

LIMESTONE COAST LOCAL GOVERNMENT ASSOCIATION

BUSINESS PLAN 2023/24

Adopted 11th August 2023

Business Plan Context

The 2023/24 Business Plan is the operationalisation of the Strategic Plan. However, there has been a significant change in Mayors in the Limestone Coast following local government elections, and the strategic plan needs to be reset to reflect the priorities of our member's new representatives.

A workshop was held in March 2023, and not all members attended. It also became clear that whilst the LCLGA engages with its Board and member CEOs, we don't frequently engage with our member's elected councillors or staff outside of our working groups.

This was discussed at the workshop and decided that the LCLGA would provide an opportunity for all elected members to engage in the strategic planning process, to occur in around September. Following this process, if there is a significant shift in priorities and direction, we will also do a mid-year business plan reset.

The direction from our members at the workshop was very clear, concentrating on completing the MRF, Economic Growth Strategy Reset, and Road Submissions and increase the visibility of our advocacy.

The "why" for the LCLGA is "Collectively Building Stronger Communities". However, this is also under review, and stronger themes of activation, community outcomes and being a recognised voice came through the Board and CEO workshop.

Whilst this is still the approved "Why", the nuance around intent and outcomes is included in the thinking around this business plan. The wider member strategic planning workshop will also explore and complete the why.

Our members (in alphabetical order) are:

- District Council of Grant
- Kingston District Council
- City of Mount Gambier
- Naracoorte and Lucindale Council
- District Council of Robe
- Tatiara District Council
- Wattle Range Council

The LCLGA is a wholly-owned subsidiary of our members under the Local Government Act (1999). This ownership structure means our equity and liabilities belong to our members.

The LCLGA represents over 136 years of collaboration by our members to deliver regional projects, gain economies of scale and effective representation. Feedback within local government is that our model is considered one of the most effective in SA and unique in Australia.

The current operating environment is the most volatile in many years. This is due to the COVID-19 pandemic, government elections (Local, State and Federal), geopolitical tensions between democratic and totalitarian regimes, disruptions to supply chains, relatively high inflation and very low levels of unemployment.

The LCLGA recognises that we must be flexible as we seek to deliver value to our members during this challenging and rapidly changing time.

There is a risk that in being flexible in meeting our member's needs and accepting new challenges, we become stretched in our resources, resulting in slippage of other programs. Therefore, the LCLGA will need to ensure appropriate decisions on tradeoffs so we can continue to deliver value to our members.

During 2015/20, the LCLGA came through a growth and planning period. The strategic plan (2020/25) horizon is a focus and delivery period.

Our Role

The LCLGA works with our members and achieves value by delivering projects, facilitating programs, being a conduit for communication, sponsoring projects or programs, and undertaking advocacy.

Our members provide directions for our activities to ensure we are aligned with their priorities.

External Environment

The 2020/25 Strategic Plan was developed, considering the existing and emerging factors that may influence our strategy. However, many of these environmental factors have changed significantly since 2019, when they were first considered.

This was apparent when comparing the CSIRO megatrends analysis, where several trends had changed their focus.

Noticeably the analysis of factors in our external environment that businesses should pay attention to has become much more pessimistic.

The key factors that the LCLGA have considered as being potential disruptors to our members and our business plan:

- Climate change is here now, and the only question is who will be the winners and losers.
- Land use planning, social support and infrastructure need to include flexibility to adapt to climate change.
- Geopolitical tensions and isolationist attitudes and thinking will continue to rise – leading to increasing uncertainty, insular thinking, distrust and disrupted supply chains.
- Concentration of wealth.
- Cyberwar is already in action.
- The world demand for food and protein is increasing.
- Communities are increasingly online and virtual, parallel communities.
- It's getting harder to communicate and engage with communities, but simultaneously they will demand more engagement. Information is more pull than push!
- Data, generative AI, security (continuous verification) and control of data is going to be a significant focus. It will cut across all aspects of our lives.

- The long-term impacts of Covid-19 are yet to be understood, but aside from physical health, there could be serious long-term mental health and resilience issues.
- The arms race is on (was it ever really off), and it's a race between technology, economic power and production capability. 2050 could be the tipping point.
- Democracies under threat.

We also considered some of the data from the latest census for the Limestone Coast.

The trend for migration to regional centres is continuing, creating an opportunity and a challenge. The Limestone Coast is seeking population growth to lower the working age of our population and invigorate our community, but we are also facing a housing shortage.

In all of our member's areas, access to affordable housing is a significant issue from a social and economic perspective. Housing limits growth as many jobs cannot be filled due to the lack of accommodation, creating hardship for the most vulnerable in our community.

Housing and services such as medical and childcare also impact our ability to attract and retain skilled workers. In addition, we are aware of many people who would like to live and move to the Limestone Coast but are unable due to the lack of housing.

The State Government of SA has recognised this issue and plans to invest in new housing stock in regional centres through the Office for Regional Housing.

Situational Analysis

Over the last six years, the LCLGA has successfully delivered value to our members, and for every \$1 invested in the LCLGA, we have returned \$5, excluding the value of indirect benefits (such as assisting in securing \$3.5M in sports grants for our sporting clubs) or the efficiencies from the shared Heritage Service or Destination Development Strategy.

Despite continuing financial losses, the position of the LCLGA remains strong as we have drawn down members' equity in a planned and predictable manner.

