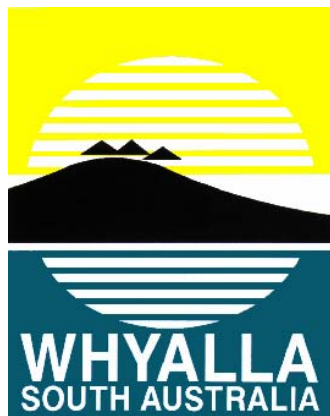


# The Corporation of the City of Whyalla



## 2008/09 Annual Business Plan and Budget

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**WHYALLA VISION TOWARDS 2022 – Annexure “A”**

**2008/09 DRAFT BUDGET OVERVIEW – Annexure “B”**

**2008/09 FINANCIAL YEAR WORKS PROGRAM  
(including Council's future landfill strategy – Annexure “C”**

**2008/09 SUMMARY ANNUAL BUSINESS PLAN – Annexure “D”**

# ANNUAL CITY OF WHYALLA PLAN

## 1. INTRODUCTION

The City of Whyalla is a culturally diverse regional community and is home to more than 22,000 people.

Whyalla has a well established industry and retail base, strong community spirit and its residents enjoy a comfortable lifestyle with plenty of amenities, events and activities.

### 1.1 Executive Summary

The City Business Plan is Council's key management document reflecting the work that Council needs to undertake over the next year to meet its Strategic Plan goals and objectives within the constraints of the newly revised Ten Year Financial Plan.

Council's 2008/09 annual budget has been premised on its Strategic Planning priorities.

#### Community Involvement

This document will be placed on community exhibition between 6 June and 27 June 2008. Draft copies of the Plan will be available from Council's Customer Service Centres and web-site.

A meeting is programmed to take place on 18 June 2008 at 6.30pm where members of the public can ask questions and make submissions.

Submissions from the public in regards to the Business Plan will be received during the period 6 June to 27 June 2008. Comments can be sent to:

Chief Executive Officer  
Whyalla City Council  
PO Box 126  
WHYALLA SA 5600

#### Whyalla's Strategic and Community Plans

As flagged in the 2007/08 Annual Business Plan, Council is currently going through a process of a very major revision of its strategic plan.

A draft of the new plan "Whyalla Vision Towards 2022" has been presented to elected members during May 2008 for comment.

This plan is scheduled to be adopted by Council at its meeting on the 16 June 2008.

## **Ten Year Financial Plan**

The Draft Ten Year Financial Plan balances the level of funding required to achieve the cities outcomes. It also becomes the basis for the preparation of the annual budget.

This Plan has recently been updated from a three year to a ten year financial plan.

A major component of the Plan is the current focus on financial sustainability, accrual accounting and the effective management of Council's assets.

## **Annual Budget**

Council's annual budget has been developed in conjunction with Council's Ten Year Financial and Annual Business Planning documents. The budget has been developed in light of finances reasonably available and with a view to long term organisational sustainability.

## **Service Profiles**

Service profiles are developed to articulate Council's service delivery mix, implement Council strategy and promote transparency in financial reporting.

## **Capital Improvement Program**

Council has developed a capital improvement program to ensure that Council's assets are protected, developed and maintained in a timely fashion.

This is achieved by linking the program to Council's Strategic Plan, the Ten Year Financial Plan and the long term Asset Renewal Plan.

Council currently has an Asset Management Committee and their mission is to identify and implement improvements in the efficient and effective management of Council assets by the end of 2008.

## **Key Financial Indicators**

In accordance with Section 122 of the Local Government (Financial Management and Rating) Amendment Act 2005, Council is required to introduce measures to assess its performance over the financial year.

The City of Whyalla was also recently involved in a Comparative Performance Measurement project undertaken by the Local Government Association of SA.

The next LGA community survey is scheduled to commence during late June 2008.

## **Corporate Business Plan**

Due to the timing of the major revision of Council's Strategic Plan, departmental business plans outside of the draft budget are yet to be developed in regard to the 2008/09 financial year. It is envisaged that this will take place prior to 31 July 2008 taking into account council's "Whyalla Vision Towards 2022" document.

## **Whyalla Vision Towards 2022 – Annexure “A”**

## **2008/09 Draft Budget Overview – Annexure “B”**

The budget overview Power Point presentation summarises Council's:

- budget goals and outcomes;
- previous financial year achievements;
- budget initiatives and future challenges; and
- Strategic Plan relationships.

This presentation will be given to the public at the meeting scheduled for Wednesday 18 June 2008.

## **2008/09 Financial Year Works Program – Annexure “C”**

The Financial Year Works Program Power Point presentation summarises Council's road works and other associated asset programs to take place during the financial year.

This presentation will be given to the public during the meeting scheduled for 18 June 2008.

## 2. WHYALLA'S STRATEGIC AND COMMUNITY PLANS

Council currently has produced a draft strategic plan for the Whyalla community titled "Whyalla Vision Towards 2022".

The revised plan includes the following detail:

### MISSION STATEMENT

*"To improve the Total Quality of Life in Whyalla"*

### MAJOR VISION STATEMENT

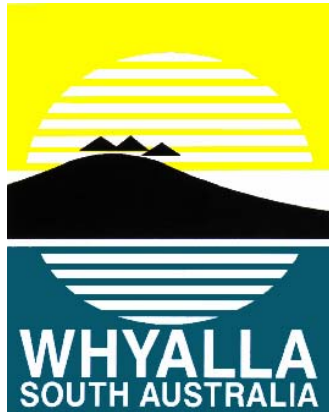
**"We are a vibrant, growing city offering a diverse range of sustainable economic, environmental and community opportunities. Our community is to have access to quality services and facilities, capitalising on our attractive coastal and outback landscape. Our city is to be home to a harmonious, integrated community actively involved in securing Whyalla's prosperity".**

The new draft plan has been collapsed down into four (4) goal areas:

- Economic Prosperity
- Environmental Care
- Community Wellbeing
- Council

In order to fully develop the plan for future action strategies an assessment has been undertaken in concert with the community and stakeholders to identify the current and very much changing context in which we find ourselves.

A copy of the draft plan is included for your information, refer "**Annexure A**".



REVISED

Ten Year

Long Term Financial Plan

June 2008

## EXECUTIVE SUMMARY

Most States around Australia currently use rate setting or rate determination budgets as their main tool of budgeting on an annual basis. There has been very little emphasis given to balance sheet management, budgeting of operating results, accrual accounting and management of cash flows. Additionally, there has been very little focus on the outlook beyond one year, which has resulted in a focus on short-term financial management. One of the fundamental shifts in thinking by enlightened Councils has been a move away from setting budgets on a rate determination basis to managing the assets of Councils so as to enable the derivation of sufficient revenues to achieve the operating objectives.

It needs to be understood that the rate determination budgets referred to above have represented a mid-point between cash flows statements and operating statements. They have tended to focus on reserve accounting and have not truly represented cash flows in Councils.

The Ten Year Long Term Financial Plan is used to focus on key strategic components of the Council's finances over the long term. It is suggested that Councils should, as a matter of best practice, plan over a timeframe at least a ten years to ensure that the annual rates setting process does not lose sight of the overall financial objectives of the Strategic Plan. This provides sufficient time to understand the implications of key decisions and their impact on the underlying financial strength of the Council.

Council has previously had a policy objective of allocating a minimum of 20% of the total budget expenditure for capital projects. In order to maintain existing assets we must now allocate an amount equal to depreciation or deterioration of the assets. In doing this the community will pay for the use of the infrastructure they currently enjoy rather than a future generation being burdened with the cost of bringing it back up to scratch.

	Estimate 2008/09 \$	Estimate 2009/10 \$	Estimate 2010/11 \$	Estimate 2011/12 \$	Estimate 2012/13 \$	Estimate 2013/14 \$	Estimate 2014/15 \$	Estimate 2015/16 \$	Estimate 2016/17 \$
To achieve a capital expenditure total where assets will be maintained, total spending should be:	4,128,000	5,027,000	5,193,000	5,360,000	5,538,000	5,720,000	5,907,000	6,099,000	6,282,000

With regard to strategic financial issues, the following key recommendations will provide the means by which Council can move to its preferred financial position.

## **Page 22**

The Key Objectives numbered 1 to 11 have been adopted by Council at its meeting held on 8 May 2006 and 4 June 2008.

## **Page 23**

Council adopted at its meeting held on 8 May 2006 and 4 June 2008:

1. A ten year “rolling” financial plan, renewed annually, consistent with the Council’s strategic plan.
2. That the Long Term Financial Plan be reviewed each year after the review of the strategic plan.

## **Page 25**

Council will consider the following three items in the near future:

1. That for the next three (3) years, Council adopt a Rating Strategy to increase the General Rate Revenue by 6% (3% CPI + 3% increase) in accordance with projected financial sustainability requirements and that additional rate income be used to fund Capital Works and achieve an operating surplus.
2. That an education campaign be implemented to explain the benefits of this approach to the community.
3. That the calculations for depreciation of infrastructure assets be reviewed to ensure the most accurate estimate for future depreciation charges.

## **Page 27**

Council adopted at its meeting held on 8 May 2006 and 4 June 2008:

1. That an Asset Replacement Reserve be established.
2. That an amount equal to the depreciation of the Councils assets be transferred to the Asset Replacement Reserve on an annual basis.
3. That renewal of the Councils assets be funded from the Asset Replacement Reserve, supplemented by loans or other Council funds as necessary.

## **Page 29**

Council adopted at its meeting held on 8 May 2006 and 4 June 2008:

1. Council shall normally borrow only for:
  - the acquisition of new assets; and
  - initial funding for entrepreneurial or commercial activities.

Debt may be used to renew existing assets where there are insufficient funds in the relevant asset replacement reserve.

2. That Council’s net debt servicing commitment to total rate revenue raised be benchmarked at 20% in order to reduce the current infrastructure gap and fund essential large capital works projects in accordance with Objective 2.1 of Council’s Strategic Plan.

### **Page 30**

Council adopted at its meeting held on 8 May 2006 and 4 June 2008:

1. That Council uses suitable capital project evaluation tools to provide assistance in the evaluation and prioritisation of all future Major Capital works projects.
2. That project evaluation for future capital works include financial and other asset management strategies implemented by Council's cross-functional team.

### **Page 31**

Council adopted at its meeting held on 8 May 2006 and 4 June 2008:

1. That the LGA "Step by Step" assets renewal plan be used to identify assets that are surplus to requirements.
2. That Council complete a detailed study to identify opportunities for combining sporting facilities that are leased to third parties by Council and reducing the number of facilities that Council maintains.

### **Page 33**

Council adopted at its meeting held on 8 May 2006 and 4 June 2008:

1. That Council, through industry bodies, local parliamentarians and by direct representations, seek more equitable funding arrangements between the three tiers of Government.
2. That the Mayor and Chief Executive Officer be authorised to make appropriate representations specifically targeting the recommendations and comments contained in the House of Representatives Standing Committee on Economics and Public Administration report "Rates and Taxes: A Fair Share for Responsible Local Government" dated October 2003.

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## 1. INTRODUCTION

The City of Whyalla and the Local Government industry generally is operating in a climate of significant change and uncertainty.

Many of the recent major reforms have related to financial reporting and management of Local Government activities.

The more significant changes which have impacted Local Government are as follows:

- The requirement for all Governments to comply with Australian International Financial Reporting Standards and the greater emphasis which is now being placed on accrual based accounting information.
- The requirement to produce operating statements, statements of financial position and statement of cash flows on an annual and ten year basis.
- The requirement to conduct a quarterly budget revision.
- The introduction of benchmarking.
- An environment where the ability to raise rate revenues is limited by outside influences.
- The need to recognise non-current assets, the setting of appropriate rates of depreciation and determination of capitalisation policy.
- The implementation of accrual accounting budgets for operation statements.
- A reduction in the reliance on reserve based accounting for funding capital expenditure projects.
- Long term strategic planning to ensure sustainable growth prospects for the city.
- The requirement to have an audit committee.

Funding constraints, increasing accountability and community expectations combine to produce an environment where resources continue to be stretched between competing priorities.

In this type of environment, it is essential that Council develop sound long term strategies to address the fundamental needs of its community through the Strategic Plan and specific Policy Statements.

The long term Financial Plan flows from these planning strategies and represents how Council intends to harness its financial resources to achieve its strategic goals.

The objectives of the long term Financial Plan are:

1. To ensure the long term financial sustainability of the organisation;
2. To model long term trends in income and expenditure and identify strategies to improve Council's financial position.
3. To identify areas of risk which may impact upon Council's financial position.
4. To maximise flexibility in an environment of continuous change.
5. To ensure that Council has sufficient resources to meet its stated service delivery objectives.

It is critical that Council's strategic planning ensures that its scarce resources are put to best effect and that a persuasive case is developed to address the fundamental imbalance in taxation revenue between tiers of government.

The long term Financial Plan is an important element of achieving both of these objectives.

## 2. KEY FINANCIAL ISSUES

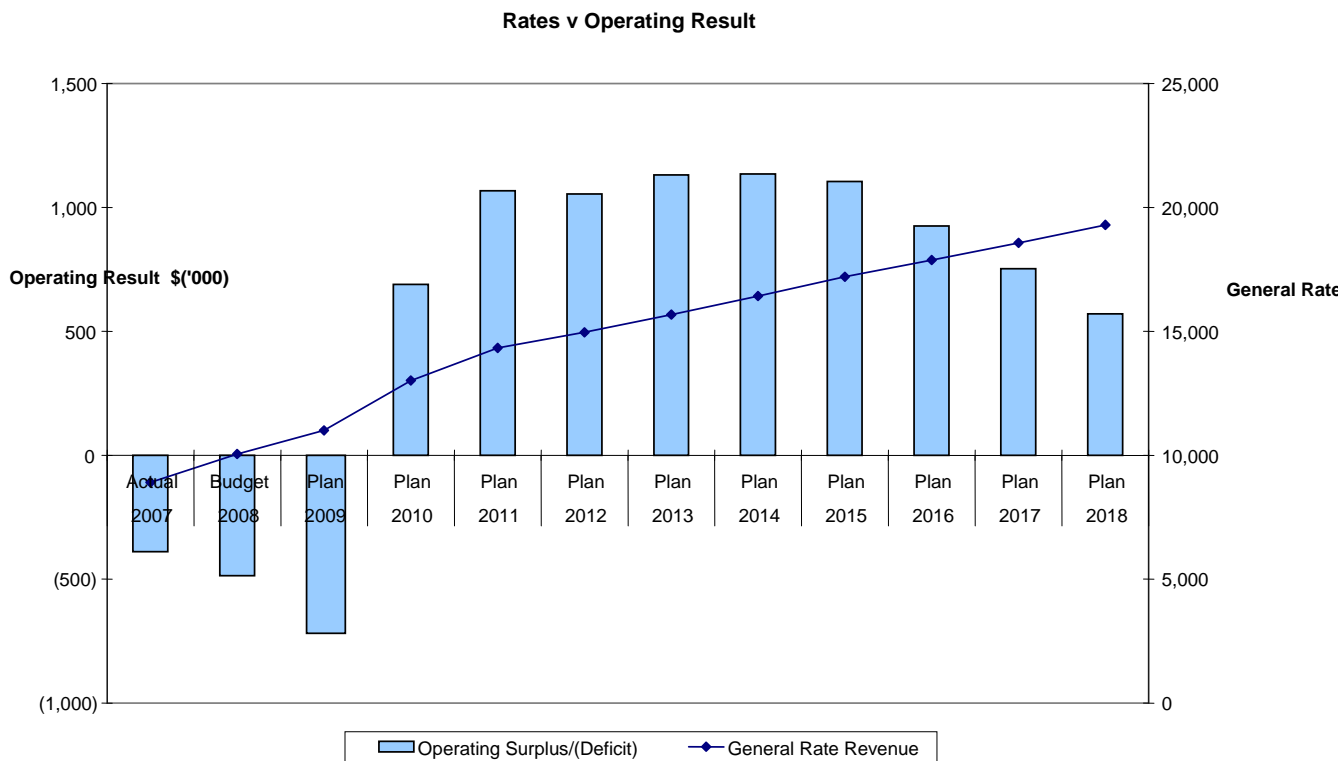
### Current Financial Position

Council's financial position can be measured in two (2) ways:

- Rate Determination View – short term, cash based, tactical focus; or
- Income Statement View – longer term, full accruals, strategic focus

In assessing the financial health of the organisation, it is important that both of these views are examined with greater emphasis on the Operating Statement as this impacts on the net worth of the organisation over time. Council will usually report a balanced cash budget.

The following graph depicts projected trends in Council's Operating Results and rates income.



## Infrastructure Gap

Council owns over \$150 million of infrastructure net assets – roads, drains, parks, etc.

These assets perform valuable community functions and require substantial maintenance and redevelopment. They have long lives, but they do not last forever and are consumed.

Accountants attempt to measure this asset consumption using the concept of depreciation. Depreciation is the theoretical dollar value of the reduction in the usefulness of the asset – its consumption over time.

How accurately depreciation measures “real” loss of value and deterioration of condition is dependent on the accuracy of both the “useful life” estimate and the value of the asset. It is clear that the erosion of Council’s infrastructure asset base is significant and that over time large amounts of capital and maintenance expenditure will be required to maintain the functionality of these assets.

In August 2003, a cross functional team of Council employees was established. The team’s mission is to identify and implement improvements in the efficient and effective management of Councils assets. This team now known as the Integrated Risk Management Team has continued its work toward the key elements of the project including:

- Developing cost effective management strategies for the long term.
- Providing a defined level of service and monitoring performance.
- Managing risks associated with asset failures.
- Providing for sustainable use of resources.
- Ensuring continuous improvement in asset management practices.

The recent inquiry into financial sustainability identified the infrastructure gap (backlog) as a major issue for most South Australian Councils. Councils have not been allocating enough funds to capital expenditure in order to maintain existing assets

Council’s annual *capital financial performance* is sustainable if capital expenditure on the renewal or replacement of existing assets on average approximates the level of the Council’s annual depreciation expense, because any shortfall of such capital expenditure against annual depreciation expense would involve future ratepayers being left with an excessive burden when it comes to replacing or renewing the Council’s non-financial assets.

This long term financial plan incorporates an increase in capital spending in order to maintain our asset base and eliminate the infrastructure gap.

