

SOUTHERN MALLEE DISTRICT COUNCIL

2021 - 2022

ANNUAL BUSINESS PLAN & BUDGET





Southern Mallee District Council acknowledges the Ngarkat people as the traditional custodians of the land on which we meet and work. We respect their culture and we extend that respect to other Aboriginal and Torres Strait Islander people.

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1.0 YOUR COUNCIL

Welcome to the Annual Business Plan and Budget for Southern Mallee District Council for the 2021-2022 financial year. This is the third annual business plan and budget developed by the group of elected members who took office in November 2018.

This document is critical to delivering our vision of a prosperous and welcoming community where we share a sustainable and safe environment and a diverse economy.

The annual business plan and budget seeks to deliver on the Southern Mallee District Council Strategic Plan 2021-2025 as recently adopted by Council in January 2021. The strategic plan focuses Council on five goals:

- An engaged community
- Diverse and prosperous economy
- Sustainable infrastructure and services
- Governance and organisational culture, and
- Advocacy and working with others.

The implementation of this annual business plan and budget will see Council achieve, or make substantial progress toward achieving, many of the strategies and priorities identified in the strategic plan.

This annual business plan and budget demonstrates continued responsible financial management whilst also planning for the future.

Council has decided on a modest rate increase of 2.25% plus growth. This low rate increase will avoid undue financial pressure on our community whilst ensuring Council can continue to maintain renew existing assets. Council will continue its high

level of investment in road assets and also invest in its community building assets and its commercial centres and parks and gardens. Council operational costs will remain relatively low to ensure we can provide a budget based on a small rate increase.

An important focus for Council this year will be the continued delivery of the Pinnaroo Village Green Masterplan and Lamerook Town Centre Plan through the Commercial Centres Revitalisation Project. Council will also continue to deliver the renewal of the community wastewater management system in Pinnaroo.

This document builds on the success of the 2020-2021 financial year. In 2020-2021 Council successfully delivered key projects including substantial completion of stage 1 of the Commercial Centres Revitalisation Project, Stage 2 of the Pinnaroo CWMS project and a number of priority road re-sheeting projects.

This document demonstrates our ongoing commitment to delivering quality services, maintaining financial accountability, working with our communities, and most importantly, securing a prosperous future for Southern Mallee.

I look forward to working with staff, elected members and the community to deliver the 2021-2022 Annual Business Plan and Budget.

Cr Jeff Nickolls
Mayor



Cr Jeff Nickolls
Mayor



Paul Ireland
Deputy Mayor



Andrew Grieger
Elected Member



Mick Sparnon
Elected Member



Neville Pfeiffer
Elected Member



Rebecca Boseley
Elected Member



Trevor Hancock
Elected Member



inspire engage connect



2.0 EXECUTIVE SUMMARY

Southern Mallee District Council was successful during 2020-2021 despite the immense challenges associated with COVID-19 including border closures. Council continued to deliver asset investment, strategic planning, advocacy and a range of services for the community.

Our new strategic plan was developed during 2020 and adopted in January 2021. It is an aspirational plan that captures the needs and ambition of our community. The 2021-2022 financial year will see Council work hard to commence the first year of delivery of this strategic plan.

Southern Mallee District Council is a small innovative local government authority located in the Murraylands and Riverland Region of South Australia. Its relatively small workforce is efficient and effective in providing a broad range of services, projects and facilities to the community. Council has incredibly strong links to its community and works in collaboration with many community groups to deliver the projects and services that the community needs. Council has also had significant success in recent times of attracting external public sector investment into our communities.

Southern Mallee is a prosperous agricultural region and contains a number of high value conservation reserves and iconic Mallee landscapes and above all has a broad range of incredibly passionate and hardworking community groups. Council will continue to work to further develop the region's economic diversity, enhance the district's environmental attributes, and engage and collaborate with the passionate and active community in 2021-2022.

Southern Mallee District Council's Annual Business Plan and Budget for 2021-2022 provides an outline of our strategic framework, a summary of the annual business plan and budget, financial summary, and details on our rating strategy. The appendices provide further detail in the form of financial statements and local government financial indicator definitions.

Council's strategic planning framework has as its centrepiece the Southern Mallee District Council Strategic Plan 2021-2025. Other key strategic framework documents are the long term financial

management plan and asset management plans. These documents provide a solid and strategic basis for this annual business plan and budget.

The annual business plan and budget summary identifies the key factors influencing the development of the 2021-2022 annual business plan and budget. This section of the document contains key information including the source of Council funds, expenditure by activity area, capital expenditure by asset category and overall financial position of Council. The annual plan and budget has a focus on investment in our roads, buildings and public space assets.

This year will also see Council continue to focus on implementation of the Pinnaroo Village Green Masterplan and Lamerook Town Centre Plan. Council will expend Commonwealth Building Better Regions funding on the continued delivery of the Commercial Centres Revitalisation Project. Ultimately seeing \$2million invested into both the Pinnaroo and Lamerook commercial centres.

Council will also allocate \$2.3million towards the ongoing renewal of the Pinnaroo Community Wastewater Management Scheme following the completion of stage 1 and 2 works undertaken over the last two financial years.

Council has proposed in the 2021-2022 financial year to increase rates by a modest 2.25% plus growth, following a zero rate rise last year during the COVID-19 pandemic.

This is an annual business plan and budget that staff and elected members will be proud to deliver and one which will provide ongoing beneficial outcomes for the Southern Mallee community.



