



**2009-2010**

## **Annual Business Plan and Budget**

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## Overview

### Opening Commentary from the Mayor and Chief Executive Officer

The Annual Business Plan sets out the Council's proposed services, programs and projects for the 2009/2010 financial year. It aims to maintain efficient services for the community and to undertake significant infrastructure development for the benefit of the region as a whole.

Specific objectives for the year are consistent with the strategies and actions discussed in Council's draft Strategic Management Plan for the period covering the years 2008 to 2018. The ten year plan was formally adopted during August 2008. It is a comprehensive document which focuses on the big picture while placing due regard on core programs and the philosophy of place management.

### Strategic Plan

The central tenet of Council's strategic plan is to promote the opportunity for development and growth within the region, not for growth's sake, but sustainable development which adds value and quality infrastructure to a region that has a unique blend of urban pursuit, industrial and commercial venture, and rural enterprise. The Plan has direct linkages into the South Australian State Strategic Plan and the work undertaken by groups such as the Wakefield Group and the Barossa Regional Spatial Framework group of Councils, and reports such as the Wine Industry Impact Review.

It talks about maintaining core services but places a premium on the development of appropriate infrastructure (such as Waste Water Treatment Plants) to manage the projected residential, commercial and industrial development predicted to occur within the Council region in the next few years. For example Council is aware of the potential for 1,000 residential allotments coming on stream within existing township boundaries in the short to medium term. Of the 1,000 allotments, Council has already received development applications for approximately 75% of this predicted growth. Development of 330 allotments has commenced in the Freeling Township to the north and south of Hanson Street. A 60 allotment subdivision has been developed at Greenock. Work on the 400 allotment residential subdivision at Kidman Ridge, Kapunda has commenced, and a developer funded Development Amendment Plan for retirement living (approximately 160 allotments) in the Nash Street precinct of Kapunda is out for public consultation.

Council continues to be one of the fastest growing Councils per head of population in South Australia, again exceeding the State average with the trend set to continue going forward.

Council's Urban Planning strategy is central to the plan as Council must maintain appropriate controls to ensure proper developments occur.

### Annual Objectives

Council views the 2009/2010 financial year as one of consolidation in terms of developing and stabilising key operational plans and procedures. .

The draft annual business plan and budget for 2009/2010 financial year retains a focus on large scale infrastructure works that was commenced in 2008/2009 financial year. Last year's plan was particularly focussed on road infrastructure and community waste water systems; this year will retain focus on road improvement and development of community infrastructure such as the community centre at Hewett and public conveniences at various locations. In addition it is proposed to expend additional funds on operational maintenance in the coming budget.

It will again be a challenging year with many and varied major outcomes expected. Council's Annual Business Planning process is an opportunity to reassess Council's position relative to the needs of present and future communities within the Council area. These needs include, maintaining and improving the management of major infrastructure assets, providing community support programs, maintaining and improving open space, improving the community's access to information, building a strong economy and maintaining our natural resources. A balance is required between delivering community outcomes and maintaining financial sustainability.

Council proposes that the 2009/2010 will be a significant year in terms of the development of Council strategy, policy, standards and guidelines. In particular Council will be working to finalise the detailed version 2 of its Infrastructure and Asset Management Plan.

Council is keen to maintain its input into the "Barossa Belt" Regional strategies being developed in conjunction with The Barossa, Gawler and Mallala Councils and State Government agencies; and to maintain its involvement with the Wakefield Group of Councils. The imminent release of the State 30 Year Plan document will require significant Council review in terms of adjustment that may (or may not) be needed to Council's own strategic plan.

Council's road works program proposed for the 2009/2010 year sees a shift into a greater level of maintenance than the last two years, but will still maintain a capital focus in that \$1m is planned to be spent on renewal projects. Several large scale infrastructure projects are to be completed including the works commenced on Council's Community Waste Water Schemes, the Main North Road refurbishment (being undertaken by DTEI with funds obtained by Council), and the Freeling Main Street works project will commence following the conclusion of the planning and design phases.

Council has also been fortunate to obtain a Federal Government Grant of \$4.0M which will enable the development of a community centre at Hewett on council land adjacent to the Hewett Primary School facility.

The recommendation to Council from the Rating Policy Review Advisory Committee is to leave the actual rate in the dollar unaltered from 2008/09 except for the vacant land rate which is to be 0.60025 cents in the dollar. The Committee has also recommended an increase in the minimum annual rate from \$600 to \$625. By adopting these recommendations, Council's general rate revenue will increase by 9% above the previous year. This increase is within the Local Government Price Index and the new rateable assessments from growth. To express the rate increase in percentage terms it would include:

4.2%	Local Government Price Index
3.7%	New Rateable Assessments
<u>1.1%</u>	Vacant Land increase and minimum rate
<u>9.0%</u>	

In effect, by leaving the rate in the dollar the same as the previous year, the Council is collecting additional revenue based on the valuation and new assessment growth. The Local Government Price Index has a different weighting on the elements in the Local Government basket which is different to a household domestic basket. This is explained on the LGA (SA) website where it states:

*"Unlike most households, Local Councils spend a large proportion of their budgets on road construction materials; other construction costs (e.g. drains, environmental projects, footpaths etc); salaries for staff who provide services such as librarians and inspectors; contractors (such as for recycling and waste management), and on governance and administration. The prices of these items move in different ways to how average household prices move and this will be reflected in Council budgets, along with changes in standards, efficiency gains, and expansion of services, cuts in services, new services and major projects."*

Council cannot reach its goals in isolation. Collaboration across all sectors of community and business and levels of government is a key to maximising benefits for our local community. In particular we look to cooperate with our neighbouring councils for many undertakings and will continue to pursue these avenues. We must find a balance in our decision making between social, cultural, economic and environmental issues to ensure our region remains strong, now and in the future.



Robert Hornsey, Mayor



Brian Carr, Chief Executive Officer

### **State Legislation**

Section 123 of the Local Government Act 1999 describes that Councils must do certain things when considering the issue of budgets:

- A council must have a **Budget** for each financial year.
- Each budget must comply with standards and principles prescribed by legislation and must be adopted after 31 May and before 31 August for the financial year.
- A council must prepare an **Annual Business Plan** which addresses the activities that the council intends to undertake in the ensuing year to achieve its objectives; and the measures (financial and non-financial) that the council will use to assess its performance against its objectives.

Legislation among other things requires Councils in this State to provide a greater emphasis on long term financial planning and infrastructure and asset management planning. Council will have these plans in place during the calendar year.

These requirements in particular will see an increased focus of resources by Council in the forthcoming financial year when it reviews its Strategic Plan covering the period 2008-2018.

## **Public Consultation**

Each Council must consult with the public in relation to the strategy, content and impact of its Annual Business Plan and Budget documents.

To this end Council undertook a **period of public consultation** with its community in relation to its Annual Business Plan.

The period of public consultation commenced on Wednesday, 1 July 2009, the day of the publication of notices in newspapers circulating within the Council area. **A public meeting was held on Tuesday, 21 July 2009** where written and verbal submissions were made by the community directly to the Council. The public forum was conducted as part of the normal monthly Council meeting.

**The public consultation period then formally concluded at the close of business on Wednesday, 22 July 2009.** Copies of this document are on Council's website at [www.light.sa.gov.au](http://www.light.sa.gov.au) and at Council's offices and libraries.

**A subsequent report and recommendations will be presented to Council at a Special Meeting to be held on Wednesday, 29 July 2009.**

## Glossary of Terms

### **Asset Sustainability Ratio**

Asset Sustainability Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its overall stock of assets is wearing out. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has a soundly based Infrastructure and Asset Management Plan, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the Budget) with the optimal level identified in the Plan.

### **Financial Assets**

Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses. Also, inventories and land held for resale are not regarded as financial assets.

### **Local Government Price Index (LGPI)**

The LGPI is a reliable and independent measure of the inflationary effect on price changes in the South Australian Local Government sector. It is developed by the Australian Bureau of Statistics (ABS) and updated quarterly. The index is similar in nature to the Consumer Price Index (CPI), however represents the movements of prices associated with the goods and services consumed by local government in South Australia as opposed to the basket of goods and services consumed by the 'average metropolitan household'. Unlike the CPI however, the LGPI is not an "official" ABS publication.

### **Net Financial Liabilities**

Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.

### **Net Financial Liabilities Ratio**

Net Financial Liabilities Ratio expresses Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio is falling over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.

### **Net Lending/(Borrowing)**

Net Lending/(Borrowing) equals Operating Surplus/(Deficit), less net outlays on non-financial assets. The Net Lending/(Borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget on an accrual basis. Achieving a zero result on the Net Lending / (Borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's revenues.

### **Non-financial or Physical Assets**

Non-financial or Physical Assets mean infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.

### **Operating Deficit**

Operating Deficit is where operating revenues less operating expenses is negative and operating income is therefore not sufficient to cover all operating expenses.

### **Operating Expenses**

Operating Expenses are operating expenses including depreciation but excluding losses on disposal or revaluation of non-financial assets.

***Operating Revenues***

Operating Revenues are operating revenues shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets, eg. from a developer. For ratios calculated where the denominator specified is total operating revenue or rate revenue, Natural Resource Management (NRM) levy revenue is excluded.

***Operating Surplus***

Operating Surplus is where operating revenues less operating expenses is positive and operating revenue is therefore sufficient to cover all operating expenses.

## General Information

### Grants Commission Statistics

From 1999/2000 until 2005/06 Council's share of the annual South Australian Local Government Grants Commission funds decreased. This trend changed in 2005/06 and since then has been slowly climbing although it has still not reached the level of funding which was received in the past (pre 2001). This means that Council's access to revenue streams outside of the annual rates bill is limited and therefore places extra burden on the area's reliance on council rates as its major source of income. What has helped in recent years is the additional amount of local road funding paid by the Federal Government to South Australian Councils in recognition of a funding inequity between the roads funding granted to the states.

The following information is provided:

Grant Type	2003/2004 Actual Allocation	2004/2005 Actual Allocation	2005/2006 Actual Allocation	2006/2007 Actual Allocation	2007/2008 Actual Allocation	2008/09 Actual Allocation	2009/10 Estimate
General Purpose Financial Assistance	\$201,419	\$183,607	\$194,988	\$206,195	\$218,992	\$242,802	\$251,350 <sup>1</sup>
Identified Local Road Entitlement	\$237,724	\$245,511	\$259,427	\$280,248	\$295,316	\$320,276	\$331,330
<b>Total Allocation</b>	<b>\$439,143</b>	<b>\$429,118</b>	<b>\$454,415</b>	<b>\$486,443</b>	<b>\$514,308</b>	<b>\$563,078</b>	<b>\$582,680</b>
Plus/(Less) adjustment on the previous year	\$2,537	(\$2,294)	2,275	\$518	\$1,464	\$6,274	0 <sup>3</sup>
Special Local Roads Program	-	-	-	\$394,000	\$346,000	-	\$0
Additional Local Road Funding (Formulae Grants)	-	\$39,916	\$85,493	\$128,062 <sup>2</sup>	\$134,951	\$144,542	\$151,400 <sup>2</sup>
<b>Total Grant</b>	<b>\$441,680</b>	<b>\$466,740</b>	<b>\$542,183</b>	<b>\$1,009,023</b>	<b>\$996,723</b>	<b>\$713,894</b>	<b>\$734,080</b>

\*<sup>1</sup> – General grant is estimated based on the understanding that Council is now receiving the minimum per capita grant, therefore as the population increases so does the grant received.