## **Financial Sustainability**

Following the recent inquiry into financial sustainability Councils Chief Executive Officer Phil Cameron prepared the following article on the subject for our Whyalla Council Newsletter to the residents of Whyalla.

### ***The financial sustainability of all Councils is vital in the interests of ratepayers, the community and the State.***

*Council is an important pillar of efficient and effective Local Government.*

*The Local Government Association of SA recently commissioned an independent inquiry into the sustainability of the long-term financial performance and position of the State's Councils.*

*The four-month enquiry was completed in June 2005 and identified that the long-term finances of many SA Councils were not sustainable.*

*This conclusion was based on:*

- *High operating deficits; and*
- *Substantial infrastructure renewal and replacement backlogs.*
- *Independent advice prepared for the inquiry suggested that 26 of 68 SA Councils were in the financially unsustainable category, covering about one-third of the State's population.*
- *There appears to be a number of factors contributing to the prevalence of operating deficits and their frequent co-existence with substantial infrastructure renewal/replacement backlogs:*
- *Relatively low (and falling) levels of Commonwealth and State Government funding.*
- *Cost pressures on Councils as a result of the increasing cost of complying with escalating regulations and real or apparent cost shifting primarily by the State government.*
- *A State government freeze on Council rates revenue in the late 1990s, which resulted in about \$20 million in lost revenue.*
- *Ratepayer pressure rates increases below those necessary to fund increasing service levels.*
- *Past policies responsible for service levels and standards in excess of those which could be sustainably funded by Councils themselves.*
- *Deficiencies evident in asset management practices and associated depreciation and asset valuation policies.*
- *A widespread reluctance to borrow even when it is prudent to do so.*

*Whyalla Council has in the past been recording annual operating deficits due to:*

- *The lack of cash revenue available to fully fund its annual depreciation expense (of about \$4.2m pa), and*
- *Its accumulated infrastructure renewal/replacement backlog over the past decades.*

*Examples of the annual depreciation expense and accumulated infrastructure renewal/replacement backlogs include items such as, roads, footpaths, drainage, Council buildings, marina, playgrounds and irrigation.*

*Amongst 62 recommendations contained in the study presented to the association is one that it considers an amendment to the Local Government Act 1999 seeking Councils ensure that each year's:*

- *Projected income is set at least at a level sufficient to meet that year's projected expenses, and*
- *Projected capital expenditure on renewal or replacement of existing assets is set at least at a level sufficient to cover that year's projected depreciation expense.*

*Whyalla Council has taken the results of the study very seriously and is currently implementing long-term financial governance strategies which include:*

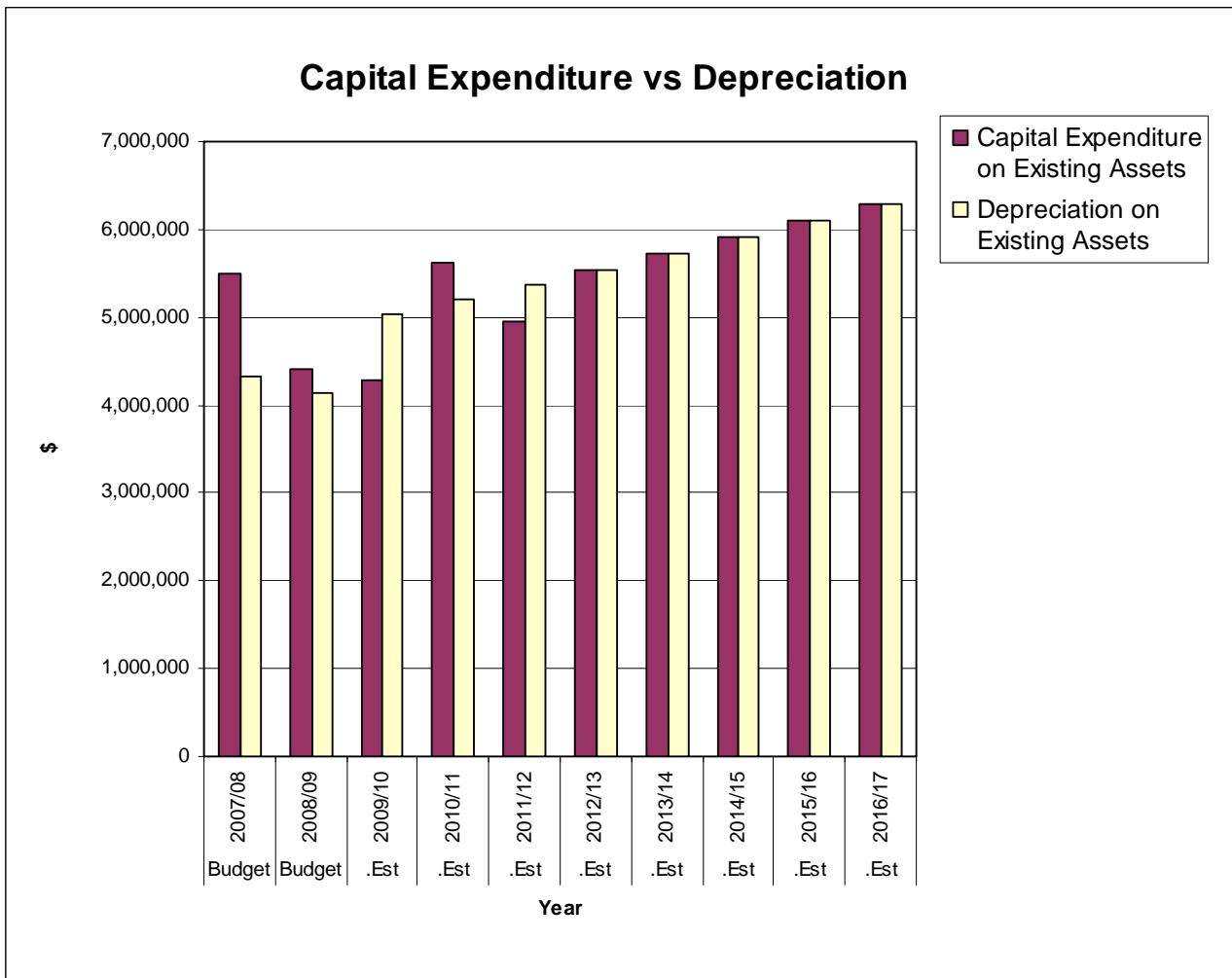
- *Developing a rolling annual ten-year financial plan.*
- *Reviewing its rates strategy annually*
- *Reviewing its borrowing policy.*
- *Reviewing annually the services that are provided to the community.*
- *The Implementation of an audit committee. (Established in 2007)*
- *Review and development of revenue and financing policies regarding the funding of both operating and capital expenses.*
- *A full review of all Council assets, with a view of implementing appropriate policies to enable the upgrading of existing assets and acquisition of new assets.*

*The formulation of a best practice long-term financial plan will enable Council to more adequately address issues associated with its ageing roads networks and other diverse infrastructure.*

*Budgets will in future, be based on a solid understanding of the long-term financial forecasts of Council.*

The recommendation by the Financial Sustainability Review Board that the projected annual capital expenditure on the renewal of existing assets should at least equal the annual depreciation expense is a useful short term strategy. However, the amendments to the local government act that Councils must prepare 10 year infrastructure and asset management plans will provide a much better basis for identifying the spending requirement for asset renewals.

The following graph compares projected capital expenditure projected trends with the depreciation charged on assets.

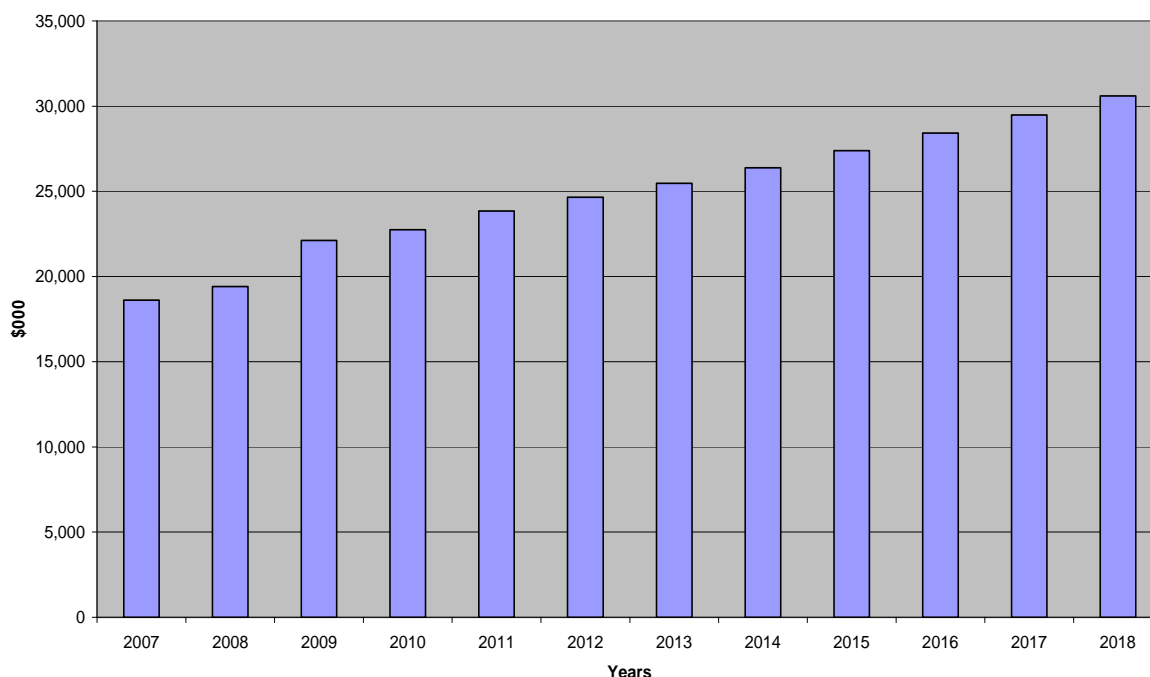


Capital expenditure on new assets does not tackle the problem of deterioration of existing assets. The emphasis of the Capital Program should therefore be on maintaining the capacity of the existing asset base to provide services, after this base has been subjected to an annual “relevance” test.

This “Infrastructure Gap” is the biggest financial issue facing all local authorities around the Country.

## Projected Expenditure Trends

Recurrent Expenditure Trend



\* Recurrent Expenditure including Depreciation

Cost containment can be facilitated by the market testing process, benchmarking, economies of scale and the general drive for productivity improvement.

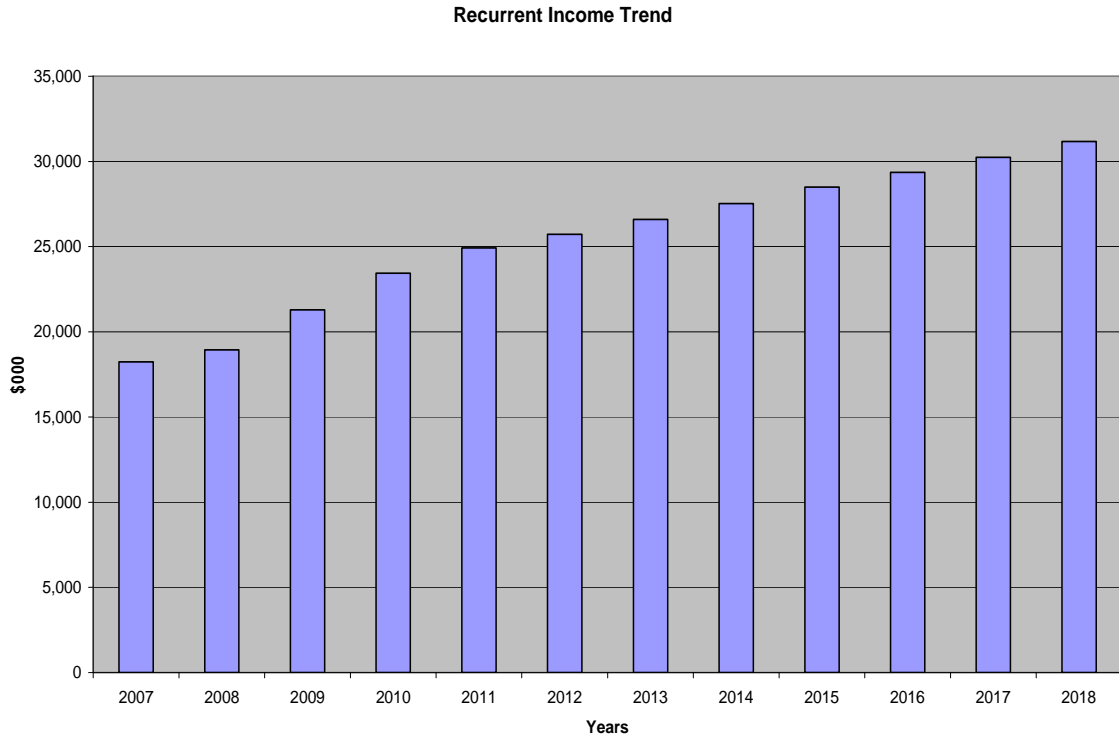
Cost containment alone will not create long term viability and must be supplemented by additional strategies.

Cost pressures are becoming evident in a number of service areas including:

- IT – due to increased accountability creating a higher demand for reporting;
- Asset Maintenance – due to the size and complexity of Council's asset holdings;
- Aged Care – due to the increase in number of elderly residents;
- Withdrawal of Government services by Federal and State Governments;
- Possible reduction in Government Grants (eg FAG, Tourism, CCC, etc).
- Cost shifting between other levels of government (refer publication "Rates and Taxes – A Fair Share for Responsible Local Government", October 2003, House of Representatives Standing Committee of Economics, Finance and Public Administration)
- Waste Management due to new requirements imposed by the EPA.
- The need to be environmentally responsible as a result of climate change.
- Increase in development activity - higher staffing allocations required to keep up.

## Projected Income Trends

Council's ability to influence its major sources of income has been extremely limited. The flexibility to generate further income remains constrained by political realities, the Broken Hill Proprietary Company's Steel Works Indenture Act, 1958 and the community's ability to pay.



Should Government Grants not keep pace with inflation, the shortfall will need to be made up by Council or through reductions in service levels.

A detailed Rating Strategy is required, as is a concerted effort to identify and tap into alternative sources of funds.

## Risk Analysis

Council does face a number of financial risks as outlined below.

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>
Natural Disaster	Low	Moderate
Reductions in Specific Purpose Grants	Moderate	Moderate
Reduction/Removal of Grants Commission	High	High
Re-establishment of Rate Cap	Low	Moderate
Salary/Wages Growth greater than CPI Increase	High	High
Bad Debts Write Off	Low	Low
Changes to the taxation system	Low	Low
Reduction of OneSteel	Low	High (indirect)
Reduction of population	Low	Moderate / High
Increase Population	High	High
Skill Shortage/Staff Retention	Moderate	High
Cost Shifting – Community Bus – <b>TAFE Child Care</b>	Moderate	High
Community Expectations Exceed Council Financial Capacity to service	High	High

The long term financial strategy is being developed keeping the financial risks in mind. These risks will be monitored and the potential impact of adverse trends will be factored into the long term financial strategy.

### 3. STRATEGIC DIRECTIONS

#### General Strategy

The City of Whyalla Community Plan contains the following outcome: - Council

*“A safe and well maintained standard of infrastructure consistent across the city.”*

The **key objectives** underlying this financial strategy are:

1. To increase rate revenue available for Capital Works in order to commit the amount required to maintain our existing infrastructure.
2. To maintain the capacity of the Council's assets to provide services through a Capital Works Program.
3. To increase Council's financial flexibility and to enhance its ability to respond to changes in financial conditions.
4. To maintain cash reserves at prudent levels to meet statutory and financial management objectives.
5. To minimise reliance on loan funds except where third party schemes are involved in the full repayment of such funds.
6. To dispose of surplus assets and re-invest the proceeds in creating more useful assets for the community and to put the proceeds of asset sales into developing or improving other assets.
7. To ensure ongoing productivity improvement and cost containment through Market Testing, workplace reform and continuous improvement.
8. To eliminate any operating deficit in the short to medium term.
9. To focus on Council's Strategic activities on a priority basis in the first instance.
10. To provide for a small contingency reserve for unforeseen circumstances.
11. To ensure that net debt servicing does not exceed 20% of rate revenue.

The following sections of the document outline detailed recommendations, which support the achievements of these objectives.

**The Key Objectives numbered 1 to 11 have been adopted by Council at its meeting held on 8 May 2006 and 4 June 2008.**

**Further review of Key objectives to be undertaken by Audit Committee in conjunction with Long Term Financial Plan, Asset Management Plans and Community Plan once adopted. Audit Committee will make recommendations to Council.**

#### **4. FINANCIAL PLANNING PROCESSES**

The 2005 amendments to the Local Government Act and the report of the Financial Sustainability Review Board have emphasised the need for Councils to be more proactive and forward looking in their planning process.

This ten year financial plan and its associated recommendations is the first step in improving the Council's financial planning processes.

It is intended to make the ten year financial plan a "rolling" plan that will be reviewed annually, with the first year of the plan being the basis for the next years budget.

**Council adopted at its meeting held on 8 May 2006 and 4 June 2008:**

- 1. A ten year "rolling" financial plan, renewed annually, consistent with the Council's strategic plan.**
- 2. That the Long Term Financial Plan be reviewed each year after the review of the strategic plan.**

## 5. RATING STRATEGY

Council needs to develop and maintain a rating strategy that will ensure its financial sustainability to meet the service needs of the community and to maintain the assets which provide those services. However, there are several factors which need to be considered prior to adopting a Rating Strategy. These include:

- Financial Sustainability;
- The Community's ability to pay;
- Growth/Reductions in population;
- Political Ramifications; or
- The potential for the Minister of Local Government to intervene.

A well argued Rating Strategy which links future rate increases to clear organisational objectives is required to ensure community and government acceptance of Council's approach.

Given that the biggest financial issue facing Council is financial sustainability and the associated infrastructure gap, a persuasive argument could be made to increase rates to a level which will gradually rectify Councils current operating deficit to a surplus position. Such an increase should also absorb yearly CPI movements with the additional funding also directed towards eliminating the infrastructure gap.

