



The Flinders
Ranges Council

THE FLINDERS RANGES COUNCIL

ANNUAL BUSINESS PLAN 2018-2019

Approved for Consultation on 8 May 2018
Adopted 12 June 2018
Version 4, 12 June 2018

Prepared by Darryl Whicker, Finance & Administration Manager, The Flinders Ranges Council

Introduction

The Flinders Ranges Council Annual Business Plan sets out the services, programs and capital expenditure for 2018-2019 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 7.9% each year on average over the last 10 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 Strategic Management Plan 2012-2022 on 12 June 2012. The current Council reviewed the Strategic Management Plan 2012 in January 2017 and adopted the February 2017 revised Strategic Management Plan 2012-2022 on 21 February 2017.

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 2018-2019. These include:

- Consumer Price Index increases on relevant goods and services of 2.3% (March 2018).
- enterprise bargaining agreements which provide for wages and salary increases, NWC increase of 3.5%
- 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 increased expectation of detailed public consultation on all activities of Council
- new legislation imposed by State Government with no corresponding resources provided

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 3.9% 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 Corrections and "Work for the Dole" volunteers
- 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) and reporting to various agencies
- 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 2017 Reviewed Version) on the 21 February 2017. This is appended at the end of this Annual Business Plan 2018-2019.

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 2017 as part of its review process.

Vision

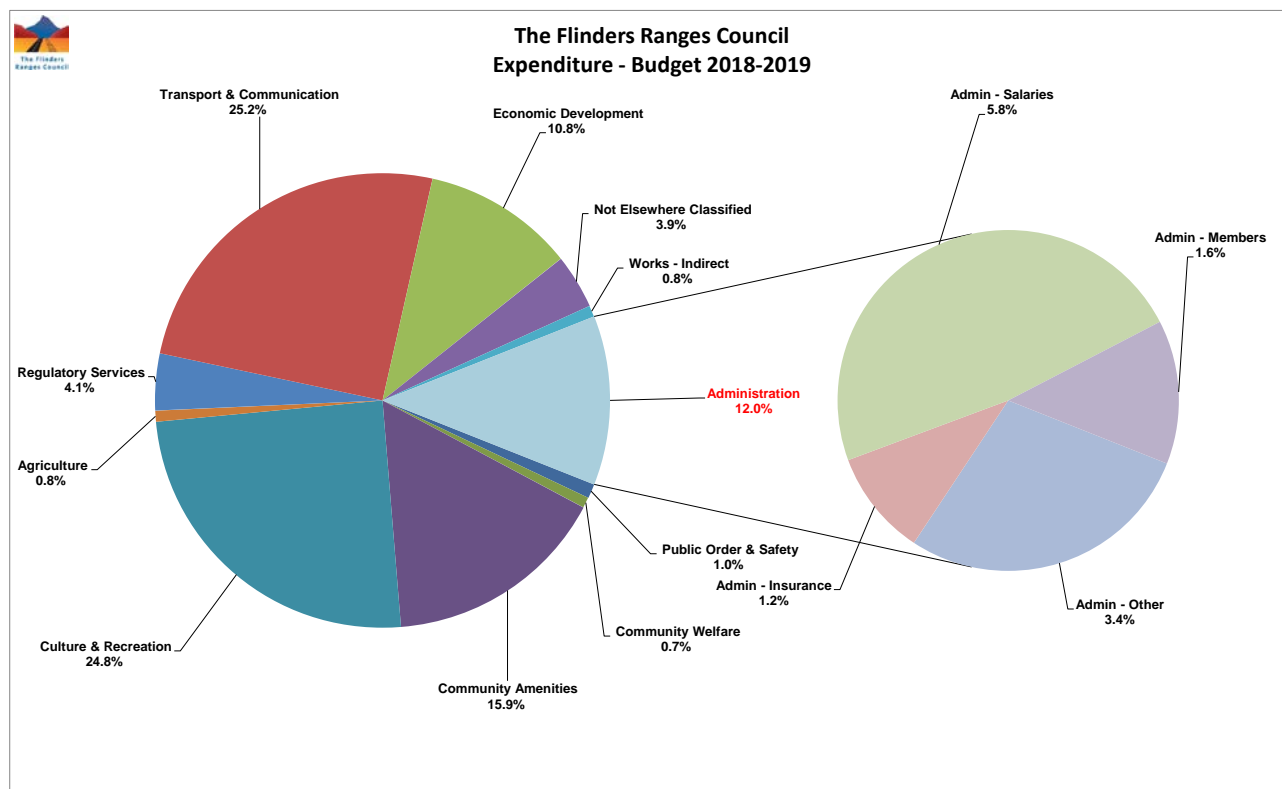
An engaging community which enjoys a sustainable, contemporary lifestyle and flourishing economy within an unspoilt natural environment.