RATEABLE
ASSESSMENTS
1,721



POPULATION
2,243



KM'S SEALED
ROAD
134



KM'S UNSEALED
ROAD
1,200



TOTAL COUNCIL AREA
5,695km²

Council's Planning Framework

The Southern Mallee District Council Strategic Management Plan 2021-2025 was adopted by Council in January 2021. The strategic management plan is a tool for defining the direction of Southern Mallee District Council by identifying a vision, values, goals, and priorities.

Council has identified five goals for the next five years that reflect Council and the community's aspiration for the future.



GOAL 1. AN ENGAGED COMMUNITY

The health and prosperity of our community is paramount. We will work together to build strong and engaged communities where diversity, participation and healthy lifestyles are celebrated. Our community will be well planned, safe and inclusive and have access to the necessary facilities and services. We will seek to inspire, engage and connect with our community knowing that working collaboratively together can achieve more and deliver better outcomes.



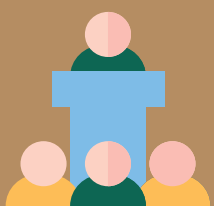
GOAL 2. DIVERSE & PROSPEROUS ECONOMY

Our future is reliant on growing a diverse and viable economic base that attracts investment and jobs, and creates exports in sustainable industries. We will embrace and develop new ideas and approaches to create a vibrant community with opportunities for all whilst building on our strengths in agriculture and horticulture. We will strive to grow tourism and maintain our population. Increasing employment and housing opportunities will be a priority.



GOAL 3. SUSTAINABLE INFRASTRUCTURE & SERVICES

We will deliver the services and facilities to meet community needs. Our services to the community will be responsive, reliable and of high quality. We will invest in building and maintaining high-quality assets for our community. Our focus will be on functional and attractive commercial centres, high amenity public open spaces and sporting facilities, and delivering sustainable improvements to the road and footpath network. We will be responsible financial managers and environmental custodians.



GOAL 4. GOVERNANCE & ORGANISATIONAL STRUCTURE

Southern Mallee District Council will be seen as an employer of choice. An organisation that has progressive leadership, high ethical standards, accountable governance, sustainable financial management and a constructive culture. This will enable high performing teams that provide quality services and facilities for the community. The organisation will invest in organisational culture and performance and staff learning and development.



GOAL 5. ADVOCACY & WORKING WITH OTHERS

We will work with others to make Southern Mallee a better place. Partnering with all levels of government, peak bodies, community organisations and business we will seek to leverage opportunities. We will advocate for improved or enhanced services for our community including educational opportunities and improved health, transport and community services. We will promote regional approaches and seek to increase the resources available for services and infrastructure in Southern Mallee for the benefit of our community.

Long Term Financial Management Plan

Council is committed to ensuring its long term financial sustainability and is keen to ensure that objectives, goals and targets set in its various strategic planning documents are adhered to and met.

Council's Long Term Financial Plan was last adopted in July 2020.

Asset Management Plan

Council also adopted Asset Management Plans for the various classes of assets and an Asset Management Strategy in May 2020.

Council's Asset Management Plan outlines the management of the major assets of Council. The Plan, like the Long Term Financial Plan, assists in the long term and annual decision making of council and supports the sustainable management of finances and council infrastructure. Estimated costs of infrastructure and asset custodianship have been reflected in the Long Term Financial Plan.

Annual Business Plan

Each year the council develops an Annual Business Plan. The purpose of the Plan is to highlight those activities that will be undertaken in the financial year in support of the strategic goals of Council. The Plan strives to achieve the long-term strategy targets of council.

Annual Budget

The Budget forms part of the council's annual planning documents and is critical to the delivery of services and the management of council's financial sustainability and operations. The budget details the expected costs and revenues that council will need to achieve the goals of the Annual Business Plan.

All the above mentioned Plans are to be used in conjunction together and form part of Council's suite of plans. This is documented in the diagram below.





4.0 ANNUAL BUSINESS PLAN & BUDGET SUMMARY

Framing Council's Annual Business Plan and Budget

A number of significant factors have influenced the preparation of Council's 2021-2022 Annual Business Plan.

These include:

- COVID-19 Pandemic
- Requirements to maintain infrastructure assets at acceptable standards
- The level of State and Commonwealth Government grant funding
- Fees/charges imposed by the State Government including the waste levy
- Cost of compliance with State Government reporting and accountability requirements
- CPI (1% September 2020 Adelaide)
- LGPI (local government price index) (1.4% June 2020)
- Employee Enterprise Agreements
- Continued increases in utility costs
- The level of capital and operational services required across the district
- Sustainable settings of council's Long Term and Strategic Planning documents

In response to these factors, and to minimise the burden on rate-payers, the Annual Business Plan has been prepared within the following guidelines:

- General rate revenue is planned to provide for operating expenses. It is proposed that the total amount of General Rates to be collected in 2021-2022 is to increase by 2.25% plus new growth.
- Maintenance and renewal of existing assets will be a matter of priority to ensure that the range and level of services being provided by Council's infrastructure is maintained at a reasonable level.
- A challenge for the Southern Mallee District Council is to prioritise expenditures to meet the demand for services and facilities. Given the asset intensive nature of the Council's activities, assessing the long term capacity of the community to fund ongoing maintenance and rehabilitation of infrastructure assets is a crucial consideration.

