

LITCHFIELD COUNCIL



Community effort is essential

Special Council Meeting BUSINESS PAPER WEDNESDAY 3/06/2020

Meeting to be held commencing 6:00pm
Via Video Conference

Daniel Fletcher, Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



SPECIAL COUNCIL AGENDA

LITCHFIELD COUNCIL MEETING

**Notice of Meeting
to be held via Video Conference
on Wednesday 3 June 2020 at 6:00pm**

Daniel Fletcher
Chief Executive Officer

Join Zoom Meeting
<https://us02web.zoom.us/j/88678237183>
Meeting ID: 886 7823 7183

| Number | Agenda Item | |
|--------|--|------|
| 1 | Opening of Meeting | |
| 2 | Acknowledgement of Traditional Ownership | |
| 3 | Apologies and Leave of Absence | |
| 4 | Disclosures of Interest | |
| 5 | Public Forum | |
| 6 | Officers Reports | |
| 6.1 | Draft Municipal Plan 2020-21 and Draft Long Term Financial Plan 2020-21 to 2029-30 | 1-59 |
| 7 | Confidential Items | |
| 8 | Close of Meeting | |



SPECIAL COUNCIL AGENDA

LITCHFIELD COUNCIL MEETING

Wednesday 3 June 2020

1. Open of Meeting

Disclaimer

A video recording of this meeting is being made for minute taking purposes as authorised by the Chief Executive Officer.

2. Acknowledgement of Traditional Ownership

Council would like to acknowledge the traditional custodians of this land on which we meet on tonight. We pay our respects to the Elders past, present and future for their continuing custodianship of the land and the children of this land across generations.

3. Apologies and Leave of Absence

THAT Council notes and approves:

| | | |
|------------------|-------------|---------|
| Leave of Absence | Cr {Insert} | {dates} |
| Apologies | Cr {Insert} | {date} |

4. Disclosures of Interest

Any member of Council who may have a conflict of interest, or a possible conflict of interest regarding any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

5. Public Forum

This item has been temporarily suspended.

6. Officers Reports

- 6.1 Draft Municipal Plan 2020-21 and Draft Long Term Financial Plan 2020-21 to 2029-30



COUNCIL REPORT

| | |
|---|---|
| Agenda Item Number: | 6.1 |
| Report Title: | Draft Municipal Plan 2020-21 and Draft Long Term Financial Plan 2020-21 to 2029-30 |
| Author and Recommending Officer: | Silke Maynard, Director Community & Corporate Services |
| Meeting Date: | 3/06/2020 |
| Attachments: | A: Draft Municipal Plan 2020-21 B: Draft Long Term Financial Plan 2020-21 to 2029-30 |

Executive Summary

This paper presents to Council the Draft Litchfield Council Municipal Plan 2020-21 and Draft Long Term Financial Plan 2020-21 to 2029-30 for Council endorsement to be placed on public exhibition inviting comments.

The Draft Municipal Plan 2020 – 21 has been prepared in accordance with the requirements of the *Local Government Act 2008* and under the considerations of the public health emergency through COVID-19.

The Draft Long Term Financial Plan 2020-21 to 2029-30 reflects Council's financial planning beyond the legislative required timeframe to support sustainable decision making for the community.

Recommendation

THAT Council:

1. endorses the Draft Municipal Plan 2020-21 as provided in Attachment A for the purposes of public exhibition and consultation;
2. endorses the Draft Long Term Financial Plan 2020-21 to 2029-30 as provided in Attachment B for the purposes of public exhibition and consultation;
3. advertises the Draft Municipal Plan 2020-21 as being available for public consideration, and invite public submissions during a period of 21 days 4 June 2020 until close of business on 25 June 2020; and
4. authorises the Chief Executive Officer to make minor editorial changes to the documents, as necessary.

Background

The **Draft Municipal Plan 2020-21** includes Council's Annual Budget 2020-21 and Annual Service Delivery Plan that address priorities for action specified in the Litchfield Council Strategic Plan 2018-2022.

The Annual Budget 2020-21 highlights include the following:

- Over \$1 million for Litchfield's seven Recreation Reserves

- \$130,000 for Community Grants, Sponsorship and Event Support
- No ratepayer will pay more rates than they did in 2019-20
- Concessions to all ratepayers to offset the entire value of the rate increase
- Council is subsidising the next financial year rate increase from its financial reserves
- No increase to the residential Waste Charge

In proposing the rate increase and funding of the increase from financial reserves Council has considered the long-term financial impact, its strategic priorities for providing services and infrastructure, and current social and economic realities for the Litchfield community.

The proposed staffing plan has decreased by 0.5 full time equivalent from the previous year to 58.3.

The Draft Municipal Plan 2020-21 will be accessible 4 June 2020 until close of business on 25 June 2020.

The **Draft Long Term Financial Plan 2020-21 to 2029-30 (LTFP)** reflects Council's ongoing commitment to protect the large asset base, continue managing the services provided to the community and applying strategies that will allow financial sustainability in the long term.

The LTFP shows that although Council is applying appropriate strategies the Key Performance Indicator set in the Strategic Plan 2018-22 for the Asset Sustainability Ratio will not be achieved in the period of this plan. With Council's large asset base compared to the rate base, Council will continue to underperform in the renewal of infrastructure assets and not meet its set service level to the community.

Links with Strategic Plan

A Well-Run Council - Modern Service Delivery
 A Well-Run Council - Good Governance
 A Well-Run Council - Engaging Our Community

Legislative and Policy Implications

Under Part 3.2 of the *Local Government Act* the Municipal Plan is to contain the following:

- A service delivery plan for the period to which the municipal plan relates;
- Council's Annual Budget;
- Indicators for judging the standard of Council's performance.

The Municipal Plan must also contain, or incorporate by reference:

- Any long-term, community or strategic plan adopted by Council for the relevant period to which the municipal plan relates;
- The Council's long-term financial plan; and
- The Council's most recent assessments of:

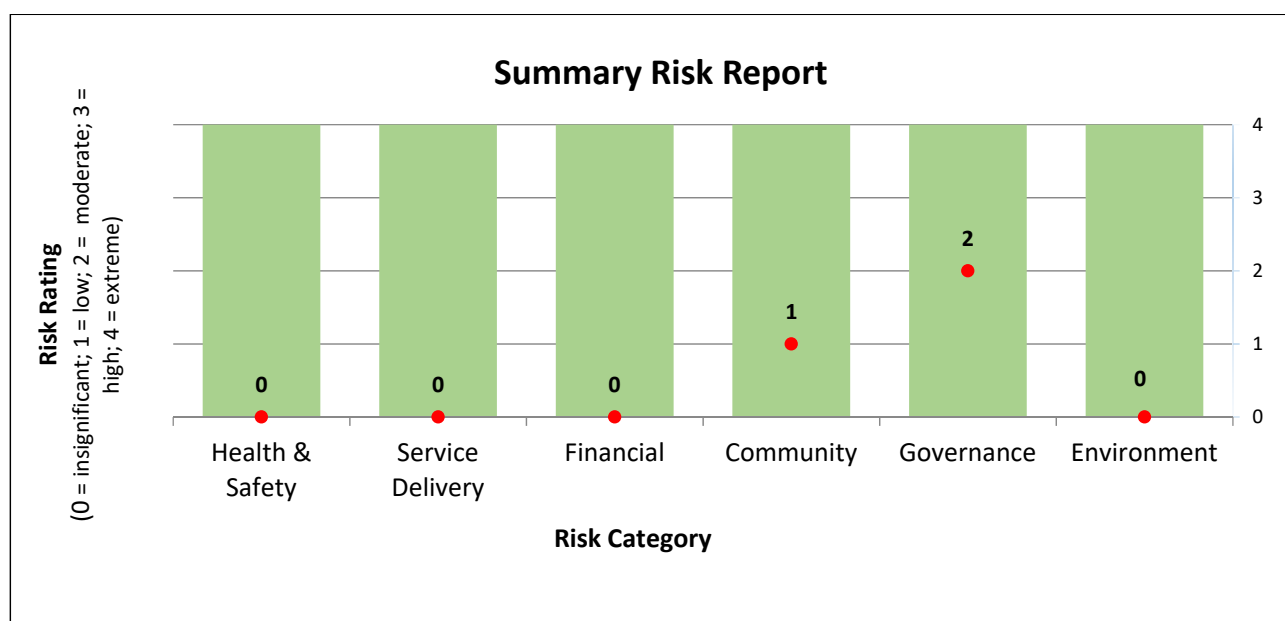
- Constitutional arrangements presently in force and whether they provide the most effective representation for the area;
- Opportunities and challenges for local government service delivery in the Council's area;
- Possible changes to the administrative and regulatory framework for delivering services within Council's area; and
- Whether possibilities exist for improving local government service delivery through cooperative arrangements with other councils, government agencies or other organisations.

Attachment A – the Draft Litchfield Council Municipal Plan 2020-21 for Litchfield Council complies with the above requirements.

Before Council adopts the Municipal Plan 2020-21, a draft must be prepared and made accessible on the website or for people to inspect in Council's office. Council must publish a notice on its website and in the newspaper inviting submissions for a period of 21 days. Council then must consider any submissions made and make changes if appropriate.

The draft annual budget is included in the Municipal Plan 2020-21 in accordance with Part 10.5, Section 127 (3) of the *Local Government Act*.

Risks



There is a low risk for Council's reputation if the engagement with the community is not managed appropriately for the consultation on the Municipal Plan and Annual Budget 2020-21. Historically, misinformation has been used to discredit the accuracy of the information contained within the Draft plans. Council has developed an Engagement Plan to ensure the entire municipality has an opportunity to understand the information, ask questions of elected members and staff and, that the risk of misinformation is managed to the best we can.

There is a moderate compliance risk for Council in not meeting the legislative timelines. This risk has been mitigated through a timeline for the process of adopting the Municipal Plan and Annual Budget 2020-21 by 30 July 2020.

Community Engagement

The Draft Municipal Plan 2020-21 will be made available to the public for a 21-day consultation period through Council's online engagement portal www.yoursay.litchfield.nt.gov.au, through Council's website www.litchfield.nt.gov.au and at Council's Office. Council welcomes community input in the form of written submissions.

Several face-to-face opportunities for the community to engage with Councillors and staff are scheduled and will be published on the engagement portal.



Draft

LITCHFIELD
COUNCIL

Community effort is essential



Municipal Plan

2020-2021



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Mayor Maree Bredhauer

Mayor's opening

Responding to COVID-19

This is my fifth municipal plan as Mayor of Litchfield and it's certainly the most unique.

The Municipal Plan 2020-21 not only outlines our budgetary planning for the next financial year and beyond, it also factors in our response to the unprecedented challenges presented by the impacts of COVID-19.

This year's plan reflects our recently adopted Long Term Financial Plan (LTFP) 2020/21 to 2030/31, which was developed following significant community input. It includes a new Rating Policy, which introduces seven rating categories and a more transparent approach to how rates are calculated.

Council has unanimously supported the decision to increase rates in accordance with our LTFP, this was both difficult and disciplined. In recognition of the impacts of COVID-19 on our community, Council will provide a concession to all ratepayers to the value of the rate increase in 2020-21. As a result, no ratepayer will pay more in rates than they did in 2019-20.

To further support households and businesses affected by COVID-19, Council has reviewed its Rates Concession Policy. All ratepayers can now apply with a simple two-page application form and improved response times. Ratepayers can request to write off penalty interest, a deferral of rates, a freezing of penalty interest or a rates waiver.

Commercial ratepayers are also being supported through a three-month rates waiver and further payment deferral for three months. I would like to acknowledge and thank the NT Government's Local Government Special Community Assistance and Local Employment Program for the funding that enables Council to offer this support.

Long-term financial sustainability

Council is continuing to evolve and mature, particularly in how we plan for the long-term future of our community.

The LTFP is based on a number of practical strategies, including constraining growth in operating costs, advocating strongly for grants from other levels of government, and improving our approach to asset management. It enables Council to use discretionary reserves to increase capital spending in the short term, while increasing rate income to fund sustainable longer-term capital spending.

Beyond recovering from COVID-19, Council is well positioned to continue to deliver the infrastructure and services that make Litchfield the best place to live in the Top End. Our key focus in 2020-21 remains on maintaining our \$323 million of assets and progressing critical new projects.

This year's budget includes funding to progress the Strategic Mango Roads Project. We will also continue to partner with the Top End Regional Organisation of Councils (TOPROC) to plan for a Regional Waste Management Facility with emergency waste capacity.

Importantly, Council is continuing to work with the Australian and NT Governments to deliver a fair outcome on private road maintenance, which has been a long-standing issue in our community.

Our longer-term financial planning enables us to take a broader and more sustainable approach to meeting the needs and expectations of our community.

In appreciation

The 2020-21 Municipal Plan positions Council to provide strong and sustainable leadership in the region, and I sincerely thank Councillors, the CEO, Managers and all Council staff for their continued commitment to our community.

Social distancing requirements due to COVID-19 have impacted Council's ability to deliver services, and I thank our community members for their understanding and patience as we get through this difficult time together.

The next year will undoubtedly continue to present new challenges for us as a community. I'm confident we are well placed to face them together and respond in ways that are compassionate and responsible.

Mayor

Maree Bredhauer

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Litchfield overview

Litchfield Profile

POPULATION

25,561



Male – 51.8% Female – 48.2%

↓ Declined by 22 from the previous year
ERP, 2019
(Australian Bureau of Statistics 2016 Census data 2016)

Median weekly household income - \$2,109
30% couples with children
Median age – 37 years

Our Economy

LOCAL JOBS

17,543 NIEIR 2019

LOCAL BUSINESSES

1,866 ABS 2018

EMPLOYED RESIDENTS

14,959 NIEIR 2019

Council Data

8,227

RATEABLE ASSESSMENTS

629kms
SEALED ROADS



88.78kms
UNSEALED ROADS



CEMETERY

1

3 WASTE
TRANSFER
STATIONS



13.8kms
SHARED PATHS INC.
7.3KM BIKE PATHS



2,979
REGISTERED DOGS



RECREATION
RESERVES

7

5

PLAYGROUNDS

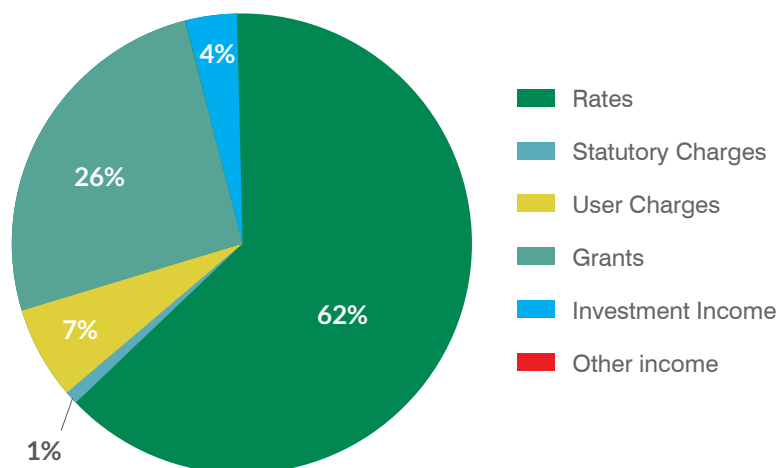


Budget at a glance

Council is forecasting a balanced budget, achieved by drawing on funds from financial reserves. Overall, Council is continuing to keep operating expense constrained in line with the Long Term Financial Plan 2020/21 to 2030/31.

