



ANNUAL BUSINESS PLAN & BUDGET 2017 /2018



ACKNOWLEDGEMENT TO COUNTRY

The Municipal Council of Roxby Downs would like to acknowledge the Kokatha peoples, the traditional owners of the land on which we live today and pay our respect to the Elders past and present and extend that respect to other Aboriginal and Torres Strait Islander people who are present today.



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Introduction

The Council operations have undergone substantial change over the past year following the departure of the long standing Administrator in June 2016. In late 2015 an independent Governance Review Committee was commissioned to undertake a review of Council's governance arrangements. The Committee released its findings in August 2016 and recommended separating the role of Administrator and Chief Executive Officer (CEO). The Administrator's role will be strategic and supervisory, to engage and consult with key stakeholders and local community, conduct meetings in public and to make decisions. The CEO will be responsible to the Administrator for the day to day operation of the Council. Following these recommendations I was appointed by the Minister for Mineral Resources and Energy the Hon Tom Koutsantonis MP to the position of Administrator from 1 February 2017 for 3 years. The recruitment process for the CEO has begun with an appointment expected by the end of June.

With this new operating environment in mind I am pleased to present the Draft Annual Business Plan for 2017/18. The plan outlines the proposed services, programs and projects for the next 12 months. We plan to continue progress towards the longer term objectives for the town whilst maintaining efficiencies across our operations. Assumptions under-pinning the 2017/18 Annual Business Plan, include a zero (0%) net average increase (excluding natural growth) in council rates, 1% increase in utilities and no debt. The proposed budget will be austere and maintain the existing standard of services and facilities.

Further efficiencies will be achieved including the introduction of electronic billing (e-Billing) on 1 July 2017 for council rates and utilities. This will lead to significant cost savings to Council and improve our billing processes and procedures. Online credit card payment options are also planned.

The Draft Annual Business Plan is presented as a high level document, with the more detailed document following the Budget finalisation by Council and the approval of the State Government and BHP, as required under the provisions of the *Roxby Downs (Indenture Ratification) Act 1982*.

Feedback on the Draft Annual Business Plan is welcomed and will assist us to set the objectives for the year ahead and help to prioritise community interests.

Geoff Whitbread
Administrator

Community 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 2017/18 Annual Business Plan for a period of Community Consultation from Friday 5 May 2017 to Wednesday 7 June 2017.

This document was also 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.

The draft Annual Business Plan outlines Council's priorities and program of works for the next 12 months. It allocates funding for key projects and services and shows how your rates are invested.

Community information session

An informal community information session was held at the Community Youth Centre on 10 May 2017 commencing at 5.30pm.

This informal session was presented by the Council Administrator Geoff Whitbread who provided an overview of the proposed draft Annual Business Plan 2017/2018, as well as allowing members of the public to make representations and ask questions.

Written Submissions

Written submissions for Council's consideration in regards to this document were accepted from residents and ratepayers until 6.30 pm on Wednesday 7 June 2017. Options for correspondence in regards to Council's Draft 2017/18 Annual Business Plan were:

Postal

Roxby Business Plan & Budget 18
Roxby Downs Council
PO Box 124
Roxby Downs SA 5725

Email

roxby@roxbycouncil.com.au

Online form

www.roxbydowns.sa.gov.au

Verbal Submissions

Residents and ratepayers had an opportunity to make verbal submissions at a public meeting held in the Council Boardroom, 6 Richardson Place, Roxby Downs on Wednesday 7 June 2017 at 5.30p.m. where one (1) hour was allocated to receive these submissions.

Our 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, as detailed in the Strategic Management Plan 2012-2017, are as follows:

Our Vision

A World Class Community to Support a World Class Mine

Our Mission

To create a strong community focused, participative and financially independent council that:

- a) assists all sectors to work cooperatively;*
- b) is able to develop and set its own direction.*

Our Strategic Pillars

To achieve this vision/mission we have identified five pillars, each supported by key objectives. These pillars create a quintuple bottom line which shapes our actions and decision making.

Leadership	Cultural Vitality	Social Equity	Economic Prosperity	Environmental Sustainability
In addition to performing and discharging the powers, functions and responsibilities under the Local Government Act and other Acts the Council is responsive to the needs and aspirations of individuals and groups and encourages community leadership	Cultural Vitality is the key ingredient to the town's liveability. It is the ingredient that makes global citizens choose our town over another and is key to winning in a competitive labour market	The provision and coordination of various public services and facilities where diversity and inclusion are the foundation and where no one is left behind. The community and resources are developed with the overall aim of improving the quality of life of all residents	The promotion of our town and provision of an attractive climate and location for the development of business, commerce, industry and tourism. Assisting businesses to help themselves and facilitate networks locally and within regional and state service bodies	Managing, protecting, restoring, enhancing and conserving the environment in an ecologically sustainable manner, to improve the amenity of the area,, and to protect from natural and other hazards and to mitigate the effects of such hazards

