

BUSINESS PLAN CONTEXT

The 2022/23 Business Plan is the 2022/23 operationalisation of the 2020/25 Strategic Plan, which was tested for validity with the Board in February 2022 at a strategic 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 not just to the LCLGA but also 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. Notwithstanding this, we recognise there is always an opportunity to improve our value proposition to our members.

The current operating environment continues to be highly volatile, as detailed in the external and internal operating environment sections of this business plan. This volatility is due to the COVID-19 pandemic, 2022 government elections (Local, State and Federal) and geopolitical tensions between democratic and totalitarian regimes.

The LCLGA recognises we will need to 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 trade-offs occur so we can continue to deliver value to our members.

Nevertheless, in reviewing the strategic context for the LCLGA, the fundamentals of our Strategic Plan continue to 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.

During 2015/20 the LCLGA came 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.

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 Plans.

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 the existing and emerging factors that may influence our strategy. These factors, as identified by thought leaders such as CSIRO and Ernst and Young, 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 strategic operating environment, which may impact the context and validity of the Strategic and Business Plan.

There continues to be a significant disruption to our operating environment due to the COVID-19 pandemic. The pandemic ramifications have translated into or amplified geopolitical tensions and accelerated changes that impact every aspect of our lives: trade, workforce, supply chains and their performance, diversity and equity, housing, regional employment, tourism, work/life balance, and cost of living to name a few.

The aspirations of totalitarian regimes and democratic countries are creating increased friction and, in the case of the Ukraine, an all-out war. These factors, coupled with the pandemic, are changing the way global supply chains operate and our thinking about sovereign and economic risk.

Layered across all of these dimensions is the added volatility of climate change and variability.

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

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.

However, the challenges in our supply chain are also delaying building activities as materials become scarce and much more expensive.

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 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 not able due to the lack of housing.

The recent State Election resulted in a change of government from a Liberal Government to a Labor Government. The Limestone Coast has been recognised explicitly as a region with a significant opportunity for growth that has been neglected by successive governments for many years.

The promises from the incoming Labor Government align strongly with the LCLGA's priorities and as contained in the Member for Mount Gambiers (Troy Bell MP) Future Plan for the region.

SITUATIONAL ANALYSIS

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

Despite continuing financial losses in recent years, the position of the LCLGA remains strong as we have strategically drawn down member's equity.

The Board has approved a \$200k project reserve in members' equity above minimum cash holdings. Minimum cash holdings have been approved at \$175k, which is when members will need to contribute resources if the LCLGA was to be wound up.

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

Compared to 2015/16, our annual financial capacity is now around 30% weaker due to a real reduction in members fees, increased costs, and loss of Rubble Royalty funding. In 2021/22, 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. We are currently committed to one incubator project, having completed one project in 2021/22 – the Leadership Project and transitioned another (Substance Misuse Limestone Coast) to an alternative organisation.

We have reduced the number of projects and programs from 2021/22 due to feedback from our members to focus on those activities that deliver member value. This narrowing in focus is a theme in our Strategic Plan and has been progressively embedded in Business Plans from 2020.

Our members have made a significant investment in the Destination Development Strategy; with these additional resources available, we have been steadily implementing the approved strategy.

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 note the additional funds sought for the Academy from the Labor Government over the next four years.

The StarClub program has the highest participation rate of any region in SA and is one of the reasons we continue to achieve a higher per capita funding for sporting infrastructure than other regions. However, the future funding of this work is now subject to a new paradigm under the currently named Game On strategy, which provides an opportunity to expand the scope of activities with our community.

The Strategic Local Roads Program (SLRP) continues to be an important source of funding for Limestone Coast regionally significant roads which support economic, tourism and community activities. Improvements in the processes to assess routes have been identified as a key piece of work for 2022/23.

The Limestone Coast Regional Transport Plan may need further review in 2022/23 to ensure our Plan is consistent with the SAROC project to map priority across the state

With the review of the Limestone Coast Regional Transport Plan 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.

The Department of Infrastructure and Transport has agreed to a joint technical working group to assess DiT Roads and maintenance priorities and to provide input into the effective governance and performance of the Green Triangle Freight Action Plan.

SITUATIONAL ANALYSIS (CONT).

Progress has been made in a regional approach to a Material Recovery Handling Project. The City of Mount Gambier agreed in 2021 to explore the viability of a regional solution following an LCLGA / BOD / UniSA feasibility study. This study showed a regional Material Recovery Facilities was feasible, especially if Western Victorian Councils were also part of the project.

