

NOTICE OF MEETING

Notice is hereby given to His Worship the Mayor and Councillors that a special meeting of Council will be held in the Alexandrina Council Community Chambers "Wal Yuntu Warrin" 11 Cadell Street, Goolwa on Monday 23 May 2022 commencing at 6.00pm

A Council Workshop on the Draft Annual Business Plan and Budget 2022/23 will be held prior to the Special Council Meeting, commencing at 5.00 pm

Your attendance is requested.

A recording of the Council meeting will be placed on www.alexandrina.sa.gov.au as soon as practicable following the meeting.



Nigel Morris
Chief Executive Officer

20 May 2022

**AGENDA FOR THE ALEXANDRINA COUNCIL SPECIAL MEETING
TO BE HELD ON MONDAY 23 MAY 2022 COMMENCING AT 6.00PM
IN THE COUNCIL COMMUNITY CHAMBERS “WAL YUNTU WARRIN” GOOLWA**

TABLE OF CONTENTS

ITEM NO.	SUBJECT	PAGE NO.
1.	CONFLICT OF INTEREST	3
2.	INDEX OF FUTURE ITEMS	3
2.1	Adjourned Debate - Draft Annual Business Plan and Budget 2022/23 for public consultation.....	3
3.	CLOSURE	15

REPORT AND AGENDA

**FOR THE SPECIAL COUNCIL MEETING TO BE HELD
ON MONDAY 23 MAY 2022
IN THE ALEXANDRINA COUNCIL COMMUNITY CHAMBERS
“WAL YUNTU WARRIN”, 11 CADELL STREET GOOLWA
COMMENCING AT 6:00PM**

An audio recording of this meeting will be made for minute-taking purposes and will last the length of the open meeting. The audio file will be available on the Council website after the draft Minutes have been circulated.

PRESENT

APOLOGIES

IN ATTENDANCE

GALLERY

LOCAL GOVERNMENT PRAYER

Almighty God, we humbly beseech thee to grant thy blessing upon the works of this Council, guide us in our deliberations for the advancement and the true welfare of the people of the district.

ACKNOWLEDGMENT OF TRADITIONAL OWNERS

The Alexandrina Council and its communities acknowledge the Ngarrindjeri people as the traditional custodians of the lands and waters of our Council district.

1. **CONFLICT OF INTEREST**

Elected Members are reminded of the requirements for disclosure by Members of any conflict of interest in items listed for consideration on the Agenda.

Section 74 of the Local Government Act 1999 requires that Elected Members declare any interest and provide full and accurate details of the relevant interest to the Council prior to consideration of that item on the Agenda.

Each Member of a Council has a duty to vote at all meetings unless by legislative exception.

The major exception being where a Member has a conflict of interest.

2. **INDEX OF FUTURE ITEMS**

2.1 **Adjourned Debate – Draft Annual Business Plan and Budget 2022/23 For Public Consultation**

File Ref: 9.24.003

Responsible Officer: Elizabeth Williams (General Manager Resources)

Report Author: Robyn Dunstall (Manager Financial Services)

Adjourned debate from 16 May 2022, Item 11.3, minutes resolution (ACM221500)

Moved Cr Rebbeck seconded Cr Keily

1. **That Council notes the recommendation of the Audit Committee, that the draft Annual Business Plan and Budget 2022/23, in line with the Long Term Financial Plan, should be based on Consumer Price Index (Adelaide March 2022) of 4.7% plus a 1.5% sustainability factor plus an anticipated 1.3% for new development and property improvements.**
2. **That Council commence public consultation on the draft Annual Business Plan and Budget 2022/23 and updated Long Term Financial Plan as presented in Attachment 11.3(a), in accordance with Council's Public Consultation Policy.**
3. **That, notwithstanding the terms of Council's Public Consultation Policy (as modified on account of the making of the Public Access and Public Consultation Notice (No 6) 2021), Council determines that it will hold a public meeting as part of its consultation activities with respect to its draft Annual Business Plan and Budget 2022/23;**

