



2009/10

**ANNUAL BUSINESS PLAN
&
BUDGET**

August 2009

Table of Contents

INTRODUCTION	1
BUSINESS PLAN INFLUENCES	1
Significant	1
Other Factors	2
Legislative	2
PROJECT PRIORITIES AND ACTIONS FOR THE YEAR	4
MEASURING PERFORMANCE	11
FINANCIAL OPERATIONS	11
2009/10 Budget Summary	12
Reserves	12
Asset Management	12
COUNCIL FUNCTIONS	13
Program Budget	13
MAJOR ACTIONS	15
BUDGET EXCLUSIONS	17
FUNDING THE BUSINESS PLAN	18
Municipal Rates	18
Rating Principles	18
Rate Rebates	20
Valuation Method	20
Rates Summary	21
Rate Structure & Rebates	21
Business Impact	21
Pensioner Concessions	21
Unemployed Persons Concessions	22
Payment of Rates	22
Late Payment of Rates	22
Sale of Land for Non-Payment of Rates	22
Where your rates go?	23
Roxby Power	24
Roxby Water	24
Water	24
Sewerage	24
User Pay Charges	25
FURTHER INFORMATION	25
BUDGET DOCUMENTS	26

INTRODUCTION

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

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

The Annual Business Plan sets out the Council's proposed services, programs and projects for 2009/10. It outlines Council's aims to maintain efficient services for the community and continues progress towards the longer term objectives as set out in the Strategic Management Plan adopted by the Council on 12 June 2007. It also highlights the main parameters associated with revenue raising that Council proposes to undertake. As a result it will impact on Council's formal budget in strategic terms but any allocations and priorities remain as always separate decisions for the Council.

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

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

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

BUSINESS PLAN INFLUENCES

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

Significant

- The physical and fiscal environment in which the Council operates. This is extremely challenging and in a state of transition. The overall philosophy and strategic development of the town and the operation of Council and community will be significantly affected long term by possible foreshadowed township expansion which will be reflected in BHP Billiton's Roxby Downs Master Plan and EIS process. This will as always prove as a huge challenge and one that is expected to require additional capital resources into the future.

During 2009/10 Council will continue some investigative work undertaken in 2008/09 that is required over and above the norm as part of the EIS process. In the meantime the 2009/10 budget has been developed on the basis of maintaining Council's services at 2008/09 levels, whilst accommodating inevitable increases in the costs of providing those services and a desire to improve the management of Council's assets.

- Impacts of increasing operating costs associated with maintaining the town's facilities in a remote location. This applies across the spectrum of Council's activities, especially in relation to contract labour and landfills where EPA costs have increased.

- Increased requirements for improved management of Council's assets. Historically Council has never been in a financial position to fund the depreciation of municipal infrastructure. This is a substantial unfunded item which equates to approximately \$1.0m per annum. Funding partners BHP Billiton and the State Government have acknowledged this issue and the potential long term negative impact on the local community. Meanwhile, Council has invested in additional outside resources to improve and quantify a sound asset management strategy.
- Historically, Council has operated in a relatively fixed municipal deficit environment, with static or relatively small increases well less than the local cost of operating in Roxby Downs. This year it is expected that this level of subsidy will be reduced.
- Council has considered comments from the Roxby Downs Advisory Reference Group who as required have examined and give advice on preliminary budget documents submitted.

Other Factors

- Requirements to maintain and improve infrastructure assets to acceptable standards including roads, footpaths, lighting, stormwater drainage, street trees and plantings, open space and Council properties.
- Meeting ever increasing expectations required of Local Government generally in relation to compliance under OH&S, Risk Management, Asset Management and Governance requirements. Additional external resources will be required.
- Inclusion where possible of matters that have been brought to Council's attention either in a formal or informal manner. This includes suggestions made from time to time by staff, contractors, individuals and various groups and organisations such as BHP Billiton, local schools and the Roxby Downs Community Board, Forums and Partnerships.
- Commitments to continue projects and partnership initiatives that have already commenced.
- Need to ensure that Roxby Water's income from the provision of water supply and sewerage services can accommodate requirements to replace assets as well as return commercial dividends to the Municipal Operation.
- Impact on the community of increased municipal, water, sewerage and electricity rates and by large variations in changes to property valuations.
- Increased revenue and operating expenses associated with recent residential development of the town.
- As a matter of policy, Council is of the view that its borrowing capacity should as far as practicable be retained for future potential expansion projects, given the likelihood that Council will be expected to fund some of these future requirements.
- Further refinement to the management of Council's assets – resulting in increase internal funding (from depreciation) required to cover declines in Council's physical assets. To date, this has never been fully funded, a situation that Council has continued to raise with both funding partners thus far without any financial recognition or conclusion.

Legislative

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

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

In preparing the 2009/10 Annual Plan Council has recognised the unique circumstances that apply with respect to Council's operations under the Roxby Downs (Indenture Ratification) Act 1982 in that both BHP Billiton and the State Government must approve of any budget prior to it being adopted by Council. This potentially conflicts with Local Government Act 1999 which now requires an Annual Plan to be prepared and consulted upon prior to this process commencing with Council unsure as to the extent of financial support to be provided by each party.

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

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

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

Public consultation as required under the Local Government Act was carried out with a formal public meeting on 9 July 2009. No submissions were received.

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

Overall, the 2009/10 Annual Plan continues to endorse Council's philosophy that the community along with the State Government and BHP Billiton needs to continue to share the overall net costs of operating the municipality to the high standards required by our community. This principle continues to underpin Council's 2009/10 operations.

In recognition of the current economic climate and following advice from the Roxby Downs Advisory Reference Group, Council's budget has been submitted to both BHP Billiton and the State Government with a municipal budget deficit of \$1,200k. This is down some \$400k from the 2008/09 approved amount of \$1,600k. This is less than desired and is only sustainable for 2009/10. It is still subject to the review and financial approval of BHP Billiton and the State Government.

PROJECT PRIORITIES AND ACTIONS FOR THE YEAR

Under its Strategic Plan Council has identified seven (7) broad goals with a number of long term objectives. To achieve these objectives (subject to funding support and final budget analysis) the following priorities and actions are proposed to be undertaken during 2009/10.

GOAL 1	COUNCIL TO FUNCTION IN A CIVIC AND RESPONSIBLE MANNER
CORPORATE	
OBJECTIVE 1.01	Undertake Council's Corporate Services functions in accordance with the Local Government and Roxby Downs (Indenture Ratification) Acts.
Actions	
(a) Ongoing review and implement improvements to Council's governance, policy, corporate services, and staff related functions.	
(b) Ongoing review of overall operational performance and staff resources and implement changes.	
(c) Ongoing review and finalise improvements for Council's assets including Office, Depot and Houses.	
(d) Investigate options and provide a detailed submission to BHP Billiton concerning the Olympic Dam Expansion Draft Environmental Impact Statement 2009	
(e) Undertake a strategic policy review of Council's services (standards of delivery and user pays rationale) and a detailed in depth financial analysis of council's operations. Update Long Term Financial Plan based on current operating scenario (no mine expansion) in light of this review.	
OBJECTIVE 1.02	Minimise operational risks and ensure that Council is operated in a safe manner
Actions	
(a) Ongoing review and implement improvements to Risk Management & OH&S policies and actions.	
(b) Undertake building and site improvements to Council Office and Works Depot.	
GOAL 2	FACILITATE THE DEVELOPMENT OF LOCAL LEADERSHIP THAT UNITES THE COMMUNITY AND PORTRAYS ROXBY DOWNS IN A POSITIVE LIGHT.
LEADERSHIP	
OBJECTIVE 2.01	Operate and review Community Strategic Plan.
Actions	
(a) Within budget constraints, provide appropriate resources to assist Community Board, Community Forums and Partnerships on the basis of delivering projects and strategies identified in the Community Plan.	
OBJECTIVE 2.02	Provide a strong community voice at State and Regional Level.
Actions	
(a) Continue participation and advocacy through the Administrator being delegate with the Local Government, Spencer Gulf Cities and Provincial Cities Associations, Regional Communities Consultative Council, Northern Region Development Board, Flinders Area Consultative Committee, and the Port Augusta Regional and Hospital Board.	
(b) Continue to advocate to the State Government and BHP Billiton regarding aspects that affect the structural operation of the township and services delivered by the State Government.	
OBJECTIVE 2.03	Enhance community's relationship and partnership with BHP Billiton.
Actions	
(a) Continue to implement strategies as part of the community plan to improve community understanding, appreciation and support for BHP Billiton's operations.	
(b) Continue to assist BHP Billiton in relation to Olympic Dam Expansion Study.	
(c) Continue to promote a partnership approach with BHP Billiton.	

