



DRAFT
**ANNUAL
BUSINESS
PLAN**

2024-2025

Yorke Peninsula Council



Agriculturally rich-Naturally beautiful

Troubridge Hill Lighthouse



ACKNOWLEDGEMENT OF COUNTRY

Yorke Peninsula Council respects the fundamental role of Narungga (traditionally spelt Nharangga) people as the First Nation custodians of the Country now known as Yorke Peninsula and the surrounding seas. We pay respect to Narungga Elders past and present, to Country, and to their rich and vibrant culture.

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Mayor's **FOREWORD**

Welcome to the 2024-25 Yorke Peninsula Council Annual Business Plan and Budget.

Council remains committed to servicing the community, maintaining and establishing key infrastructure, providing local employment and operating with financial sustainability.

Yorke Peninsula Council has an extensive 3,890-kilometre road network to maintain.

In 2024-25 we have allocated \$16.8m to our roads which equals 34.6% of our total combined operating and capital budget (excluding depreciation). Council has increased its grading operations with the addition of two more operators and additional equipment, along with extensive roadworks planned (see Capital Works Program, pages 33-36)

In the past year, local support has included Council acquiring new community-driven projects such as the Ardrossan pump track, Price Nature Playground and Edithburgh swimming enclosure

netting to name just a few. Council awarded community grants, event sponsorships, donations, Progress Association contributions and business grants to a value exceeding \$200,000. Council has continued this commitment for the coming year. Our marquee community and economic development project is the establishment of childcare services in Maitland and Minlaton. This has included construction of a purpose-built childcare centre in Minlaton and renovating and reopening the Maitland childcare building. This outstanding initiative will add up to 120 long daycare places to the region per day, an increase from only 18, and will mean our children are looked after and learning while parents can return to work or increase hours. This will benefit families, businesses and the wider local economy for the long term.

To deliver these works and services in the face of continuing cost pressures, Council is this year proposing a rate rise of 13.2%. This aims to strike the right balance between ensuring services are maintained for the benefit of our community, addressing equity issues within Council's rating structure whilst keeping in mind the ongoing cost-of-living pressures faced by our ratepayers.

The increase reflects Council's endorsed basis of rating for community consultation as part of the general rate review which is out for consultation. When considering rates, it is important to remember:

- Your Council rates make up less than 4% of the total taxes you pay
- Unlike State and Federal taxes, Council rates are spent directly in your home region, in accordance with Council's strategic direction that is set by the local community

We look forward to another year of supporting Yorke Peninsula to be a vibrant and prospering community.

Darren Braund
Mayor



Executive SUMMARY

The 2024-25 Annual Business Plan and Budget details Yorke Peninsula Council's planned rating strategy, income and expenditure across the upcoming financial year. It should be noted that Council is presently undertaking a review of the basis of its rating, the outcomes of which will impact on several aspects of the annual business plan and budget.

The budget delivers on Council's key objectives of maintaining a continued focus on asset renewal and maximising the benefit of expenditure for our community.

Key parameters used in developing the Annual Business Plan and Budget include:

- Inflation (CPI) 4.8% (Adelaide City Annual December Quarter 2023)
- Maintaining service levels
- Focus on financial sustainability in accordance with Council's Long Term Financial Plan
- Emphasis on renewal of Council assets in line with Asset Management Plans and Long Term Financial Plan
- Property Valuation Increases of approximately

14% for residential and 30% for primary production

- An increase to general rates of 13.2% which reflects Council's endorsed basis of rating for community consultation as part of the general rate review which is out for consultation

Council has again chosen to focus most of its spending on renewal and upgrades of existing assets, so that these assets can continue serving our community well into the future.

This is especially true for our road network which will be improved thanks to a budget allocation of \$16.8m.

More ratepayer money will be spent on roads than on any other budget item again this year.

Council's operating expenditure budget for this year is \$43.9m.

These funds are expended to ensure service levels are maintained for the benefit of our residents, ratepayers and visitors.

Council's capital works budget of \$18.6m will be primarily used to renew or upgrade assets. \$3m is being dedicated to new assets such as the purchase of an additional tractor and rock shredder for the Northern works team, stormwater upgrades across multiple townships, flood mitigation works at Corny Point, wastewater treatment plant storage upgrades for Maitland township, installation of solar panels and battery storage for the Maitland Council office (pending grant funding), upgrades to diving facilities at Edithburgh (pending grant funding) and creation of the Vietnam War Memorial Trail (pending grant funding).

This capital allocation for new and upgraded assets is \$1.6m greater than that forecast in Council's current LTFFP.

The Annual Business Plan and Budget has been developed in close consultation with Elected Members and key staff, who developed budgets using zero-based accounting practices to ensure all aspects of the budget have been scrutinised for maximum value to ratepayers.

Andrew Cameron
Chief Executive Officer



Public Consultation & REVIEW

The Draft 2024-25 Yorke Peninsula Council Annual Business Plan and Budget is available for public consultation as prescribed by the Local Government Act 1999 from 29 May 2024 to 27 June 2024.

During this time the public are invited to comment on the Draft Annual Business Plan and Budget, including any of the key strategies outlined. Interested persons can make written submissions to Yorke Peninsula Council, PO Box 57, Maitland SA 5573, or by emailing admin@yorke.sa.gov.au.

All feedback received will be presented at a Special Council Meeting on 3 July 2024. People also have the opportunity to speak about the Draft Annual Business Plan and Budget before Council at the 26 June 2024 meeting. Those wishing to address Council at this meeting should register their interest by calling Council on 8832 0000 or emailing admin@yorke.sa.gov.au.



Yorke Peninsula Council
IN FOCUS

Elected MEMBERS



Darren Braund

MAYOR



Deputy Mayor Richard Carruthers

Roger Johns

Alan Headon

Tania Stock

KALKABURY WARD COUNCILLORS



Naomi Bittner

Scott Hoyle

Trevor Clerke

GUM FLAT WARD COUNCILLORS



Kylie Gray

Adam Meyer

Kristin Murdock

Michael O'Connell

INNES PENTONVALE WARD COUNCILLORS

STRATEGIC DIRECTION

The 2024-25 Annual Business Plan sets out the specific projects Council proposes to deliver for its community.

The Annual Business Plan, as required by Section 123(2)(a) of the Local Government Act 1999, must include a summary of the Council's long-term objectives per its Strategic Management Plan (SMP).

The draft 2021-2025 SMP was adopted by Council on 14 October 2020.

A summary of the 2021-2025 strategic directions are provided on the following pages.

For a full copy of the 2021-2025 SMP, visit the corporate publications section of our website, www.yorke.sa.gov.au. Please note, Council's Strategic Management Plan will be reviewed in the near future.

Goal 1: Economically Prosperous Peninsula

Create an environment that encourages and supports a strong, diverse economy that attracts more businesses, residents and visitors. Success will mean revitalisation of our towns and retaining young, active and working future generations.

Goal 2: Community Connected through Infrastructure

Maintain and expand the connectivity of our community through a sustainable road network and planning for the necessary infrastructure that allows our multi-generational community to learn, work and live here.

Goal 3: Valued & Restored Environment

Council will be an investor, activator and custodian of our spectacular coastline and pristine environment. We will promote sustainable development and encourage the conservation of water, energy, the natural environment and minimise waste.

Goal 4: Community Engaged & Supported

Council will continually seek innovative ways to engage and support our community and improve the quality of life on Yorke Peninsula. Council will continue to work in partnership with progress associations and other key stakeholders to achieve this goal.

Goal 5: Responsible Governance & Leadership

Council will demonstrate leadership, improve service delivery and ensure its business is conducted in a compliant, transparent, accountable, sustainable and efficient way using technology as an enabler.

STRATEGIC FRAMEWORK

YP 2021-2025 Strategic Management Plan

Long Term Financial Plan

Asset Management Plan

SA Planning and Design Code

Annual Business Plan and Budget

Operational Plans

Animal Management Plan | Business Continuity Plan | Community Land Management Plan | Disability Access and Inclusion Plan | Community Emergency Management Plan | Environmental Plans | Indigenous Land Use Agreement | Native Vegetation Management Plan | Work, Health Safety and Injury Management Plan | Recreation, Sport and Open Space Plans | Roadside Vegetation Plan | Strategic Risk Register and Organisational Risk Register and Action Plan | Economic Development and Tourism Strategy | RV Strategy | Coastal Management Strategy | YP Leisure Options Strategy

Individual Performance Plans

External Strategies

Local Government Association Strategic Plan | DHS Disability Access and Inclusion Plan | Regional Development Australia Yorke and Mid North | Northern & Yorke Local Government Association | Yorke Peninsula Alliance Councils | South Australian Visitor Economy Sector Plan 2030 | Yorke Peninsula Alliance Regional Public Health Plan | Yorke Peninsula Recreation Sport and Open Space Strategy | Yorke Peninsula Tourism Business Plan | Local Government Association Workers Compensation Scheme | Local Government Association Mutual Liability Scheme

How we monitor and report

Annual Report | Internal and External Audits | Monthly and Quarterly Reviews | Financial Ratios | Individual Performance Reviews



COUNCIL SUMMARY

Council Statistics



12

Elected Members



9,181

Enrolled Electors



14,230

Total rateable properties



127

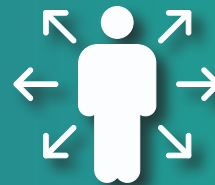
Full-time equivalent Council
staff

District Statistics



11,922

Estimated population



2.0/km²

Estimated population density



5,900 km²

Total Council area



485km

Council coastline

Ongoing **SERVICES**

All Councils have basic responsibilities under the Local Government Act 1999, and other relevant legislation. These include:

- Regulatory activities (maintaining voters' rolls and supporting elected members)
- 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, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment
- Various environmental health services
- Protection of natural resources
- Animal management

Yorke Peninsula Council provides further services and programs to support the community, including:

- Beach access facilities
- Boat ramps
- Camping reserves
- Cemeteries
- Civic and community halls
- Community events
- Fire prevention
- Leasing of various other Council-owned assets
- Leisure Options (disability services)
- Library services
- Recreational reserves and open spaces
- Recycling facilities
- Sporting facilities
- Support for youth services
- Tourist facilities
- Walking trails
- Six Council-owned and managed caravan parks on a fee for service basis
- Art and cultural initiatives





Budget
HIGHLIGHTS

MAJOR EXPENDITURE



Operating Revenue

\$31.7m

Rates and service charges

\$5.7m

User charges

\$2.7m

Grants and subsidies
(operating)

\$3.6m

Grants and subsidies
(capital)

\$0.5m

Statutory charges

\$0.6m

Investment, reimbursements
and other income

Operating Expenditure

\$17.3m

Materials, contracts and other

\$14m

Depreciation

\$12.3m

Employee costs

\$0.2m

Finance costs



Roads

3,890km

of Council roads

\$15.6m

Road network improvements
(Maintenance, renewals and
sealing)



CWMS & Water Schemes

18

CWMS Sites

4

Potable water sites
(Including Marion Bay Desal
Plant)

3

Stormwater Reuse Sites

\$1.8m

To maintain these community
assets



Footpaths & Stormwater

23km

Constructed footpaths & sealed
walking trails

28km

of pipes and drains

\$0.98m

To upgrade and maintain
assets to a community
standard



Council Caravan Parks

6

Council owned and managed

\$3.2m/\$3.8m

Expenditure / Income
(Operations and capital
upgrades)

Budget HIGHLIGHTS

\$2.2m

Parks & Gardens



\$1.8m

CWMS & Water Schemes

\$0.7m

Cleaning of Council
Buildings, Toilets Etc



\$0.36m

Street Lighting

\$0.47m

Community Support



\$0.2m

Tourism & Economic
Development

\$0.98m

Footpaths & Stormwater



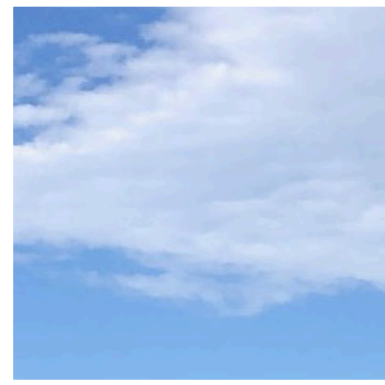
\$3m

Waste Operations

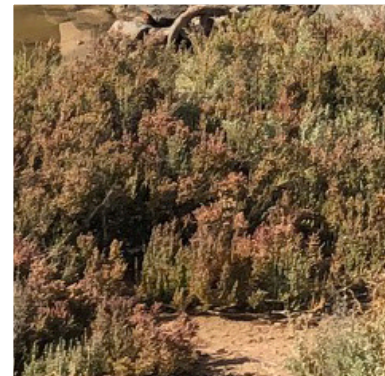
\$16.8m

Roads

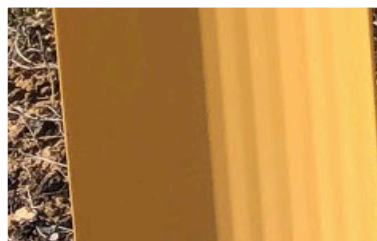
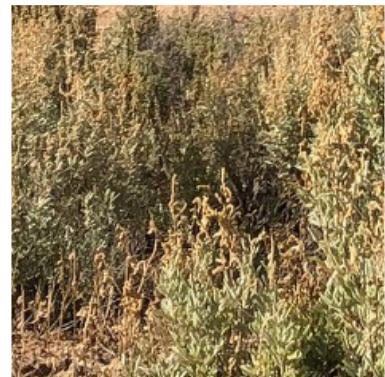
Capital **PROJECTS**



