



**District Council of Cooper Pedy**

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# Annual Business Plan

2011/2012

**Final**

**Pursuant to and in accordance with Section 123 of the Local Government Act 1999  
and Regulation 5A of the Local Government (Financial Management) Regulations  
1999**

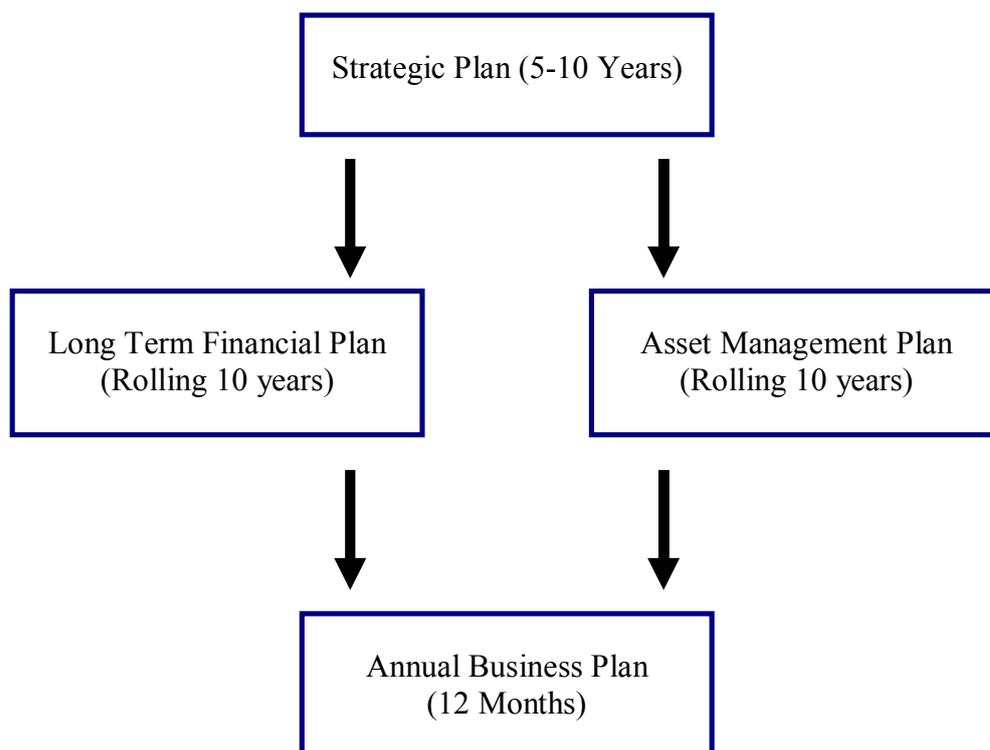
## INTRODUCTION

Council each year is required to develop an Annual Business Plan for the following financial year to determine services, programs and projects that it will deliver to the community.

The objectives of the Council will come from its 10 year Long Term Financial Plan. Integral to this is a Long Term Asset Management Plan. Councils historically are large infrastructure organisations and Coober Pedy is no different in that respect. The Asset Management Plan focuses on costs, efficiency, effectiveness and risk management of assets.

During 2007/2008 Council reviewed its Strategic Plan. This plan is now current for five years and due for review in the 2012/2013 financial year.

Council currently has Long Term Financial and Asset Management Plans. These revised plans take into account of all the changes that have happened over the past 3-4 years.



This Annual Business Plan has been prepared so that the Coober Pedy Community can have an opportunity to comment and make suggestions to Council with regard to it. This can be done within the Public Consultation period of the Budget process.

The District Council of Coober Pedy has many unique challenges that it must face on a day to day basis, one of which being the isolation and distance factor from other communities. This means that Council has very limited opportunities to join in partnerships or synergies with other Councils across the State.



## District Council of Coober Pedy

For a South Australian Council, Coober Pedy performs some very unique tasks in the community. These include the Electricity and Water Supply to the Community.

The Electricity Supply has many external pressures that cause the Council constant vigilance. Council essentially runs a "Balanced" Electricity budget, meaning that in broad details the calculation is as follows:

Reasonable Electricity Expenditure  
*Minus* Customer Tariffs  
*Equals* Subsidy from Minister for Energy

Included in reasonable expenditure are items such as Power Purchased from Engen Pty Ltd, repairs and maintenance on Distribution equipment, depreciation on assets, vehicle costs etc.

During the 2010/2011 year Council was able to sign a funding agreement for the Electricity Subsidy that gives us some certainty for the future. It also means that we can plan for future projects, such as renewal/upgrades to power lines and other needed infrastructure. With this added certainty we have developed Long Term Financial Plan and Asset Management Plans that can be used for future budget development.

