

NOTICE OF COUNCIL MEETING

Pursuant to the provisions of section 84 (1) of the
Local Government Act 1999

A Special Meeting of the



will be held in the

**Council Chamber
Redbanks Road
Mallala**

on

Monday 10 July 2023 at 4.30pm

A handwritten signature in black ink, appearing to be "J. Miller", is positioned above the name and title of the Chief Executive Officer.

James Miller
CHIEF EXECUTIVE OFFICER

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1 ACKNOWLEDGEMENT OF COUNTRY

Council acknowledges that we meet on the traditional country of the Kurna people of the Adelaide Plains and pays respect to elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.

2 ATTENDANCE RECORD**3 DECLARATION OF MEMBERS' INTEREST**

4 COMMITTEE MEETING MINUTES

4.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD 3 JULY 2023

Record Number: D23/28939

Author: Governance Administration Officer

Authoriser: Director Corporate Services

Attachments: 1. Draft Minutes of the Audit Committee Meeting held 3 July 2023 [↓](#) 

OVERVIEW

The purpose of this report is to receive and note the minutes of the Adelaide Plains Council Audit Committee meeting held on 3 July 2023.

RECOMMENDATION

“that Council receives and notes the minutes of the Minutes of the Audit Committee Meeting held 3 July 2023 as presented as Attachment 1 to this report.”

MINUTES

of the

Audit Committee Meeting



Held, pursuant to the provisions of the
Local Government Act 1999, in the

**Council Chamber
Redbanks Road
Mallala**

on

Monday 3 July 2023 at 4.30pm

Audit Committee Meeting Minutes

3 July 2023

The Chairperson formally declared the meeting open at 4.31pm.

1 ACKNOWLEDGEMENT OF COUNTRY

The Audit Committee acknowledges that we meet on the traditional country of the Kurna people of the Adelaide Plains and pays respect to elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.

2 ATTENDANCE RECORD**2.1 Present**

Mr Alan Rushbrook (Chairperson)

Mr Peter Fairlie-Jones (Independent Member)

Mayor Mark Wasley

Deputy Mayor Marcus Strudwicke (*by electronic means*)

Also in Attendance

Chief Executive Officer

Director, Corporate Services

Director, Finance

Director, Infrastructure and Environment

Director, Growth and Investment

Group Manager, Development and Community

Accountant

Executive Assistant to the Mayor and Chief Executive Officer

People and Culture Advisor

Governance Administration Officer/Minute Taker

Mr James Miller

Ms Sheree Schenk

Mr Rajith Udugampola

Mr Thomas Jones

Mr Darren Starr

Mr Michael Ravno

Ms Carmel Vandermolen

Ms Susan Cook

Ms Angie-Marie Ross

Ms Stacie Shrubsole

2.2 Apologies

Councillor Margherita Panella

Audit Committee Meeting Minutes

3 July 2023

3 MINUTES**3.1 CONFIRMATION OF MINUTES – AUDIT COMMITTEE MEETING HELD 3 APRIL 2023****COMMITTEE RESOLUTION 2023/035****Moved: Mayor Wasley****Seconded: Mr Fairlie-Jones**

“that the minutes of the Audit Committee Meeting held on Monday 3 April 2023 (MB Folios 252 to 258, inclusive), be accepted as read and confirmed.”

CARRIED**3.2 CONFIRMATION OF MINUTES – SPECIAL AUDIT COMMITTEE MEETING HELD 21 JUNE 2023****COMMITTEE RESOLUTION 2023/036****Moved: Mr Fairlie-Jones****Seconded: Deputy Mayor Strudwicke**

“that the minutes of the Special Audit Committee Meeting held on Wednesday 21 June 2023 (MB Folios 259 to 264, inclusive), be accepted as read and confirmed.”

CARRIED**4 BUSINESS ARISING**

Nil

5 DECLARATION OF MEMBERS' INTEREST

Nil

6 REPORTS FOR DECISION**6.1 DRAFT 2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND REVISED LONG TERM FINANCIAL PLAN 2024-2033**

The Chief Executive Officer gave a 45-minute presentation to the Audit Committee titled, *'Growth, Productivity and Labour Resourcing'*, including answering questions of Members.

COMMITTEE RESOLUTION 2023/037**Moved:** Deputy Mayor Strudwicke**Seconded:** Mayor Wasley

“that the Audit Committee, having considered Item 6.1 – *Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that it adopts consulted Draft 2023/2024 Annual Business Plan and Budget as contained in the Attachment 1, subject to the following changes:-

- 1. Changes to the draft budget post-public consultation as identified in Table 1 of this report;**
- 2. Updated final valuation reports from the Valuer General; and**
- 3. Adjustments to reflect the adoption of the *2023/2024 Annual Business Plan and Budget*.”**

CARRIED**COMMITTEE RESOLUTION 2023/038****Moved:** Mayor Wasley**Seconded:** Deputy Mayor Strudwicke

“that the Audit Committee, having considered Item 6.1 – *Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that it adopts consulted *Revised Long Term Financial Plan 2024-2033* as contained in the Attachment 2, subject to the following changes:-

- 1. Changes to the revised long term financial plan post-public consultation as identified in Table 1 of this report; and**
- 2. Updated final valuation reports from the Valuer General.”**

CARRIED**COMMITTEE RESOLUTION 2023/039****Moved:** Deputy Mayor Strudwicke**Seconded:** Mr Fairlie-Jones

“that the Audit Committee receive and note the presentation by the Chief Executive Officer titled ‘Growth, Productivity and Labour Resourcing’.”

CARRIED

6.2 UPDATE ON AUDIT COMMITTEE ANNUAL WORK PROGRAM 2022/2023**COMMITTEE RESOLUTION 2023/040****Moved: Mayor Wasley****Seconded: Deputy Mayor Strudwicke**

“that the Audit Committee, having considered Item 6.2 – *Update on Audit Committee Annual Work Program 2022/2023*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that Council acknowledge the progress made to complete the activities identified for the Audit Committee during the 2022/2023 Financial Year.”

CARRIED

The Chairperson sought leave of the meeting pursuant to Regulation 20(1) of the *Local Government (Procedures at Meetings) Regulations 2013* to bring forward item 6.4 – *Review of Audit Committee Terms of Reference*. Leave was granted.

6.4 REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE**COMMITTEE RESOLUTION 2023/041****Moved: Mr Fairlie-Jones****Seconded: Mayor Wasley**

“that the Audit Committee, having considered Item 6.4 – *Review of Audit Committee Terms of Reference*, dated 3 July 2023, receives and notes the report and request a further report be brought back to the next meeting of the Audit Committee.”

CARRIED**6.3 DRAFT ANNUAL WORK PROGRAM FOR 2023/2024 FINANCIAL YEAR****COMMITTEE RESOLUTION 2023/042****Moved: Mayor Wasley****Seconded: Mr Fairlie-Jones**

“that the Audit Committee, having considered Item 6.3 – *Draft Annual Work Program for 2023/2024 Financial Year*, dated 3 July 2023, receives and notes the report and request a further report be brought back to the next meeting of the Audit Committee.”

CARRIED

6.5 POLICY REVIEW – TREASURY MANAGEMENT POLICY**COMMITTEE RESOLUTION 2023/043****Moved: Mr Fairlie-Jones****Seconded: Deputy Mayor Strudwicke**

“that Audit Committee, having considered Item 6.5 – *Policy Review – Treasury Management Policy*, dated 3 July 2023, receives and notes the report and in doing so recommends to the Council that the updated Treasury Management Policy as presented in Attachment 1 to this report be adopted.”

CARRIED**6.6 POLICY REVIEW – ASSET MANAGEMENT POLICY****COMMITTEE RESOLUTION 2023/044****Moved: Mayor Wasley****Seconded: Deputy Mayor Strudwicke**

“that Council, having considered Item 6.6 – *Policy Review – Asset Management Policy*, dated 3 July 2023, receives and notes the report and in doing so recommends to the Council that the updated Assets Management Policy as presented in Attachment 1 to this report be adopted.”

CARRIED**6.7 RISK MANAGEMENT FRAMEWORK UPDATE****COMMITTEE RESOLUTION 2023/045****Moved: Deputy Mayor Strudwicke****Seconded: Mayor Wasley**

“that Council, having considered Item 6.7 – *Risk Management Framework Update*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that the Risk Management workshops facilitated by Bentleys occur in August 2023, and encourage full support and participation by the Elected Members.”

CARRIED

7 REPORTS FOR INFORMATION**7.1 COMMITTEE RESOLUTIONS****COMMITTEE RESOLUTION 2023/046****Moved:** Deputy Mayor Strudwicke**Seconded:** Mr Fairlie-Jones

“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 3 July 2023, receives and notes the report.”

CARRIED**7.2 INTERIM AUDIT 2022/2023 – MANAGEMENT REPORT****COMMITTEE RESOLUTION 2023/047****Moved:** Mayor Wasley**Seconded:** Mr Fairlie-Jones

“that the Audit Committee, having considered Item 7.2 – *Interim Audit 2022/2023 – Management Report*, dated 3 July 2023, receives and notes the report.”

CARRIED**7.3 BUSINESS CONTINUITY PLAN****COMMITTEE RESOLUTION 2023/048****Moved:** Deputy Mayor Strudwicke**Seconded:** Mr Fairlie-Jones

“that the Audit Committee, having considered Item 7.3 – *Business Continuity Plan*, dated 3 July 2023, receives and notes the report.”

CARRIED**8 QUESTIONS WITHOUT NOTICE**

Not recorded in Minutes in accordance with Regulation 9(5) of the *Local Government (Procedures at Meetings) Regulations 2013*.

9 MOTIONS WITHOUT NOTICE**COMMITTEE RESOLUTION 2023/049****Moved: Mr Fairlie-Jones****Seconded: Deputy Mayor Strudwicke**

“that the Chief Executive Officer bring back a report for consideration by the Audit Committee at its next meeting to be held September 2023 on the accounting treatment of the recently acquired Two Wells Town Centre land.”

CARRIED**10 URGENT BUSINESS**

Nil

11 NEXT MEETING

Monday, 4 September 2023 at 4.30pm.

12 CLOSURE

There being no further business, the Chairperson declared the meeting closed at 6.27pm.

Confirmed as a true record.

Chairperson:.....

Date: ____/____/____

5 REPORTS FOR DECISION

5.1 PUBLIC SUBMISSIONS RECEIVED ON THE DRAFT 2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND REVISED LONG TERM FINANCIAL PLAN 2024-2033

Record Number: D23/28064

Author: Director Finance

Authoriser: Chief Executive Officer

Attachments:

1. Public Submission from Alvin Jenkin, Secretary, Parham and District Action Group [↓](#) 
2. Public Submission from Rob Goodwin [↓](#) 
3. Public Submission from Ian Telfer [↓](#) 

EXECUTIVE SUMMARY

- The purpose of this report is to provide Council Members with a copy of three (3) written submissions received during the public consultation period in relation to the Draft 2023/2024 Annual Business Plan (ABP), Budget and Revised Long Term Financial Plan 2024-2033 (the Revised LTFP).
- As part of the public consultation, Council held a Special Meeting on 22 May 2023, pursuant to section 123(4)(a)(i)(B) of the *Local Government Act 1999* (the Act) at which members of the public were able to ask questions, and make submissions, for a period of one (1) hour.
- Council didn't receive any verbal submissions at the Special Meeting held on the 22 May 2023.

RECOMMENDATION

"that Council, having considered Item 5.1 – *Public Submissions Received on the Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033*, dated 10 July 2023, receives and notes the report and in doing so acknowledges the three (3) written submissions on the draft 2023/2024 Annual Business, Budget and the Revised Long Term Financial Plan 2024-2023 of the Adelaide Plains Council."

BUDGET IMPACT

Estimated Cost: Not applicable

Future ongoing operating costs: Not applicable

Is this Budgeted? Not applicable

RISK ASSESSMENT

Compliance and Regulatory Risk

It's a requirement of the LGA Act to consult with the community before a Council consider and adopt its annual business plan, budget and long-term financial plan.

DETAILED REPORT

Purpose

The purpose of this report is to provide Council Members with a copy of all submissions received during the public consultation period in relation to the Draft 2023/2024 Annual Business Plan, Budget and Revised Long-term Financial Plan 2024-2033.

Background

Long-term Financial Plan

Pursuant to Section 122 (6) of the Act, *'A council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans'.*

Section 122 (1a) states that a long-term financial plan is to *'be taken to form part of the Council's strategic management plans.'*

Annual Business Plan and Budget

Pursuant to Section 123 of the Act, the Council is required to prepare an ABP and budget for each financial year. Section 123 (8) of the Act states that *'an annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.'*

Before Council can adopt the Draft ABP and Budget, it is required to undertake a public consultation process that, as a minimum, meets the requirements of section 123(4) of the Act.

Pursuant to Section 123 (6) of the Act, a council may then, after considering-

- (a) *any submission made to the council during the public consultation period; and*
 - (b) *any new or revised information in the possession of the council that is relevant to the material contained in the draft annual business plan; and*
 - (c) *such other materials or information as the council thinks fit,*
- adopt its annual business plan (with or without amendment).*

21-day public consultation was undertaken from Wednesday, 10 May 2023 to Tuesday 30 May 2023. In addition, as part of the public consultation process, a Special Council Meeting was held at the Mallala Council Chamber on Monday 22 May 2023 from 7:30pm to 8:30pm, to receive verbal submissions on the Draft 2023/2024 ABP, Budget and Revised LTFP.

Discussion

During public consultation period, Council received three (3) written submissions on the draft ABP, draft Budget and the revised LTFP. Following is a summary of the submissions received. Please refer to Attachments 3 to 5 for the copy of the submissions.

Submission 1: Alvin Jenkin, Secretary, Parham and District Action Group

- \$15k has not been allocated in the budget for the development of a master plan for the Parham Foreshore.

Management Comment: To be included in the updated Operating Project Program.

- No budget for Parham Horse Float Parking (\$50k).

Management Comment: This is carry-over project from 2022/2023 financial year.

- No funding for actual works of sealing The Esplanade at Parham.

Management Comment: Thompson and Webb Beach design works are in progress, potentially to be completed by 30 June. Report is to provide to the Chamber once design work is completed.

- No budget for public consultation on green waste collection in coastal communities.

Management Comment: Public consultation will be carried out through the existing operating budget hence no separate funding allocation has been made in the draft budget.

- No funding to initiate activity to create camp ground at Dublin.

Management Comment: At the Council meeting held on 22 May 2023, Council resolved to instruct Chief Executive Officer to enter into discussion with the Mallala and Districts Lions Club to determine the possibility of leasing land for the development of a bush camp by the Lions Club in Dublin and bring back a report to Council with all relevant considerations and costings.

These discussions can be undertaken by Council staff. Proposed camp ground at Dublin will not impact proposed Kerbing work on South Terrence Dublin.

- Community consultation on Parham - Old Playground Block.

Management Comment: This is a carry-over project from 22/23 and community consultation will occur in 23/24.

- No funding for a grant writer.

Management Comment: Existing staff resources will be used for Council's grant applications. Community can seek assistance from Council's Community Development Officer for their grant applications.

- It is encouraging to see Township Entrance Signs in the draft budget.

Submission 2: Rob Goodwin, Mallala

- Cleaning of drain cover near 33 Butler Street, Mallala.

Management Comment: Cleaning work was completed on 9 June.

Submission 3: Ian Telfer, Thompson Beach

- General comments about the 23/24 budget and not investing enough money in Thompson Beach.

Management Comment: Council's undertake various assets renewal and new/upgrade activities throughout the district based on its following strategic documents: -

- a) Strategic Plan 2021-2024; and
- b) Infrastructure and Assets Management Plans.

Council has adopted above two (2) strategic documents following public consultation. However, residents and ratepayers can still request for specific development activities within their localities through the Elected Members. Those requests can be included in future budget deliberations subject to the support of majority of the Elected Members.

Conclusion

Elected Members are yet to make any decision on projects and rates rises for next financial year and a copy of each written submission is provided for Elected Members' consideration as attachments.

ReferencesLegislation

Local Government Act 1999

Council Policies/Plans

Public Consultation Policy



Parham & District Action Group

A Committee of
PORT PARHAM SPORTS AND SOCIAL CLUB INC
PO BOX 184 DUBLIN SA 5501
Email: padag1876@gmail.com

Chair: John Coles
Ph 0428 122 334

Secretary: Alvin Jenkin
Ph 08 8529 2504

27 May 2023

James Miller,
Chief Executive Officer
Adelaide Plains Council
PO Box 18
MALLALA SA 5502

Dear Mr Miller and the elected body, Adelaide Plains Council

Submission – Draft 2023/2024 Annual Business Plan and Budget, and Revised Long Term Financial Plan 2024 – 2033.

Thank you for the opportunity to provide feedback on the above documents. We recognise that under the current economic environment Council has many challenges in presenting a budget and Long Term Financial Plan. However, we have some concerns regarding the consistency of the draft documents with decisions made by the elected body during the 2022/23 financial year, particularly as they impact on our area of activity.

The Parham and District Action Group has a remit to consider activities in the areas of Parham and District which includes Parham, Webb Beach, Dublin, Windsor etc. To this end we have produced a Port Parham and Webb Beach Community Plan which was formally presented to Council in January 2021, and we have been active in consultation for development plans for Dublin.

On Page 21 of the draft budget there is a clause under “Internal Budget Influences”

“• Empower community organisations with appropriate support to manage and maintain specific community assets by the community itself. It is believed that this will enhance the autonomy of these organisations through site ownership and control.”

In order to achieve this, it may be necessary for Council to expend some funds to enable community organisations, such as ourselves, to achieve the development and operation of community assets. This expenditure would be minor, and primarily concerned with meeting Council obligations with regard to public consultation on the use of Council managed lands. We anticipate that due to PADAGs involvement with the Parham Camp Ground that we will have significant revenue flow and potential to obtain grants over the next few years which will enable us to develop such assets, and thus reduce the requirement for Council to fund and maintain such assets.

The following comments therefore refer to projects which have been previously identified in Council meetings and documents which appear to have not been considered in this draft business plan and Long Term Financial Plan.

- The development of a master plan for the Parham Foreshore. Resolution 2023/075 of 27th March 2023 required that an amount of \$15,000 be incorporated as a part of the 2023/24 draft budget. This item does not appear in the draft budget despite the resolution.


- Parham Horse Float Parking: An amount of \$50,000 has previously been allocated for works associated with upgrading the site. We understand that Council has now made a decision to proceed with the Main Street Site, but the funding does not appear in the 2023/24 draft budget.
- It is noted that funding for design work for sealing Webb Beach Road and Thompson Beach Esplanade has been carried over but there is no allocation in the budget nor the Long Term Financial Plan for the actual works of sealing The Esplanade at Parham nor the above 2 projects. This is very disappointing to us and we ask that some mention is made of these projects in the LTFP
- Green waste collection in coastal communities. Resolution 2023/073 of 27th March required that public consultation be carried out on this issue. It does not appear that this has been included in the 2023/24 draft budget.
- Dublin Camp Ground: Our understanding is that a decision was made at the Council meeting of 22nd May 2023 to initiate activity to create this camp ground. (resolution 2023/123). There will be some expenses associated with this activity including public consultation, land identification etc. Whilst this issue was raised after the draft budget was placed for public consultation, these costs need to be identified in the final budget. This project may also impact on the project "Kerbing - Sth Terrace (Dublin) - Old Port Wakefield Road to Seventh Street" identified on page 40 of the draft budget.
- Parham - Old Playground Block (Sell or Develop Site) is a carry over item from the 2022/23 budget. PADAG have been waiting for the opportunity to comment on this. Our community plan proposes that this site be developed as a park/community garden, and we are opposed to more community land being disposed of following the wholesale resumption of such land for the Adelaide International Bird Sanctuary National Park which has restricted opportunities for development of recreation facilities all along the coast. If Council sees fit to retain the site for future development in accord with our plan it will save some costs in the budget.

Other Comments

- It was disappointing that Council has decided not to employ a grant writer. A person with these skills would be of considerable benefit to volunteer organisations such as ourselves who do not have the skills or resources to prepare grant submissions.
- Township Entrance Signs. It is encouraging to see this as an item on the draft budget. PADAG have been developing concepts as part of our Community Plan, and the Coalition of Coastal Communities have identified this need in their Strategic Plan. We trust that Council will consult with these and other like bodies (eg Two Wells Regional Action Team, Thompson Beach Progress Association) in developing a consistent badging for the communities within the Adelaide Plains Council area.

Submitted for Council's consideration.

Yours, Faithfully



Alvin Jenkin
Secretary
Parham and District Action Group

Rajith Udugampola

From: info@apc.sa.gov.au
Sent: Tuesday, 30 May 2023 2:21 AM
To: Info
Subject: Public Consultation Response - Adelaide Plains Council Draft 2023/2024 Annual Business Plan and Budget, and Revised Long Term Financial Plan 2024-2033

Contact Information

First Name: Rob
Last Name: Goodwin
Address: [REDACTED] Mallala SA 5502
Email: [REDACTED]
Address: [REDACTED]
Phone: [REDACTED]

Which document does your submission relate to?

Select One: Both

What is your submission about?

Select all that apply: Request for a new project/work

Other
(please
specify):

Please let us know your feedback

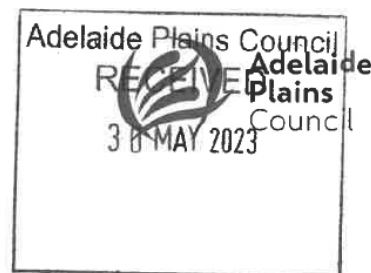
Feedback: Hi, please include works to cover cleaning of drain cover near 33 Butler Street, to flush out drainpipes from drain cover to open drain on 33 Butler Street, and to clean out open drain and also to remove/reduce the fire load that has built up over the years in the open drain from 33 Butler Street down the whole fence line. I can supply photos if needed?

Would you like a reply?

Response Options: Yes

Have Your Say

Draft 2023/2024 Annual Business Plan and Budget Revised Long Term Financial Plan 2024-2033



Consultation closes 5pm Tuesday 30 May 2023.

Visit: www.apc.sa.gov.au/publicconsultation

Council is inviting all members of the Adelaide Plains community to have their say on the Draft 2023/2024 Annual Business Plan (ABP), Budget and Revised Long Term Financial Plan 2024-2033 (LTFP).

Full name:

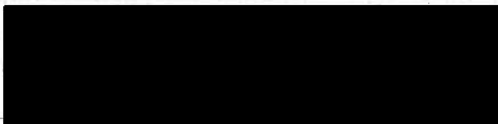
IAN TELFER

Address:



THOMPSON BEACH

Phone number:



Email address:



Which document does your submission relate to?

- ☐ 2023/2024 Draft Annual Business Plan and Budget (ABP)
- ☐ Revised Long Term Financial Plan 2024 – 2033 (LTFP)
- ☒ Both

What is your submission about?

- | | |
|---|--|
| <input type="checkbox"/> Support for a project budget | <input type="checkbox"/> General support for the LTFP |
| <input type="checkbox"/> Concern for a project budget | <input type="checkbox"/> General concern for the LTFP |
| <input type="checkbox"/> Request for a new project/work | <input type="checkbox"/> A savings suggestion |
| <input type="checkbox"/> Comment on Council rates | <input checked="" type="checkbox"/> Other (please specify) |
| <input type="checkbox"/> General support for the ABP | |
| <input type="checkbox"/> General concern for the ABP | |

Submission - Draft 2023-24 ABP and 2024-33 LTFP

Page 1 of 2

Please let us know your feedback:

The Council Strategic Plan 2021-2024 gives us a window into the APC approach to reporting.

That particular strategy was based on projections made on 2018 figures and applied forward 6 years, through the period of a pandemic. How accurate was that going to be?

The 2023-2024 Annual Budget contains nominated sums that will provide funds to cover the regular overruns of things like staff salaries, as staff numbers radically increase, interest expenses, massive consultant's fees etc.. And the GRFMA allocations are a joke.

If we take for granted what is printed, by 2032/33, Thompson Beach ratepayers will have gone 40 years with their rate payments being spent in every Council area except their own. Most of it going on excessive staff salaries and project cost overruns.

Sections 6(b) and (c) of the Local Government Act require a Council to :-

- Deliver socially just decisions and performance,
- Improve the quality of life of the community.

We wait patiently.

Would you like a reply?

☒ Yes

☐ No

Thank you for providing your feedback.

Consultation ends 5pm 30 May 2023. If you have requested a reply to your feedback, you will receive an email when submissions are presented to Council.




5.2 ADOPTION OF DRAFT 2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND REVISED LONG TERM FINANCIAL PLAN 2024-2033 AND DECLARATION OF RATES FOR 2023/2024 FINANCIAL YEAR

Record Number: D23/27434

Author: Director Finance

Authoriser: Chief Executive Officer

Attachments:

1. Draft 2023/2024 Annual Business Plan and Budget for Adoption [↓](#) 
2. Revised Long Term Financial Plan 2024-2033 for Adoption [↓](#) 
3. Growth, Productivity and Labour Resourcing - Memorandum dated 6 July 2023 [↓](#) 

EXECUTIVE SUMMARY

- The purpose of this report is to provide for Council's consideration and adoption of following documents and to declare various rates and charges needed to fund Council's 2023/2024 annual budget: -
 - 2023/2024 Draft Annual Business Plan (the ABP), Budget (the draft Budget); and
 - revised Long-Term Financial Plan for the period 2024-2033 (the revised LTFP).
- At a Special Council meeting held on 1 May 2023, Council resolved that the draft ABP, draft Budget and the revised LTFP be released for public consultation. It forecast an operating deficit of \$1.200m which consists of recurrent budget deficit of \$0.429m and operating project budget of \$0.771m.
- In addition, draft documents also identified: -
 - Capital project budget of \$4.827m;
 - Average rate increase of 7% plus growth of 2.55%;
 - Increase in fixed charge from \$123 to \$185;
 - New borrowings of \$2.229m; and
 - Break-even budget in 2027/2028 (Year 5) of the revised LTFP.
- Kerbside waste collection levy was expected to increase by 20%, mainly due to increase in collection and disposal costs. Annual CWMS service charges have been estimated based on a 7% increase for Mallala and Middle Beach respectively (**Table 8**).
- During the public consultation period, Council received three (3) submissions on the draft ABP, Budget and the revised LTFP.
- As of 30 June, updated budget position is as follows: -
 - Operating deficit of \$0.896m (**Table 2**) which consists of recurrent budget deficit of \$0.110m and operating project budget of \$0.786m (**Table 3**);
 - Capital project budget of \$4.627m (**Table 4**);
 - Average rate increase of 7% plus development growth of 3.82%;
 - Increase in fixed charge from \$123 to \$185, new borrowings of \$1.709m; and
 - Break-even budget in 2027/2028 (Year 5) of the revised LTFP.

RECOMMENDATION 1 - ADOPTION OF ANNUAL BUSINESS PLAN

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023:

- 1. for the Financial Year ending 30 June 2024, pursuant to Section 123 of the *Local Government Act 1999* and Regulation 6 of the *Local Government (Financial Management) Regulations 2011*, having considered all submissions in accordance with Section 123(6) of the *Local Government Act 1999*, adopts the Annual Business Plan as presented in Attachment 1 (*subject to minor editorial changes which the Chief Executive Officer is authorised to make*); and**
- 2. authorises and directs the Chief Executive Officer to prepare an abridged or summary version of the Annual Business Plan for distribution to the ratepayers with the first quarterly rate notice in accordance with section 123(9) of the *Local Government Act 1999*.”**

RECOMMENDATION 2 - ADOPTION OF BUDGET

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023:

- 1. in accordance with section 123(7) of the *Local Government Act 1999* and Regulation 7 of the *Local Government (Financial Management) Regulations 2011* having considered the budget in conjunction with, and having determined it to be consistent with, Council’s adopted Annual Business Plan, adopts the budget for the Financial Year ending 30 June 2024 comprising;**
 - a) Budgeted Statement of Comprehensive Income; Budgeted Statement of Financial Position;**
 - b) Budgeted Statement Cash Flows; Budgeted Statement of Changes in Equity;**
 - c) Budgeted Uniform Presentation of Finances and Budgeted Financial Indicators, involving –**
 - (1) an estimated operating expenditure of \$18,358,078 inclusive of an estimated depreciation expense of \$3,516,540;**
 - (2) an estimated operating income from sources other than rates of \$3,523,205; and;**
 - (3) a total amount required to be raised from rates of \$13,944,991 comprising –**

General rate	\$12,451,601
Annual Services Charges:	
• Kerbside Waste Collection	\$ 893,501
• Community Wastewater Management Systems	\$ 280,676
Northern and Yorke Regional Landscape Levy	\$ 319,213

(and subject to necessary modifications to give effect to the amendments to the Annual Business Plan outlined in Recommendation 1 above (if any)).”

RECOMMENDATION 3 - ADOPTION OF VALUATION

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023, for the Financial Year ending 30 June 2024, pursuant to Section 167(2)(a) of the *Local Government Act 1999*, adopts the most recent valuations of the Valuer-General of South Australia that are available to the Council of the capital value of land in the Council area for rating purposes and that will govern the assessment of rates in the Council area for the financial year ending 30 June 2024, and totalling **\$2,947,302,260**, of which **\$2,915,203,330** relates to the valuations for rateable land.”

RECOMMENDATION 4 - DECLARATION OF GENERAL RATES

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023, for the financial year ending 30 June 2024, having taken into account the general principles of rating outlined in section 150 of the *Local Government Act 1999* and the requirements of sections 151, 152 and 153(2) of the *Local Government Act 1999*, and pursuant to sections 152(1)(c), 153(1)(b) and 156(1)(a) of the Act, declares general rates consisting of two components, the first being a fixed charge (to be specified in a subsequent resolution), and the second being a differential rate based on the capital value of rateable land varying according to the land use category as provided for in Regulation 14 of the *Local Government (General) Regulations 2013*:

- on all rateable land attributed Land Use Category (a) – Residential, a rate of **0.389791** cents in the dollar;
- on all rateable land attributed Land Use Category (b) – Commercial Shop, Land Use Category (c) – Commercial Office, Land Use Category (d) – Commercial Other, Land Use Category (e) – Industry Light, or Land Use Category (f) – Industry Other, a rate of **0.565197** cents in the dollar;
- on all rateable land attributed Land Use Category (g) – Primary Production, a rate of **0.381995** cents in the dollar;
- on all rateable land attributed Land Use Category (h) – Vacant Land, a rate of **0.467749** cents in the dollar; and
- on all rateable land attributed Land Use Category (i) - Other, a rate of **0.389791** cents in the dollar.”

RECOMMENDATION 5 - ADOPTION OF FIXED CHARGE

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023, pursuant to Sections 151 and 152(1)(c) of the *Local Government Act 1999*, for the Financial Year ending 30 June 2024, sets the fixed charge component of the general rate of **\$185.00** on all rateable land within its area.”

RECOMMENDATION 6 - APPLICATION OF RATE CAPPING

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023 determines not to fix a maximum increase in the general rate to be charged on rateable land within its area that constitutes the principal place of residence of a principal ratepayer in accordance with Section 153(3) of the *Local Government Act 1999* for the Financial Year ending 30 June 2024.”

RECOMMENDATION 7 - COMMUNITY WASTEWATER MANAGEMENT SYSTEMS (CWMS) ANNUAL SERVICE CHARGE

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023 for the Financial Year ending 30 June 2024, pursuant to Section 155 of the *Local Government Act 1999*, imposes the following annual service charges based on the nature of the service on each assessment in respect of all land, whether vacant or occupied, to which the Council provides or makes available the prescribed service of the collection, treatment or disposal of waste as part of a Community Wastewater Management Systems (CWMS) service.

CWMS Service	Annual Service Charge (\$)
Middle Beach – Large Tank	488
Middle Beach – Small Tank	488
Mallala	740.”

RECOMMENDATION 8 - KERBSIDE WASTE COLLECTION ANNUAL SERVICE CHARGE

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023 for the Financial Year ending 30 June 2024:

1. pursuant to Section 155 of the *Local Government Act 1999*, imposes an annual service charge of \$206.00 per assessment in respect of all occupied land to which Council provides or makes available the prescribed service of kerbside waste collection 3-bin service (noting that this service is provided within the townships of Mallala, Two Wells and Dublin).
2. invites ratepayers of properties attributed with the land use category of Commercial Shop, Commercial Office, Commercial Other, Industry Light, and Industry Other within the townships of Mallala, Two Wells and Dublin to apply to have the Kerbside Waste Collection Annual Service Charge rebated provided they supply written documentation to the council detailing how they will dispose of their waste in an environmentally sustainable manner.
3. pursuant to Section 155 of the *Local Government Act 1999*, imposes an annual service charge of \$206.00 per assessment in respect of all occupied land to which Council provides the prescribed service of kerbside waste collection 2-bin service (noting that this service is provided outside the townships of Mallala, Two Wells and Dublin), upon the (existing or future) application to participate in such service by the ratepayer, on the basis that the sliding scale provided for in Regulation 13 of the *Local Government (General) Regulations 2013* will apply to reduce the service charge payable, as prescribed.

4. pursuant to Section 188(1)(b) of the *Local Government Act 1999*, imposes following fees and charges for additional bin services:

Additional Bin Service	Fees & Charges (\$)
Additional Organic Bin	87.00
Additional Recycle Bin	64.00
Additional General Waste Bin	100.00."

RECOMMENDATION 9 – REGIONAL LANDSCAPE LEVY

"that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023, for the financial year ending 30 June 2024 in exercise of the powers contained in the *Landscape South Australia Act 2019*, and Section 154 of the *Local Government Act 1999*, and in order to reimburse the Council for the amount contributed to the Northern and Yorke Landscape Board, being \$319,213, declares a separate rate of 0.011019 cents in the dollar of the capital value of land, in respect of all rateable land in the Council's area and in the area of that Board the capital value of such land totalling \$2,897,056,201."

RECOMMENDATION 10 – REBATE OF GENERAL RATES

"that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023:

1. pursuant to and in accordance with Sections 161 (community services) of the *Local Government Act 1999*, grants a rebate of 75% of the rates imposed for the year ending 30 June 2024 on the following land (identified by assessment number):

Assessment No	Organisation
13144	1) Junction Australia
48181	2) Junction Australia
48199	3) Junction Australia

2. pursuant to and in accordance with Sections 162 (religious purposes), 163 (public cemeteries) and Section 165 (educational purposes) of the *Local Government Act 1999*, grants a rebate of 100% of the rates imposed for the year ending 30 June 2024 on the following land (identified by assessment number):

Assessment No	Organisation	Applicable Section of the LGA Act 1999
12948	1) Uniting Church Cemetery, Lewiston	163
20164	2) Catholic Cemetery, Mallala	163
20180	3) Grace Plains Cemetery	163
20230	4) Barabba Cemetery	163
20495	5) Mallala Cemetery	163
30387	6) Dublin Cemetery	163

40295	7) Two Wells Cemetery	163
41855	8) Shannon Cemetery (Calomba)	163
20099	9) Anglican Church, Mallala	162
20123	10) Catholic Church, Mallala	162
20149	11) Uniting Church, Mallala	162
36947	12) Catholic Church, Two Wells	162
40303	13) Uniting Church, Two Wells - Church/Sunday School	162
40378	14) Anglican Church, Two Wells	162
43125	15) Catholic Church Endowment Society – Church Hall	162
43133	16) Catholic Church Endowment Society, TW – Church Land	162
43158	17) Catholic Church Endowment Society, TW – Car Park	162
13037	18) Mallala Primary School (Buildings/Classrooms)	165
40410	19) Two Wells Primary School	165
40675	20) University of Adelaide Storage Shed	165
41798	21) Mallala Primary School (School Oval)	165
44057	22) Two Wells Community Children Centre-Kindergarten	165

3. pursuant to and in accordance with Section 165 (educational purposes) of the *Local Government Act 1999*, grants a rebate of 75% of the rates imposed for the year ending 30 June 2024 on the land which is assessment number 58347 (Xavier College, Two Wells);
4. for the Financial Year ending 30 June 2024, in accordance with the discretionary powers given to Council under Section 166(1)(c) of the *Local Government Act 1999* in relation to the granting of rates rebates, grants a discretionary rebate of 100% of the rates imposed on the following land (identified by assessment number) to enable the preservation of buildings or places of historic significance:

Assessment No	Organisation
20206	1) Moquet Le
30395	2) Windsor Institute
30486	3) Long Plains Memorial Hall

5. takes into account the following matters in the course of granting the rebates in the following paragraphs, in accordance with section 166(1a) of the *Local Government Act 1999*:
 - (a) the nature and extent of council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and
 - (b) the community need that is being met by activities carried out on the land for which the rebate is sought; and
 - (c) the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons.

