

 Adelaide Plains Council	Attachment Under Separate Cover 14.1 – Draft Annual Business Plan and Budget 2022/2023 – Release for Public Consultation
26 April 2022	

Attachment 1 – Draft Annual Business Plan and Budget 2022/2023

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2022/2023 DRAFT

ANNUAL BUSINESS PLAN AND BUDGET

for Public Consultation



Adelaide
Plains
Council



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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.

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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.

This document presents Adelaide Plains Council's draft 2022/2023 Annual Business Plan and Budget for public comment. This draft document 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.



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MESSAGE FROM THE MAYOR

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The setting of rates and the Annual Business Plan is one of the paramount roles of Council.

Through workshops and regular financial updates Councillors are provided with the relevant and necessary information in order to decide on setting effective and achievable financial goals. Everyone is familiar with the term “council rates”. But what are council rates used for?

Upkeep of sealed and unsealed roads, footpaths, parks, gardens and verges. Managing our waste transfer station, stormwater infrastructure, providing a fantastic library service and wifi to our main settlements. A full list of the many services your Council provides and manages is available on Council’s website and within this Annual Business Plan and Budget.

There is so much uncertainty in South Australia at the moment – fuel prices, groceries, building supplies have all fluctuated beyond what was previously acceptable and we all now have to make adjustments. It is important to keep rate percentages in perspective.

When setting the rates for the coming year, Council considers known figures and what can be reasonably be expected to be needed to carry on the business. This year all these factors have been considered and the Elected Members have endorsed the draft Annual Business Plan and Budget as presented for community consultation.

MARK WASLEY
MAYOR

When setting the rates for the coming year, Council considers known figures and what can be reasonably be expected to be needed to carry on the business.

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In recent years Council has positioned itself extremely well from both a financial management and infrastructure delivery perspective. Not only has Council embarked on a concerted roads program (re-sheets, re-seals and new sealing projects) which has eradicated the long-standing backlog, we have done so without the need to hike up Council rates while cleverly tapping into federal and state government grants, thus reducing the impact on our ratepayers.



Further, Council will pay down all of its existing loans by June 2022, excluding the Mallala Community Wastewater Management System, and our projections paint a positive picture over the short, medium and long term.

Maintaining momentum is what the draft 2022/2023 Annual Business Plan (ABP) and Budget provides.

The development of the draft ABP and Budget commenced in January 2022 and has received significant input from both our Audit Committee and our Infrastructure and Environment Committee. Key features of the draft budget include:

- Average rate rise of 3.25%.
- Capital works program of \$8.069m with \$4.593m to be spent on asset renewals. Remaining \$3.476m to be spent on new assets of which \$1.195m to be funded using government grants.
- Kerbside waste collection services to continue with a moderate increase of just 2.99%
- Mallala CWMS and Middle Beach CWMS annual service charge to increase by 5% and 2.93% respectively.
- Operating deficit to accord with the projections entailed within our Long Term Financial Plan, amounting to \$1.199m.

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As the second fastest growing council in South Australia per head of population, we have much to plan for to ensure we are equipped to accommodate and service the growth. Freight and tourism route sealing projects will continue to be delivered in 2022/2023 (Aerodrome Road and Middle Beach Road to follow the delivery of Cheek Road and Barabba Road), with 50/50 funding of \$2.340m secured through the state government. Construction of the Two Wells township protection levee, fully funded by the federal government and developer contributions amounting to \$2.020m, will commence. Maintaining a strong resourcing arm will be necessary and result in additional resources coming on board to account for the unprecedented growth currently on foot, with over \$5m of donated assets coming into our ownership in each of the last three years. These projections will not stop, rather, they will only escalate.

The draft 2022/2023 ABP and Budget demonstrates sound financial management principles with strong synergies and alignment to our Long Term Financial Plan. I commend the draft ABP and Budget to our community and look forward to receiving feedback through the upcoming consultation period.

JAMES MILLER

CHIEF EXECUTIVE
OFFICER

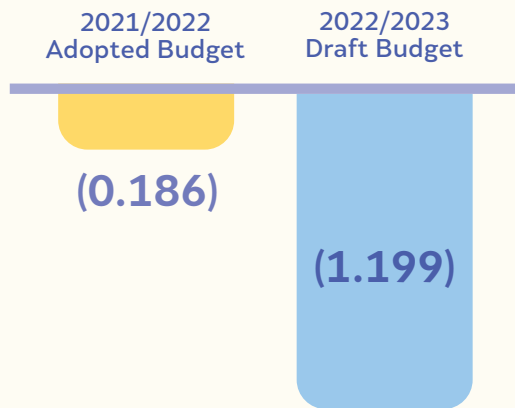
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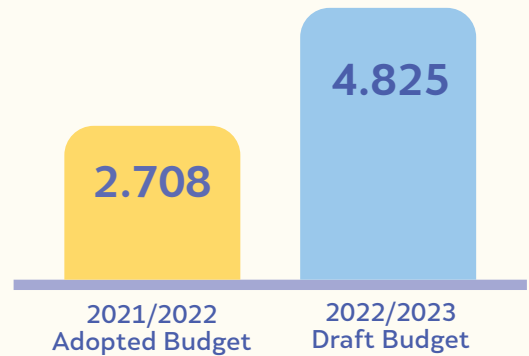
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SUMMARY OF 2022/2023 BUDGET

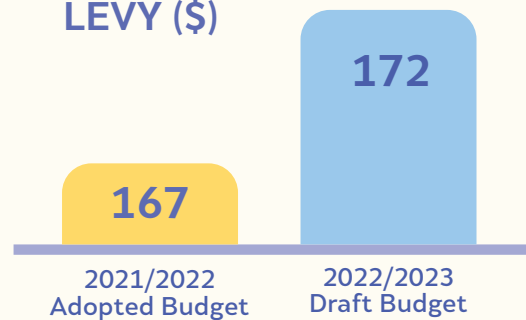
OPERATING SURPLUS/ (DEFICIT) (\$'MN)



NEW BORROWINGS (\$'MN)

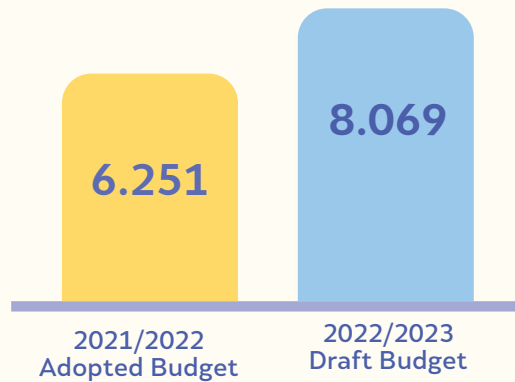
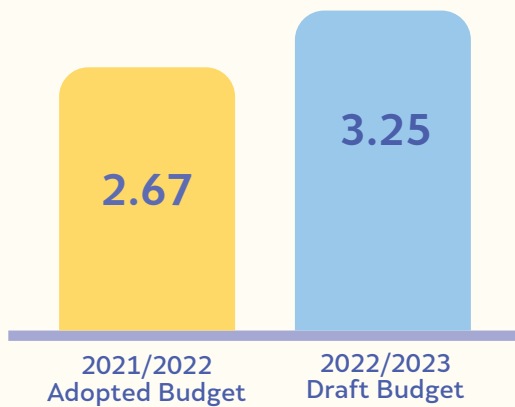


WASTE LEVY (\$)

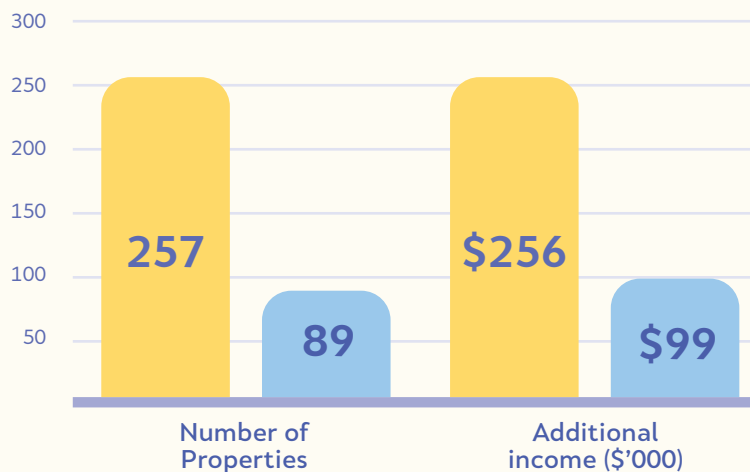


INVESTMENT IN INFRASTRUCTURE/ASSETS (\$'MN)

AVERAGE RATE INCREASE (%)



GROWTH FROM DEVELOPMENT



2021/2022
Adopted Budget

2022/2023
Draft Budget

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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.

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.

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.

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 inequality**.

Therefore, the focus in developing the draft 2022/2023 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's 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, draft 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.

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INFRASTRUCTURE AND ASSET MANAGEMENT PLAN

One of the strategies under 'Proactive Leadership' is 'strategic and sustainable financial management'. A key service that contribute 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.



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ASSESSMENT OF THE 2021/2022 STRATEGIC OBJECTIVES

Following table shows Councils strategic objectives for 2021/2022 Financial Year and the assessment of whether the activities Council has undertaken as of 31 March 2022 have achieved those objectives.

PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE

Table 1:
Assessment
of Strategic
Objectives for
2021/2022
Financial Year

Note 2021/2022
Budget was
prepared based
on 'Strategic
Plan 2017-2020'

Strategic Objective: Growing Economy, Great Places & Infrastructure		
1	Resources required to meet growth in the Council district and develop local economy (Economic development, Parks & Garden, Marketing and Communication, Building / Environmental Health Inspection, Two Wells Crown Land, Economic Zones, Growth Strategy, Grant Writer etc.)	In progress*
2	Deliver an annual capital construction and renewal program	In progress*
3	Delivery of annual plant/fleet replacement program	In progress*
4	Local Road and Community Infrastructure Program (Round 3)	In progress*
5	GRFMA Charter Review	In progress*
6	Develop Recreational trail strategy**	Discontinued**
7	Stage Adelaide Plains Food and Business Festival**	Discontinued**
8	Construction of Two Wells Stormwater Levee	In progress*
Strategic Objective: Vibrant Community		
9	Community Survey 2021	In progress*

* Projects in progress but not completed as of 30 June 2022 will be carried forward to 2022/2023 Financial Year

** Discontinued due to unsuccessful grant application

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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 Draft ABP and Budget, Council has considered several significant factors/assumptions. These include:

EXTERNAL BUDGET INFLUENCES

- The Reserve Bank of Australia (RBA) has an inflationary target of between 2.00% and 3.00% per annum. I.e. if the inflation in the country exceeds 3%, RBA is expected to increase its cash rate which is currently at historical low of 0.10%.
- The MYEFO released by the Federal Government in December 2021 predicts that the CPI for Australia would be 2.50% in 2022/2023. However, 2022/2023 Federal budget delivered in March 2022 forecast that the inflation in Australia would rise to 4.25% in 2021/2022 and 3.00% in 2022/2023.
- According to draft 2022/2023 budget for the Council, estimates for material, contract and other expenses have increased by 3.47% (exclusive of kerbside waste collection charges).
- The CPI for South Australia in 2022/2023 is expected to be 2.25% as per 2021/2022 Mid-Year Economic and Fiscal Outlook of the Government of South Australia.
- Increase in population due to new residents moving in to the Eden housing development in Two Wells. For example, following new rateable properties were created by the Council in recent years:
 - 2019/2020
Financial Year: 173
 - 2020/2021
Financial Year: 257
 - 2021/2022
Financial Year: 83 (July-December 2021)
- Increased demand for updated IT infrastructure to ensure cyber security, 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, following roads have been sealed/will be sealed by the Council.
 - Shannon Road
(In 2019/2020 & 2020/2021 FYs)
 - Carslake Road (in 2020/2021 FY)
 - Coats Road, Wheller Road, Aerodrome Road, Barabba Road and Cheek Road (in 2021/2022 FY)
 - Middle Beach Road (in 2022/2023 FY)
- Assets rationalisation - Potential to engage community organisations and groups to manage community assets (For example Mallala Campground, Parham Campground).
- Adelaide Plains Council population had grown by nearly 5.5% from 8342 in 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 9,655 as of 30 June 2021;
- Commitments to projects and partnership initiatives continuing over more than one year e.g. Barossa 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

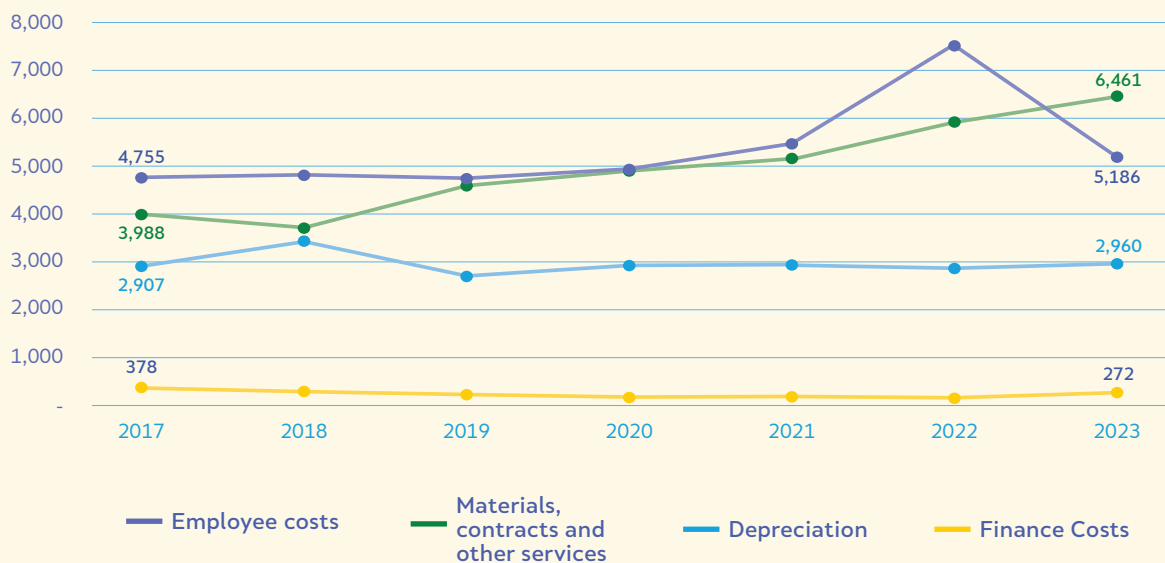
- Cost of maintaining infrastructure assets handed over to the Council from residential developments. Budget for next financial year will be developed on the assumption that the new infrastructure will have same service level as previously provided by the developer unless Council decides otherwise.
- Increase in overdue rates which was \$1.039m as at 12/04/2022 (\$1.050m as at 30/06/2021 and \$0.810m as at 30/06/2020).
- Additional depreciation expenses associated with significant infrastructure spending in 2020/2021 and 2021/2022 financial years.
- Increase in salaries/wages as per enterprise bargaining agreement;
- 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 deliver 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 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 increase in economic development opportunities and residential growth within the district.

FIGURE 1: GROWTH IN COUNCIL'S OPERATING EXPENSES (INCLUDING CWMS) - \$'000



Material, Contracts and Other Expenses

are showing an upward trend over the period mainly due to increased cost to Council in relation to contracting kerbside waste collection and disposal service, 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 2021/2022 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 cash advance (CAD) loan. In addition, new interest expense of \$0.073m has been budgeted for 2022/2023 financial year based on estimated borrowings shown in Table 10.

Depreciation Expenses have increased by \$0.098m or 3.00% in 2022/2023 when compared to 2021/2022 Financial Year mainly due to additional depreciation associated with new assets handed over to the Council by developers following the completion of initial maintenance obligations.

SERVICES PROVIDED BY THE COUNCIL TO ITS COMMUNITY

Council provides services in response to the needs and priorities of the community. In providing these services, and carrying out all of its daily functions, Council is highly regulated by the provisions of the Local Government Act as well as various other legislation, including, but not limited to, the following:

- *Burial and Cremation Act 2013 (SA)*
- *Community Titles Act 1996 (SA)*
- *Crown Land Management Act 2009 (SA)*
- *Development Act 1993 (SA)*
- *Dog and Cat Management Act 1995 (SA)*
- *Environment Protection Act 1993 (SA)*
- *Evidence Act 1929 (SA)*
- *Expiation of Offences Act 1996 (SA)*
- *Fair Work Act 1994 (SA)*
- *Fences Act 1975 (SA)*
- *Fines Enforcement and Debt Recovery Act 2017 (SA)*
- *Food Act 2001 (SA)*
- *Freedom of Information Act 1991 (SA)*
- *Land and Business (Sale and Conveyancing) Act 1994 (SA)*
- *Liquor Licensing Act 1997 (SA)*
- *Local Government (Elections) Act 1999 (SA)*
- *Local Nuisance and Litter Control Act 2016 (SA)*
- *Landscape South Australia Act 2019 (SA)*
- *Real Property Act 1886 (SA)*
- *Return to Work Act 2014 (SA)*
- *Road Traffic Act 1961 (SA)*
- *Roads (Opening and Closing) Act 1991 (SA)*
- *Safe Drinking Water Act 2011 (SA)*
- *South Australian Public Health Act 2011 (SA)*
- *Supported Residential Facilities Act 1992 (SA)*
- *State Records Act 1977 (SA)*
- *Strata Titles Act 1988 (SA)*
- *Unclaimed Goods Act 1987 (SA)*
- *Work Health and Safety Act 2012 (SA)*

In addition to complying with, administering and enforcing the above legislation, there are also various related mandatory regulations and policies, and associated guidelines, that govern daily operations. Generally, a council decides what services they will provide locally (discretionary services), however there are some services that a council is required to provide by law (statutory services). Discretionary and statutory services provided by each department of Adelaide Plains Council can be summarised as follows:

GOVERNANCE AND EXECUTIVE OFFICE

The majority of services provided by Council's Governance and Executive Office Department are mandated by legislation.

- Practice adequate records management;
- Work Health and Safety and Risk Management – monitoring, reporting and compliance;
- Human Resource Management;
- Management of Council's Governance Framework, including management of Council Code of Conduct complaints and handling queries or requests from the Ombudsman SA and the Independent Commissioner Against Corruption;
- Council Member Support and Training (including the provision of advice and preparation and distribution of agendas and minutes);
- Preparation of Annual Report;
- Local Government Elections (preparation and assistance);
- Delegations;
- Development and maintenance of statutory and other Council Registers (including register of interest, resolution registers, confidential items register, delegations register, gifts register, policy register, lease register, register of allowances and benefits, register of by-laws);
- Provision of internal and external customer service (including handling customer requests, receive and distribute information, receive and transfer calls and correspondence, daily banking and receipting, assist customers with dog registration requirements, rates enquiries, general enquiries, application forms); and
- Communication and Community Engagement – management of all Council communication platforms, distribution of Council publications including newsletters, public consultation notices and media releases etc.

DEVELOPMENT AND COMMUNITY

- Planning and development, including building safety assessment;
- Dog and cat management;
- Preparation of strategic plans for the area;
- Public health services such as monitoring cooling towers for Legionnaire's Disease;
- Fire prevention;
- Undertake road closures and reviews;
- Libraries;
- Community development;
- Social planning;
- Control of public nuisances;
- Monitoring unsanitary conditions;
- Food safety inspections;
- Footpath planning;
- Stormwater management planning;
- Parks and gardens planning;
- Traffic management planning;
- Traffic management compliance and local road safety;
- Ovals and other sporting facilities (open space) planning;
- Roadside rubbish compliance and clean up;
- Property management assistance;
- Provision of advice and support in relation to Crown Land under Council's care, control and management;
- General animal management;
- Development and Community information service;
- Skate park planning;
- Arts and cultural activities;
- Tourism information and support;
- Environmental management;
- Festival and event planning and facilitation;
- Short stay accommodation planning and facilitation;
- Wetland planning;
- Local Museum and heritage support;
- Coastal management planning;
- Business support;
- Stormwater recycling;
- Landcare program planning;
- Dry zones planning and facilitation;
- Cycling path planning;
- Crime prevention through environmental design;
- Community leadership and advocacy.