Our Objectives

Leadership

Civic Leadership

- Equitable, high quality and customer oriented Council services and facilities that meet the needs of the Community
- Effective planning to meet the needs of an expanding town
- Effective communication, consultation and support with the Community
- Skilled and committed staff who work in a supportive environment
- A financially sustainable and independent council

Community Leadership

- A robust and inclusive Community Board oriented towards optimum lifestyle outcomes for residents
- Integrated recreation, sporting and leisure facilities that are essential to the wellbeing of the Community
- Community involvement as a key part of development of the town's Community Plan
- A strong and increasing volunteer sector in support of community outcomes
- A community that has strong reciprocal relationships/partnerships with BHP

Cultural Vitality

A strong sense of identity and place

- Residents view Roxby Downs as a unique and pleasant locality to live and work and have a sense of ownership and belonging
- A Cultural Centre that enables development and extension of the cultural identity of a diverse population
- A cohesive community that values its strong culture and common purpose

A vibrant main street

- A unique and vibrant main street (Richardson Place) as the focus of social, business and leisure activities
- An interactive Cultural Centre that is the hub of the Community
- Integration of the cultural and leisure precinct into Richardson Place and educational facilities

A community which celebrates cultural diversity

- A cohesive community that values and celebrates our pioneering cultural and multicultural identity
- Greater connection and understanding between young and older people

A vibrant and diverse arts culture

- Civic leadership and support in local cultural and arts activities
- Cultural Centre as a regional hub for the arts
- A Cultural Centre that provides an integrated Art Gallery, Library and Cinema with a range of divergent and complementary services

Social Equity

A social and cohesive community

- A community that shares its skills and knowledge
- Youth development, participation and wellbeing
- Creativity and learning for all ages within the Community
- Cooperative relationships between community and business
- Progressive relevant community oriented media services
- Affordable and accessible housing that meets the needs of the Community

A healthy and active community

- Health and family support services in the Community
- Integrated recreation, sporting and leisure programs that contribute to the wellbeing of the Community
- Integrated and cost effective developed recreation and sporting facilities
- Delivery of fun active accessible activities for young people
- Well managed reactive and adaptable swimming facilities
- An excellent and well-resourced gymnasium with an expanded array of services
- Well-presented and multi-use leisure facilities
- Safe community transport and footpath network

Access to services and facilities

- Efficient, reliable and cost efficient water supply
- Efficient reliable and cost efficient sewerage services
- Cost efficient power distribution and utility services to the township
- Parks, gardens and open space of active and passive recreation opportunities
- Efficient and effective provision of telecommunication services for the community

Economic prosperity

Economically sustainable growth

- Tourism and visitation which contributes to economic prosperity
- High standards of infrastructure and community values that support economic development and business growth
- Support of BHP in encouragement of recruitment and retention of staff to provide stability and tenure in the township
- Increased employment opportunities and skills development engaging with BHP, government agencies and education providers in targeted initiatives
- Assist local business to understand and adapt their operations to address waste water reuse, waste management and recycling, fuel and power conservation and protection of the unique desert environment

Business Development

- Appropriate and affordable land supply to support a more diverse and sustainable economic business base
- An active business community
- A diverse array of high standard retail and service businesses that meet the needs of the community
- The needs of local business are understood and responded to

A prosperous community

- Roxby Downs is a regional centre for education, training, retail and service industries, mining support services and tourism

Environmental Sustainability

An environmentally sustainable town

- Waste Management services which minimise waste and optimise recycling
- Conservation of water and optimised use
- Reduced energy consumption and increased renewable energy

An environmentally involved community

- A well-educated and participative community

A liveable urban environment

- A clean and attractive environment
- A built environment specifically designed to address the local climate
- Effective and responsive dog and cat management
- Management of noise control
- A safe community



Providing Services to the Community

All councils in South Australia have core (mandatory) responsibilities defined under the *Local Government Act (1999)*, the *Development Act (1993)*, the *Public Health Act (2011)*, *Natural Resources Management Act (1984)* and several other relevant legislations. For 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 data base; 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; and 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 discretionary programs and services to the Community which, although not required by specific legislation, further enhance the health, wellbeing and prosperity of our 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
- Arts and Culture Programs
- Healthy Community Programs

Council operates the Roxbylink cultural and recreation centre which provides important community benefits while also generating revenue for services and projects. Roxbylink comprises an auditorium, cinema, library, visitor information centre, Dunes Café, art gallery, indoor stadiums, gymnasium, squash courts, swimming pools and a community youth centre.

Significant Influences and Trends

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

State Election

The South Australian state election will be held on 17 March 2018. The new government will develop policies that shape the State's future direction and which may have an impact on local government. There is an added dimension for our Council as 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. Any change in policy relating the Indenture will directly affect the Council.

National Broadband Network

The nbn network rollout for the Roxby Downs area commenced in May 2017. Throughout Australia councils are required to take a leadership role on the community impacts and benefits as they will most likely be a contact for any issues raised by the community. During the implementation stage Council staff were involved in a number of ways including: media and communications; provision of information; civil works; road closures; and development assessments. With the disconnection of existing services in October 2018 it is anticipated that Council's involvement over the next 12 months will focus on communications and promotion.