Budgeted revenue

Rates continue to be the major source of funding for Council in 2020-21. The table and chart below shows all funding resources, including statutory and user charges, grants, investment income from term deposits and the sale of assets.



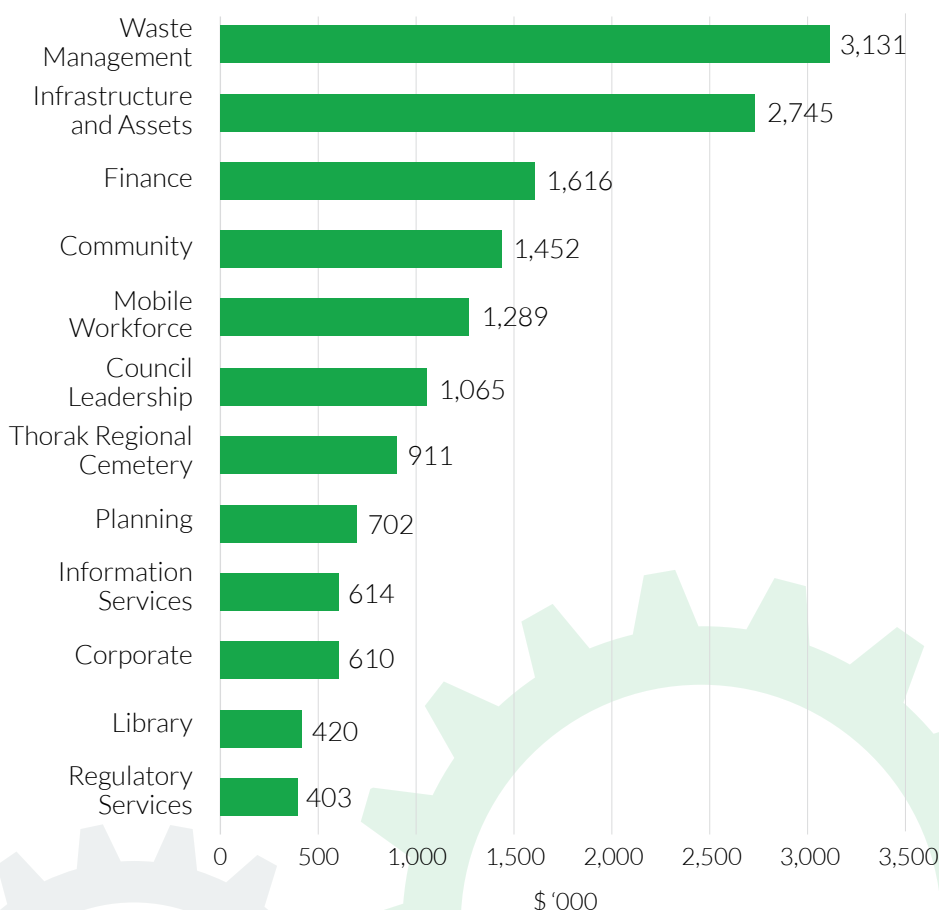
Budgeted operating expenditure

Council has forecast its operating expenditure to decrease by 0.2%. This is in line with the LTFP 2020/21 to 2030/31.

Waste management, and infrastructure and assets remain the main spending areas across the municipality. This investment enables Council to operate its three waste transfer stations for residents and commercial users and deliver quality roads across the community.

Since 2019-20, Council's budget also includes library services. Expenditure on library services in 2020-21 is budgeted at \$420,000, which is fully funded by a Northern Territory Government grant.

Operating expenditure by program area (Total \$14,958,554)





Elected Members

Council's current Mayor and Councillors were elected in August 2017 for a four-year term.



Mayor

Maree Bredhauer

Mobile: 0437 517 709

Email: maree.bredhauer@litchfield.nt.gov.au



North Ward

Mathew Salter

Mobile: 0408 093 838

Email: mathew.salter@litchfield.nt.gov.au



Central Ward

Christine Simpson

Mobile: 0417 805 302

Email: christine.simpson@litchfield.nt.gov.au



East Ward

Kirsty Sayers-Hunt

Mobile: 0418 956 791

Email: kirsty.sayers-hunt@litchfield.nt.gov.au



South Ward

Doug Barden

Mobile: 0429 875 390

Email: doug.barden@litchfield.nt.gov.au



Litchfield Council's Planning and Reporting Framework



Council's Strategic Plan 2018-2022 is available on Council's website:
www.litchfield.nt.gov.au/council/council-plans-and-publications



Strategic focus for 2020-21

Council will continue to advocate to the Northern Territory Government and Australian Government on behalf of the Litchfield community to ensure local infrastructure needs are met.

Of particular focus in 2020-21 are the following five priority projects.

Mango Industry Strategic Roads Project (Productive Mango Roads Project)

Need: The Litchfield mango industry provides almost 24% of Australian mangoes.

Description: Seal four road sections in the South Ward, totalling 15.2 km.

Outcome: Reduce dust impacts and corrugation and improve road safety, in turn increasing capacity for the industry to deliver more, high quality fruit to growing markets.

Council and mango industry investment:
\$3m

Australian and NT investment: \$18m

Total cost: \$21m

Community and Business Hub

Need: Identified by NT Government Litchfield Subregional Land Use Plan, supported by Council's strategic planning.

Description: Deliver a hub that includes a modern library, visitor services, a community hall, a facility supporting small business, an arts and cultural centre, and spaces for health and related services. Site to be determined through the feasibility stage.

Outcome: A facility that incorporates identified needs in a multi-purpose community and business hub.

Council investment:

To be determined through concept plans.

Total cost: To be determined.

Regional Waste Management

Need: To identify a suitable site for a Regional Waste Management Facility.

Description: Continue working with other councils as part of the TOPROC and the Northern Territory Government to identify suitable sites, undertake planning, needs and technology assessments, and consider management arrangements.

Outcome: Suitable site identified and initial planning completed. (Construction costs will be estimated as the next step.)

Council investment:

In-kind support with current resources

Total cost: \$2m (planning only)

Mira Square community facilities

Need: Identified by the community.

Description: Continue to work with the Southport Progress Association and the community to develop a portion of the 3.24 hectares of community-purpose crown land in Southport.

Outcome: Staged development of the site to include community facilities such as community space and playground.

Council investment:

50%

Total cost:
\$507,000

Private Roads maintenance

Need: Australian and Northern Territory Governments' funding excludes private road maintenance (a legacy inherited by Council).

Description: Continue to work with the Australian and Northern Territory Governments to hand-over and formalise maintenance arrangements for approximately 20 private roads. Council has updated its policy to provide clarity to residents around these roads, which it continues to maintain as a community service.

Outcome: Funding is resolved fairly for property owners, ratepayers and Council.

Council investment:

In-kind support within current resources

Total cost: \$200,000 initial cost



Adequacy of constitutional arrangements

In early 2020, Council undertook an electoral review in accordance with the requirements of Section 23 of the *Local Government Act 2008*.

The review needed to:

- assess the constitutional arrangements currently in place
- determine whether those arrangements provided the most cost-effective elector representation for the local government area
- be undertaken at least once in the Council's term
- be completed by the end of July 2020 (as required by Council)

Key issues considered included:

- the title of the principal member of Council (in other words Mayor or President)
- the number of elected members required to adequately represent the community and perform the roles and responsibilities of Council
- the title of the elected members
- the division of the council area into wards, or the abolition of wards
- the number and configuration of wards (if required)
- the level of representation/elector ratio within each future ward

The final review will be presented to the Minister for approval once public comments have been considered. If approved, any changes will be implemented for the August 2021 Local Government general elections.

Possible changes to the regulatory and administrative framework

The Local Government Bill 2019 passed in the Northern Territory Parliament on 28 November 2019. The new *Local Government Act 2019* will commence on 1 July 2021, supported by new regulations.

Council is now reviewing policies and policy frameworks to ensure compliance with the new Act. Besides some transitional matters, these will need to be in place by 1 July 2021.

In 2019, the Northern Territory Government drafted a Burial and Cremation Bill to replace the *Cemeteries Act 1952*. The bill was withdrawn following public consultation. It may be re-introduced following the NT Election in August 2020, in which event Council will respond as necessary.

Council has welcomed the introduction of the *Independent Commissioner Against Corruption Act 2017*. While it has meant new administrative responsibilities for Council, the Act supports the organisation's vigilance against corruption.



Service Delivery Plan

Opportunities and challenges for service delivery

Council has the opportunity to continue to strengthen its relationship with neighbouring councils, the Northern Territory Government and the Australian Government through partnerships such as the Productive Mango Roads Project and library funding. This type of collaborative approach maximises opportunities for the Litchfield community.

Another key opportunity for Council over the next 12 months is to raise awareness of the importance of the local government general election August 2021 and improve voter turnout on polling day.

The broader challenges and opportunities for Council reflect many of the big issues facing local government across Australia. These include sourcing appropriate funding from the state and federal governments to maintain services, funding repair and upgrades to local roads, and providing equitable access to community services.

The bigger picture

The Northern Territory Government Department of Trade, Business and Innovation¹ maintains a prediction of 6.3% growth in the economy for 2019-20 and 4.1% for 2020-21. Additionally, Northern Territory average weekly earnings increased by 1.8% with Darwin inflation for December 2019 at 0.5%

The Northern Territory Government's Strategic Directions 2017-21 outlines a series of goals and outcomes needed to meet its vision to create a vibrant and resilient economy for all Territorians by growing private investment and creating jobs. Litchfield has a role to play in that vision, particularly in terms of being able to grow local business capabilities through the Productive Mango Roads Project.

Improving service delivery through working with others

Council continues to share services and partner with relevant organisations to strengthen Litchfield's profile and leverage better outcomes for residents.

Top End Regional Organisation of Councils (TOPROC)

- Current focus includes:
 - improving Council's role in land use planning
 - establishing a Regional Emergency and Waste Management Facility
 - sustainable governance arrangements for Thorak Regional Cemetery

¹ Northern Territory Economy Snapshot 6 March 2020, Northern Territory Government Department of Trade, Business and Innovation



Local Government Association of Northern Territory (LGANT)

- Explores issues, develops policy positions and seeks collaboration opportunities.

Recreation reserve management

- Five of council's reserves are managed by independent not-for-profit associations.
- Two are managed by Council advisory committees (Howard Park and Knuckey Lagoon).

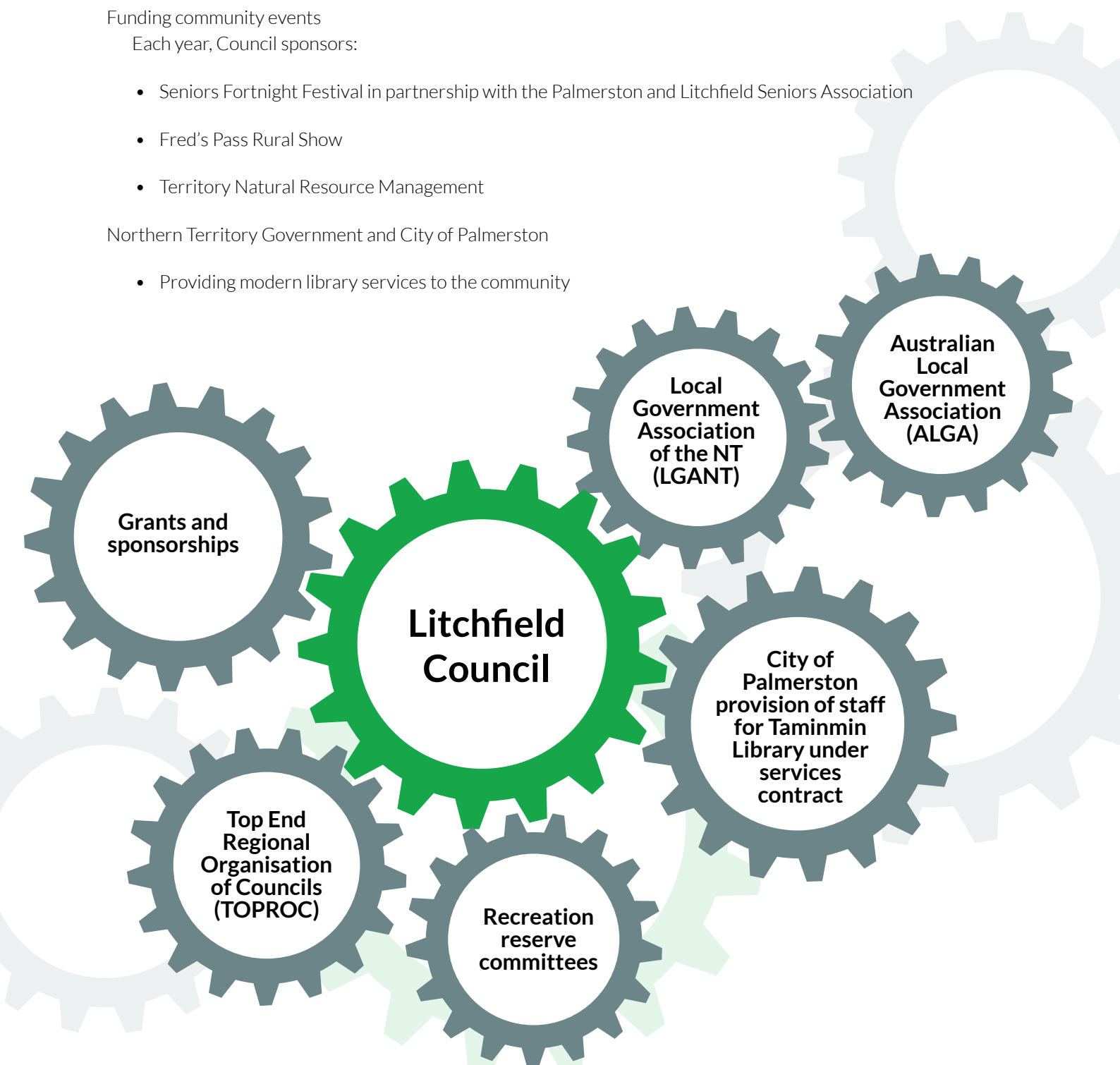
Funding community events

Each year, Council sponsors:

- Seniors Fortnight Festival in partnership with the Palmerston and Litchfield Seniors Association
- Fred's Pass Rural Show
- Territory Natural Resource Management

Northern Territory Government and City of Palmerston

- Providing modern library services to the community





Staffing plan

Under Council's staffing plan for 2020-21, 58.3 full-time equivalent (FTE) staff will be employed at a cost of \$6,932,575. This is a decrease of 0.5 FTE from 2019-20 (58.8 FTE) following the completion of the Fred's Pass Sport and Recreation Reserve Upgrade Project (which involved 0.5 FTE fully grant funded staff), The Taminmin Community Library remains fully funded by the Northern Territory Government.

