

The Corporation of the City of Whyalla



2013/14 Annual Business Plan

INTRODUCTION

The Annual Business Plan sets out the Council's proposed services, programs and projects for 2013-14. It aims to maintain efficient services for the community and continued progress towards the longer term objectives for the Whyalla City Council as set out in the Strategic Plan adopted by Council in December 2012.

The Annual 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 revised Ten Year Financial Plan.

Council's 2013/14 annual budget has been premised on its Strategic Planning priorities and aims to ensure financial sustainability objectives.

Our City.

The City of Whyalla is a culturally diverse regional community and is home to approximately 23,000 people. The council area includes Eight Mile Creek and extends south of the City to Murninnie Beach and north of the Point Lowly shacks to the Army boundary fence.

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.

The Annual Business Plan is an operational document, and as such Council is very mindful of the current economic conditions, following recent poor growing years and has considered this and other factors.

This Plan has been prepared on the basis of maintaining an appropriate level of services to the community, returning the Budget to Surplus in 2013-2014 and is based on a rating strategy of CPI + 3%. The provision of services by Council is a reflection of Council's obligations under legislation and the community's desire for more and better level of service and infrastructure and a wider range of facilities.

1. OUR FUTURE:

The Strategic Plan for the Whyalla Community sets out the key goals and objectives of the Council and the approach required to meet them.

VISION STATEMENT

“Whyalla will be a vibrant, attractive city offering our community a diverse range of sustainable economic, social, environmental and cultural opportunities

MISSION STATEMENT

We will provide access to quality infrastructure, services and facilities, capitalizing on and protecting our attractive coastal and outback landscapes.

We will be home to an energetic, harmonious, integrated community actively involved in shaping Whyalla for current and future generations.

VALUES



STRATEGIC DOCUMENTS AND PROGRAMS

Strategic Plan: In accordance with Chapter 8 Section 122 of the Local Government Act 1999 (Strategic Management Plans), Council reviewed and adopted its Strategic Plan in December 2012. This plan sets out the long-term aspirations of the Council (**i.e. where do we want to be in the future**) and how Council intends to achieve the vision within the period of the Plan. Key objectives/outcomes are detailed along with those strategies necessary to achieve the outcome of each objective.

Ten Year Long Term Financial Plan: This plan balances the level of funding required to achieve the city's outcomes and is premised on an annual rate increase of 6% (CPI + 3%). This document along with the Strategic Plan becomes the basis for the preparation of the Annual Business Plan and Budget for 2013-14. This Plan has been updated to meet the Local Government Act 1999 and financial regulations requirements. A major component of the Plan is the current focus on financial sustainability, accrual accounting and the effective management of Council's assets.

The Long Term Financial Plan is intended to be a guide to predicted results for the next ten years based on a range of assumptions about future performance. Where there is a change between past assumptions and subsequent realities, there will be a degree of variance between results and the output of the plan. Due to the revision of and changes to the Infrastructure Asset Management Plans of the Council, the Long Term Financial Plan has also undergone extensive review to ensure that the output of the plan represents our best estimate of future realities. Each budget year should form the base year for the next ten year cycle.

Council's Annual Budget is formulated to address the following key objectives from the Strategic Plan;

- 5.1 Infrastructure is appropriately planned, maintained and managed; and
- 5.2 Council will be recognized for being financially responsible.

The Budget has been developed in conjunction with Council's Ten Year Financial and Annual Business Planning documents. This budget has been developed in light of financial information available at the time of drafting and the range of services required under legislation and that level of service desired by the community, all with a view to long-term financial sustainability.

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 and in accordance with the Infrastructure Asset Management Plan.

Annual Business Plan: Documents the actions required by each Service area of the Council to ensure that the desired outcomes of the Strategic Plan can be achieved. Our progress toward achievement of the desired outcomes is monitored. Our score card is provided in section 5.

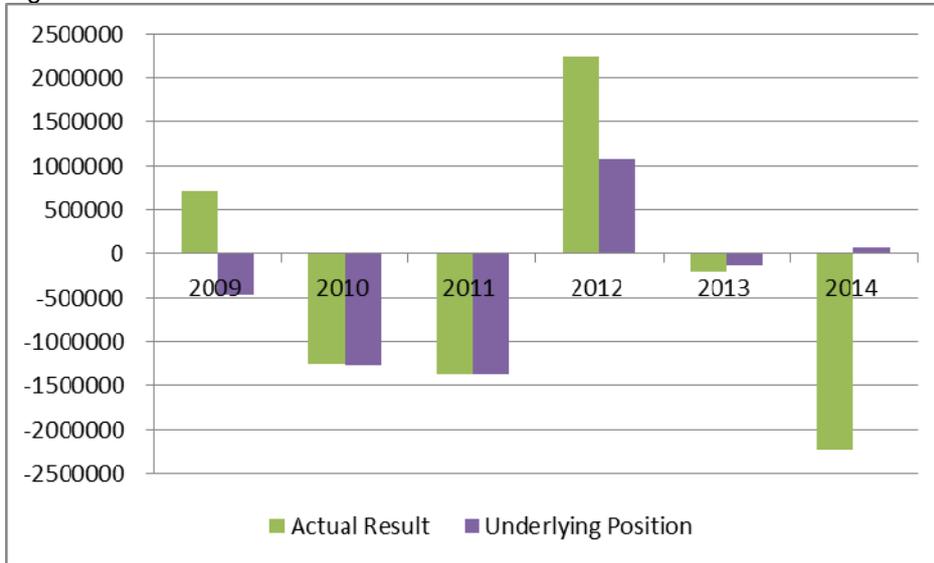
Asset Management Plans: In accordance with Chapter 8 Section 122 of the Local Government Act 1999 (Strategic Management Plans), Council is required to adopt plans for each of its classes of assets. These plans detail Council's maintenance and renewal requirements for the next ten years.