4. That the Chief Executive Officer be authorised to:
 - a. Arrange for the holding of such a meeting;
 - b. Provide notice to the public of the meeting in such manner and form as he sees fit; and
 - c. Cancel entirely or defer the holding of the meeting in the event it cannot be accommodated in line with relevant State Government public health / emergency directions, regulations or legislation related to COVID-19.
5. That Council notes that no new operational initiatives have been included as outlined in Attachment 11.3(b). These projects may be undertaken out of favourable variances identified during future budget reviews.
6. That the Chief Executive Officer be authorised to make minor grammatical and formatting changes within the draft Annual Business Plan and Budget 2022/23.

Councillors who spoke to the motion are: Cr Rebbeck (in moving)

Adjourned debate from 16 May 2022, Item 11.3, minutes resolution (ACM221501):

FORMAL MOTION

Moved Cr Lewis seconded Cr Scott

That this item be adjourned pending a workshop followed by a Special Council meeting on Monday 23 May 2022.

CARRIED

Community Strategic Plan Impact:

LIVEABLE

GREEN

CONNECTED

Report Objective

In accordance with section 126 of the *Local Government Act 1999*, Council has prepared its draft Annual Business Plan and Budget 2022/23 for consultation with the community.

Executive Summary

It is expected COVID-19 will continue to stabilise in South Australia and the draft Budget 2022/23 seeks to position Council to be adequately resourced to materialise opportunity within the critical recovery and rebuilding phase.

In line with Council's adopted Long Term Financial Plan, the proposed average increase for existing rateable properties for 2022/23 is 6.2% (March 2022 Adelaide Consumer Price Index (CPI) of 4.7% plus 1.5% sustainability). Additional rates from new development and property improvements are projected to be 1.3%.

Council believes that this is a responsible draft budget which while taking into consideration recovery from COVID-19 provides for new infrastructure in a growing community, maintains existing assets in good condition as well as the continued provision of existing services.

REFER ATTACHMENT 11.3(a) *(to be provided under separate cover)*

Recommendation

1. That Council notes the recommendation of the Audit Committee, that the draft Annual Business Plan and Budget 2022/23, in line with the Long Term Financial Plan, should be based on Consumer Price Index (Adelaide March 2022) of 4.7% plus a 1.5% sustainability factor plus an anticipated 1.3% for new development and property improvements.
2. That Council commence public consultation on the draft Annual Business Plan and Budget 2022/23 and updated Long Term Financial Plan as presented in Attachment 11.3(a), in accordance with Council's Public Consultation Policy.
3. That, notwithstanding the terms of Council's Public Consultation Policy (as modified on account of the making of the Public Access and Public Consultation Notice (No 6) 2021), Council determines that it will hold a public meeting as part of its consultation activities with respect to its draft Annual Business Plan and Budget 2022/23;
4. That the Chief Executive Officer be authorised to:
 - a. Arrange for the holding of such a meeting;
 - b. Provide notice to the public of the meeting in such manner and form as he sees fit; and
 - c. Cancel entirely or defer the holding of the meeting in the event it cannot be accommodated in line with relevant State Government public health / emergency directions, regulations or legislation related to COVID-19.

5. **That Council notes that no new operational initiatives have been included as outlined in Attachment 11.3(b). These projects may be undertaken out of favourable variances identified during future budget reviews.**
6. **That the Chief Executive Officer be authorised to make minor grammatical and formatting changes within the draft Annual Business Plan and Budget 2022/23.**

Context

The Annual Business Plan is Council's statement of its intended programs and outcomes for the ensuing year. It links the Council's longer term planning as set out in its strategic management plans, with the allocation of resources in its budget. It also establishes the basis for review of the Council's performance over the year.

