



District Council of Ceduna 2009/2010 Annual Business Plan & Budget Summary

Annual Business Plan & Budget

The annual business plan and budget for 2009/10 was adopted by Council on Wednesday 24th June. Council made a concerted effort to gain public input and consultation on the directions to take in preparing the annual business plan and budget. A public meeting was held on Thursday 11th June which was attended by a small but enthusiastic group of local people who were given the opportunity to ask questions & have their opinion heard on the budget issues at hand.

The annual business plan sets out the Council's proposed services, programs and projects for 2009/10. It aims to maintain efficient services for the community and continue progress towards the longer term objectives for the District Council of Ceduna set out in its strategic plan. Specific objectives for the year are consistent with the Council's long-term financial and asset management plans to ensure the long-term sustainability of the Council's financial performance and position.

The annual budget is a Council's statement of:

- Its intended operating & capital expenditure as well as revenue sources to give effect to its annual business plan
- Its projected financial position

Decisions in the annual business plan on matters such as project priorities and levels of service provision are subject to the funds available, as determined through the budget process and in the context of the Council's long-term financial and asset management plans.

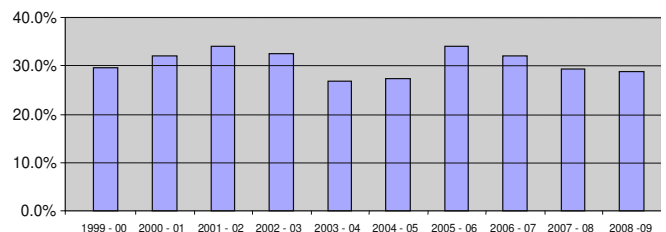
Significant Influences and Priorities

A number of significant factors influenced the preparation of the Council's 2009/10 annual business plan and budget including:

- Local Government Cost Index increases on relevant goods and services of approx. 4.0% for the year ending 31 March 2009 (based on Adelaide CPI – Ceduna's CPI is estimated to be at least 1.5% higher due to the distances & remoteness);
- CPI for Adelaide was 2.3% for annual period ending 31 March 2009;
- requirements to maintain & improve infrastructure assets to acceptable standards including roads, footpaths, lighting, stormwater drainage, street trees & plantings, open space & Council properties;
- service & infrastructure needs for a changing population;

- commitments to continuing projects & partnership initiatives over more than one year, including the Ceduna CBD Upgrade, Swimming facilities development, Ceduna Keys Marina development, Port of Thevenard Upgrade, Ceduna Airport Upgrade, Waste Water Treatment Plant, continual upgrading of the effluent systems, regional recreational facilities development, youth services, safety & security, assistance to mining companies, desalination of water, assets management planning & other compliance issues, just to name a few;
- reduction in real terms of grant funding for services deemed to continue (e.g. Youth Centre funding reductions);
- continuation of a community patrol service to address issues raised through the annual Roy Morgan survey & community pressure for Council to act.
- enterprise bargaining agreements & contracts which provide for wages & salary increases of approximately 2.3%p.a. for contract staff and 4% for other staff plus additional staff employed (e.g. in the operations workforce) to meet current & future service demands.

Operational Wages as Percent of Operating Expenses



In response to these factors, and to minimise the burden on rate-payers, the annual business plan and budget has been prepared within the following guidelines:

- The total revenue raised through general rates increasing by no more than 3.9%;
- a 20% reduction in the safety & security additional fixed charge levy;
- total operating expenses to be held within the increase in operating revenue plus loans funds being used for long term infrastructure needs where deemed necessary;
- major projects support including those partnered with other entities i.e. Federal, State, private;
- an overall budget deficit of approx. \$60,000. This takes into account the capital expenditure & loans, etc for major capital expenditure. \$5.375m net expenditure on assets is funded by funding received for specified new & upgraded assets

(\$848k), new borrowings for specified assets (\$2.94m) & use of general funds (\$1.587m);

- a commitment to continue to pursue additional grant funding for both capital & operational programs to assist in reducing the deficit.

