

# **District Council of Orroroo Carrieton**



DISTRICT COUNCIL OF  
**ORROO/CARRIETON**  
Southern Flinders Ranges • Established 1997

## **ANNUAL BUSINESS PLAN AND BUDGET**

**2018-19**

**ADOPTED 11 JULY 2018**

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## 1. Introduction

The Council during the 2016/2017 year adopted a 5 Year Strategic and Community Plan and integrated Long Term Financial Management and Asset Management Plan. These draft Plans form the basis of the Annual Business Plan and Budget for the 2018-19 Year.

## 2. District Profile

The District Council of Orroroo Carrieton is located in the mid north of South Australia, approximately 3 hours' drive north of Adelaide and is one hour east of the regional centre of Port Augusta. The District covers an area of 3,300 square km's with a population of 861 people and 1,325 rateable properties. The District is serviced by 1,628km of Council road network, with a majority of roads being unsealed.

The District has two major towns Orroroo and Carrieton with smaller historical locations of Eurelia, Black Rock, Yatina, Pekina, Morchard, Johnburgh and Belton and is situated at the base of the Flinders Ranges. The area is a popular tourism destination for visitors as it has the unique charm and heritage of the 1880's farm settlements.

Orroroo has a range of services that include major hospital health care and professional services, secondary and primary schools, aged care facilities, a variety of community and culture associations, and sporting facilities/clubs that are well supported and extremely competitive.



Location of District Council of Orroroo Carrieton

### **3. Key Strategic Principles, Functional Areas, Functional Objectives and Projects**

#### **3.1 Key Strategic Principles**

The following are the Key Strategic Principles established by Council in the Strategic and Community Plan 2017 – 2022 that provide the basis for all Council activities and projects.

##### **1. Economic and Tourism**

- 1.1 Continued provision of infrastructure to support the agricultural sector, business operations and community needs
- 1.2 Encourage, support, facilitate and partner to ensure residential, industrial, business and commercial development to achieve growth outcomes
- 1.3 Provision of infrastructure to support tourism and economic development initiatives and investment

##### **2. Social and Community**

- 2.1 Support community organisations and events to ensure sustainability and good governance, and maintain local history and heritage
- 2.2 Maintain infrastructure, facilities and services to ensure and support accessibility to essential services and community living options that support community well being
- 2.3 Stabilise and increase population and employment by encouraging business investment and growth; maintaining and developing essential services, and developing and prompting affordable residential living

##### **3. Environmental**

- 3.1 Reduced environmental impact and preservation of natural environment via energy efficiency strategies, hazard reduction and sound environmental policies and practices
- 3.2 Improved waste management, recycling and reuse practices in accordance with Legislative requirements and Government targets
- 3.3 Increase infrastructure to maximise and increase efficiency of stormwater harvesting and reuse

##### **4. Governance, Finance and Advocacy**

- 4.1 Achieve and maintain long term financial sustainability by implementing sound financial management policies, controls, reporting and management plans, and timely asset replacement
- 4.2 Achieve and maintain legislative compliance via sound policy and procedures
- 4.3 Ensure sound governance, leadership, advocacy and organisational development via sound and researched decision making, policies and procedures; training and development, and WHS and risk management

### 3.2 Strategic Functional Areas

The following are the Strategic functional areas that integrate the Strategic and Community Plan with the Annual Business Plan.

The following summarises each functional area:

<b>Functional Area</b>	<b>Functional Responsibilities</b>
<b>Governance, Finance and Asset Management</b>	Governance, Administration, Financial Management, Asset Management, WHS & Risk Management, Rates, Elected Members, Council Office and Buildings, Local Government Associations – Membership and Services, Grants Commission
<b>Infrastructure and Services</b>	Roads, Footpaths, Stormwater Management, Aerodromes, Private Works, Plant and Machinery, Works Depot, Roads Funding – Roads to Recovery
<b>Tourism and Economic Development</b>	Tourism, Visitor Information, Economic Development
<b>Social and Community</b>	Retirement Living, Transport Services, Community Events, Community Organisations, Cemeteries, Public Conveniences, Community Grants, Goyder’s Line Gazette
<b>Environment and Sustainability</b>	Waste Management, Recycling, Fire Prevention/Hazard Reduction, Street Lighting, Natural Resource Management, Environmental Management
<b>Recreation and Culture</b>	Sport and Recreation Grounds, Parks and Reserves, Swimming Pool, Sporting Clubs, Library, Heritage and Historical, Community Halls, Council Property – Leases/Licenses
<b>Regulatory Services</b>	Dog and Cat Management, Planning, Building, Environmental Health
<b>Business Activities</b>	Caravan Park, Private Works, Water Supply, CWMS
<b>Advocacy and Civic Leadership</b>	Advocate for the betterment and improvement of the community, facilities, essential services, infrastructure, growth and general community well being

### 3.3 Functional Objectives

The following are the established objectives for each of the functional areas, with the integrated links to the Key Strategic Principles, Priority and Role and of Council.

Functional Objectives - Description	Strategic Links	Priority	Role
<b>Governance, Finance and Asset Management</b>			
Achieve and maintain Long Term Financial Sustainability	4.1, 4.3	High	Implementer
Maintain sound governance, legislative compliance and financial management	4.2, 4.3	High	Implementer
Maintain WHS and Risk Management performance standards in accordance with legislation and insurance scheme requirements	4.2, 4.3	High	Implementer
Maintain membership of the Local Government Association and Regional Association	4.3	Medium	Implementer
Ensure and maintain training of elected members	4.2, 4.3	High	Implementer
<b>Infrastructure and Services</b>			
Maintain and develop district and township road network within established service levels	1.1, 1.3, 2.2,	High	Implementer
Maintain and develop footpaths to ensure accessibility to key community facilities and shopping areas	1.1, 2.2	High	Implementer
Maintain aerodrome to meet community and emergency services requirements	1.1, 2.2	High	Implementer
Maintain stormwater infrastructure to maximise water catchment and re-use	2.2, 3.3	Medium	Implementer
Maintain plant and machinery to meet the needs of Council operations, within established replacement programs and maintenance standards	1.1, 2.2, 4.1	High	Implementer
<b>Tourism and Economic Development</b>			
Maintain Visitor Information Outlet	1.3	Medium	Implementer / Partner
Maintain Membership of Regional Development Australia	1.2	Medium	Partner
Continue to explore economic and tourism development opportunities	1.2, 2.3	Medium	Facilitator / Partner
<b>Social and Community</b>			
Maintain Addison Court Retirement Units in accordance with legislative requirements and resident needs	2.2, 2.3	Medium	Implementer
Continued support of regional passenger transport service to meet community needs and access to essential services	2.2	High	Partner
Continued support of community organisations and events – in-kind, sponsorship	2.1	High	Partner
Maintain cemeteries within developed standards	1.1,	High	Implementer
Maintain public conveniences to meet community and visitor needs within developed standards	1.1, 1.3, 2.2, 4.1	High	Implementer
Maintain Community Grants program to support projects and programs that provide community need	2.1	Medium	Implementer
<b>Environment and Sustainability</b>			
Improved waste management practices and recycling	3.1, 3.2	High	Implementer
Maintain fire prevention and hazard reduction strategies	3.1	High	Implementer
Maintain sound natural resource management and environmental management policies and procedures	3.1, 4.3	High	Implementer / Partner

