

District Council of
ROBE

*Annual Business Plan
2010-11*

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INTRODUCTION

The Annual Business Plan sets out the Council's proposed services, programs and projects for 2010-11. It aims at continued progress towards the longer term objectives of the District Council of Robe set out in its Strategic Plan.

The Plan has been prepared on the basis of maintaining an appropriate level of services to the community, without imposing an unrealistic rate burden on ratepayers. The provision of services by Council is a reflection of both meeting Council's obligations under legislation and the community's desire for services and facilities.

After taking into account feedback from the community, Council has finalised the Plan and Council's detailed budget. From time to time due to differing circumstances and conditions such as additional or withdrawal of grant funding, weather conditions or change of focus, the Annual Business Plan and the activities included may need to be amended or deleted. Where a major change is proposed Council will advise residents as soon as possible.

1. The Future

The Annual Business Plan for 2010-11 aims to strike a balance between the level of services for the community and the need to ensure the long-term financial sustainability of the Council. Council has undertaken significant work during 2009-10 in relation to its updated Strategic Plan, Long Term Financial Plan and Infrastructure and Asset Management Plan.

Council adopted its 2009-2013 Strategic Management Plan in January 2010. Amongst the obligations when adopting its Plan was consideration of regional, state and national objectives and strategies relevant to the social, physical, environmental development and management of Council's area of responsibility. The Plan identifies key issues and projects which will provide for a range of services and facilities while ensuring the ongoing sustainability and prosperity of Robe.

When developing the Plan, Council reviewed its Vision Statement and prepared a new and revised statement that better reflects the Council aspirations for the Robe community.

VISION

"The District Council of Robe will be a vibrant, harmonious and prosperous place to live, work & visit, where the heritage & environment are preserved for future generations"

Council's long term objectives are set out in its Strategic Plan, the current version being available to the public for inspection at the Council Office, library or on the web site at <http://www.council.robe.sa.gov.au>.

The Long Term Financial Plan was adopted in June 2010. The Infrastructure and Asset Management Plan is still in draft format at this stage. Costs inherent in the Council's draft Infrastructure and Asset Management Plan have been reflected in the Long Term Financial Plan and both of these documents are integral to, and are heavily influenced by, the Strategic Plan. Collectively, these plans form the Council's suite of Strategic Management Plans.

2. Significant Influences and Priorities

A number of significant factors have influenced the preparation of the Council's 2010-11 Annual Business Plan. These include:

- Requirements to maintain infrastructure assets at acceptable standards;
- Commitments to complete the Marina;
- The level of State and Commonwealth Government grant funding;
- Fees/charges imposed by the State Government including the waste levy;
- Construction of the Community Wastewater Management Reuse system and requirements to secure Commonwealth Government subsidy for this;
- Cost of compliance with State Government reporting and accountability requirements.

In response to these factors, and to minimise the burden on rate-payers, the Annual Business Plan has been prepared within the following guidelines:

- After excluding new rate revenue associated with development, general rate revenue will increase by 3.85% in 2010-11 (Refer Section 7 for details on the impact on ratepayers).
- Maintenance and renewal of existing assets will be a matter of priority to ensure that the range and level of services being provided by Council's infrastructure is maintained at a reasonable level.

A challenge for the District Council of Robe is to prioritise expenditures to meet the demand for services and facilities. Given the asset intensive nature of the Council's activities, assessing the long term capacity of the community to fund ongoing maintenance and rehabilitation of infrastructure assets is a crucial consideration.

3. Continuing Services

Council plans to continue with its 2009-10 objective of rehabilitating one rural and one town road per year. Securing \$402,000 in Commonwealth Government 'Roads to Recovery' funding in 2009-10 for five years will assist in achieving this objective along with catering for other necessary road reseals and re-sheets.

Council has basic responsibilities under the Local Government Act and other relevant legislation. These include:

- regulatory activities e.g. maintaining the voters roll and supporting the elected Council;
- setting rates, preparing an annual budget and determining longer-term Strategic Management Plans for the area;

- management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and storm-water drainage;
- street cleaning and waste management;
- development planning and control, including building safety assessment;
- various environmental health services.

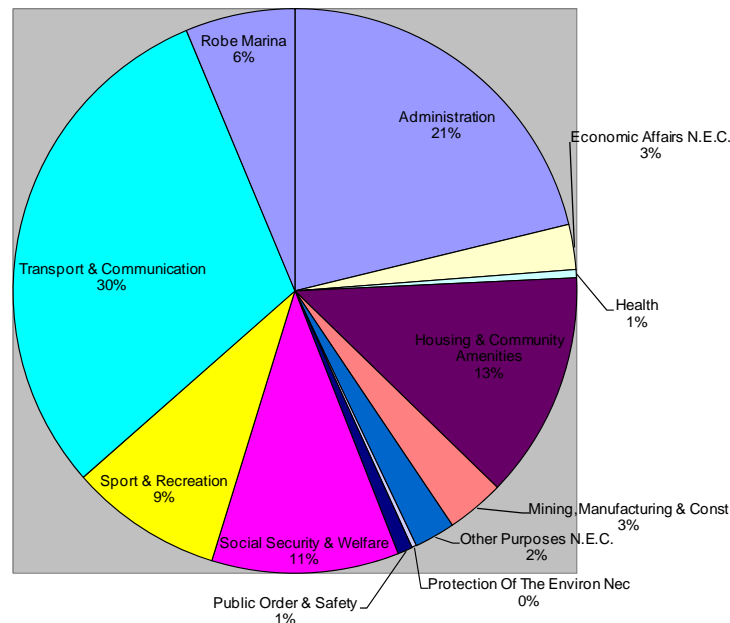
In response to community needs the Council also provides further services and programs including:

- Library and Visitor Information Centre;
- Community facilities;
- Economic development;
- Environmental programs;
- Community programs;
- On-street parking management to maximise use of kerbside space.

