

LCLGA BUSINESS PLAN 2021/22

Collectively Building Stronger Communities

The Board has taken strong decisions in the 2021/22 LCLGA Business Plan, so the LCLGA can continue to achieve our "why" of building stronger communities in the Limestone Coast.

The LCLGA has a strong track record of delivering value to our community and members with an average (since 2015) ROI of 400%.

In addition to sustaining the LCLGA's operations, within the 2021/22 Business Plan, the Board have also agreed to:

- 1) Increase funding to enable the delivery of the Destination Development Strategy (DDS), which will be a key contributor in growing the visitor economy in the Limestone Coast by \$233 million over the next nine years.
- 2) Invest in the testing and, if viable, delivery of a regional waste solution.
- 3) Implement a financial viability plan so the LCLGA can continue to deliver value to our members.

Business Plan Context

The 2020/21 Business Plan is the 2020/21 operationalisation of the 2020/25 Strategic Plan, which was tested for validity with the Board in February 2021 at a planning workshop.

The "why" for the LCLGA is "Collectively Building Stronger Communities". This business plan focuses on how we can work with our members to deliver our why within a local government context.

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 the LCLGA and our members.

The LCLGA represents over 135 years of collaboration by our members to deliver regional projects, gain economies of scale and effective representation. Feedback within local government is our model is considered one of the most effective in SA and unique in Australia.

There is a significant commitment from our members to collaborate to build stronger communities in the Limestone Coast within the operating sphere of local government.

The current operating environment continues to be highly volatile, as detailed in the external and internal operating environment sections of our strategy due to the COVID-19 pandemic. The LCLGA recognises we will need to continue to be flexible as we seek to deliver value to our members during this challenging and rapidly changing time.

Nevertheless, in reviewing the strategic context for the LCLGA with our Board, the fundamentals of our strategic plan hold true.

One of our strengths is our size and membership base, which allows us to be flexible and agile to support and pursue opportunities on behalf of our members.

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. The LCLGA will need to ensure appropriate and transparent decisions on tradeoffs occur so we can continue to deliver value to our members.

Over the last six years, the LCLGA has come through a growth and planning period. The strategic plan (2020/25) horizon is a focus and delivery period in the key result areas of building stronger communities, a stronger economy and member capability.

In a world still learning to live with Covid-19, we believe the focus areas in the current strategic plan remain valid and accept that strategies need to adapt to our new environmental context.

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 the directions for our activities to ensure we are aligned with their priorities as contained in the approved strategic and business plan.

Our "why" is collectively building stronger communities. Our why is within the context of the Limestone Coast and the sphere of Local Government.

External Environment

The 2020/25 Strategic Plan was developed, considering existing and emerging factors in our operating environment that may influence our strategy. These factors, as identified by thought leaders such as the CSIRO, are the ones that will most likely impact the delivery of our strategy for collectively building stronger communities.

The following are observations on changes to our operating environment from the strategic plan, which may impact the business plan's delivery.

Since the Strategic Plan's development, there has been a rapid and significant disruption to our operating environment due to the COVID-19 pandemic. The pandemic ramifications have translated into geopolitical tensions and accelerated societal change impacting every aspect of our lives from trade, workforce, supply chains, diversity and equity, housing, political environments, regional employment, tourism, work/life balance, to name a few.

Whilst recognising the pandemic has created hardship for some parts of our community, there have been "winners" and "losers" from these changes. Covid-19 is an accelerator of change in our world.

In recent research by the Regional Australia Institute (RAI), around 20% of city residents are thinking of a regional change, with 10% planning to move in the next 12 months. This move to regional centres is both an opportunity and a challenge; regional communities have been seeking population growth to lower the working age of their populations for many years, but we are also facing a housing crisis.

There has been a building boom with property prices increasing in the Limestone Coast, rental properties are scarce, and builders have forward bookings for up to three years in some locations.

In all of our member's areas, access to affordable housing is a significant issue from a social and economic perspective. The lack of housing limits growth as many jobs cannot be filled due to the accommodation shortage, which creates hardship for the most vulnerable in our community as they are squeezed economically out of the housing market.

Across Australia, there are currently around 156,000 job vacancies in regions. In the Limestone Coast, there are over 450 job vacancies. There is evidence that some employers have ceased seeking new employees due to the difficulty in attracting them, which means the actual number of vacancies is much higher.

Despite the development of vaccines, the global vaccine rollout is expected to take 2-3 years. Notwithstanding the impacts from mutations, Covid-19 restrictions will likely be with us for some time.

Situational Analysis

Over the last six years, the LCLGA has successfully delivered value to our members (as detailed in the strategic plan).

Despite losses in recent years, the financial position of the LCLGA remains strong as we have strategically drawn down our members equity.

The Board have advised that the LCLGA should aim to have sufficient reserves to cover windup costs with an additional \$200k in members equity to undertake new projects as required.

Compared to 2015/16, our annual financial capacity is now around 35% weaker due to reduced members fees, increased costs, and loss of Rubble Royalty funding.

There is a continued focus in the strategic plan to narrow and deepen value. We are currently committed to three incubator projects and assisting their transition into a more self-reliant state.

We have not reduced the number of projects and programs from 2020/21. However, there is clear direction on relative priorities from our members. These priorities will mean some projects and programs will be more active than others.

We have continued to reduce our headcount (FTE) as opportunities arise to sustain our financial viability. There are two new roles included in this business plan. Both, however, will only proceed if sufficient new funding is received, namely in the Destination Development Strategy and Limestone Coast Regional Sports Academy.

Decisions to reduce our FTE also narrows our ability to deliver projects and flex for new opportunities unless we have sufficient resources or tradeoffs from current commitments, i.e. the ability to engage contractors or consultants or defer projects as new priorities emerge.