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 table below sets out those measures that provide a reliable means of assessing our performance.

Key Performance Indicator	Actual 2012	12-13 Adopted Budget	Projected 30/06/2013	DRAFT 30/06/2014	Target Achieved Yes/No
Operating Surplus/(Deficit)	\$ 2,233,737	\$ (2,167,596)	(196,367)	(2,214,514)	Yes
Operating Surplus/(Deficit) Ratio	17%	(14.4)%	(1)%	(13.1)%	No
Net Financial Liabilities Ratio	11%	25.3%	14%	42.3%	Yes
Asset Sustainability Ratio	88%	91%	81%	102%	Yes
Underlying Position					
Operating Surplus/(Deficit)	\$1,070,524	\$81,000	\$(124,643)	\$70,131	Yes
Operating Surplus/(Deficit) Ratio	8%	0.5%	(.9)%	.4%	No

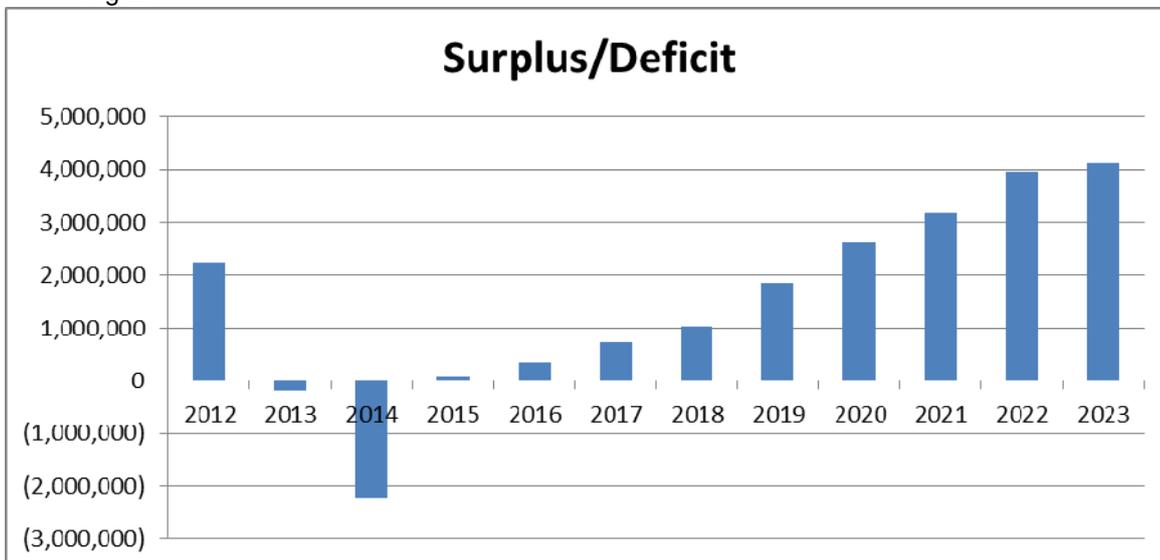
Operating Surplus/(Deficit): this has been affected since 2009 by the Federal Government's decision to pay portions of the Financial Assistance Grants in advance. Had this not occurred, the underlying position for those years would have been noticeably different. This is best seen when the results are portrayed graphically along side actual results; See Fig 1.

Fig 1.



The historical actual results and forward projections are shown in Fig 2

Fig 2.



2 SIGNIFICANT INFLUENCES AND PRIORITIES

- Consumer Price Index increases on goods and services of (3%) for the year;
- Provision for wages & salary increases of 4% + provision in the wages budget for a number of key positions in Infrastructure, Finance and Landfill.
- Requirements to maintain and renew infrastructure assets to acceptable standards including roads, footpaths, lighting, storm water drainage, recreational open space, public facilities and operational properties as highlighted in the reviewed Infrastructure Asset Management Plans.
- Service programs and infrastructure needs for a changing population;
- Commitments to continuing projects and partnership initiatives over more than one year, including Healthy Lifestyles and OPAL programs;
- Increasing range and levels of services, including the cost of maintaining recently redeveloped reserves,
- Leisure Centre Renewal Program
- Energy efficiency programs
- Reduction in or withdrawal of Government funding and subsidies in relation to services that Council will continue to provide including, Regional Tourism, Remote Area Subsidy for Child Care services, reductions in Sport and Recreation position funding;
- Increases to Waste Management service fee to address legislative requirements and provide for capital needs.
- Fees, Charges levied by other levels of Government but collected by Local Government (NRM Levy)

In response to these factors, and to returning the Budget to Surplus, the Annual Business Plan has been prepared on the basis that for an average residential property the rate increase will be **6%**.

