

**2018/
2019**

**Financial Year ending
30 June 2019**



ANNUAL BUSINESS PLAN & BUDGET

Municipal Council of Roxby Downs



ACKNOWLEDGEMENT OF COUNTRY

The Municipal Council of Roxby Downs acknowledges the Kokatha peoples, the traditional owners of the land on which the township of Roxby Downs is based and pay respect to the Elders past and present, and extend that respect to other Aboriginal and Torres Strait Islander people who are present within our community.



roxbypower
a division of roxby council



roxbywater
a division of roxby council



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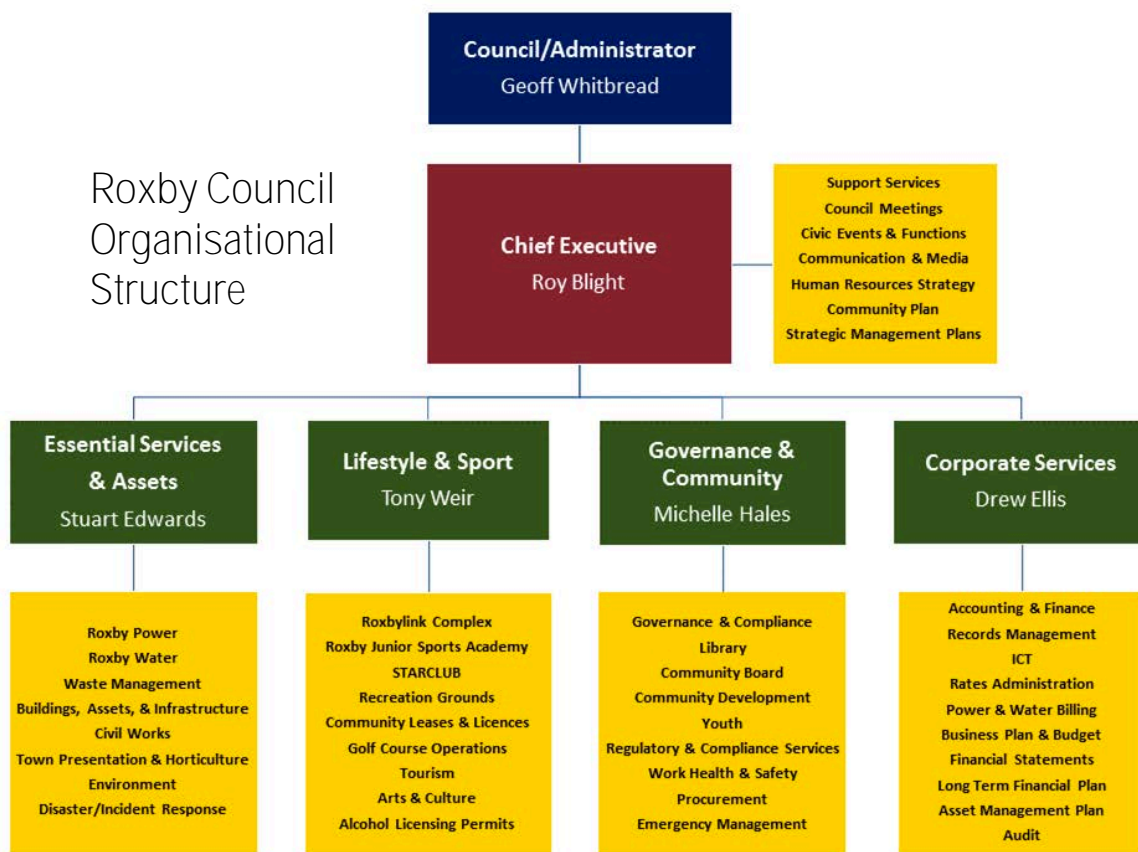
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Roxby Council Organisational Structure



Council's operations and responsibilities are grouped into four key elements: Essential Services & Assets, Lifestyle & Sport, Governance & Community, and Corporate Services.

- **Essential Services & Assets**

The Essential Services & Assets group is responsible for the operation and maintenance of a wide range of infrastructure and other assets and services. These include buildings, roads and footpaths, stormwater infrastructure, water supply, sewerage, electricity, waste management, and parks and gardens.

- **Lifestyle & Sport**

The Lifestyle & Sport group provides leisure, recreation, and cultural support and services to the community. Roxbylink comprises an auditorium, cinema, library, visitor information centre, café, art gallery, indoor stadiums, outdoor netball and tennis courts, ovals, gymnasium, squash courts, community youth centre and aquatic facilities including indoor and outdoor pools, and splashpad. Roxbylink provides important community health & wellbeing benefits whilst also generating revenue for services and projects. The Lifestyle & Sport group is also responsible for recreation grounds and playgrounds, community land sporting leases and licenses, events, tourism, arts & culture and plays a significant role in supporting local sporting clubs.

- **Governance & Community**

This portfolio works to develop and implement governance processes, protocols, and policies that enable Council to meet its legislative responsibilities. Additional areas include regulatory compliance (such as dog and cat management and bushfire prevention), public health planning, and Work Health and Safety. Staff are also responsible for managing and delivering projects, events, and initiatives that support community life. Community development and community engagement goals foster an inclusive, participative, and active community. Areas covered include the library, community board and forums, community foodies, and youth development.

- **Corporate Services**

Council's Corporate Services group encompasses the finance, customer service, information communication and technology, records management and payroll teams. Each of these teams supports Council in its various activities.

Introduction

With Council appointing its first Chief Executive, Roy Blight, in August 2017, and the subsequent restructuring of its Senior Management Team, **Council's** change in leadership is now complete. Under this leadership, Council looks ahead to the 2018/2019 year.