\*<sup>2</sup> – Estimated share of the extra road funding allocated to South Australia (\$26.25m) by the Federal Government over the three year period commencing 2004/2005. Program extended for 4 years from 2007/2008 financial year.

\*<sup>3</sup> – Annual adjustment of Council's grant income was not known at the time of printing this document, notification will be received in August 2008.

It is expected the General Purpose Grant, the Local Roads Grant and the Additional Local Road Funding will increase over the 2008/09 financial year figures. There will be no additional funding from the Special Local Roads Program.

### Other Grants Commission and Council Data

District Area		127,290 hectares
District Population	Estimated at 30 June 2003	11,390
	Estimated at 30 June 2004	11,711 + 2.8%
	Estimated at 30 June 2005	12,016 + 2.6%
	Estimated at 30 June 2006	12,846 + 6.9%
	Estimated at 30 June 2007	13,160 + 2.4%
	Estimated at 30 June 2008	13,318 + 1.2%

By population, Council is ranked above the population growth rate for the State, and by percentage increase ranks Council as one of the faster growing local government authorities in the State.

Road Length	Council has a total of <b>1,805 kilometres of road</b> within its area. Road types are:
	Sealed 160 kms
	Formed 1,306 kms
	Unformed 339 kms
	Council's road infrastructure can be further classified as:
	Sealed Roads in Built Up Areas 64 kms
	Sealed Roads in Non Built Up Areas 96 kms
	Unsealed Roads in Built Up Areas 29 kms
	Unsealed Roads in Non Built Up Areas 1,277 kms
	Unformed Roads 339 kms
Development Applications	The number of New Developments and Additions processed for the 2007/08 period was 684.

Other

Based on the level of general council rates generated for the 2008/09 financial year, **a 1% increase on general rates is equivalent to \$86,340 gained in general rate revenue.**

Staff Issues

At the time of preparing this Plan, Council employed the following full time, part time and casual staff (shown in terms of full time equivalent staff numbers, i.e. fte):

Department	Number of Employees at 30/6/2005 (fte)	Number of Employees at 30/6/2006 (fte)	Number of Employees at 30/6/2007 (fte)	Estimated Number of Employees at 30/6/2008 (fte)	Estimated Number of Employees at 24/6/2009 (fte)
Corporate Services (includes Executive staff)	14.5	17.2	14.2	17.8	21.3
Human Services (includes Libraries)	5.3	6.3	5.8	5.1	8.2
Environmental Services	8.7	10.3	10.0	10	11
Engineering and Infrastructure Services	20.9	18.1	17.0	26	26
<b>Total Staff</b>	<b>49.4</b>	<b>51.9</b>	<b>47.0</b>	<b>58.9</b>	<b>66.5</b>

Increases to salaries and wages are set through Enterprise Bargaining Agreements and Contracts.

## Assessment of 2008/09 Financial Year Objectives

In accordance with Clause 2 of Schedule 4 to the Local Government Act 1999, Council is required to measure its performance against the implementation of those activities by way of both financial or non-financial performance indicators and report on that performance outcome as part of its Annual Report to its constituency.

Council highlighted during the preparation of its 2008/2009 Annual Business Plan various activities by which it intended to measure its performance for the year. As, at that time the draft version of its 2008 to 2018 Strategic Management Plan was not yet adopted, Council presented with the 2008/2009 financial year Annual Business Plan two objective statements because of the transitional nature of the Strategic Management Plan at that time. What is presented below is a review of the major outcomes and highlights statement, as opposed to the more detailed review of that 'old' strategic plan.

During 2008/09 the following major Outcomes/Highlights were planned:

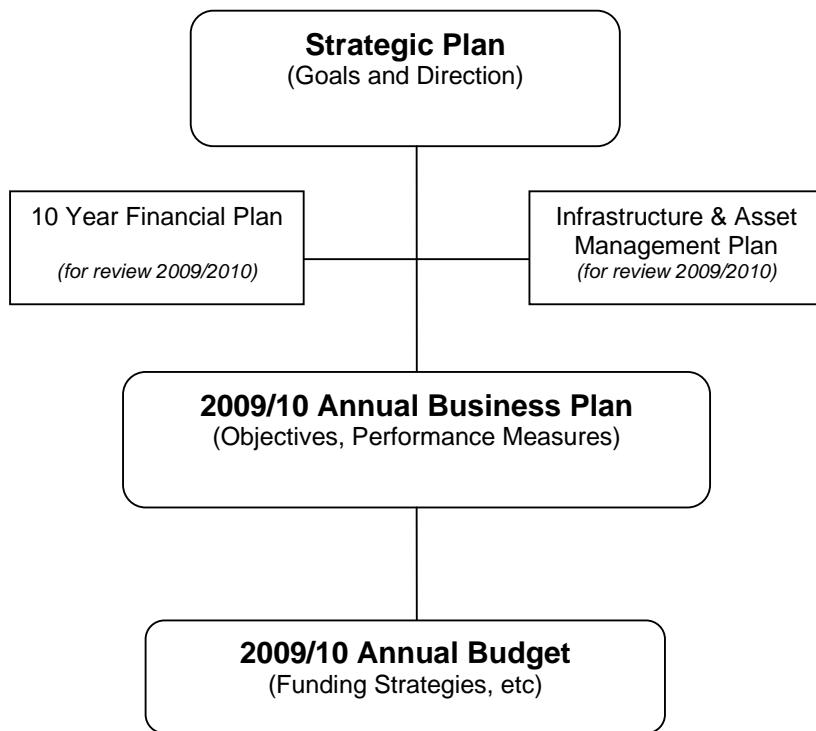
No.	Outcomes/Highlights	Status	Performance
1	Adoption of Council's 2008-2018 Strategic Plan.	Completed	The plan was adopted in August 2008 following a period of public consultation.
2	Adoption of Infrastructure & Assets Management Plan.	Completed	The plan was adopted in June 2009 following a period of public consultation.
3	Input into the Barossa Belt Regional Spatial Plan.	Completed	Council's input into the regional plan was undertaken with the plan providing input into the development of the State's 30 year strategy which Council understands will be released shortly for consultation.
4	Establishment of a Barossa Belt Regional Infrastructure & Assets Management Plan subject to external funding.	Commenced - Ongoing	Documents such as the Barossa Freight Transport Strategy already exist. Discussion is ongoing with neighbouring Councils and with groups such as the Wakefield Group of Councils.
5	Implementation of the Road works program; completion of any carried forward projects from 2007/08 and completion of the 2008/09 \$4.0M capital program.	Completed	The proposed 2008/2009 road program is anticipated to be completed by 30 June 2009. Projects that were carried forward from the 2007/2008 financial year as uncompleted works have been completed. Overall the value of the works is slightly above that originally budgeted.
6	Establishment of an Asset Rationalisation Fund of \$2.4m; setting aside \$1.0m for capital road works up to 2012/13 and the application of other monies towards community projects; during 2008/09 public toilets are to be constructed in Greenock, Kapunda, Freeling, Roseworthy and possibly Wasleys.	Completed	The Asset Rationalisation Fund has been established and is being utilised as planned. Construction projects such as the various public conveniences have been progressed to the point of commencing on-ground works in some cases, while other projects are planned for on-ground work to commence in the 2009/2010 financial year.
7	In partnership with the Department of Transport, Energy and Infrastructure (DTEI), complete Kapunda to Marrabel Road, and commence the Main North Road \$6.0m project and any proceeds from private works to be deposited into the Asset Rationalisation Fund.	Commenced - Ongoing	The project has commenced with DTEI anticipating completing the on-ground works in the 2009/2010 financial year. Interest obtained on invested funds also needs to be directed to roads and therefore an allocation reflecting that requirement will be made in the 2009/2010 budget. Kapunda to Marrabel Road work is complete.
8	Strictly monitor subdivisions under construction ensuring an appropriate asset handover process; subdivisions under construction include: Greenock, Freeling and Hewett. Further, it is noted that the CWMS upgrades for Kapunda will be undertaken during 2008/09.	Commenced - Ongoing	Processes have been implemented to ensure that staged sub-division developments by Council engineer with appropriate infrastructure testing occurring. Works must reach a desired standard level prior to Council agreeing to asset handover.  Major CWMS capital works projects are occurring (as yet not completed), however all projects have been commenced. The projected works will be completed in the 2009/2010 financial year.

No.	Outcomes/Highlights	Status	Performance
9	Finalise design and preparation of grant applications for the proposed Hewett Community Centre.	Completed	Design and Grant application lodged. Federal Government funding of \$4M awarded. Project construction to commence in the 2009/2010 financial year.
10	Undertake a Section 30 review dealing with such matters as: <ul style="list-style-type: none"> <li>• Spatial Planning (local and regional contexts)</li> <li>• Master Planning – Roseworthy</li> <li>• Paper Towns</li> <li>• Rural Living</li> </ul>	Completed	Section 30 review considered and adopted by Council
11	Undertake a holistic view of Dutton Park as a major regional recreation centre.	Commenced – Ongoing	Discussions commenced with Kapunda Harness Racing Club and with Dutton Park Management Committee. Further work required.
12	Establish, in conjunction with State Government, the PLEC/Main Street project at Greenock.	Commenced – Ongoing	Planning phase with Community Committee support and interaction occurring. Land purchase being pursued to add further value to the project.
13	Introduce a speedy 'DA' system for residential development in the new subdivisions.	Completed	New Development Act (State Government) regulations introduced in January 2009. Development and Environment Services Department provided with extra administration resource to help meet new development assessment timelines imposed under the legislative changes.
14	Prepare, under a new, simplified budget model, draft budgets for the financial years: <ul style="list-style-type: none"> <li>- 2009/10</li> <li>- 2010/11</li> <li>- 2011/12</li> </ul> Such draft budgets to align with Council's Strategic Plan and Infrastructure & Assets Management Plan.	Commenced - Ongoing	Process commenced with development of the 2009/2010 financial year budget. New Management Executive Reporting System (MES) is being implemented to streamline process. Management staff have provided detail on proposed 2010/2011 and 2011/2012 budgetary impacts which will be further developed following adoption of 2009/2010 budget and 2008/2009 end of year processes.

