



The Flinders  
Ranges Council

# **THE FLINDERS RANGES COUNCIL**

## **ANNUAL BUSINESS PLAN 2015-2016**

Approved for Consultation on 28 May 2015  
Adopted 21 July 2015  
GDS 7.11.1

Prepared by Colin Davies, Chief Financial Officer, The Flinders Ranges Council



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### Introduction

The Flinders Ranges Council Annual Business Plan sets out the services, programs and capital expenditure for 2015-2016 financial year. The Council's objective is to provide programs and services for the community and to progress the achievement of the goals and objectives of The Flinders Ranges Council Strategic Management Plan, which includes the Infrastructure and Asset Management Plan and the Long Term Financial Plan.

Section 8(k) of the Local Government Act 1999 states that councils must act to ensure the sustainability of the council's long-term financial performance and position. An independent assessment of council's sustainability in 2010 reported that council was required to increase its rates income by 50% over and above inflation to be sustainable. This requirement by law to be sustainable is the basis for Council's decision to increase rates by an average of 10% each year over the last 5 years.

The Annual Business Plan, and the resulting current year budget, focus on ensuring the long-term sustainability of Council's financial performance and maintain or replace infrastructure or operating assets according to approved life cycle statements. Council's policy making decisions are aimed at maintaining and enhancing public assets for the benefit of the community and managing infrastructure to deliver the programs and services required by the community within a financial framework the community can reasonably afford.

The Annual Business Plan also recognises the cost of delivering programs and services imposed on Council by the State Government through legislation, regulation and other mechanisms. These programs and services include (but not limited to) waste management, development control, native vegetation and public health. The State Government has also imposed substantial additional costs by increasing Council's compliance and reporting costs.

The cost of providing programs, services, infrastructure and community assets is funded on a full cost attribution basis which allocates overhead and other indirect costs to the program or service that generated those costs and required resources.

Council has developed a Long Term Financial Plan and Infrastructure and Asset Management Plans as part of Council's Strategic Management Plan suite, which will help guide sustainable decisions into the future. Council adopted a new Strategic Management Plan 2012-2022 on 12 June 2012. The new Council reviewed the Strategic Management Plan 2012 in February 2015 and adopted the February 2015 revised Strategic Management Plan 2012-2022 on 21 April 2015.

Programs and services in the Annual Business Plan may be amended or deleted by Council from time to time, due to the resourcing needs and the capacity of the community to pay for those services and programs and the effects of external events outside Council's control. New legislation by State Government frequently imposes new requirements on local government without any resourcing or funding to offset the increased costs.

### Significant Influences and Priorities

A number of significant factors have influenced the preparation of Council's Annual Business Plan 2015-16. These include:

- Consumer Price Index increases on relevant goods and services of 1.1% for the year to 31<sup>st</sup> March 2015
- enterprise bargaining agreements which provide for wages and salary increases
- the effects of Climate change in the region and in particular the increase in frequency of flood events
- requirements to maintain and improve infrastructure assets to acceptable standards including roads, footpaths, lighting, storm water drainage, street trees and plantings, open space and Council properties
- service and infrastructure needs for a changing population
- a requirement to address economic development and business investment through an upgrade of community services and infrastructure
- commitments to continuing projects and partnership agreements with State and Regional organisations, adjoining Councils involved in shared service delivery and the construction works being undertaken under the much appreciated Roads to Recovery program funded by Commonwealth Government
- new fees/charges imposed by governments, regional state authorities and state agencies on the wider community as an element of rates payable or a user charge
- maintenance of surplus assets retained at the communities request
- the effects of the new carbon tax on fuel, energy and waste disposal and indirectly through all purchases
- the increased expectation of detailed public consultation on all activities of Council



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In response to these factors, and to minimise the burden on ratepayers, the Annual Business Plan has been prepared within the following guidelines:

- the Annual Business Plan will result in the total revenue raised through general rates increasing by an average of 3.5% per rateable property above last year's rates (Rate Rebate policy for exceptions)
- consideration given to major projects including those partnered with other entities i.e. Federal, State, community
- maintenance of program and service levels for continuing Council programs and services
- shared service opportunities with governmental agencies and other local government authorities
- the application for grants for existing programs, services and infrastructure
- working with community groups and sporting clubs to provide and maintain public facilities.