Over the past 12 months Coober Pedy has seen an increase in Mining Development effecting the town, with the development of a Mining Camp situated in Crowders Gully Road. This has seen issues of service delivery come to a head in terms of delivering sufficient power to the camp. This has meant we have had to work very closely with IMX, Exact Mining and NT Link to ensure that the Coober Pedy community as a whole is not adversely effected by this development. It may be a sign of more things to come as more mining exploration turns into mining projects. However, Council must endeavour to predict what impact this may have on infrastructure and services it provides.

Council Members are as follows:

Mayor:	Steve Baines
Deputy Mayor:	Mike Maylin
Councillors:	David Bowman
	Rose Marie Berry
	Carmelo Crisa
	Robin Walker
	Steve Staines
	Paul Athanasiadis
	Boro Rapaic

Council Senior Staff are as follows:

Chief Executive Officer:	Trevor McLeod
Finance & Admin Manager:	Damien Clark
Works Manager:	Jan van der Merwe
Water Supply Manager:	Phil Van Poorten
Electricity Distribution Supervisor:	Graeme Norton



1. SERVICES, PROGRAMS & PROJECTS
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Council has a very diverse range of services and programs that it provides to the community.

They are comprised in the following departments:

#### Administration

- Governance functions of Council
- Providing Administration support for the whole of Council
- Providing IT support for the whole of Council
- Providing HR and OHS support for Council
- Customer Service for the community

#### Community

- Tourism for the Community
- Dog Control
- Child Care Services
- Child Community Links Officer
- Youth Services
- Swimming Pool Facilities
- School Community Library
- Economic Development with RDAFN
- Planning and Development
- Environmental Health Inspections

#### Water

- Process water for the community from the Bore to the tap

#### Waste

- Provide sewerage treatment for the main street and other connected areas
- Provide vac pump facilities to the rest of the community

#### Works

- Road construction and maintenance
- Parks & Gardens
- Plant repairs and maintenance
- Cemetery maintenance



## District Council of Coober Pedy

- Waste Collection
- Rubbish Dump operations
- Airport maintenance

## Electricity

- Provide electricity to the whole of the community via diesel generators (via contractor)
- Maintenance of the electricity distribution system
- Hire of Crane facilities



## 2. SIGNIFICANT INFLUENCES AND PRESSURES

The Coober Pedy Community is very unique and diverse. It has a population of around 3,500 comprised of over 40 nationalities. The community was born out of the Opal Industry over the past 90 years. The community has only had a Local Government Council since 1987.

This has meant that Council does not have a large infrastructure base such as roads, sewerage and storm water drainage. The challenge is therefore to invest in this infrastructure with limited available funds.

There is also the need to comply with regulations and rules without the support of neighbouring Councils to provide synergies, such as waste management. There is also the pressure of raising our entire infrastructure to a standard that complies with all risk management requirements.

Each year we have to deal with the increase in price of services and products that Council consumes. The Local Government Price Index has increased by 3.5% as opposed to the CPI of 3.3% for the same period. This means that Council still has to be prudent with all of its spending.

Council will endeavour to provide services at least equal to that which was previously provided. Council is also committed to maintaining its assets so that the long term cost is minimised.



3. CONTINUING SERVICES

As a Local Government Council, we must, as a part of regulations, perform the following functions:

- Governance, supporting the elected Council members
- Administration for the whole of Council
- Management of roads, parks, public open spaces
- Waste Management for the community
- Development & Planning control
- Environmental Health services
- Public Conveniences
- Dog Control
- Cemeteries

Council also provides the following services:

- Triangle Recreation facilities (Oval, Skate Park etc)
- Visitor Information Centre
- Tourism Marketing support
- Economic Development (with RDAFN)
- Youth services
- Child Links programs

Council also operates the following services for which a cost is charged:

- Electricity Supply
- Water Supply
- Waste Water
- Aerodrome
- Swimming Pool
- Child Care services

Council is not at this point planning to take on new services.



4. PROPOSED ACTIVITIES FOR 2011/2012
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As with most Councils there is considerable Capital Infrastructure to construct, maintain or upgrade.

Therefore there are two main categories of Capital Expenditure:

- Renewal/Replacement of Capital Items
- New Capital Items

An example of the Renewal/Replacement of assets is the reseal of a road, a replacement electricity transformer or replacement of an item of plant such as a grader etc.

An example of a new Asset is a new sealed road that was previously unsealed, or a new item of equipment, or an extension of the sewerage scheme.

On page 20 is a summary of the capital expenditure and the way it is to be funded.



