



District Council of Franklin Harbour

ANNUAL BUSINESS PLAN AND BUDGET

2020-21

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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 2020-21 financial year. After taking into account feedback from the community, Council will finalise the Plan and prepare a detailed budget for the corresponding period.

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 Gibon and the localities of Elbow Hill and Mitchelville.

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 2020-21 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 2019-20 financial year can be found in Section 9.

A number of other significant factors have influenced the preparation of the Council's 2020-21 Annual Business Plan.

These include:

- The global Covid 19 pandemic
- Council's current financial position and Long Term Financial Management Strategy
- Consumer Price Index/Local Government Price Index increases on existing goods and services of 1.8% for the year (December quarter 2019)
- 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

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.

Fee for services include:

- Camping grounds
- Private infrastructure works
- Minor tree removal
- Water supply

6. Capital Expenditure – Work Program 2020-21

Item	Budget 2020-21 \$,000	Comment
Renewal / Replacement		
Resheeting	404	per road renewals plan
Resealing	151	per road renewals plan
Plant & Equipment	579	per plant replacement program
Total Replacement Assets	1,134	
New / Upgraded		
Beach Rd Sealing	911	SLRP funded project
Cowell Netball Club	250	DCP funded Project
Lucky Bay Playground	35	DCP funded Project
Town Oval Shade	35	DCP funded Project
Port Gibbon Campground Improvements	220	DCP funded Project
Foreshore Redevelopment	2,703	Two Year Project
SABFAC - Marina	2,041	Two Year Project
Total New / Upgraded	6,195	
Total Capital Expenditure	7,329	

Special Capital Projects

Marina & Foreshore Projects

Council and its community consulted extensively over many years and with the assistance of a range of professional consultants to produce the Cowell Foreshore Masterplan. Development of the Cowell foreshore will provide an ideal transit stop for travellers but more importantly, a holiday destination with an appropriate range of high quality attractions to lure the tourists.

The Project specifically addresses liveability issues including ways to increase level of community use and participation in activities and events on the foreshore through improved safety for families and children and the provision of appropriate facilities.

This development will improve the liveability of the town, reinforcing Franklin Harbour as both a tourist and a retirement destination. In a similar way as the desirability of living in Cowell is recognised, professionals such as doctors and other allied medical services will follow. For families with children this will be a safe haven for children to play, to enjoy the water park, ride a bike, use the skate park, go fishing, while their parents are nearby.

The bulk earthworks & excavation for the marina component involves excavating the mooring basin. Excavated materials will be used together with imported materials to bulk fill areas of the Cowell foreshore for further open space, facilities and beautification.

Marina Construction will include the installation of pylons, floating walkways, pontoons, pontoon ends and services including water and electricity reticulation and metering.

Beach Road

This road is a popular tourist route and a vital link between Cowell and the developing township of Port Gibbon. At least half the length of the road circumnavigates the lower reaches of Franklin Harbour which is home to pristine saltmarsh and mangrove habitats that feed many species of breeding fish and a significant portion of SA's prized Oyster Industry. The road also provides access to the Franklin Harbour Conservation Park and camping areas.

Upgrading the road to a sealed surface and addressing sub-standard geometry will minimise the environmental impact of dust and excessive silt runoff from the current road into extremely sensitive receiving environments and will substantially improve the safety of the road.

Whole of life of Special Capital Project Expenditure

Grant Income	Forecast 2019-20 \$,000	Budget 2020-21 \$,000	Budget 2021-22 \$,000
PIRSA - Water Supply	1,215	-	-
Marina	-	1,500	-
Foreshore Projects	-	2,353	1,225
SLRP - Beach Rd	1,000	607	358
Total Special Capital Project Grants	2,215	4,460	1,583
Capital Expenditure			
PIRSA - Water Supply	1,568	-	-
Marina	1,200	2,041	-
Foreshore Projects	44	2,703	1,710
SLRP - Year 2 & 3 Beach Rd	1,000	911	537
Total Special Capital Project Expenditure	3,812	5,655	2,247
Council Contribution - per annum	1,597	1,195	664

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 a surplus of 4%. This result arises because operating income is budgeted to be \$175k more than Council's operating expenses for the year.

