



roxbycouncil
young vibrant community

2010/11

**ANNUAL BUSINESS PLAN
&
BUDGET**

August 2010

Contents

- INTRODUCTION 1
- BUSINESS PLAN INFLUENCES 1
 - Significant Factors 1
 - Other Factors 2
 - Legislative 3
- SERVICES 4
- PROJECT PRIORITIES AND ACTIONS FOR THE YEAR 5
 - Goal 1 Corporate Council to Function In a Civic and Responsible Manner 5
 - Goal 2 Leadership Facilitate the development of local leadership that unites the community and
portrays Roxby Downs in a positive light 5
 - Goal 3 Community Stimulate and facilitate community cultural development. 6
 - Goal 4 Municipal Provide a range of municipal services which efficiently and effectively meet the
needs of the community 8
 - Goal 5 Commercial Operate Council’s commercial businesses in a way that provides excellent service and
returns commercial dividends. 10
 - Goal 6 Economic Stimulate and facilitate economic development 10
 - Goal 7 Environment Manage the urban and natural environment in a sustainable manner 11
 - Program Budget 12
- MAJOR ACTIONS 13
- MEASURING PERFORMANCE 15
- FINANCIAL OPERATIONS 15
 - Background 15
 - Recent Considerations 15
 - 2010/11 Budget Summary 16
 - Reserves 17
 - Asset Management 17
- ITEMS UNDER REVIEW 18
 - Affected by a Deficit Funding Reduction 18
 - Likely Exclusions & Reductions (Medium to Long Term) 18
- FUNDING THE BUSINESS PLAN 20
 - Municipal Rates 20
 - Rating Principles 20
 - Rate Revenue Distribution 20
 - Rate Levels 21
 - Rate Rebates 22
 - Valuation Method 23
 - Valuation Objections 23
 - Rates Summary 23
 - Declaration of Separate Rate - NRM Levy 24
 - Rate Structure & Rebates 24
 - Business Impact 24
 - Pensioner Concessions 24
 - Unemployed Persons Concessions 24
 - Payment of Rates 24
 - Late Payment of Rates 25
 - Remission and Postponement of Rates 25
 - Sale of Land for Non-Payment of Rates 25
 - Where your rates go? 26
 - Roxby Power 27
 - Roxby Water 27
 - Water 27
 - Sewerage 27
 - User Pay Charges 28
- FURTHER INFORMATION 28
- BUDGET DOCUMENTS 28

INTRODUCTION

The Roxby Downs Township is the most unique in South Australia. Since the initial construction of the Olympic Dam Mine, the local community has undergone substantial structural change. The community's "interdependence" with the Mine, its aspirations, future and, by implications, Council's approach can be summarised as follows:

To turn a World Class Mining Deposit into a World Class Mining Operation requires people with the high specialist skills that choose BHP Billiton and Roxby Downs as their preferred destination over many other world-wide alternatives.

The Annual Business Plan sets out the Council's proposed services, programs and projects for 2010/11. It outlines Council's aims to maintain efficient services for the community and continues progress towards the longer term objectives as set out in the Strategic Management Plan adopted by the Council on 12 June 2007. It also highlights the main parameters associated with revenue raising that Council proposes to undertake. As a result it will impact on Council's formal budget in strategic terms but any allocations and priorities remain as always separate decisions for the Council.

Unlike most Local Government Authorities in South Australia, Council operates the utilities Roxby Power (Electricity) and Roxby Water (Water and Sewerage), as well as the Municipal Council functions. This is an important distinction from all other local governments in South Australia as the budget needs that will result following adoption of the Annual Plan will need to be viewed as three (3) separate entities as both utilities operate on a commercial basis separate from the Council's Municipal Operations.

Significantly under the Roxby Downs (Indenture Ratification) Act 1982, Roxby Power is not permitted to make a "profit," instead directing any excess income into its Asset Replacement Fund. Following distribution into funding water assets Roxby Water profits, (if any), are permitted to support the Municipality. The State Government and BHP Billiton are required to approve of Council's budget and equally meet the operating and capital deficit on Municipal Operations.

Specific actions for the year are proposed consistent with the Council's long term strategic objectives and with an aim to ensure the long-term sustainability and sound financial performance of the Council.

BUSINESS PLAN INFLUENCES

The physical and fiscal environment in which the Council operates is extremely challenging, is in a state of transition and some degree of uncertainty. A number of significant factors have influenced the preparation of the Council's 2010/11 Annual Business Plan. These include the following:

Significant Factors

- All State Government departments are expected to be subject to substantial cuts in their levels of recurrent funding, and are therefore examining ways to reduce proposed expenditures in all areas and to present financial cuts to the State Governments Sustainable Budget Commission.

Council has been advised by Roxby Downs Advisory Reference Group that all State Government departments are expected to be subject to substantial cuts in their levels of recurrent funding, and are therefore examining ways to reduce proposed expenditures in all areas and to present financial cuts to the State Governments Sustainable Budget Commission. This will potentially impact on the Department of Minerals Resources Development which on behalf of the State funds the Council's Municipal Deficit in conjunction with BHP Billiton. The Advisory Group has indicated that for 2010/11 deficit figure of \$0.6mil is desired to meet these expectations

At the time of adopting the 2010/11 Annual Business Plan and Budget Council has not received advice from the State Government nor BHP Billiton approving Council's budget and as a result has adopted its budget to address these financial considerations with a \$0.6mill

municipal deficit but to also highlight the factors affecting the operations of Council as well as identifying projects which will need to be deferred should this deficit amount be approved.

On the basis of that the previous level of municipal deficit funding (\$1.2m) is reduced to \$0.6m for 2010/11 it is likely that whilst Council will endeavour to maintain its services at 2009/10 levels, some reductions may be required.

Should any material changes arise following formal budget approval, Council will then adjust its program through a formal budget review

- Residual impacts of the global financial crisis, and uncertainty relating to the expansion of the town has the potential to influence the overall philosophy and strategic development of the town.
- Impacts of increasing operating costs associated with maintaining the town's facilities in a remote location. This applies across the spectrum of Council's activities, especially in relation to contract labour and landfills where not only are EPA requirements increasing but significant capital upgrades will be required in the future.
- Increased requirements for improved management of Council's assets. Historically Council has not been in a position to fund the depreciation of municipal infrastructure. This is a significantly unfunded item which equates to approximately \$1.4m per annum. Funding partners BHP Billiton and the State Government have acknowledged this issue and the potential long term impact on the community. Meanwhile Council has invested in additional outside resources to improve and quantify a sound asset management strategy.
- Compliance by all parties under the provisions of the Roxby Downs (Indenture Ratification) Act 1982.
- Historically Council does not know from one year to another the extent of municipal deficit support that it will receive from BHP Billiton and the State Government. As a general rule this has remained relatively static or with small increases well less than the local cost of operating in Roxby Downs.

Over the past few years this funding support began to become more uncertain and varies in actual as well as in real terms. In 2007/08, Council was required to revise its budget to account for reduced municipal deficit funding from \$1.865m to \$1.45m the same as 2006/07. This was increased to \$1.6m in 2008/09 but reduced to \$1.2k for 2009/10

Further reductions will invariably mean the deferral of some projects with some service levels declining

Other Factors

- Requirements to maintain infrastructure assets to acceptable standards including roads, footpaths, lighting, stormwater drainage, street trees and plantings, open space and Council buildings and properties.
- Meeting ever increasing expectations required of Local Government generally in relation to compliance under OH&S, Risk Management, Asset Management and Governance requirements. Additional external resources will be required.
- Inclusion where possible of matters that have been brought to Council's attention either in a formal or informal manner. This includes suggestions made from time to time by staff, contractors, individuals and various groups and organisations such as BHP Billiton, local schools and the Roxby Downs Community Board, Forums and Partnerships.
- Commitments to continue projects and partnership initiatives that have already commenced.

- Need to ensure that Roxby Water's income from the provision of water supply and sewerage services can accommodate requirements to replace assets as well as return commercial dividends to the Municipal Operation.
- Impact on the community of increased municipal, water, sewerage and electricity rates and by large variations in changes to property valuations.
- Increased revenue and operating expenses associated with recent residential development of the town.

Legislative

The extent of any Council's effort in relation to functions that are required under relevant legislation is to a large extent "open ended" and limited by and large by a Local Government Authority's financial constraints.

The situation in Roxby Downs is no different except that unlike most other Councils, the community's capacity to pay is still being established. This is also compounded by the fact that BHP Billiton and the State Government are key stakeholders with a direct interest in the size of Council's operating deficit, as they share the funding of the deficit.

In preparing the 2010/11 Annual Plan Council has recognised the unique circumstances that apply with respect to Council's operations under the Roxby Downs (Indenture Ratification) Act 1982 in that both BHP Billiton and the State Government must approve of any budget prior to it being adopted by Council. This potentially conflicts with Local Government Act 1999 which now requires an Annual Plan to be prepared and consulted upon prior to this process commencing with Council unsure as to the extent of financial support to be provided by each party.

In order to comply with the recent amendments to the Local Government Act 1999 Council prepared a Draft Annual Plan to highlight to the community its strategic direction and to seek community input into Council's Business Plan prior to submitting the budget to BHP Billiton and that State Government process.

Council took the opportunity to fore-shadow those actions that Council had already identified as well as those that elements of the community had already raised. Prudently only those were included that were strategically important and realistically achievable.

The Local Government Act requires the Draft Annual Business Plan, not the draft budget to be placed on public submission. Given constraints in the Indenture this is appropriate as both BHP Billiton and the State Government must give every consideration to the needs of the community after all of the preliminary aspects such as the draft annual business plan, previous comments and submissions and Council's own reviews have been completed.

Public consultation as required under the Local Government Act was carried out with a formal public meeting on 1 July 2010. One submission supporting Councils overall strategic direction and opposing a potential \$0.6million deficit funding cut was received.

As a result Council is confident that the actions identified are consistent with Council's strategic objectives and broadly supported.

Overall, subject to the amount of deficit funding received, Council's philosophy is that the community along with the State Government and BHP Billiton needs to continue to share the overall net costs of operating the municipality to the high standards required by our community.

SERVICES

All Councils have basic responsibilities under the Local Government Act and other relevant legislation. Roxby Downs Council also has responsibility for the provision of water, sewerage and electricity services under the Indenture. Overall distribution is as follows:

Corporate Services – participating in Local Government, Spencer Gulf Cities and Provincial Cities Associations, operating Services SA and Municipal Rates collection.