Our members have indicated that they are ready to make significant investments to ensure priority projects are achieved.

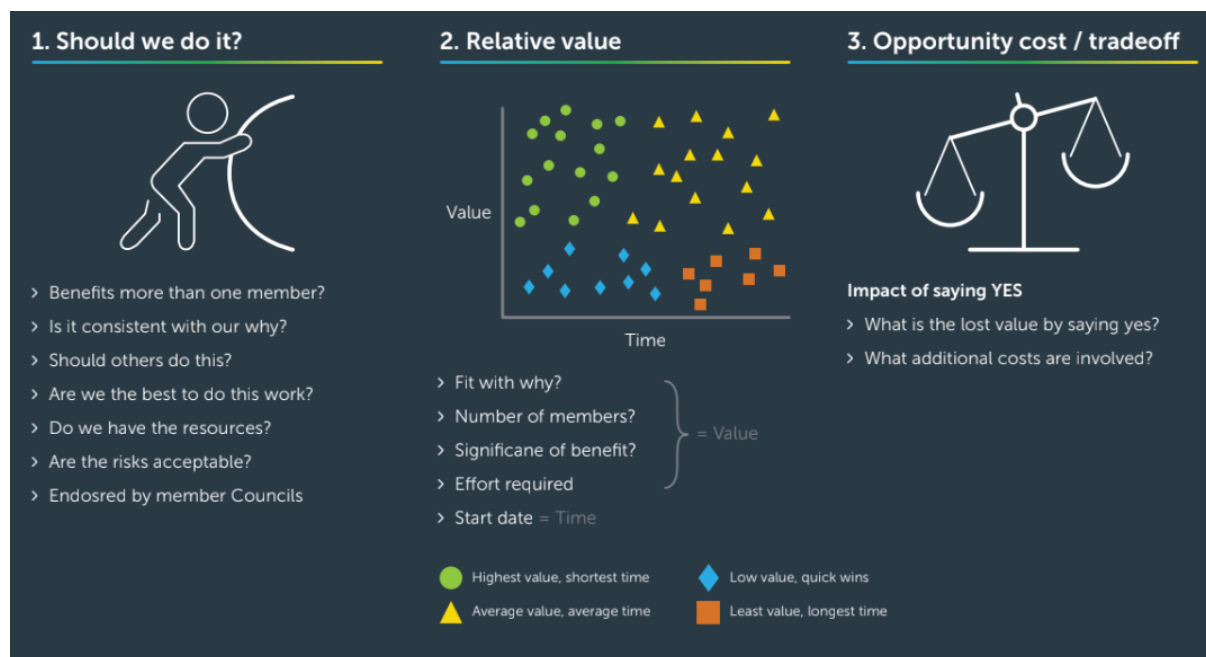
Delivering Value

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 not take on additional responsibilities without 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?



Our members, via the Board and CEO's, were asked which of our activities are strongly aligned with our "why" and provide the greatest benefits in the context of our situation and changes in the external environment.

Our member's responses continued a theme of narrow and deeper to deliver value and transition our incubator projects to alternative operating environments once our commitments are met.

Our members were asked what we should 1) Keep Doing, 2) Change, and 3) Transition to alternative operational arrangements.

KEEP DOING (importance ranked as H (high), M (medium) and L (low))

1. Advocacy (H)

Continue to provide advocacy on key issues for our members and implement the agreed program.

2. Destination Development Strategy (H)

Implementing the new Destination Development Strategy (DDM) is considered the highest priority by our members. This strategy seeks to support the growth and value of the Tourism Market in the Limestone Coast with a marketing plan, experience development, regional data and aligned promotion with the industry (i.e. experience marketing through social media). Most importantly, it connects and aligns our stakeholders and resources in the region.

Our members indicate that initially, the level of investment in implementing the DDM should be based on doubling the current member's investment (to be reviewed each year).

The DDM also considers cost-sharing (with benefiting stakeholders), which should reduce our member's contribution to this strategy over time.

Consideration of various initiatives such as regional trails strategy forms part of the DDM, and the strategy can be changed to suit the available resources.

3. Regional Waste Solution (H)

We are progressing towards a regional solution for our members; our members' feedback is to invest in finalising a solution.

There is significant interest in cross border solutions to provide the economies of scale required to deliver a cost-effective regional materials recycling solution, as recently published in the Barwon South West Waste and Resource Recovery Group Waste Infrastructure Optimisation Strategy.

Further work needs to be done to:

- develop and test the governance, commercial, and risk models with participants, stakeholders and regulators to identify barriers and ascertain if a regional solution is realistic
- develop a business plan, seek approvals and funding
- proceed to project implementation, and
- transition to a business as usual state

To progress this project, \$160,000 is allocated from members equity across 2021/23 financial years.

4. Roads Strategy (H)

The Regional Roads Strategy and Database was updated in 2020/21 and continues to be a critical strategy to access funding for priority road upgrades, with over \$16 million secured for local roads since the strategy was developed.

With changes in our member's staff who contribute to this strategy, it is essential we provide training to ensure we continue to generate value to sustain investment in priority regional roads. An allocation has been provided in this business plan for this training.

5. Joint Planning Board (JPB) (H)

Provided members are satisfied with the value proposition, once approved by the Minister, a JPB will focus on delivering a Regional Plan by 2023. The first step is for the JPB to develop a business plan and project plan to review the Regional Plan by 2023.

6. StarClub (H)

Starclub is considered an important program in the region by our members to support sporting clubs, particularly in the current Covid-19 environment. It is essential that the Sports Academy does not detract from the delivery of the StarClub Program. The Limestone Coast has the highest StarClub participation rate of any region in South Australia, which has also assisted our region in securing sporting grants at a higher level than other regions.