In preparing the draft Annual Business Plan and Budget 2022/23, it has highlighted the need to achieve financial sustainability for Council in the short term. Council proposes to implement strategies and initiatives to ensure it can achieve the implementation of both Alexandrina 2040 (A2040) Strategic Management Plan initiatives and financial sustainability.

The Audit Committee was presented with the draft 2022/23 Annual Business Plan and Budget as its meeting held on 2 May 2022 and resolved the following (ACAC279):

Moved Mr A Haste seconded Ms A McCleary

That the Audit Committee:

1. *recommends to Council the draft Annual Business Plan and Budget 2022/23, in line with the Long Term Financial Plan, be based on Consumer Price Index (Adelaide March 2022) of 4.7% plus a 1.5% sustainability factor plus an anticipated 1.3% for new development and property improvements;*
2. *recommends to Council the draft Annual Business Plan and Budget 2022/23 for consultation, per attachment 4.6(a), noting that the document will be updated prior to presentation to Council including the incorporation of the March 2022 Consumer Price Index; and*
3. *notes no new operational initiatives have been included, per attachment 4.6(c). These projects may be undertaken out of favourable variances identified from future budget reviews, or through rate increases.*

CARRIED UNANIMOUSLY

The draft Annual Business Plan and Budget 2022/23 has been prepared based on previous committed service levels, the Alexandrina 2040 (A2040) Strategic Management Plan, Long Term Financial Plan and Asset Management Plan (AMP), and any interim adjustments.

Business Units have continued to review service areas in line with Council's core values of continuous improvement and service excellence, contained within the A2040 Strategic Management Plan.

Key financial sustainability performance targets are proposed to ensure the long term financial sustainability of Council, covering the maintenance and development of the community's assets as well as provision of appropriate services.

Council's adopted Key Financial Indicator Targets are:

Indicator	Target Short Term	Target Medium Term	Target Long Term
Operating Surplus/(Deficit) Ratio - %	(2) to 1%	0 to 2%	3 to 6%
Net Financial Liabilities Ratio - %	≤120%*	≤110%*	≤80%*
Asset Sustainability Ratio - %	90-110%	90-110%	90-110%

* Includes an allocation for Community Wastewater Management Scheme (CWMS) borrowings

Preparation of Council's draft Annual Business Plan and Budget 2022/23 has considered the following significant factors:

- the Local Government Price Index 2.7% (December 2021)
- the projected Consumer Price Index (CPI) 4.7% (March 2022)
- investment of \$25.1 million in 2022/23 for the renewal of existing assets and construction of new infrastructure, as per the 10 year Asset Management Plan.

At the time of preparing this draft Business Plan, the State Valuation Office is yet to finalise their overall assessment of regional property assets, however, they have advised they are actively undertaking their review and will advise an outcome in due course. The Valuer-General has advised that the movement in property valuations across the Council area has increased by 20.6%, from a valuation of \$8.3 billion to \$10 billion. To cushion the impact of a spike in property valuation, Council is proposing to continue the application of rate capping in line with previous practice.

It should be noted that ratepayers may experience changes on their rates notice due to the following:

- an increase in property value;
- where property values have increased as a result of improvements;
- a change to land use or zoning;
- a change in ownership;
- a correction to the property value;
- a reduced amount for rates associated with receiving a cap on the amount.

General Analysis

The 2022/23 Budget strategy takes into account the current economic impacts, workshops with Elected Members, and the external community expectation of no reduction in service.

The draft Annual Business Plan and Budget 2022/23 has been prepared based on the previous year's budgeted expenditure and income, current significant influences and priorities and any known requirements to provide services for the coming year.

The operational budget is structured in such a way that there is no reliance on asset sales to fund core services. Debt is regarded as a tool to be used in a strategic perspective to provide community assets.

A rating strategy is proposed that seeks to achieve a degree of stability and predictability over time while ensuring we pay for those services and infrastructure maintenance obligations that we consume. Rates will be set at an affordable level having regard to the Council's strategic direction and its social and economic objectives balanced against the community's ability to pay.