Council Functions & Sub Functions

ADMINISTRATION				
Function	Revenue \$	Expenses \$	Net Oper \$	Capital Exp \$
Governance		328,047	-328,047	
Rates	1,199,362	44,646	1,105,270	
Finance/Support	1,553,302	748,796	804,506	77,000
Payroll		28,556	-28,556	
HR/OHS		76,861	-76,861	
<b>TOTAL</b>	<b>2,752,664</b>	<b>1,226,906</b>	<b>1,525,758</b>	<b>77,000</b>

**New Initiatives for 2011/2012**

- Standby Genset Main Office
- Server Enclosure
- Photocopier

**Strategic Objectives:**

- Maintain the District Council's financial position
- Continue to deliver essential local government services
- Broaden focus of the Senior Officer's Group
- Make all residents and businesses aware of the Strategic Plan
- Report annually to the community and stakeholders



COMMUNITY				
Function \$	Revenue \$	Expenses \$	Net Oper \$	Capital Exp \$
Dog Control	16,950	49,791	-32,841	
Library	11,625	39,500	-27,875	
Health		10,300	-10,300	
Community Services		31,250	-31,250	
Swimming Pool	34,520	155,620	-121,100	
Development/Planning	20,350	68,394	-48,044	
Tourism	19,350	118,338	-98,988	
Economic Development		53,030	-53,030	
Aged & Disabled	5,000	21,248	- 16,248	
Child Care Services	401,500	384,000	17,500	
Child Care Links	109,500	109,561	61	142,000
Youth Services	56,500	86,500	-30,000	
<b>TOTAL</b>	<b>675,295</b>	<b>1,137,532</b>	<b>-462,237</b>	<b>142,000</b>

**New Initiatives for 2011/2012**

- New Playground development

**Strategic Objectives:**

- Strengthen air transport links
- Strengthen health and aged care services
- Invest in Sport, recreation and leisure infrastructure and programs
- Improve community security and safety
- Continue to upgrade the main street - thoughtfully



WATER				
Function	Revenue \$	Expenses \$	Net Oper \$	Capital Exp \$
Retail	1,558,890	57,500	1,501,390	
Reticulation		677,116	-667,116	
Production		496,000	-496,000	102,000
Raw Water/Bore		227,650	-227,650	
<b>TOTAL</b>	<b>1,558,890</b>	<b>1,458,266</b>	<b>100,624</b>	<b>102,000</b>

**New Initiatives for 2011/2012**

- New RO1 High Pressure Pump
- Water Supply Control System
- Forklift Purchase
- 2 New Water Dispenser Units

**Strategic Objectives:**

- Ensure the continued availability of water at a sustainable long-run cost



WASTE WATER				
Function	Revenue \$	Expenses \$	Net Oper \$	Capital Exp \$
Waste Water	408,503	237,918	170,585	56,000
<b>TOTAL</b>	<b>408,503</b>	<b>237,918</b>	<b>170,585</b>	<b>56,000</b>

**New Initiatives for 2011/2012**

- New Shed for Filtration System
- Filtration System Multi Media
- Filtration System Ultra Violet

**Strategic Objectives:**

- Continue to deliver essential local government services



WORKS				
Function	Revenue \$	Expenses \$	Net Oper \$	Capital Exp \$
Aerodrome	125,000	108,724	16,276	25,000
Garbage Collection	4,500	87,561	-83,061	
Commercial Garbage	72,000	41,150	30,850	
Rubbish Dump Oper	6,500	183,000	-176,500	50,000
Other Works	169,500	160,480	9,020	11,000
Plant Operations	395,000	428,680	-33,680	171,500
Roads	188,560	836,008	-647,448	412,810
Works Overheads	465,000	517,308	-52,308	36,000
Sport & Rec (Parks)		212,535	-212,535	10,000
Other Community	500	26,418	-25,918	
Housing	3,120	12,621	-9,501	
<b>TOTAL</b>	<b>1,429,680</b>	<b>2,614,485</b>	<b>-1,184,805</b>	<b>716,210</b>

**New Initiatives for 2011/2012**

- Backup Genset Depot Office
- Diesel Fume Extractor for Workshop
- Tyre Mulching
- Dog Conrol System
- Hydraulic Winch for Dog Ute
- Compaction Tester
- Additional Water Tanks for Oval
- Vending Machine for Airport
- Backup Genset Airport
- Poly Water Tank for Acco Truck
- Street Sweeper
- Grey Street New Seal
- Bass Street New Seal
- Cook Street New Seal
- Hospital Road New Seal
- Shaw Place New Seal
- Bartrum Street New Seal
- Mohr Court New Seal
- German Hill Road New Seal
- Street Kerbing
- Street Paving

**Strategic Objectives:**

- Continue to provide essential local government infrastructure
- Continue to provide essential local government services



ELECTRICITY				
Function	Revenue \$	Expenses \$	Net Oper \$	Capital Exp \$
Retail	7,794,920	341,890	7,453,030	
Distribution		1,117,035	-1,117,035	621,500
PPA		5,923,801	-5,923,801	
Generation		96,512	-96,512	
<b>TOTAL</b>	<b>7,794,920</b>	<b>7,479,238</b>	<b>315,682</b>	<b>621,500</b>

**New Initiatives for 2011/2012**

- Crows Road Upgrade
- Transformer Replacement
- Electrician Ute

**Strategic Objectives:**

- Ensure the continued availability of electricity at a sustainable long-run cost



5. MEASURING PERFORMANCE
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**STRATEGIC AIMS**

Due to the challenges faced over the past 9 years with the Electricity Supply, Council is committed to increasing infrastructure within the town to meet the needs of the community.

