

District Council of
ROBE

*Annual Business Plan
2009-10*

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Message from the Mayor 2009-10 Business Plan

Global financial Crisis

The overriding backdrop for this budget is the Global Financial Crisis. Many businesses and individuals are suffering. Even though Council has made great improvements in Council's finances, we still have a difficult situation. Council continues to look for ways to save money.

Council Debt and liabilities

Council's inherited debt hasn't gone away however it is being paid down slowly by a combination of selling assets and savings from cutting costs. In the past financial year Council has sold several properties including part of Burr St and both Council houses. It is expected that more properties will be sold in 2009-10. Without selling some assets we would not have been able to manage the debt down in any significant way. There is also a debt owed by Council to CCOWS childcare service. CCOWS deposited surplus funds with Council since before this Council, and, it is expected that they will ask for this money back in 2009-10 meaning Council will have to borrow around \$500,000 to pay it back. Council will also be borrowing for the reuse project for waste water from the effluent ponds. This debt will be covered by the STEDS charges.

Properties bought by Council

In 2008-09 Council bought two properties. One is crucial for the proposed second road access to Robe by extending Beacon Hill Road to Nora Creina Road. It is expected that Council will be able to recover a significant proportion of the cost of this purchase when the parts of the land not needed for the road are sold off. The second piece of land acquired by Council is adjacent to the effluent ponds and is required for water treatment. No land purchases are planned for 2009-10.

Budget surplus

In 2008-09 Council budgeted for a \$104,000 deficit and thanks to Bill Hender and his team it is expected to be a \$76,000 surplus, which is an excellent result under the circumstances. Council is budgeting for a surplus of \$79,226 in 2009-10. The \$79,226 budgeted surplus for 2009-10 would have been a \$1.7 million surplus if depreciation had been ignored as was done by the previous Council. This demonstrates the huge turnaround in Council's finances. Unfortunately there are many maintenance items that haven't been done and Council is budgeting to do some of these this financial year.

Roads and streets

With limited funds council plans to upgrade least one town and one district road each financial year. Elizabeth St and Boatswains Point are budgeted for upgrading in 2009-10.

Aged Care Independent Living

Council was in discussions with a local non-profit organisation about new units and complex on Council's Casuarina site however owing to the Global Financial Crisis they will not be going ahead. Other organisations have said the same. Council will be looking for more options however in the meantime Council has budgeted to upgrade the three vacant units for use as soon as possible.

Jobs

Robe and District is a lovely place to live however there is a lack of all-year-round well paid employment. One of Council's key priorities is to get more reliable and well paying jobs in our district. If the proposed wind farm goes ahead, DC Robe will be doing everything we can to ensure that their maintenance and administration will be based in Robe. Similarly, we will be trying to encourage businesses with well paid jobs to relocate to Robe. This proposed task has become increasingly difficult with the Global Financial Crisis. If we are successful we expect a flow on to most businesses in the town and better employment options for many.

WM Peden
Mayor

INTRODUCTION

The Annual Business Plan sets out the Council's proposed services, programs and projects for 2009-10. It aims at continued progress towards the longer term objectives of the District Council of Robe set out in Council's Strategic Plan.

The Annual Business Plan and accompanying Budget have 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.

1. The Future

The Annual Business Plan for 2009-10 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 2008-09 in relation to its updated Strategic Plan, Long Term Financial Plan and Infrastructure and Asset Management Plan. These plans are still in draft format at this stage. Costs inherent in the Council's Infrastructure and Asset Management Plan will be reflected in the Long Term Financial Plan and both of these documents will be integral to, and be heavily influenced by, the Strategic Plan. Collectively, these plans form the Council's suite of Strategic Management Plans. They will be released for public consultation before they are adopted by the Council.

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>. As mentioned above, the 2009-12 Strategic Plan is still in draft format and will be released to the public as part of a consultation process.

2. Significant Influences and Priorities

A number of significant factors have influenced the preparation of the Council's 2009-10 Annual Business Plan. These include:

- Requirements to maintain and improve infrastructure assets to acceptable standards including roads, footpaths, and the Community Wastewater Management System;
- 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;
- The 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 2.3% in 2009-10. (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 our infrastructure is maintained at a reasonable level.

The Council's priorities for 2009-10 include the adoption and implementation of a the suite of Strategic Management Plans comprising;

- A Long Term Financial Plan;
- A Strategic Plan; and
- An Infrastructure and Asset and Management Plan

As mentioned above, Council has been working towards a position of adopting these plans throughout 2008-09. Meetings have been held by Council and with the public to help guide the strategic direction the Council should be taking to meet future community service expectations.

Once the Strategic Plan and Infrastructure and Asset Management Plan have been finalised, Council will then be in a position to finalise its Long Term Financial Plan. Without these Plans in place, the Council will have insufficient information to determine sustainable service levels, affordable asset stockholding strategies and appropriate revenue targets.

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 has secured \$402,000 in Commonwealth Government 'Roads to Recovery' funding for the next five years which will assist Council's plan of upgrading one rural and one town road per year along with necessary reseals and re-sheets as was Council's plan for 2008-09.