7. Resource Sharing (M)

Testing and developing shared services arrangements continues to be an important outcome our members are pursuing; some additional resources may be needed to progress this work on a case by case basis.

8. South Australia Coastal Councils Alliance (SACCA) (M)

The Limestone Coast LGA members recognise that the entire region benefits from a healthy coastal environment which is why we are continuing to support the SACCA and its activities.

9. Regional Health And Wellbeing (L)

With the completion of the Regional Health Plan, there was interest in continuing this network to consider the plan's implementation.

CHANGE

1. Heritage Advisory Services (M)

The Board has approved LCLGA to test the market to source a provider to continue the service. Whilst an amount has been included in this business plan for this service, it is designed to be essentially a pass-through with no impact on the LCLGA's bottom line.

Depending on the results of the tender process, these costs may vary.

2. RDALC Relationship (H)

Continue to develop the relationship with the RDALC to ensure we are receiving value for money from our investment and that the organisations are working together strategically and operationally to benefit our community.

Depending on the level of satisfaction from the service received, this may also include seeking alternative service arrangements.

TRANSITION

1. Red Meat Cluster (RMC)

The RMC is the only industry cluster the LCLGA supports. Whilst it requires minimal support, the RMC is seeking a different service to support its future development. Working with the RMC, we will seek to find a sustainable solution with them.

2. Limestone Coast Regional Sports Academy (LCRSA)

The LCRSA has grown significantly over the last three years; it needs to evolve into a new organisational structure for it to be sustainable. The LCRSA is seeking additional funding from State Government, and like the DDS, it will be sized according to the funding received.

Work is being done with the LCRSA to develop strategies to transition it to a more sustainable state.

3. Substance Misuse Limestone Coast (SMLC)

The LCLGA agreed to Auspice the SMLC. It is fully funded by Federal Government and is already moving to become an independent organisation. Continuing this transition to a self-sufficient state is a priority for both the SMLC and LCLGA.

4. Limestone Coast Leadership Program (LCLP)

In 2021/22, the LCLP is delivering its third course. There has been no decision to progress to a fourth program, and the Steering Committee is considering options for future programs with organisations outside of the LCLGA.

This feedback has been incorporated into the 2021/22 business plan.

Key Result Area's

The strategic plan identifies three key result areas to focus on and support our "why" of collectively building stronger communities.

They are building:

- Sustainable Communities
- Stronger Economy
- Member Capability

Building Sustainable Communities

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

Over the 2021/22 year, building sustainable communities in a COVID-19 recovering environment within a local government context will be the focus.

The objectives and proposed strategies in the strategic plan focus on climate adaptation, regional health plans, and completing our committed "incubator projects", being the LCRSA, LCLP and SMLC.

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 – 2021/22)

- 1) Our networks, members and stakeholders are connected and engaged
- 2) Incubator project outcomes have transitioned to alternative governance and operational arrangements
- 3) The governance, effective management, and capabilities of sporting clubs continue to improve (Star Club)
- 4) Joint Planning Board commences operations to develop a new regional plan

Performance Indicators

- 1) The extent that the government listens and incorporates Limestone Coast priorities in decision making
- 2) Member rating of our effectiveness in keeping them and stakeholders connected
- 3) Incubator project outcomes delivered with future governance and organisational requirements developed

Table 1: Building Sustainable Communities

Strategy	Tactics	Approach	Timing	Responsibility
Engage with stakeholders	<ul style="list-style-type: none"> • LGASA and SAROC • Regional Executive Officers • Local members • Key Stakeholders (SA Government and Industry) • Create social media presence to share stories • GT Freight Action Plan - engage state gov. on plan efficacy 	Communication and advocacy as agreed with members	Every 2 months Every 2 months As required As required Ongoing Twice a year	Executive Officer
Star Club Program	<ul style="list-style-type: none"> • Deliver the program to over 300 clubs in the Limestone Coast 	Program	Ongoing	StarClub Field Officer
LC Regional Sports Academy	<ul style="list-style-type: none"> • Select participants and deliver the program • New strategic plan 	Project	Jul and ongoing Oct-21	StarClub Field Officer
LC Leadership Program	<ul style="list-style-type: none"> • Complete the third program 	Project	Oct-21	Leadership Project Coord.
Substance Misuse Limestone Coast	<ul style="list-style-type: none"> • Implement the program as per the funding deed and SMLC plan 	Project	Ongoing	Program Coordinator
Regional Health and Wellbeing	<ul style="list-style-type: none"> • Test the need for a committee to oversee the Regional Health Plan 	Program (Regional Health Strategy)	Dec-21	Program Coordinator
Access grant funding	<ul style="list-style-type: none"> • Work with partners to develop proposals for funding 	Project	Ongoing	All
Proactive Advocacy	<ul style="list-style-type: none"> • Implement the program as per the funding deed and SMLC plan 	Advocacy	As agreed with Board	Executive Officer
Auspice SACCA	<ul style="list-style-type: none"> • Support the SACCA plan development and implementation 	Program	Ongoing	Executive Officer

Building a Stronger Economy

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 before 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 flooding to the same extent as some other areas in Australia, and our ocean resources are in reasonable shape compared to other places.

Some of our primary industries are vulnerable to continuing geopolitical tensions that play out as restraining trade, such as our Fishing, Viticulture, Forestry and Tourism industries.

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

Growth enabling factors such as migration, affordable housing and access to capital are potential constraints to growth as the longer-term implications from Covid-19 become clearer.