**IMPACT ON COUNCIL’S FINANCIAL POSITION**

To remain financially sustainable Council is looking at indicators that help to plan for future budgets. The long term financial plan indicates these as goals to work towards. The Annual Report will show the performance against that target.

The indicators are:

- Operating Result
- Operating Ratio
- Interest Cover Ratio

The following table shows the comparative figures over two budgets:

FINANCIAL POSITION			
Indicators		Budget 2010/2011	Budget 2011/2012
Operating (Deficit)/Surplus		\$504,558	\$465,607
Operating Ratio		48%	40%
Interest Cover Ratio		0.6%	0.5%



## **OPERATING (DEFICIT)/SURPLUS**

The operating surplus/(deficit) represents the difference between the operating revenue and operating expenditure.

Council is aiming to remain in surplus over the average of a 3 year rolling period.

Council has many challenges to this end, the largest being the fuel price fluctuations for the generation of electricity. This is due to the fact that the Coober Pedy power station uses between 3.3 million - 3.5 million litres of diesel annually. This means that even a small increase in fuel price will have a large impact on Council's overall budget.

## **OPERATING RATIO**

The Operating Ratio represents the ratio of surplus to Rates income.

This ratio is one that does not truly show the position of the District Council of Coober Pedy. This is because the rate income is less than 10% of our total income.

Council is aiming for a 2-5% operating ratio of total revenue.

This will ensure that Council can move forward and keep its infrastructure up to the standards required.

## **INTEREST COVER RATIO**

As can be seen by the ratio we pay quite a small amount in interest on loans.

The interest is paid to the Local Government Finance Authority for loans on equipment and infrastructure.



## 6. FUNDING THE BUSINESS PLAN

Council is targeting an Operating Surplus of \$465,607 for the 2011/2012 financial year.

The operating surplus is a measure of the difference between operating revenue and operating expenses. The surplus indicates that we have more operating revenue than operating expenditure for this financial year. Council is aiming to remain in surplus on the average over the period of the long term financial plan.

This will help to ensure that Council remains sustainable well into the future.

The Asset Management Plan is vital in making sure that Council sustains the infrastructure it has now and that it can maintain what it plans to increase.

Council has many different ways in which it raises income. Rates income forms a relatively small part of Council income. The estimated Rate income for the 2011/2012 year will be \$1,154,862. This represents an increase of 3.3% in the rates in the dollar.

### **OTHER RATES AND SERVICE CHARGES**

Council also sets a separate rate for the Coober Pedy Sewerage Scheme. This only applies to properties that are on the sewerage scheme or are able to be connected. There is no increase on these rates.

### **STATUTORY CHARGES SET BY STATE GOVERNMENT**

Council collects the following charges pursuant to regulations set by the State Government. These include:

- Development Applications – 2 % Increase
- Dog Registrations – 5 - 10% increase
- Environmental Health Inspections – No increase
- Freedom of Information applications – increase pursuant to Freedom of Information Regulations 2003 – generally between 3 and 4%
- NRM Levy of \$35 per rateable property to be raised for Arid Lands NRM

### **USER CHARGES SET BY COUNCIL**

Council sets the following charges:

- Water Access Fee – 3.3% increase
- Water Tariff - 12.4% increase
- Aerodrome Landing fees No increase
- Cemetery Fees – \$500
- Child Care Fees – 4.4% increase
- Commercial Refuse Collection – 3% increase
- Swimming Pool Fees – No Increase



## **USER CHARGES SET BY STATE GOVERNMENT**

Council receives a subsidy from the State Government to run the Electricity Supply which means that they determine the electricity tariff rate for Domestic, Commercial and Government organisations.

- Electricity Connection Fees
- Electricity Tariff

## **GRANTS AND SUBSIDIES**

Council receives a large percentage of its income in the form of ongoing grants and subsidies.

The cost to produce electricity in an “off-grid” location is very expensive. This is because the fuel used here to produce “base load” electricity is diesel. The cost variation in fuel prices can be quite volatile at times.

The State Government subsidy is used to reduce the tariff that the consumer in Coober Pedy pays.

Council also receives funding from the Commonwealth's Financial Assistance Grants and administered by the SA Grants Commission. The amount is expected to be \$780,000 for the 2011/2012 year.

## **INVESTMENT INCOME**

This income comes from two sources. The first is interest from the LGFA investment account.

Secondly, Council also receives interest from the bank we use for day to day banking.

## **LOAN FUNDS**

Council is now in a position where it can proactively borrow money for capital projects. We are required to borrow for all Electricity capital projects for the life of the asset. This will mean that we borrow for terms of up to 40-50 years. Currently the Local Government Finance Authority (LGFA) does not have facilities that extend to 40 or 50 years. They can provide a split facility (2 loans) that will extend over that period needed. All of these Electricity Loans will be accounted for in RAES Subsidy payment that Council receives.