7.2 Asset Sustainability Ratio (ASR)

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

The Asset Sustainability 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 forecast asset sustainability ratio for the 2020-21 is 100% which indicates that sufficient funds have been allocated to replace assets in the 2020-21 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 equals 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 at 30 June 2021:

Calculation of Net Financial Liabilities Ratio	\$,000
Trade & Other Payables	142
Borrowings	5,501
Provisions	2,766
Total Liabilities	8,409
Less Financial Assets:	
Cash & Cash Equivalents	286
Trade & Other Receivables	371
Total Financial Assets	657
Equals: Net financial liabilities (NFL)	7,752
Operating Income (Opinc)	4,198
Net Financial Liabilities Ratio (NFL divide Opinc)	185%

7.4 Overall Assessment of Council's Financial Sustainability (based on the above ratios)

The above ratios indicate 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. Readers should be aware however that without an appropriate financial strategy future years will see Council move into a deficit position due to increased depreciation charges as well as increased interest expenses resulting from the delivery of the special projects listed in section 5 above. Such a strategy is currently being developed as part of Council's long term financial plan. It is expected that the LTFP will be put out for public consultation and feedback in the near future.

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.

Net financial liabilities are forecast to be \$7.75M as at 30 June 2021. There are some significant identifiable components included in this forecast being CWMS borrowings of approximately \$3M as well as lease liabilities of \$2.3M in relation to the Cowell cottages. The CWMS loan has a 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 \$2.45M whilst high are still at a manageable level on the assumption that an appropriate financial strategy is developed to reduce this level of debt in a timely manner.

8. Non-Financial Performance Measures – 2020-21

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 Eastern Eyre Health and Country Health (Strategy 1.01)

Economic Wellbeing

- Progress the Foreshore Development to enhance the town's attractiveness and liveability, attract new residents, and to provide a foundation for future business opportunities and investment in the local economy (Strategy 2.01)
- Provide appropriate infrastructure for economic development (Strategy 2.06)

Natural & built Environment

- Enhance the aesthetics of our townships environment (Strategy 3.05)
- Re-sheet sections of Cowell-Mangalo Road, Wilton Road and Schultz Road (Strategy 3.06)
- Seal a further 3.4km of Beach Road – SLRP grant funding (Strategy 3.06)
- Construct playground at Lucky Bay using Drought Community Program Funds (Strategy 3.08.01)

Governance & Organisation

- Ensure the ongoing review of Council's Strategic Plan (Strategy 4.01.02)
- Provide Monthly newsletter and maintain regular updates on website and Facebook (Strategy 4.02)

- Complete review of the proposed Foreshore redevelopment was conducted with a focus on “fit for purpose” and “affordability. This resulted in a rescoping of the project with a net savings to council of \$2.2 million.

The following drought community program projects will be delivered to the community by the 31 December 2020:

- Construction of changerooms/toilets/clubhouse for Cowell Netball Club
- Museum upgrade, painting and toilets upgrade for RSL clubroom
- Upgrade men’s public toilet on Main Street
- Upgrade infrastructure and displays for Franklin Harbour History Museum
- Lions Shed Fit out
- Cemetery beautification
- Upgrade to Lions Park – Bouncy Pillow, Shade, Landscaping
- Lucky Bay Playground
- Shade Structure – Town Oval
- Port Gibbon Caravan Park upgrade of infrastructure

9. 2019-20 Annual Business Plan Achievements

Community Wellbeing

- Continue to work in close collaboration with the School/Community Library to ensure the continued library service (Strategy 1.05.03)

Economic Wellbeing

- Upgrade of Foreshore (Strategy 2.01.01) - ongoing
- Construction of Marina (Strategy 2.07.02) - ongoing
- Re-sheeting and sealing of Beach Road (strategy 2.06.02) – seal a further 3kms of Beach Road - complete

Natural & Built up Environment

- Effectively manage the waste of the area (Strategy 3.01)
- re-sheeting of various sections of the local road network identified in Council's ten (10) year Works Plan, including Scenic Road, Glynn Road and Schultz Road (Strategy 3.06) - complete
- Sealing upgrade on parts of Cowell-Kimba Road and various town roads including Harbour View Drive (Strategy 3.06) – complete
- Upgrading of various town footpaths and kerbing (Strategy 3.06) - ongoing

Governance & Organisation

- Construct a Workshop Pit (Strategy 4.04.02) – changed to purchasing a hoist - complete
- Purchase of excavator (Strategy 4.04.02) – ordered – complete