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:

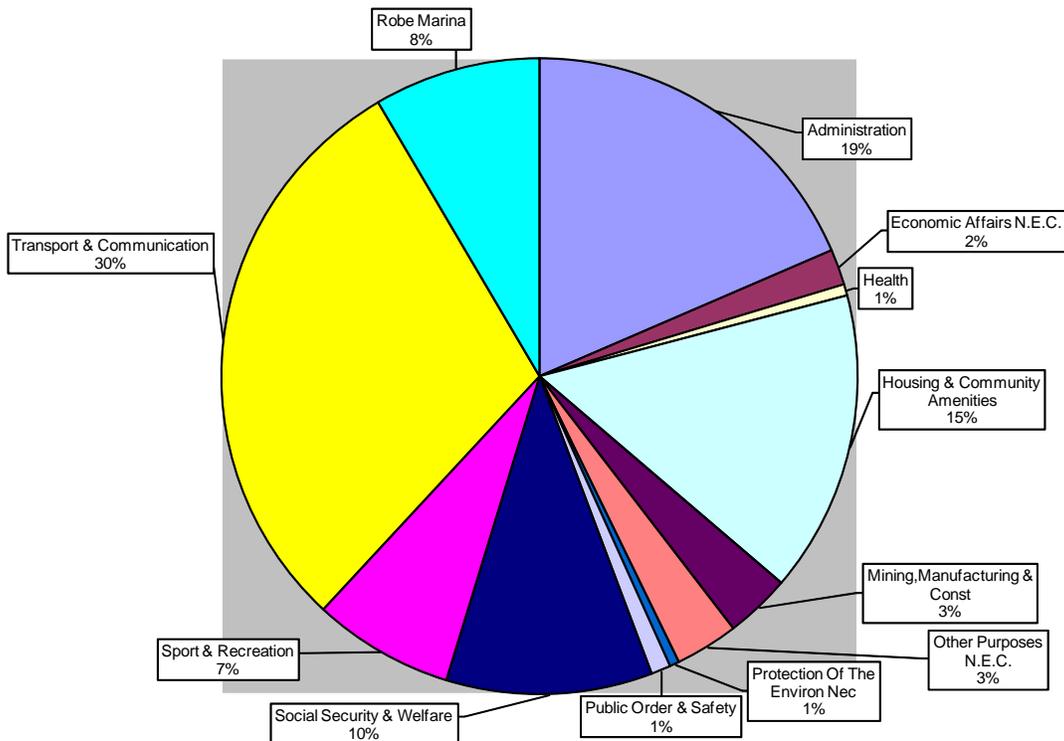
- Library and Visitor Information Centre;
- Community facilities;
- Economic development;
- Environmental programs;
- Community programs;
- On-street parking management to maximise use of kerbside space.

In all services the Council seeks to be responsive to changing needs. Community consultation will be undertaken in the future to check levels of satisfaction and suggested areas for improvement.

Council also provides facilities on a fee for service basis. These provide important community benefits as well as providing revenue for services and projects of benefit to Council:

- 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 2009-10.



Programme	Operating	Capital
Administration	\$968,806	\$27,000
Economic Affairs N.E.C.	\$95,004	\$300,000
Health	\$30,136	\$15,000
Housing & Community Amenities	\$803,342	\$1,385,000
Mining, Manufacturing & Const	\$173,594	\$0
Other Purposes N.E.C.	\$167,581	\$435,000
Protection Of The Environ N.E.C	\$25,622	\$17,000
Public Order & Safety	\$52,001	\$0
Social Security & Welfare	\$547,821	\$20,000
Sport & Recreation	\$374,810	\$280,500
Transport & Communication	\$1,550,268	\$555,000
Robe Marina	\$443,329	\$865,000
Grand Total	\$5,232,314	\$3,899,500

4. Project Priorities for the year

Council's planned capital priorities for 2009-10 are set out in the table below. Council received funding for Robe Street Playground in 2008-09 and propose to complete this project in 2009-10. The new play and fitness space featuring bicycle and walking tracks, pavilion-style shelter, barbeque, pentanque court, toilets, adult exercise stations and possibly a fitness trail is to be constructed on the corner of Robe Street and Alexander Way.

Council is proposing to continue with works on Nora Creina Road as well as Elizabeth Street and Boatswains Point.

Capital	Expenditure	Grants
Administration P&E (Computers, F&F)	\$25,000	\$0
Medical Centre Automatic Door	\$15,000	\$0
CWMS (New Pumps & Water Re-use)	\$1,350,000	-\$240,000
Roads (Elizabeth Street, Reseals & Resheets)	\$500,000	-\$402,000
Robe Street Family Friendly Recreational Park	\$201,500	\$0
Trial of Solar Light - Street Lighting	\$15,000	\$0
Footpaths	\$30,000	\$0
Walking Trails	\$5,000	\$0
Foreshore Protection - 1st & 2nd Ramps - Long Beach	\$17,000	-\$10,000
Foreshore Shelter	\$5,000	\$0
Stormwater	\$15,000	\$0
Plant and Equipment	\$435,000	\$0
Upgrade of Units Casuraina Lodge	\$20,000	\$0
Customs House	\$15,000	-\$5,000
New Institute Roof & Upgrades	\$30,000	\$0
New Polyline Piping for Watering at Cemetery & Upgrade of Wall	\$15,000	-\$5,000
Upgrade to Public Conveniences	\$5,000	\$0
Upgrade to Victoria Street Kerb and Watertable	\$5,000	\$0
Robe Foreshore Playground Upgrade	\$10,000	\$0
Pop Up Sprinklers at Long Beach	\$15,000	\$0
BBQ installation at Ski Lake	\$4,000	\$0
2 Security Cameras and Recorder	\$2,000	\$0
Dredging of Robe Marina	\$500,000	\$0
Straddle Lift Refurbishment	\$100,000	\$0
New Marina Car Park	\$65,000	\$0
Pontoons for Butler	\$130,000	\$0
Completion of Breakwater	\$70,000	\$0
Settlement of Land	\$300,000	\$0
Grand Total	\$3,899,500	-\$662,000

UPGRADING OF COMMUNITY WASTE MANAGEMENT SYSTEMS

In September 2007 a report was provided to Council regarding the Commonwealth Government funding available for the upgrading of the Community Waste Management System (CWMS). Committing to the project means that the Council is eligible to receive a grant amounting to 20% of the capital cost of providing the necessary infrastructure to re-use 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 has been 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 will further consult with the community regarding the CWMS upgrade when it has assembled all relevant data.

INFRASTRUCTURE AND ASSET MANAGEMENT PLAN

The Local Government Act 1999 requires Councils to have developed Infrastructure and Asset Management Plans by 30 November 2008. Council worked towards developing and adopting a basic Plan by that date but due to the lack of asset management strategies, policies and systems in the past, this continues to be a work in progress. 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 any infrastructure 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 \$52 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 their 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.