Priorities for 2013-14 are:

- To undertake a capital works program of \$14,168,414 including \$9,337,830 for the replacement/renewal of existing assets and \$4,830,584 for new and upgraded assets. Program has a two-fold focus, firstly to address asset renewal requirements as indicated in the AMP's and secondly to ensure that Council continues to upgrade Assets to a standard consistent with community expectations.
- Commence the first stage of landscape upgrade works in accordance with the report of Landscape Architectural Consultants, Oxigen.
- Continuation of existing discretionary services to our community. These elements are covered in further detail in the draft budget documents.

3. CONTINUING SERVICES

All Councils provide a range of services that address basic responsibilities under the Local Government Act and other relevant legislation and those services that are provided in response to changing community needs. Whyalla City Council has eight Key Service Areas:

- **Environmental Services:** including Kerbside collections, management of Waste Landfill site at Mt Laura, clean-up of illegal dumping, street cleaning, and management and protection of local environments.
- **Planning and Development Services,** including Economic Development, Strategic Policy and Projects; Development Assessment & Compliance, and

- **Regulatory Activities;** including Environmental Health Services, Traffic and Parking Control and Dog and Cat Management;
- **Community Service Activities:** Cemetery & Cremations, Whyalla Public Library Services, Child Care Centre, Community Development, Visitor Information Centre and Airport Services,
- **Community Recreation and Leisure Activities:** Public facilities and sport & recreation facilities, including public parks, open space recreation areas, Leisure Centre; and marinas, jetties, boat ramps & swimming enclosure.
- **Assets & Engineering Services:** Design and project management, road maintenance and other infrastructure assets including the following: roads, footpaths, streetscape, street furniture and stormwater assets.
- **Governance:** Executive Office including Elected Members support and Local Government Relations;
- **Corporate Services:** Community Management and Customer Services, marketing & strategic events, human resources, corporate and financial management, information services, procurement and media and communications.

Council also provides for the operation of a number of facilities on a “fee for service” basis. These services and facilities provide important community benefits while generating revenue. Where possible, Council aims to set fees for these services on at least a cost recovery basis these include;

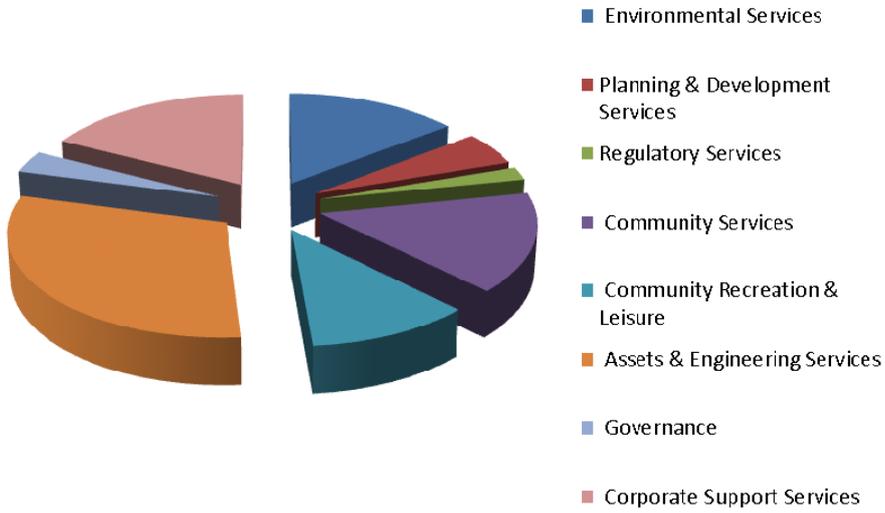
- **Child Care Centre;**
- **Marinas and Mooring Facilities;**
- **Airport; and**
- **Mount Laura Landfill & Transfer Station**

Council does not expect any change to the service delivery mix for the coming year.