Economic Wellbeing

- Construction of Coolarie Water Line (Strategy 2.09.01) - complete

10. Grant Funding

Council will receive the following grant funding in 2020-21:

- 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)	240
General Purpose (Grants Commission)	1,031
Roads to Recovery	332
Drought Communities Program	185
Other	3
Total Operating Grant Funding	1,791
Capital Grants	
Local Road and Community Infrastructure Program	304
Drought Communities Program	815
Special Local Roads Program	607
Marina - SABFAC	1,500
Foreshore Projects	1,775
Total Capital Grant Funding	5,001

11. Funding the Business Plan

A surplus operating result of \$175k is being forecast for 2020-21. The operating result measures the difference between operating revenue and expenses for the period. 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.

Council's revenue in 2020-21 includes \$1.675M proposed to be raised from general and other rates which has been increased by only the CPI (1.8%). 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 2019-20 \$000	Budget 2020-21 \$000	Forecast 2021-22 \$000
Operating Revenue	4,020	4,198	4,031
less Operating Expense	(3,970)	(4,023)	3,967
Operating Surplus / (Deficit) before Capital Amounts	50	175	64
less Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	865	1,134	1,107
less Depreciation, Amortisation & Impairment	(982)	(982)	(1,137)
less Proceeds from Sale of Replaced Assets	0	(140)	0
Total Net Outlays on Existing Assets	(117)	12	(30)
less Net Outlays on New & Upgraded Assets			
Capital Expenditure on New & Upgraded Assets	3,812	6,195	2,247
less Amounts specifically for new or upgraded Assets	(2,215)	(5,001)	(1,583)
less Proceeds from Sale of Surplus Assets	(50)	0	0
Total Net Outlays on New & Upgraded Assets	1,547	1,194	664
Net Lending/ (Borrowing) for Financial year	(1,381)	(1,032)	(571)

The result of (\$1.032M) indicates that Council is spending more than it is receiving when considering Council budget in aggregate. Across the three year period being reported on Council will spend \$2.984M more than it will earn in revenue

A forecast for the year ending 30 June 2022 has also been included to demonstrate the full impact on Council's financial position of undertaking the special projects included in section 5 above. When referring back to the Council contribution calculation table on page 6 it can be seen that the annual shortfalls in revenue coincide with the Council contribution towards these projects. A majority of this contribution has been funded by debt, accordingly an appropriate financial strategy is being developed to repay this debt in a timely manner.

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

13. Rating Arrangements 2020-21

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 2020-21

In setting its rates for the 2020-21 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 2020-21 financial year and the long-term financial plans.
- Householders, businesses and primary producers.
- The broad principle 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 29/06/2020. 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.

Land Use / Zone	Approximate Number of Properties
Residential	634
Commercial – Shop	14
Commercial – Other	33
Industry – Light	13
Industry – Other	6
Commercial (Bulk Handling) Zone	4
Primary Production	271
Vacant Land	167
Other	10

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. A ratepayer may discuss the matter with the Chief Executive Officer on 8629 2019 in the first instance.

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. This is calculated using an average of the previous two year's Administration costs. It is believed this is a fair way to recoup the basic costs of servicing everyone.

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 2021, 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 | \$430.00 |
| • CWMS Cowell Maintenance Fee | \$150.00 |
| • CWMS Cowell Capital Fee | \$367.00 |

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 2021, 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 | \$270.00 |
|----------------------------|----------|

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 2021, 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 | \$270.00 |
|--------------------------|----------|

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 2021, 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) | \$260.00 |
| • Kerbside Bin Collection (240L Bin) | \$310.00 |

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 2021, in respect of the prescribed service of additional kerbside bin collections, on all those that utilize the service as follows:

- | | |
|------------------------------|--------------|
| • Additional Bin Collections | \$200.00/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 2021, in respect of the prescribed service of recycle bin collections, on all properties that utilize the service as follows:

- | | |
|--------------------------|----------|
| • Recycle Bin Collection | \$120.00 |
|--------------------------|----------|

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).

In order to raise the funds required for this year's Budget, Council will increase rate revenue by CPI only (approximately 1.8%).

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 2020-21 Council's annual contribution to the Eyre Peninsula Landscape Board is \$89,477.