<b>Functional Objectives - Description</b>	<b>Strategic Links</b>	<b>Priority</b>	<b>Role</b>
Maintain and explore options to reduce energy consumption and carbon footprint	3.1, 4.3	Medium	Implementer / Advocate / Supporter / Partner
<b>Recreation and Culture</b>			
Maintain and upgrade key community and recreational facilities to support community need and development, within developed priorities	2.1, 2.2	High	Implementer / Supporter / Partner
Maintain key parks and reserves within standards	2.2	High	Implementer
Maintain shared community and school library facility	2.2	High	Partner
Maintain Council property, leases and licences in accordance with lease and licence documentation, policies and procedures	2.1, 4.2, 4.3	Medium	Implementer
Maintain preservation of historical records, artefacts and archives	2.1	Medium	Implementer / Partner
Provide support to community sporting organisations through various programs and initiatives to ensure good governance and sustainability – e.g. Star Club	2.1	Low	Supporter / Facilitator
<b>Regulatory Services</b>			
Management of Dogs and Cats within legislative requirements	4.2	High	Implementer
Undertake food premises inspections in accordance with the Food Act	4.2	High	Implementer
Process development applications in accordance with legislative requirements	4.2	High	Implementer
<b>Business Activities</b>			
Maintain lease of existing caravan park in Orroroo	1.1, 1.3	High	Partner
Maintain the Carrieton water supply network	1.1, 2.2	High	Implementer
Continual providing private works services and out of districts grading contract	4.1	Medium	Implementer
<b>Advocacy and Civic Leadership</b>			
Advocate for the betterment and improvement of the Community	All	High	Advocate
Maintain essential services – Health Services, Education, Aged Care	All	High	Advocate
Advocate for increased distribution of Grants Commission – Financial assistance Grants income	4.1	Medium	Advocate

#### **4. Long Term Financial Strategy**

The following summarises the Long Financial Strategy as established in the Long Term Financial Management Plan that integrates with the Asset Management Plan and forms the basis for the funding of the Annual Business Plan and Budget. The integration of the Financial Strategy ensures that Council's financial sustainability objectives are achieved.

The strategies predominantly target the adverse operating surplus ratio forecast. A by-product of this is the establishment of a cash buffer.

The following financial strategy is a starting point. Council is currently considering moving its operating result into the black sooner than planned. This will be discussed in more detail in the next section.

1. Increase in rates above CPI of 5% for 2018-19 year, 3% for 2019-20 and then 1% per annum after that.
2. Council will continue to review service delivery to the community to identify any further opportunities to reduce operating costs due to increased operating efficiencies. This will be an ongoing objective for management to ensure the maximum benefit to the community per dollar of rates. For various reasons non salary annual expenditure has increased by approximately \$42k more than was forecast back in early 2017 when the current Long Term Financial Plan was established. Rather than accept this increase management are committed to achieving non salary savings of 3% to return Council to its previously targeted level.
3. Council will not undertake any construction of upgraded or new assets over the next 10 years unless either additional revenue and/or expenditure savings are identified that will meet the ongoing operating costs of funding such upgrades. By committing to this strategy, Council will be able to allocate resources to replacing existing assets in a timely manner as well as minimising any increases in operating costs associated with additional assets. Should an upgrade program be agreed to, then a complete rework of the Long-term Financial Plan will be required to confirm Council will remain in a financially sustainable position after the completion of these works.
4. Grant revenue will be targeted in a strategic manner. This means that grant revenue to build new assets would only be pursued and accepted if the new assets were deemed to have strategic significance, particularly if additional funding was to be contributed by Council. Where an operating grant is sought and additional Council funds are required to be contributed, then careful consideration will be given to long-run benefits and costs. This will ensure activities that may better fit Council's strategic objectives are not being delayed in lieu of the activity being funded by the grant.
5. The Long-term Financial Plan will be revised as part of the Annual Business Planning process each year.

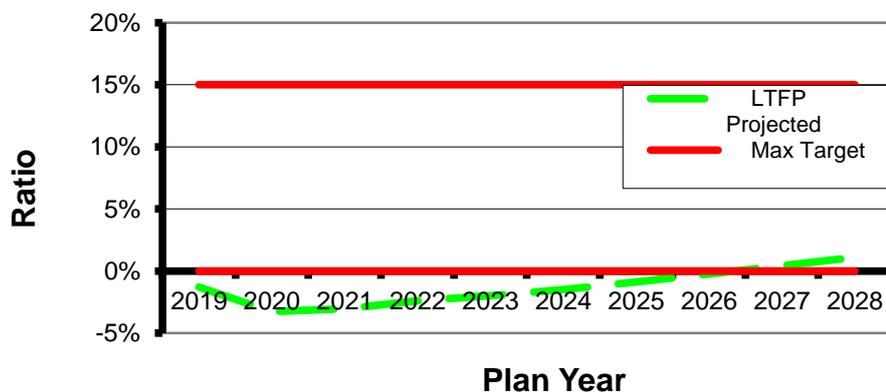
The following demonstrates the impact of the above financial strategy; in particular the impact points 1 & 2 will have on Councils long-term financial sustainability assessment.

## Financial Indicators reflecting the Financial Strategy

### Operating Surplus Ratio

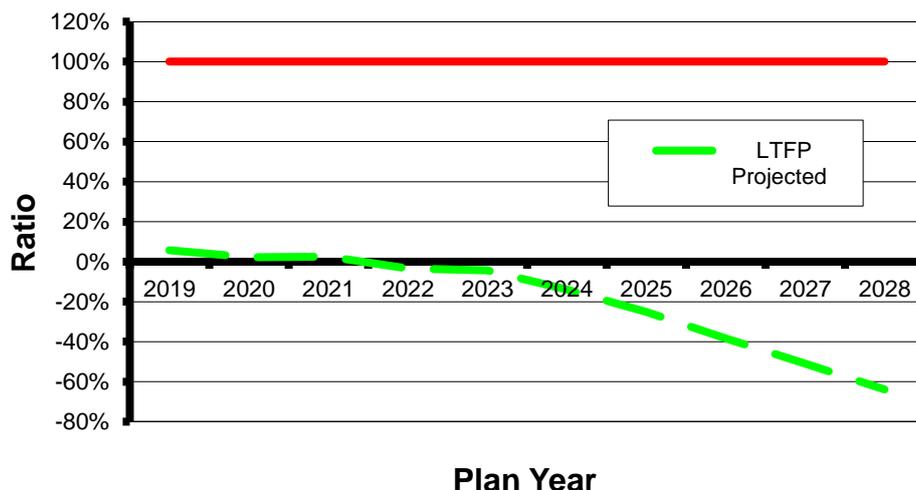
Whilst Council is moving gradually to a breakeven position by 2026 the intention is to expand the existing financial strategy to include additional measures to address the deficit position being forecast for the next seven years.

It is likely management will develop a new component to the existing financial strategy that will target additional commercial revenue with the intention of reducing the deficit from the associated profit. Management is in the early stages of investigating several opportunities to undertake work on behalf of the State Government as well as other larger organisations required to undertake work in or around the Orroroo Carrieton districts.



### Net Financial Liabilities Ratio

The negative result indicates Council is in a Net Financial Assets situation from 2022 onwards i.e. it has a cash and investments greater than the level of any debt and other liabilities.



It is important to note that a cash buffer has been established throughout the life of the plan. Cash & Cash equivalents range from \$350k to \$800k over the first six years of the plan with between \$1.2M to 2.4M in the final four years.

## Council's Financial Sustainability Assessment after Implementing the Financial

## Strategy

The above key financial indicators indicate that more work needs to be undertaken to either reduce costs and or services or by targeting additional commercial revenue streams to improve the Operating Surplus Ratio.

The Operating Surplus Ratio indicates Council is not covering its operating expenses including depreciation in the short term. Council is within \$100k of breaking even in the 2019-20 financial year and closer still in all other years.

The plan funds capital renewal requirements as calculated based on Councils existing asset data. The Asset Sustainability Ratio demonstrates that Council is replacing its infrastructure in a timely manner.