Whilst an overall budget deficit (including capital expenditure) of \$60,000 is estimated for the 2009/10 financial year, Council is confident that a positive operating result will be achieved due to concerted efforts to be made for savings and additional grants being attracted. Since 1993/94 Council has only had operating deficits in 1997/98 and 2003/04.

Project Priorities for the Year

Capital projects proposed for 2009/10 include:

- Ceduna CBD Upgrade – from Silent Cop in McKenzie Street to O’Loughlin Terrace taking in the jetty precinct. This project is part of the overall CBD upgrade which is an asset renewal project;
- Ceduna Airport Terminal Master Plan review;
- Continual upgrading of the Effluent & Water Schemes;
- Major upgrade to the Effluent Treatment Facility & construction of a Wastewater Reuse System throughout Ceduna & Thevenard;
- Upgrade of Foreshore Irrigation Systems to allow use of treated wastewater in this area;
- Upgrade to Tonkin Street stormwater pipes;
- Waste Management & Recycling;
- Parks & Gardens;
- Footpath & kerbing works;
- Road capital works – Council’s road capital priority plan is being followed in 2009/10;
- Traffic management capital improvements;
- Capital Plant & Vehicle replacement – Council’s Capital Replacement Plan is being followed to ensure Council’s plant & vehicles are appropriately maintained at standards so as to reduce down time & repairs;
- Administration Building - Council is investigating options in relation to Administration accommodation with a view to the future & the inadequacy of the current building. There are options to be debated but major capital works are not planned for the 2009/10 year.
- Self Cleaning Toilets - to be installed on the foreshore;
- Thevenard Lighting Upgrade;
- Smoky Bay Jetty Extension;
- Recycling Skips & Bins;
- Denial Bay Half Court;
- Oysterfest Shade Sails;
- Construction of public car park off East Terrace.

Council Revenue

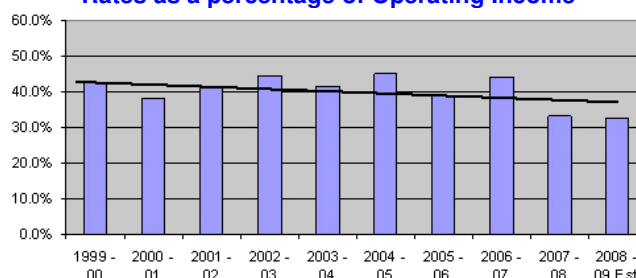
A deficit cash budget is being targeted in 2009/10. However the long term financial plan must be reviewed by the Audit Committee as a priority due to predicted growth which will set directions for future budgeting. Whilst best assumptions will have to be made, Council needs long term financial targets to work to and adjust when other influences become

known or are predicted. It will be extremely hard to predict the financial forecast for the next ten years.

The operating surplus (deficit) measures the difference between operating revenue and expenses for the period. The Council’s long-term financial sustainability is dependent on ensuring that, on average over time, its expenses are less than its revenue.

The Council’s estimated revenue in 2009/10 is approximately \$7.89 million which includes an estimate of \$2,572,282 to be raised from general rates. This equates to 32.6% of operating revenue which is very comparable to 2008/09 estimates.

Rates as a percentage of Operating Income



Generally throughout SA, Council’s are becoming more reliant on rates as their principal source of income. In the District Council of Ceduna’s case it is the opposite mainly brought about by its other income streams. In 2009/10 other revenue excluding rates and grants equates to \$1,797,452 or 22.8% of total revenue. Other sources of revenue are:

- User Pay charges set by Council;
- Statutory Charges set by State Government. These are fees and charges set by regulation & collected by the Council for regulatory functions such as assessment of development applications. This revenue generally off-sets the cost of the service;
- There are also other user pays fees & charges for 2009/10.

What it Means for Rates

Rates contribute to important services on which communities rely. This year will see an average increase of 3.9% across the entire Council area in order to raise approximately \$2.57 million in Council Rates which is expected to provide for approximately 32.6% of total revenue for the 2009/10 financial year. This is very comparable to 2008/09 estimates.