The Board has approved a \$200k project reserve in members' equity above minimum cash holdings. Minimum cash holdings are set by the Board at \$175k, which is when members will need to contribute resources if the LCLGA is wound up. \$175K is also about three months of operating expenditure (\$172K), typically the minimum cash reserves recommended for an organisation.

The Project Reserve allows the LCLGA to take on new projects for our members outside the routine budget cycle. The intent is to restore the reserve capacity over time when it is used.

Compared to 2015/16, our annual financial capacity was now around 30% weaker due to a real reduction in members fees, increased costs, and loss of Rubble Royalty funding. However, in 2022/23, there was a REAL increase in members' fees as part of a five-year financial viability plan.

There is a continued focus in the Strategic Plan to narrow and deepen our value proposition, which is continued in this business plan.

We have reduced the number of projects and programs in recent years to focus on activities that deliver member value.

Our members have made a significant investment in the Destination Development Strategy; with these resources available, we have been steadily implementing the approved strategy, and in 2022/23, following the departures of two staff we recruited a new team that is reviewing the strategy whilst sustaining business as usual. While recruiting new staff, we continued to invest in our online marketing and employed temporary staff to sustain activities.

The Sports Academy continues to support the development of young elite athletes in the region and build our sports' capability across all levels with significant success from Academy members at State and National levels. We also received additional funds to support the academy over the next three years.

The StarClub program ceased in December 2023. This was a highly valued program by our members, and we are developing a new program called the Connected and Active Communities program with the Office of Racing, Sports and Recreation (ORSR).

The Strategic Local Roads Program (SLRP) continues to be an essential source of funding for Limestone Coast Regionally Significant roads which support economic, tourism and community activities.

The Limestone Coast SLRP Plan will need further review in 2023/24 to ensure our Plan is consistent with the SAROC project to map SLRP across the state.

With the review of the Limestone Coast SLRP in 2021/22, there is a potential funding shortfall from a planned \$19m to a required \$27m to deliver the high-priority road upgrades by 2030. However, we have recently struggled to find projects of sufficient value to sustain our normal road investment. This disconnection between sought-after funding and the current deficit needs further investigation to ensure we are not inadvertently creating an investment bow wave effect.

Concluding the materials recycling facility governance review and economic growth strategy resets are priorities.

Advocacy is a core piece of work for the LCLGA. In 2022 we developed, for the first time, an advocacy agenda that was shared with Local Members, the LGASA and other local candidates. Our advocacy agenda will be the basis for engaging with the new government on our agreed priorities.

Delivering Value

Our members agree that our focus should become narrow and deep to deliver value, which becomes even more critical in a resource-constrained environment.

This means we will apply our resources to those strategies that provide the greatest value to our members; and only take on additional responsibilities after considering the tradeoffs (time, \$, risk or lost value from not doing another project).

The process used to create focus and value in this business plan uses the following approach:

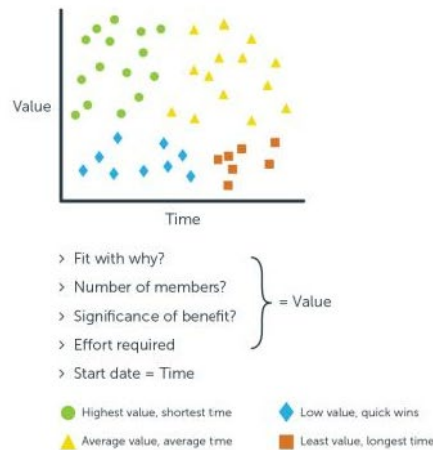
- 1) Should we be responsible for implementing the strategy?
- 2) What is the relative value of the proposed work?
- 3) What is the tradeoff, and is this acceptable?

1. Should we do it?



- > Benefits more than one member?
- > Is it consistent with our why?
- > Should others do this?
- > Are we the best to do this work?
- > Do we have the resources?
- > Are the risks acceptable?
- > Endorsed by member Councils

2. Relative value



3. Opportunity cost / tradeoff



Impact of saying YES

- > What is the lost value by saying yes?
- > What additional costs are involved?

Our members, via the Board and CEOs, were asked which activities we should focus on, noting that the strategy will be reset following a member workshop in September.

The following priorities were highlighted from our workshop.

Advocacy

Be more visible in our advocacy and project a strong voice for the community on agreed priorities with our stakeholders.

Destination Strategy

Complete the review of the Destination Development Strategy (DDS) and include the outcomes from the SATC RTO review in an updated strategy.

Continue implementing the approved strategy until the review is completed and realign our approach as needed.

Regional Waste Solution

Ensure the governance review of the regional Materials Recovery Facility is completed (should be completed in 2022/23) and progress to complete the business case before seeking project-specific funding for the preferred solution.

There is \$65K allocated for this work.

Roads Strategy

The Regional Roads Strategy and Database were updated in 2020/21 and continue to be a critical strategy to access funding for priority road upgrades. Over \$16 million has been secured for local roads since the strategy was developed.

With the development of a State database of eligible SLRP roads and improved data on the connectivity of regions, ensuring the Limestone Coast Strategy aligns with the State database will be critical to future funding applications.

There is also an opportunity to improve the strategies definitions and guidance to members on the required evidence to support the inclusion of roads in the database for future SLRP funding. This work is included in this Business Plan.