In 2021 the Barwon South West Waste and Resource Recovery Group also did a study into the Optimal Regional Infrastructure Model for Western Victoria, which confirmed Mount Gambier as a

preferred site for servicing Western Victoria, along with Material Recovery Facilities in Ballarat and Geelong.

The next steps for the LCLGA are to undertake a commercial (risk and governance) review, which, if viable, would develop into a full business case to secure funding and Council support.

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 of 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 not take on additional responsibilities without considering the trade-offs (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:

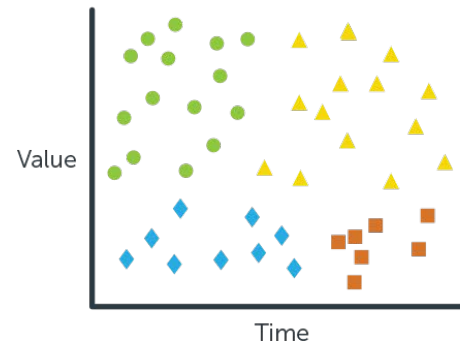
1. Should we be responsible for implementing the strategy?
2. What is the relative value of the proposed work?
3. What is the trade-off, and is this acceptable?

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



- > Fit with why?
 - > Number of members?
 - > Significance of benefit?
 - > Effort required
 - > Start date = Time
- } = Value

- Highest value, shortest time
- ▲ Average value, average time
- ◆ Low value, quick wins
- Least value, longest time

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 of our activities are strongly aligned with our "why" and Values and provide the greatest benefits to them in the context of our situation and changes in the external environment.

Our members' responses continued a theme of narrowing down and going 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. Stop Doing, 3. Start Doing, and 4. Improve.

KEEP DOING (IMPROVE MARKED WITH AN *)

Advocacy*

Implement the approved advocacy program and increase our profile in the media in pursuing that program and ensure we have access and relationship with key Ministers in the new government.

Destination Strategy

Continue implementing the approved Destination Development Strategy (DDS), with a review of the value delivered for the increased investment at the end of 2022/23.

Regional Waste Solution *

Progress the work on the Regional Materials Recycling Facility, in particular, 1) 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. Then, 2) develop a business plan and seek approvals and funding and 3) subject to funds and approvals, proceed to project implementation.

There needs to be better involvement of our member CEOs and communications on the development and progress of this project which is seen as a priority by our members.

\$160,000 has been allocated from members' equity across 2021/24 financial years to progress this work.

Roads Strategy (*)

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

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

KEEP DOING (CONT).

Regional Plan

The LCLGA plans to work with our members and the department to develop the Limestone Coast Regional Plan. The amount of work and support needed is not yet clear, noting we have offered to work with the department and our members on the community engagement aspects of the Plan's development.

StarClub

Starclub is considered an important program in the region by our members to support sporting clubs, particularly in the current Covid-19 environment.

ORSR funding is not available for StarClub in the future. However, funding is available for programs aligned with the “Game On” strategy, which seeks to increase participation in sport, especially from diverse groups that normally do not have the opportunity for participation, young teens who often leave the sport at this age; and to increase the sustainability of regional sport and volunteerism.

An application is being developed to seek funding to sustain support for our regional clubs across the region. The outcome of this process will be included in the business plan, and the scope and type of program will be adjusted to suit the available resources.

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.

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 redefine the RDALC relationship to focus on Limestone Coast regional outcomes.

KEEP DOING (CONT).

Sports Academy

Develop a Strategic Plan for the LCRSA.

Continue to develop and deliver the program within the available resources.

STOP DOING IN 2022/23

Resource Sharing, Shared Services and Shared Procurement

This was seen by our members as being in the domain of the Council CEOs to drive. LCLGA to support as needed and to continue to seek efficient opportunities as requested by members and when we see an opportunity, for example, accessing the Localis system to gain lower costs from a shared purchasing agreement.

Regional Health And Wellbeing

The Regional Health and Wellbeing Plan has been completed, and there is a minor role for LCLGA until there is a need to review the Regional Plan.

Climate Adaptation

Whilst acknowledging this is a critical issue for our community and our planet, in the context of the role of the LCLGA, this was not considered a priority for the 2022/23 Business Plan.

Red Meat Cluster (RMC)

The Red Meat Cluster has not been able to replace its Chair and, in the absence of industry support, will be wound up

Substance Misuse Limestone Coast

This project should have moved from the LCLGA to the SMLC organisation by the end of 2021/22.

Leadership Program

The three-year program was completed in 2021/22 and has been taken on by the RDALC in a revised format which has secured \$2m to support the development of similar Leadership Programs across regional SA.

STOP DOING IN 2022/23 (CONT).

Road Safety

Lack of funding and changes in institutional arrangements means this is no longer a program we deliver.