SERVICE PROVISIONS

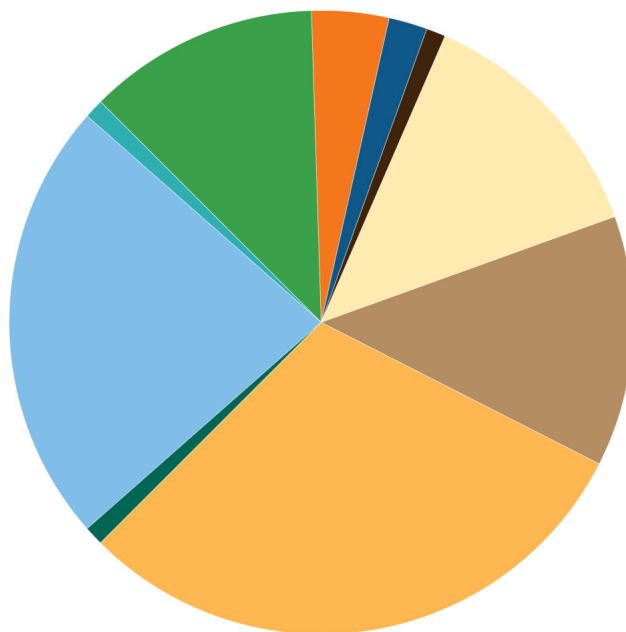
Continuing Services

Council plans to maintain the provision of all current services to the community.

Details of ongoing services provided to the community and activities of Council are shown in the graph below

EXPENSE BY ACTIVITY

Economic Affairs	1%
Governance & Administration	23%
Health	1%
Housing & Community Amenities	12%
Mining, Manufacturing & Construction	4%
Other Purposes	2%
Public Order & Safety	1%
Social Security & Welfare	13%
Sport & Recreation	13%
Transport & Communication	30%



SUMMARY BY CATEGORY

2021/22 Budget

Economic Affairs	\$89,725
Governance & Administration	\$1,872,255
Health	\$38,098
Housing & Community Amenities	\$987,385
Mining, Manufacturing & Construction	\$304,089
Other Purposes	\$181,895
Public Order & Safety	\$86,957
Social Security & Welfare	\$1,031,295
Sport & Recreation	\$1,036,807
Transport & Communication	\$2,445,544
TOTAL	\$8,074,050





CAPITAL WORKS PROGRAM 2021/22

Program / Project

Total Budget

BUILDING PROGRAM	\$ 2,855,250.00
Community Buildings Projects	
Pinnaroo Institute Wall Stabilisation and Renewal	\$ 150,000.00
Lameroo Swimming Pool Renewal (Local Government Infrastructure Partnership Program - Grant Application \$850,000 / Council Contribution \$850,250 - Total project \$1,700,250)	\$ 1,700,250.00
Pinnaroo Swimming Pool Renewal - Additional funding up to	\$ 180,000.00
Lameroo Dentist Septic Tank Replacement	\$ 6,500.00
Lameroo Historical Society Building	\$ 25,000.00
Pinnaroo Senior Citizens and Community Centre - Plumbing & Toilet Upgrades	\$ 25,000.00
Lameroo Memorial Hall renewal	\$ 40,000.00
Administrative Buildings Projects	
Dog pounds - Pinnaroo and Lameroo	\$ 10,000.00
Lameroo Chamber & Office Renewal Stage 2	\$ 30,000.00
Pinnaroo Chamber & Office Renewal Stage 2	\$ 30,000.00
Private Buildings Projects	
Lameroo Residential Septic Tank Replacement - 37 Railway Terrace South, Lameroo	\$ 8,500.00
Council house renewal	\$ 25,000.00
Implementation of executive staff housing project - Planned replacement approach	\$ 600,000.00
Pinnaroo Retirement Village - Landscaping and Outdoor amenity	\$ 25,000.00
INFORMATION AND COMMUNICATION TECHNOLOGY PROGRAM	\$ 65,788.00
Technology Upgrades	
Surface Pro Laptop replacement/upgrades x 4	\$ 12,000.00
Online payroll system	\$ 53,788.00

TRANSPORT INFRASTRUCTURE PROGRAM	\$ 2,895,000.00
Road Resheeting Projects	
Beehive Road - Ch. 4km to 8km (4.4 kilometres) complete	\$ 140,000.00
Longtrail Road - Ch. 6km to 9km (3.0 kilometres) complete	\$ 130,000.00
Karte West Road - Ch. 8km to 12km (4.0 kilometres) complete	\$ 160,000.00
Carcuma Road - Ch. 0km to 7km (7.0 kilometres)	\$ 270,000.00
RG Angel Road - Ch. 8.7km to 11.2km (2.5 kilometres)	\$ 115,000.00
Maynard Road - Ch. 0km to 4km (4.0 kilometres)	\$ 160,000.00
Upgrade works to Hamilton Road, Pinnaroo (Level 5 Road) (2.4 kilometres)	\$ 95,000.00
Road Construction Projects	
Kerb & Gutter (Pethick Street, Pinnaroo)	\$ 200,000.00
Kulkami Road additional funding (2/3 Special Local Roads Program funding \$1,000,000 / Council contribution \$500k - Total project \$1,500,000)	\$ 1,500,000.00
Design of safe intersection on the corner of Homburg and Devon Terrace, Pinnaroo	\$ 25,000.00
Footpath Projects	
Adelaide Road Pinnaroo (Joffrey Street to Peers Motors)	\$ 45,000.00
Chandos Tce Lamerook (Taylors Road - heading north for 82 meters)	\$ 15,000.00
Chandos Tce Lamerook (Railway Tce South to Oval Tce)	\$ 40,000.00
URBAN DESIGN AND AMENITY PROGRAM	\$ 3,195,082.00
Urban Design and Amenity Projects	
Lamerook Town Centre Plan implementation stage 2 & 3 (3/4 Funding from Commonwealth Building Better Regions Program - Year 2 of 2)	\$ 1,500,000.00
Pinnaroo Village Green Masterplan implementation stage 2 & 3 (3/4 Funding from Commonwealth Building Better Regions Program - Year 2 of 2)	\$ 1,500,000.00
Major Projects Delivery Project Management	\$ 125,082.00
Cemeteries plan implementation (Pinnaroo Columbarium & Paving)	\$ 50,000.00
Brand concepts implementation	\$ 20,000.00