\$0.58m
Walking Paths
& Kerbing



\$0.13m
Playgrounds

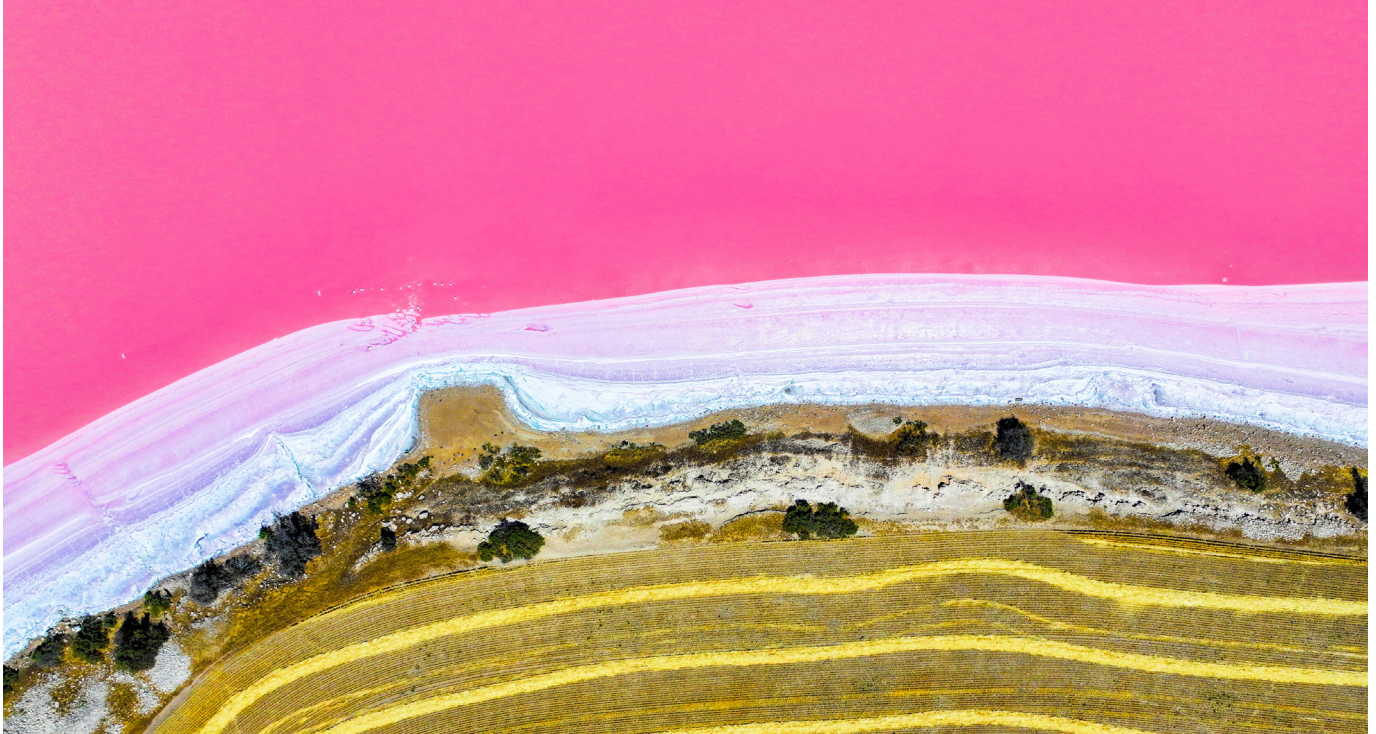


\$0.99m
Beach Shelters





Formulating the
**ANNUAL BUSINESS
PLAN & BUDGET**



Legislative **COMPLIANCE**

Section 123 of the Local Government Act 1999 states each Council must have a plan for each financial year. The Annual Business Plan must be adopted by Council between 31 May and 15 August for the ensuing year and must undergo a minimum of 21 days public consultation.

In addition, Council must at least provide for:

- A public notice in a local newspaper and on Council's website informing the public of the preparation of the Draft Annual Business Plan and invite interested persons to make written submissions in relation to the matter

The Council must also ensure copies of the Draft Annual Business Plan are available:

- For inspection at the principal office of the Council
- For purchase at a fee fixed by Council from its principal office
- On the Council's website

Section 123 requires the Yorke Peninsula Council Annual Business Plan includes the following:

- An outline of Council's objectives for the year
- The activities Council intends to undertake to achieve those objectives
- The measures (financial and non-financial) Council intend to use to assess its performance
- An assessment of the financial requirements of Council for the financial year
- A summary of Council's proposed operating expenditure, capital expenditure and sources of revenue
- The rates structure and policies for the financial year
- The impact of the rates structure on the community, based on the modelling used

The Annual Business Plan must also take into account Council's Long Term Financial Plan and relevant issues relating to the management and development of infrastructure and major assets by the Council.

Influences, Priorities & CHALLENGES

Current Economic Climate

Council seeks to ensure the Annual Business Plan and Budget delivers financial sustainability in accordance with the adopted targets within the 2025-34 Long Term Financial Plan (LTFP) and Council's Asset Management Plans (AMPs). A key focus of the LTFP is to ensure there is appropriate spending on asset renewal in line with these AMPs.

Council's LTFP is based on a "business as usual" model as far as practicable, including any impacts of completed service level reviews, increased inflation, variations to current levels of service and Council's current asset stock. Based on the most recent ABS Census results for the Council area, it has been assumed growth in the area will be slight.

Funding from State and Federal Governments has been inconsistent over the years and cannot be relied upon as a consistent substitute for other income streams.

Council has reduced costs in some areas through service level reviews and retendering of major contracts.

A significant increase in bush camping, while generating more revenue, has also meant increased costs for rubbish collection, compliance

enforcement, repairs and maintenance.

Increases in inflation trending in line with LTFP projections continue to impact Council operations, in particular the cost of fuel, salaries and wages, construction materials, etc. Further, insurance costs continue to rise due to increased adverse weather events.

Council will continue to undertake reviews during the coming financial year and budgets will be updated to reflect any further cost savings or increases. Some of the above cost pressures and impacts are factored into Council's LTFP, available on Council's website.

In addition, Council faces several key challenges and has some opportunities available which will impact its short to medium term financial position.

As detailed in the current LTFP these include:

- Ensuring ongoing financial sustainability of Council.
- Meeting expectations of our community for increased or new services.
- Maximising funding for renewal and replacement of ageing assets in line with improved asset management principles and practices.
- Improved data for Council's asset base and ongoing

review of asset inventory.

- Managing the impact of cost shifting from other levels of Government.
- Managing political and legislative changes and their impact.
- Minimising the impact of economic instability and inflationary pressure.
- Monitoring the impact of decisions made outside the LTFP.
- Rationalisation of underutilised or surplus assets to provide one-off capital injections and reduce maintenance and other operating costs.
- Responsible use of debt to leverage funding for asset renewal and acquisition of assets.
- Review of services to reduce expenditure, increase efficiency and effectiveness and increase value for money to ratepayers.
- Investment in new technology to reduce costs, increase productivity, efficiency and effectiveness.
- Explore ways to increase existing revenue streams and find new ones by taking a commercial approach to Council business.
- Environmental impacts and climate related risks.

Influences, Priorities & CHALLENGES

Budget Strategy

Council's LTFP guides the development of the Annual Business Plan and Budget. The key goal of the LTFP is to ensure Council achieves and maintains financial sustainability over the life of the plan while ensuring at least the current levels of service and infrastructure are maintained for the community. Council's LTFP has been reviewed in detail and many factors considered such as current income and expenditure trends, forecast data, CPI and indexation factors, updated asset information, current environment, etc.

After community consultation, the LTFP was adopted by Council in April 2024.

Continuing with the increased focus on renewal of existing assets, Council over the life of the LTFP proposes to allocate \$160.9m towards renewal and

replacement of existing assets, with 74.6% or \$120m specifically for transport assets (mainly roads). An additional \$9.8m over 10 years is allocated for upgrades to existing assets and acquisition of new assets.

This plan represents Year 1 of the LTFP. It should be noted there have been some variations from the LTFP, to address recently identified cost pressures and priorities. It reflects current information and take up of recently announced grant funding opportunities.

Council's forecast operating surplus in 2024-2025 is \$0.9m compared to a \$0.6m deficit in Council's LTFP. This is an improvement of \$1.5m and can be explained as the net impact of Council's operating expenditure being \$0.5m (1.2%) greater than the LTFP forecast while income is \$2.0m (4.6%) more.

The primary reasons for this are related to increased income estimates for general rates based on Council's nominated rating model for public consultation as part of its general rate review, increased Council caravan parks, bush camping and disability services income less net changes to expenditure brought about through increased depreciation estimates, reduced employee costs, finance costs and changes to costs relating to materials, contracts and other expenditure.

Detailed reasons for these variations are in the Key Financial Measures section on pages 27-29.

The LTFP is scheduled to be reviewed annually commencing in October and will include strategies to continue to achieve the objectives of the LTFP.

Key Long Term Financial Plan Targets



Positive Operating Surplus Ratio

Positive Operating Surplus Ratio (OSR) i.e. operating surplus, in the medium term.



Asset Renewal

Spending on asset renewal consistent with Asset Management Plan (AMP) identified needs and LTFP set Asset Renewal Funding Ratio (ARFR) minimum (100%) target.



Net Financial Liabilities Ratio

Net Financial Liabilities Ratio (NFLR) to be below Council's LTFP target of 100% of Operating Income.



Consideration of Impacts

No new services or assets or increases to existing services to be introduced without consideration of the impact on the LTFP.

Influences, Priorities & CHALLENGES

Setting the Rates

Rates income continues to be the major source of revenue for Council making up approximately 70.9% of operating income.

Each year the impact of rate increases is reviewed in line with Council's Strategic Management Plan and LTFP. In 2024-25 the increase to total general rate income will be 13.2% to deliver approximately \$25.3m in total general rate revenue to enable Council to provide services and infrastructure as detailed in this plan. This is an increase of approximately \$2.95m from 2023-24 and is in accordance with Council's nominated rating model for public consultation as part of its general rate review.

A rate increase of 4.8% will be funded by all ratepayers, vacant land and heavy industry (as defined by a combination of land use and locality) may experience increases above CPI under proposed changes to their respective rate in the dollar compared to residential properties. Funds raised above CPI for vacant land and heavy industry are to be quarantined

for strategic projects and road renewal respectively.

A further 5.0% will be paid entirely by Primary Production ratepayers. The full amount of the 5.0% additional increase (\$1.12m) will be allocated to maintenance and capital works on rural roads and intersections. Due to a sustained reduction in Financial Assistance Grants, largely driven by the increasing value of Primary Production land and Council's comparatively low level of income raised through rating this land, expansion of this rate loading has become essential to Council's financial sustainability. Further, any additional rate increase for Primary Production ratepayers will go some way towards reducing the inequity between the proportion of overall rates paid by Primary Production ratepayers when compared to all other ratepayer categories (refer to Valuation v Rate Contribution on page 23 for a detailed discussion).

For this draft ABP the structure of the rating system has altered from previous financial years and includes:

- Continued use of a fixed

charge of \$410 (unchanged since 2017-18);

- Differential rates based on land use or "land use plus locality" categories which have been set based on modelling, to raise the budgeted total general rates revenue of approximately \$25.3m. This has resulted in residential ratepayers paying approximately 48.9% of total general rates revenue, with Primary Production ratepayers paying approximately 41.3% which is 1.5% more than 2023-24;

- Reduction in differential rates (cents in the dollar) to adjust for increasing capital valuations to generate the required total general rate revenue;

- A comprehensive set of rebates.

It should be noted Council is presently reviewing the basis of its rating the outcome of which may have a significant impact on the budget and its analysis as presented in this plan. A detailed explanation of the rates structure is described on the following page.

PROPERTY VALUE INCREASES

Land Use	2024-25	2023-24	Variance (\$)	Variance (%)
Residential	\$3.46b	\$3.03b	+\$0.43b	+14.1%
Commercial	\$122m	\$122m	Minor	Minor
Industrial	\$19m	\$18m	+\$1m	+4.9%
Primary Production	\$9.15b	\$7.03b	+\$2.12b	+30.2%
Vacant Land	\$263m	\$208m	+\$55m	+26.4%
Other	\$30m	\$52m	-\$22m	-43.5%
Marina Berths	\$3m	\$3m	Minor	Minor
Heavy Industry	\$37m	\$30m	+\$2.59b	+9.8%
TOTAL	\$13.08b	\$10.49b	+\$2.59b	+24.7%

NOTE: Totals may not add due to rounding.

Rating STRATEGIES

Rating Strategy

Capital property value (value of land plus capital improvements) is the major determinant of how much each ratepayer contributes to general rates. Rates paid do not directly relate to the services used by each ratepayer. In general, the higher the value of the property, the higher the rates paid.

Council uses capital values provided by the Valuer General (VG) to value all properties. The table on page 21 shows the change in capital valuations by land use category for all rateable properties as at 6 April 2024. These valuations are preliminary, with final valuations unavailable until late June 2024.

The late June 2024 valuations will be used to adopt and set valuations and rates for 2024-25. The valuations in the table on the previous page show that Primary Production, vacant land and Residential valuations are forecast to increase significantly. While capital valuations do not influence the total amount of rates that need to be raised, they do impact the value of rates contributed by individual ratepayers and various land use categories.

In determining how rates are applied, Council uses a differential rating system with a fixed charge. Differential rates are applied depending on the use to which the land is put, whether it be Residential, Commercial, Primary Production etc. Council is presently consulting its community to extend its differential rating to apply to land use and locality. The fixed charge is a declared amount most

ratepayers contribute in addition to differential rates which are applied directly against the property capital value.

The rate-in-the-dollar to be applied each year is determined during the annual budget process. Put simply, the differential rate is calculated by dividing the required rates revenue by the total rateable capital value for the Council area, after accounting for the total fixed charge contribution from all properties.

Based on the principal use of each property, Council rates properties across land use and land use plus locality categories.