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 – 2021/22)

- 1) DDS is approved, and implementation commences
- 2) Regional Roads Strategy is monitored and sought after funding for high priority roads achieved
- 3) A viable (politically, commercially, risk and governance) waste option is developed
- 4) The Regional Growth Strategy is monitored, and Board approved projects delivered
- 5) Collaboration opportunities on cross border projects are agreed

Performance Indicators

- 1) Joint Planning Board commences operations to develop a Regional Plan, should the value proposition be proven
- 2) Our members are successful in attracting funds for projects
- 3) Federal and State Members support our member's advocacy priorities
- 4) Regional roads projects are approved and sought after funding achieved
- 5) DDS year one objective achieved
- 6) A regional waste solution is structurally viable to proceed to a business case to source funding.

Table 2: Building a Stronger Economy

Strategy	Tactics	Approach	Timing	Responsibility
Monitor and develop the Regional Growth Strategy	<ul style="list-style-type: none"> • Review the growth strategy and update • Advocacy on priorities • Seek and support funding priorities • Implement approved projects 	Program and projects (Regional Growth Strategy)	Nov-21 Ongoing Ongoing As needed	Program Coordinator
Maintain the roads database and Council skills	<ul style="list-style-type: none"> • Regularly meet to update the Regional Transport Strategy and database • Train Council and LCLGA staff on SLRP funding process • Support the preparation of submissions for SLRP funding 	Program (Regional Transport Strategy)	3-4 times per year Feb-22 April / May-22	Program Coordinator
Test the viability of a regional waste solution	<ul style="list-style-type: none"> • Test the risk, commercial and governance of a regional solution • Secure the agreement of participants on implementation plan • Develop Business Case and secure funding • Commence procurement 	Project (from the Waste Strategy)	Nov-21 Feb-22 Apr-22 Jun-22	Executive Officer
Destination Development Strategy	<ul style="list-style-type: none"> • Establish industry reference group • Depending on funding commence implementation of the DDS. 	Project (Destination Develop. Strategy)	Oct-21 Ongoing	Dest Develop. Manager
RDALC Deliverables	<ul style="list-style-type: none"> • Work with the RDALC on agreed deliverables • Facilitate joint Board meetings 	RDALC Agreement	Ongoing Sep-21	Executive Officer
Cross Border Partnerships	<ul style="list-style-type: none"> • Develop a plan for priority Local Government Cross Border initiatives • Implement as approved by the Board 	Project (to be developed)	Aug-21 From Sep-21	Executive Officer
Red Meat Cluster	<ul style="list-style-type: none"> • Facilitate the RMC Strategic Plan with the Committee 	RMC Strategy	Ongoing	Program Coordinator

Building Member Capability

Building our capability focuses on increasing the availability and access to resources, reducing costs, improving performance, developing new skills and knowledge, leveraging our member's abilities for collective benefits, and developing and growing our employee's capabilities across our region.

Over the next financial year, our members will come under increasing pressure from social, political and economic perspectives; and from changed budget processes from the Local Government Review Bill.

Accessing scarce resources to reduce costs and secure needed skills is an ongoing need for our members.

Longer-Term Objectives (strategic plan – 2020/25)

- 1) Members can access scarce or hard to source skills and expertise
- 2) Members capabilities are increased through collaboration, knowledge sharing and skills
- 3) Local employees' skills and expertise are developed and retained in the region
- 4) Members are well-positioned to respond to the requirements of the Local Government Review Bill.

Objectives (business plan – 2021/22)

- 1) Priority skills, resource sharing and funding arrangements (including grants) commenced
- 2) Shared approaches deliver improved value
- 3) Members collaborate effectively through LCLGA forums, committees and working groups
- 4) Members are well-positioned to respond to the requirements of the Local Government Review Bill.

Performance Indicators (business plan)

- 1) Resource sharing has started with performance improvements evident
- 2) Benefits in shared procurement are clear and realised
- 3) Elected members are supported in improving their knowledge and networks
- 4) Members rate forums, committees and working groups highly
- 5) The extent that our members are prepared for the outcomes from the Local Government Review Bill.

Table 3: Building Member Capability

Strategy	Tactics	Approach	Timing	Responsibility
Deliver member forums	<ul style="list-style-type: none"> • Board Meetings • Mayors Forums • CEO Forums • Members Briefings • Working Groups 	Facilitation	Every two months Weekly Every two months As required As required	Executive Officer
Members communications and dashboard	<ul style="list-style-type: none"> • Social media communications • Performance dashboard 	Communications and Project	Dec-21 Apr-22	Executive Officer
Shared capability project	<ul style="list-style-type: none"> • Finalise shared capability agreement across all Councils 	Project	Sep-21	Executive Officer
Provide analysis, advice , submissions and advocacy	<ul style="list-style-type: none"> • Maintain emerging policy awareness and engagement with members 	Scanning and engagement with industry	Ongoing	All

Finance Overview

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

The LCLGA continues, in 2021/22, to receive \$42,000 from the LGASA to support regional activities, which is very much appreciated.

The LCLGA has been strategically reducing its cash reserves through a real reduction in members subscriptions over the last five years. Members have also benefited from the cessation of Rubble Royalty payments, resulting in decreased indirect funds to the LCLGA.

The combined impact of the loss of Rubble Royalty, no real increase in subscriptions and increasing costs is a reduced annual position of 35% compared to 2015.

A financial sustainability plan has been developed for the LCLGA. This plan involves continuing to create a narrow focus to create value, keeping costs efficient and operations lean, seeking grants and other non-member sources of revenue and increasing members fees to a sustainable level.

The financial sustainability plan has been developed with feedback from the LCLGA Risk and Audit committee and the Board.