The Net Financial Liabilities Ratio indicates that no additional debt (other than the pre-existing credit foncier debt which will be paid off by 2021) will be required at any stage throughout the 10 years of the plan and that Council will have a cash buffer of \$2.5M by 2028. The smallest forecast cash at bank position is \$352k in the 2020-21 financial year.

A number of capital projects have been funded over the first six years of the plan with capacity to take on extra projects also being created for the last four years of the plan.

It is intended to update the long-term financial plan annually as part of the annual business planning process.

## 5. Significant Influences and Priorities

A number of significant factors have influenced the preparation of the Council's 2018/19 Annual Business Plan. These include:

- Council's current financial position and Long Term Financial Management Strategy
- Consumer Price Index/Local Government Price Index increases on existing goods and services of 2.3% for the year (December quarter 2017)
- Requirements to maintain and improve infrastructure assets to sustainable standards
- Service delivery needs for the community
- State/Commonwealth grant funding not keeping pace with the increased costs
- Facilitating the future financial sustainability of Council by ensuring the financial operations remain within policy targets adopted for such purpose
- Provision of sufficiently qualified experienced and trained staff
- The need to establish sound Strategic Plans and policies to achieve long term sustainability

## 6. Continuing Services

The services provided by Council are separated into three categories being Mandatory, Traditional and Elective, with the table illustrating the allocation of services against the three categories.

**Mandatory:-** Services that are either required by legislation or required for operations

**Traditional:-** Services that are traditionally provided by Council to service the community needs

**Elective:-** Services that are provided based on previous community demands or request that over and above the traditional services provided by Council

<b>Function</b>	<b>Mandatory</b>	<b>Traditional</b>	<b>Elective</b>
<b>Administration</b>	Administration General	Council House	
	Governance		
	Financial Management		
	Payroll		
	WHS & Risk		
	Rate Administration		
	Asset Management		
<b>Community Services</b>	Elected Members		
	Cemeteries	Northern Transport Passenger Service	Addison Court
		Public Conveniences	Goyder's Line Gazette / Website
			TV & Communication Towers
			Community Events
<b>Culture</b>			Community Grants Program
		Community Library	
			Heritage - Historical Society & early Settlers Cottage
		Community Halls - Carrieton & Orroroo	
<b>Economic Development</b>			Tourism
			Visitor Information Centre
			Membership Fees - RDA
<b>Environment</b>	Fire Prevention / Hazard Management	Waste Management - Landfill	Cropping
		Weed Spraying	
		Waste Management - Collection	
		Recycling Depot	
		Drum Muster	
		Street Lighting	
		Main Street Services	
		Environment - General Expenses	
<b>Recreation</b>		Orroroo Recreation Grounds	
		Parks & Gardens (Lions Park, Parklands etc.)	
		Swimming Pool - Orroroo and Carrieton	
		Sport and Recreation - Other	
<b>Regulatory Services</b>	Dog & Cat Management		
	Development		
	Environmental Health		
<b>Transport</b>		Roads - Sealed Maintenance - Rural	
		Roads - Sealed Maintenance - Town Street	
		Roads - Unsealed	

		Maintenance & Patrol Grading	
		Footpaths & Kerbing	
		Flood Damage	
		Aerodrome – Orroroo and Carrieton	
<b>Business Activities</b>			Caravan Park
			Private Works - General
			Private Works - Out of Areas
			Water Supply - Carrieton
<b>Plant and Machinery</b>		Plant and Machinery	
<b>Depot and Indirect Expenditure</b>		Depot - Orroroo & Carrieton	
		Works Administration and Indirect Costs	

## 7. Project Priorities for the Year

The following table illustrates details the Projects included in the budget with the projects totally \$2,310,000.

Project	Description	Amount
<b>Governance, Administration and Compliance – Operating Expenditure</b>		
Sale of Land for Non Payment of Rates	Process to issue notices under Section 184 of the Local Government Act for the Sale of Land for Non Payment of Rates	10,000
<b>Community Services – Capital Expenditure</b>		
Community Waste Water Management System (CWMS)	Complete installation of Community Waste Water Management System	\$2,100,000
<b>Infrastructure and Services</b>		
Heavy Vehicle Bypass Final Design & Costing	Complete final design and costing	To be determined
<b>Total Projects</b>		<b>\$2,110,000</b>

## 8. Capital Expenditure – Work Program

Item	Amount \$	Comment
<b>Road Re-Sheeting and Reseal Capital Works</b>	\$454,500	
Johnburgh Road	\$50,000	Works in accordance with Road Asset Management Plan and Road Service Level Standards
Pamatta Road	\$31,500	
Cook Road	\$39,000	
Minburra Road	\$45,000	
North Paratoo Road	\$45,000	
Haynes Road	\$18,000	
Slaughterhouse Road	\$ 6,300	
Yatina Streets South,5 <sup>th</sup> ,7 <sup>th</sup> ,4 <sup>th</sup> ,2 <sup>nd</sup> ,North	\$17,250	
Morcharad Fourth Street	\$ 2,250	
No name road Morcharad (Laskey)	\$10,500	
Carrieton Streets - East Tce	\$ 1,500	
Eurelia Streets	\$ 9,000	
Eurelia Cemetery Road	\$18,000	
Seventh Street Orroroo township	\$ 3,000	
Lions Park road	\$ 7,700	
Giant Gum Tree Road	\$ 8,000	
Tank Hill Road	\$ 8,000	
Cemetery Road Orroroo	\$ 8,000	
Wilmington Road	\$66,000	
Pekina Black Rock Road	\$50,000	
Redden Road	\$10,500	
Rip and Reform trial roads (included in operating budget): Minburra Road Tank Hill Road Wilmington Road		
<b>Road Sealed Reconstruction – Price Maurice Road Stage 2</b>	\$616,000	Reconstruction of Stage 2 of failed section of Road, grant application submitted for grant funding SLRP of \$414,920
<b>Buildings</b>	\$81,500	As identified in the Asset Management Plan
<b>Repaint Pool Liner</b>	\$15,000	
<b>Playground Upgrade</b>	\$15,000	Fencing, Shade & Relocation of Exercise Equipment
<b>Fixtures &amp; Fittings</b>	\$45,000	Annual allocation
<b>Caravan &amp; Canter</b>	\$40,000	Out of districts work
<b>Plant and Machinery Purchases - Caterpillar Loader</b>	\$220,000	In accordance with Plant and Machinery Replacement Program
<b>Total Capital Expenditure</b>	<b>\$1,487,000</b>	

## 9. Financial Sustainability/Financial Performance Measures

All Councils pursuant to the Local Government Act 1999 are required to develop and maintain Long Term Financial Management Plans and Asset Management Plans to ensure sound strategic planning principles to assist with decision making are in place.

Council is committed to ensuring its long term financial sustainability. Council's financial sustainability is dependent on ensuring that, on average over time, its expenses are at least matched by its revenue. In addition, capital expenditure on existing infrastructure and other assets should be optimised in accordance with the Infrastructure and Asset Management Plan so as to minimise whole-of-life-cycle costs of assets.

### 9.1 Operating Surplus Ratio (OSR)

"Is Council covering its operating expenditure and depreciation charge from its operating revenue?"

Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of general and other rates. A result of greater than 0% would indicate that Council is covering its operating expenditure and depreciation charge from its operating revenue. This is not the situation at present. Council is in an operating deficit situation; however with the implementation of the Financial Strategy the deficit position is significantly improved.