GOAL 2 LEADERSHIP	FACILITATE THE DEVELOPMENT OF LOCAL LEADERSHIP THAT UNITES THE COMMUNITY AND PORTRAYS ROXBY DOWNS IN A POSITIVE LIGHT.
OBJECTIVE 2.04	Provide opportunities for leadership development in Roxby Downs.
Actions	
<ul style="list-style-type: none"> (a) Opportunities are afforded to community members who are involved in implementing the community plan. (b) Maintain and if possible enhance sponsorship of SA Regional Community Leadership Program so as to assist the Program to continue to target local residents as part of future participants. 	
OBJECTIVE 2.05	Increase community understanding, involvement and partnership in Council's decision-making.
Actions	
<ul style="list-style-type: none"> (a) Continue to provide information to the community to highlight the role and function of Council's operations. (b) Continue to support Community Board, Forums and Partnerships to assist Council where Community Plan actions require Council to implement outcomes as part of Council's statutory role, functions and responsibilities. 	
GOAL 3 COMMUNITY	STIMULATE AND FACILITATE COMMUNITY CULTURAL DEVELOPMENT.
OBJECTIVE 3.01	Assist, facilitate and improve the operation and co-operation of community groups.
Actions	
<ul style="list-style-type: none"> (a) Continue to mentor Community Board and Community Forums and provide appropriate resources to assist individual sectors to work cooperatively on cross sector projects. 	
OBJECTIVE 3.02	Expand and enhance the opportunities for young people in town.
Actions	
<ul style="list-style-type: none"> (a) Subject to budget constraints continue to maintain and where appropriate enhance resource operation of Youth Services within Roxby Leisure's operations. (b) Continue to support and assist youth via participation with Family and Youth Forum. (c) Review services and programs and support on ground strategies as periodically recommended. (d) Explore external funding opportunities for youth initiatives and projects. (e) Review, and if appropriate, expand the function of the Youth Centre. (f) Support initiatives of Council's Roxby Downs Youth Advisory Committee. 	
OBJECTIVE 3.0	Facilitate Volunteer Program and Volunteer Resource Centre.
Actions	
<ul style="list-style-type: none"> (a) Finalise volunteer recruitment and management policies and procedures for incorporation into the development of a Council Volunteer program. (b) Explore potential funding opportunities and partnerships to develop a Volunteer Resource Centre. 	
OBJECTIVE 3.04	Facilitate community co-operatives.
Actions	
<ul style="list-style-type: none"> (a) Unlikely that any action will result in the short term but monitor situation and assist in development of community cooperatives where possible. 	

GOAL 3	STIMULATE AND FACILITATE COMMUNITY CULTURAL DEVELOPMENT.
COMMUNITY	
OBJECTIVE 3.05	Support Family Life.
Actions	
<ul style="list-style-type: none"> (a) Subject to budget constraints continue to provide family support through employment of a Families Officer. (b) Continue to participate in and support and assist the Family & Youth Forum and Alcohol & Substance Abuse Partnerships (incorporating the Far North Drug and Alcohol Group.) (c) Explore opportunities with the State Government for greater support resources for families being delivered in Roxby Downs. (d) Encourage appropriate bodies to investigate the extent and causes of mental illness and stress in Roxby Downs and support prevention strategies. (e) Encourage a holistic approach with the Alcohol and Substance Abuse Partnership and collaboration of appropriate agencies in dealing with social issues associated with alcohol and substance abuse. (f) Support any confidential enquiry to ascertain the community's financial health and identify and support individuals and families in improving their financial position. (g) Review services and programs and support on ground strategies as periodically recommended. (h) Explore grant funding opportunities for projects and activities that benefit families and young people. (i) Continue to explore options for a community safe house (j) Continue to participate and support Building Healthy Communities and Strengthening our Families programs 	
OBJECTIVE 3.06	Establish and develop Roxby's cultural identity.
Actions	
<ul style="list-style-type: none"> (a) Continue to include streetscape improvements into public spaces with assistance and support of Community Gardens Sub Committee of Family & Youth Forum. (b) Assist community and cultural events including annual Christmas Pageant. (c) On a cost effective basis explore opportunities more new major cultural events to be delivered in town (d) Review and integrate the form of Arts support through Roxby Leisure's operation. (e) Encourage increase usage of the library as a venue for community activity. (f) Support on an as needs basis, various public art projects that arise. 	
OBJECTIVE 3.07	Provide relevant community information about the role, operation and services provided by Council.
Actions	
<ul style="list-style-type: none"> (a) Continue to purchase advertising and advertorial space for Council and Community through The Monitor Community Newspaper. (b) Complete upgrade of Roxby Downs Dot Com community web-site incorporating Council and Roxby Leisure sites. 	
OBJECTIVE 3.08	Develop community media outlets.
Actions	
<ul style="list-style-type: none"> (a) Continue to encourage The Monitor community newspaper and ROXFM community radio to develop closer partnerships and common goals. (b) Continue to support The Monitor and ROXFM Community Radio on an "as needs" basis 	
OBJECTIVE 3.09	Enhance the vibrancy and cohesion of the local community.
Actions	
<ul style="list-style-type: none"> (a) Continue to encourage members of the community to participate in community forums and take an active role in implementing the Roxby Downs Community Plan. (b) In partnership with BHP Billiton and local businesses continue to work collaboratively to assist community groups including investigating the establishment of a community foundation reserve. 	