The proposed member's contributions and projects result in a loss of \$124,000 in 2021/22, a loss of \$98,000 in 2022/23 and a small surplus of \$9,000 in 2023/24. Members equity is \$227,000 at the end of 2022/23.

Within our budget, there are four projects or activities where costs are "pass-through". These are included in our financial statements but make no impact on the LCLGA bottom line.

- 1) RDALC contributions of \$93,000
- 2) Heritage Advisory Services, currently \$63,000
- 3) South Australian Coastal Council Alliance Membership, \$100,000
- 4) Substance Misuse Limestone Coast (SMLC), \$100,000

These are projects that have their income and expenses netted out. The SMLC also pays its overheads, which has a small positive impact on the LCLGA's fixed operational costs.

While the SMLC and SACCA have a zero net impact on the LCLGA's bottom line, their unused funds form part of our total cash assets and are held in liabilities accounts until consumed. Therefore the LCLGA's total cash assets will look very strong, but we will also have high project liabilities until these funds are used.

The DDS is currently being presented to Councils with various options on the strategies implementation with different funding levels. We have assumed, based on feedback to date, that the strategy is supported and that members will double their contribution to this project.

The DDS is scalable relative to the funds available.

The StarClub and LCRSA budgets are jointly considered as they share costs and resources. Traditionally there has been a small contribution from members equity and formerly Rubble Royalties, in addition to members contributions to the StarClub program. It is assumed this will continue in 2021/22. Both programs are subject to funding applications, and it is assumed there will be total funding of \$126,000 from SATC grants. Like the DDS, if the grants funds are lower or higher, the programs will be scaled accordingly.

The Limestone Coast Leadership Program (LCLP) is in its final year, and it is assumed the program will either move to another auspicing body or cease. We are continuing to contribute \$10,000 pa from members equity for the final year as per our commitments to the program.

An allocation has been included in the budget for the Roads and Transport Management Group (\$20,000) to prepare the Special Local Roads Program (SLRP) submissions for the 2022/23 financial year and staff training on the SLRP process.

We have included funds to progress a regional waste solution (\$80,000).

The minimum cash holdings required to avoid members liability is calculated to be \$175,000 based on a scenario where LCLGA is wound up. The Board has also advised that the LCLGA should reserve around \$200,000 for strategic projects. The intent is to restore the Project Reserve if it is used.

Assumptions

The Business Plan has the following assumptions.

- Costs, where known, are included; CPI or other appropriate escalators escalate all other expenses if not known.
- Annual CPI, in January for Adelaide, was 1%.
- Staff salary increases are adjusted in line with our members EBA arrangements and are assumed to be CPI+1%.
- Our travel and accommodation costs remain lower as we make greater use of zoom meetings. Video conferencing is an efficiency opportunity and a health and safety issue as we seek to reduce the amount of time staff spend in cars.
- The Sports Academy will receive \$70,000 in state funding, and the StarClub will receive \$56,000 in funding.
- We can successfully outsource our financial processing and support to reduce risks, costs and improve performance.
- That Council Staff on Working Groups and Committees can participate in the approved work program.
- Attending international trade operator events to promote the Limestone Coast will continue through virtual events in 2021/22.
- Any additional costs for new projects or programs, such as procurement, will be funded by Councils or need separate approvals from the Board to utilise members equity.
- Project oncost are recovered at 20%.
- The DDS is approved with a doubling of funding.
- Superannuation increases to 10% employer contribution and 0.5% pa until it reaches 12%.
- Interest earnings decrease to \$10,000 pa due to reducing investment amounts and low-interest rates.
- Minimum cash holdings are \$175,000.
- A reserve of \$200,000 above minimum cash holding is sought to sustain LCLGA flexibility.
- The project reserve can be used but will then be replenished over time.

Five Year Financial Viability Plan

The LCLGA has reduced its financial capacity by around 35% since 2015. A continued reduction in capacity will require a further reduction in costs and the scope of work being done to sustain operations.

Progressing the delivery of a regional waste solution is a priority for our members. To advance this work, we have included provisions of \$160,000 over the next two years to test how realistic a regional cross border waste processing solution is and to develop a business plan to secure funding.

To deliver this waste project, we propose using some of the \$200,000 project allocation identified by the Board.

To stay above minimum cash holdings, deliver the agreed programs and undertake the waste project, it is proposed that the following financial pathway be followed.

Table 4: Member subscriptions for financial sustainability

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

A net total increase in members subscriptions of \$149,432 in 2021/22.

Noting this increase includes an additional \$110,000 for the DDM, allocations for SACCA (new \$8,000), RDALC (an increase of \$3,000) and the Heritage Advisor Service (expected increase of \$6,000).

Excluding DDM, RDALC, SACCA and Heritage, the actual increase to incrementally address the LCLGA's financial viability in 2021/22 is \$23,000 as shown in Table 5.

Noting the RDALC commitment is still subject to our member's agreement and the Heritage service to a tender process before these costs are confirmed. Included is a CPI adjustment to the RDALC contribution and the current costs of the heritage services program.

Even with these proposed increases, we forecast a loss of \$124,000 in 2021/22, reducing members equity to \$325,000 (see Chart 1.0 below). This strategy continues the Board decisions to reduce members equity since 2015 and is now seeking to slow and stabilise members equity.

A financial viability model has been developed with steady and modest increases over the next five years to stabilise the bottom line with a recovery of financial capability to top up the project reserve beyond five years.

Based on this model, members equity drops to \$227,000 before recovering, as shown in Chart 2.0 below. The chart shows that we are using the project reserve of \$200,000 above minimum cash holdings each year. Following 2023/24, the LCLGA returns to small profits.