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 from the 2017/18 financial year. The amount of the contribution is based on the annual value of development by the council.

Consumer Price Index

The increase in the Consumer Price Index (CPI) was 1.5% for the year ended 31 December 2016. 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.

Remote Location Factor

Council continues to face increasing costs associated with maintaining the town's facilities in a remote location. This is particularly evident in the cost of contract labour and cost of capital works and maintenance programs which can be around 30% higher than Adelaide rates.

Olympic Dam operation influences and Indenture Considerations

BHP's Olympic Dam Mine remains the most significant influence on the township and on Council's operations. During 2015 and 2016 workforce downsizing occurred at the Mine which resulted in population loss and a decline in town based activity. Since that time, however, the contraction in workforce numbers has stabilised and additional jobs have been incrementally increased and this is expected to continue. A new roster, based on 7 days on 7 days off, was introduced in August 2016. There was concern in the community that this would have a detrimental effect but evidence indicates that this had not been the case with new people continuing to move into town. The impact of population loss on local businesses, especially retail, has not shown any recovery.

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.

Employment costs

Each year Council must provide for wage increases in accordance with the terms of the Enterprise Agreement. In March 2017 the Enterprise Agreement was re-negotiated for a further 3 years with staff accepting modest increases of between 1.3% and 1.5% per annum.

Increasing statutory obligations and increasing government fees and charges

Legislation including the new *Local Nuisance and Litter Control Act (2016)* and changes to the *Dog and Cat Management Act (1995)* will take effect from 1 July 2017. These new statutory obligations will impose additional responsibilities and costs on Council.

Other influences

- Evolving need of services and infrastructure to serve a growing and culturally diverse community
- Requirement to maintain infrastructure assets at acceptable standards
- Potential reduction or removal of State or Federal Government grant funding and increasing contribution towards the delivery of government services



Our Priorities for 2017-2018

Proposed Council Investment in Community Assets

Item	Amount
Street lights	\$12,000
High Voltage Transformer and ring main units	\$66,000
High Voltage switches and transformers	\$341,000
Water plant, reticulation, sewer lagoons and pump stations	\$168,900
Footpaths replacement	\$9,900
Emu Walk (subject to \$200,000 State Government Grant approval)	\$400,000
Splashpad Shade Structure	\$30,000
Swimming pools SCADA monitoring equipment	\$10,000
Swimming pools resurfacing/repainting	\$125,000
Netball courts resurface (subject to State Government Grant approval)	\$15,000
Council Building reception	\$25,000
Roads and roundabouts	\$198,440
Road reseals	\$242,000
Kerbing	\$78,666
Recreation capital	\$40,000
Roxbylink stadium floor	\$128,000
Roxbylink stadium roof repair	\$60,000
Public Conveniences	\$45,400
General streetscaping	\$321,700
Richardson Place streetscaping	\$55,200
Public Art Work	\$5,000

Other proposed Capital Expenditure

Item	Amount
Replacement corporate information system	\$375,000
Records Management System	\$30,000
IT Hardware replacement	\$24,000
Office furniture	\$20,000
Works vehicles replacement	\$53,200
CCTV (new and replacement)	\$6,500
Garbage bins purchase	\$2,000
Roxbylink Point of Sale system	\$40,000
Roxbylink general capital items	\$71,800
Roxbylink hand dryer replacement in all toilets	\$12,000
Roxbylink gym equipment replacement	\$15,000
Materials Handling Equipment	\$10,000

Refer Appendix 1 for links between proposed expenditure and Council's Strategic Objectives

Financial Overview

Summary Statements

Uniform Presentation of Finances

	2015/2016 Audited Actual \$'000	2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
INCOME			
Income	17,540	17,447	17,446
Less Expenses	(18,117)	(17,424)	(17,034)
Operating Surplus (Deficit)	(577)	23	412
Less Net Outlays on Existing Assets			
Capital expenditure on renewal and replacement of existing assets	331	1,577	1,472
Less Depreciation, Amortisation and Impairment	(2,555)	(2,533)	(2,620)
Less Proceeds from sale of replaced assets		(151)	(48)
	(2,224)	(1,107)	(1,196)
Less Net Outlays on New and Upgraded Assets			
Capital expenditure on new or upgraded assets	3,432	328	568
Less Amounts received specifically for new and upgraded assets	(14)	0	0
Less Proceeds from sale of surplus assets	(48)	0	0
	3,370	328	568
Net Lending (Borrowing) for Financial Year	(1,723)	802	1,040

Refer Appendix 3 for:

- Statement of Cashflows
- Statement of Changes in Equity
- Statement of Financial Position

Statement of Comprehensive Income

The following summarises estimated operating income and operating expenses by major categories. It does not include capital expenditure.

