



The Barossa Council

NOTICE OF SPECIAL COUNCIL MEETING

**Notice is hereby given that a Special Meeting of Council
will be held on Wednesday 3 June 2020,
via Electronic Meeting processes,
commencing at 6.30pm.**

Martin McCarthy
CHIEF EXECUTIVE OFFICER
THE BAROSSA COUNCIL

A G E N D A

1. THE BAROSSA COUNCIL

- 1.1 Welcome by Mayor Lange - meeting declared open
- 1.2 Present – Roll call required to include Elected Members, Executive team and Minute Secretary
- 1.3 Leave of Absence
- 1.4 Apologies for Absence
Cr Carla Wiese-Smith

2. DEBATE AGENDA

2.1 EXECUTIVE SERVICES - FINANCE

- 2.1.1 Draft 2020/21 Annual Budget And Business Plan - Rate Revenue Options 3

3. NEXT MEETING

- 3.1 Tuesday 16 June 2020 at 9.00am

4. CLOSURE

Mr Martin McCarthy
Chief Executive Officer
The Barossa Council
43-51 Tanunda Road
Nuriootpa SA 5355

1 June 2020

Dear Martin

Re: Calling of a Special Meeting of Council

Pursuant to Section 82 of the Local Government Act I hereby request that a special meeting of Council be called for 6.30pm, Wednesday, 3 June 2020.

I request that the agenda shall consist of the following item:

1. Draft 2020/21 Annual Budget and Business Plan – Rate Revenue Options

Please prepare the necessary agenda and distribute.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bim Lange', written in a cursive style.

Bim Lange OAM
Mayor

SPECIAL COUNCIL MEETING

EXECUTIVE SERVICES

FINANCE

3 JUNE 2020

2.1 DEBATE AGENDA

2.1.1

DRAFT 2020/21 ANNUAL BUDGET AND BUSINESS PLAN - RATE REVENUE OPTIONS B9880

Author: Manager, Financial Services

PURPOSE

Further to the recent rating and budget workshops, Council is to consider general rate revenue along with the Waste and Community Wastewater Management Systems (CWMS) service charges to be included in the draft Annual Budget and Business Plan (AB&BP) 2020/21 and annual review of the Long Term Financial Plan (LTFP) for consultation.

RECOMMENDATION

That Council accepts:

- a) general rate revenue option XX,
- b) Waste Services charges and the Community Wastewater Management Systems (CWMS) service charge and rate as contained within this report

to be included in the draft Annual Budget and Business Plan 2020/21 for consultation.

REPORT

Background

At recent workshops Council has considered rating modelling options for the 2020/21 financial year. Further general rate revenue increase options were requested - these have been prepared and are contained within this report. The general rate revenue increases in the adopted LTFP for 2020/21 was at 2.25% and future years range from 2.25% to 2.5%, all plus growth at 1%.

The annual revaluation of rateable properties has increased the amount from last year's adopted valuation by 4.2% (Valuer Generals valuation Gazettal extract as at 16 May 2020). This includes growth at 0.7%.

General Rate Revenue

Rating scenarios were presented at workshops which considered achieving a general rate revenue increases option:

1. 0% plus 1% growth,
2. 0% not including growth,
3. 0.75% plus 1% growth, and

4. 1% plus 1 growth

The following table provides the average valuation as at 16 May 2020 as compared for the same assessments last year:

Local Gov't. Category	Year	Average Valuation \$	% Average Valuation Increase
Residential: residential dwellings, flats, units	2019/20	343,270	
	2020/21	354,419	3.25%
Commercial: Retail shops, professional services e.g. accounting, legal, engineering, etc.	2019/20	549,075	
	2020/21	571,504	4.08%
Industry – Light: Vehicle repairs, workshops	2019/20	364,416	
	2020/21	376,595	3.34%
Primary Production: Agriculture, livestock, horticulture, commercial forestry	2019/20	614,331	
	2020/21	641,297	4.39%
Vacant Land: Vacant allotments	2019/20	171,745	
	2020/21	177,583	3.40%
Other: Government agencies, education, public utilities	2019/20	351,358	
	2020/21	363,506	3.46%
Industry – Other: Wineries, manufacturing	2019/20	2,187,070	
	2020/21	2,269,180	3.75%
Using the annual valuation report provided by the Valuer General 16 May 2020 an average valuation calculation was prepared, removing past and new assessments along with the exclusion of 2020/21 growth from development. Individual assessments may vary from these amounts.			

As all of the options increased the general rate revenue for 20/21 less than the adopted LTFP, these financial projections recorded an operating deficit for most years of the draft LTFP even with higher increases in the future years.

The general rate increase is an average (ie not all ratepayers utilise all Council services and valuation changes are not always similar for every assessment). These options included the fixed charge increasing from \$356 to \$360 and the differential rates adjusted for each rate type or land use code to provide a more equitable average general rate increase.

Growth is measured as additional valuation(s) generated from development including new properties where Council is required to provide additional resources to service the operational and maintenance needs and in future asset renewal/replacement. For the draft AB&BP 1% growth in general rate revenue has been used, the growth at 0.7% as used for the rate options assessment and valuations for data extracted on 16 May 2020 (at 1 June 2020 growth is at 0.89%).

Discussion

At the last workshop 27 May 2020, Council requested more general rate revenue options be provided for consideration. All but one option considered are plus 1% growth and include general rate revenue increases: 0%, 0.75%, 1%, 1.25%, 1.5%

and 1.75%, and Option 2 is a 0% general rate revenue increase for both service cost increases and growth.

Understandably the higher increase options provide flexibility in the later years for lower general rate revenue increases to remain financially sustainable. The data and projections in the tables will have changed from the workshop information as the draft budget is continually updated as new/updated information is presented until the budget is adopted.