Weighted average CPI for the period March 2007 to March 2008 for all capital cities is 4.2%. The CPI figure used for the 2007/08 budget was 3.0%. The assumed CPI used in this plan is 3.0% plus an extra 3% rate increase in order to gradually reduce our infrastructure backlog.

A scenario has been modelled based on the following parameters:

Rate Revenue Increase	Additional Rate Income				
	2008/2009	2009/2010	2010/2011	2011/2012	2011/2012
3% CPI Adjustment	251,000	279,000	339,000	378,000	395,000
3% Increase	251,000	279,000	339,000	0	0
New Growth Factor	415,000	1,446,000	614,000	204,000	271,000
Total Accumulated Increase	930,000	2,934,000	4,226,000	4,808,000	5,474,000
Projected Rates Income	9,347,000	11,300,000	12,592,000	13,174,000	13,840,000

The Financial Model mostly uses a CPI % figure of 3% for increases related to expenditure and assumes Council will discontinue it's policy to add additional increase after 5 years.

The higher the rate increase is above inflation, the lower the Infrastructure Gap will become, assuming that all the rate increases are directed to Capital Works and not for the introduction of new or expanded services.

## **Recommendation**

**That Council will consider the following three items in the near future:**

- 1. That for the next three (3) years, Council adopt a Rating Strategy to increase the General Rate Revenue by 6% (3% CPI + 3% increase) in accordance with projected financial sustainability requirements and that additional rate income be used to fund Capital Works and achieve an operating surplus.**
- 2. That an education campaign be implemented to explain the benefits of this approach to the community.**
- 3. That the calculations for depreciation of infrastructure assets be reviewed to ensure the most accurate estimate for future depreciation charges.**

## 6. RESERVE FUNDS

Council holds significant funds in reserve for a variety of purposes, most with restrictions on their potential use.

The high level of cash discretionary reserves held by Council in the past has been used to fund various capital projects.

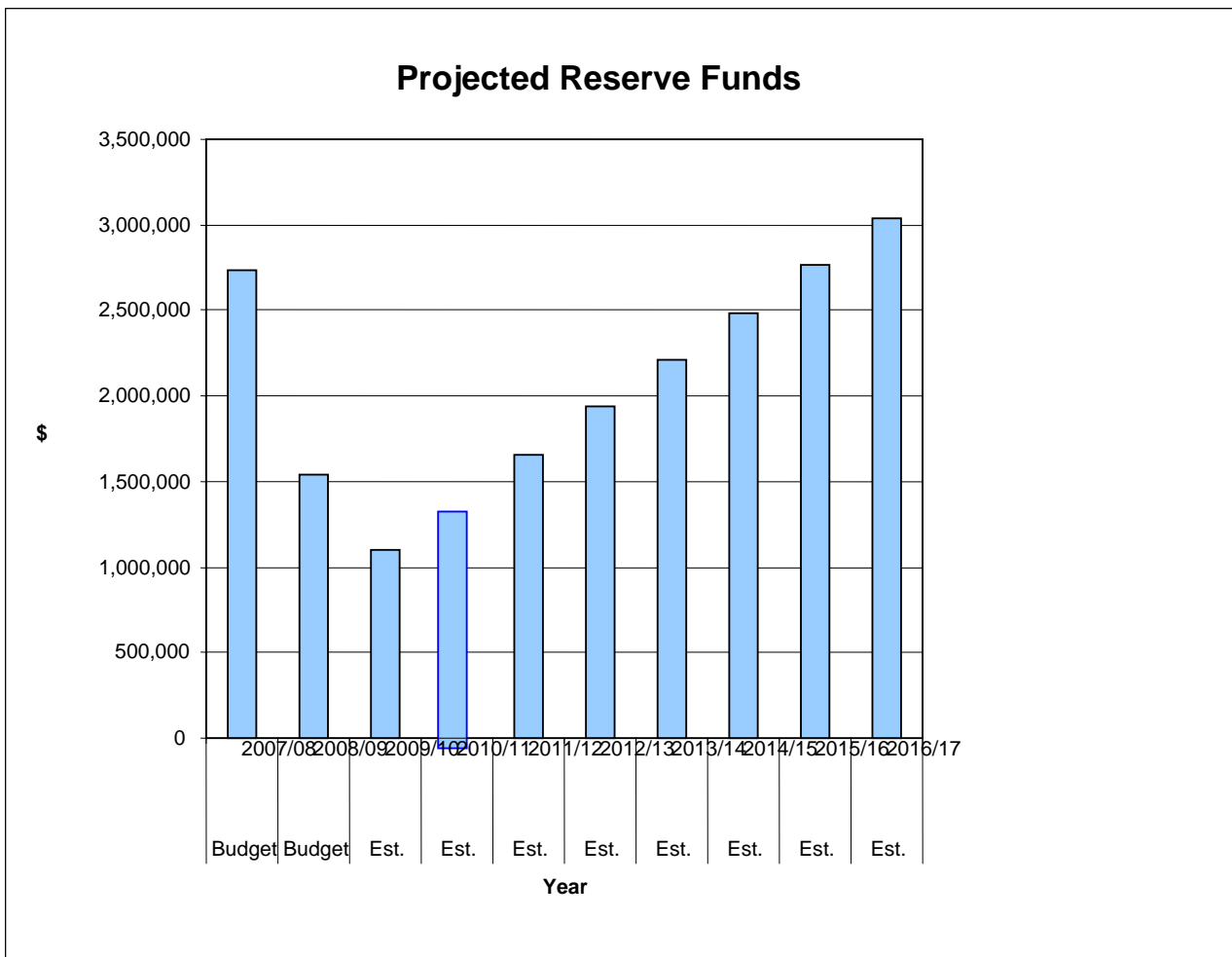
The following is the projected revenue funds movement.

<b>THE CORPORATION OF THE CITY OF WHYALLA</b>						
<b>COUNCIL FUNDS</b>						
<b>DESCRIPTION</b>		<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
		<b>Balance</b>	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>
		30 June 2008	30 June 2009	30 June 2010	30 June 2011	30 June 2012
		\$	\$	\$	\$	\$
<b>LONG SERVICE LEAVE</b>	<b>1</b>	259,719	259,719	259,719	259,719	259,719
<b>AIRPORT COMBINED</b>	<b>3</b>	922,254	233,754	510,154	786,554	1,062,954
<b>LANDSCAPE</b>	<b>5</b>	125,000	417,915			
<b>CONTINGENCY RESERVE</b>	<b>16</b>	797,804	172,545			
<b>OPEN SPACE</b>	<b>19</b>	575,400	287,400	335,400	335,400	335,400
<b>ASSET REPLACEMENT</b>						
<b>TOTALS</b>		<b>2,860,177</b>	<b>1,371,333</b>	<b>1,105,273</b>	<b>1,381,673</b>	<b>1,658,073</b>

The funds in reserves have been built up through asset sales in previous years and specific allocations from rate revenue. The philosophy is that the proceeds of any asset sales should be ploughed back into developing or improving other assets.

Currently no specific reserve for Asset Replacement exists. In order to maintain our existing assets we must fund our depreciation. When we spend less on assets than their depreciation we must allocate the difference to the Asset Replacement Reserve. When we need to spend above depreciation in a particular year we will be able to call on the reserve for the difference.

The following graph depicts the past and projected trends of Council's Non Discretionary Reserve Funds:



As a matter of prudence, a small contingency reserve should always be maintained to allow for unforeseen circumstances.

**Council adopted at its meeting held on 8 May 2006 and 4 June 2008:**

- 1. That an Asset Replacement Reserve be established.**
- 2. That an amount equal to the depreciation of the Councils assets be transferred to the Asset Replacement Reserve on an annual basis.**
- 3. That renewal of the Councils assets be funded from the Asset Replacement Reserve, supplemented by loans or other Council funds as necessary.**

## 7. BORROWINGS

In assessing the need for funds for capital expenditure consideration will be given to:

- funding from rates and other revenue sources
- funding through finance leases
- funding from borrowings

A broad principle to be followed is that borrowing for new capital works provides the opportunity to spread the cost of the capital expenditure over the ratepayers who benefit from the expenditure.

Using borrowings for all new capital works reduces the impact on recurrent funding sources.

On the other hand, reducing debt allows the funds currently allocated to repaying principal and interest to be released for other purposes. In this way, debt reduction increases Council's financial flexibility.

Council's budgeted 2008/09 debt position is as follows:

Current	1,751,000
Non-current	4,636,000

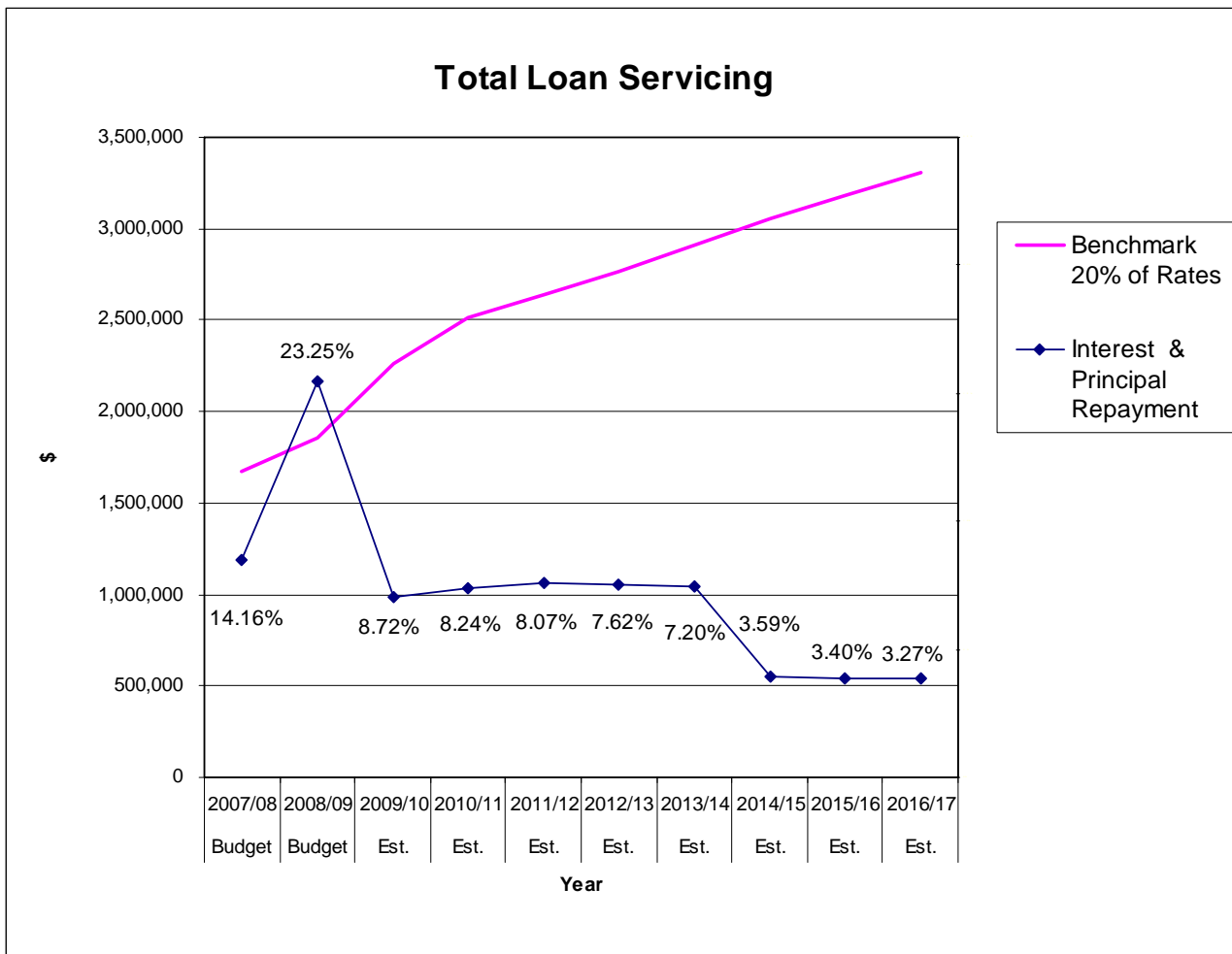
Council's current net servicing commitment to total rate revenue is benchmarked at 20%.

In order to reduce the current infrastructure gap and fund essential capital works projects in accordance with Objective 2.1 of Council's Strategic Plan, it is suggested that benchmarked rate be changed to above 20%.

Prospect for interest rates over next three (3) years are:

- Interest rates have been on the increase with 4 official rises since August 2007. The official cash rate is currently sitting at 7.25 per cent since the last rise in March 2008.
- In the short term the likelihood of a further interest rate rise seems to have subsided.
- It would be assumed that interest rates will remain toward the middle range of the scale over the next three years.

The following graphs illustrate the trend in Council's debt position including borrowings for schemes funded by third parties.



**Council adopted at its meeting held on 8 May 2006 and 4 June 2008:**

**1. Council shall normally borrow only for:**

- the acquisition of new assets; and
- initial funding for entrepreneurial or commercial activities.

**Debt may be used to renew existing assets where there are insufficient funds in the relevant asset replacement reserve.**

**2. That Council's net debt servicing commitment to total rate revenue raised be benchmarked at 20% in order to reduce the current infrastructure gap and fund essential large capital works projects in accordance with Objective 2.1 of Council's Strategic Plan.**

## **8. CAPITAL PROJECTS AND NEW INITIATIVES**

Local Government capital expenditure programs have traditionally been developed without rigorous analysis as to the whole of life costs or quantifiable benefits. While projects within particular programs may have been prioritised, Councils have had difficulty in comparing and prioritising projects across different programs. These two elements of the capital planning process are fundamental to the investment decision.

The prioritisation framework extends the evaluation beyond financial and economic parameters, to include social and environmental issues.

It is also recognised that various asset management strategies will be developed as a result of the cross-functional team of Council employees (refer page 15 of this document).

Council should use practical assistance via suitable capital project evaluation software to provide assistance in the evaluation and prioritisation of capital works projects.

A soundly based investment evaluation must be undertaken to demonstrate the worth of each capital expenditure proposal. The ranking and approval stage ensures that management and elected representatives have the opportunity to consider all of the strategic and financial implications of proceeding with the proposal in an environment of scarce capital resources.

**Council adopted at its meeting held on 8 May 2006 and 4 June 2008:**

- 1. That Council uses suitable capital project evaluation tools to provide assistance in the evaluation and prioritisation of all future Major Capital works projects.**
- 2. That project evaluation for future capital works include financial and other asset management strategies implemented by Council's cross-functional team.**

## 9. ASSET SALES / PROPERTY MANAGEMENT

An extensive evaluation and consultation process should be undertaken on all Council properties to identify:

- a) strategic priorities services; and
- b) which assets are surplus to requirements (i.e. properties which are not serving any useful community purpose).

Council also holds a significant number of properties that are leased to third parties. A detailed study including identifying opportunities for combining facilities is underway via the assets working party will be completed in the near future.

The proceeds from disposal of any surplus assets will help fund the Capital Works Program, with preference for renewal of existing assets and is seen as an effective way of turning assets of low community value into assets which serve the community in a more effective manner.

**Council adopted at its meeting held on 8 May 2006 and 4 June 2008:**

- 1. That the LGA “Step by Step” assets renewal plan be used to identify assets that are surplus to requirements.**
- 2. That Council complete a detailed study to identify opportunities for combining sporting facilities that are leased to third parties by Council and reducing the number of facilities that Council maintains.**

## 10. GOVERNMENT FUNDING

### Grant Funding

Local Government receives two (2) types of Government grants:

1. Untied Grants – Grants Commission funding which Council has complete discretion in allocating.
2. Specific Purpose Grants – Both State and Federal Governments provide a range of grants which are tied to specific projects or programs which are often linked to a requirement for Council to commit a share of its own resources.

The accountability requirements placed on these grants are invariably cumbersome and inconsistent between each type of grant.

Council's Grant Commission allocation is expected to remain the same or possibly decrease in the next few years as the new funding formula is phased in and increased population and property valuations occur within the city.

As a result of the change in grant methodology, more of the discretionary components of available funds is now directed to Councils judged to suffer the greatest disadvantage.

The real problem is that SA Councils collectively have been receiving a diminishing share of a diminishing total allocation from the Commonwealth. Quite simply, there are insufficient monies available to completely offset the overall financial disadvantages suffered by Council compared with the national average.

Specific Purpose Grants are not usually indexed to meet the increase costs of providing the service and Council is faced with the difficult choice of decreasing the level of service or committing more of its own resources to make up the shortfall.

Should this trend continue, Council will be forced to closely examine its ability to continue to provide some services. Local Government as an industry must work together to advocate a more equitable and sensible funding arrangement for many of these programs.

Council has been receiving Roads to recovery grant funds over the past 6 year period. The Commonwealth Government have recently announced an extension of the program out to at least June 2014.

Also SA Councils and the LGA are currently lobbying the Federal Government in regards to obtaining a more equitable share of the local roads grant (refer to federal government cost shifting report – October 2003).

Currently, Council does not receive any funding from the Federal or State Government in regards to the aerodrome. The House of Representatives Standing Committee on Transport and Regional Services has recommended that the Federal Government take back ownership of aerodromes or fund 50% of operating costs.

## **Cost Shifting**

The House of Representatives Standing Committee on Economics, Finance and Public Administration has recently conducted an examination into the financial position and cost shifting into Local Government.

The Australian Local Government Association claimed that cost shifting occurs in (but not exclusively limited to) circumstances where:

1. Local Government is required to provide services that had been previously provided by the other spheres of Government;
2. other spheres of Government require provision of concessions and rebates with no compensation payment;
3. services are formally referred to, and/or assigned to Local Government through legislative and other State and/or Federal instruments without corresponding funding;
4. Local Government is required to be the sole provider of essential/important local services that clearly contribute to local, regional, state and national public good;
5. Local Government is required to be the sole provider of new and innovative services that have no historical funding precedent;
6. Local Government is required to “pick-up” services as a result of the direct transfer of “ownership” of infrastructure from another sphere of Government;
7. Government policies are imposed that require Local Government to undertake costly compliance activity (and increased regulations); and
8. Fees and charges that Local Government is permitted to apply, for services prescribed under State legislation or regulation, are not indexed (or related to increase in costs of provision).