GOAL 4 MUNICIPAL	PROVIDE A RANGE OF MUNICIPAL SERVICES WHICH EFFICIENTLY AND EFFECTIVELY MEET THE NEEDS OF THE COMMUNITY.
OBJECTIVE 4.01	Ensure that Council's planning and development policies and actions promote orderly, economic and sustainable development.
Actions	
<ul style="list-style-type: none"> (a) Continue to promote and educate the community on Council's Development Plan, its implementation and ongoing development, assessment and compliance. (b) Respond to current State Government development plan review. (c) In partnership with BHP Billiton continue to support Adelaide University's Building and Landscape architecture students to undertake specific policy and design work within the planning and environmental spheres in Roxby. 	
OBJECTIVE 4.02	Increase Council's financial independence.
Actions	
<ul style="list-style-type: none"> (a) Continue to develop and implement a program of revenue raising that is consistent with Council's constraints and meets relevant criteria for commercial utilities dividends. (b) Continue to discuss with BHP Billiton and the State Government over possible amendments to the Roxby Downs (Indenture Ratification Act) 1982 that have a positive financial impact on Council's operations. (c) Maintain prudent and realistic increases in rates and charges in light of local cost influences and the capacity of community. (d) Continue to Refine Asset Maintenance Strategy by undertaking condition audits to refine Infrastructure Maintenance Program, and long term asset renewal program. (e) Continue to lobby BHP Billiton and the State Government for an appropriate allocation of financial support under the Roxby Downs (Indenture Ratification) Act 1982. (f) Develop long term financial strategy as part of a potentially expanded town. (g) Continue to pursue grant opportunities for community projects. 	
OBJECTIVE 4.03	Safeguard the community's environmental health.
Actions	
<ul style="list-style-type: none"> (a) Continue to provide ongoing environmental health services to the community. 	
OBJECTIVE 4.04	Ensure that roads, streets, footpaths and bicycle paths service the needs of the community and are maintained in a safe and attractive condition.
Actions	
<ul style="list-style-type: none"> (a) Continue to maintain roads, streets, footpaths and bike paths. (b) Continue to support the work of Roxby Road Safe. (c) Continue to refine Asset Maintenance Strategy by undertaking condition audits to more accurately reflect long term asset renewal program. (d) Provide appropriate financial allocation to replace those sections of footpath that have been identified for replacement. (e) Complete streetscape replacements for Burgoyne Street (f) Undertake year 1 of a 3 year cyclic reseal program held over from 2008/09 (g) Continue to review parking practices within township, provide effective education and enforcement and initiate improvements. (h) Continue to assist BHP Billiton in the design of municipal infrastructure associated with the potential expansion of the town. 	

GOAL 4 MUNICIPAL	PROVIDE A RANGE OF MUNICIPAL SERVICES WHICH EFFICIENTLY AND EFFECTIVELY MEET THE NEEDS OF THE COMMUNITY.
OBJECTIVE 4.05	Ensure the ongoing viable operation and enhancement of the Roxby Downs Cultural & Leisure Precinct.
Actions	
<ul style="list-style-type: none"> (a) Maintain operations of Roxby Leisure as a discrete marketing and management unit of Council and ensure that all services delivered from the Roxby Downs Culture and Leisure Precinct adapt to meet the ever changing expectations and needs of the community. (b) Continue to finalise and implement Council's Facilities Maintenance Program, and prepare a long term asset renewal program with supporting financial strategy, with emphasis in 2009/10 on replacement of air conditioners to the Cultural Centre. (c) Continue to develop strategies to integrate the Precinct's operation with the adjacent Library and Education facilities, Richardson Place and Roxby Central Retail Shopping Centre. (d) Enter into discussions with the aim of developing a user agreement with DECS for the community to use two (2) new indoor basketball stadiums that are proposed to be added to the existing Leisure Centre. 	
OBJECTIVE 4.06	Maintain and enhance sporting recreation facilities.
Actions	
<ul style="list-style-type: none"> (a) Continue to maintain sporting & recreation facilities. (b) Explore opportunities for expansion of sporting services. (c) Continue to finalise and implement Council's Facilities Maintenance Program, and prepare long term asset renewal program with supporting financial strategy. (d) Finalise feasibility study for a potential new indoor aquatic facility incorporating multi-purpose rooms. Future potential construction also dependent on other future capital works priorities but is unlikely in the short term without substantial grant funding. (e) Explore possibilities of inclusion of a half court basketball court adjacent to skateboard track (f) Continue to support and work as an integral member of the Sport & Recreation Forum. (g) Assist BHP Billiton in integrating improved recreational facilities into Township Master Plan (h) Finalise long term strategy for the development and management of all recreation facilities in Roxby Downs with continued strong partnership with users and sporting clubs. (i) Continue to develop long term recreational facility maintenance and improvement programs (j) Replace swimming pool shade canopy (k) Finalise modest 2008/09 improvements to small oval to formalise a secondary playing pitch to cater for soccer, hockey and rugby. 	
OBJECTIVE 4.07	Maintain and enhance playgrounds public open spaces
Actions	
<ul style="list-style-type: none"> (a) Continue to maintain open space areas. (b) Continue to support and work as an integral member with Family & Youth Forum and associated playgrounds and Community Garden committees. (c) Continue to develop long term open space and parks and gardens maintenance and improvement programs. (d) Undertake strategic major upgrade of playground in Curdimurka St 	
OBJECTIVE 4.08	Maintain and enhance the operations of the Roxby Downs Community Library
Actions	
<ul style="list-style-type: none"> (a) Maintain / increase the number of children's holiday programs and toddler story time. (b) Continued promotion of library services in-house and through local media. (c) Upgrade computers furniture and equipment 	

GOAL 5 COMMERCIAL	OPERATE COUNCIL'S COMMERCIAL BUSINESSES IN A WAY THAT PROVIDES EXCELLENT SERVICE AND RETURNS COMMERCIAL DIVIDENDS.
OBJECTIVE 5.01	Operate Roxby Water as an independent business unit, which provides high quality water and sewerage services and yields commercial dividends.
Actions	
<ul style="list-style-type: none"> (a) Finalise Roxby Water's Infrastructure Maintenance Program, and prepare long term asset renewal program with supporting financial strategy. (b) Implement major asset replacements. (c) Continue to assist BHP Billiton in the design of water and sewerage infrastructure associated with potential expansion of the town. (d) Continue with marketing campaign to encourage direct debit and credit card payment options for consumers. (e) Explore other methods for retail payments for consumers. 	
OBJECTIVE 5.02	Operate Roxby Power as an independent business unit, which provides high quality electricity services and yields commercial dividends.
Actions	
<ul style="list-style-type: none"> (a) Finalise Roxby Power's Infrastructure Maintenance Program, and prepare long term asset renewal program with supporting financial strategy. (b) Complete major asset replacements. (c) Continue to assist BHP Billiton in design of electricity infrastructure associated with potential expansion of the town. (d) Continue with marketing campaign to encourage direct debit and credit card payment options for consumers. (e) Explore other methods for retail payments for consumers. 	
OBJECTIVE 5.03	Explore opportunities for additional revenue.
Actions	
<ul style="list-style-type: none"> (a) Continue to monitor and investigate suitable business opportunities including those from non-traditional areas. (b) Continue to assist BHP Billiton in relation to Olympic Dam Expansion Study. 	
GOAL 6 ECONOMIC	STIMULATE AND FACILITATE ECONOMIC DEVELOPMENT.
OBJECTIVE 6.01	Support and development of Tourism opportunities in Roxby Downs.
Actions	
<ul style="list-style-type: none"> (a) Continue to operate Visitor Information Centre. 	
OBJECTIVE 6.02	Enhance economic and business operations in Roxby Downs.
Actions	
<ul style="list-style-type: none"> (a) Provide support to retailers, commercial operators and contractors to reinvigorate and unite as a cohesive and vibrant business sector as envisaged in the 2005 Community Plan. (b) Support actions as they arise from an established peak business body. (c) Support actions to investigate and advocate on behalf of business to address factors such as housing and accommodation that adversely affect local business. (d) Develop and implement strategies to aid in the cohesive future development of the business sector. (e) Maintain Council as a resource partner with the NRDB and explore potential opportunities for business services to be continued to be delivered from within Roxby Downs. 	

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

MEASURING PERFORMANCE

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

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

FINANCIAL OPERATIONS

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

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

Whilst the 2009/10 Annual Business Plan has been prepared to highlight the factors affecting the operations of Council and to outline the strategy behind the pending preparation of the 2009/10 financial projections, the financial position will depend on the outcome of budget related discussions with BHP Billiton and the State Government.

In 2007/08, Council was required to revise its budget to account for reduced municipal deficit funding from the State Government and BHP Billiton from \$1,865k to \$1,450k- the same as 2006/07.

The 2009/10 Annual Business Plan has been prepared to highlight the factors affecting the operations of Council and to outline the strategy behind adoption of the 2009/10 budget. Under the Indenture "municipal" financial operations are underpinned BHP Billiton and the State Government who need to approve the budget with BHP Billiton also required to approve of any municipal rate increase.