	2015/2016 Audited Actual \$'000	2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
OPERATING INCOME			
Rates	5,335	5,492	5,472
Statutory charges	47	44	44
User charges	11,025	10,730	10,804
Grants, subsidies and contributions	255	389	331
Investment Income	37	25	5
Municipal Deficit Funding	600	600	600
Reimbursements	119	0	0
Other Income	122	168	190
TOTAL INCOME	17,540	17,447	17,446
OPERATING EXPENSES			
Employee Costs	5,216	5,037	5,029
Materials, contracts and other services	10,326	9,823	9,337
Depreciation, Amortisation and Impairment	2,555	2,532	2,620
Finance Costs	20	32	48
TOTAL EXPENSES	18,117	17,424	17,034
OPERATING SURPLUS/ (DEFICIT)	(577)	23	412
Asset disposal & fair value adjustments	21	0	0
Physical resource received free of charge	0	0	0
Amounts specifically for new or upgraded assets	14	0	0
NET SURPLUS/(DEFICIT)	(542)	23	412
transferred to Equity Statement			
Other Comprehensive Income			
Changes in Revaluation surplus	123	0	0
TOTAL COMPREHENSIVE INCOME	(419)	23	412

How will Council Fund the Annual Business Plan

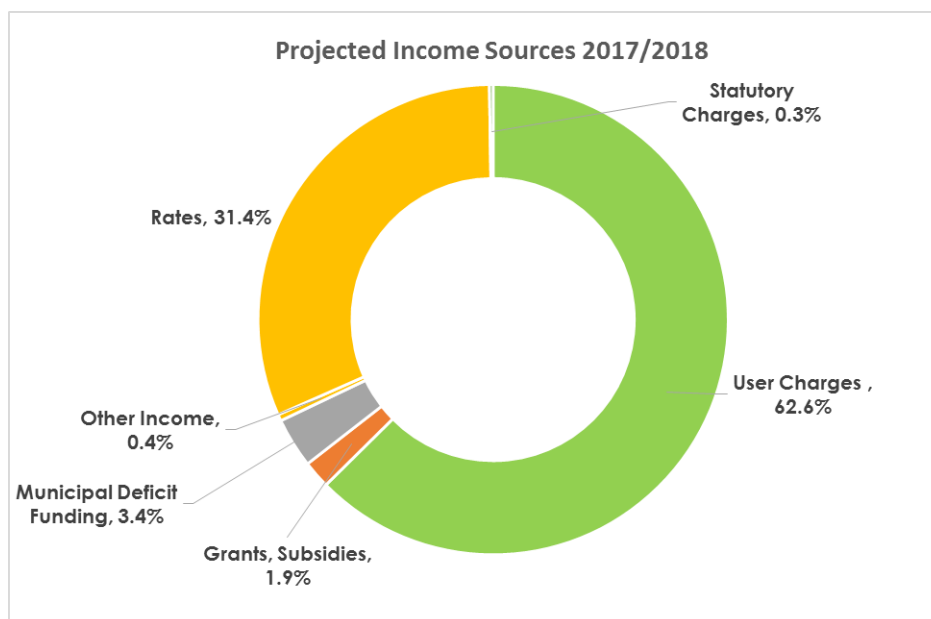
In delivering the services and projects outlined in this Draft Annual Business Plan, Council aims to achieve an operating surplus of \$412,000 resulting from Total Operating Revenues of \$17.446 million and Total Operating Expenses of \$17.034 million.

In addition to the operational budget considerations, the 2017/18 Draft Annual Business Plan includes Capital Expenditure of \$2.04 million comprising \$1.472 million for the replacement and renewal of existing assets and \$568,000 for new and upgraded assets.

Operating Income

Council has budgeted to receive Operating Income of \$17.446 million in 2017/18 which is the same as the Adopted Budget of 2016/2017. 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 2017/18



Operating Income (continued)

Rates and Charges

Council's proposed revenue for 2017/18 includes \$5.472 million to be raised from general rates. This represents a decrease of \$19,000 in General Rate Revenue in the Adopted Budget of 2016/17.

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 reviews electricity, water and sewerage charges in January of each year. At this stage the following increases (in nominal terms) are foreshadowed.

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 'usage' tariffs. The percentage increase for electricity factors in the expected reduction in the solar buy-back rate. For sewerage, the same adjustment will be applied to the 'service' charge only.

The 1% above is the effective increase for the full year, however, the actual will be applied as a 2% increase over six months (that is only becoming effective on 1 January 2018. This increase is expected to be well below the full year CPI, resulting in an effective reduction in real terms.

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 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 annual funding from the State Government Public Libraries fund. Council continually aims to secure grant funding from various sources where possible.