As a result, there has been a report issued by the House of Representatives titled “Rates and Taxes: A Fair Share for Responsible Local Government” which list some 18 recommendations to be worked on by Federal, State and Local Governments.

### **Council adopted at its meeting held on 8 May 2006 and 4 June 2008:**

1. **That Council, through Industry bodies, local parliamentarians and by direct representations, seek more equitable funding arrangements between the three spheres of Government.**
2. **That the Mayor and Chief Executive Officer be authorised to make appropriate representations specifically targeting the recommendations and comments contained in the House of Representatives Standing Committee on Economics and Public Administration report “Rates and Taxes: A Fair Share for Responsible Local Government” dated October 2003.**

**Michelle Tucker**  
**FINANCE AND ASSETS MANAGER**

# 2008/09 ANNUAL BUDGET RATIONALE

## 1.1 INTRODUCTION

The general philosophy pursued in the presentation of the budget is that each year sufficient income should be raised to meet the cost of services. Strict adherence to this principal is fair to all residents within the Council area, that the true cost of service provision is borne by the customers at the time of consumption.

The 2008/09 draft budget has been developed in light of the recent inquiry into financial sustainability and Local Government Act changes requiring Councils to produce ten year long term financial plans and infrastructure and asset management plans.

The key principles contained in Council's adopted Ten Year Long Term Financial Plan have been incorporated into this year's budget.

Some of these main themes are:

- that our annual expenses on rehabilitation/replacement of existing assets should at least equal total annual depreciation;
- additional rate income and expense reductions will be used to work towards an operating surplus; and
- reserve funds are used to fund capital works in the first instance, loan funds will be used in the second instance, thus reducing interest costs.

Major recurrent (operating) budget highlights are as follows:

- The budget proposal is for rates to increase by 6% which includes a CPI allowance plus an increase on top of CPI to fund the Infrastructure Gap.
- Council will operate all components of the land-fill site including waste, organics and recycling.
- Council will be paying for all operating costs of the Recreation Centre and collecting all income.

A prioritised continuous improvement framework has been established and is detailed below. The process will be challenging and will require a total commitment in order to ensure success. The outcome will consolidate the position of the City of Whyalla Council as a pro-active, forward focused Council, which provides relevant and cost effective services to the community.

- Council to adopt Draft Strategic Plan at it's 16 June 2008 meeting.
- Revise the 10 Year Forward Financial Plan.
- Revise the 3 – 5 year Capital Improvement Program.
- Review Strategic Planning priorities (identify Council's core / non-core activities).
- Continue to implement centralised Records Management program.
- Continue to implement Corporate Governance program.
- Identify future property development opportunities.
- Review Council's financial progress in light of the inquiry into the sustainability of Local Government.
- Continue to review recurrent costs via the Balanced Scorecard programs.
- Look at entrepreneurial opportunities and how marketing might improve the viability of various operations.
- Continue to review all Council assets by step-by-step Working Party.
- Continue to implement Key Performance Indicators and Comparative Indicators.
- Undertake an annual project planning timeline.
- Revise the Management Corporate Plan.
- Revise Departmental Business Plans.
- Implement the new legislative requirements in relation to Council budget and rating systems.
- Continue to implement Council's Waste Management Strategy.

## **1.2 PROCESS TIMETABLE**

The following timetable has been proposed in order to facilitate the adoption of the 2008/09 budget:

1. Senior Management Team review of Draft Budget on 1 April 2008 (to balance the 2008/09 draft budget). Subsequent fine-tuning took place on 8 & 15 April 2008.
2. Draft budget distributed to Elected Members – 8 May 2008.
3. Special Council Meeting – 12 May 2008 to consider the draft budget.

4. Special Council Meeting held on 4 June to consider the Draft Budget again and the Draft Annual Business Plan prior to the documents going to the community forum. Power Point presentations to be given regarding the budget overview and works program.
5. Audit Committee met on 4 June 2008 to review Draft Annual Business Plan prior to Council adoption.
6. Community budget forum:
  - Community consultation commenced (via advertising a public notice) including a public meeting and written submissions to be received within 21 days from the notice day.
  - Draft Annual Business Plan and budget overview and summary distributed from 6 June 2008. Various types of media exposure including the press and television will be used to advertise the budget and community forum.
  - A public meeting to be held in the Council Chamber on Wednesday 18 June 2008. Power Point presentations of the draft budget will be provided and also the opportunity for the public to comment and seek feedback.
7. Special Council Meeting 7 July 2008 in order to consider feedback and adopt the Annual Statement / Budget for the 2008/09 financial year.

### **1.3 BUDGET STRATEGY TO DATE**

The following key goals have been considered when compiling the 2008/09 budget:

1. To increase rate revenue and reduce operating expenses in order to reduce our operating deficit.
2. To ensure that recurrent expenditure growth is within the CPI increase.
3. To ensure that Council's debt servicing costs of principal and interest repayments are within 20% of the rates benchmark (as expressed in the Long Term Financial Plan).
4. Most importantly, devise a budget which takes into account the strategies of our Long Term Financial Plan and financial sustainability requirements.

The following outcomes are the result:

1. Capital Works Program is 47% of the total budget (compared with 42.5% in 2007/08).
2. Total recurrent expenditure has increased by 13.6% when compared to the 2007/08 adopted budget. Resulting from additional cost to operate leisure Centre and Landfill sites, higher than predicted operating costs (fuels, materials & staff costs) and unexpected increase in Depreciation brought about by Asset revaluations. While this is inconsistent with the objective an increase in revenue has also been achieved reducing the negative impact of this result.
3. Debt servicing costs are 12.57% of rate revenue (20% is the current benchmark). This excludes Third Party Loans (excludes repayment of short term borrowing for the Industrial Park).
4. Proposal is for a 6% rate increase (CPI is 4.2%).

The following current challenges were considered when drafting the budget:

1. To ensure the long term financial sustainability of the organisation.
2. Increase in staffing costs and pressures due to many factors.
3. The desire to maintain all current services.
4. Increasing demand for Infrastructure
  - 4.1 Industrial Estate
  - 4.2 Foreshore Redevelopment
  - 4.3 Waste Management Excellence
  - 4.4 New Library

## SUMMARY AND PROGRAMS

A summarised perspective of the 2008/09 Draft Budget reflects the following outcomes:

### The Corporation of the City of Whyalla

#### 2008/09 Draft Budget

#### Total Cash Expenditure comprised of:

Recurrent Budget	17,991,392
Capital Improvement Program	23,725,407
Loan Principal Repayments	1,751,498
Appropriation to Reserve	5,167,186
	<b>\$48,635,483</b>

#### Total Income comprised of:

Cash for Projects Brought Forward	2,605,024
Other Recurrent Income	10,407,814
Capital Improvement Income (inc Loans)	3,454,275
Land Sales Income	14,800,000
Rates and Fixed Charge	10,970,040
Transfer from Reserves/Trust	6,475,994
	<b>\$48,713,147</b>

**Cash Budget Surplus** **\$77,664**

**The Corporation of The City of Whyalla  
Long Term Financial Plan Extract  
AAS27 Operating Statement**

<b>Year Ended</b>	<b>2008/09 \$('000)</b>	<b>2007/08 \$('000) YTD</b>
<b>Operating Revenue</b>		
Rates	9,347	8,523
Other Rates (net of remissions)	1,818	1,524
Statutory Charges	438	372
User Charges	3,069	2,300
Operating Grants & Subsidies	4,975	5,015
Investment Income	210	186
Reimbursements	131	290
Gain on Disposal of Non Current Assets	-	-
Commercial Activity Revenue	-	-
One Steel Ex-Gratia	584	-
Other	792	728
<b>Total Operating Revenue</b>	<b>21,364</b>	<b>18,938</b>
<b>Operating Expenses</b>		
Employee Costs	7,633	6,712
Contractual Services	3,406	3,324
Materials	1,843	1,577
Finance/Interest Expenses	439	339
Depreciation	4,128	3,605
Loss on Disposal of Assets	-	-
Other Expenses	4,671	3,867
New Initiatives - OpEx	-	-
<b>Total Operating Expenses</b>	<b>22,120</b>	<b>19,424</b>
<b>Operating Surplus/(Deficit) before Capital Revenues</b>	<b>(756)</b>	<b>(486)</b>
<b>Capital Revenue</b>		
Capital Grants, Subsidies & Contributions	17,254	2,059
Physical Resources received FOC	-	-
<b>Total Capital Revenue</b>	<b>17,254</b>	<b>2,059</b>
<b>Operating Surplus/(Deficit) after Capital Revenues</b>	<b>16,498</b>	<b>1,573</b>

**The Corporation of The City of Whyalla  
Long Term Financial Plan Extract  
AAS27 Statement of Financial Position**

<b>Year Ended</b>	<b>2008/09 \$('000)</b>	<b>2007/08 \$('000) YTD</b>
<b>Current Assets</b>		
Cash & Investments	4,025	6,968
Receivables	2,044	2,044
Inventory	202	202
Other Financial Assets	1,539	1,539
<b>Total Current Assets</b>	<b>7,810</b>	<b>10,753</b>
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Creditors	6,560	6,369
Provisions	846	846
Loans	537	1,751
Leases	-	-
Other	-	-
<b>Total Current Liabilities</b>	<b>7,943</b>	<b>8,966</b>
<b>Net Current Assets/(Current Liabilities)</b>	<b>-133</b>	<b>1,787</b>
<b>Non-Current Assets</b>		
Receivables	442	442
Investments	-	-
Infrastructure, Property, Plant & Equipment	176,423	157,542
Other	-	-
<b>Total Non-Current Assets</b>	<b>176,865</b>	<b>157,984</b>
<b>Non-Current Liabilities</b>		
Creditors	-	-
Provisions	158	158
Loans	4,099	3,636
Leases	-	-
Other	-	-
<b>Total Non-Current Liabilities</b>	<b>4,257</b>	<b>3,794</b>
<b>Total Net Non-Current Assets</b>	<b>172,608</b>	<b>154,190</b>
<b>Net Assets</b>	<b>172,475</b>	<b>155,977</b>
<b>Equity</b>		
Accumulated Surplus	24,632	8,134
Asset Revaluation Reserve	141,502	141,502
Other Reserves	6,341	6,341
<b>Total Equity</b>	<b>172,475</b>	<b>155,977</b>

**The Corporation of The City of Whyalla  
Long Term Financial Plan Extract  
AAS27 Statement of Cash Flows**

<b>Year Ended</b>	<b>2008/09 \$('000)</b>	<b>2007/08 \$('000) Budget</b>
<b>Cash Flows from Operating Activities</b>		
- Receipts	21,364	18,938
- Payments	(17,085)	(9,770)
<b>Net Cash Used in Operating Activities</b>	<u>4,279</u>	<u>9,168</u>
<b>Cash Flows from Investing Activities</b>		
Receipts - Capital Grants/Subsidies/Contributions	2,454	859
Receipts - Proceeds from Sale of Assets	14,800	1,200
Payments - CapEx on Renewal/Replacement of Assets	(4,548)	(5,488)
Payments - CapEx on New Assets	(19,177)	(2,360)
<b>Net Cash Used in Investing Activities</b>	<u>(6,471)</u>	<u>(5,789)</u>
<b>Cash Flows from Financing Activities</b>		
Receipts - Borrowings	2,000	1,000
Receipts - Repayment of Loans to Community Groups	-	-
Payments - Principal Repayments	(1,751)	(795)
Payments - Loans to Community Groups	-	-
<b>Net Cash Used in Financing Activities</b>	<u>(249)</u>	<u>205</u>
<b>Net Increase/(Decrease) in Cash Held</b>	(1,943)	3,584
<b>Opening Cash Balance</b>	5,968	3,384
<b>Closing Cash Balance</b>	<u>4,025</u>	<u>6,968</u>

**Corporation of The City of Whyalla  
10 Year Long Term Financial Plan Summary and Indicators**

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)
<b>Operating Revenue</b>	18,938	21,364	23,478	24,965	25,762	26,651	27,578	28,547	29,407	30,300	31,225
<b>Operating Expenditure</b>	19,424	22,120	22,751	23,853	24,661	25,471	26,391	27,389	28,425	29,489	30,594
<b>Operating Surplus/(Deficit)</b>	- 486	- 756	727	1,112	1,102	1,180	1,187	1,158	981	811	631
<b>Total Capital Expenditure</b>	7,848	23,725	8,850	7,065	6,418	6,528	6,710	6,897	7,089	7,272	7,461
<b>Loan Funds Required</b>	1,000	2,000	1,500	2,577	423	-	-	-	-	-	-
<b>Operating Surplus Ratio</b>	-5%	-7%	6%	8%	8%	8%	7%	7%	6%	4%	3%
<b>Net Financial Liabilities Ratio</b>	9.5%	19.8%	23.3%	20.9%	16%	10.7%	5.6%	0.7%	-3.3%	-6.6%	-9.2%
<b>Asset Sustainability Ratio</b>	127%	94%	85%	108%	92%	100%	100%	100%	100%	100%	100%

Ratio definitions can be found on page 95 of this document.

## PROGRAM FORMAT

No.	PROGRAM	DESCRIPTION
1	Municipal Governance	Elected Members allowances (incorporating Mayor and Councillors), Elected Member Travel, Civic Receptions, Council Meeting Expenses, Council Elections, Council Chamber Maintenance.
2	Executive Services	Chief Executive Officer and support staff, Local Government Relations, Economic Development, Public Relations and Community promotion. Customer Service, Human Resources, Strategic Planning and Governance.
3	Corporate Services	Corporate Management, Financial Management (incorporating generation and collection of rates), Statutory Audit, Debt Recovery, Payroll, Creditors, Information Technology, Purchasing, and Record Management.  Service provision including Child Care, Sport & Recreation, Community & Youth Development, Aged Care and Libraries.
4	Infrastructure	Service provision across a range of programs including Fire Protection, Cemetery, Waste Management, Parks and Gardens, Recreation and Community Facilities, Local Environment Programs, Road Maintenance, Dog Control, Traffic and General Inspection, Marina, Infrastructure support staff and various other maintenance services.
5	Development Services	Policy and Strategic Planning, Development Assessment (including building and planning approvals), Airport and Environmental Health.  Other services including Tourism related functions and Media and Communication.
6	Capital Improvement Program	Undertaking a broad range of Capital Improvement Programs as determined by the Council annually.

A summary of the 2008/09 Council Draft Budget by Program is as follows:

**THE CORPORATION OF THE CITY OF WHYALLA**

**PROGRAM INFORMATION 2008/09**

<b>ITEMS</b>	<b>REVENUE BUDGET</b>	<b>EXPENDITURE BUDGET</b>	<b>NET BUDGET</b>
Municipal Governance	1,000	303,892	(302,892)
Executive Operations	98,000	1,170,488	(1,072,488)
Corporate Services	6,602,240	4,726,260	1,875,980
Infrastructure	4,672,434	13,552,783	(8,880,349)
Development Services	642,750	2,366,155	(1,723,405)
Capital Improvement	18,254,275	23,725,407	(5,471,132)
Appropriation to Reserves		1,039,000	(1,039,000)
Transfer from Reserves	2,347,808		2,347,808
Loan Principal Repayments	14,050	1,751,498	(1,737,448)
<b>BUDGET SURPLUS (DEFICIT)</b>	<b>\$ 32,632,557</b>	<b>\$ 48,635,483</b>	<b>\$ (16,002,926)</b>
<b>30/06/08 CASH BROUGHT FORWARD</b>			<b>\$ 2,605,024</b>
<b>2008/09 FUNDS REQUIRED less depreciation</b>			<b>\$ (13,397,902) \$ 4,128,186</b>
To be funded by rates raised:			
<b>RATES</b>			<b>\$ 9,347,380</b>
<b>CASH BUDGET SURPLUS</b>			<b>\$ 77,664</b>

# RATING STRATEGY

## STRATEGIC FOCUS

In setting its rates for the 2008/09 financial year, the Council has considered the following:

- Its goals and objectives contained within the draft strategic plan, Whyalla Vision Towards 2022. The draft plan has identified the following four (4) goals.
  - Economic Prosperity
  - Environmental Care
  - Community Wellbeing
  - Council
- Ten Year Financial Plan objectives.
- The current economic climate and relevant factors such as inflation and interest rates.
- The outcomes of the recent inquiry into the financial sustainability of Council's.
- Its strategic service provision outcomes to the community via process of public consultation for the 2008/09 budget.
- The budget for the 2008/09 financial year, which contains services that Council intends to carry out in accordance with the objectives of its Strategic Plan.

Strategic budget goals include:

- To increase rate revenue and reduce operating expenses in order to reduce our operating deficit.
- Ensure recurrent expenditure growth is within the CPI increase.
- Ensure annual expenses on replacement of existing assets should at least equal total annual depreciation.
- Ensure budget is linked to Strategic Plan and Ten Year Financial Plan.

Strategic budget outcomes:

- Capital works is 47% of total budget (compared with 42.5% in 2007/08).
- Recurrent expenditure has increased by 13.6% (excluding new Recreation Centre operating costs).
- Loans at 12.57% of rate revenue (excludes Third party loans).
- Proposal for a 6% rate increase (CPI is 4.2%).
- Budget now linked to the Strategic and Financial Plan.

The impact of rates on the community, including:

- householders, businesses and primary producers;
- the current economic climate in which the major factors are increasing inflation and high expectations from other levels of Government and the community;
- reducing levels of Government funding;
- the impact of rates on the community and the need to balance the communities capacity to pay with the needs and desires of the wider interests that form our community;

- minimising the level of general rates required by levying fees and charges for goods and services on a user pays basis, where that it is possible to recover the full cost of operating or providing the service or goods, with provision for concessions to those members of the community unable to meet the full cost;
  - the need to apply rates in a consistent and comparable manner across the city area; and
  - issues concerned with equity within the community – refer information regarding the application of Councils fixed charge.
- For the 2008/09 financial year the Council has decided to increase rates so that there is sufficient income raised to meet the cost of services.

Council's draft 2008/09 Annual Business Plan and Budget will be presented to a community public meeting held on 18 June 2008 in the Council Chamber. A copy of the material presented can be obtained from the Council including the website.

The strategic management plans and the Council's annual budget are available for inspection at the contact locations listed on Page 1.

