

# NOTICE OF COUNCIL MEETING

Pursuant to the provisions of section 83 (2) of the  
*Local Government Act 1999*

**The Special Meeting of the**



**Adelaide  
Plains  
Council**

will be held in

**Council Chambers  
Redbanks Road  
Mallala**

on

**Monday 9 July 2018 at 6:00pm**

.....  
James Miller

**CHIEF EXECUTIVE OFFICER**

# AGENDA

Page  
Number

**1 ATTENDANCE RECORD**

1.1 Present

1.2 Apologies

1.3 Not Present/Leave of Absence

**2 ADJOURNED BUSINESS**

Nil

**3 DECLARATION OF MEMBERS' INTEREST (material, actual, perceived)**

**4 REPORT**

4.1 Public Submissions Received on the Draft 2018/2019 Budget and Long Term Financial Plan 1

4.2 Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019 46

**6 CLOSURE**

 <b>Adelaide Plains Council</b>	<b>4.1</b>	<b>Public Submissions Received on the Draft 2018/2019 Budget and Long Term Financial Plan</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Economic Development</b>  <b>General Manager, Finance and Economic Development</b>
<b>Date:</b> <b>9 July 2018</b>	<b>Document Ref:</b>	<b>D18/29958</b>

**EXECUTIVE SUMMARY**

- During the public consultation period in relation to Council’s Draft 2018/2019 Annual Business Plan, Budget and Long Term Financial Plan, Council received six (6) submissions:-
  - a) Mr. John Drexel on behalf of the Salt Creek Remediation Working Party to request reinstatement of \$37,470 to carry out Middle Beach Boat Ramp Investigation and creek remediation work;
  - b) Dr. Chris Starrs from Middle Beach Caravan Park;
  - c) Mr John Lush from Adelaide Plains Ratepayers & Residents Association (APRR);
  - d) Mr. Ben Brazier on behalf of APRRA;
  - e) Ms Tracey Smith on behalf of Adelaide Plains Equestrian Club who requested reinstatement of \$17,600 to undertake fencing of the native vegetation on the whole of Clara Harniman Reserve and installation of a water meter.
  - f) Mrs Debbie Heinze on behalf of Adelaide Plains Kennel & Obedience Club requesting an allocation of \$80,000, an increase from the current allocation of \$50,000 to relocate Adelaide Plains Kennel and Obedience Club.

**RECOMMENDATION**

**“that the Council, having considered Item 4.1 – *Public Submissions Received on the Draft 2018/2019 Budget and Long Term Financial Plan*, dated 9 July 2018, receives and notes the report and in doing so acknowledges their contribution made toward the annual business plan process of Adelaide Plains Council.”**

## **BUDGET IMPACT**

Estimated Cost: \$ 85,070

If accepted, the additional costs to the Council from above budget submissions would be \$85,070. While these costs are one-off, potentially there is very significant cost impact from the proposed work to Middle Beach Boat Ramp and the cost impact is not yet known until the scope of the work is confirmed.

Is this Budgeted? No

## **RISK ASSESSMENT**

Not Applicable

---

### **Attachments**

- 1. Written submission received from Mr. John Drexel on behalf of the Salt Creek Remediation Working Party – 18 June 2018.**
- 2. Project brief - Remediation of Salt Creek at Middle Beach – 18 June 2018.**
- 3. Quote from Water Technology Pty Ltd – 18 June 2018.**
- 4. Notes from verbal submission of Mr John Drexel – 18 June 2018.**
- 5. Notes from verbal submission received from Dr. Chris Starrs from Middle Beach Caravan – 18 June 2018.**
- 6. Additional written submission received from Dr Chris Starrs.**
- 7. Notes from verbal submission of Mr John Lush on behalf of APRRRA – 18 June 2018**
- 8. Written submission received from Mr. Ben Brazier on behalf APRRRA - – 18 June 2018**
- 9. Notes from verbal submission of Dr Chris Starrs – 26 June 2018**
- 10. Hand out received from Dr Chris Starrs – 26 June 2018**
- 11. Notes from verbal submission of Mr John Lush on behalf of APRRRA – 26 June 2018**
- 12. Written submission received from Ms Tracey Smith on behalf of Adelaide Plains Equestrian Club.**
- 13. Written submission received from Mrs Debbie Heinze on behalf of Adelaide Plains Kennel & Obedience Club.**

## DETAILED REPORT

### **Purpose**

The purpose of this report is to provide Council Members with a summary of all submissions received (written and verbal) during the public consultation period in relation to the Draft 2018/2019 Annual Business Plan, Budget and Long-term Financial Plan.

### **Background/History**

Pursuant to Section 123 of the *Local Government Act 1999* (the Act), Council is required to prepare an Annual Business Plan (ABP) each financial year. Council must adopt its ABP must after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 31 August for the financial year.

Before Council can adopt the Draft ABP, it is required to undertake a public consultation process that, as a minimum, meets the requirements of section 123(4) of the *Local Government Act 1999*.

The public consultation period ran from Thursday 31 May 2018 to 5pm on Wednesday 20 June 2018 and public notice was delivered in accordance with the Act and Council's *Public Consultation Policy*.

### **Discussion**

Council received six (6) public submissions from residents and ratepayers during the public consultation period. While it received no objections to the draft budget where Council's roads renewal program is not in line with its assets management plans or to the proposed rate in the dollar increase of 2.50% where the valuation increase of each land use category has been from 2.65% to 12.88% as disclosed in the Table 8 of the draft ABP, three (3) of the submissions received if accepted by the Council will increase the operating deficit by \$85,070.

The submissions received can be summarised as follows:-

1. Mr. John Drexel on behalf of the Salt Creek Remediation Working Party to request reinstatement of funding of \$37,470 to carry out Middle Beach Boat Ramp Investigation and creek remediation work (**Attachments 1-4**);
2. Dr. Chris Starrs from Middle Beach Caravan Park. His verbal presentation related to the Mallala Camping site and he asked the question "*Why do my rates subsidise a competitor*" on the premise that the Council would hand over the management of Mallala Camping site to the Mallala Lions Club without a competitive tender process, while Council taking the responsibility for all the running costs without getting any income from it (**Attachments 5, 6,9 & 10**);

3. Mr John Lush from APRRA (**Attachment 7 & 11**);
4. Mr. Ben Brazier on behalf of APRR (**Attachment 8**);
5. Ms Tracey Smith on behalf of Adelaide Plains Equestrian Club (**Attachment 12**) who requested reinstatement of \$17,600 to undertake fencing of the native vegetation on the whole of Clara Harniman Reserve and installation of a water meter. The provision of equine and canine fencing to protect the remnant vegetation was to be provided by Council following a resolution of Council in December 2016, moved by Cr Keen but subsequently removed by the Council from the draft 2018/2019 Budget. The revised costing of the fencing is \$12,600 and Council was also to install water meter at a cost of \$5,000 for fire emergencies. Therefore, \$17,600 is not a funding to Adelaide Plains Equestrian Club; and
6. Mrs Debbie Heinze on behalf of Adelaide Plains Kennel & Obedience Club (**Attachment 13**) requesting an allocation of \$80,000, an increase from the current allocation of \$50,000 to relocate Adelaide Plains Kennel and Obedience Club.

While the additional costs associated with above submissions are one-off (only in 2018/2019 Financial Year), potentially there is very significant cost impact from the proposed remedial work to Middle Beach boat ramp depending on the scope of the work to be carried out which is to be confirmed following the investigation work. Therefore, if the Council wishes, it can support the submission from Mr John Drexel, without undertaking any further funding commitments from the Council

### **Submission Received from Dr Chris Starrs**

#### **Management Comments:**

Council has not made any decision in relation to the Mallala Camping site operational and funding model. Currently, Council administration is negotiating only with the Mallala Lions Club, following Council's decision to rescind the motion to carry out an open and competitive tender process in relation to the site.

With the exception of Council owned land and Crown land, Council charges rates on all the properties within its area as provided for in the *Local Government Act*. Council's rates concessions are either mandated by the *Local Government Act* (statutory rebates) or Council's own decision (discretionary rebates).

The costs of each rebate category can be estimated as follows:-

Costs of statutory rebates for 2018/2019	81,888.28
Costs of discretionary rebates for 2018/2019	814.00
Total Rebates	82,702.28

Council leases its properties for less than market rate, only in relation to community groups who do not derive a commercial income from use of the Council property.

In the past, Council did set aside \$50,000 annually for its Community Partnership Funding Grant Program for local sporting and community groups. Due to budget constraints, Council ceased providing that funding from 2017/2018 financial year.

### **Submission from Mr. John Lush**

- a) Mr. Lush advised the Council that the ratepayers would support Federal and State Government funding for Gawler River Flood Management Authority (GRFMA), provided that the GRFMA construct Southern Floodway instead of Northern Floodway.

### **Management Comments:**

At the Special Council meeting held on 26 June 2018, Council resolved to give *“in principle support to the Northern Floodway Project subject to the planning, design and construction being funded entirely by Federal and State Governments.”*

- b) At a Special Council meeting held on 26 June 2018, Mr. Lush reiterated the sentiments expressed by Mr Brazier below. In addition, he questioned why CWMS telephone budget is a round figure of \$2,800.

### **Management Comments:**

Budgets are estimates based on best available information and if the actual expenditure is less or higher than the budgeted expenditure, it will be reflected on CWMS Reserve, which is used to record CWMS revenue net of annual expenditure and held for future maintenance/renewal of the scheme. This practice has been identified in the “The Costing and Pricing of CWMS” released by the Local Government Association in December 2016 as a possible method of keeping a track of unspent CWMS funds.

An extract from the Costing and Pricing of CWMS is as follows:-

*“Many Councils have traditionally included CWMS reserve accounts in their financial statements, with the balance of the reserve being included in the Statement of Financial Position and movements in the reserve being recorded in the Statement of Changes in Equity. There is no legal requirement to do so. Where Councils have done so the balance of such reserves has typically been determined based on historic cashflows (and only cashflows) associated with their CWMS activity. LGA guidance material neither encourages nor discourages creation of equity reserves where not specifically required. Some Councils find them useful for some purposes. It is important to stress though that where a Council creates/maintains a CWMS reserve account that there is no need to back this reserve with quarantined cash. LGA treasury management guidance material discourages such practices”.*

Therefore, Council is planning to maintain CWMS Reserve account for Mallala from 2017/2018 Financial Year, but this will not be backed by cash reserves.

**Written submission Received from Mr. Ben Brazier**

A summary of statements or submissions presented by Mr Brazier are provided below, followed by management responses:-

a) *“It would appear that there is no active plan to reduce costs in the short to medium term to better align the costs of operating Council activities with Council revenue”*

**Management Comments:**

Unlike private sector organisations, Adelaide Plains Council is a community organisation providing vital services to local community. The services of Local Government entities are mandated by various State regulations (mandatory services) and in addition, Council also chooses to provide additional services on its own initiative (discretionary services) to the community. The performance of a Local Government entity is not measured purely by the amount of profit it generates, rather it is decided based on the level of services, quality of customer services and the outcomes the community achieves from Council operations.

As part of the budget deliberations, Elected Members have passed a resolution calling for *“organisational review based around cost efficiencies, productivity gains, strategic alignments, command and control structures”*. This organisational review is yet to be completed, and may or may not provide cost savings. The results of the organisational review will be incorporated in to future budget estimates.

Local Government in South Australia as a whole is currently faced with increased regulations and cost shifting by State Government, for example, new planning regulations, *Local Nuisance Act*.

Further significant budget influences, and the range of services provided by Council are provided for at sections six (6) and seven (7) of the Draft Annual Business Plan and Budget (page 6 and 7).

b) *“Employee costs as a % of total income is high compared with Light Regional Council and Wakefield Regional Council”*

**Management Comments:**

Material contract & other expenses and employee costs as a percentage of total income are as follows based on draft 2018/2019 Budget:-

<b>Council</b>	<b>Material contract &amp; other expenses</b>	<b>Employee costs</b>
Adelaide Plains Council	33.94	41.91
Wakefield Regional Council	38.27	28.10
Light Regional Council	38.17	33.65

Any comparison of financial information should cover all aspects and accordingly although Adelaide Plains Council (APC) has a higher percentage in employee costs, it has the lowest percentage in Material contract & other expenses.

It is important that a community organisation like APC considers its services, outputs and outcomes rather than focus solely on inputs. Therefore, before commenting on cost structures, it is vital to look at the services. Adelaide Plains Council does not necessarily consider that the service should be provided internally or externally. Adelaide Plains Council provide a mix – that is our operating model for the service we offer to the community. Having said that, Council is continuously reviewing its operations to identify efficiencies and improve productivity and to this end a review of the organisational structure is already being carried out.

c) *“Statement of Comprehensive Income shows a Net Cost of the CWMS of 101,455 (which is a different figure to the detailed report at Clause 10.8 in the document)”*

**Management Comments:**

Below is the reconciliation of CWMS operations between Statement of Comprehensive Income and Clause 10.8 in the document. A Statement of Comprehensive Income is similar to a Profit and Loss Statement, where even in a private business, repayment of principle amount of a loan is not considered as an expense. The table under Clause 10.8 referred to above, covers all costs associated with CWMS (cash, non-cash and loan repayment) that’s where the differences in figures:-

Net Cost of the CWMS as per Statement of Comprehensive Income	101,455
Add : Principal Repayment - CWMS Loan	19,490
Add : CWMS Rebates	6,363
Add : Cost of assets insurance	<u>8,484</u>
Net Cost of the CWMS as per Clause 10.8	<u>135,792</u>

d) *“Current rate payers are repaying the debt used to acquire or build the CWMS and they also contributing toward a non-cash expense being depreciation. Ratepayers are therefore paying twice for the same assets”*

**Management Comments:**

When the CWMS assets were created, current users were not in a position to contribute \$1.9m to supplement the grant Adelaide Plains Council received from Local Government Association CWMS. Therefore, Council had to borrow \$1.9m so that current user of the CWMS can repay the loan over 30 years.

Once the CWMS assets are constructed, depreciation provides a mechanism to amortise the cost of the CWMS assets over its useful life. Therefore, including depreciation and loan repayment in the calculation of CWMS budget is not double-dipping as depreciation helps to set aside money required for future renewal of CWMS scheme when they fall due.

Please refer to “The Costing and Pricing of CWMS” released by the LGA in December 2016.

e) *“Net Operating Project Expenses of \$347,761 have 2 items involving the employment of 2 new part-time positions and I question why these items are under Project costs and not Employee Costs in the budget”*

**Management Comments:**

This is a common budget practice in the local government sector to show new staff positions as an operating project, as it will improve the comparability of financial statements between two financial years. If two (2) new staff positions were added to employee costs, it will increase the employee cost considerably, giving the wrong impression to the readers of the financial statements, that staff are paid more than EBA increases. Whereas if it is shown separately as an operating project, readers of the financial statements will realise that it is a conscious decision taken by the Council after budget deliberations and public consultation.

However, to make it easy to understand, the Statement of Comprehensive income will be provided to the Council in a different format showing employee costs of the Two (2) operating projects a part of the Employee Expenses.

f) *“Assets Disposal & Fair Value Adjustment – I have not been able to confirm if all of these items have been fully depreciated”*

**Management Comments:**

We confirm that the items have been fully depreciated.

g) *“Statement of Financial Position indicate that some balances do not change over the 10 year period”*

**Management Comments:**

Statement of Financial Position was prepared based on the assumptions that Council will recover 100% of its annual rate by dollar value (this has been the actual situation in 2016/2017 and 2017/2018 Financial Years). In addition, in order to make the preparation of Statement of Financial Position simple, it was assumed that Council will maintain the same level of trade creditors, provisions and inventories. Any deviations in budgeted balances would not be material and will not reduce the reliability of the budget Statement of Financial Position.

h) *“Statement of Cash flows – Rates & Taxes collected in cash are \$225,098 plus CPI higher than the figure in the Statement of Comprehensive Income”*

**Management Comments:**

\$225,098 is the expected CMWS charges income from the Mallala & Middle Beach CWMS Schemes. In the Statement of Comprehensive Income, net CWMS results have been showing separately following a request by Council Members whereas in the Statement of Cash flow, there is no such split of cash flows between CWMS operations and other operations.

i) *“Similar differences occur in relation to Employee Costs and Materials,, Contracts and Other Expenses”*

**Management Comments:**

As above, this is due to the way that CWMS net results are shown in the Statement of Comprehensive Income and Statement of Cash flow

j) *“I could only encourage Council to ensure that the assets purchased are critical to Council needs and the procurement of these assets is undertaken in a manner which provides the best result for Council”*

**Management Comments:**

Council’s assets replacement program for 2018/2019 Financial Year has been finalised after a bus tour of Council infrastructure, several Council workshops and Council meetings in consultation with staff, Audit Committee members and Elected Members in order to ensure service levels identified in the Infrastructure and Assets Management Plans are delivered to the community.

Council deliver these assets through a mix of in-house staff and external contractors and external contractors are selected after going through a proper procurement process as per Council's Procurement Policy. Council is currently reviewing its depot operations to identify efficiencies and savings that will flow through the assets replacement program.

k) *"I would encourage a more strategic approach to the repayment of borrowings and not merely using the entire cash surplus as the debt repayment".*

#### **Management Comments:**

With the exception of the cash advance facility (CAD), Council's other loans are for a fixed term (refer to Table 5 of the Draft 2018/2019 Annual Business Plan and Budget) and therefore cannot be repaid early without considerable exist costs. Therefore, cash surplus achieved by reducing assets renewal expenditures has been allocated to repay CAD loan in keeping with the Elected Members' desire to reduce borrowings. This is the strategic direction taken by the Elected Members.

#### **Conclusion**

Elected Members adopted the draft budget with the intention of reducing Council's reliance on borrowings to deliver Council services and programs. Therefore, if the Council decides to approve additional spending following public consultation, this will reduce the funds available to pay of short-term cash advance.

---

#### **References**

##### Legislation

*Local Government Act 1999 (SA)*

*Local Government (Financial Management) Regulations 2011 (SA)*

##### Council Policies

Budget Management Policy

Funding Policy

Treasury Management Policy

**John Drexel**  
A/Chairperson  
Salt Creek Remediation Working Party  
1 Yarramie Ave  
Banksia Park SA 5091

**James Miller – Chief Executive Officer**  
Adelaide Plains Council  
PO Box 18  
Mallala SA 5502

**Re: Request for review of an item on the Draft 2018/19 Adelaide Plains Council budget**

Dear James,

As advertised in recent media releases, I request a review of one item originally considered in the draft 2018/19 APC budget, but subsequently removed. The item relates to proposed funding for the “Middle Beach Boat Ramp Investigation and creek remediation” noted in the APC minutes of 14 May 2018.

