold or that person no longer lives on the property or becomes ineligible to continue the postponement.

Payment of rates

Payment of rates will be by four instalments due September 2022, December 2022, March 2023, and June 2023.

Payment can be made at the Council Office, 6 Main Street, Cowell during normal office hours 9.00 am to 5.00 pm Monday to Friday, by cash, cheque or most credit cards, or can be made by post to PO Box 71, Cowell SA 5602 by cheque or money order payable to the District Council of Franklin Harbour. Payments may also be made by direct Bank Transfer.

Sale of land for non-payment of rates

The Local Government Act 1999 provides that Council may sell any property where the Rates have been in arrears for three years or more.

The council is required to notify the owner of the land of its intention to sell the land. Provide the owner with details of the outstanding amounts and advise the owner of its intention to sell the land if payment is not received within one month.

Except in extraordinary circumstances or approval has been granted for postponement of Rates, the Council enforces the sale of land for non-payment of Rates.

Difficulty in paying rates

Rates are payable in full or by four separate quarterly instalments. However, Section 182 of the Local Government Act 1999 permits the Council on the application of a Ratepayer to partially or wholly remit Rates or to postpone Rates on the basis of hardship.

If any ratepayer is experiencing financial difficulties and would like to discuss an alternative agreeable payment plan this flexibility is also available.

Contact the District Council of Franklin Harbour on 8629 2019 for a confidential discussion.

APPENDIX A – EXPLANATION OF UNIFORM PRESENTATION OF FINANCES

(example only for explanation purposes – left blank intentionally)

UNIFORM PRESENTATION OF FINANCES	2021-22 Forecast \$'000	2022-23 Budget \$'000
Income		
less Expenses		
Operating Surplus/(Deficit)	-	-
Less: Net Outlays on Existing Assets		
Capital Expenditure on Renewal/Replacement of Existing Assets		
less Depreciation, Amortisation and Impairment Expenses		
less Proceeds from Sale of Replaced Assets		
Net Outlays on Existing Assets	-	-
Less: Net Outlays on New and Upgraded Assets		
Capital Expenditure on New/Upgraded Assets		
less Amounts received specifically for New/Upgraded Assets		
less Proceeds from Sale of Surplus Assets		
Net Outlays on New and Upgraded Assets	-	-
Net Lending/(Borrowing) for Financial Year	-	-

Explanation/Examples of Components of Uniform Presentation of Finances

Operating Revenue and Expenditure: Represent the totals from the relevant lines of the Statement of Comprehensive Income (operating statement) for the year being reported on.

Capital Expenditure on renewal and replacement of Existing Assets: e.g. Roads reseals, replacement tractor, building renovations, replacement computer hardware.

Proceeds from sale of replaced assets: e.g. trade in value of a tractor or motor vehicle being replaced.

Capital Expenditure on New and Upgraded Assets: e.g. constructing a new building, constructing a new catchment pond, purchasing a piece of machinery that was not previously on hand.

Amounts specifically for new or upgraded Assets: e.g. Capital grants to partly fund a new CWMS, funds received to build new footpaths that did not previously exist.

Proceeds from Sale of Surplus Assets: Proceeds from the sale of a council building that was no longer required, sale of surplus land.

New/Upgraded vs Renewal/Replacement of Assets

The following definitions have been obtained from the South Australian Local Government Model Financial Statements (see <http://www.lga.sa.gov.au/site/page.cfm?u=769#e4291>).

A *new asset* is additional to Council's previous asset complement (e.g. roads constructed as part of a Council-owned subdivision are new assets. Similarly laying footpaths in areas where they did not previously exist are also new assets).

An *upgraded asset* replaces a previously existing asset with enhanced capability or functionality.

Renewal or replacement of an asset occurs where a previously existing asset is replaced without enhancement of the service capability except where this is incidental and unavoidable.

It is possible for capital expenditure to be a *combination of renewal as well as upgrade*. This is particularly prevalent in this Council region due to the increased volume of B-double traffic experienced in recent times. This has required existing roads to be rebuilt to higher standards (e.g. the replacement of a road that was initially was a 6 metre wide sheeted surface with an 8 metre width sheeted surface can be considered part replacement and part upgrade).