**The operating surplus ratio from the proposed budgeted activity for the year is a deficit of (1%). This result arises because operating income is budgeted to be \$39k less than Council's operating expenses for the year.**

Readers are referred to Section 4 – Long Term Financial Strategy of this report for a summary of how the Key Financial Indicators (KFI's) trend as a result of the financial strategy being implemented.

### 9.2 Asset Sustainability Ratio (ASR)

"Is Council replacing its assets at the same rate the assets are wearing out?"

The 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 Council's Asset Management Plan.

**A result in the range of 90% to 110% would indicate that Council is replacing its assets in a timely manner. The forecast asset sustainability ratio for the 2017-18 is 100% which indicates that sufficient funds have been allocated to replace assets in the 2018/19 financial year.**

### 9.3 Net Financial Liabilities and Net Financial Liabilities Ratio

“Does Council have a manageable level of debt and other liabilities when considering its available revenue and other cash reserves?”

Net financial liabilities is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments. Specifically, Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, cash equivalents, trade and other receivables, and other financial assets, but excludes equity held in Council businesses, inventories and land held for resale. The following table sets out revised estimates as at 30 June 2019:

<b>Calculation of Net Financial Liabilities</b>	<b>Estimated 30/06/19 \$,000</b>
Gross borrowings	204
Less: Cash and investments	430
<b>Equals: Net debt</b>	<b>(226)</b>
Add: Trade and other payables	130
Add: Provisions for employee entitlements and Independent Living Units	414
Less: Trade and other receivables	109
<b>Equals: Net financial liabilities</b>	<b>209</b>
<b>Net Financial Liabilities Ratio</b>	<b>7%</b>

A result in the range of 0% to 100% indicates that Council has a manageable level of Net Financial Liabilities.

### 9.4 Overall Assessment of Council's Financial Sustainability (based on the above ratios)

The above ratios indicate that the proposed Annual Business Plan and the associated Budget that underpins it, is financially sustainable over the following 12 months is in accordance with the Long Term Financial Management Plan and Strategy.

The operating deficit situation is improving and will continue to improve in the long term in accordance with the Long Term Financial Management Plan and Financial Strategy as per Section 4. The financial strategy ensures that Council achieves an operating surplus on an ongoing basis.

The target Asset Sustainability Ratio of 100% is within an acceptable range.

Council's Net Financial Liabilities are at an acceptable level and is in accordance with the Long Term Financial Management Plan and Financial Strategy.

## 10. Non-Financial Performance Measures – 2018/19

In addition to the legislative financial performance measures, Council is required to develop non-financial performance measures. The following are the strategic measures integrated in the Strategic and Community Plan 2017 - 2022:

- Implementation of Key Strategic Principles
- Completion of operating and capital projects within established timeframes
- Completion of operating and capital projects and key services delivered to the community in accordance with developed standards and outcomes
- Legislation compliance associated with key measures including Adoption of Annual Business Plan and Budget, Review of Budgets, Preparation and Adoption of Annual Financial Statements, Adoption of Annual Report, and Preparation of Council meeting Agendas and Minutes

## 11. Grant Funding

Local Government receives the following main ongoing types of grant funding:

### **General Purpose & Local Roads Financial Assistance Grants (Federal)**

Council has complete discretion as to expenditure of funds received.

Council's 2018/19 budget assumes that four quarterly installments of Federal Government financial assistance grants (both general purpose and local roads components) will be received.

### **Supplementary Road Funding (Federal)**

The funding program has been reintroduced as of 1<sup>st</sup> July 2017 by the Federal Government for South Australian Councils to assist with maintaining local road networks. Council has full discretion as to the expenditure of the funds received.

### **Roads to Recovery Grants (Federal)**

While funds received are to be spent on road projects, Council has complete discretion on whether such spending is on maintaining, renewing or upgrading roads.

<b>Grant Funding – Operating/Ongoing</b>	<b>Amount \$,000</b>
Local Roads (Grants Commission)	\$260
General Purpose (Grants Commission)	\$970
Supplementary Road Funding	\$130
Roads to Recovery (Standard annual allocation)	\$183
Other	\$12
<b>Total Operating Grant Funding</b>	<b>\$1,555</b>

### **Capital Grants for Renewal of Assets**

In addition to the above ongoing grants received, the Annual Business Plan and Budget includes a capital grant via the Local Government Special Local Roads Program for the reconstruction of the Price Maurice Road – Stage 2. The funding included is \$415k.

An additional \$1.8M has also been included being funding to be received from the LGA CWMS fund to finance the construction of the proposed CWMS in Orroroo.

## **12. Funding the Business Plan**

An operating deficit of \$39k is being forecast for 2018-19. The operating deficit measures the difference between operating revenue and expenses for the period. The Council's long-term financial sustainability is dependent on ensuring that, on average over time, its expenses are less than its revenue, in accordance with the Long Term Financial Management Plan and Financial Strategy.

Council's revenue in 2018-19 includes \$1,188k proposed to be raised from general and other rates. This is based on an increase of 7.3%, being 5% plus indexation in accordance with the Long term Financial Management Plan and Financial Strategy included at Section 4 – Long Term Financial Strategy. There is little forecast growth expected for the region. Accordingly no increases to rates revenue have been factored in for growth.

Other sources of proposed revenue for the Council are:

- User charges and commercial revenue
- Statutory charges set by State Government
- Grants
- Other revenue.

## **13. Uniform Presentation of Council Finances**

The Uniform Presentation of Council Finances together with the results of the Key Financial Indicators provides a summarised report that focuses on Council's finances at a strategic level.

Readers are strongly encouraged to take the time to comprehend how this report is structured and what the implications of the various lines of this report are for the Key Financial Indicator calculations. Definitions and examples of the key components of this report are included in the glossary at the end of this document.

The Summary of Financial Position report highlights the operating surplus/ (deficit) measure which is considered the most critical indicator of a Council's financial performance.

The last line, or rather the result of this report, is the movement in Net Financial Liabilities (Net Lending/Borrowing) for the year based on Council's planned capital and operating budgets for that year.

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 income (with income including amounts received specifically for new/upgraded assets). The result of \$14k indicates that this has been achieved with a slight surplus of funds.

<b>UNIFORM PRESENTATION OF FINANCES</b>	<b>BR #3 2017-18 \$,000</b>	<b>Budget 2018-19 \$,000</b>
<b>Operating Revenue</b>	2,682	3,041
<b>less Operating Expense</b>	(3,138)	(3,080)
<b>Operating Surplus / (Deficit) before Capital Amounts</b>	<b>(456)</b>	<b>(39)</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	1,207	856
less Depreciation, Amortisation & Impairment	(980)	(980)
less Proceeds from Sale of Replaced Assets	(145)	(145)
	<b>82</b>	<b>(269)</b>
<b>less Net Outlays on New &amp; Upgraded Assets</b>		
Capital Expenditure on New & Upgraded Assets	678	2,731
less Amounts specifically for new or upgraded Assets	(415)	(2,515)
less Proceeds from Sale of Surplus Assets	0	0
	<b>263</b>	<b>216</b>
<b>Net Lending/ (Borrowing) for Financial year</b>	<b>(802)</b>	<b>14</b>

A full explanation of the components to the above Uniform Presentation of Finances is contained in Appendix A.

#### **14. Rating Arrangements 2018/2019**

##### **What are Council Rates**

Council Rates are a key source of funding for Council Services that are levied as a tax on properties in accordance with the provisions of the Local Government Act 1999. Rates are not a service or user charge, consequently, some property owners, may choose not to use a service but nevertheless make a contribution through their rates. As rates are levied on the value of property, those owning higher valued properties pay more than those in lower valued properties.