## Plan and Long Term Objectives

The key plan of a Council is its Strategic Management Plan, which identifies the objectives and future direction of Council. It also contains goals, strategies and performance indicators. Council adopted its new Strategic Management Plan covering the years 2008 to 2018 in August 2008.

Following is a diagrammatic representation of the connection between Council's Strategic Plan, Annual Business Plan and the Annual Budget.



Council's Vision and aspirations have been encapsulated in the statement "*A vibrant growing community to be supported by quality infrastructure, a sustainable environment and excellent services that meet everybody's needs and maintains our unique lifestyle*".

Ultimately though Council's key strategy for its community is to ensure its sustainability into the future. Part of achieving this goal will be to ensure that:

- Residential, Commercial and Industrial development already targeted for the region will be undertaken by developers that provide the community with quality infrastructure at minimal or no cost to Council's ratepayers.
- That appropriate plans are established to facilitate appropriate development in the region in collaboration with all levels of government, the private sector and the community.
- Quality infrastructure is provided taking into account the future growth of the area caused by projects undertaken by other levels of Government and the private sector, for example the duplication of the Sturt Highway from Gawler to Greenock, the Northern Expressway major road infrastructure development, and the development of the Kingsford Regional Industrial Park Master Plan and infrastructure.

- Priority infrastructure projects are undertaken that provide maximum long term benefits to the community both in terms of funds spent and achieving proactive outcomes.
- On creating appropriate physical infrastructure, establish programs that deliver improved social and cultural outcomes for the residents on the region.

The proposed 2009/2010 objectives are as follows:

## 2009/2010 Annual Objectives and Activities (including performance measures)

<b>Item</b>	<b>Operational Area</b>	<b>Objective</b>	<b>Measurable Outcome</b>	
			<b>Financial</b>	<b>Non-Financial</b>
<b>1</b>	<b>Infrastructure &amp; Works</b>	Maintenance Programs for all current items developed, refined and implemented.		Standards Developed and refined (if necessary).
<b>2</b>		Asset Management Plan standards developed.		Standards Developed and refined (if necessary).
<b>3</b>		"One System" Risk and OHSW developed and integrated into financial and asset plans	Budget allocations met.  Rebate obtained on Workers Compensation and Liability insurance schemes.	Standards and Policies Developed and refined (if necessary).  OHSW Committee practices reviewed.
<b>4</b>		Continue asset data collection project developing Conquest asset management system database	Budget allocations met.	Data and condition assessments completed as per project plan.
<b>5</b>		Land and Buildings asset standards developed.	Budget allocations met.	Standards and Policies Developed and refined (if necessary).  Data and condition assessments completed as per project plan.
<b>6</b>		Completion sealed roads 2009/2010 budget program.	Budget allocations met.	Projects completed on time and asset information updated to Conquest AMS
<b>7</b>		Contracts developed and let for material crushing and road construction	Budget allocations met.  Bulk savings on materials purchases achieved.	Appropriate legal agreements put in place securing supply.
<b>8</b>		Establish Memorandum of Understanding with DC Mallala regarding materials joint use arrangement	Budget allocations met.  Bulk savings on materials purchases achieved.	Appropriate legal agreements put in place securing supply.
<b>9</b>		Tenders issued and new Plant and Machinery purchased	Budget allocations met.  Reduction in plant and machinery operating costs.	Purchases undertaken in line with policy.  New machinery sourced.
<b>10</b>		Integrated systems development and strategies.		Partnership arrangements enhanced with suppliers.  Departmental practices and programs reviewed for efficiencies.
<b>11</b>		List of preferred contractors and suppliers developed		Partnership arrangements enhanced with suppliers who meet LGA OHSW and supply quality standards.
<b>12</b>		Development of Panel contracts and multiyear contracts	Budget allocations met, surety of succeeding year pricing.	Partnership arrangements enhanced with suppliers who meet LGA OHSW and supply quality standards.
<b>13</b>		Strategy devised for Hewett Footpath Contract	Budget allocation met in line with reserve funds available.	Provision paved footpaths in unpaved areas of Hewett suburb. Refurbishment of below standard pathways.

<b>Item</b>	<b>Operational Area</b>	<b>Objective</b>	<b>Measurable Outcome</b>	
14	<b>Development &amp; Environmental Services</b>	Development Plan/Building Rules Assessments (800 D/A's)	Development fee budgets met.	Compliance with DA application processing regulatory time frames.  Minimise DAP appeals
15		Land Division Assessments (50), Kingsford Regional Industrial Estate (KRIE) expected to come on line	Development fee budgets met.	Compliance with DA application processing regulatory time frames.  Minimise DAP appeals  Progression of KRIE in accordance development plan.
16		Expedite/streamline processes to align with Residential Code		Compliance with DA application processing regulatory time frames.
17		Continue to ensure development is adequately serviced with appropriate infrastructure (internal and external) which aligns with Council's I & AMP	Budget allocations met.	Progression of Developer Deeds of Agreement to ensure provision of quality infrastructure.
18		Develop up standards document with I & W & SPE		Communication processes enhanced inter-departmentally.  Infrastructure standards developed.
20		Handover processes – quality control check point		Standards and policy developed for developer compliancy audits by Council Engineer.
21		Expedite/streamline wastewater applications to align with Residential Code		Compliance with DA application processing regulatory time frames.
22	<b>Strategy and Project</b>	Roseworthy Master Planning (greater area including employment lands)	Budget allocations met.	Master Plan developed.  Public and Stakeholder Consultation undertaken.
23		Rural Living Development Plan Amendment	Budget allocations met.	Plan developed.  Public and Stakeholder Consultation undertaken.
24		Townships review (following Roseworthy Master Plan)	Budget allocations met.	Plan developed.  Public and Stakeholder Consultation undertaken.
25		Completion ARF Public Convenience Projects	Budget allocations met.	New public infrastructure opened and operational in Greenock, Kapunda, Freeling and Roseworthy.
26		Hewett Community Centre, complete planning phase and commence construction phase	Budget and Grant funding allocations met.	Final plans produced. On ground works commenced. Centre management agreements produced.
27		Local Area Traffic Management Plan Hewett Primary School locality		Plan developed.  Public and Stakeholder Consultation undertaken.
28		Completion Kapunda Car Park Strategy	Budget allocation met. Obtain funding partners.	Plan developed.  Public and Stakeholder Consultation undertaken.
29		Facilitate Storm Water solution at Kingsford Regional Industrial Estate		Plan developed.  Public and Stakeholder Consultation undertaken.

<b>Item</b>	<b>Operational Area</b>	<b>Objective</b>	<b>Measurable Outcome</b>	
30		Main Road Strategic Design Project (Roseworthy Staggered T, Seppeltsfield Road Remedial work, Argent Road West, Samuel Road (BAF))	Budget Allocations met.	Prepare project brief, concept design plans and scopes of work.  Appointment consultancies where needed.  Undertake stakeholder consultation.
31		Contract and Project Design In-house 2009/2010 sealed road projects	Budget Allocation met.	Prepare project brief, concept design plans and scopes of work for project delivery to I & W Dept..  Appointment consultancies where needed.  Undertake stakeholder consultation
32		Deliver Freeling Main Street project	Budget allocation met.	Manage project delivery.  Undertake stakeholder consultation and coordination.
33		Kapunda Mine Site Tourism Development Plan	Budget allocation met.	Plan developed.  Public and Stakeholder Consultation undertaken.
34		Better Development Plan Conversion DPA finalised	Budget allocation met.	Plan developed.  Public and Stakeholder Consultation undertaken.
35		Construct Explorer Parade speed humps at Hewett,	Budget allocation met.	Build proposed infrastructure.  Achieve community outcomes; speed reduction, complaint reduction, improve safe travel along Explorer Parade.
36		Finalise Park Range Estate Masterplan	Budget allocation met.	Plan developed.  Public and Stakeholder Consultation undertaken.  Project work scope developed and sub-divisional processes commenced.
37		Finalise concept Greenock Main Street project	Budget allocation met.  Obtain funding partners. PLEC contribution confirmed.	Plan developed.  Public and Stakeholder Consultation completed.  Project scope of works developed.
38		Complete CWMS capital works at Kapunda, Freeling and Greenock schemes.	Works achieved within budget (carry over from 2008/2009) allocations.	Complete construction Kapunda Waste Water Treatment Plant (WWTP) and Lagoons.  Refurbish Freeling lagoons.  Complete redevelopment of Greenock CWMS lagoons.
39		Complete redevelopment of Freeling Works Depot Admin Centre	Works achieved within budget allocations.  Funding sources confirmed.	Finalise scope of works.  Appoint construction company to build redevelopment.

<b>Item</b>	<b>Operational Area</b>	<b>Objective</b>	<b>Measurable Outcome</b>	
				Meet OHSW standards for staff housing.  Relocate I & W Dept. Administration staff from Hanson Street office to depot admin centre.
<b>40</b>		Prepare Wasleys Drainage Masterplan	Budget allocation met.	Plan developed.  Public and Stakeholder Consultation undertaken.
<b>41</b>		Consult on Freeling West DPA (developer funded DPA)		Plan developed.  Public and Stakeholder Consultation undertaken.
<b>42</b>		Finalise Kapunda (North East) Residential and Retirement Living DPA		Plan developed.  Public and Stakeholder Consultation undertaken.
<b>43</b>		Rollout Rural Addressing Program	Budget allocation met.	Roll out plan developed by project team.  Public and Stakeholder Consultation undertaken.  Commence installing new traffic control signage.
<b>44</b>		Sale former Kapunda Council Works Depot	Funding source achieved.  Sale managed with fee structure budgeted.	Estate agent appointed.  Property sold and proceeds transferred to Asset Rationalisation Fund.
<b>45</b>		Obtain external funding for Hewett Share Use Riverine Path Stages 2 and 3	Budget allocation met.  Grant funding received.	Improved pathway access along North Para River walking trial.  Improved consumer outcomes.
<b>46</b>		Major refurbishment Gomersal Road	Budget allocation met.  Grant and contribution funding received.	Road surface, barrier and signage improvements to Gomersal Road.  Improved road safety.  Recognition of arterial road status of State significance.
<b>47</b>	<b>Business &amp; Governance (Corporate Services)</b>	Completion 3 Year Budget - Concise	Pre-planning financial year activities.	Confirm financial relationship with Strategic Management Plan.  Develop forward planning techniques.  Review financing and debt strategies.
<b>48</b>		Completion updated 10 Year Long Term Financial Plan	Pre-planning financial year activities.	Confirm financial relationship with Strategic Management Plan.  Develop forward planning techniques.  Review financing and debt strategies.
<b>49</b>		Implementation Electronic Data Management System	Budget allocation met.	Update electronic records systems.  Implement systems to reduce flow of paper records.  Improve records flows between Council's offices.