FLEET MANAGEMENT AND PLANT REPLACEMENT PROGRAM	\$ 743,000.00
Fleet Management	
Chief Executive Officer vehicle changeover	\$ 55,000.00
Manager Corporate Services vehicle changeover	\$ 50,000.00
Plant Replacement	
Grader (changeover)	\$ 400,000.00
4x4 Crew Cab Ute (changeover)	\$ 37,000.00
S/C Ute (changeover)	\$ 27,000.00
Second hand 2 Tonne Vibrating Roller (replace pedestrian roller)	\$ 35,000.00
P120 Combo Roller changeover	\$ 90,000.00
S/C Ute (New)	\$ 27,000.00
Water Tank	\$ 22,000.00
OTHER INFRASTRUCTURE WORKS	\$ 2,464,273.00
Mobile phone tower at Geranium - Council contribution	\$ 50,000.00
Wetlands dam cleanout Pinnaroo	\$ 15,000.00
Golf Club bore casing replacement Pinnaroo	\$ 15,000.00
Regulatory signage renewal	\$ 15,000.00
Lameroo Caravan Park metered payment	\$ 10,000.00
COMMUNITY WASTEWATER MANAGEMENT SYSTEM	
Pinnaroo CWMS pipework renewal project - split South (\$1,327,401) and North (\$1,031,872)	\$ 2,359,273.00
TOTAL CAPITAL WORKS PROGRAM BUDGET	\$ 12,218,393.00



Capital Program

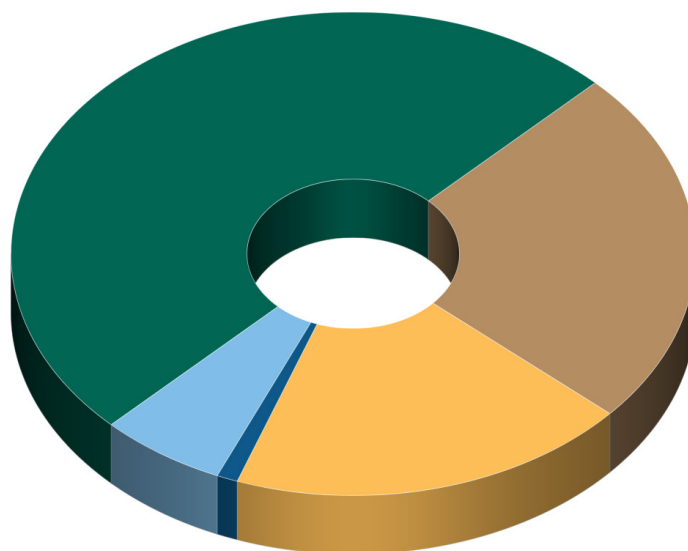
At the time of writing, the projects listed in this plan have been identified as priority projects based on Council's Asset Management Strategy, the condition assessment of individual assets and community needs assessment, together with reference to Council's Long Term Financial Plan and net funds available.

The order in which projects are undertaken may change due to changing circumstances. Also, from time to time due to our dynamic environment such as the addition or withdrawal of grant funding, state government decisions, extreme weather events or change of focus, the Plan and the activities included may need to be amended.

The graph below shows where Council is proposing to allocate its capital spend for the 2021-2022 financial year.

COUNCIL'S CAPITAL ALLOCATION

Buildings & Other Structures	50%
Infrastructure Transport	24%
Infrastructure Common Effluent	19%
Infrastructure Other	1%
Plant, Machinery & Equipment	6%



The table below shows that the proposed capital allocations are proportionate to the replacement cost of the relevant asset categories

CATEGORY	2019/20 REPLACEMENT COST	% OF TOTAL ASSETS	2021/22 CAPITAL EXPENDITURE	% OF PROPOSED CAPITAL EXPENDITURE
Land	\$ 3,484,200	3%	\$ -	0%
Buildings & Other Structures	\$ 22,438,656	20%	\$ 6,050,332	50%
Infrastructure Transport	\$ 66,345,119	59%	\$ 2,895,000	24%
Infrastructure Stormwater	\$ 4,491,523	4%	\$ -	0%
Infrastructure Common Effluent	\$ 7,911,168	7%	\$ 2,359,273	19%
Infrastructure Other	\$ 1,158,198	1%	\$ 105,000	1%
Plant, Machinery & Equipment	\$ 5,466,325	5%	\$ 743,000	6%
Furniture & Fittings	\$ 305,093	0%	\$ -	0%
Other Assets	\$ 250,866	0%	\$ 65,788	1%
	\$ 111,851,148		\$ 12,218,393	

Funding The Business Plan

In delivering services and programs contained within this annual business plan, Council is targeting an operating deficit of \$30,000 in 2021-2022 as a result of