Coastal Connections

Lack of funding means this is a program we do not currently deliver.

START DOING

LGASA Relationship

There is an opportunity to renew and strengthen our relationship with the Officers in the LGASA, and the LCLGA is well-positioned to facilitate that work.

Renew the economic growth strategy and engagement

The Limestone Coast Regional Growth Strategy is still current, but the Economic Development Group need refocusing. Clarifying and understanding the role of Local Government in economic development in the Limestone Coast and then implementing the agreed processes is a priority.

Newly elected member induction

Following the Local Government Elections, there is an opportunity for the LCLGA to work with its members on an induction to Local Government in the Limestone Coast.

This feedback has been incorporated into the 2022/23 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 that others want to join.

Over the 2022/23 year, the focus is on building sustainable communities in a COVID-19 recovering, new State Government and unsettled geopolitical environment (in a local government context).

The objectives and proposed strategies in the Strategic Plan focus on advocacy, Sports Academy, Regional Plan, Game On Strategy, 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 – 2022/23

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

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. Incubator project outcomes delivered with future governance and organisational requirements developed
4. Our members value heritage Services

| Strategy | Tactics | Approach | Timing | Responsible |
|--|--|----------------------------|---|--|
| Engage with stakeholders | <ul style="list-style-type: none"> • LGASA and SAROC meetings • Regional Executive Officers meetings • DiT Roads Working Group and Green Triangle Freight Strategy • Local Members (regular engagement) • Key Stakeholders (SA Gov and Industry) • Create a social media presence to share stories | Communication and advocacy | Every month Every two months Every quarter As required and as opportunity presents As required and as opportunity presents Ongoing | Executive Officer |
| Star Club / Game On | • Deliver the program to over 300 clubs in the Limestone Coast. | Program | Ongoing | Game On Officer |
| Limestone Coast Regional Sports Academy | • Projects delivered as planned including transitional arrangements | Project and sponsorship | Ongoing | Project Manager |
| Heritage Advisory Services | <ul style="list-style-type: none"> • Manage the provision of contracted services. • Review the services and allocation of work — report to Board | Project | Ongoing with a review in Feb-23 | Executive Officer |
| Access funding for our region, members and stakeholders | <ul style="list-style-type: none"> • Work with partners to develop proposals to access funding • Work with RDALC to access supporting evidence for proposals | Project | Ongoing | Executive Officer and Project Managers |
| Implement a proactive advocacy program (Duplicated across all KRA's) | <ul style="list-style-type: none"> • Deliver the approved advocacy program • Respond to advocacy priorities from members as needed | Advocacy | Ongoing Ongoing | Executive Officer |
| Auspice the delivery of the South Australian Coastal Councils Alliance | <ul style="list-style-type: none"> • Supervise the project coordinator and expenditure • Support the Executive Committee | Program | Ongoing Ongoing | Executive Officer |

Table 1: Building Sustainable Communities

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 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 compared to other areas.

Some of our main 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 long-term implications from Covid-19 become clearer.

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

The opportunities that may arise from the National Farmer Federation (NFF) Regionalisation Agenda are fully explored.

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 – 2022/23

1. Destination marketing strategy achieves its planned for outcomes
2. Regional Roads Strategy required funding is achieved
3. A viable waste option is developed
4. Regional Economic Growth Strategy Reset
5. Collaboration opportunities on cross border projects

Performance Indicators

1. Regional Plan that meets our needs is developed
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 objectives are achieved
6. A decision is made on the suitability of a Regional MRF.

| Strategy | Tactics | Approach | Timing | Responsible |
|--|--|----------------------|---|---|
| Reset the Economic Growth Strategy | <ul style="list-style-type: none"> • Review the economic growth strategy and outcomes with the CEO's • Clarify working group governance (at officer and Board level) • Engage with stakeholders and working group on required changes • Undertake agreed activities / projects | Program and Project | Aug-22 Aug-22 Ongoing TBD | Executive Officer |
| Monitor and update the Regional Transport Strategy and database | <ul style="list-style-type: none"> • Regularly meet to monitor the Regional Transport Strategy • Review definitions and provide training to committee members • Road's funding applications prepared and submitted | Program | Ongoing Sep-22 Dec-22 to Apr-23 | Executive Officer and Working Group Chair |
| Assess the viability and deliverability of a regional waste solution | <ul style="list-style-type: none"> • Assess the political, regulatory, risk and governance aspects for a regional cross border MRF • Develop a business case to support funding and gain commitment • seek commitments and funding to progress and deliver the project | Program | Jul-22 Sep-22 Feb-23 | Executive Officer |
| Destination Marketing Strategy | <ul style="list-style-type: none"> • Implement the approved strategy | Program | as per the approved plan - ongoing in 22/23 | Destination Manager |
| Assist in the delivery of a Regional Plan | <ul style="list-style-type: none"> • Work with the government and our councils to coordinate the Limestone Coasts engagement with the Plan's Development. | Project | To be determined with the department and Councils | Executive Officer |
| Green Triangle Freight Action Plan | <ul style="list-style-type: none"> • Attend meetings and link into the DiT Roads Working Group | Advocacy | Ongoing | Executive Officer |
| RDALC | <ul style="list-style-type: none"> • Facilitate joint Board meetings to establish regional economic development priorities | Program and Advocacy | Third ¼ 2022 and First ¼ 2023 | Executive Officer |
| Cross Boarder Partnerships | <ul style="list-style-type: none"> • Facilitate a Cross Border CEO Forum | Project | Oct-22 | Executive Officer |
| DiT Roads Planning Collaboration | <ul style="list-style-type: none"> • Establish and schedule DiT & LCLGA Roads Groups | Program | Ongoing - meetings every 1/4 | Executive Officer |