Option 1 - 0% plus 1% growth:

Local Govt. Category	Year	Average Valuation \$	Differential Rate in \$	% RID Charge
Residential: residential dwellings, flats, units	2019/20	343,270	0.0035137	
	2020/21	354,419	0.0034190	-2.70%
Commercial: Retail shops, professional services e.g. accounting, legal, engineering, etc.	2019/20	549,075	0.0053565	
	2020/21	571,504	0.0051960	-3.00%
Industry – Light: Vehicle repairs, workshops	2019/20	364,416	0.0054660	
	2020/21	376,595	0.0052960	-3.11%
Primary Production: Agriculture, livestock, horticulture, commercial forestry	2019/20	614,331	0.0032600	
	2020/21	641,297	0.0031460	-3.50%
Vacant Land: Vacant allotments	2019/20	171,745	0.0063700	
	2020/21	177,583	0.0061720	-3.11%
Other: Government agencies, education, public utilities	2019/20	351,358	0.0058500	
	2020/21	363,506	0.0056680	-3.11%
Industry – Other: Wineries, manufacturing	2019/20	2,187,070	0.0161400	
	2020/21	2,269,180	0.0157370	-2.50%

Local Govt. Category	Year	General Rates	Fixed Charge	General Rates - Total	% General Rates Increase (inc. Fixed charge)	CWMS	Refuse/ Recycling	Total
Residential	2019/20	\$1,206.10	\$356.00	\$1,562.10		\$337.00	\$161.00	\$2,060.10
	2020/21	\$1,211.80	\$360.00	\$1,571.80	0.62%	\$344.00	\$178.00	\$2,093.80
Commercial	2019/20	\$2,941.10	\$356.00	\$3,297.10		\$646.30	\$52.00	\$3,995.40
	2020/21	\$2,969.50	\$360.00	\$3,329.50	0.98%	\$658.90	\$66.00	\$4,054.40
Industry – Light	2019/20	\$1,991.90	\$356.00	\$2,347.90		\$428.90	\$52.00	\$2,828.80
	2020/21	\$1,994.40	\$360.00	\$2,354.40	0.28%	\$434.20	\$66.00	\$2,854.60
Primary Production	2019/20	\$2,002.70	\$356.00	\$2,358.70		\$0.00	\$161.00	\$2,519.70
	2020/21	\$2,017.50	\$360.00	\$2,377.50	0.80%	\$0.00	\$178.00	\$2,555.50
Vacant Land	2019/20	\$1,094.00	\$356.00	\$1,450.00		\$105.00	\$0.00	\$1,555.00
	2020/21	\$1,096.00	\$360.00	\$1,456.00	0.41%	\$110.00	\$0.00	\$1,566.00
Other	2019/20	\$2,055.40	\$356.00	\$2,411.40		\$0.00	\$161.00	\$2,572.40
	2020/21	\$2,060.40	\$360.00	\$2,420.40	0.37%	\$0.00	\$178.00	\$2,598.40
Industry – Other	2019/20	\$35,299.30	\$356.00	\$35,655.30		\$0.00	\$52.00	\$35,707.30
	2020/21	\$35,710.10	\$360.00	\$36,070.10	1.16%	\$0.00	\$66.00	\$36,136.10

Option 1 - No indexation for service cost increase but include growth in the rate revenue calculations at 1%,

General Rate increases have been changed from the adopted LTFP to 2.75% for years 21/22 to 26/27

Operating Result in deficit +10 years with a likely return to surplus in year 11; does not meet adopted surplus in cumulative forward 5 year period for this LTFP

Operating Surplus Ratio - Rolling 3 year below the target range for 23/24 to 25/26; Annual below the target range for years 23/24

Loan requirements - \$2m CAD loan in 2019/20 to fund rate deferral and CAD facility peaks at \$5.9m in 24/25 with a balance of \$2 by end of 29/30. Fixed loans include \$8.2m - 20/21, \$5.7m in 21/22 and \$6.9m in 22/23. A fixed loan \$3.5m balloon payment is scheduled to be paid in 24/25.

Net Financial Liabilities Ratio - peaks at 72.9% returning to 38.7% by year 10

Asset Sustainability Ratio - below target range for years 23/24 to 26/27; a review of the IAMPs due in 2020 to address this issue

Consolidated Results	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
LTFP = Long Term Financial Plan	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %
Key Performance Indicators (KPI's) - Summary										
General - Rate Revenue Increase Net (excl growth 1%) - adopted LTFP	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General - Rate Revenue Increase Net (excl growth 1%) - Draft Budget	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%
Natural growth - Development	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
KPI 1 - Operating Surplus cumulative forward 5 year period*	(329)	(1,115)	(1,954)	(3,036)	(3,919)					
Operating Surplus - Annual	(329)	(786)	(839)	(1,082)	(883)	(911)	(444)	(488)	(320)	(190)
KPI 2 - Operating Surplus Ratio - Rolling 3 year	2.0%	(0.3%)	(1.6%)	(2.1%)	(2.1%)	(2.1%)	(1.6%)	(1.3%)	(0.8%)	(0.7%)
KPI 2 - Operating Surplus Ratio - Annual	(0.8%)	(1.9%)	(2.0%)	(2.5%)	(2.0%)	(2.0%)	(0.9%)	(1.0%)	(0.6%)	(0.4%)
Net Financial Liabilities ('000)	22,072	26,296	30,955	30,246	29,128	27,362	25,363	24,193	22,555	20,562
Operating Revenue ('000)	39,248	41,102	42,458	43,884	45,247	46,764	48,334	49,878	51,464	53,095
Loan financing required	9,200	6,200	7,900	1,000	2,100	-	-	-	-	-
Loan Balances	20,579	24,982	29,462	29,023	27,110	25,302	23,263	22,097	20,417	18,415
Cash Balances	1,280	1,537	1,418	1,754	1,581	1,541	1,514	1,541	1,550	1,591
KPI 3 - Net Financial Liabilities ratio	56.2%	64.0%	72.9%	68.9%	64.4%	58.5%	52.5%	48.5%	43.8%	38.7%
Asset Sustainability Ratio - Annual	103.2%	77.0%	68.9%	70.9%	75.7%	71.6%	74.3%	96.9%	87.9%	84.8%
KPI 4 - Asset Renewal Funding Ratio - Rolling 3 year	85.7%	91.2%	83.0%	72.3%	71.8%	72.7%	73.8%	80.9%	86.4%	89.9%

Option 2 - 0% not including growth:

No longer considered an option due to the projected unsustainable financial position in future years, only financial assessment provided.