The Council regularly conducts public consultation on a broad range of issues relating to the future directions of the area. These opportunities are always advertised in local papers. Ratepayers and other interested parties are welcome to attend. The Council also encourages feedback at anytime and such comments may be sent to:

Chief Executive Officer  
 Corporation of the City of Whyalla  
 PO Box 126  
 WHYALLA SA 5600

## **MAJOR RATING CHANGES**

### **Regional Centre Zone**

Council has recently rezoned the land surrounding the Westland shopping centre precinct which is now referred to as the Regional Centre Zone.

As a consequence this land which has some 61 retail shopping outlets on its location has been reviewed in regards to the amount of rates paid by that business sector in comparison to the average business in Whyalla.

The rates raised in the zone have been increased above the average rate increase in comparison to other business. The rationale for this move includes:

- to increase the average rates paid by the Westland businesses from \$1800 to \$3100 which is the average paid by the other businesses in Whyalla.
- To have a fair and equitable system of taxation in place in relation to businesses in Whyalla.
- Westland shopping centre is a very strategic location.

Average increase per assessment for 2008/09 is \$19,802 (this equates to \$1298 per business located in the zone)

## **Industrial land**

Council resolved at its meeting on 17 March 2008

*"That Council review its rate structure for 2008/09 for industry and determine appropriate rate levels for the Point Lowly Peninsula and other areas likely to be used by industry."*

The rate in the dollar for industry is currently below that of the businesses in Whyalla. Research from other councils including Port Augusta has indicated that the rate levied for business and industry is the same amount.

Therefore in order to levy an equitable form of taxation in Whyalla it would be prudent to charge the same rate in the dollar for both industry and businesses.

The rate strategy for 2008/09 has increased the rate in the dollar above the 6% average in relation to industry to bring their rate in the dollar levied to the same amount for businesses.

Average increase per assessment for 2008/09 is \$706.

## **Shacks**

It has been revealed that the shacks have never been charged for their garbage service which consists of various blue bin areas strategically placed for the shack owners to dispose of their rubbish.

The cost of the blue bin service has been paid from general revenue raised from the rates raised across all the Whyalla ratepayers who are charged a separate charge in relation to their kerbside collection.

This service is envisaged to cost some \$28,994 (excluding GST) during 2008/09. This year 50% of the total cost of this service has been included in the calculation of Shack Rates.

It seems fair and equitable that a service provided to the shack areas i.e. refuse collection should be paid by the people that are the primary users of the service.

Average increase per shack including the garbage service for 2008/09 is \$100. However a future report will be presented to Council outlining a strategy to incorporate a portion of those costs into future rates levied in the shack area.

## **METHOD USED TO VALUE LAND**

The Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- *Capital Value* – the value of the land and all the improvements on the land.
- *Site Value* – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- *Annual Value* – a valuation of the rental potential of the property.

As a result of a review carried out during 2006/07, Council has decided to continue to use site value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis.

- The fairness principle of taxation which suggests that individuals should make similar contributions to the cost of providing local Government services as they in turn receive similar benefits, in terms of those services provided.
- The efficiency principle which generally assumes large swings in the value of property are less likely under the site valuation method.

## **ADOPTION OF VALUATIONS**

The Council has adopted the valuations made by the Valuer-General as provided to the Council on 19 May 2008. If a ratepayer is dissatisfied with the valuation made by the Valuer-General, then the ratepayer may object to the Valuer-General in writing, within 60 days of receiving the notice of the valuation, explaining the basis for the objection, provided they have not: (a) previously received a notice of this valuation under the Local Government Act 1999, in which case the objection period is 60 days from the receipt of the first notice; or (b) previously had an objection to the valuation considered by the Valuer-General.

The address of the Office of the Valuer-General is:

State Valuation Office  
GPO Box 1354  
ADELAIDE SA 5001  
email: [lsg.objections@saugov.sa.gov.au](mailto:lsg.objections@saugov.sa.gov.au)

and the telephone number is 1300 653 345. Please note that the Council has no role in this process. It is also important to note that the lodgement of an objection does not change the due date for the payment of rates.

## **BUSINESS IMPACT STATEMENT**

The Council has considered the impact of rates on all businesses in the Council area. In considering the impact, Council assessed the following matters:

- Those elements of the Council's strategic management plans relating to business development including:
  - Whyalla Strategic Plan;
  - General tourism marketing;
  - Upper Spencer Gulf Common Purpose Group Strategic Plan; and
  - Whyalla Economic Development Board Strategic Plan
  - South Australian Government Strategic Plan
  - 10 year Long term Financial Plan
- The equity of the distribution of the rate burden as the Council considers that all ratepayers receive broadly comparable services;

- Council's policy on facilitating local economic development:
  - to support the actions of Whyalla Economic Development Board to create economic development in the City;
  - to represent the interests of Whyalla strongly at the State and Federal Government level to favour economic development of the City;
  - to establish economic activity based on renewable energy and sustainable development principles;
  - engage the broader community including business sectors in programs and projects to assist in the diversification of Whyalla's economic base;
  - support local business.
  
- Current local, state and national economic conditions and expected changes during the next financial year.
  
- Specific Council projects for the coming year that will solely or principally benefit businesses include:
  - the provision of funding for the Whyalla Economic Development Board. The Board assists small to medium enterprises with business advice and also assists start-up enterprises as well as promoting Whyalla as a location for major project development;
  - the provision of funding support for Whyalla Major Events and tourism support to assist in the development and marketing of major tourist and visitor events in the City, including:
    - Snapper Fishing Competition
    - Tourism Advertising and Marketing Plan
  - the buy local campaign support;
  - Foreshore Master Plan;
  - support for aquaculture industry, including Kingfish Harbour construction;
  - property development initiatives
  - support for the WEDB Business Incubator Project.
  - Industrial park development

## **COUNCIL'S REVENUE RAISING POWERS**

All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and other land prescribed in the Local Government Act 1999 – refer Section 147 of the Act), is rateable.

The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues.

## BASIS FOR RAISING RATES

Council has declared the following rates:

- Pursuant to Section 151 of the Local Government Act 1999, a General rate on all rateable land within its area based on two components:
  - value of the land subject to the rate; and
  - a fixed charge
- Pursuant to Section 155, a Service Rate on all rateable land within its area to which it provides a service of collection, treatment or disposal of waste.
- Pursuant to Section 154, a Separate Rate on all rateable land situated in the area adopted by Council based on the value of the land subject to the rate. This rate applies to the City Plaza area only.
- Pursuant to Section 154, a Separate Rate for the purpose of a Natural Resource Management levy on all rateable land situated in the area adopted by Council based on a fixed charge.

## DIFFERENTIAL GENERAL RATES

At its meeting of 21 July 2008, it is proposed that Council declare its rates and decide to raise rate revenue of \$9,347,380 in a total operating revenue budget of \$21,363,804.

Due to the need to balance the community's capacity to pay, the Council has decided to apply differential rates based on the locality in which the rateable property is situated and the use to which the property is put:

- Locality – town, planning zones (TPZ) including residential (1, 2 and 3), business, district centre, city centre, district shopping, local shopping, community use, commercial, general commercial, general industry, light industry, urban farmland, urban farmland (airport), special industry (hydrocarbons), coastal and tourist accommodation (Point Lowly).
- Land use – prescribed land use codes (LUC) including residential, commercial-shop, commercial-office, commercial-other, industry-light, industry-other, primary production, vacant and other.

Please note that the planning zones have recently been reviewed. Council is currently waiting on information from the valuer general to implement the new zones into Council's rating system. Although its not expected that the new zones will have an impact on rates some minor changes are possible between this current draft and the final adopted version.

Summary of approximate general rates raised per rate category:

	'000	%
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Council has increased the rates payable for most properties by 6% or about \$44.28 per annum (85c per week) excluding the garbage charge. The CPI figure for the last 12 month period ended March 2008 quarter is 4.2% based on the All Groups Index of eight capital cities.

Land use may be 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 the Council) to that land use within 60 days of being notified. A ratepayer may discuss the matter with Denise Zerna or Kimberley Nitschke on 8640 3444 in the first instance. The Council will provide, on request, a copy of Section 156 of the Local Government Act 1999 which sets out the rights and obligations of ratepayers in respect of objections to a land use.

Objections to the Council's decision may be lodged with the Chief Executive Officer, the Corporation of the City of Whyalla, PO Box 126, Whyalla SA 5600. The objection must be made within 60 days of receiving notice of the land use and set out the basis for the objection and details of the land use that (in the opinion of the ratepayer) should be attributed to that property. The Council may then decide the objection as it sees fit and notify the ratepayer. A ratepayer also has the right to appeal against the Council's decision to the Land and Valuation Court. It is important to note that the lodgement of an objection does not change the due date for payment of rates.

### **FIXED CHARGE**

The Council has decided to impose a fixed charge system, rather than a minimum rate which tends to distort the equity principles of taxation. The fixed charge is proposed to be declared at \$280.00 and is levied uniformly on all non-contiguous assessments. The fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only 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 reasons for imposing a fixed charge are:

- The Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities.
- The Council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.
- The fixed charge system has a lesser proportionate impact on lower income earners than a minimum rate system.
- The fixed charge is more readily understandable than a minimum rate system.
- From a ratepayer's perception, the anecdotal evidence appears to be in favour of a fixed charge which is uniformly paid by each ratepayer.

### **SERVICE RATE**

The Council provides a service of collection, treatment or disposal of waste on a user pay basis.

The full cost of operating and maintaining the kerbside collection service for this financial year is budgeted to be \$1,675,000. The Council will recover part of this cost through the imposition of a service rate of \$158.00 for each property for which the service is available.

### **SEPARATE RATE**

The Council has resolved to continue to declare a separate rate, known as the Main Street Rate, in relation to the City Plaza area for 15 years commencing from 2000/01, for the purposes of:

- development of the City Plaza and surrounding district;
- funding for the City Plaza Co-ordinator;
- promotional activities throughout the year;
- beautifying the City Plaza area for the benefit of Whyalla;
- servicing loan repayments.

## **NATURAL RESOURCE MANAGEMENT LEVY**

As part of the Eyre Peninsula Natural Resources Management Region, Council must collect a fixed charge on all rateable land. This year the set rate will be \$40.55  
This contribution will be shown as a separate item on all rates notices.

## **RATE CONCESSIONS**

The State Government, in providing equity across South Australia in this area, funds a range of concessions on Council rates. The concessions are administered by various State Agencies who determine eligibility and pay the concession directly to Council on behalf of the ratepayer. Concessions are available only on a principal place of residence.

Ratepayers who believe they are entitled to a concession should not withhold payment of rates pending assessment of an application by the State Government as penalties apply to overdue rates. A refund will be paid to an eligible person if Council is advised that a concession applies and the rates have already been paid.

- **State Seniors Card Ratepayer (self-funded retiree)**

This concession is administered by RevenueSA. If you are a self-funded retiree and currently hold a State Seniors Cards you 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. If you have not received a concession on your rates notice or would like further information please contact the RevenueSA Call Centre on 1300 366 150.

- **Pensioner Concession**

An eligible pensioner must hold a Pension Card, State Concession Card or a Repatriation Health Card marked TPI Gold, EDA Gold or War Widow and may be entitled to a concession on Council rates (and water and effluent charges where applicable). Application forms, which include information on the concessions, are available from the Council, SA Water Corporation and its District Offices or the Department for Families and Communities (DFC). This concession is administered by SA Water on behalf of the Department of Families and Communities and further information can be obtained by telephoning SA Water.

- **Other Concessions**

Department for Families and Communities administer Council rate concessions available to a range of eligible persons receiving State and Commonwealth allowances, including Newstart allowance, Parenting Payment Partnered, Bereavement Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Partner Allowance, Youth Allowance, New Enterprise Incentive Scheme or Commonwealth Development Employment Program (CDEP) allowance, Farm Help or Exceptional Circumstances Allowance. Further information can be obtained by telephoning the Concessions Hotline on 1800 307 758, emailing [concessions@dfc.sa.gov.au](mailto:concessions@dfc.sa.gov.au) or visiting the website [www.sa.gov.au/concessions](http://www.sa.gov.au/concessions)

## REFUSE RATE CONCESSIONS

Council may provide a refuse rate concession for ratepayers receiving a concession administered by SA Water (refer above). The amount of the concession depends upon individual circumstances. An example of the refuse rate concession applicable for an eligible pensioner, receiving full entitlement, whose total rates are \$1009.00 is:

State Government concession	\$190.00
Council Refuse Rate concession	\$94.80
<b>Total Pensioner Concession</b>	<b>\$284.80</b>

## POSTPONEMENT OF RATES - SENIORS

Ratepayers who hold a State seniors card (or who are eligible to hold a State seniors card and have applied for one) are able to apply to Council to postpone payment of rates on their principal place of residence. Postponed rates remain as a charge on the land and are not required to be repaid until the property is sold or disposed of. Phone 86403444 for further information.

## ESTATE SCHEME

Eligible pensioners may apply to Council to be included in the Estate Scheme which allows any increase in rates to be postponed, subject to continued receipt of a concession on their rates from SA Water, with the balance to be paid in full upon sale of their property.

## PAYMENT OF RATES

Payment of rates for the 2008/09 financial year will be in quarterly payments due by 5 September 2008, 5 December 2008, 6 March 2009 and 5 June 2009. A quarterly rates notice will be sent to ratepayers 30 days prior to each due date. A ratepayer may also pay their rates in a single instalment due by the 5 September 2008.

To make bill-paying more convenient for customers, the Whyalla City Council provides the following options for the payment of your rates account. These services give you flexibility in the way you pay your rates.

- **Payment by telephone** via BPAY telephone bill paying service for ratepayers who belong to any of the participating banking institutions or Australia Post's bill paying service on 13 18 16;
- **Payment through the mail** for ratepayers who pay their rates by cheque and put the cheque with a remittance advice in the mail;
- **Payment via the internet** using Australia Post's bill paying service at [www.postbillpay.com.au](http://www.postbillpay.com.au) or Council's web-site at [www.whyalla.sa.gov.au](http://www.whyalla.sa.gov.au);
- **Payment in person** at any Australia Post outlet with BillPay facilities, Service SA Customer Service Centre, 171 Nicolson Avenue, Whyalla Norrie or at Council's Customer Service Centre, Darling Terrace, Whyalla. Major credit cards are accepted and EFTPOS facilities are available at these Centres.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact Denise Zerna on 8640 3444 to discuss alternative payment arrangements. Such inquiries are treated confidentially by the Council.

## **LATE PAYMENT OF RATES**

Section 181(8) of the Local Government Act provides that Council's impose a penalty of a 2% fine on any payment for rates that are received late. A payment that continues to be late is then charged an interest rate, set each year according to formula in the Act, for each month it continues to be late. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Councils to recover the administrative cost of following up unpaid rates and to cover any interest cost the Council may meet because it has not received the rates on time.

The Council allows a further two working days after the due date for payment as a grace period. Fines are payable under the Local Government Act but Council will remit this amount if payment is received within the two days grace period. Thereafter, fines for late payment are fully imposed. Fines and interest levied will be shown on the next quarter's rate notice.

The Council is prepared to consider remission of penalties for late payment of rates where ratepayers can demonstrate hardship.

Rates which continue to be overdue are referred to a collection agency for collection. The debt collection agency charges collection fees that are recoverable from the ratepayer.

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

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

## **REMISSION AND POSTPONEMENT OF RATES**

Section 182 of the Local Government Act permits the 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 he/she is invited to contact Denise Zerna on 8640 3444 to discuss the matter. Such inquiries are treated confidentially by the Council.

In accessing each application Council will give consideration to following:

- previous documented Council decisions;
- the ratepayer's ability to pay;
- the financial circumstances of the applicant where extreme hardship can be demonstrated.

## **REBATE OF RATES**

### **Mandatory Rebates**

The Local Government Act requires Councils to rebate the rates payable on some land. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions.

### **Discretionary Rebates**

Discretionary rebates may be applied by the Council under Section 166 of the Act.

## Rate Capping

The Council has determined that to provide relief against what would otherwise amount to be a substantial change in rates payable by a ratepayer due to rapid changes in valuations, a rebate of residential general rates for the 2008/09 financial year may be granted to the principal ratepayer of an assessment under Section 166(1)(l) of the Act. Where the amount of general rates imposed for the 2008/09 financial year is greater than 25 per cent over the amount of general rates payable for the 2007/08 financial year; and is subject to other criteria listed in the Policy.

Council's Rate Rebate Policy, Rate Capping Policy and Application Forms are available at the Council Office.

## 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 amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

## COUNCIL VOTERS ROLL ENTITLEMENT

Enrolment is automatic for House of Assembly Electors. Body corporate or a group of persons are required to complete and lodge the prescribed application form with the Chief Executive Officer in order to be included on the voters roll.

A person who is not on the House of Assembly roll but is a resident within the area and has lodged the prescribed application with the Council's Chief Executive Officer prior to roll closure is also entitled to vote.

Bodies corporate and groups of persons are no longer required to nominate a person to exercise their vote before roll closure.