Other Income

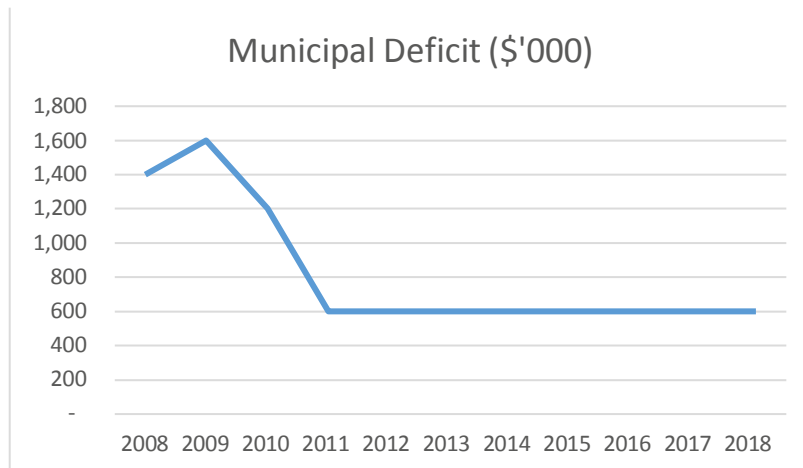
Other income consists of income generated from reimbursement of rebates and distributions from Council's Insurance schemes and other sundry income from Council activities

Loan Borrowings

There are no borrowings anticipated in 2017/18.

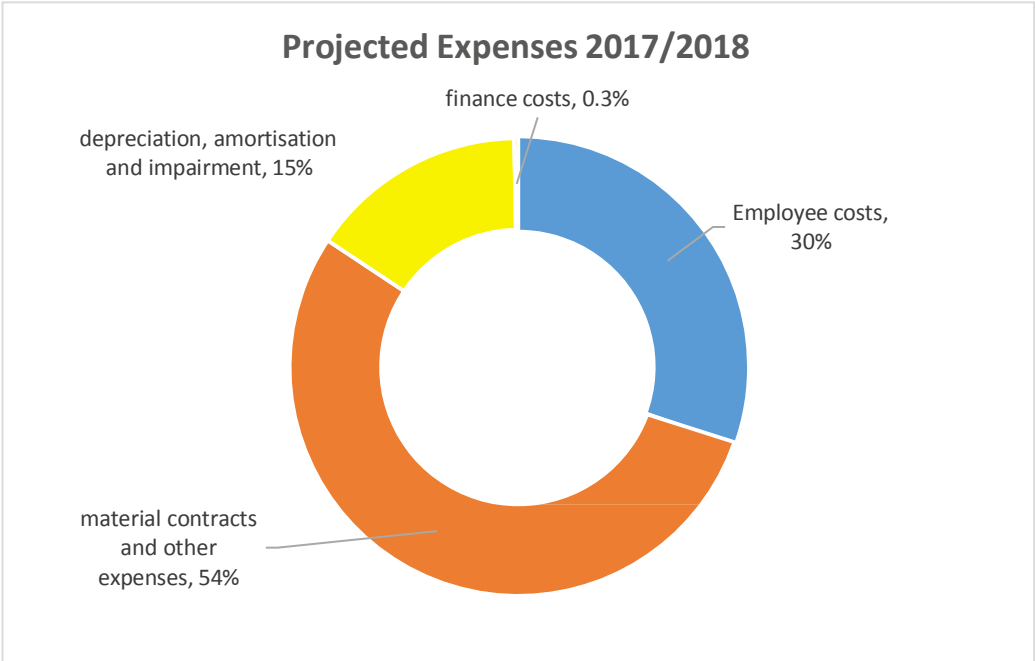
Municipal Deficit Support

The Indenture provides for Council's budget deficit to be shared equally between BHP and the State Government. This support has reduced over time and since 2011 has been capped at \$600,000 and requires annual approval from both parties.



Operating Expenditure

In 2017/18 Council has budgeted for operating expenditure of \$17.034 million including depreciation of \$2.62 million. Total operating expenditure represents a decrease of 2.2 % (or \$390,000) from the 2016/17 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 and staff income protection insurance.

The employee costs for 2017/18 of \$5.029 million represents an increase of 2.5% (or \$128,000) on the 2016/17 Adopted Budget and takes into account the following factors:

- Increase in salary and wages rates on 6 March 2018 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 2017/18 that all Council staff positions will be occupied for the full year.
- The employment of a Chief Executive and Administrator

Materials, Contractors and Other Expenses

Contributing 54% 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:

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

The projected figure represents a decrease of 2% from the 2016/17 Adopted Budget and is expected to be achieved from a systematic review of costs and ongoing process improvements.

Depreciation

An allowance of \$2.62 million in depreciation for 2017/18 which is an increase of 3.5% (or \$88,000) compared to 2016/17. This is based on an estimate only and may need to be revised in line with asset revaluations currently underway.

Finance Costs

An amount of \$49,000 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 wealth of the community;
- As a measure of wealth it most closely reflects the capacity to pay of property owners; and
- 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 wealth

Council will be adopting the valuations made by the Valuer-General application for the financial year commencing 1 July 2017. If a property owner is dissatisfied with a property valuation, then an objection may be made to the Valuer-General in writing, within 60 days of receiving notice of the valuation, explaining the basis 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 can be found in Appendix 2.

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.

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

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 27% of Council's general rate revenue is via the fixed charge portion.