Update the Regional Roads Database and ensure the pipeline of works reflects the needed investment for our region.

Stay engaged with the SAROC state planning process they are developing with Legatus to ensure the interest of our region is represented.

Regional Plan

Engage with the department's planning processes as needed.

Connected and Active Communities

Work with our members to ensure the CAC program builds upon the work already done by our members and that our member's priorities are embedded within the program.

Develop additional support for vulnerable children within the CAC as per our supplementary funding.

In total, \$155K of grants are available to support this project.

South Australia Coastal Councils Alliance (SACCA)

We support the administration of SACCA. The program is driven by an Executive Steering Committee and the SACCA Executive Officer.

Support our region's representatives to SACCA.

Heritage Advisory Services

The Board approved a three-year contract to provide Heritage Advisory Services throughout the Limestone Coast. Managing this contract continues to be a priority.

RDALC Relationship (*)

Seek to keep the RDALC relationship focused on Limestone Coast Councils' priorities.

Sports Academy

Sustain the operations of the Sports Academy and develop approaches to increase and diversify the sustainable funding model.

There is \$180K in external funding to support this program.

LGASA Relationship

Work with the LGASA to continue to develop our working relationship. There has been a significant change in LGASA personnel and new staff with little local government experience. Growing and sustaining effective working relationships continues to be a

challenge due to the strategy of the LCLGA to exclude regional LGA's from various forums and processes.

Resetting the Economic growth Strategy

Develop a new economic growth strategy for the Limestone Coast Region.

Whole of elected member workshop to reset the LCLGA strategic plan.

Engage with all of our members elected members in resetting the LCLGA strategic plan in September 2023.

Key Result Area

From the March workshop, the following areas of focus were identified,

- Sustainable Communities
- Economic growth
- Infrastructure

Building Sustainable Communities

A sustainable community has resilience, leadership, a healthy environment, an optimistic mindset, community well-being, and connected and inclusive built environments where we want to live and that others want to join.

Over the 2023/24 year, the focus is on building and supporting sustainable communities (in a local government context).

The objectives and proposed strategies in the Strategic Plan focus on advocacy, Sports Academy, Connective and Active Communities, SACCA and Heritage Advisor,

Long-Term Objectives (Strategic Plan by 2025)

1. The regional climate adaptation strategy outcomes are achieved
2. Government policy and investment reflect our member's priorities
3. Regional health plan outcomes are achieved
4. Incubator projects are successful and self-sustaining

Short-Term Objectives (Business Plan – 2023/24)

- 1) Our networks, members and stakeholders are connected and engaged
- 2) Incubator project outcomes have transitioned to alternative governance and operational arrangements
- 3) Regional participation in sports is strengthened
- 4) A new Regional Plan is developed for the Limestone Coast
- 5) The Heritage Advisor services are valued by our members and the community

Performance Indicators

- 1) The extent to which the government listens and incorporates Limestone Coast priorities in decision making
- 2) Member rating of our effectiveness in keeping them and stakeholders connected
- 3) Sports Academy and Connected and Active Communities outcomes delivered with future governance and organisational requirements developed
- 4) Our members value heritage Services

Economic growth

Economic growth is the sustainable increase in living standards that deliver higher incomes, better education, health and well-being, and environmental protection resulting from a conscious and applied effort.

At its core, economic development is about improving the quality of life in our community.

A strong economy relies on human capital (skills, knowledge and innovation), financial capital (investment), productivity (more from less), realising local competitive advantages, entrepreneurialism, value clusters, increased supply chain value capture from exports, capturing local value (buy local); and attracting spend from outside our area (investment and visitation).

The economic advantages of our region are unchanged. We continue to be mostly unaffected by drought and have higher levels of water security than many regions in Australia. We have soil with little degradation, and we have not had fire or flooding to the same extent as some other areas in Australia, and our ocean resources are in reasonable shape when

We have a diverse economy which means we are generally more resilient to shocks than other regional areas in Australia.

The State Government has recognised the significant opportunity for growth in the Limestone Coast with strategic investment in infrastructure and growing our regional capability.

Longer-Term Objectives (Strategic Plan by 2025)

- 1) The outcomes of the regional growth strategy and action plan are achieved
- 2) Waste is a source of economic growth and competitive advantage
- 3) Regional land-use planning is effective and agile
- 4) The required investment in regional road infrastructure is achieved
- 5) The value of tourism to the region continues to increase
- 6) Mutually beneficial cross-border partnerships are developed

Short-term Objectives (Business Plan – 2023/24)

- 1) Destination marketing strategy achieves its planned outcomes
- 2) A New Regional Economic Growth Strategy
- 3) Collaboration opportunities on cross-border projects

Performance Indicators

- 1) Our members are successful in attracting funds for projects
- 2) Federal and State Members support our member's advocacy priorities
- 3) Regional roads projects are approved and sought after funding achieved
- 4) DDS objectives are achieved
- 5) A Limestone Coast Economic Growth Strategy is developed

Infrastructure

Infrastructure is a crucial enabler of services and capacity within communities.

In the context of Local Government infrastructure centres around the following themes:

- Provision of waste services
- Enabling transport to occur for social, community and economic purposes
- Ensuring the built environment adds value to communities (such as land use planning, heritage and connectivity, such as blackspots.
- Improving and sustaining the functions and operations of the Council.