### Continuing Services

All Councils have basic responsibilities under the Local Government Act 1999. In total, Local Government has 64 Acts of State and Federal legislation which it is required to consider. Approximately 50% of these are applicable to The Flinders Ranges Council. By way of example some of these various Acts influence or control:

- governance activities e.g. maintaining the voters roll and supporting the elected Council
- preparing a Strategic Management Plan, a Long Term Financial Plan, an Infrastructure and Asset Management Plan, an Annual Business Plan, an Annual Budget, setting rates and service charges, collecting levies for external State agencies
- management of basic infrastructure including roads, footpaths, parks, public open space and storm-water drainage
- development planning and control, including building safety assessment
- dog and cat management
- public and environmental health services and planning
- safety of food premises
- work health and safety standards and guidelines
- waste management
- natural resources management
- native vegetation
- cemeteries
- community wastewater management systems (CWMS).
- community lands
- fire prevention
- emergency management

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

- Library services
- Swimming pools
- Ovals and other sporting infrastructure
- Community centres/halls
- Economic development
- Tourism services (Visitor Information Centre)
- Environmental programs
- Climate Change programs
- Park management
- Community support programs including Community buses
- Industry support programs
- Youth programs.
- Street and public space lighting
- Corella control
- Flora parks & reserves

Council operates a number of these programs and services on a subsidised fee basis. These provide important community benefits while also generating minimal revenue for programs and services of benefit to the community. Council seeks to be responsive to the changing needs of the community and the impact of external factors such as State Government legislative changes. Community consultation is undertaken periodically to check levels of satisfaction and areas for improvement.

## How does Council determine what services it will provide?

Council's suite of Strategic Management Plans outlines the longer-term objectives and priorities for the Council region. These Plans plus this Annual Business Plan, determine the infrastructure needs and services Council will provide including the costs required to deliver these services. Council consults the community widely during the formulation of these plans.

Council adopted the Strategic Management Plan 2012-2022 (February 2015 Reviewed Version) on the 21 April 2015. This is appended at the end of this Annual Business Plan 2015-2016.

Council appraises its Strategic Management Plan progress during the Annual Business Planning process each year. Council reviewed and consulted on an updated Strategic Management Plan in the first quarter of 2015 as part of its review process.

## Vision

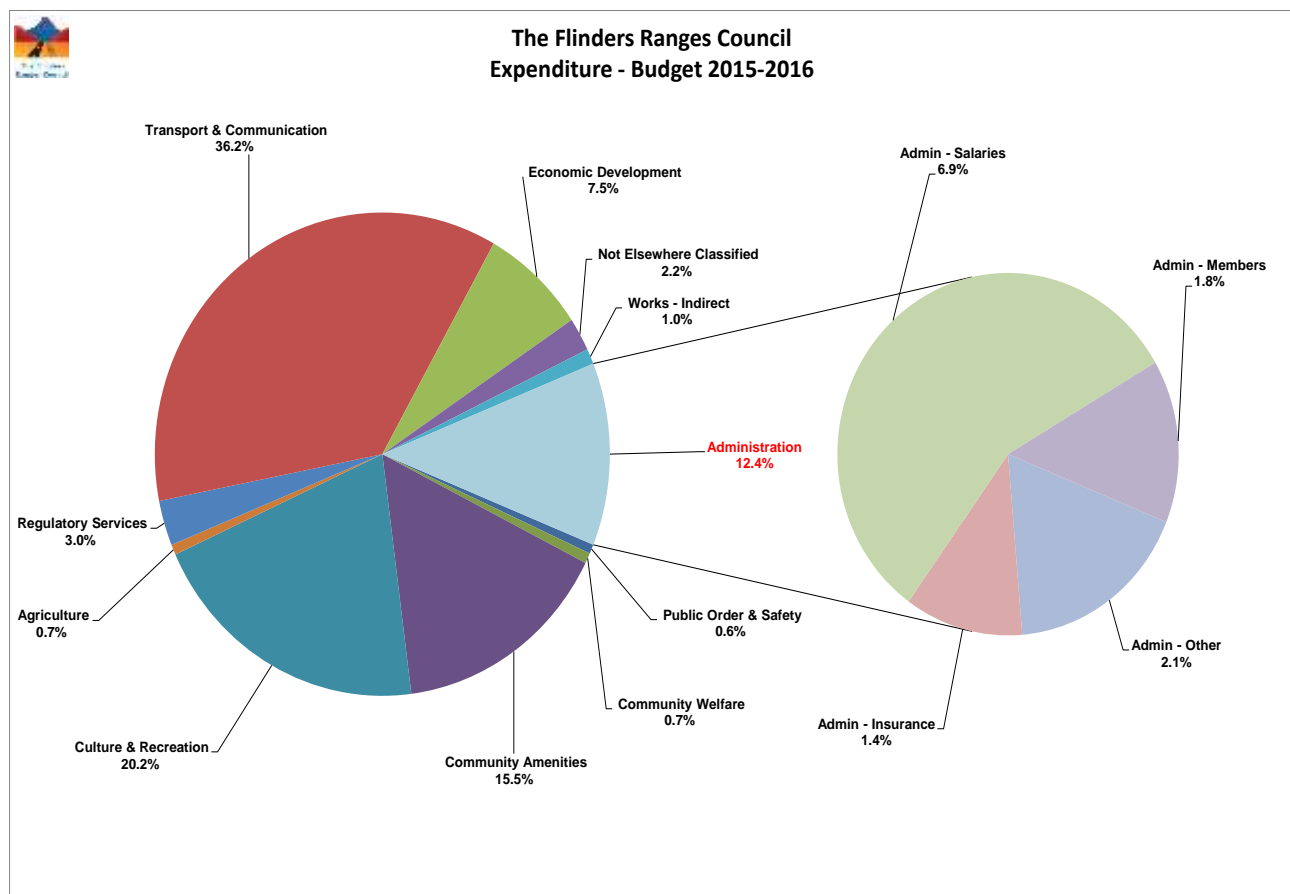
*An engaging community which enjoys a sustainable, contemporary lifestyle and flourishing economy within an unspoilt natural environment.*