6. for the Financial Year ending 30 June 2024, in accordance with the discretionary powers given to Council under Section 166(1)(h) of the *Local Government Act 1999* in relation to the granting of rates rebates, grants a discretionary rebate of 100% of the rates imposed on the following land (identified by assessment number) on the basis that the land is being used to provide accommodation for aged persons:

Assessment No	Organisation
20081	1) Adelaide Plains Council - Unit 1
47662	2) Adelaide Plains Council - Chivell Street Unit
47944	3) Adelaide Plains Council - Unit 2
47951	4) Adelaide Plains Council - Unit 3
47969	5) Adelaide Plains Council - Unit 4
47977	6) Adelaide Plains Council - Unit 5
47985	7) Adelaide Plains Council - Unit 6
47993	8) Adelaide Plains Council - Unit 7

7. for the Financial Year ending 30 June 2024, in accordance with the discretionary powers given to Council under Section 166(1)(j) of the *Local Government Act 1999* in relation to the granting of rates rebates, grants a discretionary rebate of 100% of the rates imposed on the following land (identified by assessment number) on the basis that the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community:

Assessment No	Organisation
1784	1) Two Wells Golf Club
12922	2) Adelaide Plains Equestrian Club Inc
12971	3) Two Wells Pony Club
13722	4) Mallala Bowling Club
20263	5) Redbank Community Hall
20289	6) Mallala Netball Club
20362	7) St John Ambulance Service Inc
21576	8) Adelaide Pistol Club
22350	9) SA Sport Parachute Club (Club House only)
23689	10) SA Rifle Association Incorporated
29207	11) Port Parham Social Club
30510	12) Long Plains Recreation Oval
30833	13) Dublin Cricket Club
38935	14) United Pistol & Shooting Club

40337	15)	Two Wells Football Club
40345	16)	Two Wells Community Centre
40386	17)	Two Wells Bowling Club
40451	18)	Two Wells Golf Club
43059	19)	Mallala Football Club
43067	20)	Mallala RSL Club
43190	21)	Mallala CWA
43117	22)	Mallala Tennis Club
46268	23)	SA Rifle Association Incorporated
56192	24)	Mallala Men's Shed

8. for the Financial Year ending 30 June 2024, in accordance with the discretionary powers given to Council under Section 166(1) (c) and (j) of the *Local Government Act 1999*, grants a 100% discretionary rebate of CWMS Annual Service charges imposed on the following land (identified by assessment number):

Assessment No		Organisation	Cost of Rebate (\$)
20099	1)	Anglican Church, Mallala	740
13003	2)	Mallala Oval Ablution Block	1,480
16055	3)	Council Chamber, Mallala	740
20073	4)	Council Depot, Mallala	2,590
20313	5)	Council Office, Mallala	1,480
20370	6)	Mallala Museum	740

9. determines that the costs of the discretionary rebates of Mallala CWMS Annual Service charges granted above be funded from Council's general revenue (as distinct from the users of the service).
10. for the Financial Year ending 30 June 2024, in accordance with the discretionary powers given to Council under Section 166(1)(j) of the *Local Government Act 1999* in relation to the granting of rates rebates, grants a discretionary rebate of 100% of the Kerbside Waste Collection Annual Service Charge with respect to the land occupied by the following community groups in the following locations (and also with respect to the Council land listed below):

Property Description	Weekly		Fortnightly	
	240L Waste	140L Waste	240L Recycle	240L Organic
Mallala				
(1) Mallala Bowling Club, Joseph Street	-	1	2	-
(2) Mallala Institute, Dublin Road	-	1	1	-

(3) Council Office, Redbanks Road	-	3	3	1
(4) Council Depot, Aerodrome Road	-	4	2	1
(5) Uniting Church	-	1	1	-
(6) Mallala Oval Grandstand	9	1	2	-
(7) Mallala Oval - Secretary Building - RSL	1	-	-	-
(8) Catholic Church	1	-	-	-
(9) Mallala CWA	-	1	1	-
(10) Mallala CFS	-	1	1	-
(11) Mallala Men's Shed	-	1	1	1
(12) Mallala Museum	-	1	1	1

Two Wells

(1) Bowling Club, Old Port Wakefield Road	1	-	2	-
(2) Library, Old Port Wakefield Road	2	2	2	-
(3) Council Office, Old Port Wakefield Road	-	2	2	1
(4) Two Wells CFS	-	1	1	-
(5) Community Centre	-	4	-	-
(6) Club Rooms	-	12	-	-
(7) Dog Pound, Wells Road	-	1	-	-
(8) Uniting Church	-	2	2	1
(9) Catholic Church Society - Car Park	-	1	1	1
(10) Two Wells, Craft Shop	-	2	1	1
(11) Two Wells Golf Club	-	1	1	-

Dublin

(1) Dublin Institute, First Street	1	1	1	-
(2) CFS, First Street	1	1	2	-

Thompson Beach

(1) The Shed, Ruskin Road	-	1	1	-
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Long Plains

(1) Long Plains Hall	1	1	1	-
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(2) Oval - Behind and in front of Club Rooms	10	-	-	-
(3) Oval - Netball Club Rooms	2	-	1	-
Parham				
(1) Parham Sports and Social Club	6	-	5	-
Total Community and Council Bins	35	47	38	8

11. determines that the costs of the discretionary rebate of the Kerbside Waste Collection Annual Service Charge granted above be funded from Council's general revenue (as distinct from the users of the service)."

RECOMMENDATION 11 – DUE DATES FOR PAYMENT OF RATES

"that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023:

1. pursuant to section 181(2) of the *Local Government Act 1999*, resolves that rates and charges imposed in respect of the Financial Year ending 30 June 2024, shall be payable in four equal or approximately equal instalments, such instalments being due and payable by:
 - a) Friday, 1 September 2023 (first instalment)
 - b) Friday, 1 December, 2023 (second instalment)
 - c) Friday, 1 March, 2024 (third instalment) and
 - d) Friday, 7 June, 2024 (final instalment)
2. in exercise of the powers contained in section 44 of the *Local Government Act 1999*, delegates this 10th day of July 2023 to the Chief Executive Officer of the Council the power pursuant to Section 181(4)(b) (including, to avoid doubt, the power in Section 181(7a)) of the *Local Government Act 1999* to agree with a Principal Ratepayer that rates will be payable in such instalments falling due on such days as may be specified in the agreement (and in that event that ratepayer's rates will thereby be payable accordingly)."

RECOMMENDATION 12 – LOAN BORROWINGS

"that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023:

1. pursuant to the provisions of Sections 134 and 135 of the *Local Government Act 1999*, resolves that the Council shall borrow by means of Convertible Cash Advance Debenture Loan, on the security of the general rate revenue of the Council, an amount up to the sum of **\$1,709,000** from the Local Government Finance Authority of South Australia on a floating variable/fixed rate for a maximum period of fifteen (15) years, the purpose of which is to finance Council's operations including its capital works programs; and

2. pursuant to Section 38 of the *Local Government Act 1999*, authorises the Mayor and the Chief Executive Officer to execute under the Common Seal of Council, documentation associated with the aforementioned loan borrowing facility.”

RECOMMENDATION 13 – ADOPTION OF LONG TERM FINANCIAL PLAN 2024-2033

“that the Council, having considered Item 5.2 – *Adoption of Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 and Declaration of Rates for 2023/2024 Financial Year*, dated 10 July 2023 pursuant to Section 122(1a)(a) of the *Local Government Act 1999* and Regulation 5 of the *Local Government (Financial Management) Regulations 2011*, having considered all submissions received in accordance with Section 123(6) of the *Local Government Act 1999*, adopts the Long-term Financial Plan 2024-2033 contained in Attachment 2.”

BUDGET IMPACT

Estimated Cost:	\$ 0.896m (operating deficit)
Future ongoing operating costs:	Interest expenses associated with new borrowings to finance capital expenditure
Is this Budgeted?	Yes (In the draft budget estimates)

RISK ASSESSMENT

Financial Risk

Council's current borrowing capacity with the Local Government Finance Association (LGFA) is \$14.9m. Therefore, proposed borrowings identified in this report will reduce the ability to borrow more funds for future activities of the Council.

LGFA has indicated recently that with the rapid population growth, a period of higher than 100% Non-Financial Liability Ratio may be acceptable as long as Council's long term financial planning justifies that it can handle the extra debt.

However, given the potential high debt level of the council and the projected operating deficits until 2027/2028, LGFA may place financial covenants on any new loans that aligns with projections in the LTFP to ensure that the Council commit to the LTFP projections.

Liquidity Risk

Overdue rates have increased significantly over the last few years. Council's current overdue rates balance is \$1.271m as of 16 June 2023, an increase of 38% when compared to the overdue rates balance of \$0.922m as of 30 June 2022. Therefore, any significant increase in overdue rates poses a considerable liquidity risk for the Council which may need to be funded via short-term borrowings in addition to the new borrowings estimated in this report.

Council already has commenced process under Section 184 of the Local Government Act 1999, to recover rates overdue for more than three (3) years. The total outstanding from these properties is \$0.208m recovery of which will provide a significant reduction in overdue rates.

DETAILED REPORT**Purpose**

The purpose of this report is to provide for Council's consideration and adoption of following documents and to declare various rates and charges needed to fund Council's 2023/2024 annual budget:-

- 2023/2024 Draft Annual Business Plan (the ABP), Budget (the draft Budget); and
- revised (10-year) Long-Term Financial Plan for the period 2024-2033 (the revised LTFP).

Background

At the meeting held on 3 July 2023 the Audit Committee resolved as follows with regard the draft ABP, budget and the revised LTFP.

COMMITTEE RESOLUTION 2023/037

Moved: Deputy Mayor Strudwicke

Seconded: Mayor Wasley

"that the Audit Committee, having considered Item 6.1 – Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that it adopts consulted Draft 2023/2024 Annual Business Plan and Budget as contained in the Attachment 1, subject to the following changes:-

- 1. Changes to the draft budget post-public consultation as identified in Table 1 of this report;*
- 2. Updated final valuation reports from the Valuer General; and*
- 3. Adjustments to reflect the adoption of the 2023/2024 Annual Business Plan and Budget."*

CARRIED

COMMITTEE RESOLUTION 2023/038

Moved: Mayor Wasley

Seconded: Deputy Mayor Strudwicke

"that the Audit Committee, having considered Item 6.1 – Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that it adopts consulted Revised Long Term Financial Plan 2024-2033 as contained in the Attachment 2, subject to the following changes:-

- 1. Changes to the revised long term financial plan post-public consultation as identified in Table 1 of this report; and*
- 2. Updated final valuation reports from the Valuer General."*

CARRIED

COMMITTEE RESOLUTION 2023/039

Moved: Deputy Mayor Strudwicke

Seconded: Mr Fairlie-Jones

"that the Audit Committee receive and note the presentation by the Chief Executive Officer titled 'Growth, Productivity and Labour Resourcing'."

CARRIED

The Chief Executive Officer, under **Attachment 3**, has provided the elected body with a memorandum setting out the various matters, primarily related to labour, comprised in his PowerPoint presentation to the Audit Committee meeting held on 3 July 2023. The PowerPoint presentation has been forwarded to the elected body by way of a separate email communication dated 6 July 2023.

Public Consultation

Pursuant to Section 123 of the *Local Government Act 1999* (the Act), the Council is required to prepare an ABP for each financial year and that the ABP be adopted by the Council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.

21-day public consultation was undertaken from Wednesday, 10 May 2023 to Tuesday 30 May 2023. In addition, as part of the public consultation process, a Special Council Meeting was held at the Mallala Council Chamber on Monday 22 May 2023 from 7:30pm to 8:30pm, to receive verbal submissions on the Draft 2023/2024 ABP, Budget and Revised LTFP.

Please refer to the agenda item 4.1 for the results of public consultation.

Discussion

Budget Changes Post-Public Consultation

Following changes have been made to the draft Budget and the revised LTFP following public consultation.

Table 1 – Changes to the draft budget and the revised LTFP Post-Public Consultation

Budget Change	Financial Impact
In the May Federal budget, government confirmed the continuation of Supplementary Local Road Funding for SA. APC is expected to receive \$0.134m in the next year.	Additional operating income of \$0.134m.
Updated growth information from GV (development growth increased from 2.55% to 3.82%).	Additional rates income of \$0.150m.
\$0.015mk has been allocated for Parham Foreshore Master Plan (Resolution 2023/075 of March I&C Committee).	Increase in cost of Operating Project program by \$0.015m.
Remove Hart Reserve Master Plan Development – Stage 2 from the Capital Program until grant funding opportunity are available.	Reduction in the Capital budget by \$0.200m.
Financial returns associated with the TW Town Centre development has been excluded pending formal Council resolutions and finalisation of relevant contractual discussions/agreements.	Proceeds from the sale of land, future rates income, future development application income, donated assets and its depreciation excluded from the LTFP.

Draft Statement of Comprehensive Income (Profit & Loss Statement)

As shown in **Table 2** below, based on a 7% increase in average rates and 3.82% growth, it is estimated that for 2023/2024 Financial Year, there will be an Operating Deficit of \$0.896m from recurrent and operating project activities.

Table 2: Draft Statement of Comprehensive Income (\$'000)

Description	2022/2023	2023/2024		Budget Movement	
	Adopted Budget (\$)	Draft Budget (\$)	(%)	\$	%
RECURRENT INCOME					
Rates					
- General Rates - Existing Assessments	10,820	12,314	72	1,494	14
- General Rates - New Assessments	179	138	1	(41)	
- Rate Rebates	(107)	(116)	(1)	(9)	9
- Waste Levy	710	898	5	188	27
- Regional Landscape Levy	197	319	2	122	62
- Other Rates Income	84	105	1	21	25
- CWMS Charges	262	281	2	18	7
Statutory charges	589	520	3	(69)	(12)
User charges	193	229	1	37	19
Grants, subsidies & contributions	1,955	2,240	13	285	15
Interest Income	3	3	0	(0)	(6)
Reimbursements	123	139	1	15	13
Other Income	48	48	0	(1)	(1)
TOTAL RECURRENT INCOME	15,056	17,116	100	2,060	14
RECURRENT EXPENSES					
Employee Costs	6,465	7,075	41	(610)	(9)
Materials, contracts and other	5,191	5,736	33	(545)	(10)
<i>Including legal expenditure of</i>	<i>200</i>	<i>150</i>	<i>1</i>	<i>50</i>	<i>25</i>
Depreciation	3,144	3,517	20	(373)	(12)
Interest Expenses	272	820	5	(548)	(201)
Share of loss from GRFMA	79	79	0	-	-
TOTAL RECURRENT EXPENSES	15,151	17,226	100	(2,075)	(14)ⁱ
RECURRENT DEFICIT	(95)	(110)	(1)	(15)	16
Cost of growth initiatives (Operating Projects)	(934)	(786)	(5)	148	(16)
OPERATING DEFICIT	(1,029)	(896)		132	

Proposed Operating Project Program 2023/2024

The Operating Projects budget encompasses programs and activities that are outside the 'business as usual' services and are considered discretionary in nature, i.e., the Council is under no obligation to provide the services, activities or programs or if required to undertake the activity, are irregular in nature (For example, Local Government Elections). Operating Projects may be one off activities or programs, an expansion of an existing service or program or proposals to introduce a new service

or program. Operating projects are funded via new borrowings. The cost of the draft Operating Project program as summarised in **Table 3** below is estimated to be \$1.132m.

Table 3: Proposed Operating Projects Program for 2023/2024 (\$'000)

Operating Project Name (Including brief project description)	Rationale	Cost
ENVIAIBLE LIFESTYLE		
1. Street/Verge Tree Planting <i>Continue to deliver street trees to local streets</i>	C	30
2. Two Wells Library - Salt damp treatment <i>Repair salt damp damage to the heritage listed building to reduce further damage. (Potential to reduce costs through a grant application).</i>	C	50
3. New Cemetery Management System <i>Introduction of new software to manage cemetery leases, burials, cremations records/certificates and management of plots.</i>	D	54
EMERGING ECONOMY		
4. Two Wells Land Development <i>Continue to engage consultants to develop two (2) land parcels in Two Wells purchased by the Council from State Government</i>	B	35
5. Additional Labour Resources <i>To address growth and current gaps to mitigate risk and improve business efficiency, productivity and service levels</i>	B	241
6. Parham Foreshore Master Plan <i>Develop the foreshore at Parham between First Street and South Terrace</i>	A	15
7. Undergrounding of Power - Two Wells Main Street (Stage 2) **	A/B/C	600
REMARKABLE LANDSCAPES		
8. GRFMA Business Case <i>Provision of financial contributions toward completion of the Department for Environment and Water, (Gawler River) Business Case.</i>	A	52
9. Two Wells Cemetery – landscaping <i>Replacement of the deteriorate Two Wells cemetery landscaping</i>	D	20
PROACTIVE LEADERSHIP		
10. Community and Civic Hub Investigation - Phase 2 <i>Develop a strategy/plan (including governance, risk management, procurement etc) based on information and feedback gathered from the community with regard to the next phase and direction of the Community and Civic Hub Investigation</i>	A/B	25
11. Donaldson Road - Design to include Water Sensitive Urban Design and open space elements <i>Investigations/design to address stormwater management issues identified within the Two Wells Stormwater Management Plan.</i>	C	10
Total Estimated Costs		1,132

Rationale

- A. Previous Council resolutions/Elected Members' feedback;
- B. Investment for growth/Economic Development;
- C. Infrastructure and Assets Management Plans; and
- D. Staff initiatives to reduce cost and improve productivity/service standard

****** It is proposed that \$0.345m that has been allocated to the Council under the round 4 of the Local Roads and Community Infrastructure Program be allocated to fund Undergrounding of Power in Two Wells.

Proposed Capital Project Program for 2023/2024

The Capital Works budget encompasses projects which renew, upgrade or create new infrastructure assets. Examples of projects are the Civil Infrastructure Whole-of-Life Program (renew), streetscape (New).

Renewal Capital Projects are funded through Rate Revenue, via the depreciation charge, with new or upgrade works being funded through borrowings.

Draft 2023/2024 capital programme is summarised below. The estimated cost of the capital works program is \$4.627m of which \$3.693m (80%) would be spent on assets renewals in line with Council's assets management plans. The remaining expenditure of \$0.934m (20%) is proposed to be spent on new/upgraded assets.

Table 4: Proposed Capital Works Program (\$'000)

Capital Project Category	Estimated Costs
Plant, Fleet & Equipment	1,181
Street Scape	155
Site Improvements	495
Sealed Roads	901
Unsealed Roads	1,260
Car Parks & Traffic Control	195
Pram Ramps	10
Building	70
Kerbing	285
Stormwater	60
CWMS	15
Total Capital Expenditure	4,627

Capital Project Category	Estimated Costs
New/Upgrade	934
Renewal	3,693
Total Capital Expenditure	4,627

Required renewal expenditure as per I& adopted on 25 October 2021 is as follows.

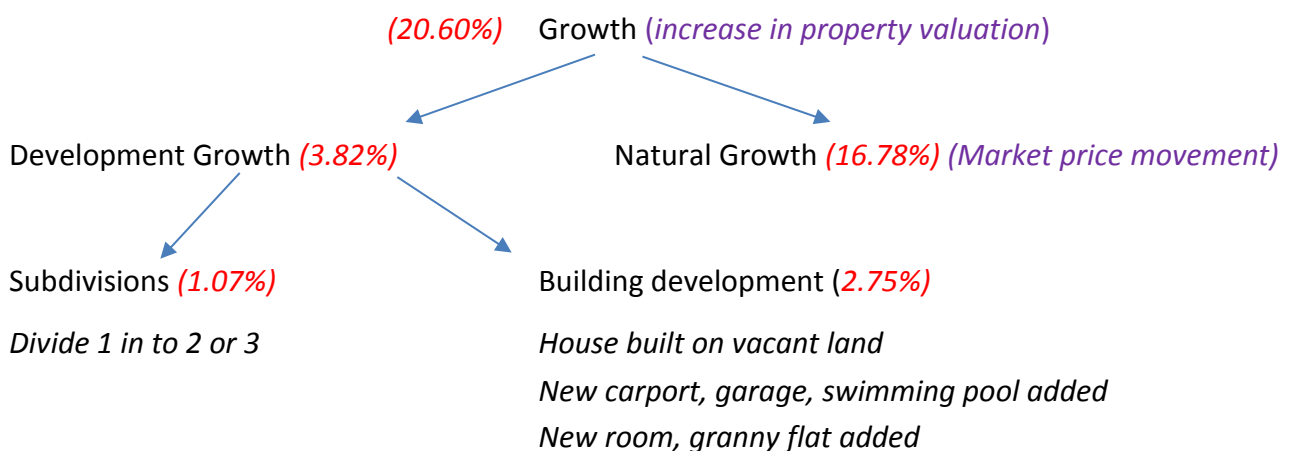
Capital Project Category	Estimated Costs
New/Upgrade	5,040
Renewal	3,091
Total Renewal Assets Renewal Funding Ratio	8,131

Total Proposed Budget for 2023/2024

Table 5 below shows the total budget proposed for next financial year including Recurrent, Operating and Capital projects. Total budget of the Council is \$22.985m of which \$17.705m will be funded from various revenue sources leave a total budget deficit of \$5.281m.

Table 5 – Proposed Total Budget (\$'000)

Description	Recurrent Budget	Operating Project	Capital Projects	Total Budget
Rates	13,938	-	-	13,938
Statutory charges	520	-	-	520
User charges	229	-	-	229
Grants, subsidies and contributions	2,240	345	-	2,585
Investment Income	3	-	-	3
Reimbursements	139	-	-	139
Other Income	48	-	243	291
TOTAL INCOME	17,116	345	243	17,705
Employee Costs	7,075	241	788	8,104
Materials, contracts and other services	5,815	891	3,839	10,545
Depreciation	3,517	-	-	3,517
Interest Expenses	820	-	-	820
TOTAL EXPENSES	17,226	1,132	4,627	22,985
Budget Deficit	(110)	(786)	(4,384)	(5,281)
Operating Deficit		(898)		
No of FTEs	62.86	3.00	8.10	73.96

Growth as defined by Valuer-GeneralRates Modelling – Property Valuation

An extract from the last property valuation data available from Valuer-General (VG) is given below in **Table 6** in comparison to similar information for prior years. Total development growth for the current year is 3.82%.

Table 6: Valuation data from the VG

Description	2023	2022	2021	2020
Increase in number of properties through sub-division	125	146	257	173
Sub-Division Growth (valuation increase) - \$'Mn	26	29	39	24
Building Development Growth (valuation increase) - \$'Mn	67	76	27	54
Total Development Growth - \$'Mn	93	105	66	78
Total Development Growth - %	3.82	4.73	3.20	2.04
Increase in Rates income due to Sub-Division Growth - \$'Mn	0.170	0.179	0.256	0.197
Increase in Rates income due to Sub-Division Growth - %	1.55	1.77	2.67	2.15
Natural Growth (valuation inc. due to reasons other than dev.) - %	16.78	5.04	4.46	1.86

Council is proposing to change the relativity between land use categories

For the current financial Year, the Council has determined that the following differential rates will be applied to all of its rateable assessments: -

- a) Residential/Vacant Land/Other 1.00
- b) Commercial/Industry 1.30
- c) Primary Production 0.91

However, due to significant fluctuations in the properties values among different land use categories, following differential rates are proposed to be applied to all of its rateable assessments in 2023/2024 Financial Year. They are: -

- a) Residential/Other 1.00
- b) Vacant Land 1.20
- c) Commercial/Industry 1.45
- d) Primary Production 0.98

Above proposed changes to the differential rates will ensue: -

- a) the impact of significant valuation fluctuations on rates is smoothed out. *(This will not generate additional rates income but will only change the % of rates being contributed by particular land use category);*
- b) address ESCOSA comment in relation to Adelaide Plains Council having high residential rates;
- c) discourage land holding/banking in relation to vacant land parcels;
- d) reduce the time between dev. approval for land sub-divisions and issuing of land title;
- e) encourage economic and residential activity through the development of vacant land; and
- f) achieve a maximum number of ratepayers with a rate increase of less than 7%

What 7% increase in average rates means on individual property)?

General Council rates of a property are determined by three (3) factors:

- valuation of a property as determined by the Valuer of General of South Australia;

- rates in the dollar specific to land use code (LUC) of the property which is determined by the Council; and
- annual fixed charge

Accordingly, Annual rates charge on a property is calculated as follows.

$$\text{Rates Charge} = (\text{Property Value} \times \text{Applicable Rate in the \$}) + \text{Fixed Charge}$$

Therefore, the impact of 7% increase in average rate on an individual property based on various property values under each differential rate is shown in the below **Table 7**. Accordingly: -

- as the property value increases, rates payable also increases;
- as rate in the \$ has reduced by 11.6
- 0% and fixed charge has increased by 50%, the percentage change in rates is determined by the changes in the property values;
- if the property value has decreased, rates will also reduce by more than the reduction in property values.

Table 7: Examples of 7% increase in average rates

Year	A		B		C		(A x B) + C		Change of
	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24	
Land Use	Property Value (\$'000)		Rate in the \$		Fixed Charge		Rates Levy (\$)		Rates in 23/24 (%)
Residential	190	200	0.00441	0.00390	123	185	961	963	0.21
	350	300	0.00441	0.00390	123	185	1,666	1,352	-18.88
	400	485	0.00441	0.00390	123	185	1,887	2,071	9.78
Commercial/ Industry	400	420	0.00573	0.00565	123	185	2,416	2,553	5.70
	800	700	0.00573	0.00565	123	185	4,708	4,132	-12.23
	1,000	1,200	0.00573	0.00565	123	185	5,855	6,952	18.74
Primary	100	121	0.00401	0.00382	123	185	524	646	23.35
Production	1,200	1,027	0.00401	0.00382	123	185	4,933	4,099	-16.91
	1,750	2,191	0.00401	0.00382	123	185	7,138	8,536	19.58
Vacant Land	100	105	0.00441	0.00468	123	185	564	675	19.70
	300	260	0.00441	0.00468	123	185	1,446	1,398	-3.28
	400	600	0.00441	0.00468	123	185	1,887	2,985	58.22
Total	6,990	7,609					33,985	36,363	
Average Rate (Total Rates Income divided by number of properties)							2,832	3,030	7.00

The following table shows the rate payable by a property based on average property value as advised by the VG.

Property Use	Average Property Value (\$)	Rate in the (\$)	Fixed Charge (\$)	Rates for 23/24 (\$)
Residential	461,103	0.00389791	185	1,982
Commercial	235,940	0.00565197	185	1,519
Commercial - Other	431,023	0.00565197	185	2,621
Industry - Light	235,884	0.00565197	185	1,518
Industry - Other	1,099,306	0.00565197	185	6,398
Primary Production	714,452	0.00381995	185	2,914
Vacant Land	174,661	0.00467749	185	1,002
Other	496,031	0.00389791	185	2,118
Eden Vacant Land	163,308	0.00467749	185	949
Eden Residential	560,439	0.00389791	185	2,370
Liberty Vacant Land	151,730	0.00467749	185	895
Liberty Residential	496,743	0.00389791	185	2,121

Kerbside Waste Collection Services

For 2023/2024 Financial Year, it is estimated that the total cost of the kerbside waste collection program is expected to be increased by 17.69% to \$0.831m (inclusive of new services). In addition, due to high inflation, a deficit of \$0.040m is expected in the current financial year. Therefore, to cover this year shortfall and next year expected costs, the annual waste collection service charge is expected to increase from \$172 to \$206, an increase of 20%.

CWMS Charges

CWMS charges for both Mallala and Middle Beach is proposed to increase by 7% to \$740 and \$488 respectively in order to cover the costs associated with operation of the scheme including maintenance. However, the income generated for Mallala CWMS is not sufficient to cover cost of capital as required under ESCOSA Pricing Requirement.

Table 8: Budgeted CWMS Income and Expenses for 2023/2024 (\$')

Description		Mallala	Middle Beach
Depreciation		144,200	7,519
Other operating costs		100,316	27,382
Total Operating Costs (Excluding Costs of Capital)	- A	244,516	34,901
Cost of Capital (CoC)			
Cost of capital - 3% real interest		54,150	8,421
Cost of capital - 0.70% for risk premium		87,664	1,965
Total Cost of Capital	- B	141,814	10,386
Total Operating Costs (Including Costs of Capital)	- C	386,330	45,287

No. of units serviced	- D	345	52
Cost per connection based on ESCOSA Pricing Requirement (<i>C divided by D</i>)		1,120	871
Cost per connection based on ESCOSA Pricing Requirement (Ex. CoC)		709	671
	(<i>A divided by D</i>)		
Proposed CWMS Charge for 2023/2024		740	488

Financing the budget

At the end of the 2022/2023 Financial Year, Council has one (1) outstanding fixed rate long-term borrowings with a value of \$1.767m in relation to Council's investment in Mallala CWMS.

Council has already made several resolutions to borrow funds to deliver annual budgets and some of the capital programs being delivered in partnership with State/Federal Governments. However, in compliance with Council's Treasury Management Policy, so far Council has been able to meet those expenses with short-term borrowings which attract lower interest charge compared to fixed rate long-term borrowings. As of 30 June 2023, Council had short-term borrowings of at the end of this financial year would be \$7.948m.

An operating deficit means, Council is spending more than what it generates as income in delivering services to the community. In addition, Council has loan and interest obligations as well as the need to fund new assets. Therefore, if the Council decides to continue the same level of service and draft project program as included in this report with an average rate increase of 7%, it has to borrow \$1.709m to deliver operating and capital projects identified above and meet its loan repayment obligations as summarised in the **Table 9** below. Out of the new borrowings;

- \$0.176m will be allocated for assets renewal program;
- \$0.934m will be spent on new assets across the Council district; and
- \$0.599m will be used to deliver operating project program proposed.

While the maximum amount to be borrowed is \$1.709m, the timing of the actual borrowings would depend on the progress of the capital works program.

Table 9: Estimated Funding Shortfall for 2023/2024 (\$'000)

Description	Amount
Cash shortfall due to Operating Deficit	(896)
Cash injection from sale of surplus/replaced assets	243
Share of operating loss from GRFMA (non-cash transactions)	79
To fund capital Program - Money available through depreciation	3,517
- Proposed assets renewal expenditure	(3,693)
- Proposed new capital expenditure	(934)
Grants specifically for new or upgraded assets	-
Loan Repayment	(24)
Total estimated funding shortfall for 2023/2024	(1,709)

➤ **Revised Long Term Financial Plan 2023/2024 to 2032/2033**

Background

Section 122(1a) of the *Local Government Act 1999* requires councils to develop and adopt:

- a Long-Term Financial Plan (LTFP) for a period of at least 10 years; and
- an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years (and these plans will also be taken to form part of the council's strategic management plans).

Section 122 (4) the Act requires that the:

- LTFP be reviewed on an annual basis.
- Council must undertake a comprehensive review of its LTFP within two (2) years after each general election of the council.

The purpose of a Council's LTFP is to express, in financial terms, the activities that it proposes to undertake over the medium to longer term to achieve its stated objectives. It is similar to, but usually less detailed than, the annual budget.

Just like the budget, it is a guide for future action although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals. The aggregation of future strategic plans and business initiatives and their intended outlays and anticipated revenues, enables the accumulating overall financial and economic implications to be readily identified and, if warranted, proposed future activities to be revised. The LTFP should specify and take account of:

- Expected expenses and capital outlays for each year of the plan;
- Expected revenues for each year and their source;
- Any variations in net debt required as a result of expected cash flow needs;
- Performance measures to enable assessment of the Council's financial sustainability over the period of the plan.

Long Term Financial Objective of the Adelaide Plains Council

The Long Term Financial Objective of Adelaide Plains Council is to be *"a Council which delivers on its strategic Objectives by managing its financial resources in a sustainable and equitable manner by incremental growth and service cost containment to reduce the operating deficit over time; as opposed to burdening the ratepayers of the Council with short term excessive increases to their annual council rate bill"*.

Financial sustainability means having a financial position capable of meeting long-term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services. The Long-Term Financial Plan has been developed based on following budget principles. They are:-

Principle 1: Breakeven budget

Cost of annual Council's services and programs, including depreciation of assets, are fully funded by the current ratepayers being the consumers of those Council services, programs and assets.

Principle 2: Rate Stability

Annual rate collections are fair and equitable for the ratepayers with the aim to keep rate revenue increases stable over the medium term.

Principle 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's Infrastructure Asset Management Plans.

Principle 4: Prudent Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

The LTFP provides the financial projections and budget framework to guide the development of the detailed annual budget and provide a level of assurance to Elected Members and the community on the sustainability of Council operations.

A 10-year Long Term Financial Plan summarises the financial impacts of Council's strategic directions and provides an indication of the sustainability of these plans. By evaluating our financial strategies over a planning horizon of 10 years:-

- a) Council can determine how decisions it makes now and for the Draft Budget will impact on the future; and

- b) ensure that the impact of rates is spread equitably across generations of ratepayers,

so that planned service standards over the long term and infrastructure levels can be met without unplanned and disruptive increases in rates or cuts to services.

The LTFP is prospective information. Actual results are likely to vary from the information presented. Consequently, the information presented is prepared on the basis of best estimate assumptions as to future events which Council expects are likely to take place. These estimates arise from information known in April 2023.

The Long-Term Financial Plan has been developed as part of Council's ongoing financial planning to assist Council to plan within a longer-term strategic framework. Key inputs and influences on the Long-Term Financial Plan include:

- An assessment of Council's current financial position for achieving longer term financial sustainability;
- Alignment with the Strategic Plan;
- Consideration of Council's appropriate role and responsibilities;
- Alignment with Council Programs;
- Alignment with Corporate Programs and internal support strategies;
- Alignment with agreed service provision and delivery standards;
- Alignment with Infrastructure and Asset Management Plans.

Public consultation of the revised LTFP

Public consultation of the revised LTFP 2024-2033 and long-term financial indicators for the 10-year period was undertaken together with the draft ABP and draft Budget from 10 May to 30 May.

Following the public consultation, revised LTFP has been updated to reflect post-consultation changes identified in the **Table 1** of this report. Please refer to **Attachment 2** for the updated revised LTFP.

Updated Long Term Financial Statements 2024-2033 and long-term financial indicators post-consultation are given below.