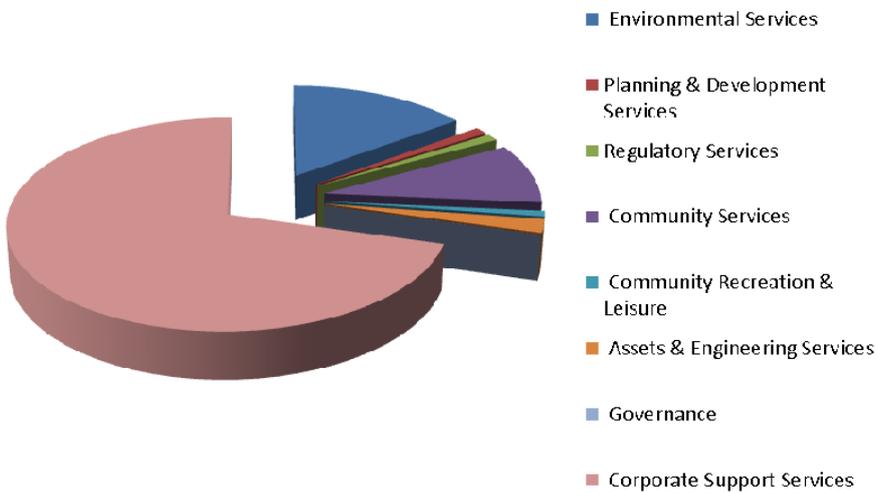
Service Profile Draft Operating Results for 2013-14

Service Program	Expenditure	Income	Surplus/(Deficit)
Environmental Services	3,982,320	4,126,602	144,282
Planning & Development Services	1,465,285	315,600	-1,149,685
Regulatory Services	568,478	292,009	-276,469
Community Services	4,312,182	2,559,923	-1,752,259
Community Recreation & Leisure	3,092,379	241,977	-2,850,402
Assets & Engineering Services	8,366,846	419,218	-7,947,628
Governance	947,755	2,200	-945,555
Corporate Support Services	4,786,654	17,349,856	12,563,202
TOTAL	27,521,899	25,307,385	-2,214,514

Expenditure



Income



4. PROJECT PRIORITIES

During the coming year Council has planned to undertake or provide funding for the following:

- Commence the first stage of Landscape works at the airport, foreshore and medians in accordance with the Oxigen report.
- Commence Stormwater renewal and mitigation program; and
- Complete Boardwalk at Foreshore;
- Commence major Infrastructure renewal program, including road resealing and footpath replacement;
- Complete works for the recycled water network extension program;
- Continue to address the future of our waste disposal site, services and rehabilitation to ensure that current legislative requirements are met;
- Joint Council/Onesteel Regeneration of Hummock Hill;
- Commence major Airport Redevelopment Project.
- Continuation of Infrastructure Audit to assess further information and technical gaps to ensure long term planning for renewal and maintenance is consistent with the needs of the city and is accounted for accurately in key planning documents.
- Finalise Ada Ryan Gardens Tennis Courts Upgrade
- Complete landscaping at Memorial Oval (as per Sport & Recreation Master Plan)
- Commence consultation with Community on developing Jubilee Park & the Marina as per the Sport and Recreation Master Plan.

For further details of the planned capital works program, please refer to the 2013-14 Draft Budget documents.

Specific Council projects for the coming year that will solely or principally benefit businesses include:

- The provision of funding for Regional Development Australia Whyalla & Eyre Peninsula in promoting as a location for major project development; and
- 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, other high profile events and Tourism Advertising and Marketing Plan

Council's policy on facilitating local economic development includes;

- to support the actions of Regional Development Australia Whyalla and Eyre Peninsula to create economic development in the City;
- to represent the interests of Whyalla strongly at the State and Federal Government level to ensure favourable economic development of the City;
- to establish economic activity based on renewable energy and sustainable development principles, and further collaboration with Solar Oasis proponents with aim of moving the project forward;
- to engage the broader community, including business sectors, in programs and projects to assist in the diversification of Whyalla's economic base; and to support local business.

5. MEASURING PERFORMANCE: To enable the Council and the Community to assess Council's performance over any one period and over time, performance targets have been set for a number of select activities as shown below.

Goal 1: Economic Prosperity.				
Our Objective	Service Department/Officer	Our Actions	Target / Completion Date	Result
1.1 Whyalla will have a diversified and sustainable economy.	CEO	Relationships built with Whyalla Hospital and UniSA.	30/6/13	Relationships built via CEO on committees at Hospital and UniSA.
	CEO	Built relationships with Muradel for bio-fuel production.	30/6/13	Project launched 14/6/13
1.2 Land parcels are available to meet increased demand. <i>(T56 of the State Strategic Plan)</i>				
1.4 Whyalla Airport meets the region's needs.	CEO	Issues and options review of Airport undertaken.	30/4/13	RDAF and EZF funding applications lodged (RDAF approved 17/5/13).
1.8 Infrastructure supports economic activity.	CEO	Leisure Centre to be upgraded.	1/11/13	Social infrastructure improved.
		Funding sought for Middleback upgrade.	31/3/13	