<b>Item</b>	<b>Operational Area</b>	<b>Objective</b>	<b>Measurable Outcome</b>	
				Meet State Records standards for record keeping.
<b>50</b>		Development and Implementation of Asset Rationalisation Policy and Strategy	Replenishment of Asset Rationalisation Reserve Funds.	Development of policy and guidelines.  Review Council's built land and buildings stock.  Consultation with public and stakeholders.  Sell appropriate assets as identified
<b>51</b>		Completion Infrastructure and Asset Management Plan (Version 2)	Confirm funding requirement for asset maintenance and renewal.  Confirm depreciation rates of assets.	Complete Asset Revaluation project for infrastructure asset grouping.  Undertake Land and Buildings revaluation and condition assessment and update to Conquest AMS.  Complete revised IAMP for adoption by Council.
<b>52</b>		Development Corporate Financial Reporting System (MES)	Budget allocation met.	Enhancement of financial reporting tools.  Production of user friendly financial reports for the elected body, the public and staff.  Improved work flows and outcomes from Council's financial activities.
<b>53</b>		Development and Implementation of Communications and IT Strategy		Development and review of Council policy.  Development strategy.
<b>54</b>		Full Integration of Customer Relations Management System		Improved workflow and customer responsiveness.
<b>55</b>		Completion of and Implementation of LRC 10 year Library Services Strategy and LINK Group Strategic Plan	Budget Allocations met.	Development and review of Council policy.  Development strategy.  Improved consumer service provision and outcomes.
<b>56</b>		Develop revised Human Resource Management Performance and Evaluation tools		Development HR tools in line with revised Enterprise Workplace Agreements.  Maintenance of staff performance to achieve corporate objectives.

## Financial Requirements and Summary of Financial Statements

Council's estimated operating income and expenditure for the 2009/10 financial year is identified in the following graphs. Council rates and separate charges for this financial year are estimated to be \$11.4M. To obtain this level of funding Council will need to increase its general rate income by an inflation factor (4.2% – Local Government Price Index (LGPI) to 31 March 2009), account for new assessment growth (3.7%), and raise an extra 1.0% general rate revenue for infrastructure purposes, a total of 9.0% over the 2008/09 financial year.

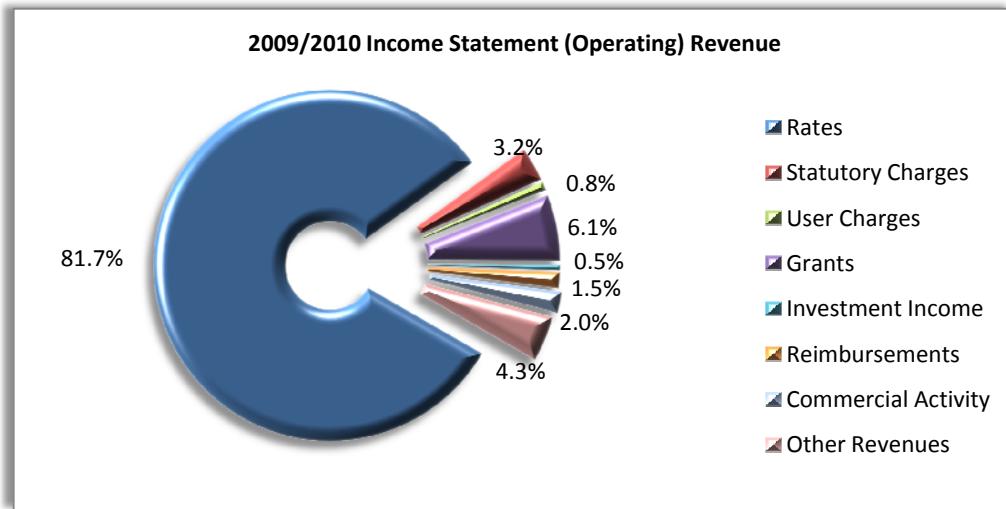
Loan borrowings of approximately \$1.9M are proposed. Council's infrastructure focus is maintained with a large capital renewal program planned at \$3.9M, inclusive of proposed major activities at Gomersal Road should grant funding be obtained.

Council has been maintaining an operating deficit for many years. This means that not enough revenue is earned to cover operating expenditure (including depreciation) and therefore creates reliance on receiving grants and other forms of income to cover maintenance of infrastructure etc. This 'other income' is normally not sufficient and leads to programs being deferred until funding allows. Long term, as part of its forward strategy, Council plans to decrease the operating deficit and become sustainable through its own revenue, in essence provided through development and maintaining controls on spending (refer to Council's Strategic Plan for the period 2008 to 2018).

The conflict arises where influences outside Council's control dictate unplanned resource requirements, for example the revised 'speedy' development plan application compliancy requirements. Council is also experiencing 'growing pains' in terms of the staff resourcing requirements needed to meet the challenges ahead.

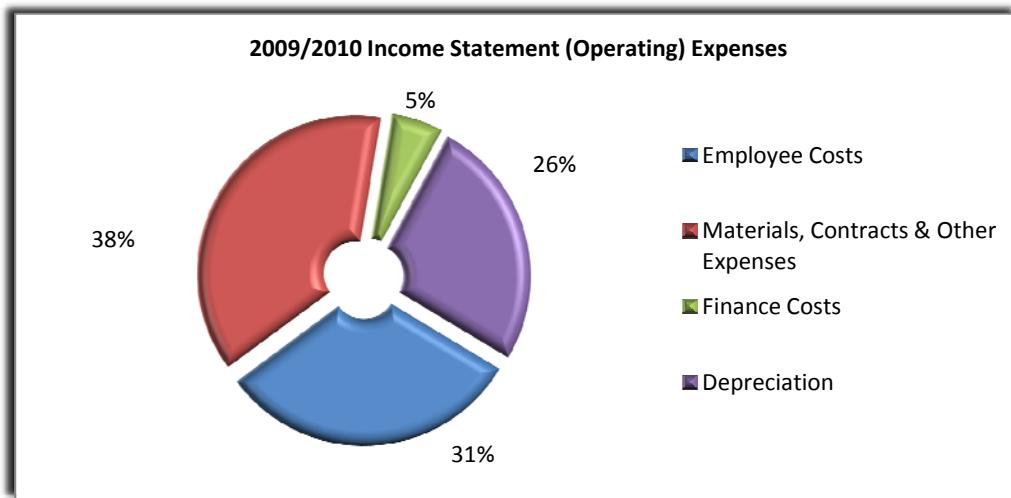
In Council's long-term financial plan it is evident that the operating deficit will be affected by the repayment of loan interest, and increased maintenance and staffing costs, but it also identifies a significant reduction to this operating deficit up to the end of 2012/13 when it becomes an operating surplus. Council intends to review its plan during this financial year to take account of the pressures being applied.

The following graph illustrates revenue received by type and is extracted from Council's proposed Income Statement for the 2009/2010 financial year.



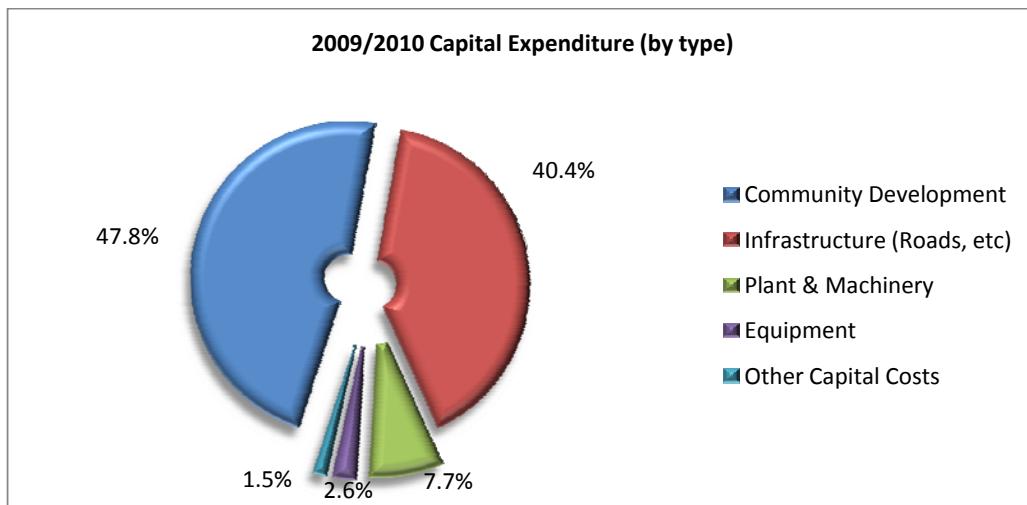
Rates account for 81.7% of Council's revenue followed by Grants and Subsidies at 6.1%. Council has a heavy reliance upon rate revenue in comparison to many regional councils.

The following graph illustrates expenditure allocated by type and is extracted from Council's long-term projection.



The major portion of Council's expenditure is allocated to Materials, Contracts and Other (38%) with Employee Costs requiring 31% of the Budget. Depreciation accounts for 26% of operational expenditure.

The following graph is representative of **capital expenditure** proposed by percentage of business activity.



Transport and Infrastructure is a main component at 40.4%. The development of the proposed community centre at Hewett will account for 47.8% of Council's proposed capital expenditure in the 2009/2010 financial year.

In brief the following table provides a brief overview of what is contained in Council's proposed capital budget;

Operational Area	Project	Expense	% of Budget
Community Development	Construct Community Centre at Hewett	\$4.61M	47.8%
Transport (Roads, etc)	Road construction at Jackman St, Plush St, Lyndoch Rd, Gomersal Rd (subject to grant funding), Seppeltsfield Rd, St Kitts West Rd and Tablelands Rd	\$3.90M	40.4%
	Ford reconstruction at Jenke Rd and Fords Rd		
	Footpath construction at various locations		
	Hewett bike track		
	Traffic Control - Signage		
Plant and Machinery		\$0.74M	7.7%
Equipment		\$0.25M	2.6%
Other		\$0.13M	1.5%
<b>Total Capital Expenditure</b>		<b>\$9.63M</b>	<b>100%</b>

The projected financial statements for the year ending 30 June 2010 follow.