Objectives (Business Plan – 2023/24)

- 1) Regional Roads Strategy sought after funding is achieved
- 2) A viable waste option is developed
- 3) A decision is made on the viability of the Regional Materials Recovery Facility
- 4) The regional blackspots proposal is supported and funded

Performance Indicators

- 1) Roads funding received
- 2) Members rating of our effectiveness in keeping them and stakeholders connected
- 3) There is a decision on the viability of a regional MRF
- 4) Heritage Services are used and valued

The proposed projects and activities for 2023/24 are listed on the following pages with an indicator of which key result areas they relate to, noting that some may relate to multiple areas.

Proposed Project Schedule LCLGA 2023/24

| | | | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | | |
|---|---|-----------------|---|-----|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|--|
| | | Strategy | Tactics | | | | | | | | | | | | | |
| ✓ | ✓ | ✓ | Green Triangle Freight Action Plan | | Attend meetings and engage on priorities as identified by members | | | | | | | | | | | |
| | ✓ | | Destination Development Strategy | | Deliver the DDM priorities in Marketing, Visitor Servicing, Events, Experience Development, Infrastructure Access, Governance and Collaboration and Industry Development. Review the DDM and adapt as needed, including the implications from the SATC review. Regular meetings - Tourism Management Group Support regional applications for funding that aligns with the DDM and EGS | | | | | | | | | | | |
| ✓ | ✓ | ✓ | Advocacy | | Implement the approved strategy and priorities Refine and improve the evidence to support advocacy priorities Respond to consultations on behalf of our region. Review the advocacy program Engage with elected members on proposed advocacy items | | | | | | | | | | | |
| ✓ | ✓ | ✓ | Representations | | SATC Regional Chairs Meetings Ac.Care meetings ZEMC Regional Executive Officers SAROC Women in Sports Bushfire Committee SACCA | | | | | | | | | | | |

Proposed Project Schedule LCLGA 2023/24

| | | <div style="display: flex; justify-content: space-between;"> Infrastructure Economic Community </div> | | | | | | | | | | | |
|----------|--|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Strategy | Tactics | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| ✓ | Regional Sports Academy | | | █ | █ | | | | | | | | |
| | Nominations | | | █ | █ | | | | | | | | |
| | Selection | | | | | █ | | | | | | | |
| | Start of Program | | | | | | █ | █ | | | | | |
| | Support Athletes and Coaches | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | Work with funding partners on future program and funding | | | | | | | | | | | | |
| ✓ | Connected and Active Communities | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | Scoping with members and ORSR | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | Implement the agreed program | | | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| ✓ | ✓ Heritage Advisory Services | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | Support the Advisor and members in their work | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| ✓ | ✓ Improve relationship with the LGASA | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | Engagement in LGASA Meetings and Forums | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | LGASA CEO attends a meeting twice a year with CEO's | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| ✓ | ✓ Other | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | CEO Forums | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | Mayors Forums | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| | Board Meetings | | █ | | | | | | | | | | |
| | Cross Boarder CEO Meetings | | | | | | | | | █ | | | |
| | Stakeholder Engagement | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |

Finance Overview

The LCLGA derives its funds from three sources. They are members' subscriptions, grants and specific project or program funding.

The LCLGA continues in 2023/24 to receive \$40,000 from the LGASA to support regional capacity-building activities, and this is very much appreciated.

The Board has adopted a position that the LCLGA should have sufficient members' equity to:

1. Cover liabilities should the association be wound up (\$175K) and
2. Provide a project reserve of \$200k above minimum cash holdings to provide flexibility for the LCLGA to take on projects without needing to raise a project levy on members outside of normal budgeting cycles.

When using the project reserve, the approach is to restore that capacity over time.

The LCLGA has strategically reducing its cash reserves through a real reduction in members' subscriptions since 2015. Members have also benefited from the cessation of Rubble Royalty payments which were an indirect form of income to the LCLGA and, on average, cost our members around \$80K pa.

The combined impact of the loss of Rubble Royalty refunds, no real increase in subscriptions for a number of years reduced annual revenue by 30% pa from 2015 in 2021. The real increases from 2021/22 and 2022/23 as part of an approved financial viability plan have helped slow the rate of decline in members' equity.

There are three projects or activities within our budget where costs are "pass-through". These are included in our membership fees but make no impact on the LCLGA bottom line.

- 1) RDALC, \$101,55
- 2) Heritage Advisory Services, \$80,666.
- 3) South Australian Coastal Alliance, \$8,407.

This means 22% of subscriptions are "passed through" to other organisations.

The Destination Development Strategy (DDS) is completing the second year of implementation, so the added value is still being demonstrated and will be reviewed at the start of the 2023/24 financial year. Therefore, we have held the member's subscriptions for the DDS to 2022/23 plus 4.8%.

The Connected and Active Communities Project (formerly StarClub); and Sports Academy budgets have previously been considered jointly as they share costs and resources, with a net \$1.5K contribution from members' equity.

In our programs, we have included in the budget \$20,000 for the Roads and Transport Management Group to prepare the Significant Local Roads Program (SLRP) submissions for the 2023/24 financial year and to update the Roads Plan.

There are two projects included in the budget, the reset of the Economic Growth Strategy (\$50K) and the completion of the Materials Recovery Project Business Case (\$65K).