I am pleased to confirm that Council is debt-free, well managed and committed to good governance. All this is reflected in the 2018/2019 Draft Annual Business Plan and Budget.

Whilst austere in some areas, it provides for key projects that aim to build a better community. A number of new projects will be characterised by their reliance on partnership efforts. However, at the core of the budget is the need to invest in existing assets which include those related to essential services like power, water, and sewerage infrastructure, and recreational and cultural assets like Roxbylink and the Community Youth Centre. The investment in Council-owned assets contributes to sustainability and creates long-term value to the community.

For 2018/2019, Council aims to achieve an operating surplus of \$105,000. The projected income from rates is expected to be the same in dollar terms as for the Adopted Budget of 2017/2018. New projects and assets will only be invested in if they are supported by a well argued '**business case**' which addresses whole of life costs, community benefit, financial viability and external funding opportunities. This is the approach to major expenditure that Council will take into the forthcoming year and beyond.

Roxby Downs is, and will continue to be, a family oriented community. The town is rich with cultural and recreational facilities, as well as diversity of people and interests. Our projects focus on building a liveable community which is attractive, resilient and sustainable, and contributes to an environment where residents enjoy quality lifestyles and participate in community life. This is why **Council's** activities extend beyond the role of traditional local government. Our purpose is to work with BHP and the community to make Roxby Downs **Australia's** mining town of choice, and a place where people want to live, work, and raise their families.

Geoff Whitbread
Administrator

Public Consultation

Pursuant to the provisions of Section 123 of the Local Government Act 1999, each Local Government Authority is required to develop an Annual Business Plan and a Budget for each financial year. Council released the Draft 2018/19 Annual Business Plan and Budget for a period of Community Consultation from Friday 4 May 2018 to Friday 25 May 2018.

This document was also made available for download from **Council's** website www.roxbydowns.sa.gov.au. Hard copies of this document were also available from the Council Office at 6 Richardson Place, Roxby Downs.

Council welcomed community and stakeholder feedback on the draft version through a variety of platforms and opportunities:

- Invitation to the public to attend a Community Information Session at the Community Youth Centre on Tuesday May 15 at 6pm, conducted by the Chief Executive.
- Invitation to the public to participate on a Facebook Live Session with the Chief Executive and Group Manager Corporate Services on Tuesday 22 May – 6pm.
- Invitation to the public to attend a public meeting held by Council on Wednesday 30 May – 6.30pm, where verbal submissions could be made directly to the Administrator.
- The opportunity to write a submission and post or email to the Council.
- Opportunity to complete an online submission form available from the Council website.

Engaging stakeholders in the Public Consultation:

Council made consistent efforts leading up to, and throughout the consultation period, to engage the community in the consultation process and encourage submissions. This included the utilisation of a number of channels of communication including:

- The Roxby Council Facebook Page (and shared to other community Facebook pages)
- Speaking on community radio – **RoxFM's 'Council Catch-up'** (Thursdays 8.30am-9.30am) and **'The Vibe'** (Fridays 1pm-2pm) - endeavouring to capture both morning and afternoon audiences.
- Speaking on **FlowFM's 'Country Viewpoint'** program.
- Spotlight items and notifications on the **'My Local Services App'**.
- Slides on the Roxby Council TV display at the Roxby Council offices.
- Posters placed at the Roxby Council and on the Community Noticeboard in the centre of the town.
- A Council/Roxbylink display at the Roxbylink Gallery.
- Direct email to:
 - State Government stakeholders
 - BHP Communications, Community and Partnership units.
 - The Chair of the Community Board and subsequent distribution to Chairpersons of the 14 Roxby Community Forum groups.
 - All staff of the Roxby Council (including Roxbylink) to ensure awareness and encourage further distribution to the community.

Strategic Direction

Council's strategic and other long term plans outline the longer term objectives and priorities for the community. These plans, together with the Annual Business Plan and Budget, determine the infrastructure needs and services Council will provide, including the costs required to deliver those services. **Council's** strategic objectives are being updated as part of a review of its Strategic Management Plan. The strategic objectives contained in this document are drawn from work with the State Government and BHP on the long term objectives for Roxby Downs.

Providing Services to the Community

All councils in South Australia have statutory responsibilities defined under the Local Government Act (1999), the Development Act (1993), the SA Public Health Act (2011), Natural Resources Management Act (2004), Planning, Development and Infrastructure Act (2016) and several other relevant legislation. For the Municipal Council of Roxby Downs, the Roxby Downs (Indenture Ratification) Act (1982) is also significant.

Services provided by Council include:

- Corporate activities such as: preparing annual budgets and determining longer-term strategic management plans for the area, maintaining property ownership database, revenue collection for municipal rates, electricity, water, sewerage, and overall governance
- Management of infrastructure including: Council buildings, roads, footpaths, ovals, parks, playgrounds, public open space, street lighting, stormwater drainage, use of treated waste water for irrigation, power, water, and sewerage, including effluent re-use
- Street cleaning, rubbish collection, and recycling
- Regulatory activities including development planning and control, building and fire safety assessment, and dog and cat management
- Environmental health services including health standards inspections
- Protection of natural resources

Council also provides a variety of services which enhance the health, wellbeing and prosperity of the community. These include:

- Community development
- Visitor Information Centre
- Library
- Festival and event support
- Recreation development and assistance to local sporting organisations
- Youth services
- Volunteer opportunities
- Art exhibitions and cultural programs
- Healthy Community programs

Council operates the Roxbylink lifestyle and recreation centre which provides important community benefits. Roxbylink comprises an auditorium, cinema, library, visitor information centre, Dunes Café, art gallery, indoor stadiums, gymnasium, squash courts, swimming pools, splashpad and a community youth centre.