In recognition of the current economic climate and following advice from the Roxby Downs Advisory Reference Group, Council's budget has been submitted to both BHP Billiton and the State Government with a municipal budget deficit of \$1,200k. This is down some \$400k from the 2008/09 approved amount of \$1,600k. This is less than desired and is only sustainable for 2009/10

Accordingly whilst Council has adopted the 2009/10 budget this is still subject to review and possible change by BHP Billiton and the State Government

2009/10 Budget Summary

Council's total budget for 2009/10 is summarised as follows:

Program	Operating Expenses	Capital Expenses	Operating Income	Capital Income	Reserve Transfers	Net	Unfunded Depreciation Adjustment	Adjusted Net
	\$k	\$k	\$k	\$k	\$k	\$k	\$k	\$k
Municipal	\$7,590	\$1,740	(\$5,433)	(\$95)	(\$1,533)	\$2,270	(\$1,070)	\$1,200
Roxby Power	\$3,566	\$213	(\$3,502)	\$0	(\$277)	\$0	\$0	\$0
Roxby Water	\$3,001	\$227	(\$3,068)	\$0	(\$160)	(\$0)	\$0	(\$0)
Total Council	\$14,157	\$2,180	(\$12,003)	(\$95)	(\$1,969)	\$2,270	(\$1,070)	\$1,200

Note:

- Under the Roxby Downs (Indenture Ratification) Act 1982 the budget subject to the approval of BHP Billiton and the State Government with Council's municipal deficit reimbursed in equal shares by each party
- 2009/10 Budget documents disclosed a proposed municipal deficit subsidy of \$1.200 million
- Unfunded depreciation adjustment represents the amount of operating expenditure that is not funded.
- Reserve Transfer from reserves fund various capital replacement works which do not affect the overall financial result
- This table includes internal transfers and as such will not reconcile with formal budget statements.

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

Reserves

2009/10 budget provides for the following Reserve Balances.

Projected 30/06/2009 \$k	Reserve	Budget 30/06/2010 \$k
\$4,783	Opening Reserve Balance	\$5,327
(\$274)	Total Reserve Transfers	(\$1,969)
\$818	Total Depreciation Transfer (Roxby Power & Water only)	\$770
\$5,327	Closing Reserve Balance	\$4,127

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

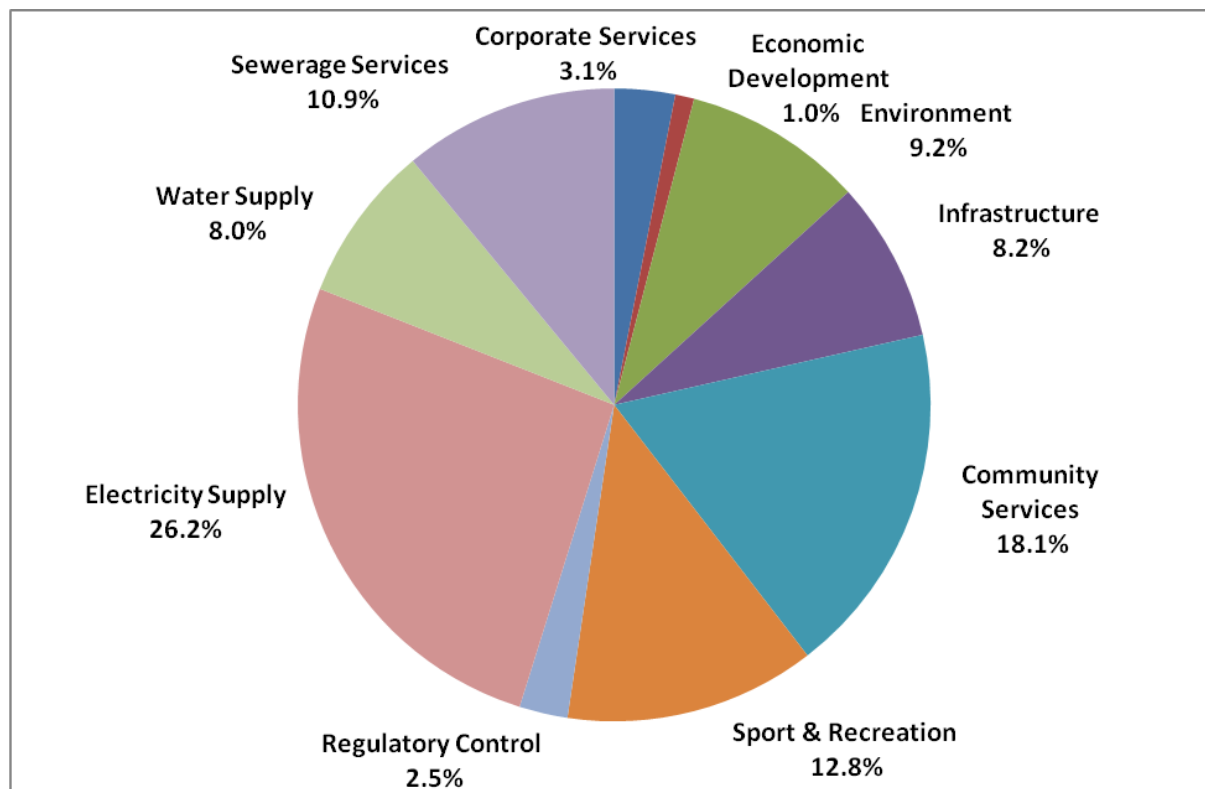
Asset Management

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

Program (All figs \$k)	Replacement Value	Written Down Replacement Value	Annual Depreciation
Municipal	47,865	31,975	1,094
Roxby Power	13,527	9,593	293
Roxby Water	23,382	15,856	525
Total Council	84,774	57,424	1,912

COUNCIL FUNCTIONS

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



Roxby Downs Council
2009/10 Budget Expenditure - 16.3 million
Includes distribution of overheads

Program Budget

Overall expenditure and income including distribution of overheads to fund Projects, Priorities & Actions as identified in section 3 are shown below on a programme basis.

PROGRAM	Expenses \$k	Income \$k	Net \$k
CORPORATE SERVICES			
<i>Participating in Local Government, Spencer Gulf Cities and Provincial Cities Associations, Operating Services SA and Government Housing Agency Services and Municipal Rates collection.</i>			
Corporate Services	\$468	(\$3,726)	(\$3,258)
Governance	\$37	\$0	\$37
	\$505	(\$3,726)	(\$3,221)
ECONOMIC DEVELOPMENT			
<i>Assistance to Business Forum, Northern Region Development Board, tourism support signage and marketing, Visitor Information Centre operation plus festivals support.</i>			
Business	\$33	(\$3)	\$30
Tourism	\$111	(\$39)	\$72
	\$144	(\$42)	\$103

