

District Council of
ROBE

**Annual Business Plan
2011-12**



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Introduction

This Annual Business Plan sets out the Council's proposed services, programs and projects for 2011-12. 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 expectations for services and facilities.

After taking into account feedback from the community, Council has finalised the Plan and 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 required Council will advise residents as soon as possible.

Profile

The District Council of Robe is situated on Guichen Bay, about 350km south east of Adelaide. Robe has a population of approximately 1,500 people in winter months, with an influx of over 15 000 people every summer.

Known as a hidden jewel for fishing, boating and surfing, Robe is a popular 'holiday hangout' for young people. Industry within the district comprises of tourism, cray fishing, agriculture, viticulture and forestry. As mentioned, tourism is peak during the warm summer months; however it is an all-year round business for locals with holiday rentals and hospitality premises. Cray fishing operates between October and May and is managed by individual transferrable quotas.

Local agriculture consists mainly of cattle, sheep, and cropping. Viticulture, although a reasonably new concept within the district, is excelling at a rapid pace with many award-winning wines being produced. Forestry is a key industry for employment; Forestry SA own and maintain the Mount Benson and Bagdad Forests which fall within the Robe District.

1. The Future

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 the Strategic Plan, the current version is available to the public for inspection at the Council Office, Library or on council's website at <http://www.council.robe.sa.gov.au>.

For an overview of the extent to which Council's objectives for 2010-11 are being met, please refer to section 5 - Measuring Performance, of the Annual Business Plan.

Financial Sustainability

Council is committed to ensuring its long term financial sustainability (Refer to Strategic Management Plan). Council's Long Term Financial Plan was adopted in June 2010. The Infrastructure and Asset Management Plan is still in format at this stage. Costs inherent in the Council's 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 Council's 2011-12 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, in 2011-12 general rate revenue will increase by 6.02%. (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 2010-11 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 1999 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.

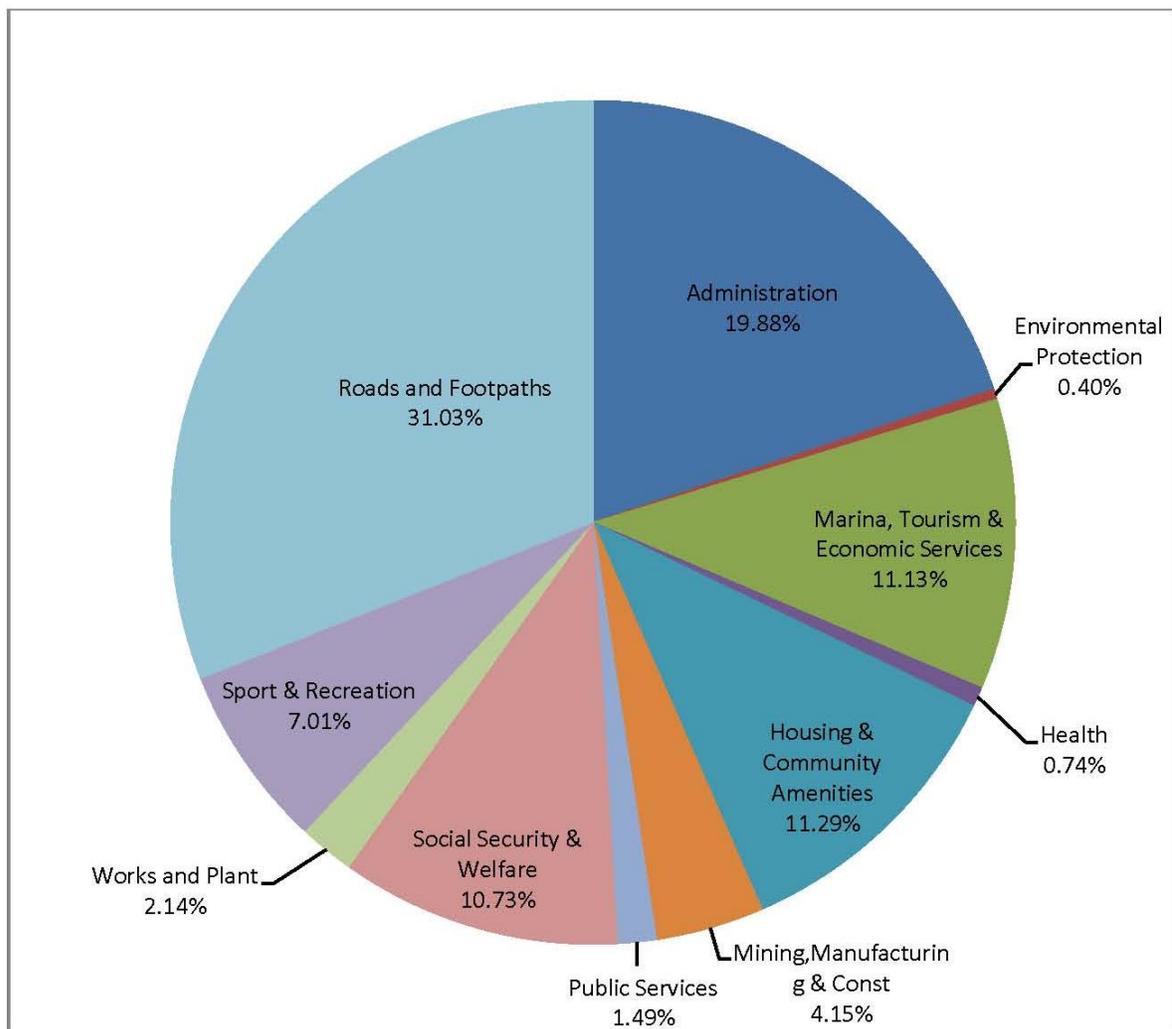
In response to community needs the Council also provides further services and programs including:

- 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 chart and table on the following page provide a functional breakdown of the services for which this expenditure is planned in 2011-12.



| Program | Operating Expenses | Capital Expenditure |
|-------------------------------------|---------------------------|----------------------------|
| Administration | \$1 097 000 | \$10 000 |
| Environmental Protection | \$22 000 | \$20 000 |
| Marina, Tourism & Economic Services | \$614 000 | \$1 725 000 |
| Health | \$41 000 | \$10 000 |
| Housing & Community Amenities | \$623 000 | \$1 570 000 |
| Mining, Manufacturing & Const | \$229 000 | - |
| Public Services | \$82 000 | - |
| Social Security & Welfare | \$592 000 | - |
| Works and Plant | \$118 000 | \$300 000 |
| Sport & Recreation | \$387 000 | \$66 000 |
| Roads and Footpaths | \$1 712 000 | \$745 000 |
| Grand Total | \$5 517 000 | \$4 446 000 |

Further information is provided on each of the services provided by the Council in Appendix 1. This includes an indication of the cost of providing the service.

4. Project Priorities for the Year

Council's planned priorities for capital expenditure in 2011-12 are set out in the table below.

Council is proposing to continue with capital works on Nora Creina Road as well as Old Naracoorte Road, Harold Street and part of Robe Street. Council is; however, open to alternative suggestions as to where residents think that higher priority works should be undertaken.

| Capital | Expenditure |
|--------------------------------------|--------------------|
| Council Offices Roofing | \$10,000 |
| Infobay & Town Entrance Signage | \$25,000 |
| Medical Centre Roofing | \$10,000 |
| Old Cemetery Upgrade | \$30,000 |
| CWMS (New Pumps and Water Re-Use) | \$1,350,000 |
| Public Conveniences Upgrade | \$25,000 |
| Resource Recovery Facility | \$150,000 |
| Street Lighting | \$15,000 |
| Plant Machinery Purchases | \$300,000 |
| Foreshore Protection (Paths) | \$20,000 |
| Halls | \$15,000 |
| Parks & Gardens (Seating, Furniture) | \$46,000 |
| Ski Lake Paving | \$5,000 |
| Pedestrian Crossing - Longbeach | \$15,000 |
| Footways | \$80,000 |
| Road Construction | \$625,000 |
| Stormwater Drainage | \$25,000 |
| Robe Marina - Dredging | \$1,700,000 |
| Total | \$4,446,000 |

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 & 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 received tender documents in relation to the CWMS upgrade and was determined that this project would need to be carried out over two years. As a result \$1.2 million was included in the budget for 2009-10 and again in 2010-11. Due to the refusal by the Development Assessment Commission of Council's Development Application for the CWMS upgrade, this project has been delayed. Council is appealing the decision at the Development Assessment Commission. As a result, this expenditure did not occur and therefore \$1.2 million has been included in the 2011-12 budget.

Closure of Rubbish Dump

2011-12 will see the closure of the rubbish dump due to Environmental Protection Authority requirements. At this stage the costs associated with the closure of the dump and increased costs associated with the transport costs are not yet known.

At its June council meeting, Council resolved to go to tender for the garbage contract and will review its budget when tenders have been received.

5. 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.