Table 2: Building a Stronger Economy

BUILDING MEMBER CAPABILITY

Building our capability focuses on linking and developing the ability of our members to work together, share resources, stay informed, and gain insights and efficiencies.

Noting the drive for shared resources and procurement is driven by our members, the LCLGA is happy to assist and support as required.

Where opportunities arise for efficiencies, such as Heritage Advisory Services or Regional Subscription to Localis, the LCLGA will seek to deliver this advantage to our members.

The work in this area includes the analysis of impacts of government policy, the development of submissions and making representations or preparing and delivering presentations to consultations.

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 – 2022/23

1. Opportunistic resource sharing and funding arrangements (including grants) achieved
2. Members are linked, and knowledge is shared via forums and meetings
3. Working relationship with the LGASA is effective.
4. Newly elected members are connected and understand the regional perspective of their role.

Performance Indicators

Business Plan

- 1) Elected members are supported in improving their knowledge and networks
- 2) Members rate forums, committees and working groups highly
- 3) The relationship with the LGASA is effective
- 4) LCLGA communications are effective for members
- 5) Policy submissions, representations and presentations represent our members' interests.

| Strategy | Tactics | Approach | Timing | Responsible |
|---|--|-------------------|---|-------------------|
| Deliver member forums | <ul style="list-style-type: none"> • Board meetings • CEO Forums • Chair Forums • Member briefings • Member working groups | Facilitation | Every two months Every three months and every two weeks Every two weeks As required As required | Executive Officer |
| Members communications | <ul style="list-style-type: none"> • Redesigned web site incorporating the performance dashboard • New elected members induction | Com's and project | Aug-22 Jan-23 | Executive Officer |
| Enhance the LGASA relationship | <ul style="list-style-type: none"> • Regular meeting LGASA CEO • CEO's and ExO takeup roles at LGASA to ensure LC representation • Engage with LGASA and SAROC in person to develop relationships | Facilitation | Twice a year Ongoing | Executive Officer |
| Provide analysis, advice, draft submissions, and make representations on policy | <ul style="list-style-type: none"> • Keep engaged and aware of issues that impact our members • Develop submissions as agreed with members | Advocacy | Ongoing | Executive Officer |

Table 3: Building Member Capability

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 2022/23 to receive \$42,000 from the LGASA to support regional capacity-building activities, and this 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 with a net reduction in income to the LGASA as a result.

The combined impact of the loss of Rubble Royalty refunds, no real increase in subscriptions for a number of years and increasing costs is a reduced annual position of 30% compared to 2015. The real increases in 2021/22 as part of the financial viability plan have helped reduce the rate of decline in member's 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, \$96,255.
2. Heritage Advisory Services, \$76,849.
3. South Australian Coastal Alliance, \$8,000.

This means that 22% of subscriptions are passed through expenses.

The Destination Development Strategy (DDS) is in its first year of implementation, so the added value is still being demonstrated. Therefore, we have held the member's subscriptions to the 2021/22 levels for 2022/23.

The StarClub and Sports Academy budgets have previously been considered jointly as they share costs and resources, with a \$10,000 contribution from members' equity, in addition to members' contributions to StarClub. While it is assumed this will continue in 2022/23, both programs are subject to new funding applications. Like the DDS, the projects will be scaled accordingly if the grants funds are lower.

In our programs, we have included in the budget \$25,000 for the Roads and Transport Management Group to prepare the Special Local Roads Program (SLRP) submissions for the 2023/24 financial year, review definitions, and provide staff training on the SLRP process.