The initial budget request of \$44 200 by the Salt Creek Remediation Working Party (SCRWP) included monies for minor infrastructure work to improve usability of the boat ramp. Attendees at the 29 May 2018 SCRWP meeting agreed to forego the on-ground work in favour of asking the Council to consider a lesser budget request of \$37 470 to carry out essential computer modelling of the ramp and its environs. This will provide a preferred option for modifications to the infrastructure to substantially reduce or eliminate the current problem of seagrass strandings that render the western concrete ramp useless.

Over the past five years, the Working Party has completed numerous studies related to the project, and participated in many discussions with contractors and government representatives. An overview of these is provided in the attached document.

The SCRWP intends submitting multiple grant applications to State, Federal and other sources to remediate the creek over a length of 300 m by removing 4000 cubic metres of thick sediment. Ideally, the Working Party wants to include the cost of ramp infrastructure modification in these applications. When completed, the creek will then be deep enough for a wide range of community-based water sports, and the ramp will be accessible and useable at all times.

The last hurdle prior to submitting the grant applications is obtaining funding for computer modelling of the boat ramp environs. I therefore respectfully ask that Council reconsiders the modified budget request for \$37 470 to carry out this vital work via professional consultancy group Water Technology Pty Ltd. A copy of the quote from the company is attached.

I am prepared to give a short verbal and Powerpoint presentation to APC on Monday 18 June 2018.

Yours sincerely

**John Drexel**  
15 June 2018

## Remediation of a short portion of Salt Creek at Middle Beach

### Project Brief

June 2018

#### Aims

The project has two primary aims:

- To remediate approximately 300 metres of Salt Creek adjacent to the Middle Beach boat ramp to return that section of the creek to its former deeper-water amenity, allowing swimming and other water sports regardless of the height of the tide.
- To modify the boat ramp environs to substantially reduce or eliminate the build-up of shellgrit and floating dead seagrass on the western side of the floating pontoon, allowing both lanes of the ramp to be used at all tidal heights.

#### Overview

Detailed surveying and sediment penetration surveys have established that approximately 4000 cubic metres of loose sediment (predominantly shellgrit) needs to be dredged from the creek bed over a distance of 300 metres to return it to the original water depth. The main source of this sediment was the adjacent dune that has been severely eroded by storm surges over the past 50 years. The seaward edge of the dune is now protected by a concrete-block seawall and little further erosion should occur. A secondary source of sediment was the creek bed between the mangrove forests west of the proposed dredging. Strong tides over the past decade swept this area clear of loose material, and thick seagrass has now established which effectively protects the channel from further erosion. It is anticipated that little sediment will find its way into the creek post-dredging.

It is proposed to re-use the dredged sediment to rehabilitate an abandoned shellgrit pit at the northern end of the beach. The resultant dune will be planted out with indigenous flora species.

A twin-lane boat ramp with central floating pontoon was opened at Middle Beach on 19 September 2010. Construction was financed through a \$100 000 grant from the Federal Department of Agriculture Fisheries and Forestry, \$67 500 from the Mallala Council (renamed Adelaide Plains Council in 2016, and referred to hereafter as the "APC"), matched by a similar total amount from the SA Boating Facilities Advisory Council. The project was driven by a five-person community-based working party, which also sought and won the grant monies.

The ramp has since been plagued with shellgrit and seagrass build-up, which effectively stops boats being launched or retrieved from the western side of the floating pontoon.

#### Proposed remediation of a short portion of Salt Creek

Two years after the ramp was opened, members of the Mallala Foreshore Advisory Committee (MFAC) and Two Wells Regional Action Team Inc. (TWRAT) approached APC with a proposal to form a joint Council-community working party to examine methods of returning a short portion of Salt Creek to its former depth and amenity. A solution was also being sought to reduce the amount of sediment and dead seagrass build-up at the ramp. The Salt Creek Remediation Working Party (SCRWP) and its terms of reference were approved by the APC in May 2013.

SCRWP members have since examined many approaches to providing better community and boating facilities based around the new ramp and adjacent reaches of Salt Creek. Agreement was reached to attempt to return approximately 300 m of the creek to its former amenity (Figure 1), enabling boats to be launched and retrieved at any tidal height to reduce congestion at the ramp during optimal fishing times, while taking into account the requirements of other users of the creek. It was recognised that the remediated creek would not provide all-tidal access to open waters of Gulf St Vincent, but would allow faster access to these waters when the tide moved, and for trailers to be worked on after the boats are launched. Currently, neither of these activities is possible because the creek water is too shallow to launch even the smallest dinghy for most hours of the day.

SCRWP members have facilitated many studies and discussions on the creek and environs to satisfy the legal and social requirements of undertaking a dredging project, including:

- Penetration (spear) testing to determine the thickness of loose creek sediments in the project area.
- Coring of sediments to assist in determining sediment thickness, and to provide samples for analysis.
- Chemical analysis of creek sediments by the CSIRO, which determined that no problematic heavy metals or other compounds are present.
- Detailed topographic surveying of Salt Creek and the abandoned shellgrit pit to provide contour plans of the areas of interest, and calculation of volumes of material involved.
- Aboriginal heritage research found that there are no known Aboriginal sites in the project area.
- Creek fauna studies to alert the working party to sensitive areas, and how to protect them.
- Tidal flow rate studies to determine the maximum water velocity to be expected during incoming tides.
- Constructive consultation with the Environment Protection Authority and Coast Protection Board.



**Figure 1.** Satellite image with arrows indicating the 300 m section of Salt Creek channel to be remediated. The boat ramp is at the centre right on the northern bank. Thick seagrass is being established between the mangrove forests at extreme left.

### **Current SCRWP activity**

Negotiations are being held with Water Technology Pty Ltd to provide options — based on computer modelling — to reduce the build-up of dead seagrass and sediment at the ramp. This may indicate the need to modify or realign the current rock abutments to focus water flow around the toe of the floating pontoon, rather than the current situation where large amounts of floating seagrass are trapped against the western side of the pontoon during incoming tides. The company has already established that survey and sediment thickness data provided by the SCRWP is suitable for this purpose, and has provided a fixed quote of \$37 470 to carry out the modelling.

### **Outcomes**

Remediation of the 300 metre stretch of Salt Creek and the boat ramp environs will:

- Restore the lost recreational amenity of the area by providing the community with permanent water in which to swim, fish, kayak etc at all tidal heights.
- Provide boat access to the creek via both lanes of the boat ramp at all tidal heights.
- Greatly reduce the reliance on, and cost to, APC of keeping the ramp clear of seagrass build-up.
- Increase the window of opportunity to access the open gulf waters during peak launch times by considerably reducing the queue waiting times at the ramp. Boat owners will be able to launch at any time, moor on the creek bank, and wait for the appropriate time to head to sea.
- Provide boat owners with the ability to launch boats at low tide to allow repairs on trailers, etc.
- Allow re-growth of bank-stabilising vegetation in permanent (rather than tidal) water.
- Enhance the appeal of the area to a broader public, including the nearby residential developments.

### **Project funding**

A request is put to the APC to fund the quoted \$37 470 to carry out computer modelling of the boat ramp environs. After a preferred option is established, funding to carry out the dredging and any infrastructure modifications around the ramp will be sought from a number of sources, including:

- The Federal Recreational Fishing Community Grants Program.
- SA Boating Facilities Advisory Committee (SABFAC).
- Opportunistic grant offers, e.g. the SA Government’s “Fund my Neighbourhood” initiative.
- In-kind and/or financial support from various organisations.

**Please note:** No monies are being sought from the APC to carry out the dredging or infrastructure modifications.

### **Further information**

For more information contact John Drexel, A/Chairperson, SCRWP (ph. 8264 7964, email [tourmaline2@bigpond.com](mailto:tourmaline2@bigpond.com))



15 June 2018

Mr John Drexel  
Chair, Salt Creek Remediation Working Party

Via email: [Tourmaline2@bigpond.com](mailto:Tourmaline2@bigpond.com)

Our ref: P18218

Dear John

## Middle Beach Coastal Assessment

Water Technology is pleased to provide the following fee proposal to assist in understanding the issues associated with sedimentation and build-up of seagrass at the boat ramp and developing options to address these issues.

### SCOPE OF SERVICES AND METHODOLOGY

The following scope of services is proposed:

1. Project Inception. A short meeting in our Adelaide office to confirm the scope of works and required outcomes.
2. Site Visit: An experienced Water Technology Pty Ltd Coastal Engineer will inspect the site to assess the ramp conditions and alignment. This would allow us to understand the physical conditions at the site and the issues raised regarding orientation of the ramp and potential opportunities for a groyne(s). We would encourage members of the local community group to attend. A short letter report would be prepared to summarise the outcomes of the site visit and provide advice on the next steps for the assessment. We would also collect bed material samples during this inspection to determine grain size to support subsequent modelling and assessments.
3. Coastal Process and Options Assessment:
  - a. A 2D hydraulic model would be developed for the site, based on the survey information provided. This would be used to simulate a range of tidal flow conditions in creek based on the current boat ramp alignment and site layout. This information would then inform the understanding of sediment and sea grass movements in and around the boat ramp.
  - b. Based on the site visit we would then be able to develop and understand the sediment transport processes within the creek and specifically at the boat ramp.
  - c. Using the existing conditions results we would then develop potential options for managing sediment movement/seagrass wrack and the associated level of further assessment required to develop detailed designs for these options. There may be some simple solutions (such as raising of the floating pontoon to limit seagrass trapping) or potentially using sand bag groynes (rather than rock).
  - d. An options matrix would be prepared to summarise the options for discussion with the Salt Creek Remediation Working Party. High level cost estimates for works associated with each option would be provided to support the selection of a preferred option.



- e. We have also included an allowance for engaging with the Coastal Protection Board (CPB) to discuss the level of assessment they require for any works approvals.
- 4. Project Reporting: We would prepare a project summary report that documents the project process, outcomes and a concept design sketch for the recommended remediation option.

We have attached summary CVs for key staff that would be involved with this project.

## PROJECT FEES

The following breakdown of lump sum fees (ex GST) for each component of works is provided in Table 0-1 below.

Table 0-1 Fee Breakdown

Item	Fees (ex GST)
1. Inception Meeting	\$695.00
2. Site Visit & Report	\$2,720.00
3. Coastal Processes and Options Assessment	
Coastal processes – existing conditions assessment	\$15,200.00
Options assessment	\$11,955.00
Cost estimates, option matrix, liaison with CPB and selection of preferred option	\$3,300.00
4. Reporting	\$3,600.00
<b>Total (ex GST)</b>	<b>\$37,470.00</b>

## TERMS AND CONDITIONS

The work would be undertaken under Water Technology Pty Ltd standard terms and conditions of engagement, a copy of which is attached for you information.

We trust that this proposal is acceptable and wish to thank you for approaching Water Technology in regards to this matter. Please do not hesitate to contact me should you have any queries with what we propose or if we can be of any further assistance.

Yours sincerely

Geoff Fisher  
**Regional Manager, SA**

**WATER TECHNOLOGY PTY LTD**

# Christine Lauchlan Arrowsmith

Senior Principal Engineer

Australian  
**WATER**  
Environments



*Christine is a Senior Principal Engineer with Water Technology and has over 18 years' experience in river, estuary and coastal investigations, specializing in the analysis of river, estuary and coastal processes through both physical and numerical modelling. Christine has an Honours Degree in Engineering from the University of Auckland and a PhD in Engineering from the University of Auckland, investigating bridge pier scour countermeasures. She has spent 8 years working overseas in the Netherlands and the United Kingdom on a range of research and consultancy jobs, focused particularly in the areas of sediment transport, scour, flood investigations (riverine & coastal), urban drainage and dam hydraulics. Since 2008 Christine has been working in Australia on a range of water related projects, focusing on the analysis of; river systems (flood studies, hydraulic-geomorphic analysis, eco-hydraulics and scour), estuaries (environmental flow requirements, water quality, monitoring programs), and coasts (coastal processes, coastal erosion and inundation hazard assessments, coastal adaptation studies, outfalls and water quality).*

## EDUCATION

- Bachelor of Engineering (Civil) with Honours, University of Auckland, 1996
- Doctor of Philosophy, University of Auckland, 1999. (Thesis title: Pier Scour Countermeasures)

## KEY SKILLS

- Coastal hazard assessments including climate change impacts and adaptation
- Estuarine & coastal processes assessments including sediment transport and water quality
- Provision of expert witness reports
- One, two and three-dimensional numerical modelling for the study of river, & estuarine flows, coastal systems, flooding, environmental flows, water quality and sediment transport
- Flood mapping, flood mitigation and stormwater treatment studies, including community & stakeholder consultation

## AWARDS / PUBLICATIONS

- The University of Auckland Doctoral Scholarship 1996
- Transit New Zealand Scholarship 1996
- Beca Carter Hollings and Ferner Engineering Prize 1995
- Works Civil Construction Scholarship in Public Health and Water Quality Engineering 1995
- Mosonyi Prize 1995
- Freemasons Bursary 1995
- Senior Scholarship in Civil Engineering 1995
- Annual Prize in Civil Engineering 1995
- Senior Class Prize - Civil Engineering 1993,1994
- Rotorua Electricity Wheao Commemoration Bursary 1992

## RELEVANT EXPERIENCE

### COASTAL HAZARD AND ADAPTATION STUDIES

- Port Phillip Bay Storm Tide Inundation Study (VIC)
- Barwon South West Local Coastal Hazard Assessment Scoping Paper (VIC)
- HMAS Cerberus Local Coastal Hazard Assessment (VIC)
- Bundaberg Coastal Hazard Adaptation Strategy - Phases 1 and 2 (QLD)
- Moreton Bay Coastal Hazard Adaptation Strategy - Phase 2 (QLD)
- Western Treatment Plant Climate Change Hazard Assessment (VIC)
- Burrabogie Island Coastal Adaptation Project (VIC)
- Inverloch Shared Path Coastal Hazard Assessment (VIC)
- Gippsland Lakes/90 Mile Beach Local Coastal Hazard Assessment Project (VIC)
- Western Port Local Coastal Hazard Assessment Project (VIC)
- Coastal Hazard Vulnerability Assessments, various (VIC)

### COASTAL AND ESTUARINE STUDIES

- Concept Designs for Erosion Protection, Western Treatment Plant 115E (VIC)
- The Strand Townsville, Options Assessment Beach Compartment 4 (QLD)
- Hobsons Bay Seawall Condition Assessment and Concept Design Study (VIC)
- Hobart and the Derwent Estuary Coastal Process Study (TAS)
- Marengo Creek to Wild Dog Creek Sand Management Plan (VIC)
- Glenelg River Estuary Assessment of Freshwater Flow Impacts (VIC)
- Project Sea Dragon Environmental Impact Assessment (NT)

- Phillip Island Penguin Parade Erosion Management Options (VIC)
- Snowy River Estuary Environmental Flow Monitoring (VIC)
- Lower Barwon Wetlands Hydraulic Study (VIC)
- Phillip Island Nature Parks' Coastal Process Study (VIC)
- Miara Caravan Park Coastal Process Assessment (QLD)
- Latrobe River Estuary Environmental Flows Requirements (VIC).
- Anglesea Estuary Processes Study (VIC).
- Snowy River Hydraulics Study (VIC)
- Hydrodynamic Study of the Snowy Estuary (VIC)

#### **SEDIMENT TRANSPORT, SCOUR AND HYDRAULIC STRUCTURES**

- Dights Creek Hydraulic Study (NSW)
- CFD Modelling of Vertical Slot Fishways
- Dawson River Gas Pipeline Scour Assessment (QLD)
- Fitzroy River Gas Pipeline Scour Assessment (QLD)
- GLNG Marine Pipeline Scour Assessment (QLD)
- Nicolson Dam Sediment Transport Assessment (VIC).
- Black Creek Diversion Channel Detailed Design Study (QLD).
- Newstead River Erosion Study (VIC).
- Quambatook Weir Replacement Conceptual and Detailed Design (VIC).
- Ovens River Gravel Bar Sediment Study (VIC).
- Ba River Dredging Assessment (Fiji).
- Angurugu Sedimentation Study (NT).
- Common Creek Hydraulic Assessment of Large Woody Debris Placement (VIC).
- Lake Connewarre Sediment Transport Assessment (VIC).
- Lindsay River Geomorphic Study (VIC).
- Chowilla Bank Slumping Assessment (SA)

#### **ECOHYDRAULICS/WATER QUALITY**

- HMAS Cerberus Stormwater Quality Mixing Assessment, VIC
- Stormwater Quality Mixing Zone Assessment, Corio Bay (VIC)
- Stormwater Quality Mixing Zone Assessment, Portland Bay (VIC)
- Kingfisher Resort Fraser Island Outfall Discharge Assessment (QLD)
- Lake Wyangan & Catchment Management Strategy (NSW)
- Water Resource Arrangements for the Mallee CMA Sustainable Diversion Limit Offset, (VIC)
- Wetland Watering & Infrastructure Modelling & Detailed Design, Lower Latrobe Wetlands (VIC)
- Lindsay and Wallpolla Islands Hydrodynamic Modelling, various projects (VIC)
- Wetland Watering & Infrastructure Design Modelling, Lower Latrobe Wetlands (VIC)
- Lower Latrobe & Thomson Rivers Environmental Flow Monitoring (VIC)
- Lower Latrobe River Wetlands Infrastructure Review (VIC)
- Stanwell Power Station Discharge Water Quality Assessment (QLD)
- Waste Water Discharge Assessment, Pugul and Aubinville WWTPs (QLD)
- Eastern Golf Course WW Discharge Assessment (VIC)
- Latrobe Estuary Environmental Water Requirements Study (VIC).
- Sale Common Hydrological Study (VIC).
- Heart Morass Hydrological Study (VIC).
- PNG Pipeline Spill Modelling & Toxicology Assessment (PNG)
- Huntly Power Station Discharge Modelling (NZ)

#### **FLOODING AND SURFACE WATER MANAGEMENT**

- Snowy River Regional Flood Mapping Study (VIC)
- Heatherton Wetland Detailed Design Assessment (VIC)
- Fitzroy River and Darlot Creek Flood Mapping Study (VIC)
- Avon River Regional Flood Mapping Study (VIC)
- Seaspray Flood Study (VIC)
- Sharleena Quarry Hydrological Assessment (VIC)
- Seymour Quarry Flood Modelling Assessment (VIC)
- Looma, Wangkatjunka and Warburton Flood Studies (WA)
- Gawler River Flood Modelling (SA)
- Jigalong Flood Study (WA)
- Smith Creek Flood Study (SA)
- Mummaloo Surface Water Review and Surface Water Management Plan (WA)
- Keane Road Strategic Link Hydrologic Assessment (WA)
- Flood Assessments for on-shore LNG Facilities (PNG)
- Fitzroy Terminal Project surface water resources assessment (QLD).
- Butcherbird Mine Site stormwater management plan (WA).