The term “asset management” is used to describe the process by which the Council manages physical assets to meet current and future levels of service. The Council determines the policy framework within which existing assets are managed and new assets acquired and the overall program for maintenance and disposal of assets. This policy framework has typically have regard to the link between the purchase, upgrade and disposal of assets, the delivery of services to communities and consultation processes required to ensure the community is well informed and able to influence the decisions of the Council.

The role of Council staff is to assist the elected body to translate its asset management policy objectives into plans that will enable Council to efficiently and effectively manage the asset portfolio and address issues such as:

- Overall objectives for asset management having regard to the implications for service levels, financial, legal and regulatory matters;
- Management of asset information systems, addressing issues such as location, condition, performance, capacity/utilisation, risk, lifecycle costs, maintenance history etc.;
- Risk identification, assessment and control in the short and long term.

With establishment of appropriate policy and planning mechanisms, Council management will put in place operational controls and procedures to meet Council objectives so as to:

- Ensure that assets are properly managed and maintained;
- Create and maintain suitable information and decision support systems to allow for the systematic establishment of service levels and the appropriate solutions to provide for those service levels;
- Monitor the condition and performance of existing assets to meet the required service levels;
- Ensure that appropriate records of assets are created and maintained;
- Ensure that the system of internal controls safeguard assets from misuse;
- Regularly review, monitor and report on the Infrastructure and Asset Management Plan and, in turn the Long term Financial Plan.

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 and, as such it is an integral consideration in the creation of strategic management plans.
- 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.

- Assets are not always renewed. Furthermore acquiring more assets is not necessarily the solution to increased service demand.
- Asset performance must be monitored and action taken to renew (including upgrade/rehabilitate) or retire assets that do not provide appropriate service levels and outcomes.

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 into the long 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.

Supporting the above steps are two key elements:

- Information – about a range of matters: community needs; service levels; asset performance and condition; performance targets and measures; impact on future operating budgets (i.e. maintenance and depreciation costs).
- A Decision Support System which can perform: life cycle costing; modelling of proposed solutions; trend analysis; forecasting – short and long term.

Unlike the approach taken by the previous Council, depreciation costs are now being factored into the cost of providing Council services. Depreciation measures the consumption of an asset over a particular time period. The consumption of an asset clearly is part of the cost of providing a service. The full cost of providing any service needs to be considered by communities and Council in deciding to provide or continue services. The full cost of providing the service needs to be funded. The Council is committed to ensure that future generations are not left to meet the cost of services being consumed by current ratepayers.

In summary, while Council is progressing with compiling improved asset information the capital works planned for 2009-10 are considered to be of a high priority and in line with Council's strategic focus. While it is a simple exercise to agree a schedule of capital works that needs to be undertaken, it is more difficult to determine the priority of works without considering funding, whole of community need, issues of risk management and safety. Hence the need for a structured and robust Infrastructure and Asset Management Plan based on reliable information that is understood and agreed with the community. The body of work underway is

extensive and is being supported by a platform of data constructed with the assistance of skills obtained outside of the organisation. Community patience and support is vital while staff go about gathering and evaluating the data and preparing the Plans which will form public consultation documents.

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

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

- 2009-10 Target:
To fully implement the recommendations set out in the twelve month action plan resulting from the review during 2007 by Wallman's Lawyers.

Delegations and Policy

This is the method by which Council authorises staff to carry out the functions of Council and underpins the effective operation of the organisation. Policies provide guidance to staff on the implementation of Council decisions.

- 2009-10 Target:
To review this policy to ensure that Council is efficient as possible.

Employee Skills

Recognising the contribution to the success of the organisation made by a skilled and motivated workforce, we aim to recruit and retain high calibre staff and to contribute to the continued development of their skills and knowledge.

- 2009-10 Target:
To ensure all staff have access to job specific training.

Occupational Health and Safety

In recent years the number of lost time injuries has been low and the number of workers compensation claims minimal in number. We aim to continue the current level at least and where possible, to reduce all injuries.

- 2009-10 Target:
Compliance with the LGWCS audits, and to minimise risk to employees and the community.

- **Financial indicators**

DISTRICT COUNCIL OF ROBE FINANCIAL INDICATORS			
	DRAFT BUDGET 2009-10	FULL YEAR REVISED ESTIMATE 2008-09	CONSOLIDATED 2007-08
Operating Surplus	79,226	76,000	(1,446,000)
(Being the operating surplus/(deficit) before capital amounts)			
Operating Surplus Ratio			
<u>Operating Surplus</u>	2%	2%	-49%
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	9,346,974	7,486,000	8,637,000
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>	178%	153%	189%
Total Operating Revenue less NRM levy			
Interest Cover Ratio			
<u>Net Interest Expense</u>	5.0%	4.0%	8.6%
Total Operating Revenue less NRM levy less Investment Income			
Asset Sustainability Ratio			
<u>Net Asset Renewals</u>	78%	89%	3%
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>	68%	69%	62%
Gross value of depreciable assets			

The Local Government sector in South Australia has adopted a set of financial indicators which provide both a measure of the current financial sustainability of Council and also demonstrate the trend in 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).

6. Funding the Business Plan

As outlined in the Introduction to this document, the 2009-10 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 \$79,226 in 2009-10, as a result of budgeted Operating Revenues of \$5,311,540 and budgeted Operating Expenses of \$5,232,314.

As outlined in the “Project Priorities for the year” (section 4) of this Annual Business Plan, the Budget also includes planned Capital Expenditure of \$3,899,500. (Some of which will be funded by use of the planned Operating Surplus, thus reducing the level of new borrowings required in 2009-10).

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 State & Commonwealth Governments).

