

# Annual Business Plan 2019-2020 Summary

## What is the Annual Business Plan?

The Annual Business Plan (ABP) links our Strategic Plan 2014-18 with the annual budget planning process to ensure we continue to develop and maintain essential infrastructure services like roads, footpaths, bridges and open spaces, and provide important services like libraries, health, planning and waste collection. (The 2014-18 Strategic Plan remains current until the 2019-23 Plan is adopted).

The 2019-20 APB and Budget was adopted by Kangaroo Island Council at the general Council meeting on **11 June 2019**. This follows a 21 day public consultation period including public meetings in Kingscote and Adelaide. During this period, the public was invited to attend meetings and provide feedback on the ABP and Budget.

The ABP identifies Council's commitment to projects for 2019-20. This plan is derived from Council's Strategic Management and Action Plan 2014-18 and aims to maintain and improve relevant, efficient services for the Community.

Council has adopted an ambitious 10 year Long Term Financial Plan (LTFP) with the end objective being financial sustainability. The 2019-20 ABP is the fifth year of the LTFP. Council is committed to this 10 year journey which will include identifying and adopting specific objectives and actions for the year consistent with our Strategic Plan, LTFP and the Infrastructure and Asset Management Plans (IAMP) to ensure the appropriate management of Council's revenue.

## Significant Influences and Priorities

A number of significant factors have influenced the preparation of Council's 2019-20 ABP, including the following:

- To meet the needs of the Capital Works Program, the LTFP demonstrates that \$1.5M is a sustainable level of borrowing for the Council in future years. Coupled with the State-provided \$2M Unsealed Roads Upgrade Program and \$885,000 provided by other funding sources, we expect to deliver over \$4.5M of infrastructure and asset upgrades in 2019-20.
- Roads to Recovery (R2R) funding for 2019-20 is expected to remain constant at \$560,000. This will be spent on the Capital Works Program.

## Kangaroo Island Council Services

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

- Regulatory activities e.g. maintaining the voters' roll and supporting the elected Council
- Setting rates, preparing an annual budget and strategic management plans for the area
- Management of basic infrastructure including roads, footpaths, parks, public open spaces, street lighting and rubbish collection
- Development planning and control, including building fire safety assessment, Environmental health services
- Fire protection
- Dog and cat management
- Library services
- Parks and gardens

In response to Community need, Kangaroo Island Council also provides:

- Economic development
- Environmental programs
- Public amenities
- Ovals and sporting areas
- Playgrounds
- Community programs and development
- Car parking
- Tidal swimming pool

Council seeks to be responsive to changing needs and undertakes regular Community surveys to ascertain levels of satisfaction to help identify areas of improvement.

Council operates a number of facilities on a fee for service basis which provide an important Community benefit whilst generating revenue for Council. For further information please refer to the Fees and Charges Schedule on our website: [www.kangarooisland.sa.gov.au/publications](http://www.kangarooisland.sa.gov.au/publications)

## Funding the Business Plan

Consistent with Council's Strategic Plan, all expenditure in 2019-20 will be funded by operating revenues, capital grants, borrowings and reserves.

## Payment by Instalments

Proposed due date for payment of the first rate instalment will be on Thursday 5<sup>th</sup> September 2019 with subsequent instalments due on the 5<sup>th</sup> day of each quarter - **5<sup>th</sup> December 2019, 5<sup>th</sup> March 2020 and 5<sup>th</sup> June 2020**. Rates can be paid by credit card, cheque, Bpay, internet and at the Council office.

## BUDGETED STATEMENT OF COMPREHENSIVE INCOME 2019-20

| Operating Income  | \$'000            |
|---|-------------------|
| Rates   | \$ 10,588         |
| Less Rebates  | \$ (98)           |
| Statutory Charges   | \$ 231            |
| User Charges  | \$ 1,097          |
| Grants, subsidies and contribution                            | \$ 4,461          |
| Investment Income   | \$ 5              |
| Reimbursements  | \$ 354            |
| Other Income  | \$ 72             |
| <b>TOTAL INCOME</b>   | <b>\$ 16,710</b>  |
| <b>Operating Expenses</b>                                     |                   |
| Net Employee Costs  | \$ 4,923          |
| Net Material Costs  | \$ 7,015          |
| Depreciation, Amortisation & Impairment                       | \$ 4,927          |
| Finance Costs   | \$ 532            |
| <b>Less TOTAL EXPENSES</b>                                    | <b>\$ 17,397</b>  |
| <b>Operating Surplus (Deficit)</b>                            | <b>-\$ ( 687)</b> |
| Add Capital revenues (Grants, Cont & FOC)                     | \$ 2,810          |
| <b>Net Surplus (Deficit)</b>                                  | <b>\$ 2,123</b>   |
| <b>Net Capital Works – Renewal/Replace of Assets (\$,000)</b> |                   |
|   | \$ 2,968          |
| <b>Net Capital Works – New/Upgraded Assets (\$,000)</b>       |                   |
|   | \$ 1,590          |

## Key Points from Council's 2019-20 Budget

|   |
|---|
| <b>Consumer Price Index (CPI) of 1.6%</b>   |
| <b>Realignment of primary production differential (92.5%-95.0%) to residential (100%) over time.</b>  |
| <b>An allowance of 1% increase in capital valuation for property value &amp; number of rateable properties as assessed by the State Valuer General.</b>   |
| <b>Management of waste will see the service charge for kerbside collection and waste management increase by CPI from 2018-19 rate.</b>  |
| <b>CWMS service charges will increase by 1.6% to \$642 in line with CPI, reflecting the forecast made in last year's Annual Business Plan. This service charge will be allocated to those properties that have the capability to be connected to one of the schemes and does not apply to all ratepayers.</b> |