Council also provides facilities on a fee for service basis. These include:

- Recreation facilities;
- Robe Marina;
- Waste transfer station.

The following chart and table provide a functional breakdown of the services for which this expenditure is planned in 2010-11.



Programme	Operating Expenses	Capital Expenditure
Administration	\$1,108,732	\$20,000
Economic Affairs N.E.C.	\$135,987	\$10,000
Health	\$24,853	\$10,000
Housing & Community Amenities	\$638,768	\$1,537,000
Mining,Manufacturing & Const	\$174,817	\$0
Other Purposes N.E.C.	\$123,405	\$400,000
Protection Of The Environ Nec	\$13,949	\$30,000
Public Order & Safety	\$45,086	\$1,160
Social Security & Welfare	\$619,124	\$0
Sport & Recreation	\$461,668	\$234,550
Transport & Communication	\$1,592,579	\$740,000
Robe Marina	\$331,081	\$0
Grand Total	\$5,270,049	\$2,982,710

4. Project Priorities for the year

Council's planned priorities for capital expenditure in 2010-11 are set out in the table below. Council received funding for Foreshore Walkways from the Commonwealth Government's Regional and Local Community Infrastructure Program (RLCIP) in 2009-10 and propose to complete this project in 2010-11. Council also received State Funding and donations for Royal Circus which will be completed in 2010-11.

Council is proposing to continue with capital works on Nora Creina Road as well as the Long Beach Esplanade and Old Naracoorte Road. Council is, however, open to alternative suggestions as to where residents think that higher priority works should be undertaken.

Capital	Expenditure
Administration P&E (Computers, F&F)	\$20,000
Foreshore Walkways (New)	\$30,000
Cemetery Wall/Gates	\$15,000
Street Lighting	\$15,000
CWMS (New Pumps & Water Re-use)	\$1,350,000
Public Conveniences	\$7,000
Road Construction - Bike Track (New)	\$60,000
Road Construction - Road Reseals	\$100,000
Road Construction Unsealed - Re-Sheets	\$500,000
Road Construction Footways	\$30,000
Rural Street Addressing Project (New)	\$50,000
Plant Machinery Purchases	\$400,000
Plant & Equipment for Regulatory Officer	\$1,000
Health Centre - Roof	\$10,000
Tourism Hub	\$10,000
Institute	\$15,000
Parks & Gardens - 2nd Ramp, Lake Fellmongery Trail etc	\$12,000
Parks & Gardens - Royal Circus Develop (New)	\$158,000
Stormwater Drain Construction	\$25,000
Airport Fencing (New)	\$5,000
Retaining Wall - Frome Street	\$20,000
Resource Recovery Facility (New)	\$150,000
Grand Total	\$2,983,000

UPGRADING OF COMMUNITY WASTE MANAGEMENT SYSTEMS

In September 2007 a report was provided to Council regarding Commonwealth Government funding available for upgrading the Community Waste Management System (CWMS). Committing to the project means that the Council is eligible to receive a Commonwealth grant amounting to 20% of the capital cost of providing the necessary infrastructure which will enable re-use of the excess effluent from the CWMS Treatment Lagoon.

To be eligible for this grant from the Commonwealth Government (co-ordinated by the Local Government Association), Council must ensure that the project is financially sustainable in the long term.

Council has carried out significant research into the project and it was included in the Council's planned capital program in 2009-10 at a capital cost of \$1.2 million (offset by a \$0.24 million grant from the Commonwealth Government). The CWMS annual service charges were increased significantly in 2008-09 to ensure that Council was charging a rate sufficient to recover the full cost of establishing, maintaining and renewing the CWMS System.

Council has recently received tender documents in relation to the CWMS upgrade and has determined that this project will need to be carried out over two years. As a

result a further amount of \$1.2 million has been included in the budget for 2010-11 with grant funding of \$480,000. Council intends on spending the \$1.2 million included in 2009-10 budget but do not believe the first installment of the grant will be received in 2009-10.

5. Infrastructure and Asset Management Plan

When fully developed, the Plan will relate to the management and development of infrastructure and other major assets by Council for a period of at least 10 years and the extent to which assets will need to be maintained, renewed, replaced or developed by Council. The District Council of Robe is the custodian of infrastructure and assets with a value in excess of \$96 million. Council has the responsibility to ensure that assets are managed efficiently and effectively and that decisions regarding the acquisition of new assets and the sale and maintenance of existing assets are undertaken in an open and transparent fashion. This is no easy task and the purpose of including this section in the Annual Business Plan is to help ensure an understanding in the community as to the challenges facing the Council.

Sound asset management is the key to financial sustainability. There is clearly a direct link between the development and implementation of Council's Infrastructure and Asset Management Plan and its Long Term Financial Plan. Council expends considerable funds on the acquisition and management of assets. It will be exposed to financial risk over the longer term if budget processes have little regard for ongoing costs associated with the maintenance and renewal of these assets beyond the current budget period. It is incumbent on Council to carefully consider information about the stock of infrastructure and other assets and the contribution that current ratepayers are making to their consumption.

Unless Council reverses past inappropriate practices in asset management, it will be leaving a considerable financial legacy to future Councils and communities. Coupled with the challenges of scarcity of resources and costs increasing beyond CPI, the Council is facing new challenges in managing infrastructure and other assets as a result of issues such as increasing community expectations, population growth, replacement of ageing infrastructure, new legislative requirements (e.g. EPA standards) and the growing demands of an ageing population.

In developing its Infrastructure and Asset Management Plan, Council is considering the following key issues:

- Assets exist to support the delivery of a range and level of services to achieve a set of outcomes determined in consultation with the community.
- Asset management is a subset of strategic planning.
- In evaluating alternatives for asset acquisition, the life-cycle costs and benefits of assets need to be considered and compared with the outcomes required to be produced by the asset.