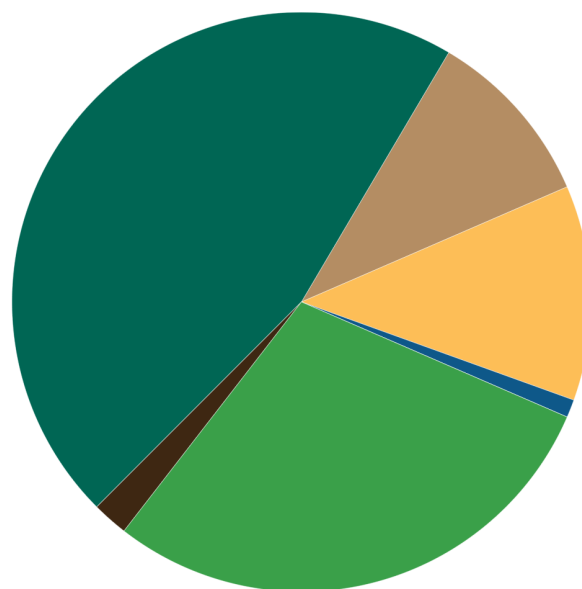
Operating Revenues	\$8,045,000
Less: Operating Expenditure	\$8,075,000
Net Operating Deficit	\$30,000

Council's annual operating revenue is considered not quite sufficient to meet expected operating expenditure for the 2021-2022 year.

Council is granted the power to acquire funds under Section 133 of the Local Government Act 1999. Sources of funds include property rates, service charges, statutory and user charges, income from investments, commercial activities together with grants and subsidies. An indication of the proportion each of these makes up the total revenue of Council is depicted in the diagram below.

COUNCIL'S SOURCE OF FUNDS

■ Rates General	46%
■ Rates Other (CWMS, Garbage, NRM Levy)	10%
■ User Charges	12%
■ Statutory Charges	1%
■ Grants	29%
■ Other Revenue	2%



Council's Source Of Funds

\$

Rates General	\$3,708,419
Rates Other (CWMS, Garbage, NRM Levy)	\$782,159
User Charges	\$948,896
Statutory Charges	\$71,000
Investment Income	\$30,000
Grants	\$2,359,618
Other Revenue	\$116,800
Reimbursements	\$27,500
TOTAL	\$8,044,392

Council's annual business plan has been prepared on the basis of maintaining the delivery of the current range and level of services to the community, whilst being mindful of the rate burden imposed on individual ratepayers.

The plan aims to contribute to the long term financial sustainability of the Council through prudent and responsible financial management that will result on its operating expenses being less than its operating revenue, thereby producing a positive operating result.

Council spends its funds in four main categories being employee costs, depreciation, finance costs and materials, contracts and other expenses.

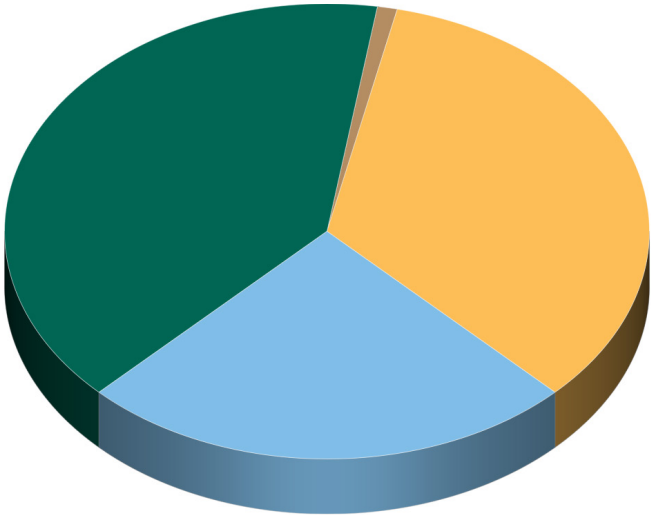
Depreciation consumes 34% of Councils funds which should be then invested into capital spending.

This annual business plan outlines a total capital expenditure budget of \$12,219,000. \$6,631,000 will be used to renew existing assets and \$5,588,000 will be spent on new assets.

\$6,200,250 of the capital expenditure budget is dependent on Council receiving grant funding of \$4,100,000. If funding for these projects is not received then these works will not proceed.

COUNCIL'S SPENDING OF FUNDS

Employee Costs	40%
Finance Costs	1%
Depreciation	34%
Materials, Contractors & Other Expenses	25%



Council's Spending Of Funds

\$

Employee Costs	\$3,233,075
Finance Costs	\$108,854
Depreciation	\$2,698,200
Materials, Contractors & Other Expenses	\$2,033,920
TOTAL	\$8,074,050



Impact On Council's Financial Position

Based on council's budget, Council's direct borrowings will increase from \$2,577,000 at the end of 2020-2021 to \$5,905,000 at the end of 2021-2022. This increase is a result of \$3,710,000 borrowings in 2021-2022 to assist in funding the CWMS works at Pinnaroo, Lameroo Swimming Pool and Kulkami road.

Overall, key financial indicators show that Council's finances will continue to be sustainable with no significant rate burdens.

Operating Defecit is at -0.37% against a long-term target of 0% -15%

Net Financial Liabilities Ratio is at 72.68% against a target of greater than 0% and less than 100% of operating revenue.

Asset Sustainability Ratio is at 162.48% against its Asset Management Plan.

For more details on the calculation method for key financial indicators, see the financial indicators section of this business plan.