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 2018-2019

Council expenditure for the 2018-2019 Budget and for the Long Term Financial Plan 2018-2038 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.



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, and 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 17 full-time staff plus 3 full-time trainees, all of whom perform multiple tasks to deliver services. There are also 11 part-time or seasonal staff who provide single tasks such as cleaners, tourism officers and pool attendants. There are 4 full time staff in the admin office, 1 in the Visitor Information Centre and 12 at the 2 works depots. In the Budget and Long Term Financial Plan 2018-2038, staff wages are allocated to all tasks on which they work and no single budget line contains the total remuneration of one staff member.

Listed below are some of the proposed significant undertakings for the 2018-2019 financial year (not in any order of priority and subject to change):

Unsealed Roads – Resheet program (sections of):

Simmonston Road, Old Gunyah Road, Boolcunda Road, Carrieton Road, Schmidt Road, Warcowie Road, Neuroodla Road, Yappla Road

Seal Program

Sixth Street

Kerb &/or Watertable

Wilpena Road

Aerodromes

Water Tanks for airports for emergency water

Roads to Recovery

Nil

Plant & Equipment

Skid Steer, Tractor, 4X4 Ute (x3), 4X4 SUV, Zero Turn Mower, Bitumen Sprayer

Land & Buildings

Quorn Town Hall, Quorn Community Hall, Craft Shop, Courthouse

Fixtures & Fittings

Defibrillators

Cemeteries

Clean up old cemeteries

Landfill / Transfer Stations

New Pit Hawker

Reserves & Parks

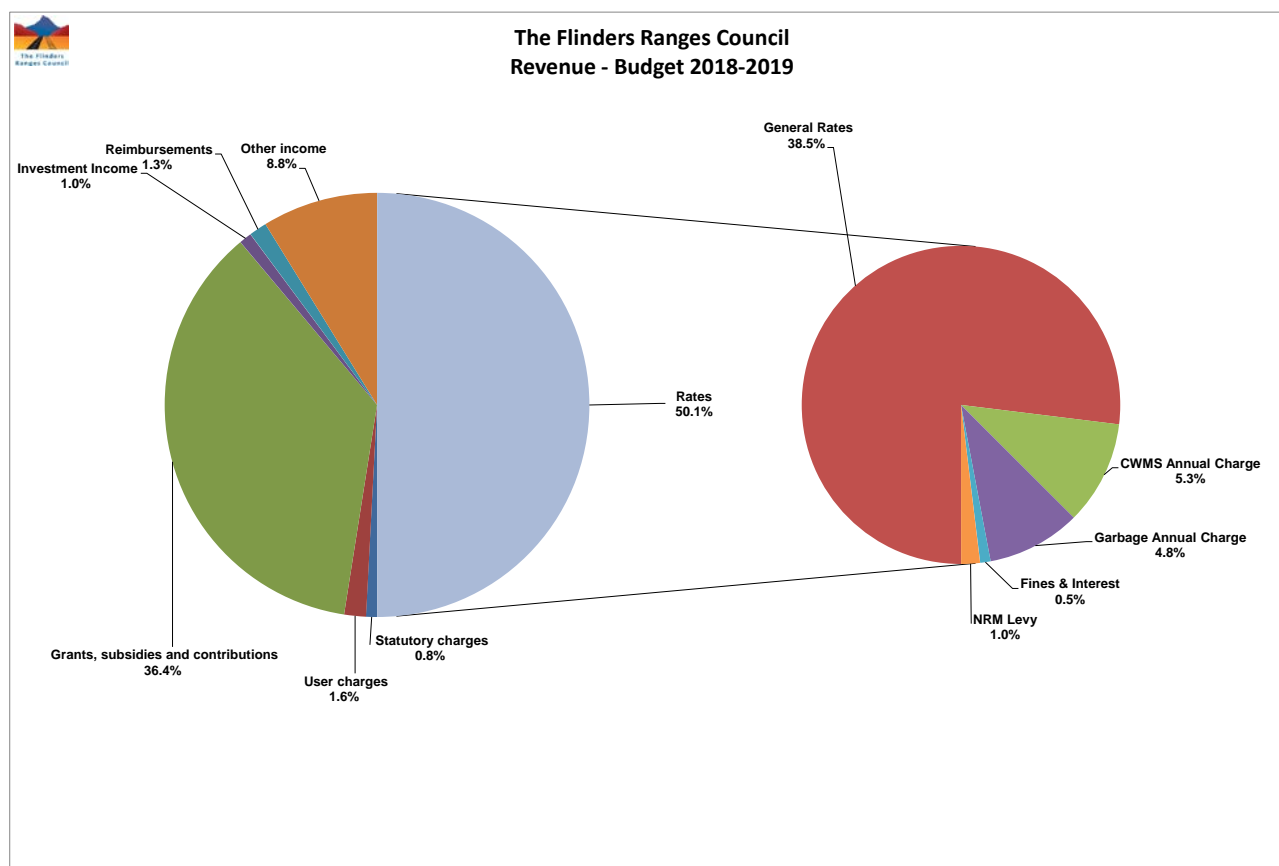
Water for Dog Park, Warren Gorge, Playground upgrades, Quorn Oval, Quorn and Hawker Pools