The draft Budget 2022/23, projects an operating deficit of (\$672,000) and an Operating Deficit Ratio of (1)%. The Operating Surplus / (Deficit) Ratio is within Council's Key Financial Indicator Target range for the majority of the Long Term Financial Plan (LTFP) with the exception of Year 10.

Council's borrowings are projected to peak at \$40.1 million in 2022/23 reducing to \$13 million by the end of the plan. The Net Financial Liabilities Ratio is projected to peak at 84% in 2022/23 and reduce to 23% by the end of the plan.

Sustainability Modelling

At the Audit Committee Meeting held on 28 February 2022 it was resolved (ACAC270):

Moved Cr Keily seconded Cr Farrier

That the Audit Committee recommend to Council that the economic assumptions, per attachment 4.4, form the basis of the Draft Annual Business Plan & Budget 2022/23 and Long Term Financial Plan, and requests financial modelling of the sustainability factor at the following amounts 0.5%, 0.75%, 1%, 1.25%, 1.5%.

CARRIED

The recast Long Term Financial Plan (LTFP) (as adopted by Council at its meeting held on 15 February 2021 as per resolution ACM21882) required a sustainability factor of 1.5% to ensure the organisation could continue to meet its service delivery and infrastructure levels.

The following table (based on 3.5% CPI provided by Access Economics), was presented to the Audit Committee for its consideration, reflecting the impact on Council's Key Financial Ratios if the 1.5% sustainability factor is reduced:

Proposed Sustainability Factor 2022/23	1.5%	1.25%	1.00%	0.75%	0.50%
Financial Indicator Description					
Operating Surplus / (Deficit) – (\$'000)	(629)	(724)	(819)	(914)	(1,010)
Operating Surplus / (Deficit) Ratio – %	(1)%	(1)%	(2)%	(2)%	(2)%
Net Financial Liabilities Ratio - %	88%	89%	89%	89%	90%
Asset Renewal Funding Ratio - %	100%	100%	100%	100%	100%
Loan Borrowings	41,881	41,931	42,031	42,131	42,225
Movement Operating Surplus / (Deficit) – (\$'000)		(95)	(190)	(285)	(380)

A reduction of 0.25% in the sustainability factor for 2022/23 would result in an approximate \$95,000 increase in the operating deficit. This escalates to a reduction in operating surplus of between \$220,000 and \$900,000 by the end of the plan, depending of the size of the reduction.

The increase in loan borrowings for 2022/23 would range from between \$50,000 to \$344,000 depending on the sustainability factor. With total loan borrowings increasing between \$1.4 million and \$6 million at the end of the plan. This would have an adverse impact on the Net Financial Liabilities Ratio.

When considering the financial sustainability of Council excluding CWMS, a reduction in the sustainability index would further affect the operating position, placing Council outside its Key Financial Indicator Targets.

New Initiatives

			Rate Equivalent	Accum Rate Equivalent
Pref	New Initiatives - Operating	\$	\$380,000	
1	Additional Tree Trimming	\$80,000	0.21%	
2	Road Grading	\$41,200	0.11%	0.38%
3	Goolwa Surf Life Saving Club (Lifeguards, Goolwa Beach)	\$25,000	0.07%	0.28%
4	Community Centre Contribution	\$155,000	0.41%	0.79%
5	Fire Track Maintenance	\$41,200	0.11%	0.90%
6	Climate Change Actions	\$20,000	0.05%	1.28%
7	Milang Master Plan	\$100,000	0.26%	1.16%
8	Urban Greening	\$25,000	0.07%	1.23%
9	Review of Car Parking in Strathalbyn	\$50,000	0.13%	1.55%