- Wodgina Mine Site stormwater management plan (WA).
- HBW Pipeline Hydrology Study (VIC).
- Burrumbeet Flood Investigation (VIC).
- Skipton Flood Investigation (VIC).
- Pedler Creek, McLaren Vale Flood Study (SA).
- Buckland Park, Gawler River Flood Study (SA).
- Thomson River Flood Study (VIC).
- Mt Barker Floodplain Mapping Study (SA).
- Light River Floodplain Mapping Study (SA).
- Lollypop Creek, Richmond Land stormwater and flood management study (VIC).
- Macalister Flood Study (VIC).
- Numurkah Flood Study (VIC).

**PEER REVIEWS / EXPERT WITNESS**

- Alcoa Mine Closure Plan – Surface Water Management Technical Review
- Rex Hillside Mine PERP – Independent Technical Review, Surface Water
- Burrumbeet Planning Panel Hearing – Amendment C178 (VIC)
- CAT Expert Witness Report – Seymour Quarry (WA1189)
- VCAT Expert Witness Reports – various development assessments (VIC)

Christine can be contacted on +61 3 825 0800 or [christine.arrowsmith@watertech.com.au](mailto:christine.arrowsmith@watertech.com.au)

# Geoff Fisher

Director & Principal Hydrologist

Australian  
**WATER**  
Environments



*Manager of integrated water and catchment management projects, with specialist expertise in strategic and applied water resource management, hydrological investigations, water for the environment assessments and design and implementation of stream rehabilitation works and water sensitive urban design systems.*

## EDUCATION

- Bachelor of Engineering in Civil Engineering; South Australian Institute of Technology, 1982
- Graduate Certificate in Hydrology; University of New South Wales, 1984

## KEY SKILLS

- Water quality assessments and modeling
- Hydrologic and hydraulic modeling of streams and water resource assessments
- Assessment of environmental water requirements
- Urban storm water quality improvement including WSUD and wetland assessment and design
- Strategic planning, particularly relating to resolving natural resource issues, community consultation and conflict resolution
- Development and application of triple bottom line (MCA) risk assessment techniques for establishing priorities for natural resource management and water infrastructure projects

## AFFILIATIONS

- Member, Hydrological Society of South Australia
- Member, Stormwater South Australia

## RELEVANT EXPERIENCE

### Floodplain Mapping and Flood Mitigation Strategies

Geoff has undertaken floodplain mapping assessments and flood mitigation strategy development at a range of scales from small scale developments to whole of catchment assessments. Most notable examples are floodplain mapping work for densely developed urban areas in the Brown Hill and Keswick Creeks, the Gawler River, Hutt River, Light River, Pedler Creek, Aldgate Creek, Gilbert River and Mount Barker Creek catchments. Methodologies include a variety of 1 D and 2D modelling systems, financial analyses including benefit cost assessments, development of cost sharing frameworks and triple bottom line analysis of works and strategies to aid with option selection and priority setting for works.

### Stormwater Management for Urban Developments and Growth Strategies

Geoff's work in this area has included development of integrated stormwater management strategies and designs for urban developments in sensitive and challenging areas. Geoff's involvement has been aimed at supporting flood proofing developments and promoting the sustainable development of land by eliminating potential adverse effects (be these to adjoining native bushland areas, threatened fish species, or water supply reservoirs). Many of the projects have investigated wastewater reuse and water sensitive urban design elements including MAR opportunities. Geoff has both managed and been technically responsible for the development of stormwater designs and master plans for these urbanised areas. He has also been active in the industry more generally in the promotion of Water Sensitive Design principles.

**Climate Change**

Geoff has undertaken a wide range of resource assessments addressing climate change impacts for coastal areas and catchments. Assessments have been undertaken for coastal systems and water resource catchments as well as the assessment of increased flood risk in urbanised and industrial areas as a result of climate change. Methodologies involved the adaptation of hydrological models to simulate a changed environment along with the development and application of triple bottom line risk assessment techniques to assist with priority setting and selection of for various response strategies. Most recent projects include the Adaptation Pathways for Northern and Yorke Priority Natural Coastal Resources, Victor Harbor Coastal Management Plan and the Pt Hughes to Moonta Bay Cliff Top Stability Assessment and intensely urbanised areas with the Adelaide metropolitan area.

**Water Quality Risk Assessments**

Development and application of water resource risk assessment methodologies to assess risks to receiving waters and their associated catchments. Areas assessed include the Coroonong, Lower Murray, South East of Australia and the Mount Lofty Ranges. Reviews of the historical and contemporary water quality, hydrology, land use and topographic data, along with consultation with relevant stakeholders, have been features of the methodologies applied. Risk assessment techniques have been developed through these projects by Geoff to identify environmental assets at risk and to promote the development of cost effective multi-objective solutions to improve urban amenity, the natural environment whilst addressing the water quality issues associated with urban and rural land intensification.

**Water Security**

Geoff has lead the development of Strategic Plans and investment strategies for water security across the internationally famous Barossa & Clare Valley wine regions in southern Australia. The project were undertaken to support the political process of securing additional water for the region and involved a comprehensive assessment of surface and groundwater resources within an environment where water security issues are being debated on a national stage. The project involved reviewing water pricing, wastewater reuse, stormwater harvesting, and raw water resources using a range of numerical and cost sharing models. A triple bottom line assessment process was developed to balance the investments across the environmental, social and economic sectors, whilst ensuring there continued to be sufficient water to support economic growth in these two regions.

**River Restoration**

Geoff has provided specialist design and construction supervision services for river restoration works undertaken on rural and urban settings. These works have involved revegetation, alignment fencing, bank battering, rock riffles, rock chutes and rock bank protection to rectify specific water quality, environmental and river erosion issues. Geoff has provided these services mainly to the government authorities in South Australia. In addition Geoff has also provided training services to build the capacity of government staff in understanding river processes and the best ways to restore rivers.

Geoff Fisher can be contacted on +61 8 8378 8000 or [geofffisher@austwaterenv.com.au](mailto:geofffisher@austwaterenv.com.au)

# Dr Peter Riedel

Senior Principal Coastal Engineer

Australian  
**WATER**  
Environments



*Mathematical and physical modelling are Dr. Riedel's key strengths. His M.Eng.Sc. degree concerned the development of a mathematical modelling for wave dynamics in stratified flow. His Ph.D. thesis was based on physical modelling of the mechanics of sediment transport by waves. Dr. Riedel has maintained a keen professional interest in the complex and constantly expanding field dealing with the modelling of wave and coastal processes. He has been instrumental in contributing to the development and understanding of this subject and is regarded as an expert authority by the international coastal engineering community.*

*Dr. Riedel has considerable practical experience in relation to coastal development projects - from the concept development stage through detailed design and on to construction supervision. Peter established Coastal Engineering Solutions in the late 1990's to build on this experience and to provide services relating to concept design, project feasibility and design/construction overview. Over the last 10 years Dr. Riedel has re-established his expertise in the area of pipeline stabilisation on the seabed by way of protective rock berms, gravity anchors and backfilling of dredged trenches. This expertise was initially developed in the early 1980's in relation to gas projects on the North-west Shelf off Western Australia and Maui, New Zealand.*

*In 2015 Peter and the Coastal Engineering Solutions team joined Water Technology to further continue his expert consulting work in coastal engineering. In this time, he has worked on the assessment and design of a range of rock wall protection structures, beach nourishment works, and boat ramp designs.*

## EDUCATION

- Bachelor of Engineering (Mechanical), University of Melbourne, 1967
- Master of Engineering Science (Mechanical), Monash University, 1969
- Doctor of Philosophy, (Civil Coastal Engineering) Queen's University, Kingston, Canada, 1972

## KEY SKILLS

- Coastal engineering studies including determination of design hydrodynamic (wind, wave, tide and current) conditions, harbour design, and beach process, storm surge analysis, coastal inundation and channel stability investigations.
- Climate change risk assessments, including coastal hazard vulnerability assessments (CHVA's)
- Expert witness for environmental effects hearings, planning panel hearings and civil action
- Seawall and beach nourishment works design from concept to detailed

## AWARDS / PUBLICATIONS

- 'The Effect of Ocean Swell on the Stability of Adelaide's Metropolitan Beaches'. 2005. H.P. Riedel, P.L. O'Brien & M. Townsend. Proc. 17th Australasian Coastal and Ocean Engineering Conference, 10th Australasian Port & Harbour Conference, Adelaide.
- 'Response to Coastal Erosion around the Gippsland Lakes, Victoria'. 2003. E. Sjerp, H.P. Riedel & E.C.M Bird. Coasts and Ports Australasian Conference, Auckland, NZ..
- 'Re-use of Dredge Spoil for Beach Nourishment Projects, Victoria, Australia' 2003, Z. Toogood & H. P. Riedel Coasts and Ports Australasian Conference, Auckland, NZ.
- 'Field Wave and Current Model Testing – Pipelines'. 2000. P.L. O'Brien & H.P. Riedel. Proc. 27th International Conference on Coastal Engineering, Sydney, Australia.
- 'Holdfast Shores and West Beach, S.A. - Coastal Process Modelling'. 1999. Peter Riedel & Ben Macfarlane. 14th Australasian Coastal and Ocean Engineering Conference, Perth.
- 'Beach Renourishment at The Strand, Townsville'. 1999. Peter Riedel, Paul O'Brien, Russell Smith & Ben Macfarlane. 14th Australasian Coastal and Ocean Engineering Conference, Perth.
- 'Sand Renourishment of The Strand Foreshore, Townsville'. 1999. R.C. Smith, P.L. O'Brien & H.P. Riedel. Proc. 1999 Northern Engineering Conference, Mackay.
- 'Creation of Tanjung Aru Resort Beaches, Malaysia'. 1997. B.J. Macfarlane, P.L. O'Brien & H.P. Riedel. 13th Australasian Coastal and Ocean Engineering Conference, Christchurch.
- 'Hayman Island Breakwaters Design and Construction'. 1988. H.P. Riedel & M.P. Rogers. 2nd Australasian Port, Harbour and Offshore Engineering Conference, Brisbane.
- 'Random Breaking Waves Horizontal Seabed'. 1986. H.P. Riedel & A.P. Byrne. 20th International Conference on Coastal and Ocean Engineering, Taiwan.
- 'Hindcast Wave Statistics'. 1985. H.P. Riedel, A.P. Byrne & M. McCormack. 7th Australian Conference on Coastal and Ocean Engineering, Wellington, New Zealand.
- 'Townsville Magnetic Island Submarine Pipeline'. 1983. G. Byrne & H.P. Riedel. 6th Australian Conference on Coastal and Ocean Engineering.
- 'An Evaluation of Breaking Wave Design Data'. 1983. T.T. Nguyen & H.P. Riedel. 6th Australian Conference on Coastal and Ocean Engineering.

- 'Dredging to Minimise Wave Penetration into a Harbour'. 1982. H.P. Riedel & A.P. Byrne. 18th Coastal Engineering Conference, Cape Town.
- 'Cyclone Wave Generation in the Australian Tropics'. 1981. H.P. Riedel & G. Byrne. 5th Australian Conference on Coastal and Ocean Engineering.
- 'Characteristics of Inlets/Estuaries Discharging into Sheltered Waters'. 1980. H.P. Riedel & M.R. Gourlay. Proc. 17th International Conference on Coastal Engineering, Australia.
- 'Analysis of 5 Years of Wave Data, Cockburn Sound'. 1978. H.P. Riedel & F.L. Trajer. 4th Australian Conference on Coastal and Ocean Engineering.
- 'Coastal and Ocean Engineering Research and Development in Australia State of Art'. 1978. A.B. Hicks & H.P. Riedel. 4th Australian Conference on Coastal and Ocean Engineering.

## RELEVANT EXPERIENCE

### MOUNT MARTHA COASTAL PROCESSES INVESTIGATION AND FUTURE MANAGEMENT RECOMMENDATIONS

The Mount Martha Coastal Processes and Future Management Recommendations study provides a comprehensive analysis and review of coastal processes in the Mount Martha coastal cell in Port Philip Bay, whilst also providing management options for the key site within the study area that was identified as having erosion issues (Mount Martha North Beach).

### COST-BENEFIT ANALYSIS OF OPTIONS TO PROTECT WAMBERAL BEACH FROM COASTAL EROSION

In collaborate with economists Marsden Jacobs, Water Technology provided expert coastal engineering advice for a cost benefit analysis (CBA) and distributional analysis of options to protect Wamberal beach from coastal erosion or implement planned retreat. Seven infrastructure (coastal protection) and planning options were assessed relative to a based case.

### LAKES ENTRANCE SEAWALL DESIGNS

Water Technology was commissioned by East Gippsland Shire Council (EGSC) to undertake Concept Designs for Seawall Works in Lakes Entrance and Bullock Island. Three existing seawalls located within the lake system were identified by the East Gippsland Shire Council (EGSC) as being in poor condition and needing repair. The first seawall was in Lakes Entrance had an 80m length in extremely poor condition appearing it could fail at any time and a 140m section that had sand built up in front of it making its condition harder to ascertain. The two other sea walls were located on Bullock Island and were of 65m and 100m in length. Conceptual designs were developed for a number of options at each site and then the agreed option was progressed to detailed design.

### VIETNAM COASTAL EROSION ASSESSMENT

Sanctuary Resort, Ho Tran is experiencing erosion along the foreshore, threatening resort infrastructure. Peter undertook an assessment to understand the extent of erosion issues along the shoreline at and adjacent to the resort, the cause of the erosion, and then to identify management solutions to the concept design stage. The recommended erosion management option was a Seabee seawall to capture sand and to discharge wave energy on the shoreline.

### MARENGO TO WILD DOG CREEK SAND NOURISHMENT PLAN

The Department of Environment, Land, Water and Planning (DELWP) commissioned Water Technology in December 2015 to undertake the preparation of a Sand Management Plan for the foreshore between Marengo and Skenes Creek. The project involved an initial review of coastal processes, particularly recent coastal erosion in the study area. From this work the previous risk assessment outcomes from the CHP were updated. Based on these results potential local sand sources for sand nourishment works were confirmed, and nourishment works designed including beach profile design, costing, environmental and safety considerations, and development of an operating procedure for the proposed works. Peter undertook the assessment of sand sources and design of the nourishment works.

### BEMM RIVER BOAT RAMP AND JETTY UPGRADE OPTIONS REVIEW

Peter undertook a review of options for the upgrade of the existing boat ramp and jetty at Bemm River. Working with Crossco consulting engineers, he developed upgrade options including detailed designs for the purposes of design and construct tender documentation for Council. Peter was also involved in the tender evaluation process.

Peter can be contacted on +61 3 8526 0800 or [peter.riedel@watertech.com.au](mailto:peter.riedel@watertech.com.au)

# Joanna Garcia-Webb

Senior Coastal Engineer

Australian  
**WATER**  
Environments



*Joanna is a coastal engineer with 14 years' experience in both the private and public sectors. As a senior coastal engineer at Water Technology, she is responsible for the management and delivery of coastal projects. Her project management experience includes local through to large multi-disciplinary projects across Australia and the US.*

*Joanna is passionate about sustainable management of the coastline and is particularly interested in coastal processes assessments, design of coastal management solutions and assisting local and state governments with coastal planning and management.*

## EDUCATION

- Bachelor of Engineering (Applied Ocean Science) with Honours, University of Western Australia, 2003
- Bachelor of Science (Applied / Pure Mathematics), University of Western Australia, 2003
- Diploma of Project Management, Cardno University, 2013

## KEY SKILLS

- Coastal hazard definition and vulnerability assessments; climate change trend analysis, planning and monitoring
- Preparation of concept and detailed coastal engineering designs
- Coastal, ocean and estuarine processes advice and derivation of design criteria
- Two and three-dimensional numerical wave and hydrodynamic modelling
- Morphological and sediment transport investigations
- Desalination/thermal discharge circulation and dredge dispersion modelling

## AWARDS / PUBLICATIONS

- Garcia-Webb J.I. & Provis D.G. (2011). 'Coastal Processes and Management Study for the Bellarine Peninsula', Proceedings of the amalgamated 20th Australasian Coastal & Ocean Engineering Conference and the 13th Australasian Port and Harbour Conference, National Committee for Coastal and Ocean Engineering (Engineers Australia), PIANC Australia and the Institute of Professional Engineers New Zealand (IPENZ)
- Garcia-Webb J.I. & Edge W. (2013). 'Quinns Beach Review of Coastal Management', Proceedings of the amalgamated 21st Australasian Coastal & Ocean Engineering Conference and the 14th Australasian Port and Harbour Conference, National Committee for Coastal and Ocean Engineering (Engineers Australia), PIANC Australia and the Institute of Professional Engineers New Zealand (IPENZ)
- Branson P. & Garcia-Webb J. (2015). 'Port Mandurah Sedimentation Study: Modelling Investigation', Proceedings of the amalgamated 22nd Australasian Coastal & Ocean Engineering Conference and the 15th Australasian Port and Harbour Conference, National Committee for Coastal and Ocean Engineering (Engineers Australia), PIANC Australia and the Institute of Professional Engineers New Zealand (IPENZ)
- Garcia-Webb J., Vickery D. & Perry C. (2017). 'Flexible Adaptation Planning: the Cockburn Sound Coastal Alliance Experience', Proceedings of the amalgamated 23rd Australasian Coastal & Ocean Engineering Conference and the 16th Australasian Port and Harbour Conference, National Committee for Coastal and Ocean Engineering (Engineers Australia), PIANC Australia and the Institute of Professional Engineers New Zealand (IPENZ)
- Garcia-Webb J. (2017, presentation). 'CHA-CHA-CHA: Adapting to a new coastal rhythm', 2017 State NRM and Coastal Conference

## RELEVANT EXPERIENCE

### COASTAL HAZARD RISK MANAGEMENT AND ADAPTION PLAN (CHRMAP) FOR THE ONSLOW COAST

Identified potential risks to coastal assets and developable areas due to coastal hazards such as storm-induced erosion, inundation, rising sea levels and other impacts of climate change. The town of Onslow is expecting significant population growth in the future. Investigated extent of coastal hazards so that development of the coastline can occur for the long term.