The key objectives contained in the Strategic Management Plan 2012-2022 are:

1. **Our Community**
2. **Our Prosperity**
3. **Our Environment**
4. **Governance**

## Council Services and Annual Business Activities for 2015-2016

Council expenditure for the 2015-2016 Budget and for the Long Term Financial Plan 2015-2035 is determined by the above strategic objectives. This Annual Business Plan prioritises the strategic objectives for the ensuing year and beyond in the Long Term Financial Plan. The following summarises the expenditure.





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### *Transport*

Council maintains a road network with a total length of 1,263 kilometres. Council undertakes road maintenance works to ensure traffic and user safety, and to sustain the serviceability of the road and associated signs and facilities. Flood repairs. Sealing of unsealed town streets.

Council also provides safe pedestrian footpaths, cycleways and maintains the aerodromes at Hawker and Quorn.

### *Culture & Recreation*

This activity includes public conveniences, playgrounds, swimming pools and recreational facilities, town and community halls, parks and gardens, cemeteries, library funding, emergency management, camping areas and walking trails for residents and visitors.

### *Community Welfare & Amenities*

Provision and management of waste collection and disposal services, street litter bins, weed control in public places, maintaining community wastewater management systems, youth support, community buses.

### *Governance*

Achieving the goals and objectives of the Strategic Management Plan is driven by good governance using open and transparent processes and accountability to the community. Governance includes monitoring performance of the organisation, compliance with continually changing legislation imposing more cost on Council, ensuring appropriate risk management procedures and processes are implemented and actioned, providing a safe work place compliant with work health and safety obligations and responsibilities, continuing strategic alliances with external bodies, and supporting the role of the Elected Members in representing and informing their community. Media and communication includes newsletters, website and social media. Public consultation processes. Community feedback mechanisms. Legislative reporting.

### *Administration*

Includes customer service, rates, payroll, debtors, creditors, treasury management, website maintenance, monitoring organisational functionality, achieving work health and safety objectives and risk management minimisation programs, asset and infrastructure management, grants.

### *Regulatory Services*

The activities associated with building control, development plan compliance, food and food premises hygiene, public & environmental health, drinking water testing, swimming pool inspections, parking, litter, building and fire safety, dog and cat management & control.

### *Community Services and Health*

Fire Prevention Officer, fire breaks, ongoing vandalism repairs, support for SES and CFS, Immunisations. Support of aged care and support services.