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 (ie 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. For further information and details please contact the Chief Executive Officer, District Council of Franklin Harbour PO Box 71, Cowell SA 5602 or on 8629 2019.

Payment of rates

Payment of rates will be by four instalments due September 2020, December 2020, March 2021, and June 2021.

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	2017 Forecast \$'000	2018 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 2019-20 \$,000	Budget 2020-21 \$,000	Mvmt \$,000
INCOME			
Rates - General & Other	1,645	1,675	30
Statutory Charges	25	25	0
User Charges	563	598	35
Grants & Subsidies	1,664	1,791	126
Investment Income	30	15	(15)
Reimbursements	8	8	0
Other Revenues	85	86	2
Total Operating Income	4,020	4,198	178
EXPENDITURE			
Employee Costs	1,244	1,322	78
Materials, Contracts & Other Expenses	1,532	1,535	3
Depreciation	982	982	0
Finance Charges	212	184	(28)
Total Operating Expenditure	3,970	4,023	52
OPERATING SURPLUS/(DEFICIT)	50	175	126
Gain / Loss on Disposal of Assets	0	0	0
Capital Grants	1,000	607	(393)
Amounts Received Specifically for New Assets	1,215	4,394	3,179
NET SURPLUS / (DEFICIT) transferred to Equity Statement	2,264	5,176	2,912

STATEMENT OF FINANCIAL POSITION	Forecast 2019-20 \$,000	Budget 2020-21 \$,000	Mvmt \$,000
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	2,435	286	(2,149)
Trade & Other Receivables	371	371	0
Inventories	451	451	0
Total Current Assets	3,257	1,108	(2,149)
NON-CURRENT ASSETS			
Infrastructure, Property, Plant & Equipment	39,978	46,185	6,207
Total Non-Current Assets	39,978	46,185	6,207
TOTAL ASSETS	43,235	47,293	4,059
LIABILITIES			
CURRENT LIABILITIES			
Trade & Other Payables	946	142	(804)
Borrowings	314	326	13
Short Term Provisions	533	533	0
Total Current Liabilities	1,792	1,001	(791)
NON-CURRENT LIABILITIES			
Long Term Borrowings	5,501	5,175	(326)
Long Term Provisions	2,233	2,233	0
Total Non-Current Liabilities	7,734	7,407	(326)
TOTAL LIABILITIES	9,526	8,409	(1,117)
NET ASSETS	33,709	38,884	5,176
EQUITY			
Accumulated Surplus	22,814	27,990	5,176
Asset Revaluation Reserve	10,895	10,895	0
TOTAL EQUITY	33,709	38,884	5,176

STATEMENT OF CASH FLOWS	Forecast 2019-20 \$,000	Budget 2020-21 \$,000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	4,791	3,379
Investment Receipts	30	15
Payments		
Operating Payments to Suppliers & Employees	2,554	2,844
Finance Payments	212	184
Net Cash provided by (or used in) Operating Activities	2,055	366
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants Specifically for new or upgraded assets	2,215	5,001
Sale of replaced Assets	0	140
Sale of surplus Assets	50	0
Payments		
Expenditure on renewal/replaced assets	865	1,134
Expenditure on new/upgraded assets	3,812	6,195
Net cash provided by (used in) Investing Activities	(2,412)	(2,188)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayment of Borrowings	345	326
Net Cash Provided by (Used in) Financing Activities	(345)	(326)
Net Increase / (Decrease) in Cash	(702)	(2,149)
Cash and Cash Equivalents at start of reporting period	3,137	2,435
Cash & Cash Equivalents at the end of the reporting period	2,435	286

STATEMENT OF CHANGES IN EQUITY	Forecast 2019-20 \$,000	Budget 2020-21 \$,000
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	20,550	22,814
Net Result for Year	2,264	5,176
Transfer from Reserves	0	0
Transfer to Other Reserves	0	0
Balance at end of period	22,814	27,990
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period	10,895	10,895
Revaluation of Property Plant & Equipment	0	0
Balance at end of period	10,895	10,895
OTHER RESERVES		
Balance at end of previous reporting period	0	0
Transfers from Accumulated Surplus	0	0
Transfers to Accumulated Surplus	0	0
Balance at end of period	0	0
TOTAL EQUITY AT END OF REPORTING PERIOD	33,709	38,884