The Budgeted Operating Revenue for 2009-10 includes General Rate Revenue of \$2,703,726 (2.3% more than 2008-09 excluding new development), Separate Rates of \$94,000 and Annual Service Charges of \$913,000.

Details of Council's Separate Rates and Annual Service Charges for 2009-10 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 2008 together with estimates of these measures at 30 June 2009 and 30 June 2010. The Draft Budget for 2009-10 shows an increase of \$1,074,000 in the level of net debt for the year resulting in estimated net debt at 30 June 2010 of \$4,108,000. The increase is mainly attributable to the initial financing requirement associated with construction of the CWMS Water reuse project. The level of net financial liabilities is expected to increase to \$9,347,000 at 30 June 2010. The net financial liabilities measure takes account of the premiums received in advance for Marina berths.

**DISTRICT COUNCIL OF ROBE
INDEBTEDNESS**

	DRAFT BUDGET 2009-10 \$'000	FULL YEAR REVISED ESTIMATE 2008-09 \$'000	CONSOLIDATED 2007-08 \$'000
Gross Borrowings	4,109	3,102	4,785
Less: Cash and Investments	1	68	193
EQUALS: NET DEBT	4,108	3,034	4,592
Add: Trade and Other Payables (Including premiums received in advance for Marina Berths)	5,861	5,074	3,887
Add: Provisions for Employee Entitlements	106	106	496
Less: Trade and Other Receivables	699	699	239
Less: Other Financial Assets	29	29	99
EQUALS: NET FINANCIAL LIABILITIES	9,347	7,486	8,637

Details of individual borrowings outstanding at 30 June 2009 are set out in the following Schedule.

**DISTRICT COUNCIL OF ROBE
LOANS SCHEDULE**

Maturity Date	Balance Outstanding 30/06/09 \$'000	Principal Repayments 2009-10 \$'000
FIXED INTEREST RATE BORROWINGS		
15/11/2009	10	10
16/05/2010	9	9
15/09/2010	400	-
15/01/2011	83	40
17/02/2012	22	6
17/06/2012	56	17
16/02/2013	19	4
1/03/2013	117	26
15/04/2013	57	13
15/09/2013	26	5
28/06/2014	35	7
15/11/2014	186	29
15/03/2015	135	19
21/04/2015	52	7
15/01/2016	124	15
15/03/2016	190	22
15/03/2016	106	13
	<u>1,627</u>	<u>242</u>
VARIABLE INTEREST RATE BORROWINGS		
15/04/2014	-	-
15/01/2018	1,460	-
	<u>1,460</u>	<u>-</u>
TOTAL FIXED & VARIABLE	3,087	242

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 following table provides a summary of the Council’s rating strategy over the past three years and the implications for the proposed 2009-10 rating strategy.

Year	2006-07	2007-08	2008-09	2009-10
Township Rate in \$	0.3019	0.3188	0.3093	0.3065
Rural Rate in \$	0.3019	0.3188	0.3093	0.3065
Minimum Rate	\$ 458	\$ 515	\$ 535	\$ 535

2009-10 RATING STRATEGY METHODOLOGY USED TO VALUE LAND

The Council is committed to working with the community to create a better future. As part of the adoption of the 2008/09 Budget, Council gave an undertaking to review its rating strategy after concerns were raised by some ratepayers over the way Council collected its rates.

In undertaking a review of its rating Council is mindful that it needs to take into account that any changes must be made in a financially responsible way that takes into consideration factors so that it achieves a rating strategy that is fair and equitable to both its existing and future ratepayers.

The level of Council rates and the way Council sets its rates is an important issue that affects the community.

There have been some changes to the way Council taxes its ratepayers through its rates with the most recent change being the introduction of the Minimum rate across the Council in 2008/09 financial year.

Council's rating strategy has been developed to achieve a rating system that is fair and equitable to all ratepayers keeping in focus both present and future needs.

This Annual Business Plan seeks to explain how Council will raise rate revenue in the future, from the 2009/10 financial year that is required to provide and maintain efficient services for the community. It also focuses on achieving longer term objectives, which among other things, includes a financially sustainable future not only for the current generation of ratepayers but those that will follow.

In reviewing the existing rating system and putting forward suggestions for the future rating system Council has explored the possibilities available under the Local Government Act 1999 and formed a position on some guiding principles.

It must be kept in mind that no matter whatever system Council employs as the basis of its rating strategy eventually Council needs to raise a given level of its revenue to cover the cost of services. The question is how to "slice the rate revenue pie" so that everyone feels as though they are being treated fairly and equitably.

Section 153(1) of the Local Government Act 1999 states that Council may declare a single general rate in the dollar or may set differential general rates on rateable land within its area for a particular financial year.

If imposing differential rates, Section 156(1) of the Act allows Council to vary the differential rates according to land use, locality of the land, locality of the land and its use or on some other basis determined by the Council (in limited circumstances).

Council has always imposed a single general rate in the dollar in respect of ALL land irrespective of its use. The debate here revolves around whether Council should maintain a single general rate in the dollar or to change its existing methodology and declare differential general rates varying on the basis of land location.

Council, during the formulation of the annual budget, has determined the total rate revenue it desires to raise and then apply a single general rate in the dollar.

There are arguments for and against a single rate in the dollar

The case for a single rate in the dollar could be:

1. it is the existing system, it seems to work so no change is necessary
2. it is a system that is familiar to ratepayers
3. it is easy to calculate

The case against a single general rate in the dollar could be:

1. it appears to share the burden equally among ratepayers but does not recognise that some ratepayers (eg town) may be heavier users of Council services and infrastructure (eg roads)
2. the valuation system has some characteristics which affect land use codes in different ways
3. it removes flexibility from Council in setting future rates. Council is required by the Local Government Act to consider issues of

consistency and comparability of rates on various sectors of business and wider community (Section 153)

At this stage Council have elected to maintain a single rate in the dollar with a continuing review.