### LIGHT REGIONAL COUNCIL

#### BUDGETED INCOME STATEMENT for the year ended 30 June 2010

	2010	MARCH REVIEW 2009
<b>REVENUES</b>		
Rates	11,452,500	10,455,350
Statutory charges	441,750	337,730
User charges	114,060	94,400
Other grants, subsidies and contributions	851,660	7,882,780
Investment Income	65,000	567,000
Reimbursements	214,240	318,060
Commercial activity revenue	278,530	270,930
Other Revenues	596,460	943,920
Share of profit - joint ventures and associates		-
<b>TOTAL REVENUES</b>	<b><u>14,014,200</u></b>	<b><u>20,870,170</u></b>
<b>EXPENSES</b>		
Employee Costs	4,853,525	4,437,820
Materials, contracts and other services	5,856,225	13,016,990
Finance Costs	821,020	962,610
Depreciation, Amortisation & Impairment	3,997,540	3,881,110
Designated Expenses	-	-
Share of loss - joint ventures & associates	-	-
<b>TOTAL EXPENSES</b>	<b><u>15,528,310</u></b>	<b><u>22,298,530</u></b>
<b>OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(1,514,110)</b>	<b>(1,428,360)</b>
Gain (loss) on disposal of assets		-
Amounts specifically for new or upgraded assets	5,833,330	2,298,010
Physical resources received free of charge		
<b>NET SURPLUS (DEFICIT)</b>	<b><u>4,319,220</u></b>	<b><u>869,650</u></b>

**LIGHT REGIONAL COUNCIL****BUDGETED BALANCE SHEET  
as at 30 June 2010**

	2010	MARCH REVIEW 2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	10,623,410	11,138,600
Trade & other receivables	1,220,660	1,220,660
Other Financial Assets	-	-
Inventories	55,890	55,890
	<u>11,899,960</u>	<u>12,415,150</u>
Non-current Assets held for Sale		
	<b>Total Current Assets</b>	<b>12,415,150</b>
	<b>11,899,960</b>	<b>12,415,150</b>
<b>Non-Current Assets</b>		
Financial Assets	124,690	124,690
Investments accounted for using the equity method	1,508,870	1,508,870
Investment Property	-	-
Property, Plant and Equipment	103,015,560	97,644,710
Other Non-current Assets	1,177,780	1,177,780
	<u>105,826,900</u>	<u>100,456,050</u>
	<b>Total Assets</b>	<b>112,871,200</b>
	<b>117,726,860</b>	<b>112,871,200</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	9,082,280	9,082,280
Borrowings	1,879,940	1,532,960
Short-term Provisions	199,650	199,650
Other Current Liabilities	-	-
	<u>11,161,870</u>	<u>10,814,890</u>
Liabilities relating to Non-current Assets held for Sale		
	<b>Total Current Liabilities</b>	<b>10,814,890</b>
	<b>11,161,870</b>	<b>10,814,890</b>
<b>Non-current Liabilities</b>		
Trade & Other Payables	-	-
Long-term Borrowings	13,460,980	13,271,520
Long-term Provisions	160,040	160,040
Other Non-current Liabilities	-	-
	<u>13,621,020</u>	<u>13,431,560</u>
	<b>Total Non-current Liabilities</b>	<b>24,246,450</b>
	<b>24,782,890</b>	<b>24,246,450</b>
<b>Total Liabilities</b>	<b>92,943,970</b>	<b>88,624,750</b>
<b>NET ASSETS</b>		
<b>EQUITY</b>		
Accumulated Surplus	17,038,571	10,739,140
Asset Revaluation Reserve	73,813,070	73,813,070
Other Reserves	2,092,330	4,072,540
	<u>92,943,970</u>	<u>88,624,750</u>
<b>TOTAL EQUITY</b>		

<b>LIGHT REGIONAL COUNCIL</b>		
<b>BUDGETED STATEMENT OF CHANGES IN EQUITY</b>		
<b>for the year ended 30 June 2010</b>		
	2010	MARCH REVIEW 2009
<b>ACCUMULATED SURPLUS</b>		
Balance at end of previous reporting period	10,739,140	<b>(891,130)</b>
Net Result for Year	4,319,220	869,650
Transfers To Other Reserves	<b>(1,023,480)</b>	<b>(1,761,140)</b>
Transfers from Other Reserves	3,003,690	12,521,760
Adjustment due to compliance with revised Accounting Standards	-	-
<b>Balance at end of period</b>	<b>17,038,571</b>	<b>10,739,140</b>
<b>ASSET REVALUATION RESERVE</b>		
Balance at end of previous reporting period	73,813,070	73,813,070
Revaluation increments / (decrements) in respect of infrastructure, property, plant & equipment	-	-
Adjustment due to compliance with revised Accounting Standards	-	-
<b>Balance at end of period</b>	<b>73,813,070</b>	<b>73,813,070</b>
<b>OTHER RESERVES</b>		
Balance at end of previous reporting period	4,072,540	14,833,160
Transfers from Accumulated Surplus	<b>(3,003,690)</b>	1,761,140
Transfers to Accumulated Surplus	1,023,480	<b>(12,521,760)</b>
<b>Balance at end of period</b>	<b>2,092,330</b>	<b>4,072,540</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>92,943,970</b>	<b>88,624,750</b>

**LIGHT REGIONAL COUNCIL****BUDGETED CASH FLOW STATEMENT**  
**for the year ended 30 June 2010**

	<b>MARCH REVIEW</b>	
	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Receipts</i>		
Investment income	65,000	567,000
Other operating revenues	13,949,200	20,303,170
<i>Payments</i>		
Finance Costs	(821,020)	(962,610)
Other payments	<u>(10,709,750)</u>	<u>(17,454,810)</u>
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>2,483,430</b>	<b>2,452,750</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<i>Receipts</i>		
Grants specifically for new or upgraded assets	5,833,330	2,298,010
Sale of replaced assets	270,500	320,840
Sale of surplus assets	-	-
Sale of investment property	-	-
Net disposal of available -for-sale Financial Assets	-	-
Sale of real estate developments	-	-
Repayments of loans by community groups	-	(1,020)
Distributions received from associated entities	-	-
<i>Payments</i>		
Expenditure on renewal/replacement of assets	(9,638,890)	(16,103,260)
Expenditure on new/upgraded assets	-	-
Purchase of Investment Property	-	-
Net purchase of available-for-sale Financial Assets	-	-
Development of real estate for sale	-	-
Loans made to community groups	-	-
Capital contributed to associated entities	-	-
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(3,535,060)</b>	<b>(13,485,430)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<i>Receipts</i>		
Proceeds from Borrowings	1,939,600	4,912,470
Proceeds from Aged Care Facility deposits	-	-
<i>Payments</i>		
Repayments of Borrowings	(1,403,160)	(1,531,640)
Repayment of Finance Lease Liabilities	-	-
Repayment of Aged Care Facility deposits	-	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>536,440</b>	<b>3,380,830</b>
<b>Net Increase (Decrease) in cash held</b>	<b>(515,190)</b>	<b>(7,651,850)</b>
Cash & cash equivalents at beginning of period	<b>11,138,600</b>	<b>18,790,450</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>10,623,410</b>	<b>11,138,600</b>

## LIGHT REGIONAL COUNCIL

### BUDGETED UNIFORM PRESENTATION OF FINANCES for the year ended 30 June 2010

	MARCH REVIEW	
	2010	2009
Operating Revenues	<b>14,014,200</b>	20,870,170
/less Operating Expenses	<b>(15,528,310)</b>	<b>(22,298,530)</b>
Operating Surplus / (Deficit) before Capital Amounts	<b>(1,514,110)</b>	<b>(1,428,360)</b>
 <b>/less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	<b>(496,700)</b>	<b>(489,200)</b>
/less Depreciation, Amortisation and Impairment	<b>3,997,540</b>	3,881,110
/less Proceeds from Sale of Replaced Assets	<b>270,500</b>	320,840
	<b>3,771,340</b>	3,712,750
 <b>/less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	<b>(9,142,190)</b>	<b>(15,614,060)</b>
/less Amounts received specifically for New and Upgraded Assets	<b>5,833,330</b>	2,298,010
/less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<b>-</b>	<b>-</b>
	<b>(3,308,860)</b>	<b>(13,316,050)</b>
 <b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>(1,051,630)</u></b>	<b><u>(11,031,660)</u></b>

## Rating Structure and Policy

### **Strategic Focus**

In proposing its rates for the 2009/2010 financial year Council has considered its Strategic Management Plan 2008 to 2018, the current economic climate, specific issues faced by the community, the draft budget requirements for the 2009/2010 financial year and the impact of rates on the community – in particular householders and primary producers.

The 'Light Regional Council Rating Review Advisory Committee', a Section 41 committee of Council, has continued to aid Council, with the review of rating and valuation data and formulating recommendations to Council in regard to setting rates for the year. An important part of the Committee's structure is its membership which comprises both Council nominated representatives and community representatives from the public arena.

Land use categories as provided in the Local Government (General) Regulations 1999 are used as the basis of Council's general rate calculation.

### **Method used to value land**

All land within a council area, except for land specifically exempt (eg. crown land, council occupied land), is rateable. Council has decided to continue to use capital value as the basis for valuing land within the council area. Council considers that this method of valuing land provides the fairest method of distributing the rates across all ratepayers.

Council will be adopting the valuations made by the Valuer-General and which are applicable for the financial year commencing 1 July 2009. 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 for the objection. Further contact details can be obtained from Council's Rates Assessment Officers on telephone (08) 8525 3200.

It is important to note that Council has no role in the valuation process.

### **Impact of Rates**

The following data provides information in regard to rate modelling done for the formulation of this Annual Business Plan and Budget.

Financial Year >>>	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010 (to 11/07/2009)	Change on Previous Year
Total Capital Valuation	\$2,076,224,580	\$2,137,758,500	\$2,214,602,460	<b>\$2,465,727,320</b>	<b>\$2,655,111,020</b>	+7.68%
Number of Rateable Assessments	6680	6791	6865	<b>7003</b>	<b>7263</b>	+3.71%
General Rate Revenue	\$7,204,101	\$7,617,970	\$8,031,369	<b>\$8,634,000</b>	<b>\$9,413,470</b>	+9.00%
Residential Rate in the \$	\$0.0034	\$0.003525	\$0.00357	<b>\$0.00343</b>	<b>\$0.00343</b>	-
Primary Production Rate in the \$	\$0.00272	\$0.00282	\$0.002856	<b>\$0.002744</b>	<b>\$0.002744</b>	-
Refuse Collection & Disposal Charge (including green waste)	\$143.10	\$165.40	\$196.80	<b>\$209.80</b>	<b>\$235</b>	+12.00%
Refuse Collection & Disposal Charge (not including green waste)				<b>\$140.75</b>	<b>\$149</b>	+5.86%
CWMS Charge (Example shown is for Kapunda System)	\$338	\$348	\$358	<b>\$368</b>	<b>\$368</b>	+0.00%
Freeling Sewer (Hanson Street North Estate)					<b>\$348</b>	-
Minimum Rate	\$550	\$570	\$580	<b>\$600</b>	<b>\$625</b>	+4.17%

**Differential General Rates**

Every resident benefits in some part from the general amenity of the council area, whether that is at the present time or in the future. The amenity includes the local economy, general council operations and the ability to use council facilities.