The following steps set out the process for sound asset management being pursued by the Council in support of its future asset management policies:

- In consultation with the community, define the outcomes to be achieved and the service levels that will achieve those outcomes.
- Where necessary, establish minimum service standards based on the Council's duty of care.
- Incorporate the service level and outcomes into Councils' strategic management plans (including the financial implications in the longer term).
- Assess alternative methods of providing the service levels (including lower cost assets and non-asset methods where possible) and decide on the best solution. This includes an assessment of the lifecycle costs and benefits for each of the alternatives.
- If appropriate, acquire the assets to meet the required service levels.
- Operate and maintain the assets to achieve required service levels and minimise life-cycle costs.
- Review asset performance and condition.
- Renew assets that will continue to be required to meet community needs.
- Dispose of surplus assets or assets no longer able or required to meet community needs.

In summary, while Council is progressing with compiling improved asset information, the capital works planned for 2010-11 are considered to be of a high priority and in line with Council's strategic focus. Going forward, Council recognises the need for a structured and robust Infrastructure and Asset Management Plan based on reliable information that is understood and agreed with the community.

6. Measuring Performance - Objectives for the year

The Annual Business Plan has been prepared to deliver the following Council objectives for the year:

- **Non financial indicators:**

Governance & Finance

This is a fundamental organisational set of processes which guide Council and Management in carrying out the business of Council.

- 2010-11 Targets:
 - i. To develop an estimate of any "infrastructure backlogs"
 - ii. To further develop Council's role in facilitating public consultation
 - iii. To continue to meet best practice by ensuring information is available on Council's website
 - iv. To continue to meet statutory obligations in ensuring that the annual audit is conducted in a timely manner
 - v. Prepare a register of Community Land

Tourism & Economic Development

- 2010-11 Targets:
 - i. To complete the action plan for the Marina endorsed by Council
 - ii. Develop and maintain an appropriate website
 - iii. Ensure the Development Plan enables only desirable development
 - iv. Facilitate and encourage private sector developments and activity consistent with the Development Plan
 - v. Support and encourage appropriate tourism

Environment and Heritage

- 2010-11 Targets:
 - i. Conduct an audit to determine our existing Carbon Footprint
 - ii. Retain green belt of golf course
 - iii. Establish a Heritage Committee/Board to provide advice to Council on heritage related matters
 - iv. Prepare a sustainable water strategy
 - v. Prepare and implement a waste recycling strategy

Community Services

- 2010-11 Targets:
 - i. Ensure Robe has appropriate levels of Aged Care / Accessibility
 - ii. Advocate for a new medical facility
 - iii. Prepare a strategy to encourage and promote all community service and volunteer groups within the district

Lifestyle

- 2010-11 Targets:
 - i. Complete a traffic management plan
 - ii. Investigation of development of cycling and walking tracks within the district
 - iii. Facilitate and support more activities for the youth of Robe

- **Financial indicators**

The Local Government sector in South Australia has adopted a set of financial indicators which provide a measure of the financial sustainability of Council's financial performance and position over time. Longer term targets for all indicators are being developed in conjunction with the development of the Long Term Financial Plan. (Appendix 3 of this Annual Business Plan provides an explanation of the basis for the indicators and what they tell us about the financial performance and position of the Council).

**DISTRICT COUNCIL OF ROBE
FINANCIAL INDICATORS**

	DRAFT BUDGET 2010-11	FULL YEAR REVISED ESTIMATE 2009-10	CONSOLIDATED 2008-09
Operating Surplus	\$26,000	\$483,000	\$5
(Being the operating surplus/(deficit) before capital amounts)			
Operating Surplus Ratio			
<u>Operating Surplus</u>	1%	13%	0%
Rates - general & other less NRM Levy			
This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM Levy			
Net Financial Liabilities	\$8,602,000	\$8,023,000	\$7,181,000
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses.)			
Net Financial Liabilities Ratio			
<u>Net Financial Liabilities</u>	165%	153%	147%
Total Operating Revenue less NRM levy			
Interest Cover Ratio			
<u>Net Interest Expense</u>	5.0%	3.0%	4.9%
Total Operating Revenue less NRM levy less Investment Income			
Asset Sustainability Ratio			
<u>Net Asset Renewals</u>	65%	122%	22%
Depreciation Expense			
Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets			
Asset Consumption Ratio			
<u>Carrying value of depreciable assets</u>	72%	74%	72%
Gross value of depreciable assets			

7. Funding the Business Plan

As outlined in the Introduction to this document, the 2010-11 Annual Business Plan has been prepared on the basis of maintaining an appropriate level of services to the community, without imposing an unrealistic rate burden on ratepayers. Most importantly, it ensures the long term financial sustainability of the Council. Council's long-term financial sustainability is dependent on ensuring that, on average over time, its expenses are less than its revenue. In addition, capital expenditure levels on existing infrastructure and other assets should be optimised (in accordance with the Infrastructure and Asset Management Plan – when completed) so as to minimise whole-of life-cycle costs of assets.

In delivering the services and programs proposed in this Annual Business Plan, Council is targeting an Operating Surplus of \$26,000 in 2010-11, as a result of budgeted Operating Revenues of \$5,296,000 and budgeted Operating Expenses of \$5,270,000.

As outlined in the “Project Priorities for the year” (Section 4), this Annual Business Plan proposes, Capital Expenditure of \$2,983,000.

Apart from Rate Revenue, Operating Revenues are generated by Statutory Charges (development and building fees and dog registrations), User Charges (hall hire, Robe Marina, cemeteries, & waste depot fees), Investment Income, and State & Commonwealth Government operating grants.

Council also sources income in the form of grants for specific capital purposes (mainly from the Commonwealth Government).

The Budgeted Operating Revenue for 2010-11 includes General Rate revenue of \$2,832,000 (3.85% more than 2010-11 excluding new development), Separate Rates of \$77,000 and Annual Service Charges of \$977,000.

Details of Council’s planned Separate Rates and Annual Service Charges for 2010-11 can be found in Section 7 of this Plan - “What it means for Rates”.