10	Food Organics Garden Organics	\$45,000	0.12%	1.41%
11	Armfield Refurbishment	\$5,000	0.01%	1.30%
12	Wildlife Welfare Organisation (SA) Inc. Funding	\$40,000	0.11%	2.27%
13	Climate Change Officer	\$175,000	0.46%	2.01%
14	Asset Audit / Inspection Program	\$150,000	0.39%	2.66%
15	Beach Road / Heinicke Ave Reserve Master Plan	\$15,000	0.04%	2.05%
16	Steam Ranger Level Crossing ALCAM Assessments	\$13,850	0.04%	2.16%
17	Heritage Alexandrina	\$30,000	0.08%	2.12%
18	Cleaning of Pavers	\$12,000	0.03%	2.69%
19	Nine Mile Road Bike Lane - Scoping	\$5,000	0.01%	2.78%
20	Caravan Park Trees	\$30,000	0.08%	2.77%
21	Middleton Master Plan	\$150,000	0.39%	3.23%
22	Football Club Rooms/SANFL Oval Scoping	\$20,000	0.05%	2.84%
23	Port Elliot Master Plan	\$250,000	0.66%	3.89%
		\$1,478,250	3.89%	

As part of the budget deliberations for 2022/23 Council has considered new initiatives totalling \$1.5 million, that if approved would directly affect the operating budget. If all new operating initiatives were included, they would require additional rate revenue equivalent to a 3.9% rate increase. The Audit Committee, in considering the New Initiatives, proposed that they be considered from favourable variances identified during future budget reviews. The Audit Committee also considered of high importance Asset condition assessments and proposed an allocation be made in 2021/22 and an annual allocation be provided for in future years. This position is supported by Council's External Auditors, Galpins Accountants Auditors and Business Consultants, who have strongly urged Council to focus on revaluation of Assets to ensure the accuracy of both the financial statements and future year budget allocations for asset renewal. An allocation for this purpose, has been provided for in 2021/22 as part of the third quarter budget review, in addition to an allocation to commence Masterplans for Port Elliot, Middleton and Milang as identified during the Elected Member workshops.

New Initiatives - Capital	Cost
Basketball Facilities – Mount Compass	\$25,000
Horseshoe Bay Jetty	\$160,000
Melville Street, Strathalbyn Stormwater	\$70,000
Mount Compass Recreation Park Car Park (<i>Design & Construct</i>)	\$50,000
Mount Compass Recreation Park Public Toilet (<i>Design \$25,000 year 1</i>)	\$375,000
New shower facilities x 3 at Horseshoe Bay	\$30,000
Path from Port Elliot Surf Life Saving Club to Jetty	\$150,000
Peters Terrace, Mount Compass (<i>Design \$70,000 year 1</i>)	\$570,000
Port Elliot Oval Club Room (<i>Scoping & Concept</i>)	\$15,000
Sandergrove Road - Upgrade extension to Hickinbotham Development (<i>Design only</i>)	\$30,000
Shade Covers over Playgrounds – Strathalbyn (Lions Park)	\$37,500
Shared Path – Sand Mine Road, Mount Compass	\$30,000
Soldiers Memorial Gardens – Sound Shell (<i>Scoping & Design</i>)	\$15,000
South Terrace Kerb – Southern Side: Bridge to Langhome Creek Road	\$40,000
Victor Harbor Road (Service Road) – Mount Compass Landscaped Safety Features in front of shops	\$50,000
TOTAL	\$1,647,500

The rate equivalent is 3.9% (\$380,000 equates to 1% rate increase), given this impact, the Audit Committee proposed that they be considered from favourable variances identified from future budget reviews. The Audit Committee also considered the high importance of Asset condition assessments and proposed an allocation be made in 2021/22 and an annual allocation be provided for in future years. An allocation has also be provided for in 2021/22 to commence the Master Plans identified during the Elected Member workshops.

Capital new initiatives totalling \$1.6 million were incorporated into the 2022/23 budget following three (3) workshops with Elected Members. These new initiatives span the Council region.

Council is yet to incorporate its section 43 subsidiaries into the draft budget.