Goal 2: Community and Social Wellbeing				
Our Objective	Service Department/Officer	Our Actions	Target / Completion Date	Result
2.1 Council will adopt a proactive and collaborative approach to community safety.	Community	Continue to assist and promote Crime Prevention Activities such as Kids Cops and Karts program, school holiday programs and Youth Art Programs	30/6/13	Membership via Group Manager Community & Sport and Rec Officer on committees with Police, Youth Services and DECD to implement programs.
2.2 Volunteer effort is recognized and supported.	Community Engineering & Infrastructure	Meet with Chairperson of the Volunteers Forum to discuss Council support and recognition.	30/6/13	Member of Volunteers Forum and creation of Volunteers Policy including recognition.
2.3 Council will seek to improve the City's health and aged care services.	Community Planning & Development CEO	Liaise with Community Health, COTA, Whyalla Aged Care and other Aged agencies to support health services and facilities for the community. Supported Whyalla Aged Care's RDAF application. CEO making representations for improved health/hospital services via Hospital HAC.	30/6/13 30/3/13 30/6/13	Attendance at local meetings with Aged Care facilities. Member of COTA.
2.4 Council will seek to improve the City's literacy/numeracy skills.	Community CEO	Liaise with Dept. Education regarding quality services and programs for Whyalla. Meet with Whyalla Target Team & FLO (Future Learning Options) to consider suitable programs and services that will enhance learning outcomes.	30/6/14 30/6/14	Relationships built with DECD on committee dealing with literacy and numeracy issues.

2.5 Council's development plan ensures integrated sustainable land development.	GMP&D	Facilitate the provision of a range of housing and rental choices (relating to worker and family accommodation) through appropriate development policy. – Plan amendment to improve range of housing choices in progress	June 2014	
2.6 Everyone in Whyalla has the opportunity to actively participate in the public affairs for planning for the city.	CEO/MCM	Staff committee formed to review web-site and improve social media tools	30/6/13	Council is seen to be more customer-focused and contemporary.
2.7 Community Planning of Council's services and infrastructure underpins a community that is inclusive and accessible	EMT Be Active Officer Community	Continue to implement recommendations from the Whyalla Sports Facility Master Plan with consultation to occur on the 2nd & 3rd priorities. (Jubilee Park & Marina) Liaise with Community groups to promote and encourage cultural events and volunteer activities	30/6/14 30/6/13	100%

Goal 3: Quality Environmental Outcomes				
Our Objective	Service Department/Officer	Our Actions	Target / Completion Date	% Complete
3.1 Reduce the City's reliance on the River Murray. (T73-76 of the State Strategic Plan)		Engage a Landscape Architectural Company to develop a Landscape master plan for the city to ensure tree species meet environmental conditions. Provide funds in 2013-14 budget for commencement of the plan and include future funding requirements in the Long Tern Financial Plan.	31/12/13 30/6/13	30% 100%

<p>3.2 Council will promote environmental sustainability and aim to reduce carbon emissions</p> <ul style="list-style-type: none"> - as an organisation - across the City (T59 of the State Strategic Plan) 		<p>Obtain and provide information on climate change and its potential impact e.g. sea level rises / flooding, availability of water, infrastructure and landscape.</p> <p>Develop systems to monitor and report on Council's power / energy usage, greenhouse emissions and ecological footprint and utilise modern state of the art technologies for more efficient outcomes.</p> <p>Investigate grant funding opportunities for Energy efficiency projects. Lodge Application for funds and include in 2013-14 Budget.</p>	30/6/13	90%
<p>3.4 Council will aim for a reduction in tonnage and diversion rate from Landfill of 70% by 2017.</p>			30/6/17	

Goal 4: Civic Leadership and organisational Development				
Our Objective	Service Department/Officer	Our Actions	Target / Completion Date	% Complete
<p>4.1 Council is the leading contributor to improved quality of life in Whyalla.</p>	CEO	<p>Strategic Plan 2012/13 adopted December 2013.</p> <p>Council decision-making presently >90% unanimous.</p>	30/6/13	City's direction set. Elected Council working harmoniously in its decision-making.
<p>4.2 Council's operations are effective, efficient and customer-focused.</p>	CEO	<p>Customer Service Charter finalised.</p> <p>Commenced Continuous Improvement</p>	30/9/12 30/6/13	<p>>80% compliance with targets.</p> <p>CI plans</p>

		Program.		prepared.
4.4 Council is innovative in its open and transparent engagement.	CEO	Social media tools being refined and improved.	30/6/13	Staff meetings held to "fine-tune" needs.
4.5 Council will forge partnerships to improve outcomes for the Whyalla community.	CEO	Partnerships forged with RDA Target Team, OneSteel, Whyalla Hospital, UniSA, Engineers Australia, State Government Departments/Agencies	30/6/13	Relationships with these organisations enhanced.
4.7 The Whyalla community will have confidence in Council's governance.	CEO	Open, transparent and good governance regime followed.		No issues with relevant regulatory bodies, e.g. SA Ombudsman, OSLGR.