Significant Influences and Trends

In preparing this Draft Annual Business Plan, the following significant external influences have been considered.

State Government Election

The South Australian State Election, held in March 2018, resulted in a change to a Liberal Government. The **newly elected government will change the State's policy direction which will have implications for all local government jurisdictions**. The State Government is also a party to the Roxby Downs (Indenture Ratification) Act 1982 and is required, along with BHP, to meet various infrastructure requirements, and contribute to the municipal deficit. We look forward to developing a positive working relationship with the new government, in particular the Minister for Energy and Mining and Minister for Local Government.

A Local Government Rates Capping Scheme has been proposed by the State Government. Under the proposed scheme, an independent regulator will determine a rate cap on a region by region basis. Whilst the specific details of this scheme are still in development, enough is known for Council to be reasonably confident that it will have no adverse implications for its intended rates model for 2018-2019. Since 2016, Council has worked hard to keep Council rates as low as possible. For the third consecutive year the overall rates revenue will remain steady in dollar terms (although rates may vary across individual properties – a reflection of how rates are based on individual property valuations provided by the State **Government's** Valuer-General).

Olympic Dam Mine Operations

BHP's Olympic Dam mine remains the biggest single influence on the township and on Council's operations.

Commencing in late 2017, BHP conducted a major upgrade of the Olympic Dam mine. This resulted in a surge in the temporary workforce and an increase in overall town-based activity. The permanent population has undergone sustained growth since this upgrade project. Key indicators such as rental vacancies, school student numbers and utilities consumption all remain above prior year levels, and are expected to remain robust for 2018-2019. Throughout 2017, BHP announced a number of significant investments in the Olympic Dam mine.

In October 2017, BHP rolled out its Local Buying Program (LBP) in South Australia. The program aims to make it easier for small, local businesses with less than 20 full time equivalent staff to supply goods and services to Olympic Dam via an online platform. The LBP has been well received so far, and Council will continue to encourage eligible businesses based in Roxby Downs to register in the program.

Indenture Agreement

The provisions of the Roxby Downs (Indenture Ratification) Act 1982 significantly affect the financial operation of Council. As part of these considerations, **the Council's budget is also required to be submitted to the State Government and BHP for approval, with both parties contributing to any shortfall in the funding of Council's municipal operations.**

Local Cost Factors

Costs associated with major works and projects are significantly higher than for most other councils. This is primarily due to the remoteness of the location, intensity of works and competing for resources (e.g. contractors, etc.) with the Olympic Dam operations. This **'reality'** reflects in the budget for any expenditure items requiring external resources.

Planning System Reforms

The South Australian Government is continuing to progress a range of reforms to South **Australia's** planning and development system. The new Planning, Development and Infrastructure Act (2016) commenced operation on 1 April 2017. The Department of Planning, Training and Infrastructure (DPTI) has advised the Local Government Association that in accordance with the provisions contained within the Act, the State Government is proposing to collect a contribution from each council for the establishment and maintenance of the electronic Planning Portal. The amount of the contribution is based on the annual value of new development approved within the Council area.

Consumer Price Index

The increase in the Consumer Price Index (CPI) was 1.9% (Australia) for the year ended 31 December 2017. Councils, however, do sometimes face higher cost increases due to the capital intensive nature of the goods and services purchased, and the high level of fixed costs. Consideration is also given to the Local Government Price Index, which measures the increase in costs for Local Government. The Local Government Price Index rate was 2.9% for SA based on December 2017 quarter.

Property Valuations

General rates are calculated based on property valuations as determined by the Valuer-General. Property valuations (across the entire portfolio) are expected to increase by approximately 0.7%. It reflects the higher occupancy levels and economic activity evidenced through real estate sales performance.

It should be noted however that this change in valuations across the whole portfolio does not provide any indication of valuation movement for any individual property. Within the portfolio of properties, some will increase, some will decrease, and those that change will do so by different amounts proportionately. Council will evaluate the property valuations provided by the Valuer-General, and the implications for the application of rates.

Waste Management Costs

The recent announcement that China will no longer accept imported unprocessed recyclable materials (e.g. soft plastics) will have flow on effects to local councils throughout Australia. At this stage, given the comparatively low volume of material, the additional costs to Council are likely to be low and we expect they will not affect the 2018/2019 budget.

Legislative Reforms

From 1 July 2018, management of dog and cat registrations will be centralised via a statewide online portal Dogs and Cats Online (DACO). DACO will be managed by the Dog and Cat Management Board and will replace stand-alone individual council systems in place for registrations.

National Broadband Network (NBN)

Businesses and residents in the Roxby Downs area have had access to the NBN since May 2017. According to Regional Development Australia Far North, around half of the **town's** 1,900 premises are either connected to the NBN or have orders pending for connection. While there were reports of customers having some issues when they initially signed up, it appears that they have been addressed. Disconnection of the existing landline service in Roxby Downs is scheduled for 18 January 2019.