PROGRAM	Expenses \$k	Income \$k	Net \$k
ENVIRONMENT			
<i>Operations and waste levy associated with Opal Road waste landfill, domestic garbage collection service, garbage charges, street cleaning, weed control, assistance to Environment Forum and other actions</i>			
Other Environment	\$40	\$0	\$40
Garbage Collection	\$305	(\$256)	\$49
Landfill & Recycling	\$551	(\$286)	\$265
Public Conveniences	\$33	\$0	\$33
Street Cleaning	\$205	\$0	\$205
	\$1,134	(\$542)	\$592
INFRASTRUCTURE			
<i>Operation and maintenance of footpaths, roads and streets, street lighting, streetscaping, traffic control, public conveniences, parks and gardens, playgrounds, bike paths, BMX track, skate park, stormwater drainage and assistance to Roxby Road Safe.</i>			
Stormwater	\$59	\$0	\$59
Street Lighting	\$133	\$0	\$133
Parks & Gardens	\$230	(\$46)	\$184
Footpaths	\$122	(\$30)	\$92
Roads & Streets	\$852	(\$769)	\$82
Streetscaping	\$512	(\$65)	\$447
	\$1,908	(\$910)	\$998
COMMUNITY SERVICES			
<i>Operation of youth centre, community library, auditorium, cinema / theatrette and art gallery, community development support to Community Board and Forums to support the implementation of the Roxby Downs Community Plan.</i>			
Communications	\$5	\$0	\$5
Community Development	\$269	\$0	\$269
Youth Development	\$423	(\$4)	\$419
Cultural Services	\$1,307	(\$679)	\$628
Library	\$386	(\$40)	\$346
	\$2,391	(\$723)	\$1,668
SPORT & RECREATION			
<i>Operation and maintenance of the Leisure Centre, tennis and netball courts, swimming pool, community ovals and associated buildings, support to Sport & Recreation Forum plus broader recreation development assistance to local sporting organisations.</i>			
Leisure	\$1,058	(\$783)	\$275
Swimming	\$534	(\$240)	\$294
Ovals	\$271	(\$2)	\$270
	\$1,864	(\$1,025)	\$839
REGULATORY CONTROL			
<i>Regulatory control services associated with administration of the Development Act, and Public and Environmental Health and Animal Control under the Dog and Cat Management Act and emergency service levy and management.</i>			
Building & Planning	\$131	(\$58)	\$73
Dogs Cats & Pests	\$116	(\$33)	\$83
Other Regulatory Control	\$25	(\$2)	\$23
Health	\$44	\$0	\$44
	\$315	(\$93)	\$222
ELECTRICITY SUPPLY	\$3,779	(\$3,779)	\$0
SEWERAGE SERVICES	\$2,071	(\$2,164)	(\$92)
WATER SUPPLY	\$1,156	(\$1,064)	\$92

MAJOR ACTIONS

As outlined in the project priorities and actions proposed to be carried out during 2009/10 various capital works and other actions have been identified to improve the asset base, amenity and functionality of our diverse community. A number have been outlined with corresponding Strategic Action and funding source as outlined. Works totalling **\$2,120k** are proposed to be funded from Revenue (\$127k), Grants (\$30k) and Reserves (\$1,963k)

Action	Description	Amount \$k	Funding Source
Corporate Services			
1.01(c)	General Capital replacement works on Council Office building.	\$23k	Reserves
1.01(c)	Information Technology upgrade Computer Hardware and Software	\$100k \$20k	Reserves Revenue
1.01(c)	Asset maintenance and upgrade program for Council Houses.	\$30k	Reserves
Economic Development			
6.01(c)	Tourism support & signage & other expenses	\$5k	Revenue
Environment			
7.01(c)	In conjunction with BHP Billiton, complete review of short and long term structural costs for integrated waste management including possibilities of introducing kerbside recycling	\$20k	Revenue
Infrastructure			
4.04(c)	Year 1 of a three (3) year reseal maintenance program.	\$670k	Reserves
4.04(c)	Footpath replacement program.	\$30k	Reserves
4.04(e)	Streetscape replacement. Programme includes Burgoyne St from 2008/09. Others	\$30k \$30k	Reserves Grant
4.07(d)	Asset replacement program / upgrade to Curdimurka Street Playground.	\$45k	Reserves
Community Services			
4.05(b)	Cultural Centre plant equipment and building asset replacement. Works include replacement of air conditioners to the Cultural Centre.	\$200k	Reserves
4.08(c)	Upgrade computers furniture and equipment to Library	\$18k	Revenue
Sport & Recreation			
4.06(c)	Leisure Centre Furniture & Equipment Asset Replacement including replacement of air conditioners to Leisure Centre, recoating stadium floors and equipment replacement.	\$102k	Reserves
4.06(c)	Replace main swimming pool shade and smaller canopies	\$120k	Reserves
4.06(c)	Replace portion swimming pool pipework. Balance 2010/11	\$25k	Reserves
4.06(c)	Finalise Small Oval improvements to formalise secondary soccer / rugby pitch	\$18k	Revenue
4.06(c)	Explore option with a view to providing container type storage for sporting, recreation s and other community service type groups.	\$6	Revenue

Action	Description	Amount \$k	Funding Source
Regulatory Control			
7.02(d)	Upgrade Dog Pound	\$32k	Revenue
Electricity Supply			
5.02(b)	Meter Purchases	\$18k	Reserves
5.02(b)	High Voltage Plant Transformer Upgrades	\$120k	Reserves
5.02(b)	Other electricity asset replacements	\$150k	Reserves
Sewerage Services			
5.01(b)	Sewerage Asset Maintenance program.	\$56k	Reserves
5.01(b)	Provide disposal point for caravans & buses	\$8k	Revenue
Water Supply			
5.01(b)	Water asset Replacement Program works	\$64k	Reserves
5.01(b)	Water meter replacement program.	\$180k	Reserves

BUDGET EXCLUSIONS

Given the current economic climate and the need to consider the potential effects of an expanded township that is to be fore-shadowed and part of BHP Billiton's Roxby Downs Master Plan various works are likely to NOT to be included in the 2009/10 budget, but instead will need to be included in future years. These include the following:

Infrastructure

- Bitumen Footpath Replacement. Sections of bitumen footpath in the 'older' area of the township will be maintained and condition reviewed. Replacement with concrete is still under consideration.
- Richardson Place Public Conveniences. To be considered in future budgets but most likely as part of a redeveloped town.
- Traffic Control Measures. New traffic control measures will be required from time to time at key locations around town. Suggested actions are often raised and discussed with Roxby Road Safe Community Roads Safety group. This includes provision of Roundabout at Arcoona Street.
- Fully funding Municipal depreciation
- Maintenance and upgrade BHP Billiton managed land including walking trails. This will be a significant future item.

Environment

- Waste Management. Construction of a new waste transfer facility with complimentary recycling services is subject to discussions with BHP Billiton. Kerbside recycling also still under investigation.

Sport & Recreation

- Indoor swimming pool and extension of leisure centre. Project requires additional load funds and loan repayments but is eligible for and may qualify for be subject to a \$3.0 million external grant.
- Oval Redevelopment. Major redevelopment desirable in the medium term but is dependent on a range of factors including future design and location, active partnership with users and design parameters concerning the sewerage lagoons and future use of recycled water. Meanwhile significant planning is being undertaken and efforts will continue to ensure that the existing ovals are presented in a sound/safe physical condition.