##### **Capital Value as a basis for Rating**

The Council has adopted the capital value method to value properties in its area in common with most other South Australian Councils. This method values the land and all of the improvements on the land. While no valuation method is considered perfect for rating purposes, however the capital value method is considered to be the most equitable as it is a measure of relative wealth in the community. As a measure of wealth it most closely reflects the capacity to pay by property owners.

It accords with the taxation principle that people should contribute to the community social and physical infrastructure in accord with their capacity to pay as measured by property wealth.

Other valuation methods available are site value [value of land only] and annual value [value of rental potential of property]. These are not considered appropriate in the Orroroo Carrieton District.

The following table summarises capital value movements for the past 12 months across the Orroroo Carrieton Council District:

Residential	336	45,538,700	338	45,978,500	1%
Commercial - Shop	12	1,244,500	11	1,066,000	-14%
Commercial - Office	2	152,000	2	152,000	0%
Commercial - Other	30	6,835,700	31	6,963,500	2%
Industry - Light	3	184,000	3	244,000	33%
Industry - Other	6	464,500	7	604,500	30%
Primary Production	812	133,161,520	814	155,345,600	17%
Vacant Land	326	1,729,100	331	2,091,200	21%
Other	131	4,085,100	131	4,093,000	0%
<b>TOTAL:</b>	<b>1,658</b>	<b>193,395,120</b>	<b>1,668</b>	<b>216,538,300</b>	<b>12%</b>

### Adoption of Valuations

To ensure independency of valuations, Council has continued to adopt the valuations made by the South Australian Valuer General, in accordance with Section 167(2)(a) of the Local Government Act 1999.

Pursuant to Section 167(3)(a)(i) of the Local Government Act, Council, has adopted the most recent capital valuations provided by the Valuer General applied to land within the Council area to be used as the basis for calculating rates.

For the financial year ending 30 June 2019, the most recent capital valuations for the Council area total **\$216,649,200** of which approximately **\$208,687,000** is rateable.

Should any ratepayer be dissatisfied with a property valuation then they will be able to make an objection to the State Valuation Office in writing within 60 days of receiving notice of valuation, explaining the basis for the objection, provided that ratepayer has not previously received a notice of this valuation under the Local Government Act in which case the objection period is 60 days from the receipt, and previously had an objection to the valuation considered by the State Valuation Office for the current financial year.

The State Valuation Office may be contacted at the Office of the Valuer General,

GPO Box 1354, Adelaide, SA 5001, E-mail [lsg.objections@sa.gov.au](mailto:lsg.objections@sa.gov.au) and or Telephone 1300 653 346.

The lodgment of an objection does not change the due date for the payment of rates and must be paid in accordance with the Rate Notice until otherwise notified by the Council.

## Setting Rates

Apart from the need to ensure sufficient revenue to meet its expenditure needs, the Council is mindful of the impact and affordability of rates to the Community, both residential and business, and regularly makes comparison of its rates across Council areas.

Factors that influence decision making - The Council uses the Consumer Price Index and CPI as at 31 December each year as its benchmark of movements in the Community's capacity to pay and endeavors to contain the rate increase to around this level, subject to significant cost pressures or income losses that cannot be otherwise accommodated, or service level increases desired by the Community.

The changes in capital valuations over the previous twelve months have varied greatly between residential and non-residential properties as demonstrated in the table included on the previous page.

Council has undertaken rates modelling exercises for several options to determine how the rate in the dollar will be set as well as the need to cap rate increases to even out the impact of these unusual valuation trends across the community.

Models were prepared and discussed at Council for the following three scenarios:

- No rate capping
- Applying a 10% rate cap (meaning the most a ratepayers rate will increase from the levied for the 2017-18 year will be 10%)
- Applying a 15% rate cap (meaning the most a ratepayers rate will increase from the levied for the 2017-18 year will be 15%)

Based on the modelling undertaken it was decided that a cap of 10% was the fairest model to apply as this model best evened out the impact of the abnormal valuation differentials between residential and non-residential, whilst still reflecting the impact of increased capital values across the non-residential sector.

The rate in the dollar has been set to generate an increase of 7.3% in rate revenue with rate increases capped at 10%.

## Categories of Rates

General Rates: Council intends to raise a total of **\$1,001,316** in general rate revenue.

Council, having taken into account the general principles of rating in Section 150 of the Local Government Act 1999, and the requirements of Section 153 (2) the Local Government Act 1999 and pursuant to Section 152 (1)(c) of the Local Government Act 1999, declares that the general rate in respect of rateable land within the council area for the year ending 30 June 2018 will be a rate consisting of two components

- (a) one being the value of the rateable land
- (b) the other being a fixed charge

That pursuant to Section 153 (1)(b) and 156 (1)(b) of Local Government Act 1999, determines that the following rates for the year ending 30 June 2019, be declared on rateable land within its area, based up on the capital value of the land.

- (a) 0.004220 cents in the dollar for land located within the Council area.

### **Fixed Charges**

As a component of total rate income the Council has adopted a fixed charge that will be uniformly paid by each ratepayer and to assist in forming an equitable total rate for each property. The fixed charge shall apply to all rateable properties, unless the principal ratepayer has applied for and been granted the benefit of a Single Farm Enterprise, then only one fixed charge is applied to that Farm Enterprise. The fixed charge shall be levied against the whole of an allotment [including land under a separate lease or license]

One fixed charge is levied against two or more pieces of adjoining land [whether intercepted by a road or not] if they are owned by the same owner and occupied by the same occupier. The fixed charge of **\$252** will apply, being the same charge as declared for the previous year.

### **Service Charges – Waste Management Collection**

Council proposes to raise approximately **\$142,000** in service charges to recover costs associated with the kerb-side waste and recycling collection services. Council will collect this charge through an annual service charge to all residences and businesses in the Council area where a refuse collection is provided.

The Council intends to charge **\$373** per household, for each property provided with the waste management collection service. An additional Service Charge of **\$85** is applied for each additional bin collected from the property for which the service is provided.

### **Natural Resource Management Levy**

The Council's 2018/19 Rating Strategy provides for the collection of any Natural Resource Management Levy plus any administration costs associated with the collection of the Natural Resource Management Levy on behalf of the Northern and Yorke Natural Resource Management Board. The Rating Strategy provides for the distribution of any Natural Resource Management Levies that are collected less any administration costs incurred by the District Council of Orroroo Carrieton, in the collection of the levy, to the Northern and Yorke Natural Resource Management Board.

As a direct result of recent structural changes to the NRM Boards and the reduction in operational subsidy received from the State Government, the amount required to be collected by way of the Levy has increased. It is emphasized that Council has no direct input into the determination of the levy to be collected, as it remains a decision made by the NRM Board and the Department of Environment, Water and Natural Resources.

The declared amount to be collected during the 2018/2019 year is **\$35,030**, being an increase of \$1,468 above the 2017/18 Levy amount of \$33,562.

Therefore, the Council, pursuant to and in accordance with Section 154 of the Local Government Act 1999 and Section 95 of the Natural Resources Management Act 2004, for the purpose of reimbursing amounts contributed to the Northern and Yorke Natural Resource Management Board, declare the amount of **\$35,030** is to be collected as a separate rate of **0.000167** cents in the dollar for the year ending 30 June 2019.

### **Impact Statement**

The Council is proposing that the total rate revenue, fixed charges, and Service Charges, exclusive of the NRM Levy, generated in the 2018/19 budget will need to be approximately \$1.188M. This is a \$ increase of \$78k or **7.3%** over the total 2017/18 rate revenue raised.