Economic Development – assistance to Business Forum, Economic Development Officer employment, Northern Region Development Board, tourism support signage and marketing, Visitor Information Centre operation plus festivals support.

Environment –operation of Opal Road waste landfill, domestic garbage collection service, street cleaning, weed control, assistance to Environment Forum and other actions.

Infrastructure - operation and maintenance of footpaths, roads and streets, street lighting, streetscaping, traffic control, public conveniences, parks and gardens, playgrounds, skateboard track, bike paths and stormwater drainage and assistance to Roxby Road Safe.

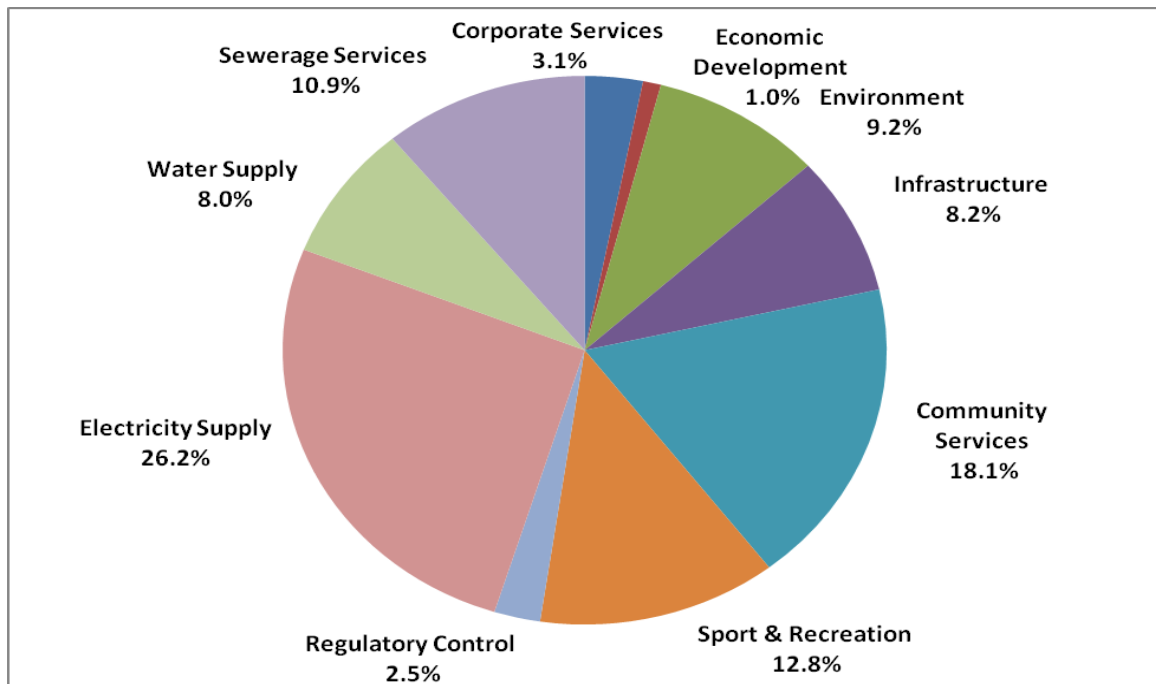
Community Services - operation of youth centre, community library, auditorium, cinema / theatrette and art gallery, community development support to Community Board and Forums to support the implementation of the Roxby Downs Community Plan.

Sport & Recreation - operation and maintenance of the Leisure Centre, tennis and netball courts, BMX track, swimming pool, community ovals and associated buildings, support to Sport & Recreation Forum plus broader recreation development assistance to local sporting organisations.

Regulatory Control - regulatory control services associated with administration of the Development Act, and Public and Environmental Health and Animal Control under the Dog and Cat Management Act and emergency service levy and management.

Roxby Power - operations for retail and distribution of electricity.

Roxby Water - operations for the provision of Water Supply and Sewerage Services.



Indicative Expenditure Profile

PROJECT PRIORITIES AND ACTIONS FOR THE YEAR

Under its Strategic Plan Council has identified seven (7) broad goals with a number of long term objectives. To achieve these objectives (subject to funding support and final budget analysis) the following priorities and actions are proposed to be undertaken during 2010/11.

Goal 1 Corporate	Council to Function In a Civic and Responsible Manner
Objective 1.01	Undertake Council's Corporate Services functions in accordance with the Local Government and Roxby Downs (Indenture Ratification) Acts.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to review and implement improvements to Council's governance, policy, corporate services, and staff related functions. (b) Continue to review of overall operational performance and staff resources and implement changes. (c) Continue to review and monitor improvements for Council's assets including Office, Depot and Houses. (d) Investigate options and provide a detailed analysis of funding implications associated with BHP Billiton's proposed Olympic Dam. <p>Specific Actions</p> <ul style="list-style-type: none"> (e) Undertake a strategic policy review of Council's services (standards of delivery and user pays rationale) and a detailed in depth financial analysis of council's operations. (continue from 2009/10) (f) Update Long Term Financial Plan based on current operating scenario (no mine expansion) in light of this review. (g) Update strategic Management Plan in light of this review. (h) Asset replacement items include Capital upgrade of phone system and replacement of Councils Photocopiers. 	
Objective 1.02	Minimise operational risks and ensure that Council is operated in a safe manner
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to review and implement improvements to Risk Management & OH&S policies and actions. (b) Undertake building and site improvements to Council Office and Works Depot. 	
Goal 2 Leadership	Facilitate the development of local leadership that unites the community and portrays Roxby Downs in a positive light.
Objective 2.01	Operate and review Community Strategic Plan.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Within budget constraints, provide appropriate resources to assist Community Board, Community Forums and Partnerships on the basis of delivering projects and strategies identified in the Community Plan. 	
Objective 2.02	Provide a strong community voice at State and Regional Level.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue participation and advocacy through the Administrator being delegate with the Local Government, Spencer Gulf Cities and Provincial Cities Associations, Regional Communities Consultative Council, Northern Region Development Board, Flinders Area Consultative Committee, and the Port Augusta Regional and Hospital Board. (b) Continue to advocate to the State Government and BHP Billiton regarding aspects that affect the structural operation of the township and services delivered by the State Government. 	
Objective 2.03	Enhance community's relationship and partnership with BHP Billiton.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to implement strategies as part of the community plan to improve community understanding, appreciation and support for BHP Billiton's operations. (b) Continue to assist BHP Billiton in relation to Olympic Dam Expansion Study. (c) Continue to promote a partnership approach with BHP Billiton. 	

Goal 2 Leadership	Facilitate the development of local leadership that unites the community and portrays Roxby Downs in a positive light.
Objective 2.04	Provide opportunities for leadership development in Roxby Downs.
<p>Ongoing Actions</p> <p>(a) Opportunities are afforded to community members who are involved in implementing the community plan.</p> <p>(b) Maintain sponsorship of SA Regional Community Leadership Program and target local residents as future participants.</p>	
Objective 2.05	Increase community understanding, involvement and partnership in Council's decision-making.
<p>Ongoing Actions</p> <p>(a) Continue to provide information to the community to highlight the role and function of Council's operations.</p> <p>(b) Continue to support Community Board, Forums and Partnerships to assist Council where Community Plan actions require Council to implement outcomes as part of Council's statutory role, functions and responsibilities.</p>	
Goal 3 Community	Stimulate and facilitate community cultural development.
Objective 3.01	Assist, facilitate and improve the operation and co-operation of community groups.
<p>Ongoing Actions</p> <p>(a) Continue to mentor Community Board and Community Forums and provide appropriate resources to assist individual sectors to work cooperatively on cross sector projects.</p>	
Objective 3.02	Expand and enhance the opportunities for young people in town.
<p>Ongoing Actions</p> <p>(a) Subject to budget constraints continue to maintain resource operation of Youth Services within Roxby Leisure's operations.</p> <p>(b) Continue to support and assist youth via participation with Family and Youth Forum.</p> <p>(c) Review services and programs and support on ground strategies as periodically recommended.</p> <p>(d) Explore external funding opportunities for youth initiatives and projects.</p> <p>(e) Support initiatives of Council's Roxby Downs Youth Advisory Committee.</p>	
Objective 3.03	Facilitate Volunteer Program and Volunteer Resource Centre.
<p>Ongoing Actions</p> <p>(a) Finalise volunteer recruitment and management policies and procedures for incorporation into the development of a Council Volunteer program.</p> <p>(b) Explore potential funding opportunities and partnerships to develop a Volunteer Resource Centre.</p>	
Objective 3.04	Facilitate community co-operatives.
<p>Ongoing Actions</p> <p>(a) Unlikely that any action will result in the short term but monitor situation and assist in development of community cooperatives where possible.</p>	
Objective 3.05	Support Family Life.
<p>Ongoing Actions</p> <p>(a) Continue to participate in and support and assist the Family & Youth Forum and Alcohol & Substance Abuse Partnerships (incorporating the Far North Drug and Alcohol Group.)</p> <p>(b) Explore opportunities with the State Government for greater support resources for families being delivered in Roxby Downs.</p> <p>(c) Encourage appropriate bodies to investigate the extent and causes of mental illness and stress in Roxby Downs and support prevention strategies.</p> <p>(d) Encourage and act as a catalyst for a holistic approach with the Alcohol and Substance Abuse Partnership and collaboration of appropriate agencies in dealing with social issues associated with alcohol and substance abuse.</p> <p>(e) Support any confidential enquiry to ascertain the community's financial health and identify and support individuals and families in improving their financial position.</p>	

Goal 3 Community	Stimulate and facilitate community cultural development.
(f)	Review services and programs, support on ground strategies as periodically recommended and explore grant funding opportunities for projects and activities that benefit families and young people
(g)	Continue to explore options for a community safe house
(h)	Encourage a more holistic approach with the health providers generally.
Specific Actions	
(i)	In conjunction with stakeholders review the extent and form of financial support to families formerly provided through employment of Council's Family and Youth Officer.
(j)	Due to successful funding from BHP Billiton appoint a part-time coordinator to facilitate outcomes to maximise the collaboration of appropriate agencies in dealing with social issues associated with alcohol and substance abuse.
(k)	Explore opportunities for grant funding provide resources for the establishment and operation of a Project Coordinator to deliver in partnership with the State Government the Obesity Prevention and Lifestyle (OPAL) Program for young people in light of Council's 2010 application being unsuccessful..
Objective 3.06	Establish and develop Roxby's cultural identity.
Ongoing Actions	
(a)	Continue to include streetscape improvements into public spaces with assistance and support of Community Gardens Sub Committee of Family & Youth Forum.
(b)	Assist community and cultural events including annual Christmas Pageant.
(c)	On a cost effective basis explore opportunities more new major cultural events to be delivered in town
(d)	Review and integrate the form of Arts support through Roxby Leisure's operation.
(e)	Encourage increase usage of the library as a venue for community activity.
(f)	Support on an as needs basis, various public art projects that arise.
Objective 3.07	Provide relevant community information about the role, operation and services provided by Council.
Ongoing Actions	
(a)	Continue to purchase advertising and advertorial space for Council through The Monitor Community Newspaper.
(b)	Continue to provide sponsorship to RoxFM Community Radio station.
(c)	Continue to review and improve operation of Council and Roxby Leisure portions of Roxby Downs Dot Com community web-site.
(d)	Continue to review and improve generally Council's communication strategy
Objective 3.08	Develop community media outlets.
Ongoing Actions	
(a)	Continue to encourage The Monitor community newspaper and RoxFM community radio to develop closer partnerships and common goals.
(b)	Continue to support The Monitor and RoxFM Community Radio on an "as needs" basis
(c)	Examine ways to integrate community media with other community communication avenues
Objective 3.09	Enhance the vibrancy and cohesion of the local community.
Ongoing Actions	
(a)	Continue to encourage members of the community to participate in community forums and take an active role in implementing the Roxby Downs Community Plan.
(b)	In partnership with BHP Billiton and local businesses continue to work collaboratively to assist community groups to participate with the newly established Roxby Downs Community Foundation.