IMPACT ON COUNCIL’S FINANCIAL POSITION

The following table sets out actual levels of gross debt, net debt and net financial liabilities outstanding at 30 June 2009 together with estimates of these measures at 30 June 2010 and 30 June 2011. The revised estimate for 2009-10 shows an increase of \$988,000 in the level of net debt for the year resulting in estimated net debt at 30 June 2010 of \$3,441,000. The increase is mainly attributable to the financing requirement associated with construction of the CWMS Water reuse project. The level of net financial liabilities is expected to decrease to \$3,263,000 at 30 June 2011 due to money received from the sale of Marina berths paying off existing loans. The net financial liabilities measure also takes account of the premiums received in advance for Marina berths.

DISTRICT COUNCIL OF ROBE INDEBTEDNESS			
	DRAFT BUDGET 2010-11 \$'000	FULL YEAR REVISED ESTIMATE 2009-10 \$'000	CONSOLIDATED 2008-09 \$'000
Gross Borrowings	3,364	3,909	3,009
Less: Cash and Investments	101	468	556
EQUALS: NET DEBT	3,263	3,441	2,453
Add: Trade and Other Payables (Including premiums received in advance for Marina Berths)	4,121	3,364	5,002
Add: Provisions for Employee Entitlements	255	255	255
Less: Trade and Other Receivables	420	420	420
Less: Other Financial Assets	-	-	109
EQUALS: NET FINANCIAL LIABILITIES	7,219	6,640	7,181

Details of individual borrowings outstanding at 30 June 2010 are set out in the following Schedule.

DISTRICT COUNCIL OF ROBE

LOANS AS AT 30th JUNE 2010

Maturity Date	Balance Outstanding 30/06/10 \$'000	Principal Repayments 2010-11 \$'000
FIXED INTEREST RATE BORROWINGS		
15/01/2011	43	43
17/02/2012	16	7
17/06/2012	39	19
16/02/2013	15	4
1/03/2013	91	28
15/04/2013	44	14
15/09/2013	21	6
28/06/2014	28	7
15/11/2014	157	31
15/03/2015	116	20
21/04/2015	45	7
15/01/2016	109	15
15/03/2016	168	24
15/03/2016	93	13
15/09/2025	400	0
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	1,385	238
VARIABLE INTEREST RATE BORROWINGS		
29/07/2018	2,524	307
TOTAL FIXED AND VARIABLE		
	3,909	545

8. What it means for Rates

Rate income is generated by the broad application of fundamental principles of taxation (fairness and equity, simplicity, ability to pay and efficiency) with a view to achieving an equitable distribution of the rates burden amongst ratepayers, covering general cost movements, including labour and non-labour costs, servicing a rural and coastal population and being sufficient to cover any new initiatives.

Council has limited options to generate the income required to pay for services which it provides to the community. It receives some State and Commonwealth Government grants and subsidies, and some income can be raised through fee paying activities (e.g. hire of community facilities), fines, expiations and commercial activities. However, the primary source of income for Council is a property based tax – “Council Rates”.

GENERAL RATING STRATEGY

The Council has, over a number of years adopted one rate in the dollar and a minimum rate. This will continue for the 2010-11 financial year.

The following table provides a summary of the Council’s rating strategy over the past three years and the implications for the proposed 2010-11 rating strategy.

Year	2007-08	2008-09	2009-10	2010-11
Township Rate in \$	0.3188	0.3093	0.3065	0.3077
Rural Rate in \$	0.3188	0.3093	0.3065	0.3077
Minimum Rate	\$ 515	\$ 535	\$ 535	\$ 555

2010-11 RATING STRATEGY **METHODOLOGY USED TO VALUE LAND**

Council adopts the valuations made by South Australian Valuer-General in respect of land within the Council’s area for rating purposes. The basis of valuation of land used by Council is the capital valuation of land, that is, the value of the land including improvements thereon. Council considers that the capital valuation method provides the fairest method of achieving an equitable distribution of the rates burden across the ratepayers within Council’s area for the following reasons:

- the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth. Property value is generally considered a relatively good indicator of wealth; and;
- capital value, which trends with the market value of a property, provides the best indicator of overall property value.

Any ratepayer dissatisfied with a property valuation may object to the Valuer-General in writing within 60 days of receiving notice of the valuation, explaining the basis for the objection – provided they have not:

- a) previously received a notice of this valuation under the Local Government Act 1999, in which case the objection period of 60 days runs from the receipt of the first notice; or
- b) previously had an objection to the valuation considered by the Valuer-General.

The address of the Valuer-General is:
Office of the Valuer-General,
GPO Box 1354, Adelaide 5001
Email: objections@sa.gov.au
Telephone 1300 653 345.

Council has no role in this process. It is important to note that the lodgement of an objection does not change the due date for payment of rates.

COUNCIL'S REVENUE RAISING POWERS

All land within a Council's area, except for land specifically exempted (e.g. Crown land, Council occupied land and other land prescribed in Section 147(2) of the Local Government Act 1999, is rateable. The Local Government Act 1999 provides for a Council to raise revenue for its broad purposes through the imposition of a single general rate in the dollar or through differential general rates that apply to all rateable land within the Council area.

In addition, Council can impose separate rates on land within specific parts of Council's area, or service rates or annual service charges for specific services provided or made available to that land by Council. Council also raises revenue through fees and charges, which are set giving specific consideration to the cost of the services provided and any equity issues.

GENERAL RATES

Council will continue to calculate its general rates on the basis of a single general rate in the dollar in 2010-11.

The total amount of General Rates to be collected in 2010-11 will increase by between 3.85% (excluding new development) compared to 2009-10. The impact of the 3.85% (excluding new development) increase can be seen in the table below.