### *Economic Development and Tourism*

Tourism activities such as the Flinders Ranges Visitor Information Centre, contribution toward a regional Tourism Adviser and Economic Development Officer based with the Regional Development Australia Far North. Support for Pichi Richi Railway Preservation Society. Grant applications. Marketing the council region to prospective investors, businesses and residents. Seeking employment opportunities for residents. Supporting the film industry.

All the above and more is provided by 20 full-time staff, all of whom perform multiple tasks to deliver services. There are also 10 part-time or seasonal staff who provide single tasks such as cleaners, tourism officers and pool attendants. There are 6 full time staff in the admin office, 1 in the Visitor Information Centre and 13 at the 2 works depots. In the Budget and Long Term Financial Plan 2015-2035, staff wages are allocated to all tasks on which they work and no single budget line contains the total remuneration of one staff member.



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Listed below are some of the proposed significant undertakings for the 2015-2016 financial year (not in any order of priority and subject to change):

### *Unsealed Roads – Resheet program (sections of):*

Richman Valley Road, Cradock Road, Proby's Grave Road, Warcowie Road, Jarvis Hill Road, Old Gunyah Road, Pearce Road

### *Town Reseal Program*

North Terrace, Quorn

### *Kerb & Watertable*

Railway Terrace, Cradock Road

### *Aerodromes*

Resheet Quorn Airstrip

### *Roads to Recovery*

Park Terrace, Durnford Road, Shepstone Street, Zulu Street, Altmann Road & Stokes Road

### *Special Local Roads Grant*

Nil

### *Plant & Equipment*

Tandem Tipper, 4T Truck, Roller attachment Skid Steer, Zero Turn Mower

### *Land & Buildings*

Moisture stabilisation various buildings, veranda Community Hall, Paint Quorn Town Hall (Internal), verandas Hawker Pool, Electric BBQ Hawker Pool,