Goal 4 Municipal	Provide a range of municipal services which efficiently and effectively meet the needs of the community.
Objective 4.01	Ensure that Council's planning and development policies and actions promote orderly, economic and sustainable development.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to promote and educate the community on Council's Development Plan, its implementation and ongoing development, assessment and compliance. (b) In partnership with BHP Billiton continue to support Adelaide University's Building and Landscape architecture students to undertake specific policy and design work within the planning and environmental spheres in Roxby. <p>Specific Actions</p> <ul style="list-style-type: none"> (c) Review development plan following finalisation of current State Government development plan review. 	
Objective 4.02	Increase Council's financial independence.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to develop and implement a program of revenue raising that is consistent with Council's constraints and meets relevant criteria for commercial utilities dividends. (b) Continue to discuss with BHP Billiton and the State Government over possible amendments to the Roxby Downs (Indenture Ratification Act) 1982 that have a positive financial impact on Council's operations. (c) Maintain prudent and realistic increases in rates and charges in light of local cost influences and the capacity of community. (d) Continue to Refine Asset Maintenance Strategy by undertaking condition audits to refine Infrastructure Maintenance Program, and long term asset renewal program. (e) Continue to lobby BHP Billiton and the State Government for an appropriate allocation of financial support under the Roxby Downs (Indenture Ratification) Act 1982. (f) Continue to pursue grant opportunities for community projects. <p>Specific Actions</p> <ul style="list-style-type: none"> (g) Develop long term financial strategy as part of a potentially expanded town. 	
Objective 4.03	Safeguard the community's environmental health.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to provide ongoing environmental health services to the community. 	
Objective 4.04	Ensure that roads, streets, footpaths and bicycle paths service the needs of the community and are maintained in a safe and attractive condition.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to maintain roads, streets, footpaths and bike paths within constraints of available funding allocations. (b) Continue to support the work of Roxby Road Safe. (c) Continue to refine Asset Maintenance Strategy by undertaking condition audits to more accurately reflect long term asset renewal program. (d) Provide appropriate financial allocation to replace those sections of footpath that have been identified for replacement. (e) Continue to review parking practices within township, provide effective education and enforcement and initiate improvements. (f) Continue to assist BHP Billiton in the design of municipal infrastructure associated with the potential expansion of the town. <p>Specific Actions</p> <ul style="list-style-type: none"> (g) Complete streetscape replacements for Burgoyne Street (continued on from 2009/10) (h) New Shade Sails to Richardson Place median adjacent bus stop (i) Subject to Roads to Recovery Funding initiate traffic improvements by way of roundabouts and traffic control devices at Arcoona Street and Pioneer Drive intersection and Gregory Street over the next 3 years. 	

Goal 4 Municipal	Provide a range of municipal services which efficiently and effectively meet the needs of the community.
Objective 4.05	Ensure the ongoing viable operation and enhancement of the Roxby Downs Cultural & Leisure Precinct.
<p>Ongoing Actions</p> <p>(a) Maintain operations of Roxby Leisure as a discrete marketing and management unit of Council and ensure that all services delivered from the Roxby Downs Culture and Leisure Precinct adapt to meet the ever changing expectations and needs of the community.</p> <p>(b) Continue to finalise and implement Council's Facilities Maintenance Program, and prepare a long term asset renewal program with supporting financial strategy. Continue to develop strategies to integrate the Precinct's operation with the adjacent Library and Education facilities, Richardson Place and Roxby Central Retail Shopping Centre.</p> <p>Specific Actions</p> <p>(c) Asset replacement works include replacement of air conditioners and kitchen equipment to the Cultural Centre and replacement of pipework and paving to Swimming Pool. (continued on from 2009/10)</p>	
Objective 4.06	Maintain and enhance sporting recreation facilities.
<p>Ongoing Actions</p> <p>(a) Continue to maintain sporting & recreation facilities.</p> <p>(b) Explore opportunities for expansion of sporting services.</p> <p>(c) Continue to finalise and implement Council's Facilities Maintenance Program, and prepare long term asset renewal program with supporting financial strategy.</p> <p>(d) Continue to support and work as an integral member of the Sport & Recreation Forum.</p> <p>(e) Assist BHP Billiton in integrating improved recreational facilities into Township Master Plan</p> <p>(f) Finalise long term strategy for the development and management of all recreation facilities in Roxby Downs with continued strong partnership with users and sporting clubs.</p> <p>(g) Continue to develop long term recreational facility maintenance and improvement programs</p> <p>Specific Actions</p> <p>(h) Subject to funding allocation and feasibility study, construct a modest 3 lane 16.7m indoor swimming pool and spa facilities. (Deferred unless Municipal Deficit Payment maintained at 2009/10 levels)</p> <p>(i) Continue to explore possibilities of inclusion of a half court basketball court adjacent to skateboard track</p> <p>(j) Replace swimming pool shade canopy (continued on from 2009/10)</p> <p>(k) Finalise modest 2009/10 improvements to small oval to formalise a secondary playing pitch to cater for soccer, hockey and rugby.</p> <p>(l) Construct training lights to small oval to not only improve sport participation in Roxby Downs but also reduce the wear and tear on the main oval. Construction dependent upon funding allocation and grants. (Deferred unless Municipal Deficit Payment maintained at 2009/10 levels)</p> <p>(m) Subject to funding construct sail shade over skate park. (Deferred unless Municipal Deficit Payment maintained at 2009/10 levels)</p> <p>(n) Subject to funding fencing and hardstand to soccer pitch area at rear of Leisure Centre.</p> <p>(o) Erect goal posts to small oval</p>	
Objective 4.07	Maintain and enhance playgrounds public open spaces
<p>Ongoing Actions</p> <p>(a) Continue to maintain open space areas.</p> <p>(b) Continue to support and work as an integral member with Family & Youth Forum and associated playgrounds and Community Garden committees.</p> <p>(c) Continue to develop long term open space and parks and gardens maintenance and improvement programs.</p> <p>Specific Actions</p> <p>(d) Subject to community input and fundraising construct further upgrade works for Curdimuka St Playground.</p>	
Objective 4.08	Maintain and enhance the operations of the Roxby Downs Community Library
<p>Ongoing Actions</p> <p>(a) Maintain / increase the number of children's holiday programs and toddler story time.</p> <p>(b) Continued promotion of library services in-house and through local media.</p> <p>(c) Upgrade computers furniture and equipment</p>	

Goal 5 Commercial	Operate Council's commercial businesses in a way that provides excellent service and returns commercial dividends.
Objective 5.01	Operate Roxby Water as an independent business unit, which provides high quality water and sewerage services and yields commercial dividends.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Maintain Roxby Water's Infrastructure Maintenance Program, and prepare long term asset renewal program with supporting financial strategy. (b) Implement major asset replacements. (c) Continue to assist BHP Billiton in the design of water and sewerage infrastructure associated with potential expansion of the town. (d) Continue with marketing campaign to encourage direct debit and credit card payment options for consumers. <p>Specific Actions</p> <ul style="list-style-type: none"> (e) Explore other methods for retail payments for consumers. (f) Construct sewer disposal point for caravans and campers 	
Objective 5.02	Operate Roxby Power as an independent business unit, which provides high quality electricity services and yields commercial dividends.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Maintain Roxby Power's Infrastructure Maintenance Program, and prepare long term asset renewal program with supporting financial strategy. (b) Complete major asset replacements. (c) Continue to assist BHP Billiton in design of electricity infrastructure associated with potential expansion of the town. (d) Continue with marketing campaign to encourage direct debit and credit card payment options for consumers. <p>Specific Actions</p> <ul style="list-style-type: none"> (e) Explore other methods for retail payments for consumers. 	
Objective 5.03	Explore opportunities for additional revenue.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to monitor and investigate suitable business opportunities including those from non-traditional areas. (b) Continue to assist BHP Billiton in relation to Olympic Dam Expansion Study. 	
Goal 6 Economic	Stimulate and facilitate economic development.
Objective 6.01	Support and development of Tourism opportunities in Roxby Downs.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to operate Visitor Information Centre. 	
Objective 6.02	Enhance economic and business operations in Roxby Downs.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Provide support to retailers, commercial operators and contractors to reinvigorate and unite as a cohesive and vibrant business sector as envisaged in the 2005 Community Plan. (b) Support actions as they arise from an established peak business body. (c) Support actions to investigate and advocate on behalf of business to address factors such as housing and accommodation that adversely affect local business. (d) Develop and implement strategies to aid in the cohesive future development of the business sector. (e) Maintain Council as a resource partner with the Far North RDA and explore potential opportunities for business services to be continued to be delivered from within Roxby Downs. 	