The key components of the draft rating model for 2024-25 are:

- To raise \$25.45m in total general rates (before rebates and remissions) excluding the Landscape Levy, waste management, CWMS and water service charges;
- No change to the fixed charge of \$410;
- Adjustments to the 2024-25 differential rates to accommodate the variances in capital values to ensure the required amount of general rate revenue is raised;
- The creation of two rating categories that are based on a combination of locality and land use;
- While rate increases for individual ratepayers will vary due to differing capital values, compared to 2023-2024 Residential ratepayers can expect to pay on average an extra \$100 (\$1.92/week) per assessment, Primary Production an extra \$422

(\$8.12/week) per assessment, vacant land \$259 more (\$4.98/week) per assessment, other land use \$5 more (10 cents/week) per assessment, Commercial ratepayers \$22-\$42 more (43-81 cents per week), Industrial ratepayers \$33-\$68 more (\$0.63-\$1.31 per week) per assessment and Heavy Industry as determined by land use and locality can expect an increase of \$34,275 (\$659.13 per week). Council is presently undertaking a review of its rating practice the results of which may significantly alter average estimates provided.

- Differential rate of 0.253241 cents in the dollar (3.8% less than 2023-24) for Residential, Commercial, Industrial, and other land use categories;
- Differential rate of 0.1082681 cents in the dollar (9.8% less than 2023-24) for Primary Production;
- Differential rate of 0.379862 cents in the dollar (44.3% more than 2023-24) for vacant land;
- Differential rate of 1.076274 cents in the dollar (308.9% more than 2023-24) for heavy industry;
- 14,230 total rateable assessments of which 12,069 pay the fixed charge;
- Mandatory and discretionary rebates for general rates (as specified in the Local Government Act 1999) totalling approximately \$0.14m have been provided for in the 2024-25 budget.

Rating

STRATEGIES

Fixed Charges

Council has set a fixed charge for the 2024-25 year. The fixed charge has remained at \$410 (unchanged since 2017-18) and will be levied uniformly on all non-contiguous assessments.

The fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land (whether intercepted by a road or not) if these are owned and occupied by the same owner.

The reasons for imposing a fixed charge include:

- It is appropriate that all rateable properties make a base contribution to the cost of administering the Council's services;
- It is appropriate that all rateable properties contribute to the cost of creating and maintaining the physical infrastructure that supports each property;
- A fixed-charge system generally creates a lesser burden on lower valued properties than a minimum rate system would.

Valuation v Rate Contribution

While capital valuations do not influence the total amount of rates that need to be raised to fund Council's budget to provide services and infrastructure to the community, they do impact the value of rates contributed by individual ratepayers

and various land use categories i.e. Residential, Primary Production etc. Therefore, for the purposes of equity it is important that the total rates contributed by ratepayers in a particular land use category are generally consistent with the capital valuations for that land use category. This has not been the case over the last decade or so, due to the significant increase in Primary Production capital valuations.

While Primary Production valuations have seen on average double-digit growth over the last decade, the share of total rates paid by ratepayers in the Primary Production category has remained relatively constant. This has resulted in ratepayers in the Residential category, and to a lesser extent other land use categories, paying more than their fair share of annual rates. This is demonstrated by the gap between valuations as a percentage of total Council valuations versus total rates paid by individual land use categories. The gap and resultant inequity for 2024-25 is demonstrated in the table below.

Council is presently consulting its community on the basis its rating. Through this process Council desires to work towards equity in rating across different rating categories but also to take into account the following:

- Acknowledge the impact on Council's road infrastructure from heavy vehicle activity.
- Encourage the building of housing and discourage the the potential for land banking.

PROPERTY VALUATION V RATE CONTRIBUTION				
Category	Assessments	Rates Contribution	Valuations (% of Total)	Gap
Residential	8955	48.9%	26.4%	+22.4%
Commercial	424	1.7%	0.9%	+0.8%
Industrial	59	0.3%	0.1%	+0.1%
Primary Production	3062	41.3%	69.9%	-28.6%
Vacant Land	1575	6.0%	2.0%	+4.0%
Other	145	0.2%	0.2%	-0.1%
Marina Berth	1	0.0%	0.0%	0.0%
Heavy Industry	9	1.6%	0.3%	+1.3%
Total	14230	100.0%	100.0%	

NOTE: Totals above may not add due to rounding. Disclaimer: Council is presently undertaken a review of its rating practice, the results of which may significantly alter the information provided above.

Rating STRATEGIES

Valuation v Rate Contribution (cont.)

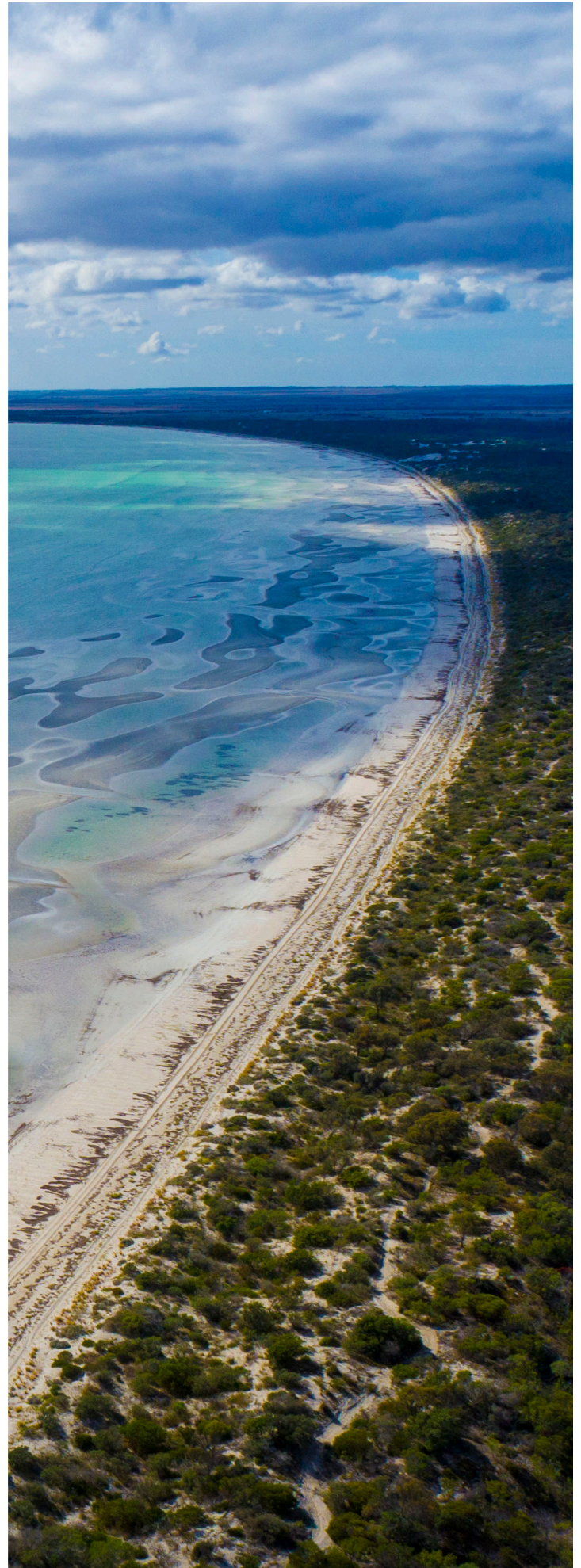
Between 2015-16 and 2022-23 the value of the general-purpose component of the Financial Assistance Grant received by Council reduced year on year. In 2023- 2024 the value of the general-purpose component of the Financial Assistance Grant remained stagnant when compared to the prior year, being \$315,410 less than that received in 2015-16. The South Australian Local Government Grants Commission (SALGGC), which administers the Financial Assistance Grants, has previously indicated that Council's future General Purpose Financial Assistance Grant will reduce annually. This is primarily due to Council being paid more than their share in previous years and Council's Primary Production valuations being relatively greater than the State average, providing Council with an increased ability to raise additional rates from Primary Production ratepayers.

Hardship and Postponement of Rates

In accordance with provisions of the Local Government Act 1999, Section 182A, persons who hold a current seniors card could be eligible to postpone payment of any amount of rates in excess of \$500 (\$125 per quarter). Interest will accrue on postponed balances as per Section 182A (12) of the Local Government Act 1999.

Any ratepayer experiencing difficulties in meeting rates payments, or experiencing financial hardship, may be able to access payment plans tailored to meet their circumstances. All arrangements are strictly confidential.

Council's PO060 Rates Relief Policy details the specific situation of when rebates or postponements can be applied.



Rating STRATEGIES

Waste Collection and Recycling

State government regulations impact the rural two-bin service offered by Council.

The regulations state:

- A property which has a collection point within 500 metres of their primary access point will be charged the full service charge;
- Properties whose collection point is more than 500 metres but no more than two kilometres from their primary access point will pay 75% of the full service charge;
- Properties whose collection point is more than two kilometres but no more than five kilometres from their primary access point will pay 50% of their full service charge;
- Properties whose collection point is more than five kilometres to their primary access point will not pay a service charge unless a service is requested, and an appropriate service charge has been negotiated with Council.

The regulations define a collection point as the point on a waste collection route closest rural property address for a property.

The service charge is set to recover the full cost of providing the waste and recycling service. The three-bin service is not offered to rural ratepayers.

These charges are driven by detailed modelling

undertaken by Council based on a variety of costs such as fuel, labour, materials, collection and disposal, state government levies and taxes in particular the Solid Waste Levy etc.

Council completed this modelling and determined the annual charges for 2024-25 will need to increase to recover the full costs of delivering this service.

The annual service charges in 2024-25 are set out in the table below.

Community Wastewater Management Schemes

Council operates 17 Community Wastewater Management Systems (CWMS) in townships and holiday settlements throughout the district.

Income received via the CWMS annual service charges is based on full-cost recovery calculations which seek to ensure that the costs of operating the schemes are recovered by users alone.

The CWMS annual service charges for 2024-25 are: \$683 (compared to \$635 in 2023-24) for occupied land and \$506 (compared to \$471 in 2023-24) for vacant land.

The annual service charges are set with reference to external requirements regulated by the Essential Services Commission of SA (ESCOSA) using an LGA SA supplied pricing model.

Service	Distance from rural collection point	2024-25 Charges (\$)	2023-24 Charges (\$)
3 Bins	(not applicable)	\$277.00	\$265.00
2 Bins	Up to 500m	\$236.00	\$226.00
2 Bins	Greater than 500m-2km	\$177.00	\$169.50
2 Bins	Greater than 2km-5km	\$118.00	\$113.00

Rating **STRATEGIES**

Landscape Levy

Yorke Peninsula Council falls within the Landscape South Australia Northern and Yorke region and as such Council is required, pursuant to the Landscape South Australia Act 2019, to raise funds by way of a Regional Landscape Levy. The levy is imposed as a separate rate upon all properties within the area.

Council remits all revenue collected under this Act to the Landscape SA Northern and Yorke Board. The amount to be raised in 2024-25 is \$1.2m representing a \$83,600 or 7.3% increase from 2023-24.

Council effectively operates as a revenue collector for the board, as the revenue from the levy is not retained by Council and Council does not determine how the revenue is spent.

Water Charges

To enable communities to have access to a secondary water supply, Council maintains water supply services to three communities.

The annual service charges are set with reference to external requirements regulated by ESCOSA using an LGA SA supplied pricing model. Income received via the water scheme annual service charge is based on full-cost recovery calculations which seek to ensure that the costs of operating the schemes are recovered by users alone.

Fees for the Water Services operated by Council for 2023-24 are displayed in the table.

Location	2024-25
Balgowan	\$255
Black Point	\$255
Hardwicke Bay	\$255
Marion Bay desal	User Charge Only
Port Rickaby	User Charge Only

Key Financial MEASURES

Council has adopted a set of key financial indicators (ratios) in line with the targets set in its recently adopted 2025-2034 LTFP. They are the Operating Surplus Ratio, Net Financial Liabilities Ratio and Asset Renewal Funding Ratio

These financial ratios are a key measure in assessing Council's performance and financial sustainability. They have been calculated in accordance with Information Paper 9 – Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of SA. The LTFP, adopted by Council in April 2024, is based on a 'business as usual' model, as far as practicable in the current economic climate except for additional funding allocated for roadside tree trimming and jetty maintenance. The plan includes known impacts of completed service level reviews, variations to current levels of service and Council's current asset stock.

	2024-2025 BUDGET	2025-2034 LTFP
Operating Surplus Ratio	2.0%	(1.3%)
Net Financial Liabilities Ratio	13%	18%
Asset Renewal Funding Ratio	104%	110%

Operating Surplus Ratio (OSR)

The OSR is the operating surplus (deficit) expressed as a percentage of operating income. A positive ratio indicates the percentage of operating income available to help fund proposed capital expenditure. A negative ratio indicates the percentage increase in operating income, or approximate decrease in operating expenses, required to achieve a breakeven operating result.

Council's forecast operating surplus in 2024-25 is \$0.9m compared to a deficit of \$0.6m in Council's LTFP. This result represents a \$1.5m improvement against the LTFP and is the net impact of Council's operating expenditure being \$0.5m (1.2%) greater than the LTFP forecast while income is \$2.0m (4.6%) more.

The primary reason for this is the net difference is related to increased income estimates for Council rates, Council operated caravan parks, bush camping operations and disability services programs less net changes to expenditure due to increased depreciation estimates and budget reductions to employee costs, finance costs and costs relation to materials, contracts and other expenditure.

In 2024-25 this ratio is proposed to be (2.0%) which compared to Council's LTFP is 3.3% better. Council's LTFP target for this ratio is between 0% (breakeven) and 10%. This is based on SA Local Government recommended sector targets.

Key Financial MEASURES

Operating Surplus Ratio (OSR) (cont.)