ADELAIDE PLAINS COUNCIL
LONG TERM STATEMENT OF COMPREHENSIVE INCOME

\$'000

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
	Adopted	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
INCOME											
Rates	12,145	13,938	14,890	15,904	16,989	18,149	19,392	20,721	22,144	23,677	25,309
Statutory charges	589	520	535	550	566	582	599	616	634	652	671
User charges	193	229	237	244	251	259	267	275	284	293	302
Grants, subsidies and contributions	1,955	2,240	2,307	2,376	2,447	2,521	2,596	2,674	2,754	2,837	2,922
Investment Income	3	3	3	3	3	3	3	3	3	3	3
Reimbursements	123	139	139	139	139	139	139	139	139	139	139
Other Income	48	48	48	48	48	48	48	49	49	49	49
TOTAL INCOME	15,056	17,116	18,157	19,263	20,443	21,701	23,043	24,477	26,006	27,649	29,394
EXPENSES											
Employee Costs	6,465	7,075	7,358	7,652	7,958	8,276	8,607	8,952	9,310	9,682	10,069
Materials, contracts and other services	5,192	5,736	5,887	6,101	6,329	6,571	6,929	7,304	7,597	7,918	8,319
Depreciation	3,144	3,517	3,692	3,877	4,071	4,274	4,488	4,712	4,948	5,195	5,455
Finance Costs	272	820	876	907	889	724	655	566	463	68	179
Share of loss - joint ventures & associates	79	79	63	63	63	63	63	63	63	63	63
TOTAL EXPENSES	15,151	17,226	17,877	18,600	19,310	19,908	20,743	21,597	22,381	22,927	24,086
RECURRENT SURPLUS / (DEFICIT)	(95)	(110)	281	663	1,133	1,792	2,301	2,879	3,626	4,722	5,309
Net Operating Project Expenses	(934)	(786)	(1,038)	(1,034)	(1,416)	(1,713)	(2,118)	(2,446)	(2,841)	(2,859)	(2,941)
OPERATING SURPLUS / (DEFICIT)	(1,029)	(896)	(757)	(371)	(283)	79	183	433	784	1,863	2,368
Asset Disposal & Fair Value Adjustments	231	243	100	100	100	100	100	100	100	100	100
Amounts received for new/upgraded assets	1,195	-	-	-	-	-	-	-	-	-	-
Physical resources received free of charge	5,300	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
NET SURPLUS (DEFICIT)	5,697	4,347	4,343	4,729	4,817	5,179	5,283	5,533	5,884	6,963	7,468
OTHER COMPREHENSIVE INCOME											
Changes in assets revaluation surplus	1,500	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Share of Operating loss at GRFMA	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
TOTAL COMPREHENSIVE INCOME	7,142	6,792	6,288	6,674	6,762	7,124	7,228	7,478	7,829	8,908	9,413

ADELAIDE PLAINS COUNCIL
LONG TERM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

\$'000

	22/23 Adopted	23/24 Year 1	24/25 Year 2	25/26 Year 3	26/27 Year 4	27/28 Year 5	28/29 Year 6	29/30 Year 7	30/31 Year 8	31/32 Year 9	32/33 Year 10
ASSETS											
Current Assets											
Cash and cash equivalents	415	415	416	416	415	416	416	415	414	414	2,383
Trade & other receivables	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031
Inventories	154	154	154	154	154	154	154	154	154	154	154
Total Current Assets	1,600	1,600	1,601	1,601	1,600	1,601	1,601	1,600	1,599	1,599	3,568
Non-Current Assets											
Financial Assets (Investment in GRFMA)	5,795	5,661	5,543	5,425	5,307	5,189	5,071	4,953	4,835	4,717	4,599
Infrastructure, Property, Plant and Equipment	145,664	158,371	166,793	175,044	180,480	186,391	192,088	197,560	202,797	207,787	212,517
Other Non-current Assets	15	15	15	15	15	15	15	15	15	15	15
Total Non -Current Assets	151,474	164,047	172,352	180,485	185,802	191,595	197,174	202,529	207,648	212,519	217,131
Total Assets	153,074	165,647	173,953	182,085	187,403	193,196	198,775	204,128	209,246	214,118	220,699
LIABILITIES											
Current Liabilities											
Trade & Other Payables	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353
Borrowings	7,744	14,345	16,389	17,875	16,460	15,158	13,540	11,452	8,774	4,773	1,979
Provisions	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,007	1,005
Total Current Liabilities	10,106	16,707	18,751	20,237	18,822	17,520	15,902	13,814	11,136	7,133	4,337
Non-current Liabilities											
Borrowings	1,743	1,718	1,691	1,664	1,635	1,604	1,573	1,540	1,505	1,469	1,431
Provisions	220	220	220	220	220	220	220	218	220	220	220
Total Non-current Liabilities	1,963	1,938	1,911	1,884	1,855	1,824	1,793	1,758	1,725	1,689	1,651
Total Liabilities	12,069	18,645	20,662	22,121	20,676	19,344	17,695	15,572	12,861	8,822	5,988
NET ASSETS	141,005	147,002	153,292	159,965	166,727	173,852	181,080	188,557	196,386	205,297	214,708
EQUITY											
Accumulated Surplus	55,035	58,588	62,931	67,660	72,477	77,656	82,939	88,472	94,356	101,320	108,787
Asset Revaluation Reserve	83,910	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410	104,410
Other Reserves	2,061	2,004	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566	1,511
TOTAL EQUITY	141,005	147,002	153,292	159,965	166,727	173,852	181,080	188,557	196,386	205,297	214,708

ADELAIDE PLAINS COUNCIL
LONG TERM STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE

\$'000

	22/23 Adopted	23/24 Year 1	24/25 Year 2	25/26 Year 3	26/27 Year 4	27/28 Year 5	28/29 Year 6	29/30 Year 7	30/31 Year 8	31/32 Year 9	32/33 Year 10
ACCUMULATED SURPLUS											
Balance at end of previous reporting period	49,337	54,241	58,588	62,931	67,660	72,477	77,656	82,939	88,472	94,356	101,320
Net Result for Year	5,697	4,347	4,343	4,729	4,817	5,179	5,283	5,533	5,884	6,963	7,468
Balance at end of period	55,035	58,588	62,931	67,660	72,477	77,656	82,939	88,472	94,356	101,320	108,787
ASSET REVALUATION RESERVE											
Balance at end of previous reporting period	82,410	83,910	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410
Gain on revaluation of infrastructure, property	1,500	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Balance at end of period	83,910	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410	104,410
OTHER RESERVES											
Balance at end of previous reporting period	2,116	2,061	2,006	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566
Share of other comprehensive income - GRFMA	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
Balance at end of period	2,061	2,006	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566	1,511
TOTAL EQUITY AT END OF REPORTING PERIOD	141,005	147,003	153,292	159,965	166,727	173,852	181,080	188,557	196,386	205,297	214,708

ADELAIDE PLAINS COUNCIL
LONG TERM STATEMENT OF CASH FLOWS FOR THE YEAR

\$'000

	22/23 Adopted	23/24 Year 1	24/25 Year 2	25/26 Year 3	26/27 Year 4	27/28 Year 5	28/29 Year 6	29/30 Year 7	30/31 Year 8	31/32 Year 9	32/33 Year 10
CASH FLOWS FROM OPERATING ACTIVITIES											
<i>Receipts</i>											
Rates - general & other	12,145	13,938	14,890	15,904	16,989	18,149	19,392	20,721	22,144	23,677	25,309
Fees & other charges	589	520	535	550	566	582	599	616	634	652	671
User charges	193	229	237	244	251	259	267	275	284	293	302
Investment receipts	3	3	3	3	3	3	3	3	3	3	3
Grants utilised for operating purposes	1,955	2,240	2,307	2,376	2,447	2,521	2,596	2,674	2,754	2,837	2,922
Reimbursements	123	139	139	139	139	139	139	139	139	139	139
Other revenues	48	48	48	48	48	48	48	49	49	49	49
<i>Payments</i>											
Employee costs	(6,548)	(7,075)	(7,358)	(7,652)	(7,958)	(8,276)	(8,607)	(8,952)	(9,310)	(9,682)	(10,069)
Materials, contracts & other expenses	(5,933)	(6,522)	(6,925)	(7,135)	(7,745)	(8,284)	(9,047)	(9,750)	(10,439)	(10,777)	(11,260)
Finance payments	(272)	(820)	(876)	(907)	(889)	(724)	(655)	(566)	(463)	(68)	(179)
Net Cash provided by (or used in) Operating Activities	2,303	2,699	2,999	3,569	3,851	4,417	4,734	5,208	5,795	7,122	7,886
CASH FLOWS FROM INVESTING ACTIVITIES											
<i>Receipts</i>											
Grants specifically for new or upgraded assets	1,195	-	-	-	-	-	-	-	-	-	-
Sale of surplus assets	-	-	-	-	-	-	-	-	-	-	-
Sale of replaced assets	231	243	100	100	100	100	100	100	100	100	100
<i>Payments</i>											
Expenditure on renewal/replacement of assets	(4,593)	(3,693)	(3,835)	(3,162)	(2,186)	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)
Expenditure on new/upgraded assets	(10,618)	(934)	(1,280)	(1,966)	(320)	(220)	(220)	(220)	(220)	(220)	(220)
Net Cash provided by (or used in) Investing Activities	(13,785)	(4,384)	(5,015)	(5,028)	(2,406)	(3,085)	(3,085)	(3,085)	(3,085)	(3,085)	(3,085)
CASH FLOWS FROM FINANCING ACTIVITIES											
<i>Receipts</i>											
Proceeds from New Borrowings	11,615	1,709	2,042	1,486	-	-	-	-	-	-	-
<i>Payments</i>											
Repayments of Borrowings	(23)	(24)	(25)	(27)	(1,444)	(1,331)	(1,649)	(2,123)	(2,711)	(4,036)	(2,832)
Net Cash provided by (or used in) Financing Activities	11,592	1,685	2,017	1,459	(1,444)	(1,331)	(1,649)	(2,123)	(2,711)	(4,036)	(2,832)
Net Increase (Decrease) in cash held	110	(1)	0	0	(0)	0	(0)	0	(1)	0	1,969
Cash & cash equivalents at beginning of period	306	416	415	416	416	415	416	416	415	414	414
Cash & cash equivalents at end of period	416	415	416	416	415	416	416	415	414	414	2,383

ADELAIDE PLAINS COUNCIL
LONG TERM UNIFORM PRESENTATION OF FINANCES FOR THE YEAR

\$'000

	22/23 Adopted	23/24 Year 1	24/25 Year 2	25/26 Year 3	26/27 Year 4	27/28 Year 5	28/29 Year 6	29/30 Year 7	30/31 Year 8	31/32 Year 9	32/33 Year 10
Operating Revenues	15,056	17,462	18,157	19,263	20,443	21,701	23,043	24,477	26,006	27,649	29,394
less Operating Expenses	(16,085)	(18,358)	(18,914)	(19,634)	(20,726)	(21,622)	(22,861)	(24,043)	(25,222)	(25,786)	(27,027)
Operating Surplus / (Deficit) before Capital Amounts	(1,029)	(897)	(757)	(371)	(283)	79	183	433	784	1,863	2,368
less Net Outlays on Existing Assets											
Capital Expenditure on renewal and replacement of Existing Assets	4,593	3,693	3,835	3,162	2,186	2,965	2,965	2,965	2,965	2,965	2,965
less Depreciation, Amortisation and Impairment	(3,144)	(3,517)	(3,692)	(3,877)	(4,071)	(4,274)	(4,488)	(4,712)	(4,948)	(5,195)	(5,455)
less Proceeds from Sale of Replaced Assets	(231)	(243)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
less Net Outlays on New and Upgraded Assets	1,218	(67)	43	(815)	(1,984)	(1,409)	(1,623)	(1,847)	(2,083)	(2,330)	(2,590)
Capital Expenditure on New and Upgraded Assets	10,618	934	1,280	1,966	320	220	220	220	220	220	220
less Amounts received specifically for New and Upgraded Assets	(1,195)	-	-	-	-	-	-	-	-	-	-
	9,423	934	1,280	1,966	320	220	220	220	220	220	220
Net Lending / (Borrowing) for Financial Year	(11,670)	(1,764)	(2,079)	(1,522)	1,381	1,269	1,586	2,060	2,647	3,974	4,738

	22/23 Adopted	23/24 Year 1	24/25 Year 2	25/26 Year 3	26/27 Year 4	27/28 Year 5	28/29 Year 6	29/30 Year 7	30/31 Year 8	31/32 Year 9	32/33 Year 10
Financial Ratios											
Operating Surplus Ratio											
<u>Operating Surplus</u>	(6.83)	(5.23)	(4.17)	(1.93)	(1.38)	0.37	0.79	1.77	3.02	6.74	8.05
Total Operating Revenue											
This ratio expresses the operating surplus as a percentage of total operating revenue. Target : 0% average over long term											
Net Financial Liabilities Ratio											
<u>Net Financial Liabilities</u>	71	100	106	107	94	82	71	58	44	27	9
Total Operating Revenue											
Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue. Target : Greater than 0% but no more than 100% on average over long term											
Asset Renewal Funding Ratio											
<u>Net Asset Renewals</u>											
Infrastructure & Asset Management Plan rec	120	112	110	124	78	115	115	92	78	106	93
Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new acquisition of additional assets. Target : Greater than 90% but less than 110% on average over long term											

Long-term borrowings

In addition to the new borrowings of \$1.709m in 2023/2024 (Year 1), further \$2.042m and \$1.486m is forecast to borrow in Year 2 and Year 3 respectively. No further borrowings are required after 2026/2027 based on current assumptions and draft projects budget. Council will start repaying its loan in 2026/2027 (Year 4).

Can the Council borrow more money?

Due to current and proposed borrowings in the revised LTFP, Council's Net Financial Liability (NFL) Ratio is expected to exceed 100% in the short to medium terms. However, the Local Government Financing Authority (LGFA) has indicated that while its Credit Policy has some guidelines around specific financial metrics, the 'borrowing capacity' discussion really is related to a variety of other factors such as: -

- a) the ongoing financial viability of capacity to borrow and debt payback;
- b) the stage that the council is in its lifecycle.

Therefore, for Adelaide Plains with the rapid population growth, a period of higher than 100% NFL may be acceptable, as long as Council's long term financial planning justify that it can also handle the extra debt. Therefore, LGFA has indicated that Council's future budget decisions should be based on the revised LTFP projections and any significant variations from revised LTFP may impact Council's future borrowing capacity.

Conclusion

The Draft 2023/2024 Annual Business Plan, Budget and revised 2024-2033 LTFP as presented in this report is based on the expected growth and Council continuing to deliver its existing services, program and activities.

To ensure that a responsible budget is set, the Council has adopted at its February 2023 meeting a series of Budget Parameters, to guide Council Staff in preparing their respective budget estimates. As detailed in this report, the Draft Budget has been delivered with reference to these guidelines and where the parameters have not been achieved, the reasons have been provided.

2023/2024 will be particularly challenging year given the impacts that world events are having on the cost of delivering services with the Consumer Price Index (CPI) currently at 7.9% for South Australia. Given the costs of delivering services in Local Government often exceed CPI, the focus of the draft budget has been to review expenditure to enable the impact on rates, which are Council's primary source of revenue, to be held below CPI in 2023/2024 while investing in the future.

Financial sustainability underpins the Council's Financial Goals and Outcomes, which are set out in the Long-Term Financial Plan. In general terms, financial sustainability is ensuring that the Council has the financial resources to meet the long-term service and infrastructure needs of the community, without any unexpected sharp increases in rate revenue or cuts in service provision and standards.

Decisions regarding the Draft Budget and LTFP need to take into account the impact on the Council's ability to continue to meet its operational and financial outcomes and achieve objectives identified in Council's strategic documents.

References

Legislation

Regulation 9 of the Local Government (Financial Management) Regulations 2011

Section 123 (13) of the Local Government Act 1999

Council and Other Policies/Plans

ESCOSA Local Government Advice (February 2023)

Budget Management Policy

Council Vehicle Policy

Rating Policy

Funding Policy

Treasury Management Policy

Strategic Plan 2021-2024 (Adopted on 27 January 2021)

Infrastructure and Asset Management Plan (Adopted on 25 October 2021)

Long Term Financial Plan 2023-2032 (Adopted on 28 February 2022)



2023/24

ANNUAL BUSINESS PLAN AND BUDGET



ADELAIDE PLAINS COUNCIL

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Adopted by the Council 10 July 2023

ACKNOWLEDGEMENT OF COUNTRY

Adelaide Plains Council acknowledges that we are located on the traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kaurna people living today.



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1

PREAMBLE

Under section 123 of the *Local Government Act 1999* (the *Local Government Act*), a council must have a budget for each financial year. This budget must be considered in conjunction with the council's annual business plan (and be consistent with that plan) and must be adopted before 15 August for the financial year.

Adelaide Plains Council therefore prepares, as part of its budget development process, an Annual Business Plan. Section 123(2) of the *Local Government Act* provides that each annual business plan of a council must:

- A** include a summary of the council's long-term objectives (as set out in its strategic management plans);
- B** include an outline of:
 - I** the council's objectives for the financial year;
 - II** the activities that the council intends to undertake to achieve those objectives; and
 - III** the measures (financial and non-financial) that the council intends to use to assess the performance of the council against its objectives over the financial year;
- C** assess the financial requirements of the council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue;
- D** set out the rates structure and policies for the financial year;
- E** assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the council;
- F** take into account the council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the council; and
- G** address or include any other matter prescribed by the regulations.

Before a council adopts its annual business plan it must prepare an annual business plan and undertake a public consultation process that, as a minimum, meets the requirements of section 123(4) of the *Local Government Act*.



PUBLIC CONSULTATION SUMMARY

The consultation period for the Draft 2023/2024 Annual Business Plan and Budget, and Revised Long Term Financial Plan 2024-2033 was 10 May 2023 to 30 May 2023.

Public notices were published in accordance with Adelaide Plains Council's Public Consultation Policy in the Plains Producer and The Bunyip newspapers on the date of consultation opening.

In addition, a webpage was published with information including:

- An explanation of the financial documents
- Key facts of both proposed plans
- How to provide feedback
- Next steps
- A link to view both documents

Posters were displayed on external Council noticeboards (Mallala and Two Wells) and the customer service offices of the Mallala Principal Office and Two Wells Service Centre. Additionally, posters were displayed in the Two Wells Library. Printed submission forms were available at each of the above sites.

It is estimated that there were approximately 33,000 impressions (times the content was possibly displayed or viewed) of the open public consultation across the Council region. This includes:

- 4,622 views of "upcoming public consultation" in the Autumn 2023 Communicator newsletter
- 28,000 estimated weekly readers of the Plains Producer and The Bunyip newspapers
- 187 website page views
- 231 impressions on LinkedIn
- 37 users through the My Local Services app

In total, three (3) submissions were received. This is an increase to the one (1) submission received in 2022 for the 2022/2023 Annual Business Plan and Budget.

This document presents Adelaide Plains Council's 2023/2024 Annual Business Plan and Budget as adopted by the Council at a special meeting held on Monday, 10 July 2023 which has been developed in consultation with the Council Members, Infrastructure & Environment Committee, Audit Committee and the Council management, in the context of Council's Strategic Plan 2021-2024.

2

MESSAGE FROM THE MAYOR



Hello again everyone.


This time of the year finds the Adelaide Plains Council preparing the 2023/2024 Annual Business Plan and Budget. What does this mean? For Council to continue to provide existing services, improving and delivering new items across the district we must carefully look at the known costs and take into account the expected costs using the best information available.

Councils are not immune to rising costs like inflation, interest rates, fuel and materials. We feel the pinch like you do. Our goal is to reach a breakeven point that provides the services that the community needs without increasing rates unnecessarily. This is the balance Council must seek to achieve. We live in a user pays world whether we like it or not and like you at home, Council has to make priorities on what is important and what gets trimmed.

Your newly elected Council has been carefully and responsibly putting this Annual Business Plan and Budget together to not only retain existing Council services for the community during tough economic times but to also start work in earnest for the coming challenges.

I am confident that as further residential/commercial/retail and tourism events begin to accelerate, your Council is well placed to be prepared and meet these tasks. Please consider your rates as your contribution to how our communities prosper and grow. Every day in one way or another, we all use Council infrastructure and facilities.

MARK WASLEY
MAYOR



Please consider
your rates as your
contribution to how
our communities
prosper and grow.

3

MESSAGE FROM THE CEO



Of the eight forewords I have penned in my time as Chief Executive Officer of Adelaide Plains Council, the preparation of the 2023/2024 Annual Business Plan (ABP) and Budget has been, by far, the most challenging.

Inflation, CPI, cost of living, access to and rising cost of materials, price of fuel; it all compounds making the preparation of this year's budget all the more difficult.

That said, the elected body and management has diligently taken all influencing factors into account in the preparation of the ABP and Budget.

The program for 2023/2024 will deliver \$3.693m for asset renewals and \$0.934m for new assets with said amounts to be primarily spent on roads, footpaths, stormwater management and open space improvements; all of which is in line with our Infrastructure and Asset Management Plan forecasts.





With Council's growth rate now the second fastest only behind Mt Barker District Council, we must continue to keep an eye on the future needs of the Council and work will continue to evolve in the following spaces:

- Two Wells Main Street undergrounding of power and streetscape upgrade
- Two Wells Town Centre commercial and retail hub
- Civic and Community Centre investigations and community engagement

Being a growth council, staff numbers will of course need to grow to keep up with demand for services.

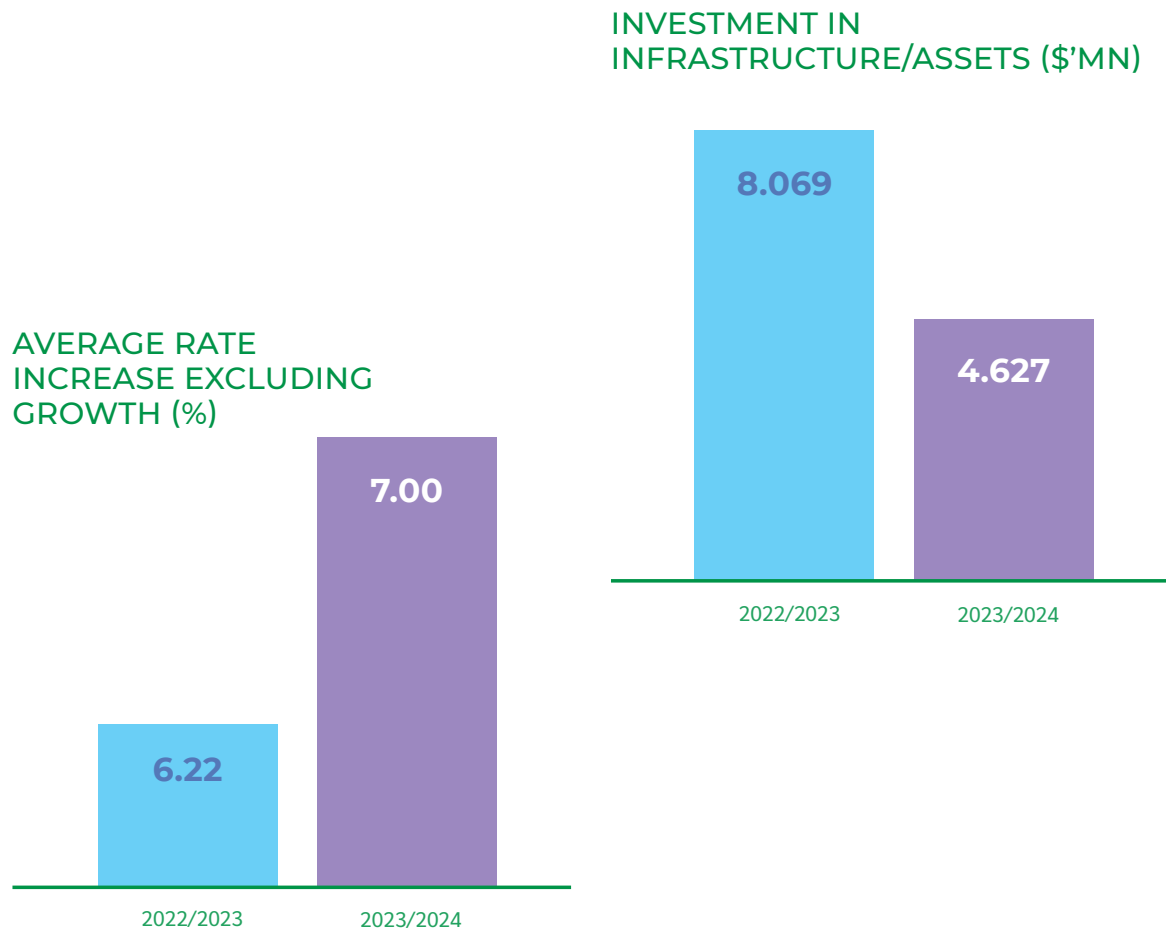
Council has managed to plan for a moderate increase in staff numbers in line with LTFP projections and will account for 40% of operating expenses; a justifiable figure in the context of the lower percentage attributed to 'materials, contractors and other' expenses.

From a rating perspective, Council has elected an average rate increase across all land use categories of 7.00% plus growth of 3.82%.

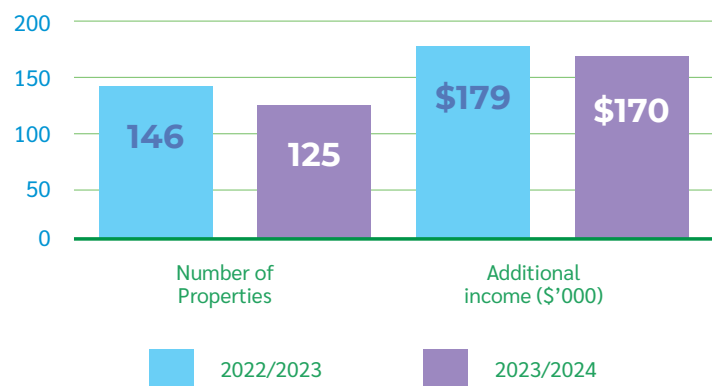
JAMES MILLER
CHIEF EXECUTIVE OFFICER



4**SNAPSHOT OF
2023/2024 BUDGET**



GROWTH FROM DEVELOPMENT



5

STRATEGIC
PLAN 2021-2024

Adelaide Plains Council's strategic management plan, '*Strategic Plan 2021-2024*' provides Council with strategies, potential ideas for implementation, the relevant stakeholders/partners and indicators and measures to identify progress towards its vision for 2024. It also guides the Council's decision making towards achieving the overall aim of community wellbeing.

Council strategies are grouped under four (4) key themes that reflects the sentiment of Adelaide Plains community and identifies key issues and opportunities for Council. They are;

1 ENVIABLE LIFESTYLE

Strategies

- A** Manage growth to sustain and activate our townships;
- B** Provide, support and acquire facilities, assets, services and programs that build community capacity, health and connection; and
- C** Advocate for increased health, education, aged care and youth services, welfare and emergency facilities and services.

3 REMARKABLE LANDSCAPES

Strategies

- A** Protect and enhance our coastal and riverine landscapes, native vegetation and heritage;
- B** Mitigate the impacts of adverse natural events on the community;
- C** Improve resource recovery and carbon and waste management.

2 EMERGING ECONOMY

Strategies

- A** Support the growth of primary industries and the introduction of value-add employment generators;
- B** Facilitate greater access to local opportunities from public and private investment; and
- C** Reinforce Adelaide Plains Council as a place of choice for business, residents and visitors.

4 PROACTIVE LEADERSHIP

Strategies

- A** Actively seek funding and partnerships to deliver Council initiatives;
- B** Actively engage with and inform our communities;
- C** Strategic and sustainable financial management; and
- D** Proactively engage in Local Government Reform and continuous improvement.



Council aims to deliver a budget that not only contributes to its strategic objectives, but is also financially sound and allows the Council to meet its financing commitments from cash derived from operating activities without placing:

- A** a burden on ratepayers through excessive and/or ad-hoc rate revenue increases; or
- B** borrowing money to deliver current Council services that will create **intergeneration inequity**.

Therefore, the focus in developing the 2023/2024 Budget has been on ensuring that the Council can maintain the service standards for its existing services (business as usual) and that those services receive appropriate funding, balanced with ensuring that the community does not face significant/ad-hoc increases in their annual rates contribution in next year or future years.

To achieve above objectives, Council has applied 'zero based budgeting' by reviewing its current actual level of income and expenditures and comparing it with proposed activities for the next financial year to estimate the appropriate level of income and expenditures.

At the Ordinary Council meeting held on 27 January 2021, Council adopted updated strategic plan for the period 2021–2024. In addition, Council adopted updated Infrastructure and Asset Management Plan (I&) on 25 October 2021 and Long-Term Financial Plan 2023-2032 (LTFP) on 28 February 2022.

Accordingly, budget for next year has been prepared based on strategies and objectives of the updated 'Strategic Plan 2021-2024' and services levels in the I& in line with updated LTFP.



6

INFRASTRUCTURE AND ASSET MANAGEMENT PLAN

One of the strategies under 'Proactive Leadership' is '*strategic and sustainable financial management*'. A key service that contributes to proactive leadership is long term asset management and financial planning.

According to sound asset management principles, Council should (on average) spend annually on assets renewal an amount equal to its annual depreciation expenses. Upon updates to Council's I&, it has become evident the gap that previously existed between the annual capital works program and the LTFP, caused by asset renewal deferral and the compounding effect into future capital works programs, has now closed.

The assets renewal strategy/funding allocations outlined in this report attempts to undertake asset renewal close to their expiry date over a ten (10) year period, with consideration given to current internal resources capacity to deliver such program.



7

ASSESSMENT OF THE 2022/2023 STRATEGIC OBJECTIVES

Following table shows Council's strategic objectives for 2022/2023 Financial Year and the assessment of whether the activities Council has undertaken as of 30 June 2023 have achieved those objectives.

Historic
Wells

270m



Adelaide Plains
Council

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TABLE 1: ASSESSMENT OF STRATEGIC OBJECTIVES FOR 2022/2023 FINANCIAL YEAR

PROJECTS TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVES		PROGRESS UPDATE
REMARKABLE LANDSCAPES		
1	Street/Verge Tree Planting	Completed
2	Heritage Survey - Part 2	In progress*
3	Parham - Old Playground Block (Sell or Develop Site)	In progress*
4	Deliver an annual capital construction and renewal program	Completed
5	Delivery of annual plant/fleet replacement program	Completed
6	Sealing of Aerodrome Road	Completed
7	Sealing of Barabba Road	Completed
8	Sealing of Middle Beach	In progress*
ENVIABLE LIFESTYLE		
9	Open Space & Recreation Strategy	In progress*
10	Social & Community Infrastructure Plan	In progress*
11	Roadside Vegetation Management Plan	Completed
12	Two Wells - Liberty and Eden Estates, Recycled Water Use for Parks/Reserves	Discontinued
13	Donaldson Road - Design to include Water Sensitive Urban Design and open space elements	In progress*
14	Mallala Stormwater Flood Plain Management Plan	Discontinued
EMERGING ECONOMY		
15	Parham Campground - Formalise Land	In progress*
16	Two Wells Oval - Master Plan - Design/Costing/Consultation (Stage 1)	In progress*
17	Dublin - Township Growth & Tourism Master Plan	In progress*
18	Thompson Beach Esplanade and Webb Beach Road - Detailed design and cost estimates for sealing	Completed
19	Economic Zones	Discontinued
PROACTIVE LEADERSHIP		
20	Council Election – November 2022	Completed
21	Grant Writer to apply for government grants	Discontinued
22	Labour resources (Outside staff)	Completed
23	Upgrade to Council's Electronic Records Management System	Completed
24	Network Shared Drive Migration Strategy (Shared Folders)	In progress*
25	Microfiche Records Digitisation Project	Completed
26	Redundancy and Backup Servers for Council's Information technology systems	Completed
27	Council Member Computer Hardware Refresh following 2022 LG Elections	Completed

* Carry-over to 2023/2024 Financial Year



8

SIGNIFICANT BUDGET INFLUENCES AND ASSUMPTIONS

The Annual Business Plan is Council's key annual operational and financial planning document. It describes what services and projects Council plans to deliver to the community in the relevant financial year and how to finance those planned services and projects.

The Annual Business Plan has been developed in the context of delivering Council's long term strategic direction as set out in the *Strategic Plan 2021-2024 and I&*, and as required under the Local Government Act.

In this context, in preparing ABP and Budget, Council has considered several significant factors/assumptions. These include:





- The Reserve Bank of Australia (RBA) has an inflationary target of between 2.00% and 3.00% per annum. The RBA has indicated that it will continue to increase cash rates until the inflation is within its target range.
- The 2022-23 Federal Budget released in October 2022 predicts that the CPI for Australia would be 3.50% in 2023/2024 through the year to June 2024.
- Australian unemployment is expected to remain under 5% in 2023 and 2024.
- Deloitte Access Economics is predicting that the state's GDP growth will slow to 3.9% in 2022-23 before dropping to just 1% in 2023-24.
- The CPI for South Australia in 2023/2024 is forecast to be 4%.
- Increase in population due to new residents moving in to the Council district. For example, following new rateable properties were created by the Council in recent years:
 - 2019/2020 Financial Year: 173 + donated assets of \$5.3m
 - 2020/2021 Financial Year: 257 + donated assets of \$5.4m
 - 2021/2022 Financial Year: 146 + donated assets of \$4.7m
 - 2022/2023 Financial Year: 117 for the period July-April 2022. (Growth of 2.55%). Similar period last year, it was 83 properties.

- Increased demand for updated IT infrastructure to ensure cyber security, connectivity, data integrity and facilitate work from home due to pandemic related precautions.
- Increase in community demand for new assets such as sealing of unsealed roads and stormwater drainage. For example, the following roads have been approved for sealing in recent years by the Council.

2019/2020	2020/2021	2021/2022	2022/2023
Shannon Road		Coats Road	Middle Beach Road
	Carslake Road	Wheller Road	Glover Road
		Cheek Road	Buckland Park Road
		Aerodrome Road	
		Barabba Road	

- Adelaide Plains Council population had grown by nearly 5.5% from 2011 to 8,801 in 2016. It is projected to grow by 10,557 persons to a population of 19,358 by 2050 at 1.20% per annum compared to 0.90% for Greater Adelaide.
- The Estimated Resident Population within the district as per Australian Bureau of Statistics is 9,977 as of 30 June 2021;
- Commitments to projects and partnership initiatives continuing over more than one year e.g. Regional Procurement Group, Regional Development Australia Barossa Inc, Central Local Government Region of South Australia and Local Government Association of South Australia.
- Potential flood mitigation works by Gawler River Floodplain Management Authority that is expected to cost a significant amount of money, however the GRFMA's current policy position is such that no capital costs for the proposed Northern Floodway are borne by constituent councils.

INTERNAL BUDGET INFLUENCES

- Cost of maintaining infrastructure assets handed over to the Council from new housing development. Budget for next financial year will be developed on the assumption that the new infrastructure will have same service level as previously provided by the developer unless Council decides otherwise.
- Increase in overdue rates (as summarised below) which requires Council to rely on short-term borrowings to delivery its services to the community.

• 30/06/2020	\$0.810m
• 30/06/2021	\$1.050m
• 30/06/2022	\$0.922m
• 18/04/2023	\$1.094m
- Additional depreciation expenses associated with significant infrastructure spending in 2021/2022 and 2022/2023 Financial Years and significant increase in unit rates since 1 July 2022.
- Increase in salaries/wages as per enterprise bargaining agreement (EBA);
 - From the first full pay period following the 1 July 2023, both inside and outside staff are entitled to a 2% wage increase or a wage increase equal to Adelaide March 2023 Quarter CPI, whichever is the greater.
 - Adelaide CPI is 7.9% for the year ending 31 March 2023.
- Council's long-term financial objective of being financially sustainable by achieving an operating break-even position and the need to exercise prudent financial management practices to ensure financial sustainability.
- Requirements to maintain and improve infrastructure assets to acceptable standards including roads, kerbing, footpaths, Community Waste Management Scheme, storm water drainage, parks and gardens, Council's buildings, plants, machinery, equipment, furniture and fittings in consistent with the Infrastructure and Asset Management Plans.

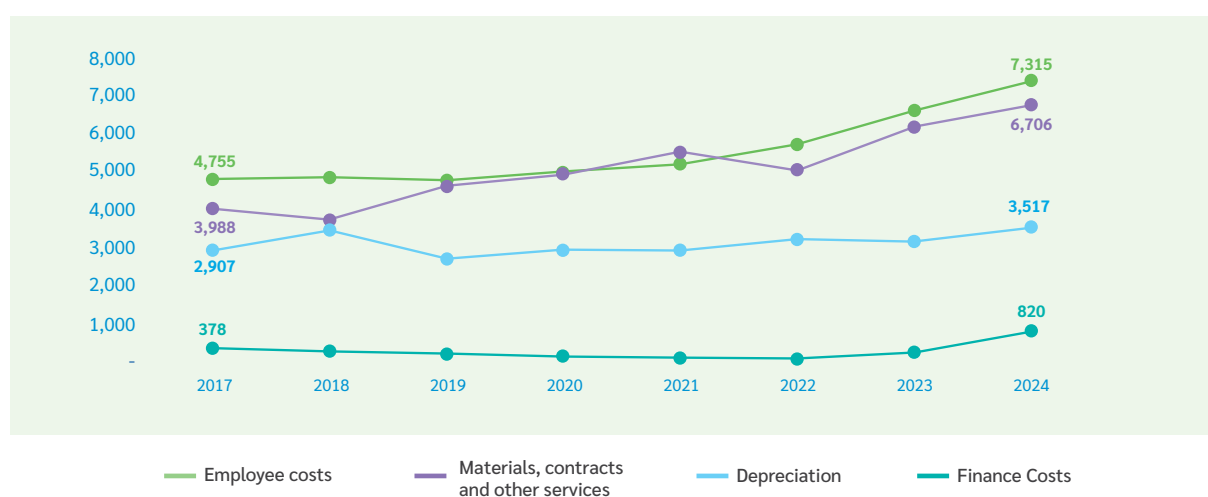


Council is committed to ongoing reviews of its operations in order to provide optimum benefit to the community and also to ensure that Council delivers quality services in the most cost-effective and efficient manner. Therefore, Council will aim to:

- Continuously review, prioritise and validate current services and programs;
- Continuously review systems and procedures to ensure that internal operations are effective and efficient; and
- Empower community organisations with appropriate support to manage and maintain specific community assets by the community itself. It is believed that this will enhance the autonomy of these organisations through site ownership and control.

Figure 1 below shows the growth in Council's operating expenditure since the 2017/2018 Financial Year. While Employee Costs have remained consistent, around \$4.800m from 2017/2018 to 2019/2020 Financial Years, it has increased since 2020/2021 to strengthen Council's internal capacity to respond to significant increases in economic development opportunities and residential growth within the district.

FIGURE 1: GROWTH IN COUNCIL'S OPERATING EXPENSES - \$'000



Material, Contracts and Other Expenses are showing an upward trend over the period mainly due to increased costs associated with high inflation in relation to contracting kerbside waste collection and disposal service, fuel, information technology, general maintenance, water, electricity, insurances, legal fees and the delivery of several new initiatives partially funded by the Federal/State Governments. A significant increase in material, contract and other expenses in 2022/2023 Financial Year is due to \$1.650m to be spent on Two Wells Stormwater Levee which is 100% funded by grants.

Interest Expenses have decreased over the years mainly due to a reduction in Council's short-term (CAD) loan. In addition, new interest expense of \$0.742m has been budgeted for 2023/2024 financial year based on estimated new borrowings shown in Table 10.

Depreciation Expenses have increased by \$0.373m or 12% in 2023/2024 when compared to 2022/2023 Financial Year mainly due to:

- increase in value of Council's infrastructure assets due to inflation;
- additional depreciation associated with new assets handed over to the Council by developers following the completion of initial maintenance obligations and the impact of higher inflation.

9

REVIEW OF EFFICIENCY/ EFFECTIVENESS OF COUNCIL OPERATIONS

Ratepayers have expectations that Council delivers the best value for money and the *Local Government Act 1999* outlines Council's legislative responsibilities for effective and efficient service delivery. To this end, Council management and staff consistently endeavour to actively pursue more efficient and effective systems and processes and continuous improvement to address the ever-increasing needs and demands from the community.

There is always room for continuous improvement and benefit to be gained from:

- group procurements;
- the use of renewable energy;
- better use of information technology;
- internal review of Council's operations, systems and procedures; and
- external reviews and comparison to similar local government authorities.

To achieve financial savings, and maintain existing levels of service to our community, Council will endeavour to continue to review its services, processes and systems.

Recent productivity improvements achieved by the Adelaide Plains Council are provided below.

IMPROVEMENTS ACHIEVED

Following are the list of improvements that the Council has achieved in recent years. Noting that the Council don't have dedicated staff to manage business improvement or organisational developments, the staff have achieved all of the following improvements by working collaboratively across the organisation, sometimes in consultation with other Councils and external consultants.

- 1 Council had been successful in obtaining government grants of \$11m since 2016 following a competitive application process without engaging any external grant writer consultants;
- 2 Outsourced Kerbside Waste Collection Service in 2018 delivering considerable savings to the community;
- 3 Insourced CWMS maintenance work;
- 4 Improved Council's internal financial controls;
- 5 Improved internal processes to strengthen budget management process (staff training and software upgrade);
- 6 Streamlined section 7 searches;
- 7 Engagement of Strategic Project Officer on a short-term contract to replace external consultants;
- 8 Centralised process to manage Council's procurements to ensure compliance and value for money;
- 9 Installation of solar panels on Council's admin buildings and at Mallala CWMS;
- 10 Cross training/upskilling Customer Service Officers and Admin Support Officers to back-fill short-term vacancies;



- 11 Staff training in different disciplines to undertake back up and higher duties;
- 12 Online timesheet/leave system for inside staff and streamlined review and approval process;
- 13 Implementation of electronic signatures and associated process, saving time and costs of printing of documents;
- 14 Electronic invoice approval system across the Council;
- 15 Electronic purchase order system;
- 16 Installation of software for electronic assessment and signing tool for planning and building assessment;
- 17 Internal process improvements associated with electronic lodgement and management of Planning and Building Consent applications with the introduction of the SA Planning Portal;
- 18 Implementation of InfoCouncil software to centralise and streamline the agenda and minute preparation process for all Council and Committee Meetings;
- 19 Streamlined the system that's being used to record water, fuel, plant and rubble usage by the depot staff for various projects;
- 20 Continued investment in new software and hardware to strength Council's cyber security and data integrity;
- 21 Centralised process to receive and capture legal advice for the Council;
- 22 Engagement of community organisations to manage Mallala and Parham camping sites;
- 23 Signing of new contract with the SAPN to manage public lighting in new subdivisions;
- 24 Review of organisation structures including departmental and service reviews;
- 25 Team building exercises and all staff meetings to improve internal communication, resilience and motivation;
- 26 Substantial completion of digitising legacy records;
- 27 Substantial completion of recommendations from independent records management audit;
- 28 Introduction of Employee Core value award and other People and Culture initiatives intended to enhance employee involvement and performance;
- 29 Introduction of delegation software centralising storage and access to maintain Council delegations current in line with relevant legislation;
- 30 Upgraded Council's mapping system;
- 31 Reconciliation and physical stock take of Council's major and minor plants;
- 32 Review of Business Continuity Plan;
- 33 Recording of Council Meetings has resulted in a more efficient process for the review and distribution of meeting minutes; and
- 34 Review of staff working arrangements has resulted in decrease costs to Council (e.g. fuel and office running costs).