## EXAMPLE AVERAGE RATE MOVEMENTS

*Mindful that "averages" often hide significant variations, the following table may present a clearer picture of rates movements.*

<b>Property Type/Valuation</b>	<b>Percentage Site Value Increase</b>	<b>Annual General Rates Increase (\$)</b>	<b>General Rates + Refuse Rate (1 service)</b>
Fixed Charge		(\$6.50)	
Residential \$84,000	29.2%	(\$106.52)	(\$98.52)
Residential \$68,000	30.8%	(\$79.78)	(\$71.78)
Residential \$63,000	65.8%	\$52.00	\$60.00
Residential \$32,000	73.0%	\$33.17	\$41.17
Industrial \$360,000	100.0%	\$3,694.40	
Industrial \$53,000	100.0%	\$531.45	
Industrial \$32,000	100.0%	\$389.35	
Commercial \$65,000	100.0%	\$152.75	
Commercial \$53,000	100.0%	\$123.35	
Commercial \$26,000	100.0%	\$57.20	
Urban Farmland \$50,000	150.0%	\$98.50	\$106.50
Urban Farmland \$81,000	58.8%	\$14.80	\$22.80
Urban Farmland \$100,000	53.8%	\$3.50	\$11.50
Shack \$140,000	40.0%	\$111	
Shack \$145,000	38.1%	\$115	
Shack \$100,000	25.0%	\$65	

**RATE OPTION 2008/09 ( 6% INCREASE )** BASED ON VALUATIONS ADOPTED 19 MAY 2008 ( ALL PROPERTIES )

TYPE	2007/08			2008/09			% INCREASE	F/C #	F/C \$	TOTAL	RATES %
	S/VALUE	RATE \$	REVENUE	S/VALUE	RATE \$	REVENUE					
Business	12,049,020	6.230	828,300	24,610,260	3.360	779,025	3.78%	276	77,280	908,385	9.72%
Region Ctr	1,622,000	6.230	101,051	3,237,000	5.870	187,973	86.02%	4	1,120	189,093	2.02%
Industry	6,165,400	4.690	273,000	12,344,000	3.360	412,440	42.64%	173	48,440	463,478	4.96%
Resident'l	312,025,500	1.242	3,637,750	535,352,500	0.842	4,505,778	16.27%	9,889	2,768,920	7,284,708	77.93%
Heavy Ind	1,053,900	28.558	293,914	2,107,800	15.200	320,386	6.45%	1	280.0	320,666	3.43%
U/Farm	5,598,500	0.800	37,803	8,917,000	0.530	47,260	5.52%	113	31,640	78,900	0.84%
P/Prod	1,105,000	0.014	153	1,715,000	0.013	218	40.79%	11	3,080	3,298	0.04%
Shacks	18,887,000	0.128	23,094	25,462,000	0.176	44,813	85.37%	193	54,040	98,853	1.06%
<b>TOTAL</b>	<b>358,506,320</b>		<b>5,386,309</b>	<b>613,745,560</b>		<b>6,297,892</b>	<b>16.92%</b>	<b>10,660</b>	<b>2,984,800</b>	<b>9,347,380</b>	<b>100.00%</b>
f/charge	10,402	286.5	2,979,600	10,705	280.0	2,997,400	0.16%				
NRM levy	10,402	37.05	385,394	10,705	40.55	434,088					
refuse	10,189	150.0	1,528,350	10,270	158.0	1,622,660	5.9%				
rebates s/d			(90,000)			(90,000)					
ref conc			(134,000)			(150,000)					
<b>REVENUE</b>			<b>10,056,226</b>			<b>11,164,128</b>					

TOTAL REVENUE 08/09		General Inc 11.72%
INCREASE	%	
1,107,902	11.02%	

Summary of the Net Result			
	General Rates	NRM Levy	Refuse
Gross Rates	9,347,380	434,088	1,622,660
Less Rebate	(90,000)		(150,000)
Net Result	9,257,380	434,088	1,472,660

COMPARISON INCLUDING REFUSE		
rates 07/08	rates 08/09	% change
1244	1145	-7.92%
1082	1011	-6.63%
1039	1432	37.80%
908	968	6.60%
666	707	6.18%

TYPE	s/v 06/07	s/v 07/08	rates 06/07	rates 07/08	% change	value change
BUSINESS	32500	65000	2311	2464	6.61%	100.00%
	26500	53000	1937	2061	6.37%	100.00%
	54000	70000	3651	2632	-27.90%	29.63%
	17500	35000	1377	1456	5.76%	100.00%
	13000	26000	1096	1154	5.22%	100.00%
INDUSTRY	179000	360000	8682	12376	42.55%	101.12%
	33000	66000	1834	2498	36.17%	100.00%
	26500	53000	1529	2061	34.75%	100.00%
	19500	39000	1201	1590	32.42%	100.00%
	16000	32000	1037	1355	30.70%	100.00%
RESIDENT	65000	84000	1094	987	-9.74%	29.23%
	52000	68000	932	853	-8.56%	30.77%
	48500	118000	889	1274	43.28%	143.30%
	38000	63000	758	810	6.86%	65.79%
	18500	32000	516	549	6.42%	72.97%
SHACKS	100000	140000	415	526	27%	40.00%
	96000	126000	409	502	22.5%	31.25%
	105000	145000	421	535	27.2%	38.10%
	80000	100000	389	456	17%	25.00%
	80000	90000	389	438	13%	13.00%

## LOAN BORROWINGS

Sound financial management practice would suggest that each year the Council should raise sufficient recurrent income to finance both recurrent service delivery expenditure requirements, and the undertaking of an appropriate level of capital improvement projects which maintain the level of asset infrastructure established in the community to provide services and facilities.

In some instances, reliance on loan funding will be inevitable, such as in circumstances where a large cost item which will have significant benefit for the community, over a prolonged period of time is required to be funded.

In general, reliance on loan funds serves to commit future recurrent finances available to the Council and consequently reduces flexibility in future budgets. The discretionary funds available in future budgets are effectively reduced and also the capacity of Council to respond to changed service demands.

*Current Debt Servicing Percentage of Rate Revenue:*

<i>“Existing Loans”</i>	12.37%
<i>“Loans to other Bodies”</i>	0.20%
<b><i>“Total Loans”</i></b>	<b>12.57%</b>

There has been a general industry move towards the reduction of debt and use of borrowings in order to reduce public sector debt. Council will ensure that it does not over-commit the usage of loan borrowings in the future and to investigate the use of loan funds for special capital projects only, and not for the replacement of existing infrastructure. Therefore, in order to minimise its reliance of loan funds Council has adopted a bench mark of twenty percent (20%) of Council's net debt services commitment to total rate revenue raised.

<b>DEBT SERVICING 2008/09</b>				
<b>LOANS</b>				
	<b>Principal 01/07/08 \$</b>	<b>Principal Repayments \$</b>	<b>Interest Repayments \$</b>	<b>30/06/08 \$</b>
Existing Loans	3,320,384	737,448	272,707	3,582,936
Loans to Other Bodies	65,848	14,050	4,469	51,798
Proposed New Loans	3,000,000	1,000,000	140,000	1,000,000
	<b>6,386,232</b>	<b>1,751,498</b>	<b>417,176</b>	<b>4,634,734</b>

Council has budgeted to borrow funds from the LGFA Line of Credit during the 2008/09 financial year in order to finance the infrastructure required for the new Whyalla Industrial Park. Once land sale funds are received the Line of Credit will be repaid before year end.

## CASH RESERVE FUNDS

Council's Cash Reserve Funds fall into the following two (2) categories:

### **Discretionary**

The Discretionary funds can be allocated to any projects and have been accumulated over a period of time from previous financial years and includes surplus and brought forward cash.

### **Non Discretionary**

The Non Discretionary funds have been accumulated over a period of time and are generally used to fund specific special projects, eg Airport Development, Kingfish Harbour Development, etc.

Council has committed:

- \$2,605,024      Discretionary Funds
- \$2,347,808      Non-Discretionary Funds

towards financing its **Capital Improvement Program** for the 2008/09 financial year.

<b>DISCRETIONARY</b>				
	<b>1/07/08</b> \$	<b>TRANSFER TO</b> \$	<b>TRANSFER FROM</b> \$	<b>30/6/09</b> \$
<b>Cash Reserves</b>	2,605,024	-	(2,605,024)	-
<b>Total</b>	<b>2,605,024</b>	-	<b>(2,605,024)</b>	-

<b>NON DISCRETIONARY</b>					
		<b>1/07/08</b> <b>\$</b>	<b>TRANSFER TO</b> <b>\$</b>	<b>TRANSFER FROM</b> <b>\$</b>	<b>30/06/09</b> <b>\$</b>
Long Service Leave		259,719			259,719
Airport		922,254	239,000	927,500	233,754
Landscape		125,000	800,000	468,500	456,500
Contingency Res		797,804		605,259	250,000
Open Space		575,400		240,000	335,400
Asset Replacement		0	4,128,186	4,128,186	0
<b>TOTAL NON-DISCRETIONARY FUND</b>		<b>\$2,680,177</b>	<b>* \$5,167,186</b>	<b>** \$6,475,994</b>	<b>\$1,371,639</b>

\* \$5,167,186 less Depreciation \$4,128,186 = \$1,039,000 (Net Appropriation)

\*\* \$6,475,995 less Depreciation \$4,128,186 = \$2,347,808 (Net Appropriation from Reserves)

## SERVICE PROFILES

As part of its decision-making process, Council recently resolved that all future annual budgets should involve a public consultation process prior to adoption.

Therefore, as part of the 2008/09 budget process, the following service profiles have been developed to enable:

- the identification of principal activities (services) that Council intends to undertake to achieve its objectives in relation to the Community;
- Council to carry out its services in accordance with the objectives of its strategic plan;
- Identify current issues associated with delivery of services to the community;
- the community to assess and comment on the services that Council delivers.

### 1. MAYOR AND ELECTED MEMBERS

#### **Brief description**

Statutory requirement of Local Government Act. Basis of Local Government. Costings include Elected Member expenses, election costs, administrative and officer support to Council, civic and ceremonial functions, membership upon representative bodies.

#### **Service Outcomes**

Policy.  
Strategic directions.  
Representation of the City's interests outside Whyalla.  
Representation of the voice of the community at large.  
Effective administration of legislation under control of Local Government.  
Satisfaction of community living in Whyalla.  
Corporate Governance.

#### **Current Issues and Responses**

Policy review  
Achieving a more strategic focus.  
Community consultation.  
Public relations.  
Elected members training

#### **Notes**

As a result of an audit during early 2004, Governance policies and procedures are being reviewed in accordance with statutory requirements or within a two year cycle.

**Draft Strategic Plan Goal – Council** - Representation that instils confidence and reflects the best interests and values of the community.

**Our Approach**

- 2.1.1 Ensure accountability and transparency of Elected Members and Council Officers in accordance with the two respective Codes of Conduct and relevant legislation.
- 2.1.2 Promote the respective roles and responsibilities of Elected Members, Council and administration and ways by which the community can become involved. T5.5 of State Plan.
- 2.2.1 Develop training program for the year term of elected members.

<b>Expenditure</b>			
Recurrent	\$430,007		
<b>Project/Capital</b>			
<b>Income</b>	\$1000	<b>Net Budget</b>	\$429,007 DR

## 2. DEVELOPMENT ASSESSMENT AND COMPLIANCE

### Brief Description

Assessment of applications under the Development Act to ensure compliance with the Development Plan and the Building Code.  
Statutory requirement of Local Government to perform this function.

### Service Outcomes

Implementation of Council's Development Plan to achieve orderly and economic development in the City.  
Buildings which comply with the Building Code and are thus structurally sound and meet fire safety, accessibility standards.

### Current Issues and Response

Keeping abreast of changing legislative requirements, maintaining customer service standard concerning turn around time for assessment of application.  
Steep increase in development application, houses and general development investment.

### Notes

Council has three full time assessment officers (2 building and 1 planning) dealing with development applications working under the Planning Manager. Recently, Council engaged a building cadet who is undertaking external studies to become qualified in building rules assessment. A further trainee has been engaged to assist in dealing with current workloads and provide for succession planning. She is also keen to undertake further studies. Our Development Officer Planning is also undertaking external university studies. Thus there is a heavy emphasis on recruiting and training our own qualified staff in a highly competitive job field. Secretarial support is also provided to the Assessment function and a consultant Building Surveyor undertakes assessment of building work outside the expertise of local staff.

**Draft Strategic Plan Goal – Council** - Representation that instils confidence and reflects the best interests and values of the community.

### Our Approach

- 2.1.1 Ensure accountability and transparency of Elected Members and Council Officers in accordance with the two respective Codes of Conduct and relevant legislation.
- 2.1.2 Promote the respective roles and responsibilities of Elected Members, Council and administration and ways by which the community can become involved. T5.5 of State Plan.

### Expenditure

Recurrent \$554,287

### Project/Capital

Income \$221,000

Net Budget \$333,287 DR

### 3. ENVIRONMENTAL HEALTH

#### Brief description

Statutory function of ensuring compliance with provisions relevant environmental health legislation.

Pursue and resolve environmental health issues in the city.

#### Service Outcomes

Safe food delivery.

High level of immunisation in the community.

Environmental health risks mitigated.

Mosquito nuisance managed.

European wasp nuisance managed.

Rat control undertaken.

Pro-active campaigns conducted to improve health of the population.

#### Current Issues and Response

Additional legislative requirements placing more responsibility onto Local Government such as food premises licencing, the Environmental Protection Act and supported Residential Facility Act. Greater levels of community expectation as to retention and enhancement of amenity and safety. Need to become more proactive in dealing with health issues.

Update Council's Public and Environmental Health Management Plan.

#### Notes

Council employs one environmental health officer with a support officer.

Immunisation clinics are conducted regularly (monthly) at which nurses attend. All food premises are inspected to ensure safe food handling practices. Training campaigns are conducted for food handlers. Extensive mosquito management and control conducted.

**Draft Strategic Plan Goal – Council** - Representation that instils confidence and reflects the best interests and values of the community.

#### Our Approach

2.1.1 Ensure accountability and transparency of Elected Members and Council Officers in accordance with the two respective Codes of Conduct and relevant legislation.

2.1.2 Promote the respective roles and responsibilities of Elected Members, Council and administration and ways by which the community can become involved. T5.5 of State Plan.

#### Expenditure

Recurrent \$136,974

Project/Capital \$40,000

Income \$46,750

Net Budget \$130,224 DR

#### 4. LEGISLATION COMPLIANCE – PARKING, DOG CONTROL

##### Brief Description

Dog Control, Traffic Control - Administration of Dog and Cat Management Act, parking legislation and other relevant Local Government legislation.

##### Service Outcomes

Maximise turnover of carparking in shopping areas, maintain accessible footpaths, and provide suitable car parking spaces for people with disabilities.  
Provide safe streets and reduce nuisance through good dog control.  
Fairly seek compliance with relevant legislation to ensure that urban life in the city is enhanced.

##### Current Issues and Response

Increasing complexity and number of different acts becoming the responsibility of Local Government creating resourcing issues. Implementing new Council by-laws.  
Drafting and implementation of an animal management plan.

##### Notes

Council employ 3 fulltime staff plus a casual administration officer to undertake parking/general inspection, dog control and general environmental compliance duties.

**Draft Strategic Plan Goal – Council** - Representation that instills confidence and reflects the best interests and values of the community.

##### Our Approach

- 2.1.1 Ensure accountability and transparency of Elected Members and Council Officers in accordance with the two respective Codes of Conduct and relevant legislation.
- 2.1.2 Promote the respective roles and responsibilities of Elected Members, Council and administration and ways by which the community can become involved.  
T5.5 of State Plan.

<b>Expenditure</b>			
Recurrent	\$251,357		
Project/Capital			
<b>Income</b>	\$204,500	<b>Net Budget</b>	\$46,857 DR

## 5. PARKS AND RECREATION FACILITIES

### Brief Description

Parks and recreational facilities including public toilets, foreshore facilities including Point Lowly, parks and reserves, playgrounds, sporting fields, Health and Leisure Centre, Whyalla marina, bicycle paths.

### Service Outcome

Provision of recreational facilities for the community and visitors to Whyalla.  
Well maintained facilities for active and passive recreational pursuits.  
Amenity for the city.  
Opportunity for the community to undertake healthy lifestyles for the community.

### Current Issues and Response

Cost of water and maintenance of turf.  
Ongoing maintenance of infrastructure.  
Development of major assets such as the Foreshore area.  
Provision of disability access to facilities.  
Access to lower cost recycled effluent and stormwater.  
Water restrictions

### Notes

The City Wide Landscape Plan is currently under review.

**Draft Strategic Plan Goal – Community Wellbeing** -.Access to a range of quality, sustainable learning, health, support and leisure services and facilities, which are of high quality and cost effective and ecologically sustainable.

### Our Approach

- 1.1.1 Enhance sporting, recreational and cultural facilities and events. T1.15 and T2.3 of State Plan.
- 1.1.3 Ensure that Council facilities and infrastructure are risk managed, well maintained and responsive to meet community needs.
- 1.1.4 Ensure facilities are able to be utilised by the maximum number of people. T4.8 of State Plan
- 1.1.5 Capitalise on opportunities for the development of Council assets, to maximise their benefit to the community.
- 3.3.1 Community buildings are very well utilised and safe for a range of uses by clubs and groups.
- 4.1.8 Maintain and upgrade trees in streets, parks and reserves.
- 4.1.9 Maintain and upgrade streetscape appearance in accord with community expectations.

**Expenditure**

**Recurrent**            \$2,607,546

**Project/Capital**    \$1,016,500

**Income**                \$834,586

**Net Budget**

\$2,789,460 DR

## 6. ROADS AND FOOTPATHS

### Brief Description

Maintain and construct roads within the Council area, concrete footpath construction and maintenance, traffic control facilities, street tree planting and maintenance, street lighting, streetsweeping services.

### Service Outcomes

Safe, convenient, well maintained and attractive streets and thoroughfares.  
Road network which complies with statutory requirements.  
Footpaths which provide good disability access.  
Traffic control meeting required safety standard and providing for safe road usage.  
Well lit and clean street.

### Current Issues and Response

Providing funding for long term maintenance.  
Tourist road funding.  
Age of the infrastructure requiring major reconstruction.  
Disability access, Safe traffic control devices.  
Orderly and safe movement of traffic throughout the city.  
Replacement of street trees.  
Street lighting costs.  
Lack of federal government road funding due to inequity in distribution between states.  
Revise and budget for a ten year Asset Management program.

### Notes

Asset Management Working Party has been formed to conduct a holistic working plan for the future maintenance and upgrade of Council assets.

**Draft Strategic Plan Goal – Environmental Care** - A safe and well maintained standard of infrastructure consistent across the City.

### Our Approach

- 3.1.3 Maintain and upgrade local road and pavement networks.
- 3.1.4 Manage vehicular movements to improve safety for motorists and pedestrians.  
*T2.10 of State Plan.*
- 3.1.6 Maintain and upgrade infrastructure in accord with the City's Asset Management Plan.

### Expenditure

Recurrent \$1,968,113

Project/Capital \$2,416,836

Income \$939,042

Net Budget

\$3,445,907 DR

## 7. WATER MANAGEMENT

### Brief Description

Stormwater management and recycling, including management and collection of street runoff and the development of major capital schemes to enable the reuse of stormwater

### Service Outcomes

Protection of the gulf environment from contamination from stormwater.  
Reduction in the city's dependence upon the River Murray System.  
Provision of lower cost water to aid in greening the city.  
Reduction in flooding risk.  
Development of new industries.  
Development of best practice methodologies in stormwater management which might be exported to other areas.  
Interception of pollution at source.