It is acknowledged that the system of council rates is in essence a system of taxation against property prescribed through the provisions of the Local Government Act 1999. However, Council has assessed that the level of differential rating imposed is governed in part by the ability to pay, the potential for income tax deductions and the perception of accessibility or useability of council services by the residents and consumers. To this end, Council has decided that:

**Commercial Properties**

Commercial properties generally have available to them, their employees and customers the same services as ratepayers. However, in most cases commercial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided.

**Industrial Properties**

Industrial properties generally have available to them, their employees and customers the same services as ratepayers. However, in most cases industrial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided, particularly where, for example, large amounts of raw or unrefined product is delivered to site for processing utilising Council's infrastructure.

**Primary Production Properties**

Primary Production properties tend to be more remote from some of the services provided by Council. In terms of infrastructure adjacent their properties they may not have sealed or formed roads, footpaths or street lighting. However they do have capacity to enjoy the formed roads, footpaths or street lighting. However they do have the capacity to enjoy the same level of amenity as other residents of the Council area. In addition, primary production properties have the potential for taxation benefits.

In addition Council raises income by way of separate charges for the Refuse Collection and Community Wastewater Management Systems, and acts as a collection agent on behalf of the State Government in regard to the collection of income for the Natural Resource Management Boards.

In the 2009/2010 budget, Council proposes to raise total rate related revenue of \$11,452,500 in a total operating revenue budget of \$14,014,200. Land Use is used as the factor to apply differential rates. If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then they may object (to Council) to that land use within 60 days of being notified. A ratepayer may discuss the matter with Council's Rates Assessment Officers, on (08) 8525 3200 in the first instance. Objections may be lodged for land use attributed to property for the purposes of raising council rates. Council will then undertake a system of review.

**Minimum Rate**

A Council may impose a minimum amount payable by way of rates, provided that it has not imposed a fixed charge. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

In 2009/2010 Council proposes to impose a minimum rate of \$625 which will affect 1,278 (17.6%) rateable properties. 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.

**Natural Resource Management Board Levies**

For the 2008/2009 financial year, Council was located within the boundaries of three Natural Resource Management Board areas; however Council was only required to fund the

operations of the Adelaide and Mount Lofty Ranges Natural Resource Management Board and the Northern and Yorke Peninsula Natural Resources Management Board.

From the 2009/2010 financial year the whole of the Council area will be located within the boundaries of the Adelaide and Mount Lofty Ranges Natural Resource Management Board. Contributions are sought in 2009/2010 totalling \$234,570.

Council is operating as a revenue collector for the Natural Resource Management Boards in this regard. It does not retain this revenue or determine how the revenue is spent.

#### **Service Charges**

Council provides a Community Wastewater Management System to residential and commercial properties in Kapunda, Freeling, Greenock and Roseworthy. The full cost of operating and maintaining this service for the 2009/2010 financial year is budgeted to be \$833,850. Council recovered this cost through various means including the imposition of a service charge of \$348 per unit for Freeling Hanson Street North Estate and \$368 per unit for all other properties where the service is available. Where the service is provided to non-rateable land, a service charge is levied against the land.

The Council also provides a refuse collection service inclusive of recycling collections within the townships of Kapunda, Freeling, Hewett, Greenock, Roseworthy and Wasleys. The service is also provided to those ratepayers in Council's area that are able to access the service along the designated collection routes. The full cost of operating and maintaining this service for 2009/2010 is budgeted to be \$912,440. Council proposes to recover this cost through the impost of a service charge of \$235 for each property for which the service is utilised (inclusive of green organics collection); and through the impost of a service charge of \$149 for each property for which the service is utilised (exclusive of green organics collection). Where the service is provided to non-rateable land, a service charge is levied against the land.

#### **Rate Concessions**

The State Government funds (and administers) a variety of concessions on Council rates. Eligible pensioners may be entitled to a rebate on Council rates, water rates and CWMS (formerly STEDS) charges where applicable. Application forms, which include information on the concessions, are available from Council's offices, or by telephoning Council's Rates Assessment Officers, on (08) 8525 3200. Concessions are only available on the principal place of residence.

#### **Self Funded Retiree Concession**

This concession has been available from 1 July 2001 and is administered by Revenue SA. A self-funded retiree, currently holding a State Seniors Card, may be eligible for a concession toward Council Rates. In the case of couples, both must qualify, or if only one holds a State Senior's Card, the other must not be in paid employment for more than 20 hours per week. Further information can be obtained from the Revenue SA Call Centre on 1300 366 150.

#### **Unemployed Persons Concessions**

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

#### **Payment of Rates**

Under Section 181 of the Local Government Act 1999, Council must provide the opportunity for all ratepayers to pay rates by quarterly instalments. Council payment dates proposed in the 2009/2010 financial year will be 18 September 2009, 11 December 2009, 12 March 2010 and 11 June 2010.

#### **Late Payment of Rates**

The Local Government Act 1999 provides that Councils impose an initial penalty of 2% on any payment for rates, whether by instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Council allows a further three working days

after the due date for payment as a grace period. Thereafter late payment penalties are applied in accordance with the Local Government Act 1999.

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 will refer the debt to their debt collection agency for collection. The debt collection agency charges collection fees that are recoverable from the ratepayer. All costs incurred by Council in the recovery of outstanding rates and fines are payable by the ratepayer.

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

- firstly – in payment of any costs awarded to, or recoverable by, the Council in any court proceedings undertaken by the Council for the recovery of the rates;
- secondly – in satisfaction for any liability for interest;
- thirdly – in payment of any fine;
- fourthly – in satisfaction of liabilities for rates in the order in which those liabilities arose in payment of rates, in date order of their imposition (starting with the oldest account first).

#### **Remission and Postponement of Rates**

##### **Postponement or Rates - Hardship**

Section 182 of the Local Government Act 1999 permits Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates they are invited to contact Council's Rates Assessment Officers, on (08) 8525 3200 to discuss the matter. Such enquiries are treated confidentially by Council.

##### **Seniors Rate Postponement**

Section 182A of the Local Government Act provides the option for State Senior Card holders to apply to postpone part of their council rates on a long term basis. The deferred amount is subject to monthly interest charge, with the accrued debt being payable on the disposal or sale of the property. Postponement is similar to a reverse mortgage by relying on the equity in the property. A ratepayer who has a State Seniors Card may apply for postponement of a portion of the council rates payable on property they own if it is their principal place of residence and if no other person other than their spouse has an interest as owner of the property and there is appropriate equity in the property. Further information can be obtained from Council's Rates Assessment Officers on telephone (08) 8525 3200.

##### **Rebate of Rates**

The Local Government Act 1999 requires Councils to rebate the rates payable for certain land uses. This includes 100% rate rebates granted on Places of Worship, Public Cemeteries, Hospitals and land occupied by Universities, and 75% rate rebates have been granted on Educational facilities (subject to some qualifications).

Discretionary rebates may be applied by the Council under Section 166 of the Act. Council annually considers many applications for rate rebates and has in the past, and is again for the 2009/2010 financial year, proposing to rebate rates charged to various district community and sporting organisations.

##### **Sale of Land for Non-Payment of Council Rates**

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 principal ratepayer and the owner (if not the same person) of the land of its intention to sell the land and provide the owner with details of the outstanding amounts. If payment of the outstanding amount is not received within one month the property may be sold. Except in extraordinary circumstances, the Council enforces the sale of land for arrears of rates.

##### **Disclaimer**

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

## Financial Impacts of Infrastructure Management

Council has previously adopted the following key financial targets:

### Indicator 1 – Operating Surplus

Long Term, to achieve a zero operating surplus by 30 June 2012.

Short Term, to reduce the overall gap between operational revenue and operational expenses by between \$200,000 and \$300,000 net of any changes in depreciation (all in comparison to the 2008/09 financial year figures) as a minimum for the 2009/10 financial year and without the budget strategies proposed having an adverse impact on the underlying operating result or achievement of targets for other financial indicators proposed by way of this resolution in future years. This annual business plan and budget unfortunately does not meet this indicator in its current form.

### Indicator 2 – Operating Surplus Ratio

Long Term, to achieve a zero percent operating surplus ratio by 30 June 2012.

Short Term, improve (reduce) the indicator by 10%, which is a ratio of -20% or less by 30 June 2008. See above commentary for indicator 1.

### Indicator 3 – Net Financial Liabilities

Long Term, be no greater than its annual operating revenue and not less than zero.

### Indicator 4 – Net Financial Liabilities Ratio

Long Term, the ratio is greater than zero but less than 100% of total operating revenue.