Council's improved OSR result is caused by the following factors (rounded to the nearest \$1000):

- ◇ \$318,000 increase to rates income due to changes proposed to the rating of vacant land through the general rate review;
- ◇ \$671,000 increase to rates income based off additional 3% general rate increase to be applied to Primary Production rates above 2% provided in the LFTP;
- ◇ \$436,000 increase to rates due to changes to the rating of heavy industry proposed through the general rate review;
- ◇ \$84,000 increase to rates income due to increased general rate income in accordance with Council's endorsed rating model for consultation as part of the general rate review and increases to the State Government landscape levy which is collected by Council and then remitted to the Regional Landscape Board.
- ◇ \$38,000 net increase to estimated income across various statutory income lines in the draft budget.
- ◇ \$138,000 increase to budgeted income for Council operated disability services programs based on revised budget estimates.
- ◇ \$163,000 increase to budgeted income for Council operated caravan parks based on revised budget estimates.
- ◇ \$136,000 increase to budgeted income for Council operated bush camping sites based on revised budget estimates.
- ◇ \$24,000 net increase in grants, subsidies and contributions income (operating and capital) estimates due to deferral of the Yorketown undergrounding of power project, inclusion of Local Roads and Community Infrastructure Program (Phase 4b) funding, increased estimates in relation to Special Local Roads grants, inclusion of the Jetties Renewal Program grant for Port Vincent Fisherman's Jetty and decreases to estimated disability services funding.
- ◇ \$36,000 decrease to budgeted reimbursement income based on revised budget estimates.
- ◇ \$9,000 reduction to employee costs based on budget modelling and assumptions.
- ◇ \$317,000 net increase to materials, contracts and other expenditure due to deferral of Yorketown undergrounding of power project and selection of the following operating expenditure projects, which were not included at the time of drafting the LFTP:
 - ◇ \$50,000 Ardrossan CWMS desludging of treated effluent storage dams.
 - ◇ \$68,000 Information technology and records management projects assisting in enhancement and/or maintenance of operational requirements for email management and compliance, electronic document control and authorisation and inter-office connectivity.
 - ◇ \$5,000 Port Vincent cemetery engineering consultancy for retaining wall design.
 - ◇ \$60,000 Sealed road pavement investigation consultancy.
 - ◇ \$22,000 Minlaton Town Hall demolition of concrete rainwater tank.
 - ◇ \$30,000 Allocation to fund works identified within Council's coastal management strategy.
 - ◇ \$13,000 Allocation to fund implementation of the Minlagawi Gum Flat management plan.
 - ◇ \$20,000 SYP Community Hub foundation stabilisation and masonry repair works.
 - ◇ \$23,000 Warooka town hall repointing of mortar joints and replacement of steel lintels over windows.
 - ◇ \$9,000 Hydrojet training for infrastructure and select operations staff.
 - ◇ \$5,000 Furniture renewal allowance.
 - ◇ \$20,000 additional allocation to roadside tree trimming (in addition to \$200,000 contractual base allocation).
 - ◇ \$436,000 for strategic projects.
 - ◇ \$400,000 additional allocation to jetty maintenance.
 - ◇ \$3,000 SYP Riding Club Incorporated boundary fencing project.
- ◇ \$236,000 increase to depreciation estimates to account for revaluation of CWMS, stormwater, potable water and transport asset revaluations and expansion of Council's asset base through new/upgraded assets first capitalised at 2023-2024 year end.
- ◇ \$43,000 reduction to finance cost estimate due to revised estimates in relation to the timing of new loans and associated repayments.

Key Financial MEASURES

Net Financial Liabilities Ratio (NFLR)

The Net Financial Liabilities Ratio is calculated by expressing net financial liabilities at the end of a financial year as a percentage of operating income for the year. If the ratio falls, over time, this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening. Council's forecast for this ratio in 2024-25 is 13% which is well below Council's LTFP maximum target of 100% of total operating income. Compared to the LTFP it is 5.0% lower.

This ratio indicates Council has the capacity to borrow for capital projects especially for those focused upon renewal and replacement of existing assets which may be overdue if it can afford to pay back the loans and its operating bottom line is heading towards a surplus in the medium to long term. No new loans are forecast for 2024-25.

Asset Renewal Funding Ratio (ARFR)

This ratio indicates the extent to which existing assets are being renewed and replaced, compared with the asset renewal and replacement expenditure identified as warranted in Council's Asset Management Plans (AMPs).

It is calculated by measuring capital expenditure on renewal or replacement of assets for a period, divided by the level of such expenditure proposed in the AMPs. Alternatively where AMPs for all asset

classes are not available or up to date, depreciation can be used as a comparison. Council currently uses levels of expenditure proposed in its AMPs as a measure. Council's LTFP minimum target is 100% assuming Council has no backlog of existing assets requiring replacement and renewal. The LTFP forecasts a 110% renewal ratio in 2024-25; however, in the 2024-25 budget the ratio is forecast to be slightly lower at 104%. Council's forecast of 104% is just above its LTFP minimum target of 100%.

The ARFR is calculated using this annual asset renewal required expenditure target which tends to fluctuate significantly from one year to the next. Hence the ratio also tends to fluctuate significantly from year to year as there will be years when Council will not have enough funds to meet the asset renewal expenditure requirements of its AMPs and then in other years the required expenditure will be low, hence Council will spend more than is required that year.

In 2024-25 Council is proposing to spend \$18.6m on capital projects with \$15.6m of this to be spent on renewal and replacement of existing assets. The remaining \$3.0m is for upgrades to existing assets and acquisition of new assets.

Council's proposed total capital expenditure of \$18.6m in the 2024-25 budget is approximately \$1.3m more than provided for in the LTFP.





2024-25

BUDGET

Analysis of Operating BUDGET

Operating Income

Council has budgeted for a total of \$44.8m in operating income. This is approximately \$2.0m or 4.6% more than projected in Council's LTFP. The variation can be attributed to the following significant items:

- ◇ \$318,000 increase to rates income due to changes proposed to the rating of vacant land through the general rate review;
- ◇ \$671,000 increase to rates income based off additional 3% general rate increase to be applied to Primary Production rates above 2% provided in the LTFP;
- ◇ \$436,000 increase to rates due to changes to the rating of heavy industry proposed through the general rate review;
- ◇ \$84,000 increase to rates income due to increased general rate income in accordance with Council's endorsed rating model for consultation as part of the general rate review and increases to the State Government landscape levy which is collected by Council and then remitted to the Regional Landscape Board.
- \$38,000 net increase to estimated income across various statutory income lines in the draft budget.
- \$138,000 increase to budgeted income for Council operated disability services programs based on revised budget estimates.
- \$163,000 increase to budgeted income for Council operated caravan parks based on revised budget estimates.
- \$136,000 increase to budgeted income for Council operated bush camping sites based on revised budget estimates.
- \$24,000 net increase in grants, subsidies and contributions income (operating and capital) estimates due to deferral of the Yorketown undergrounding of power project, inclusion of Local Roads and Community Infrastructure Program (Phase 4b) funding, increased estimates in relation to Special Local Roads grants, inclusion of the Jetties Renewal Program grant for Port Vincent Fisherman's Jetty and decreases to estimated disability services funding.
- \$36,000 decrease to budgeted reimbursement income based on revised budget estimates.

TOTALS	
\$31.7m	(70.9%)
Rates and service charges	
\$0.5m	(1.0%)
Statutory charges	
\$5.7m	(12.8%)
User charges	
\$2.7m	(6.1%)
Grants and subsidies (operating)	
\$3.6m	(7.9%)
Grants and subsidies (capital)	
\$0.3m	(0.7%)
Investment income	
\$0.1m	(0.3%)
Reimbursements	
\$0.2m	(0.3%)
Other income	

DESCRIPTOR	
General Rates and Service Charges	General rates on properties as well as service charges (i.e. sewerage, water and refuse/recycling charges, Landscape Levy).
Statutory charges set by State Government	Fees and charges set by State Government regulation and received by the Council for regulatory functions undertaken such as assessment of development and building applications and animal control.
User Pay Charges set by Council	Charges for the Council's fee-based facilities and services such as caravan parks, community halls, cemeteries, bush camping etc.
Grants and Subsidies	Council seeks to attract as much grant funding from other tiers of government as possible, thereby reducing the reliance on other revenue streams.
Investment, Reimbursements & Other Income	Interest received on Council's internal cash reserves and deposits. Reimbursements for work undertaken and other income.

ANALYSIS OF OPERATING BUDGET

Operating Expenses

Operating expenses of \$43.9m budgeted for in 2024-25 are summarised below by major category. This is \$0.5m or 1.2% greater than the projected operating expenses within the LTFP. As detailed on page 25 of this Plan the additional \$1.7m in operating expenses is primarily due to the following significant items:

- \$9,000 reduction to employee costs based on budget modelling and assumptions.
- \$317,000 net increase to materials, contracts and other expenditure due to deferral of Yorketown undergrounding of power project and selection of the following operating expenditure projects, which were not included at the time of drafting the LTFP.
 - \$50,000 Ardrossan CWMS desludging of treated effluent storage dams.
 - \$68,000 Information technology and records management projects assisting in enhancement and/or maintenance of operational requirements for email management and compliance, electronic document control and authorisation and inter-office connectivity.
 - \$436,000 in quarantined general rate income set aside for strategic projects due to an increase in the relative rate in the dollar charged on the vacant land use category.
 - \$5,000 Port Vincent cemetery engineering consultancy for retaining wall design.
 - \$60,000 Sealed road pavement investigation consultancy.
 - \$21,600 Minlaton Town Hall demolition of concrete rainwater tank.
 - \$30,000 Allocation to fund works identified within Council's coastal management strategy.
 - \$13,000 Allocation to fund implementation of the Minlagawi Gum Flat management plan.
 - \$20,356 SYP Community Hub foundation stabilisation and masonry repair works.
 - \$22,910 Warooka town hall repointing of mortar joints and replacement of steel lintels over windows.
 - \$9,312 Hydrojet training for infrastructure and select operations staff.
 - \$5,000 Furniture renewal allowance.
 - \$20,000 additional allocation to roadside tree trimming (in addition to \$200,000 contractual base allocation).
 - \$436,000 for strategic projects.
 - \$400,000 additional allocation to jetty maintenance.
 - \$3,200 SYP Riding Club Incorporated boundary fencing project.
- \$236,000 increase to depreciation estimates to account for revaluation of CWMS, stormwater, potable water and transport asset revaluations and expansion of Council's asset base through new/upgrade assets first capitalised at 2023-2024 year end.
- \$43,000 reduction to finance cost estimate due to revised estimates in relation to the timing of new loans and associated repayments.

TOTALS
\$12.3m (28.1%) Employment costs
\$17.4m (39.5%) Materials, contracts, other expenses
\$14m (31.9%) Depreciation, amortisation and impairment
\$0.2m (0.5%) Finance costs

DESCRIPTOR	
Employee Costs	All labour related expenses such as wages and salaries, and on-costs such as allowances, leave entitlements, employer superannuation, workers compensation and income protection insurance.
Contractual Services	Payments for services provided by contractors i.e. waste collection and disposal, electrical and plumbing etc.
Materials & Others	Payments for physical goods such as water, fuel, energy, road materials, office consumables, stationery, insurances, postage, telephone, government levies, contributions and donations.
Depreciation	Annual consumption of Council's fixed assets (e.g. infrastructure, equipment, buildings etc.) over their useful lives
Finance Costs	Costs of financing Council's activities through borrowings or other types of financial accommodation and merchant fees.

CAPITAL WORKS PROGRAM

Council has developed a suite of Asset Management Plans (AMPs) for the various categories of assets such as Community Wastewater Management Systems, stormwater infrastructure, transport, water infrastructure, major plant and buildings and other structures.

These plans identify costs required to ensure assets will be maintained in a sustainable condition over the long term. There will always be a community desire for the provision of new and upgraded assets;

however, it is important that priority is given to the replacement and sustainable renewal of existing assets.

The following table provides a complete list of all capital projects funded through the 2024-25 Annual Business Plan.

Note: The below totals represent total cost of projects exclusive of any external funding (e.g. grants, trade-ins).