These projects, if they proceed, will consume the majority of the remaining project reserve and reduce members' equity to \$200K (assuming starting members' equity is \$320K), which is still above the minimum member's equity target of \$175K.

That is acceptable but will mean we will need to recover the Project Reserve in future years.

Whilst the minimum cash position represents the costs to wind up the association (\$175K), it is also very close to three months' operating expenses (\$172K).

We are forecasting a net loss of \$118K, noting that \$115K is for one-off projects.

Without funding the two projects, the P&L would be a loss of \$3K, which is consistent with our financial viability plan, which forecast we would be slightly positive in 2023/24 based on real increases, We have been applying nominal increases and driving efficiencies where possible.

Members also sought further information on the increased costs of changing the part-time Project Admin role to a full-time Project Manager Role to improve our delivery capability to free the Executive Officer to pursue other tasks such as Advocacy.

Based on an FTE salary of \$100,000 (a \$48k increase from the current position), this would increase our loss from \$118K to \$183K i.e. a \$48K increase in salary translates to an increase in costs of \$65K.

Based on the current distribution of subscriptions, this would mean an increase in members' subscriptions per council above the amounts indicated in the 2021 financial viability plan.

This increase has not been factored into the Business Plan.

| Member Council | % Share | \$ |
|-------------------------------------|----------------|-----------------|
| City of Mount Gambier | 27.58% | \$17,928 |
| District Council of Grant | 12.29% | \$7,989 |
| Wattle Range Council | 20.95% | \$13,615 |
| Naracoorte Lucindale Council | 14.14% | \$9,191 |
| District Council of Robe | 6.65% | \$4,322 |
| District Council of Tatiara | 12.00% | \$7,798 |
| District Council of Kingston | 6.40% | \$4,157 |
| Total | | \$65,000 |

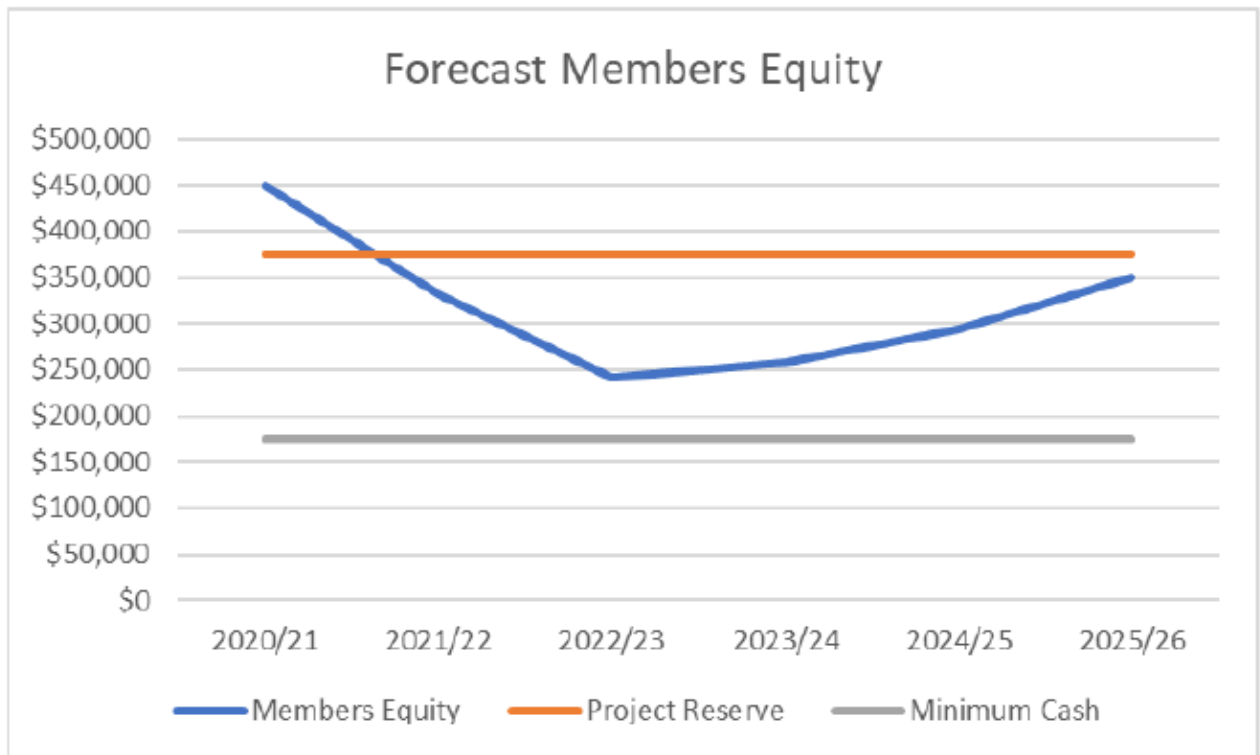
Financial Viability

In 2021 the Board adopted a five-year financial viability plan. As discussed earlier, this Plan followed several years of a REAL decrease in members' fees.

Cash reserves have been strategically reduced through successive losses. This is an appropriate strategy as the LCLGA should have minimal reserves of members' equity above its need to deliver services and projects for its members. However, there is a risk in such a strategy that the eventual adjustment in members' subscriptions can represent a shock once the desired target is reached. That is why the board adopted a pathway of modest increases to slow losses, use the project reserve for some specific projects and return to profitability and recover the project reserve by 2025/26.