While the number of people in full-time and part-time positions is relatively stable, the actual number of employees varies from time to time due to the employment of outdoor staff for seasonal and relief work.

Council's Enterprise Agreement 2017 expired on 11 March 2020, the Agreement set an annual salary staffing increment at 2% each year. This current Agreement will continue until the new Enterprise Agreement is finalised, for which negotiations began in the first quarter of 2020.

Organisation chart



FTE Total: 58.3 Budget: \$6,932,575



Program profiles

Office of the Chief Executive

| | |
|---|--|
| Council Leadership | Provides strategic leadership, good governance, advocacy and decision-making to achieve corporate outcomes. |
| Corporate Communications | Advises on and delivers community engagement activities, media management and corporate communications. |
| Human Resources and Work Health Safety | Manages the workplace health and safety system and a range of operational, advisory and strategic human resource services that meet statutory requirements and enables Council to attract, develop and retain great staff. |

Infrastructure and Operations

| | |
|----------------------------------|--|
| Infrastructure and Assets | Plans, delivers and manages Council's road network and other infrastructure to ensure the social, cultural and economic success of the Litchfield municipality. |
| Mobile Workforce | Provides an effective and efficient maintenance service, including weed and bushfire management for Council's road verges, drainage easements, signs, reserves, excised lands and Council facilities. |
| Planning and Development | Reviews and provides comment on all regional plans, policies, development proposals, and planning applications relevant to the Litchfield municipality. Administers future Council assets, works permits, and proposals for road openings and closures. |
| Regulatory Services | Administers Council's Dog Management By-Laws. Promotes and supports responsible dog ownership through public education and initiatives. Provides information to help manage and control feral dogs. Manages abandoned vehicles. |
| Thorak Regional Cemetery | Operate the Thorak Regional Cemetery and Crematorium for the Top End efficiently and effectively in accordance with approved plans, the <i>Northern Territory Cemeteries Act 1952</i> , Cemeteries Regulations, Council policies and community expectations. |
| Waste Management | Provides an environmentally sustainable, safe and cost-effective waste management system through Council's waste transfer stations and recycling operations. |

Community and Corporate Services

| | |
|------------------------------|--|
| Community Development | Supports and resources recreation reserves management committees to provide fit-for-purpose sport and recreational facilities. Develops inspection regimes and maintenance programs for playgrounds and trees on recreation reserves. Manages Council's Community Grants Scheme and supports community events and programs. |
| Finance | Provides financial services to help Council make informed decisions and allocate resources efficiently and effectively in the short and long term, while ensuring Council meets its objectives and all statutory and regulatory obligations. Provides timely and quality front counter customer services for residents and visitors and manages rates records in accordance with policy and legislative requirements. |
| Governance and Risk | Provides and supports best practice governance, statutory compliance, records and risk management for Council. |
| Information Services | Manages Council's information and communications systems to ensure alignment with business needs and excellent customer service. |
| Library Services | Provides public library services that promote lifelong learning, community connectedness and childhood development through collection development, program delivery and promotion of services. |



2020-2021 Budget by program profile

| Directorate | Program | Operational income | Less operational expense | Operational surplus (-deficit) | Capital income | Capital expense | Capital surplus |
|---|--|--------------------|--------------------------|--------------------------------|----------------|-----------------|-----------------|
| Council Leadership | Elected members, Office of the CEO and Community Engagement* | - | 1,065,068 | (1,065,068) | - | - | - |
| Council Leadership Total | | - | 1,065,068 | (1,065,068) | - | - | - |
| Community and Corporate Services | Finance | 9,047,699 | 1,615,906 | 7,431,794 | - | - | - |
| | Community Corporate* | 78,000 | 1,452,426 | (1,374,426) | - | 32,000 | (32,000) |
| | Information Services | - | 610,392 | (610,392) | - | - | - |
| | Library | - | 614,000 | (614,000) | - | - | - |
| Community and Corporate Services Total | | 9,545,653 | 4,712,677 | 4,832,975 | - | 32,000 | (32,000) |
| Infrastructure and Operations | Mobile Work Force | - | 1,289,009 | (1,289,009) | - | - | - |
| | Planning and Development | 53,040 | 701,502 | (648,462) | - | 75,000 | (75,000) |
| | Regulatory Services | 125,400 | 402,716 | (277,316) | - | 60,000 | (60,000) |
| | Thorak Regional Cemetery | 928,483 | 911,137 | 17,346 | - | 80,000 | (80,000) |
| | Infrastructure and Assets | 2,924,174 | 2,745,312 | 178,862 | 1,520,525 | 5,743,518 | (4,222,993) |
| | Waste Management | 3,162,705 | 3,131,132 | 31,573 | - | 230,000 | (230,000) |
| Infrastructure and Operations Total | | 7,193,802 | 9,180,808 | (1,987,007) | 1,520,525 | 6,188,518 | (4,667,993) |
| TOTAL result | | 16,739,455 | 14,958,554 | 1,780,901 | 1,520,525 | 6,220,518 | -4,699,993 |

*Corporate Program includes cost for Human Resources, WHS and Governance.



Service delivery KPIs

Council Leadership

| Key outputs | Measures | Targets |
|---|---|-------------|
| Powerful and effective advocacy | | |
| Advocacy Submissions to government | Community Survey: satisfaction with Council's advocacy efforts | >60% |
| Represent Council on legislation and other reforms | Community Survey: satisfaction with Council's strategic direction | >55% |
| Good governance | | |
| Elected members training and development Elected member support Business Planning and Performance Reporting Framework Council meetings and activities Executive leadership Reputation management | Number of professional development sessions | >2 sessions |
| Modern service delivery | | |
| Supporting local businesses | Hold three Litchfield Women in Business Network events each year | 100% |

Corporate Communications

| Key outputs | Measures | Targets |
|---------------------------------|--|-----------|
| Engaging our community | | |
| Community Engagement | Community Engagement Strategy actions: Year 3 complete | 90% |
| Annual Community Survey | Community Survey: overall satisfaction | >60% |
| | Community Survey: community engagement satisfaction | >60% |
| Social media management | Increased interaction on Council's Facebook page – post engagement | >8000 |
| Modern service delivery | | |
| Media monitoring and management | Media response time | <24 hours |



Human Resources and Work Health and Safety

| Key outputs | Measures | Targets |
|---|---|----------|
| Good governance | | |
| Human resources policies, procedures, checklists | Reviewed and compliant | Complete |
| An engaged and productive workforce | Staff turnover rate | <20% |
| | Staff survey satisfaction | >70% |
| Modern service delivery | | |
| Workplace Health and Safety (WHS) Management System, including updated policies and procedures and WHS Manual | Policies, procedures and manual updated | Complete |
| | Workers' compensation claims | <3 |

Planning and Development

| Key outputs | Measures | Targets |
|--|---|-----------|
| Powerful and effective advocacy | | |
| Submissions to the Northern Territory Government | Comments submitted on applications within required timeframe | >90% |
| Participation in NT planning working groups | Attendance at meetings | >75% |
| Modern service delivery | | |
| Approval of plans, reports and construction documentation (Days are working days and start from when all information is provided and relevant fees paid.) | Plan reviews for building certification issued within 10 working days | >90% |
| | Plan and report reviews for development and subdivision issued within 15 working days | >90% |
| | Works Permits issued within five days | >90% |
| Subdivision approvals and handover processes | Delivered in accordance with standards | Achieved |
| Stage 2 320 Arnhem Highway Master Plan | Broader community consulted on potential development of Council's property | Completed |



Infrastructure and Assets

| Key outputs | Measures | Targets |
|--|---|----------------|
| Engaging our community | | |
| Capital Works Program | Affected residents and relevant stakeholders consulted prior to works starting | 100% |
| Road Maintenance Program | Community Survey: satisfaction with local road maintenance | >65% |
| Drainage Maintenance Program | Community Survey: satisfaction with roadside drainage | >60% |
| Modern service delivery | | |
| Capital Works Program | Programmed works completed within in budget | >90% |
| Grant-funded projects | Five-year program developed – including Road Safety (Black Spot) and Roads to Recovery | Complete |
| Asset Management Plans | Building, drainage, driveway and fleet asset management plans, including 10-year replacement programs delivered | Complete |
| Road Maintenance Program | Potholes patched and repaired – customer requests | Reducing trend |
| | Gravel roads graded | > 2 times |
| Street lighting maintenance | Percentage of network outage from annual night-time audit | <5% |
| Productive Mango Roads Project | Horsnell Road, Mocatto Road, Chibnall Road | Complete |
| | Kentish Road | Commenced |
| Shared Path Plan | First year of program undertaken | Complete |
| Wet season and road network management | Emergency works response time | <48hours |
| Private Roads Policy Agreements | Draft agreements to address the Private Roads Policy developed | Complete |
| Climate Action Plan | Develop | Complete |



Mobile Workforce

| Key outputs | Measures | Targets |
|--------------------------------|---|--|
| Engaging our community | | |
| Roadside maintenance | Community Survey: satisfaction with roadside maintenance | >60% |
| Weed management | Community Survey: satisfaction with weed management | >50% |
| Modern service delivery | | |
| Roadside maintenance | Volume of litter collected | Reducing trend |
| | Vegetation slashed and Council roads mowed | 2 rounds |
| Weed management | Weeds managed on Council roads and land in accordance with Weed Management Plan | Complete |
| Bushfire management | Council firebreaks maintained | Complete |
| | Firebreaks widened in accordance with Fire Management Plan | Complete |
| | Hazard burns undertaken in consultation with other authorities | Complete |
| Road furniture maintenance | Signs and guideposts repaired within target timeframes | >90% <24 hours urgent 14 days standard |
| Weed Management Plan | Weed Management Plan developed, supported by community education | Complete |



Waste Management

| Key outputs | Measures | Targets |
|--|--|---|
| Engaging our community | | |
| Efficient operation of waste transfer stations | Community Survey: satisfaction with waste transfer stations | >80% |
| | Community Survey: satisfaction with waste recycling | >55% |
| Community Benefit Fund Income | Income raised through recycling activities including cash for containers | 5% annual increase |
| Maximise diversion from landfill | Residential waste tonnage transferred to Shoal Bay | <7000 tonnes |
| | Commercial waste tonnage transferred to Shoal Bay | <1000 tonnes |
| Cyclone Season Preparation | Free residential green waste disposal in November | Complete |
| Modern service delivery | | |
| Recycled materials | Sale of processed materials (mulch, crushed concrete) | >80% sold within six months of processing |
| | Volume of green and wood waste processed for resale | >3,500 cubic metres |
| | Volume of concrete crushed for resale | >500 cubic metres |
| Maximise diversion from landfill | Amount of total waste diverted from landfill | >35% |
| | Amount of total waste that is dry recyclables | >15% |
| | Quantity of scrap metal collected and recycled | >1000 tonnes |
| | Quantity of cash for containers collected and recycled | >50 tonnes |
| | Quantity of electronics collected for Techcollect | >40 tonnes |
| | Quantity of tyres, batteries and oil collected for recycling | >100 tonnes |
| Waste Strategy – Year 3 | Landfill closure plans for Howard Springs and Berry Springs Waste Transfer Stations (extends to year 4) prepared | Commenced |
| | Waste education – litter collection campaign and ongoing education relating to waste and recycling delivered | Complete |
| | Business case for dry recyclables received at transfer stations prepared | Complete |
| | Amenity upgrades at transfer stations (continues year 4 and 5) undertaken | Commence |
| New Initiative – Berry Springs Waste Transfer Station Review | Berry Springs Waste Transfer Station licensing opportunities reviewed | Complete |



Regulatory Services

| Key outputs | Measures | Targets |
|---------------------------------|---|------------------------|
| Engaging our community | | |
| Regulatory Service | Community Survey: satisfaction with animal management | >50% |
| Responsible dog ownership | Number of registered dogs increased | >10% |
| | Number impounded dogs reclaimed by owner | >70% |
| | Number of registered dogs de-sexed | >70% |
| Animal Management Plan – Year 2 | Attendance at community events | 2+ events attended |
| | Dog Awareness Program delivered at schools and childcare | 6+ visits |
| | Dogs Day Out event (or similar) delivered, targeting improved awareness, increase registration, general pet owner education | 1 event |
| | Education marketing/education campaign delivered with neighbouring councils | Complete |
| Modern service delivery | | |
| Regulatory service | Investigations completed within 14 working days | >90% |
| | Customer requests actioned in less than two working days | >90% |
| Abandoned vehicles (roadside) | Vehicles removed within seven days of being reported | 100% |
| Animal Management Plan – Year 2 | Dedicated dog management information provided on website and social media page | Complete |
| | Number of Desexing Vouchers redeemed | >60 vouchers |
| | Number of dogs microchipped through Council's low cost/free program) | >200 dogs microchipped |
| | Dog training supported and incentivised through Good Dog initiative | Complete |
| | Signage developed for use in community | Complete |