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 of valuing land 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: lsg.objections@sau.gov.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

The total amount of General Rates to be collected in 2009-10 will increase by 2.3% (excluding new development) compared to 2008-09. The impact of the 2.3% (excluding new development) increase can be seen in the table below.

2.3% CPI Plus NEW Development NO DIFFERENTIAL

Range	Number of Assessments	% of Total Assessments
Reduction	1041	45.12%
No Change	536	23.23%
0% to 1.99%	55	2.38%
2% to 4.99%	132	5.72%
5% to 9.99%	259	11.23%
10% to 19.99%	68	2.95%
20% to 49.99%	61	2.64%
50% to 99.99%	25	1.08%
> 100%	31	1.34%
New Assessments	99	4.29%
TOTAL	2307	100.00%

Council wishes to emphasise that although total rate revenue (including revenue from new assessments) is increasing by 4.3% in 2009-10 76.45% of ratepayers will face increases of less than 5%. Of the 444 properties that have increased by an amount between 5% and greater than 100%, the increase in respect of 140 of those properties (31.5%) can be attributed to these being new assessments or development carried out on this assessment.

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 2009-10 will be \$535 which is the same as the minimum rate applied in 2008-09. Overall, the minimum rate will be applied to approximately 27.7% of all rateable assessments.

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 \$35.20 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 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 will be increasing the separate rate for the Marina in 2009-10 to \$300 per berth.

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 have been informed of the necessity to model charges - to those to whom the schemes are provided or made available - on those used by SA Water for its schemes.

Council increased their CWMS annual service charges last year to ensure that it was inline with the SA water charge to achieve a situation where its scheme is financially self sufficient, Council will be increasing its annual service charges in line with the Consumer Price Index to ensure the scheme will be self-sufficient. As noted in section 4 of this Plan, unless the Council commits to operating its CWMS scheme in

a financially self sufficient manner, it will not be eligible for the 20% capital subsidy on offer from the Commonwealth Government to upgrade the scheme.

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 2009-10 Council will increase the Mobile Garbage Bin Collection Annual Service Charge by 2.3% in line with the Consumer Price Index to help cover the increasing costs in providing the current collection and disposal service.

Waste Management will continue to be closely monitored by Council in 2009-10 given the more stringent requirements posed by changes to environmental legislation and community expectations.

Council also will be applying its Waste Management Fee to Commercial businesses in 2009-10 to help spread the costs evenly throughout the Council area and to ensure a "User Pays" approach. In addition Council will investigate expanding its Waste Management Service moving forward to include Boastwains Point.

The table following shows the details of the Separate Rates and Annual Service Charges for 2009-10

Service Charges and Separate Rates 2009-10						
Description	\$ Charge Per Unit 2009-10	Units	Levied 2009-10	Levied 2008-09	% Change	\$ Change
Waste Collection	255.00	1028	\$ 262,140	\$ 253,842	3.3%	\$ 8,298
Occupied CWMS + Desludging	426.00	1106	\$ 471,156	\$ 457,866	2.9%	\$ 13,290
Occupied CWMS	384.00	129	\$ 49,536	\$ 55,169	-10.2%	-\$ 5,633
Vac CWMS	341.00	383	\$ 130,603	\$ 127,101	2.8%	\$ 3,502
TOTAL CWMS			\$ 651,295	\$ 640,136	1.7%	\$ 11,159
SE NRM Levy	35.20	2031	\$ 71,491	\$ 63,606	12.4%	\$ 7,885
Robe Marina Separate Rate	300.00	76	\$ 22,800	\$ 32,750	100.0%	-\$ 9,950
TOTAL RAISED			\$ 1,007,726	\$ 990,334	1.8%	\$ 17,392

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 Annual Business Plan.

Appendix 1: Budgeted Financial Statements 2009-10

At this stage, no further 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 accounts. 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 2009-10 (to cater for an increase in the provision for cost increases) could be very significant – and thus would worsen the operating surplus in 2009-10.

DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2009/2010

INCOME STATEMENT

2008/2009 FULL YEAR REVISED ESTIMATE \$	INCOME	2009/2010 BUDGET \$
3,531,000	Rates	3,700,508
52,000	Statutory Charges	55,300
462,000	User Charges	442,716
719,000	Grants Subsidies and Contributions	988,616
20,000	Investment Income	15,000
22,000	Reimbursements	2,500
150,000	Other	106,900
-	Share of profit - joint ventures and associates	-
<hr/>		<hr/>
4,956,000	TOTAL REVENUES	5,311,540
	EXPENSES	
1,250,000	Wages and Salaries	1,381,955
2,050,000	Materials, contracts & other expenses	1,936,809
230,000	Finance Costs	271,250
1,350,000	Depreciation, amortisation & impairment	1,642,300
-	Share of loss - joint ventures & associates	-
<hr/>		<hr/>
4,880,000	Total Expenses	5,232,314
<hr/>		<hr/>
76,000	OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	79,226
150,000	Net gain (loss) on disposal or revaluation of assets	-
205,000	Amounts specifically for new or upgraded assets	250,000
-	Physical resources received free of charge	-
<hr/>		<hr/>
431,000	NET SURPLUS/(DEFICIT)	329,226

Appendix 1: Budgeted Financial Statements 2009-10 (cont...)