Other

- Future redevelopment of the Library and other multi use community meeting spaces will be future priority.
- Replacement of previous levels of community economic development staff. Council remains well under resourced
- Subsidy to Golf Club and Council's Municipal Operation for commercial charging of recycled water.
- BHP Billiton managed land including walking trails
- Purchase /construction of new houses for Council staff to replace a number in private rental (previously budgeted for)

FUNDING THE BUSINESS PLAN

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

Municipal Rates

Rating Principles

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

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

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

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

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

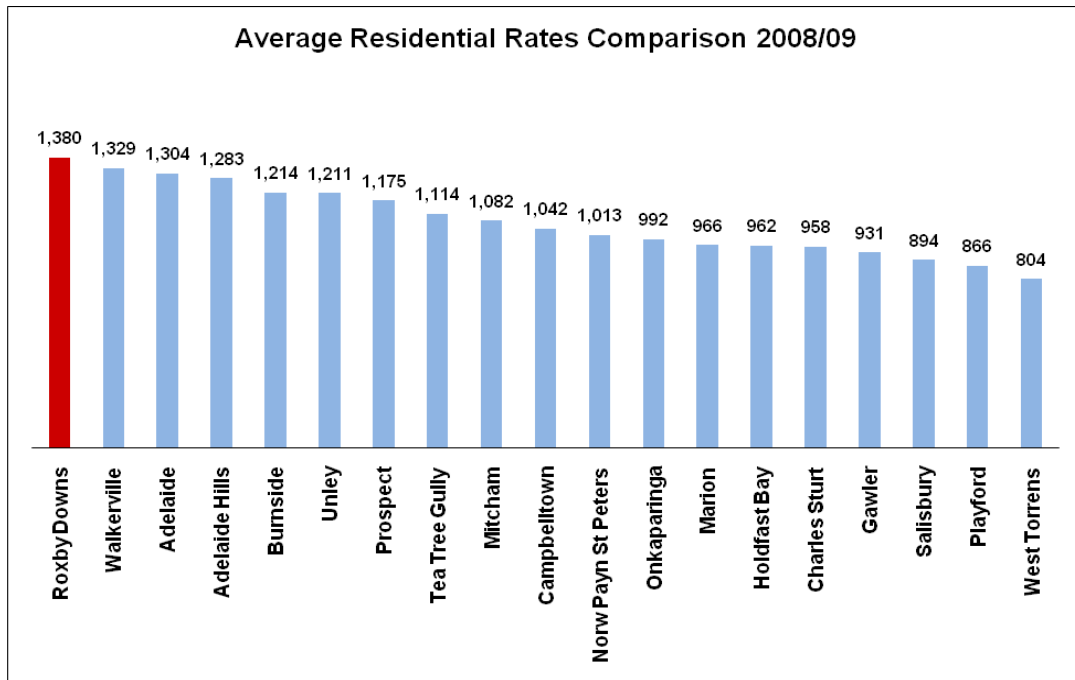
Given relatively stable land use much like 2009/10, rate revenue is expected to be distributed according to the following distribution: Residential (76%), Commercial (18%), Light Industrial (2%) and Vacant Land (4%)

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

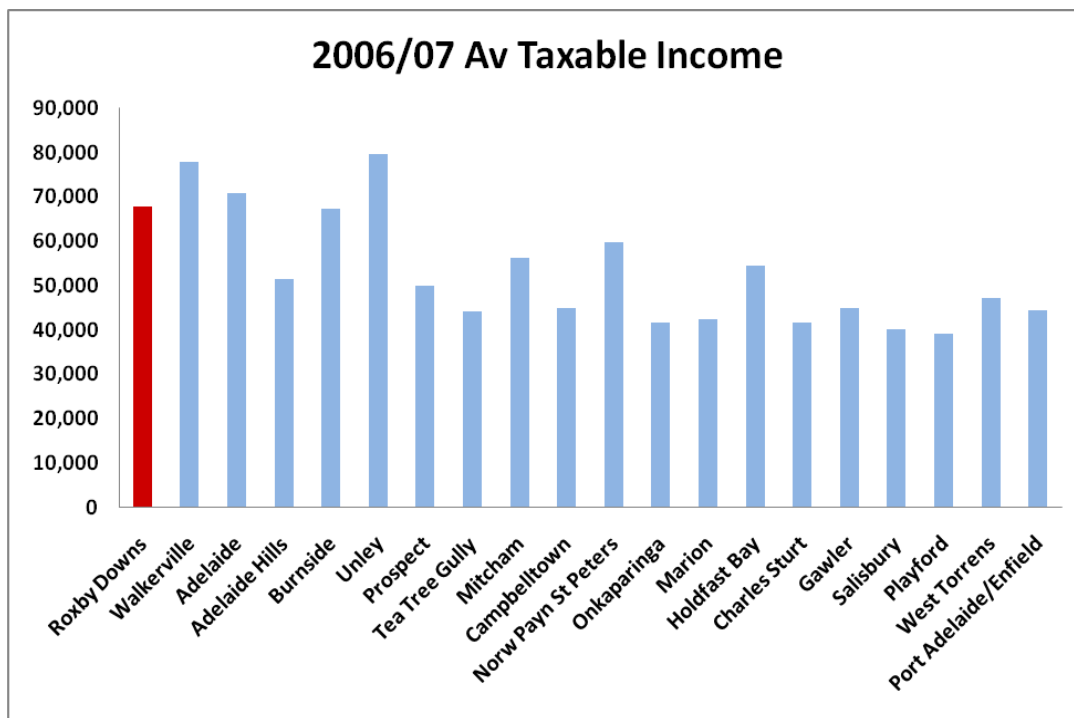
Rate Levels

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

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



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



Note

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

In 2009/10, an increase in the total revenue raised through general rates will be required with any rate increase also subject to the consent of BHP Billiton under the Indenture.

Council has over the previous six (6) years increased the average residential rate, including garbage charge by 9.8% per annum. As foreshadowed in the 2009/10 Draft Annual Business Plan given the economic climate the current average residential rates will increase by a lesser amount around 7.5% to \$1,483 per annum (\$28.52 per week)

Council generally tries to ensure that the total amount of fixed charge generated equates to approximately 20% of the total rate revenue collected. This principle has been retained with a fixed charge of **\$400** per property assessment

A domestic rubbish collection service will continue to be provided to residential properties on a part cost recovery basis. a charge of **\$170** per annum has been set.

Unlike previous years when property valuations increased substantially general average rises were much more modest between 3.5% and 8.5%. There was also some change with respect to the number of vacant properties declining with a corresponding increase in the number of developed residential lots. To retain equity differential rates are adjusted to suit. However, changes to actual property rates will naturally depend on individual property valuations and the differential rates adopted. Council's rating philosophy will continue to be reviewed on an annual basis with any fundamental changes subject to full community consultation.

Rate Rebates

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

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

Valuation Method

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

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

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

Provided you have not:

- previously received a notice of this valuation under the Local Government Act 1999, in which case the objection period is 60 days from the receipt of the first notice; or
- previously had an objection to the valuation considered by the Valuer-General.

The address of the Valuer-General is: Office of the Valuer-General, GPO Box 1354, Adelaide 5001, email: objections@saugov.sa.gov.au and the telephone number is 1300 653 345. **The Council has no role in this process.**

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

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

Rates Summary

In adopting the budget on 28 August 2009 Council decided to raise **\$2,837,580** municipal rate revenue by way of a combination of a fixed charge and differential rating for all rateable properties, plus a fixed service rate for the collection, treatment and disposal of refuse collected from occupied domestic properties as follows.

- A Fixed Charge of **\$400** for all properties plus a rate in the dollar based on a property's capital value based on the designated use of land as defined in Section 10 of the Local Government (General) Regulations. Differential Rates are shown as follows:

Land Use Category	Rate in the \$ per Capital Value
Residential Land	0.2460 cents
Commercial (Shop, Office & Other)	0.6950 cents
Industry (Light & Other), Primary Production & Other	0.5840 cents
Vacant Land	0.5000 cents

- A fixed garbage charge of **\$170** per annum

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

Rate Structure & Rebates

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

The Local Government Act requires Councils to rebate the rates payable on some land. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. In 2009/10 the amount rebated totalled **\$106,181**

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

Business Impact

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

Pensioner Concessions

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

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

Unemployed Persons Concessions

The Department of Human Services (DHS) may assist with the payment of Council rates for your principal place of residence (remissions are not available on vacant land or rental premises). Please contact your nearest DHS office for details.

Payment of Rates

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

30 September 2009	17 March 2010
16 December 2009	16 June 2010

Rates may be paid:

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

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

Late Payment of Rates

The Local Government Act provides that Councils impose an initial fine of **2%** on any payment for rates, whether by installment or otherwise, that is received late. A payment that continues to be late is then charged a prescribed interest rate on the expiration of each month that it continues to be late. For the 2009/10 financial year this prescribed rate is **0.5830%** per month.

Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice then the Council refers the debt to a debt collection agency for collection. Any debt collection agency charges are recoverable from ratepayers.

When the Council receives a payment in respect of overdue rates, the Council applies the money received as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

Remission and Postponement of Rates

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

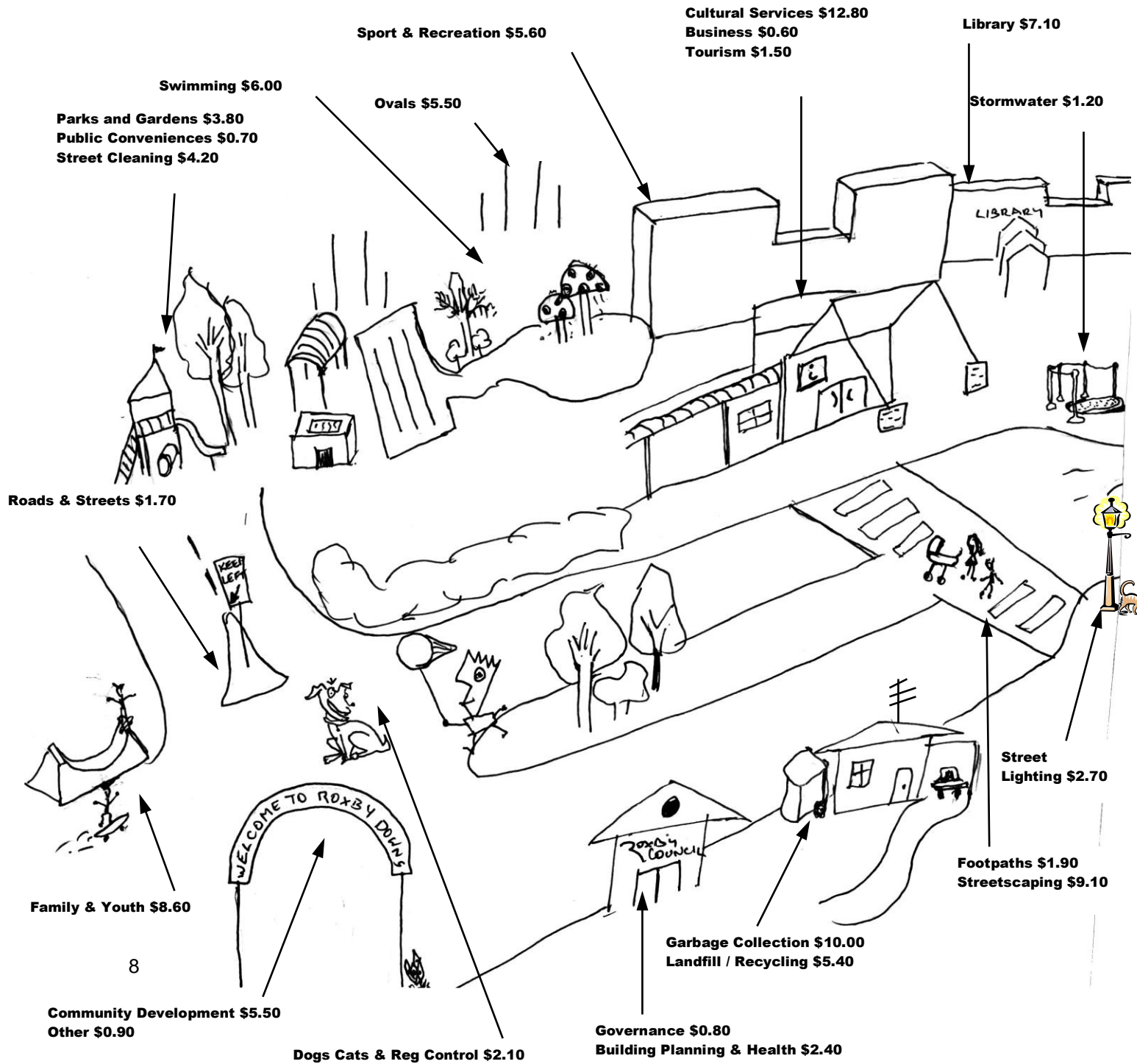
The Council has adopted a policy that where the payment of rates will cause a ratepayer demonstrable hardship, the Council is prepared to make available extended payment arrangements.

Sale of Land for Non-Payment of Rates

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

Where your rates go?

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



8

Note

1. Figures are approximate and include overheads and are intended as a guide to illustrate the complex number of services provided by Council and the areas of "Net" municipal expenditure which rates are applied. Actual expenditure can vary as a number of expenditure items are separately funded by loans, grants or from reserves and are therefore not shown in the above diagram
2. Operations for Roxby Power and Roxby Water are excluded.
3. Council's municipal rate revenue is a combination of a fixed charge and differential rating for all ratable properties, plus a fixed service rate for the collection, treatment and disposal of refuse collected from residential properties.
4. For every \$100 of rate revenue, BHP Billiton and the State Government combine to provide approximately 40% contribution through municipal deficit support.

Roxby Power

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

The 2009/10 Draft Annual Business Plan foreshadowed that in 2010 rates would increase by increased a similar amount (4-5%) as the previous year. Following detailed budget review it was determined that this amount may have to increase to around 6-7% so as to ensure that there is no operating deficit. However, tariffs will still remain some 8-10% less than Adelaide default rates. Based on historical use, budget documents provide for an estimated **\$3,375,000** in electricity sales.

Whilst no major changes in tariff structure are planned, actual tariff rates will be reviewed during the year with changes into effect in January 2010.

Roxby Water

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

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

Water

Under the Indenture, BHP Billiton is required to provide potable water to Council at a set cost that rises each year. Council then chlorinates, distributes and retails to township consumers.

In order to meet Council's Asset Maintenance obligations budget documents provide for estimated increase in water charges by a nominal 5%, less than previous years. Water Sales are estimated to be **\$2,293,000** with new rates introduced in January 2010. However, revenue is very much dependent on actual consumption which can vary markedly depending on the weather.

Sewerage

Sewerage charges are expected to be reviewed during the year with the current \$126 per property unit per quarter foreshadowed to increase by 10-12% from January 2010. Budget documents provide for estimated sewerage charges of **\$1,319,000**.

For residential premises, the current and likely future sewerage rate is likely to remain at levels less than charges that are applied by SA Water in Country South Australia.

User Pay Charges

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

- Roxby Leisure – expected to increase at around 4-5% but with some rationalisation.
- Opal Road Landfill – Current Commercial Waste levy of \$22.50 (excl GST) per tonne or cubic metre to increase to \$25.00 (excl GST) . Current charges are less than charges that apply in other areas.
- Statutory charges as determined by State Government. E.g. Development Act, Road Traffic Act and Cat Management Act.
- Dog & Cat Registrations – Last years dog registrations will remain at current levels with Cat registrations remaining at the same levels. As per Council's transition arrangements Cat registration fees will be waived for one year only if the cat is registered microchipped and desexed prior to 31 August 2009.