Community Development

| Key outputs | Measures | Targets |
|--|--|--------------------------------|
| Engaging our community | | |
| Council partnership and support grants | Number of partnerships supported | 10 |
| Servicing community needs at reserves | Funding provided to community reserves | Funding agreements established |
| Management software for Council's assets on recreation reserves | Software and training provided to recreation reserve management committees | Completed |
| Good governance | | |
| Grant applications | Grants received by Council acquitted within agreed timeframes | 100% |
| Governance and support for Council's seven recreation reserves | Community Survey: satisfaction with recreation reserves | >65 |
| Modern service delivery | | |
| Annual Community Grants Program initiatives | Number of community events and programs supported | 10 |
| Represent and advocate for the needs of young people in Litchfield | Participation in Palmerston and Rural Youth Services meetings | Maintain an active membership |
| Australia Day Event | Community participation | >300 |
| Playground Inspection Program | Playgrounds on Council-owned land audited | 100% |
| Tree Management Plan | Audits undertaken in line with plan | 100% |
| Annual Art Exhibition | Level of community participation | >55 entries |
| Recreation Reserve Master Plan | 10-year strategic plan for recreation reserves developed | Completed |



Finance

| Key outputs | Measures | Targets |
|--|--|----------|
| Good governance | | |
| Annual Budget, Annual Report, Municipal Plan | Compliance with management, statutory and regulatory budgeting and reporting | 100% |
| Monthly and annual financial reporting, including annual audit and forecasting | Unqualified audit | Complete |
| | Liquidity ratio | 1:1 |
| | Asset sustainability ratio | >60% |
| | Current ratio | >1 |
| | Debt service ratio | >1 |
| Long term rating strategy | Own-source revenue ratio increased, to lower Council's dependency on government grants and other funding sources | >60% |
| Investments | Compliance with policy and statutory requirements, reported monthly | 100% |
| Modern service delivery | | |
| Rates and accounts receivable collection | Volume of rates and annual charges outstanding | <15% |
| Front counter customer service | Community Survey – satisfaction in customer service | >60% |

Information Technology

| Key outputs | Measures | Targets |
|---|--|--|
| Modern service delivery | | |
| Information and communications technology (ICT) managed service contract management | Percentage of Service Desk requests closed | 90% |
| Corporate Enterprise Solution (CES) software | CES updated with the latest version (patch) available nationally | No more than 1 Patch behind latest version |
| Information and Communications Technology Improvement Plan | Annual actions completed | 100% |
| Geographical Information System (GIS) | Age of GIS imagery of populated areas | <1 year |
| | Age of NTG downloaded data | <1 week |



Governance and Risk

| Key outputs | Measures | Targets |
|--|--|---------|
| Good governance | | |
| Local Government Act 2008 compliance | Compliance with legislative requirements of the Department of Local Government, Housing and Community Development Compliance Checklist | 100% |
| Policy framework | Council policies reviewed before due date | >90% |
| Modern service delivery | | |
| Elected members support | Complaints upheld Breaches of the code of conduct by elected members | 0 |
| Risk Management Audit Committee | Number of Risk Management Audit Committee (RMAC) meetings held | 4 |
| Records management review and improvements | Volume of records held in storage reduced | By 10% |
| Annual Internal Audit Plan | Internal audits conducted in line with RMAC recommendations | 100% |

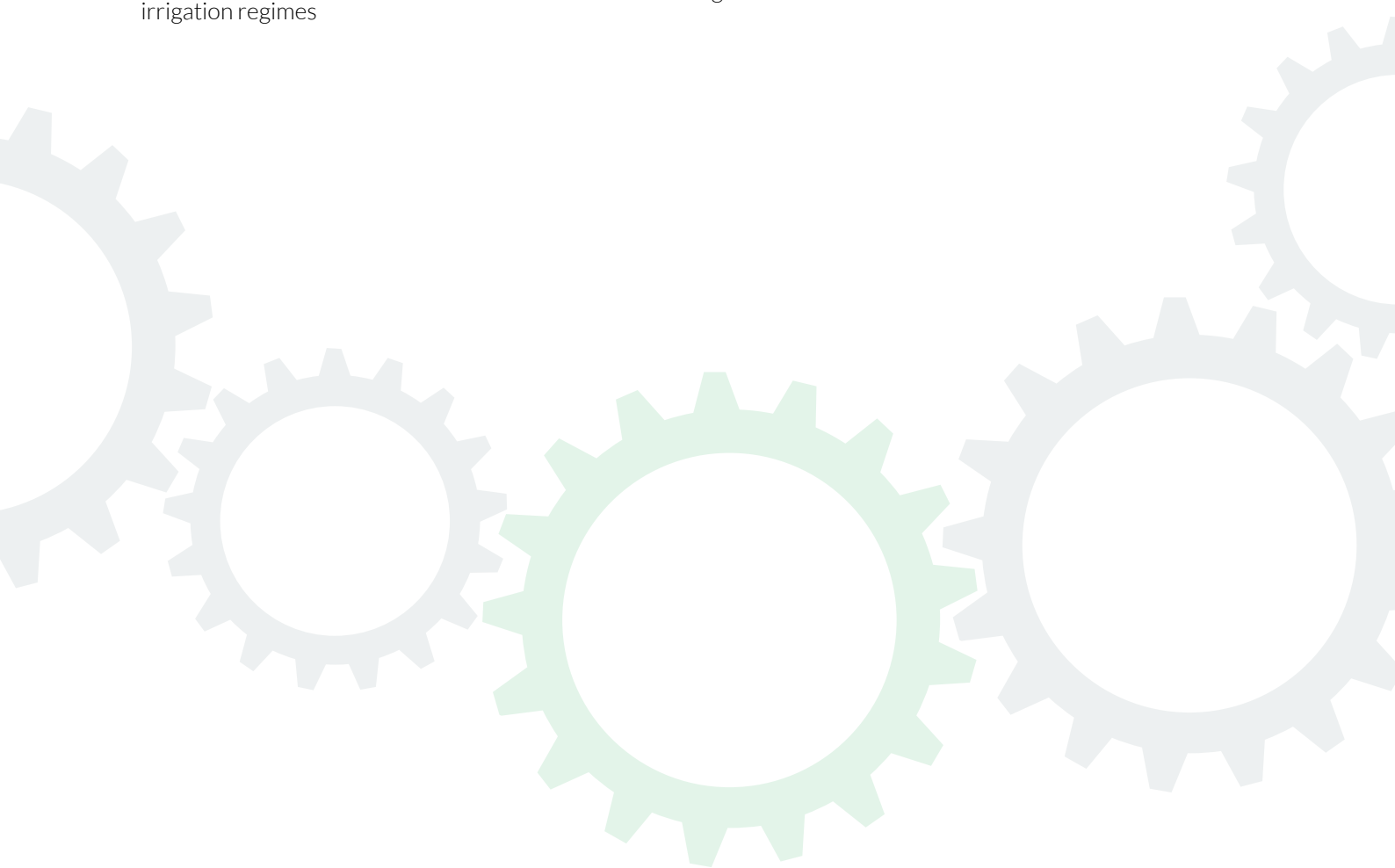
Library Services

| Key outputs | Measures | Targets |
|-------------------------------------|---|----------------------------|
| Engaging our community | | |
| Visitors to the library | Weekly door count | >400 |
| Promotion of services | Interaction with Library Facebook page | 650 likes of Facebook page |
| Good governance | | |
| Shared Service Governance Framework | Governance framework developed | Completed |
| Modern service delivery | | |
| Collection improvements | Number of Annual loans | >15,800 |
| | Age of collection: % of collection published in the past five years | >40% |
| Program delivery | Program participation each year | >3200 |
| Library events | Events delivered | >3 |



Thorak Regional Cemetery

| Key outputs | Measures | Targets |
|---|--|----------|
| Good governance | | |
| Servicing community needs and regulatory obligations by keeping cemetery records and maintaining rights of burial | Compliance with legislative requirements | 100% |
| Monthly reporting to the Thorak Cemetery Board | Achievement of operational budget | 100% |
| Modern service delivery | | |
| Professional and cost-effective cremation and burial services | Increased income from cremation services | >10% |
| Awareness of cemetery profile and public awareness of Thorak services | Information leaflets distributed | Complete |
| | Fred's Pass Show Display | Complete |
| | Community Survey satisfaction rating | >60% |
| Variety of memorial spaces for ash interments | Sales of memorial trees, rocks, plots and columbarium niches increased | >10% |
| Chapel hire and amenities | Income from chapel hires increased | >10% |
| Efficient maintenance of grounds and open spaces, including improved mowing, planting, weeding and irrigation regimes | Mowing regime reduced | <25% |
| | Irrigation time reduced | <20% |





2020-2021 Annual Budget

Annual budget summary

| | Budget 2019-20 | Budget 2020-21 |
|-----------------------------|-------------------|-------------------|
| Operational revenue | 16,438,088 | 16,739,455 |
| Capital revenue | 7,584,743 | 1,520,525 |
| Total revenue | 24,022,831 | 18,259,980 |
| Operating expenditure | 14,990,450 | 14,958,554 |
| Capital expenditure | 13,037,000 | 6,220,518 |
| Total expenditure | 28,027,450 | 21,179,072 |
| Net transfers from reserves | 4,004,619 | 2,919,092 |
| Balance surplus/deficit | - | - |

Operating revenue increase 1.8%

Council's operational revenue is forecast to increase by 1.8%. This marginal increase reflects the standard increases in User Charges. Whilst there is a rate increase for Rural Residential properties by 7.1% and Commercial properties by 4.5% compared to 2019-2020, for the financial year 2020-2021 these increases are funded from Council's Cash Reserves. Resulting in no Ratepayer paying more in rates than they did in 2019-20.

Capital revenue decrease 79.9%

In 2019-20, Council's capital revenue budget included \$6m of expected grant funding for the establishment of the Community and Business Hub. This is not budgeted in 2020-21, which is reflected in the significant decrease in capital revenue.

Operational expenditure decrease 0.2%

In line with the Long Term Financial Plan, Council has budgeted for constrained growth in operation costs. This is reflected as a minor reduction in 2020-21 operating expenses, whilst balancing ongoing cost increases through wages and salaries and contractor costs.

Capital expenditure decrease 52.2%

The 2020-21 budget includes a funding contribution of \$2.6m by Council to the Northern Territory Government for the Productive Mango Roads Project. Council had anticipated spending \$6m in grant funding last year on the Community and Business Hub, however, Council was unsuccessful in securing the funding. This is reflected in the overall capital expenditure decrease from last year.

Reserve transfers decrease by 41.3%

Council will draw down \$2.2m from the Asset Reserve to fund the capital program and to fund the increases in Rates as concession related to the impact of COVID-19. While overall transfers from reserves have decreased compared to 2019-20, there has been an increase of \$1m of additional transfers to fund Council's contribution to the Productive Mango Roads Project compared to the Long Term Financial Plan.

In line with the Long Term Financial Plan, Council continues to use financial reserves to fund infrastructure capital works and seek grant funding for major projects. Council will borrow funds for capital projects where needed, as this allows the cost of major projects to be shared by future generations, who will also benefit from the investment.



Rating strategy

Social and economic impact statement of rating strategy

Council has been guided by its Long Term Financial Plan, Strategic Plan and Litchfield's demographic and economic data when setting rates and charges for the 2020–21 financial year.

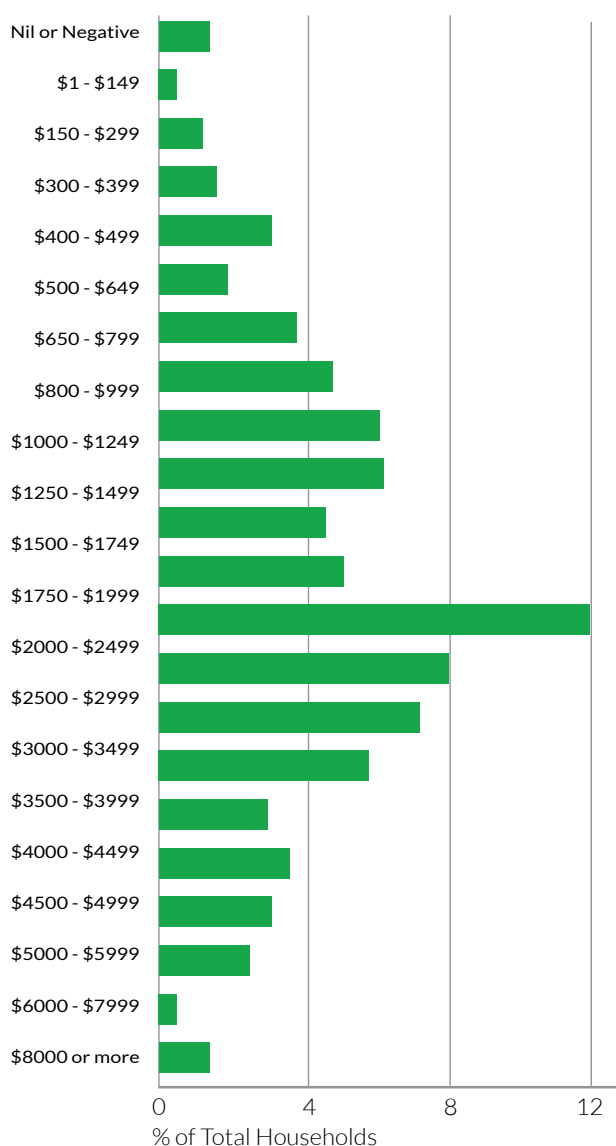
Council's goal is to ensure there are enough funds to maintain and renew assets to meet increasing demand for community infrastructure and services. As part of this process, Council considers the financial capacity of its ratepayers. A variety of data sources have been used some of which are provided below.

<http://profile.id.com.au/rda-northern-territory>

<http://profile.id.com.au/litchfield>

<http://economy.id.com.au/rda-northern-territory>

Litchfield Weekly Household Income



Australian Bureau of Statistics, Census of Population and Housing 2016.
Compiled by profile.id

Litchfield Household Data

| | |
|----------------------------------|---------|
| Median weekly household income | \$2,109 |
| Households with a mortgage | 40% |
| Median weekly mortgage repayment | \$578 |
| Households renting | 17% |
| Median weekly rent | \$401 |

Australian Bureau of Statistics, Census of Population and Housing 2016.
Compiled by profile.id

Index of Relative Socio-economic Disadvantage

| AREA | 2016 Index | Percentile |
|--------------------------------|------------|------------|
| City of Darwin LGA | 1,041.0 | 71 |
| Litchfield Council LGA | 1,040.0 | 70 |
| City of Palmerston LGA | 1,027.0 | 62 |
| Alice Springs Town Council LGA | 1,007.0 | 49 |
| Australia | 1,001.9 | 46 |
| Katherine Town Council LGA | 991.0 | 40 |

Australian Bureau of Statistics, Census of Population and Housing 2016.
Compiled by profile.id



Principles of the revised Rating Policy FIN02

The revised policy applies the principles of administrative simplicity, policy consistency and equity.