SUMMARY OF REVENUE			
Indicators		Total \$	Total %
Rate Income		1,359,615	9.03
Statutory Charges		64,800	0.46
User Charges		6,969,880	45.72
Operating Grants & Subsidies		5,196,545	37.70
Investment Income		14,562	0.09
Other Income		1,014,550	7.00
<b>TOTAL REVENUE</b>		<b>14,619,952</b>	<b>100.00</b>



7. IMPACT ON COUNCIL'S FINANCIAL POSITION
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After the proposed loans are taken out Council will have net debts of \$2,186,058

These were borrowed for the following departments:

Electricity	\$374,319 (Balance as at 1/7/11)
Works	\$552,281 (Balance as at 1/7/11)

Net financial liabilities indicator is a key factor as previously discussed. This indicator looks at what financial assets are owed to Council as opposed to what it owes.

The next statement shows how the capital items and operating items are being paid for.

NET LENDING/(BORROWING) STATEMENT	
For the year Ended 30 June 2012	Budget 2011/2012
<b>OPERATING</b>	
Operating Revenue	14,619,952
Operating Expenses	-14,154,345
Operating Surplus/(Deficit)	465,607
<b>NET OUTLAYS ON EXISTING ASSETS</b>	
Capital Exp on Renewal or Replacement	0
Less Depreciation	1,008,111
Less Proceeds from Sale of Assets	0
	0
<b>NET OUTLAYS ON NEW ASSETS</b>	
Capital Exp on New & Upgraded	1,737,810
Less Capital Grant	0
Less surplus from Sale of Surplus Assets	0
	1,737,810
Net Lending for Financial Year	-264,092
<b>FUNDING TRANSACTIONS</b>	
Repayment of Principal	(235,560)
New Borrowings	620,000
Transfer to Reserves	0
Transfer from Reserves	0
Total Funding Transactions	120,348



INCOME STATEMENT		
For the year Ended 30 June 2012	Budget 2011/2012	
<b>OPERATING REVENUE</b>		
Rate		
- General	1,209,362	
- Other	150,253	
Statutory Charges	64,800	
User Charges	6,969,880	
Operating Grants & Subsidies	5,196,545	
Investment Income	14,562	
Reimbursements	0	
Gain on Disposal of Non-Current Assets	0	
Other	1,014,550	
<b>TOTAL OPERATING REVENUE</b>	<b>14,619,952</b>	
<b>OPERATING EXPENSES</b>		
Employee Costs	3,403,208	
Contractual Services	6,523,491	
Materials	534,094	
Finance Charges	332,115	
Depreciation	1,008,111	
Loss on Disposal of Non-Current Assets	0	
Other	2,353,326	
<b>TOTAL OPERATING EXPENSES</b>	<b>14,154,345</b>	
Operating Surplus/(Deficit) before Capital Revenues	465,607	
<b>CAPITAL REVENUES</b>		
Capital Grants, Subsidies and Monetary Contribution		
<b>NET SURPLUS/(DEFICIT) RESULTING FROM OPERATIONS</b>	<b>465,607</b>	



BALANCE SHEET	
For the year Ended 30 June 2012	Budget 2011/2012
<b>CURRENT ASSETS</b>	
Cash & Cash Equivalents	703,498
Trade & Other Receivables	2,864,000
Other Financial Assets	0
Inventories	874,500
Non Current Assets held for Resale	0
<b>TOTAL CURRENT ASSETS</b>	<b>4,441,998</b>
<b>CURRENT LIABILITIES</b>	
Trade & Other Payables	1,415,215
Current Portion of Long Term Borrowings	0
Short Term Provisions	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,415,215</b>
<b>NET CURRENT ASSETS</b>	<b>3,026,783</b>
<b>NON CURRENT ASSETS</b>	
Trade & Other Receivables	0
Land	695,852
Buildings	5,354,652
Infrastructure	12,700,738
Plant & Equipment	2,524,987
Furniture & Fittings	289,649
<b>TOTAL NON CURRENT ASSETS</b>	<b>21,565,878</b>
<b>NON CURRENT LIABILITIES</b>	
Long Term Borrowings	1,812,434
Long Term Provisions	77,215
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,889,649</b>
<b>NET ASSETS</b>	<b>22,703,012</b>
<b>EQUITY</b>	
Accumulated Surplus	15,651,133
Reserves	24,648
Asset Revaluation	7,027,231
<b>TOTAL EQUITY</b>	<b>22,703,012</b>