3.85% CPI Plus NEW Development NO DIFFERENTIAL

Range	Number of Assessments	% of Total Assessments
Reduction	37	1.68%
No Change	1011	45.79%
0% to 1.99%	39	1.77%
2% to 4.99%	587	26.59%
5% to 9.99%	162	7.34%
10% to 19.99%	370	16.76%
20% to 49.99%	68	3.08%
50% to 99.99%	19	0.86%
> 100%	20	0.91%
TOTAL	2313	104.76%

Council wishes to emphasise that although total rate revenue (including revenue from new assessments) is increasing by between 4.95% in 2010-11 75.82% of ratepayers will face increases of less than 5%. Of the 477 properties that have increased by an amount between 5% and greater than 100% the increase in respect of 114 of those properties (24%) can be attributed to these being new assessments or development carried out on the assessment.

Council would also like to emphasise that any ratepayer that does not own a new assessment or has not carried out any development on their assessment will pay no more than a 15% increase in rates payable upon application to Council..

MINIMUM RATE

Council considers it appropriate that ratepayers in respect of all rateable land make a contribution to the cost of administering Council's activities and that ratepayers in respect of all rateable land make a contribution to the cost of creating and maintaining the physical infrastructure that supports that land and the basic services provided to all ratepayers.

The minimum rate is levied against the whole of an Allotment. Only one minimum rate is levied against two or more pieces of adjoining land (whether separated by a road or not) if they are owned by the same ratepayer and occupied by the same occupier. This is described as contiguous land.

The minimum rate in 2010-11 will be \$555 which is an increase of 3.7% on the minimum rate applied in 2009-10. Overall, the minimum rate will be applied to approximately 27.2% of all rateable properties.

SEPARATE RATES

NATURAL RESOURCES MANAGEMENT LEVY

Council is required to collect a regional Natural Resources Management (NRM) Levy in respect of all rateable land in Council's area on behalf of the South East NRM Board.

Council is operating as a revenue collector for the Board in this regard. Council does not retain this revenue or determine how the revenue is spent. Council will collect this money by imposing a separate rate of \$36.90 on all of the rateable land in the Council's area.

ROBE MARINA

Following the release of the Judith Jones "Status Options and Actions" Report, Council has been investigating options to ensure that the Marina is to some extent "User Pays". In 2008-09 Council introduced a separate rate of \$250 which increased to \$300 last year on all rateable land within the Marina (including Marina Berths) for the purpose of helping to defray the ongoing costs of operating the Marina facilities (this includes the unavoidable costs to the Council of meeting obligations to Marina berth holders which will exceed the estimated future income from lease contracts and related Marina fees, charges and other rates). The Marina facilities are of

particular benefit to the land within the Marina, to occupiers of that land and to visitors to the Marina.

Council has been negotiating with berth holders with a view to determining a responsible way forward so as to ensure that the Marina is to some extent "User Pays".

Following the adoption of the report by "Dr Geoff Wells" Council will this year not be imposing a separate rate on the Marina berths.

ANNUAL SERVICE CHARGES

COMMUNITY WASTEWATER MANAGEMENT SYSTEMS

Council provides a Community Wastewater Management System (CWMS) to all land within the township of Robe.

All Council CWMS schemes in South Australia have the same basic design, and in order for the schemes to be financially self sufficient on a long term basis, Councils need to model charges - to those to whom the schemes are provided or made available - on charges used by SA Water for its schemes.

A differential in the annual service charges of 25% between occupied and vacant land to which the CWMS is provided or made available will be maintained to reflect the difference between infrastructure establishment and effluent disposal costs for occupied and vacant land.

Further to this, Council will impose its annual service charges against assessments in accordance with the Code for Establishing and Applying Property Units as a Factor for the Imposition of Annual Service Charges for Community Wastewater Management Systems as permitted by Section 155 of the Local Government Act 1999 and Regulation 9A of the Local Government (General) Regulations 1999.

WASTE MANAGEMENT

In 2010-11 Council will increase the Mobile Garbage Bin Collection Annual Service Charge by 4%. This is slightly higher than the Consumer Price Index and will help cover the increasing costs of providing the current collection and disposal service.

Waste Management will continue to be closely monitored by Council in 2010-11 given the more stringent requirements posed by changes to environmental legislation and community expectations.

Council also will be reviewing its Waste Management Fee to Commercial businesses in 2010-11 to help spread the costs evenly throughout the Council area and to ensure a "User Pays" approach. In addition Council will be expanding its Waste Collection Service moving forward to include Boastwains Point.

The table following shows the details of the Separate Rates and Annual Service Charges for 2010-11

Service Charges and Separate Rates 2010-11

Description	\$		Levied 2010-11	Levied 2009-10	% Change	\$ Change
	Charge Per Unit 2010-11	Units				
Waste & Recycle Collection	265.00	1087	\$ 288,055	\$ 262,140	9.9%	\$ 25,915
Waste Collection - Boatwains Point	150.00	58	\$ 8,700	\$ -	100.0%	\$ 8,700
						\$ -
Occupied CWMS + Desludging	443.00	1117	\$ 494,831	\$ 471,156	5.0%	\$ 23,675
Occupied CWMS	399.00	130	\$ 51,870	\$ 49,536	4.7%	\$ 2,334
Vac CWMS	355.00	377	\$ 133,835	\$ 130,603	2.5%	\$ 3,232
TOTAL CWMS			\$ 680,536	\$ 651,295	4.5%	\$ 29,241
SE NRM Levy	36.90	2083	\$ 76,863	\$ 71,491	7.5%	\$ 5,372
Robe Marina Separate Rate	-	72	\$ -	\$ 22,800	100.0%	-\$ 22,800
TOTAL RAISED			\$ 1,054,154	\$ 1,007,726	3.7%	\$ 37,728

Details pertaining to Government and Council rate concessions, discretionary and mandatory rebates, provisions for assisting cases of hardship in the payment of rates, a relatively new provision allowing State Seniors to postpone any amount of rates over \$500 per annum, and Council's rights to sell land for the non payment of rates can be found in Appendix 2 to this Draft Annual Business Plan.