INFRASTRUCTURE AND ENVIRONMENT

- Fleet and plant maintenance;
- Engineering design and specifications;
- Engineering support to development assessment;
- Asset management planning;
- Emergency management and support during floods and fire;
- Administration of Heavy vehicle applications;
- Building and structure maintenance;
- Building security;
- Public toilets;
- Building cleaning;
- Playgrounds;
- Roads (local roads - that is, not national highways or State arterial roads);
- Footpaths;
- Boat ramps;
- Stormwater drains and Flood protection/levees;
- Parks and gardens;
- Weed control;
- Street lights;
- Traffic management and local road safety;
- Reserves and picnic areas;
- Ovals & other sporting facilities;
- Rubbish collection, disposal and recycling;
- Illegal dumping;
- Vandalism;
- Environmental management;
- Support to festivals and events;
- Campgrounds;
- Cemeteries maintenance;
- Wetlands maintenance;
- Local Museums and Heritage support;
- Coast Care projects and Landcare programs; and
- Community Wastewater Management Schemes.



FINANCE AND BUSINESS

- Administer and maintain Council's property database and Council's assessment records;
- Collect overdue Council rates;
- Council procurement;
- Administer Council cemeteries;
- Accounts payable and receivable;
- Administer and process Council payroll system;
- Administer and maintain Council's accounting system including assets registers;
- Prepare annual business plan and budgets and carry out quarterly budget revisions;
- Regulatory compliance in relation to the reporting of GST, Fuel Tax Credits, FBT, PAYG;
- Process insurance claims relating to fleet vehicles;
- Management of Council insurances with Local Government Risk Services;
- Review and completion of grant acquittals;
- Annual review of Council fees and charges;
- Assist Council's Audit Committee to carry out its legislated functions;
- Manage Council cash flow in order to minimise interest expenses;
- Preparation of Council's Annual Financial Statements;
- Assist Council auditors to carry out interim and final audit of Council accounting records;
- IT services and support, including development and implementation of programs and processes;
- Provide administrative assistance to Adelaide Plains Historical Committee; and
- Review and maintain finance related Council policies and monitor their implementation.

10

2022/2023 RECURRENT AND PROJECT BUDGETS

COUNCIL'S 2022/2023 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 2022/2023 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 maintaining and issuing building consents. Recurrent budget also includes costs related to the capital expenditure programme 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.

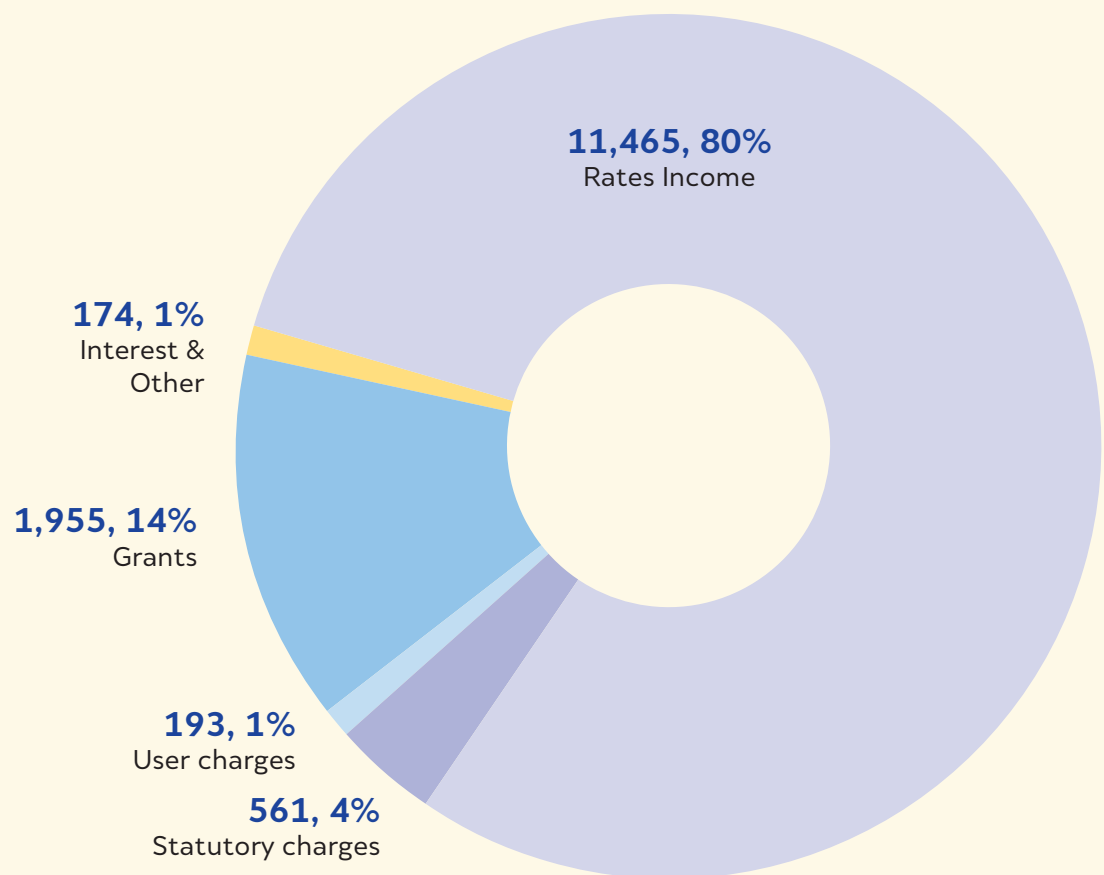
CAPITAL PROJECTS

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 illustrates the main sources of the estimated Council revenues in 2022/2023 Financial Year (excluding income from Community Wastewater Management Scheme).

FIGURE 2: DISTRIBUTION OF ESTIMATED RECURRENT INCOME (\$'000 & %) – EXCLUDING CWMS



Rates

Rates are the main sources of funding for the Council. A total of \$11.465m (\$10.923m in 2021/2022) are to be collected in 2022/2023 Financial Year, to help pay for essential, nondiscretionary 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, 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 \$0.561m in 2022/2023 Financial Year (\$0.496m in 2021/2022).

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 13% from \$0.170m in 2021/2022 Financial Year to \$0.193m in 2022/2023 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 grant to be received by the Council are;

Table 2: Summary for Estimated Recurrent Grants Income (\$'000)

GRANT PROGRAM	AMOUNT
Financial Assistance grant (FAG) from Federal Government	1,537
Roads to Recovery (R2R) grant from Federal Government *	263
Coastal Officer Grant (Green Adelaide formerly NRM Board)**	102
Library operating grant from State Government	32
Library trainee grant	18
TOTAL GRANTS, SUBSIDIES AND CONTRIBUTIONS INCOME	1,955

* 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 50% of the Regional Landscape Levy collected from Adelaide Plains Council is invested back in the region through this grant.

Investment Income

The Council earns investment income primarily in the form of interest from the investment of cash surpluses throughout the financial year.

Reimbursements

Council is part of the self-funded insurance scheme administered by Local Government Risk Services (LGRS). Annually LGRS redistribute part of its profit from the operations of Workers Compensation Scheme and other insurance schemes back to the Council along with performance rebates. During 2022/2023, it is estimated that the Council will receive reimbursements of \$0.123m of which majority is from LGRS compared to \$0.126m in 2021/2022.

Other Income

Other income relates to a range of unclassified items that do not fit within the aforementioned revenue categories. Other income is estimated to be \$0.048m in the 2022/2023 Financial Year.

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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 2022/2023 Financial Year, employee costs on recurrent operations (excluding CWMS operations) are expected to increase to \$6.445m compared to \$5.900m in 2021/2022, an increase of 9%. This increase has been reported due to EBA/contract increases, reclassifications, growth planning and 2021/2022 salary budget being underestimated.

Table 3: Estimated Employee Expenses for 2022/2023 Financial Year – Exc. CWMS (\$'000)

DESCRIPTION	COSTS
Salaries & Wages	5,498
Long Service Leave	130
Superannuation	558
Workers Compensation Insurance	258
TOTAL EMPLOYEE COST BUDGET	6,445

FIGURE 3: ADELAIDE PLAINS COUNCIL WORKFORCE (FTEs)

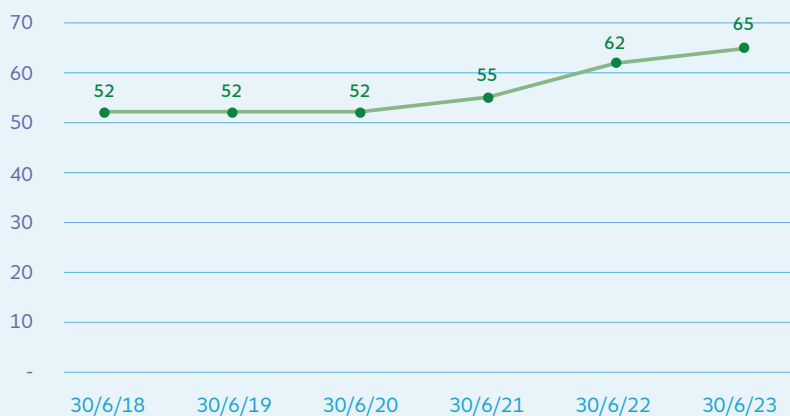


Figure 3 shows Council's staff levels at the end of each financial year from 30 June 2018 and the budgeted staff numbers on 30 June 2022 and 30 June 2023 on a full-time equivalent (FTEs) basis including temporarily contract positions. Council had approved four (4) new FTEs as part of 2021/2022 budget. In addition, two (2) contract positions (1.60 FTE) were added to assist in retirement transition and to replace works undertaken by external consultants.