- **Targets from 2010-11 Business Plan that have been met**
 - ✓ To develop an estimate of any “infrastructure backlogs” (Maloney Asset Management Systems completed a review of all Road Assets in December 2010).
 - ✓ To continue to meet best practice by ensuring information is available on Council’s website.
 - ✓ Prepare a register of Community Land
- **2011-12 Targets**
 - i. To further develop Council’s role in facilitating public consultation.
 - ii. Continue to meet statutory obligations in ensuring that the annual audit is conducted in a timely manner.
 - iii. Make significant budgetary commitments to maintain and, if appropriate upgrade infrastructure

Tourism & Economic Development

- **Targets from 2010-11 Business Plan that have been met**
 - ✓ To complete the action plan for the Marina endorsed by Council.
 - ✓ Develop and maintain an appropriate website.
 - ✓ Ensure the Development Plan enables only desirable development.
 - ✓ Support and encourage appropriate tourism.
- **2011-12 Targets**
 - i. Facilitate and encourage private sector developments and activity consistent with the Development Plan
 - ii. Ensure appropriate infrastructure is in place & maintained as required
 - iii. Upgrade and beautify the entrance to Robe.
 - iv. Improve car parking facilities throughout the town.
 - v. Investigate a Bus Zone at Domaschenz Street to facilitate the loading & unloading of passengers at Lannam Park to enable them to walk into town.

Environment and Heritage

- **Targets from 2010-11 Business Plan that have been met**
 - ✓ Conduct an audit to determine our existing carbon foot print & compliance with best practice L.G. provisions for reducing carbon footprint, including energy audit of use and cost.
 - ✓ Retain green belt of golf course and the scrub behind it and extend the green belt.
 - ✓ Prepare a sustainable water strategy covering waste water & effluent, & use of CWMS water, including better reuse of recycled waste water, such as on to parks & ovals.

- **2011-12 Targets:**
 - i. Create new zone provision & then create wetland/tourism project using drain L.
 - ii. Coordinate history collating, informing / communicating.
 - iii. Ensure that the heritage trail is visible and has a profile.
 - iv. Restore stone wall at bowling club.
 - v. Examine the possibility of using recycled water for Lucerne crop.
 - vi. Build resource recovery centre consistent with Council's waste management strategy.

Community Services

- **Targets from 2010-11 Business Plan that have been met**
 - ✓ Explore possibilities of affordable housing options for private or community development of independent living units within Robe.
 - ✓ Develop strategies to support and assist community volunteers.
 - ✓ Prepare a strategy to encourage and promote all community service and volunteer groups within the district

- **2011-12 Targets**
 - i. Lobby private developers to build independent living units for retirees/the aged.
 - ii. Facilitate, via the development plan, private aged care facilities and medical facilities.
 - iii. Advocate for a new medical facility.
 - iv. Explore the possibility of relocating the library to another site within Robe.

Lifestyle

- **Targets from 2010-11 Business Plan that have been met:**
 - ✓ Investigation of development of cycling and walking tracks within the district. (*Cycling Plan*)
 - ✓ Facilitate and support more activities for the youth of Robe such as blue light discos.
 - ✓ Examine the feasibility of commencing a green waste pick up service within Robe.

- **2011-12 Targets:**
 - i. Complete a traffic management plan (included in 2011-12 budget).
 - ii. Investigate the possible removal of blind corners.
 - iii. Define a walking trail around Lake Fellmongery.
 - iv. Prepare a development strategy for Lipson Park to better utilise this area.

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 4 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
CONSOLIDATED BUDGET 2011/2012**

FINANCIAL INDICATORS

| 09/10 Consolidated | FULL YEAR REVISED ESTIMATE | | 2011/12 BUDGET |
|-----------------------|-------------------------------|---|-------------------|
| 2,095,000 | 410,000 | Operating Surplus <i>Being the Operating Surplus (Deficit) before Capital Amounts</i> | 220,000 |
| 58% | 11% | Operating Surplus Ratio <u>Operating Surplus</u> Rates - general & other less NRM levy <i>This ratio expresses the Operating Surplus as a percentage of general and other rates, net of NRM Levy</i> | 5% |
| 5,377,000 | 5,535,000 | Net Financial Liabilities <i>Net Financial Liabilities are defined as Total Liabilities less financial assets (excluding equity accounted investments in Council Businesses)</i> | 7,526,000 |
| 3,147,000 | 2,621,000 | Net Financial Liabilities (Excluding Marina Premiums received in Advance) <i>Net Financial Liabilities are defined as Total Liabilities less financial assets (excluding equity accounted investments in Council Businesses)</i> | 3,844,000 |
| 77% | 104% | Net Financial Liabilities Ratio <u>Net Financial Liabilities</u> Total Operating Revenue less NRM levy | 133% |
| 45% | 49% | Net Financial Liabilities Ratio (Excluding Marina Premiums received in Advance) <u>Net Financial Liabilities</u> Total Operating Revenue less NRM levy | 68% |
| 2.2% | 4% | Interest Cover Ratio <u>Net Interest Expense</u> Total Operating Revenue less NRM levy less Investment Income | 1% |
| 66% | 68% | Asset Sustainability Ratio <u>Net Asset Renewals</u> Depreciation Expense <i>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</i> | 69% |
| 71% | 74% | Asset Consumption Ratio <u>Carrying value of depreciable assets</u> Gross value of depreciable assets Total Carrying Value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation | 95% |

6. Funding the Business Plan

As outlined in the Introduction to this document, the 2011-12 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 operating expenses are less than its operating 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 \$220 000 in 2011-12, as a result of budgeted Operating Revenues of \$5 737 000 and budgeted Operating Expenses of \$5 517 000.