Other influences

- Strategic review of management and staffing structure. Reallocation of staffing resources to reflect the changing needs of Council as it plans for the future. New appointments to reflect need for more sustainable operations and governance requirements.
- Remuneration increases associated with the Municipal Council of Roxby Downs Enterprise Agreement (2017).
- Evolving need of services and infrastructure to serve a growing community.
- Requirement to maintain infrastructure assets at acceptable standards.
- Increasing fees and charges imposed by other levels of government.
- **Strategic reviews of and 'commercial' approach to running Council's business entities (e.g. Roxbylink, Roxby Power and Roxby Water).**
- Greater focus on sourcing available State or Federal Government grant funding, especially in relation to major projects.
- **The closure of local community newspaper 'The Monitor' in February 2018. This has already changed the local media and communications environment.**
- **Further growth in the Far North Region as a result of Oz Minerals' Carrapateena project, located north of Port Augusta.**
- Plans to reform the Roxby Downs Community Board and update its vision to better reflect the **community's future and needs.**

Objectives and Activities for 2018-2019

Proposed Council Investment in Key Projects

(The following is a list of intended, discretionary expenditure items. It should not be read as a complete list of expenditure items.)

Item	Amount
Waste transfer station upgrade	\$10,000
Waste management Facility (Opal Road)	\$10,000
Road resurfacing – priority based upon field assessments <i>Aquila Boulevard</i> <i>Bolami Street</i> <i>Melia Street</i> <i>Planigale Drive</i> <i>Santalum Way</i> <i>Pogona Court</i> <i>Tiliqua Crescent</i>	\$251,000
Stormwater improvements	\$50,000
Community Youth Centre - repairs and maintenance, upgrade & rebranding	\$10,000
Library updates – shelving and seating	\$20,000
Townscape Horticulture Plan	\$20,000
Additional shade sail for Splashpad	\$30,000
Sewerage system upgrade	\$85,000
Ovals – perimeter seating	\$55,000
Community engagement project 'Your Say' (online engagement platform)	\$25,000
Sewer pit grids replacement	\$24,200
Public seating around town	\$10,000
Richardson Place Rotunda – replace seating	\$10,000
Female friendly multiuse changing rooms – Main Ovals (funding from grants \$950K) *	\$1,000,000
<i>*note. This project's final scope and timeframe is uncertain at the moment due to negotiations with potential funding contributors.</i>	
Multi-purpose Pump Track (funding from grants \$450K)	\$500,000
Roxbylink Gym – conversion to 24 hour operation (security and safety requirements)	\$40,000
Conversion of waste plastics to fuel oils (feasibility study)	\$20,000
Youth development programs	\$25,000
Hermit Street nature based playspace (in conjunction with Emu Walk project).	\$50,000
Lions Park upgrade – incl Skate Bowl (funding from grants \$50K)	\$150,000
Richardson Place public amenities including provision for disability access and parenting facilities	\$100,000
Town entrance signage x 3 (with partial funding from BHP \$70K)	\$100,000
Items carried forward from 17/18 financial year	Amount
Emu Walk (c/f from 17/18, partly funded by Govt grant \$200K c/f from 16/17)	\$400,000
Public Art Work / Roxby Downs 30 Year Anniversary Project (c/f \$30K from 17/18)	\$60,000
Off Leash Dog Park (inc. \$40K c/f from 17/18)	\$60,000
Transfer high voltage switches and transformers	\$170,000

Statement of Comprehensive Income

The following summarises estimated operating income and operating expenses by major categories. It does not include capital income and/or expenditure. For comparative purposes, the draft 2018/2019 budget is shown against the current year (2017/2018) budget and the prior year (2016/2017) actuals.

	Previous year 2016/2017 Audited Actual \$'000	Current year 2017/2018 Adopted Budget \$'000	Proposed 2018/2019 Draft Budget \$'000
OPERATING INCOME			
Rates	5,482	5,472	5,474
Statutory charges	41	44	44
User charges	11,002	10,796	10,662
Grants, subsidies and contributions	418	334	166
Investment Income	7	24	40
Municipal Deficit Funding	871	600	600
Other Income	233	165	179
TOTAL INCOME	18,054	17,435	17,166
OPERATING EXPENSES			
Employee Costs	4,875	5,165	4,715
Materials, contracts and other services	9,149	9,384	9,131
Depreciation, Amortisation and Impairment	2,601	3,014	3,171
Finance Costs	18	18	44
TOTAL EXPENSES	16,643	17,581	17,061
OPERATING SURPLUS/ (DEFICIT)	1,411	(146)	105
Net gain (loss) on disposal or revaluation of assets	(6,325)	0	0
Physical resource received free of charge	0	0	0
Amounts specifically for new or upgraded assets	401	0	1,760
NET SURPLUS/(DEFICIT) transferred to Equity Statement	(4,513)	(146)	1,865
Other Comprehensive Income			
Changes in Revaluation surplus	(1,430)	0	0
TOTAL COMPREHENSIVE INCOME	(5,943)	(146)	1,865