FURTHER INFORMATION

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

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

Bill Boehm
Administrator

BUDGET DOCUMENTS

ROXBY DOWNS COUNCIL
2009/10 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

Total Forecast 2008/09	Total Budget 2009/10
------------------------------	----------------------------

INCOME STATEMENT

Income

Rates	2,656	2,855
Statutory Charges	102	97
User Charges	7,925	8,471
Grants subsidies and contributions	232	258
Municipal Deficit Funding	1,600	1,200
Investment Income	104	115
Reimbursements	70	75
Other Revenues	31	131

Share of loss - joint ventures & associates

0 **0**

Total Revenue

12,722 13,203

Expenses

Employee Costs	1,522	1,571
Materials contracts & other expenses	9,478	10,674
Finance Costs	0	0
Depreciation amortisation & impairment	2,105	1,912
Share of profit - joint ventures & associates	0	0
Total Expenses	13,106	14,157

Total Operating Surplus / (Deficit) before Capital Amounts

(384) (954)

TOTAL OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS AFTER MUNICIPAL DISTRIBUTION

Net gain (loss) on disposal or revaluation of assets

0 **0**

Amounts specifically for new or upgraded assets

102 **30**

Physical Resources Received Free of Charge

0 **0**

NET SURPLUS / (DEFICIT)

(282) (924)

SECTION 5B(b) OPERATING INCOME EXPENDITURE STATEMENT

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

ROXBY DOWNS COUNCIL
2009/10 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

	Total Forecast 2008/09	Total Budget 2009/10
--	------------------------------	----------------------------

BALANCE SHEET

ASSETS

Current Assets

Cash & Cash Equivalents	3,265	2,500
Trade & Other Receivables	3,571	2,500
Other Financial Assets	0	0
Inventories	20	0
	6,856	5,000
Non-Current Assets held for sale	0	0
Total Current Assets	6,856	5,000

Non-Current Assets

Financial Assets	0	0
Equity Accounted investments in Council businesses	0	0
Investment Property	0	0
Infrastructure, property, plant & equipment	57,425	55,513
Total Non-Current Assets	57,425	55,513

Total Assets

	64,281	60,513
--	--------	--------

LIABILITIES

Current Liabilities

Trades & other payables	1,712	0
Borrowings	5	2,500
Short Term Provisions	95	0
Other Other Current Liabilities	0	0
	1,812	2,500
Liabilities relating to Non Current Assets held for sale	0	0
Total Current Liabilities	1,812	2,500

Non-Current Liabilities

Trade & Other Payables	0	0
Long Term Borrowings	0	0
Long Term Provisions	8	45
Other Non Current Liabilities	0	0
Total Non-Current Liabilities	8	45

Total Liabilities

	1,820	2,545
--	-------	-------

NET ASSETS

	62,461	57,968
--	--------	--------

EQUITY

Accumulated Surplus	25,419	25,623
Asset Revaluation Reserve	33,444	43,992
Other Reserves	5,327	4,199
TOTAL EQUITY	64,190	73,813

ROXBY DOWNS COUNCIL
2009/10 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

	Total Forecast 2008/09	Total Budget 2009/10
--	------------------------------	----------------------------

STATEMENT OF CHANGES IN EQUITY

ACCUMULATED SURPLUS

Balance at end of previous reporting period	26,245	25,419
Net result for Year	(282)	(924)
Transfer to Reserves	(1,049)	(841)
Transfer from Reserves	505	1,969
Balance at end of period	25,419	25,623

ASSET REVALUATION RESERVE

Balance at end of previous reporting period	33,444	33,444
Gain on revaluation of infrastructure, property plant & equipment	0	10,548
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment	0	0
Balance at end of period	33,444	43,992

OTHER RESERVES

Balance at end of previous reporting period	4,783	5,327
Transfers from Accumulated Surplus	1,049	841
Transfers to Accumulated Surplus	(505)	(1,969)
Balance at end of period	5,327	4,199
	5,327	4,199

TOTAL EQUITY AT END OF REPORTING PERIOD

	64,190	73,813
<i>Total of all revenues recognised directly in equity</i>	<i>0</i>	<i>10,548</i>
<i>Total of all expenses recognised directly in equity</i>	<i>0</i>	<i>0</i>
NET CHANGE IN EQUITY	0	10,548

ROXBY DOWNS COUNCIL
2009/10 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

	Total Forecast 2008/09	Total Budget 2009/10
--	------------------------------	----------------------------

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Operating receipts	15,888	18,088
Investment receipts	104	115

Payments

Operating payments to suppliers & employees	(11,001)	(12,245)
Finance payments	0	0

Net Cash provided by (or used in) Operating

	4,991	5,957
--	-------	-------

CASH FLOWS FROM INVESTING ACTIVITIES

Grants specifically for new or upgraded assets	102	30
Sale of replaced assets	3	65
Sale of surplus assets	0	0
Sale of investment property	0	0
Net disposal of investment securities	0	0
Sale of real estate developments	0	0
Repayments of loans by community groups	0	0
Distributions received from associated entities	0	0

Payments

Expenditure on renewal/replacement of assets	(658)	(1,873)
Expenditure on new/upgraded assets	(625)	(307)
Purchase of investment property	0	0
Net purchase on investment securities	0	0
Development of real estate for sale	0	0
Loans made to community groups	0	0
Capital contributed to associated entities	0	0

Net Cash provided (or used in) Investing Activities

	(1,178)	(2,085)
--	---------	---------

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts

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

Payments

Repayments of Borrowings	0	0
Repayment of Finance Lease Liabilities	0	0
Repayment of Aged Care Facility deposits	0	0

Net Cash provided by (or used in) Financing

	0	0
--	---	---

Net Increase / (Decrease) in cash held

	3,814	3,872
--	-------	-------

Cash & equivalents at beginning of period

	2,536	6,350
--	-------	-------

Cash & equivalents at end of period

	6,350	10,222
--	-------	--------

ROXBY DOWNS COUNCIL
2009/10 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

	Total Forecast 2008/09	Total Budget 2009/10
--	------------------------------	----------------------------

Note 15 - FINANCIAL INDICATORS

Operating Surplus	(384)	(954)
<i>Being the operating surplus (deficit) before capital amounts</i>		
Operating Surplus Ratio	-14.5%	-33.4%
<i>Being the operating surplus (deficit) as a percentage of general & garbage rates</i>		
Net Financial Liabilities	(8,676)	(7,545)
<i>Being the total liabilities less financial assets (excluding equity accounted investments in Council businesses)</i>		
Net Financial Liabilities Ratio	68.2%	57.1%
Interest Cover Ratio		
<i>Finance Costs less investment income divided by total operating revenue</i>		
Asset Sustainability Ratio		
<i>Capital expenses on renewal/ replacement assets less sale of replaced assets divided by depreciation</i>		
Asset Consumption Ratio		
<i>Carrying value of depreciable assets divided by total value of depreciable assets</i>		
Roxby Power & Water Commercial Distribution		
<i>Return on assets as a % of the written downs value of electricity and water & sewerage assets</i>		
Roxby Power	0.0%	0.0%
Roxby Water	2.9%	3.5%
Municipal Deficit		
<i>Municipal deficit as a percentage of rate revenue</i>		
	60.2%	42.0%

ROXBY DOWNS COUNCIL
2009/10 CONSOLIDATED BUDGET STATEMENTS

(All figures \$000's)

	Total Forecast 2008/09	Total Budget 2009/10
--	------------------------------	----------------------------

Note 16 - UNIFORM PRESENTATION OF FINANCES

Operating Revenues	12,722	13,203
less Operating Expenses	(13,106)	(14,157)
Operating Deficit / (Surplus) before Capital Amounts	(384)	(954)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal & replacement of existing assets	658	1,873
less Depreciation	(2,105)	(1,912)
less Proceeds from sale of replaced assets	(3)	(65)
	(1,451)	(104)
less Net outlays on new and upgraded assets		
Capital Expenditure on new or upgraded assets	(625)	(307)
less Amounts received specifically for new & upgraded assets	0	0
less Proceeds from sale of surplus assets	0	0
	324	(307)
Net Lending / (Borrowing) for Financial Year	(1,231)	(543)

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