As outlined in the “Project Priorities for the year” (Section 4), this Annual Business Plan proposes Capital Expenditure of \$4 446 000.

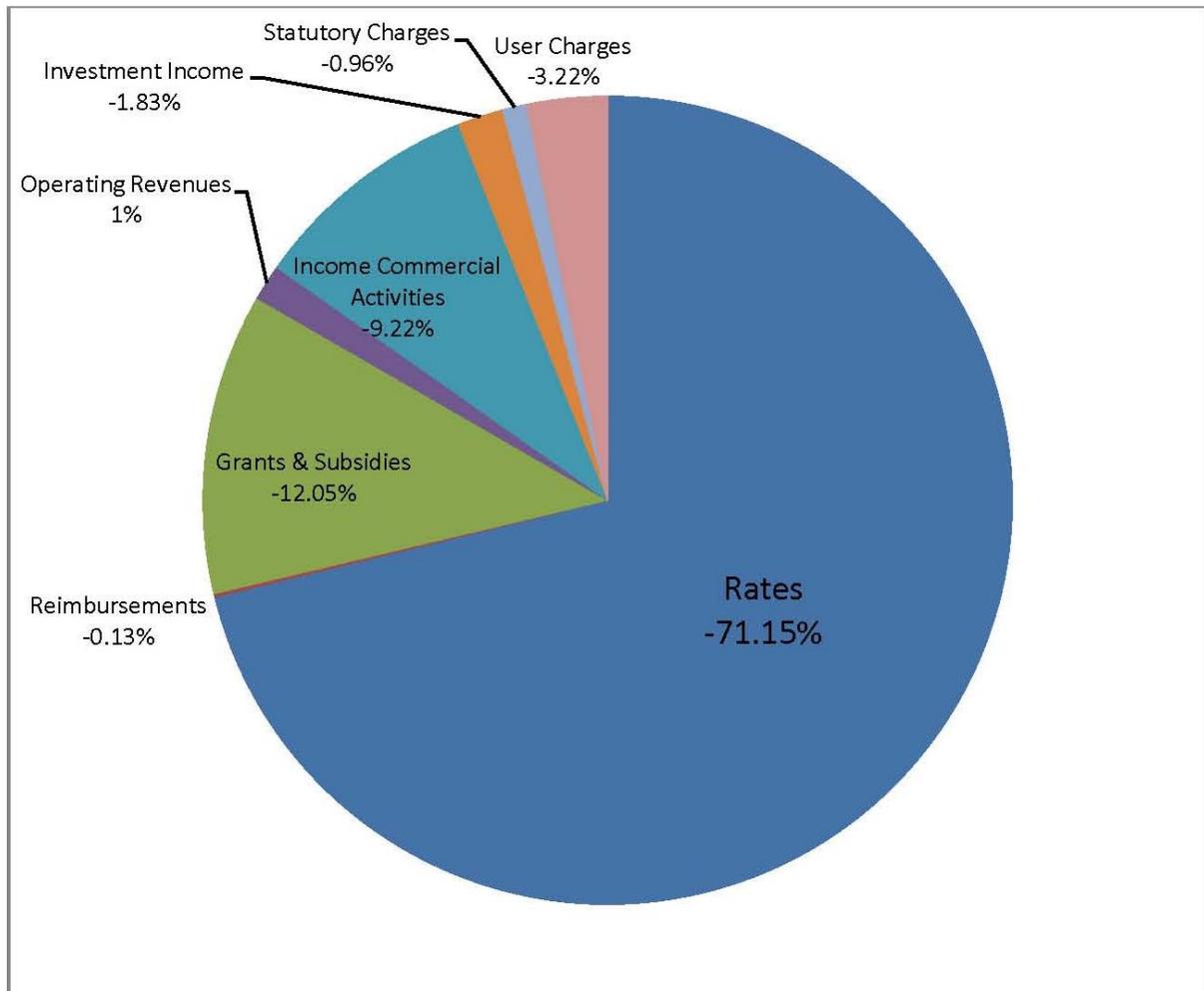
Apart from Rate Revenue, Operating Revenue is generated by Statutory Charges (development/ building fees and dog registrations), User Charges (hall hire, marina, cemeteries, & waste depot fees), Investment Income, and State and Commonwealth Government operating grants.

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

The Budgeted Operating Revenue for 2011-12 includes General Rate revenue of \$3 022 000 (6.02% more than 2010-11 excluding new development), Separate Rates of \$80 000 and Annual Service Charges of \$1 030 000. Council has also allowed \$50 000 in its budget for discretionary rebates whereby properties can apply to have their rates capped at a 15% increase in accordance with Council’s policy.