Materials, Contracts and Other Expenses

Materials include items such as electricity, water, fuel, road products, library books, printing and stationary 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 \$4.993m in 2022/2023 Financial Year on Materials, Contracts and Other Expenses, compared to \$4.789m in 2021/2022 Financial Year, an increase of \$0.204m or a 4.26% mainly due to increase in fuel, rubble costs, buildings, reserves & seal road maintenance and kerbside recyclable 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 2022/2023 the forecast amount of depreciation is \$2.813m compared to \$2.731m for 2021/2022, an increase of \$0.082m or 3% mainly due to new depreciation expenses associated with infrastructure assets handed over to the Council by developers after the initial maintenance period.

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 2022 and expected new borrowings for the next year.

Interest costs are expected to increase by 166% from \$0.072m in 2021/2022 Financial Year to \$0.193m in 2022/2023, mainly due to the combined impact of interest being paid reduced progressively when repaying loan instalments overtime and additional interest expenses associated with new borrowings required for 2022/2023 Financial Year.

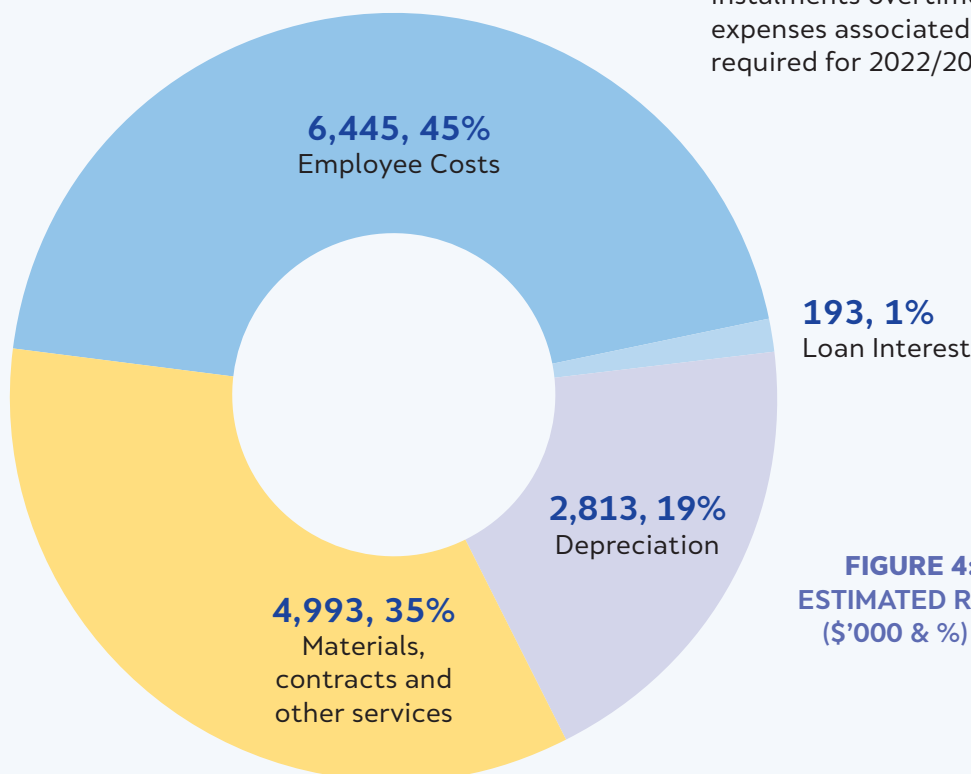


FIGURE 4: DISTRIBUTION OF ESTIMATED RECURRENT EXPENSES (\$'000 & %) – EXCLUDING CWMS

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10.3 Budgeted Statement of Comprehensive Income

For the 2022/2023 Financial Year, the estimated operating deficit is \$1.199m from recurrent and operating project activities based on 3.25% increase in average rates (Option 2 in the rates model). The estimated operating deficit consists of;

- Recurrent budget deficit of \$0.096m;
- CWMS Budget deficit of \$0.174m; and
- Net Operating Project budget of \$0.929m.



Table 4: Statement of Comprehensive Income (\$'000)

DESCRIPTION	2021/2022 ADOPTED BUDGET (\$)	2022/2023 DRAFT BUDGET (\$)	(%)	BUDGET MOVEMENT (\$)	(%)
OPERATING INCOME					
Rates					
General Rates - Existing Assessments	10,093	10,491	73	398	3.95
General Rates - New Assessments	-	98	1	98	-
Rate Rebates	(102)	(105)	(1)	(4)	3.55
Waste Levy	658	699	5	41	6.24
Regional Landscape Levy	192	198	1	6	3.00
Other Rates Income	81	84	1	3	3.29
Statutory charges	496	561	4	65	13.18
User charges	170	193	1	23	13.41
Grants, subsidies & contributions	1,894	1,955	14	61	3.21
Interest Income	3	3	0	-	-
Reimbursements	126	123	1	(3)	(2.57)
Other Income	23	48	0	25	111.53
TOTAL INCOME	13,635	14,348	100	713	5.23
OPERATING EXPENSES					
Employee Costs	5,900	6,445	45	545	9.23
Materials, contracts and other	4,726	4,914	34	189	3.99
<i>Including legal expenditure</i>	199	200	1	1	0.50
Depreciation	2,731	2,813	19	82	3.00
Interest Expenses	72	193	1	121	166.74
Share of loss from GRFMA	63	79	1	15	24.23
TOTAL EXPENSES	13,492	14,444	100	951	7.05
RECURRENT SURPLUS/(DEFICIT)	142	(96)	(1)	(238)	(167)
Net Cost of the 2 x CWMS	(144)	(174)	(1)	(30)	21
Funding for growth initiatives/OPs	(185)	(929)	(6)	(744)	403
OPERATING DEFICIT	(186)	(1,199)		(1,013)	

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10.4 Operating Income and Expenditure by Council Functions/Services

The following table shows operating income and expenditure for the 2021/2022 Financial Year by the Council functions/service excluding operating projects.



Table 5: Operating Income and Expenditure by Council Functions/Services (\$'000)

COUNCIL SERVICES/FUNCTIONS	INCOME	EXPENSES	NET COSTS
Volunteer Administration	-	4	4
Economic Development	(25)	129	104
Children & Youth Services	-	11	11
Community Events/Bus/Donations	(2)	93	92
Bridges and culverts Maintenance	(1)	20	19
Illegal Roadside Dumping	(1)	26	25
Heritage	(1)	20	19
Cemeteries	(51)	47	(3)
Mallala Aged Units	(58)	47	(11)
Street Lighting	-	77	77
Emergency Services and fire prevention	(6)	77	71
Community Safety	(3)	68	65
Street Cleaning	-	83	83
Public Conveniences	-	66	66
Resource Recovery Centre	(53)	93	40
Ovals, Playgrounds & Other Sporting Facilities	-	72	72
Community Services	-	105	105
Stormwater Management	-	127	127
Coastal Conservation	(105)	121	16
Flood Prevention	-	134	134
Environmental Health	(85)	116	31
Dog & Cat Control	(192)	177	(15)
Elected Members	-	172	172
Building Maintenance	-	213	213
Footpaths & kerbing Maintenance	-	198	198
Libraries	(50)	406	356
Community Wastewater Management	(262)	436	174
Parks, Gardens & Reserve Maintenance	-	651	651
Depot operation	(4)	639	635
Kerbside Waste Collection	(695)	692	(3)
Plant Maintenance	-	717	717
Planning & Compliance	(277)	1,511	1,234
Roads Maintenance	(1)	2,523	2,522
Government Grants	(1,800)	-	(1,800)
Council Administration*	(10,938)	5,030	(5,908)
TOTAL INCOME AND EXPENSES	(14,610)	14,902	291

*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.

10.5 2022/2023 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 draft Operating Project program as summarised in Table 6 is estimated to be \$0.929m.



Table 6: Operating Projects Program (\$'000)

PROJECT DESCRIPTION		ESTIMATED COST
Remarkable landscapes		
1	Street/Verge Tree Planting	20
2	Heritage Survey - Part 2	27
3	Parham - Old Playground Block (Sell or Develop Site)	5
Enviably lifestyle		
4	Open Space & Recreation Strategy	60
5	Social & Community Infrastructure Plan	100
6	Roadside Vegetation Management Plan	100
7	Two Wells - Liberty and Eden Estates, Recycled Water Costs (parks & reserves)	59
8	Donaldson Rd - Design to include Water Sensitive Urban Design and open space elements	10
9	Mallala Stormwater Flood Plain Management Plan	65
10	Implement Regional/Council Disability Access and Inclusion Plan Initiatives	15
Emerging Economy		
11	Parham Campground - Formalise Land	5
12	Two Wells Oval - Master Plan - Design/Costing/Consultation (Stage 1)*	100
13	Dublin - Township Growth & Tourism Master Plan	50
14	Thompson Beach Esplanade and Webb Beach Road - Detailed design and cost estimates for sealing	34
15	Economic Zones	20
Proactive Leadership		
16	Council Election – November 2022	40
17	Grant Writer to apply for government grants	15
18	Labour resources (Outside staff)	83
19	Upgrade to Council's Electronic Records Management System	33
20	Network Shared Drive Migration Strategy (Shared Folders)	9
21	Microfiche Records Digitisation Project	39
22	Redundancy and Backup Servers for Council's Information technology systems	33
23	Council Member Computer Hardware Refresh following 2022 LG Elections	6
TOTAL ESTIMATED COSTS		929

*Council is planning to apply for grant funding of \$100,000 to match Council contribution. Accordingly, total project cost is \$200,000.

10.6 2022/2023 Capital Projects Program

Adelaide Plains Council is responsible for a large portfolio of assets with a value of \$172m as of 30 June 2021 and an estimated depreciation expense of \$2.960m (including depreciation on CWMS assets) in 2022/2023 Financial Year. It is therefore critical for the long term sustainability of assets that the Council engages in practices 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.