We have included funds to progress the regional waste solution (\$80k). Noting there has been a delay in the 2021/22 program, notwithstanding this, to complete the planned work, the estimated cost is \$80k, based on the costs incurred in assessing the commercial, risk and governance requirements for the Barwon and Ballarat MRF projects.

Overall we are forecasting a net loss of \$79,927.

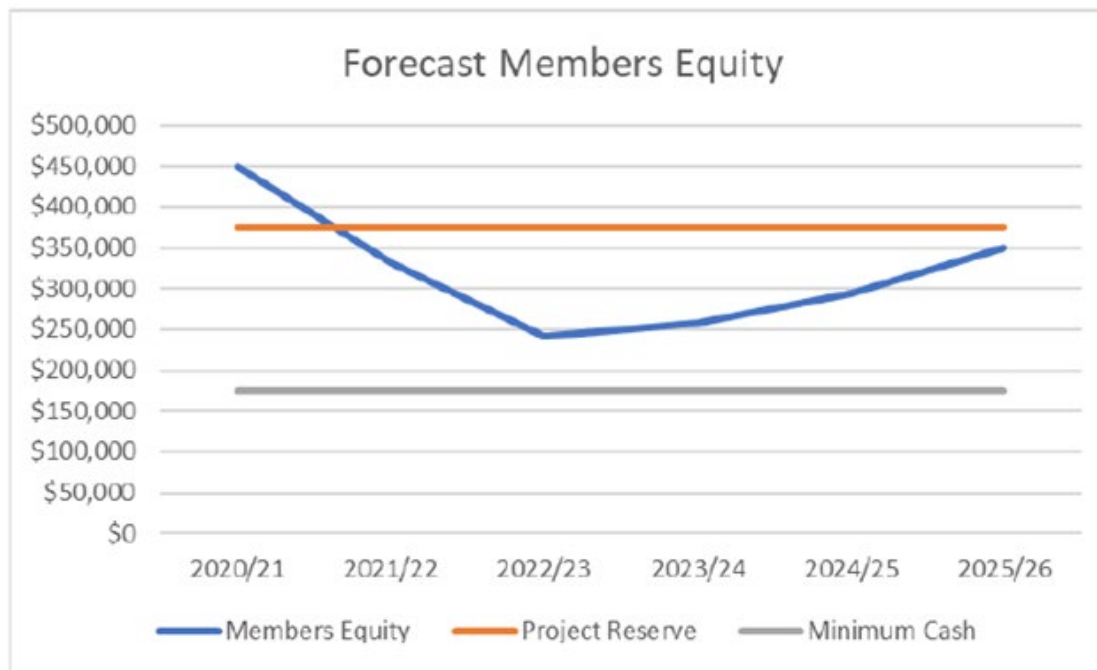
FINANCIAL VIABILITY

In 2021 the Board adopted a five-year financial viability plan. This Plan followed several years of a REAL decrease in members fees.

Cash reserves have been strategically reduced through successive losses. The Board has adopted a position that the LCLGA should have sufficient members' equity to:

1. Cover liabilities should the association be wound up 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, is shown below.



FINANCIAL VIABILITY (CONT).

In the 2021/22 Business Plan, it was forecast that members' equity would fall to \$325,000 at the end of 2021/22 and further to \$227,000 by the end of 2022/23.

There has been a delay in the waste project; it is assumed the expenditure will still occur over the 2021/23 financial years.

The outcome of the Heritage Advisory Service contract was higher than expected (about \$13k higher) as approved by the Board. We absorbed this cost in 2021/22 as the contract was approved after the budget had been set and are planning to continue that in the 2022/23 financial year. This has been partly due to efficiencies and delays in the Waste Project.

We have also included a CPI (Adelaide) Dec to Dec adjustment on salaries (3.5%).

ASSUMPTIONS

The Business Plan has the following assumptions:

- That member's 2022/23 subscriptions are at the level forecast in the 2021/22 Business Plan
- Almost all costs are known, otherwise increased by CPI
- Fuel costs have been increased by 20%
- We remain in our current office. If a suitable alternative becomes available, this would be addressed as a separate process with the Board
- Wages are increased by CPI (Adelaide) Dec to Dec: 3.5%
- Destination Strategy contributions held at 2021/22 levels
- No increase in SACCA contributions
- RDALC contribution is \$96,255
- Closing member's equity is \$325,000 at the end of 2021/22
- Project oncosts are recovered at 20%
- Superannuation is increased to 10.5%
- Interest is decreased to \$5,000
- Minimum cash holdings are \$175,000
- A \$200k "project reserve" is planned for above minimum cash holdings
- The project reserve can be used and replenished over time.
- Efficiencies have been used to fund the increases in costs from CPI and Heritage Services
- SMLC Project has fully transferred out of LCLGA
- SACCA, Heritage, and RDALC are pass-through costs that have no bearing on the LCLGA profit and loss
- Includes known grants
- LCRSA and StarClub is subject to new funding rounds, and we have assumed similar support to previous years
- Training is based on 1.5% of salary costs
- If there is a requirement for a Local Government induction, it will be funded through equity or recovered from members

