



2016/17
ANNUAL BUSINESS PLAN
and Budget



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Introduction

Acting Administrator, Geoff Whitbread

The township of Roxby Downs has undergone substantial change over the past year. Our remote locale creates not only unique challenges but also opportunities. With this in mind I am pleased to present the Annual Business Plan for 2016/17.

The plan outlines the proposed services, programs and projects for the next 12 months. We hope to continue progress towards our long term objectives for the town whilst maintaining efficiencies across Council.

The Annual Business Plan is presented as a high level document and had been approved by the State Government and BHP Billiton, pursuant to the provisions of the *Roxby Downs (Indenture Ratification) Act 1982*.

The community's feedback was important in developing the Annual Business Plan and assisted us in setting the goals for the year ahead and helping us to prioritise community interests.

Geoff Whitbread
Acting Administrator

Community Consultation

The consultation period on the draft Annual Business Plan and Budget 2016/17 was held from 15th June 2016 to 7th July 2016.

Council offered a variety of consultation methods for the draft Annual Business Plan and Budget 2016/17 including advertisements, the local public newspaper and the Roxby Downs Council website. The document was available to view from the Council office and online at Council's website.

An informal public information session was held on 30th June 2016 and a formal public meeting to hear public representations on the draft Annual Business 2016/17 was held on Thursday 7th July.

Three written submissions were received and a number of comments were made by members of the public who attended the meeting on 7th July 2016. All of these submissions were considered.

After the public consultation was completed the draft Annual Business Plan was forwarded for consideration to the State Government and BHP Billiton along with copies of the budgeted financial statements.

The Annual Business Plan was finalised and approved by Council on 2nd September 2016.

Overview

Whilst the role of local government is laid out in the Local Government Act, the exact interpretation is left very much up to each local government area as the range and extent of services delivered is dependent on the make-up and perceived need of each area.

In Roxby Downs, as in most local government areas, it is usually the 'What' and 'How' that is readily understood.

What is often missed is the 'Why', which is key to everything we do at Roxby Council.

In our instance the 'Why' directly relates to our *raison d'être*, which directly relates to developing the community to serve BHP Billiton's Olympic Dam Operation.

WHAT

we deliver services,
manage assets &
influence others

WHY

for a sustainable well coordinated
roxby downs community - we are in
the community development business

HOW

we develop and
maintain
relationships, manage
people &
communicate
outcomes

Council roles

Roxby Council, like other local government authorities, has many roles when serving the community. Council's financial commitment will therefore vary according to the nature of the role and statutory responsibilities.

Role	Description
Leader	Where Council has direct decision-making responsibility and can take direct action - where it is Council's core business, statutory responsibility or relates to Council facilities, services and assets. <i>Example:</i> Strategic Plan
Owner/Custodian	Management of assets that are under the care and control of Council. <i>Examples:</i> management of roads and buildings, parks and the environment
Regulator	Undertaking of responsibilities in accordance with relevant legislation. <i>Examples:</i> development assessment, food and health premises compliance
Information provider	Provision of information to the general community. <i>Example:</i> tourism information
Advocate	Advocacy to BHP Billiton and various tiers of government in relation to issues that affect the community. <i>Examples:</i> education and health
Facilitator/Initiator	Bringing together and/or engaging with individuals, community groups, industry and government agencies to address issues affecting the community and to initiate new programs. <i>Example:</i> Community Board
Agent	Managing the provision of services to the community on behalf of the State Government where there is a demonstrated need and significant benefit to the community. <i>Example:</i> Service SA
Part-funder/partner	Service or project in which Council works with another organisation to fund and/or deliver an outcome. <i>Example:</i> Country Arts SA
Direct provider	Delivery of a service, project or program in full with no resource or funding support from external parties. <i>Example:</i> recreation programs

Strategy

In order to achieve the WHY, each Council is required to develop a range of strategic management plans. In our instance Council has adopted a vision of being a World Class Community supporting a World Class Mine.

So what is a World-Class Community?

Essentially it's not about streets paved with gold but an integrated community that has strong values and works together for a common goal. As defined through international studies a world class community is one where diversity and inclusion are the foundation, where no one is left behind and portrays the following characteristics:

An environment where all people are valued and respected
Safety
Prepared and hopeful youth
Strong school systems that work for everyone
New and growing businesses with a broad spectrum of jobs
Rich variety of arts, culture and leisure opportunities

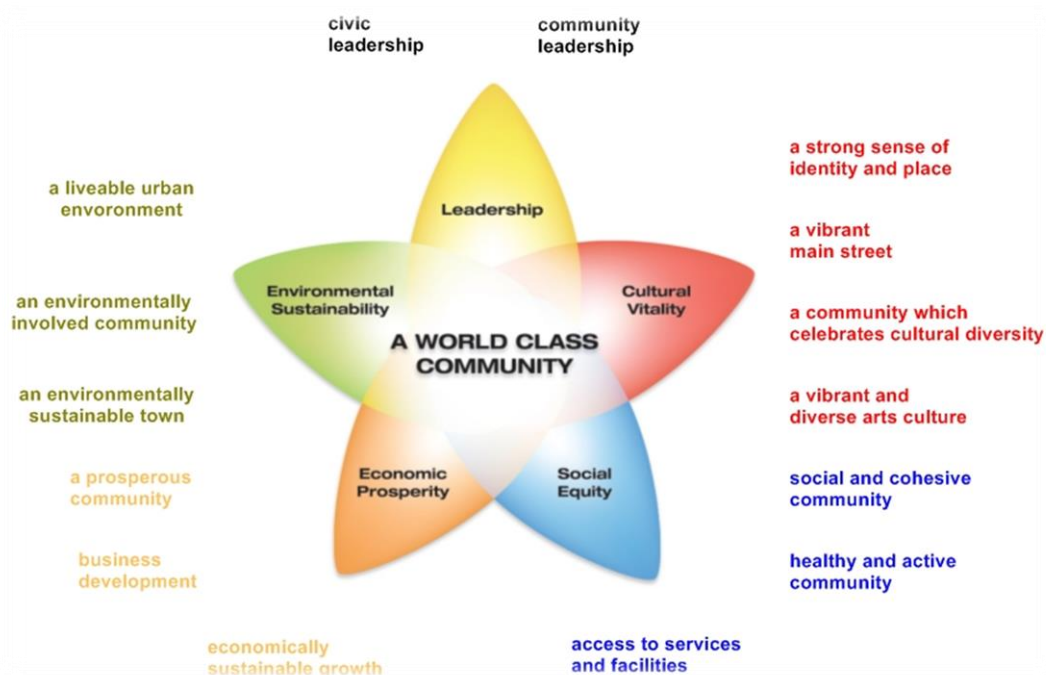
Affordable, quality housing
Healthy and credible local government
Full range of high-quality health care
Strong citizen leadership
Effective public transportation