Draft 2022/2023 capital programme is summarised below. The estimated cost of the capital works program is \$8.069m of which \$4.593m (57%) would be spent on assets renewals in line with Council's I& adopted on 25 October 2021. The remaining capital expenditure of \$3.476m (43%) is proposed to be spent on new assets of which \$1.195m will be funded by Local Government Infrastructure Partnership Program (LGIPP)

Table 7: Draft Capital Works Program (\$'000)

PROJECT DESCRIPTION	ESTIMATED COST
Plant & Equipment	1,154
Street Scape (Footpath, Kerbing and Street Trees)	373
Sealed Roads	3,210
Bridge	370
Unsealed Roads	1,172
Car Parks, Traffic Control and Pramp ramps	370
Buildings	130
Site Improvements	1,180
Stormwater	25
CWMS	85
TOTAL CAPITAL EXPENDITURE	8,069

PROJECT DESCRIPTION	ESTIMATED COST
New	3,476
Renewal	4,593
TOTAL CAPITAL EXPENDITURE	8,069

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

Next year capital program is planned to deliver;

PROJECT DESCRIPTION	ESTIMATED COST
Assets Renewal	3,520
Plant and Equipment	1,106
TOTAL ASSETS RENEWAL EXPENDITURE	4,626

- A** 33 km of road resheeting;
- B** 15.1 km of road resealing;
- C** 8.9 km of sealing of Middle Beach Road;
- D** 1 km of new footpath, kerbing and street trees.

New Assets to be delivered in next year

New assets to the value of \$3.476m will be funded from a combination of new borrowings and government grants. Please refer to Table 8 below for the reasons for these spending on new assets.

Table 8: Draft New Assets Program (\$'000)

DESCRIPTION	BUDGET	COMMENT
Redundancy and Backup Servers	48	To improve IT infrastructure.
Street Scape (Footpath, Kerbing and Street Trees)	133	To provide 1 footpath in the Townships of Two Wells, Mallala & Dublin over a 10 year period. Program is within I&.
Car Parks & Traffic Control (projects to improve pedestrian and vehicle safe)	360	<ul style="list-style-type: none"> Longview Road and Gameau Road - Traffic calming devices Two Wells Main street - Eastern End Car Parking and WSUD Program is within I&.
Site Improvements (Street/Reserve Furniture, Council boundary signs and implement Hart Reserve Master Plan)	530	Projects derived from IAMP. Hart reserve upgrade currently out for consultation.
Stormwater (Middle Beach - Tidal Drainage System)	15	Project is derived from IAMP.
Sealing of Middle Beach Road	2,390	50% funded under LGIPP.
EXPENDITURE ON NEW/UPGRADED ASSETS	3,476	

10.7 2022/2023 Capital Program in Details

Table 9 provides details of the capital program endorsed for 2022/2023 Financial Year.

Table 9: Draft Capital Project Budget in Details (\$'000)

CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	RATIONALE	TYPE	COSTS
PROACTIVE LEADERSHIP			
Plant and Equipment	A	Renewal	1,106
Redundancy and Backup Servers for IT services	B	New/Upgrade	48
INVESTMENT IN PLANT & EQUIPMENT PROGRAM			1,154
Dawkins Road and Williams Road - Intersection Upgrade	A	Renewal	100
Gawler River Road – Germantown Road to Boundary Road	A	Renewal	341
Bethesda Road – Hayman Road to Dawkins Road	A	Renewal	46
Port Gawler Rd – Port Wakefield Rd to Old Port Wakefield Rd	A	Renewal	72
Port Parham Road - Port Wakefield Road to Beach Road	A	Renewal	260
Sealing of Middle Beach Road (50% grant funded)	C	New/Upgrade	2,390
INVESTMENT IN SEALED RD PROGRAM			3,210
Cameron Terrace - Dublin Rd to Feltwell Rd	A	New/Upgrade	39
Railway Avenue - Balaklava Rd to Lindsay St	A	New/Upgrade	25
Carmel St - Balaklava Rd to End of Seal	A	New/Upgrade	37
Calagora St - Lisieux Street to Carmel St	A	New/Upgrade	32
Balaklava Road - Lisieux Street to Aerodrome Road	A	Renewal	240
INVESTMENT IN STREET SCAPE (FOOTPATH, KERBING AND STREET TREES)			373
Crabb Road - Port Wakefield Road to Kidman Road	A	Renewal	114
Feltwell Road - End of Seal to Hill Road	A	Renewal	77
Germantown Road - Simpkin Road to Richter Road	A	Renewal	138
Germantown Road - Richter Road to Verner Road	A	Renewal	51
Gilks Road - Lawrie Road to End	A	Renewal	15
Hamley Bridge Road - Barabba Road to Brady Road	A	Renewal	80
Hamley Bridge Road - Brady Road to Kain Road	A	Renewal	63
Harvey Road - Simpkin Road to Pratt Road	A	Renewal	27

CAPITAL PROJECT**TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE****RATIONALE****TYPE****COSTS****PROACTIVE LEADERSHIP**

Leilete Road - Dawkins Road to Coats Road	A	Renewal	16
Light Beach Road - Wylie Road to Quigley Road	A	Renewal	36
Light Beach Road - Quigley Road to McEvoy Road	A	Renewal	32
Long Plains Road - Old Dublin Road to Dublin Road	A	Renewal	76
Long Plains Road - Port Wakefield Road to Old Dublin Road	A	Renewal	74
Nairn Road - Hall Road to Powerline Road	A	Renewal	50
North Parham Road - Fabian Road to Saltbush Road	A	Renewal	45
North Parham Road - Gilberts Road to Fabian Road	A	Renewal	38
Secombs Road - Stanley Road to Prices Road	A	Renewal	15
Secombs Road - Port Wakefield Road to Stanley Road	A	Renewal	46
Stanley Road - Pritchard Road to Secombs Road	A	Renewal	35
Torelete Road - Dawkins Road to Coats Road	A	Renewal	16
Trim Road - Williams Road to Russell Road	A	Renewal	14
Verner Road - Day Road to Boundary Road	A	Renewal	69
Wasley Road - Pratt Road to Big Rabbit Road	A	Renewal	44

INVESTMENT IN UNSEALED RD PROGRAM**1,172**

Street & Reserves/Parks Furniture Program	A	New/Upgrade	20
Streetscape and Water Sensitive Urban Design	A	New/Upgrade	50
Council Boundary Signs - Allocation	A	New/Upgrade	60
Stage 1 - Hart Reserve - Implementation	A	New/Upgrade	400
Two Wells Tennis/Netball court surface renewal	A	Renewal	300
Street & Reserves/Parks Furniture Program	A	Renewal	20
Dublin Playground Upgrade	A	Renewal	130
Renewal of various street and reserve furniture	A	Renewal	50
Renewal of exciting SA water line to Mallala, and irrigation system	A	Renewal	50
Renewal of lighting, paths and bike racks various sites	A	Renewal	100

INVESTMENT IN SITE IMPROVEMENTS PROGRAM**1,180**

CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	RATIONALE	TYPE	COSTS
PROACTIVE LEADERSHIP			
Mallala - Replacement of Property Pumps	A	Renewal	15
Middle Beach CWMS	A	Renewal	10
Mallala Treatment Plant (Chamber Protection Coating)	A	Renewal	60
INVESTMENT IN COMMUNITY WASTE MANAGEMENT SCHEMES			85
Pump Station & Pump Replacements	A	Renewal	10
Middle Beach - Tidal Drainage System	A	New/Upgrade	15
INVESTMENT IN STORMWATER			25
Wasleys Bridge - Repairs	A	Renewal	200
Salt Creek Bridge - Repairs	A	Renewal	170
INVESTMENT IN BRIDGES			370
Two Wells Main street - Eastern End Car Parking and WSUD	A	New/Upgrade	300
Longview Road and Gameau Road - Traffic calming devices	A	New/Upgrade	60
INVESTMENT IN CAR PARKS & TRAFFIC CONTROL			360
Pram Ramp renewal to DDA compliant	A	Renewal	10
INVESTMENT IN PRAM RAMP			10
Lewiston Wetlands Playground - Toilet Block	A	Renewal	130
INVESTMENT IN BUILDINGS & STRUCTURE PROGRAM			130
TOTAL COUNCIL INVESTMENT IN INFRASTRUCTURE AND ASSETS IN 2022/2023 FINANCIAL YEAR			8,069

Rationale

- A** Infrastructure & Asset Management Plan;
- B** Staff initiatives to improve productivity/ service standard; and
- C** Successful grant application.

Capital Grants

Council is expected to receive capital grants of \$1.195m next year under Local Government Infrastructure Partnership to seal Middle Beach Road.



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:

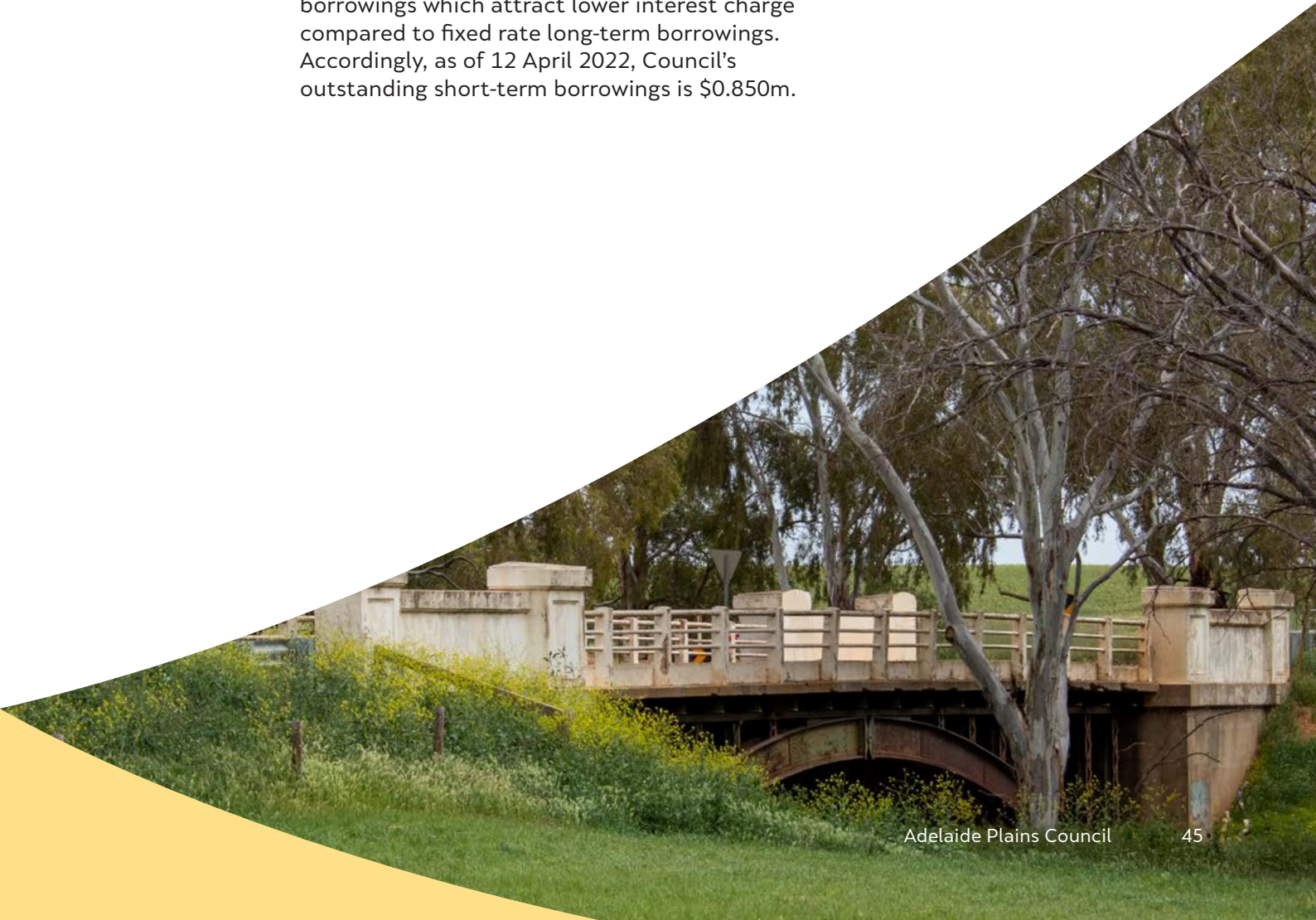
- Strategic planning for the future of the Council, covering short, medium and long term spending and investment issues;
- Current and estimated future revenues and the ability to increase the revenue stream through council rates, user charges or additional grant funds;
- Inter-generational equity considerations 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 2021/2022 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. Accordingly, as of 12 April 2022, Council's outstanding short-term borrowings is \$0.850m.



11.2 New borrowings for 2022/2023 Financial Year

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 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 draft operating project program as included in this report with an average rate increase of 3.25%, it has to borrow \$4.825m to deliver operating and capital projects identified above and meet its current loan repayment obligations. Out of the new borrowings;

- \$1.633m will be allocated for assets renewal program;
- \$1.195m will be used to fund Council co-contribution required under State Government's LGIP Program for the Sealing of Middle Beach Road;
- \$1.086m will be spent on new assets across the Council district; and
- \$0.911m will be used to deliver operating project program proposed.

Table 10: Funding Shortfall for 2022/2023 (\$'000)

DESCRIPTION	AMOUNT
Cash shortfall due to Operating Deficit	(1,199)
Cash injection from sale of surplus/replaced assets	231
Share of loss - joint ventures & associates (non-cash transactions)	79
To fund capital Program - Money available through depreciation	2,960
Proposed assets renewal expenditure	(4,593)
Proposed new capital expenditure	(3,476)
Grants specifically for new or upgraded assets	1,195
Loan Repayment	(23)
TOTAL FUNDING SHORTFALL	(4,825)

While the maximum amount to be borrowed is \$4.825m, the timing of the actual borrowings would depend on the progress of the capital works program. Local Government Finance Authority has made available convertible cash advance debenture of 3 years for LGIPP funded projects at a concessionary rate of 1.30% to a maximum limit of \$1.238m.

Note Interest expenses associated with new borrowings is approximately \$0.073m per year at an interest rate of 3% for a period of six (6) months.

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 74% of total operating income in 2022/2023.

12.2 Strategic Focus

In adopting its rates for the 2022/2023 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' the capacity to pay; and
- It accords with the taxation principle, that people should contribute to the community social and physical infrastructure, in accord 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 2022. 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 property valuation data available from Valuer-General (VG) is given in Table 11 in comparison to similar information as of 30 June 2021 and 30 June 2020. Additional rates income from the development growth is 0.98% as of 2 April 2022 and is significantly lower than 2.75% factored in the LTFP.

However, it is too early to exactly know the development growth rate for next year. From the experience of prior years, Valuer-General is expected to finalise development growth mid to late May 2022. Council expect a significant development growth this year, however, may not be as big as last year due to slowdown in new subdivisions.

Table 11: An Extract from latest valuation data from the VG

DESCRIPTION	2 APR 22	30 JUN 21	30 JUN 20
Increase in number of properties through sub-division	89	257	173
Sub-Division Growth (valuation increase) - \$'Mn	16	39	24
Building Development Growth (valuation increase) - \$'Mn	0.184	27	54
Total Development Growth - \$'Mn	16	66	78
Total Development Growth - %	0.73	3.20	2.04
Increase in Rates income due to Development Growth - \$'Mn	0.099	0.256	0.197
Increase in Rates income due to Development Growth - %	0.98	2.67	2.15
Natural Growth (valuation inc. due to reasons other than dev.) - %	4.87	4.46	1.86

Rates Modelling – Options available

Given a significant increase in 'Natural Growth', in order to achieve a 3.25% increase in average rate as recommended by the Council and the Audit Committee, a reduction in rate in the dollar by 0.68% will be applied in the rates modelling calculations. However, this will benefit properties that have reported an increase in valuations due to 'Development Growth'.

Alternatively, if the Council wish to reduce operating deficit further and the reliance on borrowings to deliver new/upgraded assets program, it can do so by increasing the average rate by more than 3.25%. Given below are some of the **options** that the Council can consider.

For example, 2.96% increase in average rate (**OPTION 1**) would generate an additional income of \$0.470m over and above 2021/2022 rates income. 3.25% increase in average rate (**OPTION 2**) would generate an additional income of \$0.500m and 3.55% increase in average rate (**OPTION 3**) would generate an additional income of \$0.530m.

Alternatively, should the Council wish to limit average rate increases to 3.25%, Council has the option of revisiting the budget specially the operating project program proposed for next financial year.

	ADOPTED 2021/2022	LTFP 2022/2023	OPTIONS FOR 2022/2023		
			OPTION 1	OPTION 2	OPTION 3
Reduction in Rate in the \$ (%)			0.95%	0.68%	0.35%
Increase in Fixed Charge (%)			2.68%	3.25%	2.68%
Total Rates Income (\$'Mn)	10.093	10.623	10.559	10.589	10.619
Number of Rateable Properties	5,460		5,548	5,548	5,548
Average Rate (\$)	1,848		1,903	1,909	1,914
Average Rate increase			2.96%	3.25%	3.55%

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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

	2021/22 (AS ADOPTED)	2022/23 (ESTIMATED)	CHANGE	COMMENTS
General Rates Revenue				
General Rates (existing properties)	\$10,092,780	\$10,489,850 (a)		For 2022/23, an expected increase in total General Rates revenue of around 3.25 % is projected plus estimated growth (refer n) of 1.61 % from new properties that have been created over the last year.
General Rates (new properties)		\$99,384 (b)		
General Rates (GROSS)	\$10,092,780	\$10,589,234 (c)		
Less Mandatory Rebates	(\$65,656)	(\$66,500) (d)		
GENERAL RATES (NET)	\$10,027,124	\$10,522,734 (e)	4.94%	
	(e)=(c)+(d)			
Other Rates (including service charges)				
Regional Landscape Levy (RLL)	\$192,061	\$197,823 (f)		The RLL is not retained by council.
Waste collection	\$658,085	\$699,141 (g)		\$172 for standard 3 or 2 bin service
CWMS	\$250,391	\$262,452 (h)		\$692 and \$456 for each property unit at Mallala and Middle Beach.
Less Discretionary Rebates	\$11,127,661 (\$34,945)	\$11,682,150 (\$37,669) (i)		
EXPECTED TOTAL RATES REVENUE	\$10,900,655	\$11,446,659 (j)	5.01%	Excluding the RLL and minus Mandatory & Discretionary Rebates.
	(j)=(e)+(g)+(h)+(i)			

	2021/22 (AS ADOPTED)	2022/23 (ESTIMATED)	CHANGE	COMMENTS
Growth in number of rateable properties				
Number of rateable properties	5,460 Actual	5,548 (k) Estimated	1.61%	Growth' is expected to account for around 0.98% of the estimated increase in General Rates to be collected (refer b).
'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.				
Average General Rates per rateable property (n)=(c)/(k)				
Average per rateable property	\$1,848	\$1,909 (l)	3.25%	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.
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.				

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*.

Please note that these figures represent a considered estimate of Expected Rate Revenue based on the most current information available as at 2 April 2022. This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the 2022/2023 Annual Business Plan & Budget which is expected to occur in early July 2022.