The following table represents the differing rate locations as a percentage contribution overall.

	\$	%
Ceduna	1,142,027.09	46.3%
Rural	688,437.81	27.9%
Thevenard	338,467.65	13.7%
Smoky Bay	220,007.80	8.9%
Denial Bay	44,843.35	1.8%
Industry	35,353.68	1.4%
Total	2,469,137.38	100%

In setting its rates for the 2009/10 financial year the Council has considered the following:

- Strategic Plan & Annual Corporate Plan;
- Business Plan which incorporates long-term financial planning;
- the current economic climate including:
 - compliance costs
 - cost shifting from Federal & State governments
 - continuing impact of legislative compliance issues;
- the specific issues faced by our community including:
 - seasonal conditions – drought affected area
 - remoteness
 - local economic development
 - age & condition of major infrastructure
 - social issues;
- the budget for the 2009/10 financial year & the Strategic Plan;
- the impact of rates on the community including:
 - different levels of service and infrastructure in the townships of Ceduna, Thevenard, Denial Bay & Smoky Bay ratepayer base
 - single farm enterprise provisions of the Local Government Act 1999
 - rate capping
 - rate deferrals for rural land owners;
- consideration of the issue of consistency & comparability in imposing differing levels of rates in different areas such as Ceduna and Thevenard townships, Denial Bay township, Smoky Bay township & rural areas;
- consideration of community feedback achieved through policies & programs such as public consultation, customer service standards, media relations & general community interaction with Elected Members & Executive Staff. Direct consultation on the budget has been undertaken in the form of written requests for budgetary consideration to the Ceduna Business and Tourism Association, Denial Bay and Smoky Bay Progress Associations and Thevenard Ratepayers Association.

Rate Capping & Rebates

Council provides discretionary rebates on Council Rates with rate capping introduced to alleviate the financial burden on above average increases on rates for individual assessments, generally where there was an abnormal valuation increase.

Rate rebates (capping) applies for all rate increases that equate to greater than 10% over and above the average annual rate increase for the entire Council area. For the 2009/10 financial year this equates to a percentage of 13.9% over and above general rates charged for the 2008/09 financial year. Rate capping will not apply to any new assessments or that have changed ownership in the previous financial year.

Additional rate capping applies for properties owned by pensioners. This capping applies to rates that equate to greater than 5% over and above the general rates charged for the 2008/09 financial year.

Postponement of Rates for Seniors

Ratepayers who hold a State Seniors Card are eligible to apply to Council to postpone payment of Council rates on their principal place of residence. Postponed rates remain as a charge on the land and must be paid when the property is sold or disposed of. Please contact Council if you are considering applying for postponement of your rates.

Postponement of Rates for Primary Production Land

This applies to principal ratepayers of primary production assessments. Council has granted a postponement of payment of the 1st instalment of 2009/10 Council rates until the due date of the 2nd instalment. No interest or fines will be charged during the postponement period. The postponement will cease to operate if the ratepayer ceases to own or occupy the land to which the postponement applies.

This postponement will be automatically applied to all relevant ratepayers who meet the criteria. Any extension will only be considered upon receipt of a formal application by a ratepayer received prior to the due date of the 2nd instalment.

Councils Operating Expenditure

Council has an annual operating expenditure budget of approximately \$8.1 million which is spread across a many service areas.

All councils have basic responsibilities under the Local Government Act and other relevant legislation including:

- regulatory activities e.g. maintaining the voters roll & supporting the elected Council;
- setting rates, preparing an annual budget & determining long term strategic management plans for the area;
- management of basic infrastructure including roads, footpaths, parks, playgrounds, public open space, street lighting & storm-water drainage;
- street cleaning & rubbish collection;
- development planning & control, including building safety assessment;
- various environmental health services.