Goal 7 Environment	Manage the urban and natural environment in a sustainable manner.
Objective 7.01	Provide environmentally sound, convenient and timely waste management services.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Operate domestic garbage collection and street bin collection service. (b) Undertake regular street cleaning and litter collection. (c) Develop a range of litter control strategies to minimise discarded litter. (d) Support where appropriate environmental actions of the Environment Forum. <p>Specific Actions</p> <ul style="list-style-type: none"> (e) In conjunction with BHPB and the State Government explore funding opportunities for a significant upgrade to the Opal Road landfill site in accordance with EPA requirements that incorporates expanded recycling facilities. (f) In conjunction with BHP Billiton, review short and long term structural costs for integrated waste management including possibilities of introducing kerbside recycling. In the meantime continue to encourage local recycling efforts. (g) Review operation of and scope of the Commercial Waste Levy. 	
Objective 7.02	Provide effective dog and cat management to suit our remote locality.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to implement new By-Law No 2 - Dogs and Cats (b) Subject to allocation of appropriate resources, work on actions as identified in Council's Animal Management Plan <p>Specific Actions</p> <ul style="list-style-type: none"> (c) Upgrade dog pound. (continued from 2008/09) 	
Objective 7.03	Preserve and enhance native vegetation and significant trees.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to lobby BHP Billiton to upgrade Crown Land Township Reserve areas to an acceptable standard. 	
Objective 7.04	Reduce energy consumption and encourage the use of renewable energy.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Continue to encourage the installation of household photovoltaic arrays through current power buyback tariffs rate and provide information on concerning Government rebates on solar hot water systems. (b) Continue to assist customers in energy conservation including conducting energy audits. 	
Objective 7.05	Reduce water consumption and promote storm water and effluent reuse.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Develop and implement appropriate water conservation policies including improvements to development plans and guidelines and land management agreements. (b) Participate in suitable programs to highlight to the community existing and future water conservation initiatives to educate the community to conserve water. (c) Improve integration of stormwater into effluent lagoons for reuse. 	
Objective 7.06	Undertake suitable control of pest plants.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Provide support and participate in representative bodies concerned with land resource management. (b) Support regional weed strategy 	
Objective 7.07	Monitor and address noise related issues.
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Undertake appropriate education and where appropriate, enforcement of provisions in relation to noise. (b) Explore opportunities for implementation of appropriate noise control by-laws. 	
Objective 7.08	Raise community awareness of Environmental issues
<p>Ongoing Actions</p> <ul style="list-style-type: none"> (a) Assist and work with Environmental Forum in relation to Environmental issues. 	

Program Budget

Overall expenditure and income including distribution of overheads to fund Projects, Priorities & Actions are shown below on a programme basis.

PROGRAM		Expenses \$000's	Income \$000's	Net \$000's
CORPORATE SERVICES		713	4,178	(3,465)
Participating in Local Government, Spencer Gulf Cities and Provincial Cities Associations, Operating Services SA and Government Housing Agency Services and Municipal Rates collection.	Corporate Services	654	4,178	(3,524)
	Governance	58	0	58
ECONOMIC DEVELOPMENT		138	87	51
Assistance to Business Forum, Northern Region Development Board, tourism support signage and marketing, Visitor Information Centre operation plus festivals support.	Business	28	3	25
	Tourism	109	85	24
ENVIRONMENT		1,095	525	570
Operations and waste levy associated with Opal Road waste landfill, domestic garbage collection service, garbage charges, street cleaning, weed control, assistance to Environment Forum and other actions	Other Environment	34	0	34
	Garbage Collection	307	279	27
	Landfill & Recycling	501	246	2553
	Public Conveniences	46	0	46
	Street Cleaning	208	0	208
INFRASTRUCTURE		958	164	794
Operation and maintenance of footpaths, roads and streets, street lighting, streetscaping, traffic control, public conveniences, parks and gardens, playgrounds, bike paths, skate park, stormwater drainage and assistance to Roxby Road Safe.	Stormwater	42	0	42
	Street Lighting	136	0	136
	Parks & Gardens	158	13	145
	Footpaths	127	30	97
	Roads & Streets	121	87	34
	Streetscaping	375	35	340
COMMUNITY SERVICES		2,503	828	1,645
Operation of youth centre, community library, auditorium, cinema / theatrette and art gallery, community development support to Community Board and Forums to support the implementation of the Roxby Downs Community Plan.	Communications	6	0	6
	Community Development	266	30	236
	Youth Development	396	5	391
	Cultural Services	1,381	755	626
	Library	454	38	416
SPORT & RECREATION		1,795	1,107	687
Operation and maintenance of the Leisure Centre, tennis and netball courts, swimming pool, community ovals and associated buildings, support to Sport & Recreation Forum plus broader recreation development assistance to local sporting organisations.	Leisure	1,056	754	302
	Swimming	468	345	123
	Ovals	271	8	263
REGULATORY CONTROL		368	82	286
Regulatory control services associated with administration of the Development Act, and Public and Environmental Health and Animal Control under the Dog and Cat Management Act and emergency service levy and management.	Building & Planning	137	37	100
	Dogs Cats & Pests	168	38	130
	Other Regulatory Control	23	3	20
	Health	40	5	34
ELECTRICITY SUPPLY		3,767	3,767	0
SEWERAGE SERVICES		2,146	2,302	(156)
WATER SUPPLY		1,387	1,21	156

MAJOR ACTIONS

As outlined in the project priorities and actions proposed to be carried out during 2010/11 various capital works and other actions have been identified to improve the asset base, amenity and functionality of our diverse community. A number have been outlined with corresponding Strategic Action and funding source as outlined

Area	Action	Description	Amount (\$)	Funding Source
Corporate Services	1.01(h)	General capital replacement works on Council Offices Building	18,000	Reserves
Corporate Services	1.02(b)	Upgrade Customer Service Area to cater for public & staff	30,000	Reserves
Corporate Services	1.02(b)	Other Office Internal renovations to work areas	15,000	Reserves
Corporate Services	1.01(h)	Office Equipment - Upgrade Phone System	22,000	Reserves
Corporate Services	1.01(h)	Office Equipment - Replace Photocopiers	37,000	Reserves
Corporate Services	3.09(b)	Allocation to Roxby Downs Community Foundation	5,000	Revenue
Infrastructure	4.06(i)	Parks & Gardens - construct half court basketball court adjacent to skateboard track	10,000	Revenue
Infrastructure	4.04(c)	Upgrade JJJ transmitter	4,000	Reserves
Infrastructure	4.07(d)	Council contribution to new toilets at Curdimuka Playground	15,000	Revenue
Infrastructure	4.04(d)	Footpaths Replacement Program	30,000	Reserves
Infrastructure	4.04(g)	Streetscaping Replacement Program	30,000	Reserves
Infrastructure	4.04(h)	New Shade Sails to Richardson Place median adjacent bus stop	30,000 10,000	Grant Revenue
Community Services	4.05(c)	Cultural Centre - Renovate Kitchen (carry over from 2009/10)	90,000	Reserves
Community Services	4.05(c)	Cultural Centre - Recoat Auditorium Floors	4,000	Reserves
Community Services	4.05(c)	Cultural Centre - Replace Air Conditioning (carry over from 2009/10)	305,000	Reserves
Community Services	4.05(c)	Cultural Centre - Refurbish Entrance to Auditorium Doors (carry over from 2009/10)	30,000	Reserves
Community Services	4.05(c)	Cultural Centre Equipment - General electrical equipment replacements	8,000	Reserves
Community Services	4.05(c)	Cultural Centre Furniture replacements	8,000	Reserves
Community Services	3.05(j)	Part Time Coordinator to assist in implementation of Alcohol & Substance Abuse Report Outcomes	20,000 20,000	Revenue Grants
Sport & Recreation	4.06(c)	Leisure Centre Building - Recoat Stadium Floors including painting new lines to accord with new basketball rules	48,000	Reserves
Sport & Recreation	4.06(c)	Leisure Centre Building - Repaint Foyer Walls & replace carpet	6,000	Reserves
Sport & Recreation	4.06(c)	Leisure Centre Plant - Replace A/C Plant to Gym	10,000	Reserves
Sport & Recreation	4.06(c)	Leisure Centre Surrounds - Revamp Entrance	5,000	Reserves
Sport & Recreation	4.06(c)	Leisure Centre Equipment - Replace Pin loaded gym, 2 recumbent bikes & 2 steppers	24,500	Reserves
Sport & Recreation	4.06(j)	Swimming Pool - Upgrade and replace shade. Extent of shade depends on funding available. (carry over from 2009/10)	100,000	Reserves
Sport & Recreation	4.06(a)	Swimming Pool - Replace pipework, paving and upgrade garden beds. (Carry over from 2009/10)	159,000	Reserves

Area	Action	Description	Amount (\$)	Funding Source
Sport & Recreation	4.06(a)	Outdoor Courts - Landscaping seating and shade to outdoor netball courts (carry over from 2009/10)	12,000	Revenue
Regulatory Control	7.02(c)	Upgrade Dog Pound (carry over from previous years)	32,000	Reserves
Electricity Supply	5.02(b)	New development works at Subdivision C	5,000	Reserves
Electricity Supply	5.02(b)	Locks and other minor capital Items for low voltage plant & equipment	4,000	Reserves
Electricity Supply	5.02(b)	Purchases for Stage 5 of meter replacement program	38,000	Reserves
Electricity Supply	5.02(b)	High Voltage plant replacements	15,000	Revenue
			90,000	Reserves
Electricity Supply	5.02(b)	Complete AC Installation and lights for Electrical shed	10,000	Reserves
Electricity Supply	5.02(b)	Driveway repairs and landscaping to electrical shed	9,000	Reserves
Electricity Supply	5.02(b)	Purchase Container for storage of bulky items	6,000	Reserves
Electricity Supply	5.02(b)	Sub C work only. Limited requirements unless development resumes.	15,000	Revenue
Water Supply	5.01(b)	Water Plant & Equipment Capital Replacement Program	8,320	Reserves
Water Supply	5.01(b)	Repair Pipework at water supply pumping station	30,000	Reserves
Water Supply	5.01(b)	Water Meter Replacement Program	104,000	Reserves
Water Supply	5.01(b)	Water Meters New Capital	31,200	Reserves
Water Supply	5.01(b)	Water Reticulation Capital	20,800	Reserves
Water Supply	5.01(b)	Water New Construction	2,080	Reserves
Water Supply	5.01(b)	Water Recycling Capital Expenses	3,120	Reserves
Sewerage Services	5.01(b)	Sewer Equipment Capital	7,280	Reserves
Sewerage Services	5.01(b)	Sewer Pump Station Asset Replacement	25,000	Reserves
Sewerage Services	5.01(b)	Sewer Lagoons Capital	14,500	Reserves
Sewerage Services	5.01(b)	Sewer Lagoon Reticulation Capital	10,400	Reserves
Sewerage Services	5.01(f)	Construct sewer disposal point for caravans and campers	15,000	Revenue
			1,601,200	
Summary			1,434,200	Reserves
			117,000	Revenue
			50,000	Grants
			0	Loans

MEASURING PERFORMANCE

Council will assess its performance in relation to meeting these objectives on an annual basis via Council’s Annual Report using the following criteria:

- For specific actions, progress will be measured in percentage terms and / or where appropriate commentary and explanation will be provided.
- For general actions progress will be measured by providing commentary and explanation. This is considered appropriate given that many of the actions involve third parties with Council acting in a support capacity.
- Ensuring that overall expenditure and income for the budget when adopted is met and that specific capital works projects are completed in a timely and cost effective fashion.