Differential Rates

	TOTAL EXPECTED REVENUE (\$)			NO. OF RATEABLE PROPERTIES		AVERAGE PER RATEABLE PROPERTY (\$)			RATE IN THE \$	
	2021/ 2022	2022/ 2023	CHANGE	2021/ 2022	2022/ 2023	2021/ 2022	2022/ 2023	CHANGE	2022/ 2023	
Land Use (General Rates - GROSS)										
Residential	5,560,232	5,775,423	3.87%	3,193	3,205	1,741	1,802 (m)	61	0.0044268	
Commercial	37,283	37,140	(0.38%)	28	27	1,332	1,376 (m)	44	0.0057544	
Commercial - Other	171,698	176,828	2.99%	76	76	2,259	2,327 (m)	67	0.0057544	
Industry - Light	8,828	9,882	11.94%	6	7	1,471	1,412 (m)	(60)	0.0057544	
Industry - Other	92,529	95,176	2.86%	15	15	6,169	6,345 (m)	176	0.0057544	
Primary Prod.	3,561,930	3,721,262	4.47%	1,405	1,420	2,535	2,621 (m)	85	0.0040244	
Vacant Land	566,572	679,200	19.88%	683	745	830	912 (m)	82	0.0044268	
Other	93,709	94,324	0.66%	54	53	1,735	1,780 (m)	44	0.0044268	
GRAND TOTAL (GROSS)	10,092,780	10,589,234	4.92%	5,460	5,548	1,848	1,909 (m)	60		

Fixed Charge

	TOTAL EXPECTED REVENUE			CHARGE		
	2021/ 2022	2022/ 2023	CHANGE	2021/ 2022	2022/ 2023	CHANGE
Fixed Charge	\$562,912	\$594,043	6%	\$112	\$116 (n)	\$4

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 2022/23 council proposes to raise 5.61% 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 3.25% average rate increase;

- A** 19.79% of the properties will have their rates being reduced next year;
- B** 1.12% of the properties will have their rates remained unchanged;
- C** 11.97% of the properties will have their rates increased by less than 3.25%;
- D** 24.35% of the properties, will have their rate increase would be between 3.25% and 5%;
- E** 15.88% of the properties, will have their rate increase would be between 5% and 7.5%;
- F** 16.11% of the properties, will have their rate increase would be between 7.5% and 10%;
- G** 9.17% of the properties will have their rates gone up by more than 10.00%; and
- H** 89 new assessments have been created which is 1.6% of the total assessments.

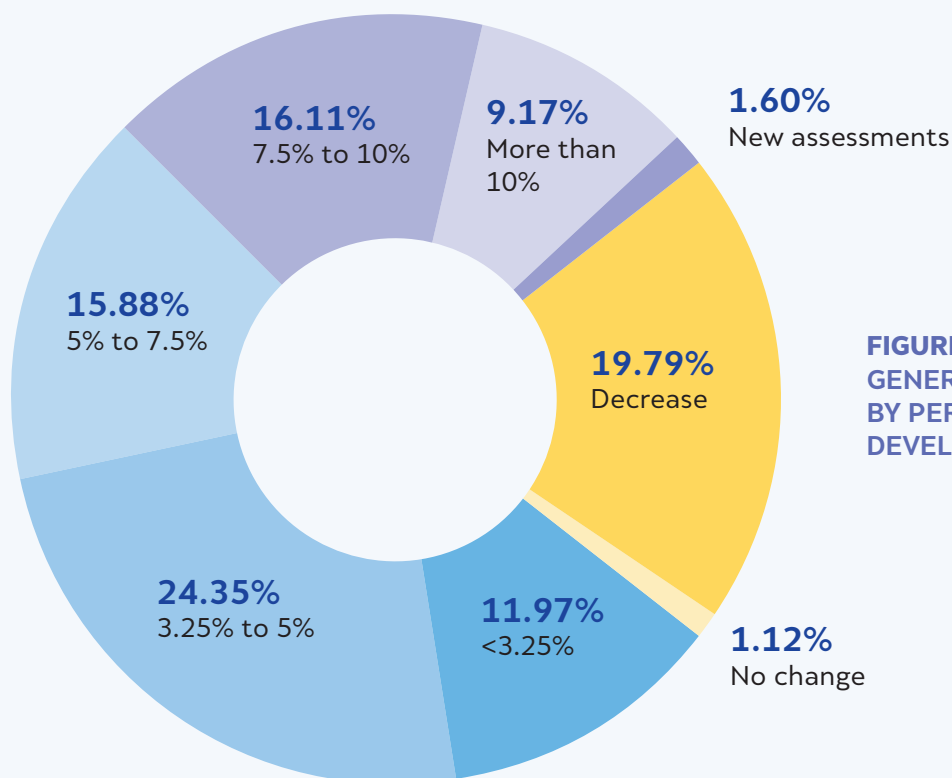


FIGURE 5: BREAKDOWN OF GENERAL RATES INCREASE BY PERCENTAGE (INCL. DEVELOPMENT GROWTH)

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.



12.7 Fixed Charge

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.

In 2022/2023 council proposes to raise 5.61% of its general rate revenue by way of the fixed charge and also increase fixed charge from \$110 to \$115.64. This will be applicable to approximately 5,137 rateable properties. Council considers it appropriate that all rateable properties make a base level contribution to the cost of providing Council services and to the cost of creating and maintaining the physical infrastructure that supports each property.

12.8 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 \$0.198m are sought for 2022/2023 Financial Year (\$0.192m in 2021/2022). 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. (Amount of Regional Landscape Levy estimated above is subject to change pending confirmation from the Northern & Yorke Natural Resource Management Board).

12.9 Service Charges

COMMUNITY WASTEWATER MANAGEMENT SYSTEM (CWMS)

CWMS Charge

CWMS charges for both Mallala and Middle Beach is proposed to increase by 5% and 2.93% to \$692 and \$456 respectively in order to cover the costs associated with full operation of the scheme including maintenance and loan repayments.

Notwithstanding 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 2022/2023 (\$'000)

DESCRIPTION	MALLALA	MIDDLE BEACH
CWMS service charges (345 connections X \$692 per connection)	239	
CWMS service charges (52 connections X \$456 per connection)		24
Less : CWMS Rebates	-	-
TOTAL INCOME	239	24
LESS : OPERATING EXPENSES		
Depreciation	140	7
Salaries and Wages	16	-
Interest Payments - CWMS Loan	79	-
Consultants	5	-
Consumables and Hardware	8	2
Contractors	110	7
Electricity	31	6
Insurance	9	4
ESCOSA Licence Fee	2	-
Materials	7	-
Other Expenses	2	0
TOTAL EXPENSES	410	27
NET OPERATING SURPLUS/(DEFICIT)	(172)	(3)

KERBSIDE WASTE COLLECTION PROGRAM

Council provides a three bin refuse collection service (Domestic Waste, Recycling and Organic) within the townships of Mallala, Two Wells and Dublin and a two bin refuse collection service (Domestic Waste and Recycling) in rural and coastal settlement areas. The service is provided to those ratepayers in Council's area that are able to access the service along the designated collection routes. In addition, Council provides a weekly service in which all public bins (street, parks and reserves and sporting club bins) within the district are emptied to ensure the continued ambience of public space.

Council has engaged a contractor to carry out kerbside waste collection since February 2018. Outsourcing this service has resulted in a 30% reduction in waste levy from \$180 in 2017/2018 Financial Year to \$126 in 2018/2019 Financial Year. However, since then, there has been a considerable increase in the disposal costs of waste and recyclables mainly due to changes in the Australian waste collection market following dramatic cuts to the volumes of waste China imports from the rest of the world since January 2018.

In addition, there was a substantial increase in Solid Waste Levy by the South Australian government from 1 July 2019 (Waste levy applicable to Adelaide Plains Council has increased from \$55 per tonne from 1 July 2019 to \$71.50 per tonne from 1 July 2020) which has resulted in a significant increase in Council's Waste Levy for 2019/2020. This upward trend in waste disposal costs is expected to continue in to 2022/2023 Financial Year.



Kerbside Waste Collection Charges

For 2022/2023 Financial Year, it is estimated that the total cost of the kerbside waste collection program is expected to be increased by 7.45% mainly due to increase cost of recyclables disposal. Therefore, the standard waste collection service charge is proposed to increase from \$167 to \$172. Accordingly, following waste collection charges are applicable to 2022/2023 Financial Year.

Table 14: Waste Collection Service Charge for 2022/2023 (\$'000)

WASTE SERVICE DESCRIPTION	ANNUAL WASTE LEVY (\$)
Standard 3-bin or 2-bin waste Service	172
Additional Organic Bin	80
Additional Recycle Bin	55
Additional General Waste Bin	89
Waste Service 1 (distance to pick up point) - 25% discount	129
Waste Service 2 (distance to pick up point) - 50% discount	86

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.

12.10 Mandatory Township Kerbside Waste Collection Charges

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

12.11 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 2022/2023 Financial Year will be 2 September 2022, 2 December 2022, 3 March 2023 and 2 June 2023.

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).



12.12 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 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.

12.13 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 2022/2023 Financial Year intend to rebate rates charged to various district community and sporting organisations.

12.14 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) month's 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.

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13

BUDGETED FINANCIAL STATEMENTS

BUDGETED FINANCIAL
STATEMENTS FOR THE
2022/2023 FINANCIAL YEAR.



ADELAIDE PLAINS COUNCIL
DRAFT STATEMENT OF COMPREHENSIVE INCOME FOR 2022/2023

INCOME		\$'000
Rates		11,465
Statutory charges		561
User charges		193
Grants, subsidies and contributions		1,955
Investment Income		3
Reimbursements		123
Other Income		48
TOTAL INCOME		14,348
EXPENSES		
Employee Costs		6,445
Materials, contracts and other services		4,914
Depreciation, Amortisation & Impairment		2,813
Finance Costs		193
Share of loss - joint ventures & associates		79
TOTAL EXPENSES		14,444
OPERATING SURPLUS / (DEFICIT)		(96)
Net Cost of the CWMS (Mallala & Middle Beach)		(174)
Net Operating Project Expenses		(929)
OPERATING SURPLUS / (DEFICIT)		(1,199)
Asset Disposal & Fair Value Adjustments		231
Amounts specifically for new or upgraded assets		1,195
Physical resources received free of charge		5,300
NET SURPLUS (DEFICIT)		5,528
OTHER COMPREHENSIVE INCOME		
Changes in assets revaluation surplus		1,500
Share of other comprehensive income - GRFMA		(55)
TOTAL COMPREHENSIVE INCOME		6,973

ADELAIDE PLAINS COUNCIL
DRAFT STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS		\$'000
Current Assets		
Cash and cash equivalents		499
Trade & other receivables		1,031
Inventories		154
Total Current Assets		1,684
Non-Current Assets		
Financial Assets (Investment in GRFMA)		5,795
Infrastructure, Property, Plant and Equipment		136,380
Other Non-current Assets		15
Total Non-Current Assets		142,189
TOTAL ASSETS		143,873
LIABILITIES		
Current Liabilities		
Trade & Other Payables		1,353
Borrowings		8,097
Provisions		1,009
Total Current Liabilities		10,459
Non-current Liabilities		
Borrowings		1,743
Provisions		220
Total Non-current Liabilities		1,963
Total Liabilities		12,421
NET ASSETS		131,452
EQUITY		
Accumulated Surplus		46,395
Asset Revaluation Reserve		82,823
Other Reserves		2,234
TOTAL EQUITY		131,452