### YANCHEP SURF LIFE SAVING CLUB (YSLSC) CHRMAP

Joanna prepared a CHRMAP for the proposed YSLSC redevelopment at Yanchep, Western Australia. The CHRMAP's purpose was to ensure an appropriate risk assessment and management planning

framework regarding coastal hazards was incorporated into the decision-making process for the entire design life of the YSLSC redevelopment. The assessment considered future hazards due to climate change, and developed a range of monitoring and adaptation options to address these coastal hazards, both for present day and the future.

#### **COASTAL VULNERABILITY & FLOOD RISK ASSESSMENTS FOR LOCALITIES IN THE SHIRE OF BROOME**

Assessed identified secondary centres beyond the town of Broome for development constraints and opportunities. Undertook a rigorous coastal vulnerability that addressed the requirements of the State Coastal Planning Policy 2.6.

#### **BEACHPORT BOAT RAMP PEER REVIEW**

Joanna undertook a technical review of two reports studying the Beachport (South Australia) coastline and boat ramp. One assessed the condition of the coast and considered existing and potential future management options. The other report assessed alternate locations for the boat ramp. The technical review involved visiting the site to ascertain the dominant coastal processes and inspect the boat ramp. An assessment of the proposed management options and the breakwater design was carried out, as well as an update of the costs for the alternate boat ramp site.

#### **QUINNS BEACH REVIEW OF COASTAL MANAGEMENT**

The project involved several key components: desktop review and knowledge summary, description and assessment of the coastal processes, preparation and evaluation of over twenty different coastal management options, evaluation and costing of three options for detailed design and a monitoring and management plan for existing structures on Quinns Beach.

#### **POINT SAMSON STRUCTURE PLAN**

Joanna conducted a desktop assessment to determine the appropriate foreshore reserve allowance to mitigate the risk of coastal hazards due to climate change. This included a review of the available literature and previous studies undertaken to define the coastal processes and foreshore reserve for Point Samson. Joanna also carried out additional modelling to examine each site with regards to the specific orientation, landforms and vegetation, with the aim of optimising the required foreshore reserve to meet both the Council's and state policy's objectives.

#### **SEASPRAY COASTAL HAZARD ASSESSMENT & DUNE MANAGEMENT PLAN**

Seaspray Surf Lifesaving Club (SSLSC) proposed to redevelop their club rooms, located on top of the foredune of the beach at Seaspray, Victoria. Joanna conducted a Coastal Hazard Vulnerability Assessment for the proposed development. This assessed the coastal hazards and vulnerability of the development to climate change, by examining the potential impact of sea-level rise, storm surge, coastal processes, and inundation of the site. She also prepared a Dune Management Plan for the site as part of the development approvals process. Bold heading for capability i.e. groundwater assessment, climate change, stormwater management etc or project title

Joanna can be contacted on +61 3 8526 0800 or [joanna.garcia-webb@watertech.com.au](mailto:joanna.garcia-webb@watertech.com.au)

# WATER TECHNOLOGY PTY LTD

## GENERAL CONDITIONS OF CONTRACT

### 1 DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

In this document, unless the contrary intention is expressed, defined terms have the meanings set out below and in the Contract Particulars:

**Claim** means any claim, demand, action, proceeding, cost, expense or liability however it arises and whether present or future fixed or unascertained, actual or contingent.

**Client** means the party described as such in Item 1 of the Contract Particulars.

**Client's Representative** means the individual described as such in Item 1 of the Contract Particulars.

**Confidential Information** means this document, the Contract Particulars, the Proposal Letter and any information (regardless of form) disclosed or otherwise made available by a disclosing party to the party receiving the information, for, or in connection with the Contract including information which:

- (a) is marked as being proprietary or confidential to the disclosing party; or
- (b) in the circumstances surrounding disclosure, or because of the nature of the information, ought in good faith be treated as confidential;

whether the information was:

- (c) disclosed or created before, or after the date of this document; or
- (d) disclosed as a result of discussions between the parties concerning or arising out of this document.

**Consequential Loss** means loss or damage arising from a breach of contract, tort (including negligence), under statute or any other basis in law or in equity including but without limitation the following: business interruption loss; loss of actual or anticipated profits, revenue, production, opportunity or anticipated savings; loss of use; loss of goodwill, business reputation; loss or denial of opportunity, loss of access to markets, future reputation or publicity, damage to credit rating; exemplary damages; any indirect, remote, abnormal or unforeseeable loss or any similar loss whether or not in the reasonable contemplation of the parties at the time of the signing the Contract.

**Consultant** means Water Technology Pty Ltd (ABN 60 093 377 283).

**Consultant's Parties** has the meaning given to it in clause 14(c).

**Contract** means these General Conditions of Contract, the Contract Particulars and the Proposal Letter.

**Contract Material** means any materials, documents, information, rights or other things arising out of the provision of the Services by the Consultant under the Contract, including but not limited to any Intellectual Property Rights.

**Contract Particulars** means the contract particulars attached to this Contract in respect of the provision of the Services and signed by the Consultant and the Client.

**End Date** means the date described as such in Item 4 of the Contract Particulars.

**Fee** means the fee payable to the Consultant as set out in the Contract Particulars and includes the Fee as it may be varied under this Contract.

**GST** has the meaning given in the GST Act.

**GST Act** means *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the related imposition Acts of the Commonwealth. Expressions defined in the GST Act have the same meaning when used in this document.

**Insolvency Event** means the happening of any of the following events in relation to a party:

- (e) a party commits any act which is defined as "an act of bankruptcy" under the Bankruptcy Act 1966 (Cth), regardless of whether or not the party is an individual;
- (f) a garnishee notice, or a notice under section 120 of the PPSA, is given to:
  - (i) a debtor of that party; or

- (ii) any other person that otherwise owes or may owe money at any time to that party,
- (g) in connection with any money that the party is said to owe;
- (h) in the case of an individual, a party dies, is imprisoned or becomes incapable of managing his or her own affairs;
- (i) an application is made to a court for a provisional or final order declaring a party provisionally or finally bankrupt or insolvent;
- (j) a special resolution is passed to wind up or otherwise dissolve the party;
- (k) a party is wound up, or makes a statement from which it may be reasonably deduced by the other party that a ground or grounds on which the party may be wound up exists as specified in section 461 (or in the case of a part 5.7 body, section 585) of the Corporations Act;
- (l) a party has a Controller appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property;
- (m) a mortgagee, chargee or other holder of security, by itself or through an agent, enters into possession of all or any part of the assets of the party;
- (n) a party applies for, consents to, or acquiesces in the appointment of a trustee or receiver in respect of the party or any of its property;
- (o) a party takes any step to obtain protection or is granted protection from its creditors under any applicable legislation or a meeting is convened or a resolution is passed to appoint an administrator or a Controller is appointed in respect of any part of the property of the party;
- (p) a party is or states that it is unable to pay its debts when they fall due;
- (q) except to reconstruct or amalgamate while solvent on terms approved by the other party, a party enters into or resolves to enter into a scheme of arrangement, compromise or re-construction with its creditors (or any class of them) or with its members (or any class of them) or proposes a reorganisation, re-arrangement, moratorium or other administration of the party's affairs;
- (r) a party is the subject of an event described in section 459(C)(2) of the Corporations Act; or
- (s) anything analogous or having a substantially similar effect to any of the events specified above happens in relation to a party.

**Intellectual Property Rights** includes present and future:

- (t) copyright;
- (u) applications for registration of designs, and rights in relation to registered or unregistered designs;
- (v) rights in relation to trade secrets and confidential information;
- (w) rights in relation to inventions, applications for grants of patents and rights in relation to patents;
- (x) rights in relation to circuit layouts; and
- (y) applications for registration of trademarks and rights in relation to registered or unregistered trademarks and trade names,

and includes without limitation any right to licence and sub-licence any of the above.

**Interest Rate** means the penalty interest rate fixed under section 2 of the *Penalty Interest Rates Act 1983* (Vic) plus an additional two (2) per cent.

**Legislative Requirements** means any:

- (z) Acts, Ordinances, regulations, by-laws, orders, awards, codes, codes of practice, standards and proclamations whether Commonwealth, State or local; and

# WATER TECHNOLOGY PTY LTD

## GENERAL CONDITIONS OF CONTRACT

- (aa) certificates, licences, consents, permits, approvals and requirements of any body, authority, board or organisation having jurisdiction in connection with the provision of the Services.

**Loss** includes damage, loss (including Consequential Loss), cost, claim, liability or expense.

**Proposal Letter** means the proposal letter attached to this Contract in respect of the provision of the Services.

**Reimbursable Expenses** means all out of pocket expenses incurred by the Consultant (at cost) in performing the Services including but not limited to expenses associated with travel, accommodation, equipment use/hire, computer software, communications and fees charged to the Consultant by other professional consultants.

**Services** means those services described in Item 2 of the Contract Particulars.

**Start Date** means the date described as such in Item 4 of the Contract Particulars.

**Term** means the period starting on the Start Date and ending on the End Date.

### 1.2 Interpretation

- (a) A reference to:
- (i) the singular includes the plural and the plural includes the singular;
  - (ii) a party includes the party's executors, administrators, successors and permitted assigns;
  - (iii) a statute, regulation or provision of a statute or regulation (**Statutory Provision**) includes:
    - (A) that Statutory Provision as amended or re-enacted from time to time;
    - (B) a statute, regulation or provision enacted in replacement of that Statutory Provision; and
    - (C) another regulation or other statutory instrument made or issued under that Statutory Provision; and
  - (iv) money is to Australian dollars, unless otherwise stated.
- (b) The expression "this document" includes the deed, covenants, agreement, arrangement, understanding or transaction recorded in this document.
- (c) "Including" and similar expressions are not words of limitation.
- (d) Headings and any table of contents or index are for convenience only and do not form part of this document or affect its interpretation.
- (e) A provision of this document must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this document or the inclusion of the provision in this document.
- (f) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.
- (g) All references to time are to Australian Eastern Standard Time or Australian Eastern Daylight Time (as is applicable).

---

## 2 THE SERVICES

### 2.1 Performance of Services

During the Term, the Consultant will perform the Services for the Client in accordance with Contract.

### 2.2 Standard of Services

The Consultant shall provide the Services with due care, skill and diligence and in accordance with the standard performance considered acceptable by the consulting engineering profession in Australia.

### 2.3 Reliance on Client's disclosure

The Client acknowledges and agrees that in order for the Consultant to perform the Services in accordance with this Contract:

- (a) the Consultant relies on information provided by the Client, or on the Client's behalf and the Consultant shall not be liable for any Claim, Loss or damage caused by incomplete or inaccurate information supplied by the Client or on its behalf;
- (b) the Client must, in a timely and accurate manner:
  - (i) disclose to the Consultant all relevant information and details; and
  - (ii) provide full and complete instructions, and
- (c) the Consultant requires access to such premises or sites of the Client as is reasonably necessary for the Consultant to carry out the Services.

---

## 3 RESPONSIBILITIES AND OBLIGATIONS OF CONSULTANT

The Consultant will:

- (a) exercise degree of skill, skill and due diligence to a standard consistent with good practice for carrying out services of a nature similar to the Services;
- (b) comply with directions of Client given in accordance with this Contract; and
- (c) comply with Legislative Requirements of which it has been notified by the Client as applicable to the Services.

---

## 4 RESPONSIBILITIES AND OBLIGATIONS OF THE CLIENT

The Client will:

- (a) provide all relevant documents and information to the Consultant to enable the Consultant to carry out the Services;
- (b) provide answers to all questions in a reasonable time so as not to delay the Consultant's performance of Services;
- (c) provide the Consultant, its directors, officers, successors, assigns and the Consultant's Parties with access to premises or sites as necessary to carry out Services;
- (d) bear the costs of all fees and charges required to comply with Legislative Requirements in connection with the Services; and
- (e) use all reasonable endeavours to ensure that no events or circumstances arise which may compromise the Consultant's ability to perform the Services in a timely and professional manner and in accordance with this Contract.

---

## 5 INSURANCE – OBLIGATIONS ON CONSULTANT

The Consultant will have and maintain the following policies of insurance for amounts as determined by the Consultant from time to time:

- (a) professional indemnity;
- (b) public liability;
- (c) motor vehicle;
- (d) workers compensation; and
- (e) employer's liability.

Upon request, the Consultant will provide to the Client copies of certificates evidencing insurance coverage.

---

## 6 PAYMENT OF FEE AND REIMBURSABLE EXPENSES

### 6.1 Payment

In consideration of performing the Services, the Client must pay to the Consultant the Fee and the Reimbursable Expenses in accordance with the Contract Particulars and this clause 6. Reimbursable Expenses will be charged to the Client at cost plus GST.

### 6.2 Tax Invoice

The Consultant will provide the Client with a tax invoice for the Fee and any Reimbursable Expenses, which must:

- (a) be a valid tax invoice for the purposes of the GST Act;

# WATER TECHNOLOGY PTY LTD

## GENERAL CONDITIONS OF CONTRACT

- (b) include the Supplier's ABN;
- (c) set out the Fee and any Reimbursable Expenses; and
- (d) contain a short description of the Services provided by the Consultant,

(Tax Invoice).

### 6.3 Timing of payment

The Client must pay the total amount set out in a Tax Invoice no later than 30 days after the date of the Tax Invoice.

### 6.4 Penalty Interest

If the Fee or any Reimbursable Expenses becomes overdue, the Client will be liable to pay the Interest Rate on that overdue payment from the date the payment is due to and including the date the overdue payment is paid. If interest is charged by the Consultant in accordance with this clause, such interest will be payable by the Client on demand by the Consultant.

### 6.5 No Set Off

The Client may not by reason of any set off, counterclaim, abatement, claim or analogous deduction withhold payment of any amount due and owing to the Consultant for the Services.

### 6.6 Agency or Third Party Arrangements

A reference to "the Client" in this clause includes any party who enters into this Contract on behalf of the Client whether as agent, pursuant to any third party arrangements or otherwise. For the avoidance of doubt a party signing this Contract is bound by all payment obligations as if that party were named as the Client.

---

## 7 GST

### 7.1 Payments exclusive of GST

Unless otherwise stated in this document, all amounts payable by one party to another party under this document are GST exclusive.

### 7.2 Payment of GST

If GST is imposed or payable on any supply made by a party under this document, the recipient of the supply must pay to the supplier, in addition to the GST exclusive consideration for that supply, an additional amount equal to the GST exclusive consideration multiplied by the prevailing GST rate. The additional amount is payable at the same time and in the same manner as the consideration for the supply.

### 7.3 Tax Invoice

A party's right to payment under clause 7.2 (Payment of GST) is subject to a valid tax invoice being delivered to the party liable to pay for the taxable supply.

### 7.4 Definitions

Expressions defined in the GST Act have the same meaning when used in this clause 7.

---

## 8 VARIATIONS

### 8.1 Notice

A party must, as soon as it becomes aware of anything that may vary the scope, timing or costs of the Services, advise the other party in writing.

### 8.2 Resulting variation

The parties must negotiate in good faith to agree what, if any, variations are required as a result.

### 8.3 Costing of variations

Except as otherwise agreed in writing between the parties, any variations will be costed with reference to the Consultant's hourly rates as set out in the Contract Particulars (if any) and any Reimbursable Expenses.

### 8.4 Change in Legislative Requirements

If after the date of this Contract, a change in Legislative Requirements directly or indirectly results in:

- (a) an increase to the Consultant's costs to perform the Services; or

- (b) any loss being incurred by the Consultant, then the Fee shall be increased to account for such change.

---

## 9 DELAYS

### 9.1 Timely manner

The Consultant shall perform the Services in a timely manner to the extent within its control.

### 9.2 Obligation to disclose

Each party is obliged to inform the other party as soon as possible of anything that may possibly result in a delay of the performance of the Services.

---

## 10 CONFIDENTIALITY

### 10.1 Non-disclosure

Both parties agree, in respect of any Confidential Information:

- (a) subject to clause 10.2 not to disclose such information to any person, without the prior written consent of the disclosing party, unless and until:
  - (i) such information becomes generally available to the public in printed publications in general circulation in Australia, through no action, default or other breach by the recipient party; or
  - (ii) the recipient party is required by law to make disclosure, and then only to such extent; and
- (b) to keep such documents and any other material containing or incorporating any Confidential Information, in safe custody.

### 10.2 Representatives

Each party may, notwithstanding clause 10.1 (Non-Disclosure), disclose Confidential Information to such of its directors, officers, employees, contractors, advisers or representatives who may need such information and only to the extent so needed, to enable such party to fulfil its obligations under this Contract.

### 10.3 Survival

This clause 10 survives the termination (for any reason) or expiry of this document.

---

## 11 INTELLECTUAL PROPERTY RIGHTS

### 11.1 Ownership

The Client agrees that all right, title and interest in the Contract Material vests in the Consultant upon creation.

### 11.2 Grant of Licence

The Consultant grants to the Client a non-transferable, non-exclusive, revocable and royalty free licence to use the Contract Material for the Term only in connection with the Services provided by the Consultant to the Client under this Contract.

---

## 12 REPRESENTATIVES

The Client represents and warrants that:

- (a) the Client's Representative has, at all times, the full and unrestricted authority to act on behalf of and bind the Client in respect of this Contract, including all payment obligations; and
- (b) it will immediately notify the Consultant of any changes to the Client's Representative.

---

## 13 SUB-CONTRACTING

The Consultant may subcontract the Services (or any part of the Services) in its sole and absolute discretion and without consent of the Client. However, subcontracting shall not relieve the Consultant from any responsibility in respect of the Services under the Contract.

---

## 14 CONSULTANT'S LIABILITY

- (a) The maximum liability of the Consultant arising out of the performance or non-performance of the Contract or the Services whether under the law of contract, tort or otherwise, shall be limited to the Fee.