Details of Council’s planned Separate Rates and Annual Service Charges for 2011-12 can be found in Section 7 of this Plan - “What it means for Rates”.

The following table highlights the sources of revenue for 2011-12.



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 2010 together with estimates of these measures at 30 June 2011 and 30 June 2012. The revised estimate for 2010-11 shows a decrease of \$599 000 in the level of net debt for the year resulting in estimated net debt at 30 June 2011 of \$1 470 000. The decrease is mainly attributable to the sale of Marina Berths.

The level of net debt is expected to increase to \$2 693 000 at 30 June 2012 due to borrowings associated with the CWMS project and dredging of the Marina.

**DISTRICT COUNCIL OF ROBE
INDEBTEDNESS**

| | DRAFT BUDGET 2011-12 \$'000 | FULL YEAR REVISED ESTIMATE 2010-11 \$'000 | CONSOLIDATED 2009-10 \$'000 |
|--|--|--|--|
| Gross Borrowings | 2,779 | 1,837 | 2,382 |
| Less: Cash and Investments | 86 | 367 | 313 |
| EQUALS: NET DEBT | 2,693 | 1,470 | 2,069 |
| Add: Trade and Other Payables (Including premiums received in advance for Marina Berths) | 4,596 | 3,828 | 3,217 |
| Add: Provisions for Employee Entitlements | 426 | 426 | 426 |
| Add: Provision for Future Losses | 146 | | |
| Less: Trade and Other Receivables | 239 | 239 | 239 |
| Less: Other Financial Assets | 96 | - | - |
| EQUALS: NET FINANCIAL LIABILITIES | 7,526 | 5,485 | 5,473 |

7. 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. It is proposed that this will continue for the 2011-12 financial year. Council reviewed its rating strategy at the audit committee meeting on 20 September 2010, and will monitor this on a yearly basis.

The following table provides a summary of Council’s rating strategy over the past three years and the implications for the 2011-12 rating strategy.

| Year | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---------------------|---------|---------|---------|---------|
| Township Rate in \$ | 0.3093 | 0.3065 | 0.3077 | 0.3077 |
| Rural Rate in \$ | 0.3093 | 0.3065 | 0.3077 | 0.3077 |
| Minimum Rate | \$ 535 | \$ 535 | \$ 555 | \$ 575 |

2011-12 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 2011-12.

The total amount of General Rates to be collected in 2011-12 will increase by 6.02% (excluding new development) in 2011-12 compared to 2010-11. The impact of the increase (including new development) can be seen in the below table.

| Range | Number of Assessments | % of Total Assessments |
|---------------|------------------------------|-------------------------------|
| Reduction | 44 | 1.89% |
| No Change | 807 | 34.62% |
| 0% to 1.99% | 42 | 1.80% |
| 2% to 4.99% | 626 | 26.86% |
| 5% to 9.99% | 162 | 6.95% |
| 10% to 19.99% | 299 | 12.83% |
| 20% to 49.99% | 255 | 10.94% |
| 50% to 99.99% | 38 | 1.63% |
| > 100% | 58 | 2.49% |
| TOTAL | 2331 | 100.00% |

Council wishes to emphasise that although total rate revenue (including revenue from new assessments) is increasing by 6.72%; 65% of ratepayers will face increases of less than 5%. Of the 812 properties that have increased by an amount between 5% and greater than 100%, 91 of those properties (11%) can be attributed to 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 2011-12 will be \$575 which is an increase of 3.6% on the minimum rate applied in 2010-11. Overall, the minimum rate will be applied to approximately 24.5% 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 \$38.45 on all rateable land in Council's area and then forward the money on to the Board to fund its activities.

Annual Service Charges

CWMS (Community Wastewater Management Systems)

Council provides a 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 2011-12 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 2011-12 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 2011-12 to help spread the costs evenly throughout the Council area and to ensure a “User Pays” approach.

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 3 to this Annual Business Plan.

The following table shows the details of the separate rates and annual service charges for 2011-12.

| Service Charges and Separate Rates 2011-12 | | | | | | |
|---|-----------------------------------|--------------|-----------------------|-----------------------|-----------------|------------------|
| Description | \$ Charge Per Unit 2011-12 | Units | Levied 2011-12 | Levied 2009-10 | % Change | \$ Change |
| Waste & Recycle Collection | 275.00 | 1128 | \$ 310,200 | \$ 288,055 | 7.7% | \$ 22,145 |
| Waste Collection - Boatwains Point | 150.00 | 61 | \$ 9,150 | \$ 8,700 | 5.2% | \$ 450 |
| Occupied CWMS + Desludging | 459.00 | 1149 | \$ 527,391 | \$ 494,831 | 6.6% | \$ 32,560 |
| Occupied CWMS | 413.00 | 125 | \$ 51,625 | \$ 51,870 | -0.5% | -\$ 245 |
| Vac CWMS | 368.00 | 357 | \$ 131,376 | \$ 133,835 | -1.8% | -\$ 2,459 |
| TOTAL CWMS | | | \$ 710,392 | \$ 680,536 | 4.4% | \$ 29,856 |
| SE NRM Levy | 38.45 | 2083 | \$ 80,091 | \$ 76,863 | 4.2% | \$ 3,229 |
| TOTAL RAISED | | | \$ 1,109,833 | \$ 1,054,154 | 5% | \$ 55,680 |