Service Charges

Council provides a three bin refuse kerbside collection service (Domestic Waste, Recycling and Green Waste). Council charges a fixed service rate for residential properties for the collection, treatment and disposal of refuse and recyclables collected.

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. Council is operating as a revenue collector only and does not keep this revenue or determine how it is spent.

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 and this is reflected in Council's Strategic Management Plan 2012-2017.

Measuring Performance

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

- monthly review of account management reports by Senior Managers presented to the Administrator
- 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

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 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 0 to 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 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 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.

	2015/2016 Audited Actual \$'000	2016/2017 Adopted Budget \$'000	2017/2018 Draft Budget \$'000
Financial Indicators			
Operating Surplus Ratio	(3.0%)	0.1%	2.4%
Net Financial Liabilities Ratio	1%	-1%	-8%
Asset Sustainability Ratio	13%	62%	129%

Long Term Financial Plan

Section 122 (1a) of the Local Government Act 1999 requires councils to develop and adopt a Long Term Financial Plan (LTF Plan) for a period of at least 10 years. The purpose of a council's LTF Plan 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 LTF Plan has not been included within this document as the current plan together with the Strategic Plan will be significantly reviewed during the ensuing year in consultation with the State Government, BHP, the Community Board and the community generally.



APPENDIX 1– Links to Strategic Objectives

Operating and Capital Projects	
Key Result Area: Civic Leadership	
Priority: A responsive consultative and inclusive body dedicated to good governance	
Initiative	Expenditure
Corporate Information System (per annum for two years)	\$375,000
Records Management Improvement project	\$30,000
Priority: A financially sustainable and independent council	
Initiative	Expenditure
Upgrade Point of Sale System at roxbylink	\$40,000
Key Result Area: A vibrant main street	
Priority: A unique and vibrant main street	
Initiative	Expenditure
Streetscaping of Richardson Place	\$55,200
Key Result Area: A vibrant and diverse arts culture	
Priority: support of local cultural and arts activities	
Initiative	Expenditure
Public Art projects	\$5,000
Key Result Area: Social and Cohesive Community	
Priority: A community that shares its skills and knowledge	
Initiative	Expenditure
Continuation of the Community Foodies Program	\$5,000
Key Result Area: Healthy and Active Community	
Priority: Access to services and facilities	
Initiative	Expenditure
Install improvements to public conveniences	\$45,400
Upgrade hand driers in all of roxbylink's toilets	\$12,000
Priority: An excellent and well-resourced gym with an expanded array of services	
Initiative	Expenditure
Replace gym equipment	\$15,000
Priority: Safe community transport and footpath network	
Initiative	Expenditure
Kerbing	\$78,666
Road reseals	\$242,000
Roundabout reseals	\$198,440
Redevelopment of the Emu Walk (contingent upon the success of a grant application for \$200,000 from the State Government)	\$400,000

Key Result Area: Healthy and Active Community	
Priority: Efficient reliable and cost efficient water supply and sewerage services	
Initiative	Expenditure
Installation of auxiliary power to Town Water Supply	\$129,000
Replacement pump for Pump Station A	\$16,400
Priority: Cost efficient power distribution and utility services	
Initiative	Expenditure
Biennial High Voltage repairs and maintenance (switches and transmission)	\$220,000
Street lights pole replacement	\$12,000
HV switches and transformers	\$341,000
Priority: Integrated and cost effective recreation facilities	
Initiative	Expenditure
Repair of stadium roof at roxbylink (to prevent leakages)	\$60,000
Resurfacing of stadium floor (due to damage and wear and tear)	\$128,000
Repair and maintenance of netball courts (contingent upon receipt of a grant)	\$15,000
Priority: Well managed adaptable swimming facilities	
Initiative	Expenditure
Repainting of both indoor and outdoor pools (as part of a periodic maintenance program)	\$125,000
UV treatment of pools to reduce chlorine use	\$30,000
Key Result Area: Access to services and facilities	
Priority: Parks, gardens and open space	
Initiative	Expenditure
Oval surface maintenance and irrigation	\$218,000
Key Result Area: A Liveable Urban Environment	
Priority: A clean and attractive environment	
Initiative	Expenditure
Streetscaping	\$321,700
Priority: Effective and responsive dog and cat management	
Initiative	Expenditure
Upgrade of the dog pound	\$20,000
Priority: A built environment specifically designed to address the local climate	
Initiative	Expenditure
Splashpad shade structure	\$30,000

Key Result Area: A Liveable Urban Environment	
Priority: Native vegetation is preserved and enhanced	
Initiative	Expenditure
Pest plants control	\$52,500
Priority: A safe community	
Initiative	Expenditure
New and replacement CCTV	\$6,500
Key Result Area: Responsive, cost effective management of the environment	
Priority: Conservation and optimised use of water supply	
Initiative	Expenditure
Cleanout stormwater dams and clear debris from open stormwater drains	\$25,000

APPENDIX 2 – 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
- 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

Under 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 on a long term basis. 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 state Seniors Card holder, you can only apply for postponement if:

- The property is your main residence
- No other person other than your spouse or domestic partner has an interest as owner of the property
- There is an appropriate level of equity in the property

Rebates - Mandatory

Under Sections 159-165 of the Local Government Act 1999 councils are required to grant rebates to certain properties including those that meet the Act's requirements for land used for religious or educational purposes, or for community uses, as specified in the Act. These rates vary from 75% to 100%.