A flat rate remains for Urban Residential, Rural Residential and horticultural/agricultural rateable properties. In 2020-21, Urban Residential rates (for Coolalinga only) will decrease by 25.7% and Rural Residential rates will increase by 7% (\$1.36/wk). This impact is in direct response to the community feedback received through the Rating Policy Review project. As a response to the public health emergency caused by COVID-19, Council will be absorbing the full increase in Rates and funding the rates increase from Councils Cash Reserves for financial year 2020-2021. This means whilst rates are increased, ratepayers are not paying more than they have paid in 2019-20.

As allowed for in the *Local Government Act*, Council will use the unimproved capital value (UCV) to calculate rates for the commercial and gas plant rating categories in 2020-21. The UCV of land is set by the NT Valuer General. (Rates for mining tenements and pastoral leases are set by the relevant Northern Territory Government minister.)

Rate revenue

| | Budget \$ | Budget \$ | Budget \$ |
|---|------------------|------------------|------------------|
| | 2018-19 | 2019-20 | 2020-21 |
| Residential rate | 6,121,269 | 6,471,711 | 6,329,425 |
| Urban rate (Coolalinga) | 291,600 | 296,460 | 214,011 |
| Horticulture/agriculture* | - | - | 183,309 |
| Commercial and industrial rates | 647,881 | 680,275 | 680,276 |
| Gas plant/workers' village /pastoral lease/mining tenements | 168,747 | 178,521 | 280,286 |
| TOTAL | 7,229,497 | 7,626,967 | 7,687,307 |

*new rating category introduced in 2020 to revised Rating Policy FIN02

| Residential rate and waste charge | | 2018-19 | 2019-20 | 2020-21 | 2020-21 Payable (\$) | 2020-21 (\$) Rate Increase Funded from Cash Reserves |
|-----------------------------------|-------|---------|---------|---------|----------------------|--|
| Urban Residential | Rate | \$1,215 | \$1,215 | \$903 | \$903 | - |
| | Waste | \$359 | \$369 | \$369 | \$369 | - |
| Rural Residential | Rate | \$803 | \$843 | \$903 | \$843 | 60 |
| | Waste | \$359 | \$369 | \$369 | \$369 | - |

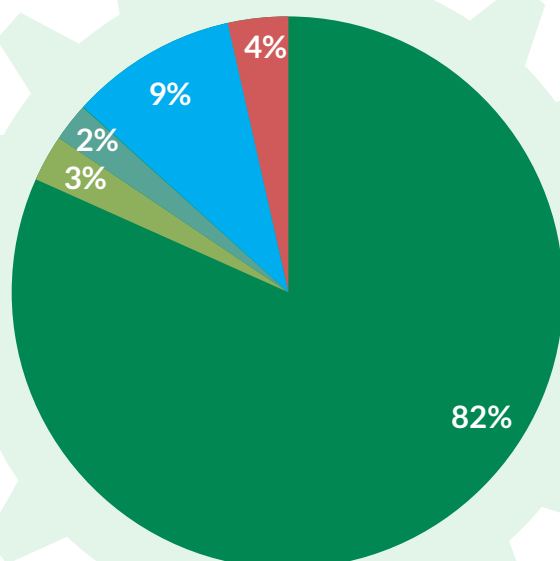
Rate increases for Rural Residential and Commercial properties for the financial year of 2020-21 will be funded from Council's Cash Reserves.

Rates for Urban Residential for 2020-21 have decreased by \$312. There are no increases in Waste Charges for Rural Residential and Urban Residential properties for the 2020-21 rateable year.



Rating structure

| Rating category (in line with Policy FIN02) | Planning zones | No. of properties | Rate 2019-2020 | Rate 2020-2021 |
|--|--|----------------------|-------------------------------------|-------------------------------------|
| Fixed rates | | | | |
| Rural Residential | R; RR; RL; WM; CN; SL14; SL18; FD | 7597 | \$843 | \$903 |
| Urban Residential | SD; MD; MR; SL11 | 237 | \$1,215 | \$903 |
| Horticulture and Agriculture | H; A | 203 | - | \$903 |
| Valuation-based | | | | |
| Commercial and Industrial | C; CP; CV; DV; GI; LI; OR; PS; RW; SC; SL1; SL2; SL3; SL4; SL5; SL6; SL7; SL8; SL9; SL10; SL12; SL13; SL15; SL17; SL23 | 295 | 0.2529544% Min charge \$1,545 | 0.2643374% Min charge \$1,620 |
| Gas Plant | MZ | 3 | 0.466913% | 0.933826% |
| Mining Tenements | As set by the Minister | 68 | 0.3475% Min charge \$890.96 | 0.3475% Min charge \$890.96 |
| Pastoral Lease | As set by the Minister | 4 | 0.0306% Min charge \$376.45 | 0.0306% Min charge \$376.45 |
| Charge | | | | |
| Waste Charge | | 7945 | \$369 | \$369 |
| Special Rate | | | | |
| Productive Roads | Chibnall Road, Mocatto Road, Horsnell Road and Kentish Road | 64 | \$4,421 | \$4,641 |



Rates 2020-2021

- Rural Residential
- Urban Residential
- Horticulture and Agriculture
- Commercial and Industrial
- Gas Plant / Pastoral Lease / Mining Tenements



Sponsorship, grants and operating subsidies

The Community Grants Scheme was launched in 2017 in line with the Grants, Donations and Sponsorship Policy (FIN07). The scheme provides a framework for delivering grant funding to the community with clear links to achieving the Strategic Plan 2018-2022 outcomes and Council's vision to be the best place to live in the Top End. The funding supports community groups and organisations to run events, facilities and programs that provide opportunities to connect and to enrich life in local communities. The Scheme is 100% funded through money made from recycling of bottles, cans and batteries collected at Council's Waste Transfer Stations.



Recreation reserves funding support

Council has seven recreation reserves across the municipality. Of those, it supports five by providing operational funding to independent associations to maintain facilities and provide a range of activities. The other two recreation reserves are directly managed under a budget set by Council.

| | 2019-20 | Total funding 2020-21 | Paid directly to recreation reserve management committees | Tree maintenance | Annual Assessment Playground |
|--|--------------------|--------------------------|--|---------------------|------------------------------------|
| Berry Springs Recreation Reserve | \$66,315 | \$67,429 | \$56,829 | \$10,000 | \$600 |
| Freds Pass Sport and Recreation Reserve | \$693,725 | \$706,388 | \$645,788 | \$60,000 | \$600 |
| Humpty Doo Village Green | \$104,679 | \$106,361 | \$85,761 | \$20,000 | \$600 |
| Livingston Recreation Reserve | \$59,224 | \$60,196 | \$49,596 | \$10,000 | \$600 |
| McMinns Recreation Reserve | \$25,195 | \$25,499 | \$15,499 | \$10,000 | - |
| Howard Park Recreation Reserve | \$115,000 | \$124,000 | \$114,000 | \$10,000 | - |
| Knuckey Lagoon Recreation Reserve | \$34,000 | \$35,000 | \$25,000 | \$10,000 | - |
| TOTAL | \$1,128,139 | \$1,154,873* | \$992,473 | \$130,000 | \$2,400 |

* includes \$30,000 for building certification works

Grants and donations

| Grants/donations | 2019-20 | 2020-21 | Description |
|--|----------|----------|---|
| TOTAL | \$92,000 | \$92,872 | Litchfield Collection, Freds Pass Rural Show support, Community Grants Scheme (Annual Community Grants, Community Initiative Grants and Youth Development Grants) and Sponsorships (Territory NRM, Palmerston and Litchfield Seniors) |
| Community support/ community events | | | |
| TOTAL | \$35,000 | \$37,345 | ANZAC Day, Australia Day, Council presence at Freds Pass Show, Litchfield Art Exhibition, Litchfield Women in Business Network, Youth Week. |



Elected members allowances

In accordance with Section 71(3) of the *Local Government Act*, elected members' allowances are set annually by Council, guided by a Ministerial Guideline setting maximum allowances payable.

| Elected members allowances for 2020-21 | | Amount \$ | |
|--|-------------|--------------|-------------|
| Allowance type | Mayor | Deputy Mayor | Councillor |
| Annual base allowance | \$75,116.61 | \$27,776.12 | \$13,509.96 |
| Annual electoral allowance | \$19,771.29 | \$4,943.73 | \$4,943.73 |
| Extra meeting allowance | - | - | \$9,006.64 |
| Professional development allowance | \$3,753.17 | \$3,753.17 | \$3,753.17 |
| Total maximum claimable | \$98,641.07 | \$36,473.02 | \$31,213.50 |
| 2019-20 elected members allowance totals | \$98,150.33 | \$36,291.56 | \$31,058.21 |
| Variance (%) | 0.5% | 0.5% | 0.5% |

Analysis of the operating budget

Operating revenue

Overall, operating revenue for the 2020-21 financial year is forecast to increase by \$301,367 (1.8%) compared to the 2019-20 budget. The table below identifies the changes in operating revenue by directorate.

Rates have been calculated through a combination of fixed rates and rates based on unimproved capital value. Rural residential rates are budgeted to increase by 7.1%, of which 1.3% is a direct result of Council's new Rating Policy (FIN02). Urban residential rates (for Coolalinga only) are budgeted to decrease by 25.7%, and commercial and industrial rates are budgeted to increase by 4.5%.

The decrease in urban rates is due to a change in Council's Rating Policy, following extensive community consultation. Council listened to the feedback and revised the policy to reflect community expectation that all residential properties be treated equally.

The waste charge is budgeted to remain the same as 2019-2020.



Operating revenue by department

| Directorate | Department | 2019-20 \$ | 2020-21 \$ | Variance in \$ Increase/ (decrease) |
|---|--|-------------------|-------------------|---|
| Council Leadership | Elected members, Office of the CEO, and Community Engagement | 30,000 | - | (30,000) |
| Community and Corporate Services | Finance | 9,045,441 | 9,047,699 | 2,258 |
| | Community | 74,000 | 78,000 | 4,000 |
| | Library | 421,447 | 419,953 | (1,494) |
| | Corporate | - | - | - |
| | Information Services | - | - | - |
| Infrastructure and Operations | Mobile Work Force | - | - | - |
| | Planning and Development | 61,748 | 53,040 | (8,708) |
| | Regulatory Services | 112,700 | 125,400 | 12,700 |
| | Thorak Regional Cemetery | 876,580 | 928,483 | 51,903 |
| | Infrastructure and Assets | 2,637,492 | 2,924,174 | 286,682 |
| | Waste Management | 3,178,680 | 3,162,705 | 71,420 |
| TOTAL | | 16,438,088 | 16,739,455 | 388,762 |

Operating expenses by department

Operating expenses have decreased by \$31,879 (0.2%) compared to the 2019-20 budget. This year's operating expenses include new initiatives worth \$217,000, of which \$212,000 are funded from rates and \$5,000 are funded from the Waste Reserve. Major new initiatives include developing plans for weed management, recreation reserves and climate action.

| Directorate | Department | 2019-20 \$ | 2020-21 \$ | Variance in \$ Increase/ (decrease) |
|---|--|-------------------|-------------------|---|
| Council Leadership | Elected Members, Office of the CEO, and Community Engagement | 1,111,896 | 1,065,068 | (46,828) |
| Community and Corporate Services | Finance | 1,584,930 | 1,615,906 | 30,976 |
| | Community | 1,442,690 | 1,452,426 | 9,736 |
| | Library | 421,447 | 419,953 | (1,494) |
| | Corporate | 645,697 | 610,392 | (35,305) |
| | Information Services | 513,091 | 614,000 | 100,909 |
| Infrastructure and Operations | Mobile Work Force | 1,287,337 | 1,289,009 | 1,672 |
| | Planning and Development | 728,387 | 701,502 | (26,885) |
| | Regulatory Services | 388,831 | 402,716 | 13,885 |
| | Thorak Regional Cemetery | 870,411 | 911,137 | 40,726 |
| | Infrastructure and Assets | 3,004,297 | 2,745,312 | (258,985) |
| | Waste Management | 2,991,436 | 3,131,132 | 139,696 |
| TOTAL | | 14,990,450 | 14,958,554 | (31,896) |



Analysis of the capital budget

Capital works improve or replace existing assets or create new assets for Council.

Due to limited income from rates, Council is heavily reliant on grant funding and funds drawn from the Asset Reserve to fund capital works. Each year, as part of the Long Term Financial Plan, Council transfers funds from the Asset Reserve to deliver the road infrastructure renewals.

The 2020-21 capital budget is \$6.2 million. In 2020-21 Council expects to draw down \$2.1 million from the Asset Reserve to partly fund the capital works program.

Capital expenditure by department

| DIRECTORATE Department | PROGRAMS | COSTS (\$) |
|---|---|------------------|
| INFRASTRUCTURE AND OPERATIONS | | |
| Infrastructure and Assets | Council administration building renewal | 20,000 |
| | Drainage renewal and upgrade | 560,000 |
| | Driveway surface and culvert renewal | 40,000 |
| | Vehicle replacement | 280,000 |
| | Shared Path Program | 100,000 |
| | Pathway renewal | 80,000 |
| | Kerb renewal and upgrade | 10,000 |
| | Street lighting replacement | 10,000 |
| | Gravel surface renewal | 300,000 |
| | Pavement renewal | 485,000 |
| | Road seal renewal | 945,000 |
| | Productive Roads - Mango Road | 2,450,000 |
| | Road safety upgrades | 463,518 |
| | Waste transfer station renewal | 50,000 |
| | Waste Strategy Actions | 10,000 |
| Waste Management | Waste vehicle replacement | 170,000 |
| | Mira Square development | 75,000 |
| | Thorak Cemetery asset renewal | 20,000 |
| Planning and Development | Thorak Cemetery vehicle replacement | 60,000 |
| | Dog pound upgrade | 60,000 |
| COMMUNITY AND CORPORATE SERVICES | | |
| Community | Reserve building renewal and compliance | 20,000 |
| | Reserve playground renewal | 12,000 |
| Grand total | | 6,220,518 |



Budgeted statement of comprehensive income

This statement provides a detailed summary of Council's income and operating expenses, including depreciation. The operating deficit illustrates Council's overall financial performance, and its inability to fund the consumption of assets.