What It Means For Rates and Ratepayers

As depicted in the table "Councils Source of Funds" the primary source of income for Council is the property based tax – "Council rates".

All land within a council area, except land specifically exempt (e.g. crown land, council occupied land and other land prescribed in the Local Government Act – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through the imposition of a single general rate or through differential general rates, which apply to all rateable properties within the Council area.

Council uses a differential rating system, using locality (Town or Rural) as the factor to apply such differential rates. In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all Council areas.

Council spends considerable time modelling the effect of valuation and rate increases on individual rate payers whilst at the same time ensuring it can raise sufficient funds to achieve a positive operating result and a balanced budget.





6.0

RATING STRATEGY

Method Used To Value Land

Council adopts the valuations made by South Australian Valuer-General in respect of land within the Council's area for rating purposes. The basis of valuation of land used by Council is the capital valuation of land, that is, the value of the land including improvements thereon.

Council considers that the capital valuation method provides the fairest method of achieving an equitable distribution of the rates burden across the ratepayers within Council's area for the following reasons:

- the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth. Property value is generally considered a relatively good indicator of wealth; and;
- capital value, which trends with the market value of a property, provides the best indicator of overall property value.

Rating Methodology

Council has assessed the need for a differential rate based on the varying levels of service delivery and degrees of access to urban services, such as waste management and footpaths.

Council is proposing to apply differential general rates by locality. In accordance with Regulation 14 of the Local Government (General) Regulations provides for the following land use categories to be used for rating purposes:

(2) For the purposes of section 156(7) of the Act, a differentiating factor based on the locality of land must comply with the following principles:

- (a) there may be differentiation according to the zone in which the land is situated;*
- (b) there may be differentiation according to whether the land is situated within or outside a township (with, at the discretion of the council, a separate differentiation according to zones);*
- (c) if there are 2 or more townships in the area—there may be differentiation according to the township in which the land is situated (with, at the discretion of the council, a separate differentiation in relation to land outside the townships and, at the discretion of the council, a separate differentiation according to zones).*

The 2021-2022 Annual Business Plan proposes to raise General Rate revenue of \$3.66m in a total operating revenue budget of \$8.045m.

The proposed General Rate Revenue of \$3.66m is an increase of 2.25% plus growth after rebates and concessions.



Maximum Increase On Rates

Council does not intend on applying a maximum increase on general rates in the 2021-2022 financial year.

Minimum Rate

Council considers it appropriate that ratepayers in respect of all rateable land make a contribution to the cost of administering Council's activities and that ratepayers in respect of all rateable land make a contribution to the cost of creating and maintaining the physical infrastructure that supports that land and the basic services provided to all ratepayers.

The minimum rate is levied against the whole of an Allotment. Only one minimum rate is levied against two or more pieces of adjoining land (whether separated by a road or not) if they are owned by the same ratepayer and occupied by the same occupier. This is described as contiguous land and only one minimum rate is payable by the ratepayer.

The minimum rate in 2021-2022 is proposed to be \$627 (\$570 in 20/21)

This represents an increase of \$57 (10%) on the minimum rate applied in 2020-2021. Overall, the minimum rate will be applied to approximately 23% of all rateable properties well within the maximum of 35% allowed for in the Local Government Act 1999.

Payment Of Rates

The Council has resolved that the payment of all rates will be in four equal or approximately equal instalments due on:-

SEPT 2021							DEC 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4				1	2	3	4
5	6	7	8	9	10	11	5	6	7	8	9	10	11
12	13	14	15	16	17	18	12	13	14	15	16	17	18
19	20	21	22	23	24	25	19	20	21	22	23	24	25
26	27	28	29	30			26	27	28	29	30	31	

MAR 2022							JUN 2022						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5				1	2	3	4
6	7	8	9	10	11	12	5	6	7	8	9	10	11
13	14	15	16	17	18	19	12	13	14	15	16	17	18
20	21	22	23	24	25	26	19	20	21	22	23	24	25
27	28	29	30	31			26	27	28	29	30		



ANNUAL SERVICE CHARGES

Community Wastewater Management Systems

As set out in Section 155(2) of the Local Government Act 1999, the Council imposes an annual service charge on properties in Lameroo and Pinnaroo for the Community Wastewater Management Schemes to meet the operational and capital cost of the schemes.

The Council will recover this cost through an annual service charge of:

- \$610 for each occupied property unit (\$605 in 2020-21) (0.8% Increase)
- \$304 for each unoccupied property unit (\$302 in 2020-21) (0.7% Increase)

Where the service is provided to non-rateable land, a service charge is levied against the land.

Waste Management

For the purpose of meeting the costs associated with the collection and disposal of domestic and other garbage, Council has a Mobile Garbage Bin service charge on all serviced properties. Where the service is provided to non-rateable properties, a service charge is to be levied against the land.

Charges for Waste Management for 2021-2022 will be:

- Bin Service: \$285.00 (\$250 in 2020-21) (14.0% Increase)
- Additional Bin Service: \$205.00 (\$185 in 2020-21) (10.8% Increase)

Council charges separately for this service as it is specific to particular properties and is thus unreasonable to expect the total rate base to provide for its use, maintenance and replacement.

The significant increase in waste management charge for 2021-2022 is a direct result of the increase in the charges that Council face for disposal of waste.

Ajoining Property

Section 152 of the Act states that if two or more pieces of contiguous rateable land are owned by the same owner and occupied by the same occupier, only one minimum charge may be imposed against the whole of the land.