### *Fixtures & Fittings*

Replace flooring Community Hall & Depot, CCTV Cameras,

### *Community Waste Water System*

Hawker manhole replacement

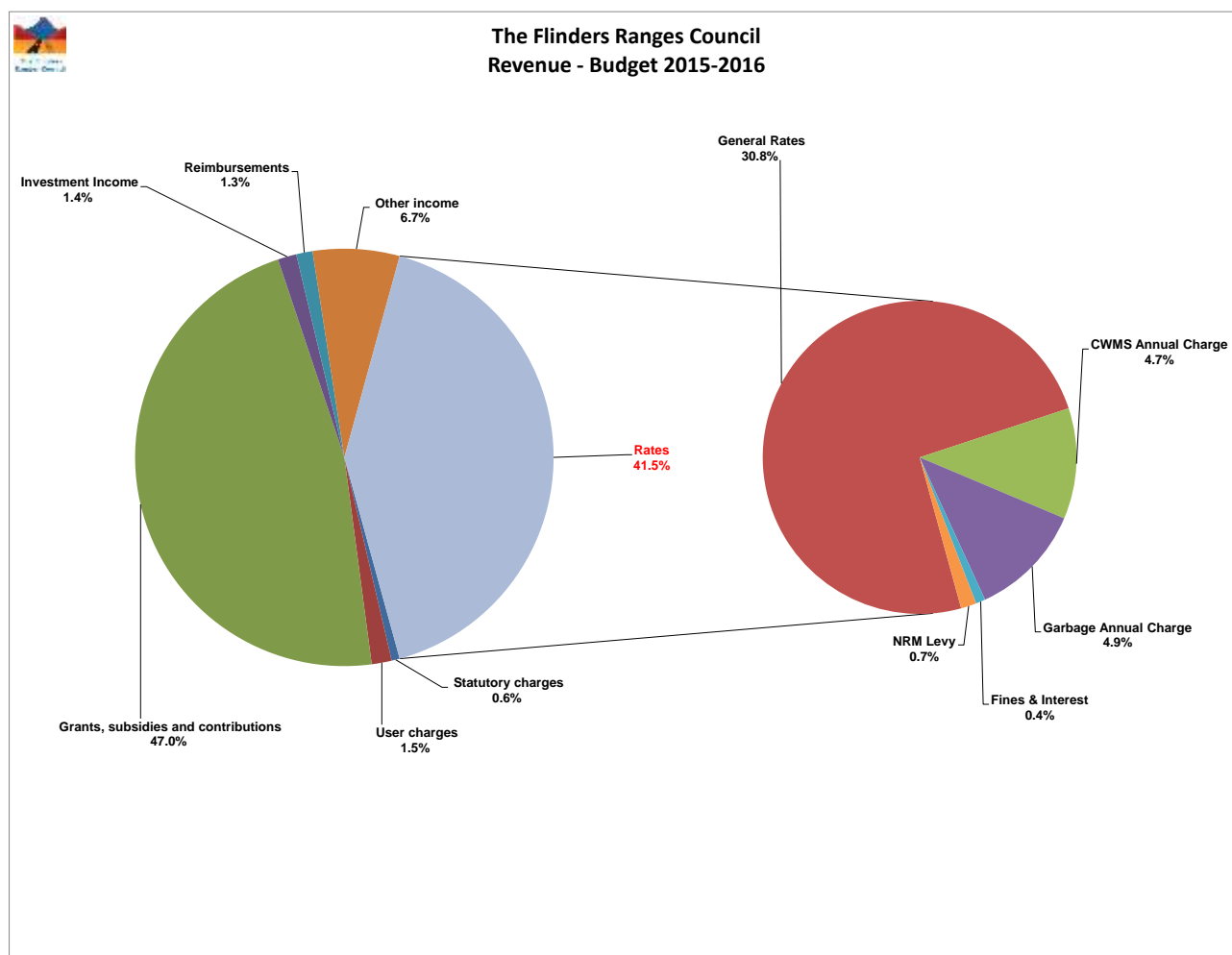
### *Other Capital Works*

Replace Rock Wallabies, continue upgrade Railway Terrace, Hawker War memorial, Quorn War memorial, Warren Gorge redevelopment, playgrounds, Quorn Skate Park

Please note that some of the above capital items will only proceed if Council is successful in obtaining grant funding for that particular item.

To enable rates increase to be minimised, Council has proposed a reduction in the service level at both the Hawker Landfill and Quorn Transfer Station. It is proposed that the Hawker Landfill be open on Sundays only and that the Quorn Transfer Station be open Sundays plus the first Wednesday of each month. It is also proposed that the street sweeping contract be reduced from quarterly to half yearly.

## Funding the Business Plan



Council's long term financial sustainability is dependent on ensuring that, on average and over time, its expenses (including capital expenses) are less than its revenue, and it's own revenue raising (ie rates) is increased to reduce the reliance on grants and external funding sources.

Council's revenue is sourced from:

- Rates – applied on a per property basis calculated on capital value (a **tax**, not a fee for service)
- Annual Service Charges (included under rates in the above chart) – annual service charges for Community Wastewater Management Systems (CWMS) and solid waste management (garbage & recyclables) for properties serviced
- User Charges – hire of facilities and equipment, waste dumping fees, photocopying, swimming pool fees, recreation fees
- Statutory Charges and Fees – charges and fees set by legislation and collected by Council for regulatory services such as development and building assessments, dog licensing and control
- Grants – Council receives financial assistance from the Commonwealth Government under the provisions of the Local Government (Financial Assistance) Act, 1995 for general purpose and road activities, funds under the *Roads to Recovery* program for specific road works, and other grant opportunities accessible by Local Government from time to time.
- Investment Income – Council receives interest on funds deposited in Council's reserves which are mainly held by the Local Government Finance Authority. Council also receives interest from operating accounts held with the National Australia Bank.
- Other Income – Council may receive contributions from community groups to co-fund certain Council projects or activities
- Reimbursements – Council expenditure on a project, service or activity is fully or partially reimbursed by another organisation.

Capital items such as plant purchases / replacements are funded from either loans or reserves created by budget allocations or funded depreciation expense.