In 2020-21, Council will manage a total income of more than \$17.8 million, including grant funding.

| | Actual \$ 2018-19 | Budget \$ 2019-20 | Budget \$ 2020-21 |
|--|----------------------|----------------------|----------------------|
| Income | | | |
| Rates | 10,431,217 | 10,738,393 | 11,050,208 |
| Statutory charges | 155,368 | 111,700 | 125,000 |
| User charges | 1,612,219 | 1,208,128 | 1,245,123 |
| Grants subsidies and contributions – NT recurrent | 257,782 | 442,046 | 408,552 |
| Grants subsidies and contributions – Cwlth recurrent | 4,684,321 | 3,172,370 | 3,172,370 |
| Grants subsidies and contributions – Cwlth capital | - | 946,743 | 1,119,418 |
| Grants subsidies and contributions – other | - | 140,000 | - |
| Investment income | 815,990 | 694,451 | 668,201 |
| Reimbursements | 22,198 | - | - |
| Other income | 136,571 | 71,000 | 70,000 |
| Total income | 18,115,666 | 17,524,831 | 17,858,872 |
| Expenses | | | |
| Employee costs | 6,646,145 | 6,761,488 | 6,932,575 |
| Materials, contracts and other expenses | 7,637,181 | 8,231,962 | 8,025,979 |
| Depreciation, amortisation and impairment | 12,921,357 | 11,557,620 | 11,744,243 |
| Total expenses | 27,204,683 | 26,551,070 | 26,702,796 |
| Operating deficit | (9,089,017) | (9,026,239) | (8,843,924) |
| Net gain (loss) on disposal or revaluation of assets | (103,011) | - | - |
| Amounts received specifically for new or upgraded assets | 4,064,461 | 6,398,000 | 1,520,525 |
| Physical resources received free of charge | 1,010,687 | - | - |
| Net deficit | (4,116,880) | (2,628,239) | (7,323,399) |



Budgeted statement of financial position

This statement provides an estimate of the assets Council will own and the liabilities Council will have as at 30 June 2021.

| | Actual \$'000's 2018-19 | Budget \$'000's (based on 2019-20 actuals) 2019-20 | Budget \$'000's 2020-21 |
|---|----------------------------|---|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2,306 | 2,348 | 3,070 |
| Trade and other receivables | 3,328 | 3,234 | 3,248 |
| Other financial assets | 21,371 | 18,571 | 15,071 |
| Total current assets | 27,004 | 24,153 | 21,389 |
| Non-current assets | | | |
| Infrastructure, property, plant and equipment | 309,112 | 310,591 | 305,067 |
| Other non-current assets | 3,739 | - | - |
| Total non-current assets | 312,851 | 310,591 | 305,067 |
| Total assets | 339,855 | 334,744 | 326,456 |

| | | | |
|--------------------------------------|----------------|----------------|----------------|
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 2,652 | 2,805 | 3,613 |
| Provisions | 576 | 576 | 593 |
| Total current liabilities | 3,229 | 3,382 | 4,206 |
| Non-current liabilities | | | |
| Bank loan | - | 996 | - |
| Provisions | 474 | 474 | 487 |
| Total non-current liabilities | 474 | 1,470 | 487 |
| Total liabilities | 3,702 | 4,851 | 4,693 |
| NET ASSETS | 336,153 | 329,893 | 321,763 |

| | | | |
|---------------------------|----------------|----------------|----------------|
| Equity | | | |
| Accumulated surplus | 17,012 | 13,261 | 8,719 |
| Asset Revaluation Reserve | 295,860 | 295,860 | 295,860 |
| Other reserves | 23,281 | 20,771 | 17,184 |
| TOTAL EQUITY | 336,153 | 329,893 | 321,763 |



Budgeted statement of cash flow

This statement provides a summary of the flow of cash and insight into where Council receives and spends its cash.

| | Actual \$'000's 2018-19 | Budget \$'000's (based on 2019-20 actuals) 2019-20 | Budget \$'000's 2020-21 |
|--|----------------------------|---|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Rates - general and other | 10,228 | 10,846 | 11,050 |
| Fees and other charges | 1,923 | 1,307 | 1,356 |
| Investment receipts | 783 | 614 | 607 |
| Grants used for operating purposes | 4,433 | 4,701 | 3,581 |
| Other operating receipts | 351 | 70 | 69 |
| Payments | | | |
| Employee costs | (6,059) | (6,761) | (6,932) |
| Contractual services and materials | (8,434) | (7,888) | (7,809) |
| Other operating payments | (92) | (3) | - |
| Net cash provided by operating activities | 3,132 | 2,886 | 1,922 |
| Cash flows from investing activities | | | |
| Receipts | | | |
| Amounts specifically for new or upgraded assets | 4,064 | 6,398 | 1,520 |
| Sale of surplus assets | 59 | - | - |
| Net disposal of investment securities | - | 2,800 | 3,500 |
| Payments | | | |
| Expenditure on renewal/replacement of assets | (6,381) | (13,037) | (6,220) |
| Net disposal of investment securities | (784) | - | - |
| Net cash used in investing activities | (3,042) | (3,839) | (1,200) |
| Cash flows from financing activities | | | |
| Receipts | | | |
| Proceeds from borrowing | | 1,000 | - |
| Payments | | | |
| Repayment of borrowings | | (4) | - |
| Net cash used in financing activities | | 996 | - |
| Net Increase in cash held | 90 | 43 | 722 |
| Cash and cash equivalents at beginning of period | 2,215 | 2,306 | 2,348 |
| Cash and cash equivalents at end of period | 2,306 | 2,348 | 3,070 |



Budgeted statement of reserves

This statement provides a summary of Council's financial reserve balances from the forecast at 30 June 2020 to year-end of the 2020-21 financial year, including any transfers to and from each financial reserve

Council's financial reserves exist to ensure sufficient funds are set aside for specific purposes as they arise. Council's Long Term Financial Plan draws \$1 million from financial reserves each year to fund the ongoing renewal and improvement of infrastructure assets. Council's Financial Reserves Policy (FIN04) describes Council's intentions in using those funds. Furthermore FIN04 does not allow for unrestricted reserves.

In 2020-21 Council will draw:

- \$403,500 Developer Contribution Reserve funds
- \$2.2m from the Asset Reserve to renew infrastructure assets
- \$198,000 from the Waste Management Reserve for works at waste transfer stations

| | Balance at 1 July 2020 | Transfer TO | Transfer FROM | Net movement | Balance at 30 June 2021 |
|---|---------------------------|------------------|--------------------|--------------------|----------------------------|
| Externally restricted reserves | | | | | |
| Developer Contribution Reserve | 406,052 | - | (403,500) | (403,500) | 2,552 |
| Unexpended grants and contributions | 3,831,520 | - | - | - | 3,831,520 |
| Internally restricted asset-related reserves | | | | | |
| Asset Reserve | 10,072,629 | 3,252,508 | (5,507,018) | (2,254,511) | 7,818,118 |
| Internally restricted - other reserves | | | | | |
| Waste Management Reserve | 4,296,158 | 31,573 | (230,000) | (198,427) | 4,097,731 |
| Election Reserve | 100,000 | - | - | - | 100,000 |
| Disaster Recovery Reserve | 500,000 | - | - | - | 500,000 |
| Strategic Initiatives Reserve | 500,000 | - | - | - | 500,000 |
| Cemetery Reserve | 396,661 | 17,346 | (80,000) | (62,654) | 334,007 |
| TOTAL | 20,103,020 | 3,301,427 | (6,220,518) | (2,919,092) | 17,183,928 |



Long Term Financial Plan

Long Term Financial Plan assumptions

Council adopted a new Long Term Financial Plan in 2019. The Litchfield Council Long Term Financial Plan 2020/21 to 2030/31 is designed to ensure Council's financial sustainability continues to improve over the next 10 years by supporting sound financial decision-making.

Sustainability means the community has well-maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

Council currently has strong cash reserves and no debt, which provides a good foundation in the short term. In the long term, however, Council faces several challenges including:

- operating deficits due to depreciation
- dependency of external funding due to insufficient own-source revenue
- inadequate funding for capital expenditure to maintain the existing asset base.

These challenges are not easily resolved and can only be addressed through a long-term, disciplined approach to the allocation of financial resources.

The Long Term Financial Plan is based on the following strategies:

- constrain growth in operating costs
- advocate strongly for grants from other levels of government
- improve the approach to asset management
- use discretionary reserves to increase capital spend in the short term
- increase rate income to fund sustainable capital spend.

The combination of these strategies will improve the sustainability of Litchfield gradually over time with the key objective of increasing the level of capital expenditure, which is currently inadequate.

Litchfield Council Long Term Financial Plan 2020/21 to 2030/31 can be found at:
<https://www.litchfield.nt.gov.au/council/council-plans-and-publications>

| ITEM | INCREMENT (Annual) |
|-------------------------------------|-----------------------------|
| INCOME | |
| General rates | 5.0% |
| Waste charge | 3.0% |
| Statutory charges | 2.0% |
| User charges | 5.0% |
| Grants, subsidies and contributions | 1.0% |
| EXPENSES | |
| Employee costs | 2.9% |
| Elected member expense | 2.5% |
| Election expenses | 10% growth every four years |
| Energy | 2.0% |
| Insurance | 2.0% |
| Other expenses | 1.5% |



LONG TERM FINANCIAL PLAN

2020-21 to 2029-30

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Executive Summary

This Long Term Financial Plan is designed to ensure that the financial sustainability of Litchfield Council continues to improve over the next 10 Years by supporting sound financial decision making.

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

Council currently has strong cash reserves and no debt which provides a good foundation in the short term. In the long term however, Council faces several challenges including:

- operating deficits due to depreciation;
- dependency of external funding due to insufficient own-source revenue; and
- inadequate funding for capital expenditure to maintain the existing asset base.

These challenges are not easily resolved and can only be addressed through a long term, disciplined approach to the allocation of financial resources.

The Long Term Financial Plan is based on the following strategies:

- Constrain growth in operating costs;
- Advocate strongly for grants from other levels of Government;
- Improve the approach to Asset Management;
- Use discretionary Reserves to increase capital spend in the short term; and
- Increase rate income to fund sustainable capital spend.

The combination of these strategies will improve the sustainability of Litchfield gradually over time with the key objective of increasing the level of capital expenditure which is currently inadequate.

A ten year Operating Statement, Cash Flow Statement and Balance Sheet has been prepared based on a series of assumptions about the movement of each income and expenditure type. This ten-year view provides the context for the annual Municipal Plan and budget process and reports against the financial Key Performance Indicators of the Strategic Plan.

The necessity of having a Long Term Financial Plan

The Local Government Act requires Council to prepare and maintain a Long Term Financial Plan (LTFP). The Plan must cover a minimum period of four years however, many of the decisions that Council makes have impacts that go well beyond this time horizon. Litchfield Council has therefore developed a ten-year plan to ensure that the decisions made today are truly sustainable in the long term.

A long-term financial plan provides a framework to consider:

- The level of funding required to deliver services for the community.
- The funding of new or upgraded assets.
- What income sources are available and how can these be maximised?
- What property rating strategy should be adopted?

The goal of the LTFP is to ensure financial sustainability which can be defined as:

‘...a government’s ability to manage its finances so it can meet its spending commitments, both now and in the future. It ensures future generations of taxpayers do not face an unmanageable bill for government services provided to the current generation.’ (Commonwealth Government, Intergenerational Report, May 2002)

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

The directions of the LTFP are informed by Council’s Strategic Plan and Asset Management Plans. The LTFP also provides the context and financial limits that need to be considered in the development of long term plans and the management of expectations about what can be achieved.

The LTFP is developed using a series of assumptions about future growth in income and expenses. These assumptions have been based on the best available information and will be reviewed on an annual basis in conjunction with the development of the Municipal Plan. The strategies contained in the LTFP will help set the parameters for the development of the annual budget.

Current Financial Position

The following section of the Plan provides analysis of Council's current financial situation based on a set of criteria that are generally accepted measures of sustainability.

Current Ratio

The current ratio compares current assets to current liabilities and is an indicator of Council's capacity to meet its short term financial obligations. The ratio should be greater than 1 to provide assurance that Council has sufficient funds to meet short term debts.

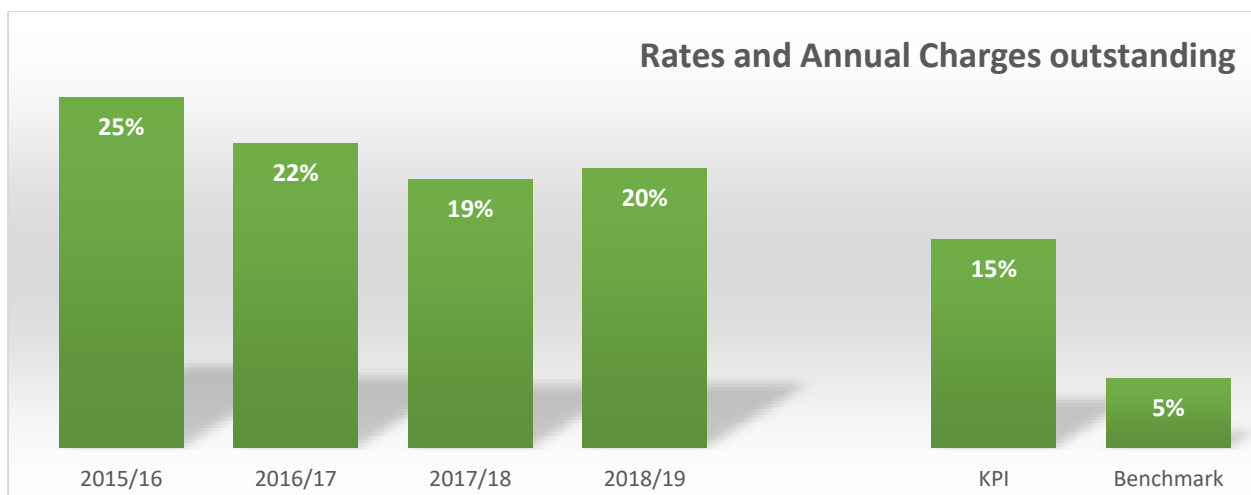
Council has strong cash reserves and minimal short term liabilities, which provides Council with a strong ratio, well above local government benchmark as shown below. As this ratio is strong for Council, it is not a current KPI within Council's 2018-2022 Strategic Plan.