CAPITAL WORKS PROGRAM 2024-25	RENEWAL/ REPLACEMENT	NEW/ UPGRADED
COMMUNITY WASTEWATER MANAGEMENT SYSTEMS	\$297,293	\$334,200
Bluff Beach Waste Water Treatment Plant (WWTP) - waste tank fall prevention railing and ladder installation	\$-	\$8,000
Chinamans wells WWTP - waste tank fall prevention railing and ladder installation	\$-	\$8,000
Chinamans wells pump station 1 - new valve chamber	\$1,800	\$10,200
Hardwicke Bay pump station 2 vent replacement	\$10,000	\$-
Port Victoria WWTP waste tank fall prevention railing and ladder install	\$-	\$8,000
Port Victoria WWTP disposal area extension	\$-	\$25,000
Port Victoria WWTP level control upgrades	\$5,000	\$-
Port Vincent WWTP disposal area extension	\$-	\$30,000
Stansbury WWTP decant tank roof replacement	\$15,000	\$-
Stansbury WWTP level control upgrade	\$5,000	\$-
Tiddy Widdy CWMS rising main replacement -stage 1	\$50,000	\$-
Yorke town WWTP aerator replacement	\$18,000	\$-
Yorke town cwms Warooka road switchboard replacement	\$28,000	\$-
Yorke town CWMS Minlaton road pump station switchboard replacement	\$28,000	\$-
Yorke town CWMS Warooka road pump station valve chamber and flow meter installation	\$12,500	\$-
Yorke town CWMS Minlaton Road pump station flow meter and flush point installation	\$-	\$12,500
Maitland CWMS gravity drain repairs and replacements	\$30,000	\$-
Chinamans wells WWTP remote access modem upgrade 3G to 4G	\$2,500	\$-
Foul Bay WWTP remote access modem upgrade 3G to 4G	\$2,500	\$-
Hardwicke Bay WWTP remote access modem upgrade 3G to 4G	\$2,500	\$-
Chinamans wells WWTP remote access modem upgrade 3G to 4G	\$2,500	\$-
Sultana Point WWTP remote access modem upgrade 3G to 4G	\$2,500	\$-
Yorke town CWMS WWTP waste pump replacement	\$5,479	\$-
Yorke town CWMS WWTP level control replacement	\$1,340	\$-

COMMUNITY WASTEWATER MANAGEMENT SYSTEMS (CONT.)		
Maitland WWTP emergency storage upgrades	\$-	\$167,500
Black Point CWMS WWTP decant tank pump 3 replacement	\$2,496	\$-
Black Point pump station 3 odour control	\$25,000	\$-
Point Turton WWTP installation of pretreatment filter pumps	\$-	\$40,000
Bluff beach pump station level control replacement	\$2,000	\$-
Hardwicke Bay pump station 4 level control replacement	\$2,000	\$-
Maitland Clinton road pump station level control replacement	\$2,000	\$-
Port Victoria jetty pump station level control upgrade	\$2,000	\$-
Port Vincent Ventnor Street pump station level control upgrade	\$2,000	\$-
Black Point pump station 2 pump replacement	\$12,178	\$-
Point Turton Caravan Park pump station 2 upgrade	\$25,000	\$25,000
TRANSPORT INFRASTRUCTURE	\$9,911,543	\$117,000
Walk The Yorke upgrades	\$48,460	\$-
Nalyappa Road - Barnes Road to Ferguson Road - High use road calculations based on 150mm coverage of material.	\$692,046	\$-
Weetulta Road - West Terrace Arthurton to 3500m west	\$316,066	\$-
Weetulta Road- Spencer highway to 2300m east	\$227,844	\$-
Gun Club Road - Didlyamulka road to Newbold Road	\$578,516	\$-
Reseal township bitumen roads	\$1,820,000	\$-
Sandy Church Road - Yorke Valley Road to Summer Track.	\$470,370	\$-
Patchwork on various sealed roads in the northern areas	\$535,284	\$-
Network Level Heavy Vehicle Route Assessment and Risk Analysis Program	\$607,716	\$-
Rehabilitation stabilisation works	\$600,000	\$-
Kerbing - various locations - renewal	\$250,000	\$-
South Coast Road - Meehan Hill Road to 3000m east	\$191,834	\$-
Heel Road - Goldsmith Beach Road to Troubridge Road	\$446,278	\$-
Port Annie Road - Marion Bay Road to Lighthouse Road	\$542,096	\$-
Mickey Flat Road - Powerline Road to St Vincent Highway.	\$564,530	\$-
South Coast Road - stabilisation of existing road from 3000m east of Meehan Hill Road to 5000m east of Meehan Hill Road	\$270,000	\$-
Patchwork on various sealed roads in the southern Council area	\$604,808	\$-
Dust suppression of various roads	\$156,325	\$-
Re-instatement of Western Fourth St median strip , Minlaton	\$-	\$50,000
Marion Bay accesability path	\$-	\$67,000
Unallocated capital renewal – road network	\$318,355	\$-
Unallocated capital renewal – unsealed road network	\$671,017	\$-

LAND, BUILDINGS AND STRUCTURES	\$147,172	\$453,834
Open Space capital allocation	\$20,000	\$-
Maitland office - solar and battery storage system (dependent on grant funding)		\$123,000
Maitland depot lino replacement	\$13,500	\$-
Yorketown Council Office - airconditioning systems	\$7,200	\$-
Safety Exit Light Audit of Town Halls	\$8,250	\$-
Sultana Point walkway	\$-	\$20,000
Corny Point soakage pits	\$-	\$130,000
Point Turton Jetty stairs	\$30,000	\$-
New playground for Apex House/Elizabeth Road, Maitland	\$-	\$60,000
Port Victoria foreshore beach shelter	\$-	\$50,000
Port Rickaby shade shelter	\$-	\$48,834
Balgowan playground	\$68,222	\$-
Coobowie H frame structure reinforcement	\$-	\$10,000
Black Point walking trail	\$-	\$12,000
STORMWATER DRAINAGE	\$5,000	\$365,000
Ardrossan stormwater reuse site remote access modem upgrade 3G to 4G	\$2,500	\$-
Maitland stormwater reuse site remote access modem upgrade 3G to 4G	\$2,500	\$-
Stormwater upgrades in various towns	\$-	\$365,000
MAJOR PLANT AND FLEET VEHICLES	\$1,222,500	\$763,327
Greenskeeper Boom Foam Marker	\$-	\$5,765
Purchase of spray tank	\$-	\$2,562
Tractor (northern works)	\$-	\$475,000
Rock shredder (northern works)	\$-	\$245,000
Council vehicle replacement (fleet)	\$332,000	\$-
Ute/Light vehicle replacement	\$119,000	\$35,000
Grader replacement	\$525,000	\$-
Light truck replacement	\$100,500	\$-
YPLO vehicle replenishment	\$146,000	\$-
INFORMATION TECHNOLOGY	\$337,710	\$-
New digital camera - videos and photos	\$7,590	\$-
Computer refreshing program	\$102,650	\$-
Mobile phones refreshing program	\$16,000	\$-
Monitor refreshing program	\$4,800	\$-
Records management systems upgrade	\$32,670	\$-
Data and applications servers	\$124,000	\$-
WAN and interoffice network connectivity	\$50,000	\$-

OTHER	\$20,690	\$-
Traffic counters	\$12,690	\$-
YPLO tree propegation replacement fencing	\$8,000	\$-
GRANT FUNDED ONE-OFF PROJECTS	\$3,250,000	\$938,170
Edithburgh dive stairs	\$-	\$788,170
Vietnam War Memorial Walk	\$-	\$150,000
North Coast Road upgrade - Stage 3	\$3,250,000	\$-
CARAVAN PARKS	\$445,022	\$42,812
Point Turton Caravan Park - septic upgrade	\$118,812	\$-
Computer refreshing - Point Turton Caravan Park	\$1,850	\$-
Mobile phones refreshing	\$4,400	\$-
CCTV and Wifi Upgrade - Port Vincent Foreshore Caravan Park	\$11,060	\$-
Disability access - amenities - Port Vincent Foreshore Caravan Park	\$-	\$4,000.00
Port Vincent cabin fridge replacement	\$3,927	\$-
Marion Bay water supply upgrade	\$199,370	\$-
Overflow camping areas - Marion Bay Caravan Park	\$6,000	\$-
Point Turton TV broadcasting system	\$13,609	\$-
Linen room - Point Turton Caravan Park	\$7,000	\$-
BBQ - Point Turton Caravan Park	\$12,553	\$-
Pt Turton Caravan Park - cabin sofa replacement	\$5,818.	\$-
Pt Turton Caravan Park - ride on lawnmower	\$9,458	\$-
Yorke town Caravan Park - camp kitchen/reception upgrade	\$32,990	\$-
Yorke town Caravan Park - additional sites	\$3,060	\$-
Disability access - reception entry - Port Vincent Foreshore Caravan Park	\$5,000	\$-
Furniture replacement - cabin - Marion Bay Caravan Park	\$8,000	\$-
Residents/kiosk/office roof replacement - Port Rickaby Caravan Park and Kiosk	\$40,927	\$-
TOTAL CAPITAL EXPENDITURE	\$15,636,930	\$3,014,343

ANALYSIS OF TOTAL BUDGET

The following table provides a breakdown of total expenditure (operating and capital) by function (excluding depreciation).

%	FUNCTION	DESCRIPTION
35.6%	Road Maintenance	Expenses relating to the cost of maintaining and renewing Council's road network, including materials, labour related expenses, patrol grading and vegetation management.
4.4%	Community Asset Maintenance	General maintenance costs, including materials and labour related expenses related to assets such as sporting ovals, swimming centres, halls, airstrips, public conveniences, cemeteries and war memorials.
6.6%	Caravan Park Operation	Expenses relating to the cost of running Council owned caravan parks, including capital expenditure and labour related expenses.
6.2%	Refuse Collection & Disposal	Contractual and local expenses, including materials and labour related expenses.
2.9%	Finance, Business, Corporate and Community Relations	Expenses relating to financial administration, business and community relations and corporate services, including labour related expenses.
4.4%	Parks and Gardens	Expenses relating to the maintenance of all open space parks and gardens, including materials and labour related expenses.
10.5%	Governance	Expenses relating to governing the organisation, including organisational compliance and Elected Member related expenses and cost of office furniture.
0.3%	Information Services	Expenses incurred in providing information technology, including projects and labour related expenses.
1.5%	Development Services	Expenses relating to the cost of planning and development, including labour related expenses.
1.8%	People and Culture	Expenses relating to Human Resources, Payroll, Staff Training, Work Health & Safety and Risk Management.
3.8%	CWMS and Water Schemes	Expenses relating to the cost of running water and waste-water management schemes, including materials and labour related expenses.
2.5%	Regional Landscape Levy	A compulsory levy payable to the Northern and Yorke Landscape Region Board. Refer page 26.
1.5%	Street Cleaning and Cleaning Council Buildings and Public Conveniences	Contractual and local expenses to clean all streets and Council buildings across the district including public conveniences.
4.1%	Environmental Management	Expenses relating all foreshore maintenance plus maintenance of walking trails, contribution to Northern and Yorke Landscape Region Board projects, protection of crown lands and land rehabilitation.

ANALYSIS OF TOTAL BUDGET

%	FUNCTION	DESCRIPTION
1.0%	Community Support	Expenses relating to youth services, libraries, YP Leisure Options and other community support programs (e.g. YP Community Transport, grants and donations), including materials and labour related expenses.
2.0%	Footpaths and Stormwater	Capital expenses relating to maintenance of existing footpaths and stormwater systems, including materials and labour related expenses.
0.4%	Tourism and Economic Development	Expenses relating to tourism including the Visitor Information provision and other economic development expenses (e.g. Regional Development Australia, Art and Culture etc.), including labour related expenses.
4.6%	Regulatory, Animal and Fire Control Services	Includes expenses relating to fire safety and prevention, health inspections, dog control and impounding and other regulatory functions, including labour related expenses.
0.8%	Street Lighting	Expenses relating to maintenance of street lighting, including materials and labour related expenses.
0.7%	Asset Management	Asset Management Systems, Asset Management Plans and Asset Condition Assessments, including labour related expenses.
3.3%	Plant and Equipment	Includes all expenses related to purchase/replacement of all plant and equipment, including fleet vehicles – offset by all trade-in income.
0.9%	Strategic Projects	Allowance for strategic projects funded by estimated general rate income raised above CPI on Vacant Land.



Budgeted Financial STATEMENTS

A. Budgeted Statement of Comprehensive Income

This statement outlines:

- All sources of Council's income (revenue)
- All operating expenses. These expenses relate to operations and do not include capital expenditure although depreciation of assets is included.

The net operating surplus/(deficit) for the year is a measure of Council's financial performance. This figure is determined by deducting total operating expenses from total operating revenue.

B. Budgeted Statement of Financial Position

The statement of financial position outlines what Council owns (assets) and what it owes (liabilities) at a point in time.

Council's net worth is determined by deducting total liabilities from total assets – the larger the net equity, the stronger the financial position.

C. Budgeted Statement of Cash Flows

This summarises the actual flows of cash for a period and explains the change in the cash balance held from the start of the period through to the end of the reporting period. This shows where Council received its cash from and then what it was spent on.

D. Budgeted Statement of Changes in Equity

A statement of changes in equity shows the movements of equity in addition to accumulated

earnings and losses for a reporting period. This statement summarises the change in Council's real worth throughout the financial year. Council's net worth can change as a result of:

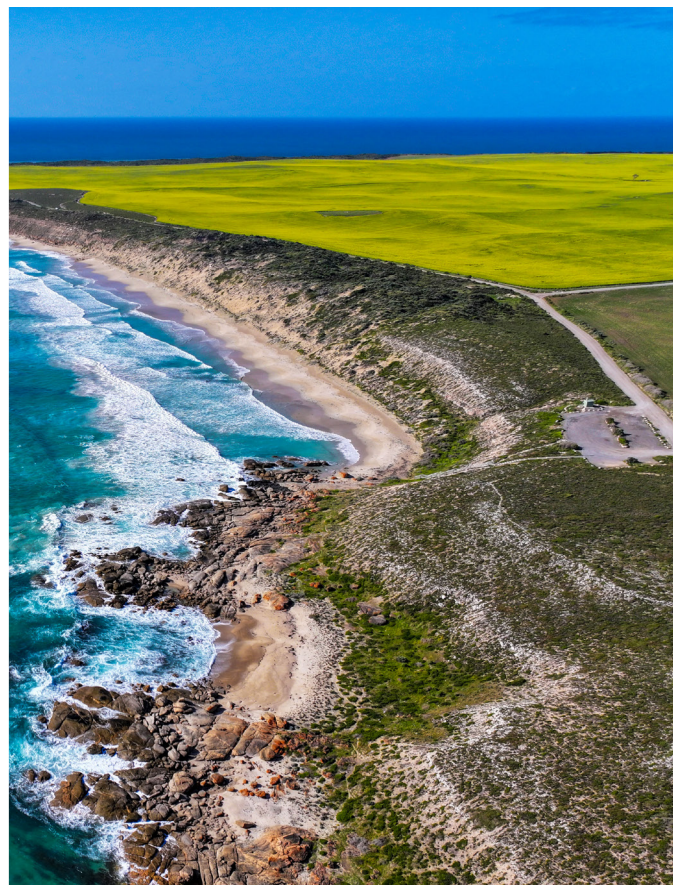
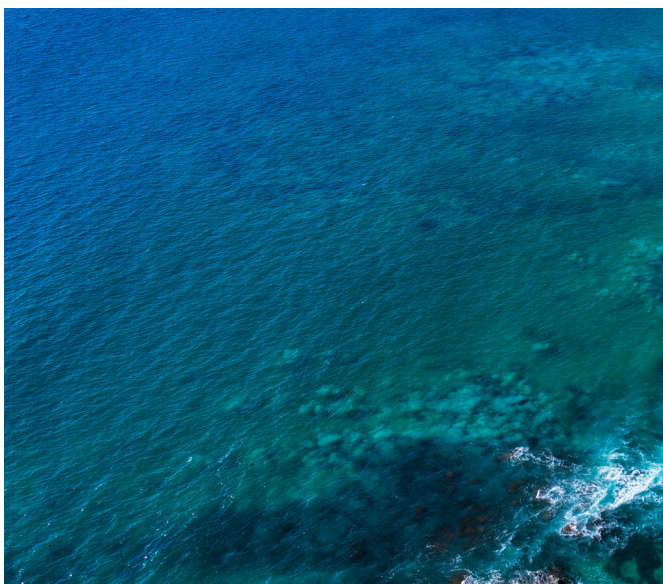
- The net result as recorded in the Statement of Comprehensive Income; or
- An increase or decrease in the net value of non-current assets resulting from a revaluation of those assets.