PROPOSED IMPROVEMENTS

Council is planning to deliver following improvements in the 2023/2024 Financial Year subject to relevant budget approval by the Elected Members, in consultation with external software providers.

- Upgrading Council's main software system (Civica Authority);
- Ongoing cyber security training to Elected Members and staff;
- Digitising cemetery maps;
- Electronic Cemetery Management System;
- Online timesheet system for outside staff; and
- Electronic file sharing system.



10

2023/2024 RECURRENT AND PROJECT BUDGETS

Council's 2023/2024 Budget consists of Recurrent Budget, Operating Projects and Capital Projects Budgets.

RECURRENT BUDGET

The Recurrent Budget includes the amount of operating income that Council will receive in 2023/2024 Financial Year from general rates, service charges, government grants, fees and charges and investment. It also includes operating expenditures to provide Council's day-to-day operations and services in the course of its normal operating activities (on a 'business as usual' basis) such as kerbside rubbish collection, street lighting, parks and ovals maintainance and issuing building consents. Recurrent budget also includes costs related to the capital expenditure program such as interest on loan obtained for capital program, maintenance of Council assets and depreciation.

OPERATING PROJECTS

Some programs/activities of Council are categorised as Operating Projects rather than Recurrent Budget, where that program or activity does not make up part of Council's regular core services or there is a finite funding life required.

CAPITAL PROJECTS

The expenditure included in the Capital Projects category is the amount of money Council will invest in renewing and upgrading existing assets or in the creation of new assets in accordance with the Council's Strategic Plan objectives and Infrastructure and Asset Management Plans.

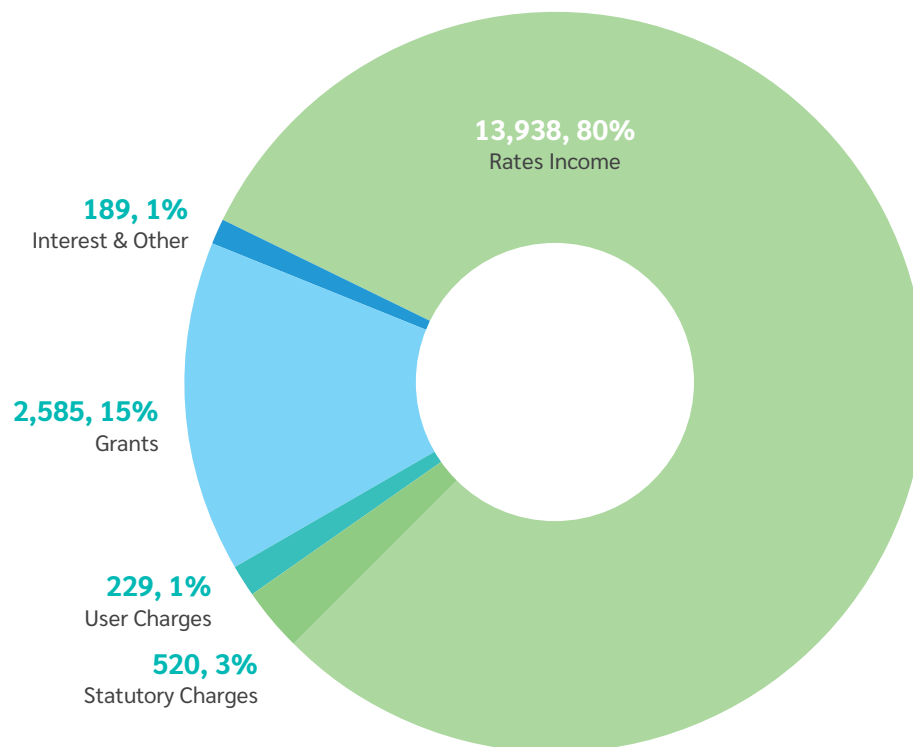




10.1 SOURCES OF COUNCIL REVENUE

In order to fund its operations and programs, Council collects revenue from sources such as general rates, fees and charges levied on Council services (Statutory Charges and User Charges), grants from State and Federal Governments, interest income from investing excess cash in short-term investments, reimbursements and other sundry revenue sources. Figure 2 below illustrates the main sources of the estimated Council revenues in 2023/2024 Financial Year.

FIGURE 2: DISTRIBUTION OF 2023/2024 OPERATING INCOME (\$'000)



RATES

Rates are the main sources of funding for the Council. A total of \$13.938m (\$12.145m in 2022/2023) are to be collected in 2023/2024 Financial Year, to help pay for essential, non-discretionary services such as roads maintenance, public lighting, kerbside waste collection and disposal, citizenship ceremonies, public health and safety as well as discretionary services such as Council libraries, parks and garden, outdoor cinemas, and assistance to community programs and events.

STATUTORY CHARGES

Statutory Charges relate mainly to fees and fines levied in accordance with legislation and include development application fees, animal registrations, health act registrations and parking fines. It is estimated that the Council will collect statutory charges of \$0.520m in 2023/2024 Financial Year (\$0.589m in 2022/2023).

USER CHARGES

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include rent income from Mallala Aged Homes, charges for the use of Council facilities, library printing and photocopy charges, Section 7 property searches and burial fees. User charge income is expected to increase by 19% from \$0.193m in 2022/2023 Financial Year to \$0.229m in 2023/2024 Financial Year.

GRANTS, SUBSIDIES AND CONTRIBUTIONS

Grants include monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Grants income has been budgeted based on confirmed funding only. The main sources of grants to be received by the Council are;

TABLE 2: ESTIMATED OPERATING GRANTS INCOME (\$'000)

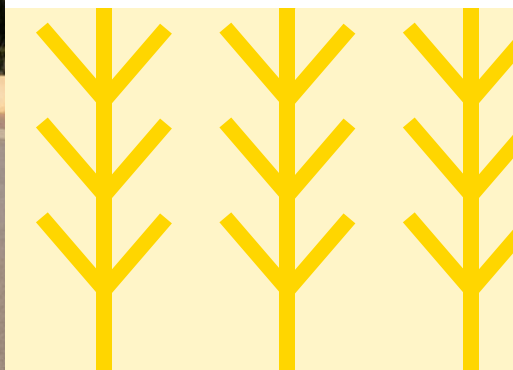
GRANT PROGRAM	AMOUNT
Financial Assistance grant (FAG) from Federal Government	1,705
Local Roads and Community Infrastructure (LRCI) Program	345
Roads to Recovery (R2R) grant from Federal Government *	263
Supplementary Local Road Funding	134
Coastal Officer Grant (Green Adelaide formerly NRM Board) **	108
Library operating grant from State Government	30
TOTAL GRANTS, SUBSIDIES AND CONTRIBUTIONS INCOME	2,585

* For accounting purpose R2R grant is recorded as operating income. However, as per R2R guidelines, grant should be spent on roads renewal/upgrades (Capital)

** Approximately 34% of the Regional Landscape Levy collected from Adelaide Plains Council is invested back in the region through this grant.

REIMBURSEMENT, INTEREST AND OTHER INCOME

Council is estimated to receive reimbursements, interest and other income of \$0.189m next year.



10.2 HOW COUNCIL'S REVENUE IS SPENT

EMPLOYEE EXPENSES

Employee expenses include all labour related expenditure such as salaries, wages, allowances and on-costs (Annual Leaves, Long Service Leaves, Superannuation, Workers Compensation Insurances etc.). For 2023/2024 Financial Year, employee costs are expected to increase to \$7.315m compared to \$6.549m in 2022/2023, an increase of 12%. This increase has been reported due to EBA/contract increases, reclassifications, growth planning and increase in superannuation contribution from 10.50% to 11.00% in 2023/2024.

TABLE 3: ESTIMATED EMPLOYEE EXPENSES FOR 2023/2024 FINANCIAL YEAR (\$'000)

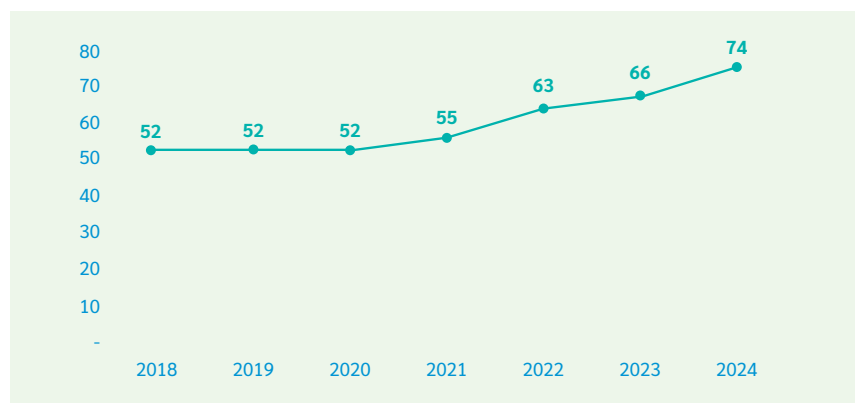
DESCRIPTION	COSTS
Salaries & Wages	6,147
Long Service Leave	156
Superannuation	708
Workers Compensation Insurance	304
TOTAL EMPLOYEE COST BUDGET	7,315



Figure 3 below shows Council's staff levels at the end of each financial year from 30 June 2018 and the budgeted staff numbers on 30 June 2023 and 30 June 2024 on a full-time equivalent (FTEs) basis including temporary contract positions. Number of FTEs budgeted for next financial year is 74, an increase of 6 FTEs over current year due to following reasons.

- Council approved one (1) FTE as part of 2022/2023 budget;
- Further two (2) FTEs were approved as part of 2022/2023 quarterly budget revisions;
- Three (3) contract position (3 FTEs) were added to delivery strategic projects primarily funded by external grants;
- Contract library trainee position (0.88 FTE) was replaced with part-time employment with the Council;
- CWMS maintenance work that was outsourced in previous years has been in-sourced (1 FTE) to reduce CWMS operating costs;
- Further new three (3) FTEs are proposed as part of the Operating Project program for next year.

FIGURE 3: ADELAIDE PLAINS COUNCIL WORKFORCE (FTEs) AS AT 30 JUNE



MATERIALS, CONTRACTS AND OTHER EXPENSES

Materials include items such as electricity, water, fuel, road products, library books, printing and stationery costs. Contracts relate to the provision of Council services by external providers and include items such as kerbside waste collection, street sweeping, security, leases and infrastructure repairs and maintenance.

Other Expenses relate to a range of unclassified items including staff training, postage, legal fees, bank charges, advertising, insurances, motor vehicle registrations, payment of the Regional Landscape levy and other miscellaneous expenditures.

It is estimated that the Council will spend \$6.706m in 2023/2024 Financial Year on Materials, Contracts and Other Expenses, compared to \$6.120m in 2022/2023 Financial Year, an increase of \$0.585m or a 10% mainly due to increase in fuel, electricity, building, reserve & sealed road maintenance, regional Landscape Levy and kerbside waste collection and disposal costs.

DEPRECIATION, AMORTISATION AND IMPAIRMENT

Depreciation is an accounting charge which measures the usage of Council's property, plant and equipment (including infrastructure assets such as roads and drains) over the estimated effective useful life of the assets. In 2023/2024 the forecast amount of depreciation is \$3.517m compared to \$3.144m for 2022/2023, an increase of \$0.373m or 12% mainly due to new depreciation expenses associated with infrastructure assets handed over to the Council by developers after the initial maintenance period and increase in value of Council's infrastructure assets due to inflation.



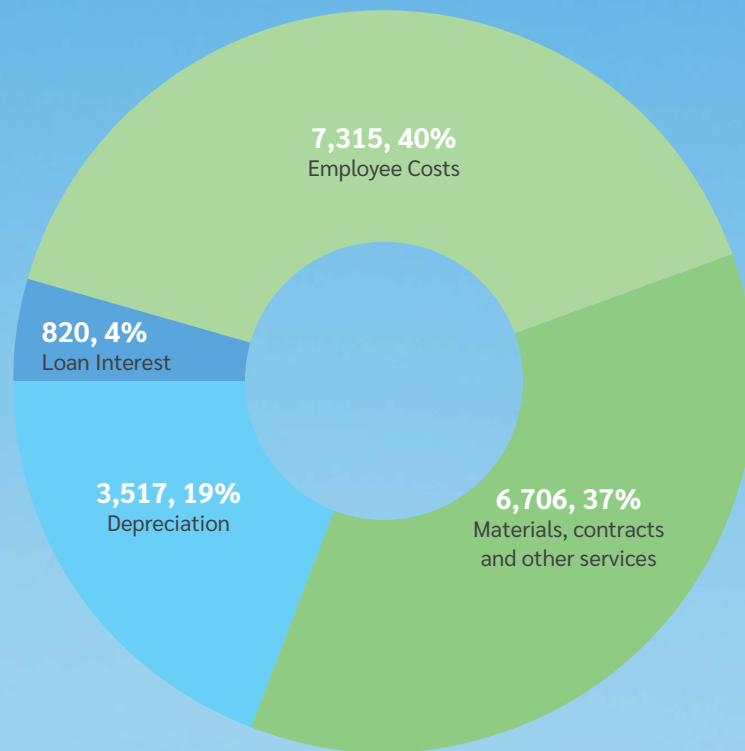
FINANCE CHARGES

Finance charges relate to interest charged by the Local Government Financing Authority on funds that have been borrowed by Council. Interest costs have been estimated based on Council's loan portfolio as at June 2023 and expected new borrowings for the next year.

Interest costs are expected to increase by 201% from \$0.272m in 2022/2023 Financial Year to \$0.820m in 2023/2024, mainly due to the combined impact of;

- Increase in interest rates by the RBA since May 2022;
- interest being paid reduced progressively when repaying loan instalments over time;
- additional interest expenses on new borrowings made in the current year; and
- interest expenses associated with estimated new borrowings required for 2023/2024.

FIGURE 4: DISTRIBUTION OF 2023/2024
OPERATING EXPENSES



10.3 BUDGETED STATEMENT OF COMPREHENSIVE INCOME

For the 2023/2024 Financial Year, the estimated operating deficit is \$0.896m from recurrent and operating project activities based on 7% increase in average rates. The estimated operating deficit consists of;

- Recurrent budget deficit of \$0.110m; and
- Net Operating Project budget of \$0.786m.





**TABLE 4: STATEMENT OF
COMPREHENSIVE INCOME (\$'000)**

DESCRIPTION	2022/2023 BUDGET (\$)	2023/2024 BUDGET (\$)	(%)	BUDGET MOVEMENT (\$)	(%)
RECURRENT INCOME					
Rates					
General Rates - Existing Assessments	10,820	12,314	72	1,494	14
General Rates - New Assessments	179	138	1	(41)	
Rate Rebates	(107)	(116)	(1)	(9)	9
Waste Levy	710	898	5	188	27
Regional Landscape Levy	197	319	2	122	62
Other Rates Income	84	105	1	21	25
CWMS Charges	262	281	2	18	7
Statutory charges	589	520	3	(69)	(12)
User charges	193	229	1	37	19
Grants, subsidies & contributions	1,955	2,240	13	285	15
Interest Income	3	3	0	(0)	(6)
Reimbursements	123	139	1	15	13
Other Income	48	48	0	(1)	(1)
TOTAL RECURRENT INCOME	15,056	17,116	100	2,060	14
RECURRENT EXPENSES					
Employee Costs	6,465	7,075	41	(610)	(9)
Materials, contracts and other	5,191	5,736	33	(545)	(10)
<i>Including legal expenditure</i>	200	150	1	50	25
Depreciation	3,144	3,517	20	(373)	(12)
Interest Expenses	272	820	5	(548)	(201)
Share of loss from GRFMA	79	79	0	-	-
TOTAL RECURRENT EXPENSES	15,151	17,226	100	(2,075)	(14)
RECURRENT (DEFICIT)	(95)	(110)	(1)	(15)	16
Cost of growth initiatives (Operating Projects)	(934)	(786)	(5)	148	(16)
OPERATING DEFICIT	(1,029)	(896)		132	

10.4 OPERATING INCOME AND EXPENDITURE BY COUNCIL FUNCTIONS/SERVICES

The following table shows operating income and expenditure for the 2023/2024 Financial Year by the Council functions/ service **including** operating projects.

TABLE 5: OPERATING INCOME AND EXPENDITURE BY COUNCIL FUNCTIONS/SERVICES (\$'000)

NATURE OF SERVICE	COUNCIL SERVICES/FUNCTIONS	INCOME	EXPENSES	NET COSTS
Discretionary	Volunteer Administration	-	5	5
Discretionary	Economic Development	(365)	711	346
Discretionary	Children & Youth Services	-	11	11
Discretionary	Community Events/Bus/Donations	(1)	81	80
Statutory	Bridges and Culverts Maintenance	(4)	25	21
Statutory	Illegal Roadside Dumping	(1)	40	39
Statutory	Heritage	(1)	23	22
Discretionary	Cemeteries	(40)	126	86
Discretionary	Mallala Aged Units	(69)	53	(16)
Discretionary	Street Lighting	-	100	100
Statutory	Emergency Services and Fire Prevention	(9)	92	83
Statutory	Community Safety	(3)	91	88
Statutory	Street Cleaning	-	90	90
Discretionary	Public Conveniences	-	70	70
Statutory	Resource Recovery Centre	(78)	102	24
Discretionary	Ovals, Playgrounds & Other Sporting Facilities	-	77	77
Discretionary	Community Services	-	157	157
Statutory	Stormwater Management	-	180	180
Discretionary	Coastal Conservation	(108)	145	37
Discretionary	Flood Prevention	-	134	134
Statutory	Environmental Health	(79)	210	131
Statutory	Dog & Cat Control	(226)	174	(52)
Discretionary	Building Maintenance	-	324	324
Statutory	Footpaths & Kerbing Maintenance	-	202	202
Discretionary	Libraries	(31)	525	494
Discretionary	Community Wastewater Management	(280)	358	78
Discretionary	Parks, Gardens & Reserve Maintenance	-	775	775
Statutory	Depot Operation	(12)	716	704
Statutory	Kerbside Waste Collection	(898)	873	(25)
Statutory	Plant Maintenance	-	773	773
Statutory	Planning & Compliance	(202)	1,442	1,240
Statutory	Roads Maintenance	(1)	3,139	3,138
Statutory	Government Grants	(2,201)	-	(2,201)
Statutory	Governance	-	772	772
Statutory	Council Administration*	(12,953)	5,762	(7,191)
TOTAL INCOME AND EXPENSES		(17,462)	18,358	896
Discretionary		(917)	6,535	5,618
Statutory		(16,545)	11,823	(4,722)
TOTAL INCOME AND EXPENSES		(17,462)	18,358	896

* Council administration covers functions such as financial management, Chief Executive Officer, Council offices and chambers maintenance, customer service, human resources management, communications & public relations, payroll management, information technology, rates administration, governance, Work, Health and Safety & Risk management, records management and Council's assets management.

Adelaide Plains Council

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10.5 2023/2024 OPERATING PROJECT PROGRAM

The Operating Projects budget encompasses programs and activities that are outside the 'business as usual' services and are considered discretionary in nature. i.e. the Council is under no obligation to provide the services, activities or programs or if required to undertake the activity, are irregular in nature (For example, Local Government Elections). Operating Projects may be one off activities or programs, an expansion of an existing service or program or proposals to introduce a new service or program.

Operating projects are funded via rate revenue or a fee for service charge. The cost of the Operating Project program as summarised in Table 6 is estimated to be \$1.132m.



TABLE 6: OPERATING PROJECTS PROGRAM (\$'000)

OPERATING PROJECT NAME (INCLUDING BRIEF PROJECT DESCRIPTION)		RATIONALE	EST. COST
ENVIALE LIFESTYLE			
1	Street/Verge Tree Planting Continue to deliver street trees to local streets.	C	30
2	Two Wells Library - Salt Damp Treatment Repair salt damp damage to Two Well Library (Heritage listed building) to reduce further damage.	C	50
3	New Cemetery Management System Introduction of new software to manage cemetery leases, burials, cremations records/certificates and management of plots.	D	54
EMERGING ECONOMY			
4	Two Wells Land Development Continue to engage consultants to develop two (2) land parcels in Two Wells purchased by the Council from State Government.	B	35
5	Additional Labour Resources To address growth and current gaps to mitigate risk and improve business efficiency, productivity and service levels.	B	241
6	Undergrounding of Power - Two Wells Main Street (Stage 2).*	A/B/C	600
7	Parham Foreshore Master Plan Develop the foreshore at Parham between First Street and South Terrace	A	15
REMARKABLE LANDSCAPES			
8	GFRMA Business Case Provision of financial contributions toward completion of the Department for Environment and Water, (Gawler River) Business Case.	A	52
9	Two Wells Cemetery - landscaping Replacement of the deteriorate Two Wells cemetery landscaping.	D	20
PROACTIVE LEADERSHIP			
10	Community and Civic Hub Investigation - Phase 2 Develop a strategy/plan (including governance, risk management, procurement etc) based on information and feedback gathered from the community with regard to the next phase and direction of the Community and Civic Hub Investigation.	A/B	25
11	Donaldson Road - Design to include Water Sensitive Urban Design and open space elements Investigations/design to address stormwater management issues identified within the Two Wells Stormwater Management Plan.	C	10
TOTAL ESTIMATED COSTS			1,132

RATIONALE

A Previous Council resolutions/Elected Members' feedback;

B Investment for growth/Economic Development;

C Infrastructure and Assets Management Plans; and

D Staff initiatives to reduce cost and improve productivity/service standard

* \$0.345m that has been allocated to the Council under the round 4 of the Local Roads and Community Infrastructure Program will be allocated to fund Undergrounding of Power in Two Wells.



10.6 2023/2024 CAPITAL PROJECTS PROGRAM

Adelaide Plains Council is responsible for a large portfolio of assets with a value of \$184m as of 30 June 2022 and an estimated depreciation expense of \$3.517m in 2023/2024 Financial Year. It is therefore critical for the long term sustainability of assets that the Council engages in practises that optimise assets useful lives for the benefit of the community.

The Capital Works budget encompasses projects which renew, upgrade or create new infrastructure assets. Examples of projects are the civil infrastructure whole-of-life program (renew), streetscape (New) etc. Capital expenditures are funded through:

- Rate Revenue; and/or
- the depreciation charge; and/or
- new or upgrade works being funded through borrowings.

2023/2024 capital program is summarised below. The estimated cost of the capital works program is \$4.627m of which \$3.693m (80%) would be spent on assets renewals in line with Council's Infrastructure and Assets Management Plans (I&) adopted on 25 October 2021. The remaining capital expenditure of \$0.934m (20%) is proposed to be spent on new assets.

Next year capital program is planned to deliver;

- A** 32 km of road resheeting;
- B** 9.5 km of road resealing;
- C** 1 km of new footpath, kerbing and street trees

TABLE 7: CAPITAL WORKS PROGRAM (\$'000)

CAPITAL PROJECT CATEGORY	ESTIMATED COSTS
Plant, Fleet & Equipment	1,181
Street Scape	155
Site Improvements	495
Sealed Roads	901
Unsealed Roads	1,260
Car Parks & Traffic Control	195
Pram Ramps	10
Building	70
Kerbing	285
Stormwater	60
CWMS	15

TOTAL CAPITAL EXPENDITURE 4,627

CAPITAL PROJECT CATEGORY	ESTIMATED COSTS
New/Upgrade	934
Renewal	3,693

TOTAL CAPITAL EXPENDITURE 4,627

Required renewal expenditure as per I& adopted on 25 October 2021 is as follows.

CAPITAL PROJECT CATEGORY	ESTIMATED COSTS
New/Upgrade	5,040
Renewal	3,091

TOTAL RENEWAL ASSETS RENEWAL FUNDING RATIO 8,131

NEW ASSETS TO BE DELIVERED IN NEXT YEAR

New assets to the value of \$0.934m will be funded from new borrowings. Please refer to Table 8 below for the reasons for these spending on new assets.

TABLE 8: NEW ASSETS PROGRAM (\$'000)

DESCRIPTION	BUDGET	COMMENT
Street Scope (Footpath, Kerbing and Street Trees)	416	To provide 1 footpath in the Townships of Two Wells, Mallala & Dublin over a 10 year period. Program is within I&.
Two Wells Mainstreet - Pedestrian Refuges/Crossing	195	As part of IAMP & LTFP (differed from 22/23)
Township Entrance Signs	140	As part of IAMP & LTFP
Mallala Oval Stormwater and Road Upgrade	60	Requests from the leasee (Mallala Football Club and RSL)
Streetscape/Water Sensitive Urban Design	50	As part of IAMP & LTFP
IT Infrastructure Upgrade	33	To improve data security
Street & Reserves/Parks Furniture Program	20	As part of IAMP & LTFP
Lewiston Dog Park Shelters	20	Funded from dog registration fees
TOTAL EXPENDITURE ON NEW/UPGRADED ASSETS	934	



10.7 2023/2024 CAPITAL PROGRAM IN DETAILS

Table 9 below provides details of the capital program endorsed for 2023/2024 Financial Year.

TABLE 9: CAPITAL PROJECT BUDGET IN DETAILS (\$'000)

CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	TYPE	COSTS
Plant and Equipment Replacement	Renewal	900
Fleet Replacement	Renewal	248
IT Infrastructure Upgrade	New/Upgrade	33
INVESTMENT IN PLANT & EQUIPMENT PROGRAM		1,181
Intersection upgrade - Gawler River Rd (Germantown Rd and Bethesda Rd)	Renewal	100
Dublin Road - Hill Road to Earl Road - Pavement Rehabilitation	Renewal	80
Bailey Road East - Old Port Wakefield Road to End	Renewal	91
Baker Road - Gawler River Road to River	Renewal	87
Boundary Road - Hayman Road to Dawkins Road	Renewal	65
Garden Avenue - Artesian Road to Southern End	Renewal	85
Germantown Road - Gawler Road to Dawkins	Renewal	142
Jenkin Court - Butler Road to End	Renewal	77
Seventh Street - South Terrace to Fifth Street	Renewal	69
Third Street (Dublin) - Sixth Street to End of Seal	Renewal	23
Williams Road - Dawkins Road to Hayman Road	Renewal	82
INVESTMENT IN ROAD RESEALING		901
Streetscape - South Terrace (Dublin) - Old Port Wakefield Rd to Seventh St	New/Upgrade	46
Streetscape - Irish Street - Butler Street to Redbanks Road	New/Upgrade	31
Streetscape - Rowe Crescent - Drew Street to Applebee Road	New/Upgrade	16
Streetscape - Chivell Street - Mary Street to End	New/Upgrade	38
Keerbing - Sth Terrace (Dublin) - Old Port Wakefield Road to Seventh Street	New/Upgrade	285
Tangari Reserve - Footpath	Renewal	24
INVESTMENT IN STREET SCAPE (FOOTPATH, KERBING AND ST TREES)		440
Bakers Road - Slant Road to Ridley Road	Renewal	104
Gallipoli Road - Curnow Road to Jarmyn Road	Renewal	78
Germantown Road - Verner Road to Seal	Renewal	134
Harris Road - Schlodder Road to Bubner Road	Renewal	19
Hart Road - Port Wakefield Road to Smith Road	Renewal	140

CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	TYPE	COSTS
North Parham Road - Lowey Road to Gilberts Road	Renewal	75
Owen Road - March Road to Woods Road	Renewal	121
Paddys Bridge Road - Mallala - Two Wells Road to Germantown Road	Renewal	287
Schlodder Road - Clonan Road to Schutt Road	Renewal	39
Wasleys Road - Cheek Road to Woolsheds Road	Renewal	263
INVESTMENT IN UNSEALED RD PROGRAM		1,260
Street & Reserves/Parks Furniture Program	Renewal	20
Site Improvements Renewal	Renewal	200
Fuel supply upgrade	Renewal	45
Street & Reserves/Parks Furniture Program	New/Upgrade	20
Streetscape and Water Sensitive Urban Design	New/Upgrade	50
Township Entrance Signs - Allocation	New/Upgrade	140
Lewiston Dog Park Shelters	New/Upgrade	20
INVESTMENT IN SITE IMPROVEMENTS PROGRAM		495
Mallala - Replacement of Property Pumps	Renewal	15
INVESTMENT IN COMMUNITY WASTE MANAGEMENT SCHEMES		15
Mallala Oval stormwater and road upgrade	New/Upgrade	60
INVESTMENT IN STORMWATER		60
Two Wells Mainstreet - Pedestrian Refuges/Crossing	New/Upgrade	195
INVESTMENT IN CAR PARKS & TRAFFIC CONTROL		195
Pram Ramp renewal to comply with <i>Disability Discrimination Act 1992</i>	Renewal	10
INVESTMENT IN PRAM RAMP		10
Dublin Oval - Toilet Block	Renewal	70
INVESTMENT IN BUILDINGS		70
TOTAL COUNCIL INVESTMENT IN INFRASTRUCTURE AND ASSETS IN 2023/2024 FINANCIAL YEAR		4,627
Renewal of existing assets as per Assets Management Plans	Renewal	3,693
New assets	New/Upgrade	934
TOTAL COUNCIL INVESTMENT IN INFRASTRUCTURE AND ASSETS IN 2023/2024 FINANCIAL YEAR		4,627

11

LOAN BORROWINGS

In developing the Long Term Financial Plan, borrowing was identified as an important funding source, particularly for bridging short-term cash flow gaps. Borrowings are undertaken in accordance with Council's *Treasury Management Policy* which underpins Council's decision-making, financing its operations in the context of cash flow, budgeting, borrowings and investments.

As borrowing is an important financial management tool in the overall context of funding Council's expenditures, Council's Treasury Management Policy links closely to the overall strategic management plans in the context of:

- Strategic planning for the future of the Council, covering short, medium- and long-term spending and investment issues;
- Current and estimated future revenues and the ability to increase the revenue stream through council rates, user charges or additional grant funds;
- Intergenerational equity considerations in terms of the ratepayers who benefit from the expenditure and therefore on a user pay basis who should pay for the costs associated with such expenditure;
- Current and future funding needs for both operating and capital expenditures;
- Potential movements in interest rates; and
- Any other strategic imperative such as development of local economy that is linked to revenue and expenditure capacities (for example, sealing of major freight routes servicing commercial sector).



11.1 CURRENT SHORT AND LONG-TERM BORROWINGS

At the end of 2022/2023 Financial Year, Council is expected to have only one (1) outstanding fixed rate long-term borrowings with a value of \$1.790m in relation to Council's investment in Mallala CWMS.

Council has already made several resolutions to borrow funds to deliver annual budgets and some of the capital programs being delivered in partnership with State/Federal Governments. However, in compliance with Council's Treasury Management Policy, so far Council has been able to meet those expenses with short-term borrowings which attract lower interest charge compared to fixed rate long-term borrowings. Based on Mid-Year Budget Review, the estimated short-term borrowings at the end of this financial year would be \$12.611m.

The expected average interest rate for budget purpose is 5.88% for next financial year and therefore expected interest expense on CAD loan is \$0.742m (\$12.6m X 5.88%).

In addition, interest expense for Mallala CWMS loan is \$0.078m in the next year.

Therefore, interest expenses are expected to increase from \$0.272m in this year to \$0.820m next financial year.





11.2 NEW BORROWINGS FOR 2023/2024 FINANCIAL YEAR

An operating deficit means Council is spending more than it generates as income in delivering services to the community. In addition, Council has loan and interest obligations to pay as well as the need to fund new assets. Therefore, if the Council decides to continue the same level of service and operating project programs as included in this report with an average rate increase of 7%, it has to borrow \$1.709m to deliver operating and capital projects identified above and meet its loan repayment obligations as summarised in the Table 10 below. Out of the new borrowings;

- \$0.176m will be allocated for assets renewal program;
- \$0.934m will be spent on new assets across the Council district;
- \$0.600m will be used to deliver operating project program proposed; and

While the maximum amount to be borrowed is \$1.709m, the timing of the actual borrowings would depend on the progress of the capital works program.

TABLE 10: FUNDING SHORTFALL FOR 2023/2024 (\$'000)

DESCRIPTION	AMOUNT
Cash shortfall due to Operating Deficit	(896)
Cash injection from sale of surplus/replaced assets	243
Share of operating loss from GRFMA (non-cash transactions)	79
To fund capital Program - Money available through depreciation	3,517
Proposed assets renewal expenditure	(3,693)
Proposed new capital expenditure	(934)
Grants specifically for new or upgraded assets	-
Loan Repayment	(24)
TOTAL ESTIMATED FUNDING SHORTFALL FOR 2023/2024	(1,709)



\$0.176m will be allocated
for assets renewal program



12

RATING STRUCTURE AND POLICY

12.1 WHAT ARE RATES?

Rates are levied as a tax on property in accordance with the provisions of the Local Government Act. Rates are not a service or user charge. For example, some property owners may choose to not use the library, but nevertheless make a contribution to the service through their rates. Because rates are levied on the value of property, those in higher valued properties pay more in rates than those in lower valued properties.

General Rates are the principal source of funding for Council services representing approximately 80% of total operating income in 2023/2024.

12.2 STRATEGIC FOCUS

In estimating rates for the 2023/2024 Financial Year, Council will consider its *Strategic Plan 2021-2024*, the current economic climate, specific issues faced by the community and the budgetary requirements for the financial year.

Land use categories as provided in the *Local Government (General) Regulations 1999* are used as the basis of Council's general rate calculation.



12.3 METHOD USED TO VALUE LAND

All land within a council area is rateable, except for land specifically exempt e.g. Crown land, council occupied land. Council continues to use capital value as the basis for valuing land within the council area. Council considers that this method of valuing land provides the fairest method of distributing the rates across all ratepayers because:

- Property value is a relatively good indicator of market value of a property, providing the fairest method of calculating rates and therefore, it is the most appropriate measure of relative wealth in the community;
- As a measure of wealth it most closely reflects property owners' capacity to pay; and
- It accords with the taxation principle, that people should contribute to the community social and physical infrastructure, in accordance with their capacity to pay, as measured by property wealth.

Other valuation methods available are site value (value of land only) and annual value (value of rental potential of property). These are not considered appropriate with regard to Adelaide Plains Council.

Council will be adopting the valuations made by the Valuer-General and which are applicable for the financial year commencing 1 July 2023. If a property owner is dissatisfied with a property valuation, then an objection may be made to the Valuer-General in writing, within 60 days of receiving notice of the valuation, explaining the basis for the objection. Further contact details can be obtained from Council's Rates Officer on (08) 8527 0200.

It is important to note that Council has no role in the valuation process.





12.4 IMPACT OF RATES

General Council rates of a property are determined by three (3) factors:

- valuation of a property as determined by the Valuer of General of South Australia;
- rates in the dollar specific to land use code (LUC) of the property which is determined by the Council; and
- annual fixed charge

RATES MODELLING – PROPERTY VALUATION

An extract from the latest (30 June 2023) property valuation data available from Valuer-General (VG) is given below in Table 11 in comparison to similar information for prior years. Additional rates income from the development growth is 3.82% whereas 2.75% was factored in the LTFP.

TABLE 11: AN EXTRACT FROM LATEST VALUATION DATA FROM THE VG

DESCRIPTION	30/06/23	22/23	21/22	20/21
Increase in number of properties through sub-division	125	146	257	173
Sub-Division Growth (valuation increase) - \$'Mn	26	29	39	24
Building Development Growth (valuation increase) - \$'Mn	67	76	27	54
Total Development Growth - \$'Mn	93	105	66	78
Total Development Growth - %	3.82	4.73	3.20	2.04
Increase in Rates income due to Sub-Division Growth - \$'Mn	0.170	0.179	0.256	0.197
Increase in Rates income due to Sub-Division Growth - %	1.55	1.77	2.67	2.15
Natural Growth (valuation increase due to reasons other than dev.) - %	16.78	5.04	4.46	1.86

COUNCIL HAS CHANGED RELATIVITY BETWEEN LAND USE CATEGORIES

For the current financial Year, the Council has determined that the following differential rates will be applied to all of its rateable assessments:

A Residential/Vacant Land/Other	1.00
B Commercial/Industry	1.30
C Primary Production	0.91

In addition, due to significant fluctuations in the properties values among different land use categories, following differential rates have been applied to all of its rateable assessments in 2023/2024 Financial Year. They are:

A Residential/Other	1.00
B Vacant Land	1.20
C Commercial/Industry	1.45
D Primary Production	0.98

Above changes to the differential rates will ensue;

- A** the impact of significant valuation fluctuations on rates is smoothed out. (This will not generate additional rates income but will only change the % of rates being contributed by particular land use category);
- B** address ESCOSA comment in relation to Adelaide Plains Council having high residential rates;
- C** discourage land holding/banking in relation to vacant land parcels;
- D** reduce the time between development approval for land subdivisions and issuing of land title;
- E** encourage economic and residential activity through the development of vacant land; and
- F** achieve a maximum number of ratepayers with a rate increase of less than 7%.



encourage economic and residential activity through the development of vacant land



12.5 UNIFORM PRESENTATION OF EXPECTED RATES REVENUE

Following information has been provided as required under *Local Government (Financial Management) Regulations 2011* (the Regulations), Regulation 6 as a result of Local Government Reform changes.