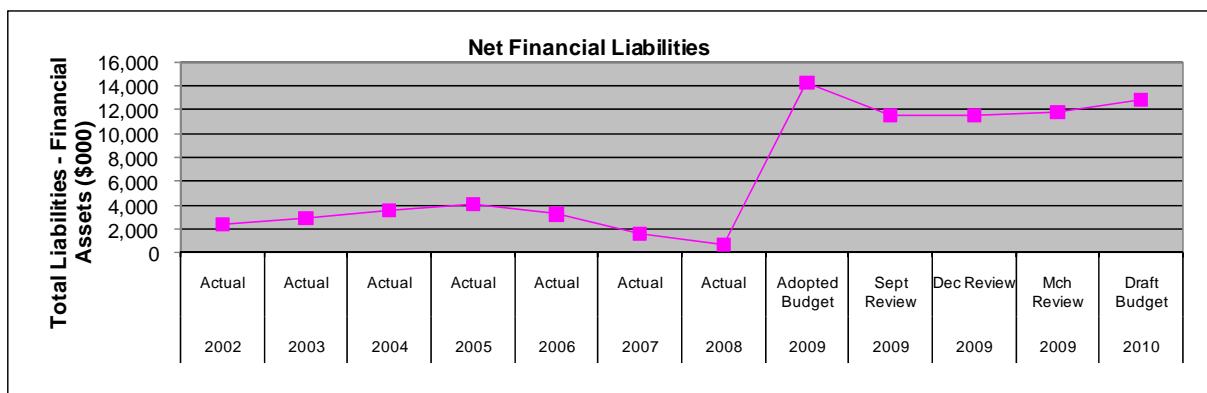
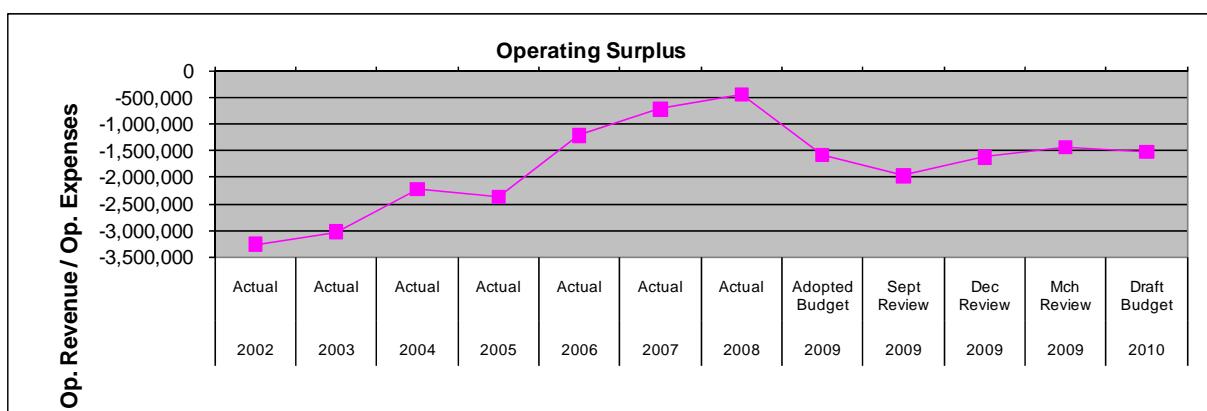
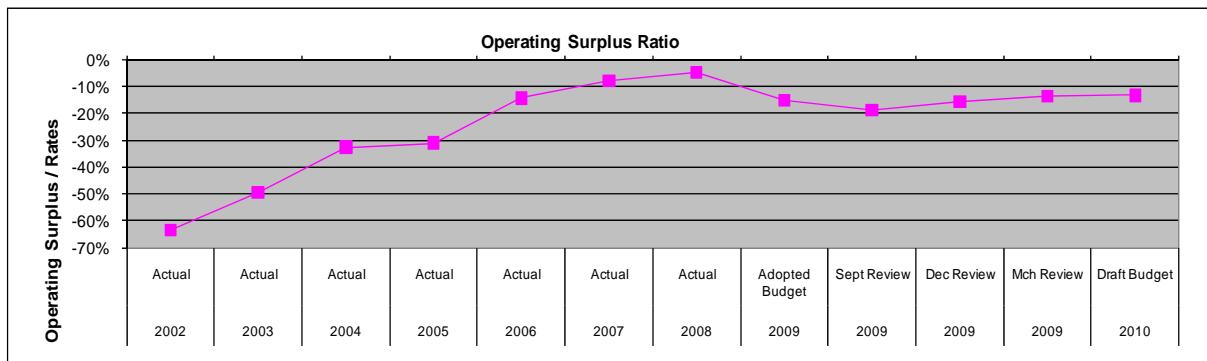
### Indicator 5 – Interest Cover Ratio

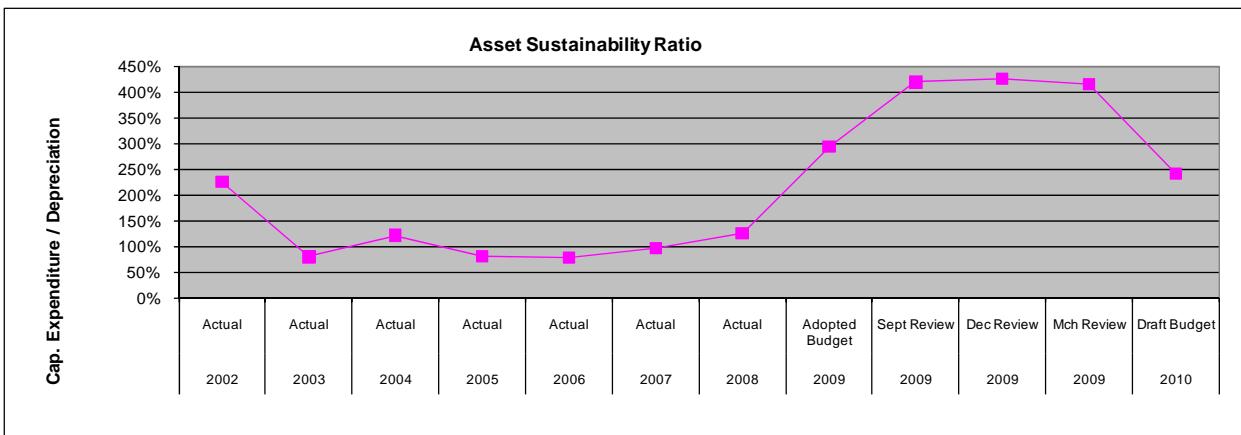
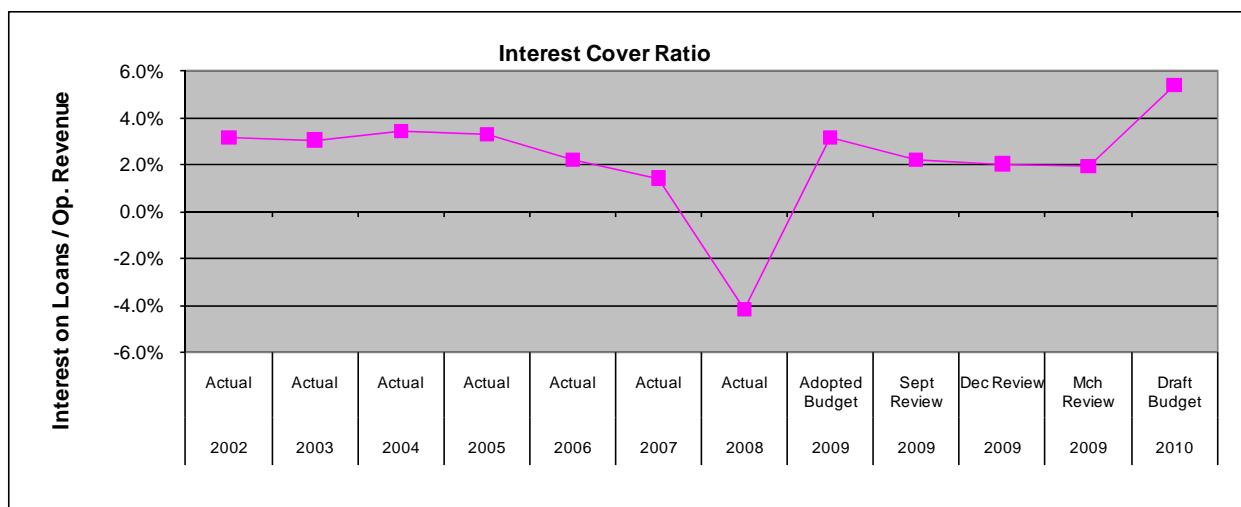
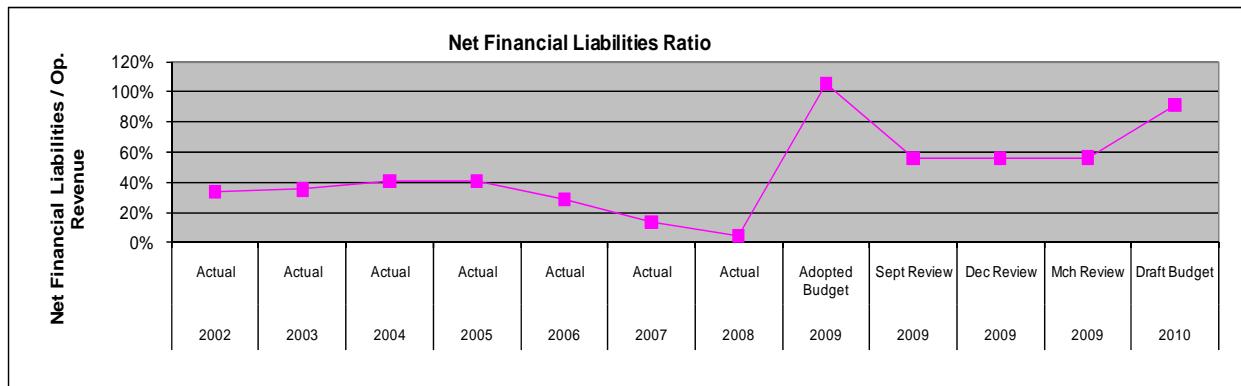
Long Term, the ratio should be less than 10% of operating revenue.

### Indicator 6 – Asset Sustainability Ratio

Long Term, that Council's outlays on renewing/replacing assets be equal to or better than the rate of annual depreciation of assets over a rolling three year period.

Short Term, that Council aim to increase this ratio by 10% per annum for the next three financial years. This goal was reconfirmed as above for 2009/2010 year.





*Commentary on Financial Impacts*

Council's proposed budget deficit in 2009/10 is the result of operating expenses of \$15.5m funded by operating income of \$14.0m. Furthermore, rate revenue budgeted was to the value of approximately \$11.4m.

Council's budgeted balance sheet displays net assets of approximately \$92m which included capital works of \$9.6m funded by a combination of rate revenue, developer contributions and loan funds. Council has budgeted to borrow \$1.9 million for its regular annual capital expenditure program.

*Commentary on Financial Indicators*

Indicators 1 and 2 - Council will not meet its target reduction to the operating deficit in 2009/2010. As a consequence, Council's Strategic and Long Term Financial Plans are to be reviewed during the 2009/2010 financial year.

Indicators 3 and 4 - Net Financial Liabilities shows an amount of approximately \$12.8 million. This equates to a Net Financial Liabilities Ratio of 91.4% which essentially is due to a continued reliance on increased loan borrowings. Furthermore, Council has budgeted to use an amount of its financial assets (reserve funds and cash holdings) to carry out its operating and capital expenditure, also affecting this indicator. The indicator is slightly below the target upper limit set by the Audit Committee of being equal to or less than the value of operating revenue.

Indicator 5 - Interest Cover Ratio, shows that Council has budgeted to use 5.4% of its operating revenue (less investment income and commercial activities income) in paying interest on its loans. The target set by Council's Audit Committee for this indicator is less than 10% of the operating revenue, which is comfortably achieved.

Indicator 6 - Asset Sustainability Ratio, shows that Council has budgeted to outlay an amount on renewing and replacing assets which is 2.4 times that of its annual budgeted depreciation of \$3.99 million. The target set by Council's Audit Committee was that Council outlay an amount equal to or better than the rate of annual depreciation and in the short term this ratio be increased by 10% per annum. A revaluation of the infrastructure group of assets has been undertaken as at 30 June 2009. Any adjustments for depreciation as budgeted will be made at the September 2009 budget revision.

## Summary Table of Income and Expenditure

The following Table provides the split of Council's proposed budget activities by the net impact on rating. In terms of revenue raised and expenses outlaid for the 2009/2010 financial year, net of depreciation, Council proposes to adopt a balanced cash budget, however in terms of its draft Income Statement, Council is forecasting an operating deficit.