FINANCIAL OPERATIONS

Background

Unlike most Councils in South Australia, Council operates the utilities for Roxby Power (Electricity) and Roxby Water (Water and Sewerage), as well as the Municipal Council functions. This is an important distinction from all other Councils in South Australia as the eventual budget needs that will result following adoption of the Annual Plan will need to be viewed as three (3) separate entities as both utilities operate on a commercial basis separate from the Municipal Operations.

Significantly, under the Roxby Downs (Indenture Ratification) Act 1982, Roxby Power is not permitted to make a “profit,” instead, directing any excess income into its Asset Replacement Fund. Roxby Water profits, (if any), are permitted to support the Municipality. The State Government and BHP Billiton are required to approve of Council’s budget and equally meet the operating and capital deficit on Municipal Operations. BHP Billiton also required to approve of any municipal rate increase.

Historically the extent of municipal deficit support received from BHP Billiton and the State Government has remained relatively static or with small increase. .

Impacts of the levels of Municipal Deficit support are shown in the following table. The reduced reliance on the municipal deficit as a funding source is mainly due to increase in rate revenue from above inflation increases for several years and residential growth in 2008/09 through subdivisional development. This highlights that the community continues to pay its way.

Year	Total Municipal Operating Expenses \$000'	Rate Revenue \$000'	Municipal Deficit \$000'	Municipal Deficit as a % of	
				Municipal Operating Expenditure	Rate Revenue
2007/08	6,486	2,076	1,450	22.4%	53.6%
2008/09	7,086	2,639	1,600	22.6%	60.6%
2009/10	6,882	2,855	1,200	17.4%	42.0%
2010/11	7,070	3,137	600	8.5%	38.3%

Recent Considerations

Over the past few years this funding support began to become more uncertain and varies in actual as well as in real terms. In 2007/08, Council was required to revise its budget to account for reduced municipal deficit funding from \$1.865m to \$1.450m- the same as 2006/07. This was increased to \$1,600k in 2008/09 but reduced to \$1,200k for 2009/10.

Council has been advised by Roxby Downs Advisory Reference Group that all State Government departments are expected to be subject to substantial cuts in their levels of recurrent funding, and are therefore examining ways to reduce proposed expenditures in all areas and to present financial cuts to the State Governments Sustainable Budget Commission. This will potentially impact on the

Department of Minerals Resources Development which - on behalf of the State funds the Council's Municipal Deficit in conjunction with BHP Billiton. The Advisory Group has indicated that for 2010/11 deficit figure of \$0.6mil is desired to meet these expectations

The 2010/11 Draft Annual Business Plan foreshadowed these financial considerations and to highlight the factors affecting the operations of Council which will underpin the strategy behind adoption of the 2010/11 budget.

At the time of adopting the 2010/11 Annual Business Plan and Budget Council has not received advice from the State Government nor BHP Billiton approving Council's budget and as a result has adopted its budget to address these financial considerations with a \$0.6mill municipal deficit but to also highlight the factors affecting the operations of Council as well as identifying projects which will need to be deferred should this deficit amount be approved.

Should any material changes arise following formal budget approval Council will then adjust its program through a formal budget review

On the basis of that the previous level of municipal deficit funding (\$1.2m) is reduced to \$0.6m for 2010/11 it is likely that whilst Council will endeavour to maintain its services at 2009/10 levels, some reductions may be required.

Under the Indenture "municipal" financial operations are underpinned by BHP Billiton and the State Government which need to approve the budget and BHP Billiton is also required to approve any municipal rate increase.

2010/11 Budget Summary

On the basis that a \$0.6m municipal budget deficit is not increased Council's total budget for 2010/11 is summarised as follows:

Program	Operating Expenses	Capital Expenses	Operating Income	Capital Income	Reserve Transfers	Net	Unfunded Depreciation Adjustment	Adjusted Net
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Municipal	7,539	1,259	(5,731)	(45)	(1,184)	1,839	(1,239)	600
Roxby Power	3,545	222	(3,641)	0	(126)	0	0	0
Roxby Water	3,258	275	(3,060)	0	(473)	0	0	0
Total Council	14,342	1,756	(12,431)	(45)	(1,783)	1,839	(1,239)	600

Note:

- Under the Roxby Downs (Indenture Ratification) Act 1982 the budget subject to the approval of BHP Billiton and the State Government with Council's municipal deficit reimbursed in equal shares by each party
- 2010/11 Budget documents disclose a municipal deficit subsidy of \$0.6 million but this is subject to the approval of BHP Billiton and the State Government.
- Unfunded depreciation adjustment represents the amount of operating expenditure that is not funded.
- Reserve Transfer from reserves fund various capital replacement works which do not affect the overall financial result

In Objectives 4.02, 5.01 and 5.02, Council has continued to indicate the need to assess relevant issues relating to the management and development of infrastructure and to develop long term financial plans. However, this is affected by the lack of clarity associated with long term funding under the Indenture and the uncertainty associated with the future expansion of the town.

Reserves

2010/11 budget provides for the following Reserve Balances.

Projected 30/06/2010 \$000's	Reserve	Budget 30/06/2011 \$000's
5,327	Opening Reserve Balance	5,146
(1,448)	Total Reserve Transfers	(1,783)
1,267	Total Depreciation Transfer (Roxby Power & Roxby Water)	1,071
5,146	Closing Reserve Balance	4,434

Council's Municipal Asset Replacement Reserve will over the next few years be placed under considerable and increasing demands given that Municipal depreciation to date has and is not being fully funded.

Asset Management

The issue of future funding of infrastructure replacement is a matter for all local governments and one that the local government industry, State Government and BHP Billiton recognises as a major issue. Overall replacement values and annual depreciation of assets is shown as follows:

Program	Replacement Value \$000's	Written Down Replacement Value \$000's	Annual Depreciation \$000's
Municipal	69,471	58,254	1,461
Roxby Power	13,773	9,725	304
Roxby Water	31,703	24,018	544
Total Council	114,947	91,997	2,309

ITEMS UNDER REVIEW

Given the current economic climate, potential reduction of the level of municipal deficit funding and the need to consider the potential effects of an expanded township that has been fore-shadowed in BHP Billiton's Roxby Downs Master Plan, various works may need to be deferred for future years or reduced in scope :

The following is a broad summary of the current state of play of those that are potentially affected by a reduction in the municipal operating deficit and those of a more medium to long term nature that are likely to be deferred and revisited in future years.

Affected by a Deficit Funding Reduction
<p>Small Oval Lights Very modest new capital development which is required to not only improve sport participation in Roxby Downs but also reduce the wear and tear on the main over due to overuse. Construction dependent upon funding allocation and grants.</p> <p>Small 3 lane 16.7m indoor pool and spa Very modest new capital development of a small 16.7m, three lane indoor pool and spa which would be hugely beneficial to the rehabilitation of injured employees, learn to swim teaching children and as a cost effective means to satisfy existing requests from users and the Roxby Downs Swim Club for a longer pool season. Project will only proceed if feasibility, as anticipated, identifies that income generated exceeded operational costs and that funding allocation and grants are available.</p> <p>Swimming Pool Shade Sails Project warranted given condition of existing structure that needs to be replaced. Funding from Australian Governments Community Infrastructure Fund will assist but extent of new sails is dependent upon funding allocation and grants.</p> <p>Skate Park Shade Sails Project warranted given demonstrated usage. Investigations underway as part of consideration in replacement of swimming pool shade structures. Inclusion dependent upon funding allocation and grants.</p> <p>Maintenance & Operations Generally Some reduction to the levels of service for maintenance and operations generally across the spectrum of Council's operations is possible depending on the level of funding available.</p>

Likely Exclusions & Reductions (Medium to Long Term)
<p>Bitumen Footpath Replacement. Sections of bitumen footpath in the "older" area of town identified as desirable to upgrade to concrete a number of years ago. Condition will be reviewed and maintained. Replacement with concrete is still under consideration but without increases in funding the standard will be unlikely to be improved</p> <p>Richardson Place Public Conveniences To be considered in the future but most likely as part of a redeveloped town.</p> <p>Traffic Control Measures (General) New traffic control measures will be required from time to time at key locations around town. Suggested actions are often raised and discussed with Roxby Road Safe Community Roads Safety group. New Roundabout at Arcoona Street has been previously deferred for several years but is likely to be included due to Council receiving additional Roads to Recovery Funding but others are more problematical.</p> <p>Fully Funding Municipal Depreciation A major issue previously identified but still to be addressed by BHP Billiton and the State Government</p> <p>Crown Land Walking Trails Maintenance and upgrade BHP Billiton managed land including walking trails. This will be a significant future item. Council is not in a legal or financial position to take control of these assets in the future unless they are upgraded to a more appropriate standard matching that of the most recent subdivisions including concrete footpaths, lighting and additional plantings and protective fencing and that additional ongoing maintenance funding allocations are provided</p>

Likely Exclusions & Reductions (Medium to Long Term)**Waste Transfer Station.**

Construction of a new facility with complimentary recycling services is required going forward. Project deferred pending discussions with BHP Billiton and the State Government over capital funding.

New Landfill

Construction of a new facility is required going forward or major changes to disposal arrangements will need to be introduced with all waste transported to other regional waste disposal facilities located remote from Roxby Downs. Project deferred pending discussions with BHP Billiton and the State Government over capital funding.

Kerbside Recycling

Still under investigation but may involve additional costs depending upon option chosen and consideration of other priorities. May be able to proceed sooner if revenue neutral

Main Oval Lights

Large capital loan required. Project notionally identified for the next year or so but will depend on Council's priorities at the time, overall financial situation and the ability to fund a large capital loan from future budgets.

Oval Redevelopment

Major redevelopment desirable in the medium term but is dependent on a range of factors including future design and location, active partnership with users and design parameters concerning the sewerage lagoons and future use of recycled water. Meanwhile efforts will continue to ensure that the existing ovals are presented in a sound condition.