## Major Achievements for 2018-19

### Community Projects

- Community Capital Infrastructure Grant funded \$90,846 delivering \$715,621 project value
- Community Partnership Grant Program funded \$18,833 delivering \$44,817 project value
- 30 Community sponsorship granted to 20+ organisations including Council facilities hire, DAs

### Capital and Operational Works

- High-use Intersections sealed including intersections on Playford Highway with: Lovers Lane, Hillview Road, Turkey Lane, McHughes Road and Harriet Road; and Hog Bay Road Intersections with Angle Pole Road and Pennington Bay Road Intersection of South Coast Rd and Elsegood Road \$160,000
- Emu Bay Rd and North Coast Rd – Black Spot Funding \$145,000
- Emu Bay Boat Ramp Upgrade \$887,000
- Kingscote - Brownlow Walking Trail Stage \$220,000
- Prospect Hill Stairs upgrade \$1.0m
- Penneshaw CWMS Extension Project \$330,000

### Other Major Capital Works Projects included:

- Three Chain Road Re-sheet - \$2M DPTI Unsealed Roads, Funding Stage 8
- Wedgewood/Hickmans Roads Bridge widening, stormwater extensions - \$200,000 Special Local Roads Program & \$100K KIC funding
- Stormwater Upgrade American River \$130,000
- Knofel Drive Sealing \$120,000
- The Lane Reconstruction (Stage 1) \$100,000
- Island Beach Roads Upgrade \$60,000
- Penneshaw Toilet Amenities Upgrade \$60,000
- Art Gallery Upgrade \$40,000
- Christmas and Clark Streets Sealed \$30,000

## Project Priorities for 2019-20

### Infrastructure

- Sealed Roads \$1,125,649 – The Lane, South Coast Rd (part reseal) Wedgewood Rd Hickmans Rd (upgrade to seal), Birchmore Rd (part reseal), Drew St (Car Parks reseal), Burdon Drive (part reseal)
- Unsealed Roads \$410,000 – Ten Trees Rd, Cape Willoughby Rd, Willson River Rd, Muston Rd, Moores Rd (part resheet), Island Beach Streets
- Unsealed Road Upgrade Program Year 9 - \$2M – North Coast Road
- Footpaths \$150,000 – Upgrades to various footpaths across the Island
- Kerbs \$115,000 – Investigator Ave & Parndana Pram Ramps upgrades
- Plant Replacement \$100,000
- Airport \$50,000 – Explosive Trace Device
- Cemeteries \$30,000
- Buildings \$48,000
- Risk Mitigation & Safety \$25,000 – American River levy bank
- Fire Management \$50,000 – townships maintenance

### Recreation and Open space

- Parks & Gardens \$25,000 – Camping and Day Visitor Amenities, Flagstaff Hill Revegetation

### Continuing Community Programs

- 2019-20 Community Capital Infrastructure Grant program \$50,000, Community Partnership Grants Program \$20,000, Community and Youth Sponsorship Programs \$20,000

### Tourism and Economic Development Fund

- This represents Council Managed Funds partitioned from the CCIGP for leverage with State Government funding to support social and economic development need \$139,000.

## What this all means For Rates

Council will continue to use the capital value of properties as the basis of rating land within the Council area for FY 2019-20. The ABP:

- Adopted for rating purposes the Valuer-General's valuations of capital values applicable to land within the Council area;
  - Imposed a fixed charge of \$290 in respect of each separate piece of rateable land in the Council area, which is unchanged from the previous financial year; and
  - Imposed annual service charges as follows:
- In respect of land serviced by the Council's waste management recycling service - \$225 for treatment and disposal and \$117 for collection.

- In respect of land serviced by the Council's Community Waste Water Management Systems - \$642 for both vacant and occupied land within the following township and settlement schemes: Kingscote and Brownlow, Parndana, Parndana East, American River and Penneshaw.

### 2019-20 Proposed Differential Rates Charge (cents in the dollar)

- \$0.3448 – Residential
- \$0.3655 – Commercial, Industrial, Marinas and Other rateable land.
- \$0.3276 – Primary Production
- \$0.5206 – Vacant Land

### NRM Levy

Kangaroo Island Council is required by State Government legislation to collect the Natural Resource Management (NRM) Levy on behalf of Kangaroo Island Natural Resource Management Board. **The NRM Levy is not a Council charge.**

The total amount budgeted to be raised from the NRM levy for 2019-20 is \$401,000 which is levied as a flat charge of \$78.50 per property assessment.

## Business Planning Challenges/Context

Kangaroo Island Council is unique, being the only island-based Council in South Australia. It presents a number of challenges in planning the delivery of services, which include:

- A small population of approximately 4,700 residents, a rate base of only 5,590 rateable properties and a moderate budget of \$17.4M
- A large land mass of 4,400km<sup>2</sup> with a 1,362 km road network places a significant financial burden on Council in relation to maintenance and upgrade
- Unsubsidised travel and freight costs between the mainland and Island
- A significant shortfall in revenue compared to the amount of money required to provide services and facilities to the level expected by ratepayers, residents, business operators and visitors to the Island.