**DISTRICT COUNCIL OF ROBE
CONSOLIDATED BUDGET 2009/2010**

CASH FLOW STATEMENT

2008/2009 FULL YEAR REVISED ESTIMATE \$ Inflows (Outflows)		2009/2010 BUDGET \$ Inflows (Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES	
	RECEIPTS	
4,951,000	Operating Receipts	5,296,540
20,000	Investment Receipts	15,000
	PAYMENTS	
(3,250,000)	Operating payments to suppliers & employees	(3,318,764)
(230,000)	Finance Payments	(271,250)
<hr/>		<hr/>
1,491,000	Net Cash provided by (or used in) Operating Activities	1,721,526
	CASH FLOWS FROM INVESTING ACTIVITIES	
	RECEIPTS	
205,000	Grants specifically for new or upgraded assets	250,000
173,000	Sale of Assets	30,000
	PAYMENTS	
(1,200,000)	Capital Expenditure on renewal/replacement of assets	(1,317,000)
-	Capital Expenditure on new/upgraded assets	(2,545,500)
<hr/>		<hr/>
(822,000)	Net Cash provided by (or used in) Investing Activities	(3,582,500)
	CASH FLOWS FROM FINANCING ACTIVITIES	
	RECEIPTS	
688,000	Premiums received in advance (Marina)	787,000
-	Proceeds from Borrowings	1,200,000
	PAYMENTS	
(1,364,000)	Repayment of Borrowings	(192,713)
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(676,000)	NET CASH USED IN FINANCING ACTIVITIES	1,794,287
(7,000)	NET INCREASE (DECREASE) IN CASH HELD	(66,687)
75,000	CASH AT BEGINNING OF YEAR	68,000
<hr/>		<hr/>
68,000	CASH AT END OF YEAR	1,313
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Appendix 1: Budgeted Financial Statements 2009-10 (cont...)

DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2009/2010

BALANCE SHEET

2008/2009 FULL YEAR REVISED ESTIMATE		2009/2010 BUDGET
\$	ASSETS	\$
	CURRENT ASSETS	
68,000	Cash and cash equivalents	1,313
699,000	Trade & other receivables	699,000
530,000	Inventories	530,000
	Other Financial Assets	-
<u>1,297,000</u>		<u>1,230,313</u>
	Non-Current Assets held for Sale	-
<u>1,297,000</u>	TOTAL CURRENT ASSETS	<u>1,230,313</u>
	NON-CURRENT ASSETS	
29,000	Financial Assets	29,000
52,392,000	Infrastructure, Property, Plant & Equipment	54,612,200
-	Other Non-current Assets	-
<u>52,421,000</u>	TOTAL NON-CURRENT ASSETS	<u>54,641,200</u>
<u>53,718,000</u>	TOTAL ASSETS	<u>55,871,513</u>
	LIABILITIES	
	CURRENT LIABILITIES	
1,671,000	Trade & Other Payables	1,671,000
185,000	Borrowings	185,000
65,000	Short-term Provisions	65,000
-	Other Current Liabilities	-
<u>1,921,000</u>		<u>1,921,000</u>
-	Liabilities relating to Non-current Assets held for Sale	-
<u>1,921,000</u>	TOTAL CURRENT LIABILITIES	<u>1,921,000</u>
	NON-CURRENT LIABILITIES	
2,178,000	Premiums Received in Advance (Marina)	2,965,000
1,225,000	Provision for Future Losses	1,225,000
2,917,000	Long-term Borrowings	3,924,287
41,000	Long-term Provisions	41,000
-	Other Non-current Liabilities	-
<u>6,361,000</u>	TOTAL NON-CURRENT LIABILITIES	<u>8,155,287</u>
<u>8,282,000</u>	TOTAL LIABILITIES	<u>10,076,287</u>
<u>45,436,000</u>	NET ASSETS	<u>45,795,226</u>
	EQUITY	
6,078,500	Accumulated Surplus	6,939,265
38,116,000	Asset Revaluation	38,146,000
1,241,500	Other Reserves	709,961
<u>45,436,000</u>	TOTAL EQUITY	<u>45,795,226</u>

Appendix 1: Budgeted Financial Statements 2009-10 (cont...)

DISTRICT COUNCIL OF ROBE CONSOLIDATED BUDGET 2009/2010

2008/2009 FULL YEAR REVISED ESTIMATE \$	STATEMENT OF CHANGES IN EQUITY	2009/2010 BUDGET \$
	ACCUMULATED SURPLUS	
6,234,000	Balance at end of previous reporting period	6,078,500
431,000	Net Result for Year	329,226
518,000	Transfer From Reserves	1,449,974
<u>-1,104,500</u>	Transfer To Reserves	<u>-918,435</u>
6,078,500	BALANCE AT END OF PERIOD	6,939,265
	ASSET REVALUATION RESERVE	
37,943,000	Balance at end of previous reporting period	38,116,000
0.00	Gain on revaluation of infrastructure, property, plant & equipment	0.00
173,000.00	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	30,000.00
<u>38,116,000</u>	BALANCE AT END OF PERIOD	<u>38,146,000</u>
	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	
66,000	Balance at end of previous reporting period	25,000
253,000	Transfer to reserve from accumulated surplus	286,875
<u>-294,000</u>	Transfer from reserve to accumulated surplus	<u>-297,179</u>
25,000	BALANCE AT END OF PERIOD	14,696
	CWMS Maintenance	
457,000	Balance at end of previous reporting period	874,000
641,000	Transfer to reserve from accumulated surplus	626,475
- 224,000	Transfer from reserve to accumulated surplus	- 951,210
<u>874,000</u>	BALANCE AT END OF PERIOD	<u>549,265</u>
	Contribution Reserve	
32,000	Balance at end of previous reporting period	42,000
10,000	Transfer to reserve from accumulated surplus	-
<u>0</u>	Transfer from reserve to accumulated surplus	<u>-</u>
42,000	BALANCE AT END OF PERIOD	42,000
	Other Reserves	
80,000	Balance at Beginning of Period	281,500
201,500	Transfer to reserve from accumulated surplus	5,000
<u>281,500</u>	Transfer from reserve to accumulated surplus	<u>-201,500</u>
	BALANCE AT END OF PERIOD	85,000
	Lake Butler Reserve	
4,000	Balance at end of previous reporting period	4,000
0	Transfer to reserve from accumulated surplus	
<u>0</u>	Transfer from reserve to accumulated surplus	<u>-</u>
4,000	BALANCE AT END OF PERIOD	4,000
<u>45,436,000</u>	TOTAL EQUITY AT END OF REPORTING PERIOD	<u>45,795,226</u>

Appendix 1: Budgeted Financial Statements 2009-10 (cont...)