Large 25m Indoor Pool

Detailed investigation revealed strong need but project would increase ongoing operating costs and would not become revenue neutral operationally until population reaches around 7,000

Library Redevelopment

Future redevelopment of the Library and other multi use community meeting spaces will be future priority likely to proceed when a clearer timetable for expansion and financial impacts are known. Contribution from State Government also required under the Indenture and under normal joint use arrangements.

FUNDING THE BUSINESS PLAN

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

Municipal Rates

Rating Principles

Council continues to adopt a rating system where rates are levied by way of a combination of a fixed charge and differential rating for all rateable properties according to a designated use of land as defined in Section 10 of the Local Government (General) Regulations. For occupied residential properties a fixed service rate for the collection, treatment and disposal of refuse collected is also levied.

Local Government Rating is a complex issue which is often not well understood. There are a number of taxation principles involved and a significant degree of subjectivity. These include the equity or fairness principle, which implies that the tax will be fair to the taxpayer and that each taxpayer will be taxed relative to other taxpayers; the benefit principle, in that the person who pays benefits; the taxpayer's ability to pay; the efficiency of the tax; and the system's simplicity.

Council has prepared two (2) discussion papers on the subject with an extensive review in 2000, the catalyst for the current methodology. Council's rating system comprises the following features:

- Inclusion of a fixed charge ensures that all ratepayers make a contribution towards funding Council services and that this is undertaken in an equitable manner in that all ratepayers pay the same component of their rates.
- Like many Local Governments in South Australia, Council has adopted the Capital Value method of rating.
- Differential rating has been adopted according to a property's land use. This is in lieu of zoning as it provides for greater flexibility and equity according to the activity undertaken.

There are a number of subjective reasons why commercial and industrial rates are higher than for residential land use. The fact that these land uses involve operating a business and therefore, used to generate income partly explains the differential. Also of significance is that the road network in an area is by and far the greatest and on a long term basis the most costly asset a Council has to maintain and is the one most affected by traffic loads caused by and large by commercial vehicles.

Rate Revenue Distribution

As shown as follows, given relatively stable land use little change was made to the distribution of rate revenue across land uses.

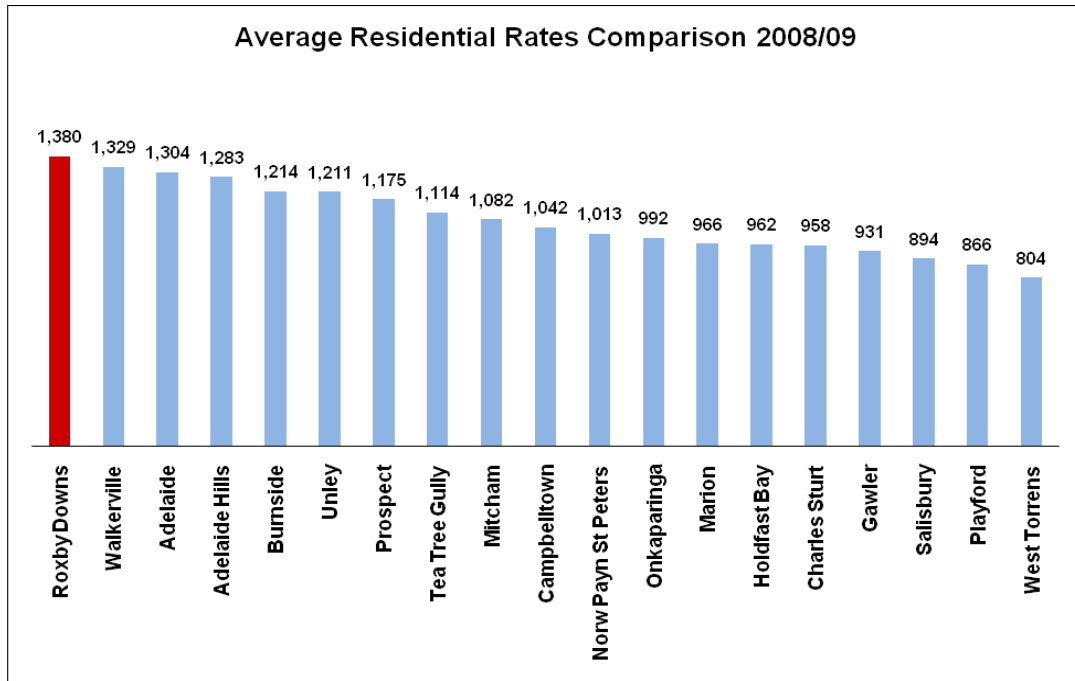
Land Use Category	2010/11	2009/10
Residential	76.7%	76.6%
Commercial	17.1%	17.3%
Light Industry & Other	1.9%	1.7%
Vacant Land	4.3%	4.3%

- Council also adopts as a component of rating a service rate for the collection and disposal of domestic waste. This method is ideal when the benefit of a service is identical for all that are served.

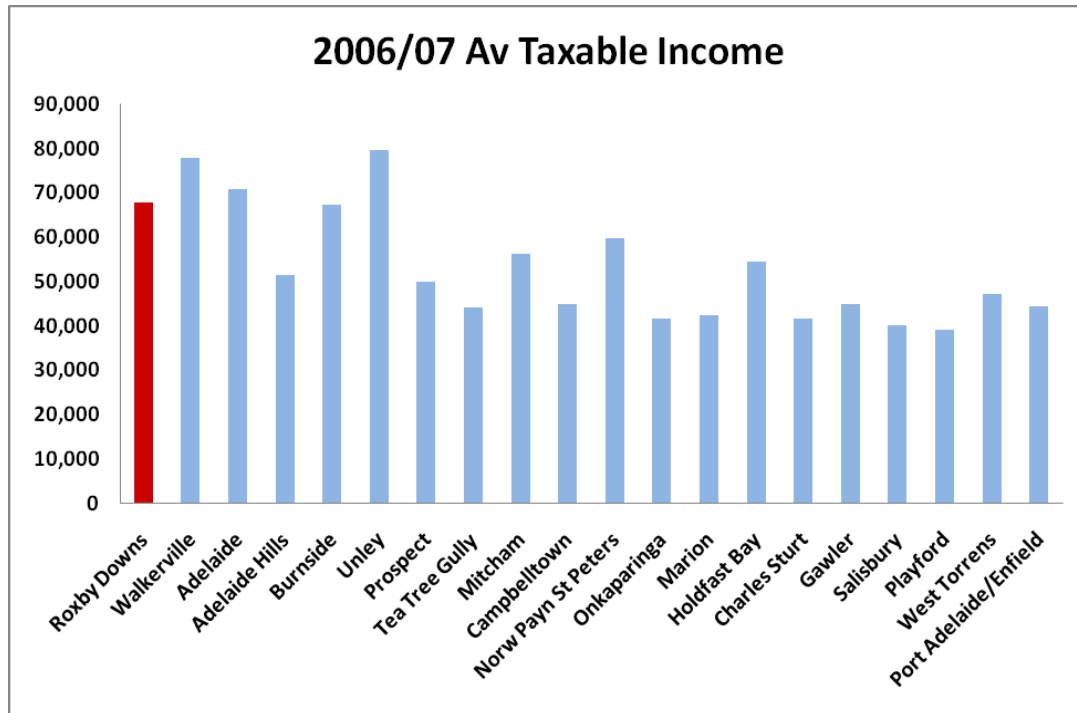
Rate Levels

Unlike other Councils the extent of rates levied need to take account of the obligations on BHP Billiton and the State Government to fund the annual municipal operating deficit.

Accordingly, as shown in the following table, Council has consistently attempted to compare the average residential rate with the average taxable income and bench mark this against metropolitan Adelaide. In doing so, notwithstanding this measure only provides a “rough guide”, it attempts to establish our community’s “capacity to pay” and thereby demonstrate to BHP Billiton and the State Government that we, as a community, are “paying our way” and not expecting a handout. It also meets State Government expectations for a strong rating effort.



Compared to the Adelaide metropolitan area Council has the highest average residential rate. When considering the community's "perceived capacity to pay" as shown by a tentative analysis of taxable incomes the ability to increase rates within Roxby is more superficially more limited than in previous years.



Note

Above data is a guide only. Notwithstanding that figures will need to be updated, the above continues to “suggest” that as an approximate measure of a perceived capacity to pay, rates within the municipality are still likely to be less than an approximate average in Adelaide.

In 2010/11, an increase in the total revenue raised through general rates will be required with any rate increase also subject to the consent of BHP Billiton under the Indenture.

Last year Council increased the average residential rate, including garbage charge by 7.5%. This followed a previous increase for each of the preceding six years of 9.8% per annum. As foreshadowed in the 2010/11 Draft Annual Business Plan given the economic climate the current average residential rates will increase by a lesser amount around 5% to \$1,565 per annum (\$30.10 per week)

Council generally tries to ensure that the total amount of fixed charge generated equates to approximately 20% to 25% of the total rate revenue collected. This principle has been retained with a fixed charge of **\$425** per property assessment

A domestic rubbish collection service will continue to be provided to residential properties on a part cost recovery basis. A charge of **\$180** per annum has been set.

Unlike in previous years when property valuations generally increased, in some cases substantially, in 2010 property valuations for residential, commercial, light industry and other properties actually decreased by around 3-10% whilst vacant land values increased slightly. To retain an equitable rating system differential rates are adjusted to suit.

However, changes to actual property rates will naturally depend on individual property valuations and the differential rates adopted. Council’s rating philosophy will continue to be reviewed on an annual basis with any fundamental changes subject to full community consultation.

Rate Rebates

Council provides rate rebates according to Division 5 of the Local Government Act 1999. Mandatory (100%) rebates are provided for Roxby Downs Hospital and Catholic, Lutheran and Community Churches, 75% mandatory, 25% discretionary rebates are also provided to the Roxby Downs Area School and St Barbara’s Parish School.

As foreshadowed in adoption of the 2008/09 Budget, the discretionary elements of these rebates was reviewed. This was carried out with Council deciding the present status quo should remain. However, rating rebate reviews will be undertaken on a regular basis.

Valuation Method

All land within the Council area, except for land specifically exempted (e.g. crown land, Council occupied land), is rateable.

Roxby Downs Council has decided to continue to use capital value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers.

Valuation Objections

The Council has adopted the valuations made by the SA Valuer-General as provided to the Council on 28 August 2009.. If ratepayers are dissatisfied with a property valuation, then an objection may be made to the Valuer-General in writing, **within 60 days** of receiving notice of the valuation, explaining the basis for the objection.