# WATER TECHNOLOGY PTY LTD

## GENERAL CONDITIONS OF CONTRACT

(b) To the maximum extent permitted by law and notwithstanding any other provision of the Contract the Consultant is not liable to the Client, whether under contract, in tort, in equity, in restitution under statute or otherwise, in respect of:

- (i) any Claim, injury or Loss to any person (including any personal injury or death) or any property; or
- (ii) any Consequential Loss,

arising out of or in connection with the performance or non-performance of the Contract or the Services.

(c) If the performance of the Services requires the Consultant or any of the Consultant's members, servants, agents, contractors, suppliers or sub-contractors (**Consultant's Parties**) to undertake any analysis or testing, neither the Consultant nor any of the Consultant's Parties will be liable for any Claim or Loss to any samples or property tested or analysed, except where such Claim or Loss is due to the negligence of the Consultant or any of the Consultant's Parties.

(d) To the maximum extent permitted by law all Claims made against the Consultant must be commenced within one year of the End Date. After that time, the Consultant has no liability in respect of the Services, whether under the law of contract, tort or otherwise.

---

### 15 RELEASE AND INDEMNITY

#### 15.1 Release

Subject to clause 14, the Client releases and forever discharges the Consultant, its directors, officers, successors, assigns and all of the Consultant's Parties from all Claims arising directly or indirectly out of or in connection with this Contract or the Services.

#### 15.2 Indemnity

Subject to clause 14, the Client will indemnify, keep indemnified and hold harmless the Consultant its directors, officers, successors, assigns and all the Consultant's Parties against all and any Claims or Loss arising directly or indirectly out of or in connection with this Contract or the Services including but not limited to as a result of:

- (a) the performance of the Services;
- (b) any breach or default by the Client, its directors, officers, successors or assigns of this Contract;
- (c) any negligent act, omission or default by the Client, its directors, officers, successors or assigns of this Contract; or
- (d) the performance of any construction related services by any party other than the Client.

---

### 16 DISPUTE RESOLUTION

#### 16.1 Notice

If a party has a dispute or complaint against the other, that party (**Notifying Party**) must notify the other party in one of the ways described in clause 19 (Notices). The Notifying Party must ensure that the Dispute Notice contains specific details identifying the nature of the dispute or complaint.

#### 16.2 Best endeavours to resolve

Both parties within 14 days of the delivery of a Dispute Notice will meet and use their best endeavours to resolve the dispute or complaint to the mutual satisfaction of both parties as soon as possible.

#### 16.3 Mediation

- (a) If the parties are not able to reach a resolution of the dispute or complaint within a reasonable period of time (in any event being no more than 14 days after the date of receipt of the Dispute Notice) (**Dispute Period**), the dispute or complaint is by this clause 16.3 submitted to mediation.
- (b) The mediation must be conducted in Melbourne, Victoria.

(c) The Institute of Arbitrators and Mediators Australia Mediation and Conciliation Rules (as at the date of this document) as amended by this clause 16.3(c) apply to the mediation, except where they conflict with this clause 16.3(c).

(d) If the parties have not agreed upon the mediator within 5 Business Days after the Dispute Period the mediator is the person appointed by the President of the Institute of Arbitrators and Mediators Australia, Victoria Chapter (**President**) or the President's nominee, acting on the request of any party to the dispute or complaint.

(e) The parties must pay the mediator's remuneration in equal shares. Each party must pay its own costs of the mediation.

(f) If the mediation does not resolve the dispute or complaint within twenty 20 Business Days after the Dispute Period then either party may commence a court action or proceedings.

#### 16.4 Exceptions

Nothing in this clause 16.4 prevents:

- (a) either party from seeking urgent interlocutory relief; or
- (b) the Consultant from seeking recovery for any claim that it reasonably considers to be a monetary claim, from a Court of competent jurisdiction or, in the case of clause 16.4(b), from a debt collection agency, or by such other manner as is appropriate in the circumstances; or
- (c) either party from exercising its right to terminate this document under clause 17 (Termination).

#### 16.5 Continuing obligations

The parties agree to continue to perform their obligations under this document, notwithstanding the existence of a dispute or complaint.

---

### 17 TERMINATION

#### 17.1 Default

Either party (the **Non-Defaulting Party**) may terminate this document by giving the other party (the **Defaulting Party**) written notice if:

- (a) the Defaulting Party does not comply with an obligation under this document and, in the Non-Defaulting Party's reasonable opinion, either the non-compliance can be remedied, but the Defaulting Party does not remedy it within 14 days after the Non-Defaulting Party gives the Defaulting Party notice to remedy it or the non-compliance cannot be remedied; or
- (b) an Insolvency Event occurs in respect of the Defaulting Party.

The date of termination of this of this document for the purposes of this clause 17.1 will be the date set out in the notice provided by the Non-Defaulting Party to the Defaulting Party. If no date of termination is specified in that notice, the date of termination will be the date the Defaulting Party is taken to have received such notice in accordance with clause 19 (Notices).

#### 17.2 Effect of termination

If this document is terminated under clause 17.1 (Default):

- (a) the Defaulting Party indemnifies the Non-Defaulting Party against any liability or loss arising and any cost incurred (whether before or after termination of this document) in connection with the Defaulting Party's breach of this document and the termination of this document;
- (b) the Non-Defaulting party must take reasonable steps to mitigate its loss;
- (c) the parties are relieved from future performance of this document without prejudice to any right of action that has accrued prior to the date of termination; and
- (d) rights to recover damages are not affected by the termination.

# WATER TECHNOLOGY PTY LTD

## GENERAL CONDITIONS OF CONTRACT

### 17.3 Termination for convenience

This Contract may be terminated:

- (a) at any time by mutual agreement in writing;
- (b) for the convenience of either party, upon the giving of not less than 30 days written notice to the other party, in which case the Client must immediately pay the Consultant:
  - (i) any outstanding Fee;
  - (ii) that part of the Fee payable to the date of termination; and
  - (iii) any other amount payable under this Contract.

---

### 18 SUSPENSION

This Contract may be suspended by either party, upon the giving of not less than 30 days written notice to the other party, in which case the Client must immediately pay the Consultant:

- (a) any outstanding Fee; and
- (b) all reasonably incurred costs of the Consultant or the Consultant's Parties arising from the suspension.

---

### 19 NOTICES

- (a) A notice or other communication to be given or made under this document must be in writing and addressed to the Contact of each of the parties at the address or fax number (as the case may require) outlined in the Contract Particulars, and are taken to be served:
  - (i) in the case of hand delivery - when delivered;
  - (ii) if sent by prepaid post - on the third Business Day after the date of posting; or
  - (iii) if sent by facsimile transmission (if the sending facsimile machine produces a print out of the time, date and uninterrupted transmission record of the sending of the notice) - upon completion of sending if completion is within ordinary business hours in the place where the recipient's facsimile machine is located, but if not, then at 9.00 am on the next Business Day in that place.
- (b) However, if the intended recipient has notified a changed postal address or fax number, then the notice or communication must be to that postal address or fax number.
- (c) Despite clause 19(a), if the notice or communication is received after 5pm in the place of receipt or on a non-Business Day, then that notice or communication is taken to be received at 9am on the next Business Day.

---

### 20 GENERAL

#### 20.1 Amendments

An amendment or variation to this document is not effective unless it is in writing and signed by the parties.

#### 20.2 Entire Agreement

This document, the Contract Particulars and the Proposal Letter constitutes the entire agreement between the parties in relation to its subject matter and supersedes all previous agreements, negotiations and understandings between the parties in relation to its subject matter.

#### 20.3 Order of precedence

If there is any inconsistency between this document, the Contract Particulars and/or the Proposal Letter, the order of precedence will be:

- (a) this document; then
- (b) the Contract Particulars; then
- (c) the Proposal Letter.

### 20.4 Continuing obligations

The expiry or termination of this document does not act to extinguish a debt, obligation or liability of either of the parties which has accrued under this document and the provisions, rights and obligations described in clauses 6 (Payment of Fee and Reimbursable Expenses), 14 (Consultant's Liability), 16 (Dispute Resolution) and 17 (Termination) will survive and continue to apply.

### 20.5 Counterparts

- (a) This document may be executed in any number of counterparts.
- (b) A party may execute this document by signing any counterpart.
- (c) All counterparts, taken together, constitute one document.

### 20.6 Severance

- (a) If anything in this document is unenforceable, illegal or void then it is severed and the rest of this document remains in force, unless the severance would change the underlying principal commercial purpose or effect of this document.
- (b) If two or more provisions of this document are inconsistent or contradictory the numerical position of those provisions must not be a determinative factor in any decision, order or ruling that results in the severance of any conflicting provision.

### 20.7 Waivers

The non-exercise of, or delay in exercising, any power or right of a party does not operate as a waiver of that power or right, nor does any single exercise of a power or right preclude any other exercise of it or the exercise of any other power or right. A power or right may only be waived in writing, signed by the party to be bound by the waiver.

### 20.8 Costs

Each party will bear its own costs and disbursements of or incidental to the negotiation, preparation and execution of this document, and all other matters and agreements referred to in this document.

### 20.9 Exclusion of relationships

The parties acknowledge and agree that this document and the performance of this document does not represent or imply a partnership, agency, fiduciary relationship, employment relationship, joint venture, distribution or any other category of commercial or personal relationship between the parties recognised at law or in equity as giving rise to forms of specific rights and obligations.

### 20.10 Assignment

The Client cannot assign or otherwise transfer any of its rights under this document without the prior written consent of the Consultant.

---

### 21 GOVERNING LAW AND JURISDICTION

#### 21.1 Governing Law

The laws of Victoria govern this document.

#### 21.2 Jurisdiction

The parties submit to the non-exclusive jurisdiction of the courts of Victoria.

## Mr John Drexel – Salt Creek Remediation Working Party (SCRWP)

- The aim of the SCRWP project is to return a 300 m stretch of Salt Creek at Middle Beach to its 1950s deeper-water condition, and to solve the seagrass build-up problem at the boat ramp.
- It is an area that will serve the community as a whole through activities such as fishing, kayaking, boating and swimming. This is particularly important considering the new residential developments in the district.
- Mr Drexel noted that there is no swimming centre in the whole of the Adelaide Plains Council area, and that Salt Creek is one of the few access points to the sea.
- Cr Lawrence said he had been told that the ramp was constructed in the wrong place, and suggested that it may be better to shift it. Mr Drexel agreed that the site is not optimal, but shifting the ramp is unnecessary and far too expensive. The cost of the high-strength concrete alone puts that idea out of question. The problem of seagrass build-up against the western side of the floating pontoon is because it projects into the creek beyond the length of the rock abutments on either side. The SCRWP recommends employing a consultant to examine various options — such as extending or reorientating the abutments— using computer modelling. The ideal solution would be to have the tide deflected past the end of the pontoon such that the floating seagrass is not captured.
- Cr McColl suggested that relevant Ministers be briefed on the remediation project because the Adelaide International Bird Sanctuary boundary is in close proximity. A discussion was held as to whether or not the SCRWP should write to the Ministers. CEO James Miller said that the Working Party is not a Section 41 committee, and doesn't have the necessary authority to do so. He suggested that Council should resolve to do this on behalf of the Working Party.
- Cr McColl suggested identifying the Bird Sanctuary on maps in any future SCRWP correspondence or presentation. The Sanctuary is going to be very important for the region's tourism industry.
- Cr Jones suggested that a long-reach excavator may be a cheaper option to clean sediment out of the creek. Mr Drexel said this had been discussed at length during Working Party meetings, but dismissed in preference to using a small cutter-suction dredge. The main reason is that a colony of a rare pipefish has been discovered near the proposed remediation project, and that they must be protected. A cutter-suction dredge will not stir up a plume of sediment to the same extent that an excavator bucket will.
- Mr Drexel summarised that the SCRWP was ready to seek approvals and grant monies to carry out the creek dredging a year or more ago, but wants to see the proposed ramp remediation included in the project. On behalf of the Working Party, he is seeking monies from the Council to carry out the computer modelling to determine the best option for modification of the ramp infrastructure. He emphasised that this is the only money being sought from Council. Monies to carry out subsequent on-ground works will be sought from State, Federal, and other community sources. He said that other quotes (tenders) to carry out the modelling could be sought in an effort to reduce the cost. He was emphatic that the Working Party will not be asking Council for any funding for the on-ground works.

Dr Chris Starrs

1. Salt Creek

- Recently walked the creek site with guests, appears an industrial dump, fallen pumps, rusting, eyesore
- Has no concern or interest in a boat ramp
- In 10-20 years –sees the area as a bird and marine sanctuary with defined walking trails, Kayak routes, etc
- Would like to see more work put into defining paths – pristine area – untouched – great for tourism
- Kayaking would be a more attractive activity than boating – don't need a ramp for this activity – paddle around mangroves

2. Leasing of Council land

- Dr Starrs attended the recent Business Breakfast hosted by Council
- At this breakfast, CEO spoke about encouraging local business
- Dr Starrs sees Council's approach in relation to its 2 camping sites to be the opposite – why are his rates subsidising his competitors
- Council has an obligation to maintain its assets
- Draft Budget makes references to the size of area, number of ratepayers, limited sources of revenue
- What is Council doing to generate further revenue?
- Dr Starrs has owned a property in the area for 5-7 years, found it financially unrewarding, looked to put it on the market
- Realised market value upwards of \$500k – thought if that is the market value – lease value \$50k per annum - has carried / will carry out works to increase the lease value
- Is aware that Council owns two (2) properties with similar potential – “about to give them away”
- Considers this approach to be inconsistent with Council's duty to safeguard its assets
- Negotiating with the Lions Club at the exclusion of others – Lions Club seeking Council support by having Council pay its costs – mismanagement of Council assets, not responsible handling
- Similar situation observed at Port Parham
- Question from Cr Keen – have you been to Port Parham site? Yes – have had “spies” stay on long term. Cr Keen observed 1 toilet, no shower, how is it worth more than your site? Speaker response – it is not worth MORE, it is worth less, but it is worth something, and it does have the potential to be an additional source of revenue for the Council.
- Mallala Campground – middle of town – attractive to tourists – should be charged market rent, and full recovery of costs of water ,electricity, rubbish, rates, etc.
- Similarly the Port Parham Social Club should be charged rent or rates, and full cost recovery.

I thank the Council for the opportunity to present and argue my case.

There were matters raised during the debate and consideration of motions, upon which I would like to comment.

1. It is clear that the Lions Club and the RSL have a great deal of influence on the Council. For example, both Mayor and Deputy Mayor are associated with the RSL. I am not sure that this is healthy.
2. Councillor Lawrence seemed to suggest that when Council guidelines conflict with what the Council wants to do, then the guidelines should be disregarded. On the contrary, such a conflict would normally indicate to Council what they should NOT do.
3. Councillor Stubbings seemed to suggest that when a donor contributes effort or money to a Council activity, then the donor develops some 'ownership' or priority in that matter. This however blurs the distinction between a gift and a bribe.

4. Councillor Keen seemed to suggest that Not For Profit groups should not be charged fees, rates, etc. If so, then this should be applied to ALL Not For Profit groups.
5. Councillor Keen, at a point in the discussion, seemed to refer to a confidential report on the matter, and seemed to indicate that it justified the Council's position. She and other Council members would be aware that I was unaware of the nature, existence, and content of that report. It is therefore impossible for me to discuss this matter in any meaningful way with the Council. I believe normal practice would require full disclosure of evidence in order to facilitate resolution. In the case of legal advice, parties are normally keen to disclose this when the advice supports their position, but do not wish to disclose the advice when it does not support their position.
6. The CEO, Mr Miller, may have taken offence at something I did not say. I referred to the inconsistency of the

Council claiming to be Pro-Business,  
whilst actively favouring Not For Profits.

7. The Council has fiduciary obligations, and discretionary powers. The Council also has standards of performance in disclosure, openness, honesty and transparency. Achieving a good score in all these areas is expected of all Councils and Councillors.

Mr John Lush – Adelaide Plains Ratepayers and Residents Association

- Acknowledged the potential of the area, what it could mean for the future if developed properly and given the right infrastructure
- APRRA will be submitting a written report in relation to the Draft Budget via Mr Ben Brazier
- Their objective is to make it a better document, be positive about the future
- GRFMA is closely connected with the budget – have to get it right
- Acknowledge budget is complex and linked to GRFMA
- If Council gets GRFMA wrong, there will be no money to do anything else for years
- APRRA has put forward an Option Paper – at a meeting of approx 40 members there was unanimous support to pursue Fed/State funding – they see it as a way forward and closely linked to the budget



## PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 1, 100 Hutt Street  
Adelaide SA 5000  
Australia

Postal Address:  
PO Box 7006, Hutt Street  
Adelaide SA 5001  
Australia

Tel: 08 8179 2800  
Fax: 08 8179 2885  
www.pitcher.com.au  
enquiries@pitcher-sa.com.au

Pitcher Partners is an association of Independent firms  
Adelaide | Brisbane | Melbourne | Newcastle | Perth | Sydney

BVB

18 June, 2018

Adelaide Plains Council

Deputation for the Council Meeting held on 18 June, 2018

Dear Mayor and Councillors,

The Adelaide Plains Ratepayers and Residents Association have asked me to review the 2018/2019 Annual Business Plan, Budget and 2019/2028 Long Term Financial Plan that are currently out for consultation.

By way of background I am a Chartered Accountant and have been in the industry for 25 years. I have been a Partner at Pitcher Partners for 14 years and work with a range of businesses across a variety of industries. The comments that I make are based on my experience and the information contained in the 2018/2019 Annual Business Plan, Budget and 2019/2028 Long Term Financial Plan.

The aim of this report is to interpret the perceived budget deficit and the impact that this has on the decisions and future activities of the Council.

### Statement of Comprehensive Income

The 2018/2019 budget shows an Operating Deficit of \$633,944, this is after Depreciation, Amortisation and Impairment, of \$2,767,966, which are all non-cash items.

The 2019/2028 Long Term Financial Plan indicates that Council is expecting to make Operating Deficits for the next 5 financial years. The plan is to return to surplus in 6 year's time only due to the natural growth in rates and other charges. It would appear that there is no active plan to reduce costs in the short to medium term to better align the costs of operating Council activities with Council revenues.

The most significant expense of Council is Employee Costs. Employee Costs as a percentage of the Total Income are 41.9%. This compares with 32.35% at Light Regional Council and 28.1% at the Wakefield Regional Council. On this basis there could be significant savings that could be made by proactively reviewing the services provided and the personnel required.