Option 2 - No indexation for service cost increase and zero growth in the rate revenue calculations

General Rate increases have been changed from the adopted LTFF to 2.75% for years 21/22 to 29/30+

Operating Result in deficit +10 years with a likely return to surplus in year 13; does not meet adopted surplus in cumulative forward 5 year period for this LTFF

Operating Surplus Ratio - Rolling 3 year below the target range for 22/23 to 26/27; Annual below the target range for years 22/22 to 25/26

Loan requirements - \$2m CAD loan in 2019/20 to fund rate deferral and CAD facility peaks at \$7.5m in 24/25 with a balance of \$5 by end of 29/30. Fixed loans include \$8.2m - 20/21, \$5.7m in 21/22 and \$6.9m in 22/23. A fixed loan \$3.5m balloon payment is scheduled to be paid in 24/25.

Net Financial Liabilities Ratio - peaks at 75.4% returning to 44.3% by year 10

Asset Sustainability Ratio - below target range for years 23/24 to 26/27; a review of the IAMPs due in 2020 to address this issue

Consolidated Results	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
LTFP = Long Term Financial Plan	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %
Key Performance Indicators (KPI's) - Summary										
General - Rate Revenue Increase Net (excl growth 1%) - adopted LTFF	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General - Rate Revenue Increase Net (excl growth 1%) - Draft Budget	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Natural growth - Development	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
KPI 1 - Operating Surplus cumulative forward 5 year period*	(594)	(1,666)	(2,801)	(4,201)	(5,413)					
Operating Surplus - Annual	(594)	(1,072)	(1,135)	(1,400)	(1,212)	(1,263)	(815)	(798)	(560)	(358)
KPI 2 - Operating Surplus Ratio - Rolling 3 year	1.7%	(0.7%)	(2.3%)	(2.8%)	(2.9%)	(2.9%)	(2.4%)	(2.0%)	(1.5%)	(1.1%)
KPI 2 - Operating Surplus Ratio - Annual	(1.5%)	(2.6%)	(2.7%)	(3.2%)	(2.7%)	(2.7%)	(1.7%)	(1.6%)	(1.1%)	(0.7%)
Net Financial Liabilities ('000)	22,337	26,847	31,803	31,412	30,623	29,209	27,580	26,720	25,322	23,497
Operating Revenue ('000)	38,982	40,827	42,173	43,588	44,940	46,445	48,003	49,616	51,277	52,989
Loan financing required	9,200	6,200	8,400	1,000	2,600	-	-	-	-	-
Loan Balances	21,079	25,482	30,462	30,023	28,610	27,102	25,463	24,497	23,217	21,415
Cash Balances	1,515	1,486	1,570	1,588	1,586	1,494	1,496	1,413	1,582	1,655
KPI 3 - Net Financial Liabilities ratio	57.3%	65.8%	75.4%	72.1%	68.1%	62.9%	57.5%	53.9%	49.4%	44.3%
Asset Sustainability Ratio - Annual	103.2%	77.0%	68.9%	70.9%	75.7%	71.6%	74.3%	96.9%	87.9%	84.8%
KPI 4 - Asset Renewal Funding Ratio - Rolling 3 year	85.7%	91.2%	83.0%	72.3%	71.8%	72.7%	73.8%	80.9%	86.4%	89.9%

Option 3 - 0.75% plus 1% growth:

Not requested an option at the workshop 27 May 2020, only financial assessment provided.

Option 3 - 0.75% indexation for service cost increase but include growth in the rate revenue calculations at 1%

General Rate increases have been changed from the adopted LTFF to 2.75% for years 21/22 to 27/28

Operating Result in deficit +9 years with a likely return to surplus in year 9; does not meet adopted surplus in cumulative forward 5 year period for this LTFF

Operating Surplus Ratio - Rolling 3 year is within the target range for all years; Annual is within the target range for all years

Loan requirements - \$2m CAD loan in 2019/20 to fund rate deferral and CAD facility peaks at \$4.8m in 24/25 with a balance of \$0 by 29/30. Fixed loans include \$8.2m - 20/21, \$5.7m in 21/22 and \$6.9m in 22/23. A fixed loan \$3.5m balloon payment is scheduled to be paid in 24/25.

Net Financial Liabilities Ratio - peaks at 71.1% returning to 33.2% by year 10

Asset Sustainability Ratio - below target range for years 23/24 and for the remained of the LTFF; a review of the IAMPs due in 2020 to address this issue

Consolidated Results	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
LTFP = Long Term Financial Plan	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %
Key Performance Indicators (KPI's) - Summary										
General - Rate Revenue Increase Net (excl growth 1%) - adopted LTFF	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General - Rate Revenue Increase Net (excl growth 1%) - Draft Budget	0.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%
Natural growth - Development	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
KPI 1 - Operating Surplus cumulative forward 5 year period*	(130)	(720)	(1,345)	(2,194)	(2,824)					
Operating Surplus - Annual	(130)	(590)	(625)	(849)	(630)	(646)	(166)	(114)	77	226
KPI 2 - Operating Surplus Ratio - Rolling 3 year	2.1%	0.1%	(1.1%)	(1.6%)	(1.6%)	(1.6%)	(1.0%)	(0.6%)	(0.1%)	0.1%
KPI 2 - Operating Surplus Ratio - Annual	(0.3%)	(1.4%)	(1.5%)	(1.9%)	(1.4%)	(1.4%)	(0.3%)	(0.2%)	0.1%	0.4%
Net Financial Liabilities ('000)	21,873	25,901	30,347	29,404	28,034	26,003	23,725	22,181	20,145	17,737
Operating Revenue ('000)	39,446	41,309	42,672	44,107	45,478	47,003	48,582	50,217	51,815	53,458
Loan financing required	9,200	5,700	7,400	500	1,900	-	-	-	-	-
Loan Balances	21,079	24,982	28,962	28,023	25,910	23,902	21,663	19,997	18,017	16,415
Cash Balances	1,979	1,931	1,526	1,595	1,475	1,500	1,551	1,452	1,558	2,415
KPI 3 - Net Financial Liabilities ratio	55.4%	62.7%	71.1%	66.7%	61.6%	55.3%	48.8%	44.2%	38.9%	33.2%
Asset Sustainability Ratio - Annual	103.2%	77.0%	68.9%	70.9%	75.7%	71.6%	74.3%	96.9%	87.9%	84.8%
KPI 4 - Asset Renewal Funding Ratio - Rolling 3 year	85.7%	91.2%	83.0%	72.3%	71.8%	72.7%	73.8%	80.9%	86.4%	89.9%

Option 4 - 1% plus 1% growth:

Local Govt. Category	Year	Average Valuation \$	Differential Rate in \$	% RID Charge
Residential: residential dwellings, flats, units	2019/20	343,270	0.0035137	
	2020/21	354,419	0.0034640	-1.41%
Commercial: Retail shops, professional services e.g. accounting, legal, engineering, etc.	2019/20	549,075	0.0053565	
	2020/21	571,504	0.0052490	-2.01%
Industry – Light: Vehicle repairs, workshops	2019/20	364,416	0.0054660	
	2020/21	376,595	0.0053590	-1.96%
Primary Production: Agriculture, livestock, horticulture, commercial forestry	2019/20	614,331	0.0032600	
	2020/21	641,297	0.0031790	-2.48%
Vacant Land: Vacant allotments	2019/20	171,745	0.0063700	
	2020/21	177,583	0.0062460	-1.95%
Other: Government agencies, education, public utilities	2019/20	351,358	0.0058500	
	2020/21	363,506	0.0057360	-1.95%
Industry – Other: Wineries, manufacturing	2019/20	2,187,070	0.0161400	
	2020/21	2,269,180	0.0159060	-1.45%

Local Govt. Category	Year	General Rates	Fixed Charge	General Rates - Total	% General Rates Increase (inc. Fixed charge)	CWMS	Refuse/ Recycling	Total
Residential	2019/20	\$1,206.10	\$356.00	\$1,562.10		\$337.00	\$161.00	\$2,060.10
	2020/21	\$1,227.70	\$360.00	\$1,587.70	1.64%	\$344.00	\$178.00	\$2,109.70
Commercial	2019/20	\$2,941.10	\$356.00	\$3,297.10		\$646.30	\$52.00	\$3,995.40
	2020/21	\$2,999.80	\$360.00	\$3,359.80	1.90%	\$658.90	\$66.00	\$4,084.70
Industry – Light	2019/20	\$1,991.90	\$356.00	\$2,347.90		\$428.90	\$52.00	\$2,828.80
	2020/21	\$2,018.20	\$360.00	\$2,378.20	1.29%	\$434.20	\$66.00	\$2,878.40
Primary Production	2019/20	\$2,002.70	\$356.00	\$2,358.70		\$0.00	\$161.00	\$2,519.70
	2020/21	\$2,038.70	\$360.00	\$2,398.70	1.70%	\$0.00	\$178.00	\$2,576.70
Vacant Land	2019/20	\$1,094.00	\$356.00	\$1,450.00		\$105.00	\$0.00	\$1,555.00
	2020/21	\$1,109.20	\$360.00	\$1,469.20	1.32%	\$110.00	\$0.00	\$1,579.20
Other	2019/20	\$2,055.40	\$356.00	\$2,411.40		\$0.00	\$161.00	\$2,572.40
	2020/21	\$2,085.10	\$360.00	\$2,445.10	1.40%	\$0.00	\$178.00	\$2,623.10
Industry – Other	2019/20	\$35,299.30	\$356.00	\$35,655.30		\$0.00	\$52.00	\$35,707.30
	2020/21	\$36,093.60	\$360.00	\$36,453.60	2.24%	\$0.00	\$66.00	\$36,519.60

Option 4 - 1% indexation for service cost increase but include growth in the rate revenue calculations at 1%,

General Rate increases have been changed from the adopted LTFP to 2.75% for years 21/22 to 26/27

Operating Result in deficit with a likely return to surplus in year 9; does not meet adopted surplus in cumulative forward 5 year period for this LTFP

Operating Surplus Ratio - Rolling 3 year is within the target range for all years; Annual is within the target range for all years

Loan requirements - \$2m CAD loan in 2019/20 to fund rate deferral and CAD facility peaks at \$4.4m in 24/25 with a balance of \$0 by 29/30. Fixed loans include \$8.2m - 20/21, \$5.7m in 21/22 and \$6.9m in 22/23. A fixed loan \$3.5m balloon payment is scheduled to be paid in 24/25.

Net Financial Liabilities Ratio - peaks at 70.5% returning to 32% by year 10

Asset Sustainability Ratio - below target range for years 23/24 and for the remainder of the LTFP; a review of the IAMPs due in 2020 to address this issue

A1 Consolidated Results: Key Performance	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OB = Original Budget; LTFP = Long Term Financial Plan	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000 or % \$'000 or % \$'000 or % \$'000 or % \$'000 or % \$'000 or % \$'000 or % \$'000 or % \$'000 or % \$'000 or % \$'000 or %									
Key Performance Indicators (KPI's) - Summary										
General - Rate Revenue Increase Net (excl growth 1%) - adopted LTFP	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General - Rate Revenue Increase Net (excl growth 1%) - Draft Budget	1.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%
Natural growth - Development	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
KPI 1 - Operating Surplus cumulative forward 5 year period*	(64)	(574)	(1,116)	(1,887)	(2,432)					
Operating Surplus - Annual	(64)	(510)	(542)	(771)	(545)	(557)	(75)	(98)	95	242
KPI 2 - Operating Surplus Ratio - Rolling 3 year	2.2%	0.2%	(0.9%)	(1.4%)	(1.4%)	(1.4%)	(0.8%)	(0.5%)	(0.1%)	0.1%
KPI 2 - Operating Surplus Ratio - Annual	(0.2%)	(1.2%)	(1.3%)	(1.7%)	(1.2%)	(1.2%)	(0.2%)	(0.2%)	0.2%	0.5%
Net Financial Liabilities ('000)	21,807	25,755	30,119	29,098	27,642	25,522	23,152	21,591	19,539	17,114
Operating Revenue ('000)	39,513	41,378	42,744	44,181	45,555	47,083	48,665	50,220	51,819	53,462
Loan financing required	9,200	5,700	7,700	300	1,900	-	-	-	-	-
Loan Balances	20,579	24,482	28,762	27,623	25,510	23,502	21,063	19,397	17,417	16,415
Cash Balances	1,545	1,577	1,554	1,501	1,466	1,580	1,523	1,440	1,564	3,038
KPI 3 - Net Financial Liabilities ratio	55.2%	62.2%	70.5%	65.9%	60.7%	54.2%	47.6%	43.0%	37.7%	32.0%
Asset Sustainability Ratio - Annual	103.2%	77.0%	68.9%	70.9%	75.7%	71.6%	74.3%	96.9%	87.9%	84.8%
KPI 4 - Asset Renewal Funding Ratio - Rolling 3 year	85.7%	91.2%	83.0%	72.3%	71.8%	72.7%	73.8%	80.9%	86.4%	89.9%