Provided you have not:

- previously received a notice of this valuation under the Local Government Act 1999, in which case the objection period is 60 days from the receipt of the first notice; or
- 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@saugov.sa.gov.au and the telephone number is 1300 653 345. **The Council has no role in this process.**

If ratepayers believe that a particular property has been wrongly classified as to its land use, then an objection may be made to Council **within 21 days** of being notified of the land use classification.

It is important to note that the lodgement of an objection does not change the due date for payment of rates.

Rates Summary

In adopting the budget on 28 August 2009 Council decided to raise its municipal rate revenue by way of a combination of a fixed charge and differential rating for all rateable properties, plus a fixed service rate for the collection, treatment and disposal of refuse collected from occupied domestic properties as follows.

- A Fixed Charge of **\$425** for all properties plus a rate in the dollar based on a property's capital value based on the designated use of land as defined in Section 10 of the Local Government (General) Regulations. Differential Rates are shown as follows:

Land Use Category	Rate in the \$ per Capital Value
Residential Land	0.2850 cents
Commercial (Shop, Office & Other)	0.7500 cents
Industry (Light & Other), Primary Production & Other	0.6700 cents
Vacant Land	0.5250 cents

- A fixed garbage charge of **\$180** per annum

Residents should note that changes to actual property rates will depend on individual property valuations and the differential rates adopted. Overall amount or rate revenue also grew due to additional new residential developments.

Declaration of Separate Rate - NRM Levy

Pursuant to section 95 of the Natural Resources Management Act 2004 and section 154 of the Local Government Act 1999, a separate rate (fixed charge) of \$25 is declared on all rateable land in the Council area to raise the amount of \$42,625 on behalf of the SA Arid Lands Natural Resources Management Board.

Rate Structure & Rebates

Council annually internally reviews its rate structure and during 2009/10 this will again occur. However if significant changes are identified that may lead to some change in the rate structure then Council will prepare a report pursuant to section 151(6) of the Local Government Act.

The Local Government Act requires Councils to rebate the rates payable on some land. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. In 2009/10 the amount rebated totalled **\$119,425**

In addition, there is a range of Crown Land properties occupied and used by BHP Billiton which under the Local Government Act 1999 would normally be subject to the payment of rates. This includes a number of highly developed properties located at the Olympic Dam Industrial Estate. However, under the Indenture these properties are exempt from rating. The amount forgone totals approximately **\$215,000**.

Business Impact

The Council has considered the impact of rates on all businesses in the Council area, the equity of the distribution of the rate burden between ratepayers and Council's strong emphasis policy on facilitating local economic development, in light of current local, state and national economic conditions.

Pensioner Concessions

If you are an eligible pensioner, you may be entitled to a remission on your rates. Application forms (including information on the concessions) are available from the Council's Administration Centre or by phoning the Council on **08 8671 0010**.

It is important to note that seeking a remission does not change the due date for payment of rates.

Unemployed Persons Concessions

The Department of Human Services (DHS) 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 DHS office for details.

Payment of Rates

The Council has decided that the payment of rates will be by four (4) instalments, due on

20 October 2010	20 March 2011
20 December 2010	20 June 2011

Rates may be paid:

- By cheque sent to the Council Office PO Box 124, Richardson Place, Roxby Downs SA 5725
- By telephone, using a credit card, ring 08 8671 0010
- In person, at the Council offices, during the hours of 9.00am to 5.00pm, Monday to Friday (EFTPOS facilities are available).
- By direct debit from ratepayers' bank account.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact the Council to discuss alternative payment arrangements. All inquiries are treated confidentially.

Late Payment of Rates

Under the Local Government Act and as indicated on the Rates Notice, if any rates are not paid on or before the date on which they become due, they will be regarded as being in arrears, and

- (i) a fine of 2 per cent of the amount of the payment due will be added to the arrears. and
- (ii) upon the expiration of each month from that day, interest of the "prescribed percentage" of the total amount in arrears (including the amount of any previous unpaid fine and interest) will be added to the debt. For the 2010/11 financial year this prescribed rate is **0.5830%** per month.

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 21 days after the issue of the final notice then the Council refers the debt to a debt collection agency for collection. Any debt collection agency charges are recoverable from ratepayers.

When the 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).

Remission and Postponement of Rates

The Local Government Act permits a Council, on the application of a ratepayer, to postpone rates or partially or wholly remit rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates, they are invited to contact the Council to discuss the matter. Such enquiries are treated confidentially by the Council.

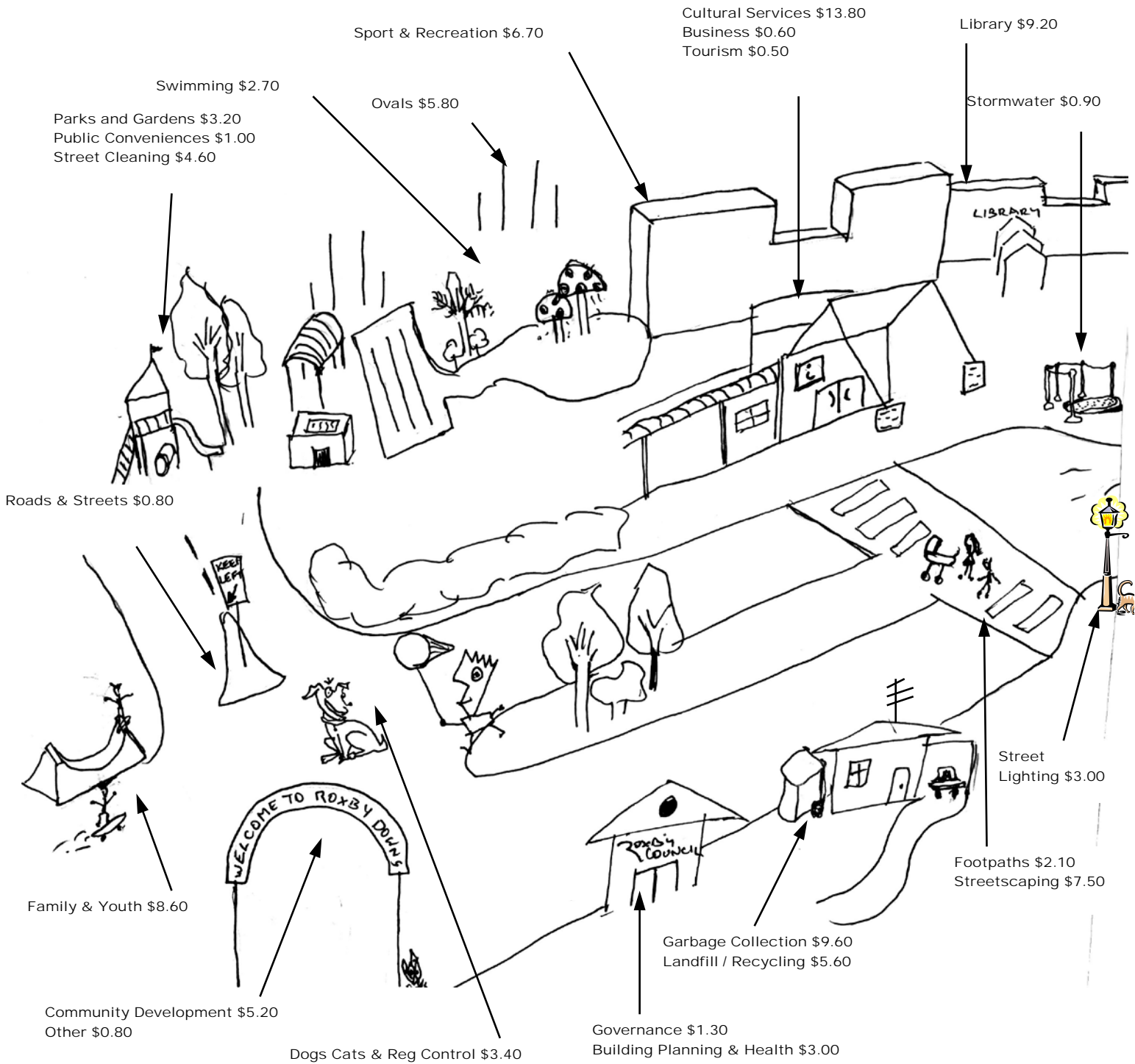
The Council has adopted a policy that where the payment of rates will cause a ratepayer demonstrable hardship, the Council is prepared to make available extended payment arrangements.

Sale of Land for Non-Payment of Rates

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to notify the owner of the land of its intention to sell the land if payment of the outstanding amount is not received within one month, and provide the owner with details of the outstanding amounts.

Where your rates go?

Ever thought where your "Municipal Rates" go? Below is an "approximate" expenditure breakdown for every \$100 paid in rates.



Note

1. Figures are approximate and include overheads and are intended as a guide to illustrate the complex number of services provided by Council and the areas of "Net" municipal expenditure which rates are applied. Actual expenditure can vary as a number of expenditure items are separately funded by loans, grants or from reserves and are therefore not shown in the above diagram
2. Operations for Roxby Power and Roxby Water are excluded.
3. Council's municipal rate revenue is a combination of a fixed charge and differential rating for all rateable properties, plus a fixed service rate for the collection, treatment and disposal of refuse collected from residential properties.

Roxby Power

Council's power requirements are obtained off the National Electricity Grid from BHP Billiton. Council is licensed under the Electricity Act as a Retail and Distribution Authority. Under the Indenture, Council is exempt from the National Electricity Market but must set its tariffs in line with those that are available in Adelaide.

The 2010/11 Draft Annual Business Plan foreshadowed that in 2011 rates would increase by increased a similar amount (5% - 6%) as per the previous year. Budget documents have incorporated this increase but it is expected that rates and charges will still be less than AGL's default rates.

Whilst no major changes in tariff structure are planned, actual tariff rates will be reviewed during the year with changes into effect in January 2011.

Roxby Water

Several years ago Council undertook an extensive policy review of the methods for pricing water and sewerage services. As a result a user pays approach has been adopted.

Mindful of the high cost of water in Roxby Downs and impact on the community, Council still needs to review water and sewerage charges to ensure that as a commercial business "Roxby Water" ensures firstly that adequate allocation is made to Asset Reserves to ensure that infrastructure can be maintained in the future and that secondly adequate returns on investment are made to "municipal" shareholders.