Appendix 1 Expenses by Sub-Program

The following table provides a breakdown of operating expenses for 2011-12 by sub-program.

| Sub-Program | Operating Expenses |
|-------------------------------|--------------------|
| Administration Other | \$1,000 |
| Aerodromes | \$5,000 |
| Aged Homes | \$32,000 |
| Beach Patrol Officer | \$1,000 |
| Boat Ramp | \$21,000 |
| Caravan Parks | \$55,000 |
| Cemeteries | \$13,000 |
| Community Bus | \$1,000 |
| Depot & Overhead Expenses | \$7,000 |
| Development Act | \$229,000 |
| Dog Control | \$12,000 |
| Effluent Drainage | \$314,000 |
| Elected Members | \$75,000 |
| Festivals | \$2,000 |
| Fire Protection | \$22,000 |
| Foreshore Protection | \$21,000 |
| General Operations | \$459,000 |
| Halls | \$42,000 |
| Health Centres | \$5,000 |
| Health Inspection | \$18,000 |
| Jetty | \$7,000 |
| Lake Butler | \$450,000 |
| Libraries | \$145,000 |
| Mobilechildcare | \$550,000 |
| National Estates | \$1,000 |
| Other Economic Services | \$6,000 |
| Other General Public Services | \$48,000 |
| Other General Purpose N.E.C. | \$3,000 |
| Other Health Services | \$19,000 |
| Other Social Sec/Wel Sves | \$10,000 |
| Parks & Gardens | \$153,000 |
| Plant Operations | \$60,000 |
| Public Conveniences | \$60,000 |
| Public Debt Transaction | \$45,000 |
| Public Relations | \$3,000 |
| Rates | \$80,000 |
| Road Maintenance | \$1,649,000 |
| Salary - Office | \$479,000 |
| Sanitary & Garbage | \$195,000 |
| Sport & Recreation | \$37,000 |
| Stormwater Drainage | \$35,000 |
| Street Lighting | \$32,000 |
| Tourism | \$103,000 |
| Underground Power | \$10,000 |
| Vandalism | \$2,000 |
| TOTAL | \$5,517,000 |

Appendix 2 Budgeted Financial Statements 2011-12

| DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2011/2012 | | |
|---|---|------------------------------------|
| STATEMENT OF COMPREHENSIVE INCOME | | |
| 2010/2011 FULL YEAR REVISED ESTIMATE \$ | INCOME | 2011/2012 BUDGET \$ |
| 3,871,000 | Rates | 4,082,000 |
| 60,000 | Statutory Charges | 55,000 |
| 628,000 | User Charges | 714,000 |
| 645,000 | Grants Subsidies and Contributions | 691,000 |
| 79,000 | Investment Income | 105,000 |
| 32,000 | Reimbursements | 7,000 |
| 69,000 | Other | 83,000 |
| - | Share of profit - joint ventures and associates | - |
| <hr/> 5,384,000 | TOTAL REVENUES | <hr/> 5,737,000 |
| | EXPENSES | |
| 1,500,000 | Wages and Salaries | 1,558,000 |
| 1,863,000 | Materials, contracts & other expenses | 2,279,000 |
| 283,000 | Finance Costs | 178,000 |
| 1,328,000 | Depreciation, amortisation & impairment | 1,502,000 |
| - | Share of loss - joint ventures & associates | - |
| <hr/> 4,974,000 | Total Expenses | <hr/> 5,517,000 |
| <hr/> 410,000 | OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS | <hr/> 220,000 |
| - | Net gain (loss) on disposal or revaluation of assets | 50,000 |
| 510,000 | Amounts specifically for new or upgraded assets | 480,000 |
| - | Physical resources received free of charge | - |
| <hr/> 920,000 | TOTAL COMPREHENSIVE INCOME | <hr/> 750,000 |

Appendix 2 Budgeted Financial Statements 2011-12 (cont...)