Rating Policy

As highlighted earlier the Valuer-General has advised that the movement in property valuations across the Council area has increased by 20.6%, from a valuation of \$8.3 billion to \$10.0 billion.

Due to the increase in Council valuation base, it is proposed that the rate in the dollar be reduced by approximately 10%, to generate the rate revenue required. Per \$100,000 property valuation, this results in a proposed general rate of \$356 (previously \$396), and a differential rate of \$296 (previously \$228).

Category	No. Properties	Properties %	Average Capital Value	Average Rates 2021/22	Average Proposed Rates 2022/23	Annual Increase	Weekly Increase	% Increase
Residential	14,072	72%	\$490,500	\$1,900	\$2,109	\$209	\$4.02	0.2%
Primary Production	2,981	15%	\$694,700	\$2,465	\$2,410	-\$55	-\$1.06	-0.1%
Vacant Land	1,664	9%	\$216,500	\$1,068	\$1,145	\$76	\$1.47	0.1%
Commercial	545	3%	\$463,200	\$1,949	\$1,967	-\$19	-\$0.36	0.0%
Industrial	132	1%	\$449,000	\$1,987	\$1,993	-\$6	-\$0.11	0.0%
Other	127	1%	\$469,600	\$765	\$741	-\$24	-\$0.47	-0.1%

When modelling the rate increase for current valuations (based on the LTFP of 6.2%) the average annual rate increase is equivalent to approximately \$139 per annum. This model also provides \$418,000 of rate relief against the spike in valuation, via a rate cap of 12% which will automatically be applied to affected properties.

There is minor movement with the proposed average rate by category, with a slight increase in the residential rate category associated with increased valuations.

Comparative Analysis

Statutory requirements in relation to the preparation and adoption of Annual Business Plans and Budgets are applied to all Councils in accordance with the *Local Government Act 1999*.

Public Consultation

Council will consult on its draft Annual Business Plan and Budget 2022/23 in accordance with section 123 of the *Local Government Act 1999*. The public consultation period is proposed to start on 20 May 2022 and conclude on 14 June 2022. Submissions on the draft Annual Business Plan and Budget will be able to be made via email, post or through online methods. It is proposed a public meeting be held on Tuesday 14 June 2022 to hear community representations, this will be in accordance with COVID-19 restrictions at the time.

In accordance with the Public Access and Public Consultation Notice (No 6) 2021 (Notice), Councils are not obliged to hold public meetings for public consultation purposes during the COVID-19 public health emergency. As Council has amended its Public Consultation Policy to align with the Notice, should Council wish to hold a public meeting for the draft Annual Business Plan and Budget 2022/23, a specific resolution will need to be made in order for the meeting to be held.

The holding of a public meeting (as part of a Council meeting or briefing) to hear representations on the Annual Business Plan and Budget 2022/23 is considered appropriate given the likely community interest in the matter.

A Summary Document of the Draft Annual Business Plan and Budget 2022/23 has been prepared for use during consultation.

Financial and Economic Implications

The draft Annual Business Plan and Budget 2022/23 based on the Long Term Financial Plan (LTFP) and 2021/22 budget has been prepared following three (3) workshops with Elected Members. These estimates will be updated once Council has endorsed any budget amendments as at 31 March 2022.

The draft Budget 2022/23, projects an operating deficit of (\$672,000) and an Operating Deficit Ratio of (1)%. The Operating Surplus / (Deficit) Ratio is within target range for the majority of the LTFP except of Year 10 where it exceeds target range. Council's borrowings are projected to peak at \$40.1 million in 2022/23 reducing to \$13.0 million by the end of the plan. The Net Financial Liabilities Ratio is projected to peak at 84% in 2022/23 and reduce to 23% by the end of the plan. It is noted the majority of the loan borrowings by the end of the plan relate to CWMS.