Option 5 - 1.25% plus 1% growth:

Local Govt. Category	Year	Average Valuation \$	Differential Rate in \$	% RID Charge
Residential: residential dwellings, flats, units	2019/20	343,270	0.0035137	
	2020/21	354,419	0.0034790	-0.99%
Commercial: Retail shops, professional services e.g. accounting, legal, engineering, etc.	2019/20	549,075	0.0053565	
	2020/21	571,504	0.0052550	-1.89%
Industry - Light: Vehicle repairs, workshops	2019/20	364,416	0.0054660	
	2020/21	376,595	0.0054000	-1.21%
Primary Production: Agriculture, livestock, horticulture, commercial forestry	2019/20	614,331	0.0032600	
	2020/21	641,297	0.0031890	-2.18%
Vacant Land: Vacant allotments	2019/20	171,745	0.0063700	
	2020/21	177,583	0.0063060	-1.00%
Other: Government agencies, education, public utilities	2019/20	351,358	0.0058500	
	2020/21	363,506	0.0057860	-1.09%
Industry - Other: Wineries, manufacturing	2019/20	2,187,070	0.0161400	
	2020/21	2,269,180	0.0158660	-1.70%

Local Govt. Category	Year	General Rates	Fixed Charge	General Rates - Total	% General Rates Increase (inc. Fixed)	CWMS	Refuse/ Recycling	Total
Residential	2019/20	\$1,206.10	\$356.00	\$1,562.10		\$337.00	\$161.00	\$2,060.10
	2020/21	\$1,233.00	\$360.00	\$1,593.00	1.98%	\$344.00	\$178.00	\$2,115.00
Commercial	2019/20	\$2,941.10	\$356.00	\$3,297.10		\$646.30	\$52.00	\$3,995.40
	2020/21	\$3,003.30	\$360.00	\$3,363.30	2.01%	\$658.90	\$66.00	\$4,088.20
Industry – Light	2019/20	\$1,991.90	\$356.00	\$2,347.90		\$428.90	\$52.00	\$2,828.80
	2020/21	\$2,033.60	\$360.00	\$2,393.60	1.95%	\$434.20	\$66.00	\$2,893.80
Primary Production	2019/20	\$2,002.70	\$356.00	\$2,358.70		\$0.00	\$161.00	\$2,519.70
	2020/21	\$2,045.10	\$360.00	\$2,405.10	1.97%	\$0.00	\$178.00	\$2,583.10
Vacant Land	2019/20	\$1,094.00	\$356.00	\$1,450.00		\$105.00	\$0.00	\$1,555.00
	2020/21	\$1,119.80	\$360.00	\$1,479.80	2.06%	\$110.00	\$0.00	\$1,589.80
Other	2019/20	\$2,055.40	\$356.00	\$2,411.40		\$0.00	\$161.00	\$2,572.40
	2020/21	\$2,103.20	\$360.00	\$2,463.20	2.15%	\$0.00	\$178.00	\$2,641.20
Industry – Other	2019/20	\$35,299.30	\$356.00	\$35,655.30		\$0.00	\$52.00	\$35,707.30
	2020/21	\$36,002.80	\$360.00	\$36,362.80	1.98%	\$0.00	\$66.00	\$36,428.80

Option 5 - 1.25% indexation for service cost increase but include growth in the rate revenue calculations at 1%

General Rate increases have been changed from the adopted LTFP to 2.75% for years 21/22 to 26/27

Operating Result - balanced year 1 and then a deficit with a likely return to surplus in year 7; does not meet adopted surplus in cumulative forward 5 year period

Operating Surplus Ratio - Rolling 3 year is within the target range for all years; Annual is within the target range for all years

Loan requirements - \$2m CAD loan in 2019/20 to fund rate deferral and CAD facility peaks at \$4.2m in 24/25 with a balance of \$0 by 28/29. Fixed loans include \$8.2m - 20/21, \$5.7m in 21/22 and \$6.9m in 22/23. A fixed loan \$3.5m ballon payment is scheduled to be paid in 24/25.

Net Financial Liabilities Ratio - peaks at 69.9% returning to 30.4% by year 10

Asset Sustainability Ratio - below target range for years 23/24 and for the remainder of the LTFP; a review of the IAMPs due in 2020 to address this issue

A1 Consolidated Results: Key Performance	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OB = Original Budget; LTFP = Long Term Financial Plan	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %
Key Performance Indicators (KPI's) - Summary										
General - Rate Revenue Increase Net (excl growth 1%) - adopted LTFP	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General - Rate Revenue Increase Net (excl growth 1%) - Draft Budget	1.25%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%
Natural growth - Development	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
KPI 1 - Operating Surplus cumulative forward 5 year period*										
Operating Surplus - Annual	2	(440)	(906)	(1,598)	(2,061)					
KPI 2 - Operating Surplus Ratio - Rolling 3 year	2.2%	0.3%	(0.7%)	(1.2%)	(1.2%)	(1.2%)	(0.7%)	(0.3%)	0.1%	0.3%
KPI 2 - Operating Surplus Ratio - Annual	0.0%	(1.1%)	(1.1%)	(1.6%)	(1.0%)	(1.0%)	0.0%	(0.0%)	0.4%	0.6%
Net Financial Liabilities ('000)	21,740	25,620	29,908	28,808	27,271	25,067	22,604	20,947	18,795	16,273
Operating Revenue ('000)	39,579	41,446	42,815	44,255	45,631	47,163	48,747	50,306	51,907	53,554
Loan financing required	9,200	5,700	7,700	300	1,900	-	-	-	-	-
Loan Balances	20,579	24,282	28,562	27,423	25,310	23,002	20,563	18,897	17,217	16,415
Cash Balances	1,612	1,513	1,567	1,593	1,639	1,537	1,573	1,587	2,110	3,880
KPI 3 - Net Financial Liabilities ratio	54.9%	61.8%	69.9%	65.1%	59.8%	53.2%	46.4%	41.6%	36.2%	30.4%
Asset Sustainability Ratio - Annual	103.2%	77.0%	68.9%	70.9%	75.7%	71.6%	74.3%	96.9%	87.9%	84.8%
KPI 4 - Asset Renewal Funding Ratio - Rolling 3 year	85.7%	91.2%	83.0%	72.3%	71.8%	72.7%	73.8%	80.9%	86.4%	89.9%