**DISTRICT COUNCIL OF ROBE
CONSOLIDATED BUDGET 2009/2010**

2008/2009 FULL YEAR REVISED ESTIMATE	UNIFORM PRESENTATION OF FINANCES	2009/2010 BUDGET
\$		\$
4,956,000	Operating Revenues	5,311,540
<u>(4,880,000)</u>	less Operating Expenses	<u>(5,232,314)</u>
76,000	Operating Surplus / (Deficit) before Capital Amounts	79,226
	Less Net Outlays in Existing Assets	
1,200,000	Capital Expenditure on renewal and replacement of Existing Assets	1,317,000
<u>(1,350,000)</u>	less Depreciation, Amortisation and Impairment	<u>(1,642,300)</u>
-	less Proceeds from Sale of Replaced Assets	<u>(30,000)</u>
(150,000)		(355,300)
	Less Net Outlays on New and Upgraded Assets	
-	Capital Expenditure on New and Upgraded Assets	2,545,500
(205,000)	less Amounts received specifically for New and Upgraded Assets	(250,000)
<u>(173,000)</u>	less Proceeds from Sale of Surplus Assets	<u>-</u>
(378,000)		2,295,500
604,000	Net Lending / (Borrowing) for Financial Year	(1,860,974)

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10

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 2009
- 1st December 2009
- 1st March 2010
- 1st June 2010

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) 2009-10 (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 Cash Advance Debenture rate.

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 (cont....)

Postponement of rates for Seniors

As a result of recent changes to the Local Government Act 1999, additional measures have been introduced to further assist State Seniors who have had difficulty in meeting their rate obligations (often as a result of being asset rich but income deprived). These changes now provide the option for Seniors Card holders to apply 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 their 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.

Where a ratepayer is granted a postponement of rates in any year, a statement will be issued with each rates notice showing the total amount postponed and any accrued interest.

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.

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 (cont....)

1. Introduction

The Local Government Act 1999 (“the Act”) sets out at Chapter 10, Division 5 (Sections 159 to 166) those provisions applicable to the Council granting a rebate of rates to persons or bodies.

The Council has decided to adopt a Policy to assist it in its decision making functions relative to the operation of the rate rebate provisions contained in the Act.

This Policy is intended to provide guidance to the community as to the grounds upon which a person or body is, or may be entitled to receive a rebate of rates and the matters that the Council will take into account in deciding an application for a rebate.

In accordance with the rebate provisions contained in the Act, this Policy sets out the circumstances in which the Council must grant a rebate of rates, including the use being made of the relevant land and the amount that rebate must be, and those circumstances in which the Council has a discretion to grant a rebate of rates.

2. Local Government Act 1999

- 2.1 Section 159(3) of the Act provides that the Council may grant a rebate of rates under the Act if it is satisfied that it is appropriate to do so.
- 2.2 The Act provides for a mandatory rebate of rates in specified cases and the amount of that mandatory rebate (see Clause 3 below).
- 2.3 The Act also provides that where the Council must grant a rebate of rates under the Act, and the amount of that rebate is fixed by the Act at less than 100%, the Council **may** increase the amount of the rebate.
- 2.4 The Act provides, at Section 166 for the Council to provide a discretionary rebate of rates in the cases set out in that Section.

3. Mandatory Rebates

- 3.1 The Council must grant a rebate of rates in the amount specified in respect of those land uses and occupation which the Act provides will be granted a rebate.
- 3.2 Rates on the following land will be rebated at **100%**:
 - 3.2.1 **Health Services**
Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976;
 - 3.2.2 **Religious Purposes**
Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes;
 - 3.2.3 **Public Cemeteries**
Land being used for the purposes of a public cemetery;

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 (cont....)

3.2.4 Royal Zoological Society of SA

Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated.

3.3 Rates on the following land will be rebated at **75%**:

3.3.1 Community Services

Land being predominantly used for service delivery and administration by a community services organisation. A “*community services organisation*” is defined in the Act as a body that –

3.3.1.1 is incorporated on a not for profit basis for the benefit of the public; and

3.3.1.2 provides community services without charge or for a charge that is below the cost to the body of providing the services; and

3.3.1.3 does not restrict its services to persons who are members of the body.

It is necessary for a community services organisation to satisfy all of the above criteria to be entitled to the mandatory 75% rebate.

The Act provides that the following are community services –

3.3.1.4 emergency accommodation;

3.3.1.5 food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);

3.3.1.6 supported accommodation (i.e., residential care facilities in receipt of Commonwealth funding or accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life);

3.3.1.7 essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;

3.3.1.8 legal services for disadvantaged persons;

3.3.1.9 drug or alcohol rehabilitation services; or

3.3.1.10 the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 (cont....)

3.3.2 Educational Purposes

3.3.2.1 Land occupied by a government school under a lease or licence and being used for educational purposes; or

3.3.2.2 Land occupied by a non-government school registered under Part 5 of the Education Act 1972 and being used for educational purposes; or

3.3.2.3 Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.

3.4 Where the Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, the Council will grant the rebate of its own initiative.

Where the Council is not so satisfied it will require the person or body to apply for the rebate in accordance with Clause 5 of this Policy.

The Council will not undertake searches of all land within its area to determine whether a person or body meets the criteria for a mandatory 100% or 75% rebate. It may therefore be necessary for a separate application to be made to the Council for a mandatory rebate.

3.5 Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case, the Council **will** take into account those matters set out at Clauses 5.4 of this Policy and **may** take into account any or all of those matters set out at Clause 5.5 of this Policy.

3.6 Where an application is made to the Council for a rebate of up to a further 25% the application will be made in accordance with Clause 5 of this Policy and the Council will provide written notice to the applicant of its determination of that application.