Whilst these elements will vary in precise content, these characteristics essentially mimic what the Roxby community independently identified in 2005. This is underscored in the current community management structure which has evolved over several years and which Council strongly supports. It also aligns with BHP Billiton's desires to assist and enable Roxby Downs to be:

Supportive A welcoming place where everybody is valued and feels a sense of belonging
Engaged The town is connected to Olympic Dam through mutual understanding and communications
Proud We celebrate our diversity and we are proud of our shared history and our achievements to come
Resilient We meet the challenges together
Dynamic We are actively involved in the improvement of our unique outback lifestyle
Innovative We have modern and connected services and facilities

This places Roxby Downs in a unique position to be a World-Class Community. Council's Strategic Management Plan has been adopted comprising five supporting pillars and associated goals. The vision of a World Class Community is one that is a well-balanced community, one which supports all voices and where no individual is left behind. It is a place where holistic decisions are made.

This is the purpose of the five pillars, to create a quintuple bottom line which shapes our actions and decision-making. The draft Annual Business Plan 2016/17 represents an outline of the actions proposed to implement these objectives.



Business Plan Influences

The physical and fiscal environment in which the Council operates provides unique challenges for Council. A number of significant factors have influenced the preparation of the Council's 2016/17 draft Annual Business Plan. These include the following:

Olympic Dam operation influences

BHP Billiton's Olympic Dam Mine remains the most significant influence on the township and on Council's operations. In the past 12 months there has been a significant downsizing of the Olympic Dam operations and this has had a flow-on impact on our community. There has been a noticeable reduction in population and a decline in the town based activity.

Recent public announcements by BHP Billiton indicate that the contraction in workforce numbers is about to cease and additional jobs are expected to be created. There has also been a public statement that a new roster, based on 7 on 7 off is to be introduced in August 2016. It is difficult to foresee what the impact of both these decisions will have on the town's population.

A change in population does have an impact on Council's budget and in the development of the budget, Council has taken the following impacts into consideration:

- Decline in consumption-based revenue streams that directly relate to a reduced population. This includes electricity and water sales and user fees for sporting and cultural activities
- Expected decline in community confidence, reducing discretionary spending in local businesses
- Decline in sewerage reuse water available for use on the golf course
- Potential reduction in grants from BHP Billiton with pressure for a reduction in Municipal deficit funding.

Indenture considerations

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 Billiton for approval along with any shortfall in the funding of Council's municipal operations.

The level of municipal deficit support is a matter for BHP Billiton and the State Government, who have both indicated that they are under pressure to meet their historical commitments and would like to see the current \$600,000 per annum contribution eliminated as soon as reasonably possible.

Roxby factors

There are a range of factors which are unique to Roxby Downs which also need to be considered. These include the following:

- Impact on the community of increased municipal, water, sewerage and electricity rates and charges at this critical time of economic downturn such that a rise for 2016/17 of around CPI is envisaged
- Impacts of increasing operating costs associated with maintaining the town's facilities in a remote location with some offset due to improved organisational efficiencies
- Meeting realistic community expectations consistent with Council's strategic purpose
- Addressing a range of capital works, strategic development and financial issues that had been put on hold for a number of years whilst BHP Billiton considered the proposed expansion of the Olympic Dam operation
- Inclusion, where possible, of matters that have been brought to Council's attention either in a formal or informal manner
- Meeting increased operating costs associated with the provision of Council's waste management services both due to costs associated with compliance of the Environmental Protection Authority Act (EPA) and compliance with waste and landfill management standards.

Other factors

- Taking the opportunity to fund strategically significant capital works, within our known budget constraints at a time of historically low interest rates, prior to the economy gaining positive traction again, such that competitive contract prices can potentially be obtained.
- Inclusion of community feedback received throughout the previous year and those that arise during the formal consultation process.
- Commitments to continue programs, projects and partnership initiatives that have either already commenced or funding obtained.
- 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.

Services

All councils have mandatory responsibilities under the Local Government Act 1999, the Development Act 1993, the Public and Environmental Health Act 1987, the Natural Resources Management Act 2004 and other relevant legislation. In our instance provisions of the Roxby Downs (Indenture Ratification) Act 1982 also have significant influence.

Services provided by Council include:

- Corporate activities such as preparing annual budgets, determining longer-term strategic management plans for the area, maintaining property ownership database, revenue collection for municipal rates, electricity, water, sewerage and overall governance and participating in Local Government industry related Associations;
- Management of infrastructure including roads, footpaths, ovals, parks, playgrounds, public open space, street lighting and storm-water drainage, power, water and sewerage including effluent reuse;
- Street cleaning, rubbish collection and recycling;
- Regulatory controls such as development, planning building safety assessments, dog and cat management; and
- Various environmental health activities.

In response to community requirements, we also provide a large array of further services and programs including:

- Operation of the roxbylink centre, comprising of the auditorium, cinema / theatre, visitor information centre, dunes café, art gallery, community library, indoor stadiums, gymnasium, squash courts, swimming pools, community youth centre, community development support to the Community Board and Forums to support the implementation of the Roxby Downs Community Plan; and
- Community economic development support by way of assistance and support to the Roxby Downs Community Board and associated Forums, festival and event support, youth development, broader recreation development assistance to local sporting organisations.