How Council will fund the Annual Business Plan

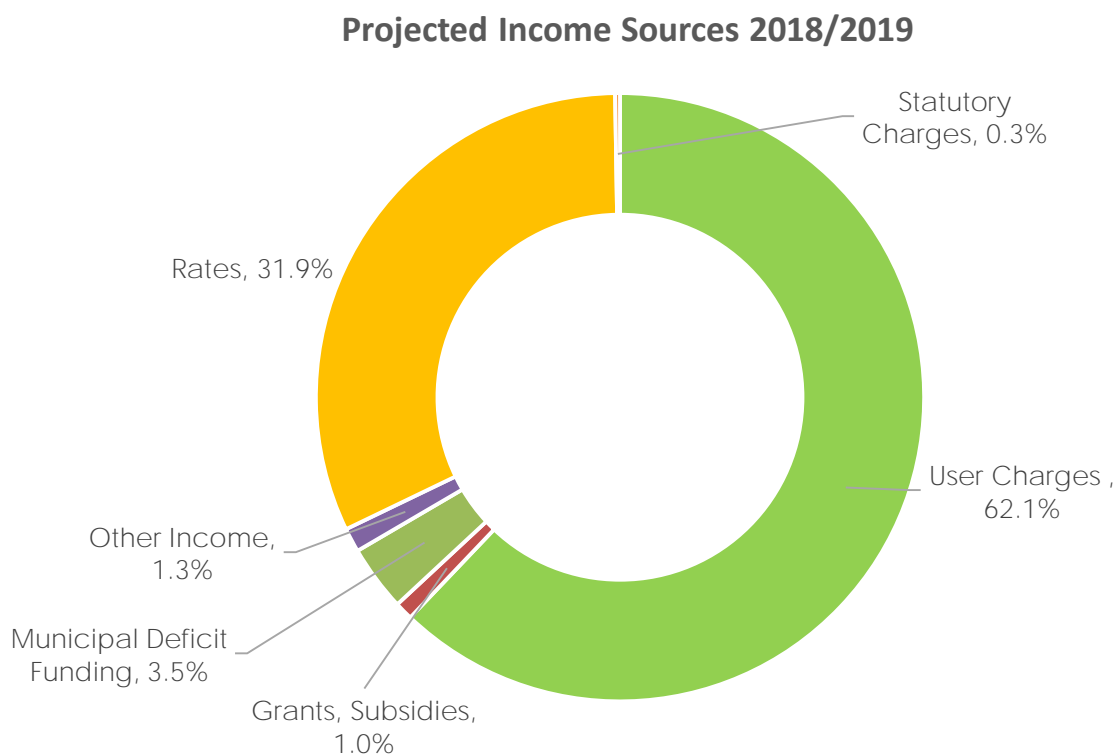
In delivering the services and projects outlined in this Draft Annual Business Plan, Council aims to achieve an operating surplus of \$105,000 resulting from Total Operating Revenues of \$17.166 million and Total Operating Expenses of \$17.061 million.

In addition to the operational budget considerations, included in the 2018/19 Draft Annual Business Plan is Capital Income of \$1.760 million (which will partly offset the planned capital costs).

Operating Income

Council has budgeted to receive Operating Income of \$17.166 million in 2018/19, which is \$269,000 less than for the Adopted Budget of 2017/2018. This income is derived from a number of different sources including Rates and Charges, Statutory and User Charges, Grants, Subsidies and Contributions, Investment Income and Other Income.

The following chart details the split in operating income categories for 2018/19:



Operating Income (continued)

Rates and Charges

Council's proposed revenue for 2018/2019 includes \$5.474 million to be raised from the various rates sources. An increase of \$1,309 will be collected from the statutory (and therefore non-discretionary) NRM levies (\$112,200 in 2017/2018 to \$113,509 in 2018/2019), as well as an extra \$590 from domestic waste collection service charges (\$789,410 in 2017/2018 to \$790,000 in 2018/2019). The proposed income from the property-based General Rates (which is calculated on the capital value of each property) is intended to be consistent with the Adopted Budget of 2017/2018.

User Charges - Utilities

The Roxby Downs (Indenture Ratification) Act 1982 requires Council to provide residents within the Roxby Downs township with electricity, water and sewerage services. Council has historically reviewed electricity, water and sewerage charges in January of each year. Council will review these charges in July of each year to align them with financial reporting and budgeting timeframes. At this stage, the following increases (in nominal terms) are foreshadowed for July 2018.

Roxby Power	Electricity	1%
Roxby Water	Water	1%
	Sewerage	1%

The above percentages refer to the adjustment in the unit rate calculation for Electricity and Water and will be applied evenly across all **'category'** tariffs. The percentage increase for electricity factors in the expected reduction in the solar buy-back rate. For budgeting purposes, the solar buy-back rate is assumed to be 16.3 cents per kW/hr. For sewerage charges, the same adjustment will be applied to the **'service'** charge only.

The 1% above is the effective increase for the full year. This increase is expected to be below the full year CPI, resulting in an effective reduction in real terms.

Council is currently reviewing its approach relating to the Power and Water billing cycle. This may result in amended timelines (eg. **'issue'** and **'pay by'** dates for quarterly bills, etc.), although no decisions have been made yet. Any changes will have the underlying purpose of simplifying rules and processes, and ensuring a more aligned system with those of the wider utilities markets. Any changes from existing policies will be made public prior to implementation.

Income from Water and Power is dependent on consumption-based levies. It is a complex process to accurately predict, and therefore budget for, the Water and Power related income. Drivers such as population levels, mix of property types (e.g. **'commercial'** and **'residential'**), climatic patterns, rainfall events and BHP rostering structures all impact on the overall consumption. Council has, therefore, adopted a conservative approach to the calculation of projected income for water and power.

Operating Income (continued)

User Charges - Roxbylink

Roxbylink fees are reviewed annually and take into consideration the following factors:

- Cost recovery versus community service
- Affordability and capacity to pay
- Improved health and wellbeing of residents by encouraging participation
- Operating and capital costs of Council facilities
- Consumer Price Indices
- Contractual agreement/s arrangements
- Input costs (e.g. stock etc.)

Statutory Charges

Council's statutory charges consist of income derived from dog and cat registration fees, development and building fees, regulatory fees and fines. Council is expecting to generate \$44,000 in Statutory Charges in 2018/2019, the same amount as in the Adopted Budget for 2017/18. These fees and charges are set and approved by the State Government through various pieces of legislation.