4. Discretionary Rebates

4.1 Pursuant to Section 166(1) of the Act and the discretion conferred by Section 166(1)(a) of the Act the Council may grant a rebate of rates or service charges in any of the following cases –

4.1.1 where it is desirable for the purpose of securing the proper development of the area (or a part of the area);

4.1.2 where it is desirable for the purpose of assisting or supporting a business in its area;

4.1.3 where it will be conducive to the preservation of buildings or places of historic significance;

4.1.4 where the land is being used for educational purposes;

4.1.5 where the land is being used for agricultural, horticultural or floricultural exhibitions;

4.1.6 where the land is being used for a hospital or health centre;

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 **(cont....)**

- 4.1.7 where the land is being used to provide facilities or services for children or young persons;
 - 4.1.8 where the land is being used to provide accommodation for the aged or disabled;
 - 4.1.9 where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1987 (Commonwealth) or a day therapy centre;
 - 4.1.10 where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;
 - 4.1.11 where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment; and
 - 4.1.12 where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to a change in the basis or structure of the Council's rates, a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations; or
 - 4.1.13 where the rebate is considered by the Council to be appropriate to provide relief in order to avoid the payment of a rate or charge that is inconsistent with the liabilities that were anticipated by the Council in its Annual Business Plan or a liability that is unfair or unreasonable.
- 4.2 The Council may grant a rebate of rates up to and including 100% of the relevant rates or service charges. The Council may grant a rebate for a period exceeding one year, but not exceeding 10 years in respect of those cases identified at 4.1.1, 4.1.2 or 4.1.11 above.
- 4.3 Pursuant to Section 166(1)(a) the Council has a discretion –
- 4.3.1 to grant a rebate of rates or service charges in the above cases; and
 - 4.3.2 to determine the amount of any such rebate.
- 4.4 A rebate of General Rates will be granted to the Principal Ratepayer of an Assessment, under section 166(1) (I) of the Local Government Act 1999 and will be granted to qualifying ratepayers whose General Rates have increased due to a rapid growth in capital value.

Council will consider granting a rebate of general rates that have increased by an amount greater than 15% above the 2007/2008 general rates.

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 (cont....)

The rebate will apply where:

- the general rates increase by more than 15% from the previous year; and
- the Valuer-General has not increased the capital value due to improvements to the land worth more than \$15,000 or 5% from last year (whichever is the greater), and
- the land is not a new assessment, and
- the general rates imposed for the current financial year are not less than or equal to the minimum general rate imposed on the land for the financial year; and
- the increase is not attributable to the imposition of the minimum general rate on the land; and
- ownership of the property has not changed since July 2007.

4.5 Persons who or bodies which seek a discretionary rebate (other than pursuant to Clause 4.4 of this policy) will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any other information that the Council may reasonably require.

5. Applications

5.1 Persons who, or bodies which seek a rebate of rates (and/or service charges) either-

5.1.1 pursuant to Section 159(4) of the Act and Clause 3.4 of this Policy;
or

5.1.2 pursuant to Section 166 of the Act and Clause 4.1 of this Policy

unless otherwise stated, must make written application to the Council pursuant to Section 159(1) of the Act in the manner and form determined by the Council and supplying such information as the Council may reasonably require.

5.2 Application forms may be obtained from the Council's office located at Royal Circus, Robe.

5.3 In determining applications for rebates made pursuant to Section 166(1) (d) to (j) of the Act and Clauses 4.1.4. to 4.1.10 of this Policy, the Council **will** take into account, in accordance with Section 166(1a) of the Act, the following matters –

5.3.1 the nature and extent of Council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in the Council's area;

5.3.2 the community need that is being met by activities carried out on the land for which the rebate is sought; and

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 (cont....)

- 5.3.3 the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons.
- 5.4 In determining all applications for rebates the Council **may** take into account other matters considered relevant by the Council including, but not limited to, the following –
 - 5.4.1 why there is a need for financial assistance through a rebate;
 - 5.4.2 the level of rebate (percentage and dollar amount) being sought and why it is appropriate;
 - 5.4.3 the extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
 - 5.4.4 whether the applicant has made/intends to make applications to another Council;
 - 5.4.5 whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
 - 5.4.6 whether the applicant is a public sector body, a private not for profit body or a private for profit body;
 - 5.4.7 whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
 - 5.4.8 the desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy;
 - 5.4.9 consideration of the full financial consequences of the rebate for the Council;
 - 5.4.10 the time the application is received;
 - 5.4.11 the availability of any community grant to the person or body making the application;
 - 5.4.12 whether the applicant is in receipt of a community grant; and
 - 5.4.13 any other matters and policies of the Council, which the Council considers relevant.
- 5.5 All persons who or bodies which wish to apply to the Council for a rebate of rates must do so on or before 30th September 2008. The Council reserves the right to refuse to consider applications received after that date. However, applicants that satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time.
- 5.6 The Act provides that the Council may grant a rebate of rates or charges on such conditions as the Council thinks fit.
- 5.7 The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

Appendix 2: Rating Policy (Concessions & Remissions) 2009-10 (cont....)

5.8 It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act.

The maximum penalty for this offence is \$5,000.

5.9 If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is \$5,000.

5.10 The Council will, in writing, advise an applicant for a rebate of its determination of that application within 21 days of making its decision. The advice will state –

5.10.1 if the application has been granted, the amount of the rebate; or

5.10.2 if the application has not been granted, the reasons why.

6. Delegation

6.1 The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates which meet the requirements of the Act to the Chief Executive Officer of the Council.

6.2 The Council has delegated its power, pursuant to Section 44 of the Act to determine applications and to grant a discretionary rebate of rates to the Chief Executive Officer of the Council.

7. Review

A person who or a body which is aggrieved by a determination of the Council in respect of an application for a rebate may seek a review of that decision in accordance with the Council's Internal Review of Council Decisions Policy within 21 days of the date of the notice of determination which is given pursuant to Clause 5.9 of this Policy.

Disclaimer

Pursuant to Section 123(14) of the Act a rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

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 2009-10)

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.