**DISTRICT COUNCIL OF ROBE
CONSOLIDATED BUDGET 2011/2012**

CASH FLOW STATEMENT

| 2010/2011 FULL YEAR REVISED ESTIMATE \$ Inflows (Outflows) | | 2011/2012 BUDGET \$ Inflows (Outflows) |
|---|---|--|
| | CASHFLOWS FROM OPERATING ACTIVITIES | |
| | RECEIPTS | |
| 5,305,000 | Operating Receipts | 5,632,000 |
| 79,000 | Investment Receipts | 105,000 |
| | PAYMENTS | |
| (3,363,000) | Operating payments to suppliers & employees | (3,837,000) |
| (283,000) | Finance Payments | (178,000) |
| 1,738,000 | Net Cash provided by (or used in) Operating Activities | 1,722,000 |
| | CASH FLOWS FROM INVESTING ACTIVITIES | |
| | RECEIPTS | |
| 510,000 | Grants specifically for new or upgraded assets | 480,000 |
| 591,000 | Sale of Assets | 253,000 |
| - | | |
| | PAYMENTS | |
| (2,997,000) | Capital Expenditure on renewal/replacement of assets | (1,296,000) |
| - | Capital Expenditure on new/upgraded assets | (3,150,000) |
| (1,896,000) | Net Cash provided by (or used in) Investing Activities | (3,713,000) |
| | CASH FLOWS FROM FINANCING ACTIVITIES | |
| | RECEIPTS | |
| 757,000 | Premiums received in advance (Marina) | 768,000 |
| - | Proceeds from Borrowings | 1,150,000 |
| | PAYMENTS | |
| (545,000) | Repayment of Borrowings | (208,000) |
| 212,000 | NET CASH USED IN FINANCING ACTIVITIES | 1,710,000 |
| 54,000 | NET INCREASE (DECREASE) IN CASH HELD | (281,000) |
| 313,000 | CASH AT BEGINNING OF YEAR | 367,000 |
| 367,000 | CASH AT END OF YEAR | 86,000 |

Appendix 2: Budgeted Financial Statements 2011-12 (cont...)

**DISTRICT COUNCIL OF ROBE
CONSOLIDATED BUDGET 2011/2012**

BALANCE SHEET

| 2010/2011 FULL YEAR REVISED ESTIMATE | | 2011/2012 BUDGET |
|--|--|---------------------|
| \$ | | \$ |
| | ASSETS | |
| | CURRENT ASSETS | |
| 367,000 | Cash and cash equivalents | 86,000 |
| 239,000 | Trade & other receivables | 239,000 |
| 460,000 | Inventories | 460,000 |
| - | Other Financial Assets | - |
| <u>1,066,000</u> | | <u>785,000</u> |
| - | Non-Current Assets held for Sale | - |
| <u>1,066,000</u> | TOTAL CURRENT ASSETS | <u>785,000</u> |
| | NON-CURRENT ASSETS | |
| 96,000 | Financial Assets | 96,000 |
| 95,363,000 | Infrastructure, Property, Plant & Equipment | 98,104,000 |
| - | Other Non-current Assets | - |
| <u>95,459,000</u> | TOTAL NON-CURRENT ASSETS | <u>98,200,000</u> |
| <u>96,525,000</u> | TOTAL ASSETS | <u>98,985,000</u> |
| | LIABILITIES | |
| | CURRENT LIABILITIES | |
| 914,000 | Trade & Other Payables | 914,000 |
| 1,138,000 | Borrowings | 510,888 |
| 401,000 | Short-term Provisions | 401,000 |
| - | Other Current Liabilities | - |
| <u>2,453,000</u> | | <u>1,825,888</u> |
| - | Liabilities relating to Non-current Assets held for Sale | - |
| <u>2,453,000</u> | TOTAL CURRENT LIABILITIES | <u>1,825,888</u> |
| | NON-CURRENT LIABILITIES | |
| 2,914,000 | Premiums Received in Advance (Marina) | 3,682,000 |
| 146,000 | Provision for Marina Completion | 146,000 |
| 699,000 | Long-term Borrowings | 2,268,112 |
| 25,000 | Long-term Provisions | 25,000 |
| - | Other Non-current Liabilities | - |
| <u>3,784,000</u> | TOTAL NON-CURRENT LIABILITIES | <u>6,121,112</u> |
| <u>6,237,000</u> | TOTAL LIABILITIES | <u>7,947,000</u> |
| <u>90,288,000</u> | NET ASSETS | <u>91,038,000</u> |
| | EQUITY | |
| 9,905,000 | Accumulated Surplus | 10,322,000 |
| 79,637,000 | Asset Revaluation | 79,637,000 |
| 746,000 | Other Reserves | 1,079,000 |
| <u>90,288,000</u> | TOTAL EQUITY | <u>91,038,000</u> |

Appendix 2: Budgeted Financial Statements 2011-12 (cont...)

| DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2011/2012 | | STATEMENT OF CHANGES IN EQUITY | |
|---|--|---------------------------------------|--|
| 2010/2011 FULL YEAR REVISED ESTIMATE \$ | | 2011/2012 BUDGET \$ | |
| | ACCUMULATED SURPLUS | | |
| 8,390,000 | Balance at end of previous reporting period | 9,905,000 | |
| 920,000 | Net Result for Year | 750,000 | |
| 1,578,000 | Transfer From Reserves | 142,000 | |
| <u>-983,000</u> | Transfer To Reserves | <u>-475,000</u> | |
| 9,905,000 | BALANCE AT END OF PERIOD | 10,322,000 | |
| | ASSET REVALUATION RESERVE | | |
| 79,637,000 | Balance at end of previous reporting period | 79,637,000 | |
| 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>0.00</u> | |
| 79,637,000 | BALANCE AT END OF PERIOD | 79,637,000 | |
| | Plant Replacement Reserve | | |
| - | Balance at end of previous reporting period | - | |
| <u>0</u> | Transfer to reserve from accumulated surplus | <u>0</u> | |
| 0 | Transfer from reserve to accumulated surplus | - | |
| | BALANCE AT END OF PERIOD | - | |
| | Garbage Reserve | | |
| 221,000 | Balance at end of previous reporting period | 221,000 | |
| - | Transfer to reserve from accumulated surplus | 200,000 | |
| <u>0</u> | Transfer from reserve to accumulated surplus | <u>421,000</u> | |
| 221,000 | BALANCE AT END OF PERIOD | 421,000 | |
| | CWMS Maintenance | | |
| 1,064,000 | Balance at end of previous reporting period | 469,000 | |
| 983,000 | Transfer to reserve from accumulated surplus | 275,000 | |
| <u>- 1,578,000</u> | Transfer from reserve to accumulated surplus | <u>- 142,000</u> | |
| 469,000 | BALANCE AT END OF PERIOD | 602,000 | |
| | Contribution Reserve | | |
| 26,000 | Balance at end of previous reporting period | 26,000 | |
| <u>0</u> | Transfer to reserve from accumulated surplus | <u>-</u> | |
| 26,000 | Transfer from reserve to accumulated surplus | 26,000 | |
| | BALANCE AT END OF PERIOD | 26,000 | |
| | Other Reserves | | |
| 30,000 | Balance at Beginning of Period | 30,000 | |
| - | Transfer to reserve from accumulated surplus | - | |
| <u>0</u> | Transfer from reserve to accumulated surplus | <u>0</u> | |
| 30,000 | BALANCE AT END OF PERIOD | 30,000 | |
| | Lake Butler Reserve | | |
| 0 | Balance at end of previous reporting period | - | |
| <u>0</u> | Transfer to reserve from accumulated surplus | <u>-</u> | |
| 0 | Transfer from reserve to accumulated surplus | - | |
| | BALANCE AT END OF PERIOD | - | |
| <u>90,288,000</u> | TOTAL EQUITY AT END OF REPORTING PERIOD | <u>91,038,000</u> | |

Appendix 2 Budgeted Financial Statements 2011-12 (cont...)

| DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2011/2012 | | |
|---|---|---------------------------|
| UNIFORM PRESENTATION OF FINANCES | | |
| 2010/2011 FULL YEAR REVISED ESTIMATE \$ | | 2011/2012 BUDGET \$ |
| 5,384,000 | Operating Revenues | 5,737,000 |
| <u>(4,974,000)</u> | less Operating Expenses | <u>(5,517,000)</u> |
| 410,000 | Operating Surplus / (Deficit) before Capital Amounts | 220,000 |
| | Less Net Outlays in Existing Assets | |
| 1,492,840 | Capital Expenditure on renewal and replacement of Existing Assets | 1,296,000 |
| <u>(1,328,000)</u> | less Depreciation, Amortisation and Impairment | <u>(1,502,000)</u> |
| <u>(591,000)</u> | less Proceeds from Sale of Replaced Assets | <u>(253,000)</u> |
| (426,160) | | (459,000) |
| | Less Net Outlays on New and Upgraded Assets | |
| 1,504,160 | Capital Expenditure on New and Upgraded Assets | 3,150,000 |
| <u>(510,000)</u> | less Amounts received specifically for New and Upgraded Assets | <u>(480,000)</u> |
| <u>-</u> | less Proceeds from Sale of Surplus Assets | <u>-</u> |
| 994,160 | | 2,670,000 |
| (158,000) | Net Lending / (Borrowing) for Financial Year | (1,991,000) |

Appendix 3 Rating Policy (Concessions & Remissions) 2011-12

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:-

- 1 September 2011
- 1 December 2011
- 1 March 2012
- 1 June 2012

Rates may be paid:

- via the mail with a money order or cheque made payable to the District Council of Robe, PO Box 1 Robe SA 5276
- in person, at the Council offices, 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 or by telephoning the council office on (08) 8768 2003
- By BPAY (details on the rate notice)

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact the office on 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.

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 4: 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 2011-12)

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.

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.