Regional Landscaping Levy

Council is required to collect a regional landscape levy on all rateable properties within its district. Council is operating as a revenue collector for the Board in this regard and does not retain this revenue nor determine how the revenue is spent.

Council will for 2021-2022 impose a separate rate against rateable properties based on the capital value of the land and forward the amount of \$133,635 to the Board to fund its activities.

Mandatory

The Local Government Act requires Councils to rebate the rates payable for certain land uses. This includes land used for health and community services, religious purposes, cemeteries and educational institutions. The rebates vary from 75% to 100%. People or bodies seeking a rebate must make an application to Council. Information and application forms can be found in Council's Rating Policy.



Discretionary

Council has the power to provide discretionary rebates in certain circumstances and will consider rebates upon application.

Postponement Of Rates - Hardship

Section 182 of the Local Government Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where the ratepayer is suffering hardship in paying rates they are invited to contact the Council's Rates Officer to discuss the matter. Council treats such inquiries confidentially.

Postponement Of Rates - Seniors

Applications may be made to Council for a postponement of the payment of any amount of rates in excess of \$500.00, for the current or a future financial year by:

- A ratepayer who holds a current State Seniors Card issued by the State Government, (prescribed ratepayer) or spouse of a prescribed ratepayer, and
- Where the rates are payable on the principal place of residence, and
- Where the land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.

Any rates which are postponed will become due and payable:

- When the title to the land is transferred to another person; or
- There is a failure to comply with a condition of postponement.

Interest will accrue on the amount postponed at the prescribed rate per month until the full amount is paid. Postponement is available as a right and can only be refused when the applicant/s has less than 50% equity in the property

Vacant Land Rebate

Council does not intend on applying a vacant land rebate on general rates in the 2021-2022 financial year.

APPENDICES



**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2021/2022**
STATEMENT OF COMPREHENSIVE INCOME

2020/2021 FORECAST BUDGET		2021/2022 BUDGET
\$'000	INCOME	\$'000
4,378	Rates	4,491
44	Statutory Charges	71
437	User Charges	949
2,761	Grants Subsidies and Contributions	2,360
58	Investment Income	30
135	Reimbursement	27
90	Other	117
<hr/>		<hr/>
7903	TOTAL REVENUES	8,045
	EXPENSES	
2,962	Wages and Salaries	3,233
2,157	Materials, Contracts and Other Expenses	2,035
87	Finance Costs	109
2,621	Depreciation, amortisation & impairment	2,698
<hr/>		<hr/>
7,827	Total Expenses	8,075
	OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(30)
-	Net gain (loss) on disposal or revaluation of assets	-
1,732	Amounts specifically for new or upgraded assets	4,100
-	Physical resources received free of charge	-
<hr/>		<hr/>
1,808	TOTAL COMPREHENSIVE INCOME	4,070

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2021/2022**

CASH FLOW STATEMENT

2020/2021 FORECAST BUDGET		2021/2022 BUDGET
\$'000		\$'000
Inflows		Inflows
(Outflows)		(Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES	
	RECEIPTS	
7,845	Operating Receipts	8,015
58	Investment Receipts	30
	PAYMENTS	
(5,119)	Operating payments to suppliers & employees	(5,268)
(87)	Finance Payments	(109)
<u>2,697</u>	Net Cash provided by (or used in) Operating Activities	<u>2,668</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
	RECEIPTS	
1,732	Grants specifically for new or upgraded assets	4,100
0	Repayments of Loans by Community Groups	0
194	Sale of Assets	193
	PAYMENTS	
(4,882)	Capital Expenditure on renewal/replacement of assets	(6,631)
(2,949)	Capital Expenditure on new/upgraded assets	(5,588)
<u>(5,905)</u>	Net Cash provided by (or used in) Investing Activities	<u>(7,926)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
	RECEIPTS	
1,700	Proceeds from Borrowings	3,710
	PAYMENTS	
(255)	Repayment of Borrowings	(382)
<u>1,445</u>	NET CASH USED IN FINANCING ACTIVITIES	<u>3,328</u>
	NET INCREASE (DECREASE) IN CASH HELD	(1,930)
(1,763)	CASH AT BEGINNING OF YEAR	<u>3,132</u>
4,895	CASH AT END OF YEAR	<u>1,202</u>
<u>3,132</u>		

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2021/2022**

BALANCE SHEET

**2020/2021
FORECAST
BUDGET**

**2021/2022
BUDGET**

\$'000		\$'000
	ASSETS	
	CURRENT ASSETS	
3,132	Cash and cash equivalents	1,202
591	Trade & other receivables	591
130	Inventories	130
<u>3,853</u>	TOTAL CURRENT ASSETS	<u>1,923</u>
	NON-CURRENT ASSETS	
59	Financial Assets	59
74,162	Infrastructure, Property, Plant & Equipment	83,490
<u>74,221</u>	TOTAL NON-CURRENT ASSETS	<u>83,549</u>
<u>78,074</u>	TOTAL ASSETS	<u>85,472</u>
	LIABILITIES	
	CURRENT LIABILITIES	
1,062	Trade & Other Payables	1,062
255	Borrowings	255
716	Short-term Provisions	716
-	Other Current Liabilities	-
<u>2,033</u>	TOTAL CURRENT LIABILITIES	<u>2,033</u>
	NON-CURRENT LIABILITIES	
2,322	Long-term Borrowings	5,650
16	Long-term Provisions	16
-	Other Non-current Liabilities	-
<u>2,338</u>	TOTAL NON-CURRENT LIABILITIES	<u>5,666</u>
<u>4,371</u>	TOTAL LIABILITIES	<u>7,699</u>
<u>73,703</u>	NET ASSETS	<u>77,773</u>
	EQUITY	
17,104	Accumulated Surplus	21,174
56,599	Asset Revaluation	56,599
-	Other Reserves	-
<u>73,703</u>	TOTAL EQUITY	<u>77,773</u>