TABLE 12: UNIFORM PRESENTATION OF EXPECTED RATES REVENUE

	2022/23 (AS ADOPTED)	2023/24 (AS ADOPTED)	CHANGE	COMMENTS
GENERAL RATES REVENUE				
General Rates (existing properties)	\$10,820,189	\$12,281,527 (a)		For 2023/24, an expected increase in total General Rates revenue of around 13.19% is projected inclusive of estimated growth (refer n) of 2.16% from new properties that have been created over the last year.
General Rates (new properties)	\$178,776	\$170,074 (b)		
General Rates (GROSS)	\$10,998,965	\$12,451,601 (c)		
Less: Mandatory Rebates	(\$69,220)	(\$79,892) (d)		
GENERAL RATES (NET)	\$10,929,745	\$12,371,709 (e)	13.19%	
		(e)=(c)+(d)		
OTHER RATES (INCLUDING SERVICE CHARGES)				
Regional Landscape Levy (RLL)	\$196,863	\$319,213 (f)		The RLL is not retained by council.
Waste collection	\$701,937	\$893,501 (g)		\$206 for standard 3 or 2 bin service.
CWMS	\$262,452	\$280,676 (h)		\$740 and \$488 for each property unit at Mallala and Middle Beach.
	\$12,090,997	\$13,865,099		
Less Discretionary Rebates	(\$37,819)	(\$32,190) (i)		
EXPECTED TOTAL RATES REVENUE	\$11,856,315	\$13,513,696 (j)	13.98%	Excluding the RLL and minus Mandatory & Discretionary Rebates.
		(j)=(e)+(g)+(h)+(i)		

	2022/23 (AS ADOPTED)	2023/24 (AS ADOPTED)	CHANGE	COMMENTS
GROWTH IN NUMBER OF RATEABLE PROPERTIES				
Number of rateable properties	5,602 Actual	5,723 Actual	(k) 2.16%	Growth is expected to account for around 1.55% of the estimated increase in General Rates to be collected (refer b).
<p>'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.</p>				
AVERAGE GENERAL RATES PER RATEABLE PROPERTY (n)=(c)/(k)				
Average per rateable property	\$1,963	\$2,176	(l) 10.81%	These 'averages' are based on the total of all rateable properties and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience.
<p>Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total rates paid by all rateable properties will equal the amount adopted in the budget.</p>				

Notes

- (d) Councils are **required** under the Local Government Act to provide a rebate to qualifying properties under a number of categories:
- Health Services - 100%
 - Religious purposes - 100%
 - Public Cemeteries - 100%
 - Educational purposes - 75%
 - Community Services - 75%
- The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).
- (e) Presented as required by Regulation 6(1)(ea) of the *Local Government (Financial Management) Regulations 2011*.
- Please Note: The percentage figure in (e) relates to the change in the total amount of General Rates revenue to be collected from all rateable properties, not from individual rateable properties (ie. individual rates will not necessarily change by this figure).
- (f) Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The Regional Landscape Levy is not retained by council.
- (h) Community Wastewater Management Systems
- (i) A council **may** grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).
- (j) Expected Total Rates Revenue excludes other charges such as penalties & interest for late payment and legal and other costs recovered.
- (k) 'Growth' as defined in Regulation 6(2) of the *Local Government (Financial Management) Regulations 2011*.

DIFFERENTIAL RATES

	TOTAL EXPECTED REVENUE (\$)			NO. OF RATEABLE PROPERTIES		AVERAGE PER RATEABLE PROPERTY (\$)			RATE IN THE \$	
	2022/ 2023	2023/ 2024	CHANGE	2022/ 2023	2023/ 2024	2022/ 2023	2023/ 2024	CHANGE	2023/ 2024	
LAND USE (GENERAL RATES - GROSS)										
Residential	6,288,002	7,167,335	11.85%	3,424	3,547	1,836	2,021	(m)	184	0.0038979
Commercial	39,283	42,519	8.02%	28	28	1,403	1,519	(m)	116	0.0056520
Commercial - Other	177,868	180,488	8.69%	76	69	2,340	2,616	(m)	275	0.0056520
Industry - Light	9,899	10,627	7.14%	7	7	1,414	1,518	(m)	104	0.0056520
Industry - Other	94,477	95,604	2.40%	15	15	6,298	6,374	(m)	75	0.0056520
Primary Prod.	3,769,346	4,199,461	10.20%	1,430	1,451	2,636	2,894	(m)	258	0.0038200
Vacant Land	521,174	631,502	27.49%	569	547	916	1,154	(m)	239	0.0046775
Other	98,917	124,066	6.80%	53	59	1,866	2,103	(m)	237	0.0038979
GRAND TOTAL (GROSS)	10,998,965	12,451,601	11.83%	5,602	5,723	1,963	2,176	(m)	212	

FIXED CHARGE

	TOTAL EXPECTED REVENUE			CHARGE		
	2022/ 2023	2023/ 2024	CHANGE	2022/ 2023	2023/ 2024	CHANGE
Fixed Charge	\$640,640	\$984,755	54%	\$123	\$185	(n) \$62

A Fixed Charge ensures all rateable properties pay a base amount to the cost of administering council activities and maintaining the services and infrastructure that supports each property. Rates based on values are then applied in addition to the fixed charge. Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2023/24 council proposes to raise 8% of its general rate revenue by way of the fixed charge.

This revenue amount is **included** in the General Rates GROSS figure at (c).

ADOPTED VALUATION METHOD

CAPITAL VALUE

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:

Capital Value – the value of the land and all improvements on the land;

Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or

Annual Value – a valuation of the rental potential of the property.

Council continues to use **Capital Value** as the basis for valuing land within the Council area. 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 taxpayers of greater wealth pay more tax than those 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.



Notes

- (m) Average per rateable property calculated as General Rates for category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.
- (n) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

ACTUAL RATE RISES

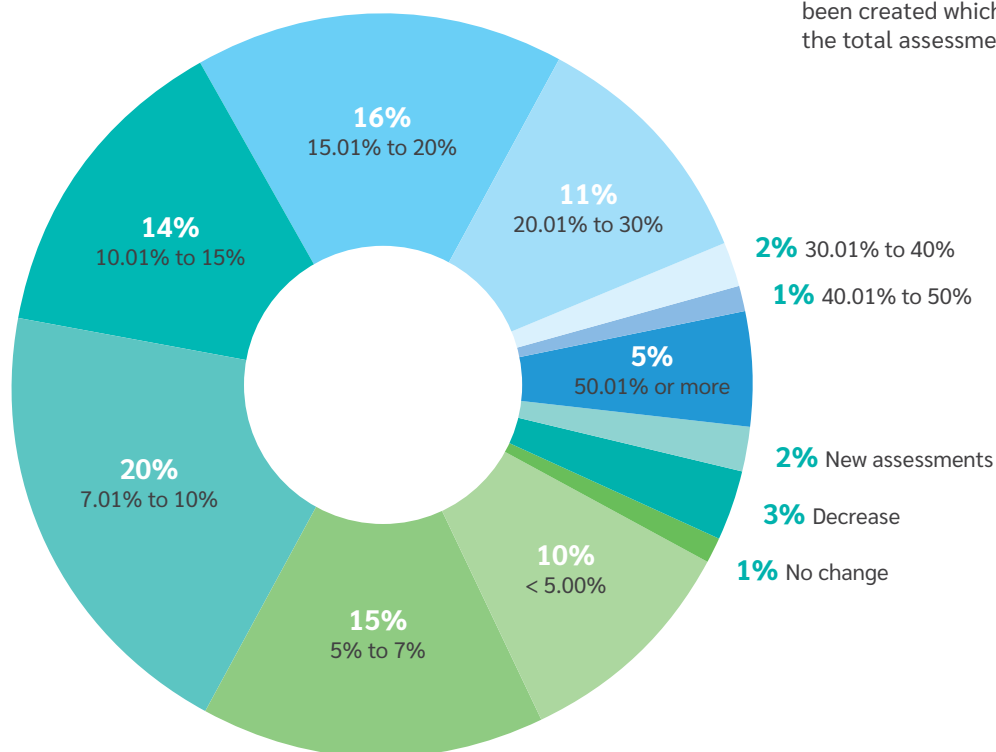
As Council rate is determined by multiplying capital value of the property (decided by the VG) by the rate in the dollar (decided by the Council) applicable to the property, average rate calculated above does not show the actual general rate rises. Actual rate rises is also determined by a combination of other factors such as;

- A** development/improvement on the land resulting value of the property being increased,
- B** general valuation increase/decrease by VG due to market conditions.

For example, Figure 5 below shows that with 7% average rate increase;

- A** 3.35% of the properties will have their rates reduced next year;
- B** 1.00% of the properties will have their rates remained unchanged;
- C** 10.12% of the properties will have their rates increased by less than 5%;
- D** 14.57% of the properties, will have their rate increased between 5% and 7%;
- E** 19.41% of the properties, will have their rate increased between 7% and 10%;
- F** 49.36% of the properties will have their rates go up by more than 10.00%; and
- G** 125 new assessments have been created which is 2.19% of the total assessments.

FIGURE 5: BREAKDOWN OF GENERAL RATES INCREASE BY PERCENTAGE (INCL. DEVELOPMENT GROWTH)





12.6 DIFFERENTIAL GENERAL RATES

Every resident will benefit from the general amenity of the Council area in some way, whether that is at the present time or in the future. The amenity includes the local economy, general Council operations and the option to use Council facilities.

It is acknowledged that the system of council rates is in essence a system of taxation against property prescribed through the provisions of the Local Government Act. However, Council has assessed that the level of differential rating imposed is governed in part by the ability to pay, the potential for income tax deductions and the perception of accessibility or useability of council services by the residents and consumers. To this end, Council has determined the following.

COMMERCIAL PROPERTIES

Commercial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases commercial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided. In addition, commercial properties have potential taxation benefits.



INDUSTRIAL PROPERTIES

Industrial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases industrial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided, particularly where, for example, large amounts of raw or unrefined product is delivered to site for processing utilising Council's infrastructure. Similar to commercial properties, industrial properties have potential taxation benefits.

PRIMARY PRODUCTION PROPERTIES

Primary Production properties tend to be more remote from some of the services provided by Council. In terms of infrastructure adjacent to their properties, they may not have sealed or formed roads, footpaths or street lighting. However, they do have capacity to enjoy the formed roads, footpaths or street lighting and enjoy the same level of amenity as other residents of the Council area. Primary production properties also have potential taxation benefits.



VACANT LAND

Council has increased differential rates on vacant land in the 2023/2024 Financial Year. Whilst, there have been considerable changes within the Adelaide Plains landscape, there is also recognition that capital valuations alone do not always produce equitable results in all communities. By increasing the differential rates on vacant land, Council is planning to encourage development in the Council area and achieve a more equitable distribution of the rates distribution.

Increasing vacant land differential rate would only mean that the proportion of rates contributed by the vacant land category increases while the rates contribution across the other land categories reduce, with the total rates revenue remaining the same.

12.7 REGIONAL LANDSCAPE LEVY

The whole of the Council area is located within the boundaries of the Northern & Yorke Natural Resource Management Board. An estimated contributions of \$0.319m are sought for 2023/2024 Financial Year (\$0.197m in 2022/2023). Council is operating as a revenue collector for the Northern & Yorke Natural Resource Management Board in this regard. It does not retain this revenue or determine how the revenue is spent.



12.8 SERVICE CHARGES

COMMUNITY WASTEWATER MANAGEMENT SYSTEM (CWMS)

CWMS charges for both Mallala and Middle Beach has been increased by 7% to \$740 and \$488 respectively in order to cover the costs associated with full operation of the scheme including maintenance and loan repayments.

Notwithstanding the above service fee increase, the income generated for Mallala CWMS is not sufficient to cover its operating expenses as shown below in Table 13 and not compliant with National Water Initiative Pricing Principles and Essential Services Commission's (ESCOSA) price determination that is applicable to CWMS.

TABLE 13: CWMS BUDGET FOR 2023/2024 (\$'000)

DESCRIPTION		MALLALA	MIDDLE BEACH
Depreciation		144,200	7,519
Other operating costs		100,766	27,382
TOTAL OPERATING COSTS (EXCLUDING COSTS OF CAPITAL)	- A	244,966	34,901
COST OF CAPITAL (COC)		MALLALA	MIDDLE BEACH
Cost of capital – 3.00% real interest		54,150	8,421
Cost of capital – 1.60% for risk premium		87,664	4,491
TOTAL COST OF CAPITAL	- B	141,814	12,912
TOTAL OPERATING COSTS (INCLUDING COSTS OF CAPITAL)	- C	386,780	47,813
No. of units serviced	- D	345	52
Cost per connection as per ESCOSA Pricing Requirement		1,121	919
	(C divided by D)		
Cost per connection as per on ESCOSA Pricing Requirement (Ex. CoC)		710	671
	(A divided by D)		
ADOPTED CWMS CHARGE FOR 2023/2024		740	488

KERBSIDE WASTE COLLECTION CHARGES

For 2023/2024 Financial Year, it is estimated that the total cost of the kerbside waste collection program is expected to be increased by 17.69% to \$0.831m (inclusive of new services). In addition, due to high inflation, a deficit of \$0.040m is expected in the current financial year. Therefore, to cover this years shortfall and next years expected costs, the annual waste collection service charge is expected to increase from \$172 to \$206, an increase of 20%. Accordingly, following waste collection charges are applicable to 2023/2024 Financial Year.

TABLE 14: WASTE COLLECTION SERVICE CHARGE FOR 2023/2024 (\$'000)

WASTE SERVICE DESCRIPTION	ANNUAL WASTE LEVY (\$)
Standard 3-bin or 2-bin waste Service	206
Additional Organic Bin	87
Additional Recycle Bin	64
Additional General Waste Bin	100
Waste Service 1 (distance to pick up point) - 25% discount	155
Waste Service 2 (distance to pick up point) - 50% discount	103

Where the service is provided to rebated land, a service charge is still levied against the land.

Some residents may have to utilise one of 21 collection points to have their bin emptied as the waste collection truck does not traverse all roads in the district. Those residents are entitled to the following waste levy reductions if the resident's collection point is greater than 500 metres from the access point to their land:

- 1 If greater than 500 metres but no more than 2 kilometres from the resident's access point to their land, 75% of the annual levy is charged;
- 2 If greater than 2 kilometres but less than 5 kilometres, 50% of the annual levy is charged;
- 3 If 5 kilometres or more from the resident's access point to their land, no annual levy is charged.

12.9 MANDATORY TOWNSHIP KERBSIDE WASTE COLLECTION CHARGES

The waste levy is mandatory for properties located within the townships of Mallala, Two Wells and Dublin.



Adelaide Plains Council

12.10 PAYMENT OF RATES

Under section 181 of the Local Government Act, Council must provide the opportunity for all ratepayers to pay rates by quarterly instalments. Council payment dates for the 2023/2024 Financial Year will be 1 September 2023, 1 December 2023, 1 March 2024 and 7 June 2024.

LATE PAYMENT OF RATES

The Local Government Act provides that Council may impose an initial penalty of 2% on any payment for rates, whether by 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. Council allows a further three working days after the due date for payment as a grace period. Thereafter late payment penalties are applied in accordance with the Local Government Act.

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 28 days after the issue of the final notice, then Council will refer the debt to their debt collection agency for collection. All Court costs incurred by Council in the recovery of outstanding rates and fines are payable by the ratepayer. When Council receives a payment in respect of overdue rates, Council applies the money received as follows:

- I firstly – in payment of any costs awarded to, or recoverable by, the Council in any court proceedings undertaken by the Council for the recovery of the rates;
- II secondly – in satisfaction for any liability for interest;
- III thirdly – in payment of any fine;
- IV fourthly – in satisfaction of liabilities for rates in the order in which those liabilities arose in payment of rates, in date order of their imposition (starting with the oldest account first).



12.11 REMISSION AND POSTPONEMENT OF RATES

POSTPONEMENT OF RATES - HARDSHIP

Section 182 of the Local Government Act permits Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates, they are invited to contact Council's Rates Officer, on (08) 8527 0200 to discuss the matter. Such enquiries are treated confidentially by Council.

SENIORS RATE POSTPONEMENT

Section 182A of the Local Government Act provides the option for State Senior Card holders to apply to postpone part of their council rates on a long term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property. Postponement is similar to a reverse mortgage by relying on the equity in the property. A ratepayer who has a State Seniors Card may apply for postponement of a portion of the council rates payable on property they own if it is their principal place of residence and if no other person other than their spouse has an interest as owner of the property and there is appropriate equity in the property. Further information can be obtained from Council's Rates Officer on (08) 8527 0200.





12.12 REBATE OF RATES

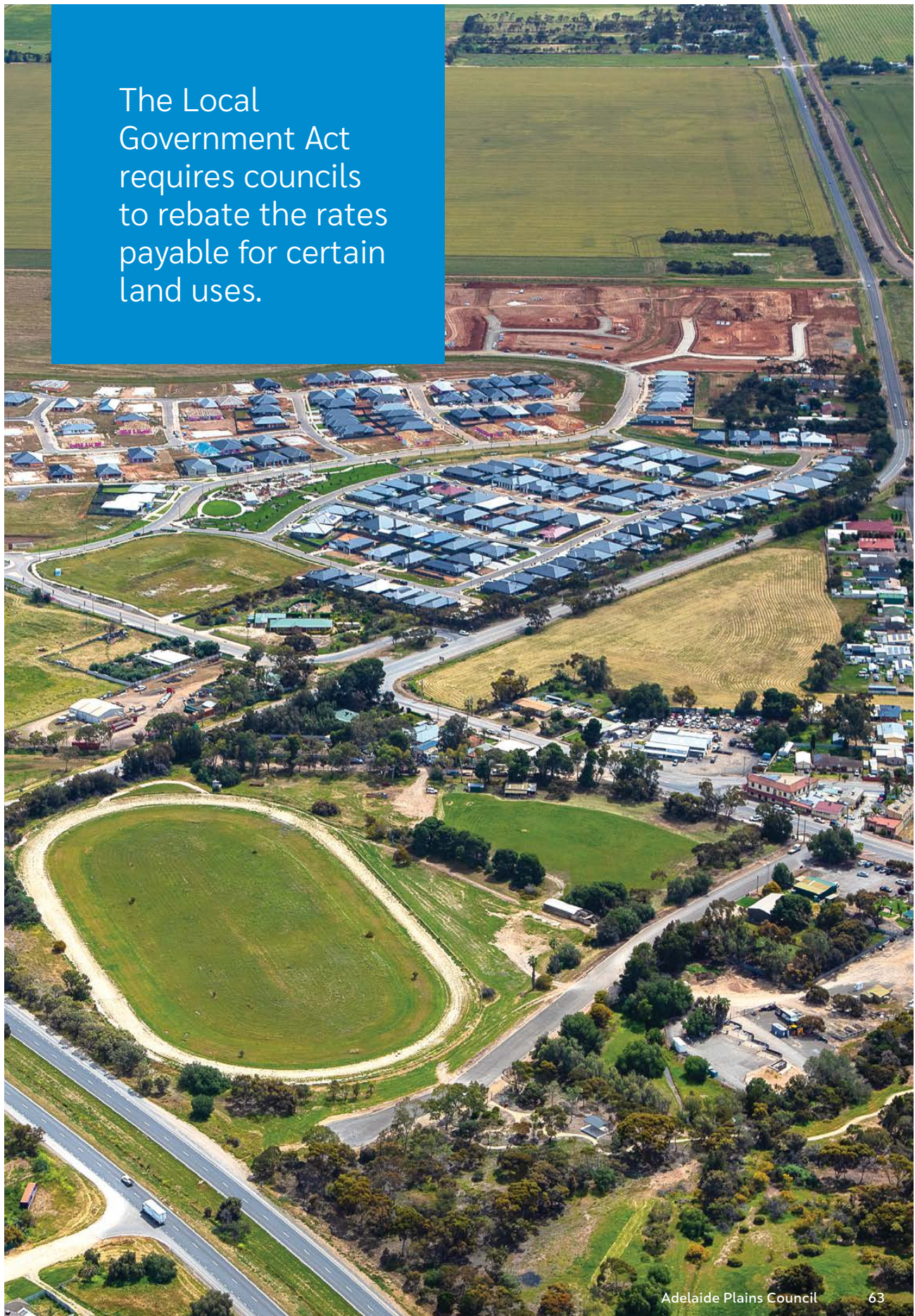
The Local Government Act requires councils to rebate the rates payable for certain land uses. This includes a 100% rate rebate granted on places of worship, public cemeteries, hospitals and land occupied by universities, and 75% rate rebates have been granted on educational facilities (subject to some qualifications).

Discretionary rebates may be applied by the Council under section 166 of the Local Government Act. Council annually considers many applications for rate rebates and has in the past, and is again for the 2023/2024 Financial Year intend to rebate rates charged to various district community and sporting organisations.

12.13 SALE OF LAND FOR NON-PAYMENT OF COUNCIL 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 provide one (1) months' notice to the principal ratepayer and the owner (if not the same person) of the land of its intention to sell the land and provide the owner with details of the outstanding amounts. If payment of the outstanding amount is not received within one month the property may be sold. Except in extraordinary circumstances, Council enforces the sale of land for arrears of rates, in accordance with the Local Government Act.

The Local Government Act requires councils to rebate the rates payable for certain land uses.



A large tree trunk is on the left side of the image. In the background, there is a green field with several irrigation nozzles spraying water. The sky is clear and blue.

13

BUDGETED FINANCIAL STATEMENTS

Budgeted financial statements for the 2023/2024
Financial Year are on the following pages.

ADELAIDE PLAINS COUNCIL
ADOPTED STATEMENT OF COMPREHENSIVE INCOME FOR 2023/2024

INCOME		\$'000
Rates		13,938
Statutory charges		520
User charges		229
Grants, subsidies and contributions		2,240
Investment Income		3
Reimbursements		139
Other Income		48
TOTAL INCOME		17,117
EXPENSES		
Employee Costs		7,075
Materials, contracts and other services		5,736
Depreciation, Amortisation & Impairment		3,517
Finance Costs		820
Share of loss - joint ventures & associates		79
TOTAL EXPENSES		17,227
OPERATING SURPLUS / (DEFICIT)		(110)
Net Operating Project Expenses		(786)
OPERATING SURPLUS / (DEFICIT)		(896)
Asset Disposal & Fair Value Adjustments		243
Amounts specifically for new or upgraded assets		-
Physical resources received free of charge		5,000
NET SURPLUS (DEFICIT)		4,347
OTHER COMPREHENSIVE INCOME		
Changes in assets revaluation surplus		2,500
Share of other comprehensive income - GRFMA		(55)
TOTAL COMPREHENSIVE INCOME		6,792

ADELAIDE PLAINS COUNCIL
ADOPTED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

ASSETS		\$'000
CURRENT ASSETS		
Cash and cash equivalents		415
Trade & other receivables		1,031
Inventories		154
TOTAL CURRENT ASSETS		1,600
NON-CURRENT ASSETS		
Financial Assets (Investment in GRFMA)		5,661
Infrastructure, Property, Plant and Equipment		158,371
Other Non-current Assets		15
TOTAL NON-CURRENT ASSETS		164,047
TOTAL ASSETS		165,647
LIABILITIES		
CURRENT LIABILITIES		
Trade & Other Payables		1,353
Borrowings		14,345
Provisions		1,009
TOTAL CURRENT LIABILITIES		16,707
NON-CURRENT LIABILITIES		
Borrowings		1,718
Provisions		220
TOTAL NON-CURRENT LIABILITIES		1,938
TOTAL LIABILITIES		18,645
NET ASSETS		147,002
EQUITY		
Accumulated Surplus		58,588
Asset Revaluation Reserve		86,410
Other Reserves		2,004
TOTAL EQUITY		147,002

ADELAIDE PLAINS COUNCIL
ADOPTED STATEMENT OF CASH FLOWS FOR 2023/2024

CASH FLOWS FROM OPERATING ACTIVITIES		\$'000
RECEIPTS		
Rates - general & other		13,938
Fees & other charges		520
User charges		229
Investment receipts		3
Grants utilised for operating purposes		2,240
Reimbursements		139
Other revenues		48
PAYMENTS		
Employee costs		(7,075)
Materials, contracts & other expenses		(6,522)
Finance payments		(820)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES		2,699
CASH FLOWS FROM INVESTING ACTIVITIES		
RECEIPTS		
Grants specifically for new or upgraded assets		-
Sale of replaced assets		243
PAYMENTS		
Expenditure on renewal/replacement of assets		(3,693)
Expenditure on new/upgraded assets		(934)
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES		(4,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
RECEIPTS		
Proceeds from New Borrowings		1,709
PAYMENTS		
Repayments of Borrowings		(24)
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES		1,685
NET INCREASE (DECREASE) IN CASH HELD		(1)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD		416
CASH & CASH EQUIVALENTS AT END OF PERIOD		415

ADELAIDE PLAINS COUNCIL
ADOPTED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2024

ACCUMULATED SURPLUS		\$'000
Balance at end of previous reporting period		54,241
Net Result for Year		4,347
BALANCE AT END OF PERIOD		58,588
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period		83,910
Gain on revaluation of infrastructure, property, plant & equipment		2,500
BALANCE AT END OF PERIOD		86,410
OTHER RESERVES		
Balance at end of previous reporting period		2,059
Share of other comprehensive income - GRFMA		(55)
BALANCE AT END OF PERIOD		2,004
TOTAL EQUITY AT END OF REPORTING PERIOD		147,002

ADELAIDE PLAINS COUNCIL
ADOPTED UNIFORM PRESENTATION OF FINANCES FOR 2023/2024

	\$'000
Operating Revenues	17,462
less Operating Expenses	(18,358)
OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	(896)
LESS NET OUTLAYS ON EXISTING ASSETS	
Capital Expenditure on renewal and replacement of Existing Assets	3,693
less Depreciation, Amortisation and Impairment	(3,517)
less Proceeds from Sale of Replaced Assets	(243)
	(67)
LESS NET OUTLAYS ON NEW AND UPGRADED ASSETS	
Capital Expenditure on New and Upgraded Assets	934
less Amounts received specifically for New and Upgraded Assets	-
	934
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(1,764)



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HOW TO MEASURE COUNCIL PERFORMANCE

Council's success is measured by the achievement of the strategic objectives outlined in the Strategic Plan 2021-2024, which also identifies the desired outcomes expected from the strategic objectives.

The Council measures its achievements and financial performance through the following processes:

- Regular financial reporting to Council and Audit Committee;
 - Annual review and public consultation of the Long-Term Financial Plan;
 - Production of the Annual Report with audited Financial Statements;
 - Quarterly budget reviews in accordance with legislation;
 - Monthly project progress reports to the Council;
 - Monthly outstanding resolutions report to the Council;
 - Annual Audit Committee works program endorsed by the Council and the Audit Committee;
 - Outstanding resolution report to the Audit Committee;
 - Annual Progress reports against the Annual Business Plan;
 - Regular Community Survey;
 - Customer request and complaint systems;
 - Annual Business Plan and Budget consultation; and
 - Financial Sustainability oversight by Essential Services Commission of South Australia every four (4) year.
- In addition to the strategic outcomes, Council also measures its achievements through the following financial indicators.



FINANCIAL INDICATORS

When evaluating activities undertaken during any given financial year, Council considers a number of factors, one being its future financial sustainability.

A series of financial indicators have been developed by the local government sector to assist in determining whether a council is financially sustainable or moving to a position of financial sustainability.

Financial indicators which are used by the Council to measure performance and financial sustainability as recommended by the Model Financial Statements approved by the Minister for Local Governments and Local Government Association of South Australia are:

- 1 Operating Surplus Ratio - Desired level is 0% and 10% on average over long term;
- 2 Asset Renewal Funding Ratio - Desired level is greater than 90% but less than 110% on average over long term; or
- 3 Net Financial Liabilities Ratio- Desired level is greater than 0% but no more than 100% on average over long term.

The graph on the following page shows, Council's financial indicators for 2023/2024 Financial Year in comparisons to:

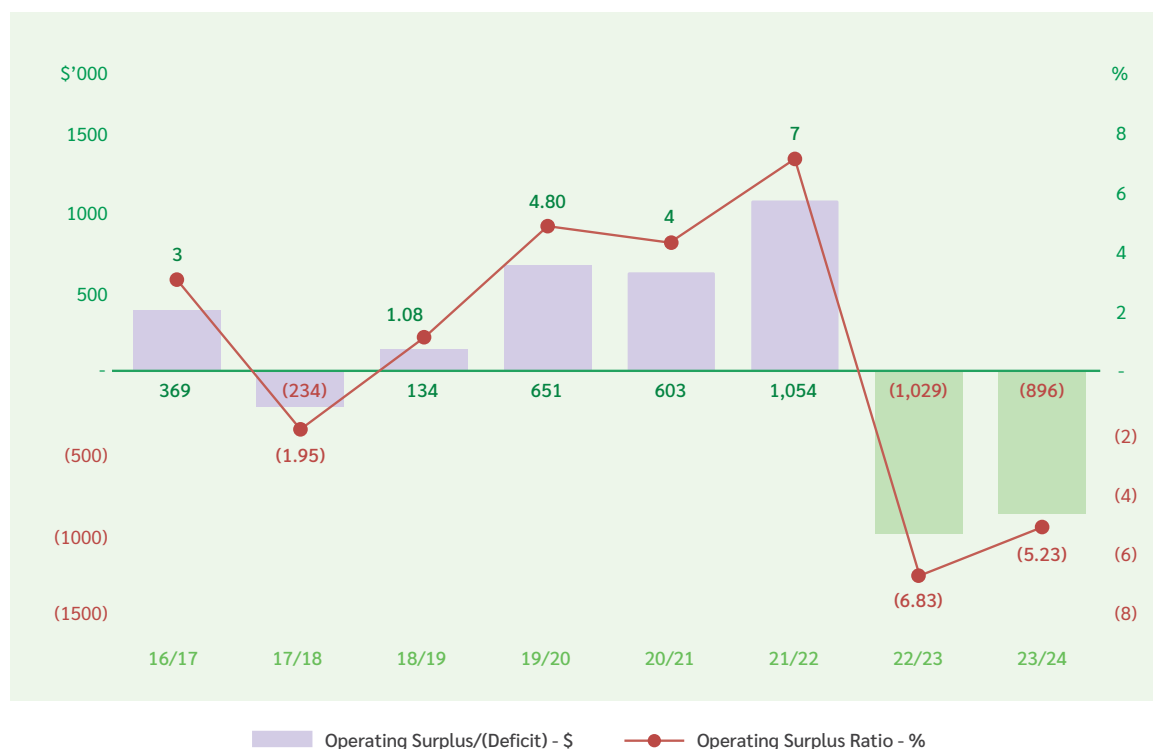
- actual financial indicators since 2016/2017 Financial Year; and
- budgeted financial indicators for 2022/2023.

OPERATING SURPLUS/ (DEFICIT) RATIO

Council's long term financial sustainability is dependent upon ensuring that, on average over time, its operating income is higher than operating expenses (i.e. an operating surplus).

The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of operating income. A positive ratio indicates the percentage of operating income available to help fund planned capital expenditure. A negative ratio indicates the percentage increase in operating income or the approximate decrease in operating expenses required to achieve a break-even operating result. Council has reported an actual operating surplus throughout the period, except for in 2017/2018 Financial Year.

FIGURE 6: OPERATING SURPLUS/ (DEFICIT) RATIO



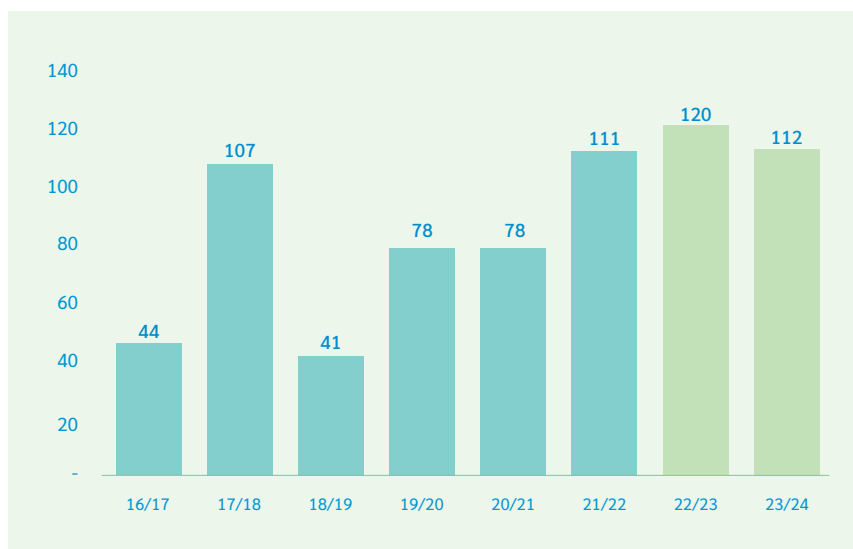
For 2023/2024 Financial Year, Council is forecasting an operating deficit ratio of 5% which is higher than LTFP forecast of 0%. This is mainly due to some of the operating projects identified in the LTFP being deferred to 2023/2024 Financial Year due to operational reasons (For example, Two Wells, Main street - Underground Powerlines) and increase in operating expenses due to high inflation.



ASSET RENEWAL FUNDING RATIO

Asset Renewal Funding Ratio measures whether Council is renewing or replacing existing physical assets (roads, footpaths, stormwater drainage, buildings, plant and equipment and furniture and fittings etc.) at the same rate the stock of these assets is wearing out. The ratio is calculated by measuring actual capital expenditure on renewal or replacement of assets, relative to the expenditure on renewal or replacement of assets as per Council's Infrastructure and Asset Management Plan.

FIGURE 7: ASSET RENEWAL FUNDING RATIO (%)



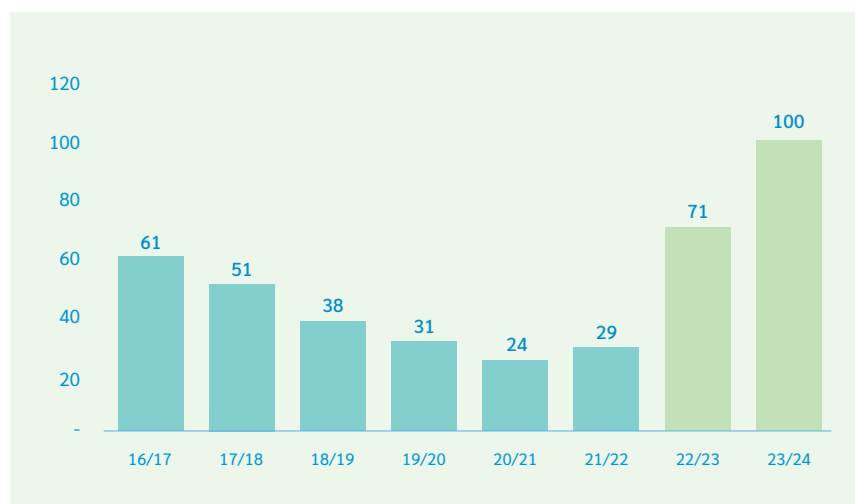


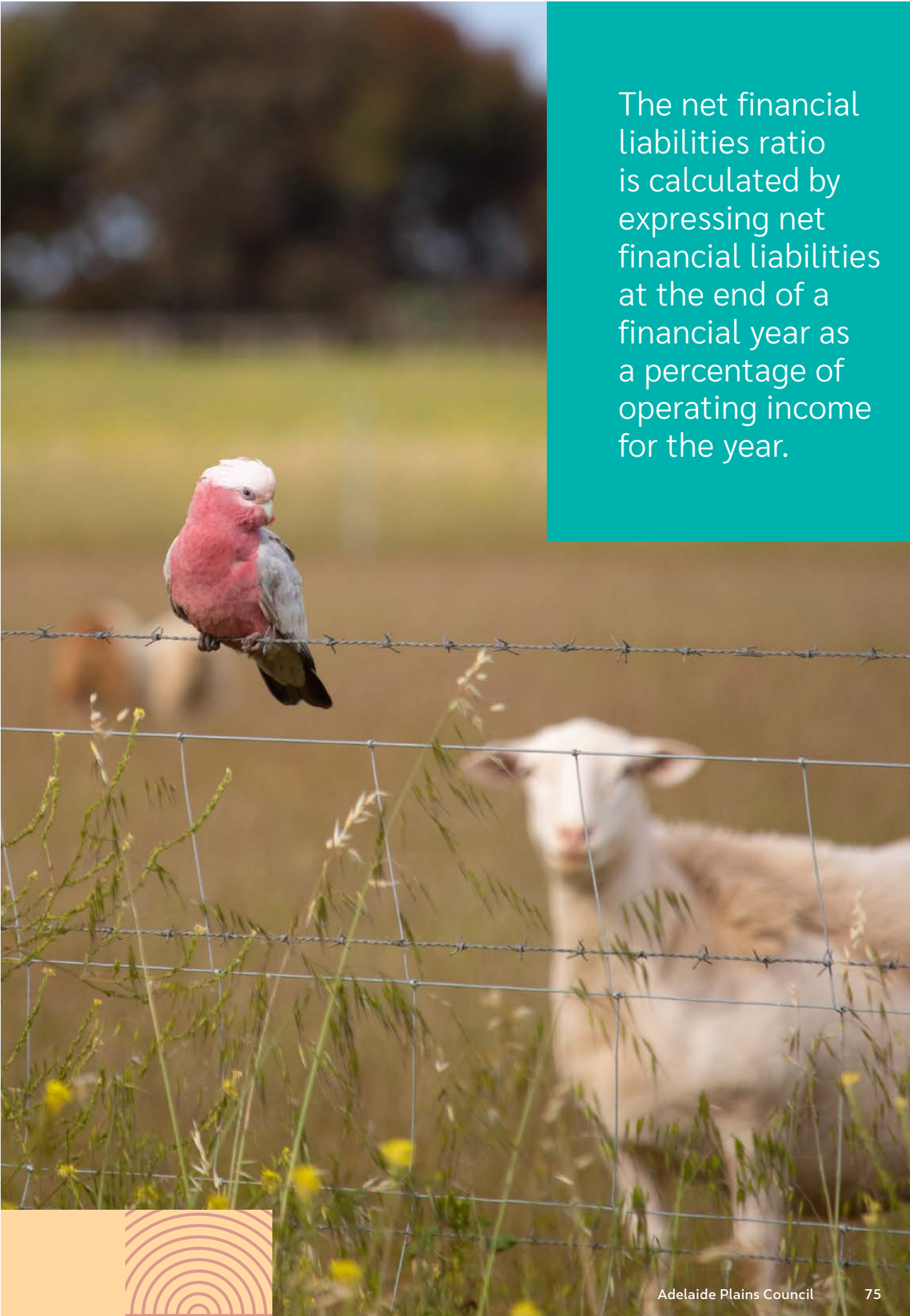
NET FINANCIAL LIABILITIES RATIO

This ratio indicates the extent to which the net financial liabilities of Council or its total indebtedness can be met by Council's total operating revenue. Net financial liabilities measure a council's indebtedness. It is a broader measure than net debt as it includes all of a council's obligations including provisions for employee entitlements and creditors.