Rebates - Discretionary

The Council offers a capping rebate on differential general rates granted to the Principal Ratepayer on assessments under Section 166 (1) (L) of the Local Government Act 1999.

A rebate of differential general rates for the 2017/2018 financial year may be granted to the Principal Ratepayer of any assessment under Section 166 (1)(l) of the Local Government Act 1999, on application to the Council, conditions apply.

The amount of rebate will be the positive difference (if any) between: (a) the amount of differential general rates imposed for the current financial year in respect of that assessment; and (b) the amount of differential general rates imposed for the previous financial year in respect of that assessment plus 10%.

For the capping rebate to be granted the following criteria must apply;

- The land use of the property is residential
- There have 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.

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.

APPENDIX 3 – 2017/2018 Council Budgeted Financial Statements

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
Statement of Comprehensive Income		
Income		
Rates	5,492	5,472
Statutory charges	44	44
User charges	10,730	10,804
Grants subsidies and contributions	389	331
Municipal deficit funding	600	600
Investment income	25	5
Other income	168	190
Total Revenue	17,447	17,446
Expenses		
Employee costs	5,037	5,029
Materials contracts & other expenses	9,823	9,337
Finance Costs	32	48
Depreciation amortisation & impairment	2,532	2,620
Total Expenses	17,424	17,034
OPERATING SURPLUS / (DEFICIT)	23	412
Municipal Distribution	0	0
Adjusted Net Surplus / (Deficit)	23	412
Asset disposal & Fair value adjustments	0	0
Physical Resources Received Free of Charge	0	0
Amounts specifically for new or upgraded assets	0	0
NET SURPLUS / (DEFICIT)	23	412
transferred to Equity Statement		
Other Comprehensive Income		
Transfer Between Reserves	0	0
TOTAL COMPREHENSIVE INCOME	23	412

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
Statement of Financial Position		
ASSETS		
Current Assets		
Cash & cash equivalents	601	1,902
Trade & other receivables	3,437	2,827
Inventories	21	27
Total Current Assets	4,059	4,756
Non-Current Assets		
Infrastructure, property, plant & equipment	129,649	128,429
Total Non-Current Assets	129,649	128,429
Total Assets	133,708	133,185
LIABILITIES		
Current Liabilities		
Trades & other payables	2,073	1,834
Provisions	646	330
Total Current Liabilities	2,719	2,164
Non-Current Liabilities		
Other non-current liabilities	1,130	1,230
Total Non-Current Liabilities	1,130	1,230
Total Liabilities	3,849	3,394
NET ASSETS	129,859	129,791
EQUITY		
Accumulated Surplus	29,103	28,912
Asset Revaluation Reserve	100,756	100,879
TOTAL EQUITY	129,859	129,791

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
Statement of Changes in Equity		
ACCUMULATED SURPLUS		
Balance at end of previous reporting period - AS	29,080	28,500
Net result for year	23	412
Balance at end of period	29,103	28,912
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period - ARR	100,756	100,879
Gain on revaluation of infrastructure, property plant & equipment	0	0
Balance at end of period	100,756	100,879
TOTAL EQUITY AT END OF REPORTING PERIOD	129,859	129,791
Total of all revenues recognised directly in equity	0	0
Total of all expenses recognised directly in equity	0	0
NET CHANGE IN EQUITY	0	0

Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
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Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Rates - general and other	5,492	5,472
Fees and other charges	44	44
User charges receipts	10,730	10,804
Grants utilised for operating purposes	389	331
Municipal deficit funding receipts	600	600
Investment receipts	25	5
Other revenues receipts	167	190

Changes in Net Assets

Payments

Employee costs payments	(5,037)	(5,029)
Materials, contracts & other payments	(9,823)	(9,285)
Finance payments	(32)	(48)
Net Cash provided by (or used in) Operating Activities	2,556	3,084

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts

Amounts specifically for new or upgraded assets	0	0
Sale of replaced assets	151	48
Sale of surplus assets	0	0

Payments

Expenditure on renewal/replacement of assets	(1,577)	(1,472)
Expenditure on new/upgraded assets	(328)	(568)
Net Cash provided (or used in) Investing Activities	(1,754)	(1,992)

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	0	0
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Net Increase / (Decrease) in cash	802	1,092
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Cash & equivalents at beginning of period	(201)	810
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Cash & equivalents at end of period	601	1,902
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Roxby Council