Rates and Annual Charges Outstanding Ratio

A Local Government indicator for the success of Council's collection of debt is the Rates and Annual Charges Outstanding ratio. This measure gives the percentage of Rates and Charges outstanding over Rates and Charges Income of the relevant year. Historically Council has had difficulty with debt collection, but with recent efforts to recover these debts, the ratio had improved in prior years. In 2018/19 the ratio has increased again slightly although efforts for debt collection have increased. This could be due to the current economic climate.

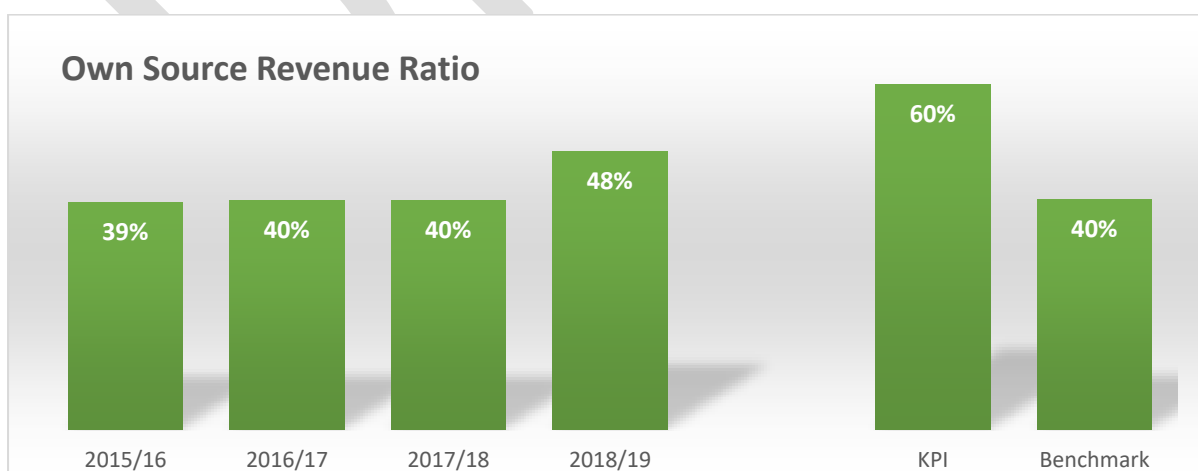
Council continues to work through these legacy issues and recognises that it is not realistic to achieve the local government benchmark of 5% within the current Strategic Plan timeframe and has set the KPI at 15%.



Whilst Council's debt is above the local government benchmark this indicator does not raise concerns of financial unsustainability as Council remains to have a strong cash positions highlighted in the current ratio. This ratio does clearly identify though, that Council needs to remain focussed on debt collection over the coming years.

Own Source Revenue Ratio

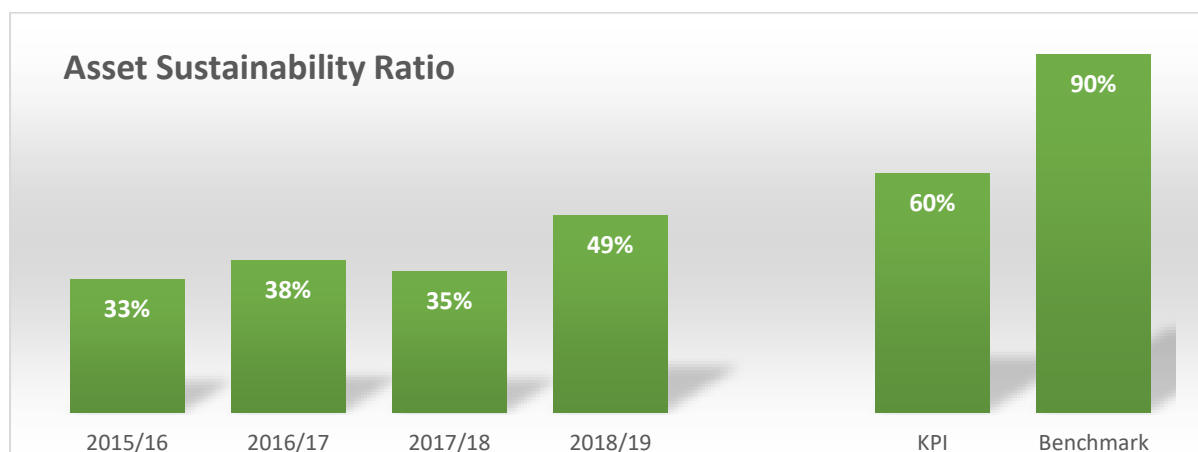
The Own Source Revenue Ratio indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts, being rates and charges and other revenue, but excluding grants and subsidies received. The higher the percentage, the more self-reliant Council is and the lower the risk is of external impacts on Council's financial sustainability. A ratio of greater than 40% is considered a basic local government standard and low risk. With almost stagnate ongoing federal assistance funding over the past years and limited opportunities for territory funding, Council set its KPI at the intermediate local government benchmark of 60% to reduce the risk of essential services being reliant on external funding.



The ratio is sitting at 48% as per the 2018/19 annual report which indicates that Council is quite dependent on external sources of revenue, mainly government grants. This does present some risks to Council if the territory or federal Governments reduce or freeze grants.

Asset Sustainability Ratio

This ratio indicates Council's performance in replacing assets as they reach the end of their useful life to ensure that services continue to be delivered at agreed levels. The Asset Sustainability Ratio compares the level of capital works expenditure on renewals to depreciation. A ratio of greater than 100% means that Council is increasing the value of its asset base and delivering above the set service level. A ratio of less than 100% means that Council's asset stock is losing value as it is deteriorating more quickly than it is being renewed and the service level may not be achieved.



Council is spending substantially less on capital works than the depreciation expense with a sustainability ratio of 49% in 2018/19. If the ratio is any lower than the benchmark of 90% Council is not fulfilling the service levels set for assets or the service level is unrealistic for the financial capacity of the Council. Council recognises its gap and has set a KPI to achieve 60% by 2022. Without a significant increase in income Council cannot increase the asset sustainability ratio.

Summary of Financial Position

Litchfield Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield faces several challenges including very large operating deficits and inadequate funding for capital expenditure to maintain the existing asset base.

Emerging Issues

The Impact of Growth

Litchfield municipality has experienced substantial growth in population over the last 10 years with the addition of 5,137 estimated resident population (ABS 2011 to 2016) a growth of over 25%.

Population growth can impact on the financial position of Council in a number of ways. Additional properties provide more income to Council through property rates and waste management charges. Whilst pressure on existing services and infrastructure increase. Another impact of growth noted over the past years is increasing community expectations for an expanded range and quality of services, for example library services or an aquatic facility. Managing these expectations can be challenging as funding new service standards may be beyond the financial capacity of Council with rate income generated through additional properties not increasing proportionally. Council has struggled with this disproportional growth of residents to rateable properties for several years.

For the purposes of the long-term financial planning no growth in rateable properties has been assumed as the development of properties has decreased over the past years.

Asset Management

Council has an extensive network of infrastructure assets with a current replacement value of \$498 million. Maintaining these assets in good order and renewing them as they approach the end of their useful life requires substantial expenditure each year.

Depreciation provides an estimate of the value of assets consumed during each financial year. The Asset Sustainability Ratio mentioned above highlighted Council's inability to fund the usage of infrastructure assets annually. This means Council is not replacing assets as they are due for renewal in line with current service levels.

Over the past years Council has developed Asset Management Plans for major asset groups like roads. For roads assets alone Council has identified an annual funding gap of \$4.7 million that will create long term sustainability challenges for Litchfield Council and financial pressure for future ratepayers.

Other Potential Pressures

The financial performance of **Thorak Regional Cemetery** is dependent on income from cremations, burials, and other charges relevant to the cemetery... On the current trajectory, the Cemetery will become a financial burden for Litchfield ratepayers as assets reach the end of their useful life, as current income is meeting operational costs only, and not ongoing capital costs. Ongoing advocacy to the Northern Territory Government and neighbouring councils is being undertaken to ensure a more equitable funding model for the cemetery given the majority of burials and cremations are for people from outside the Litchfield municipality. The LTFP continues to include the cost for Thorak Regional Cemetery whilst on an annual basis Council is reporting on the cemetery cost separately as well.

The Way Ahead – Improving Long Term Sustainability

As indicated in the section of this Long Term Financial Plan relating to the current financial position, Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield Council faces several challenges including very large operating deficits and inadequate funding for capital expenditure required to maintain its existing asset base. These long term challenges will require a concerted and disciplined approach to the management of financial resources so that sustainability can be improved.

The aim of the Long Term Financial Plan is to improve sustainability by:

1. Decreasing the size of the operating deficit
2. Increasing the funding available for capital expenditure

The following strategies are designed to address both of these challenges.

Constrain Growth in Operating Costs

The major expenditure categories to which this strategy applies are Employee costs, Contractors and Materials. The Northern Territory is experiencing very low inflation and the LTFP assumptions reflect these trends. The growth in operating costs are expected to be much lower in the coming years than has historically been the case. Council is currently negotiating a new Enterprise Agreement and will ensure that the growth in employee costs is constrained, assumptions of the LTFP do not allow for additional staffing.

The LTFP provides for a small pool of New Initiative funds to be allocated to high priority one-off projects and activities each year. Whilst the amount is modest, it does provide a small amount of flexibility in what will otherwise be a constrained budget. Recurrent increases in operating expenditure must be funded from matching income sources or reductions in expenditure in another part of the budget.

Advocate Strongly for Grants from other levels of Government

Council has received substantial grants for one-off capital projects in recent years and continues to advocate strongly for grants relating to works on the road network and recreation reserves. The Mango Strategic Road Project is a successful advocacy program that resulted in the contribution of \$18 million from NT and federal Government into local roads upgrades.

Given the uncertainty about the allocation of grant funding, the LTFP has taken a conservative approach to forecasting future grant income. However, advocacy efforts and grant applications will be stepped-up to ensure that any available funding that is consistent with meeting Council's strategic objectives is targeted.

As mentioned under Current Financial Position in this plan, Council is focussing on the set KPI to increase the Own Source Revenue Ratio to ensure the dependency on grant funding is lowered and will not become a greater risk to Council.

Improve the Approach to Asset Management

Council has an extensive network of infrastructure assets and the ongoing maintenance and renewal of these assets is one of its biggest challenges. To ensure that decisions about the allocation of funding to infrastructure works is sustainable, ongoing work will continue to improve the data and analysis of asset condition, valuation and useful life.

Council continues to work on the development and implementation of Asset Management Plans which will in future provide more reliable data for projection of costs. Asset Management Plans for roads and the cemetery have been adopted by Council with other plans in draft form. The current LTFP makes assumptions on asset renewal for some asset classes and includes the cost for major new and upgraded assets based on the financial capacity of Council.

Use Discretionary Reserves to Increase Capital Spend in the Short Term

Council has very strong cash reserves made up of a number of specific purpose reserves. These reserves provide a short term opportunity to deliver a higher level of capital works but do not represent a long term solution. Council has had this strategy in place since 2016 and will need to review this approach once all Asset Management Plans are adopted. Whilst Council will use reserves to fund renewal of assets, it will not draw down on the reserves completely to ensure financial long term sustainability.

Increase Rate Income to fund Increased Levels of Capital Expenditure

Rates and the waste management charge provide approximately 55% of the total revenue for Council and is the most stable and predictable source of revenue for Council.

The current level of rates is insufficient to fund the level of capital expenditure required to maintain the condition of existing assets and over time this will lead to either noticeable deterioration of infrastructure assets or the need to considerably review the level of rates imposed on properties.

In 2020 Council has concluded a comprehensive review of the Rating Policy and listened to the community in retaining the fixed rate for Rural Residential, Urban Residential and Horticulture/Agriculture properties. This decision has decreased the option of Council to spread future rates burden in an equitable way and will see Council to have to continue with consistent rate increases across all properties in the future.

The LTFP has been based on an annual increase in Rates income of 5%. Due to the above-mentioned decision to retain the fixed charge, this will likely impact residential properties directly. The waste charge has been indexed to reflect the full recovery of the costs of maintaining waste management services now and into the future.

Assumptions

The LTFP has been prepared on the assumption that Council will continue to provide services that are currently in place and has made the following specific assumptions.

Operating income and expenditures

| ITEM | Increment (Annual) |
|-------------------------------------|----------------------|
| INCOME | |
| Rates Income | 5.0% |
| Waste Charge | 3.0% |
| Statutory Charges | 2.0% |
| User Charges | 5.0% |
| Grants, Subsidies and Contributions | 1.0% |
| EXPENSES | |
| Employee Costs | 2.9% |
| Elected Member Expenses | 2.5% |
| Election Expenses | 10% every four years |
| Energy | 2.0% |
| Insurance | 2.0% |
| Other expenses | 1.5% |

Capital Income and Expenditures

Assumptions of capital works have been made in lieu of detailed Asset Management Plans for some asset classes of Council. Furthermore, capital grants have been predicted for the development of new assets.

| ITEM | Increment (Annual) |
|--------------------------------------|--|
| CAPITAL INCOME | |
| 2021 - 2024 | \$1.5m annual funding (R2R and Blackspot funding) |
| 2025 to 2030 | \$398,000 annually (Blackspot funding) |
| 2025 | \$5m for Aquatic Facility |
| 2026 | \$5m for Aquatic Facility \$7m for Community and Business Hub |
| CAPITAL WORKS | |
| Thorak Regional Cemetery | Annual renewal \$80,000 |
| Council Buildings | Annual renewal \$50,000 |
| Sealing of roads | Annual upgrade \$500,000 |
| Seal/Pavement renewal | 2021 \$1,430,000 plus 5% increase annually |
| Other roads and drainage upgrades | Annual upgrade \$1,617,000 |
| Motor Vehicles and Plant | Annual renewal \$300,000 |
| Public Lighting | 2021 to 2023 annual upgrade \$70,000 2024 to 2029 annual upgrade \$30,000 |
| Waste Management Plant and Equipment | Annual renewal \$35,000 |
| Reserve Playground Renewal | \$12,000 Annually |
| Mira Square Development | \$40k in 2023, \$100k in 2025 and \$150k in 2027 |
| Major once off Capital Works | |
| 2026 | \$7m Establishment of Community and Business Hub |
| 2027 and 2028 | \$1.8m Waste Management Recycling Centre |
| 2025 and 2026 | \$5m each year Aquatic Facility |