Goal 5. Sound Financial and Asset Management				
Our Objective	Service Department/Officer	Our Actions	Target / Completion Date	% Complete
5.1 Infrastructure is appropriately planned, maintained and managed.	Infrastructure	Review and update Infrastructure Asset Management Plans.	30/6/13	85%
	Finance & Corporate/EMT	Review and update Long Term Financial Plan.	30/6/13	100%
5.2 Council will be recognized for being financially responsible.	EMT	Budget for surplus Budget in 2013/14.	30/6/13	100%
	Finance & Corporate	Revise Internal Control Framework, policies and procedures.	30/6/13	100%
5.3 Council is inclusive in its financial governance.	Finance & Corporate	Provide/facilitate public input into Annual Business Plan, Budget and rate setting process.		100%
		Facilitate public consultation during budget process.		100%

6. FUNDING THE BUSINESS PLAN

Consistent with Council's Long Term Financial Plan, an Operating Surplus is aimed for in each planning period. Council aims to achieve an Operating Surplus in the short to medium-term (one to five years) and long-term financial sustainability is dependant on ensuring that on average over time its operating expenses including depreciation are less than operating income. Operating revenue and expenses for the 2013/14 year are summarised below;

ITEMS	REVENUE BUDGET (Excludes Rates)	EXPENDITURE BUDGET	NET BUDGET
Environmental Services + Rates	1,095,042	3,982,320	-2,887,278
Planning & Development Services	315,600	1,465,285	-1,149,685
Regulatory Services	292,009	568,478	-276,469
Community Services	2,559,923	4,312,182	-1,752,259
Community Recreation & Leisure	241,977	3,092,379	-2,850,402
Assets & Engineering Services	419,218	8,366,846	-7,947,628
Governance	2,200	947,755	-945,555
Corporate Support Services	2,765,984	4,786,654	-2,020,670
Rates Revenue			17,615,432
OPERATING SURPLUS / (DEFICIT)			-2,214,514

Council's proposed revenues for 2013/14 include the following;

- **General Rates, Fines & Interest & NRM Levy:** \$13,744,625 + \$80,800 + \$693,447
- **Main Street Levy:** \$65,000
- **Waste Management Levy:** \$3,031,560
- **User Pay charges:** \$3,160,107 Service fees; Child Care, Maritime Museum, Airport and Landfill.
- **Statutory Charges:** Set by other levels of Government: \$500,909 Fees and charges for services set by regulation and collected by Council and include, Development Act Fees, Town Planning fees, Parking Fines & expiation fees, Health fines, Environmental Control fines, Litter Control fines, Septic Tank fees, license fees & fines. These are generally offset by the cost of providing the service.
- **Interest Income:** \$91,705 - Interest income will be affected by the timing of cash flows.
- **Grants & Subsidies:** \$2,729,562: Council attracts an annual amount of funding based on factors determined by the Grants Commission. Council also seeks to attract additional grants and subsidies to provide for projects and programs run by Council.
- **Other Revenues:** \$1,209,670 which includes \$673,486 OneSteel ex-gratia payment.

Council's proposed expenditures for 2013/14 includes the following;

- **Staff Costs** \$ 9,665,108
- **Contracts, Materials & Other** \$11,266,402
- **Finance Charges (Interest)** \$ 437,975
- **Depreciation** \$ 6,152,414

COUNCIL'S ANNUAL CAPITAL IMPROVEMENT PROGRAM aims to ensure that existing Assets are replaced and upgraded in a manner consistent with the outcomes of the draft Infrastructure Asset Management Plans. The 2013/14 program and funding sources are summarised below.

CAPITAL IMPROVEMENT PROGRAM

Works Brought Forward	\$	1,416,820
Infrastructure (incl roads, drains, paths)	\$	6,180,430
Building & Facilities	\$	3,162,290
Plant & Equipment	\$	450,000
Land & Improvements	\$	2,620,000
Furniture & Equipment	\$	338,874
Funded By		
Rates		\$ 3,937,901
Grants: Capital Projects		\$ 2,805,555
Loans		\$ 6,000,425
Transfers From Reserves		\$ 173,000
Asset Sales		\$ 125,000
Cash Reserve		\$ 1,126,533

* Works brought forward consists of projects to be funded by loan funds and includes Foreshore Boardwalk, stormwater drainage, sea wall and beach replenishment. (See Capital Projects in budget worksheets).

IMPACT ON COUNCIL'S FINANCIAL POSITION:

Council budgets include a high-level summary of both operating and capital investment activities prepared on a uniform and consistent basis. The primary objective of this arrangement is to ensure that Councils provide a common 'core' of financial information to enable more meaningful comparisons of each Council's finances. Long Term Financial Plans and annual financial statements are summarised on the same basis and are depicted in the table below. Attachment A provides an explanation of terms used.