PROPOSED SUBSCRIPTIONS TO DELIVER THE 2022/23 BUSINESS PLAN

| 2022/23 | | | | | | | | |
|------------------------------|------------------|------------------|-----------------|-----------------|----------------|-----------------|-----------------|------------------|
| MEMBER CONTRIBUTIONS | Subscriptions | Tourism | StarClub | Programs | SACCA* | RDALC* | Heritage* | Total |
| City of Mount Gambier | \$82,137 | \$58,388 | \$12,178 | \$17,921 | \$1,143 | \$25,546 | \$32,573 | \$229,886 |
| District Council of Grant | \$39,985 | \$28,424 | \$8,095 | \$8,724 | \$1,143 | \$12,436 | \$3,265 | \$102,073 |
| Wattle Range Council | \$65,828 | \$46,794 | \$11,898 | \$14,362 | \$1,143 | \$20,473 | \$13,705 | \$174,203 |
| Naracoorte Lucindale Council | \$44,969 | \$31,966 | \$8,536 | \$9,811 | \$1,143 | \$13,985 | \$7,110 | \$117,520 |
| District Council of Robe | \$17,734 | \$12,606 | \$1,665 | \$3,869 | \$1,143 | \$5,516 | \$13,046 | \$55,578 |
| District Council of Tatiara | \$38,779 | \$27,566 | \$7,757 | \$8,461 | \$1,143 | \$12,061 | \$3,868 | \$99,635 |
| District Council of Kingston | \$20,055 | \$14,256 | \$3,817 | \$4,376 | \$1,143 | \$6,238 | \$3,281 | \$53,165 |
| Total | \$309,487 | \$220,000 | \$53,946 | \$67,524 | \$8,000 | \$96,255 | \$76,849 | \$832,060 |

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 due to some efficiencies and the delayed investment in the Regional MRF.

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 2021/22 FORECAST

| CHANGE IN SUBSCRIPTIONS | | |
|------------------------------|-----------------|---------------|
| MEMBER CONTRIBUTIONS | Forecast Change | Actual Change |
| City of Mount Gambier | \$10,660 | \$10,660 |
| District Council of Grant | \$5,087 | \$5,087 |
| Wattle Range Council | \$8,446 | \$8,446 |
| Naracoorte Lucindale Council | \$5,772 | \$5,772 |
| District Council of Robe | \$2,421 | \$2,421 |
| District Council of Tatiara | \$4,967 | \$4,967 |
| District Council of Kingston | \$2,605 | \$2,605 |
| Total | \$39,958 | \$39,958 |