As seen in the Forecast Members Equity chart below, our expected member's equity at the end of 2023/24 is \$50K lower than the 2021 model. This model did not include funding for the economic growth strategy, which is expected to cost about \$50K.

Given that the P&L for 2023/24 would to break even, except for two projects, we are still tracking close to the 2021 forecast.



Assumptions

The Business Plan has the following assumptions:

- That member's 2023/24 subscriptions are at the level forecast in the 2021/22 Business Plan has treated this as nominal rather than real.
- Almost all costs are known, otherwise increased by CPI (8.6% Dec to Dec Adelaide)
- We remain in our current office.
- Wages are increased by 4.8%.
- Destination Strategy contributions held at 2021/22 levels plus 4.8%.
- SACCA Contributions increased by 4.8%.
- RDALC contribution is \$101,155.
- Closing member's equity is \$320,000 at the end of 2022/23.
- Project oncosts are recovered at 20%.
- Superannuation is increased to 11%.
- Interest increased to \$10,000.
- Minimum cash holdings are \$175,000
- A \$200k "project reserve" is set at \$200,000 above the Minimum cash holdings
- SACCA, Heritage, and RDALC are pass-through costs with no impact on P&L.
- Includes known grants
- \$50K is allocated to project liabilities for the Sports Academy at the end of 2022/23.
- \$20K is carried over for the DDM Project.
- Training is based on 1.5% of salary costs.
- The LGASA Capacity Building Grant (\$40,00) is allocated to the Destination Development Strategy and Sports Academy.

Proposed Subscriptions to deliver the 2023/24 Business Plan

| 2023/24 | | | | | | | | |
|------------------------------|------------------|------------------|--------------------------------|----------------|-----------------|------------------|-----------------|------------------|
| MEMBER CONTRIBUTIONS | Subscriptions | Tourism | Connected & Active Communities | SACCA* | Programs | RDALC* | Heritage* | Total |
| City of Mount Gambier | \$86,165 | \$61,251 | \$12,775 | \$1,201 | \$18,800 | \$26,799 | \$34,171 | \$241,162 |
| District Council of Grant | \$42,095 | \$29,924 | \$8,523 | \$1,201 | \$9,184 | \$13,092 | \$3,437 | \$107,456 |
| Wattle Range Council | \$69,205 | \$49,195 | \$12,508 | \$1,201 | \$15,099 | \$21,524 | \$14,408 | \$183,140 |
| Naracoorte Lucindale Council | \$47,307 | \$33,628 | \$8,979 | \$1,201 | \$10,321 | \$14,712 | \$7,480 | \$123,628 |
| District Council of Robe | \$18,550 | \$13,186 | \$1,741 | \$1,201 | \$4,047 | \$5,769 | \$13,646 | \$58,140 |
| District Council of Tatiara | \$40,825 | \$29,021 | \$8,167 | \$1,201 | \$8,907 | \$12,697 | \$4,072 | \$104,890 |
| District Council of Kingston | \$21,094 | \$14,995 | \$4,015 | \$1,201 | \$4,602 | \$6,561 | \$3,451 | \$55,919 |
| Total | \$325,241 | \$231,200 | \$56,708 | \$8,405 | \$70,960 | \$101,154 | \$80,665 | \$874,333 |

For comparisons, the forecast subscriptions in the 2021/22 Business Plan are provided below, noting these were forecast as real, and we have been able to treat them as nominal.

Forecast Subscriptions 2021/22 Business Plan

| MEMBER CONTRIBUTIONS | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City of Mount Gambier | \$180,168 | \$219,226 | \$229,886 | \$241,160 | \$249,280 | \$257,709 |
| District Council of Grant | \$78,159 | \$96,986 | \$102,073 | \$107,458 | \$111,309 | \$115,309 |
| Wattle Range Council | \$134,499 | \$165,757 | \$174,203 | \$183,141 | \$189,549 | \$196,204 |
| Naracoorte Lucindale Council | \$90,065 | \$111,748 | \$117,520 | \$123,630 | \$128,004 | \$132,548 |
| District Council of Robe | \$43,469 | \$53,157 | \$55,578 | \$58,135 | \$59,990 | \$61,914 |
| District Council of Tatiara | \$75,875 | \$94,668 | \$99,635 | \$104,893 | \$108,651 | \$112,556 |
| District Council of Kingston | \$40,435 | \$50,560 | \$53,165 | \$55,921 | \$57,895 | \$59,945 |
| Total | \$642,670 | \$792,102 | \$832,059 | \$874,338 | \$904,678 | \$936,186 |

The sought-after member subscriptions are the same as forecast in the 2021/22 Business Plan.