The net financial liabilities ratio is calculated by expressing net financial liabilities at the end of a financial year as a percentage of operating income for the year. Net financial liabilities equals total liabilities less financial assets where financial assets include cash, investments, and loans to community groups, receivables and prepayments. Where the ratio is increasing, it indicates a greater amount of a council's operating revenues is required to service its financial obligations.

FIGURE 8: NET FINANCIAL LIABILITIES RATIO (%)

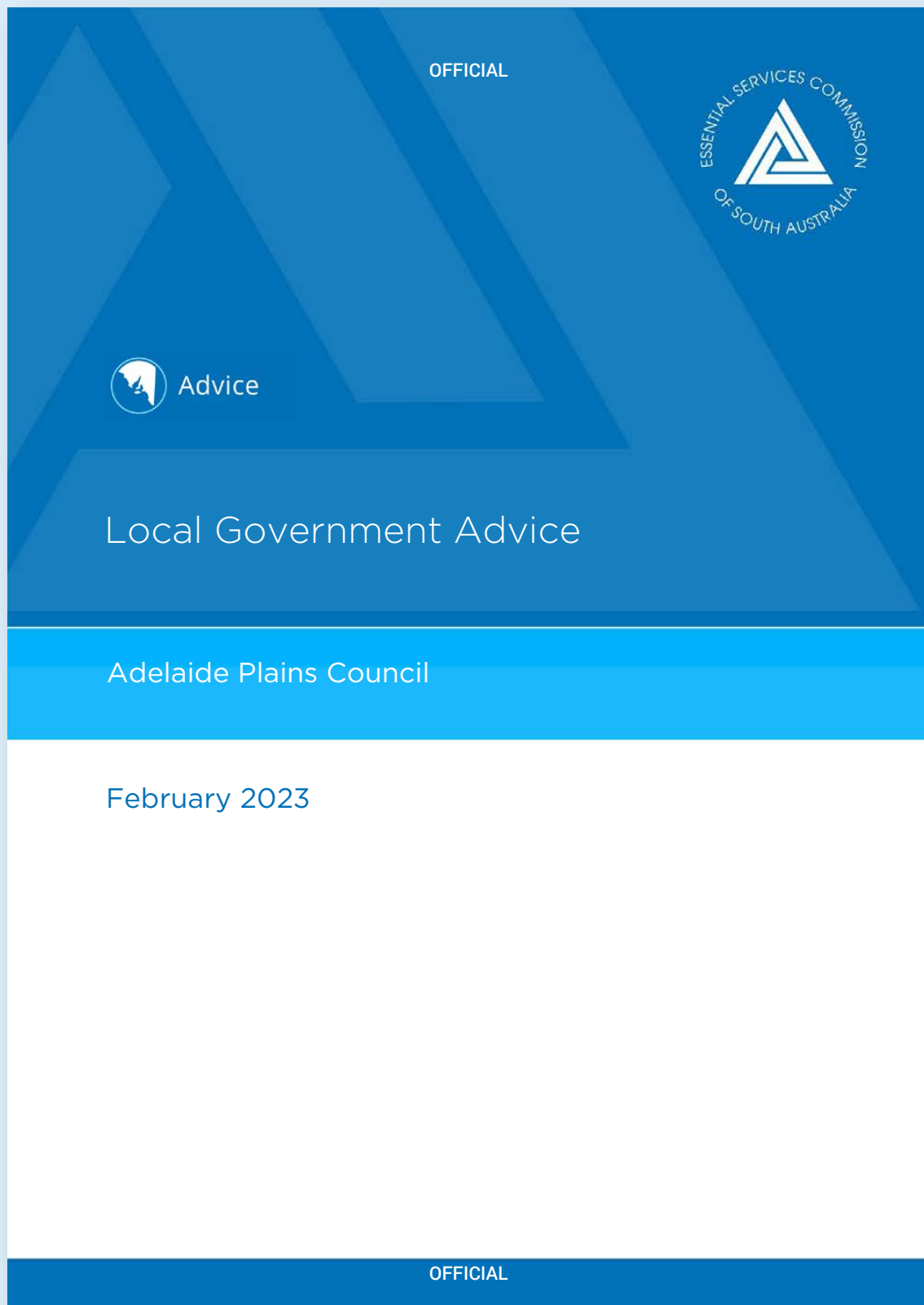




The net financial liabilities ratio is calculated by expressing net financial liabilities at the end of a financial year as a percentage of operating income for the year.

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LOCAL GOVERNMENT ADVICE BY ESCOSA



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Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: advice@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

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Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	Adelaide Plains Council
CWMS	Community Wastewater Management System
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

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1 The Commission's key advice findings for the Adelaide Plains Council

The Essential Services Commission (**Commission**) finds the Adelaide Plains Council's (**Council's**) current financial position sustainable with a small operating surplus achieved historically and growing surpluses forecast. The Council's projected improvement to its financial performance is reliant on a period of service consolidation, at a minimum, and continued rate increases above inflation.

The Commission suggests the following steps to ensure that the Adelaide Plains Council annually reviews its long-term financial plan, manages its costs and growth profile efficiently, renews its asset base to meet sustainable service levels, and ultimately, constrains the extent of further rate increases:

Governance considerations

1. **Review** its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.

Budgeting considerations

2. **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.
3. **Report** its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.
4. **Improve** the transparency and consistency of borrowing assumptions in its long-term financial plan, particularly in the calculation of 'net lending/borrowing' as per the Uniform Presentation of Finances.

Refinements to asset management planning

5. **Consider** including bridges, and plant and equipment assets in new or existing asset management plans to support the prioritisation of renewal expenditure in its long-term financial plan.
6. **Review** the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better align with the allocations in its long-term financial plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.

Containing rate levels

7. **Review** and consider limiting future increases above inflation on its average residential rates (for which average rate levels are high) to help reduce any emerging affordability risk in the community.
8. **Consult** directly with its community about future rate increases and service levels (for example through a community survey or discussion forum).

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2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Government to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.¹

One of the main purposes of the Local Government Advice Scheme (**advice or the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFPs**) and infrastructure and asset management plans (**IAMPs**)² – both required as part of a council's SMP.³ Financial sustainability is considered to encompass intergenerational equity,⁴ as well as program (service level) and rates stability in this context.⁵ The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.⁶ In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.⁷

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 15 councils for advice in the first scheme year (2022-23), including the Adelaide Plains Council (**Council**).

This report provides the Local Government Advice for the Adelaide Plains Council in 2022-23.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2023-24 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.⁸ It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website⁹), nor is it compelled under the LG Act to follow the advice. The Commission thanks the Adelaide Plains Council for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

Historically, the Adelaide Plains Council's community has had strong rateable property growth accompanied by strong infrastructure growth and increasing contributions from ratepayers and government grants. In general, the Commission finds the Council's current financial position sustainable, on balance, with a small operating surplus achieved historically and growing surpluses forecast. However, there are some significant risks to the income and expense forecasts.

The Adelaide Plains Council cost base is expected to rise rapidly in the short term, driven by further growth projections, with the Council anticipating an average of 150 new properties each year to

¹ Amendments to the *Local Government Act 1999* (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

² Commonly referred to as asset management plans.

³ The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.

⁴ 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

⁵ Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ The Commission must publish its advice under LG Act s122(1i)(a).

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2031-32. This cost growth will become embedded into the underlying cost base of the Council. In addition, the Council has factored this growth into its additional rate revenue estimates. Therefore, the future sustainability of the Council is strongly linked to its expectations regarding the further development of the community.

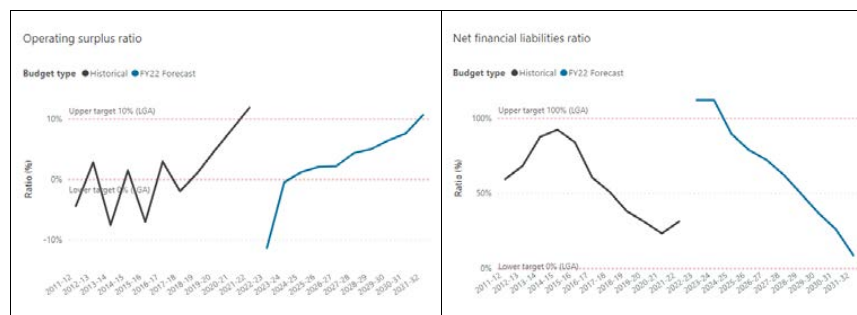
In the short term (to 2023-24), the Adelaide Plains Council is estimating that its capital expenditure will significantly increase with annual operating deficits accordingly. The Council's longer-term projections from 2024-25, comprise a decline in capital expenditure from these levels and an improving financial sustainability outlook, because operating revenue growth outpaces expense growth, with:

- ▶ continued rate increases on the community, above the rate of forecast inflation
- ▶ lower longer-term average cost growth than it has experienced over the past 10 years, and
- ▶ a moderate level of new borrowings of \$4.5 million in the 2022-23 adopted budget.

The Commission considers that there may be opportunities to achieve greater savings and efficiencies in the Council's recurrent budget and encourages it to review and report on this. This includes a review of the asset-related assumptions feeding into its estimated depreciation expenses. In general, a focus on managing its growth-related assumptions and consulting with its community about rate contributions and service levels, should help the Council to identify and act upon opportunities to reduce affordability risk to the community.

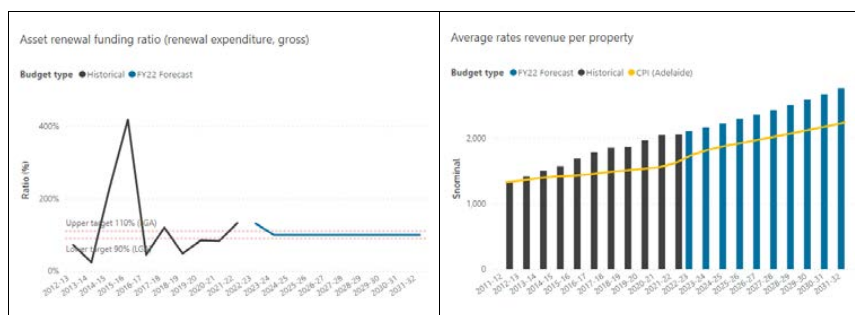
The charts below of the Adelaide Plains Council's past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio, and average rate revenue per property, together support these findings.

The 'heat map' diagram over the page summarises the Commission's findings with reference to whether the Council has met the suggested Local Government Association (**LGA**) target ranges for the three main financial sustainability indicators¹⁰ and the level of cost control and affordability risk identified for the Council over time.



¹⁰ The suggested LGA target range for the ratios are discussed in more detail in the attachment.

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Summary of the Adelaide Plains Council's financial sustainability performance and the Commission's risk assessment

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)	2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0-10%)	Operating deficits —→	Improved performance —→	Operating deficits —→ Surpluses projected from 2024-25 —→
Net financial liabilities ratio (target 0-100%)	Ratio met historically —→	—→	Exceeds target —→ Ratio projected within target from 2024-25 —→
Asset renewal funding ratio (target 90-110%)	Volatility in renewal works spending & some years below target range —→	Ratio below target range	Higher renewal works spending in 2021-22 and 2022-23 and ratio within target range for remaining projections —→
Identified Risks:			
Cost control risk	Operating expenses per property average growth 3.1% p.a. to 2021-22 (CPI 2.0%) —→	Budget pressures (2022-23)	On average, operating expenses growth in line with forecast CPI —→
Affordability risk	High rates revenue per property average growth of 4.4% p.a. to 2021-22 (CPI 2.0%) —→	—→	Projected rate revenue per property average growth above forecast CPI (CPI 2.8%) —→

- Ratio outside suggested LGA target range or higher risk
- Ratio close to suggested LGA target range or medium risk
- Ratio within suggested LGA target range or lower risk

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Adelaide Plains Council's material changes to its 2022-23 plans, its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.¹¹

¹¹ The attachment will be available on the Commission's website with the Advice.

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2.2.1 Advice on material plan amendments in 2022-23

The Adelaide Plains Council has not proposed any amendments to the forward projections in its 2022-23 LTFP, nor is there an updated 2021-22 LTFP to use as a basis of comparison. The Council's Audit Committee considered updating the previous LTFP at its meeting on 12 April 2021, however the Council choose to defer this until various strategic documents were updated and initiatives costed, such as the IAMPs and Tourism and Economic Development Strategy.¹²

As such, the Commission provides commentary on the most recent material changes (identified by the Commission) arising from the 2022-23 budget,¹³ as follows:

- ▶ Reduction in 'project operating expenses' by \$1.0 million due to the deferral of some projects to 2023-24, for example the Two Wells Main Street – Underground Powerlines, and the Relocation of the Two Wells Waste Transfer Station.¹⁴
- ▶ Reduction in total capital expenditure by 9.5 percent to \$8.1 million. The changes in the budget reflect an increase in asset renewals expenditure of \$0.4 million to \$4.6 million; offset by a decrease in new asset expenditure of \$1.3 million, to \$3.5 million.
- ▶ Reduction in new borrowings to \$4.5 million, compared to \$10.3 million proposed in the LTFP.

The Commission also notes significant cost increases in the 2022-23 budget (compared to the 2021-22 unaudited estimates) for 'employee' expenses and 'materials, contracts and other' expenses, by 18.1 percent and 24.0 percent, respectively.

The Council states this is to strengthen its internal capacity to respond to significant increases in economic development opportunities and residential growth within the district. The Commission notes that the Council experienced growth of 4.9 percent in rateable property numbers in 2021-22 (with 254 more properties), following 1.2 percent average annual growth in the preceding 9 years.¹⁵ Further, the Council noted how it has been accumulating significant new assets which must be managed, including \$5 million per annum in donated assets over the last three years.¹⁶

Additionally, as there was a period where the Council's LTFP was not updated, it is not clear whether the community understands the potential implications of the LTFP, the importance of the Adelaide Plains Council's forecasts of rateable property growth and economic activity in supporting the outcomes of LTFP, or the risks to ratepayers and the Council if these forecasts do not occur. An annual review of the LTFP should cover the Council's assumptions concerning growth as well as inflation and other relevant factors.

Therefore, the Commission would encourage the Council to:

¹² Adelaide Plains Council, *Ordinary Council Meeting Agenda – 27 April 2021, Item 14.1 Draft 2021/2022 Annual Business Plan and Budget for Public Consultation*, p. 76, available at https://www.apc.sa.gov.au/_data/assets/pdf_file/0024/883014/Agenda-Ordinary-Council-Meeting-27-April-2021.pdf.

¹³ Adopted by the Council in July 2022. The Commission has taken this approach as the Council's prior LTFP (the pre-2022-23 LTFP) was not updated since the 2018-19 LTFP was adopted on 9 July 2018.

¹⁴ Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 73, available at https://www.apc.sa.gov.au/_data/assets/pdf_file/0021/931611/2022-2023-Annual-Business-Plan-and-Budget.pdf.

¹⁵ Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

¹⁶ Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 9.

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1. **Review** its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.

2.2.2 Advice on financial sustainability

Operating performance

The Adelaide Plains Council has run a mix of operating surpluses and operating deficits¹⁷ historically but the average from 2011-12 to 2020-21 is a small surplus of 0.1 percent. Growth in the average expenses per property has been 3.1 percent per annum over this period, higher than average Consumer Price Index (CPI) growth (of 1.7 percent per annum),¹⁸ and led by growth of 5.8 percent per annum, on average, in 'materials, contracts and other' expenses.

In the last four years, the operating surplus ratio has averaged 6.9 percent per annum.¹⁹ The ratio is not forecast to meet the suggested LGA target range (with a surplus) until 2024-25 (when it will be 1.5 percent), and then it progressively trends towards the upper level of the suggested LGA target range by 2031-32 (then reaching 10.7 percent).²⁰

Looking forward to 2031-32, following the step change in costs in 2022-23, the Council has estimated a reduction in the rate of growth in operating expenses (to average 2.5 percent per annum, which is lower than the Reserve Bank of Australia (RBA)-based forecast inflation of 2.8 percent²¹). In combination with higher rate increases (which are discussed more in section 2.2.3 below), the Council's operating performance gradually improves, resulting in a positive operating surplus ratio from 2024-25. In future years, this might provide an opportunity for the Council to restrict further rate increases to reduce the extent of the surpluses forecast.

Average operating expenses per rateable property are projected to be stable in nominal terms, therefore declining in real terms by the amount of inflation. At the same time, average operating income per property is forecast to increase by 2.5 percent (nominally), still below the impact of forecast inflation. These projections indicate the importance of the forecast growth in rateable properties in minimising the impact of rising costs on households. The reduced costs and revenue per property in real terms is reliant on the Council's assumed average growth of 2.4 percent per annum (to 2031-32) in rateable properties, which is notably higher than historical growth of 1.5 percent per annum (10 years to 2021-22).

If this forecast growth does not occur, the operating expenses per rateable property will rise, if the Council cannot reverse the increases in costs in the short-term (if contracts are locked in), and this could place further pressure on rate levels. Also, the Commission notes the LTFP was last updated 12 months ago (in February 2022) and the economic environment facing the Adelaide Plains Council

¹⁷ This means the Council's operating expenses (including depreciation) have exceeded operating income (including rates and other revenue sources but excluding capital grants, subsidies, and contributions).

¹⁸ CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 1.9 percent), available at <https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index>.

¹⁹ The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised*, May 2019 (**LGA SA Financial Indicators Paper**), p. 6).

²⁰ Adelaide Plains Council, *2023-2032 Long Term Financial Plan*, February 2022, p. 20, available at https://www.apc.sa.gov.au/_data/assets/pdf_file/0029/1113995/Long-Term-Financial-Plan-2023-2032.pdf.

²¹ The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on the RBA forecasts for the CPI (Australia-wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

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may have become less favourable since then. This further emphasises the value of the Council being flexible and responsive in managing its growth-related costs. Therefore, the Commission has found that it would be appropriate for the Council to:

2. **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.
3. **Report** its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

The Adelaide Plains Council has consistently used borrowing and other financing options to supplement any annual shortfall of funds, and over time, this has been within the suggested LGA target range for the net financial liabilities ratio.²² The Council's net debt has historically averaged \$4.5 million annually, or 72.6 percent of its net financial liabilities. On 30 June 2022, net debt was \$2.6 million, or 53.5 percent of net financial liabilities.

In its 2022-23 LTFP, the Council is projecting to initially increase borrowings, in part to fund its relatively large capital expenditure programme in 2022-23. The projections show that the ratio will decrease from a peak of 112.2 percent (exceeding the suggested LGA target) in 2022-23 to 8.9 percent to 2031-32. The reduction is projected to come from a progressive repayment of borrowings financed via higher operating income.

As noted in section 2.2.1 (above) the Council's 2022-23 budget materially reduces its borrowing requirements to \$4.5 million (compared to \$10.3 million in the LTFP). This appears to be related to cash flow inconsistencies identified in the Council's Uniform Presentation of Finances (included in the LTFP).

To address this, the Commission has found it would be appropriate for the Council to:

4. **Improve** the transparency and consistency of borrowing assumptions in its long-term financial plan, particularly in the calculation of 'net lending/borrowing' as per the Uniform Presentation of Finances.

Asset renewals expenditure

In 2021-22, the Adelaide Plains Council spent more on new and upgraded assets than on the renewal and rehabilitation of its existing stock. Between 2011-12 and 2020-21, its spending on new or upgraded assets averaged \$1.9 million per annum, compared with \$1.7 million on the renewal of its asset base.

Historically, the Adelaide Plains Council's expenditure on asset renewals has been highly volatile but on average, higher than the level recommended by its AMPs. Between 2011-12 and 2020-21, the average asset renewal funding ratio (IAMP-based) was 125 percent which is above the suggested LGA target range of 90 percent to 110 percent.²³

²² The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

²³ The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

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In 2021-22 and 2022-23, the ratio is estimated to be high (around 130 percent) before returning to 100 percent consistently from 2023-24 (with asset renewal expenditure then projected to align with the AMP-recommended expenditure). The Council's spending on renewal assets is projected to average \$2.9 million per annum to 2031-32 (in nominal terms).

In the short term, one of the reasons the Council is spending more on the renewal of its assets, is that expenditure has been added to the LTFP that is outside of the AMPs. For example, the Council has advised that AMPs have not been prepared for bridge assets (\$1 million renewal in LTFP; 80 percent being grant funded), and plant and fleet assets (\$0.7 million renewals in LTFP). For this reason, the Commission would encourage the Council to:

5. **Consider** including bridges, and plant and equipment assets in new or existing asset management plans to support the prioritisation of renewal expenditure in its long-term financial plan.

Even with the projected spending on asset renewals aligned with its AMP requirements from 2023-24, the Council's depreciation expenses, which represent the rate of asset consumption, are projected to continue to exceed its renewal spending. Renewal spending is forecast to account for 82 percent of depreciation expenses on average to 2031-32.²⁴ One area that might be leading to higher depreciation expense forecasts, relative to annual asset renewal expenditure needs, is the Council's recent accumulation of new assets. Another risk that arises when depreciation expenses exceed spending on asset renewals is that the asset lives are assumed to be shorter (in the depreciation calculation) than occurs in practice. The implication of projecting higher than necessary depreciation expenses is that higher operating income (and potentially higher rates revenue) is required to generate an operating surplus for the Council.

Therefore, it would be appropriate for the Council to:

6. **Review** the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better align with the allocations in its long-term financial plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.

Further, the Council is budgeting for higher capital expenditure on new or upgraded works that is larger than the \$3.8 million per annum average over the last 10 years. Practically and logistically, this may be challenging to achieve.

2.2.3 Advice on current and projected rate levels

The Adelaide Plains Council has a history of high rate rises with average annual growth of 4.4 percent in rate revenue per property between 2011-12 and 2021-22. As a result, its residential rates are relatively high.²⁵ The Council implemented a 6.2 percent increase to its rates in 2022-23, higher than previously consulted upon (3.25 percent).²⁶ And the 2022-23 LTFP forecasts an average increase of \$655 to

²⁴ The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses) is forecast to average 87 percent to 2031-32. This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed.

²⁵ Refer to Councils in Focus rates data for 2019-20 available at https://councilsinfocus.sa.gov.au/councils/adelaide_plains_council. The Commission is not relying on these rate comparisons for its advice; the data source provides just one indicator, among many, which has informed its advice on the appropriateness of the rate levels.

²⁶ Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 49.

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existing rates by 2031-32 (to \$2,758), which represents an increase of approximately \$200 above the Council's assumed inflation growth.²⁷

Residential ratepayers (contributing approximately 57 percent of general rates revenue) are estimated to pay an average increase of 5.5 percent. Lower increases were levied on primary production ratepayers (4.0 percent), which account for approximately 34 percent of general rates revenue.

The Council has forecast average rate revenue per property growth of 3.1 percent to 2031-32, which is higher than RBA-based average forecast inflation growth (2.8 percent). Given that the Council has assumed high growth in rateable properties over this period, the total rates revenue growth will be higher – averaging 5.6 percent per annum. As stated, this revenue estimate relies on growth of 150 properties per annum being achieved.

Affordability risk for the increases currently appears moderate. The Commission notes that the Adelaide Plains Council area has a high Socio-Economic Indexes for Areas (SEIFA) ranking with relatively strong access to economic resources and higher capacity to pay for higher rate levels than some other areas.²⁸ However, the current economic environment is putting more pressure on most communities' capacity to pay for further rate increases, including Adelaide Plains. Further, it is not evident that the Council has tested the support for the rate increases through community consultation (for example, with a survey or discussion forum about rate increases and service levels). Given that residential rates are already comparatively high in the Council area,²⁹ the Commission considers that it would be appropriate for the Adelaide Plains Council to:

7. **Review** and consider limiting future increases above inflation on its average residential rates (for which average rate levels are high) to help reduce affordability risk in the community.
8. **Consult** directly with its community about future rate increases and service levels (for example, through a community survey or discussion forum).

2.3 The Commission's next advice and focus areas

In the next cycle of the Scheme, the Commission will review and report upon the Adelaide Plains Council's:

- ▶ ongoing performance against its LTFP estimates (including review of growth assumptions)
- ▶ progress in improving the accuracy and consistency in its LTFP, and alignment of capital expenditure estimates included in its plans.
- ▶ actions to address any misalignment between the capital expenditure and depreciation estimates in its LTFP and various AMPs, and
- ▶ how it has sought to reduce any affordability risks.

²⁷ The Council's projected CPI inflation is 2.25 percent plus an allowance of 0.25 percent to fund new assets/programs (Adelaide Plains Council, *2022-23 to 2031-32 Long Term Financial Plan*, February 2022, p. 6). This is different to the CPI line in charts throughout this Advice which are based on RBA forecasts and then, a return to long run averages from 2025-26 (with growth of 2.5 percent per annum).

²⁸ The Adelaide Plains Council area is ranked 65 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics Socio-Economic Indexes for Areas Index of Economic Resources (2016), where a lower ranking (eg, 1) denotes relatively lower access to economic resources in general, compared with other areas, available at <https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest>.

²⁹ See footnote 25.



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Adelaide Plains Council 91

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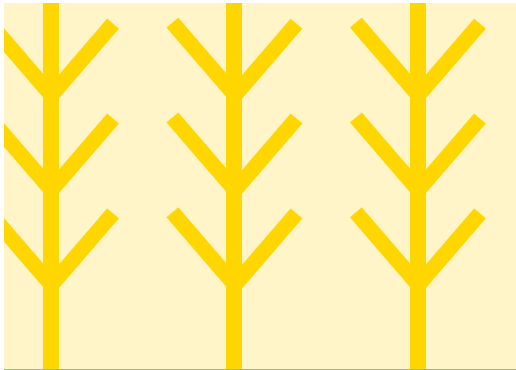
ADELAIDE PLAINS COUNCIL'S RESPONSE TO THE LOCAL GOVERNMENT ADVICE BY ESCOSA

Adelaide Plains Council (the Council) acknowledges the receipt of Essential Services Commission of South Australia's (ESCOSA) strategic management plans (SMP) Advice dated 28 February 2023.

The Council has reviewed the advice provided by ESCOSA and makes the following response/commentary for the Advice.

ESCOSA ADVICE	COUNCIL COMMENT	IMPLEMENTATION TIMEFRAME
GOVERNANCE CONSIDERATIONS		
1 Review its long-term financial plan annually (including its 10-year projections and all relevant assumptions - including for inflation) to better inform its decision-making and any relevant consultation processes.	Due to uncertainties surrounding the impact of COVID-19, Council deferred updating LTFP in 2020. It was deferred again in 2021 until various strategic documents were updated and costed.	LTFP is currently being updated as part of 2023/2024 budget process. Expected to be completed by July 2023.
BUDGETING CONSIDERATIONS		
2 Review the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.	As part of developing 2023/2024 budget, rateable property growth is being reviewed. If the projected growth does not occur, Council will adjust growth related expenditure specially in the area of new labour resources.	As part of 2023/2024 budget process and ongoing every year.
3 Report its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	Past and future cost savings will be reported in the 2023/2024 Annual Business Plan and Budget as recommended.	As part of 2023/2024 budget process and ongoing every year.
4 Improve the transparency and consistency of borrowing assumptions in its long-term financial plan, particularly in the calculation of 'net lending/borrowing' as per the Uniform Presentation of Finances.	Uniform Presentation of Finances will be updated to ensure transparency in the calculation of net lending/borrowing.	As part of 2023/2024 budget process and ongoing every year.

ESCOSA ADVICE	COUNCIL COMMENT	IMPLEMENTATION TIMEFRAME
REFINEMENTS TO ASSET MANAGEMENT PLANNING		
5 Consider including bridges, and plant and equipment assets in new or existing asset management plans to support the prioritisation of renewal expenditure in its long-term financial plan.	<p>Transport - Infrastructure Asset Management Plan updated in 2021 has already covered bridges.</p> <p>Assets management plan will be updated to include all major plant and equipment assets when next comprehensive review of Council's assets management plans occurs following the review of strategic plan.</p>	As part of next update to the Council's assets management plan. Expect to occur in 2024.
6 Review the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better align with the allocations in its long-term financial plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.	Assumptions will be reviewed as part of the next review of Council's asset management plans.	In 2024.
CONTAINING RATE LEVELS		
7 Review and consider limiting future increases above inflation on its average residential rates (for which average rate levels are high) to help reduce any emerging affordability risk in the community.	<p>Some of the Council's expenses have increased by more than inflation in recent years (For example, fuel, electricity, insurance, road construction/maintenance).</p> <p>In addition, APC is a growth Council, resulting more and more high value new houses being built every year.</p> <p>Therefore, average residential rates could be increased above inflation, however, this will mostly impact residential properties with increased value.</p> <p>For example, although average residential rates were increased by 5.46% in 2022/2023, 34% of the residential rate payers had their rates increased by less than 5.46%. (The inflation in the December 2022 quarter is 8.6% in Adelaide).</p>	As part of 2023/2024 budget process and ongoing every year.
8 Consult directly with its community about future rate increases and service levels (for example through a community survey or discussion forum).	With a dedicated Marketing and Communications Officer on board, Council will explore options/avenues to directly engage with the community about future rate increases and service levels.	In 2024 as part of 2024/2025 budget process.



The image shows the front cover of a financial plan document. On the left, the title '2024 - 2033' is written in a green sans-serif font, with 'LONG TERM FINANCIAL PLAN' below it in a larger, bold, dark grey sans-serif font. The right half of the cover is a collage of images and patterns. It includes a semi-circular yellow shape, a blue square with white wavy lines, a red square with white concentric circles, a green square, a yellow square with yellow stylized plant patterns, an aerial view of a park with a green oval field, a road with a white dashed line, a picnic shelter with a metal frame, a water tank on a dirt road, and a green square with green stylized plant patterns. The Adelaide Plains Council logo, featuring a stylized 'A' with blue, yellow, and red elements, is in the bottom right corner, with the text 'Adelaide Plains Council' below it.

ACKNOWLEDGEMENT OF COUNTRY

Adelaide Plains Council acknowledges that we are located on the traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.

ADELAIDE PLAINS COUNCIL

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Adopted by the Council 10 July 2023

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1 INTRODUCTION

BACKGROUND

Section 122(1a) of the Local Government Act requires councils to develop and adopt:

- a Long Term Financial Plan (LTFP) for a period of at least 10 years; and
- an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years.

Section 122(4) (a) the Local Government Act requires that the LTFP should be reviewed on an annual basis. However, section 122(4)(b) of the Local Government Act specifies that the Council must undertake a comprehensive review of its Long Term Financial Plans within two (2) years after each general election of the council.

PURPOSE OF LTFP

The purpose of a Council's LTFP is to express, in financial terms, the activities that it proposes to undertake over the medium to longer term to achieve objectives stated in its strategic documents. It is similar to, but usually less detailed than the annual budget. Just like the budget, it is a guide for future actions, although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals/decisions.

LTFP also provide a level of assurance to Elected Members and the community on the sustainability of Council's operations. The aggregation of future strategic plans, programs & initiatives, their intended costs and anticipated revenues, enables the accumulation of overall financial and economic implications to be readily identified and, if warranted, future activities to be revised/deferred.

LTFP AS A DECISION-MAKING TOOL

A 10 year LTFP summarises the financial impacts of Council's strategic directions and provides an indication of the sustainability of these plans. By evaluating Council's financial strategies over a planning horizon of 10 years, Council can determine how decisions that it makes now will impact on the future and ensure the impact of rates is spread equitably across generations of ratepayers so that planned service standards and infrastructure levels can be met over the long term without unplanned and disruptive increases in rates or cuts to services.

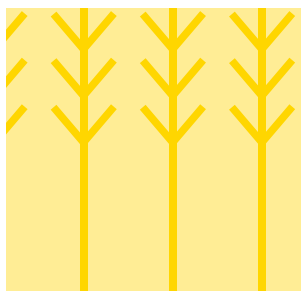
LTFP IS A FLUID DOCUMENT

The LTFP presents prospective information which will be updated and amended over time as circumstances change. Actual results are likely to vary from the information presented. Consequently, the information in this LTFP is prepared based on best estimate assumptions as to future events which Council expects are likely to take place. Therefore, LTFP will be annually reviewed, modified and refined as new information is discovered, usually as part of the adoption of the annual budget.



It is similar to, but usually less detailed than the annual budget. Just like the budget, it is a guide for future actions





2

CHIEF EXECUTIVE OFFICER STATEMENT ON FINANCIAL SUSTAINABILITY

Adelaide Plains Council (APC) is one of the fastest growing local government areas in South Australia, second only to Mount Barker, and this trend is anticipated to accelerate over the next ten year period.

With residential land releases well underway at Two Wells, we are seeing upwards of 500 new residents moving to our region each year. Growth projections indicate that by the year 2033, our Council will have grown by approximately 5,000 people to a population of 15,000.

Strategically positioning APC to be 'growth ready' has been front of mind since 2021 and we have progressed a number of key blueprints which now inform the Long Term Financial Plan (LTFP). Our 2021-2024 Strategic Plan and Infrastructure and Asset Management Plan have shaped this LTFP.

The review of the Infrastructure and Asset Management Plan and its subsequent adoption on 25 October 2021 now guides much of the LTFP. With our asset base valued at \$184m and with \$5m worth of donated assets coming into our ownership each and every year from the new residential growth at Two Wells, the allocation of funds to our various infrastructure categories becomes all the more important.

APC's LTFP foreshadows that we will be able to sufficiently maintain and/or replace/renew our ever expanding suite of assets over the life of the Plan while still maintaining current service levels with no adverse impact surrounding rate hikes. In recognition of this, it is our intent to implement a rating strategy that seeks to achieve a reasonable degree of stability and predictability in the overall rates distribution over the life of the Plan.

Financial sustainability is key to ensuring APC is able to continue to effectively manage current and projected growth for the benefit of both present and future generations. Financial sustainability means having a financial position capable of meeting long term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services.

The key financial indicators used by the Council in this LTFP to assess Council's long term financial sustainability include:

- Operating Surplus/(Deficit) Ratio
- Asset Renewal Funding Ratio
- Net Financial Liabilities Ratio

Over the next ten year period, APC is proposing to invest \$56.025m in operating and capital projects while maintaining current Council services in order to achieve the objectives of the Infrastructure & Assets Management Plans and Strategic Plan 2021-2024.

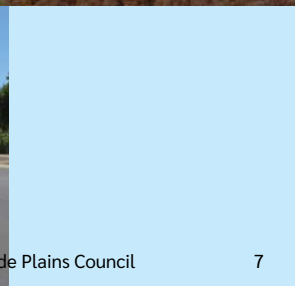
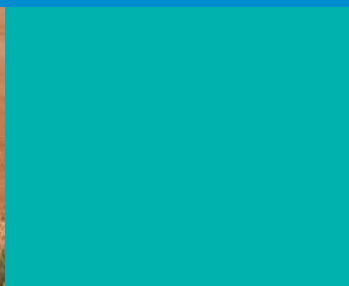
Out of total project budget of \$56.025m, \$5.820m (10%) would be spent on new and upgraded assets, \$19.538m (35%) will be spent on new initiatives or programs in line with growth projections and \$30.666m (55%) will be spent on asset renewals.

As a result, Council is forecasting operating deficits from Year 1 to 4 of the LTFP and a surplus budget thereafter. New borrowings of \$5.237m is forecast in the first three (3) years with repayments to start from Year 4 (i.e. 2026/2027).

This LTFP is perhaps the most important of any delivered by this Council, particularly with the unprecedented level of activity and growth on our doorstep. Prudent financial management remains at the forefront of all that we do here at APC and this is no better evidenced than through the delivery of this LTFP.