Appendix 1: Budgeted Financial Statements 2010-11

At this stage, no additional provision has been made in the Budget Statements to cater for the estimated present value of the amount by which future unavoidable costs to the Council of meeting obligations to Marina berth holders will exceed the estimated future income from lease contracts and related Marina fees, charges and rates.

The provision was established in the 2007-08 financial statements. Council will be reviewing the level of the provision, to comply with the "Onerous Contracts" requirement of Australian Accounting Standard AASB 137.

The impact on Council's finance charges in the 2010-11 (to cater for any increase needed in the provision for cost increases) could be significant – and thus would worsen the operating result in 2010-11.

The overall impact of the Marina operations on the Council's finances will, as mentioned earlier, also depend significantly on the outcome of negotiations with berth holders and the future sale of berths.

DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2010/2011

INCOME STATEMENT

2009/2010 FULL YEAR REVISED ESTIMATE \$	INCOME	2010/2011 BUDGET \$
3,689,000	Rates	3,872,130
55,000	Statutory Charges	60,700
500,000	User Charges	628,191
855,000	Grants Subsidies and Contributions	644,718
50,000	Investment Income	18,500
34,000	Reimbursements	20,717
120,000	Other	51,550
<hr/>		<hr/>
5,303,000	TOTAL REVENUES	5,296,506
	EXPENSES	
1,300,000	Wages and Salaries	1,551,820
1,690,000	Materials, contracts & other expenses	1,820,729
180,000	Finance Costs	283,000
1,650,000	Depreciation, amortisation & impairment	1,614,500
<hr/>		<hr/>
4,820,000	Total Expenses	5,270,049
<hr/>		<hr/>
483,000	OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	26,457
521,000	Net gain (loss) on disposal or revaluation of assets	-
143,000	Amounts specifically for new or upgraded assets	510,000
-	Physical resources received free of charge	-
<hr/>		<hr/>
1,147,000	NET SURPLUS/(DEFICIT)	536,457
<hr/>		<hr/>

Appendix 1: Budgeted Financial Statements 2010-11 (cont...)

**DISTRICT COUNCIL OF ROBE
CONSOLIDATED BUDGET 2010/2011**

2009/2010 FULL YEAR REVISED ESTIMATE \$ Inflows (Outflows)	CASH FLOW STATEMENT	2010/2011 BUDGET \$ Inflows (Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES	
	RECEIPTS	
5,253,000	Operating Receipts	5,278,006
50,000	Investment Receipts	18,500
	PAYMENTS	
(2,990,000)	Operating payments to suppliers & employees	(3,372,549)
(180,000)	Finance Payments	(283,000)
<u>2,133,000</u>	Net Cash provided by (or used in) Operating Activities	<u>1,640,957</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
	RECEIPTS	
143,000	Grants specifically for new or upgraded assets	510,000
603,000	Sale of Assets	253,000
-		
(1,178,000)	PAYMENTS	
(2,546,000)	Capital Expenditure on renewal/replacement of assets	(1,307,710)
	Capital Expenditure on new/upgraded assets	(1,675,000)
<u>(2,978,000)</u>	Net Cash provided by (or used in) Investing Activities	<u>(2,219,710)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
	RECEIPTS	
-	Premiums received in advance (Marina)	757,000
1,200,000	Proceeds from Borrowings	-
(443,000)	PAYMENTS	
	Repayment of Borrowings	(545,000)
<u>757,000</u>	NET CASH USED IN FINANCING ACTIVITIES	<u>212,000</u>
(88,000)	NET INCREASE (DECREASE) IN CASH HELD	(366,753)
<u>556,000</u>	CASH AT BEGINNING OF YEAR	<u>468,000</u>
<u>468,000</u>	CASH AT END OF YEAR	<u>101,247</u>

Appendix 1: Budgeted Financial Statements 2010-11 (cont...)

**DISTRICT COUNCIL OF ROBE
CONSOLIDATED BUDGET 2010/2011**

BALANCE SHEET

2009/2010 FULL YEAR REVISED ESTIMATE		2010/2011 BUDGET
	ASSETS	
	CURRENT ASSETS	
\$		\$
468,000	Cash and cash equivalents	101,247
420,000	Trade & other receivables	420,000
463,000	Inventories	463,000
-	Other Financial Assets	-
<u>1,351,000</u>		<u>984,247</u>
-	Non-Current Assets held for Sale	-
<u>1,351,000</u>	TOTAL CURRENT ASSETS	<u>984,247</u>
	NON-CURRENT ASSETS	
109,000	Financial Assets	109,000
95,553,000	Infrastructure, Property, Plant & Equipment	96,921,210
-	Other Non-current Assets	-
<u>95,662,000</u>	TOTAL NON-CURRENT ASSETS	<u>97,030,210</u>
<u>97,013,000</u>	TOTAL ASSETS	<u>98,014,457</u>
	LIABILITIES	
	CURRENT LIABILITIES	
1,207,000	Trade & Other Payables	1,207,000
1,469,000	Borrowings	1,469,000
229,000	Short-term Provisions	229,000
-	Other Current Liabilities	-
<u>2,905,000</u>		<u>2,905,000</u>
-	Liabilities relating to Non-current Assets held for Sale	-
<u>2,905,000</u>	TOTAL CURRENT LIABILITIES	<u>2,905,000</u>
	NON-CURRENT LIABILITIES	
2,157,000	Premiums Received in Advance (Marina)	2,914,000
1,492,000	Provision for Future Losses	1,492,000
2,440,000	Long-term Borrowings	1,895,000
26,000	Long-term Provisions	26,000
-	Other Non-current Liabilities	-
<u>6,115,000</u>	TOTAL NON-CURRENT LIABILITIES	<u>6,327,000</u>
<u>9,020,000</u>	TOTAL LIABILITIES	<u>9,232,000</u>
<u>87,993,000</u>	NET ASSETS	<u>88,782,457</u>
	EQUITY	
7,121,000	Accumulated Surplus	8,242,860
79,930,000	Asset Revaluation	80,183,000
942,000	Other Reserves	356,597
<u>87,993,000</u>	TOTAL EQUITY	<u>88,782,457</u>

Appendix 1: Budgeted Financial Statements 2010-11 (cont...)

DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2010/2011

2009/2010 FULL YEAR REVISED ESTIMATE \$	STATEMENT OF CHANGES IN EQUITY	2010/2011 BUDGET \$
	ACCUMULATED SURPLUS	
5,928,000	Balance at end of previous reporting period	7,121,000
1,004,000	Net Result for Year	536,457
1,250,000	Transfer From Reserves	1,578,003
<u>-1,061,000</u>	Transfer To Reserves	<u>-992,600</u>
7,121,000	BALANCE AT END OF PERIOD	8,242,860
	ASSET REVALUATION RESERVE	
79,930,000	Balance at end of previous reporting period	79,930,000
0.00	Gain on revaluation of infrastructure, property, plant & equipment	0.00
<u>0.00</u>	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	<u>253,000.00</u>
79,930,000	BALANCE AT END OF PERIOD	80,183,000
	Plant Replacement Reserve	
15,000	Balance at end of previous reporting period	15,000
-	Transfer to reserve from accumulated surplus	
<u>0</u>	Transfer from reserve to accumulated surplus	<u>0</u>
15,000	BALANCE AT END OF PERIOD	15,000
	Garbage Reserve	
141,000	Balance at end of previous reporting period	136,000
287,000	Transfer to reserve from accumulated surplus	297,020
<u>-292,000</u>	Transfer from reserve to accumulated surplus	<u>-209,423</u>
136,000	BALANCE AT END OF PERIOD	223,597
	CWMS Maintenance	
870,000	Balance at end of previous reporting period	545,000
626,000	Transfer to reserve from accumulated surplus	680,580
- 951,000	Transfer from reserve to accumulated surplus	- 1,225,580
<u>545,000</u>	BALANCE AT END OF PERIOD	<u>0</u>
	Contribution Reserve	
25,000	Balance at end of previous reporting period	25,000
0	Transfer to reserve from accumulated surplus	-
<u>25,000</u>	Transfer from reserve to accumulated surplus	<u>25,000</u>
	Other Reserves	
76,000	Balance at Beginning of Period	217,000
148,000	Transfer to reserve from accumulated surplus	15,000
<u>-7,000</u>	Transfer from reserve to accumulated surplus	<u>-143,000</u>
217,000	BALANCE AT END OF PERIOD	89,000
	Lake Butler Reserve	
4,000	Balance at end of previous reporting period	4,000
	Transfer to reserve from accumulated surplus	
	Transfer from reserve to accumulated surplus	
<u>4,000</u>	BALANCE AT END OF PERIOD	<u>4,000</u>
<u>87,993,000</u>	TOTAL EQUITY AT END OF REPORTING PERIOD	<u>88,782,457</u>

Appendix 1: Budgeted Financial Statements 2010-11 (cont...)

**DISTRICT COUNCIL OF ROBE
CONSOLIDATED BUDGET 2010/2011**

2009/2010 FULL YEAR REVISED ESTIMATE	UNIFORM PRESENTATION OF FINANCES	2010/2011 BUDGET
\$		\$
5,233,000	Operating Revenues	5,296,506
<u>(4,876,000)</u>	less Operating Expenses	<u>(5,270,049)</u>
357,000	Operating Surplus / (Deficit) before Capital Amounts	26,457
	Less Net Outlays in Existing Assets	
2,043,000	Capital Expenditure on renewal and replacement of Existing Assets	1,307,710
<u>(1,650,000)</u>	less Depreciation, Amortisation and Impairment	<u>(1,614,500)</u>
(30,000)	less Proceeds from Sale of Replaced Assets	<u>(253,000)</u>
<u>363,000</u>		<u>(559,790)</u>
	Less Net Outlays on New and Upgraded Assets	
2,546,000	Capital Expenditure on New and Upgraded Assets	1,675,000
<u>(250,000)</u>	less Amounts received specifically for New and Upgraded Assets	<u>(510,000)</u>
-	less Proceeds from Sale of Surplus Assets	<u>-</u>
<u>2,296,000</u>		<u>1,165,000</u>
(2,302,000)	Net Lending / (Borrowing) for Financial Year	(578,753)

Appendix 2: Rating Policy (Concessions & Remissions) 2010-11

Pensioner Concessions

An eligible pensioner may be entitled to a remission on a portion of their Council rates and water and effluent charges where applicable. Application forms, which include information on the concessions, are available from the SA Water Corporation and its District Offices or the Department of Human Services. An eligible pensioner must hold a Pension Card, State Concession Card or be a TPI Pensioner. They must also be responsible for the payment of rates in respect of the land for which they are claiming a concession.

Applications are administered by the State Government. Payment of rates should not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates. A refund of rates will be paid to an eligible pensioner if Council is advised that a concession applies after the rates have already been paid.

Unemployed Persons Concessions

The Department for Families and Communities (DFC) may assist with the payment of Council rates for your principal place of residence (remissions are not available on vacant land or rental premises). Please contact your nearest Families SA District Centre for details or phone the Concessions Hotline on 1800 307 758.

State Senior Card Ratepayers (self funded retiree)

This is a new concession first introduced from 1 July 2001 and is administered by Revenue SA. If you are a self-funded retiree and currently hold a State Seniors Card you may be eligible for a concession toward Council Rates. In the case of couples, both must qualify, or if only one holds a State Senior's Card, the other must not be in paid employment for more than 20 hours per week.

If you have not received a concession on your rate notice or would like further information, please contact the Revenue SA Call Centre on 1300 366 150.