The DDS includes opportunities for external funding to offset Council contributions, and if successful, would reduce Councils contributions to this strategy.

Chart 1: 2021/22 Cashflow

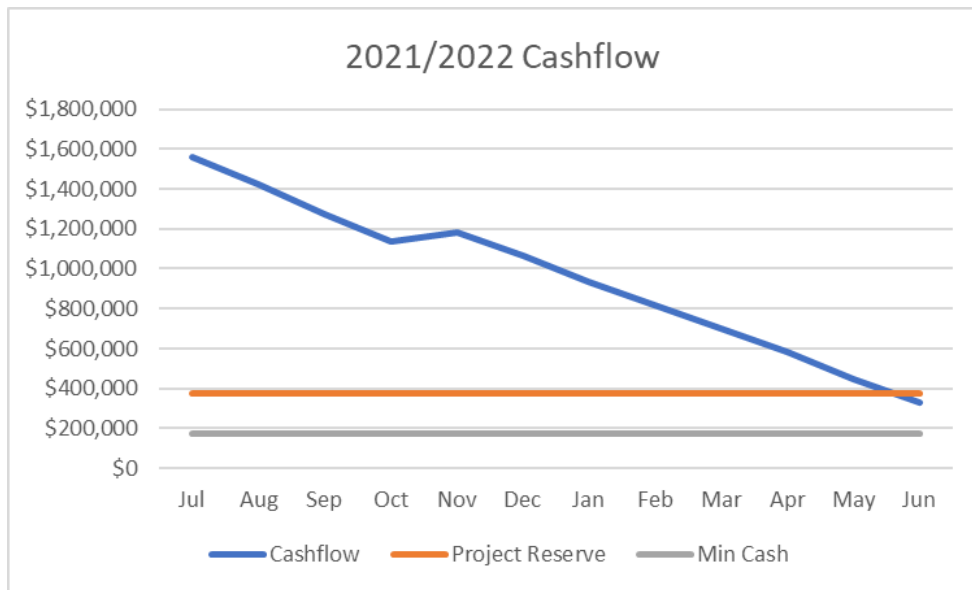
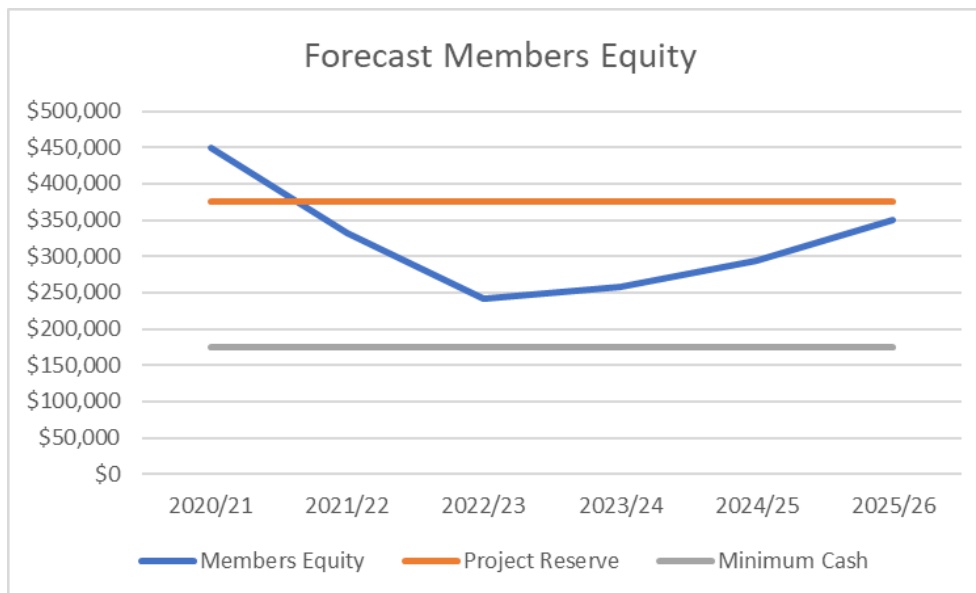


Chart 2: Cashflow 2021/26



The financial viability model will be reviewed and updated each year, including variations in actual costs and timings, as well as securing grants to ensure we don't drop below \$175,000, unless otherwise approved by the Board.

The plan post-2025/26 is to sustain surpluses to return members equity to its desired level of \$375,000.

Table 5: Financial Sustainability Increases

INCREASES IN MEMBERS SUBSCRIPTIONS EXCLUDING TOURISM, RDALC, SACCA AND HERITAGE						
MEMBER CONTRIBUTIONS	2021/22	2022/23	2023/24	2024/25	2025/26	Total
City of Mount Gambier	\$6,131	\$6,499	\$6,888	\$4,868	\$5,063	\$29,448
District Council of Grant	\$2,985	\$3,164	\$3,353	\$2,370	\$2,465	\$14,336
Wattle Range Council	\$4,913	\$5,208	\$5,521	\$3,901	\$4,057	\$23,601
Naracoorte Lucindale Council	\$3,356	\$3,558	\$3,771	\$2,665	\$2,772	\$16,122
District Council of Robe	\$1,324	\$1,403	\$1,487	\$1,051	\$1,093	\$6,358
District Council of Tatiara	\$2,894	\$3,068	\$3,252	\$2,298	\$2,390	\$13,903
District Council of Kingston	\$1,497	\$1,587	\$1,682	\$1,189	\$1,236	\$7,190
Total	\$23,100	\$24,486	\$25,955	\$18,342	\$19,075	\$110,959