Grants

Council receives funding from various sources. As with all local government authorities nationally, Council receives untied Federal Government funds from the Grants Commission which can be spent according to local priorities. There are two components to this funding. A General Component is determined by a number of factors including population. The Identified Road Component is determined by factors such as road length, type, and usage. Additional Roads to Recovery Funds are also received for specific road projects. Council also receives an annual grant from the South Australian Public Library Services. Council continually aims to secure grant funding from various sources where possible.

Other Income

Other income consists of income generated from reimbursement of rebates and distributions from **Council's** Insurance schemes and other sundry income from Council activities.

Loan Borrowings

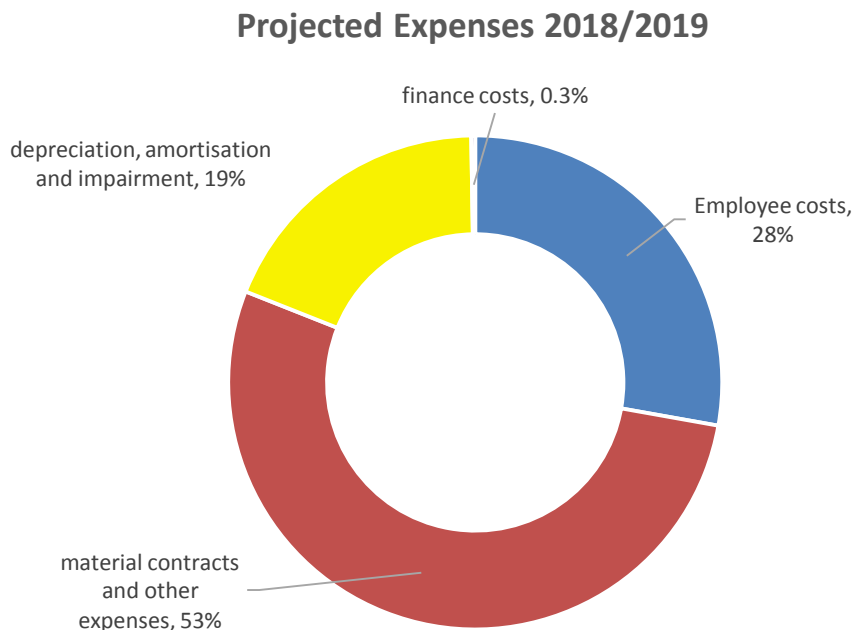
There are no borrowings anticipated in 2018/2019.

Municipal Deficit Support

The Indenture provides for **Council's** budget deficit to be shared equally between BHP and the State Government. This support has been maintained at \$600,000 over recent years, with \$300,000 contributed by each.

Operating Expenditure

In 2018/2019 Council has budgeted for operating expenditure of \$17.061 million, including depreciation of \$3.171 million. Total operating expenditure represents a decrease of 3.0% (or \$520,000) from the 2017/2018 Adopted Budget.



Employee Costs

Council's employee costs consist of operating costs associated with salaries and wages, employer superannuation, annual leave and long service leave liabilities, public holiday pay, workers compensation insurance, allowances, training, work health and safety and staff income protection insurance.

The employee costs for 2018/19 of \$4.715 million represents a decrease of 8.7% (or \$450,000) on the 2017/2018 Adopted Budget and takes into account the following factors:

- Increase in salary and wages rates on 1 January 2019 of 1.5% p.a. in accordance with the Municipal Council of Roxby Downs Enterprise Agreement 2017
- Increment movements via reclassifications (if applicable) in accordance with the Roxby Downs Enterprise Agreement 2017
- Assumption that in 2018/2019 that all Council staff positions will be occupied for the full year
- Expected savings to be realised from organisational restructuring following strategic reviews of key areas in 2017/2018
- Strategic approach to staff training
- The employment of specialist officers (e.g. HR, WHS and Risk, Youth Development and Asset Management)

Operating Expenditure (continued)

Materials, Contractors and Other Expenses

Contributing 53.5% of the total operating expenditure materials, contractors and other expenses is the largest portion of outgoings in **Council's** operational expenditure budget. This area includes items such as:

- Contracts for services (e.g. waste management, horticulture, cleaning, power and water maintenance contracts etc.)
- Plant and building maintenance
- Administration costs such as printing, stationery, software licensing
- Purchase of power and water from BHP

The projected figure represents a decrease of 2.7% from the 2017/2018 Adopted Budget and is expected to be achieved from a systematic review of costs and ongoing process improvements.

Depreciation

An allowance of \$3.171 million in depreciation for 2018/2019 which is an increase of 5.2% (or \$157,000) compared to 2017/2018. This is based on a conservative estimate only and may need to be revised in line with asset revaluations currently underway.

Finance Costs

An amount of \$44,000 in finance costs which include bank fees and charges and an allowance for bad debts.

Considerations in the setting of Rates and Charges

Rate revenue is an integral part of **Council's** financial resource base. All councils deliver an extensive range and level of services to their communities, and the cost of delivering and providing these services is spread across the community in the form of property rates. Factors that are taken into consideration when determining the rate include: the current economic climate, increased legislative responsibilities, community expectations, and the need to manage, maintain, and improve the **community's** infrastructure assets.

Method Used to Value Land

As with most local government authorities, Council uses the capital valuation method as the basis for valuing each land holding and improvements in the council area. Valuations are determined by the Valuer-General and are independent and based on real estate market evidence.

Council considers that the capital value method of valuing land provides the fairest method of distributing the rates across all ratepayers because:

- Property value is a relatively good indicator of market value of a property and, therefore, it is the most appropriate measure of relative capacity to pay of property owners.
- It corresponds with the taxation principle which states that people should contribute to community, social, and physical infrastructure in accord with their capacity to pay, as measured by property held.