Change from 2022/2023

| INCOME | 2022/23 | 2023/24 | Change |
|------------------------------|--------------------|--------------------|-------------------|
| City of Mount Gambier | \$229,886 | \$241,160 | -\$11,274 |
| District Council of Grant | \$102,073 | \$107,458 | -\$5,385 |
| Wattle Range Council | \$174,203 | \$183,141 | -\$8,938 |
| Naracoorte Lucindale Council | \$117,520 | \$123,630 | -\$6,110 |
| District Council of Robe | \$55,578 | \$58,135 | -\$2,557 |
| District Council of Tatiara | \$99,635 | \$104,893 | -\$5,258 |
| District Council of Kingston | \$53,165 | \$55,921 | -\$2,756 |
| Interest | \$5,000 | \$10,000 | -\$5,000 |
| Grants | \$262,325 | \$447,958 | -\$185,633 |
| Other | \$90,500 | \$107,325 | -\$16,825 |
| Total | \$1,189,885 | \$1,439,621 | -\$249,736 |

Income is expected to increase in total by \$249,736, of which members' contributions are \$42,278 or 5%. However, in real terms, this is a decrease in funding from 2022/23 of around 3%.

The other increases include a better return on investments, increased grant funding primarily for the Connection and Active Communities Project and Sports Academy and a CPI adjustment for Sports Academy Fees (other).

Change from 2022/2023

| EXPENSES | 2022/23 | 2023/24 | Change |
|---|--------------------|--------------------|------------------|
| Wages | \$573,560 | \$709,165 | \$135,605 |
| Project Costs | \$335,255 | \$449,560 | \$114,305 |
| Program Costs | \$128,410 | \$146,881 | \$18,471 |
| Vehicle | \$62,013 | \$71,443 | \$9,430 |
| Audit and Accounting Fees | \$28,840 | \$26,064 | -\$2,776 |
| Rent | \$30,000 | \$22,611 | -\$7,389 |
| Governance | \$18,000 | \$18,000 | \$0 |
| Computing & IT | \$20,400 | \$20,400 | \$0 |
| Insurance | \$16,000 | \$27,072 | \$11,072 |
| Training | \$8,588 | \$10,728 | \$2,140 |
| Printing/Stationery | \$7,200 | \$7,200 | \$0 |
| Telephone | \$7,200 | \$7,200 | \$0 |
| Consultancy | \$6,000 | \$6,000 | \$0 |
| Meeting expenses (non project or program) | \$0 | \$6,000 | \$6,000 |
| Miscellaneous | \$6,000 | \$6,000 | \$0 |
| Seminars | \$6,000 | \$6,000 | \$0 |
| Travel | \$12,000 | \$13,032 | \$1,032 |
| Advertising & Marketing | \$1,200 | \$600 | -\$600 |
| Subscriptions | \$1,920 | \$3,000 | \$1,080 |
| Bank Fees | \$745 | \$782 | \$37 |
| Postage | \$481 | \$0 | -\$481 |
| Total | \$1,269,812 | \$1,557,739 | \$287,926 |

Major variations in budgeted expenses include:

- Salaries due to increases (4.8%) and an additional position which is fully funded by the Connected and Active Communities Grant for three years.
- Project cost increases are due to the increased scope of work with the Regional Sports Academy to explore new revenue sources. This is fully funded by ORSR and the increased funding and expected investment in the CAC project.
- Program costs are slightly higher due to reduced costs for the red meat cluster (now \$0) and the Roads Planning (\$5K less) and the additional spend on the Economic Growth Strategy (increased by \$45K) and lower estimate to complete the Business Plan for the MRF (\$15K lower based on a tendered price).
- Rent is lower based on the actual price, and being on a month-by-month contract, the expected escalation in costs did not eventuate.
- Meeting expenses were omitted from the 2022/23 budget in error and have been added back into this budget.
- Insurance costs are reflective of actual costs.
- Training costs are based on 1.5% of salary costs and reflect an increase in FTE.
- Subscriptions relate mainly to local media and the Advertiser

Profit and Loss

| INCOME | Total |
|-----------------------|--------------------|
| Members Subscriptions | \$874,338 |
| Grants | \$447,958 |
| Other | \$107,325 |
| Interest | \$10,000 |
| Total | \$1,439,621 |