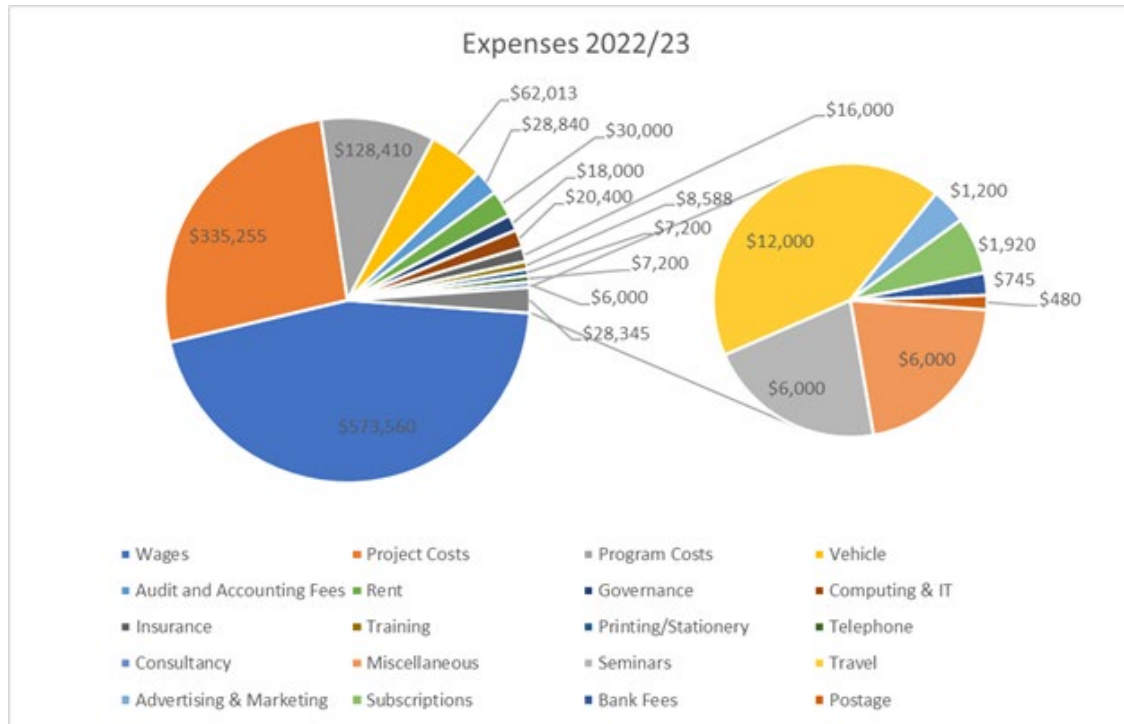
EXPENSES

| EXPENSES | 2022/23 | 2021/22 | Change |
|---------------------------|--------------------|--------------------|-------------------|
| Wages | \$573,560 | \$733,272 | -\$159,712 |
| Project Costs | \$335,255 | \$454,127 | -\$118,872 |
| Program Costs | \$128,410 | \$115,000 | \$13,410 |
| Vehicle | \$62,013 | \$67,856 | -\$5,843 |
| Audit and Accounting Fees | \$28,840 | \$36,000 | -\$7,160 |
| Rent | \$30,000 | \$30,000 | \$0 |
| Governance | \$18,000 | \$18,000 | \$0 |
| Computing & IT | \$20,400 | \$15,000 | \$5,400 |
| Insurance | \$16,000 | \$12,000 | \$4,000 |
| Training | \$8,588 | \$10,988 | -\$2,400 |
| Printing/Stationery | \$7,200 | \$9,600 | -\$2,400 |
| Telephone | \$7,200 | \$8,040 | -\$840 |
| Consultancy | \$6,000 | \$6,000 | \$0 |
| Miscellaneous | \$6,000 | \$6,000 | \$0 |
| Seminars | \$6,000 | \$6,000 | \$0 |
| Travel | \$12,000 | \$6,000 | \$6,000 |
| Advertising & Marketing | \$1,200 | \$1,800 | -\$600 |
| Subscriptions | \$1,920 | \$1,800 | \$120 |
| Bank Fees | \$745 | \$720 | \$25 |
| Postage | \$480 | \$480 | \$0 |
| Total | \$1,269,812 | \$1,538,683 | -\$268,871 |

Major variations include:

- Salaries and Project expenses are lower due to the cessation of the Leadership Program and SMLC.
- Program costs increase due to an increased provision for Roads Planning Training and resources to revitalise our internet.
- Vehicle costs are lower due to the cessation of the SMLC vehicle lease.
- Computing and IT costs are expected to increase based on our experience in 2021/22
- Insurance costs have increased but may be lower based on fewer vehicles.

We are expecting to see an increase in travel costs as Covid-19 restrictions relax.



PROFIT AND LOSS

This Plan continues the expected losses with a slow recovery over five years. As a result, we are forecasting a loss of \$80,000 and closing members equity of \$245,000, which is slightly favourable compared to the 2021/22 forecast.