Budget Financial Statements

Consolidated

	2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
Uniform Presentation of Finances		
Income	17,447	17,446
less Expenses	(17,424)	(17,034)
Operating Surplus / (Deficit)	<u>23</u>	<u>412</u>
less Net Outlays on Existing Assets		
Capital Expenditure on renewal & replacement of existing assets	1,577	1,472
less Depreciation amortisation & impairment	(2,532)	(2,620)
less Proceeds from sale of replaced assets	(151)	(48)
	<u>(1,107)</u>	<u>(1,196)</u>
less Net outlays on New and Upgraded Assets		
Capital Expenditure on new or upgraded assets	328	568
less Amounts received specifically for new & upgraded assets	0	0
less Proceeds from sale of surplus assets	0	0
	<u>328</u>	<u>568</u>
Net Lending / (Borrowing) for Financial Year	<u>802</u>	<u>1,040</u>

Statutory Financial Indicators

Operating Surplus Ratio	0.1%	2.4%
<i>Being the operating surplus (deficit) as a percentage of revenue</i>		
Net Financial Liabilities Ratio	-1%	-8%
<i>Being the net financial liabilities / total operating revenue</i>		
Asset Sustainability Ratio		
<i>Capital expenses on renewal/ replacement assets less sale of replaced assets divided by Infrastructure Asset Management Plan required expenditure</i>	62%	56%
Asset Sustainability Ratio		
<i>Capital expenses on renewal/ replacement assets less sale of replaced assets divided by depreciation</i>	n/a	129%

APPENDIX 4 – 2017/2018 Operational Area Budgets

Roxby Council
Budget Financial Statements
Municipal

2016/2017
 Adopted
 Budget
 \$'000

2017/2018
 Budget
 \$'000

Statement of Comprehensive Income

Income

Rates	5,492	5,472
Statutory charges	44	44
User charges	1,361	1,718
Grants subsidies and contributions	389	331
Municipal deficit funding	600	600
Investment income	25	5
Other income	168	190
Total Income	8,079	8,360

Expenses

Employee costs	4,483	4,444
Materials contracts & other expenses	5,010	4,813
Finance Costs	31	49
Depreciation amortisation & impairment	1,602	1,628
Total Expenses	11,126	10,933

OPERATING SURPLUS / (DEFICIT)

(3,047) (2,573)

Municipal Distribution

1,050 1,050

Adjusted Net Surplus / (Deficit)

(1,997) (1,523)

NET SURPLUS / (DEFICIT)

(1,997) (1,523)

Other Comprehensive Income

Changes in Revaluation surplus

0 0

TOTAL COMPREHENSIVE INCOME

(1,997) (1,523)

Uniform Presentation of Finances

Income	8,079	8,360
<i>plus</i> Municipal Distribution	1,050	1,050
<i>less</i> Expenses	(11,126)	(10,933)
Operating Surplus / (Deficit)	(1,997)	(1,523)

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

Capital Expenditure on renewal & replacement of existing assets	1,473	1,354
<i>less</i> Depreciation amortisation & impairment	(1,602)	(1,628)
<i>less</i> Proceeds from sale of replaced assets	(151)	(48)
	(280)	(322)

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

Capital Expenditure on new or upgraded assets	199	439
<i>less</i> Amounts received specifically for new & upgraded assets	0	0
<i>less</i> Proceeds from sale of surplus assets	0	0
	199	439

Net Lending / (Borrowing) for Financial Year

(1,917) (1,640)

Roxby Council
Budget Financial Statements
Power

2016/2017
 Adopted
 Budget
 \$'000

2017/2018
 Budget
 \$'000

Uniform Presentation of Finances

Income	4,549	4,429
<i>plus</i> Municipal Distribution	0	0
<i>less</i> Expenses	(3,671)	(3,543)
Operating Surplus / (Deficit)	879	886

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

Capital Expenditure on renewal & replacement of existing assets	66	78
<i>less</i> Depreciation amortisation & impairment	(561)	(622)
<i>less</i> Proceeds from sale of replaced assets	0	0
	(495)	(544)

***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

	1,374	1,430
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Roxby Council
Budget Financial Statements
Water

2016/2017
 Adopted
 Budget
 \$'000

2017/2018
 Budget
 \$'000

Uniform Presentation of Finances

Income	2,767	2,557
<i>plus</i> Municipal Distribution	(525)	(525)
<i>less</i> Expenses	(1,675)	(1,725)
Operating Surplus / (Deficit)	567	307

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

Capital Expenditure on renewal & replacement of existing assets	5	8
<i>less</i> Depreciation amortisation & impairment	(183)	(183)
<i>less</i> Proceeds from sale of replaced assets	0	0
	(178)	(175)

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

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

Net Lending / (Borrowing) for Financial Year

	616	354
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Roxby Council
Budget Financial Statements
Sewer

2016/2017 Adopted Budget \$'000	2017/2018 Budget \$'000
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Uniform Presentation of Finances

Income	2,053	2,100
<i>plus</i> Municipal Distribution	(525)	(525)
<i>less</i> Expenses	(953)	(833)
Operating Surplus / (Deficit)	575	742

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

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

***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	896
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