Achievements and Actions

During 2015/16 a number of key projects have been delivered and actioned, with some extending into the 2016/17 year. A number of others are proposed to be undertaken as outlined below.

roxbylink Cultural and Leisure Precinct

The roxbylink Cultural and Leisure Precinct operates as an integral community hub for the Roxby Downs community, comprising of an art gallery, auditorium, visitor information centre, dunes café, community library, kiosk, sports stadiums, gymnasium, squash courts, swimming facilities and outdoor courts and ovals. The centre doubles as a partly educational space for the Roxby Downs Area School. All roxbylink staff operate in a cross-sector manner across a wide variety of functions, with many starting their careers with the centre as a direct transition from local schools.

In 2015/16 the operations of the roxbylink came under the direct control of Council with all staff being employed with Council. This has resulted in a number of operational and financial efficiencies.

Following extensive consultation with the community and swimming pool users it was decided to replace the toddler pool with a Splash Pad. Minor repairs were made to the toddlers pool but extensive planning has been undertaken for the Splash Pad.

Other projects completed during the year include;

- Heating installed in auditorium and café making it much more comfortable for patrons in winter
- Complete relining and sealing of area between cinema and auditorium
- Resurface and seal stadium, auditorium, café and squash court floors
- Upgraded the dunes café kitchen and equipment
- Repainting of the gym, replacement of tv's and upgrade of music.

Finalising the installation of the 25th anniversary time capsule to the visitor information centre, in conjunction with BHP Billiton, will assist in relaying and engaging the community with the history of the town.

Social, Cultural and Tourism Considerations

Council provides an extensive program of cultural activities in the township annually, in partnership with organisations such as Country Arts SA. Council also actively supports community festivals, including NAIDOC celebrations annually, and the Red eARTh Arts Festival and World Food and Music festivals biannually.

An Olympic Dam Discovery Tour was introduced during the year which visits the Olympic Dam surface operation and the Arid Recovery Reserve. To help promote local businesses a local discount voucher was introduced and distributed with all bookings.

Council will continue to work with the Community Board and BHP Billiton to develop programs and projects which aim to promote the town's identity, instil local pride and a sense of ownership among residents.

Demand for library service continued to increase during 2015/16. In response to customer demand the community library opening hours have increased and the library is now open until 6:30pm on Thursdays and until 1:00pm on Saturdays.

2016/17 Proposed Actions

- Replace the toddlers pool with the Splash Pad
- Install auto dosing systems on all pools
- Install new fencing in pool area to provide year-round access to the new Splash Pad
- Continue with a continuous review of operations generally including improved marketing to expand the type, quality, scope of cultural programs undertaken in the auditorium, cinema, art gallery and library



- Maintain Council's Cultural Development Program at current levels
- Continue to work in partnership with Country Arts SA to bring quality exhibitions and performances to Roxby Downs
- Support the 2016 World Food and Music Festival
- Assist NAIDOC Week celebrations
- Continue to run the Community Foodies Program



Child and Youth Facilities and Programs

Council currently supports the Roxby Downs Community Board to operate the Roxby Downs Youth Forum (YAC). A Council Community Projects Officer (Youth and Children) supports and acts as a resource for YAC, but also works on developing and maintaining programs and projects for young people aged 12-18 years and utilising the Community Youth Centre as a key activity area for this age group.

The Community Youth Centre was upgraded to incorporate a community kitchen and enlarged indoor and outdoor spaces. The Centre, which provides a base for community and youth activities, officially opened on 19 March 2016 and has been well received.

Richardson Place

Richardson Place is the heart of Roxby Downs and is very important to the local community. Not only is it a traditional country main street with retail space, it also provides access to roxbylink, a childcare facility, kindergarten and the area school.

During the year a second pedestrian crossing was constructed adjacent to the War Memorial. The crossing has improved pedestrian safety by slowing the traffic flow and creating an additional access point to link both sides of Richardson Place.



Business Revitalisation

Council is committed to supporting business revitalisation and engages an Economic and Business Consultant to assist with actions that aim to stimulate the local business and retail sector. This Officer also acts as a resource to support the Business Forum as well as the wider business community. Council is a financial partner to the Far North Regional Development Association (RDA) ensuring regional business resources are represented in Roxby Downs.

2016/17 Proposed Actions

- Support for youth events



- Replacement of some kerbing will improve the overall look and safety aspects of Richardson Place
- Refurbishment of the central public toilet block
- Continue to maximise opportunities for more activities, events, markets and the potential installation of public art
- Continue to work with Roxby Roadsafes and Roxby Downs Area School to address traffic issues associated with school pick up times



- Maintain funding and resources to support Business Forum with a local focus as a priority
- Maintain positive dialogue with owners of shopping centre
- Maintain funding support as a member of the Far North RDA
- Support 'Totally Locally' Philosophy

Sport and Recreation

Roxby Council's Sport and Recreation Master Plan was presented for final community consultation in May 2016. The Master Plan involved reviewing existing sporting and recreation infrastructure and identifying future strategic needs and priorities for the next 10 years. The Master Plan has identified short, medium and long term needs based on possible population growth.

The review process has been successful in bringing together different groups in the community to consider future development. Extensive community consultation on the Master Plan occurred throughout the process and continues to provide robust feedback. The task of setting priorities will now sit with the newly formed Sport and Recreation Forum.

Council was successful in obtaining funding from the Office of Recreation and Sport and appointed a dedicated Star Club Officer who is working with sporting groups to make their clubs more viable for the future.



Ovals

The partnership with the Roxby Downs Golf Club, introduced in 2014/15 for the management of the ovals, has lifted the ovals to a high quality standard with the capacity to attract major sporting events.

The Football Federation SA Regional Round was held again for the third year and proved to be a success with very encouraging feedback on the superior playing surface.

Playgrounds

The Curdimurka Playground upgrade was completed with the installation of a unisex, multi-use toilet, footpaths, soft fall, new play equipment, table settings and an extended lawn area.



2016/17 Proposed Actions

- Ongoing review of Master Plan priorities with trigger points being future increases in population and availability of government grants
- Local Sporting Clubs supported through Star Club and Elite Development Pathways initiatives

- Ongoing maintenance of the ovals to achieve peak condition and continuation of the partnership between the Roxby Downs Golf Club and Roxby Council

- Ongoing review of play spaces in conjunction with the recommendations of the Sport and Recreation Master Plan

Waste Management

2015/16 has been an area of significant change in Roxby Council in regards to waste management. Implementation of a new waste management plan has meant that all waste is now transported out of town to a landfill in Inkermann (north of Adelaide). The landfill site has now been closed and capped.