Option 6 - 1.5% plus 1% growth:

Local Govt. Category	Year	Average Valuation \$	Differential Rate in \$	% RID Charge
Residential: residential dwellings, flats, units	2019/20	343,270	0.0035137	
	2020/21	354,419	0.0034890	-0.70%
Commercial: Retail shops, professional services e.g. accounting, legal, engineering, etc.	2019/20	549,075	0.0053565	
	2020/21	571,504	0.0052710	-1.60%
Industry – Light: Vehicle repairs, workshops	2019/20	364,416	0.0054660	
	2020/21	376,595	0.0054220	-0.80%
Primary Production: Agriculture, livestock, horticulture, commercial forestry	2019/20	614,331	0.0032600	
	2020/21	641,297	0.0032000	-1.84%
Vacant Land: Vacant allotments	2019/20	171,745	0.0063700	
	2020/21	177,583	0.0063250	-0.71%
Other: Government agencies, education, public utilities	2019/20	351,358	0.0058500	
	2020/21	363,506	0.0057920	-0.99%
Industry – Other: Wineries, manufacturing	2019/20	2,187,070	0.0161400	
	2020/21	2,269,180	0.0159080	-1.44%

Local Govt. Category	Year	General Rates	Fixed Charge	General Rates - Total	% General Rates Increase (inc. Fixed charge)	CWMS	Refuse/ Recycling	Total
Residential	2019/20	\$1,206.10	\$356.00	\$1,562.10		\$337.00	\$161.00	\$2,060.10
	2020/21	\$1,236.60	\$360.00	\$1,596.60	2.21%	\$344.00	\$178.00	\$2,118.60
Commercial	2019/20	\$2,941.10	\$356.00	\$3,297.10		\$646.30	\$52.00	\$3,995.40
	2020/21	\$3,012.40	\$360.00	\$3,372.40	2.28%	\$658.90	\$66.00	\$4,097.30
Industry – Light	2019/20	\$1,991.90	\$356.00	\$2,347.90		\$428.90	\$52.00	\$2,828.80
	2020/21	\$2,041.90	\$360.00	\$2,401.90	2.30%	\$434.20	\$66.00	\$2,902.10
Primary Production	2019/20	\$2,002.70	\$356.00	\$2,358.70		\$0.00	\$161.00	\$2,519.70
	2020/21	\$2,052.20	\$360.00	\$2,412.20	2.27%	\$0.00	\$178.00	\$2,590.20
Vacant Land	2019/20	\$1,094.00	\$356.00	\$1,450.00		\$105.00	\$0.00	\$1,555.00
	2020/21	\$1,123.20	\$360.00	\$1,483.20	2.29%	\$110.00	\$0.00	\$1,593.20
Other	2019/20	\$2,055.40	\$356.00	\$2,411.40		\$0.00	\$161.00	\$2,572.40
	2020/21	\$2,105.40	\$360.00	\$2,465.40	2.24%	\$0.00	\$178.00	\$2,643.40
Industry – Other	2019/20	\$35,299.30	\$356.00	\$35,655.30		\$0.00	\$52.00	\$35,707.30
	2020/21	\$36,098.10	\$360.00	\$36,458.10	2.25%	\$0.00	\$66.00	\$36,524.10

Option 6 - 1.5% indexation for service cost increase but include growth in the rate revenue calculations at 1%

General Rate increases have been changed from the adopted LTFF to 2.75% for years 21/22 to 25/26

Operating Result - balanced year 1 and then a deficit with a likely return to surplus in year 7; does not meet adopted surplus in cumulative forward 5 year period
 Operating Surplus Ratio - Rolling 3 year is within the target range for all years; Annual is within the target range for all years

Loan requirements - \$2m CAD loan in 2019/20 to fund rate deferral and CAD facility peaks at \$3.7 in 24/25 with a balance of \$0 by 27/28. Fixed loans include \$8.2m - 20/21, \$5.7m in 21/22 and \$6.9m in 22/23. A fixed loan \$3.5m balloon payment is scheduled to be paid in 24/25.

Net Financial Liabilities Ratio - peaks at 69.2% returning to 29.4% by year 10

Asset Sustainability Ratio - below target range for years 23/24 and for the remainder of the LTFF; a review of the IAMPs due in 2020 to address this issue

A1 Consolidated Results: Key Performance	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OB = Original Budget; LTFF = Long Term Financial Plan	Budget	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF
	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %
Key Performance Indicators (KPI's) - Summary										
General - Rate Revenue Increase Net (excl growth 1%) - adopted LTFF	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General - Rate Revenue Increase Net (excl growth 1%) - Draft Budget	1.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%
Natural growth - Development	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
KPI 1 - Operating Surplus cumulative forward 5 year period*										
Operating Surplus - Annual	69	(302)	(695)	(1,307)	(1,688)					
KPI 2 - Operating Surplus Ratio - Rolling 3 year	2.3%	0.4%	(0.5%)	(1.1%)	(1.0%)	(1.0%)	(0.5%)	(0.2%)	0.2%	0.4%
KPI 2 - Operating Surplus Ratio - Annual	0.2%	(0.9%)	(0.9%)	(1.4%)	(0.8%)	(0.8%)	0.1%	0.0%	0.4%	0.6%
Net Financial Liabilities ('000)	21,674	25,483	29,697	28,517	26,896	24,601	22,124	20,451	18,278	15,754
Operating Revenue ('000)	39,645	41,515	42,887	44,329	45,708	47,242	48,750	50,309	51,910	53,557
Loan financing required	9,200	5,700	7,500	300	1,700	-	-	-	-	-
Loan Balances	20,479	24,182	28,262	27,123	24,810	22,502	19,963	18,097	17,217	16,415
Cash Balances	1,578	1,550	1,477	1,583	1,512	1,500	1,450	1,281	2,624	4,398
KPI 3 - Net Financial Liabilities ratio	54.7%	61.4%	69.2%	64.3%	58.8%	52.1%	45.4%	40.7%	35.2%	29.4%
Asset Sustainability Ratio - Annual	103.2%	77.0%	68.9%	70.9%	75.7%	71.6%	74.3%	96.9%	87.9%	84.8%
KPI 4 - Asset Renewal Funding Ratio - Rolling 3 year	85.7%	91.2%	83.0%	72.3%	71.8%	72.7%	73.8%	80.9%	86.4%	89.9%