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2021/2022**

STATEMENT OF CHANGES IN EQUITY

2020/2021 FORECAST BUDGET		2021/2022 BUDGET
\$'000		\$'000
	ACCUMULATED SURPLUS	
14,303	Balance at end of previous reporting period	17,104
1,808	Net Result for Year	4,070
1,322	Transfer From Reserves	0
-329	Transfer To Reserves	0
17,104	BALANCE AT END OF PERIOD	21,174
	ASSET REVALUATION RESERVE	
56,599	Balance at end of previous reporting period	56,599
0.00	Gain on revaluation of infrastructure, property, plant & equipment	0.00
0.00	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	0.00
56,599	BALANCE AT END OF PERIOD	56,599
	Other Reserves	
993	Balance at Beginning of Period	-
329	Transfer to reserve from accumulated surplus	-
-1,322	Transfer from reserve to accumulated surplus	0
0	BALANCE AT END OF PERIOD	-
73,703	TOTAL EQUITY AT END OF REPORTING PERIOD	77,773

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2021/2022**

UNIFORM PRESENTATION OF FINANCES

2020/2021 FORECAST BUDGET		2021/2022 BUDGET
\$'000		\$'000
7,903	Operating Revenues	8,045
(7,827)	less Operating Expenses	(8,075)
<u>76</u>	Operating Surplus / (Deficit) before Capital Amounts	<u>(30)</u>
	Less Net Outlays in Existing Assets	
4,882	Capital Expenditure on renewal and replacement of Existing Assets	6,631
(2,621)	less Depreciation, Amortisation and Impairment	(2,698)
(194)	less Proceeds from Sale of Replaced Assets	(193)
<u>2,067</u>		<u>3,740</u>
	Less Net Outlays on New and Upgraded Assets	
2,949	Capital Expenditure on New and Upgraded Assets	5,588
(1,732)	less Amounts received specifically for New and Upgraded Assets	(4,100)
-	less Proceeds from Sale of Surplus Assets	-
<u>1,217</u>		<u>1,488</u>
(3,208)	Net Lending / (Borrowing) for Financial Year	(5,258)

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2021/2022**

FINANCIAL INDICATORS

2020/2021 FORECAST BUDGET		2021/2022 BUDGET
\$'000		\$'000
76	Operating Surplus <i>Being the Operating Surplus (Deficit) before Capital Amounts</i>	(30)
0.96%	Operating Surplus Ratio <u>Operating Surplus</u> Total Operating Income <i>This ratio expresses the Operating Surplus as a percentage of Total Operating Income</i>	-0.37%
589	Net Financial Liabilities <i>Net Financial Liabilities are defined as Total Liabilities less financial assets (excluding equity accounted investments in Council Businesses</i>	5,847
7.45%	Net Financial Liabilities Ratio <u>Net Financial Liabilities</u> Total Operating Income	72.68%
215.54%	Asset Sustainability Ratio <u>Net Asset Renewals</u> Infrastructure & Asset Management Plan required expenditure <i>Net Asset Renewals Expenditure is defined as Net Capital Expenditure on the renewal and replacement of existing assets, and excludes new Capital Expenditure on the a acquisition of additional assets</i>	162.48%

LOCAL GOVERNMENT FINANCIAL INDICATORS DEFINITIONS

Operating Surplus (Deficit) Ratio

This ratio expresses the operating surplus (deficit) as a percentage operating revenue. A negative ratio indicates the percentage increase in total rates required to achieve a breakeven operating result. A positive ratio indicates the percentage of total rates available to fund capital expenditure over and above the level of depreciation expense, without increasing Council's level of net financial liabilities. If this amount is not required for capital expenditure it simply reduces the level of net financial liabilities.

Council's target is to achieve an operating surplus ratio between (0%) deficit and 10% surplus.

Council's 2021-2022 Budget aims to achieve an operating deficit ratio of -0.37%.

Net Financial Liabilities

Net Financial Liabilities measure a Council's total indebtedness. Net financial liabilities is a broader measure than net debt as it includes all of a Council's obligations including provisions for employee entitlements and creditors. The level of net financial liabilities increases when a net borrowing result occurs in a financial year and will result in a Council incurring liabilities and/or reducing financial assets. The level of net financial liabilities decreases when a net lending result occurs in a financial year and will result in a Council purchasing financial assets and/or repaying liabilities.

Council's target is to maintain its net financial liability between zero and \$8.045m (total operating revenue).

Council's 2021-2022 Budget aims to achieve a net financial liability of \$5.8m.

Net Financial Liabilities Ratio

This ratio indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing it indicates a greater amount of Council's operating revenues is required to service its financial obligations.

Council's target is to maintain its net financial liability ratio between zero and 100%.

Council's 2021-2022 Budget aims to achieve a net financial liability ratio of 72.68%

Asset Sustainability Ratio

This ratio indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out. On occasions, the Council will accelerate or reduce asset expenditures over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain.

Council's target is to maintain its asset sustainability ratio between 90% and 110%.

Council's 2021-2022 Budget aims to achieve an asset sustainability ratio of 162.48%



THE SOUTHERN MALLEE

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