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### Rating Policy and what it means for Ratepayers

In setting its rates for the 2015-2016 financial year Council considered the impact of the rates to be charged on the well-being of the community. Council will take into account during the rate setting process:

- The Strategic Management Plan adopted by Council on 21 April 2015. The Strategic Management Plan was developed following a series of public meetings and community consultation and review in 2015
- The movement in the Construction Industry Cost Indices and the Local Government Cost Index, and movement in the Consumer Price Index as an indicator of community economic activity
- The draft Long Term Financial Plan 2015-2035 developed as part of the Strategic Management Plan 2012-2022 (reviewed February 2015)
- The current economic climate, as reported by various public bodies, in which major factors are low inflation, higher commodity prices and limited local employment opportunities
- The need to ensure that appropriate provisions are made for long service leave, annual leave and similar mandated employment costs
- That reserves are created for the future replacement of infrastructure and the charges for use of the infrastructure to reflect inter generation use of the infrastructure
- The impact of rates on the community, including but not limited to:
  - The need to distribute the rate burden equitably between ratepayers;
  - The need to provide rate relief to disadvantaged ratepayers through, amongst other means, pension concessions;
  - The distribution of the benefits received from the services that are provided by Council
  - The minimising of the general rates by levying annual service charges for the provision of Community Wastewater Management System (CWMS) and solid waste management services on a user pays basis where it's possible to recover the full cost of operating the service, with provision for pensioners concession on CWMS to those members of the community who meet the criteria
- Recommendations from the Rate Discussion Paper presented to Council on the 20<sup>th</sup> January 2015
- The impact of Government Legislative amendments and the burden of continuous cost shifting by the State Government
- The specific issues of the community including the need to deliver an ever increasing range of services across economic, environmental and social functions
- The need to continue to replace and upgrade infrastructure and other assets including both plant and machinery and the road network.
- The objective of attracting and continuing to attract new residents and the support of business activity to generate economic development
- Householders, businesses and farmers
- Employed, unemployed & pensioners
- Taking into account changes in valuations by the State Valuation Office
- Climate Change and carbon tax legislation
- The impact of Government Grant Commission funding decisions (ie the freezing of indexation and withdrawal of supplementary road funding - \$400,000 over 3 years)

The Rating Policy has been removed as part of the Annual Business Plan and is now a separate policy document. The Rating Policy 2015-2016 was consulted on and adopted concurrently with the Annual Business Plan 2015-2016.

### Environmental Stewardship

The unique and attractive natural environment of the Flinders Ranges region is widely renowned, and highly valued by our residents. The significant uptake of renewable energy systems (e.g. solar hot water and power); recycling; energy conservation; and re-vegetation reduces our 'carbon footprint' and enhances sustainability. In our arid climate, we address water shortage through extensive rainwater and stormwater harvesting, water reuse initiatives, water conservation and community education. We are recognised for our conservation efforts, including our heritage streetscapes, town 'greening' to create native fauna and flora havens, domestic energy and water self-sufficiency.

The most notable recent project was the "Energising the Flinders", solar power and lights project, where a Regional Development Australia Fund Grant was obtained to install 46 solar lights and 8 solar power systems in the Council area.

Council is currently working on an Environmental Sustainability Plan for the council area.






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## Uniform Presentation of Finances

 <p style="text-align: center;"><b>The Flinders Ranges Council</b> <b>LONG TERM FINANCIAL PLAN 2015 - 2035</b> <b>UNIFORM PRESENTATION OF FINANCES</b></p>															Adopted: 21Jul15	
		YTD Apr-15	Budget													
	2014	2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2035		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Operating Revenues	3,421,979	4,016,399	4,128,500	4,237,400	4,306,700	4,412,600	4,523,400	4,644,100	4,779,200	4,932,100	5,089,800	5,260,200	5,441,600	77,354,800		
less Operating Expenses	(3,540,753)	(4,426,914)	(5,784,100)	(5,351,800)	(5,481,400)	(5,420,000)	(5,653,600)	(5,588,700)	(5,738,100)	(5,847,100)	(5,998,000)	(6,159,000)	(6,335,800)	(68,857,100)		
Adjusted Operating Surplus / (Deficit) before Capital Amounts	(118,774)	(410,515)	(1,655,600)	(1,114,400)	(1,174,700)	(1,007,400)	(1,130,200)	(944,600)	(958,900)	(915,000)	(908,200)	(898,800)	(894,200)	8,497,700		
<b>Net Outlays on Existing Assets</b>																
Capital Expenditure on renewal and replacement of Existing Assets	(1,393,158)	(763,858)	(2,224,300)	(1,279,900)	(1,016,800)	(873,300)	(1,101,400)	(563,600)	(592,900)	(557,100)	(757,100)	(774,800)	(650,800)	(23,779,800)		
less Depreciation, Amortisation and Impairment	621,585	798,500	798,500	1,314,400	1,350,500	1,379,000	1,529,700	1,395,700	1,415,400	1,425,300	1,447,500	1,467,300	1,491,200	12,202,500		
less Proceeds from Sale of Replaced Assets	138,198	61,636	169,600	144,500	124,500	86,100	267,600	99,700	159,000	106,000	98,000	38,000	204,000	1,869,500		
	(633,375)	96,278	(1,256,200)	179,000	458,200	591,800	695,900	931,800	981,500	974,200	788,400	730,500	1,044,400	(9,707,800)		
<b>Net Outlays on New and Upgraded Assets</b>																
Capital Expenditure on New and Upgraded Assets	-	(427,431)	(1,600,000)	(643,800)	(429,200)	(214,600)	(214,600)	(214,600)	(214,600)	(214,600)	(214,600)	(214,600)	(214,600)	(2,145,400)		
less Amounts received specifically for New and Upgraded Assets	318,459	800,250	1,627,000	893,300	538,200	368,500	277,200	251,000	252,100	312,600	407,700	477,300	257,200	10,820,000		
less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	318,459	372,819	27,000	249,500	109,000	153,900	62,600	36,400	37,500	98,000	193,100	262,700	42,600	8,674,600		
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(433,690)</b>	<b>58,582</b>	<b>(2,884,800)</b>	<b>(685,900)</b>	<b>(607,500)</b>	<b>(261,700)</b>	<b>(371,700)</b>	<b>23,600</b>	<b>60,100</b>	<b>157,200</b>	<b>73,300</b>	<b>94,400</b>	<b>192,800</b>	<b>7,464,500</b>		