### Current Issues and Response

Cost of developing infrastructure.  
Implement infrastructure to parks, etc. to enable the usage of the water from the SA Water reuse project.

**Draft Strategic Plan Goal – Environmental Care** - A safe and well maintained standard of infrastructure consistent across the City.

### Our Approach

- 2.3.7 Maintain and upgrade stormwater infrastructure. Investigate more wetlands or further Aquifer Storage Recovery areas.
- 3.1.6 Maintain and upgrade infrastructure in accord with the City's Asset Management Plan.
- 2.1.1 Reduce mains and River Murray water use. *T3.9 and T3.10 of State Plan.*

<b>Expenditure</b>		
Recurrent	\$110,000	
Project/Capital	\$170,000	
<b>Income</b>	\$15,000	<b>Net Budget</b> \$265,000 DR

## 8. STRATEGIC PLANNING

### Brief Description

Resources at management and Elected Member level devoted to preparation and review of strategic management plans in line with requirements of the Local Government Act.

### Service Outcomes

Up to date and relevant strategic plans which reflect the aspirations of the local community and provide direction to Council in budget deliberations.

Compliance with statutory requirements.

Provide for partnerships between various tiers of government.

Provide leadership, vision and focus for the community.

### Current Issues and Response

Ensuring that Council maintains its focus on strategic priorities.

Ensuring that resources are allocated in accordance with identified priorities.

Being able to properly quantify outcomes.

Diversity of services which are provided creates problems in assigning priorities and allocating resources.

Ensuring adequate community consultation.

Ensuring linkages to Council's budget.

### Notes

A full review of the Strategic Plan is planned to commence during early 2007.

**Draft Strategic Plan Goal – Council** - A financially accountable and sustainable organisation with well managed assets and appropriate planning and review systems and an equitable rating system in place.

### Our Approach

4.1.1 Engage the community in Council's financial governance process.

4.1.2 Ensure the long term sustainability of Council operations.

### Expenditure

Recurrent \$329,629

### Project/Capital

### Income

### Net Budget

\$329,629 DR

## 9. CORPORATE MANAGEMENT

### Brief Description

Administration of Council operations through management structure.

### Service Outcomes

Achievement of priorities set by Council through strategic planning, business plans and budgeting processes.

Management of Council's resources to provide best outcomes which are cost effective, meet statutory requirements and conform with industry standards.

### Current Issues and Response

Budgetary constraints creating resourcing issues.

Need to maintain fiscal restraint to achieve good financial outcomes.

Maintenance of skill levels amongst staff.

Continual evolutions of major legislation affecting Local Government.

Changing community expectations as to service provision and level of taxation.

Suitability of the Civic Building for current operations.

Risk analysis and forward plan for all Council assets.

### Notes

Asset Management Working Party has been formed to conduct a holistic working plan for the future maintenance and upgrade of Council assets with priority given to buildings and leased areas.

**Draft Strategic Plan Goal – Council** - A leading, best practice organisation in risk management compliance and management of its assets and information. One that is progressive, fair and flexible with a diverse culture that encourages safety, innovation, learning and development.

### Our Approach

- 3.1.1 Foster a philosophy and practice of risk management in all that we undertake and do.
- 3.1.2 Protect employees' health and safety in the workplace. *T2.11 of State Plan.*
- 3.1.3 Develop an innovative, leading edge culture supported by career development and learning opportunities and best practice information, technology and records management.
- 3.1.4 Encourage diversity in the workplace and manage our people accordingly. *T5.8 of State Plan.*

### Expenditure

Recurrent \$881,442

### Project/Capital

Income \$ 50,000

Net Budget \$831,442 DR

## 10. DEBT SERVICING

### Brief Description

Principal and Interest payment on Council loans and community bodies.

### Service Outcomes

Provision of funding for major infrastructure development and redevelopment.  
Provision of funding for community bodies to undertake development or refurbishment of facilities.

### Current Issues and Response

Maintenance of debt levels in accordance with Council policy.  
Interest rates.  
The ability of community bodies to meet their third party loan commitments.

### Notes

Council's net debt commitment is benchmarked at 8.42% of total rate revenue raised.

**Draft Strategic Plan Goal – Council** - A financially accountable and sustainable organisation with well managed assets and appropriate planning and review systems and an equitable rating system in place.

### Our Approach

- 4.1.2 Ensure the long term sustainability of Council operations.
- 4.1.3 Ensure the rating system and financial management aspects take into account the range of financial circumstances of our community as they change.

<b>Expenditure</b>			
Recurrent	\$439,125		
Project/Capital			
<b>Income</b>	\$23,112	<b>Net Budget</b>	\$416,013 DR

## 11. FINANCIAL MANAGEMENT

### Brief Description

Provision of accounting services, record keeping, bill paying, payroll, insurances, financial reporting and management.

### Service Outcomes

Compliance with relevant legislation.  
Ensure that Council's financial position is sound.  
Provision of internal financial services to support a range of Council services.

### Current Issues and Response

Compliance with legislation - new Local Government Act (including Audit Committee)  
Review and implement internal control procedures.  
Long term financial planning.  
Long term financial sustainability requirements.

### Notes

The Local Government Financial Management and Rating Amendment Bill 2005 was passed in the Legislative Council during October 2005. The Bill includes new amendments relating to audit provisions and public consultation.

**Draft Strategic Plan Goal – Council** - A financially accountable and sustainable organisation with well managed assets and appropriate planning and review systems and an equitable rating system in place.

### Our Approach

- 4.1.1 Engage the community in Council's financial governance process.
- 4.1.2 Ensure the long term sustainability of Council operations.
- 4.1.3 Ensure the rating system and financial management aspects take into account the range of financial circumstances of our community as they change.

### Expenditure

Recurrent \$551,099

### Project/Capital

Income \$336,120

Net Budget \$214,979 DR

## 12. INFORMATION TECHNOLOGY

### Brief Description

Operation of Council information technology systems, computer hardware, phone lines, provision of internet services internally.

### Service Outcomes

Efficient operation of Council functions through the use of various forms of Technology.

### Current Issues and Response

Providing adequate level of support to Council services.  
Resourcing of the IT support function.

**Draft Strategic Plan Goal – Council** - A leading, best practice organisation in risk management compliance and management of its assets and information. One that is progressive, fair and flexible with a diverse culture that encourages safety, innovation, learning and development.

### Our Approach

- 3.1.3 Develop an innovative, leading edge culture supported by career development and learning opportunities and best practice information, technology and records management.

<b>Expenditure</b>			
Recurrent	\$471,738		
Project/Capital	\$128,300		
<b>Income</b>		<b>Net Budget</b>	\$600,038 DR

### 13. RATES PROFILE

#### Brief Description

Setting and collection of rates in accordance with requirements of Local Government Act.

#### Service Outcomes

Collection of rates to fund a range of Local Government services to meet the needs of the community in accordance with relevant legislation.

#### Current Issues and Response

Dealing with an ageing population which is asset rich, but income poor.  
Inability to rate on major industrial activities in the city due to the One Steel Indenture Act.  
High reliance upon external grants.  
Communicating rating and budget decisions to the community.

#### Notes

Financial Management and Rating Bill was passed by Parliament during October 2005.  
New requirements include amendments relating to audit provision and public consultation.  
Significant rates growth is envisaged in the near future as new subdivisions are required.

**Draft Strategic Plan Goal – Council** - A financially accountable and sustainable organisation with well managed assets and appropriate planning and review systems and an equitable rating system in place.

#### Our Approach

- 4.1.1 Engage the community in Council's financial governance process.
- 4.1.2 Ensure the long term sustainability of Council operations.
- 4.1.3 Ensure the rating system and financial management aspects take into account the range of financial circumstances of our community as they change.

<b>Expenditure</b>			
Recurrent	\$241,000		
Project/Capital			
<b>Income</b>	\$9,896,193	<b>Net Budget</b>	\$9,655,192 CR

## 14. GRANTS COMMISSION

### Brief Description

Annual allocation of general purpose grant.

### Service Outcomes

Funding to supplement rate income and enable the provision of a range of Local Government services to meet the needs of the community.

### Current Issues and Response

Changing funding scenarios can affect our allocation.  
Inequity in how grant funding is distributed between states disadvantages South Australia.  
High reliance on grant funding places community at risk if funding were to be altered significantly.

Ensure that grant allocations keep in line with CPI movements.

Current increase in property valuations may reduce general purpose grant.

### Notes

Grant Commission looking to change the formula on how grants are distributed to Councils by introducing factors such as socio economic indicators and consideration of depreciation in line with financial sustainability.

**Draft Strategic Plan Goal – Council** - A financially accountable and sustainable organisation with well managed assets and appropriate planning and review systems and an equitable rating system in place.

### Our Approach

4.1.2 Ensure the long term sustainability of Council operations.

4.1.3 Ensure the rating system and financial management aspects take into account the range of financial circumstances of our community as they change.

### Expenditure

#### Recurrent

#### Project/Capital

### Income

\$4,271,546

### Net Budget

\$4,271,546 CR

## 15. PERSONNEL MANAGEMENT AND DEVELOPMENT

### Brief Description

Staff training and development, compliance with Occupation Health Safety and Welfare requirements and legislation, recruitment, rehabilitation, industrial awards, Enterprise Bargaining agreements, integrated business system implementation, equal employment opportunity.

### Service Outcomes

Provision of a human resource management service which complies with relevant legislation, awards and agreements.

Well trained staff with good morale providing a high level service to the community.  
Safe work environment.

### Current Issues and Response

Providing adequate resources to enable the strategic priorities of Council to be achieved. Increasing responsibilities upon Local Government creating higher workloads combined with financial constraints create resourcing problems.

Adequate succession planning for future staffing requirements is required.

Retaining staff due to resource boom.

### Notes

Council has received a bonus in the amount of \$94,700 in relation to Workers Compensation for the 2006/07 financial year.

**Draft Strategic Plan Goal – Council** - A leading, best practice organisation in risk management compliance and management of its assets and information. One that is progressive, fair and flexible with a diverse culture that encourages safety, innovation, learning and development.

### Our Approach

- 3.1.1 Foster a philosophy and practice of risk management in all that we undertake and do.
- 3.1.2 Protect employees' health and safety in the workplace. *T2.11 of State Plan.*
- 3.1.3 Develop an innovative, leading edge culture supported by career development and learning opportunities and best practice information, technology and records management.
- 3.1.4 Encourage diversity in the workplace and manage our people accordingly. *T5.8 of State Plan.*

### Expenditure

Recurrent \$343,837

### Project/Capital

Income \$89,000

### Net Budget

\$254,837 DR

## 16. CIVIC BUILDING OPERATIONS

### Brief Description

Customer service function provided at Civic Building plus a range of administrative function and operating expenses related to Council's main administrative centre.

### Service Outcomes

Complaints, issues, enquiries of the public speedily dealt within accordance with Council's customer service charter.

Well maintained premises to enable the efficient functioning of Council's operations.  
Operation of the centre of government in Whyalla.

### Current Issues and Response

Building is inadequate for current needs.

Single dedicated customer service point required.

Fire safety, air-conditioning, external appearance inadequate internal space, energy efficiency of building are in need of attention.

Funding to provide adequate office quarters.

Complying with the State Records Act.

### Notes

Extensive resources have been introduced into the organisation during the past two year period in regards to Records Management so that Council can comply with the necessary Legislation.

Organisational procurement has been centralised and is IT enabled to achieve maximum results.

An extensive upgrade to the Civic Building has commence during June 2006 and the new customer service area upgrade will be completed during early 2007/08 financial year.

**Draft Strategic Plan Goal – Council** - A leading, best practice organisation in risk management compliance and management of its assets and information. One that is progressive, fair and flexible with a diverse culture that encourages safety, innovation, learning and development.

### Our Approach

- 1.1.3 Ensure that Council facilities and infrastructure are risk managed, well maintained and responsive to meet community needs.
- 3.1.3 Develop an innovative, leading edge culture supported by career development and learning opportunities and best practice information, technology and records management.

### Expenditure

Recurrent \$751,620

Project/Capital \$90,000

### Income

### Net Budget

\$841,620 DR

## 17. WORKS DEPOT AND OPERATIONS

### Brief Description

Operation of Council's depot - base for Council's field staff, plant and equipment storage and maintenance site.

### Service Outcomes

Well maintained and safe fleet of plant and equipment.  
Timely supply of goods and services to assist council in the provision of services to the community.  
Storage and security of Council's plant and equipment.  
Provision of safe and functional staff amenities.  
Efficient and cost effective provision of services.  
Efficient utilisation of Council's fleet of plant and equipment.  
Combat vandalism.

### Current Issues and Response

Compliance with Occupational Health and Safety legislation.  
Becoming more entrepreneurial in regard to Council plant and equipment to achieve better utilisation.

### Notes

**Draft Strategic Plan Goal – Environmental Care** - A safe and well maintained standard of infrastructure consistent across the City.

### Our Approach

- 3.1.1 Maintain and upgrade community buildings with special attention to those of heritage significance. *T 3.13 of State Plan.*
- 3.1.3 Maintain and upgrade local road and pavement networks.
- 3.1.4 Manage vehicular movements to improve safety for motorists and pedestrians. *T2.10 of State Plan.*
- 4.1.2 Ensure the long term sustainability of Council operations.

### Expenditure

Recurrent \$231,613

Project/Capital \$385,000

### Income

### Net Budget

\$231,613 DR

## 18. PROJECT DESIGN AND MANAGEMENT

### Brief Description

Engineering design and management of infrastructure development and Maintenance.

### Service Outcomes

Provision of a forward program for the development and maintenance of Council's infrastructure.

Maintenance of the pavement management system providing an ongoing road maintenance program.

All Council infrastructure meets legislative requirements and all relevant industry codes of practice.

Application of sound engineering practice.

### Current Issues and Response

Ensure that Council projects are designed and costed prior to the budget year.

Adequate information systems to ensure that decisions are based on relevant and up to date data.

Ensure level of funding matches or exceeds the depreciation rate of Council's infrastructure assets.

Ensuring that Council implements long term planning based on strategic priorities rather than ad-hoc decision making.

### Notes

**Draft Strategic Plan Goal – Environmental Care** - A safe and well maintained standard of infrastructure consistent across the City.

### Our Approach

3.1.3 Maintain and upgrade local road and pavement networks.

3.1.4 Manage vehicular movements to improve safety for motorists and pedestrians.  
*T2.10 of State Plan.*

2.3.7 Maintain and upgrade stormwater infrastructure. Investigate more wetlands or further Aquifer Storage Recovery areas.

3.1.6 Maintain and upgrade infrastructure in accord with the City's Asset Management Plan.

### Expenditure

Recurrent \$629,756

### Project/Capital

### Income

### Net Budget

\$629,756 DR

## 19. WASTE MANAGEMENT

### Brief Description

Collection of waste, kerbside recycling, operation of waste disposal facility, recycling initiatives, general litter collection, monitoring, rehabilitation of old landfill site. Regional waste strategy and partnerships. Waste education facilities. Operation of a composting facility.

### Service Outcomes

Provision of basic amenity and public health through household waste collection.  
Sound environmental management due to recycling efforts.  
Maintain the amenity of public places.  
Compliance with legislative requirements.  
Best practice landfill operation and waste disposal.  
Establish a community salvage/sales operation.  
Establish a waste education centre.

### Current Issues and Response

Compliance with EPA "LEMP" guidelines  
Encouraging greater level of recycling in the community.  
Manage illegal dumping issues.  
Expand and review hard waste services.

**Draft Strategic Plan Goal – Environmental Care** - Sustainable use of water, energy and natural resources, and minimisation of waste and greenhouse gas emissions.

### Our Approach

2.1.3 Reduce waste to landfill. *T3.8 of State Plan.*

<b>Expenditure</b>			
Recurrent	\$2,538,500		
Project/Capital	\$1,087,000		
<b>Income</b>	\$3,120,465	<b>Net Budget</b>	\$505,035 DR

## 20. AIRPORT

### Brief Description

Operate, maintain and upgrade the Whyalla Airport.

### Service Outcomes

Provision of infrastructure to allow for air travel services to the general community and visitors.

Facilities for general aviation, Royal Flying Doctor Service and air ambulance.

### Current Issues and Response

Realising economic development opportunities to offset costs.

Funding of major upgrade.

Utilisation of non-operational land for commercial/industrial development.

Implementing new security requirements.

### Notes

Review of proposed major capital expenditure to be undertaken 2008/09.

Further opportunities to be explored addressing ongoing reliable operations of airport.

**Draft Strategic Plan Goal – Community Wellbeing** -.Access to a range of quality, sustainable learning, health, support and leisure services and facilities, which are of high quality and cost effective and ecologically sustainable.

### Our Approach

- 1.1.5 Capitalise on opportunities for the development of Council assets, to maximise their benefit to the community.

<b>Expenditure</b>			
Recurrent	\$375,748		
Project/Capital	\$927,500		
<b>Income</b>	\$638,879	<b>Net Budget</b>	\$664,369 DR

## 21. CEMETERY / CREMATORIUM

### Brief Description

Operate cemetery and crematorium for local and regional community.

### Service Outcomes

Meeting legislative requirements.  
Provision of a basic community service.

### Current Issues and Response

**Draft Strategic Plan Goal – Community Wellbeing** - Access to a range of quality, sustainable learning, health, support and leisure services and facilities, which are of high quality and cost effective and ecologically sustainable.

### Our Approach

- 1.1.3 Ensure that Council facilities and infrastructure are risk managed, well maintained and responsive to meet community needs.

<b>Expenditure</b>			
Recurrent	\$152,000		
Project/Capital	\$65,000		
<b>Income</b>	\$155,000	<b>Net Budget</b>	\$62,000 DR

## 22. LIBRARIES

### Brief Description

Operation of Civic and Alex Ramsey Libraries.

### Service Outcomes

Provision of books, magazines, discs, to the general community.  
Provision of free internet services to the community.  
Home delivery service to elderly and disabled.  
Activities designed for children.  
Maintenance of a local history collection.  
Provision of the Whyalla Information Service.  
Branch office services.  
Provision of community information (Council and community groups).