ADELAIDE PLAINS COUNCIL
DRAFT STATEMENT OF CASH FLOWS FOR 2022/2023

CASH FLOWS FROM OPERATING ACTIVITIES		\$'000
Receipts		
Rates - general & other		11,727
Fees & other charges		561
User charges		193
Investment receipts		3
Grants utilised for operating purposes		1,955
Reimbursements		123
Other revenues		48
Payments		
Employee costs		(6,461)
Materials, contracts & other expenses		(5,843)
Finance payments		(272)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES		2,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets		1,195
Sale of replaced assets		231
Payments		
Expenditure on renewal/replacement of assets		(4,593)
Expenditure on new/upgraded assets		(3,476)
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES		(6,643)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from New Borrowings		4,825
Payments		
Repayments of Borrowings		(23)
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES		4,802
NET INCREASE (DECREASE) IN CASH HELD		193
Cash & cash equivalents at beginning of period		306
CASH & CASH EQUIVALENTS AT END OF PERIOD		499

ADELAIDE PLAINS COUNCIL
DRAFT STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

ACCUMULATED SURPLUS		\$'000
Balance at end of previous reporting period		40,868
Net Result for Year		5,528
Balance at end of period		46,395
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period		81,323
Gain on revaluation of infrastructure, property, plant & equipment		1,500
Balance at end of period		82,823
OTHER RESERVES		
Balance at end of previous reporting period		2,289
Share of other comprehensive income - GRFMA		(55)
Balance at end of period		2,234
TOTAL EQUITY AT END OF REPORTING PERIOD		131,452

ADELAIDE PLAINS COUNCIL
DRAFT UNIFORM PRESENTATION OF FINANCES FOR 2022/2023

	\$'000
Operating Revenues	14,610
less Operating Expenses	(14,880)
Operating Surplus / (Deficit) before Capital Amounts	(270)
less Net Outlays on Existing Assets	
Capital Expenditure on renewal and replacement of Existing Assets	4,593
less Depreciation, Amortisation and Impairment	(2,960)
less Proceeds from Sale of Replaced Assets	10
	1,643
less Net Outlays on New and Upgraded Assets	
Capital Expenditure on New and Upgraded Assets	3,476
less Amounts received specifically for New and Upgraded Assets	4,382
	7,858
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(9,770)

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14

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. In addition to the strategic outcomes, Council also measures its achievements through the following non-financial and financial Indicators.

NON-FINANCIAL INDICATORS

To ensure that Council delivers on the strategic objectives set out in the *Strategic Plan 2021-2024* and *Annual Business Plan*, it is paramount that annual budget activities and projects are completed on time while delivering project outcomes as planned. Therefore, the progress of the activities and projects will be closely monitored to ensure that there will be no project delays and budget overruns.

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 Sustainability 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.

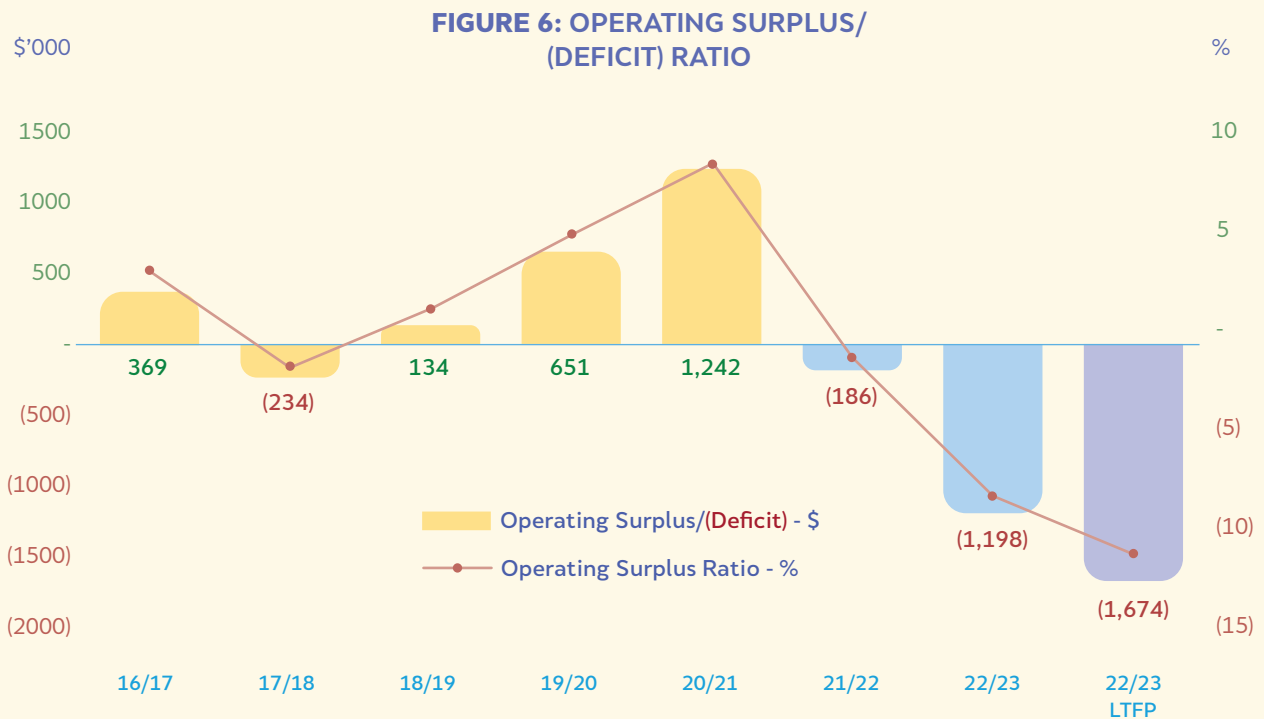
The following graph shows, Council's draft financial indicators for 2022/2023 Financial Year in comparisons to:

- LTFP ratios for 2022/2023;
- actual financial indicators since 2016/2017 Financial Year; and
- budgeted the financial indicators for 2021/2022 and 2022/2023 Financial Years.

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.

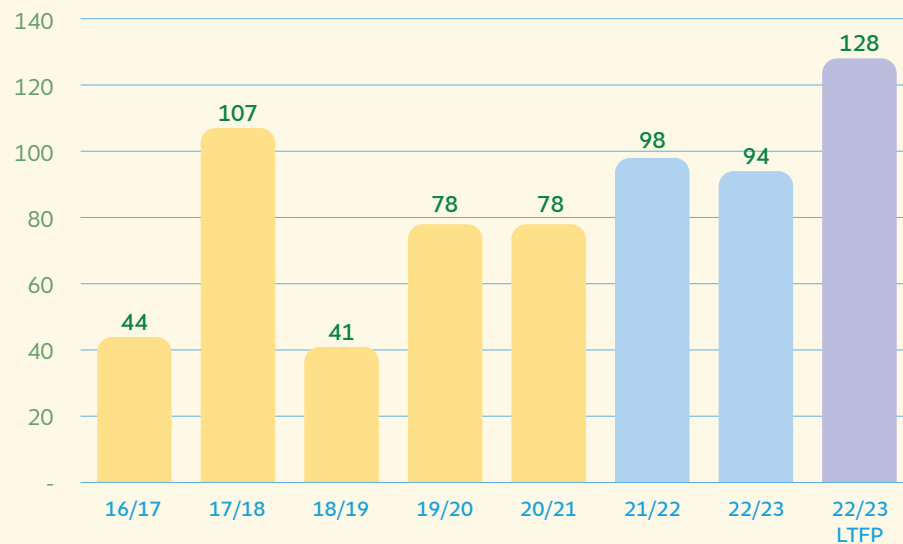


For 2022/2023 Financial Year, Council is forecasting an operating deficit ratio of 8% which is an improvement compared to LTFP forecast of 11%. This is mainly due to some of the operating projects identified in the LTFP being deferred to 2023/2024 Financial Year due to operational reasons (For example, Two Wells, Main street - Underground Powerlines and TW - Relocation of TW Waste Transfer Station).

ASSET SUSTAINABILITY RATIO

Asset Sustainability 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 SUSTAINABILITY RATIO (%)

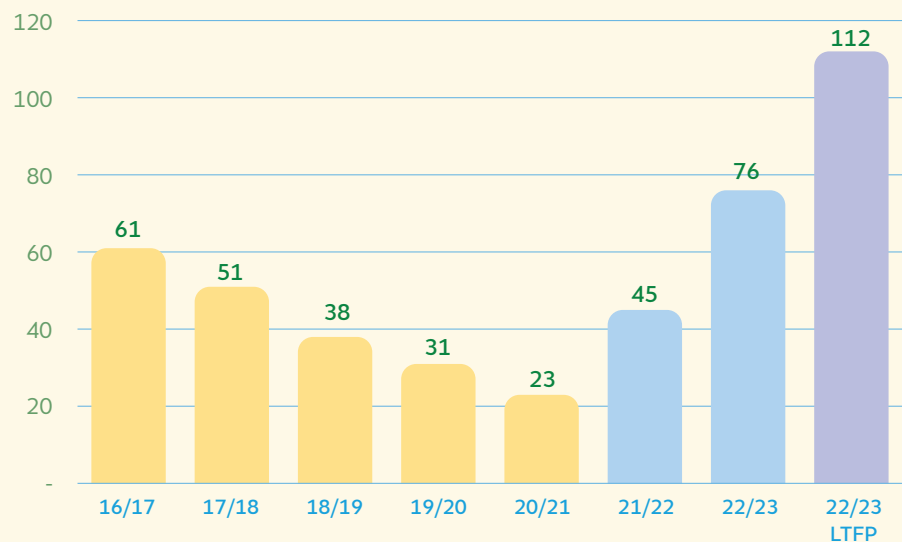


NET FINANCIAL LIABILITIES RATIO

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 (%)



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