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### Annual Business Plan, Budget and Long Term Financial Plan

A full copy of the Annual Business Plan is available for inspection at no charge at the principal office 1 Seventh Street Quorn SA 5433 or Hawker Service Centre (Hawker Motors) Corner Cradock and Wilpena Roads Hawker or can be downloaded from Council's website at: [www.frc.sa.gov.au](http://www.frc.sa.gov.au)

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#### **DISCLAIMER**

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

*Where a ratepayer believes that the Council has failed to properly apply a policy they should raise the matter with Council by writing to the Chief Executive Officer PO Box 43 QUORN SA 5433.*

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#### **Consultation on changes to Council's method of Rating:**

The Rating Policy 2015-2016 contains a change to Council's rating methodology from the Rating Policy 2014-2015. Changes proposed in the Rating and Rate Rebate Policy 2015-2016 are:

1. Cessation of pension & self-funded retiree concessions on Council Rates (replaced by new State Government Scheme paid direct to eligible applicants)

Council is required under Section 151 & Section 156 of the Local Government Act 1999, to consult the public on any changes to rating methodologies. Consultation was undertaken in conjunction with the consultation required for the Annual Business Plan, which is expressly allowed under that act.

#### **Suggestions and Feedback on the 2015-2016 Annual Business Plan**

Feedback and suggestions regarding Council's draft Annual Business Plan 2015-2016, draft Rating Policy 2015-2016, draft Long Term Financial Plan 2015-2035 and draft Fees and Charges 2015-2016 were required in writing by 4:00pm Friday 26 June 2015. Written feedback or suggestions were to be addressed to the Chief Executive Officer PO Box 43 Quorn SA 5433.

Council set aside one hour at the Ordinary Meeting of Council on 16 June 2015 for Residents or Ratepayers who wished to address the Council on the draft Annual Business Plan 2015-2016, Rating and Rate Rebate Policy 2015-2016, Long Term Financial Plan 2015-2035 and/or draft Fees and Charges 2015-2016. Six ratepayers from Hawker attended and made a verbal submission. Ratepayers were required to phone Julie Campbell on 8620 0500 to register their interest in making a verbal presentation to Council on the draft Annual Business Plan 2015-2016, Rating or Rate Rebate Policy 2015-2016, Long Term Financial Plan 2015-2035 and/or draft Fees and Charges 2015-2016. Council received only one written submission by the deadline.

Council accepted email submissions to [council@frc.sa.gov.au](mailto:council@frc.sa.gov.au) provided a contact name, address and phone number was included in the email.

Both the written and verbal submissions were considered by Council at a Special Meeting of Council held on Friday 3 July 2015 in Quorn.

***Please Note that Council endeavours to identify cost savings and alternative revenue sources on an ongoing basis to minimise future rate rises.***