Payment of Rates

The Council resolved that the payment of all rates will be in four equal or approximately equal instalments due on:-

- 1st September 2010
- 1st December 2010
- 1st March 2011
- 1st June 2011

Rates may be paid:-

- via the mail with money order or cheque made payable to the District Council of Robe ;
- in person, at the Council offices at:
District Council of Robe
Royal Circus, ROBE
between the hours of 9.00am and 5.00pm, Monday to Friday.
- EFTPOS and credit card facilities are available at the Council Office.
- By BPay (details on the rate notice)

Appendix 2: Rating Policy (Concessions & Remissions) 2010-11 (cont....)

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact the office at 8768 2003 to discuss alternative payment arrangements. Such inquiries are treated confidentially by Council.

Council has adopted a policy that where the payment of rates will cause a ratepayer demonstrable hardship, Council is prepared to make extended provisions or defer the payment of rates.

Late Payment of Rates

The Local Government Act 1999 provides that fine of 2% of the amount of an instalment is imposed in the event that the instalment is not paid on or before the date on which it falls due. An instalment that remains unpaid for a period of one month accrues interest at a rate set each year according to a prescribed formula. That interest continues to accrue at the end of each full month in respect of which the instalment remains unpaid. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Councils to recover the administrative cost of following up unpaid rates and to cover any interest cost Council may incur because it has not received the rates on time. Council is prepared to remit penalties for late payment of rates where a ratepayer can demonstrate hardship.

Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates remain unpaid more than 14 days after the issue of the final notice then Council refers the debt to a debt collection agency for collection. The debt collection agency charges collection fees that are recoverable from the ratepayer.

When Council receives a payment in respect of overdue rates the Council applies the money received as follows:

- first – to satisfy any costs awarded in connection with court proceedings;
- second – to satisfy any interest costs;
- third – in payment of any fines imposed;
- fourth – in payment of rates, in chronological order (starting with the oldest account first).

Postponement of Rates

A postponement of rates may be granted if Council is satisfied that the payment of rates would cause hardship. Council may on application and subject to the ratepayer substantiating the hardship, consider granting a postponement of payments of rates in respect of an assessment on the condition that the ratepayer agrees to pay interest on the amount affected by the postponement at the interest rate applicable on Council's variable interest rate borrowings.

Appendix 2: Rating Policy (Concessions & Remissions) 2010-11 (cont....)

Postponement of rates for Seniors

State Seniors who expect difficulty in meeting their rate obligations (often as a result of being asset rich but income deprived) have the option to postpone a portion of their Council rates on a long-term basis. Under this scheme eligible ratepayers can annually postpone any rates imposed above \$500.

The deferred amount is subject to a monthly interest charge with the accrued debt ultimately being payable on the sale of the property. Where the ratepayer also receives a Pensioner or Self Funded Retiree concession, this concession may be applied (at their discretion) to the \$500 payable each year to further reduce the annual amount payable.

To qualify for eligibility:

- the property must be the ratepayers principal place of residence
- the ratepayer (or their spouse) must hold a current State Seniors Card (or be eligible to hold a Seniors Card and have lodged their application to obtain one)
- the ratepayer must own the property (or it can be in joint ownership with their spouse) but no other person can be registered as an owner of the property; and
- if the property has a mortgage that was taken out before 25 January 2007 they must have at least 50% equity in the property.

Should the ratepayer (or spouse) cease to be eligible for the Seniors Card or should the ratepayer move out of the home they do not have to repay any amounts postponed immediately. Postponed rates are only payable upon sale of the property (or earlier if the ratepayer chooses). However if they cease to be eligible any future rates levied cannot be postponed and will be subject to the normal quarterly rating provisions.

Other Concessions

Families SA may assist with the payment of Council rates for your principal place of residence (remissions are not available on vacant land or rental premises).

Rate Rebates

It is the policy of the Council that a rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Local Government Act 1999 and, where appropriate, the requirements of this Policy.

Detailed information about the legislative provisions and Council policy on rebates can be obtained by contacting the Council Office. All enquires will be dealt with on a confidential basis.

Appendix 3: Local Government Financial Indicator Definitions

Operating Surplus (Deficit)

An operating surplus indicates the extent to which operating revenues are sufficient to meet all operating expenses including depreciation and consequently the extent to which the burden of expenses is being met by current ratepayers.

The amount of any operating surplus will be applied towards reducing the amount of borrowings otherwise required to undertake new capital expenditure (e.g. CWMS upgrades in 2010-11)

Operating Surplus (Deficit) Ratio

This ratio expresses the operating surplus (deficit) as a percentage of general and other rates, net of rebates.

A negative ratio indicates the percentage increase in total rates required to achieve a breakeven operating result.

A positive ratio indicates the percentage of total rates available to fund capital expenditure over and above the level of depreciation expense, without increasing Council's level of net financial liabilities. If this amount is not required for capital expenditure it simply reduces the level of net financial liabilities.

Net Financial Liabilities

Net Financial Liabilities measure a Council's total indebtedness.

Net financial liabilities is a broader measure than net debt as it includes all of a Council's obligations including provisions for employee entitlements and creditors.

The level of net financial liabilities increases when a net borrowing result occurs in a financial year and will result in a Council incurring liabilities and/or reducing financial assets.

The level of net financial liabilities decreases when a net lending result occurs in a financial year and will result in a Council purchasing financial assets and/or repaying liabilities.

Net Financial Liabilities Ratio

This ratio indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing it indicates a greater amount of Council's operating revenues is required to service its financial obligations.

Interest Cover Ratio

This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues.

Appendix 3: Local Government Financial Indicator Definitions (cont.....)

Asset Sustainability Ratio

This ratio indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out. On occasions, the Council will accelerate or reduce asset expenditures over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain.

Asset Consumption Ratio

This ratio shows the consumption of all of Council's physical assets at a point in time.

Depreciation represents the reduction in value of the assets each year (as they wear out) and therefore accumulated depreciation is the total reduction in the original value of the assets to date.

This measure seeks to best represent the deterioration in the value of an asset and gives an indicator of a potential backlog.