A resource recovery centre has been established on Gosse Street to coincide with Council's commitment to improve recycling rates.



2016/17 Proposed Actions

- Ongoing development of recycling program

Municipal Infrastructure

Council completed an extensive road resealing program throughout the town partially funded via the 'Roads to Recovery' program.



- Continuing the resealing program throughout the town
- Kerb and crossover replacement in line with the road resealing program

Electrical Infrastructure

A major electrical maintenance overhaul was undertaken across the whole town, in an endeavour to meet licencing requirements.



- Investigating the cost and feasibility of a LED street light replacement program
- Further major maintenance program

Water and Sewer Infrastructure

Completed upgrade of controllers for sewer and town water supply including the implementation of a Supervisory Control and Data Acquisition (SCADA) platform.

Clean out of primary sewer lagoons has commenced. The program will be run over 3 years.

Governance, Decision Making and Engagement

Council's decisions need to comply with relevant legislation but particularly the Local Government Act 1999. In Roxby Downs, the Roxby Downs (Indenture Ratification) Act 1982 has particular influence that affects specific areas such as:

- The appointment of an Administrator as The Council
- BHP Billiton and the State Government approving any Municipal deficit that accompanies Council's draft and submitted budget
- Provisions for the Council to operate Roxby Power (Electricity Supply), Roxby Water (Water and Sewerage)
- Provisions of infrastructure and some capital facilities
- Provisions for potential Municipal deficit funding and other financial considerations.

The Indenture is an agreement between BHP Billiton and the State Government which has been ratified by State Parliament. The Act's provisions are beyond Council's control.

In terms of governance, Council also has an independent Audit Committee that advises Council on financial and governance aspects. From time to time a State Government Advisory Reference Group also provides advice. Council's operations and finances are annually reviewed by independent Auditors.

During the year a Governance Review Committee was commissioned to provide a recommendation on options to improve Council's governance. This committee is made up of highly experienced individuals who are working independently of the Council's Administration. They are expected to report back to Council early in the 2016/17 financial year.

As part of a continuous improvement process, Council regularly reviews methods of communication and is committed to ensuring that stakeholder and focus groups are consulted in areas of key importance.

2016/17 Proposed Actions

- Installation of back up pump system for the town water supply.



- Continue to review and modernise Council's website
- Complete the review of Council Governance options and report to the State Government and community
- Continue to work with BHP Billiton and the Community Board developing the township to maintain the excellent fabric of our community

Community Development

Council's community development role is multi-faceted. In 2005 the Council established the Roxby Downs Community Board and associated Forums as a platform to deliver community development projects and initiatives. The Board operates as an independent incorporated Association but is supported by Council through the provision of resources. Our two organisations work together to ensure the strategic community development outcomes are achieved for the betterment of the community. Financial constraints dictate the level of support that can be provided at any one time. Most of the focus is on in-kind staff support. The community development work achieved by the Community Board and Forum's aims to complement that of Council.

2016/17 Proposed Actions

- Continue to provide resources to the Community Board within financial constraints
- Maintain Executive Officer support to the Community Board
- Maintain Officer support to the Business Forum, Environment, Multicultural Forum and Youth Forum
- Continue to support the development of the Community Garden



Capital Works

In preparing the Annual Business Plan 2016/17 Council has ensured that a strategic medium (five years) to long term view is undertaken. This is especially relevant now, given the recent acceleration in capital works required since the deferral of the Olympic Dam operation expansion.

In this regard, Council has notionally allocated the following programs of past and future works which have already been completed or will require further community input and funding allocations in the future. Timings are indicative.

Approximate expenditures for specific projects are shown as (major > \$1.0m, moderate around \$0.5m to \$1.0m < minor <\$0.5m). Cyclic refers to expenditures of a variable nature that regularly occur on a cyclic nature.

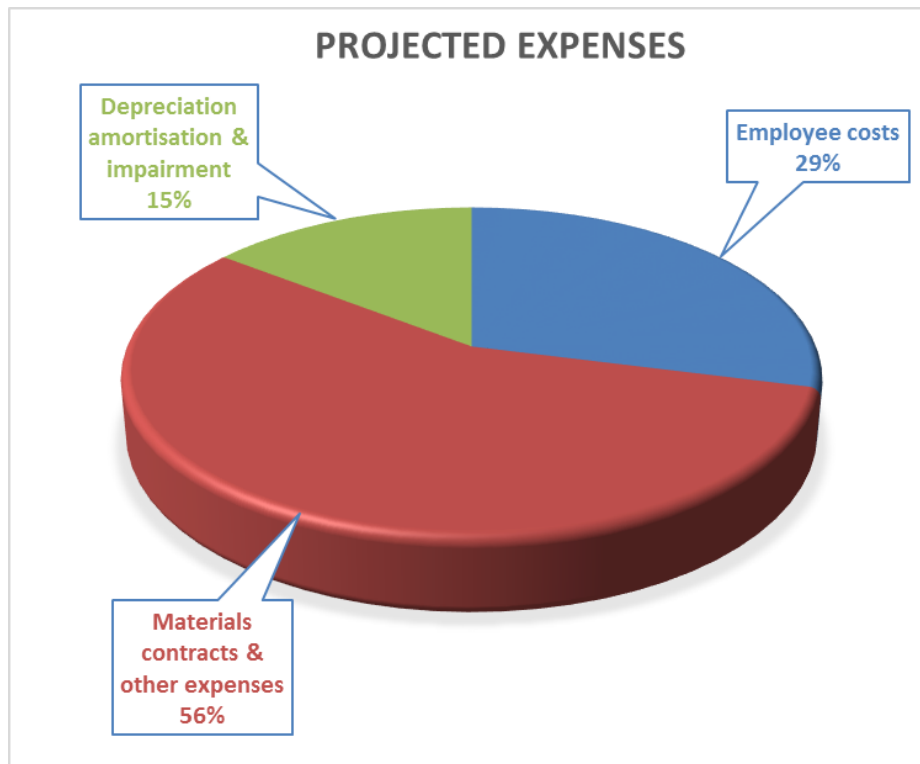
Past and Future Capital Works	Financial year ending June				
	2015	2016	2017	2018	2019
New effluent lagoons	major				
Outdoor courts redevelopment works				minor	
Curdimuka playground improvements	minor				
Oval redevelopment works	minor				
Community youth building redevelopment		major			
Toddler's pool replacement		minor	moderate		
Reseals	moderate	minor	minor	minor	minor
Footpath construction and reconstruction	moderate	minor	minor	minor	minor
Electrical backup generators for town centre	minor				
Backup pump for Town Water Supply			minor		
Electrical infrastructure replacement program	cyclic	cyclic	cyclic	cyclic	
Water Infrastructure replacement program	cyclic	cyclic	cyclic	cyclic	
Sewer Infrastructure replacement program	cyclic	cyclic	cyclic	cyclic	