Year Ended 30 June:	2012 Actual \$	2013 Adopted \$	2013 Revised \$	2014 Draft Budget \$
Operating Revenues	25,837,223	23,265,197	25,484,994	25,307,385
less Operating Expenses	23,603,486	25,432,793	(25,681,361)	27,521,899
Operating Surplus/(Deficit) before Capital Amounts	2,233,737	(2,167,596)	(196,367)	(2,214,514)
Less: Net Outlays on Existing Assets				
Capital Expenditure on Renewal/Replacement of Existing Assets	5,351,068	5,292,064	5,069,805	9,337,830
less Depreciation, Amortisation & Impairment	6,014,434	5,726,957	6,101,005	6,152,414
less Proceeds from Sale of Replaced Assets	79,995	105,000	105,000	125,000
	(743,361)	(539,893)	(1,136,200)	3,060,416
Less: Net Outlays on New and Upgraded Assets				
Capital Expenditure on New/Upgraded Assets	5,408,162	2,141,165	2,440,941	4,830,584
less Amounts Specifically for New/Upgraded Assets	2,143,222	350,000	1,008,340	2,805,555
less Proceeds from Sale of Surplus Assets	261,979	28,000	28,000	0
	3,002,961	1,763,165	1,434,601	2,025,029
Net Lending / (Borrowing) for Financial Year	(25,863)	(3,390,868)	(494,768)	(7,299,959)

7. WHAT IT MEANS FOR RATES

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

- Whyalla Strategic Plan;
- Long Term Financial Plan;
- South Australian Government Strategic Plan;
- Upper Spencer Gulf Common Purpose Group Strategic Plan;
- Whyalla and Eyre Peninsula Regional Development Board Strategic Plan.
- The equity of the distribution of the rate burden between classes of ratepayers; and
- Current local, state and national economic conditions and expected changes during the next financial year.

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 2009/10, Council decided on 17 May 2010 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.

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 will adopt the valuations made by the Valuer-General as provided to the Council on 2 July 2013; 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: LSGobjections@sa.gov.au

Telephone 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.

BASIS FOR RAISING RATES

Council has declared the following rates:

Pursuant to Section 152 of the Local Government Act 1999, a General rate on all rateable land within its area based on two components; the value of the land subject to the rate; and a fixed charge.

Pursuant to Section 155, a Service charge 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 as set by the State Government Natural Resource Management Act, shown separately on the rate notice.

DIFFERENTIAL GENERAL RATES

At its meeting of 2 July 2013 it is proposed that Council declare its rates and decide to raise general rate revenue of \$13,744,625 in a total operating revenue budget of \$25,307,385

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, residential character, regional centre, caravan and tourist parks, commercial, district centre, local centre, town centre, recreation, community, special industry (hydrocarbons), special industry, industry, industry buffer, light industry, rural (industry buffer), deferred industry, coastal conservation, rural living, coastal settlement & settlement.

Land use – prescribed land use codes (LUC) including residential, commercial-shop, commercial-office, commercial-other, industry-light, industry-other, primary production, vacant and other.

Summary of approximate general rates raised per rate category based on proposed 6% increase

Category	Valuation	Rate in \$	Fixed Charge \$	\$	%
Business	54,704,780	2.07	115,755	1,248,144	9.08%
Region Centre	10,400,000	2.480	1,158	259,078	1.88%
Industry	40,290,600	2.07	79,099	913,115	6.64%
Residential	762,251,000	0.870	3,997,792	10,629,376	77.33%
Heavy Industry	3,215,000	13.782	386	443,477	3.23%
U/Farm	19,159,000	0.341	45,144	110,477	0.80%
P/Prod	3,492,500	0.009	4,244	4,559	0.03%
Coastal Living	32,289,000	0.193	74,083	136,401	0.99%
	925,801,880		4,317,662	13,744,625	100.00%

Council proposes to increase general rate revenue by 6% (excluding growth). For residential properties this increase equates to about **\$57 per property \$1.11 per week;**

For Residential Properties this year; .05% will have a decrease or no increase in rates, 1% will have an increase of less than 5%, 65% will have an increase of 6% and 26% will have increases of between 7% and 9%, due to property value increases being relatively higher than others. The remaining 7.5% will have higher increases, this is largely due to site value increases or first time application of fixed charge where properties were previously adjoining.

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 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 lodgment 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 **\$385.85** 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 license) 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:

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

SERVICE CHARGE

The Council provides a service of collection, treatment and disposal of waste on a user pay basis. Preliminary findings of the Landfill review conducted during 2012-13 suggested the cost to provide waste collection and disposal services per household equates to \$400 per annum. Council feels that a rise of this magnitude in one year is unacceptable. Therefore it has decided to phase this in over a number of years.

The full cost of maintaining and operating and providing for capital requirements relating to waste management services, this financial year is budgeted to be \$4,834,905. The Council will fund this cost partially through the sale of recycled materials and gate fees with the remainder via the imposition of per property service charges of \$280 an increase of \$84 equating to total service charge revenue of \$3,031,560. This equates to a per week increase; per property of **\$1.61** cents.

SEPARATE RATE

The Council has resolved to continue to declare a separate rate, known as the City Plaza 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 Coordinator;
- Promotional activities throughout the year;
- Beautifying the City Plaza area for the benefit of Whyalla; and
- Servicing loan repayments.