E. Budgeted Uniform Presentation of Finances

This is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis. The arrangements ensure all councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

Budgeted financial statements for 2024-2025 can be found on the following pages.



A. BUDGETED STATEMENT OF COMPREHENSIVE INCOME

	2024-2025 Budget	2024-2025 LTFP	2023-2024 Revised Budget (March Quarter)
	\$(‘000)	\$(‘000)	\$(‘000)
INCOME			
Rates	31,776	30,274	28,487
Statutory Charges	465	428	491
User Charges	5,726	5,285	5,320
Grants, subsidies, contributions (operating)	2,744	3,700	3,306
Grants, subsidies, contributions (capital)	3,550	2,570	2,832
Investment Income	299	299	479
Reimbursements	113	148	203
Other Income	151	151	151
Total Income	44,824	42,855	41,269
EXPENSES			
Employee costs	12,321	12,330	11,201
Materials, contracts & other expenses	17,365	17,048	17,243
Depreciation	14,006	13,770	12,292
Finance Costs	220	263	275
Total Expenses	43,912	43,411	41,011
OPERATING SURPLUS/(DEFICIT)	(912)	(555)	258
Asset disposal and fair value adjustments	0	0	0
Amounts received specifically for new or upgraded assets	2,371	1,592	3,539
Physical assets received free of charge	0	0	270
NET SURPLUS/(DEFICIT)	3,283	1,037	4067
Changes in revaluation surplus - I,PP&E	0	4,824	0
Total Other Comprehensive Income	0	0	0
TOTAL COMPREHENSIVE INCOME	3,283	5,861	4067

NB: Totals may not add due to rounding

B. BUDGETED STATEMENT OF FINANCIAL POSITION

	2024-2025 Budget	2024-2025 LTFP	2023-2024 Revised Budget (March Quarter)
	\$('000)	\$('000)	\$('000)
ASSETS			
Current Assets			
Cash & Equivalent Assets	3,279	1,214	5,675
Trade & Other Receivables	2,037	1,851	1,960
Inventories	577	569	574
Total Current Assets	5,893	3,634	8,209
Financial Assets	56	56	146
Infrastructure, Property, Plant & Equipment	316,359	321,283	312,199
Total Non-Current Assets	316,615	321,339	312,345
Total Assets	322,508	324,974	320,554
LIABILITIES			
Current Liabilities			
Trade & Other Payables	3,434	3,386	3,409
Borrowings	1,234	1,296	1,311
Provisions	2,290	2,290	2,290
Total Current Liabilities	6,958	6,972	7,010
Trade & Other Payables	202	202	246
Borrowings	3,698	3,578	4,932
Provisions	157	157	157
Total Non-Current Liabilities	4,057	3,937	5,335
Total Liabilities	11,015	10,909	12,345
NET ASSETS	311,493	314,064	308,209
EQUITY			
Accumulated Surplus	(217)	(2,036)	(3,067)
Asset Revaluation Reserve	306,409	311,233	306,409
Other Reserves	4,867	4,867	4,867
TOTAL EQUITY	311,493	314,064	308,209

NB: Totals may not add due to rounding

C. BUDGETED STATEMENT OF CASH FLOWS

	2024-2025 Budget	2024-2025 LTFP	2023-2024 Revised Budget (March Quarter)
	\$(‘000)	\$(‘000)	\$(‘000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates receipts	31,668	30,215	28,304
Statutory charges	466	427	522
User charges	5,711	5,277	5,572
Grants, subsidies, contributions (operating purpose)	2,723	3,683	3,476
Investment receipts	302	299	496
Reimbursements	114	149	224
Other income	71	70	73
Payments			
Employee costs	(12,247)	(12,267)	(11,124)
Materials, contracts and other expenses	(17,360)	(17,089)	(16,614)
Finance costs	(220)	(263)	(275)
Net Cash provided by (or used in) Operating Activities	11,228	10,502	10,654
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Grants utilised for capital purposes	3,542	2,626	3,344
Amounts specifically for new/upgraded assets	2,409	1,722	3,766
Sale of renewed/replaced assets	286	300	207
Sale of surplus assets	-	-	35
Repayments of loans by community groups	100	100	96
Payments			
Expenditure on renewal/replacement of assets	(15,637)	(16,012)	(10,731)
Expenditure on new/upgraded assets	(3,014)	(1,238)	(9,261)
Net Cash Provided by (or used in) Investing Activities	(12,314)	(12,502)	(12,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from borrowings	0	0	760
Payments			
Repayments of borrowings	(1,311)	(1,369)	(1,256)
Net Cash provided by (or used in) Financing Activities	(1,311)	(1,369)	(496)
Net Increase/ (Decrease) in Cash held	(2,397)	(3,370)	(2,386)
plus: cash and cash equivalents at beginning of period	5,676	4,584	8,061
Cash and cash equivalents at end of period	3,279	1,214	5,675

NB: Totals may not add due to rounding

D. BUDGETED STATEMENT OF CHANGES IN EQUITY

	2024-2025 Budget	2024-2025 LTFP	2023-2024 Revised Budget (March Quarter)
	\$('000)	\$('000)	\$('000)
Balance at end of previous reporting period	308,209	308,204	304,142
Net surplus/(Deficit) for year	2,383	1,037	4,067
Gain (Loss) on revaluation of IPPE		4,824	-
Total Comprehensive Income	2,383	5,861	4,067
Equity - Balance at the end of reporting period	311,493	314,064	308,209

NB: Totals may not add due to rounding

E. BUDGETED UNIFORM PRESENTATION OF FINANCES

	2024-2025 Budget	2024-2025 LTFP	2023-2024 Revised Budget (March Quarter)
	\$('000)	\$('000)	\$('000)
Income			
Rates	31,776	30,274	28,487
Statutory charges	465	427	491
User charges	5,726	5,285	5,320
Grants, subsidies and contributions – capital	3,550	2,570	2,832
Grants, subsidies and contributions – operating	2,744	3,700	3,306
Investment income	299	299	479
Reimbursements	123	148	203
Other income	151	151	151
Total Income	44,284	42,855	41,269
Expenses			
Employee costs	12,321	12,330	11,201
Materials, contracts and other expenses	17,365	17,048	17,243
Depreciation, amortisation and impairment	14,006	13,770	12,292
Finance costs	220	263	275
Total Expenses	43,912	43,411	41,011
Operating Surplus/ (Deficit)	(912)	(555)	258
Timing adjustment for grant revenue			
Net Outlays on Existing Assets			
Capital expenditure on renewal and replacement of existing assets	(15,637)	(16,012)	(10,731)

E. BUDGETED UNIFORM PRESENTATION OF FINANCES

	2024-2025 Budget	2024-2025 LTFP	2023-2024 Revised Budget (March Quarter)
	\$('000)	\$('000)	\$('000)
Add back depreciation, amortisation and impairment	14,006	13,770	12,292
Add back proceeds from sale of replaced assets	286	300	207
(Net outlays) on existing assets	(1,345)	(1,942)	1,767
Net Outlays on New and Upgraded Assets			
Capital expenditure on new and upgraded assets	(3,014)	(1,238)	(9,261)
Add back amounts specifically for new and upgraded assets	2,409	1,722	3,766
Add back proceeds from sale of surplus assets	0	0	
(Net outlays) on new and upgrade assets	(605)	483	(5,460)
Annual Net Impact to Financing Activities (surplus/ (deficit))	(1,038)	(2,013)	(3,435)

NB: Totals may not add due to rounding

Appendix 1:
Essential Services Commission
of South Australia - Local
Government Advice

OFFICIAL



Advice

Local Government Advice

Yorke Peninsula Council

February 2023

OFFICIAL

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: advice@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

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Glossary of terms

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

1 The Commission's key advice findings for the Yorke Peninsula Council

The Essential Services Commission (**Commission**) finds the Yorke Peninsula Council's (**Council's**) short-term financial position potentially unsustainable but notes that it has taken steps to achieve a sustainable position in the medium to long-term. The Council's projected improvement to its financial performance is reliant on the renewal of its asset stock and a period of service consolidation, at a minimum, continued cost control, and further rate increases.

Acknowledging the Council's outlook, the Commission considers it would be appropriate for it to undertake the following steps to ensure it budgets prudently and transparently, continues to manage its cost base efficiently, renews its asset base to meet sustainable service levels, plans its asset needs appropriately and constrains the extent of further rate increases:

Budgeting considerations

1. **Continue** to review its inflation forecasts in its budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. **Consider** including its most up to date long-term financial plan projections in its annual business plan and budget to provide more transparency to the community about any changes to forward projections, including rate projections, and the longer-term impacts of its short-term decisions.

Continuing to provide evidence of ongoing cost efficiencies

3. **Continue** to monitor cost growth in its budgeting, where possible, including related to employee expenses.
4. **Continue** its good practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

5. **Adhere** to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.

Containing rate levels

6. **Review** and **consider** limiting any further average rate increases above inflation, to help reduce any emerging affordability risk in the community.

2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Government to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.¹

One of the main purposes of the Local Government Advice Scheme (**advice or the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFPs**) and infrastructure and asset management plans (**IAMPs**)² – both required as part of a council's SMP.³ Financial sustainability is considered to encompass intergenerational equity,⁴ as well as program (service level) and rates stability in this context.⁵ The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.⁶ In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.⁷

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 15 councils for advice in the first scheme year (2022-23), including the Yorke Peninsula Council (**Council**).

This report provides the Local Government Advice for the Yorke Peninsula Council in 2022-23.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2023-24 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.⁸ It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website⁹), nor is it compelled under the LG Act to follow the advice. The Commission thanks the Yorke Peninsula Council for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

In general, the Commission finds the Yorke Peninsula Council's short-term financial position potentially unsustainable but notes that it has taken steps to achieve a sustainable position in the medium to long-term, following a period of high operating deficits and spending on new capital initiatives. Historically, the Council has demonstrated more effective cost constraint to reduce its deficits over time, but it has also struggled to meet the ongoing renewal needs of its existing infrastructure base.¹⁰ This now presents a backlog of deferred renewal and rehabilitation it needs to address in the future.

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

² Commonly referred to as asset management plans.

³ The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.

⁴ 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

⁵ Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ The Commission must publish its advice under LG Act s122(1i)(a).

¹⁰ As recommended by its AMPs.

The past rate increases above inflation, together with higher user charges income, have been necessary to increase the Council’s financial capacity to cover its operating and service sustainability requirements.

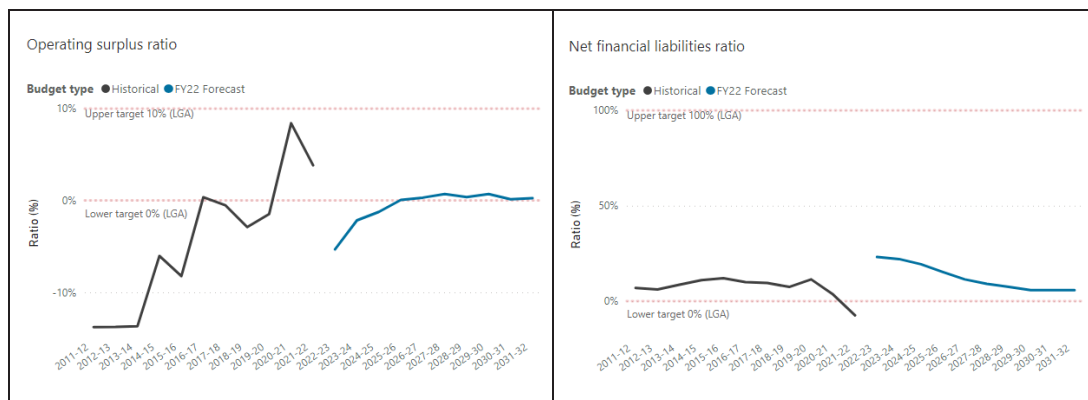
Its forward projections from 2022-23 (in its LTFP) forecast an improving financial sustainability outlook as a result of the forecast rate of operating revenue growth set to outpace expense growth but with:

- ▶ continued average rate increases below the Reserve Bank of Australia (RBA)-based forecast inflation rate (and generally aligned with the Council’s forecast inflation) although it has levied an additional 1 percent per annum increase on primary production ratepayers, to help fund upgrades to unsealed roads intersections due to heavy vehicle access
- ▶ continued cost constraint with lower average cost growth than it has experienced over the past 10 years (and half the rate of RBA-based forecast inflation), and
- ▶ low spending on new or upgraded capital works with higher asset spending on renewal and rehabilitation capital works, including to partially address the accumulation of deferred renewals over the next 10 years.