10 Year Income Statement

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$'000's | Actual | Budget | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Income from Continuing Operations | | | | | | | | | | | | |
| Revenue: | | | | | | | | | | | | |
| Rates & annual charges | 10,431 | 10,739 | 11,050 | 11,544 | 12,060 | 12,601 | 13,167 | 13,759 | 14,379 | 15,027 | 15,706 | 16,417 |
| Rates | 7,577 | 7,798 | 8,109 | 8,514 | 8,940 | 9,387 | 9,856 | 10,349 | 10,866 | 11,409 | 11,980 | 12,579 |
| Waste | 2,854 | 2,941 | 2,942 | 3,030 | 3,121 | 3,214 | 3,311 | 3,410 | 3,513 | 3,618 | 3,726 | 3,838 |
| Statutory Charges | 155 | 112 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |
| User charges & fees | 1,612 | 1,208 | 1,245 | 1,307 | 1,373 | 1,441 | 1,513 | 1,589 | 1,669 | 1,752 | 1,840 | 1,932 |
| Interest & investment revenue | 816 | 694 | 668 | 516 | 479 | 426 | 401 | 360 | 347 | 289 | 241 | 230 |
| Reimbursements | 22 | - | - | - | - | - | - | - | - | - | - | - |
| Other revenues | 137 | 71 | 70 | 71 | 73 | 74 | 76 | 77 | 79 | 80 | 82 | 84 |
| Grants & contributions for operating purposes | 4,942 | 4,701 | 3,581 | 3,617 | 3,653 | 3,689 | 3,726 | 3,764 | 3,801 | 3,839 | 3,878 | 3,916 |
| TOTAL INCOME FROM CONTINUING OPERATIONS | 18,116 | 17,525 | 16,739 | 17,181 | 17,763 | 18,357 | 19,008 | 19,674 | 20,399 | 21,113 | 21,872 | 22,704 |
| Expenses from Continuing Operations | | | | | | | | | | | | |
| Employee benefits & costs | 6,646 | 6,761 | 6,932 | 7,133 | 7,340 | 7,553 | 7,772 | 7,997 | 8,229 | 8,468 | 8,713 | 8,966 |
| Borrowing costs | - | 3 | - | - | - | - | - | - | - | - | - | - |
| Materials, contracts and other expenses | 7,637 | 7,888 | 7,809 | 8,263 | 8,248 | 8,372 | 8,498 | 8,763 | 8,754 | 8,886 | 9,019 | 9,154 |
| New Initiatives | | 341 | 217 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| Depreciation, amortisation & Impairment | 12,921 | 11,558 | 11,744 | 11,833 | 11,899 | 11,963 | 12,027 | 12,165 | 12,404 | 12,486 | 12,569 | 12,639 |
| TOTAL EXPENSES FROM CONTINUING OPERATIONS | 27,205 | 26,551 | 26,702 | 27,429 | 27,688 | 28,087 | 28,497 | 29,125 | 29,587 | 30,040 | 30,501 | 30,960 |
| OPERATING RESULT FOR THE YEAR | | | | | | | | | | | | |
| | (9,089) | (9,026) | (9,963) | (10,248) | (9,925) | (9,731) | (9,489) | (9,452) | (9,188) | (8,926) | (8,629) | (8,256) |
| OPERATING RESULT FOR THE YEAR excluding Depreciation | 3,832 | 2,528 | 1,781 | 1,585 | 1,975 | 2,232 | 2,539 | 2,714 | 3,215 | 3,560 | 3,940 | 4,383 |
| | | | | | | | | | | | | |

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|----------------|
| \$'000's | Actual | Budget | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Changes in Revaluation Surplus - I,P,P& E | - | - | - | - | - | - | - | - | - | - | - | - |
| Asset Disposal & Fair Value Adjustments | (103) | - | - | - | - | - | - | - | - | - | - | - |
| Amounts received specifically for new or upgraded assets | 4,064 | 6,398 | 1,520 | 1,183 | 1,183 | 1,183 | 5,398 | 12,398 | 398 | 398 | 398 | 398 |
| Physical resources received free of charge | 1,011 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME / (LOSS) | (4,117) | (2,628) | (8,443) | (9,065) | (8,741) | (8,547) | (4,091) | 2,946 | (8,790) | (8,528) | (8,231) | (7,858) |

10 Year Statement of Cash Flows

| \$ '000 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--|--------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget based on Actual 2019 | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Cash Flows from Operating Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Rates & annual charges | 10,228 | 10,846 | 11,050 | 11,602 | 12,060 | 12,727 | 13,299 | 13,897 | 14,379 | 15,027 | 15,706 | 16,417 |
| User charges & fees | 1,923 | 1,307 | 1,356 | 1,418 | 1,483 | 1,551 | 1,622 | 1,697 | 1,776 | 1,858 | 1,945 | 2,036 |
| Investment & interest revenue received | 783 | 614 | 607 | 516 | 479 | 426 | 401 | 360 | 347 | 289 | 241 | 230 |
| Grants & contributions | 4,433 | 4,701 | 3,581 | 3,617 | 3,653 | 3,689 | 3,726 | 3,764 | 3,801 | 3,839 | 3,878 | 3,916 |
| Other | 351 | 70 | 69 | 71 | 72 | 74 | 75 | 77 | 78 | 80 | 81 | 83 |
| Payments: | | | | | | | | | | | | |
| Employee benefits & costs | (6,059) | (6,761) | (6,932) | (7,133) | (7,340) | (7,553) | (7,772) | (7,997) | (8,229) | (8,468) | (8,713) | (8,966) |
| Materials, contracts & other expenses | (8,434) | (7,888) | (7,809) | (8,263) | (8,248) | (8,372) | (8,498) | (8,763) | (8,754) | (8,886) | (9,019) | (9,154) |
| Finance Payments | - | (3) | - | - | - | - | - | - | - | - | - | - |
| Other operating payments | - | - | - | - | - | - | - | - | - | - | - | - |
| NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES | 3,132 | 2,886 | 1,922 | 1,828 | 2,159 | 2,542 | 2,853 | 3,034 | 3,398 | 3,740 | 4,119 | 4,562 |
| Cash Flows from Investing Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Sale of investment securities | - | 2,800 | 3,500 | 3,000 | 2,000 | 2,000 | 1,500 | - | - | - | - | - |
| Sale of infrastructure, property, plant & equipment | 59 | - | - | - | - | - | - | - | - | - | - | - |
| Deferred debtors receipts | - | - | - | - | - | - | - | - | - | - | - | - |
| Amounts specifically for new or upgraded assets | 4,064 | 6,398 | 1,520 | 1,183 | 1,183 | 1,183 | 5,398 | 12,398 | 398 | 398 | 398 | 398 |
| Payments: | | | | | | | | | | | | |

| \$ '000 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--|----------------|-----------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget based on Actual 2019 | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Purchase of investment securities | (784) | | - | - | - | - | - | | | - | - | - |
| Purchase of infrastructure, property, plant & equipment | (6,381) | (13,037) | (6,220) | (4,641) | (4,431) | (4,534) | (9,642) | (16,704) | (5,770) | (5,791) | (4,917) | (5,097) |
| NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES | (3,042) | (3,839) | (1,200) | (457) | (1,247) | (1,351) | (2,744) | (4,306) | (5,372) | (5,393) | (4,519) | (4,699) |
| Cash Flows from Financing Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Proceeds from borrowings & advances | - | 1,000 | - | - | - | - | - | - | - | - | - | - |
| Payments: | | | | | | | | | | | | |
| Repayment of borrowings & advances | - | (4) | - | - | - | - | - | - | - | - | - | - |
| NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES | - | 996 | - | - | - | - | - | - | - | - | - | - |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS | 90 | 43 | 722 | 1,371 | 912 | 1,191 | 109 | (1,272) | (1,975) | (1,653) | (400) | (137) |
| plus: CASH & CASH EQUIVALENTS - beginning of year | 2,215 | 2,305 | 2,348 | 3,070 | 4,441 | 5,353 | 6,544 | 6,653 | 5,381 | 3,406 | 1,753 | 1,353 |
| plus: INVESTMENTS ON HAND - end of year | 21,371 | 18,571 | 15,071 | 12,071 | 10,071 | 8,071 | 6,571 | 6,571 | 6,571 | 6,571 | 6,571 | 6,571 |
| CASH & CASH EQUIVALENTS & INVESTMENTS - end of year | 23,677 | 20,920 | 18,141 | 16,512 | 15,424 | 14,615 | 13,224 | 11,952 | 9,978 | 8,324 | 7,924 | 7,787 |

10 Year Statement of Financial Position

| \$ '000 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|----------------|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget based on Actual 2019 | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Assets | | | | | | | | | | | | |
| Current Assets: | | | | | | | | | | | | |
| Cash & cash equivalents | 2,306 | 2,348 | 3,070 | 4,441 | 5,353 | 6,544 | 6,653 | 5,381 | 3,406 | 1,753 | 1,353 | 1,216 |
| Investments | 21,371 | 18,571 | 15,071 | 12,071 | 10,071 | 8,071 | 6,571 | 6,571 | 6,571 | 6,571 | 6,571 | 6,571 |
| Receivables – Rates and Charges | 2,101 | 2,007 | 2,021 | 1,978 | 1,993 | 1,882 | 1,767 | 1,646 | 1,663 | 1,682 | 1,702 | 1,723 |
| Receivables - other | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 | 1,227 |
| TOTAL CURRENT ASSETS | 27,004 | 24,153 | 21,389 | 19,716 | 18,643 | 17,724 | 16,218 | 14,825 | 12,867 | 11,233 | 10,853 | 10,737 |
| | | | | | | | | | | | | |
| Non-Current Assets: | | | | | | | | | | | | |
| Infrastructure, property, plant & equipment | 309,112 | 310,591 | 305,067 | 297,874 | 290,405 | 282,977 | 280,592 | 285,130 | 278,497 | 271,802 | 264,150 | 256,608 |
| Work in progress | 3,739 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL NON-CURRENT ASSETS | 312,851 | 310,591 | 305,067 | 297,874 | 290,405 | 282,977 | 280,592 | 285,130 | 278,497 | 271,802 | 264,150 | 256,608 |
| | | | | | | | | | | | | |
| TOTAL ASSETS | 339,855 | 334,744 | 326,456 | 317,590 | 309,048 | 300,701 | 296,809 | 299,955 | 291,364 | 283,035 | 275,003 | 267,345 |
| | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | | | |
| Payables | 2,652 | 2,805 | 3,613 | 3,685 | 3,759 | 3,834 | 3,910 | 3,989 | 4,068 | 4,150 | 4,233 | 4,317 |
| Provisions | 576 | 576 | 593 | 610 | 628 | 646 | 665 | 684 | 704 | 725 | 746 | 767 |
| TOTAL CURRENT LIABILITIES | 3,229 | 3,382 | 4,206 | 4,295 | 4,387 | 4,480 | 4,575 | 4,673 | 4,772 | 4,874 | 4,978 | 5,084 |

| \$ '000 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|----------------|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget based on Actual 2019 | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Non-Current Liabilities: | | | | | | | | | | | | |
| Borrowings | - | 996 | - | - | - | - | - | - | - | - | - | - |
| Provisions | 474 | 474 | 487 | 502 | 516 | 531 | 546 | 562 | 579 | 595 | 613 | 630 |
| TOTAL NON-CURRENT LIABILITIES | 474 | 1,470 | 487 | 502 | 516 | 531 | 546 | 562 | 579 | 595 | 613 | 630 |
| TOTAL LIABILITIES | 3,702 | 4,851 | 4,693 | 4,797 | 4,903 | 5,011 | 5,122 | 5,235 | 5,351 | 5,470 | 5,591 | 5,715 |
| NET ASSETS | 336,153 | 329,893 | 321,763 | 312,794 | 304,146 | 295,690 | 291,687 | 294,720 | 286,013 | 277,566 | 269,412 | 261,630 |
| Equity | | | | | | | | | | | | |
| Retained earnings/(accumulated deficit) | 17,012 | 13,261 | 8,719 | 1,513 | (5,971) | (13,414) | (15,815) | (11,292) | (17,942) | (24,653) | (32,323) | (39,883) |
| Other Reserves | 23,281 | 20,771 | 17,184 | 15,421 | 14,257 | 13,244 | 11,642 | 10,152 | 8,095 | 6,359 | 5,875 | 5,653 |
| Revaluation reserves | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 | 295,860 |
| Council equity interest | 336,153 | 329,893 | 321,763 | 312,794 | 304,146 | 295,690 | 291,687 | 294,720 | 286,013 | 277,566 | 269,412 | 261,630 |
| TOTAL EQUITY | 336,153 | 329,893 | 321,763 | 312,794 | 304,146 | 295,690 | 291,687 | 294,720 | 286,013 | 277,566 | 269,412 | 261,630 |

Financial Ratios

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|--------|-----------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Actual | Budget based on Actual 2018 | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Current Ratio | 8.36 | 7.14 | 5.09 | 4.59 | 4.25 | 3.96 | 3.54 | 3.17 | 2.70 | 2.30 | 2.18 | 2.11 |
| This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities. | | | | | | | | | | | | |
| Benchmark - Greater than 1.0 | | | | | | | | | | | | |
| <i>current assets / current liabilities</i> | | | | | | | | | | | | |
| Asset Sustainability Ratio | 49% | 47% | 45% | 38% | 35% | 36% | 34% | 35% | 36% | 36% | 38% | 39% |
| This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets. | | | | | | | | | | | | |
| Benchmark - Greater than 90% Strategic Plan 2018-2022 KPI - Greater than 60% | | | | | | | | | | | | |
| <i>annual capital expenditure on renewals / annual depreciation</i> | | | | | | | | | | | | |
| Rates and Annual Charges Outstanding | 20.1% | 18.7% | 18.3% | 17.1% | 16.5% | 14.9% | 13.4% | 12.0% | 11.6% | 11.2% | 10.8% | 10.5% |
| This measure gives the percentage of Rates and Charges outstanding over the Rates and Charges Income. | | | | | | | | | | | | |
| Benchmark - Smaller than 5% Strategic Plan 2018-2022 KPI - Smaller than 15% | | | | | | | | | | | | |
| <i>Rates and Annual Charges collected/Total Rates and Annual Charges raised</i> | | | | | | | | | | | | |
| Own Source Revenue Coverage Ratio | 48% | 48% | 49% | 49% | 51% | 52% | 54% | 55% | 56% | 58% | 59% | 61% |
| Indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts. | | | | | | | | | | | | |
| Benchmark - Greater than 40% Strategic Plan 2018-2022 KPI - Greater than 60% | | | | | | | | | | | | |
| <i>Total own source revenue/total operating expenditure including depreciation</i> | | | | | | | | | | | | |

7. Confidential Items

Nil

8. Close of Meeting