JAMES MILLER
CHIEF EXECUTIVE OFFICER

Over the next ten year period, APC is proposing to invest \$56.025m in operating and capital projects

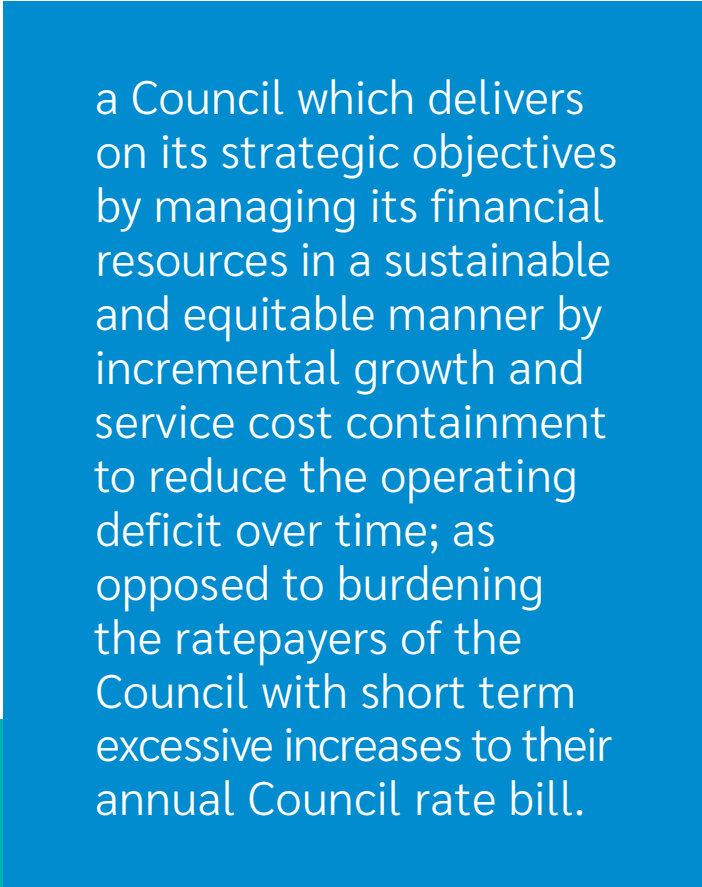





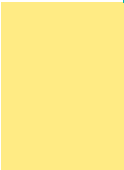
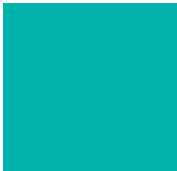
3

LONG TERM FINANCIAL OBJECTIVE OF THE ADELAIDE PLAINS COUNCIL

**The Long Term Financial Objective of
Adelaide Plains Council is to be:**



a Council which delivers on its strategic objectives by managing its financial resources in a sustainable and equitable manner by incremental growth and service cost containment to reduce the operating deficit over time; as opposed to burdening the ratepayers of the Council with short term excessive increases to their annual Council rate bill.



Financial sustainability means having a financial position capable of meeting long term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services. Therefore, LTFP has been developed based on following budget principles.

Principle 1

Breakeven Budget

Annual cost of Council's services and programs, including depreciation of assets, are fully funded by the current ratepayers being the consumers of those services, programs and assets.

Principle 2

Rate Stability

Annual rate collection is fair and equitable for the ratepayers with the aim to keep rate revenue increases stable over the medium term.

Principle 3

Infrastructure and Asset Management

Maintain infrastructure and assets in line with the Council's Infrastructure Asset Management Plans.

Principle 4

Prudent Debt Management

Prudent and strategic use of debt to invest in new long term assets to ensure intergenerational equity between current and future users.

4

KEY INFLUENCES AND RISKS

This Long Term Financial Plan generates information that is used to guide decisions about Council operations into the future. However as with any long term plan, the accuracy of this LTFP is subject to many inherent influences. These variables and risks can be divided into three main groups:

4.1 EXTERNAL INFLUENCES – ITEMS OUTSIDE OF COUNCIL'S CONTROL

- Unforeseen economic changes or circumstances such as:
 - interest rates fluctuations (For example, Reserve Bank of Australia (RBA) forecast up to early 2022 that the cash rate would not be increased until inflation is within the 2% to 3% target range which was then not expected to occur until 2024. However, since May 2022, Australia has seen 10 consecutive rate rises by the RBA);
 - localised economic growth – residential and commercial development;
 - Adelaide Consumer Price Index (CPI), Local Government Price Index (LGPI); and,
 - changes in specific grant programs such as Financial Assistance Grants, Special Local Roads Grant, Roads to Recovery Grant etc.
- Unforeseen political changes or circumstances such as:
 - changes to levies and their conditions (e.g. EPA Solid Waste Levy, Regional Landscape Levy);
 - cost of natural resources such as electricity, fuel and water;
 - a change in the level of legislative compliance; and,
 - cost-shifting (e.g. Increase in Emergency Services Levy).
- Variable climatic conditions such as flooding, bushfire and drought and the resulting impact on insurance.
- Others
 - ESCOSA full cost recovery requirement for CWMS service charges;
 - ESCOSA Local Government Advice; and
 - Infrastructure assets donated by developers (\$5m per year).

4.2 INTERNAL INFLUENCES – ITEMS THAT COUNCIL CAN CONTROL

- Strategic Plan 2021-2024;
- Infrastructure & Asset Management Plans and service levels;
- Additional labour resources (outside and inside staff) needed, commensurate with growth;
- depreciation (although valuations can be considered an external influence);
- rate increases and other financial influences;
- performance management;
- productivity and efficiencies in service delivery;
- Enterprise Bargaining Agreements (EBA) and associated employee costs; and
- Council investment in IT infrastructure and data security.

4.3 COMMUNITY DRIVERS

- Community needs, expectations and the outcome of the community survey.

To minimise the inherent risks of long term financial planning, the Council will review and update its Long Term Financial Plan regularly and ensure that the most recent economic data and forecasts are being used as the basis for developing and updating the Council's Long Term Financial Plan.





5

BASIS OF PREPARATION

The LTFP consolidates the funding requirements from Council's Infrastructure and Asset Management Plan and provides a holistic view which helps ensure Council operates sustainably over the 10 year period. It enables Council to effectively and equitably manage service levels, asset funding and revenue-raising decisions, balanced with achieving its financial strategy and key performance indicators.

In developing the LTFP, key financial principles have been established that underpins Council's forecast financial performance and position over a 10-year time frame. The LTFP incorporates a number of statutory and discretionary reports and assumptions as part of a statutory requirement (within the Local Government Act 1999). Due to the variable nature of these assumptions and changes in the economy, an annual review of the LTFP will provide the Council with the opportunity to review the financial principles to easily adapt to these external influences, changes in proposed service levels or projects. This involves concerted input from the Elected Members, Audit Committee and the community.

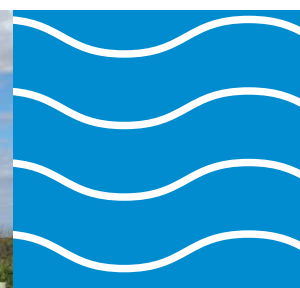
The financial projections and targets contained within this LTFP, indicate Council's direction and financial capacity into the future and are intended to be viewed as a guide to future actions or opportunities. This in turn encourages Council to analyse the future effects and impacts of current decisions made by Council.

For this LTFP, 2023/2024 budgeted financial statements form the basis for year 1. Years 2 to 10 present nine (9) inclusive years of financial projections underpinned by the base data.



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Adopted Long Term Financial Plan 2024-2033



5.1 LTFP FRAMEWORK

The LTFP has been prepared within the following framework:

- Maintaining existing Council services at current service levels.
- Continue to invest in growth to ensure future financial sustainability of the Council;
- Support the achievement of the Strategic Plan 2021-2024 objectives.
- Maintains, on average, a break-even or positive funding (cash) position over the LTFP.
- Achieve long term financial sustainability.
- Maintain intergenerational equity.
- Continues to improve the maintenance of assets in accordance with Council's Infrastructure and Asset Management Plans, with a priority on;
 - maintenance before renewal, and
 - renewal before new when it is cost effective to do so.
- Council only approves new major projects where it has identified funding capacity to do so including Prudential Review where required.
- Council continues to fund the full life-cycle costs of any new or enhanced services or construction of new assets through savings, rate increases, grant funding or new borrowings.
- Review existing services and assets to ensure they meet prioritised community needs.
- Responsible changes in rating policy while maintaining regulatory compliance.

5.2 LTFP INPUTS

The LTFP has various inputs, including:

- Audited financial statement for 2022/2023 Financial Year.
- Budget adopted by the Council for 2022/2023 Financial Year and quarterly budget revisions.
- Assumptions on the inflation of various revenue and expenses.
- Relevant Enterprise Bargaining Agreement.
- Strategic Plan 2021-2024 and Infrastructure and Asset Management Plans.
- Feedback from the Audit Committee, Elected Members and the community.
- ESCOSA Local Government Advice.



5.3 KEY DRIVERS AND ASSUMPTIONS

It is important that Council's LTFP reflects the most recent economic data and forecasts available. Therefore, LTFP has been developed based on a number of assumptions and any shift in the actual results compared to the assumptions will cause variations to the LTFP forecast. Further, material variations between the assumptions and actuals over several years would have a very significant impact on the LTFP forecast results due to the compounding effect year on year into the future. A number of underlying key assumptions used in the LTFP have been listed in Table 1.



ADELAIDE CONSUMER PRICE INDEX (CPI) / LOCAL GOVERNMENT PRICE INDEX (LGPI)

The average operating cost increases for local government materials, contracts and other service costs are estimated using the LGPI as prices of these items move in different ways to how average household prices move. The LGPI is similar to CPI but represents the movements of prices associated with goods and services consumed by local government in South Australia. It is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies.

The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum for Australia. While Adelaide CPI and LGPI through the year to June 2022 have increased by 4.20% and 4.10% respectively, it is expected that both price indices would stay higher in the short to medium term due to cost pressures as a result of pandemic recovery, low unemployment, and flow-on effect of high inflation on salary and wages. Therefore, for this LTFP, an annual CPI/LGPI of 6% has been factored when estimating income and expenses for Year 1 (2023/2024) and 4% thereafter.

However, it should be noted that on average for the period 2014/2015 to 2021/2022 (2020/2021 is excluded as the inflation for 2020/2021 is considerably lower due to COVID-19 related restrictions and government assistance to households and business), LGPI has been 0.23% higher than CPI as shown below.

ANNUAL INFLATION CHANGES

YEAR	LGPI	CPI (ADELAIDE)	LGPI VS CPI
June 2015	1.70%	1.60%	0.10%
June 2016	0.90%	0.90%	0.00%
June 2017	1.80%	1.50%	0.30%
June 2018	2.90%	2.30%	0.60%
June 2019	2.60%	1.50%	1.10%
June 2020	1.40%	1.80%	(0.40%)
June 2021		Excluded	
June 2022	4.10%	4.20%	(0.10%)
AVERAGE	2.20%	1.97%	0.23%



Prices of these items move in different ways to how average household prices move.

Adelaide Plains Council

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The key economic indicators and drivers used in this LTFP are summarised in Table 1 below based on best available information as of March 2023.

TABLE 1: KEY DRIVERS AND ASSUMPTIONS USED IN THE LTFP

DESCRIPTION	ASSUMPTIONS
CPI/LGPI	6% in Year 1 and 4% thereafter over the next 9 years
General Rates Income	Increase in existing rates - Year 1 – 7.00% and 4.00% thereafter Growth - Year 1 - 2.55% and 2.75% thereafter
CWMS Charge	7% Year 1 and 4% thereafter over the next 9 years to comply with ESCOSA requirement for CWMS pricing.
Waste Charge	20% in Year 1 and 10.00% increase thereafter inclusive of growth.
Regional Landscape Levy	Year 1 - As advised by the Landscape Board. Thereafter, 3% increase.
Statutory charges	Income from planning applications, waste water applications and dog registration is estimated based on expected growth within Council district for the next 10 years. (2.9% on average)
User charges	3% increase from year 1 to 10.
Grants	Estimates are based on confirmed grant programs such as Financial Assistance Grants, Special Local Roads Grant, Roads to Recovery Grant, Library Operating Grant etc. on the assumption that these grants program will continue during the 10 year period.
Employee Costs	Year 1 increase is to be confirmed in late April 2023 when March 2023 quarter Adelaide CPI is published. 4% increase from Year 2 to 10.
Materials, contracts and other	3% to 4% on average over the 10 year period (excluding additional expenses associated with growth which are captured under Operating Projects).
Depreciation	5.00% per annual from Year 1 to 10.
Finance Costs	Based on current and estimated new borrowings required.
Receivable, trade payables and provisions	No significant increase in overdue rates, trade receivable, trade payables and provisions.
Donated Assets	Council is expected to receive donated assets of \$5m on average over the 10 year period from developers.

5.4 GROWTH PROJECTIONS

Growth over the life of the LTFP has been estimated at 2.75% which is based on the expected addition of 250 new properties across the Council district through sub-divisions. The population is expected to increase by 500 persons every year throughout the 10 year period. The following table shows the expected change within Council district with regard to population, number of rateable properties, infrastructure assets and development applications in 2023 and 2033.

TABLE 2: GROWTH PROJECTIONS

DESCRIPTION	2023	2033	INCREASE
Population	10,500	15,000	43%
No of Rateable Properties	5,700	8,450	48%
Value of Infrastructure Assets (\$Mn)	172	307	78%
No of Development Applications per year	600	800	33%

While growth brings in additional income in the form of;

- Rates, development application fees;
- dog registration fees;
- waste water application fees;

it also adds cost pressures such as;

- additional electricity costs on public lighting;
- sealed roads maintenance, footpath maintenance, street sweeping;
- stormwater maintenance, reserve and parks maintenance;
- road signs and line-marking, weed spraying; and
- additional labour resources.

Accordingly, Council has factored in additional income and expenses in to the LTFP to account for the growth based on current service standards for infrastructure maintenance costs and current income levels.



6

10 YEAR CAPITAL AND OPERATING PROJECT PROGRAM

6.1 OPERATING PROJECT PROGRAM

In order to achieve the objectives of the Strategic Plan 2021-2024 and the Infrastructure & Assets Management Plans, Council is planning to undertake the following 19 programs and initiatives with an estimated cost of \$19,538m over the 10 year period. (Final budgets and the timing of these programs will be confirmed as part of future annual budget deliberations).

**TABLE 3: OPERATING PROJECT PROGRAM (\$'000)**

PROJECT NAME	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	TOTAL
ENVIALE LIFESTYLE											
1. Roadside Vegetation Management Plan		-	-	-	-	50	-	-	-	-	50
2. New Cemetery Management System	54	-	-	-	-	-	-	-	-	-	54
3. Two Wells Library - Salt damp treatment	50	-	-	-	-	-	-	-	-	-	50
4. Open Space & Recreation Strategy		-	-	-	-	50	-	-	-	-	50
5. New Residents Kits and Business & Community Directory	-	23	-	23	-	-	23	-	-	-	69
6. Street/Verge Tree Planting	30	30	30	30	30	30	30	30	30	30	300
EMERGING ECONOMY											
7. Two Wells Land Development	35	-	-	-	-	-	-	-	-	-	35
8. Additional labour resources commensurate with growth*	241	626	911	1,218	1,548	1,903	2,283	2,691	2,799	2,911	17,131
9. Undergrounding of Power - Two Wells Main Street	600	-	-	-	-	-	-	-	-	-	600
10. Parham Foreshore Master Plan	15	-	-	-	-	-	-	-	-	-	15
REMARKABLE LANDSCAPES											
11. Levee, Hickinbotham Development in Two Wells	-	269	23	-	-	-	-	-	-	-	292
12. GRFMA Business Case	52	-	-	-	-	-	-	-	-	-	52
13. Two Wells Cemetery - landscaping	20	-	-	-	-	-	-	-	-	-	20
14. Two Wells - Recycled Water Use	-	40	70	75	55	85	90	70	-	-	485
PROACTIVE LEADERSHIP											
15. Bridges - Condition Assessments		-	-	-	50	-	-	-	-	-	50
16. Community Hub Investigation - Phase 2	25	-	-	-	-	-	-	-	-	-	25
17. Community Survey	-	-	-	20	-	-	20	-	-	-	40
18. Council Elections	-	-	-	50	-	-	-	50	-	-	100
19. Donaldson Rd - Design to include WSUD and open space elements	10	50	-	-	-	-	-	-	-	-	60
20. Review of Strategic Plan	-	-	-	-	30	-	-	-	30	-	60
TOTAL ESTIMATED COSTS	1,132	1,038	1,034	1,416	1,713	2,118	2,446	2,841	2,859	2,941	19,538

* As additional labour resources are needed commensurate with growth, if the rate of actual growth is lower than what has been factored in the LTFP, provision of additional resources will be adjusted accordingly.

6.2 CAPITAL WORKS PROGRAM

Capital Works Program for the next 10 years is summarised in the Table 4 below. It includes budgetary allocations of \$36.486m across the 10-year period as follows;

- Renewal and Replacement of existing assets totalling \$30.666m which is higher than the renewal/replacement expenditure required under the Council's assets management plan for next 10 years; and
- \$5.820m on New and Upgraded assets (Table 5).

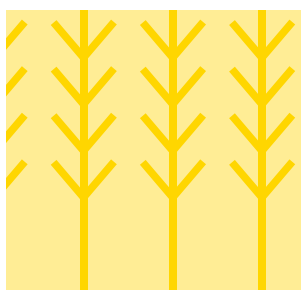
TABLE 4: CAPITAL PROJECT PROGRAM (\$'000)

EXPENDITURE CATEGORY	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Plant, Fleet & Equipment	1,181	1,300	1,015	236	1,015	1,015	1,015	1,015	1,015	1,015
Street Scape	155	100	100	100	100	100	100	100	100	100
Site Improvements	495	1,430	1,580	440	340	340	340	340	340	340
Sealed Roads	901	700	1,296	700	700	700	700	700	700	700
Unsealed Roads	1,260	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Car Parks & Traffic Control	195	60	45	-	-	-	-	-	-	-
Pram Ramps	10	10	10	10	10	10	10	10	10	10
Building	70	-	-	-	-	-	-	-	-	-
Kerbing	285	280	-	-	-	-	-	-	-	-
Stormwater	60	210	55	-	-	-	-	-	-	-
CWMS	15	25	27	20	20	20	20	20	20	20
TOTAL EXPENDITURE	4,627	5,115	5,128	2,506	3,185	3,185	3,185	3,185	3,185	3,185

EXPENDITURE CATEGORY	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
New/Upgrade	934	1,280	1,966	320	220	220	220	220	220	220
Renewal	3,693	3,835	3,162	2,186	2,965	2,965	2,965	2,965	2,965	2,965
TOTAL EXPENDITURE	4,627	5,115	5,128	2,506	3,185	3,185	3,185	3,185	3,185	3,185

AN EXTRACT FROM THE I& – 10 YEAR CAPITAL EXPENDITURE FORECAST

EXPENDITURE CATEGORY	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
New/Upgrade	5,040	6,585	5,433	227	445	190	290	165	500	500
Renewal	3,091	3,390	2,461	2,661	2,493	2,486	3,102	3,650	2,691	3,069
TOTAL EXPENDITURE	8,131	9,975	7,894	2,888	2,938	2,676	3,392	3,815	3,191	3,569



6.3 NEW CAPITAL ASSETS IN DETAIL

Table 5 provides the details of the 10 year **new capital program**. These new projects have been included in the LTFP due to the following reasons;

- New footpath – Existing townships don't have footpaths and therefore to provide standard level of service.
- New kerbing – To improve drainage in townships and to provide standard level of service
- New car parks – To improve safety and cater for growth & tourism related demand.
- New Openspace – To provide level of service outlined in the assets management plan.

TABLE 5: NEW CAPITAL PROJECT PROGRAM IN DETAIL (\$'000)*

PROJECT NAME	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
PLANT AND EQUIPMENT										
IT Infrastructure Upgrade	33	-	-	-	-	-	-	-	-	-
STREETSCAPE										
South Terrace (Dublin) - Old Port Wakefield Road to Seventh Street	46	-	-	-	-	-	-	-	-	-
Irish Street - Butler Street to Redbanks Road	31	-	-	-	-	-	-	-	-	-
Rowe Crescent - Drew Street to Applebee Road	16	-	-	-	-	-	-	-	-	-
Chivell Street - Mary Street to End	38	-	-	-	-	-	-	-	-	-
Future Street Scape Program Allocation	-	100	100	100	100	100	100	100	100	100
KERBING										
South Terrace (Dublin) - Old Port Wakefield Road to Seventh Street	285	-	-	-	-	-	-	-	-	-
SEALING OF UNSEALED ROADS										
Sealing of Wasleys Road (Cheek Rd To Boundary Rd - Special Local Rd)	-	-	596	-	-	-	-	-	-	-

CAR PARKS & TRAFFIC CONTROL										
Two Wells Mainstreet - Pedestrian Refuges/Crossing	195	-	-	-	-	-	-	-	-	-
Ruskin Road (Thompson Beach) - Car Parking	-	60	-	-	-	-	-	-	-	-
Coastal Carpark Formalise, Adelaide International Bird Sanctuary	-	-	45	-	-	-	-	-	-	-
SITE IMPROVEMENTS										
Lewiston Dog Park Shelters	20	-	-	-	-	-	-	-	-	-
Street & Reserves/ Parks Furniture Program	20	20	20	20	20	20	20	20	20	20
Streetscape and WSUD	50	50	50	50	50	50	50	50	50	50
Lewiston Wetland Trails - Seating, paths, signage	-	50	-	-	-	-	-	-	-	-
Bakers Wetland - Seating, paths, signage	-	-	50	-	-	-	-	-	-	-
Middle Beach - Foreshore upgrade	-	300	-	-	-	-	-	-	-	-
Open Space & Recreation Strategy Outcomes (Allocation)	-	50	50	-	50	50	50	50	50	50
Trail Strategy Outcomes (Allocation)	-	-	100	-	-	-	-	-	-	-
Township Entrance Signs - Allocation	140	-	-	-	-	-	-	-	-	-
Stage 2 - Two Wells/Mallala Ovals - Implementation	-	500	-	-	-	-	-	-	-	-
Stage 2A - Two Wells/Mallala Ovals - Implementation	-	-	500	-	-	-	-	-	-	-
Stage 3 - Two Wells Oval - Additions, Support to Area	-	-	350	-	-	-	-	-	-	-
Stage 1 - Police Block - Shelter, Skate Park, Masterplan/Concepts	-	-	50	-	-	-	-	-	-	-
Stage 2 - Police Block - Shelter, Skate Park, Masterplan/Concepts	-	-	-	150	-	-	-	-	-	-
STORMWATER										
Redbanks Road from Mallala - Two Wells Road to Irish Street	-	100	-	-	-	-	-	-	-	-
Mallala Stormwater Urban Management Plan Outcomes	-	50	55	-	-	-	-	-	-	-
Mallala Oval stormwater and road upgrade	60	-	-	-	-	-	-	-	-	-
TOTAL NEW PROJECT BUDGET	934	1,280	1,966	320	220	220	220	220	220	220

* While the estimates given above are based on best available information in June 2023, exact budgets allocation and the timing of the delivery of these capital program will be confirmed as part of future annual budget deliberations.

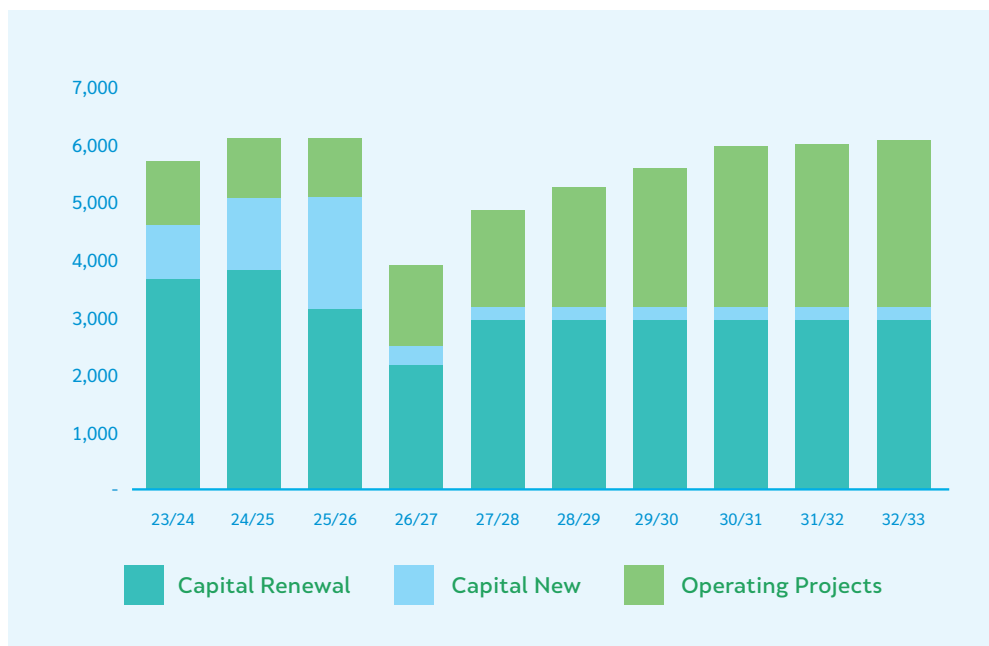


TOTAL PROJECTS BUDGET FOR NEXT 10 FINANCIAL YEARS

The graph below shows the budgeted total capital and operating project program for the next 10 years.

The proposed budget in Table 3 and Table 4 would result in a significant increase of project expenditures, with a considerable spike in the first three (3) years. The total project budget over the 10-year period is \$56.025m.

FIGURE 1: TOTAL CAPITAL AND OPERATING PROJECT EXPENSES (\$'000)



6.4 PROJECTS EXCLUDED FROM THE LTFP

Financial implications of the following projects have not been factored in the LTFP pending further information, prudential reviews and formal Council resolutions although these initiatives have been identified in the Council's Strategic Plan 2021-2024. The first two (2) projects are expected to cost \$14.500m approximately should the Council decide to proceed without any government grants.

- Office accommodation review outcome;
- Two Wells Community Waste Management System;
- Financial returns and outlays (i.e. proceeds from the sale of land, future rates income, future development application income, donated assets and its depreciation) associated with the TW Town Centre development has been excluded pending formal Council resolutions and finalisation of relevant contractual discussions/agreements.

In addition, Council contribution towards potential flood mitigation works by Gawler River Floodplain Management Authority (GRFMA) has also not been included in the LTFP although these works are expected to cost a significant amount of money. This is because of GRFMA's current policy position that no capital costs for the proposed Northern Floodway are borne by constituent councils.



Adelaide Plains Council

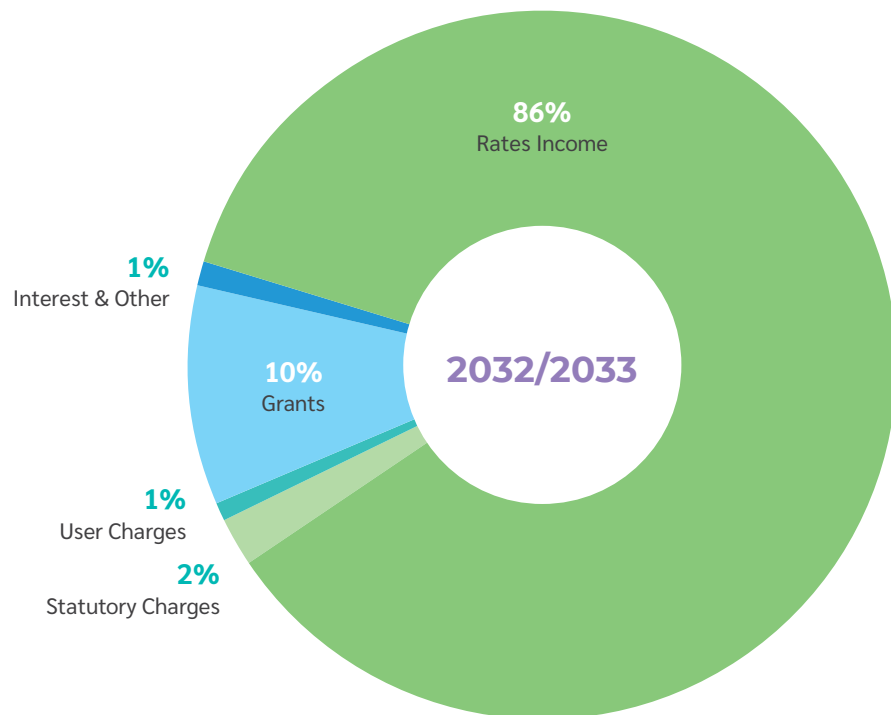
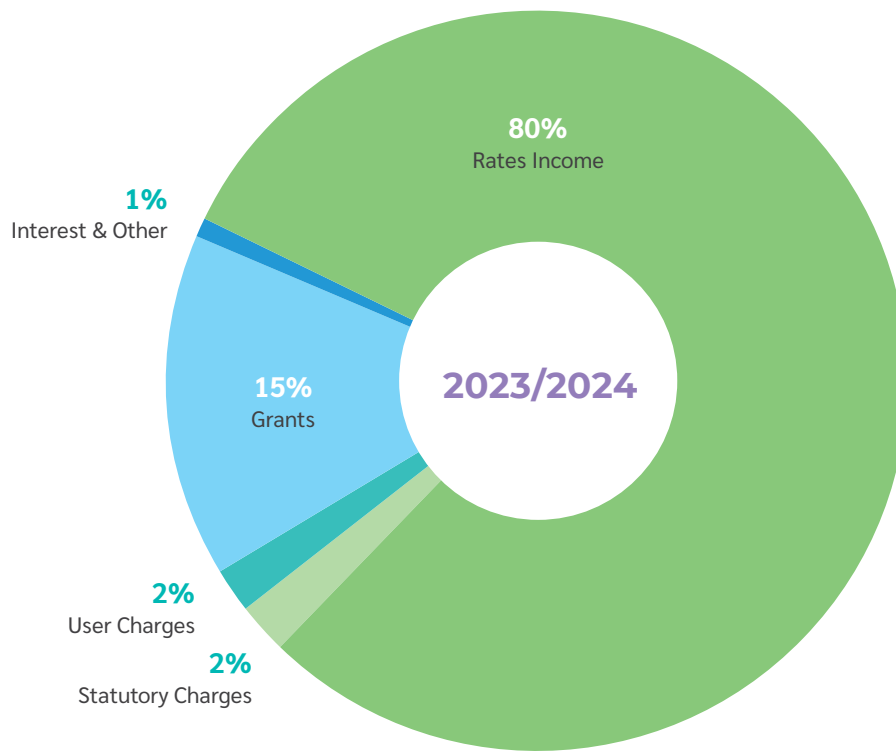
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6.5 LONG TERM FINANCING STRATEGY

In order to deliver the current range of Council services at current levels as well as fund project programs identified in Table 3 and Table 4, Council is planning to utilise following revenue sources as well as new borrowings in line with its long term financial planning objectives.

- Rates income
- Statutory Charges, User Charges
- Grants, Subsidies and contributions
- Interest and other income

The following pie charts show the changes in the mix of various funding sources in the financing strategy in 2023/2024 and 2032/2033 Financial Years. Accordingly, rates income contributes more than other income sources and plays a very important role going forward in the delivery of Council's services, programs and projects.

FIGURE 2: DISTRIBUTION OF OPERATING INCOME BASED ON LTFP ESTIMATES

6.6 PROJECTED DEBT LEVELS

A major component of services Council provides are asset intensive which often requires a large investment, initially for the acquisition of assets and ongoing as a result of maintenance and renewal of those assets. Without the use of debt, it is very difficult for Council to finance the acquisition/construction of new assets, while at the same time finance asset renewals.

In the absence of adequate debt, Council either need to seek grant funding and/or charge higher rates against current ratepayers. Other options available for the Council is simply to defer the acquisition/construction of new assets until Council's financial position improves.

Charging higher rates against current ratepayers to fund new assets would also lead to issues with intergenerational inequity while future ratepayers would continue to derive the benefit of the new assets. Therefore, using debt when done equitably and responsibly, will help alleviate the issues of intergenerational inequity.

The LTFP shows that the Council is required to borrow \$5.237m in the first three (3) years with repayments to start from Year 4 (i.e. 2026/2027).

Assuming that the Council will initially borrow short-term cash advance (CAD) loans from the Local Government Financing Authority (LGFA) as it is flexible and the interest rate is lower than long term debentures rates, the following table shows estimated debt level at the end of the relevant financial year and the associated interest expense.



**TABLE 6:** : SUMMARY OF FORECAST DEBT LEVEL AT THE END OF FINANCIAL YEAR (\$'000)

DESCRIPTION	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Debenture Loans	1,718	1,691	1,664	1,635	1,604	1,573	1,540	1,505	1,469	1,431
Short-term Loans	14,345	16,389	17,875	16,460	15,159	13,541	11,451	8,775	4,774	1,980
TOTAL BORROWINGS	16,063	18,080	19,539	18,094	16,763	15,114	12,991	10,280	6,243	3,411
EXPECTED RATES	6.05%	5.50%	5.00%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
INTEREST EXPENSE	764	789	819	804	658	606	542	458	351	191

It should be noted that Council's future borrowings will be made in accordance with its Treasury Management Policy which states that:

To ensure an adequate mix of interest rate exposures, Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve and thereafter maintain on average in any year, of not less than 30% of its gross debt in the form of fixed interest rate borrowings.

Therefore, any decisions to borrow short-term or long term funds will be made after taking in to consideration;

- Prevailing interest rates;
- Whether Council is successful in securing grants for some of the projects;
- Progress of the Council's annual project budget; and
- When rates instalments are due etc.

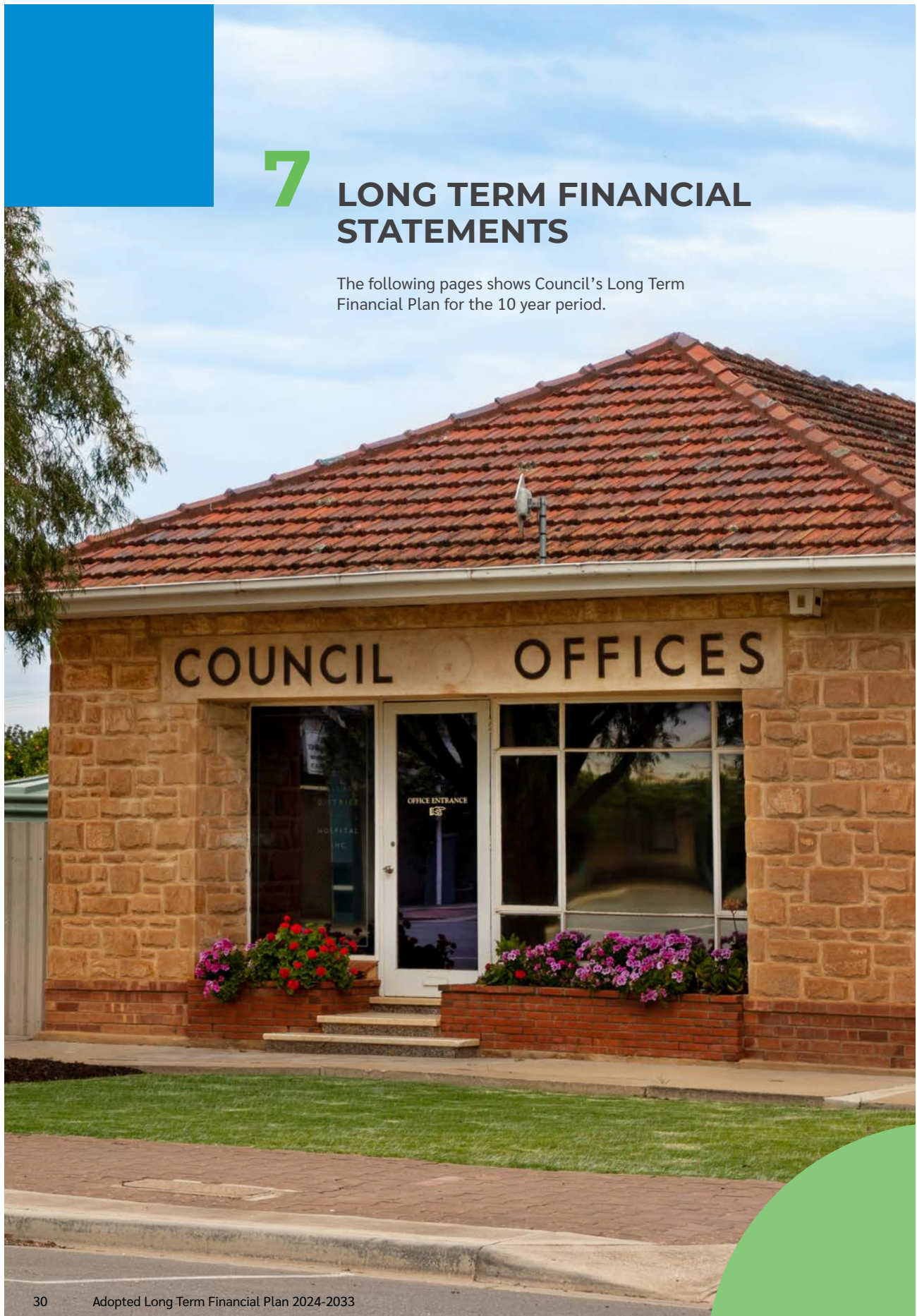
Indicative interest rates with the LGFA as of 30 June 2023 are:

- Short-term Cash Advance 6.05%
- 5 yrs 5.58%
- 10 yrs 5.62%
- 15 yrs 5.69%

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**LONG TERM FINANCIAL
STATEMENTS**

The following pages shows Council's Long Term Financial Plan for the 10 year period.



ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF COMPREHENSIVE INCOME

	23/24 YEAR 1	24/25 YEAR 2	25/26 YEAR 3	26/27 YEAR 4	27/28 YEAR 5	28/29 YEAR 6	29/30 YEAR 7	30/31 YEAR 8	31/32 YEAR 9	32/33 YEAR 10
INCOME										
Rates	13,938	14,890	15,904	16,989	18,149	19,392	20,721	22,144	23,677	25,309
Statutory Charges	520	535	550	566	582	599	616	634	652	671
User charges	229	237	244	251	259	267	275	284	293	302
Grants, subsidies and contributions	2,240	2,307	2,376	2,447	2,521	2,596	2,674	2,754	2,837	2,922
Investment Income	3	3	3	3	3	3	3	3	3	3
Reimbursements	139	139	139	139	139	139	139	139	139	139
Other Income	48	48	48	48	48	48	49	49	49	49
TOTAL INCOME	17,116	18,157	19,263	20,443	21,701	23,043	24,477	26,006	27,649	29,394
EXPENSES										
Employee Costs	7,075	7,358	7,652	7,958	8,276	8,607	8,952	9,310	9,682	10,069
Materials, contracts and other services	5,736	5,887	6,101	6,329	6,571	6,929	7,304	7,597	7,918	8,319
Depreciation	3,517	3,692	3,877	4,071	4,274	4,488	4,712	4,948	5,195	5,455
Finance Costs	820	876	907	889	724	655	566	463	68	179
Share of loss - joint ventures & associates	79	63	63	63	63	63	63	63	63	63
TOTAL EXPENSES	17,226	17,877	18,600	19,310	19,908	20,743	21,597	22,381	22,927	24,086
RECURRENT SURPLUS/ (DEFICIT)	(110)	281	663	1,133	1,792	2,301	2,879	3,626	4,722	5,309
Net Operating Project Expenses	(786)	(1,038)	(1,034)	(1,416)	(1,713)	(2,118)	(2,446)	(2,841)	(2,859)	(2,941)
OPERATING SURPLUS/ (DEFICIT)	(896)	(757)	(371)	(283)	79	183	433	784	1,863	2,368
Asset Disposal & Fair Value Adjustments	243	100	100	100	100	100	100	100	100	100
Physical resources received free of charge	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
NET SURPLUS	4,347	4,343	4,729	4,817	5,179	5,283	5,533	5,884	6,963	7,468
OTHER COMPREHENSIVE INCOME										
Changes in assets revaluation surplus	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Share of Operating loss at GRFMA	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
TOTAL COMPREHENSIVE INCOME	6,792	6,288	6,674	6,762	7,124	7,228	7,478	7,829	8,908	9,413



ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	23/24 YEAR 1	24/25 YEAR 2	25/26 YEAR 3	26/27 YEAR 4	27/28 YEAR 5	28/29 YEAR 6	29/30 YEAR 7	30/31 YEAR 8	31/32 YEAR 9	32/33 YEAR 10
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	415	415	416	415	415	415	415	414	414	2,383
Trade & other receivables	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031
Inventories	154	154	154	154	154	154	154	154	154	154
TOTAL CURRENT ASSETS	1,600	1,600	1,601	1,600	1,600	1,600	1,600	1,599	1,599	3,568
NON-CURRENT ASSETS										
Financial Assets (Investment in GRFMA)	5,661	5,543	5,425	5,307	5,189	5,071	4,953	4,835	4,717	4,599
Infrastructure, Property, Plant and Equipment	158,371	166,793	175,044	180,480	186,391	192,088	197,560	202,797	207,787	212,517
Other Non-current Assets	15	15	15	15	15	15	15	15	15	15
TOTAL NON-CURRENT ASSETS	164,047	172,352	180,485	185,802	191,595	197,174	202,529	207,648	212,519	217,131
TOTAL ASSETS	165,647	173,952	182,085	187,403	193,195	198,774	204,128	209,246	214,118	220,699
LIABILITIES										
CURRENT LIABILITIES										
Trade & Other Payables	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353
Borrowings	14,345	16,389	17,875	16,460	15,158	13,540	11,452	8,774	4,773	1,979
Provisions	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,007	1,005
TOTAL CURRENT LIABILITIES	16,707	18,751	20,237	18,822	17,520	15,902	13,814	11,136	7,133	4,337
NON-CURRENT LIABILITIES										
Borrowings	1,718	1,691	1,664	1,635	1,604	1,573	1,540	1,505	1,469	1,431
Provisions	220	220	220	220	220	220	218	220	220	220
TOTAL NON-CURRENT LIABILITIES	1,938	1,911	1,884	1,855	1,824	1,793	1,758	1,725	1,689	1,651
TOTAL LIABILITIES	18,645	20,662	22,121	20,676	19,344	17,695	15,572	12,861	8,822	5,988
NET ASSETS	147,004	153,292	159,966	166,728	173,852	181,080	188,558	196,387	205,296	214,708
EQUITY										
Accumulated Surplus	58,588	62,931	67,660	72,477	77,656	82,939	88,472	94,356	101,320	108,787
Asset Revaluation Reserve	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410	104,410
Other Reserves	2,006	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566	1,511
TOTAL EQUITY	147,004	153,292	159,966	166,728	173,852	181,080	188,558	196,387	205,296	214,708



ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE

	23/24 YEAR 1	24/25 YEAR 2	25/26 YEAR 3	26/27 YEAR 4	27/28 YEAR 5	28/29 YEAR 6	29/30 YEAR 7	30/31 YEAR 8	31/32 YEAR 9	32/33 YEAR 10
ACCUMULATED SURPLUS										
	\$'000									
Balance at end of previous reporting period	54,241	58,588	62,931	67,660	72,477	77,656	82,939	88,472	94,356	101,320
Net Result for year	4,347	4,343	4,729	4,817	5,179	5,283	5,533	5,884	6,963	7,468
BALANCE AT END OF PERIOD	58,588	62,931	67,660	72,477	77,656	82,939	88,472	94,356	101,320	108,787
ASSET REVALUATION RESERVE										
Balance at end of previous reporting period	83,910	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410
Gain on revaluation of infrastructure, property, plant & equipment	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
BALANCE AT END OF PERIOD	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410	104,410
OTHER RESERVES										
Balance at end of previous reporting period	2,061	2,006	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566
Share of other comprehensive income - GRFMA	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
BALANCE AT END OF PERIOD	2,006	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566	1,511
TOTAL EQUITY AT END OF REPORTING PERIOD	147,004	153,292	159,966	166,728	173,852	181,080	188,558	196,387	205,296	214,708



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ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF CASH FLOWS FOR THE YEAR

	23/24 YEAR 1	24/25 YEAR 2	25/26 YEAR 3	26/27 YEAR 4	27/28 YEAR 5	28/29 YEAR 6	29/30 YEAR 7	30/31 YEAR 8	31/32 YEAR 9	32/33 YEAR 10
CASH FLOWS FROM OPERATING ACTIVITIES	\$'000									
RECEIPTS										
Rates - general & other	13,938	14,890	15,904	16,989	18,149	19,392	20,721	22,144	23,677	25,309
Fees & other charges	520	535	550	566	582	599	616	634	652	671
User charges	229	237	244	251	259	267	275	284	293	302
Investment receipts	3	3	3	3	3	3	3	3	3	3
Grants utilised for operating purposes	2,240	2,307	2,376	2,447	2,521	2,596	2,674	2,754	2,837	2,922
Reimbursements	139	139	139	139	139	139	139	139	139	139
Other revenues	48	48	48	48	48	48	49	49	49	49
PAYMENTS										
Employee costs	(7,075)	(7,358)	(7,652)	(7,958)	(8,276)	(8,607)	(8,952)	(9,310)	(9,682)	(10,069)
Materials, contracts & other expenses	(6,522)	(6,925)	(7,135)	(7,745)	(8,284)	(9,047)	(9,750)	(10,439)	(10,777)	(11,260)
Finance payments	(820)	(876)	(907)	(889)	(724)	(655)	(566)	(463)	(68)	(179)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	2,699	2,999	3,569	3,851	4,417	4,734	5,208	5,795	7,122	7,886
CASH FLOWS FROM INVESTING ACTIVITIES										
RECEIPTS										
Sale of surplus assets	-	-	-	-	-	-	-	-	-	-
Sale of replaced assets	243	100	100	100	100	100	100	100	100	100
PAYMENTS										
Expenditure on renewal/ replacement of assets	(3,693)	(3,835)	(3,162)	(2,186)	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)
Expenditure on new/upgraded assets	(934)	(1,280)	(1,966)	(320)	(220)	(220)	(220)	(220)	(220)	(220)
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(4,384)	(5,015)	(5,028)	(2,406)	(3,085)	(3,085)	(3,085)	(3,085)	(3,085)	(3,085)
CASH FLOWS FROM FINANCING ACTIVITIES										
RECEIPTS										
Proceeds from New Borrowings	1,709	2,042	1,486	-	-	-	-	-	-	-
PAYMENTS										
Repayments of Borrowings	(24)	(25)	(27)	(1,444)	(1,331)	(1,649)	(2,123)	(2,711)	(4,036)	(2,832)
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	1,685	2,017	1,459	(1,444)	(1,331)	(1,649)	(2,123)	(2,711)	(4,036)	(2,832)
NET INCREASE (DECREASE) IN CASH HELD	(1)	0	0	(0)	0	(0)	0	(1)	0	1,969
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	416	415	415	416	415	415	415	415	414	414
CASH & CASH EQUIVALENTS AT END OF PERIOD	415	415	416	415	415	415	415	414	414	2,383

ADELAIDE PLAINS COUNCIL LONG TERM UNIFORM PRESENTATION OF FINANCES FOR THE YEAR

	23/24 YEAR 1	24/25 YEAR 2	25/26 YEAR 3	26/27 YEAR 4	27/28 YEAR 5	28/29 YEAR 6	29/30 YEAR 7	30/31 YEAR 8	31/32 YEAR 9	32/33 YEAR 10
	\$'000									
Operating Revenues	17,462	18,157	19,263	20,443	21,701	23,043	24,477	26,006	27,649	29,394
less Operating Expenses	(18,358)	(18,914)	(19,634)	(20,726)	(21,622)	(22,861)	(24,043)	(25,222)	(25,786)	(27,027)
OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	(897)	(757)	(371)	(283)	79	183	433	784	1,863	2,368
LESS NET OUTLAYS ON EXISTING ASSETS										
Capital Expenditure on renewal and replacement of Existing Assets	3,693	3,835	3,162	2,186	2,965	2,965	2,965	2,965	2,965	2,965
less Depreciation, Amortisation and Impairment	(3,517)	(3,692)	(3,877)	(4,071)	(4,274)	(4,488)	(4,712)	(4,948)	(5,195)	(5,455)
less Proceeds from Sale of Replaced Assets	(243)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
	(67)	43	(815)	(1,984)	(1,409)	(1,623)	(1,847)	(2,083)	(2,330)	(2,590)
LESS NET OUTLAYS ON NEW AND UPGRADED ASSETS										
Capital Expenditure on New and Upgraded Assets	934	1,280	1,966	320	220	220	220	220	220	220
	934	1,280	1,966	320	220	220	220	220	220	220
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(1,764)	(2,079)	(1,522)	1,381	1,269	1,586	2,060	2,647	3,974	4,738



7.1 LONG TERM FINANCIAL INDICATORS

Council's Key Financial Indicators are primarily based on those included in the Model Financial Statements and recommended by the Local Government Association of South Australia (LGA) as appropriate for measuring financial sustainability in Local Government. These ratios provide the Local Government sector accepted approach to analysing and comparing Council's performance from year to year.

The following graphs provide a summary of Council's long term financial indicators in comparison to actual ratio for 2021/2022 and 2022/2023 budgeted ratios.



OPERATING SURPLUS/ (DEFICIT) RATIO

The Operating Surplus/ (Deficit) ratio expresses the operating results as a percentage of total operating income. Therefore, the Operating Surplus/(Deficit) Ratio indicates the extent to which operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources.

A negative ratio indicates the percentage increase in total operating income required to achieve a break-even operating result. A positive ratio indicates the percentage of total operating income available to fund capital expenditure over and above the level of depreciation expense without increasing council's level of net financial liabilities.

FIGURE 3: OPERATING SURPLUS/DEFICIT RATIO



LGA Recommended Target Range :
 Surplus ranging from 0% to 10% on average over long term
 10 Year LTFP Forecast Range : Range of negative 5% to positive 8%

LTFP forecasts operating deficits from Years 1 to 4 and operating surpluses from 2027/2028.

Adelaide Plains Council

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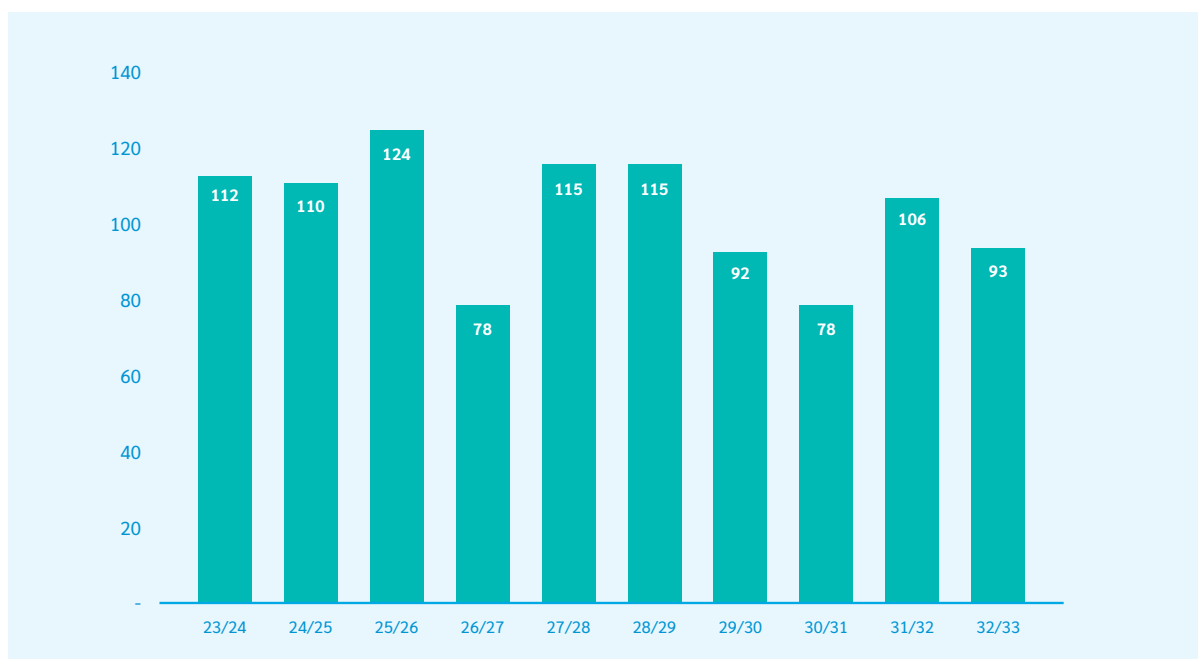
ASSET RENEWAL FUNDING RATIO (%)

This is a measure of the extent to which Council is renewing or replacing existing infrastructure assets that ensures consistent service delivery as determined by the Infrastructure & Asset Management Plans (I&s). This ratio simply measures if Council is performing the required work to replace/renew assets and maintain the level of service.

Council's I&s determine, for the given level of service, when assets need to be replaced to ensure that level of service is maintained. If Council is achieving close to 100% for this measure, then it is maintaining the current service levels delivered by assets and Council is not having assets renewal backlog.

LGA Recommended Target Range :
90% to 110% on average over long term
10 Year LTFP Forecast Range : 78% to 124%

FIGURE 4: ASSET RENEWAL FUNDING RATIO (%)



Appropriate funding allocations has been made in the LTFP to ensure Council infrastructure assets are maintained in line with I& which will ensure that there won't be any significant infrastructure renewal backlog in to the future.

NET FINANCIAL LIABILITIES RATIO (%)

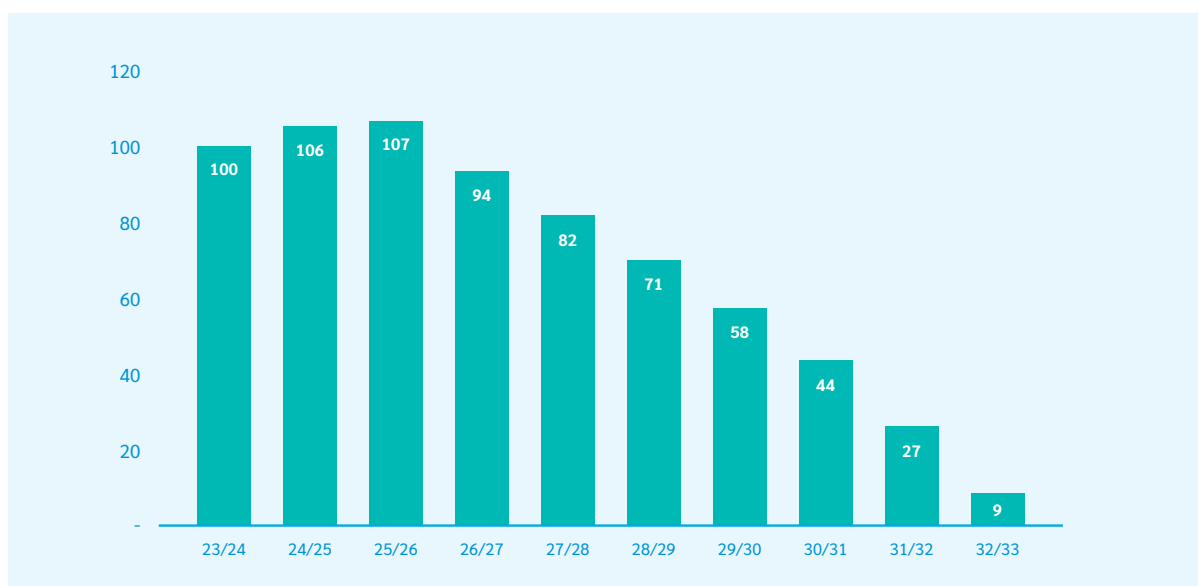
Net Financial Liabilities (NFL) is an indicator of the Council's total indebtedness and includes all Council's obligations including provisions for employee entitlements and creditors.

This ratio measures the extent to which Council is managing its debt. It's a broader measure of debt than simply looking at borrowing levels. It highlights those borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. The ratio expresses Council's NFL as a percentage of Council's total operating income.

A steady ratio means Council is balancing the need to borrow against the affordability of debt. An excessive ratio means Council is borrowing beyond their means and can't generate the income required to service assets and operations. The level of debt affects the amount of interest that Council pays which in turns affects the operating results of the Council.

LGA Recommended Target Range :
0% to 100% on average over long term
10 Year LTFP Forecast Range : 9% to 107%

FIGURE 5: NET FINANCIAL LIABILITIES RATIO (%)



WHY COUNCIL IS FORECASTING A HIGHER NFL RATIO?

NFL ratio should be analysed against what Council is planning to do with the borrowed funds. In other words, to ensure that NFL forecasts are meaningful and sustainable, NFL ratio should be considered in the context of strategic direction of the Council.

As Adelaide Plains Council is in a significant development stage, a temporary increase in NFL ratio in Year 1 and Year 2 may be acceptable as financial strategy, programs and projects have been developed based on;

- A** Current service levels and range;
- B** Council's assets management plans; and
- C** Strategic Plan 2021-2024 objectives.





Memorandum

To: **Elected Members**

Date: **6 July 2023**

Cc:

Subject: **Growth, Productivity and Labour
Resourcing**

From: **James Miller, CEO**

Doc Ref: **D23/28994**

Dear Members

The Chief Executive Officer (CEO) presented an address to Council's Audit Committee on Monday 3 July 2023 titled Growth, Productivity and Labour Resourcing. The CEO's address was largely in response to some concerns raised at the tail end of our final workshop held on 19 June 2023 on issues of:-

- staff numbers
- staff salaries
- productivity
- oversight
- carry-forward suite of projects

It is important to note that the Council did not formally request a body of work be undertaken by the CEO to address or respond to the aforementioned matters. Notwithstanding, the CEO believed it to be in the public interest to furnish both Council and Audit Committee Members with a response to the matters raised so as to have placed on the public record factual information in relation to same.

For the purposes of considering the 2023/2024 Annual Business Plan and Budget, the CEO first canvassed with Council Members budget-related matters, primarily labour, at a special meeting of Council held on 16 January 2023. It was at this meeting where the CEO tabled his findings and conclusions on his organisation review with Council adopting the following resolution (refer overleaf):-

RESOLUTION 2023/002**Moved: Councillor Keen****Seconded: Councillor Bombardieri**

“that Council, having considered Item 22.4 – *Organisation Review and Proposed Restructure*, dated 16 January 2023, receives and notes the report and in doing so acknowledges:-

- 1. the presentation by the Chief Executive Officer into the Organisation Review and Proposed Restructure delivered at the meeting in confidential session; and**
- 2. resourcing projections foreshadowed in the forthcoming financial year, additional to those projections set aside within the 2022/2023-2032/2033 Long Term Financial Plan, and instructs the Chief Executive Officer to include same in the draft 2023/2024 Annual Business Plan and Budget papers for Council Member deliberations and prior to budget adoption.”**

CARRIED UNANIMOUSLY

Since that meeting, the CEO has facilitated no fewer than 15 further budget and/or finance-related workshops/meetings as a means of advancing the 2023/2024 Annual Business Plan and Budget (refer below).

Date	Meeting	Report / Title
16 January 2023	Special Council Meeting	Organisation Review and Proposed Restructure
19 January 2023	Council Members Induction Session 4 - Bus Tour	Council Members Induction Session 4 - Bus Tour
13 February 2023	Elected Member Training - Finance and Strategy modules	Elected Member Training - Finance and Strategy modules
13 February 2023	Audit Committee Meeting	2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND 2024-2033 LONG TERM FINANCIAL PLAN DEVELOPMENT FRAMEWORK
27 February 2023	Ordinary Meeting	2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND 2024-2033 LONG TERM FINANCIAL PLAN DEVELOPMENT FRAMEWORK
6 March 2023	Council Member Briefing	Finance Information Session 2 Draft Recurrent Budget, Operating Projects and four (4) Year Capital Program and LTFF is discussed with Elected Members.
16 March 2023	I&E Meeting	DRAFT 2023-2027 - 4 YEAR CAPITAL PROGRAM

Date	Meeting	Report / Title
27 March 2023	Ordinary Meeting	PRESENTATION - MR JOHN COMRIE – DIRECTOR AT JAC COMRIE PTY LTD - ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA ADVICE AND OVERVIEW OF FINDINGS
3 April 2023	Audit Meeting	2023/2024 DRAFT ANNUAL BUSINESS PLAN, BUDGET AND REVISED LONG TERM FINANCIAL PLAN 2024-2033
17 April 2023	Information Briefing	Budget Workshop 2 Draft Recurrent Budget, Operating Projects and four (4) Year Capital Program and LTFP is discussed with Elected Members.
24 April 2023	Ordinary Meeting	PROJECTS EXPECTED TO BE CARRY OVER TO 2023/2024 FINANCIAL YEAR
1 May 2023	Special Meeting	Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033 - Public Consultation
22 May 2023	Special Meeting	Public Submissions on the Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033
19 June 2023	Information Briefing/Workshop	Budget Information Session / Workshop 3 Recurrent Budget, Operating and Capital Projects Workshop with Council Members.
26 June 2023	Ordinary Meeting	PROJECTS EXPECTED TO BE CARRY OVER TO 2023/2024 FINANCIAL YEAR
3 July 2023	Audit Meeting	DRAFT 2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND REVISED LONG TERM FINANCIAL PLAN 2024-2033

Against this backdrop, the CEO cordially invited Council Members to attend the Audit Committee meeting held on 3 July 2023 to hear his address and, pleasingly, a number of Members accepted this invitation. A copy of the CEO's PowerPoint presentation has been provided to Council Members under **separate cover**.

The PowerPoint presentation touched on a number of key themes, namely:-

- our low starting base in 2015 (labour, systems and culture)
- our growth rates and growth projections, unparalleled in South Australia
- our abundance of economic activity on foot and workload associated with same
- our successes in securing grant funding to accelerate infrastructure delivery
- the CEO's vision to realise retail and commercial investment in Two Wells in Main Street, to leverage off Council's recently acquired Crown land purchase to deliver a new communist and civic centre for our community and to deliver a flood mitigation solution for the Gawler River with minimal exposure to our community - all substantial projects in their own right requiring significant resource stimulus

- an analysis of labour and its relationship with growth, backed by independent findings drawn by Holmes Dyer which show our labour numbers almost doubling over the ensuing period
- EBA trends over the past seven years demonstrating that our annual average EBA increase is actually less than CPI over the same period
- salary comparative data to band 6 and neighbouring councils
- recruitment conundrums faced by APC in what is a challenging and competitive environment, highlighting that our salaries offered are not competing from an industry-wide perspective
- productivity improvements and delivering more with less with over 60 examples illustrated across all departments
- oversight and internal controls implemented demonstrating how effective Management has been in this space with 62 of 65 internal financial controls reporting high compliance levels as per the findings of our independent financial auditors
- carry-forward list from 2022/2023 to 2023/2024 highlighting that a majority of our projects to be carried forward are grant funding-related and span more than one financial year

Council Members are encouraged to read this explanatory memorandum in conjunction with the CEO's PowerPoint presentation, provided under separate cover, as a means of gleaning further backdrop and context to related labour matters.

Yours sincerely

James Miller
Chief Executive Officer

5.3 CONSIDERATION OF PROJECTS TO BE CARRIED FORWARD FROM 2022/2023 TO 2023/2024 FINANCIAL YEAR

Record Number: D23/28053

Author: Director Finance

Authoriser: Chief Executive Officer

Attachments: 1. Projects to be Carried Over to 2023/2024 Financial Year [↓](#) 

EXECUTIVE SUMMARY

- The purpose of this report is to seek Council approval for the continuation of projects that were budgeted for in the 2022/2023 Financial Year and are committed or underway but has not been completed at the end of that financial year, and to endorse those projects being carried over to the 2023/2024 Financial Year.
- In keeping with part 3.4 of Council's *Budget Management Policy*, capital projects and major operating activities that are committed or underway but not yet completed at the end of one financial year need to be reviewed and considered for carrying forward as soon as practicable in the relevant financial year (i.e., 2023/2024).
- There are a total of 23 outstanding projects which were budgeted but have not been completed as at 30 June 2023. That includes;
 - Sixteen (16) Operating Projects, with an unspent budget of \$3.271m of which \$2.021m are funded by government grants and the remaining \$1.249m (this figure includes \$0.721m for Council's contribution towards the Two Wells PLEC projects) are to be funded from rates; and
 - Seven (7) Capital Projects, with an unspent budget of \$2.459m of which \$2.106m are funded under Local Government Partnership Program and the remaining \$0.353m are to be funded from rates.
- It is recommended that Council endorse a budget variation to take into account projects that were budgeted for and not completed in the 2022/2023 Financial Year, so that those projects will continue and be carried over to the current (2023/2024) Financial Year.

RECOMMENDATION

"that Council, having considered Item 5.3 – *Consideration of Projects to be Carried Forward from 2022/2023 to 2023/2024 Financial Year*, dated 10 July 2023, receives and notes the report and in doing so instructs the Chief Executive Officer to:-

- 1. Carry forward projects not completed by 30 June 2023 and continue with the implementation of same in the 2023/2024 Financial Year as identified in the Attachment 1;**
- 2. Make the necessary budget revision in the 2023/2024 Financial Year to account for the carry over amounts as identified in the Attachment 1 on the condition that the total budget for the projects in the Attachment 1 do not exceed the combined budgets for 2022/2023 and 2023/2024 Financial Years; and**
- 3. Advise the Council regarding final carry over amounts as part of the First Budget Review in November 2023."**

BUDGET IMPACT

Estimated Cost:	Net carry over Operating Projects costs of \$1.249m
Future ongoing operating costs:	Net carry over Capital Projects costs of \$0.353m
Is this Budgeted?	No

RISK ASSESSMENT

Nil

DETAILED REPORT

Purpose

The purpose of this report is for Council to consider a budget variation in 2023/2024 Financial Year to take into account projects that were budgeted for in the 2022/2023 year and are committed or underway but not completed at the end of that financial year, and to endorse those projects being carried over to the 2023/2024 Financial Year.

Background

Policy Position

Council's Budget Management Policy, reviewed by Council's Audit Committee, and subsequently reviewed and adopted by Council on 24 February 2020, provides:

3.4 Guidelines in relation to the carry forward of expenditure authority associated with projects included in the budget for the previous financial year.

Funding approval for budgeted activity not completed at the end of any budget year is forfeited unless approval to carry-over the activity and associated budget allocation is granted by Council.

While there may be one-off exceptions, operating activity budgeted for but not expended in a year generally should not be carried forward to the following year. Identifiable projects that will not commence in the year that they have been budgeted for should be re-evaluated and where warranted included in the budget for the following year at the time of its adoption. Similarly capital projects that have not commenced in one year should be considered against other competing priorities in determining the content of the budget for the following year rather than treated separately as 'carried forwards'.

The scope and funding requirements of capital projects and major operating-type activities that are committed or underway but not completed at the end of one-financial year needs to be reviewed and the projects/activities considered for carrying forward as soon as practicable in the relevant financial year.

Any request for carrying forward activity needs to clearly highlight whether the scope of each activity item and its associated funding quantum is proposed to be varied from that previously approved and if so the reasons for same. Any impact on the achievement of the targets for a financial indicator established in Council's original budget for the current year also should be identified.

Discussion

➤ Adopted budget

Adopted budget for 2022/2023 Financial Year had following budget estimates;

- an operating project budget of \$0.934m;
- capital project budget of \$8.069m; and
- new short-term loan borrowings of \$4.473m.

➤ Third Budget Update

Following the Third Budget Update in May 2023, projects budget and borrowings were updated as follows;

- an operating project budget of \$4.743m;
- capital project budget of \$9.993m; and
- new short-term loan borrowings of \$6.940m.

(Cost of acquiring Crown Land in Two Wells have been excluded from the quarterly budget reviews as the information is currently confidential and the pre-mature disclosure of the purchase price would prejudice Council's commercial position with regard to private sector investment in Two Wells. Release of the purchase price is likely to occur once a preferred tendered is selected).

Table 1 below provides the summary of adopted and revised budget following Third Budget Update.

Table 1: Value of Projects Approved for 2022/2023 Financial Year (\$'Mn)

	Adopted Budget	Carried Forward	New Expenditure	Discontinued	Q3 Approved Budget
Capital Projects	8.069	1.894	0.030	-	9.993
Operating Projects	0.934	2.329	1.521	(0.041)	4.743
Total	9.003	4.223	1.551	(0.041)	14.736

As shown in **Table 2** below, the number of new projects approved for 2022/2023 was 71. However, following the Third Budget Update, total number of projects earmarked for implementation by 30 June 2023 has been increased to 94.

Table 2: Number of Projects Approved for 2022/2023 Financial Year

	Adopted Budget	Carried Forward	New Expenditure	Discontinued	Q3 Approved Budget
Capital Projects	49	9	1	(1)	58
Operating Projects	22	8	9	(3)	36
Total	71	17	10	(4)	94

Based on information available as of 30 June 2023, sixteen (16) operating projects with an estimated net cost of \$1.249m were not completed by 30 June 2023 (Please refer to **Attachment 1**). These sixteen (16) projects have;

- a) commenced either in the current or previous financial years and are in progress with relevant financial commitments issued to consultants/contractors;
- b) Council has contractual obligations to make financial contribution for the project to be delivered by a third party.

Attachment 1 also contains the information on potential carry over capital projects. Accordingly, seven (7) capital projects with an estimated net cost of \$0.353m are expected to be carry over to 2023/2024 Financial Year.

The total value of carry over project are summarised below.

Description	Amount
Net Operating Projects costs to be carry over (Attachment 1)	\$1.249m
Net Capital Projects costs to be carry over (Attachment 1)	\$0.353m
Total Carry Over	\$1.602m

➤ Financial impact of carry over Operating Projects on the 2023/2024 Financial Year

Once the net cost of the operating projects (\$1.249m) is incorporated in to the 2023/2024 budget as part of First Budget Update in November 2023, the forecast operating deficit is expected to be increased by the same amount. (The value of the carry over amounts would be confirmed in October 2023 following the finalisation of the 2022/2023 Financial Year accounts).

Following the Third Budget Update for 2022/2023 Financial Year, it was estimated that new short-term borrowings of \$6.940m will be required in 2022/2023. However, due to carry over projects as summarised in the above table, short-term borrowings of \$1.602m budgeted for 2022/2023 Financial Year will not be required and hence will also carry over to 2023/2024 Financial Year.

Conclusion

In accordance with Council's *Budget Management Policy*, projects committed or underway but not completed must be reviewed and considered for carrying forward as soon as practicable in the relevant financial year.

Consideration and subsequent approval of prior year projects not completed by 30 June 2023 recognises Council's commitment to continue with those projects in the 2023/2024 Financial Year.

References

Legislation

Local Government Act 1999

Council Policies/Plans

Budget Management Policy

2022/2023 Annual Business Plan and Budget

2022/2023 Third Quarter Budget Update

2023/2024 Annual Business Plan and Budget

List of Carry Over Projects to 2023/2024 Financial Year

Operating Projects	Amount budgeted in 2022/2023	Actual Spend As of 30 June 2023	Potential Carried over amount	Comment
Costs				
1 Installation of single lane roundabout	500,000	-	500,000	\$439,500 is funded under Heavy Vehicle Safety and Productivity Program. Construction is underway and is likely to be completed early in the 2023/24 financial year.
2 Establish a horse float parking area in Parham	50,000	-	50,000	Council has determined a location for the Parham Horse Float Park and design work is underway.
Delivery of Strategic Projects	77,000	53,449	23,551	
3 - Undertake Heritage Study - Part 2	-			Further work and associated costs have been scoped. Discussions occurring with Planning and Land Use Services.
4 - Dublin - Township Growth & Tourism Master Plan	-			Preparation of the Background Paper including discussions with a range of local stakeholders is underway.
5 Two Wells Levee (100% funded by government grant)	1,625,088	56,647	1,568,441	100% funded by a government grant.
6 Parham - Old Playground Block (Public Consultation on whether to sell or develop Site)	5,000	-	5,000	
7 Open Space & Recreation Strategy	60,000	-	60,000	Draft project brief prepared but not yet fully commenced.
8 Donaldson Road - Design (Reserve corridor)	10,000	-	10,000	Waiting on consultant to undertake broader catchment studies in Two Wells and Lewiston area.
9 Parham Campground - Formalise Land	5,000	300	4,700	Pending a lease with DEW to continue the Campground operation.
10 Two Wells Oval - Master Plan - Design/Costing/Cons	100,000	-	100,000	Consultant procurement process underway.
11 Social & Community Infrastructure Plan	100,000	-	100,000	Draft project brief prepared but not yet fully commenced.
12 Network Shared Drive Migration Strategy (Shared Folders)	9,000	-	9,000	Upgrade to Councils Electronic Document Management is required to be completed before project can commence. Project set to be complete in early 2023/24 Financial Year.
13 Engaging consultants to deliver community waste education	15,000	-	15,000	To be completed in 23/24 through KESAB Community Education Program.
14 Coastal Settlement Adaptation Study Review	60,000	-	60,000	100% funded by a government grant. Awaiting the conclusion of Emergency Management Plan. Deadline for the completion of work is June 2024 as per grant agreement.
15 Breeder Education and Compliance	60,000	15,885	44,115	100% funded by State Government grant. In progress. Deadline for the completion of work is June 2024 as per grant agreement.
16 Undergrounding of Power Lines at Old Port Wakefield Road, Two Wells	720,902	-	720,902	Council's contribution to the undergrounding project is \$720,902 and payable to SA Power Networks. Construction is programmed to start in July and be completed by mid-2024. (Council's 'in-kind' contribution for work to be performed is \$23,200)
Total Budget Unspent	3,396,990	126,281	3,270,709	
Grant Income				
Installation of single lane roundabout	(439,500)	-	(439,500)	
Coastal Settlement Adaptation Study Review	(60,000)	-	(60,000)	
Breeder Education and Compliance	(60,000)	-	(60,000)	
Two Wells Levee	(1,625,088)	(163,350)	(1,461,738)	
Total Budgeted Income yet to be Received	(2,184,588)	(163,350)	(2,021,238)	
Net Costs	1,212,402	(37,069)	1,249,472	

List of Carry Over Projects to 2023/2024 Financial Year

Capital Projects	Amount budgeted in 2022/2023	Actual Spend As of 30 June 2023	Potential Carried over amount	Comment
Costs				
1 Sealing of Middle Beach Road	2,292,767	744,271	1,548,496	50% funded under LGIPP. To be completed in Dec 2023.
2 Various locations - Signage - wayfinding and information	35,000	-	35,000	Council Staff are currently progressing the updating of Council boundary signage, with the strategy and design templates being developed during Q3. Due to material and supplier timeframes, it is not feasible for fabrication and installation to be completed by the end of the current financial year.
3 Kerbing - Balaklava Rd-Lisieux St to Aerodrome Rd	240,000	-	240,000	Awaiting DIT to fix pot holes before Council undertake kerbing renewal.
4 New/Upgrade - Council Boundary Signs	60,000	-	60,000	
5 Wasleys Bridge - Repairs	200,000	229	199,771	Carry over to 2023/2024 pending the outcome of grant funding application
6 Longview Rd and Gameau Rd-Traffic calming devices	60,000		60,000	
7 Undergrounding of Power Lines at Old Port Wakefield Road, Two Wells	330,000	14,497	315,503	Council contribution to (Lighting columns, pits, conduits, footings and install)
Total Budget Unspent	3,217,767	758,997	2,458,770	
Grant Income				
Local Government Infrastructure Partnership Program.	(2,340,000)	(234,000)	(2,106,000)	Deadline for completion is 30 September 2023
Net Costs	877,767	524,997	352,770	
Total Carry Over Budget	2,090,169	487,928	1,602,241	

6 CLOSURE