REFER ATTACHMENT 11.3(a) Appendix A *(to be provided under separate cover)*

Long Term Financial Plan

Endorsement of a rate increase of 6.2% (4.7% CPI plus 1.5% sustainability) is in line with the Long Term Financial Plan and results in surplus positions for Council from year 4 (2027) onwards. Further, within the 10 year timeframe, Council repays the majority of its outstanding borrowings (with the exception of CWMS).

REFER ATTACHMENT 11.3(a) Appendix C *(to be provided under separate cover)*

Council excluding CWMS

Council has recognised the need for the Community Wastewater Management Schemes (CWMS) to operate as a sustainable business unit and to ensure the costs of service delivery are borne by those connected to the schemes. To ensure this, Council has prepared a budget and LTFP without the impact of the CWMS and has proposed separate Key Financial Indicator targets for Council excluding CWMS.

Council excluding CWMS' adopted Key Financial Indicator Targets are:

Indicator	Target Short Term	Target Medium Term	Target Long Term
Operating Surplus/(Deficit) Ratio - %	(2) to 1%	0 to 2%	3 to 5%
Net Financial Liabilities Ratio - %	≤100%	≤100%	≤80%
Asset Sustainability Ratio - %	90-110%	90-110%	90-110%

An operating deficit of \$1.0 million and an Operating Deficit Ratio of (2)% is projected for Council excluding CWMS, returning to surplus in 2026/27. The Operating Surplus / (Deficit) Ratio is within the target range for the majority of the LTFP.

Council excluding CWMS borrowings are projected to peak at \$32.5 million in 2022/23 reducing to \$2.3 million by the end of the plan. The Net Financial Liabilities Ratio is projected to peak at 80% in 2022/23 and reduces to 12% by the end of the plan.

Community Wastewater Management Schemes (CWMS)

It is important for the Community Wastewater Management Schemes to be financially sustainable. To achieve this, a separate budget, LTFP and Asset Management Plan are prepared for the Schemes. In addition, Council has set separate Key Financial Indicator targets to ensure ongoing sustainability.

CWMS' adopted Key Financial Indicator Targets are:

Indicator	Target Short Term	Target Medium Term	Target Long Term
Operating Surplus/(Deficit) Ratio - %	(5) to 2%	(2) to 3%	2 to 6%
Net Financial Liabilities Ratio - %	≤250%	≤250%	≤200%
Asset Sustainability Ratio - %	90-110%	90-110%	90-110%

For 2022/23 it is estimated an increase of 3.4% will be required for the CWMS Service Charge to ensure the continuing financial sustainability of the Schemes. Council is proposing a service charge for the 2022/23 financial year of \$610 occupied and \$450 vacant, a \$20 and \$15 increase respectively from 2021/22.

The draft Budget 2022/23 for CWMS projects an operating surplus of \$373,000 and an Operating Surplus Ratio of 6%. The Operating Surplus Ratio is above target range.

CWMS borrowings are projected to peak at \$12.6 million in 2030 reducing to \$10.8 million by the end of the plan. The Net Financial Liabilities Ratio is projected to peak at 149% in 2027 and reduces to 109% by the end of the plan.

REFER ATTACHMENT 11.3(a) Appendix C (*to be provided under separate cover*)

Risk Management

In accordance with the Alexandrina Risk Management Policy and Matrix, the compliance risk of adopting this recommendation is considered low as the requirements of the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Council's Public Consultation Policy will be adhered to.

Compliance risk is reduced as Council has prepared the draft Annual Business Plan and Budget 2022/23 in accordance with the requirements of the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Financial risk increases if the financial sustainability factor is reduced below that previously endorsed by Council, extending the period of deficit and generates insufficient income to meet the annual expenditure requirements of Council.

Council will monitor the implementation of the draft Annual Business Plan and Budget 2022/23 via regular budget updates and reviews, in accordance with the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Officer Comments 23 May 2022:

A workshop followed by a Special Council meeting are scheduled to be held on Monday 23 May 2022.

3. CLOSURE