Division	09/10 Budget Total
01 - CEO's Office	368,310
02 - Occupational Health Safety and Welfare	29,180
03 - Regional Development	45,570
05 - Commercial Activities (excl. Tourist Park) - Other	-620
06 - Elected Members	237,420
07 - Libraries	674,510
08 - Tourism	87,320
09 - Commercial Activities - Tourist Park	6,860
10 - Disability and Aged Care Services	2,040
11 - Home and Community Care	10,840
12 - Youth Services	9,470
13 - Community Assistance and Events	210,010
14 - Crime Prevention	1,200
15 - Deputy Chief Executive Officer's Office	338,000
16 - Finance and Accounting	204,970
17 - Human Resources	30,710
18 - Contract Management	41,060
19 - Customer Services	88,390
20 - Information Technology	337,430
21 - Administration	17,560
22 - Rating and Property	-10,469,550
23 - Records Management	16,210
24 - Cultural Services	6,160
26 - Passive Reserves	671,770
27 - Public Conveniences	56,330
29 - Sporting Complexes	219,650
30 - Halls and Institutes	184,900
32 - Street Lighting	183,130
33 - Streetscaping	11,430
35 - Cemeteries	101,340
36 - Quarries	12,390
37 - Aerodromes	240
38 - Roads	1,806,930
39 - Bridges	40,080
40 - Stormwater Drainage	199,230
42 - Plant Operations	-128,800
43 - Indirect Allocations	73,820
44 - Waste Management Station - Kapunda	109,660
45 - Waste Management Station - Roseworthy	6,710
46 - Waste Collection	402,140
47 - Recycling	424,940
48 - Wetlands - Freeling	7,320
49 - Wetlands - Hewett	16,510
50 - CWMS	819,410
51 - Fire Prevention	25,460
52 - Fire Protection	2,570
53 - Dog Control	109,410
54 - By-Laws	25,280
56 - Environmental Health	159,390

<b>Division</b>	<b>09/10 Budget Total</b>
57 - Development Assessment	867,990
58 - Strategy and Project Planning	1,008,580
59 - Planning Policy	258,570
<b>Total</b>	<b>-570</b>

## Loan Principal Repayments

Council as part of its financing strategy, finances capital expenditure by way of loan funds. The funds are procured from the Local Government Finance Authority of South Australia in the main with other loan funds being provided by state and federal government for specific projects.

The following loan schedule provides the forecasted principal repayments and purpose of funding.

2008/09 \$	LOAN PRINCIPAL REPAYMENTS			Appendix A	2009/10 \$
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*Council as part of its financing strategy, finances capital works by way of loan funds. The funds are taken out with the Local Government Finance Authority of South Australia in the main with other loan funds being provided by state and federal government for specific*

*The following loan schedule provides the forecasted principal repayments and purpose of funding.*

Principal Paid 2008/09 \$	Deb. No.	Purpose	Last Payment Date	Principal Sum \$	Interest Rate %	Principal Paid 2009/10 \$
24,010	4	Sealed Roads (formerly Hewett Hall)	17/02/2017	450,000	8.25	25,720
2,670	4	Sealed Roads (formerly Hewett Other Facilities)	17/02/2017	50,000	8.25	2,860
28,580	15	Formed and Surfaced Roads 1998/99	15/04/2009	219,210	6.35	0
36,610	16	Sealed Roads 1998/99	15/04/2009	280,790	6.35	0
63,270	17	Formed Roads 1999/2000	17/01/2010	500,000	7.50	68,110
36,950	18	Construct 8 Cabins – Dutton Park	17/01/2010	292,000	7.50	39,770
1,260	19	Re-Surface Dutton Park Tennis Courts	15/06/2010	10,000	7.40	1,360
12,870	20	Dutton Park Water Line	15/06/2010	102,000	7.40	13,840
34,070	21	Dutton Park Beautification Lake	15/06/2010	270,000	7.40	36,640
47,400	22	Sealed Roads 2000/01	15/09/2010	390,000	7.35	50,950
105,750	22	Formed Roads 2000/01	15/09/2010	870,000	7.35	113,660
29,170	22	Stormwater 2000/01	15/09/2010	240,000	7.35	31,360
11,230	23	Kapunda Golf Course	15/12/2010	170,000	6.95	12,020
5,870	24	Greenock CWMS Pump	15/06/2011	50,650	6.70	6,270
8,130	27	Office Equipment 2001/02	15/03/2012	75,000	6.65	8,680
18,430	27	Stormwater Drainage 2001/02	15/03/2012	170,000	6.65	19,670
5,420	27	Public Conveniences 2001/02	15/03/2012	50,000	6.65	5,790
5,420	27	Halls 2001/02	15/03/2012	50,000	6.65	5,790
43,350	27	Formed Roads 2001/02	15/03/2012	400,000	6.65	46,280
4,880	27	Traffic Control 2001/02	15/03/2012	45,000	6.65	5,210
11,920	27	Bridges 2001/02	15/03/2012	110,000	6.65	12,730
4,340	27	Footpaths 2001/02	15/03/2012	40,000	6.65	4,630
6,500	27	Major Plant 2001/02	15/03/2012	60,000	6.65	6,940
12,090	28	Kapunda CWMS Lagoon Walls	15/03/2012	111,490	6.65	12,900
5,960	28	Greenock CWMS Lagoon Walls	15/03/2012	55,000	6.65	6,360
24,400	29	Gawler River Infrastructure	15/03/2012	225,000	6.70	26,060
1,080	30	Wasleys Netball / Tennis Courts	15/03/2012	10,000	6.65	1,160
1,730	31	Records Management 2002/03	17/03/2013	17,000	5.67	1,830
3,020	31	Kapunda WM Station 2002/03	17/03/2013	29,750	5.67	3,200
4,090	31	Roseworthy WM Station 2002/03	17/03/2013	40,250	5.67	4,330
2,640	31	Stormwater 2002/03	17/03/2013	26,040	5.67	2,790
2,640	31	Cemeteries 2002/03	17/03/2013	26,000	5.67	2,790

Principal Paid 2008/09 \$	Deb. No.	Purpose	Last Payment Date	Principal Sum \$	Interest Rate %	Principal Paid 2009/10 \$
14,660	31	Street Lighting 2002/03	17/03/2013	144,500	5.67	15,500
2,030	31	Public Venues 2002/03	17/03/2013	20,000	5.67	2,150
30,200	31	Sealed Roads 2002/03	17/03/2013	297,440	5.67	31,930
48,830	31	Formed Roads 2002/03	17/03/2013	481,020	5.67	51,640
1,020	31	Bridges 2002/03	17/03/2013	10,000	5.67	1,070
1,020	31	Footpaths 2002/03	17/03/2013	10,000	5.67	1,070
20,100	31	Machinery Operating 2002/03	17/03/2013	198,000	5.67	21,260
1,900	32	Public Venues 2003/04	15/01/2014	20,000	6.90	2,030
2,900	32	Kapunda W.M. Station 2003/04	15/01/2014	30,570	6.90	3,100
7,630	32	Street Lighting 2003/04	15/01/2014	80,500	6.90	8,170
30,160	32	Sealed Roads 2003/04	15/01/2014	318,000	6.90	32,280
46,820	32	Formed Roads 2003/04	15/01/2014	493,600	6.90	50,110
9,490	32	Bridges 2003/04	15/01/2014	100,000	6.90	10,150
4,230	32	Kapunda STEDS 2003/04	15/01/2014	44,580	6.90	4,530
11,170	32	Stormwater 2003/04	15/01/2014	117,750	6.90	11,950
27,980	32	Machinery Operating 2003/04	15/01/2014	295,000	6.90	29,950
9,510	33	North Para Linear Park Stage 3	15/05/2014	100,000	6.65	10,150
22,490	34	Stormwater 2004/05	17/01/2015	250,000	6.15	23,890
31,480	34	Sealed Roads 2004/05	17/01/2015	350,000	6.15	33,450
58,460	34	Formed Roads 2004/05	17/01/2015	650,000	6.15	62,120
22,490	34	Machinery Operating 2004/05	17/01/2015	250,000	6.15	23,890
1,800	34	Kapunda SM Hall 2004/05	17/01/2015	20,000	6.15	1,910
850	35	Freeling Office 2005/06	15/02/2016	10,000	6.15	900
1,690	35	Kapunda SM Hall 2005/06	15/02/2016	20,000	6.15	1,800
1,310	35	Davidson Reserve 2005/06	15/02/2016	15,500	6.15	1,390
850	35	Kapunda Swimming Pool 2005/06	15/02/2016	10,000	6.15	900
11,850	35	Street Lighting 2005/06	15/02/2016	140,000	6.15	12,590
5,930	35	Streetscaping 2005/06	15/02/2016	70,000	6.15	6,300
17,780	35	Stormwater 2005/06	15/02/2016	210,000	6.15	18,890
4,230	35	Bridges 2005/06	15/02/2016	50,000	6.15	4,490
18,950	35	Sealed Roads 2005/06	15/02/2016	223,800	6.15	20,130
51,390	35	Formed Roads 2005/06	15/02/2016	607,000	6.15	54,600
9,620	35	Traffic Control 2005/06	15/02/2016	113,700	6.15	10,230
27,160	36	Recycling - Green Waste Collection	15/03/2012	94,000	6.15	29,050
7,710	37	2006/07 Tourist Leisure Park	15/02/2017	\$100,000	6.99	8,260
3,090	37	2006/07 Freeling Office	15/02/2017	\$ 40,000	6.99	3,300
770	37	2006/07 Davidson Reserve	15/02/2017	\$ 10,000	6.99	830
1,160	37	2006/07 Cemetery - Kapunda	15/02/2017	\$ 15,000	6.99	1,240
9,560	37	2006/07 Stormwater	15/02/2017	\$124,030	6.99	10,240
2,630	37	2006/07 Sealed Roads	15/02/2017	\$ 34,090	6.99	2,810
61,480	37	2006/07 Formed Roads	15/02/2017	\$797,290	6.99	65,860
3,860	37	2006/07 Footpaths	15/02/2017	\$ 50,000	6.99	4,130
1,540	37	2006/07 Kapunda Waste Management Station	15/02/2017	\$ 20,000	6.99	1,650
86,700	38	2007/08 Sealed Roads Accelerated Capital Works	15/04/2018	1,250,000	7.75	93,550
86,700	38	2007/08 Formed Roads Accelerated Capital Works	15/04/2018	1,250,000	7.75	93,550
104,030	39	2007/08 Formed Roads	15/04/2018	1,500,000	7.75	112,260
<b>1,532,960</b>		<b>Total</b>				<b>1,570,950</b>