### **Business Impact Statement**

Council has considered the impact of rates on all forms of business and industry within the Community including primary production. In considering the impact the Council considered,

- The elements of Council's development and the equity of the distribution of the rate burden between ratepayers
- Council's policy on facilitating local economic development and current local, state and national economic conditions
- Specific Council projects for the coming year and specific infrastructure maintenance issues that will solely or principally benefit businesses and primary producers
- Any specific issues faced by our community, the budget for the 2015/16 financial year and the impact of rates in the community

### **Payment of Rates – Quarterly Billing**

Payment of rates may be made in quarterly installments due in September, December, March and June each year. Rate notices will be issued prior to each quarterly installment.

Payment methods are described on the reverse of the rate notice

### **Seniors Postponement of Rates**

Residential property owners with a Seniors Card may apply to postpone payment of rates until the property is sold. Postponed Rates are a charge on the land. Statutory interest will continue to be charged on Postponed Rates but will be payable on sale of the property

### **Remissions, Discretionary Rebates and Rebates**

The Local Government Act 1999 enables Council to grant discretionary rebates up to 100% for land used for the purposes of a community benefit.

### **Concessions**

In the past, the State Government funded some concessions on Council rates. These concessions were formerly available to the holders of pensioner concession cards, veterans, low-income earners, unemployed, students, and self-funded retirees. However, these concessions were all abolished by the State Government with effect from 30 June 2015.

From 1 July 2015, the State Government elected to replace these concessions with a single "cost-of-living concession" provided directly to those entitled. Those who receive this concession can decide whether to use it to offset part of their Council rates, or for other purposes.

### **Payment of Rates**

Rates may be paid by way of four quarterly installments with the due dates being **14<sup>th</sup> September 2018, 14<sup>th</sup> December 2018, 15<sup>th</sup> March 2019 and 14<sup>th</sup> June 2019.**

Rates may be paid,

- in person at the Council Office during business hours
- by mailing a cheque or money order to the District Council of Orroroo Carrieton, PO Box 3, Orroroo, 5431
- by using Bpay and EFT online transfer, or
- by telephone payment to 08 8658 1260

### **Late Payment of Rates**

The Local Government Act provides that Council imposes an initial fine of 2% on any payment of 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

Should Council refer the debt to a debt collection agency for collection, then any debt collection charges will be recoverable from the ratepayer. When the Council receives a payment in respect of overdue rates Council applies the money received as follows,

- to satisfy any costs awarded in connection with court proceedings to satisfy any interest costs
- payment of any fines imposed, and
- payment of rates, in chronological order, starting with the oldest account first

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

The Local Government Act permits Council, on the application of a 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 the Council to discuss the matter, with all such inquiries being treated confidentially

As part of this Rating Strategy the Council will make available extended payment arrangements by entering into a payment agreement where the payment of Rates will cause a ratepayer demonstrable hardship.

### **Recovery of Outstanding Rates**

The Council has adopted a Debtor Management Policy that provides a policy and procedure approach to the recovering of outstanding rates. The policy is based on the forwarding of reminder notices when a rate installment is unpaid, and a further reminder notice after two rate installments remain unpaid. If the rate installments outstanding remain unpaid after the reminder notice payment date then the outstanding amount is referred to Council's debt collection agent for recovery action.

### **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, provide the owner with details of the outstanding amount[s], and advise the owner of its intention to sell the land if payment is not received within one month.

## 15 CONSULTATION

The Public Consultation on the Annual Business Plan and Budget 2018/2019 will commence on **Thursday 14<sup>th</sup> June 2018 and will conclude on Friday 6<sup>th</sup> July 2017 at 5.00pm**, with the following public forums held as part of the process:

- Carrieton – Tuesday 3rd July 2018 commencing at 7.00pm
- Orroroo Memorial Hall, Orroroo – Wednesday 4<sup>th</sup> July 2018 commencing at 7.00pm

The Draft Annual Business Plan and Budget 2018/2019 consultation and submission process was advertised in the Flinders News and in Council's Goyder Line Gazette publication.

**Copies of the Draft Annual Business Plan and Budget are available at:**

- Council Office 17 Second Street, Orroroo
- Carrieton General Store, Carrieton
- Council's website

**Submissions were invited to be made in the following ways:**

- Delivered to the Council Office, 17 Second Street, Orroroo
- Posted to DC of Orroroo Carrieton PO Box 3, Orroroo, SA, 5341
- Emailed to [council@orroroo.sa.gov.au](mailto:council@orroroo.sa.gov.au)

At the conclusion of the public consultation period no submissions were received. This was reported to the ordinary Council meeting held on 11<sup>th</sup> July 2018.

## 16 COUNCIL CONTACT

Council can be contacted by:

Mail: PO Box 3, Orroroo SA 5431  
Email: [council@orroroo.sa.gov.au](mailto:council@orroroo.sa.gov.au)  
Phone: 08 8658 1260  
Website: [www.orroroo.sa.gov.au](http://www.orroroo.sa.gov.au)

## 17 ADOPTION OF THE ANNUAL BUSINESS PLAN AND BUDGET

The Council adopted the Annual Business Plan and Budget 2018/2019, along with the Adoption of the Valuations and the Declaration of Rates at the Ordinary Council meeting held on Wednesday 11<sup>th</sup> July 2018.

The following are the resolutions from the Council meeting, being extracted from the meeting minutes.

### 4.1 DRAFT 2018/2019 ANNUAL BUSINESS PLAN AND BUDGET – PUBLIC CONSULTATION

Officer: CEO  
Ref:

#### **MOTION: (SC001/0718)**

**That the report on the Draft Annual Business Plan and Budget 2018/2019 – Public Consultation, be received, noted and acknowledged.**

**Cr Ramadan / Cr Ford CARRIED**

### 4.2 ADOPTION OF ANNUAL BUSINESS PLAN 2018/2019

Officer: CEO  
Ref:

#### **MOTION: (SC002/0718)**

**That pursuant to and in accordance with Section 123(6) of the Local Government Act 1999 and Regulation 6 of the Local Government (Financial Management) Regulations 2011, having considered all submissions, the Annual Business Plan 2018/2019 as enclosed at Attachment 1 to the Agenda be adopted.**

**Cr Chapman / Cr Ford CARRIED**

### 4.3 ADOPTION OF BUDGET 2018/2019 YEAR

Officer: CEO  
Ref:

#### **MOTION: (SC003/0718)**

**That pursuant to and in accordance with Section 123(7) of the Local Government Act 1999 and Regulation 7 of the Local Government (Financial Management) Regulations 2011 the Budget for the year 2018/2019 as incorporated in the Annual Business Plan and Budget 2018/2019 enclosed at Attachment 1 to the agenda comprising of the following statements be adopted:-**

- **Budgeted Statement of Comprehensive Income**
- **Budgeted Balance Sheet**
- **Budgeted Statement of Equity**
- **Budgeted Statement of Cashflows**
- **Budgeted Uniform Presentation of Finances**
- **Budgeted Financial Sustainability/Financial Performance Measures (Indicators)**

**Cr Chapman / Cr Parkyn CARRIED**

**4.4 ADOPTION OF VALUATIONS OF LAND FOR THE PURPOSE OF RATING FOR THE 2018/2019 YEAR**

Officer: CEO

Ref:

**MOTION: (SC004/0718)**

That pursuant to Section 167(2)(a) of the Local Government Act 1999, the Council hereby adopts, for the financial year ending 30 June 2018, the capital valuations made by the Valuer General in respect to land within the Council's area totalling \$216,649,200 of which \$208,687,000 is in respect to the valuation of rateable land.