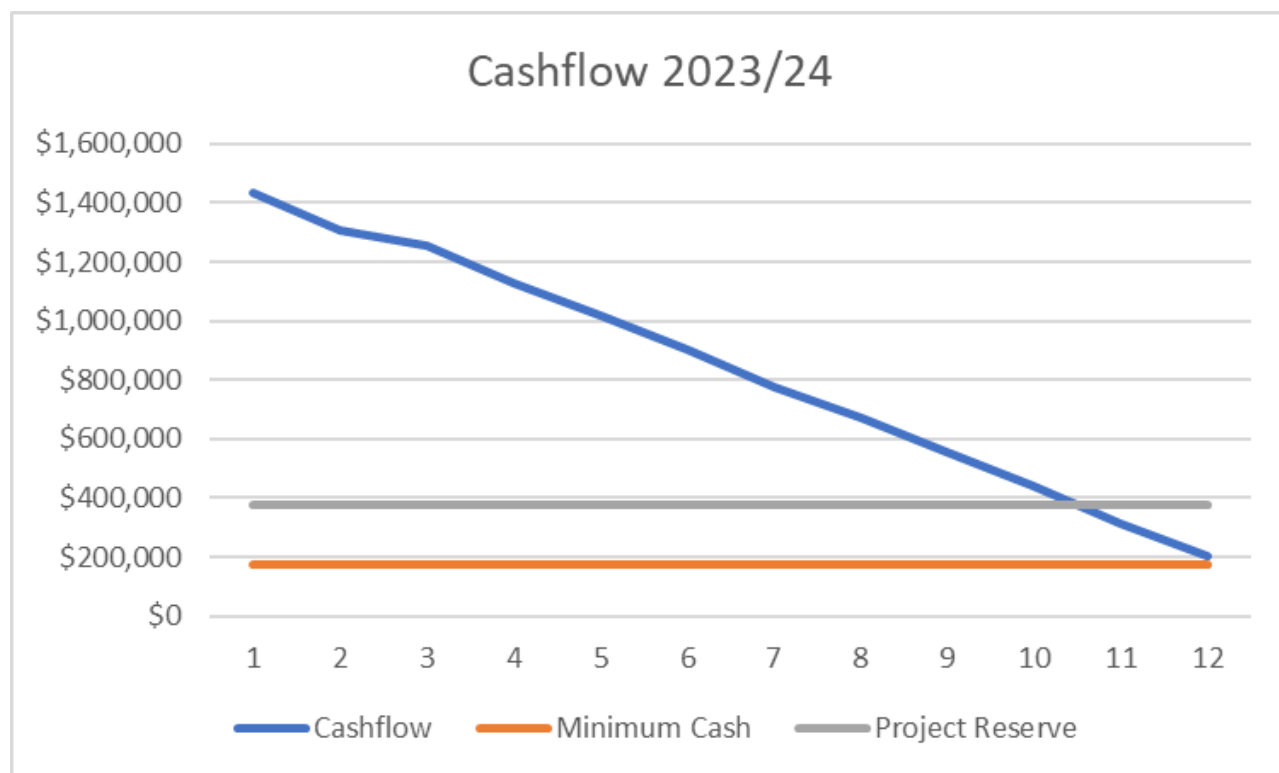
| EXPENSES | 2022/23 |
|---|--------------------|
| Wages | \$709,165 |
| Project Costs | \$449,560 |
| Program Costs | \$146,881 |
| Vehicle | \$71,443 |
| Audit and Accounting Fees | \$26,064 |
| Rent | \$22,611 |
| Governance | \$18,000 |
| Computing & IT | \$20,400 |
| Insurance | \$27,072 |
| Training | \$10,728 |
| Printing/Stationery | \$7,200 |
| Telephone | \$7,200 |
| Consultancy | \$6,000 |
| Meeting expenses (non project or program) | \$6,000 |
| Miscellaneous | \$6,000 |
| Seminars | \$6,000 |
| Travel | \$13,032 |
| Advertising & Marketing | \$600 |
| Subscriptions | \$3,000 |
| Bank Fees | \$782 |
| Postage | \$0 |
| Total | \$1,557,739 |

| | |
|-----|------------|
| Net | -\$118,118 |
|-----|------------|

As discussed above, the net loss forecast in the budget is \$118,118.

Cashflow

We expect to see members' equity rise to \$1,432,363 before decreasing to \$201,882. This assumes members equity will start at \$320,000.



Projects

| PROJECTS | Income | | | Expenses | |
|--------------------------------|------------------|------------------|------------------|------------------|-----------------|
| | Members | Grants | Other | Expenses | Net |
| Destination Marketing Strategy | \$231,200 | \$142,958 | \$54,600 | \$434,404 | -\$5,646 |
| Connected Communities | \$56,708 | \$155,000 | \$0 | \$202,423 | \$9,285 |
| Sports Academy | \$0 | \$150,000 | \$52,725 | \$213,532 | -\$10,807 |
| Total | \$287,908 | \$447,958 | \$107,325 | \$850,359 | -\$7,168 |

The Destination Strategy has a loss of \$5.6K, which we expect to offset with some additional grants during the year. If we can't, then this loss is factored in as a contribution from members' equity; we have also assumed members will approve a transfer of \$20,000 from 2022/23 into 2023/24, which represents the expected surplus in 2022/23. As these funds have been provided specifically for the Destination Strategy, we will be seeking to carry these funds forward for that project.

The net impact across the CAC and Sports Academy is \$1.5K, which is not considered material and is likely to be netted out during the year from the acquisition of sponsorships for the Academy.

Please note that Localis is a shared purchasing arrangement which is transacted separately to the Destination Development Strategy and is netted out as a pass through. We are currently seeking new quotes to provide to members to see if they wish to continue with this product for our region.

Programs

| | Income | | | Expenses | |
|---------------------------|-----------------|------------|------------|-----------------|------------------|
| PROGRAMS | Members | Grants | Other | Salary & Oncost | Program Expenses |
| Roads | | \$0 | \$0 | | \$20,000 |
| Waste - MRF Business Case | \$70,960 | \$0 | \$0 | \$71,816 | \$65,000 |
| Economic Growth Strategy | | \$0 | \$0 | | \$50,000 |
| Total | \$70,960 | \$0 | \$0 | \$71,816 | \$135,000 |

Pass-Throughs

| | Income | | | Expenses | |
|----------------------------|------------------|------------|------------|------------------|------------|
| PASS THROUGH | Members | Grants | Other | Expenses | Net |
| Heritage advisory services | \$80,657 | \$0 | | \$80,657 | \$0 |
| RDALC | \$101,155 | \$0 | | \$101,155 | \$0 |
| SACCA | \$8,405 | \$0 | | \$8,405 | \$0 |
| Total | \$190,217 | \$0 | \$0 | \$190,217 | \$0 |