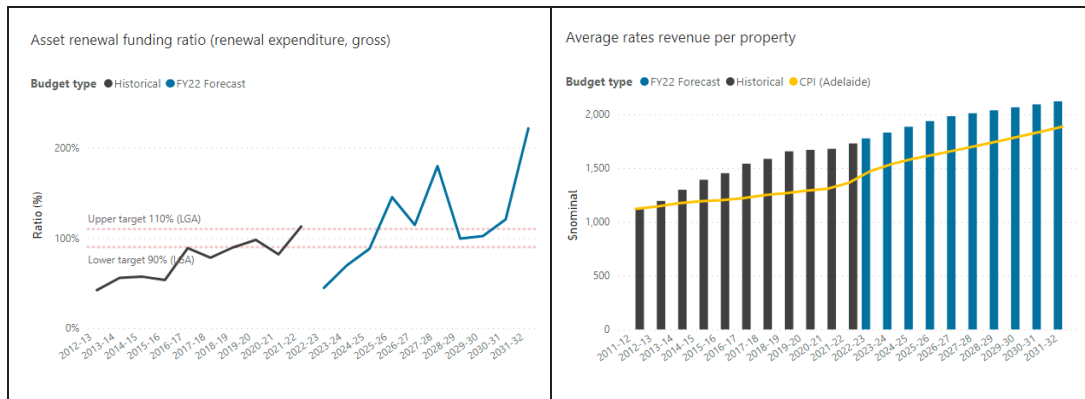
The Commission considers that the Council is demonstrating good practice regarding the formulation of its financial projections in its LTFP, and transparency around its assumptions and directions, including the ratepayer impact. It is also reporting genuine savings through operational efficiencies achieved in its annual budget, and the Commission encourages it to continue this approach. However, the Commission has identified an improvement opportunity in aligning the estimates (or explaining the variances) in the LTFP and annual business plan.

The charts below of the Yorke Peninsula Council’s past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio and average rate revenue per property, together support these findings.

The ‘heat map’ diagram over the page summarises the Commission’s findings with reference to whether the Council has met the suggested Local Government Association (LGA) target ranges for the three main financial sustainability indicators¹¹ and the level of cost control and affordability risk identified for the Council over time.



¹¹ The suggested LGA target range for the ratios are discussed in more detail in the attachment.



Summary of the Yorke Peninsula Council’s financial sustainability performance and the Commission’s risk assessment

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)	2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0-10%)	Ratio below target or cumulative deficits	Ratio within target	Operating deficits to 2024-25; Operating surpluses forecast within target range
Net financial liabilities ratio (target 0-100%)	Ratio met historically	Ratio below 0%	Ratio projected within the target range
Asset renewal funding ratio (target 90-110%)	Below target range; Some years marginally below or above target range		Progressive trend to achieve a cumulative target by 2029-30
Identified Risks:			
Cost control risk	Moderate operating expenses per property average growth of 3.1% p.a. to 2016-17	Low average growth in operating expense per property (0.9% p.a.)	Operating expenses per property average growth of 1.4% p.a. to 2031-32 (below forecast CPI of 2.8%)
Affordability risk	High rate revenue per property average growth of 4.4% p.a. to 2021-22 (CPI of 2.0%)		Rate revenue per property average growth of 2.0% p.a. to 2031-32 (below forecast CPI of 2.8%)

- Ratio outside suggested LGA target range or higher risk
- Ratio close to suggested LGA target range or medium risk
- Ratio within suggested LGA target range or lower risk

2.2 Detailed advice findings

The next sections summarise the Commission’s more detailed observations and advice findings regarding the Yorke Peninsula Council’s material changes to its 2022-23 plans (compared with the previous year’s plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

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

¹² The attachment will be available on the Commission’s website with the Advice.

2.2.1 Advice on material plan amendments in 2022-23

The Yorke Peninsula Council's 2022-23 LTFP includes an improvement to its projected operating performance, and increases to its projected capital expenditure estimates, compared with the 2021-22 forecasts,¹³ as follows:

- ▶ An improvement in operating performance by \$0.9 million or by 28 percent, resulting in the Council bringing forward, by two years, its projected operating surplus to 2025-26. This is mainly driven by a further 1.0 percentage point rates increase (in addition to the general rates increase) applied to primary production ratepayers over the first five years of the 2022-23 LTFP.
- ▶ An additional \$5.8 million (or 6 percent) for asset renewals, and an additional \$0.5 million (or 28 percent) for new and upgrade capital works. Much of the increases are being driven by the partial funding of the accumulation of deferred renewal expenditure, and the allocation of funds for water and community wastewater management system asset upgrades, as identified in the respective asset management plans (AMPs).

Targeting an earlier surplus, compared with its 2021-22 estimates, in part addresses the accumulation of deferred renewal expenditure and accounts for the current inflationary environment.

The Council has adjusted its operating income and expense forecasts by lower amounts (both with increases of 2 percent on 2021-22 estimates¹⁴) compared to its adjusted inflation forecasts. Based on updated inflation assumptions in its 2022-23 LTFP, an increase in its cost and revenue estimates by up to 5 percent over the 2022-23 to 2030-31 forecast period,¹⁵ compared with the same estimates in its 2021-22 LTFP, could account for higher inflation forecasts.

It assumed Consumer Price Index (CPI) inflation increases of 2.5 percent in 2022-23 and 2023-24, 2.25 percent for the next two years and 2.0 percent annually from 2026-27. This is an upward revision to its assumptions in its 2021-22 LTFP estimates (of average CPI growth of 1.45 percent annually).

The Council has factored several genuine savings into its LTFP projections, discussed in the operating performance section below. However, its current inflation forecasts do present a risk to its cost and income projections in the current inflationary environment. The RBA currently forecasts the CPI (Australia-wide) to increase by 6.7 percent in the year to the June 2023 quarter and by 3.0 percent in the year to June 2025. Thereafter, it is reasonable to anticipate a return to long-run averages (and growth of 2.5 percent per annum from 2025-26, based on the midpoint of the RBA's 2 to 3 percent target range).¹⁶

The Commission notes that the Council's stated assumptions for indexation in its 2022-23 LTFP are transparent and based on its annual review of these forecasts, but notes that there is still uncertainty around the assumptions. Notwithstanding the need for the Council to endeavour to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

1. **Continue** to review its inflation forecasts in its budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

¹³ The overlapping forecast period in both LTFPs (2021-22 to 2030-31 and 2022-23 to 2031-32).

¹⁴ See footnote 13.

¹⁵ The set of nine years forecast in both the 2021-22 and 2022-23 LTFP projections.

¹⁶ RBA, Forecast Table - February 2023, available at <https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html>.

The Yorke Peninsula Council adopted its annual business plan and budget in June 2022, two months after it adopted its LTFP 2022-23 in April 2022. The Council proposed further material amendments to its 2022-23 estimates for the financial year from those proposed in its LTFP, although the net changes to estimates were relatively minor and its proposed rate increases did not change.¹⁷

The Commission observes that the Council's LTFP identifies the risks to the financial estimates (due to economic factors, for example) and that the annual business plan also includes its 2022-23 estimates (from the LTFP) to show any further budget amendments to those estimates. In addition, there is no current regulatory requirement for a council to publish its LTFP projections with its annual business plan and budget.

However, many councils do coordinate their long-term financial projections with their annual budget process, and it might be useful for the Yorke Peninsula Council to republish the 10-year financial estimates with the adjusted annual budget estimate for 2022-23, particularly if the extent of revisions to estimates in its annual business plan and budget are substantial. To this end, the Commission considers that it would be appropriate for the Council to:

2. **Consider** including its most up to date long-term financial plan projections in its annual business plan and budget to provide more transparency to the community about any changes to forward projections, including rate projections, and the longer-term impacts of its short-term decisions.

Additionally, the Council advised the Commission of material increases to its capital expenditure budget and subsequent 'carry overs' occurring outside of the Council's annual planning cycle. The Council further advised that these 'carry overs' were not incorporated into its 2022-23 budget initially because the extent of grant funding and works deferrals was not known at that time. The Commission encourages the Council to monitor these matters, and where required, ensure that the community is consulted on material budget adjustments.

2.2.2 Advice on financial sustainability

Operating performance

The Yorke Peninsula Council has predominantly run operating deficits from 2011-12 to 2019-20, with the operating surplus ratio¹⁸ averaging negative 5.2 percent over this period; however, in 2020-21, it achieved an operating surplus of \$3.1 million. In its forward projections, the operating surplus ratio is not forecast to meet the suggested LGA target range (with a surplus) until 2025-26 (when it will be 0.1 percent).

One of the reasons for the persistent deficits is that the Council had a high deficit in 2011-12 (of \$3.3 million) and difficulty in meeting its operating capacity requirements at that time. This has taken some time for it to rectify. Operating income growth averaged 4.9 percent per annum from 2011-12 to 2020-21, almost double the rate of operating expense growth (which was relatively conservative, averaging 2.4 percent per annum).¹⁹ It has taken the Council until 2020-21 to generate a sustained operating surplus (based on an average operating balance over three years).

¹⁷ Applies to 'general rates and other' revenue as per the annual business plan.

¹⁸ The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised*, May 2019 (**LGA SA Financial Indicators Paper**), p. 6).

¹⁹ Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

The Council received a combination of additional rates, statutory charges, user charges and 'grants, subsidies and contributions' income over this period to generate its relatively strong operating income growth.

On the cost side, its 'materials, contracts and other' and 'depreciation' expenses both increased at conservative levels (averaging 2.2 and 1.5 percent per annum respectively) from 2011-12 to 2020-21, given average annual CPI growth of 1.7 percent.²⁰ On the other hand, its 'employee' expenses increased by an average of 3.9 percent per annum (or approximately 0.8 full-time equivalent (**FTE**) staff per year).

The estimated reduction in the rate of growth in operating expenses projected over the next 10 years (to an average of 1.5 percent per annum, which is approximately half RBA-based forecast inflation²¹), combined with rates and user charges revenue growth (also below the RBA-based forecast inflation), is expected to slowly improve the Council's operating performance. The associated impact on ratepayers is discussed further below.

The Commission has observed the current good practice of the Yorke Peninsula Council in conducting regular service level reviews of its operations, focused on achieving increased productivity, efficiency and effectiveness, and ultimately, real savings.²² As an example, it has factored in savings of approximately \$0.4 million to its expense estimates in 2022-23, compared to these items in 2021-22, as a direct result of its service level reviews.²³

To ensure the Council is positioned to achieve the real terms reduction in its cost base that it has forecast and improve its operating performance (without the need for further rate increases above inflation), the Commission encourages it to:

3. **Continue** to monitor cost growth in its budgeting, where possible, including related to employee expenses.
4. **Continue** its good practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

Despite the Council's frequent operating deficits from 2011-12 (including depreciation expenses), its net cash flows after operating and investing (that is, capital-related) activities has averaged \$0.2 million per annum between 2011-12 and 2020-21. The Council has relied primarily on rates revenue and supplementary grant funding to fund its capital expenditure program over this period.

The Council has also consistently used borrowings to finance (in part) its renewal of existing assets and acquisition of new and upgraded assets, and over time, this has been within the suggested LGA target range for the net financial liabilities ratio (averaging 8.6 percent from 2011-12 to 2020-21).²⁴ The

²⁰ CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 1.9 percent), available at <https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index>.

²¹ The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on the RBA forecasts for the CPI (Australia-wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

²² Yorke Peninsula Council, *2023 – 2032 Long Term Financial Plan*, April 2022, pp. 7 and 14, available at <https://yorke.sa.gov.au/content/uploads/2022/04/Long-Term-Financial-Plan-2023-2032-Adopted-Version-13-04-2022.pdf>.

²³ Yorke Peninsula Council, *2023 – 2032 Long Term Financial Plan*, April 2022, p. 21.

²⁴ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities.

Council continues to meet the suggested LGA target range under its 2022-23 forecasts and projects a reduction in the ratio from a peak of 23 percent in 2022-23 to an average of 7 percent in the five years to 2031-32. The reduction in the ratio from 2022-23 to 2031-32, comes from progressive repayment of total borrowings (of \$7.3 million over the next five years to 2026-27), via operating income growth.

Based on the Council's projected repayment of borrowings, and relatively low forecast net financial liabilities ratio in the longer-term, the Commission notes that it might have the opportunity to utilise more debt to further address its asset renewal expenditure requirements. However, its forecast annual end of year cash position is below \$1 million from 2024-25, and it would need to consider its operating capacity for further borrowing repayments, given its forecast continuation of operating deficits in the short-term.

Asset renewals expenditure

Between 2011-12 and 2020-21 the Council's total capital expenditure averaged \$9.6 million per annum (including \$6.8 million on asset renewals and \$2.8 million on new and upgraded assets) but this was not sufficient to cover the asset renewal and rehabilitation requirements specified in its AMPs. The Council's asset renewal funding ratio (IAMP-based) was below the suggested LGA target range of 90 to 110 percent over these years,²⁵ and averaged 76 percent between 2011-12 and 2020-21. This indicates that the Council underperformed in meeting its asset service sustainability requirements over this period, as it utilised grant funding for service expansion while it also sought to address its recurring operating deficits.

From 2022-23, the Council is adjusting its asset renewals spending profile (with higher projected annual renewal expenditure averaging \$11.5 million to 2031-32, in nominal terms). As a result, its asset renewal funding ratio (IAMP-based) is expected to trend above the suggested LGA target range (averaging 141 percent from 2025-26 to 2031-32), reflecting the Council's intention to address the accumulation of deferred renewals. This coincides with much lower forecast spending by the Council on new or upgraded assets (estimated to average \$0.3 million per annum to 2031-32), and an accompanying period of service consolidation as the value of its asset base per property is forecast to decline in real terms. The Council has identified that there will remain a \$10 million shortfall in asset renewal expenditure (or approximately 9 percent of the total renewal budget), which will not be covered over the 10-year projections in the 2022-23 LTFP.

Acknowledging this significant shift in proposed asset spending priorities by the Council, which is reflected in its LTFP projections and to reduce any further accumulation of asset renewal backlogs, the Commission considers that it would be appropriate for it to:

5. **Adhere** to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.