Other Capital Works

Traffic Management Plan works

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

Funding the Annual Business Plan 2018-2019



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 its' own revenue raising (i.e. rates) is increased to reduce the reliance on grants and external funding sources.

Council's revenue is sourced from:

- Rates & NRM Separate Rate – applied on a per property basis calculated on capital value (a **tax**, not a fee for service)
- Separate Rates – applied on a fixed charge basis to recover budgeted cost of Quorn & Hawker Swimming Pools, Quorn Transfer Station, Hawker Landfill, Quorn & Hawker Halls, Public Conveniences and Street Lighting.
- 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.

Rating Policy and what it means for Ratepayers

In setting its rates for the 2018-2019 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 revised Strategic Management Plan 2012-2022 adopted by Council on 21 February 2017. The Strategic Management Plan was developed following a series of public meetings and community consultation and reviewed by Council in 2017
- 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 2018-2038 developed as part of the Strategic Management Plan 2012-2022
- 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 9 January 2018
- 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
- The legacy of Government Grant Commission funding decisions (e.g. the freezing of indexation and withdrawal of supplementary road funding - \$400,000 over 3 years)
- The introduction of Separate Rates for Halls, Swimming Pools, Landfills/Transfer Station, Street Lighting and Public Conveniences, with a corresponding decrease in the general differential rate.

The Rating Policy has been removed as part of the Annual Business Plan and is now a separate policy document. The Rating Policy 2018-2019 will be consulted on and adopted concurrently with the Annual Business Plan 2018-2019.

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



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Uniform Presentation of Finances