Financial Overview

Summary Statement

Estimated summary statement including financing transactions is the best way to summarise the operations of a Council as it summarises all cash based transactions as follows:

Uniform presentation of finances	2017 Draft \$('000)	2016 Budget \$('000)
Income	17,447	17,308
less Expenses	(17,424)	(17,286)
Operating Surplus / (Deficit)	23	22
less Net Outlays on Existing Assets		
Capital Expenditure on renewal & replacement of existing assets	1,577	1,745
less Depreciation amortisation & impairment	(2,532)	(2,445)
less Proceeds from sale of replaced assets	(151)	0
	(1,107)	(700)
less Net outlays on New and Upgraded Assets		
Capital Expenditure on new or upgraded assets	328	2,376
less Amounts received specifically for new and upgraded assets	0	0
less Proceeds from sale of surplus assets	0	-
	328	2,276
Net Lending / (Borrowing) for Financial Year	802	(1,654)



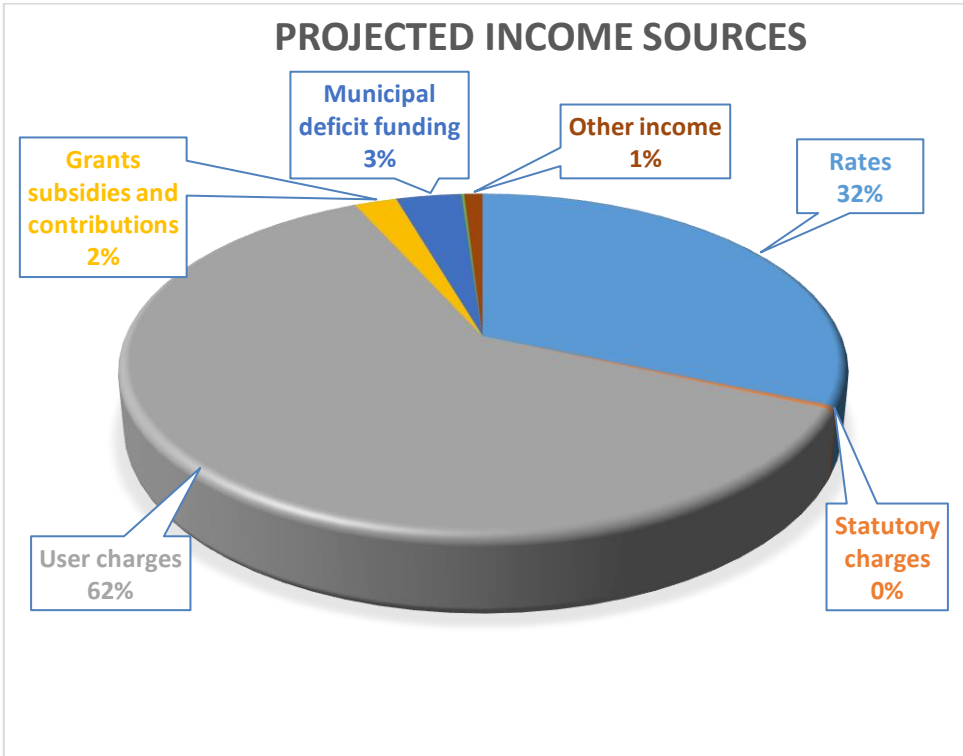
Funding the Draft Annual Business Plan

General

The Annual Business Plan and the Budget and funding requirements that follow have a range of sources of funds for specific purposes as follows;

Operating		Capital	
Municipal Rates	General rate revenue applicable across the municipality	Grants, Subsidies and Contributions	Specific purposes grants for specific new Capital Projects
User Charges	Electricity, Water & Sewer Charges Income from services and charges	Loans	Generally used to fund expenses for new infrastructure
Grants, Subsidies and Contributions	Grants Commission Municipal Deficit Specific purpose operating grants		
Other Revenue	Miscellaneous Income		

Specific sources of income for 2016/17 are as follows:



Municipal Rates

Overview

Rates revenue is used to provide a range of services such as road rehabilitation, footpath repairs and maintenance, storm water drainage, the collection of rubbish and recyclable materials, ongoing maintenance of parks, gardens and buildings, street lighting and street cleaning, libraries, animal control, planning and enforcement of local laws.

Comparing rates between councils is difficult. Every council has different attributes and challenges, and each council provides varying services or similar services at different standards. All Council's deliver an extensive range and level of services to their community with the greater part determined by the expectations of our communities.

The price of delivering and providing these services is spread across the community in the form of rates. Council determines a rate in the dollar, based on the amount of revenue that will be required to meet the ongoing cost of providing services to our community for the coming year.

Method Used to Value Land

The Council has committed to continue to use Capital Value as the basis for valuing land within the Council area. The State Valuation Office undertakes all the valuations. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers.

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.

Rateability of Land and Rate Rebates

On a continuous basis, Council reviews all land classified within the Council area by the State Valuation Office. This is to ensure that those properties that are rateable under the *Local Government Act 1999* as a separate occupancy are appropriately rated and that each makes an equitable contribution towards the costs of running the municipality.