With the Council's projected spending on asset renewals, the depreciation expenses (which represent the rate of asset consumption) are projected to broadly track in line with renewal spending. Renewal spending is forecast to account for 93 percent of depreciation expenses on average to 2031-32.²⁶

The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

²⁵ The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

²⁶ The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses) is forecast to average 93 percent to 2031-32. This ratio shows

This demonstrates a sound alignment between the average rate of consumption of its assets, as indicated by its depreciation expenses, and the annual spending on the renewal of its asset base, over time.

2.2.3 Advice on current and projected rate levels

The Yorke Peninsula Council's rate revenue per property growth has averaged 4.6 percent or \$62 per annum for each property in the period between 2011-12 and 2020-21, which has exceeded CPI growth of an average of 1.7 percent per annum over this period. However, the Council still has relatively low-rate levels for non-residential categories, compared to average rates for residential ratepayers.²⁷

In 2022-23 the Council's rate increases are estimated to result in a 4.8 percent increase to its rates revenues, which is consistent with its forecast in the 2022-23 LTFP. The increase is due to the Council's estimate of higher inflation and to improve financial sustainability.²⁸ On average the Council has implemented a 2.5 percent rate increase for residential ratepayers, and a 5.0 percent rate increase for primary producers (with 1 percent of this increase allocated specifically for upgrading unsealed roads intersections due to heavy vehicle access).²⁹

Its 2022-23 LTFP forecasts an average increase of \$344 to existing rates in total to 2031-32 (to \$2,121 per annum), which is consistent with the Council's assumed inflation growth over this period,³⁰ but is also below the RBA-based forecast of average inflation (2.8 percent).³¹ In the last five years of its LTFP (from 2027-28 to 2031-32) the Council is projecting rate increases below its own CPI forecasts by approximately 0.5 percentage points per annum.³²

Primary production ratepayers are forecast to experience a 1.0 percentage point per annum higher increase than other general ratepayers over the first five years of the 2022-23 LTFP (higher than the Council's CPI forecast). However, affordability risk among the community for the further rate increases appears to be low based on a range of factors including the existing relatively low rate levels (for rural rates),³³ and an assessment of the economic resources available to the community.³⁴ The Council has

the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed.

²⁷ Refer to Councils in Focus rates data for 2019-20 available at https://councilsinfocus.sa.gov.au/councils/yorke_peninsula_council. The Commission is not relying on these rate comparisons for its advice; the data source provides just one indicator, among many, which has informed its advice on the appropriateness of the rate levels.

²⁸ Yorke Peninsula Council, *2022-23 Annual Business Plan*, July 2022, p. 5, available at <https://yorke.sa.gov.au/content/uploads/2022/07/Annual-Business-Plan-Final.pdf>.

²⁹ Yorke Peninsula Council, *2022-23 Annual Business Plan*, July 2022, p. 18.

³⁰ The Council's projected CPI inflation in 2023-24 is 2.50 percent and then 2.25 percent between 2024-25 to 2025-26, and then 2.00 percent per annum thereafter (Yorke Peninsula Council, *2023 – 2032 Long Term Financial Plan*, April 2022, p. 6). This is different to the CPI line in charts throughout this Advice which are based on RBA forecasts and then, a return to long run averages from 2025-26 (with growth of 2.5 percent per annum).

³¹ The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on the RBA forecasts for the CPI (Australia-wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

³² Yorke Peninsula Council, *2023 – 2032 Long Term Financial Plan*, April 2022, p. 6.

³³ See footnote 27.

³⁴ The Yorke Peninsula Council area is ranked 34 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics Socio-Economic Indexes for Areas Index of Economic Resources (2016), where a lower ranking (eg, 1) denotes relatively lower access to income and other economic resources, compared with other areas, available at <https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest>.

also received a written submission on the additional increase for primary production ratepayers,³⁵ however is allocating 1 percent of the increase to works which will directly benefit primary producers (these ratepayers also have a relatively lower rate revenue contribution compared to residential ratepayers³⁶).

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

6. **Review** and **consider** limiting any further average rate increases above inflation, to help reduce any emerging affordability risk in the community.

2.3 The Commission's next advice and focus areas

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

- ▶ potential integration of its annual updates to its LTFP projections with its annual business plan process
- ▶ ongoing performance against its LTFP estimates
- ▶ achievement of cost savings and efficiencies and its continued reporting of these in its plans
- ▶ reprioritisation of its capital spending towards asset renewal and rehabilitation works and how it has addressed the backlog of asset renewal expenditure, and
- ▶ how it has sought to minimise any emerging affordability risks.

³⁵ Yorke Peninsula Council, *Ordinary Council Meeting Agenda -29 June 2022, Item 7.1 Draft 2022/2023 Annual Business Plan, Budget and Fees and Charges – Public Consultation*, available at <https://yorke.sa.gov.au/content/uploads/2022/06/Agenda-Special-Council-Meeting-29-June-2022.pdf>.

³⁶ On a capital valuation basis (in 2022-23), primary production land use represents 66 percent of the aggregate capital value in the Council area, while on a revenue basis, primary production ratepayers accounts for 37 percent of total rates revenue.



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Appendix 2:
**Council Response to Essential
Services Commission
of South Australia - Local
Government Advice**

Local Government ADVICE SCHEME

Background of the Local Government Advice Scheme

All South Australian councils are required under section 122 of the Local Government Act 1999 to prepare a number of long-term strategic management plans which include (but are not limited to):

- **Long-term Financial Plan (LTFP)** – this document covers a period of (at least) 10 years and outlines council’s approach to funding services and infrastructure of the Council; sets out the Council’s projected total revenue; and outlines the intended sources of that total revenue (such as revenue from rates, grants and other fees and charges); and
- **Asset Management Plans (AMP)** – these documents also cover a period of (at least) 10 years and relates to the management and development of infrastructure and major assets by the Council.

These documents are publicly available on Council’s website at (<https://yorke.sa.gov.au/about-us/forms-plans-and-publications/corporate-publications/>).

The Local Government Advice Scheme commenced in April 2022 (following changes to section 122) and requires councils to provide information relating to these plans to the ‘designated authority’ (currently the Essential

Services Commission of SA (ESCOSA), once in every ‘prescribed period’ (currently set as four years).

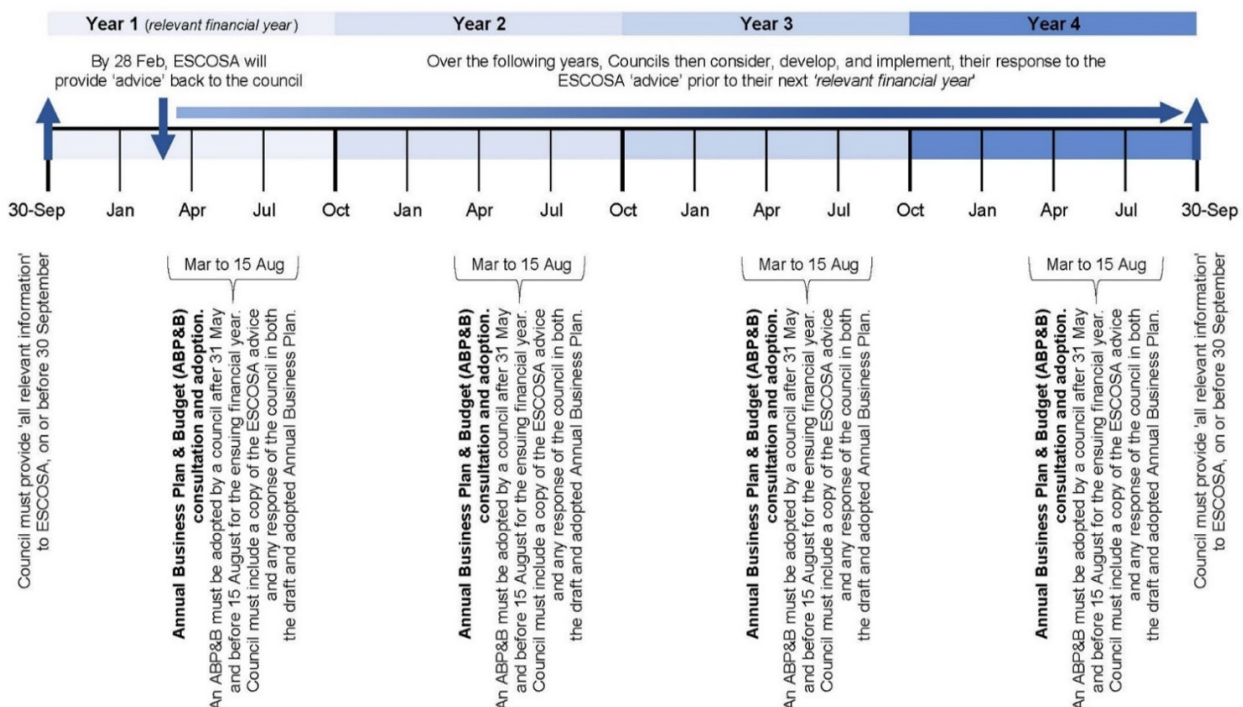
ESCOSA has developed a Schedule of Councils allocating all councils across a four-year cycle for the purposes of the Local Government Advice Scheme (known as the relevant financial year).

Councils are required to submit information to ESCOSA by the end of September in their relevant financial year. ESCOSA must then provide ‘advice’ back to Council, by the end of the following February, on the appropriateness of:

- Material amendments made, or proposed to be made, to the LTFP and/or IAMP;
- The revenue sources outlined in the funding plan (contained within the LTFP); and
- May also provide advice on any other aspect of the council’s LTFP and/or IAMP.

Councils are then required to include a copy of ESCOSA’s advice and any council response to the advice in their draft and adopted Annual Business Plans (ABP) each year until their next relevant financial year.

Yorke Peninsula Council is in the first round (2022-23), the next relevant financial year will be 2026-27. The below timeline demonstrates the long-term focus of the Local Government Advice scheme:





Local Government **ADVICE SCHEME**

Yorke Peninsula Council's response to the SMP Advice

Yorke Peninsula Council acknowledges receipt of ESCOSA's Local Government Advice dated 28 February 2023.

As required by section 122(1h) of the Local Government Act, a copy of ESCOSA's advice is provided at (appendix 1).

Yorke Peninsula Council has reviewed the advice provided by ESCOSA and makes the following general observations:

- Yorke Peninsula Council's short-term financial position is deemed to be potentially unsustainable, though the report notes that Council has taken steps to achieve a sustainable position in the medium-to-long-term.
- It is noted in accordance with the summary advice that projected improvement to Council's financial performance is multifaceted and is reliant on the renewal of its asset stock, a period of service consolidation, continued cost control, and further rate increases.
- The cost to ratepayers for this mandated advice was \$40,000.

Continuous Improvement Plan

The Local Government Advice Scheme is intended to support Councils' decision-making processes, affording ratepayers increased transparency and greater confidence that Council operations are being undertaken on a long-term financially sustainable basis.

The Local Government Advice Scheme currently operates on a four-yearly cycle (councils make submissions and receive 'advice' once in every 'prescribed period'). In this context, any adjustments, or changes that (Yorke Peninsula Council) might make in response to ESCOSA's advice will be considered and implemented with reference to the longer-term nature of the Scheme (i.e. shorter-term actions may be implemented within twelve months through to longer-term actions where implementation may take several years).

Yorke Peninsula Council will continue to review ESCOSA's advice over the coming months and consider what actions may be appropriate to address matters Council considers relevant and necessary, and this information together with updates on progress will be provided in future Annual Business Plans.

It should be noted that Yorke Peninsula Council is not required to accept and/or act upon ESCOSA's advice.

Local Government

ADVICE SCHEME

ESCOSA Advice or Comment	Council Comment or Proposed Action	Implementation Timeframe	Status
Continue to review inflation forecasts from July given potential for short-term higher inflation followed to a return of the long-term average.	Inflationary forecasts are reviewed annually as part of the annual LTFP review. Credible external sources are relied upon in formation of the LTFP.	N/A	No new action required as already in place. Continue present practice.
Consider including its most up-to-date LTFP in the ABP and budget to provide transparency to the community about any changes made.	High level comparison between financial projections contained in Council's ABP and budget and the first year of Council's most up to date LTFP are presently provided in the annual business plan. Any changes to the timing of the LTFP would require further consideration. Council currently utilises the LTFP as a base for formation of its annual budget.	Medium (Within 2-4 year period)	Comparisons between adopted LTFP and proposed budget provided in the 2024-25 ABP.
Continue to monitor rising costs in its budget, particularly employee expenses.	Noted.	N/A	No new action required as already in place. Continue present practice.
Continue its good practice of projected and actual cost savings to its budget to show it is achieving efficiency across operations and service delivery.	Noted.	N/A	No new action required as already in place. Continue present practice.
Adhere to LTFP principles to fund more asset renewal rather than new or upgraded infrastructure.	Over the life of its LTFP Council has sought to increase funding to renew assets and has identified achieving 100% Asset Renewal Funding Ratio annually as a key target. In addition to capital renewal targets Council identifies opportunities to secure grant funding to assist in initiatives which involve new or upgraded infrastructure in accordance with the community's desires.	N/A	No new action required as already in place. Continue present practice.
Review and consider limiting average rate increases above inflation to reduce emerging cost-of-living pressure on the community.	Council considers the requirements and desires of its community for services and infrastructure and then seeks to set rates accordingly to meet these service and infrastructure requirements in a financially sustainable manner. Rate increases above CPI may be required from time to time to meet community expectations and infrastructure funding requirements. Council is presently conducting a review to the basis of its rating which will be subject to community consultation.	N/A	No new action required. Council members are elected to make decisions in relation to the services and infrastructure provided to the community. ABPs and budgets, which include information in relation to rate setting, are subject to community consultation providing an effective means of feedback in relation to service, infrastructure and rate setting activities.



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