The Flinders Ranges Council LONG TERM FINANCIAL PLAN 2018 - 2038 UNIFORM PRESENTATION OF FINANCES														Adopted v4 - 12 June 18	
	2017	YTD 31Mar18 2018	Budget 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2038	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Operating Revenues	4,409,886	4,427,405	4,519,700	4,645,200	4,754,600	4,874,500	5,011,300	5,169,000	5,328,300	5,516,800	5,715,500	5,927,200	6,152,800	88,000,900	
/less Operating Expenses	(5,731,550)	(4,733,913)	(5,292,200)	(6,059,500)	(6,240,200)	(6,354,800)	(6,489,500)	(6,585,500)	(6,762,200)	(6,945,300)	(7,142,900)	(7,386,000)	(7,614,300)	(86,813,800)	
Adjusted Operating Surplus / (Deficit) before Capital Amounts	(1,321,664)	(306,508)	(772,500)	(1,414,300)	(1,485,600)	(1,480,300)	(1,478,200)	(1,416,500)	(1,433,900)	(1,428,500)	(1,427,400)	(1,458,800)	(1,461,500)	1,187,100	
Net Outlays on Existing Assets															
Capital Expenditure on renewal and replacement of Existing Assets	(44,944)	(313,383)	(1,594,700)	(814,100)	(633,400)	(564,300)	(473,000)	(509,300)	(352,000)	(360,900)	(374,700)	(787,400)	(242,200)	(6,586,700)	
/less Depreciation, Amortisation and Impairment	1,503,145	1,061,790	1,060,300	1,552,600	1,589,800	1,624,800	1,708,100	1,665,600	1,685,800	1,705,700	1,726,700	1,773,400	1,785,100	19,110,900	
/less Proceeds from Sale of Replaced Assets	31,364	352,182	146,400	159,100	153,400	147,800	125,500	151,900	84,400	72,700	89,800	241,600	24,200	1,934,800	
	1,489,565	1,100,589	(388,000)	897,600	1,109,800	1,208,300	1,360,600	1,308,200	1,418,200	1,417,500	1,441,800	1,227,600	1,567,100	14,459,000	
Net Outlays on New and Upgraded Assets															
Capital Expenditure on New and Upgraded Assets	(710,224)	(361,766)	(580,900)	-	(214,500)	(214,500)	(214,500)	(214,500)	(214,500)	(214,500)	(214,500)	(214,500)	(214,500)	(2,143,600)	
/less Amounts received specifically for New and Upgraded Assets	648,526	845,230	835,100	-	210,000	214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500	2,143,600	
/less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	(61,698)	483,464	254,200	-	(4,500)	-	-	-	-	-	-	-	-	-	
Net Lending / (Borrowing) for Financial Year	106,203	1,277,545	(906,300)	(516,700)	(380,300)	(272,000)	(117,600)	(108,300)	(15,700)	(11,000)	14,400	(231,200)	105,600	15,646,100	

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

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, The Flinders Ranges Council, PO Box 43, QUORN SA 5433.

Consultation on changes to Council's method of Rating:

The Rating Policy 2018-2019 contains no changes to Council's rating methodology from the Rating Policy 2017-2018. The budgeted average rate increase is 3.9%. Refer to Council's Rating Policy 2018-2019 for more detail. Please note that monies raised for Separate Rates can only be used for the purpose raised.

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 by Section 151(8a).

Suggestions and Feedback on the 2018-2019 Annual Business Plan

Feedback and suggestions regarding Council's draft Annual Business Plan 2018-2019, draft Rating Policy 2018-2019, draft Long Term Financial Plan 2018-2038 and draft Fees and Charges 2018-2019 were required in writing by 5:00pm on Friday 1 June 2018. Written feedback or suggestions were to be addressed to the Finance and Administration Manager, The Flinders Ranges Council, PO Box 43, Quorn SA 5433.

Council held two community drop in sessions for the Annual Business Plan on Monday 28 May 2018, one in Hawker from 11:30am to 1:30pm and one at Quorn from 4:00pm to 6:00pm.

Council set aside one hour at a Special Meeting of Council held on Tuesday 5 June 2018 commencing at 5:30pm for Residents or Ratepayers who wished to address the Council on the draft Annual Business Plan 2018-2019, draft Rating Policy 2018-2019, draft Long Term Financial Plan 2018-2038 and/or draft Fees and Charges 2018-2019. Ratepayers were required to phone Council on 8620 0500 to register their interest in making a verbal presentation to Council on the draft Annual Business Plan 2018-2019, draft Rating Policy 2018-2019, draft Long Term Financial Plan 2018-2038 and/or draft Fees and Charges 2018-2019.

Council accepted email submissions to council@frc.sa.gov.au provided a contact name, address and phone number were included in the email.

Both the written and verbal submissions were considered by Council at a Special Meeting held on Tuesday 5 June 2018 in Quorn.

Please Note that Council endeavours to identify cost savings and alternative revenue sources on an ongoing basis to minimise future rate rises. Council continues to utilise shared services as a means of efficient and cost effective service delivery.