Council will be adopting the valuations made by the Valuer-General application for the financial year commencing 1 July 2018. The proposed valuations have been received and are currently being evaluated together with rate modelling applied. If a property owner is dissatisfied with a property valuation, an objection may be made to the Valuer-General in writing, within 60 days of receiving notice of the valuation, explaining the basis of the objection.

Rate Rebates

Council provides rate rebates according to Chapter 10, Part 1, Division 5 of the Local Government Act 1999. Mandatory (100%) rebates are provided for the Roxby Downs Hospital and Catholic, Lutheran and Community Churches. Mandatory (75%) and discretionary (25%) rebates are also provided to the Roxby Downs Area School and St **Barbara's** Parish School. Council regularly reviews the discretionary elements of these rebates but does not anticipate any changes to the current levels.

Details relating to Government Council Rate Concessions, Rebates, Capping Rebates, provisions for assisting in cases of hardship in the payment of rates, and **Council's** rights to sell land for the non-payment of rates are noted on pages 20-22.

Differential General Rates

Every resident benefits in some way from the general amenity of the council area, whether it is as the present time or in the future. The amenity includes the local economy, general council operations and the ability to use community facilities. The Local Government Act 1999 allows councils to differentiate rates based on the use of the land and/or the locality of the land. Differential ratings has been adopted by Council 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. The composition of **Council's** rate base based on Land Use Category has remained largely the same over the past several years, a situation that is expected to continue in 2018/19.

Property Type	Rate in the \$ (based on capital value 2018-19*)
Residential	0.0061000
Commercial Shop	0.0166830
Commercial Office	0.0174740
Commercial Other	0.0167023
Industry Light	0.0139260
Industry Other	0.0142820
Vacant	0.0120960
Other	0.0119150

**accurate as at 1 June 2018.
Rates subject to change with
any amendment by the Valuer
General. No material change
expected.*

Fixed Charge

Council considers it appropriate that all rateable properties make a base level contribution to the cost of administering **Council's** activities, and to the cost of creating and maintaining the physical infrastructure that supports each property. Approximately a quarter of **Council's** general rate revenue is calculated via the fixed charge portion.

Service Charges

Council provides a three bin refuse kerbside collection service (Domestic Waste, Recycling and Green Waste). A fixed service rate is charged for residential properties for the collection, treatment, and disposal of refuse and recyclables collected. The charge is applied to residential properties only. The intended charge of \$480 per residential property will be unchanged from 2017/18.

Natural Resources Management Levy

The Natural Resource Management (NRM) Levy is a State Government tax legislated under the Natural Resources Management Act 2004. Council collects the levy on behalf of the SA Arid Lands Natural Resources Management Board. The levy is a fixed charge and is shown as a separate charge on the rates notice.

Business Impact Statement

Council has considered the impact of rates on all businesses in the Council area. In considering the impact, Council will assess the following matters:

- Those elements of the **Council's** Strategic Management Plan relating to business development;
- The current and forecast economic climate;
- **Council's** recent development approval trends;
- The operating and capital projects and new programs for the coming year that will principally benefit industry and business development', and
- Valuation changes.

Council recognises the importance of supporting and encouraging a diverse and healthy business sector.

Measuring Performance

The Council measures its achievements and financial performance through the following processes:

- Monthly review of account management reports by the Council presented to the Chief Executive
- Budget reviews in accordance with legislation
- Regular reporting to the external Audit Committee
- Production of the Annual Report with audited financial statements
- Customer request and complaint systems
- Presentation of a six monthly (1/2 yearly) report card to Council on the performance achieved in implementing the Annual Business Plan and Budget.

Financial Indicators

When evaluating activities undertaken during any given financial year, the Council considers a number of factors, one being the future sustainability of the Council. A series of financial indicators have been developed by the local government sector to assist in determining whether a council is financially sustainable or moving to a position of financial sustainability.

Financial indicators are used to measure the performance and current financial health (and therefore financial **sustainability**) of the Council, and also demonstrate the improving (or declining) trend in Council's financial position over time. These financial indicators form part of the Model Financial Statements approved by the Minister for Local Government and Local Government Association of SA and are:

Operating Surplus/(Deficit) ratio

The desired level is between 0% and 10% on average over the long term. **Council's** Budget Management Policy provides for a short term target between -2% and 0%. The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of income. A positive ratio indicates the percentage of operating income available to help fund proposed capital expenditure. A negative ratio indicates the percentage increase in operating income or the approximate decrease in operating expenses required to achieve a break-even operating result.

Net Financial Liabilities Ratio

The desired level is greater than 0% but not more than 100% on average over the long term. **Council's** short term target is between 0 and 50%. This ratio indicates the extent to which the net financial liabilities of the Council or its total indebtedness can be met by **Council's** total operating revenue. It is a broader measure than net debt as it includes all of a **council's** obligations, including provisions for employee entitlements and creditors. The ratio is calculated by expressing net financial liabilities at the end of a financial year as a percentage of operating income for the year. When the ratio is increasing, it indicates that a greater amount of a **council's** operating revenues is required to service its financial obligations.

Asset Sustainability Ratio

The desired level is greater than 90% but less than 110% on average over the long term. This ratio measures whether Council is renewing or replacing existing physical assets (roads, footpaths, stormwater drainage, buildings, plant and equipment, and furniture and fittings etc.) at the same rate as these assets are wearing out. The ratio is calculated by measuring actual capital expenditure on renewal or replacement of assets, relative to the expenditure on renewal or replacement of assets as per **Council's** Infrastructure and Asset Management Plans.