Option 7 – 1.75% plus 1% growth:

Local Govt. Category	Year	Average Valuation \$	Differential Rate in \$	% RID Charge
Residential: residential dwellings, flats, units	2019/20	343,270	0.0035137	
	2020/21	354,419	0.0034930	-0.59%
Commercial: Retail shops, professional services e.g. accounting, legal, engineering, etc.	2019/20	549,075	0.0053565	
	2020/21	571,504	0.0052710	-1.60%
Industry – Light: Vehicle repairs, workshops	2019/20	364,416	0.0054660	
	2020/21	376,595	0.0054060	-1.10%
Primary Production: Agriculture, livestock, horticulture, commercial forestry	2019/20	614,331	0.0032600	
	2020/21	641,297	0.0032010	-1.81%
Vacant Land: Vacant allotments	2019/20	171,745	0.0063700	
	2020/21	177,583	0.0063250	-0.71%
Other: Government agencies, education, public utilities	2019/20	351,358	0.0058500	
	2020/21	363,506	0.0058090	-0.70%
Industry – Other: Wineries, manufacturing	2019/20	2,187,070	0.0161400	
	2020/21	2,269,180	0.0159140	-1.40%

Local Govt. Category	Year	General Rates	Fixed Charge	General Rates - Total	% General Rates Increase (inc. Fixed charge)	CWMS	Refuse/ Recycling	Total
Residential	2019/20	\$1,206.10	\$356.00	\$1,562.10		\$337.00	\$161.00	\$2,060.10
	2020/21	\$1,238.00	\$364.00	\$1,602.00	2.55%	\$344.00	\$178.00	\$2,124.00
Commercial	2019/20	\$2,941.10	\$356.00	\$3,297.10		\$646.30	\$52.00	\$3,995.40
	2020/21	\$3,012.40	\$364.00	\$3,376.40	2.41%	\$658.90	\$66.00	\$4,101.30
Industry – Light	2019/20	\$1,991.90	\$356.00	\$2,347.90		\$428.90	\$52.00	\$2,828.80
	2020/21	\$2,035.90	\$364.00	\$2,399.90	2.21%	\$434.20	\$66.00	\$2,900.10
Primary Production	2019/20	\$2,002.70	\$356.00	\$2,358.70		\$0.00	\$161.00	\$2,519.70
	2020/21	\$2,052.80	\$364.00	\$2,416.80	2.46%	\$0.00	\$178.00	\$2,594.80
Vacant Land	2019/20	\$1,094.00	\$356.00	\$1,450.00		\$105.00	\$0.00	\$1,555.00
	2020/21	\$1,123.20	\$364.00	\$1,487.20	2.57%	\$110.00	\$0.00	\$1,597.20
Other	2019/20	\$2,055.40	\$356.00	\$2,411.40		\$0.00	\$161.00	\$2,572.40
	2020/21	\$2,111.60	\$364.00	\$2,475.60	2.66%	\$0.00	\$178.00	\$2,653.60
Industry – Other	2019/20	\$35,299.30	\$356.00	\$35,655.30		\$0.00	\$52.00	\$35,707.30
	2020/21	\$36,111.70	\$364.00	\$36,475.70	2.30%	\$0.00	\$66.00	\$36,541.70

Option 7 - 1.75% indexation for service cost increase but include growth in the rate revenue calculations at 1%

General Rate increases have been changed from the adopted LTFP to 2.75% for years 21/22 to 24/25

Operating Result - Surplus year 1 and then a deficit with a likely return to surplus in year 7; does not meet adopted surplus in cumulative forward 5 year period

Operating Surplus Ratio - Rolling 3 year is within the target range for all years; Annual is within the target range for all years

Loan requirements - \$2m CAD loan in 2019/20 to fund rate deferral and CAD facility peaks at \$3.4 in 24/25 with a balance of \$0 by 27/28. Fixed loans include

\$8.2m - 20/21, \$5.7m in 21/22 and \$6.9m in 22/23. A fixed loan \$3.5m balloon payment is scheduled to be paid in 24/25.

Net Financial Liabilities Ratio - peaks at 68.6% returning to 28.7% by year 10

Asset Sustainability Ratio - below target range for years 23/24 and for the remainder of the LTFP; a review of the IAMPs due in 2020 to address this issue

A1 Consolidated Results: Key Performance	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OB = Original Budget; LTFP = Long Term Financial Plan	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000 or % \$'000	or % \$'000	or % \$'000	or % \$'000	or % \$'000	or % \$'000	or % \$'000	or % \$'000	or % \$'000	or % \$'000
Key Performance Indicators (KPI's) - Summary										
General - Rate Revenue Increase Net (excl growth 1%) - adopted LTFP	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General - Rate Revenue Increase Net (excl growth 1%) - Draft Budget	1.75%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
Natural growth - Development	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
KPI 1 - Operating Surplus cumulative forward 5 year period*	135	(165)	(484)	(1,019)	(1,320)					
Operating Surplus - Annual	135	(300)	(319)	(535)	(301)	(373)	47	30	217	345
KPI 2 - Operating Surplus Ratio - Rolling 3 year	2.3%	0.5%	(0.4%)	(0.9%)	(0.9%)	(0.9%)	(0.5%)	(0.2%)	0.2%	0.4%
KPI 2 - Operating Surplus Ratio - Annual	0.3%	(0.7%)	(0.7%)	(1.2%)	(0.7%)	(0.8%)	0.1%	0.1%	0.4%	0.6%
Net Financial Liabilities ('000)	21,608	25,346	29,486	28,230	26,530	24,226	21,735	20,048	17,873	15,345
Operating Revenue ('000)	39,712	41,584	42,958	44,403	45,785	47,245	48,753	50,311	51,913	53,560
Loan financing required	9,200	5,700	7,500	300	1,500	-	-	-	-	-
Loan Balances	20,379	24,082	28,162	27,023	24,510	22,002	19,463	18,097	17,217	16,415
Cash Balances	1,544	1,586	1,586	1,768	1,577	1,375	1,339	1,683	3,029	4,806
KPI 3 - Net Financial Liabilities ratio	54.4%	61.0%	68.6%	63.6%	57.9%	51.3%	44.6%	39.8%	34.4%	28.7%
Asset Sustainability Ratio - Annual	103.2%	77.0%	68.9%	70.9%	75.7%	71.6%	74.3%	96.9%	87.9%	84.8%
KPI 4 - Asset Renewal Funding Ratio - Rolling 3 year	85.7%	91.2%	83.0%	72.3%	71.8%	72.7%	73.8%	80.9%	86.4%	89.9%

General Rate Rebate and Relief

Council has numerous options to consider for the provision of a general rate rebate or remission.