CHANGES IN EQUITY			
For the year Ended 30 June 2012		Budget 2011/2012	
<b>ACCUMULATED SURPLUS</b>			
Balance as at 1 July 2011		15,185,526	
Net Surplus (Deficit)		465,607	
Revaluation Increment		0	
Adjustments Previous Year		0	
Transfer from/(to) Reserves		0	
<b>BALANCE AS AT 30 JUNE 2012</b>		<b>15,651,133</b>	
<b>RESERVES</b>			
<b>Breakaways Pass</b>			
Balance as at 1 June 2011		24,648	
Transfer in/(out)		0	
Balance as at 30 June 2012		<b>24,648</b>	
<b>Asset Revaluation Reserve</b>			
Revaluation Increment		<b>7,027,231</b>	
<b>TOTAL EQUITY</b>		<b>22,703,012</b>	



STATEMENT OF CASHFLOWS	
For the year Ended 30 June 2012	Budget 2011/2012

**CASHFLOWS FROM OPERATING  
ACTIVITY**

Receipts	14,545,944
Interest Received	14,562
Payments	(12,804,119)
Interest Payments	(52,115)

**NET CASH PROVIDED BY OPERATING** **1,704,272**

**CASHFLOWS FROM FINANCING  
ACTIVITY**

Loans Received	620,000
Less Loan Payments	(235,560)

**NET CASH PROVIDED BY FINANCING** **384,440**

**CASHFLOWS FROM OTHER ACTIVITY**

Capital Grants & Subsidies	46,800
Less Purchase of Infrastructure	(684,000)
Less Purchase of Plant & Equipment	(1,053,810)

**NET CASH PROVIDED BY OTHER  
ACTIVITY** **(1,691,010)**

**NET INCREASE IN CASH HELD** **397,702**

Cash at Beginning of Year 305,796

**CASH AT END OF YEAR** **703,498**



## 8. WHAT IT MEANS FOR RATES

### BACKGROUND

Rates are a tax levied on properties according to their capital value which are determined by the Valuer General. The rates which a property owner pays are calculated by multiplying the property valuation by a rate in the dollar.

To determine the rate in the dollar Council must identify, through its Strategic Planning and budget deliberations, what services will be provided and what work needs to be carried out, and then calculate the cost of these works and services.

Once Council has determined its budgeted expenditure it then estimates the revenue it will receive from fees and charges, grants, investment income, other income and loans. The shortfall of revenue to balance the budget will come from the ratepayers.

### STRATEGIC FOCUS

In setting its rates for the 2011/2012 financial year the Council has considered the following:

- the content included in its current strategic plan, The District Council of Coober Pedy Strategic Management Plans, which was adopted on 18th December 2007. The strategic plan was developed following an extensive community consultation program;
- the Budget for the 2011/2012 financial year;
- the current economic climate and relevant factors such as inflation and interest rates, employment opportunities, the fluctuating nature of the opal mining and tourism industries;
- the specific issues faced by our community, which are:
  - The ongoing challenge of funding maintenance and renewal of Council's infrastructure assets, in particular the water pipeline and town reticulation system.
  - Council's determination of the long-term electricity supply generation and distribution issues and subsequent financial implications.
  - some significant financial issues that Council will be seeking to address in determining their 2011/2012 budgets, including the consolidation of Council's financial position following the significant unexpected expenditure associated with increasing fuel costs and the reduction in the RAES subsidy payment.
  - The ongoing improvement of access to information technology.
  - Increase in Electricity and Water Tariffs
- the impact of rates on the community, including householders and businesses and the need to balance the community's capacity to pay with the needs and desires of the wider interests that form our community.



- For the 2011/2012 financial year the Council has decided to increase rates in the dollar by 3.3%, because this will provide the Council with sufficient additional revenue to meet cost increases and its desire to maintain services.

## **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 of 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.

The Council has decided to continue to use capital value as the basis for valuing land within the council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value;
- The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average rate per property.

## **ADOPTION OF VALUATIONS**

The Council adopted the valuations made by the Valuer-General for the 2011/2012 financial year. 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 Council's rate notice referencing the valuation, explaining the basis for the objection, provided they have not: (a) previously received a notice of this same 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:

Office of the Valuer-General  
GPO Box 1354  
ADELAIDE SA 5001  
Email: [objections@saugov.sa.gov.au](mailto:objections@saugov.sa.gov.au)

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



## **NOTIONAL VALUES**

Certain properties may be eligible for a notional value under the Valuation of Land Act 1971 where the property is the principal place of residence of a ratepayer. This can relate to certain primary production land or where there is State heritage recognition. A notional value is generally less than the capital value and this will result in reduced rates, unless the minimum rate already applies. Application for a notional value must be made to the Office of the Valuer-General.