Council also 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, 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 at this stage.

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 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 and this is reflected in Council's Community Strategic Plan which includes the provision of various business support services.

Rates at a Glance

Council's revenue for 2016/17 includes \$5.492million to be raised from rates, made up of:

	\$'000
General Rates	4,572
Domestic Waste Collection Service Charge	808
Natural Resources Management Levy	112
Total Rates Income	\$5,492

Council has also set general rates at a level which may limit the increase in general rates with the average residential rate (excluding natural growth) to around the level of the consumer price index (CPI), which is 1.3%.

However, the actual increase payable by any individual ratepayer may be more or less than this, depending on the movement in the capital value of each property. The valuations from the State Valuation Office (SVO) show that there has been a reduction in the value of most properties.

The reduction in property values does not mean that the average level of rates will reduce, as Council will need to ensure it has a consistent level of income and will set the rate in the dollar to achieve this required income.

The most significant impact of the reduction in valuations is that it appears that not all properties have had their valuation reduced by the same percentage. This will result in properties across the town receiving different changes in the amount of rates they have been charged.

Differential Rates

The Local Government Act 1999 allows councils to differentiate rates based on the use of the land, the locality of the land or on the use and locality of the land. Differential rating 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 based on Land Use Category has remained largely the same over the past several years, a situation that is expected to continue.

Residential	72%
Commercial	21%
Light Industry & Other	3%
Vacant Land	4%

For 2016/17 the following differential rates based on a rate in the dollar based on a property's capital value and the relevant land use as defined in Section 10 of the Local Government (General) Regulations have been adopted.

Land Use Category	Rate in the \$ per Capital Value
Residential	0.4960
Commercial (<i>Shop, Office & Other</i>)	1.5566
Light Industry (Light & Other), Primary Production & Other	1.2386
Vacant Land	1.0984

Fixed Charge

Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities and that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property. Approximately 27% of Council's general rate revenue is generated via the fixed charge portion.

Council has adopted a fixed charge component of \$680 per annum.

Domestic Waste Collection Service Charge

Under the Local Government Act 1999 there are provisions to charge a service rate for various prescribed services. This is especially relevant when the service offered is identical to all affected properties. Kerbside collection of waste is one such service and Council proposes to continue to levy a fixed service rate for residential properties for the collection, treatment and disposal of refuse and recyclables collected.

With the Environmental Protection Agency (EPA) requirement to close Council's landfill, the introduction of the new waste management practice has resulted in an increase in costs of collecting, transportation and disposal of waste. As a result Council plans to gradually increase the waste service charge over the next two years.

For 2016/17 a fixed service charge of \$467 per annum has been adopted.

Natural Resources Management Levy

The Natural Resource Management (NRM) Levy, set by the NRM Boards, is a State Government tax imposed under the Natural Resources Management Act 2004. Council is obliged to collect the levy on behalf of the State Government for no net gain to Council. Council will collect \$112k on behalf of the SA Arid Lands Natural Resources Management Board in 2016/17.

For 2016/17 a fixed charge of \$60 per annum has been declared.

The levy is based as a fixed charge and is shown as a separate charge on the rates notice.

Rate Capping

To assist in alleviating the adverse impact of large increases in rates for individual properties, Council has introduced a rebate to cap the increase in rates. Ratepayers who have an increase in their general rates of more than 10.0% can apply to receive a reduction in the rates.

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 10.0%.

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
- 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.

Utility Tariffs and Charges

The Roxby Downs (Indenture Ratification) Act 1982 provides Council with the legislative authority to provide residents within the Roxby Downs township with electricity, water and sewerage services by separate internal business units.

Given the high operating costs of works in Roxby, future increases in the fees and charges for the provision of electricity, water and sewerage are anticipated in response to inflationary increases. This year Council is attempting to, where possible, keep increases to a prudent minimum; with increases much less than in previous years.

Council normally introduces changes to electricity, water and sewerage charges in January of each year. No changes to tariff structures are planned for 2016/17, but these units need to run with prudent operating surpluses in order to ensure that operating expenses associated with depreciation remain fully funded. At this stage the following increases are foreshadowed:

Roxby Power	Electricity	At CPI
Roxby Water	Water	At CPI
	Sewerage	At CPI

For many years Council has been offering a generous buy-back price for solar power generated by households. Council receives no financial assistance towards the funding of this scheme.

Roxby Power has commenced a review of the Solar Buy Back rate, and at this stage all indications are that this rate will be reduced. Any reductions will be introduced in a fair and equitable manner and remain competitive with those received by other solar customers in South Australia.

User Pay Charges

Council annually adopts a range of user pay charges on a range of services. These include the following:

- roxbylink fees are expected to remain static with minimal, if any, changes but with some rationalisation through repackaging
- Statutory charges as determined by State Government (e.g. Development Act and Road Traffic Act)
- Dog and Cat Registrations are subject to the approval of the Dog and Cat Management Board. No increase is planned for 2016/17.

Grants

Council receives funding from various sources. Along with all Local Government nationally, Council receives untied Australian Government funds from the Grants Commission. This is based on a population and on road length basis. Additional Roads to Recovery Funds are also applied towards specific roads projects. Council continually aims to secure grant funding for various activities where possible.

Loans

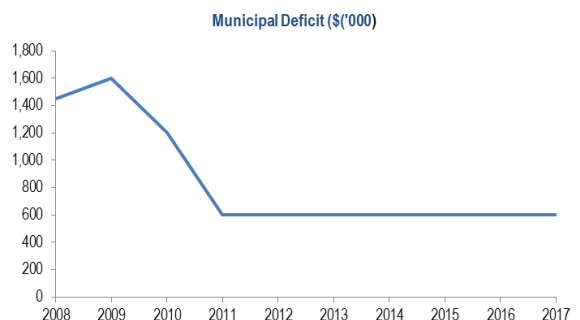
From time to time, Council has the ability to borrow to fund potential works. As a general principle it is prudent to borrow for works that are of a capital nature (usually for new assets) with the length of borrowing less than the life of the asset. From an equity viewpoint this also allows those that benefit from the new facility to pay for its construction by way of loan repayments. In Roxby Downs this element is particularly relevant given high turnover in the community and linkages of infrastructure, facilities and services into the recruitment of future mineworkers and their families.