Table 6: Member Contributions 2021/22

2021/22								
MEMBER CONTRIBUTIONS	Subscriptions	Tourism	StarClub	Programs	SACCA*	RDALC*	Heritage*	Total
City of Mount Gambier	\$77,364	\$58,388	\$14,066	\$16,879	\$1,143	\$24,682	\$26,703	\$219,226
District Council of Grant	\$37,662	\$28,424	\$6,848	\$8,217	\$1,143	\$12,016	\$2,677	\$96,986
Wattle Range Council	\$62,003	\$46,794	\$11,273	\$13,528	\$1,143	\$19,781	\$11,235	\$165,757
Naracoorte Lucindale Council	\$42,355	\$31,966	\$7,701	\$9,241	\$1,143	\$13,512	\$5,829	\$111,748
District Council of Robe	\$16,703	\$12,606	\$3,037	\$3,644	\$1,143	\$5,329	\$10,695	\$53,157
District Council of Tatiara	\$36,525	\$27,566	\$6,641	\$7,969	\$1,143	\$11,653	\$3,171	\$94,668
District Council of Kingston	\$18,889	\$14,256	\$3,434	\$4,121	\$1,143	\$6,027	\$2,690	\$50,560
Total	\$291,502	\$220,000	\$53,000	\$63,600	\$8,000	\$93,000	\$63,000	\$792,102

*pass-through costs.

SURPLUS / LOSS 2021/22

INCOME	Total
Members Subscriptions	\$792,102
Grants	\$462,000
Other	\$150,500
Interest	\$10,000
Total	\$1,414,602

EXPENSES	Total
Wages	\$733,272
Project Costs	\$454,127
Program Costs	\$115,000
Vehicle	\$67,856
Audit and Accounting Fees	\$36,000
Rent	\$30,000
Governance	\$18,000
Computing & IT	\$15,000
Insurance	\$12,000
Training	\$10,988
Printing/Stationery	\$9,600
Telephone	\$8,040
Consultancy	\$6,000
Miscellaneous	\$6,000
Seminars	\$6,000
Travel	\$6,000
Advertising & Marketing	\$1,800
Subscriptions	\$1,800
Bank Fees	\$720
Postage	\$480
Total	\$1,538,683

Net	-\$124,081
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The surplus and loss show a forecast loss of -\$124,081 for the next financial year, with members equity reducing to \$325,919, assuming the starting balance is \$450,000.

The surplus/loss includes pass-through costs. Wages contains provisions for two new positions, which is subject to increases in funding for the DDM (from members subscriptions) and LCRSA(external grants). If funding is not secured, then these roles will not be filled, and the programs scaled accordingly.

Starting Cash	Members Equity											Closing Cash	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		Jun
\$450,000	\$1,562,001	\$1,420,168	\$1,272,867	\$1,131,035	\$1,178,733	\$1,060,946	\$929,007	\$811,220	\$693,432	\$575,645	\$443,706	\$325,919	\$325,919

From Chart 2, Chart 3 and the surplus and loss, members subscriptions make up 56% of total revenue, with the most significant expense being wages (48%) and projects and programs (37%).