## **BUSINESS IMPACT STATEMENT**

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

- Council's policy on facilitating local and regional economic development;
- Current local, state and national economic conditions and expected changes during the next financial year. The general economic climate is quite unstable and appears likely to continue this way over the next twelve months. The major concern is the continued limited employment prospects for school leavers and other persons currently unemployed. The mining development at Prominent Hill is now in full production and is providing significant employment opportunities for both the skilled and unskilled labour markets. Development of the nearby Cairn Hill magnetite mining venture by IMX Resources and the mining venture by Western Plains Resources at Peculiar Knob will also provide significant opportunities now and in the not too distant future. The prospect is good for a continuation of a low rate of inflation and low interest rates.
- Slight changes in the upward valuation of all property types continues from the previous financial year.
- Specific Council projects for the coming year that will solely or principally benefit the business and mining industries – Council will be committed to providing funds to the Coober Pedy Miners Association for assistance with its administration, funding tourism marketing, providing funding towards the employment of a Far North Economic Development Manager with the Regional Development Australia Far North (RDAFN) with this role incorporating strategies for enhancing the opportunities in the region.
- Specific infrastructure maintenance and other relevant issues that will benefit the whole of the community.

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

All land within a Council area, except for land specifically exempt (e.g. Crown land, Council owned/occupied land and other land prescribed in the Local Government Act 1999 – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. The Council also raises



revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues.

## GENERAL RATES

The Council has decided to impose general rates on properties within its area for the financial year ending 30<sup>th</sup> June 2012 and that the rates will vary according to the use of the land however it is proposed to apply a 3.3% increase in line with CPI. The land uses which have been used are as defined in Regulation 10 (2) of the Local Government (General) Regulations 1999 and are as follows, including the proposed rate in the dollar for that particular land use:

Land Use 1	Residential	0.2885 cents in the dollar
Land Use 2	Commercial – shop	0.8849 cents in the dollar
Land Use 3	Commercial – office	0.8849 cents in the dollar
Land Use 4	Commercial – other	0.9145 cents in the dollar
Land Use 5	Industry – light	0.9145 cents in the dollar
Land Use 6	Industry – other	0.9145 cents in the dollar
Land Use 7	Primary Production	0.9145 cents in the dollar
Land Use 8	Vacant Land	0.1776 cents in the dollar
Land Use 9	Other	0.9145 cents in the dollar

and Council, pursuant to Section 152 of the Local Government Act 1999, also proposes that a fixed charge of \$ 330.00 will apply to all rateable properties.

At the budget meeting, following community Consultation, the Council will consider adopting the above rate model, raising rate revenue of \$1,154,862 in a total revenue budget of \$14,619,952.

## AVERAGE RESIDENTIAL RATES (SA GRANTS COMMISSION)

2009/2010 State Average	\$952
2009/2010 Metro Average	\$1,560
2009/2010 Regional Rural Average	\$826
<b>2010/2011 Coober Pedy Average</b>	<b>\$583</b>

## SEPARATE RATE

Pursuant to Section 154 of the Local Government Act 1999, Council will consider declaring a separate rate in that part of the District Council of Coober Pedy within the “Defined Area” (as adopted in the Budget for 2011/2012) for the purposes of the Coober Pedy Sewerage Scheme. That rate shall be 0.4327 cents in the dollar of the capital value of the rateable land, with the exception of those properties that cannot be connected to the system.



## **NRM LEVY**

This year (2011/2012) is the second year that Council has had to collect the NRM levy from ratepayers, on behalf of the State Government. The levy will be \$35 per ratable property. It will be shown on the rate statement separately.

## **SERVICE CHARGES**

Pursuant to Section 155 of the Local Government Act 1999, Council proposes that a water service charge in the form of an access charge be set for the 2011/2012 financial year and that the access charge is to be included on the rate notice.

Access Charges have been determined as follows:

- |   |          |
|---|----------|
| • Vacant Land (Land Use 8)  | \$125.00 |
| • Residential(Land Use 1)   | \$156.00 |
| • Business with usage last year less than 300 kilolitres (Land Use 2-7) | \$305.00 |
| • Commercial with usage last year over 300 kilolitres (Land Use 2-7)    | \$575.00 |
| • Aged Pensioner Concession (Residential – Land Use 1)                  | \$90.00  |

Furthermore Council proposes via its Fees and Charges Schedule that water usage charges will be as follows:

- |                                   |           |
|-----------------------------------|-----------|
| • Up to 50 kilolitres             | \$4.27/kl |
| • 50 kilolitres to 300 kilolitres | \$5.22/kl |
| • 300 kilolitres and over         | \$6.27/kl |

## **RATE CONCESSIONS**

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

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

## **STATE SENIORS CARD RATEPAYER (SELF FUNDED RETIREE)**

This concession was introduced from 1<sup>st</sup> July 2001 and is administered by RevenueSA. If you are a self-funded retiree and currently hold a State Seniors Card you may be eligible for a concession toward Council rates. In the case of couples, both must qualify, or if only one holds a State Seniors Card, the other must not be in paid employment for more than 20 hours per week. If you have not received a concession on your rates notice or would like further information, please contact RevenueSA Call Centre on 1300 366 150 or email: [revsa@saugov.sa.gov.au](mailto:revsa@saugov.sa.gov.au) or [www.revenuesa.sa.gov.au](http://www.revenuesa.sa.gov.au)



## **PENSIONER CONCESSIONS**

An eligible pensioner may be entitled to a rebate on Council rates and water usage, where applicable. Application forms, which include information on the concessions, are available from SA Water and its District Offices or Families SA. An eligible pensioner must hold a Pension Card, State Concession Card or be a T.P.I. Pensioner.