Cr Ford / Cr Ramadan **CARRIED**

**4.5 DECLARATION OF GENERAL RATE, FIXED CHARGE AND MAXIMUM INCREASE IN GENERAL RATES FOR 2018/2019 YEAR**

Officer: CEO

Ref:

**MOTION: (SC005/0718)**

**GENERAL RATE**

That Council, having taken into account the general principles of rating in accordance with Section 150 of the Local Government Act 1999, and the requirements of Section 153 (2) the Local Government Act 1999 and pursuant to Section 152 (1)(c) of the Local Government Act 1999, declares that the general rate in respect of rateable land within the council area for the financial year ending 30 June 2019 will be a rate consisting of two components:

- (a) one being the value of the rateable land
- (b) the other being a fixed charge

That pursuant to Section 153 (1)(a) of Local Government Act 1999, the Council determines that for the financial year ending 30 June 2019, a General Rate be declared on all rateable land within its area, based on the capital value of the land of 0.004220 cents in the dollar.

**FIXED CHARGE**

That pursuant to Section 152(1)(c)(ii) of the Local Government Act 1999 declare a Fixed Charge of \$252.00 component on each separate piece of rateable land within the Council area for the financial year ending 30 June 2019.

**MAXIMUM INCREASE IN GENERAL RATES**

That pursuant to section 153(3) of the Local Government Act 1999 the Council resolves to fix a maximum increase of 10% in the general rate to be charged on any rateable land within its area.

Cr Ford / Cr Chapman **CARRIED**

**4.6 DECLARATION OF ANNUAL SERVICE CHARGE – WASTE MANAGEMENT COLLECTION 2018/2019 YEAR**

Officer: CEO

Ref:

**MOTION: (SC006/0718)**

That pursuant to and in accordance with Section 155 of the Local Government Act 1999, the Council imposes an annual Service Charge of \$373.00 based upon the nature and level of usage of the service for the financial year ending 30 June 2019 for the collection of waste and recycling from all properties to which the service is provided or is made available, consisting of a weekly waste collection of 140 litre bin and a fortnightly recycling collection of 240 litre bin.

That consistent with the basis of the annual Service Charge of \$373.00 an additional Service Charge of \$85.00 be imposed for each additional bin collected from the property for which the Waste Management Collection service is provided or is made available for the financial year ending 30 June 2019.

Cr Parkyn / Cr Ford **CARRIED**

**4.7 DECLARATION OF SEPARATE RATE – NATURAL RESOURCES MANAGEMENT LEVY 2018/2019 YEAR**

Officer: CEO

Ref:

**MOTION: (SC007/0718)**

That Council, pursuant to and in accordance with Section 154 of the Local Government Act 1999 and Section 95 of the Natural Resources Management Act 2004, declares a separate rate of 0.000167 cents in the dollar to be based on the capital value of rateable land within the Council area for the financial year ending 30 June 2019, to recover the amount payable to the Northern and Yorke Natural Resource Management Board.

Cr Ford / Cr Parkyn **CARRIED**

**4.8 DECLARATION OF PAYMENT OF RATES 2018/2019 YEAR**

Officer: CEO

Ref:

**MOTION: (SC008/0718)**

That pursuant to Section 181 of the Local Government Act 1999, all rates payable for the financial year ending 30<sup>th</sup> June 2019, be payable by four equal or approximately equal instalments due for payment on 14<sup>th</sup> September 2018, 14<sup>th</sup> December 2018, 15<sup>th</sup> March 2019 and 14<sup>th</sup> June 2019.

Cr Ramadan / Cr Chapman **CARRIED**

## APPENDIX A – EXPLANATION OF UNIFORM PRESENTATION OF FINANCES

(example only for explanation purposes – left blank intentionally)

UNIFORM PRESENTATION OF FINANCES	2017 Forecast \$'000	2018 Budget \$'000
Income		
<i>less</i> Expenses		
<b>Operating Surplus/(Deficit)</b>	-	-
<b>Less: Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal/Replacement of Existing Assets		
<i>less</i> Depreciation, Amortisation and Impairment Expenses		
<i>less</i> Proceeds from Sale of Replaced Assets		
<b>Net Outlays on Existing Assets</b>	-	-
<b>Less: Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New/Upgraded Assets		
<i>less</i> Amounts received specifically for New/Upgraded Assets		
<i>less</i> Proceeds from Sale of Surplus Assets		
<b>Net Outlays on New and Upgraded Assets</b>	-	-
<b>Net Lending/(Borrowing) for Financial Year</b>	-	-

### Explanation/Examples of Components of Uniform Presentation of Finances

*Operating Revenue and Expenditure:* Represent the totals from the relevant lines of the Statement of Comprehensive Income (operating statement) for the year being reported on.

*Capital Expenditure on renewal and replacement of Existing Assets:* e.g. Roads reseals, replacement tractor, building renovations, replacement computer hardware.

*Proceeds from sale of replaced assets:* e.g. trade in value of a tractor or motor vehicle being replaced.

*Capital Expenditure on New and Upgraded Assets:* e.g. constructing a new building, constructing a new catchment pond, purchasing a piece of machinery that was not previously on hand.

*Amounts specifically for new or upgraded Assets:* e.g. Capital grants to partly fund a new CWMS, funds received to build new footpaths that did not previously exist.

*Proceeds from Sale of Surplus Assets:* Proceeds from the sale of a council building that was no longer required, sale of surplus land.

### **New/Upgraded vs Renewal/Replacement of Assets**

The following definitions have been obtained from the South Australian Local Government Model Financial Statements (see <http://www.lga.sa.gov.au/site/page.cfm?u=769#e4291> ).

A *new asset* is additional to Council's previous asset complement (e.g. roads constructed as part of a Council-owned subdivision are new assets. Similarly laying footpaths in areas where they did not previously exist are also new assets).

An *upgraded asset* replaces a previously existing asset with enhanced capability or functionality.

*Renewal or replacement* of an asset occurs where a previously existing asset is replaced without enhancement of the service capability except where this is incidental and unavoidable.

It is possible for capital expenditure to be a *combination of renewal as well as upgrade*. This is particularly prevalent in this Council region due to the increased volume of B-double traffic experienced in recent times. This has required existing roads to be rebuilt to higher standards (e.g. the replacement of a road that was initially was a 6 metre wide sheeted surface with an 8 metre width sheeted surface can be considered part replacement and part upgrade).

The important point to understand is that if Council is not able to replace its existing assets in a timely manner then new assets should not be built unless essential. By building new assets Council is effectively building new liabilities as the assets usually don't generate revenue (e.g. roads), cannot be sold, and will need to be maintained and eventually replaced.

**APPENDIX B - STATUTORY STATEMENTS**

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Forecast 2017-18 \$,000</b>	<b>Budget 2018-19 \$,000</b>	<b>Variance \$,000</b>
<b>INCOME</b>			
Rates	1,110	1,188	78
Statutory Charges	19	19	0
User Charges	119	206	87
Grants & Subsidies	1,343	1,555	212
Investment Income	24	12	(12)
Reimbursements	54	56	2
Other Revenues	14	5	(9)
<b>Total Operating Income</b>	<b>2,682</b>	<b>3,041</b>	<b>359</b>
<b>EXPENDITURE</b>			
Employee Costs	839	923	84
Materials, Contracts & Other Expenses	1,293	1,150	(143)
Depreciation	980	980	0
Finance Charges	26	26	0
<b>Total Operating Expenditure</b>	<b>3,138</b>	<b>3,080</b>	<b>(59)</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(456)</b>	<b>(39)</b>	<b>417</b>
Gain / Loss on Disposal of Assets	0	0	0
Amounts Received Specifically for New Assets	415	2,515	2,100
<b>NET SURPLUS / (DEFICIT) transferred to Equity Statement</b>	<b>(41)</b>	<b>2,476</b>	<b>2,517</b>