Water

BHP Billiton is required to provide potable water to Council at a cost set in accordance with the provisions contained in the Indenture. Compared with the balance of the majority of South Australia water prices in Roxby Downs are high and as a result every effort is kept to limit any increase within the constraints of ensuring a reasonable commercial return to the Municipal operation

As outlined in the 2010/11 Draft Annual Business Plan if the price at which water is purchased from BHP Billiton remains static it envisaged that increases may be limited to 3%. However any increase in the purchase price will need to be recovered from consumers with a higher increase.

These increases will apply from 1 January 2011.

Sewerage

As outlined in the 2010/11 Draft Annual Business Plan, sewerage charges are expected to be reviewed during the year with the current \$140 per property unit per quarter (\$560 per annum) foreshadowed to increase by around 6% from January 2010. For residential premises, the current and likely future sewerage rate is likely to remain at levels less than charges that are applied by SA Water in Country South Australia.

User Pay Charges

As outlined in the 2010/11 Draft Annual Business Plan, Council annually adopts a range of user pay charges on a range of services. These include the following:

- Roxby Leisure fees have increased at around 4% - 5% from 1 July 2010, but with some rationalisation. Detailed benchmarking review will also be done and may lead to further changes.
- Opal Road Landfill gate fees that apply to Commercial Waste are expected to increase. Major expenditure on Council's landfill is expected over the next few years and appropriate provisions are made to meet increased EPA requirements. The current Commercial Waste levy (excl GST) of \$25.00/m³ (\$41/tonne) will increase to \$30/m³ (\$50/tonne) with further increases expected over the next few years. Current charges are less than charges that apply for other landfills.
- Statutory charges as determined by State Government. E.g. Development Act, Road Traffic Act and Cat Management Act.
- Dog & Cat Registrations – For the last two years dog registrations have remained static. In 2009/10 Cat registrations fees were introduced at the same levels. Now that the transitional period for the introduction of cat registration, micro-chipping and desexing has been completed, the Dog & Cat Management Board have approved of an increase in line with other Councils.

FURTHER INFORMATION

Further information may be obtained by contacting the Roxby Downs Council at the Council Office PO Box 98 Richardson Place Roxby Downs SA 5715 during office hours.

Phone 8671 0010, Fax 8671 0452, Email roxby@roxbycouncil.com.au

Bill Boehm
Administrator

BUDGET DOCUMENTS

ROXBYP COUNCIL

2010/11 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

Projected
2009/10

**Budget
2010/11**

INCOME STATEMENT

Income

Rates	2,981	3,137
Statutory Charges	70	86
User Charges	8,450	8,754
Grants subsidies and contributions	228	250
Municipal Deficit Funding	1,200	600
Investment Income	70	100
Reimbursements	76	82
Other Revenues	100	22

Share of loss - joint ventures & associates	0	0
Total Revenue	13,175	13,031

Expenses

Employee Costs	1,398	1,697
Materials contracts & other expenses	9,789	10,335
Finance Costs	0	0
Depreciation amortisation & impairment	2,309	2,309
Share of profit - joint ventures & associates	0	0
Total Expenses	13,496	14,342

Total Operating Surplus / (Deficit) before Capital Amounts	(321)	(1,311)
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Municipal Distribution Adjustment	0	0
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TOTAL OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS AFTER MUNICIPAL DISTRIBUTION	(321)	(1,311)
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Net gain (loss) on disposal or revaluation of assets	70	35
Amounts specifically for new or upgraded assets	60	10
Physical Resources Received Free of Charge	0	0
NET SURPLUS / (DEFICIT)	(191)	(1,266)

SECTION 5B(b) OPERATING INCOME EXPENDITURE STATEMENT

The projected operating income is **NOT** sufficient to meet projected operating expenses for the 2009/10 Financial Year. This is highlighted by the above amounts of operating surplus /

ROXBY COUNCIL

2010/11 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)	Projected 2009/10	Budget 2010/11
BALANCE SHEET		
ASSETS		
Current Assets		
Cash & Cash Equivalents	3,588	2,886
Trade & Other Receivables	4,075	4,075
Other Financial Assets	0	0
Inventories	16	16
	<u>7,679</u>	<u>6,977</u>
Non-Current Assets held for sale	0	0
Total Current Assets	<u>7,679</u>	<u>6,977</u>
Non-Current Assets		
Financial Assets	0	0
Equity Accounted investments in Council businesses	0	0
Investment Property	636	636
Infrastructure, property, plant & equipment	91,998	91,445
Total Non-Current Assets	<u>92,634</u>	<u>92,081</u>
Total Assets	<u>100,313</u>	<u>99,058</u>
LIABILITIES		
Current Liabilities		
Trades & other payables	2,046	2,046
Borrowings	0	0
Short Term Provisions	104	104
Other Other Current Liabilities	0	0
	<u>2,150</u>	<u>2,150</u>
Liabilities relating to Non Current Assets held for sale	0	0
Total Current Liabilities	<u>2,150</u>	<u>2,150</u>
Non-Current Liabilities		
Trade & Other Payables	0	0
Long Term Borrowings	0	0
Long Term Provisions	17	17
Other Non Current Liabilities	0	0
Total Non-Current Liabilities	<u>17</u>	<u>17</u>
Total Liabilities	<u>2,167</u>	<u>2,167</u>
NET ASSETS	<u>98,146</u>	<u>96,891</u>
EQUITY		
Accumulated Surplus	25,634	25,081
Asset Revaluation Reserve	67,384	67,384
Other Reserves	5,148	4,436
TOTAL EQUITY	<u>98,166</u>	<u>96,901</u>

ROXBY COUNCIL

2010/11 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)	Projected 2009/10	Budget 2010/11
STATEMENT OF CHANGES IN EQUITY	20	10
	0	0
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	25,644	25,634
Net result for Year	(191)	(1,266)
Transfer to Reserves	(1,594)	(1,081)
Transfer from Reserves	1,775	1,793
Balance at end of period	<u>25,634</u>	<u>25,081</u>
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period	53,729	67,384
Gain on revaluation of infrastructure, property plant & equipment	13,655	
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment	0	0
Balance at end of period	<u>67,384</u>	<u>67,384</u>
OTHER RESERVES		
Balance at end of previous reporting period	5,329	5,148
Transfers from Accumulated Surplus	1,594	1,081
Transfers to Accumulated Surplus	(1,775)	(1,793)
Balance at end of period	<u>5,148</u>	<u>4,436</u>
TOTAL EQUITY AT END OF REPORTING PERIOD	98,166	96,901
Total of all revenues recognised directly in equity	13,655	0
Total of all expenses recognised directly in equity	<u>0</u>	<u>0</u>
NET CHANGE IN EQUITY	<u>13,655</u>	<u>0</u>

ROXBY COUNCIL

2010/11 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

Projected
2009/10 **Budget
2010/11**

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Operating receipts	13,105	12,931
Investment receipts	70	100

Payments

Operating payments to suppliers & employees	(11,187)	(12,033)
Finance payments	0	0
Net Cash provided by (or used in) Operating	1,988	999

CASH FLOWS FROM INVESTING ACTIVITIES

Grants specifically for new or upgraded assets	60	10
Sale of replaced assets	70	35
Sale of surplus assets	0	0
Sale of investment property	0	0
Net disposal of investment securities	0	0
Sale of real estate developments	0	0
Repayments of loans by community groups	0	10
Distributions received from associated entities	0	0

Payments

Expenditure on renewal/replacement of assets	(1,476)	(1,596)
Expenditure on new/upgraded assets	(187)	(160)
Purchase of investment property	(636)	0
Net purchase on investment securities	0	0
Development of real estate for sale	0	0
Loans made to community groups	(30)	0
Capital contributed to associated entities	0	0
Net Cash provided (or used in) Investing Activities	(2,199)	(1,701)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts

Proceeds from Borrowings	0	0
Proceeds from Aged Care Facilities	0	0

Payments

Repayments of Borrowings	0	0
Repayment of Finance Lease Liabilities	0	0
Repayment of Aged Care Facility deposits	0	0
Net Cash provided by (or used in) Financing	0	0

Net Increase / (Decrease) in cash held	(211)	(702)
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Cash & equivalents at beginning of period	3,799	3,588
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Cash & equivalents at end of period	3,588	2,886
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ROXBY COUNCIL

2010/11 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)	Projected 2009/10	Budget 2010/11
FINANCIAL INDICATORS		
Operating Surplus <i>Being the operating surplus (deficit) before capital amounts</i>	(321)	(1,311)
Operating Surplus Ratio <i>Being the operating surplus (deficit) as a percentage of general & garbage rates</i>	-10.8%	-41.8%
Net Financial Liabilities <i>Being the total liabilities less financial assets (excluding equity accounted investments in Council businesses)</i>	(9,846)	(9,144)
Net Financial Liabilities Ratio	74.7%	70.2%
Interest Cover Ratio <i>Finance Costs less investment income divided by total operating revenue</i>	-0.5%	-0.8%
Asset Sustainability Ratio <i>Capital expenses on renewal/ replacement assets less sale of replaced assets divided by depreciation</i>	66.9%	70.6%
Asset Consumption Ratio <i>Carrying value of depreciable assets divided by total value of depreciable assets</i>	80.0%	80.0%
Roxby Power & Water Commercial Distribution		
<i>Return on assets as a % of the written downs value of electricity and water & sewerage assets</i>		
Roxby Power	0.0%	0.0%
Roxby Water	2.3%	2.9%
Water	2.0%	2.8%
Sewerage	2.5%	3.0%
Municipal Deficit		
<i>Municipal deficit as a percentage of rate revenue</i>	40.3%	19.1%
<i>Municipal deficit as a percentage of operating expenses</i>	8.9%	4.2%

ROXBY COUNCIL

2010/11 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

Projected
2009/10 **Budget
2010/11**

UNIFORM PRESENTATION OF FINANCES

Operating Revenues	13,175	13,031
less Operating Expenses	13,496	14,342
Operating Surplus / (Deficit) before Capital Amounts	(321)	(1,311)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal & replacement of existing assets	1,476	1,596
less Depreciation	2,309	2,309
less Proceeds from sale of replaced assets	70	35
	(903)	(748)
less Net outlays on new and upgraded assets		
Capital Expenditure on new or upgraded assets	187	160
less Amounts received specifically for new & upgraded assets	60	10
less Proceeds from sale of surplus assets	0	0
	127	150
Net Lending / (Borrowing) for Financial Year	455	(712)

Notes 15 & 16 are a consolidated summary of Council's operations. Separate funding arrangements and restrictions under the the Indenture for the operations of the Council's Municipal Operation, Roxby Power and Roxby Water need to be recognised