They must also be responsible for the payment of rates on the property for which they are claiming a concession. Concessions are available only on the principal place of residence.

Applications are administered by the State Government. Payment of rates should not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates. A refund of rates will be paid to an eligible pensioner if Council is advised that a concession applies and the rates have already been paid.

## **UNEMPLOYED PERSONS CONCESSIONS**

The Department of Human Services may assist with the payment of Council rates for your principal place of residence (remissions are not available on vacant land or rental premises). Please contact your nearest Families SA office for details.

## **PAYMENT OF RATES**

Payment of rates will be by way of four (4) equal (or approximately equal) instalments per year notwithstanding that any rate account can still be paid in full following the issue of the first instalment account.

Rate accounts (30 day accounts) will be issued in respect of the four payments with the proposed due dates for each payment to be as follows:

1 <sup>st</sup> Payment	Friday 23 <sup>rd</sup> September 2011
2 <sup>nd</sup> Payment	Friday 16 <sup>th</sup> December 2011
3 <sup>rd</sup> Payment	Friday 16 <sup>th</sup> March 2012
4 <sup>th</sup> Payment	Friday 15 <sup>th</sup> June 2012

Rates may be paid:

- In person, at the Council Offices during the hours of 8.30am to 5.00pm, Monday to Friday. EFTPOS facilities are available for payments.
- By post, to District Council of Coober Pedy, PO Box 425, Coober Pedy SA 5723
- By internet at <http://www.cooberpedy.sa.gov.au>

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact Ms Jayde Frew, Rates & Property Officer, on Ph: 08 8672 4600 to discuss alternative payment arrangements. Such inquiries are treated confidentially by the Council.

The Council has adopted a policy that where the payment of rates will cause a ratepayer demonstrable hardship, the Council is prepared to make available extended payment arrangements.



## **LATE PAYMENT OF RATES**

The Local Government Act provides that Councils impose a penalty of a 2% fine on any payment for rates, whether instalment or otherwise, that is 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 Councils to recover the administrative cost of following up unpaid rates and to cover any interest cost. The prescribed interest rate for 2011/2012 financial year has not been declared. When the interest rate is declared the Council will publish the rate and circulate this information by the most practical means at its disposal at the time.

The Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice then the Council refers the debt to a debt 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).

## **REBATE OF RATES**

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

Council (by Policy) has agreed to grant other specific rate rebates pursuant to the said Act.

Council's Rate Rebate Policy for the 2011/2012 financial year is available for inspection at the Council Offices during normal business hours.



## **POSTPONEMENT OF RATES – HARDSHIP**

Section 182 of the Local Government Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where the ratepayer is suffering hardship in paying rates he/she is invited to contact the Council's Rates & Property Officer on 08 8672 4600 to discuss the matter. Council treats such inquiries confidentially.

## **POSTPONEMENT OF RATES – SENIORS**

Application may be made to Council for postponement of the payment of any amount of rates in excess of \$500.00, for the current or a future financial year by –

- A ratepayer who holds a current State Seniors Card issued by the State Government, (prescribed ratepayer) or spouse of a prescribed ratepayer;
  - Where the rates are payable on the principal place of residence;
  - Where the land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.

Any rates which are postponed will become due and payable:

- When the title to the land is transferred to another person; or
- There is a failure to comply with a condition of postponement.
- Interest will accrue on the amount postponed at the prescribed rate per month until the full amount is paid.
- Postponement is available as a right and can only be refused when the applicant/s has/have less than 50% equity in the property.

## **SALE OF LAND FOR NON-PAYMENT OF RATES**

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to notify the owner of the land of its intention to sell the land, provide the owner with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

## **APPLICATION OF THE POLICY**

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact Ms Jayde Frew, Rates & Property Officer on Ph: 08 8672 4600 or email: [jfrew@cpcouncil.sa.gov.au](mailto:jfrew@cpcouncil.sa.gov.au) to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to Mr Trevor McLeod, Chief Executive Officer, District Council of Coober Pedy, PO Box 425, Coober Pedy SA 5723, or email [tmcleod@cpcouncil.sa.gov.au](mailto:tmcleod@cpcouncil.sa.gov.au) .

For further information:

Trevor McLeod, Chief Executive Officer  
PO Box 425  
Coober Pedy SA 5723  
08 8672 4600  
[tmcleod@cpcouncil.sa.gov.au](mailto:tmcleod@cpcouncil.sa.gov.au)