During the COVID 19 period many ratepayers including residents and businesses have been impacted due to the restrictions. Preliminary information shows that

around 7% of ratepayers have lost their employment and/or businesses that have been closed, this impact may change during future periods as restrictions are lifted. And conversely some businesses are currently performing better as a result of the change in processes and innovative ways of conducting their operations and for some these changes may remain in place.

It is noted there are numerous factors to consider where and when rate rebates should or can be applied fairly and consistently. In recent years other major impacts to residents, businesses, farming etc. include but are not limited to: fires, drought, individual unemployment, business changes, self-funded retirees income restrictions, etc. in these cases Council did not directly provide general rate rebates.

Council has an existing Rates Hardship Policy (the Policy) and this program provides the option where an applicant meets financial hardship criteria, Council can provide rate remission. It is proposed that the Policy and associated processes and forms be updated to include criteria specifically for the COVID 19 event to ensure appropriate consideration of these impacts on a case by case basis.

Due to the impact of COVID 19, an amount of up to \$150,000 has been provided for in the draft budget 20/21 for rate remission.

Rate Relief Payment Deferral

Rate relief options for Council to consider is extending the payment period without fines and interest this will be provided at the 16 June Council meeting.

Service Charges

The proposed Waste Collection Service Charge - Domestic Refuse and Recycling service charges are both increased for 2020/21, due to significant external cost increases including the State Government Waste Levy along with disposal and sorting costs. The Refuse from \$109 to \$112 pa (for a 140l bin) and Recycling From \$52 pa to \$66 (all service charges rounded to the nearest dollar).

The optional Green Organics Service costs have increased slightly and the service charge is proposed to increase from \$57 to \$58 pa (rounded to the nearest dollar).

The Community Wastewater Management Systems (CWMS) require a revenue increase for the service provision. The Residential CWMS Service charge is increasing from \$337 to \$344. An annual service charge for vacant land allotments increasing from \$65 to \$75 for Springton and all other vacant allotments where CWMS is available but not connected remaining at \$110 (all service charges rounded to the nearest dollar). The service rate uses the valuation multiplied by the service rate to achieve the revenue required, this will also be adjusted for the rate revenue needed with the proposed CWMS service rate at 0.001153.

Further work will be done on the proposed service charges to ensure the charge is recovering the cost to provide each service area and officers will update the number of services and cost until the AB&BP is adopted. Any changes to the AB&BP information will be provided in a Council report.

Summary and Conclusion

Council is required to review its financial indicators for the LTFP, including the indexation used for forward projections on income and expenditure.

This analysis indicates using options with higher general rate revenue increases in 2020/21, Council will be within its adopted KPIs and be in a financially sustainable position within the forecast period covered by the LTFP. For options 6 and 7 that is attained by year 7 and enables the reduction of future years general rate revenue increases back to the previously adopted indexation by year 7 and 8 respectively.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Nil

Policy

Budget & Business Plan and Review Policy

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

- 6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.
- 6.4 Ensure that decisions regarding expenditure of Council's budget are based on an assessment of whole of life costs, risks associated with the activity and advice contained within supporting plans.
- 6.9 Provide access to Council's plans, policies and processes and communicate with the community in plain English.
- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements

Local Government Act

Local Government (Financial Management) Regulations 2011 - Reg 9(1)(b)

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

The indexation applied to general rates revenue needs to ensure Council is financially sustainable for the period of the LTFP.

A review of the Nuriootpa Centennial Park Authority LTFP is underway following the COVID 19 restrictions and its impact to the 2020/21 draft budget and any other short to medium term outcomes. This review will need to be completed before Council adopts its draft budget to ensure the affect to Councils overall sustainability not significantly affected.

Financial performance is managed using suitable financial indicators and targets. Council's adopted Targets are:

- KPI - No. 1 Achieve an operating breakeven position, or better, over any five year period
- KPI - No. 2 Achieve an operating surplus ratio of between (2%) to 10% over a rolling three year period
- KPI - No. 3 Net financial liabilities (NFL) ratio is greater than zero but less than 100% of total operating revenue
- KPI - No. 4 Capital outlays on renewing/ replacing assets net of proceeds from sale of replaced assets is greater than 80% but less than 110% of Infrastructure Asset Management Plans over a rolling three year period.

Financial Indicators report for the draft rating options have various outcomes due the varying approaches to rate increases in future years and cash management.

KPI No. 1 & 2 – Although Council can choose to adopt a LTFP with operating deficits it needs to ensure there is a definite path to return to an operating surplus through a combination of revenue increases and/or operating expenditure reductions. Operating expenditure reductions can be reassessed for actual required service provision, that review may include rationalisation of asset stocks along with levels of service.

KPI 3 – Council debt levels are varied for each option, the lower the increase the greater use of cash advance debentures to ensure cash is available for operations and capital expenditure.

KPI No. 4 – Depending on the options being considered, this ratio is varied over the ten year period. Where the higher increase is applied in year 1 the available cash provides an increase to the asset renewal/replacement and this added expenditure has been added to year 8 to 10.

A selection of TBP builds will upgrade and replace a considerable amount of assets. These works will be identified and then re-assigned as appropriate to renewal works and will improve this ratio.

Planned expenditure from the Infrastructure and Asset Management Plan(s) for the major asset classes has been used, along with updated data for remaining life on selected asset(s) replacements. This has resulted in a more accurate measure for Council's KPI on asset sustainability. This KPI is assessed to ensure Council provides for replacement/renewal of existing assets as they wear out or are consumed.

A substantial amount of 'Upgraded' asset work completed each year are partly renewing components of existing assets. For normal work cycles, components of these assets would need to be replaced when the depreciation or consumption of them had reduced their remaining life to zero, but as they are being upgraded to a better service level, they are effectively replacing asset components that would normally need to be

replaced as/when due, this could have a significant favourable impact on the indicator.

COMMUNITY CONSULTATION

The public consultation period will be considered by Council when it adopts its draft 2020/21 AB&BP and annual review of the LTFP.