The important point to understand is that if Council is not able to replace its existing assets in a timely manner then new assets should not be built unless essential. By building new assets Council is effectively building new liabilities as the assets usually don't generate revenue (e.g. roads), cannot be sold, and will need to be maintained and eventually replaced.

APPENDIX B - STATUTORY STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME	Forecast 2021-22 \$,000	Budget 2022-23 \$,000	Mvmt \$,000
INCOME			
Rates - General & Other	1,775	1,921	146
Statutory Charges	31	30	(1)
User Charges	716	685	(31)
Grants & Subsidies	1,618	1,793	175
Investment Income	2	2	0
Reimbursements	5	10	5
Other Revenues	45	82	38
Total Operating Income	4,191	4,523	332
EXPENDITURE			
Employee Costs	1,149	1,176	27
Materials, Contracts & Other Expenses	1,629	1,861	232
Depreciation	1,157	1,279	122
Finance Charges	189	200	12
Total Operating Expenditure	4,124	4,517	392
OPERATING SURPLUS/(DEFICIT)	67	6	(61)
Disaster Recovery Program - Net Impact	841	1,410	569
Capital Grants	716	1,034	317
Amounts Recieved Specifically for New Assets	3,379	607	(2,772)
NET SURPLUS / (DEFICIT) transferred to Equity Statement	5,003	3,056	(1,947)

STATEMENT OF FINANCIAL POSITION	Forecast 2021-22 \$,000	Budget 2022-23 \$,000
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	0	0
Trade & Other Receivables	303	303
Inventories	46	46
Total Current Assets	349	349
NON-CURRENT ASSETS		
Infrastructure, Property, Plant & Equipment	47,365	50,557
Total Non-Current Assets	47,365	50,557
TOTAL ASSETS	47,714	50,906
LIABILITIES		
CURRENT LIABILITIES		
Trade & Other Payables	142	142
Borrowings	340	353
Short Term Provisions	664	664
Total Current Liabilities	1,146	1,159
NON-CURRENT LIABILITIES		
Long Term Borrowings	5,287	5,409
Long Term Provisions	1,976	1,976
Total Non-Current Liabilities	7,263	7,385
TOTAL LIABILITIES	8,409	8,544
NET ASSETS	39,306	42,362
EQUITY		
Accumulated Surplus	31,597	34,653
Asset Revaluation Reserve	7,674	7,674
Other Reserves	35	35
TOTAL EQUITY	39,306	42,362

STATEMENT OF CASH FLOWS	Forecast 2021-22 \$,000	Budget 2022-23 \$,000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	3,333	4,521
Investment Receipts	2	2
Payments		
Operating Payments to Suppliers & Employees	2,778	3,037
Finance Payments	189	200
Net Cash provided by (or used in) Operating Activities	369	1,286
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants Specifically for new or upgraded assets	4,095	3,050
Sale of replaced Assets	242	39
Sale of surplus Assets	0	0
Payments		
Expenditure on renewal/replaced assets	1,781	2,245
Expenditure on new/upgraded assets	5,699	2,266
Net cash provided by (used in) Investing Activities	(3,143)	(1,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from Borrowings	1,625	475
Payments		
Repayment of Borrowings	658	340
Net Cash Provided by (Used in) Financing Activities	966	135
Net Increase / (Decrease) in Cash	(1,808)	0
Cash and Cash Equivalents at start of reporting period	1,808	0
Cash & Cash Equivalents at the end of the reporting period	0	0

STATEMENT OF CHANGES IN EQUITY	Forecast 2021-22 \$,000	Budget 2022-23 \$,000
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	26,594	31,597
Net Result for Year	5,003	3,056
Transfer from Reserves	0	0
Transfer to Other Reserves	0	0
Balance at end of period	31,597	34,653
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period	7,674	7,674
Revaluation of Property Plant & Equipment	0	0
Balance at end of period	7,674	7,674
OTHER RESERVES		
Balance at end of previous reporting period	35	35
Transfers from Accumulated Surplus	0	0
Transfers to Accumulated Surplus	0	0
Balance at end of period	35	35
TOTAL EQUITY AT END OF REPORTING PERIOD	39,306	42,362