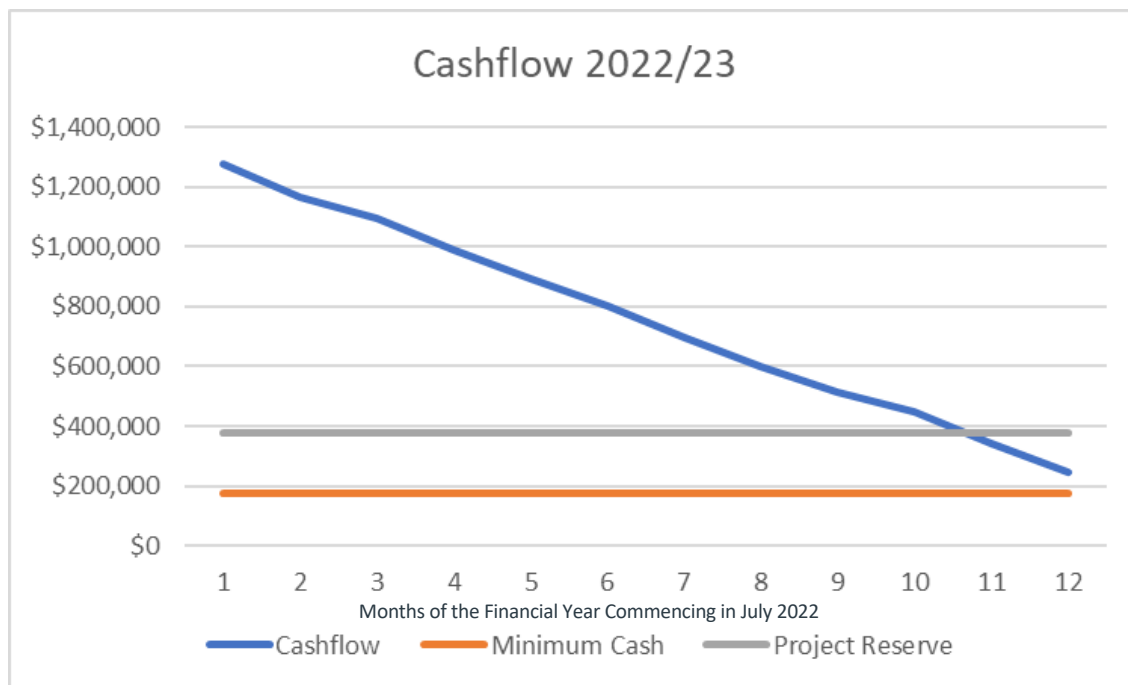
| INCOME | Total |
|-----------------------|--------------------|
| Members Subscriptions | \$832,060 |
| Grants | \$262,325 |
| Other | \$90,500 |
| Interest | \$5,000 |
| Total | \$1,189,885 |

| EXPENSES | 2022/23 |
|---------------------------|--------------------|
| Wages | \$573,560 |
| Project Costs | \$335,255 |
| Program Costs | \$128,410 |
| Vehicle | \$62,013 |
| Audit and Accounting Fees | \$28,840 |
| Rent | \$30,000 |
| Governance | \$18,000 |
| Computing & IT | \$20,400 |
| Insurance | \$16,000 |
| Training | \$8,588 |
| Printing/Stationery | \$7,200 |
| Telephone | \$7,200 |
| Consultancy | \$6,000 |
| Miscellaneous | \$6,000 |
| Seminars | \$6,000 |
| Travel | \$12,000 |
| Advertising & Marketing | \$1,200 |
| Subscriptions | \$1,920 |
| Bank Fees | \$745 |
| Postage | \$480 |
| Total | \$1,269,812 |

| | |
|------------|------------------|
| Net | -\$79,927 |
|------------|------------------|

CASHFLOW

We expect to see members' equity rise to \$1,276,000 before decreasing to \$245,000.



PROJECTS

Income

| PROJECTS | Members | Grants | Other | Expenses | Net |
|----------------------------------|------------------|------------------|-----------------|------------------|------------------|
| Destination Development Strategy | \$220,000 | \$94,325 | \$48,000 | \$373,029 | -\$10,704 |
| Star Club | \$53,946 | \$56,000 | \$0 | \$70,345 | \$39,601 |
| Sports Academy | \$0 | \$70,000 | \$42,500 | \$154,345 | -\$41,845 |
| Total | \$273,946 | \$220,325 | \$90,500 | \$597,719 | -\$12,949 |

The grant income is subject to a grant process that has undergone significant change, and we don't have clarity on what grant monies we may receive.

Although the DDS is showing a \$10k loss, we expect that, based on previous years, we will be able to secure some additional funding for this project.

PROGRAMS

Income

| PROGRAMS | Members | Grants | Other | Expenses | Net |
|------------------------------|-----------------|------------|------------|-----------------|------------------|
| Roads | \$63,600 | \$0 | \$0 | \$37,092 | \$25,000 |
| Waste | | \$0 | \$0 | | \$80,000 |
| Revitalise the LCLGA Website | | \$0 | \$0 | | \$10,000 |
| Economic Growth Strategy | | \$0 | \$0 | | \$5,000 |
| Red Meat Cluster | | \$0 | \$0 | | \$1,200 |
| Total | \$63,600 | \$0 | \$0 | \$37,092 | \$121,200 |

PASS-THROUGHS

Income

| PASS THROUGH | Members | Grants | Other | Expenses | Net |
|----------------------------|-----------|--------|-------|-----------|-----|
| Heritage advisory services | \$76,849 | \$0 | | \$76,849 | \$0 |
| RDALC | \$96,255 | \$0 | | \$96,255 | \$0 |
| SACCA | \$8,000 | \$0 | | \$8,000 | \$0 |
| Total | \$181,104 | \$0 | \$0 | \$181,104 | \$0 |