Materials, contracts and other services are also significant at \$3,956,283 or 33.9% of Total Income. Because this is such a material part of the budget, I could only encourage Council to continually review its services with a view to improving the efficiency in the delivery of these services.

Depreciation, Amortisation and Impairment for the 2018/2019 financial year is forecast to be \$2,767,966. This is a non-cash expense and represents the depreciation of the assets over their useful life. Consideration of depreciation is an integral part of the Asset Management Plan when considering the acquisition and upgrading of Council assets.

The Community Wastewater Management System (CWMS) budget for both Malalla and Middle Beach for the 2018/2019 financial year shows a Net Cash Deficit of \$135,792. I note that this includes Depreciation of \$94,990. Depreciation is a Non-Cash item. Therefore on a cash basis, the Net Cash Deficit is \$40,802. However, the Statement of Comprehensive Income shows a Net Cost of the CWMS of \$101,455 (which is a different figure to the detailed report at Clause 10.8 in the document). The detailed budget incorporates an interest and debt repayment for the purchase of the asset as well as depreciation. Therefore, in effect, current rate payers are repaying the debt used to acquire or build the CWMS and they are also contributing toward a non-cash expense being depreciation. Ratepayers are therefore paying twice for the same asset.

The 2018/2019 budget incorporates Net Operating Project Expenses of \$347,761. The detail of these expenses is contained on page 22 of the 2018/2019 Financial Budget and the 2019/2028 Long Term Financial Plan. I note that there are 2 items involving the employment of 2 new part time positions and I question why these items are under Project costs and not Employee Costs in the budget.

Asset Disposal and Fair Value Adjustments represent the proposed selling costs of a number of pieces of plant and equipment. This would assume that these items have a written down value of nil in the depreciation schedule. Usual practice would dictate that only the gain or loss on disposal is brought to account in the Statement of Comprehensive Income. I have not been able to confirm if all of these items have been fully depreciated.

### **Statement of Financial Position**

The Statement of Financial Position indicates that the following balances do not change over the 10 year period:

- a. Cash and Cash Equivalents.
- b. Trade and Other Receivables.
- c. Inventories
- d. Other Non-Current Assets
- e. Trade and Other Payables.
- f. Provisions (Current)
- g. Provisions (Non-Current)
- h. Other Reserves

Typically these balances would change from year to year for various reasons including the timing of receipts and payments, CPI and increases or decreases in wages or staff and therefore the Employee provisions. A more detailed forecast could give a more accurate Statement of Financial Position in the future and provide Council with better information on which to make strategic decisions.

### **Statement of Cash Flows**

While there is a Budgeted Operating Loss in the Statement of Comprehensive Income, it does include significant Non-Cash Depreciation, Amortisation and Impairment. Therefore, we need to focus on Cash Flow.

Firstly, I have a concern that there may be an error or multiple errors in the Statement of Cash Flows because the Rates collected in the Statement of Cash Flows is \$225,098 more than listed in the Statement of Comprehensive Income for the 2019 Financial Year. This might ordinarily be realistic if your Debtors and Receivables reduced at the same rate. However, Debtors and Receivables do not change each year and each year Rates and Taxes collected in cash are \$225,098 plus CPI higher than the figures in the Statement of Comprehensive Income.

Similar differences occur in relation to Employee Costs and Materials, Contracts and Other Expenses.

Regardless of the above, if we take the Statement of Cash Flows on face value, it indicates Net Cash provided by Operating Activities of \$2,279,012. This is effectively the cash generated from the Rates and Other Income collected, less the payment of operating expenses. This Operating Cash Surplus is then used to pay for the replacement and upgrade of Council Assets and the repayment of Council Debt.

The budget indicates that \$1,454,457 is to be used to purchase replacement assets. Again, I could only encourage Council to ensure that the assets purchased are critical to Council's needs and that the procurement of these assets is undertaken in a manner which provides the best result for Council.

After the sale, acquisition and upgrading of plant & equipment there is cash surplus of \$821,039. The Statement of Cash Flows assumes that all of the cash surplus is used to repay borrowings. A similar situation occurs in subsequent years. Whilst I acknowledge that repayment of debt is vital, I would encourage a more strategic approach to the repayment of borrowings and not merely using the entire cash surplus as the debt repayment. For example, Council might consider the purpose for which the borrowings were taken out and the life of the assets purchased and retire the debt over the life of the asset. That way the ratepayers obtaining the benefit of the asset acquired are also responsible for the repayment of the debt.

A more strategic view of debt repayment may result in additional cash surpluses with which to fund ongoing Council Activities.

### Summary

I would encourage Council to critically and strategically evaluate all expenses and Council Services with a view to cost efficiency and long term asset sustainability. Five specific areas of focus in order to complete the 2018/2019 budgets could be:

- (1) Employee Costs
- (2) Procurement Efficiency
- (3) Strategic Debt Repayment
- (4) Review the Net Cost calculation of the CWMS (refer to the comments above)
- (5) Review the anomalies identified in the Draft Budgets

Yours sincerely

B V BRAZIER  
Principal



Cr Jones entered at 6:07pm

## Dr Chris Starrs

- Two things have happened since the last meeting
- Meeting between Aboriginal elders – won land rights case – they own the land around Chris' caravan park – gave them lunch on Sunday – flew the flag for them – lovely people – they own the entire Bird Sanctuary and it will make Council the centre of a lot of positive activity which will be challenging to people who are threatened – he welcomes them as neighbours
- They own a big piece of Council – deal with it as a positive development – international visitors are strongly in favour
- Handed out document
- Statutory obligation – run a good financial outfit – manage sources of income/revenue in an appropriate way
- After the meeting, he thinks it would be helpful if you asked staff – Raj – try to find out how much money revenue you don't collect because of philanthropy and generosity
- Handed out list of things to research – managing revenue of Council in an appropriate way
- *Discussion relevant to Dr Starrs own business ventures with no relevance to Council's budget*
- Back to the topic – do some research to make sure you are collecting as much revenue as you can
- *Further discussion relevant to Middle Beach Caravan Park*

## Council Financial Research June 2018

The Council has a statutory obligation to manage the financial affairs of the Council in a responsible way, within its established guidelines. To ensure that Council is not deficient in this obligation, Staff should report revenue loss from the following categories;

1. Unrated properties
2. Rate concessions
3. Council Services delivered at concessional rates
4. Council properties leased at less than market rates
5. Council properties used by third parties without public tender
6. Subsidies paid to third parties
7. NFPs receiving Council assistance
8. NFPs in the Council area not receiving Council assistance
9. Contact details of all recipients of Council assistance

Dr C D Starrs

26/6/18

## Mr John Lush

- Accountant raised questions/highlighted anomalies
- Positive criticism – want the document to be accurate
- Local Government financing – there are some things that they don't like – ratepayers are clear about what they don't like
- CWMS – don't understand the fact that President has a telephone bill of \$2,800
- Figures are rounded up
- Would have thought that CWMS has been in action for a while – thought that we would have actual figures – are the figures plucked out of the air
- Find it fascinating that there is a 88,171 per year depreciation x 50 years – adds up to the total value of the CWMS – is the CWMS being treated separately and if it is, is 50 years of 88,171 sitting in a separate account – or is that figure somewhere in general revenue – thought there would be enough money sitting around to build the next one
- Can you understand why this seems strange to ratepayers?
- Ben Brazier highlighted the question – why is local government so different to anywhere else? Never seen accounting procedures like this – bemused amused or tragically worried
- Not something we do in any of our businesses
- Ratepayers unhappy with money forking out for CWMS – process is tragic
- Anomalies raised by Brazier – whether you understand LG accounting – there are some lines of figures that should agree with each other – couple of hundred thousand
- Should be the same figures unless there is old debt that shows up somewhere – but it doesn't show up anywhere
- Ben's summary highlighted things that could be done more efficiently
- Problems stem from the fact that we are a small Council with same costs as bigger Councils
- Employee costs – too high
- Procurement efficiencies are difficult
- Vendors hear Council, raise prices – can we be more strategic about how we get quotes on jobs – don't tell them that we are from the Council
- There is one employee who has done that already, got advice as Council then called as an individual – got different prices
- Use the system better
- We should review the anomalies in the budget before we adopt them – columns should agree with each other but they don't
- Budget is close – have to adopt is soon – have to sort some questions out

6:11pm

17<sup>th</sup> June 2018

Adelaide Plains Council  
2A Wasleys Road  
Mallala SA 5502

By Email: [info@apc.sa.gov.au](mailto:info@apc.sa.gov.au)

Dear Sir/Madam,

I refer to the Draft 2018-2019 Annual Business Plan Budget and LTFP for Public Consultation on the Adelaide Plains Council website.

Specifically, I refer to the Operating Project Program budget as contained on pages 21-22 of the abovementioned document.

As you are aware, an allocation was initially contemplated of \$25,000 which I believe was inappropriately identified as being related to the Adelaide Plains Equestrian Club (APEC), and which has subsequently been removed from the proposed budget. This comprised \$20,000 to undertake fencing of the native vegetation on the whole of Clara Harniman Reserve, not that part contemplated to be leased to APEC, as confirmed to Councillors by Rob Veitch, General Manager – Development and Community, at the Council Meeting on 19<sup>th</sup> February 2018.

A further \$5,000 related to the installation of a water meter and connection of mains water to the area contemplated to be leased by APEC. Mains water is not required by APEC but would be necessary if Council were to allocate and utilise the area as an emergency evacuation point for horses, as water would need to be provided to evacuees.

That this was not an allocation of funds to APEC was conveyed to Council in my presentation on 19<sup>th</sup> February 2018 at Open Forum, where it was specifically identified that these funds were for Council to meet its own obligations, primarily with respect to the protection of remnant/native vegetation.

I have been unable to identify where Council has allocated funds in the budget for these purposes and if that is the case, it is incredibly disappointing that Council has determined that it does not need to meet the obligation to protect the identified remnant/native vegetation at Clara Harniman Reserve and that it is not prepared to provide water to evacuees with horses in the event of an emergency if the site is to be used as such.

At the meeting on 19<sup>th</sup> February 2018, Councillor Steve Jones, questioned the amount included in the budget for fencing of \$20,000. This was a reasonable question and as I conveyed in response at the time, this was a very rough guess requested from me by Council staff with minimal notice and therefore needed a more detailed costing to occur. I have subsequently provided a more detailed analysis to Council staff of \$12.6K, which also conveyed where additional savings by Council could potentially be achieved of approximately 50% of this figure (refer email of 10/4/18 to relevant Council staff) primarily using their own staff rather than a subcontractor.

It should be noted that I have not been engaged by Council in any professional capacity so have been somewhat surprised to be asked to contribute financial information to Council's budget. I would expect a local club to prepare a budget if that club were requesting funding from Council, but this is clearly not the case for APEC.

Councillor Jones also queried the proposed style of fencing (equine fencing) and as I have conveyed repeatedly, the suggestion to use equine style fencing is not because horses are contemplated to use part of the site but because it is of a nature that will keep dogs and people out of the native vegetation area and which is as safe as possible for dogs, people and horses. Three strands of plain wire/Sita wire will keep horses out.

Further, I would appreciate your return advice in writing as to the legal obligation of Council to fund, in full or part, the relocation of either the Adelaide Plains Kennel and Obedience Club or the Two Wells Trotting Club as I have been led to believe that the previous leases by these parties expired some time ago. I would therefore anticipate that these leases would have reverted to month by month leases. Any legal obligation by Council to fund the relocation would be determined by the lease and any ongoing obligations beyond the cessation date of the lease, should this be the case.

Whilst I am not opposed to some level of assistance to each of these groups, nor to any local community group, this should not be contemplated in preference to undertaking Council's statutory obligations nor in preference to the core focus areas, including maintaining roads. I am personally of the view that unless Council is in a surplus budget and cash position, a maximum of \$20,000 per annum should be set aside for assistance to local sporting and community groups. All sporting and community groups can fundraise and source grant funding from state and federal governments to support their facilities and activities, rather than local government providing funding.

Unfortunately, I am unable to attend the public meeting on Monday 18<sup>th</sup> June 2018 as I am intrastate for work. However, should any Councillor wish to discuss the abovementioned, Council staff have my contact details.

Kind Regards



Tracey Smith  
BA Acc, CPA

Cc: Mayor Flaherty, Rob Veitch

James Miller CEO  
Adelaide Plains Council  
PO Box 18  
Mallala  
SA 5502

Mrs Debbie Heinze  
President APK&O Club  
PO Box 7  
Willaston  
SA 5118

Monday 18<sup>th</sup> June 2018

RE: Draft 2018/2019 Operating Project Program (Pg. 21/53)

Dear Sir,

Further to all previous correspondence and subsequent council meeting attendances, I wish to once again request financial assistance within the 2018/2019 council budget for the proposed relocation of our club (Adelaide Plains Kennel & Obedience Club – APK&O Club) to Clara Harniman Reserve. As this move has been the request of council and developers, one would appreciate the complete financial assistance from both parties to complete a smooth and resounding result for such a substantial project.

### **Site Levelling**

Firstly – no confirmed ‘quotes’ have been provided to confirm costings. Site levelling is an absolute requirement before major implementation can occur (soil testing/building relocation/trenching etc.) – current budget figure is \$5000, which has been indicated to only cover a 20 square meter site – nowhere near enough to complete this project.

I have requested ‘a project manager’ to be appointed, is Rob Adam to continue in such a role? If so, please advise with a plan of continuance.

### **Remnant Vegetation Fencing**

Following continued conversations with Rob Adam and information received from council meetings regarding the ‘Remnant Vegetation Fencing’, there is an immediate concern. Council budgeting that had been previously approved – I believe to be 3 years previous and not acted on. Has now been withdrawn as recently as April 2018. This individual project previously costed at \$13,000 is a requirement of Council for the overall Clara Harniman Reserve – to include our boundary, Common area and Equestrian Club perimeter. The area has also been highlighted as a concern in both ‘Public Consultation’ processes to achieve lease agreement’s, from the private sector.

This fencing requirement has been a directive from council before any leasing agreements have been put in place, therefore the individual club budgets should not bear the costs and clubs should not be held responsible for any desecration to the area due to poor or non-existent fencing.

This ‘project’ component shall be a critical control point for the lead up to beginning our relocation, therefore requires immediate implementation.

**Budget Submission**

Once again with this process, we have been at the mercy of council direction. Time has come to complete actual budget figures for all requirements. Request reinstatement for the initial budget following February 19<sup>th</sup>, 2018 council meeting (original figure was \$130,000) as the current amount of \$50,000 already gives leave for a significant shortfall.

Please refer to document D18/4436, dated 19<sup>th</sup> February 2018, where deliberation budget itemises several items at a total of \$115,000

May we request council liase with or provide contact information with the developers to also discuss financial recompense in relation to this relocation project.

On behalf on the APK&O Club committee, I trust your consideration in these matters shall be held in high regard.

Should you require an audience with our committee or wish to discuss these major initial concerns further, please call 85 232 690

Sincerest regards

*D. Heinze*

Debbie Heinze  
President APK&O Club

 <b>Adelaide Plains Council</b>	<b>4.2</b>	<b>Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Economic Development</b>  <b>General Manager – Finance and Economic Development</b>
<b>Date:</b>	<b>9 July 2018</b>	<b>Document Ref:</b> <b>D18/30195</b>

### **EXECUTIVE SUMMARY**

- The 2018-2019 Draft Budget (the Draft Budget), updated to include the most recent property valuations and a 2.50% rate in the dollar increase, shows an operating deficit of \$572,323 for the 2018 /2019 Financial Year.
- The Draft Budget does not forecast any new borrowings.
- However, due to significant valuation increases, the average rate will be increased by an overall average of 5.89% ranging from 4.96% average for residential properties to 16.66% average for vacant lands if the Council adopts a 2.50% rate in the dollar increase (Please refer to **Table 2** of the report).
- Any decrease in rates from the above will adversely impact further on the projected operating deficit unless corresponding operating expense reductions are not made. Council needs to consider a rate in the dollar outcome that strikes a balance in delivering financially sustainable outcomes and service levels that are affordable and preferred by the community.

### **RECOMMENDATION 1**

**“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018, receives and notes the report and in doing so, in accordance with the powers contained in Chapters 8, 9 and 10 of the *Local Government Act 1999 (SA)* and in respect to the Financial Year ending 30 June 2019 Council resolves the below-mentioned resolutions.”**

## **RECOMMENDATION 2**

### **Adoption of Annual Business Plan**

**“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018 for the financial year ending 30 June 2019, pursuant to section 123 of the *Local Government Act 1999* and Regulation 6 of the *Local Government (Financial Management) Regulations 2011*, having considered all submissions in accordance with Section 123(6) of the *Local Government Act 1999*, adopts the Annual Business Plan as presented in Attachment 1 (subject to editorial and other changes), and further that the Chief Executive Officer be delegated authority to prepare an abridged or summary version of the Annual Business Plan for distribution to the ratepayers with the first quarterly rate notice.”**

## **RECOMMENDATION 3**

### **Adoption of Budget**

**“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018:-**

**in accordance with section 123(7) of the *Local Government Act 1999* and Regulation 7 of the *Local Government (Financial Management) Regulations 2011* having considered the budget in conjunction with, and determined it to be consistent with Council’s adopted Annual Business Plan, the budget for the financial year ending 30 June 2019 comprising;**

- a) Budgeted Income Statement;**
- b) Budgeted Balance Sheet;**
- c) Budgeted Cash Flow Statement;**
- d) Budgeted Statement of Changes in Equity;**
- e) Budgeted Uniform Presentation of Finances; and**
- f) Statement of Financial Indicators**

**involving –**

**(1) an estimated operating expenditure of \$12,470,300<sup>(1)</sup> inclusive of an estimated depreciation expense of \$2,862,956<sup>(2)</sup>;**

**(2) an estimated operating income from sources other than rates of \$2,409,060<sup>(3)</sup>; and;**

**(3) a total amount required to be raised from rates of \$9,500,575<sup>(4)</sup> comprising –**

**General rate: \$8,642,312<sup>(5)</sup>**

Services charges:

- Kerbside Waste Collection Charges \$ 454,650<sup>(6)</sup>
- Community Wastewater Management Systems Disposal \$ 228,836<sup>(7)</sup>

Natural Resource Management Levy: \$ 174,777<sup>(8)</sup>

is adopted”.