### Current Issues and Response

Number and location of libraries.  
Age and size of libraries.  
Combination of library services within the city.  
Keeping up with current community needs.  
Government funding reductions.  
Provision of new activities.

### Notes

Major upgrade of the Library software completed during 2006/07.  
Currently investigating amalgamating the two libraries into a single facility to be based near the centre of town.

**Draft Strategic Plan Goal – Community Wellbeing** - Access to diverse shopping, transport, cultural, learning and professional services on an integrated basis that meet varied and changing community needs.

### Our Approach

- 2.1.2 Encourage involvement in lifelong learning and skill enhancements and cultural involvement.
- 2.1.3 Advocate for and facilitate the provision of services and facilities across all demographics, youth, mature adults, aged, families and young children.

<b>Expenditure</b>		
Recurrent	\$646,482	
Project/Capital	\$3,600,000	
<b>Income</b>	\$3,449,274	<b>Net Budget</b> \$797,208 DR

## 23. CHILD CARE CENTRE

### Brief Description

Operation of the Council Child Care Centre in Nicolson Avenue.

### Service Outcomes

Accredited child care provided to Whyalla Community.  
Cost effective and safe child care services.  
Services provided in accordance with state legislative requirements.

### Current Issues and Response

Ongoing accreditation requirements.  
Loss of State and Federal government funding.  
Maintenance of old premises to necessary standards.  
New child care services providing similar activities.

### Notes

The Centre maintains high standards and have completed its accreditation/licensing requirements.

**Draft Strategic Plan Goal – Community Wellbeing** - Access to a range of quality, sustainable learning, health, support and leisure services and facilities, which are of high quality and cost effective and ecologically sustainable.

### Our Approach

- 1.1.3 Ensure that Council facilities and infrastructure are risk managed, well maintained and responsive to meet community needs.
- 1.1.4 Ensure facilities are able to be utilised by the maximum number of people. *T4.8 of State Plan*
- 2.1.3 Advocate for and facilitate the provision of services and facilities across all demographics, youth, mature adults, aged, families and young children.

<b>Expenditure</b>			
Recurrent	\$673,263		
Project/Capital	\$12,000		
<b>Income</b>	\$588,000	<b>Net Budget</b>	\$97,263 DR

## 24. SERVICES FOR THE AGED

### Brief Description

Support of services for aged and disabled persons to enable their continued occupation of their homes.

Assistance in the provision of housing services for the aged, recreational facilities for the aged.

### Service Outcomes

Support for Home and Community Care program run by Domiciliary Care.

Support for accommodation services - Whyalla Aged Care inc. Amaroo Lodge.

Support for Senior Citizens Centre at Field Street.

### Current Issues and Response

Funding to enable the provision of an adequate level of service.

Ageing population requiring greater level of services.

Ageing housing requiring high level of maintenance.

Lack of suitable retirement and aged accommodation.

Dealing with asset rich and income poor residents.

### Notes

Retirement homes are earmarked to be built on the Eco City Core Site land in the near future.

**Draft Strategic Plan Goal – Community Wellbeing** - Access to diverse shopping, transport, cultural, learning and professional services on an integrated basis that meet varied and changing community needs.

### Our Approach

2.1.1 Advocate and facilitate for access to a range of quality, professional services such as medical, dental, youth, aged care and support services.

2.1.3 Advocate for and facilitate the provision of services and facilities across all demographics, youth, mature adults, aged, families and young children.

### Expenditure

Recurrent \$60,558

### Project/Capital

### Income

### Net Budget

\$60,558 DR

## 25. ENVIRONMENTAL MANAGEMENT

### Brief Description

Environmental projects, management of coastal environment and provision of facilities to enable sustainable use of coastal areas.

Control of pest plants, monitoring of landfill for contaminants, waste recycling education, promotion of various environmental initiatives, solar hot water rebate.

### Service Outcomes

Increased sustainability of the city.

Lower costs through adoption of renewable and energy saving devices.

Environmental protection.

Protection of coast while enabling a level of public use.

Community educated as to how to implement environmentally friendly practices.

Greater number of solar hot water systems in use reducing energy costs.

Implementation of Local Environment Plan.

### Current Issues and Response

Range of programs needing to be done with minimal resources.

Level of community intransigence to new initiatives.

Greater level of state and federal government support.

Changing legislative requirements.

Spread of pest plants. OneSteel dust emissions.

Integration into the NRM program and introduction of a local NRM levy to property owners.

Introduce energy cost savings into future capital evaluation.

### Notes

**Draft Strategic Plan Goal – Environmental Care** - Our natural environment and coastal areas are protected and conserved. All aspects of the natural and built environment are managed and maintained in an ecologically sustainable way.

### Our Approach

1.1.1 Protect and improve local native vegetation and habitat. *T3.1 of State Plan.*

1.1.2 Protect and enhance the quality of our gulf waters and coastline. *T3.4 of State Plan.*

1.1.3 Ensure the impact of urban development preserves open spaces and natural vegetation as much as possible. *T3.7 of State Plan.*

1.1.4 Cooperate with other government agencies and environment groups to ensure biodiversity areas within Whyalla's Local Government area are preserved. *T3.2 of State Plan.*

2.1.2 Reduce use of energy. *T3.12, T3.13 and T3.14 of State Plan.*

### Expenditure

Recurrent \$564,599

### Project/Capital

Income \$4,000

Net Budget

\$560,599 DR

## 26. VISITATION PROMOTION AND DEVELOPMENT

### Brief Description

Increasing visitation to Whyalla through the operation of the Whyalla Visitor Centre, marketing and promotion, media and communications, special events, snapper competition, development of tourist assets, operation of Maritime Museum, Mt Laura Museum, promotion of Whyalla as a regional centre.

### Service Outcomes

Increased visitation to Whyalla creating greater employment and investment in the city. Retention of existing services and facilities by increasing their market reach beyond current geographic boundaries.

### Current Issues and Response

Signage.  
Funding.  
Gaining greater level of coordinated activity from tourism operators.  
Improvement of tourism assets.  
Changing perceptions of Whyalla.  
Maximising benefit from expenditure.  
Marketing.

### Notes

Council to implement a review of tourism and marketing operations.  
Continue to work with Events Whyalla on major projects.  
Snapper Fishing Competition to remain in-house for 2009 with a view to outsource in 2010.

**Draft Strategic Plan Goal – Economic Prosperity** - A strong and diverse, sustainable economic base positioning Whyalla as a launch pad for future growth in the region and State.

### Our Approach

- 2.1.3 Actively support the development of viable and sustainable new or relocated industries, such as education and training, aquaculture, mining services, alternative energy technology and tourism in the Whyalla environs. *T1.5 and T1.21 of State Plan.*
- 1.1.1 Enhance sporting, recreational and cultural facilities and events. *T1.15 and T2.3 of State Plan.*

<b>Expenditure</b>			
Recurrent	\$884,749		
Project/Capital	\$192,200		
<b>Income</b>	\$253,253	<b>Net Budget</b>	\$823,696 DR

## 27. COMMUNITY SERVICES AND DEVELOPMENT

### Brief Description

Co-ordination of community projects, admin support, youth programs and services, aboriginal community development, funds for community groups, arts and cultural services, crime prevention and sport and recreation.

### Service Outcomes

Provision of support for community groups providing human services and program to the community.

Attracting of funding into the City to enable the provision of various human services and programs.

Funding for community projects.

Provision of youth services.

Conduct cultural events and support of arts activities.

Support for aboriginal community development programs.

Support for crime prevention.

Support sport and recreational activities.

Undertaking community arts projects.

### Current Issues and Response

Funding.

Lack of coordination of human service providers in the city.

Competition for funding creating divisions between potential service providers.

No coordinated human service delivery plan.

High level of low income and disadvantaged persons in the community.

Reduce crime through alternative programs.

Lack of youth activities - inappropriate facilities for youth.

Combined sporting facilities to reduce ongoing maintenance/operational costs.

### Notes

Youth Council established and operating.

**Draft Strategic Plan Goal – Community Wellbeing** - A vibrant and diverse community, actively engaged as citizens, which supports and creates a sense of belonging to its people.

### Our Approach

- 3.1.1 Facilitate activities which encourage community involvement and provide a focus for community pride. *T1.15 and T5.5 of State Plan.*
- 3.1.2 Support individuals and groups to achieve their goals for the broader community benefit. *T5.8 of State Plan.*
- 3.1.3 Encourage residents to participate in social, cultural, sporting and recreational activities. *T2.3 and T2.5 of State Plan.*
- 3.1.4 Foster greater social diversity. *T5.8 of State Plan.*
- 3.1.5 Stimulate community initiative and cooperative projects (new)

3.1.6 Promote volunteerism within the community. *T5.6 of State Plan.*

3.1.7 Facilitate opportunities for community involvement in broader issues of local, State and national governance and cultural identity. *T5.8 of State Plan.*

**Expenditure**

Recurrent \$210,418

**Project/Capital**

**Income** \$61,600

**Net Budget** \$148,818 DR

## 28. ECONOMIC DEVELOPMENT

### Brief Description

Council's economic development activities including pursuit of major projects, development facilitation role, Whyalla Economic Development Board subsidy, industry development incentives, promotion of Education Precinct, Advancing Whyalla support, representation of Whyalla interests at other levels of government.

### Service Outcomes

Increased investment in the City.

Jobs retained or created in Whyalla.

Population and employment losses stabilised and increased in accordance with Councils strategic plan.

### Current Issues and Response

Heavy reliance upon OneSteel creates a weakness in economy.

High level of competition for major investment opportunities.

Lack of State and Federal Government recognition of regional areas.

Poor level of funding to have a real influence on economic conditions in the city.

Lack of a city-wide plan

### Notes

Council is working with WEDB to identify opportunities relating to industry locating to Whyalla.

Major development opportunities have arisen for the city that require a community wide response.

Council to continue with development of the Whyalla Industrial Estate.

**Draft Strategic Plan Goal – Economic Prosperity** - A strong and diverse, sustainable economic base positioning Whyalla as a launch pad for future growth in the region and State.

### Our Approach

- 2.1.1 Facilitate the attraction and development of industries engaged in the State's resources growth. *T1.15 and T1.17 of State Plan.*
- 2.1.2 Develop a business friendly image as a cooperative and bureaucratically streamlined place in which to set up and do business. *T1.2 and T1.7 of State Plan.*
- 2.1.3 Actively support the development of viable and sustainable new or relocated industries, such as education and training, aquaculture, mining services, alternative energy technology and tourism in the Whyalla environs. *T1.5 and T1.21 of State Plan.*
- 2.1.4 Support the development of Whyalla as a freight and transport hub and entry point to the region for the resources industry.

2.1.5 Encourage and support small to medium enterprise development in the City.

<b>Expenditure</b>			
<b>Recurrent</b>	\$458,836		
<b>Project/Capital</b>	\$12,750,000		
<b>Income</b>	\$12,848,741	<b>Net Budget</b>	\$360,095 DR

## CAPITAL IMPROVEMENT PROGRAM

### Development of the Capital Improvement Program is based on the following criteria:

- Maintaining infrastructure assets such as roads, drains and footpaths at a responsible standard ensuring financial provision to enable rejuvenation works at least equal to depreciation in accordance with Council's Strategic and Ten Year Financial Plan.
- Maintaining the net stock of community assets at a sufficient level to adequately service the amenity and functionality required by a modern and diverse community.
- A recent audit of Council's Infrastructure has identified that Council is required to allocate 19% of its annual budget towards maintaining its community assets.
- Taking into account the ongoing recommendations from Council's Asset Management Working Party Committee.

The Capital Improvement Program totals \$23,325,407 and is comprised of two major elements, namely:

1. Works brought forward from the 2007/08 year - \$9,222,647 \*\*
2. The 2008/09 Program which totals \$14,102,760

Summary of the major projects included within the Capital Improvement Program in line with Council's Draft Strategic Plan is as follows.

**ECONOMIC PROSPERITY** - Our Vision is of a vibrant, growing City with a sound and sustainable economic base, and an equitable, prosperous and wealthy community.

Economic Development	Whyalla Industrial Park <i>Note – loan funds will be borrowed in stages during the year. When the infrastructure is completed land sale contracts will be actioned and funds will be used to repay the loans before June 30.</i>	\$ 9,000,000
	Foreshore Master Plan (750k grants)	1,550,000
	Foreshore Building Redevelopment (335k grants)	500,000
	Kingfish Harbour Construction (436K grants)	1,650,000

**COUNCIL** - Our Vision is for a community, actively involved in, and with confidence in, Council.

Airport	Terminal Upgrade (Airport reserve)	\$ 800,000
	Airport Security Cameras	95,000
Infrastructure	Concrete Footpath	200,000
	Roads to Recovery Projects	254,554
	Sealed Roads	1,430,000

**COUNCIL** continued ...

		\$
Infrastructure	Unsealed Roads	150,000
	Kerbing Replacement Program	90,000
	Nicolson Avenue Landscaping	80,000
Land & Improvements	Centralised Irrigation System – Stage 2	65,000
	Cemetery works	65,000
	Ada Ryan garden animal enclosures	90,000
	Various Reserve Upgrades	263,500
	Various Solar Lighting	115,000
Building & Facilities	Jubilee Park Toilets	150,000
	Art Gallery	400,000
	Whitehead Street Amenity Project	50,000
	Beach Cameras	200,000
	New Library	2,100,000
Plant Replacement	Various plant changeovers	190,000
	Road Sweeper changeover	225,000
Information Tech	Various	128,300

**ENVIRONMENTAL CARE** - Our vision is that our natural and built environment meets the needs of population and industry that is environmentally sustainable and attractive.

		\$
Infrastructure	Final design of ASR project	40,000
	Waste Management Landfill - cell construction	2,000,000
	Waste Management Landfill – recycle complex	587,000

**COMMUNITY WELLBEING** - Our Vision is for a culturally diverse, socially rich, healthy, harmonious and engaged community with access to a relevant range of services and facilities.

Child Care Centre	Various Projects	\$ 12,000
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The Capital Improvement Program proposed is to be financed in the following manner:

Discretionary Reserve	1,993,024
Rate Revenue	3,220,300
Transfers from Reserves	2,347,808
Grants & Contributions	2,454,275
Loan Funds	1,000,000
Asset Sales **	12,710,000
	<hr/> <b>\$23,725,407</b> <hr/>

**Note:**

Residents can obtain further details in relation to the Projects Brought Forward and the 2008/09 budget by contacting Council on 8640 3444.

Budget details will be published on Council's web-site and the next edition of the Council newsletter.

Copies of the PowerPoint presentations have been included for your information.

A general budget forum meeting for the public is scheduled to be conducted on Thursday 18 June 2008 in the Civic Building, Darling Terrace commencing at 6.30 pm.

\*\* Balance of Asset Sale Funds will be used to reduce Loan Liabilities

## KEY FINANCIAL INDICATORS

In accordance with Section 122 of the Local Government (Financial Management and Rating) Amendment Act 2005, Council is required to introduce measures to assess its performance over the financial year.

The Financial Sustainability Inquiry recommended greater use of financial indicators by Councils and this has prompted considered work, much led by the SA Local Government Financial Management Group Inc, to develop a set of standardised financial indicators applicable for all Councils.

The following Key Financial Indicators are those that have been recommended. They are effectively a road map to assist Council Members and senior staff in steering their Council's financial performance and sustainability (and other stakeholders in judging their success).

The SA Local Government Grants Commission also produces the results of these indicators based on data supplied by councils to use as a comparative tool.

### **Operating Surplus / (Deficit)**

Total Operating Revenue (Excluding Gain on Disposal of Assets) **minus** Total Operating Expenses

### **Operating Surplus Ratio**

Operating Surplus / (Deficit) (See Above) **divide** General and Other Rates **multiply by 100**  
*~ the percentage rates would need to increased to reach an operating equilibrium*

### **Net Financial Liabilities**

Total Liabilities **minus** Total Financial Assets (Excluding Equity Held in Council Business)

### **Net Financial Liabilities Ratio**

Net Financial Liabilities **divide** Total Operating Revenue **multiply by 100**

### **Interest Cover Ratio**

Interest Expense minus Interest Revenue **divide** by Total Operating Revenue  
*~ The percentage of operating income we use to meet our interest costs*

### **Asset Sustainability Ratio**

Capital expenditure on renewal or replacement of assets **divide** recorded rate of depreciation of assets for the same period **multiply by 100**  
*~ The percentage of spending on replacement of existing assets compared to depreciation of our assets*

	Operating Surplus / (Deficit) (\$ 000)	General Rates and Fixed Charge	Operating Surplus Ratio (%)	Net Financial Liabilities (\$ 000)	Total Operating Revenue (\$ 000)	Net Financial Liabilities Ratio (%)	Interest Cover Ratio (%)	Asset Sustainability Ratio (%)
2006/07 Actuals	(389)	8,899	(4)	(181)	18,233	(1.0)	(1.2)	103
2007/08 Budget Forecast	(486)	9,916	(5)	1,767	18,938	9.5	1.1	127
2008/09 Budget	(756)	10,970	(7)	4,150	21,364	19.8	0.8	94

## PERFORMANCE MEASURES

The City of Whyalla was recently involved in a Comparative Performance Measurement project undertaken by the Local Government Association of SA.

Part of the project included a community survey to gauge perceptions of Council's performance. The following Key Performance Index results were recorded. (Note: A result of 100 is considered satisfactory.)

Strategic objectives	100.34
Community consultation	93.49
Council services	107.63
Quality of life	104.08
Public access to information	98.38
Asset/infrastructure management	107.46
Safety and security	104.70
Overall performance (score out of 10)	6.89 (State average 6.85)

Whyalla Council is committed to providing services to the community in the most cost effective manner possible, while at the same time constructing and properly maintaining vital infrastructure for the benefit of existing and future generations.

To ensure that it meets obligations to the community, Council annually monitors its performance in the four key areas of Governance, Community Satisfaction, Financial and Asset Management and Quality of Life.

Information provided by the community, government agencies and other sources allows Council to assess trends in its own performance and to compare itself with the average results for similar Councils in the region and around SA.

Program Data forming the base of these measures is collected once every two years. This data is due for collection in June 2008 and will be reported next year.