Up until now Council has been able to fund its entire capital works replacement program from revenue and accumulated reserves. This is primarily due to most of Council's facilities having been provided to Council when the town was initially developed or in some circumstances substantial grant funding has been received.

Council from time to time required short term financing to fund periods of low cash but has no long term external loan liabilities and is well placed to fund future capital works and take advantage of the current historical low interest rate environment.

Municipal Deficit Support

Historically the extent of municipal deficit support received from BHP Billiton and the State Government has remained relatively static. The figure for 2017 is yet to be confirmed but Council has allowed an amount of \$600,000 in this year's budget. It is anticipated that both BHP Billiton and the State Government would like this to be eliminated.



Budget Financial Statements

On the following pages are two sets of financial statements.

The first set of financial statements in Appendix A are the consolidated financial statements for Council. These illustrate the financial position of Council for the 2016/17 financial year in the format required by the Local Government (Financial Management) Regulations 2011. These statements also show the financial indicators agreed to by Council to measure Council's financial performance.

The second set of financial statements shown in Appendix B are a summary of financial transactions for each operational area of Council, being Municipal, Power, Water and Sewer. All the financial transactions for these operational areas flow into the consolidated financial statements of Council.

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.

Appendix A - 2016/17 Consolidated Budget Financial Statements

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2015/2016 Adopted Budget \$'000
Statement of Comprehensive Income		
Income		
Rates	5,492	5,353
Statutory charges	44	64
User charges	10,730	10,676
Grants subsidies and contributions	389	345
Municipal deficit funding	600	600
Investment income	25	58
Reimbursements	0	55
Other income	168	157
Total Revenue	17,447	17,308
Expenses		
Employee costs	5,037	5,002
Materials contracts & other expenses	9,823	9,820
Finance Costs	32	19
Depreciation amortisation & impairment	2,532	2,445
Share of profit - equity accounted Council businesses	0	
Total Expenses	17,424	17,286
OPERATING SURPLUS / (DEFICIT)	23	22
Net gain (loss) on disposal or revaluation of assets	0	0
Physical Resources Received Free of Charge	0	0
Amounts specifically for new or upgraded assets	0	0
NET SURPLUS / (DEFICIT)	23	22
transferred to Equity Statement		
Other Comprehensive Income		
Changes in Revaluation surplus	0	0
TOTAL COMPREHENSIVE INCOME	23	22

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2015/2016 Adopted Budget \$'000
Statement of Financial Position		
ASSETS		
Current Assets		
Cash & cash equivalents	601	218
Trade & other receivables	3,437	3,234
Inventories	21	21
Total Current Assets	4,059	3,473
Non-Current Assets		
Infrastructure, property, plant & equipment	129,649	130,011
Total Non-Current Assets	129,649	130,011
Total Assets	133,708	133,484
LIABILITIES		
Current Liabilities		
Trades & other payables	2,073	2,206
Provisions	646	163
Total Current Liabilities	2,719	2,369
Non-Current Liabilities		
Long term provisions	0	
Other non-current liabilities	1,130	1,182
Total Non-Current Liabilities	1,130	1,182
Total Liabilities	3,849	3,551
NET ASSETS	129,859	129,933
EQUITY		
Accumulated Surplus	29,103	23,466
Asset Revaluation Reserve	100,756	100,756
Other Reserves	0	5,711
TOTAL EQUITY	129,859	129,933

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2015/2016 Adopted Budget \$'000
Statement of Changes in Equity	-	-
ACCUMULATED SURPLUS		
Balance at end of previous reporting period - AS	29,080	23,444
Net result for year	23	22
Balance at end of period	<u>29,103</u>	<u>23,466</u>
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period - ARR	100,756	100,756
Gain on revaluation of infrastructure, property plant & equipment	0	0
Balance at end of period	<u>100,756</u>	<u>100,756</u>
OTHER RESERVES		
Balance at end of previous reporting period - OR	0	5,711
Balance at end of period	<u>0</u>	<u>5,711</u>
TOTAL EQUITY AT END OF REPORTING PERIOD	<u>129,860</u>	<u>129,933</u>
Total of all revenues recognised directly in equity	0	0
Total of all expenses recognised directly in equity	0	0
NET CHANGE IN EQUITY	<u>0</u>	<u>0</u>

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2015/2016 Adopted Budget \$'000
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Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Rates - general and other	5,492	5,353
Fees and other charges	44	64
User charges receipts	10,730	10,676
Grants utilised for operating purposes	389	345
Municipal deficit funding receipts	600	600
Investment receipts	25	58
Reimbursement receipts	0	55
Other revenues receipts	168	157

Payments

Employee costs payments	(5,037)	(5,002)
Materials, contracts & other payments	(9,823)	(9,820)
Finance payments	(32)	(19)

Net Cash provided by (or used in) Operating Activities

	<u>2,556</u>	<u>2,467</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Receipts

Amounts specifically for new or upgraded assets	0	0
Sale of replaced assets	151	0
Sale of surplus assets	0	0

Payments

Expenditure on renewal/replacement of assets	(1,577)	(1,745)
Expenditure on new/upgraded assets	(328)	(2,376)

Net Cash provided (or used in) Investing Activities

	<u>(1,754)</u>	<u>(4,121)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Receipts

Proceeds from borrowings	0	0
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Payments

Repayments of borrowings	0	0
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Net Cash provided by (or used in) Financing Activities

	<u>0</u>	<u>0</u>
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Net Increase / (Decrease) in cash

	<u>802</u>	<u>(1,654)</u>
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Cash & equivalents at beginning of period

	(201)	1,872
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Cash & equivalents at end of period

	<u>601</u>	<u>218</u>
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Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2015/2016 Adopted Budget \$'000
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Uniform Presentation of Finances