NATURAL RESOURCE MANAGEMENT LEVY

The Natural Resources Management Levy is a State Tax which councils are obliged under the Natural Resources Management Act to impose and collect with the proceeds paid to one or more of the Natural Resources Management boards which are State Government entities established on a regional basis under the Act. Any Enquiries concerning this tax should be directed to the Eyre Peninsula Natural Resources Management board. This levy is shown as a separate item on all rate notices. In relation to the 2013/14 year Council must collect a **\$62** fixed charge on all rateable properties.

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 the Department for Communities and Social Inclusion; 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 eligible persons if Council is advised that a concession applies and rates have been paid.

You may be eligible for a Council rate concession if you:

- Are a pensioner and have a current Pensioner Concession Card or Department of Veterans Affairs (DVA) Gold Card (TP, EDA, WW) or;
- Receive an eligible Centrelink allowance; or
- Hold a State Seniors Card; or
- Are a low income wage earner who meets the DCIS low income threshold.

Application is to be made through the Department for Communities and Social Inclusion (DCSI) Concessions Hotline on 1800 307 758 or at the web site www.sa.gov.au/concessions using the online form.

REFUSE RATE CONCESSIONS

Council may provide a refuse rate concession to eligible pensioners. The amount of the concession depends upon individual circumstances.

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 8640 3444 for further information.

PAYMENT OF RATES

Payment of rates for the 2013/14 financial year will be in quarterly payments due by

6 September 2013,
6 December 2013,
7 March 2014; and
6 June 2014.

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 installment due by the 6 September 2013.

To make bill-paying more convenient and flexible for customers, the Whyalla City Council provides the following options for the payment of your rates account.

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: Cheques should be marked not negotiable and can be posted along with the remittance advice to Council at Po Box 126 Whyalla SA 5600

Payment via the internet using Australia Post's bill paying service at www.postbillpay.com.au or Council's web-site at 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 enquiries 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 a 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 Council to recover the administrative cost of following up unpaid rates and to cover any interest cost of the Council 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 enquiries are treated confidentially by the Council.

In assessing each application Council will give consideration to the following: previous documented Council decisions; the ratepayer's ability to pay; and 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.

Council's Rate Rebate Policy and Application Form 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, to 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

Persons on the State House of Assembly Electoral Roll are automatically included in the Council Voters Roll and entitled to vote in Council elections. Others who are ratepayers may also be entitled to be enrolled on the Council Voters Roll and will need to apply for enrolment. If you have any queries please contact Samantha Rawlings on 8640 3444.

Attachment A: Explanation Uniform Presentation of Finances

Year Ended 30 June:	2011 Actual \$	2012 Revised Estimate \$	2013 Draft Budget Year 1 \$
Operating Revenues	23,388,904	25,460,242	23,265,197
<i>less</i> Operating Expenses	24,865,980	23,451,179	25,432,793
Operating Surplus/(Deficit) before Capital Amounts	(1,367,579)	2,009,063	(2,167,596)
Less: Net Outlays on Existing Assets			
Capital Expenditure on Renewal/Replacement of Existing Assets	4,818,237	4,596,567	5,292,064
<i>less</i> Depreciation, Amortisation & Impairment	7,054,710	5,498,574	5,726,957
<i>less</i> Proceeds from Sale of Replaced Assets	157,301	37,727	105,000
	(2,393,774)	(939,734)	(539,893)
Less: Net Outlays on New and Upgraded Assets			
Capital Expenditure on New/Upgraded Assets	337,840	6,969,237	2,141,165
<i>less</i> Amounts Specifically for New/Upgraded Assets	1,264,028	4,243,334	350,000
<i>less</i> Proceeds from Sale of Surplus Assets	1,764,510	0	28,000
	(2,690,698)	2,725,903	1,763,165
Net Lending / (Borrowing) for Financial Year	3,716,893	222,894	(3,390,868)

Income available for delivery of services: Includes all grants except those received specifically to acquire or enhance assets.

Cost of services, including depreciation expenses.

The extent to which income is sufficient or insufficient (Bracketed) to fund the cost of services. Operating Surplus / (Deficit) is the key measure of a Council's financial performance.

Expenditure that restores the service potential of existing assets to original service levels.

Depreciation and amortisation expenses represent the systematic allocation of the depreciable amount of assets over their useful lives. Impairment recognises other diminutions in the carrying amount of assets.

Consistent negative net outlays on existing assets shown (bracketed) indicates that, overall, existing assets may be deteriorating at a greater rate than expenditure on their renewal or replacement.

Expenditure to acquire new assets or enhance existing assets so that Council can provide expanded, or a higher levels of services.

Amounts received from others specifically to acquire or enhance assets. These amounts are not included as Income above.

Net cost of acquiring or enhancing assets.

Net lending reduces a Council's accumulated level of net financial liabilities. Net borrowing (bracketed); adds to the level of net financial liabilities. Net financial liabilities is the key measure of a Council's financial position and is calculated by deducting a Council's financial assets from its total liabilities.