In response to community needs the Council also provides further services and programs including:

- Community Library & swimming pool support;
- Youth Centre and Youth activities;
- Economic development;
- Environmental programs;
- Community programs (e.g. sport & recreation);
- On-street parking management;
- Football management;
- CCTV Cameras;
- Airport services;
- Boat Ramps & Jetties;
- Water scheme;
- Effluent schemes;
- Boat registration & licensing;

- Cemeteries;
- Citizenships;
- Development applications service;
- Dog and Cat management;
- Event Management (inc. Oysterfest);
- Fire Management;
- Roads & footpaths;
- Mosquito control;
- Parks & gardens;
- Public conveniences;
- Street Lighting;
- Refuse collection & disposal;
- Safety & security services.

The Council operates a number of facilities on a fee for service basis. These provide important community benefits:

- Airport (Landing & Passenger facilitation fees);
- Ceduna Koonibba Water Scheme (sale of water & service fee);
- Ceduna/Thevenard & Smoky Bay Community Waste Management Schemes (service fee);
- Ceduna Refuse site & waste management in general (service fee);
- Boat ramp launching fees;
- Smoky Bay Aquaculture Park.

Ceduna Airport has generated significant income in the past which has resulted in profits which have been used to support other Council operational and capital needs. In the 2009/10 financial year any profit from the 2008/09 financial year will be directed to reserves to fund future development at the airport.

Other services (e.g. water, effluent and waste) which have separate service charges must, by legislation, have their surplus funds quarantined for future capital and/or operational expenditure and cannot be used for general expenditure.

Council Loans

After taking account of planned net outlays on existing and new assets the 2009/10 budget considers new borrowings for:

- Sewerage Treatment Plant Upgrade (Ceduna/Thevenard Scheme) - repaid by users \$2,520,760
- Refuse / Garbage Compactor Truck - repaid by users \$320,000
- Swimming Enclosure - commitment on other funding gained \$100,000

Council's current loan situation is as below at the beginning of the 2009/10 financial year:

Loans repaid by Council	End Date	Loan Balance
Land Purchase Interpretive Centre	Nov 2014	113,946
Infrastructure Development	Mar 2015	270,079
Road Sweeper	Nov 2012	43,377
Bergmann Drive Land Purchase	Oct 2017	107,092
Grader Purchase	May 2014	129,768
School Community Library	May 2023	173,400
Total		\$837,662

Loans repaid by Users	End Date	Loan Balance
Denial Bay Water Reticulation	Jun 2013	36,595
Ceduna Sports Club	Jul 2013	40,626
Smoky Bay Aquaculture Park	Dec 2016	309,275
Smoky Bay STEDS	Jun 2017	238,207
		\$624,703
Total Loans		\$1,461,323

The current loan situation is (as at 30 June 2009): - \$1,461,323 outstanding loans (interest and principal) with annual costs of \$280,568 (2008/09 - \$292,666). With the draw down facility and planned new loans, Council's total loans outstanding may rise to a maximum of \$5,181,944 by 30 June 2010 due to planned new borrowings of \$2.94m in 2009/10 as detailed above.

CEO Summary

The operating budget (income statement) is the cost of maintaining existing services. To cut the proposed operating budgets in any significant way would mean cutting a service(s). The strategic directions given through the Strategic Plan and survey results indicate that the public require existing services to be maintained at the current level or higher standards.

The main area where budget cuts were considered was for new capital projects and renewing capital assets. The first cuts in this budget area occurred in the new capital works area then the renewal of assets area. Smaller adjustments were made to operational areas in an effort to reduce the cash deficit.

I wish to express my sincere appreciation of the efforts put in to the framing of this budget by Elected Members, Staff, members of the Smoky Bay and Denial Bay Progress Associations, Thevenard Ratepayer Group and the Ceduna Business and Tourism Association and those members of the public who attended our budget consultation meeting.

Contact Us

Council welcomes feedback, comment and input into our Strategic Planning, Annual Business Plan, and Annual Budget processes as this assists us in delivering outcomes expected by the community. Your contact is valuable to us and this can be made through various means:

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Council Executive Team

Tony Irvine..... Chief Executive Officer
 Trevor Smart Deputy Chief Executive Officer
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Thank you
Tony Irvine, Chief Executive Officer