#### RECOMMENDATION 4

##### Adoption of Valuation

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018:-

for the financial year ending 30 June 2019, pursuant to Section 167 (2)(a) of the *Local Government Act 1999*, adopts the most recent valuations of the Valuer-General of South Australia that are available to the Council of the capital value of land in the Council area for rating purposes (subject to alteration) and that will govern the assessment of rates in the Council area for the financial year commencing 1 July 2018, and totalling \$1,800,445,700<sup>(9)</sup>, of which \$1,775,819,159<sup>(10)</sup> relates to the valuations for rateable land”.

#### RECOMMENDATION 5

##### Declaration of General Rate

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018:-

for the financial year ending 30 June 2019, having taken into account the general principle of rating outlined in section 150 of the *Local Government Act 1999* and the requirements of section 153(2) of the *Local Government Act 1999*, and pursuant to sections 153(1)(b) and 156(1)(a) of the Act, declares the following differential general rates based on the capital value of rateable land varying according to the land use category:

- a) on all rateable land attributed Land Use Category (a) – Residential, a rate of 0.474516<sup>(11)</sup> cents in the dollar;
- b) on all rateable land attributed Land Use Category (b) – Commercial Shop, Land Use Category (c) – Commercial Office, Land Use Category (d) – Commercial Other, Land Use Category (e) – Industrial Light, and Land Use Category (f) – Industrial Other a rate of 0.616827<sup>(12)</sup> cents in the dollar;
- c) on all rateable land attributed Land Use Category (g) – Primary Production, a rate of 0.431389<sup>(13)</sup> cents in the dollar ; and

d) on all rateable land attributed Land Use Category (h) – Vacant Land and Land Use Category (i) - Other, a rate of **0.474516**<sup>(14)</sup> cents in the dollar”.

#### **RECOMMENDATION 6**

##### **Application of Rate Capping**

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018:-

determines not to fix a maximum increase in the general rate to be charged on rateable land within its area that constitutes the principal place of residence in accordance with Section 153(3) of the *Local Government Act 1999* for the financial year ending 30 June 2019”.

#### **RECOMMENDATION 7**

##### **Adoption of Fixed Charge**

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018:-

pursuant to Section 151 and 152(1)(c) of the *Local Government Act 1999*, for the financial year ending 30 June 2019, imposes a fixed charge component of the general rate of **\$105.06**<sup>(15)</sup> on all rateable land within its area”.

#### **RECOMMENDATION 8**

##### **Community Wastewater Management Scheme (CWMS) Annual Service Charge**

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018:-

for the financial year ending 30 June 2019, pursuant to Section 155 of the *Local Government Act 1999*, Council imposes the following annual service charges based on the nature of the service on each assessment, whether vacant or occupied, to which the Council provides or makes available the prescribed service of the collection, treatment or disposal of waste as part of a Community Wastewater Management Scheme (CWMS) service.

CWMS Service	Annual Service Charge (\$)
Middle Beach – Large Tank	405
Middle Beach – Small Tank	405
Mallala	604

## **RECOMMENDATION 9**

### **Kerbside Waste Collection Annual Service Charge**

**“that Council, having considered Item 4.2 – Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019, dated 9 July 2018:-**

- a) For the financial year ending 30 June 2019, pursuant to Section 155 of the *Local Government Act 1999*, imposes an annual service charge of \$126.00 per assessment in respect of all land, except for vacant land, to which Council provides or makes available the prescribed service of kerbside waste collection 3-bin service, within the townships of Mallala, Two Wells and Dublin.
- b) Commercial/Industrial properties within the townships can apply to have the mandatory waste levy removed provided they supply written documentation to the council detailing how they will dispose of their waste in an environmentally sustainable manner.
- c) That Council, for the financial year ending 30 June 2019, pursuant to Section 155 of the *Local Government Act 1999*, imposes an annual service charge of \$126.00 per assessment in respect of all land, except for vacant land, to which Council provides the prescribed service of kerbside waste collection 2-bin service, outside the townships of Mallala, Two Wells and Dublin upon the (existing or future) application to participate in such service by the ratepayer on the basis that the sliding scale provided for in Regulation 13 of the *Local Government (General) Regulations 2013* will apply to reduce the service charge payable, as prescribed”.

## **RECOMMENDATION 10**

### **Natural Resource Management Board Levy**

**“that Council, having considered Item 4.2 – Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019, dated 9 July 2018:-**

**for the financial year ending 30 June 2019, in exercise of the powers contained in *Natural Resources Management Act 2004*, and Section 154 of the *Local Government Act 1999*, and in order to reimburse the Council for the amount contributed to the Adelaide and Mount Lofty Ranges Natural Resources Management Board, being \$174,777 declares a separate**

rate of **0.0993**<sup>(16)</sup> cents in the dollar of the Capital Value of land, in respect of all rateable land in the Council's area and in the area of that Board the Capital Value of such land totalling **\$1,760,134,833**<sup>(17)</sup> “.

## **RECOMMENDATION 11**

### **Rebate of Rates**

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018:-

pursuant to and in accordance with Sections 162 (religious purposes), 163 (public cemeteries) and Section 165 (educational purposes) of the *Local Government Act 1999*, the Council grants mandatory rebates of 100% of the rates imposed for the year ending 30 June 2019 on the following assessments:

<b>Assessment No</b>	<b>Organisation</b>	<b>Section of the LGA Act 1999</b>
<b>12948</b>	<b>Uniting Church Cemetery</b>	<b>163</b>
<b>20164</b>	<b>Catholic Cemetery</b>	<b>163</b>
<b>20180</b>	<b>Grace Plains Cemetery</b>	<b>163</b>
<b>20230</b>	<b>Barabba Cemetery</b>	<b>163</b>
<b>20495</b>	<b>Mallala Cemetery</b>	<b>163</b>
<b>30387</b>	<b>Dublin Cemetery</b>	<b>163</b>
<b>40295</b>	<b>Two Wells Cemetery</b>	<b>163</b>
<b>41855</b>	<b>Shannon Cemetery (Calomba)</b>	<b>163</b>
<b>20099</b>	<b>Anglican Church, Mallala</b>	<b>162</b>
<b>20123</b>	<b>Catholic Church Mallala</b>	<b>162</b>
<b>20149</b>	<b>Uniting Church Mallala</b>	<b>162</b>
<b>30536</b>	<b>Uniting Church Windsor</b>	<b>162</b>
<b>36947</b>	<b>Catholic Church Two Wells</b>	<b>162</b>
<b>40303</b>	<b>Uniting Church Sunday School</b>	<b>162</b>
<b>40378</b>	<b>Anglican Church Two Wells</b>	<b>162</b>
<b>43125</b>	<b>Catholic Church Endowment</b>	<b>162</b>
<b>43133</b>	<b>Catholic Church Endowment</b>	<b>162</b>
<b>43158</b>	<b>Catholic Church Endowment</b>	<b>162</b>
<b>13037</b>	<b>Mallala Primary School</b>	<b>165</b>

<b>40410</b>	<b>Two Wells Primary School</b>	<b>165</b>
<b>40675</b>	<b>University of Adelaide Storage Shed</b>	<b>165</b>
<b>41798</b>	<b>Two Wells Primary School</b>	<b>165</b>
<b>44057</b>	<b>Two Wells Childcare Centre</b>	<b>165</b>

That Council, for the financial year ending 30 June 2019, in accordance with the discretionary powers given to Council under Section 166(1)(c) of the *Local Government Act 1999* in relation to the granting of rates rebates, grants a discretionary rebate of 100% of the general rates imposed on the following rateable assessments (represented by their assessment number) to enable the preservation of buildings or places of historic significance:

<b>Assessment No</b>	<b>Organisation</b>
<b>20206</b>	<b>Moquet Le</b>
<b>30395</b>	<b>Windsor Institute</b>
<b>30486</b>	<b>Long Plains Memorial Hall</b>

That Council, for the financial year ending 30 June 2019, in accordance with the discretionary powers given to Council under Section 166(1)(h) of the *Local Government Act 1999* in relation to the granting of rates rebates, grants a rebate of 100% of the general rates imposed on the following rateable assessments (represented by their assessment number) on the basis that the land is being used to provide accommodation for aged and disabled persons:

<b>Assessment No</b>	<b>Organisation</b>
<b>20081</b>	<b>Mallala Homes for Aged Committee</b>
<b>47662</b>	<b>Mallala Homes for Aged Committee</b>
<b>47944</b>	<b>Mallala Homes for Aged Committee</b>
<b>47951</b>	<b>Mallala Homes for Aged Committee</b>
<b>47969</b>	<b>Mallala Homes for Aged Committee</b>
<b>47977</b>	<b>Mallala Homes for Aged Committee</b>
<b>47985</b>	<b>Mallala Homes for Aged Committee</b>
<b>47993</b>	<b>Mallala Homes for Aged Committee</b>

That Council, for the financial year ending 30 June 2019, in accordance with the discretionary powers given to Council under Section 166(1)(j) of the *Local Government Act*

**1999 in relation to the granting of rates rebates, grants a discretionary rebate of 100% of the general rates imposed on the following rateable assessments (represented by their assessment number) on the basis that the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community:**

<b>Assessment No</b>	<b>Organisation</b>
<b>1784</b>	<b>Two Wells Golf Club</b>
<b>12971</b>	<b>Two Wells Pony Club</b>
<b>13722</b>	<b>Mallala Bowling Club</b>
<b>20263</b>	<b>Redbank Community Hall</b>
<b>20271</b>	<b>Mallala Netball Club</b>
<b>20289</b>	<b>Mallala Netball Club</b>
<b>20362</b>	<b>St John Ambulance Service Inc</b>
<b>21576</b>	<b>Adelaide Pistol Club</b>
<b>22350</b>	<b>SA Sport Parachute Club</b>
<b>23689</b>	<b>SA Rifle Association Incorporated</b>
<b>29207</b>	<b>Port Parham Social Club</b>
<b>30510</b>	<b>Long Plains Recreation Oval</b>
<b>30833</b>	<b>Dublin Cricket Club</b>
<b>38935</b>	<b>United Pistol &amp; Shooting Club</b>
<b>40337</b>	<b>Two Wells Football Club</b>
<b>40345</b>	<b>Two Wells Community Centre</b>
<b>40386</b>	<b>Two Wells Bowling Club</b>
<b>40451</b>	<b>Two Wells Golf Club</b>
<b>40543</b>	<b>Two Wells Trotting Trainers and</b>
<b>40550</b>	<b>Adelaide Plains Dog and Obedience</b>
<b>43059</b>	<b>Mallala Football Club</b>
<b>43067</b>	<b>Mallala RSL Club</b>
<b>43190</b>	<b>Mallala CWA</b>
<b>43117</b>	<b>Mallala Tennis Club</b>
<b>46268</b>	<b>SA Rifle Association Incorporated</b>

That Council, for the financial year ending 30 June 2019 pursuant to section 166 (1) (a) and (j) of the *Local Government Act 1999*, grant a discretionary rebate of CWMS Annual Service charges imposed on the following properties described as:

Assessment No	Organisation
20099	Anglican Church, Mallala
16055	Council Chamber, Mallala
20073	Council Depot, Mallala
20313	Council Office, Mallala
20370	Mallala Museum

### **RECOMMENDATION 12**

#### **Due Dates for Payment of Rates**

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 9 July 2018 resolves that:-

- a) pursuant to section 181(2) of the *Local Government Act 1999*, rates and charges imposed in respect of the financial year ending 30 June 2019, shall be payable in four equal or approximately equal instalments, such instalments being due and payable by:

Friday, 7 September 2018 (first instalment),  
Friday, 7 December, 2018 (second instalment),  
Friday, 1 March, 2019 (third instalment), and,  
Friday, 7 June, 2019 (final instalment).

provided that in cases where the initial account requiring payment of rates is not sent at least 30 days prior to this date, or an amended account is required to be sent, authority to fix the date by which rates must be paid in respect of those assessments affected is delegated to the Chief Executive Officer: and

- b) In exercise of the powers contained in section 44 of the *Local Government Act 1999*, the Council delegates this 09th day of July 2018 to the person occupying the office of Chief Executive Officer of the Council the power pursuant to Section 181(4)(b) of the *Local Government Act 1999*, in any case where he considers it

necessary or desirable to do so, to agree with the Principal Ratepayer that rates will be payable in such instalments falling due on such days as may be specified in the agreement and in that event that ratepayers rates will thereby be payable accordingly”.

### **RECOMMENDATION 13**

#### **Adoption of Long-term Financial Plan 2019-2028**

“that Council, having considered Item 4.2 – *Adoption of 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan and Declaration of Rates for 2018/2019*, dated 09 July 2018:-

pursuant to Section 122(1a)(a) of the *Local Government Act 1999* and Regulation 5 of the *Local Government (Financial Management) Regulations 2011*, having considered all submissions received in accordance with Section 123(6) of the *Local Government Act 1999*, adopts the Long-term Financial Plan 2019-2028 contained in Attachment 1, as amended.”

### **BUDGET IMPACT**

Estimated Cost:	\$ 572,323 (net operating deficit)
Future ongoing operating costs:	Not Applicable
Is this Budgeted?	Not Applicable

### **RISK ASSESSMENT**

Not Applicable

---

### **Attachments**

1. 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan.
2. Email to Chief Executive Officer from Audit Committee Chairperson dated 6 July 2018.



*Business Plan, Budget and 2019-2028 Long-term Financial Plan, dated 2 July 2018, receives and notes the report and in doing so:-*

- 1. Recommends to the Council that the Draft 2018/2019 Annual Business Plan, Budget and 2019-2028 Long-term Financial Plan, be adopted subject to edits to incorporate changes that have arisen as a result of valuation updates, Council decision and feedback from the Audit Committee, at its special Council meeting scheduled to be held on 9 July 2018;*
- 2. That the proposed increase in the rate in the dollar of 2.5% would mean with movements in property evaluations, the proposed Annual Business Plan projects an average increase in rates by existing ratepayers of about 5.9%, and*
- 3. That Council is projecting an Operating Deficit for 2018/2019 based on the above of \$572,323 but Councils current proposed Long Term Financial Plan is projecting that this deficit will be eliminated by 2021/2022."*

**CARRIED**

## Discussion

### Rates Modelling

With regard to general rate increase for 2018/2019, the Draft Budget that was released for public consultation assumed 2.50% increase in rate in the dollar, plus the valuation increase as determined by the Valuer General. The Draft Budget indicated that the average valuation increase across the Council is expected to be 4.19% based on valuation data available at 21 May 2018.

The most recent valuation data (as of 17 June 2018) obtained from the Valuer General shows that Adelaide Plains Council has recorded 0.77% growth from new assessments and the value of existing assessments has gone up by 4.16% (Refer **Table 3** below). Accordingly, with a 2.5% increase in rate in the dollar and 2.5% increase in fixed charge, the estimated rates income is as follows.

**Table 1: Estimated Rates income for 2018/2019 Financial Year**

<b>Land Use</b>	<b>General Rates Income (\$)</b>	<b>Number of Properties</b>
Residential	4,571,037	2,836
Commercial	35,756	23
Commercial - Other	156,873	52
Industry - Light	6,989	5
Industry - Other	100,334	17
Primary Production	3,230,143	1,404
Vacant Land	477,259	566
Other	63,920	52
<b>Total</b>	<b>8,642,312</b>	<b>4,955</b>

However, given the significant increase in valuations of existing properties, the average rate increase for all land use codes will be from 4.96% for residential properties to 16.66% to vacant lands (Refer **Table 2** below).

**Table 2: Estimated Average Rate for 2018/2019 Financial Year**

Land Use	2017/2018 Average Rate \$	2018/2019 Average Rate \$	Increase in average rates
Residential	1,536	1,612	4.96
Commercial	1,428	1,555	8.83
Commercial - Other	2,875	3,017	4.92
Industry - Light	1,314	1,398	6.35
Industry - Other	5,573	5,902	5.90
Primary Production	2,131	2,301	7.94
Vacant Land	723	843	16.66
Other	1,170	1,229	5.07
All Land Use Codes	1,647	1,744	5.89

**Table 3: Property Valuation as at 17 June 2018**

Land Use	No. of Existing Properties	Existing Properties Valuation (\$Mn)	% Increase in existing properties valuation	No of New Properties	New Property Valuation (\$Mn)	Total No of Properties	Total Council Valuation (\$Mn)
Residential	2,835	901	2.66%	1	0	2,836	902
Commercial	23	5	11.46%	-	-	23	5
Commercial - Other	51	24	5.72%	1	0	52	25
Industry - Light	5	1	4.00%	-	-	5	1
Industry - Other	17	16	3.37%	-	-	17	16
Primary Pro.	1,403	723	5.15%	1	0	1,404	723
Vacant Land	502	78	12.39%	64	13	566	90
Other	52	12	4.92%	-	-	52	12
<b>Total Rateable</b>	<b>4,888</b>	<b>1,761</b>	<b>4.16%</b>	<b>67</b>	<b>14</b>	<b>4,955</b>	<b>1,775</b>

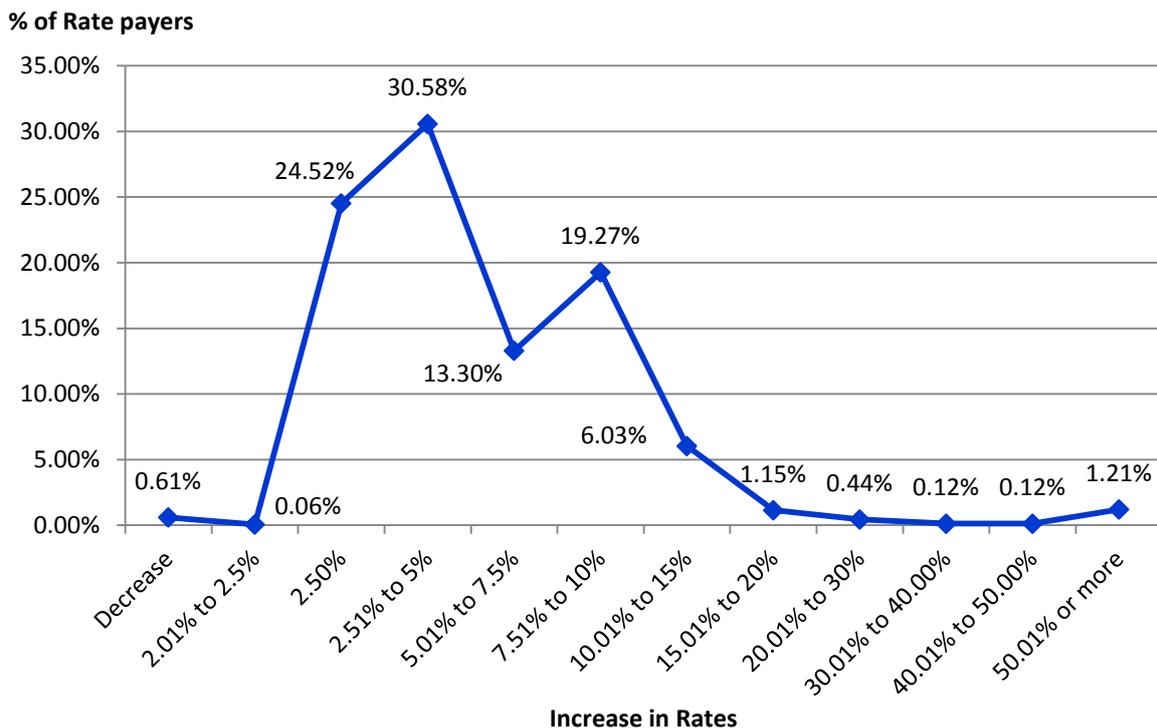
Council rates are calculated by applying rate in the dollar determined by the Council on the valuation of each property. Therefore, even if Adelaide Plains Council increases rates in the dollar of each land use codes by 2.5%, the actual general rate increase of each property may be lower or higher than 2.5% depending on the changes in the valuations of respective properties. **Table 4** below shows the expected increases in general rates in 2018/2019 Financial Year with a 2.50% increase in rate in the dollar and 2.5% increase in fixed charge.