Chart 2: Breakup of Income 2021/22

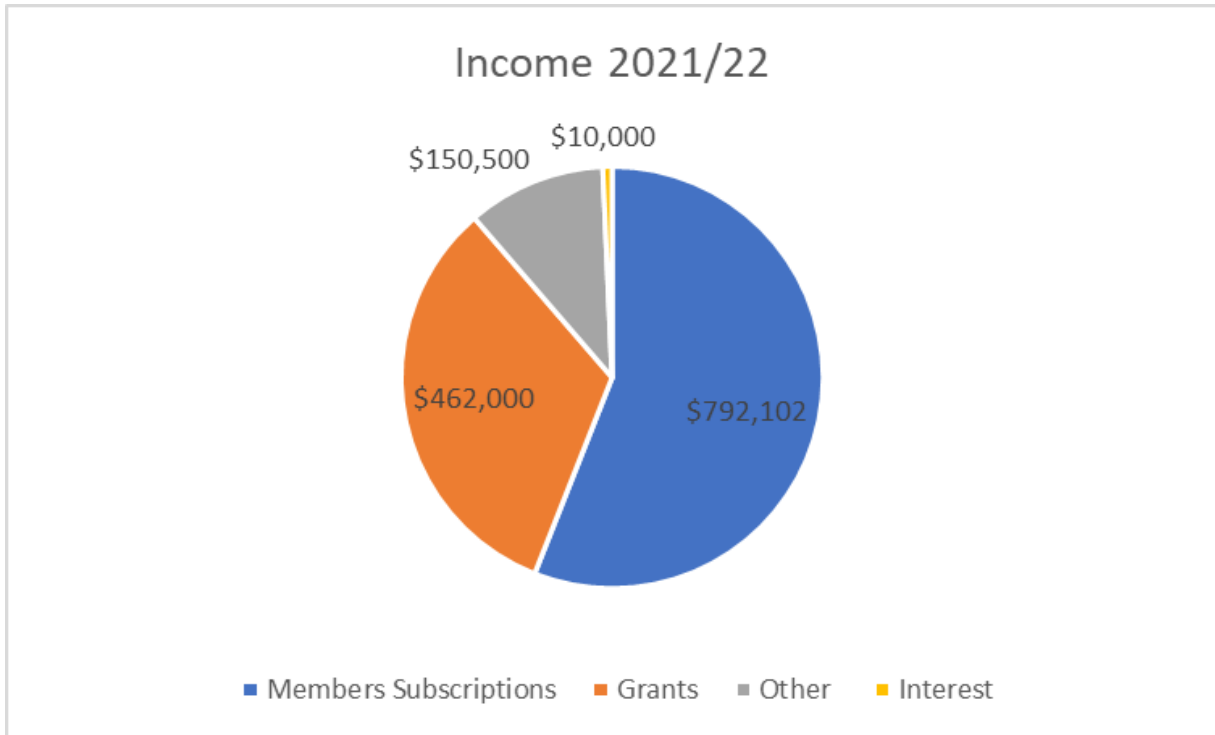
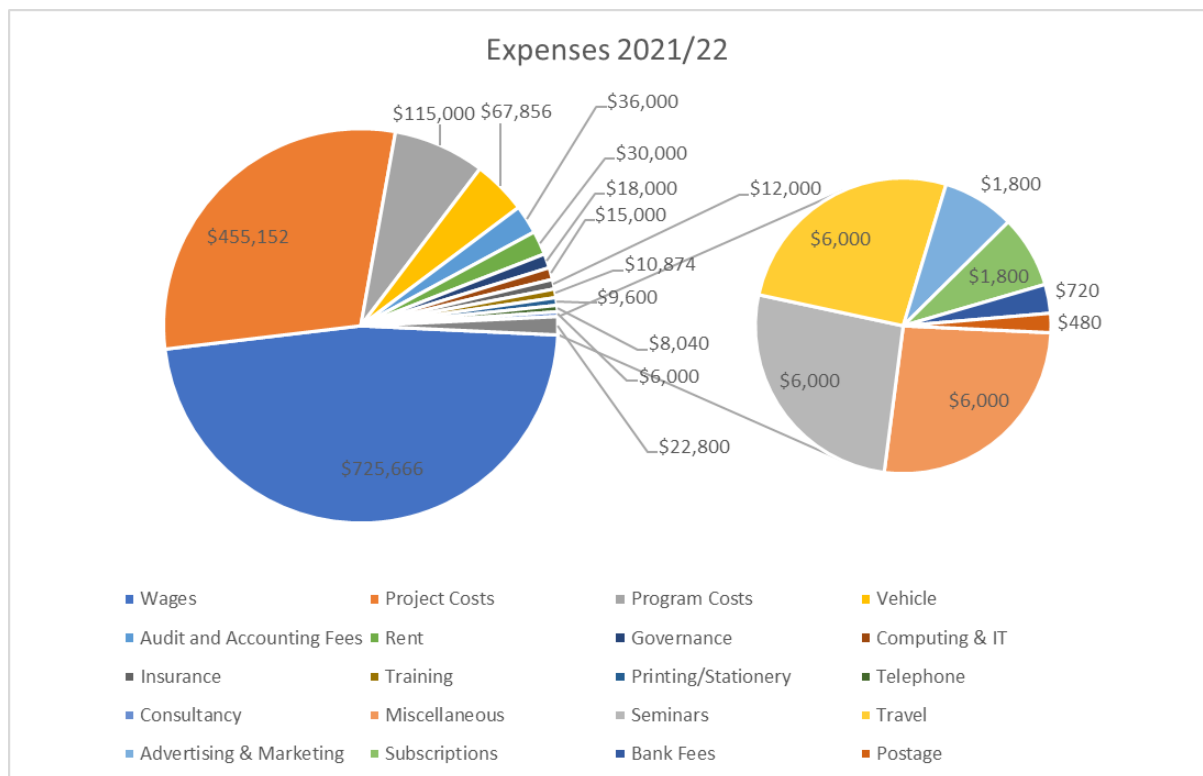


Chart 3: Breakup of Expenses 2021/22



PROJECTS & PROGRAMS

Projects have a dedicated project manager. There is a net \$31,756 reduction in members equity due to contribution to the Sports (StarClub and Academy) and Leadership projects (as discussed earlier).

PROJECTS	Revenue			Expenses	Net
	Members	Grants	Other		
Destination Marketing Strategy	\$220,000	\$84,000		\$306,064	-\$2,064
StarClub	\$53,000	\$56,000		\$112,886	-\$3,886
Sports Academy	\$0	\$70,000	\$42,500	\$128,213	-\$15,713
Leadership	\$0	\$0	\$40,000	\$50,093	-\$10,093
Total	\$273,000	\$210,000	\$82,500	\$597,256	-\$31,756

Programs have support from the Program Coordinator and other staff, such as the Executive Officer with a subject matter expert committee to guide the program.

Members contribute to the delivery of the programs (\$63,600) with an emphasis on Roads, Waste and Economic Growth Strategy, which make up \$105,000 of the \$115,000 project expenses. The shortfall for programs is funded from members equity.

The Joint Planning Board (JPB), if established, will develop a separate business plan as a separate legal entity. The \$5,000 budget allocation is for minor legal costs in establishing the JPB.

PROGRAMS	Revenue			Salary & Oncost	Program Expenses
	Members	Grants	Other		
Roads		\$0	\$0		\$20,000
Waste		\$0	\$0		\$80,000
Joint Planning Board	\$63,600	\$0	\$0	\$33,954	\$5,000
Shared Services		\$0	\$0		\$5,000
Economic Growth Strategy		\$0	\$0		\$5,000
Red Meat Cluster		\$0	\$0		\$0
Total	\$63,600	\$0	\$0	\$33,954	\$115,000

Pass-through items have no net impact on the LCLGA's bottom line and are funded via members contributions or grants.

PASS THROUGH	Revenue			Expenses	Net
	Members	Grants	Other		
Heritage advisory services	\$63,000	\$0		\$63,000	\$0
RDALC	\$93,000	\$0		\$93,000	\$0
SACCA	\$8,000	\$0		\$8,000	\$0
SMLC	0	\$175,000	\$0	\$168,980	\$6,020
Total	\$164,000	\$175,000	\$0	\$332,980	\$6,020