The change in the asset sustainability ratio from 4% in 2016/17 to 96% and now 276% for 2018/19 reflects a shift in **Council's** focus in relation to its assets. The shift from the building of new assets (e.g. splashpad) to investing in the maintenance of its assets (e.g. maintenance of roads, stormwater drainage) reflects in the relative movement of the ratio.

	2016/2017 Audited Actual \$'000	2017/2018 Adopted Budget \$'000	2018/2019 Draft Budget \$'000
Financial Indicators			
Operating Surplus Ratio	8.0%	(0.8%)	0.6%
Net Financial Liabilities Ratio	(17%)	(24)%	(30)%
Asset Sustainability Ratio	4%	96%	276%

Long Term Financial Plan

The purpose of Council's Long Term Financial Plan (LTFP) is to express, in financial terms, the activities that it proposes to undertake over the medium to longer term to achieve its stated objectives.

Council's formal LTFP has not been included within this document as it, together with the Strategic Plan, are currently being reviewed. This review process will continue into 2018/2019 and will include discussion/liaison with various stakeholders including the State Government, BHP, the Community Board, and the community generally during 2018/19.

A formal LTFP would require a ten year forward view, and assumptions based on economic parameters this far ahead are especially challenging for Roxby Downs. Council considers that a shorter-term view is appropriate regarding long-term planning, as BHP, through its Olympic Dam operations, is the principal driver of general economic parameters in Roxby Downs. A view of three to five years is deemed by Council to be more realistic, whilst still having careful regard to asset management and renewal requirements.



Commentary about **Council's** Rating Policy

Payment of rates

Annual rates can be paid in full at the first instalment in October or can be paid in four equal instalments due October, December, March and June. The outstanding balance can be paid in full at any time. Council will send out instalment notices to ratepayers advising them of their next instalment due date at least 30 days prior to the due date. Council also provides a range of payment options – BPAY through participating banks, credit card or cash/cheque.

Late payment of rates

The Local Government Act requires that Councils impose a penalty of 2% on any payment for rates, whether instalment or otherwise, that is received late. 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 the Council may incur because it has not received the rates on time. Rates remaining unpaid will be charged interest each month, set each year in accordance with Section 181(8)(c) of the Act. Council may at its discretion remit penalties for late payment of rates where ratepayers can demonstrate hardship.

Council issues an overdue 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 overdue notice, then the Council may refer the debt to a debt collection agency. The debt collection agency charges collection fees that are recoverable from the ratepayer.

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 amount owing)

Penalties

Penalties do apply to outstanding rates and any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment requirements, or is planning an extended absence at the time rates are due is encouraged to contact our Rates Officer on 86710010 to discuss alternative payment arrangements.

Hardship

Ratepayers experiencing hardship may seek assistance from Council. If you are concerned about the payment of your Council rates, please contact Council on 8671 0010 to discuss your personal circumstance and organise alternative payment arrangements where applicable before the due date.

Postponement of rates- hardship

Under Section 182 of the Local Government Act 1999, you can apply to postpone your rates if payment would cause you hardship. You will need to meet the following criteria:

- We are satisfied that hardship is proven (such as by providing a statement of income and expenses)
- You agree to pay interest on the amount at the cash advance debenture rate, calculated monthly and published by the Local Government Finance Authority for 1 July each year
- The property is your principal residence and is the only property you own
- You have owned the property and used it as your principal residence for a minimum of 1 year
- You can produce your Pensioner Concession Card from Centrelink or Veterans Affairs, or you can demonstrate that you are a self-funded retiree with a household income of less than \$25,000 a year.

Postponement of Rates – Seniors Card

Pursuant to Section 182A of the Local Government Act 1999, if you hold a State Government Seniors Card, you can apply to postpone part of your council rates for the current or a future financial year. The deferred amount will still incur a monthly interest charge, and the accrued debt will become payable when your property is sold or disposed of. As a South Australian Seniors Card holder, you can only apply for postponement if:

- The property is your principal place of residence
- No other person other than your spouse or domestic partner has an interest as owner of the property.

Rebates – Non-Discretionary

The Local Government Act 1999 provides that the Council must grant a rebate of Council rates in specified circumstances. The rebates relate to:

- Land used by a not for profit community service organisation for specified services (pursuant to Section 161).
- Land containing a church or other building used for public worship and land used solely for religious purposes (pursuant to Section 162)
- Land used for specified educational purposes (pursuant to Section 165).

Rebates - Discretionary

Section 166 of the Local Government Act 1999 sets out the circumstances in which Council can grant discretionary rebates of up to 100%. Rebates are approved on an annual basis.

Council offers a capping rebate on differential general rates granted to the Principal Ratepayer on assessments under Section 166 (1) (L) of the Act. The capping rebate amount is calculated from the difference between the amount of differential general rates raised during the current financial year, and the amount of differential general rates for the previous financial year, plus 5.0%. For the capping rebate to be granted, the following criteria must apply;

- The land use of the property is residential
- There has been no improvements on the land over \$20,000 since the start of the previous financial year

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- The zoning of the land has not changed since the start of the previous financial year
 - The Land Use has not changed since the start of the previous financial year
 - The capping rebate amount exceeds \$10, and
 - Council receives the “**Rate** Capping Rebate Application **Form**” from the Principal Ratepayer prior to the due date of the first instalment.

Enquiries can be made through our Rates Officer on 8671 0010.

Sale of Land for Non Payment of Rates

Section 184 of the Local Government Act 1999 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 its intention to sell the land if payment of the outstanding amount is not received within one month, and must provide the owner with details of the outstanding amounts. Except in extraordinary circumstances, the Council enforces the sale of land for arrears of rates.

Roxbycouncil

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