**STATEMENT OF FINANCIAL POSITION**

	<b>Forecast 2017-18 \$,000</b>	<b>Budget 2018-19 \$,000</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	466	392
Trade & Other Receivables	109	109
Inventories	10	10
<b>Total Current Assets</b>	<b>585</b>	<b>511</b>
<b>NON-CURRENT ASSETS</b>		
Financial Assets	38	38
Infrastructure, Property, Plant & Equipment	32,278	34,782
Other	0	0
<b>Total Non-Current Assets</b>	<b>32,316</b>	<b>34,820</b>
<b>TOTAL ASSETS</b>	<b>32,901</b>	<b>35,331</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade & Other Payables	130	130
Borrowings	88	88
Short Term Provisions	402	402
<b>Total Current Liabilities</b>	<b>620</b>	<b>620</b>
<b>NON-CURRENT LIABILITIES</b>		
Long Term Borrowings	204	117
Long Term Provisions	12	12
<b>Total Non-Current Liabilities</b>	<b>216</b>	<b>129</b>
<b>TOTAL LIABILITIES</b>	<b>836</b>	<b>748</b>
<b>NET ASSETS</b>	<b>32,065</b>	<b>34,583</b>
<b>EQUITY</b>		
Accumulated Surplus	1,664	4,181
Asset Revaluation Reserve	30,402	30,402
Other Reserves	0	0
<b>TOTAL EQUITY</b>	<b>32,066</b>	<b>34,583</b>

<b>STATEMENT OF CASH FLOWS</b>	<b>Forecast 2017-18 \$,000</b>	<b>Budget 2018-19 \$,000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Operating Receipts	2,658	3,029
Investment Receipts	24	12
<b>Payments</b>		
Operating Payments to Suppliers & Employees	2,197	2,073
Finance Payments	26	26
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>458</b>	<b>941</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Grants Specifically for new or upgraded assets	415	2,515
Sale of replaced Assets	145	145
<b>Payments</b>		
Expenditure on renewal/replaced assets	1,207	856
Expenditure on new/upgraded assets	678	2,731
<b>Net cash provided by (used in) Investing Activities</b>	<b>(1,325)</b>	<b>(927)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Payments</b>		
Repayment of Borrowings	148	88
Repayment of Finance lease Liabilities	0	0
<b>Net Cash Provided by (Used in ) Financing Activities</b>	<b>(148)</b>	<b>(88)</b>
Net Increase / Decrease in Cash	(1,015)	(74)
Cash and Cash Equivalentents at start of reporting period	1,481	466
<b>Cash &amp; Cash Equivalentents at the end of the reporting period</b>	<b>466</b>	<b>392</b>

**STATEMENT OF CHANGES IN EQUITY**

	<b>Forecast 2017-18 \$,000</b>	<b>Budget 2018-19 \$,000</b>
<b>ACCUMULATED SURPLUS</b>		
Balance at end of previous reporting period	1,705	1,705
Net Result for Year	(41)	2,476
Transfer from Reserves	0	0
Transfer to Other Reserves	0	0
Balance at end of period	<b>1,664</b>	<b>4,181</b>
<b>ASSET REVALUATION RESERVE</b>		
Balance at end of previous reporting period	30,402	30,402
Gain on Revaluation of Property Plant & Equipment	0	0
Balance at end of period	<b>30,402</b>	<b>30,402</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>32,066</b>	<b>34,583</b>

## **Appendix C – Achievements 2017/2018**

The following is a list of major and significant achievements during the 2017/2018 Year that is reported against the adopted Projects and Strategies with reported outcomes.

### **Governance, Administration and Compliance**

- Action:** Sale of Land for Non Payment of Rates
- Outcome:** Properties identified to be transferred to Council under Section 184 and Section 185. Details provided to Collection Agency to continue procedure
- Action:** Strategic and Community Plan, LTFMP and LTAMP
- Outcome:** Draft plans completed. Council adopted at July 2017 meeting
- Action:** Continued review of Council policies to ensure legislative compliance
- Outcome:** Policies continually reviewed during the year
- Action:** Review all leases and licenses over Council land and implement new documentation
- Outcome:** Lease and License negotiations completed with final documentation prepared for signing in July/August 2017
- Action:** Elector Representation Review
- Outcome:** Review finalised. Reduction in elected member body from seven to six by December 2018
- Action:** Shared Service Implementation and Delivery Standards
- Outcome:** Shared service discussion held with neighbouring Councils. Memorandum of Understanding in draft stage with some services being considered by June 2018

### **Community Services**

- Action:** Orroroo Public Toilets
- Outcome:** Scope of work, contractor engaged and works completed May 2018

### **Cultural**

- Action:** Orroroo Memorial Hall
- Outcome:** Alcove work complete

### **Economic Development**

- Action:** Tourism Signage Project
- Outcome:** Orroroo Tourism Group completed design and locations of signs. Attached to buildings complete April 2018.

## **Environment**

**Action:** Mulch green waste at Orroroo and Carrieton

**Outcome:** Work postponed

**Action:** Waste Management Study

**Outcome:** Deferred

## **Community, Recreation and Social**

**Action:** Carrieton Town Entrance Wall

**Outcome:** Foundation installed and wall feature complete

**Action:** Orroroo Swimming Pool

**Outcome:** New pool liners installed and work complete

## **Infrastructure and Services**

**Action:** Heavy Vehicle Bypass Concept Designs

**Outcome:** Final concept report and community consultation complete November 2017

## **Regulatory Services**

**Action:** Dog and Cat Management Plan

**Outcome:** Dog and Cat Management Board adopted and implemented 6 June 2018 for a period of five years

## **Financial and Asset Management**

**Action:** Continued collection of outstanding rate debtors with the sale of land for non-payment of rates

**Outcome:** Properties to be sold for Non Payment of Rates have been identified

**Action:** Continued review of all operations to explore efficiencies and savings, to include exploring shared service arrangements and other models for the efficient and cost effective delivery of services

**Outcome:** Review process is continuing

**Action:** Finalise the development of the internal control systems to ensure compliance with accounting principles and Auditor requirements

**Outcome:** Internal controls have been reviewed in accordance with Auditors recommendations and systems implemented

**Action:** Finalise review and development of financial management policies, procedures and systems

**Outcome:** Policies and systems are continuing to be reviewed

## Infrastructure and Services

**Action:** Continued review of standards and service levels for the efficient, effective and sustainable delivery of all Council's services and management of assets

**Outcome:** The service levels have been reviewed for the maintenance of assets with the service delivery standards developed. General services review is being finalized.

**Action:** Develop 5 year capital works program for road re-sheeting and footpaths

**Outcome:** Program has been developed and will be reviewed and updated annually

## Capital Works – Road Re-Sheeting

The following Road Re-Sheeting Projects have been completed during the year:

Project	Description	Status
Council House Works	Replace porch at rear of house and roof on shed	Completed
RSL Redevelopment	RSL Building redeveloped as per review to meet continued building use. Completion due June 2018	Ongoing
North Terrace Reseal	North Terrace reseal complete May 2018	Completed
Reconstruct portion of Price Maurice Road	2km of Price Maurice road resealed using Special Local Roads funding complete May 2018	Completed
Orroroo Aerodrome Terminal Building	Orroroo Aerodrome Terminal Building demolished and replaced with new	Ongoing
Road Re-Sheeting Program	O'Dea Road Booloroo Springs Road McCallum Road Johnburgh Road Morchard (Hammond) Road Belton Road Morchard Road (Shephards) Wyndhurst Road Kilmore Road Bouda Hutt Road Bullyacre Road Pekina Black Rock Road Railway Terrace (Black Rock) Fourth Street (Black Rock) Coomooroo Road Treehaven Road Minburra Road	Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed
Plant and Machinery Purchases	Roller Grader	Completed Ongoing