Income	17,447	17,308
less Expenses	(17,424)	(17,286)
Operating Surplus / (Deficit)	23	22
less Net Outlays on Existing Assets		
Capital Expenditure on renewal & replacement of existing assets	1,577	1,745
less Depreciation amortisation & impairment	(2,532)	(2,445)
less Proceeds from sale of replaced assets	(151)	0
	(1,107)	(700)
less Net outlays on New and Upgraded Assets		
Capital Expenditure on new or upgraded assets	328	2,376
Net Lending / (Borrowing) for Financial Year	802	(1,654)

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2015/2016 Adopted Budget \$'000
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Financial Indicators

Operating Surplus Ratio <i>Being the operating surplus (deficit) as a percentage of revenue</i>	0.1%	0.1%
Net Financial Liabilities Ratio <i>Being the net financial liabilities / total operating revenue</i>	-1%	1%
Asset Sustainability Ratio <i>Capital expenses on renewal/ replacement assets less sale of replaced assets divided by depreciation</i>	62%	71%

Victorian Financial Sustainability Assessment

Net Result - target >0%

Operating surplus / Total revenue	0.1%	0.1%
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Liquidity - target >1.5

Current Assets/Current Liabilities	1.5	1.5
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Indebtedness - target <40%

Non-current liabilities / own - source revenue	6.9%	7.2%
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Self financing - target >20%

Net operating cashflows / underlying revenue	14.6%	14.3%
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Capital Replacement -target >1.5

Capital expenditure / depreciation	0.75	1.69
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Renewal Gap - target > 1.0

Renewal expenditure / depreciation	0.62	0.71
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Financial Sustainability Risk Assessment

Assessment of the Financial Sustainability Risk of Council using methodology from Victorian Auditor General

Medium Risk	Low Risk
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Appendix B - Draft 2016/17 Operational Area Budget Financial Statements

Roxby Council
Budget Financial Statements
Municipal

2016/2017
Adopted
Budget
\$'000

2015/2016
Adopted
Budget
\$'000

Statement of Comprehensive Income

Income

Rates	5,492	5,353
Statutory charges	44	64
User charges	1,361	1,476
Grants subsidies and contributions	389	345
Municipal deficit funding	600	600
Investment income	25	58
Reimbursements	0	55
Other income	168	157
Total Revenue	8,079	8,108

Expenses

Employee costs	4,483	4,041
Materials contracts & other expenses	5,010	5,013
Finance Costs	31	19
Depreciation amortisation & impairment	1,602	1,504
Total Expenses	11,126	10,577

OPERATING SURPLUS / (DEFICIT)

	(3,047)	(2,469)
Municipal Distribution	1,050	1,050
Adjusted Net Surplus / (Deficit)	(1,997)	(1,419)

Uniform Presentation of Finances

Income	8,079	8,108
<i>plus</i> Municipal Distribution	1,050	1,050
<i>less</i> Expenses	(11,126)	(10,577)
Operating Surplus / (Deficit)	(1,997)	(1,419)

less Net Outlays on Existing Assets

Capital Expenditure on renewal & replacement of existing assets	1,473	1,450
<i>less</i> Depreciation amortisation & impairment	(1,602)	(1,504)
<i>less</i> Proceeds from sale of replaced assets	(11,126)	0
	(280)	(54)

less Net outlays on New and Upgraded Assets

Capital Expenditure on new or upgraded assets	199	2,249
<i>less</i> Amounts received specifically for new & upgraded assets	0	0
<i>less</i> Proceeds from sale of surplus assets	0	0
	199	2,249

Net Lending / (Borrowing) for Financial Year

	(1,917)	(3,614)
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Roxby Council
Budget Financial Statements
Power

2016/2017
Adopted
Budget
\$'000

2015/2016
Adopted
Budget
\$'000

Uniform Presentation of Finances

Income	4,549	4,456
less Expenses	(3,671)	(3,693)
Operating Surplus / (Deficit)	879	763

less Net Outlays on Existing Assets

Capital Expenditure on renewal & replacement of existing assets	66	107
less Depreciation amortisation & impairment	(561)	(552)
less Proceeds from sale of replaced assets	0	0
	(495)	(445)

less Net outlays on New and Upgraded Assets

Capital Expenditure on new or upgraded assets	0	7
less Amounts received specifically for new & upgraded assets	0	0
less Proceeds from sale of surplus assets	0	0
	0	7

Net Lending / (Borrowing) for Financial Year

	1,374	1,201
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Roxby Council
Budget Financial Statements
Water

2016/2017
Adopted
Budget
\$'000

2015/2016
Adopted
Budget
\$'000

Uniform Presentation of Finances

Income	2,767	2,781
<i>plus</i> Municipal Distribution	(525)	(525)
<i>less</i> Expenses	(1,675)	(1,891)
Operating Surplus / (Deficit)	567	365

***less* Net Outlays on Existing Assets**

Capital Expenditure on renewal & replacement of existing assets	5	95
<i>less</i> Depreciation amortisation & impairment	(183)	(192)
<i>less</i> Proceeds from sale of replaced assets	0	0
	(178)	(97)

***less* Net outlays on New and Upgraded Assets**

Capital Expenditure on new or upgraded assets	129	120
<i>less</i> Amounts received specifically for new & upgraded assets	0	0
<i>less</i> Proceeds from sale of surplus assets	0	0
	129	120

Net Lending / (Borrowing) for Financial Year

	616	342
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Roxby Council
Budget Financial Statements
Sewer

2016/2017 Adopted Budget \$'000	2015/2016 Adopted Budget \$'000
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Uniform Presentation of Finances

Income	2,053	1,963
<i>plus</i> Municipal Distribution	(525)	(525)
<i>less</i> Expenses	(953)	(1,125)
Operating Surplus / (Deficit)	575	313

***less* Net Outlays on Existing Assets**

Capital Expenditure on renewal & replacement of existing assets	32	93
<i>less</i> Depreciation amortisation & impairment	(187)	(197)
<i>less</i> Proceeds from sale of replaced assets	0	0
	(154)	(104)

***less* Net outlays on New and Upgraded Assets**

Capital Expenditure on new or upgraded assets	0	0
<i>less</i> Amounts received specifically for new & upgraded assets	0	0
<i>less</i> Proceeds from sale of surplus assets	0	0
	0	0

Net Lending / (Borrowing) for Financial Year

	729	417
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roxbycouncil

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