**Table 4: Breakdown of Increase in General Rates**

<b>% Increase General Rates over 2017/2018</b>	<b>No. of Assessments</b>	<b>% of Total Assessments</b>
Decrease	30	0.61%
2.01% to 2.5%	3	0.06%
2.50%	1,215	24.52%
2.51% to 5%	1,515	30.58%
5.01% to 7.5%	659	13.30%
7.51% to 10%	955	19.27%
10.01% to 15%	299	6.03%
15.01% to 20%	57	1.15%
20.01% to 30%	22	0.44%
30.01% to 40.00%	6	0.12%
40.01% to 50.00%	6	0.12%
50.01% or more	60	1.22%
<b>Change in Rates</b>	<b>4,827</b>	<b>97.42%</b>
No Charge in Rates	61	1.23%
New Properties	67	1.35%
<b>Total Rateable</b>	<b>4,955</b>	<b>100.0%</b>

Accordingly, 25.19% rate payers from all land use categories will have general rate increase of 2.5% or under whereas 30.58% of rate payers will have their rates increased between 2.51% and 5.00%.

**Figure 1: Breakdown of Increase in General Rates**



In order to provide alternatives for Council Members with regard to rate increases, a scenario analysis of impact of lesser rate in the dollar increase have been completed and the **Table 5** below shows the impact on the average rate increases and total rate revenue.

**Table 5: Impact on Average Rate and Total Rates Income with Alternative Rate in the Dollar Increases (%)**

Land Use	Impact on average Rates if Rate in the dollar is increased by							
	2.50%	2.25%	2.00%	1.75%	1.50%	1.25%	1.00%	0.00%
Residential	4.96	4.70	4.44	4.19	3.93	3.68	3.42	2.40
Commercial	8.83	8.56	8.30	8.03	7.77	7.50	7.24	6.18
Commercial - Other	4.92	4.67	4.41	4.15	3.90	3.64	3.39	2.36
Industry - Light	6.35	6.09	5.83	5.57	5.31	5.05	4.79	3.75
Industry - Other	5.90	5.64	5.38	5.12	4.86	4.61	4.35	3.31
Primary Production	7.94	7.68	7.42	7.15	6.89	6.63	6.36	5.31
Vacant Land	16.66	16.38	16.09	15.81	15.53	15.24	14.96	13.82
Other	5.07	4.81	4.56	4.30	4.04	3.79	3.53	2.51
All Land Use Codes	5.89	5.63	5.37	5.11	4.85	4.59	4.34	3.30
Rates Income (\$'Mn)	8.642	8.621	8.600	8.579	8.558	8.537	8.516	8.432
Reduction in Income (\$)		21,051	42,147	63,242	84,293	105,389	126,440	210,777

While all the recommendations to the Council in the report are drafted based on the rate in the dollar increase of 2.50%, Council Members can make the final decision on rate in the dollar increase depending on how much of revenue they are willing to forgo as per **Table 5** above that need to be funded through borrowed money or further reductions in operating expenses.

### Statement of Comprehensive Income

Pursuant to section 123 (10)(b) of the *Local Government Act* and the *Local Government (Financial Management) Regulations 2011*, Part 2 Financial Accountability, the budget is required to contain;

- a) a budgeted income statement, balance sheet, statement of changes in equity and statement of cash flows, presented in a manner consistent with the Model Financial Statements; and
- b) a statement as to whether projected operating income is sufficient to meet projected operating expenses for the relevant financial year; and

- c) a summary of operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
- d) estimates with regard to the Council's Operating Surplus ratio, Asset Sustainability ratio and Net Financial Liabilities ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.

Based on the most recent rates modelling completed (5.89% average increase on existing ratepayers and further 0.77% growth from new assessments), the updated draft operating deficit for 2018/2019 Financial Year is \$0.572m. Refer to **Table 6** below for updated Statement of Comprehensive Income.

**Table 6: Draft Statement of Comprehensive Income (Format 1)**

Description	2017/2018	2018/2019	2018/2019	Budget Movement	
	Adopted (\$)	Draft (\$)	Draft Budget (%)	\$	%
<b>OPERATING INCOME</b>					
Rates					
- General Rates Revenue	7,972,995	8,559,550	73.30	586,555	7.36
- Waste Levy	617,826	454,650	3.89	(163,176)	(26.41)
- NRM Levy	169,894	174,777	1.50	4,883	2.87
- Other Rates Income	94,000	80,000	0.69	(14,000)	(14.89)
Statutory charges	335,205	345,661	2.96	10,456	3.12
User charges	142,825	79,456	0.68	(63,369)	(44.37)
Grants, subsidies and contributions	1,679,566	1,810,342	15.50	130,776	7.79
Interest Income	500	500	0.00	-	-
Reimbursements	162,443	126,352	1.08	(36,091)	(22.22)
Other Income	14,968	46,749	0.40	31,781	212.33
<b>TOTAL INCOME</b>	<b>11,190,222</b>	<b>11,678,037</b>	<b>100.00</b>	<b>487,815</b>	<b>4.36</b>
<b>OPERATING EXPENSES</b>					
Employee Costs	4,707,709	4,885,469	41.44	177,760	3.78
Materials, contracts and other services	3,470,735	3,904,159	33.12	433,424	12.49
Depreciation	2,713,693	2,767,966	23.48	54,273	2.00
Interest Expenses	244,571	180,908	1.53	(63,663)	(26.03)
Share of loss from regional subsidiaries	50,000	50,000	0.42	-	-
<b>TOTAL EXPENSES</b>	<b>11,186,708</b>	<b>11,788,502</b>	<b>100.00</b>	<b>601,794</b>	<b>5.38</b>
<b>RECURRENT SURPLUS / (DEFICIT)</b>	<b>3,514</b>	<b>(110,465)</b>		<b>(113,979)</b>	<b>(3,243.93)</b>
Net Cost of the CWMS (Mallala & Middle Beach)	(87,850)	(114,097)		(26,247)	29.88

Net Operating Project Expenses	(819,706)	(347,761)	471,945	(57.57)
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>(904,042)</b>	<b>(572,323)</b>	<b>331,719</b>	<b>(36.69)</b>

**Table 7** below shows Statement of Comprehensive Income, in a different format, as a response to submissions from the public where all employee related expenses (recurrent and operating projects) are shown together.

**Table 7: Draft Statement of Comprehensive Income (Format 2)**

Description	Recurrent Budget	Operating Projects	CWMS Budget	Total Draft Budget
<b>OPERATING INCOME</b>				
Rates				
- General Rates Revenue	8,559,550	-		8,559,550
- Waste Levy	454,650	-		454,650
- NRM Levy	174,777	-		174,777
- Other Rates Income	80,000	-		80,000
- CWMS Charges	-	-	219,940	219,940
Statutory charges	345,661	-		345,661
User charges	79,456	-		79,456
Grants, subsidies and contributions	1,810,342	-		1,810,342
Interest Income	500	-		500
Reimbursements	126,352	-		126,352
Other Income	46,749	-		46,749
<b>TOTAL INCOME</b>	<b>11,678,037</b>	<b>-</b>	<b>219,940</b>	<b>11,897,977</b>
<b>OPERATING EXPENSES</b>				
Employee Costs	4,885,469	62,000	36,481	4,983,950
Materials, contracts and other services	3,904,159	285,761	119,410	4,309,330
Depreciation	2,767,966	-	94,990	2,862,956
Interest Expenses	180,908	-	83,156	264,064
Share of loss from regional subsidiaries	50,000	-	-	50,000
<b>TOTAL EXPENSES</b>	<b>11,788,502</b>	<b>347,761</b>	<b>334,037</b>	<b>12,470,300</b>
<b>SURPLUS / (DEFICIT)</b>	<b>(110,465)</b>	<b>(347,761)</b>	<b>(114,097)</b>	<b>(572,323)</b>

## 2018/2019 Operating Project Program

The Council is expected to deliver eighteen (18) operating projects, costing \$0.348m as shown in **Table 8** below.

**Table 8: Draft Four Year Operating Project Program**

Operating Project Name	Rationale	Cost
1) Relocation - Adelaide Plains Kennel and Obedience Club	A	50,000
2) Relocation – Two Wells Trotting Club (Construction of Horse Shelter, wash bay and ‘tie up’ rails & SA Water Connection)	A	20,000
3) Northern Food Bowl Protection Areas DPA implementation	A/C/D	10,000
4) Two Wells Old Chamber - Salt damp/ Render repairs	B	10,000
5) Two Wells Chambers Stormwater redirection to the street	B/C	5,000
6) Two Wells Oval - SA Water Line upgrade	C	2,000
7) Two Wells Stormwater Mgt. Plan - Southern Levee Design	A/B	30,000
8) Dublin Toilet Block - Septic Upgrade	B/C	10,000
9) Dublin Institute - Back Roof replacement	B/C	5,000
10) Mallala Oval - SA Water Line upgrade	C	7,000
11) Two Wells Library repairs - Fans/Air Conditioner	C	3,000
12) Legatus group regional collaboration work	C	30,000
13) New staff position - IT Support Officer (0.60 FTE)	C/E	42,000
14) Levee Maintenance - Various sites	D	10,000
15) New staff position - Property Officer (0.60 FTE)	C/E	20,000
16) SA Planning Transition – Collaborative Works Program	E	50,000
17) Upgrade of Council’s Electronic Document and Records System	E	13,761
18) Conduct Council Election 2018	E	30,000
<b>Total Cost of the 2018/2019 Operating Projects Program</b>		<b>347,761</b>

### Rationale

- A. Previous Council resolutions.
- B. Infrastructure and Assets Management Plans.
- C. Staff initiatives to reduce cost and improve productivity/service standard.
- D. Strategic Plan 2017-2020.
- E. Statutory obligations.

## Draft 2018/2019 Capital Project Program

The proposed capital program is expected to cost \$1.698m and its details are provided in **Table 9** below.

**Table 9: 2018/2019 Capital Project Budget**

Capital Project Description	Rationale	Estimated Cost
1) Webb Beach Levees (following Coastal adaptation study)	A	25,000
2) Mallala Museum - Upstairs ceiling	B	25,000
<b>NEW FOOTPATH</b>		
3) Pram Ramp renewal to DDA compliant	B	10,000
<b>SEALING OF UNSEALED ROADS</b>		
4) Gawler River Rd and Old Port Wakefield Rd - Intersection upgrade	B	79,000
<b>RESEALING OF SEALED ROADS</b>		
5) Dublin Rd from Long Plains Rd to RRD 2100m*	B	118,545
6) Dublin Rd from RRD 2100m to Shannon Road*	B	89,885
7) Dublin Rd from Shannon Rd to Powerline Road*	B	108,488
8) Hayman Rd from Old Port Wakefield Rd to Secomb Road	B	36,224
9) Hayman Rd from Secomb Rd to Kathleen Road	B	56,061
10) Hayman Rd from Kathleen Rd to Williams Road	B	65,152
<b>RESHEETING OF UNSEALED ROADS</b>		
11) Calomba Rd from Powerline Rd to Broster Rd**	B	100,985
12) Calomba Rd from Ross Rd to Powerline Rd**	B	50,641
13) Calomba Rd from Balaklava Rd to Franks Rd**	B	88,190
14) Calomba Rd from Franks Rd to Hall Rd	B	84,860
15) Calomba Rd from Hall Rd to Ross Rd	B	46,725
16) Wild Horse Plains Rd from Fourth Street to Slant Rd	B	31,311
17) Wild Horse Plains Rd from Port Wakefield Rd to Fourth Street	B	11,402
18) Wild Horse Plains Rd from Slant Rd to Sandy Brae Rd	B	86,199
19) Pederick Rd from Gawler Rd to Sharpe Rd	B	29,093
20) Williams Rd from Temby Rd to Kenner Rd	B	29,612
21) Williams Rd from Sharpe Rd to Temby Rd	B	40,381
22) Shellgrit Rd from Port Gawler Rd to Buckland Park Rd	B	8,437
23) Brownes Rd from Shellgrit Rd to Port Gawler Rd	B	19,775
24) Brownes Rd from Start of formalised track to Shellgrit Rd	B	17,527
25) Germantown Rd from Kenner Rd to Simpkin Rd	B	54,336
26) Buckland Park Rd from Cowan Rd to Halstead Rd West	B	11,131
27) Buckland Park Rd from Artesian Rd West to Bailey Rd West	B	20,186

28) Buckland Park Rd from Halstead Rd West to Artesian Rd West	B	23,841
29) Buckland Park Rd from Port Wakefield Rd to Cowan Rd	B	18,116
30) Shellgrit Rd from Griggs Rd to Brownes Rd	B	31,268
31) Shellgrit Rd from Brownes Rd to Applebee Rd	B	46,730
32) Shellgrit Rd from Buckland Park Rd to Griggs Rd	B	15,211
<b>EQUIPMENT REPLACEMENT</b>		
33) Staged Computer/Tablet Hardware Refresh 2018-2023	B/C	74,145
34) Library furniture for the Two Wells Library	B/C	5,000
35) Private Business Wireless Wide Area Network b/w Mallala and TW Offices	C	95,016
<b>SITE IMPROVEMENTS</b>		
36) Two Wells Cemetery - Cremation wall 50 Plots	C	25,000
37) Two Wells Cemetery - Concrete paths	C	20,000
<b>Total Program Costs</b>		<b>1,698,473</b>

During 2018/2019, Council intends to dispose of the following plants which are deemed to be surplus to requirements.

<b>Plant Name</b>	<b>Estimated Selling Price (\$)</b>
1) Prime Mover	20,000
2) Semi tipper trailer	14,000
3) Low loader	15,000
4) Dozer Cat D6H	100,000
5) Dozer Cat D9L	90,000
6) Grader mounted Free roll	1,500
<b>Total Estimated Income</b>	<b>240,500</b>

## **Long Term Financial Plan (LTFP) 2018-2027**

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

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

### **Principle 1: Breakeven budget**

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

### **Principle 2: Rate Stability**

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

### **Principle 3: Infrastructure and Asset Management**

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

### **Principle 4: Prudent Debt Management**

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

The 2019-2028 Long Term Financial Plan (LTFP) shows that Council is expected to make operating deficits in year two (2) and year three (3) with a 3.00% increase in average rate and 0.60% growth. Although the LTFP forecasts an operating surplus from year four (4) (2021/2022) onwards, Council should make it priority to return to budget breakeven earlier if possible, without putting more financial burden on the Adelaide Plains community by a combination of actions such as:-

- a) Commitment to the annually Adopted Budget without bringing in new spending proposals during the financial year unless they are cost neutral or really necessary to address significant community issues;
- b) Set all council discretionary fees and charges, including service charges on a cost recovery basis;
- c) Commitment to improve the efficiency and the productivity of the Council operations;

- d) Reduce council's operating/capital expenditure further to a level financially sustainable and accepted by the Community;
- e) Targeting government grants to supplement Council rates revenue in delivering Council programs (co-contribution from the Council may be required);
- f) Increase Fixed Charge in line with the average rate increase;
- g) Implement a freeze on recruitment of staff for new (and unfunded) positions (not the replacement of existing positions); and
- h) Continue to participate in collaborative procurements through LGA Procurement & Barossa Regional Procurement Group (BRPG) to receive group discount on purchases etc.

**Table 10** below summarises the assumptions that were used in the preparation of 2018/2019 Budget and 10 year Long-term Financial Plan for the period 2018/2019 to 2027/2028.

**Table 10: Assumptions used in preparation of 10 year LTFP**

Description	Assumptions
<b>Rates</b>	
- General Rates	From year 2 to 10 a 3.00% increase in average rate (applicable to existing ratepayers) and 0.60% growth from new assessment.
- CWMS Charge	Average increase of 3.00% per annum
- Reuse Collection Charge	Current rate of \$180 to be reduced by 30% in year 1 and 2.50% increase from year 2 onwards.
- NRM Levy	For year 1 : NRM Levy as advised by NRM Board. 2.50% from year 2 to 10.
- Fixed Charge	2.50% increase from year 1 to 10.
Statutory charges	1.30% on average over next 10 years
User charges	1.30% on average over next 10 years
Grants	Based on confirmed grant funding only.
Investment Income	An estimated income of \$500 per year.
Reimbursements	2.00% on average over next 10 years
Other Income	2.00% on average over next 10 years
Employee Costs	2.00% on average over next 10 years
Materials, contracts and other expenses	1.30% on average over next 10 years
Depreciation	2.00% on average over next 10 years
Finance Costs	Based on actual interest payable on existing loans. The expected interest expense on new cash advance loans are to estimate at 3.75%.

## Loan Borrowings

Due to reduced capital spending in 2018/2019, Council is expected have a cash surplus of \$232,699 after paying for all expenses and meeting fixed-term debenture loan repayment obligations. This cash surplus will be used to reduce Council’s short-term cash advance, which is sitting at \$770,004 as at 30 June 2018. Therefore, Council is not planning any new long-term borrowings for 2018/2019 Financial Year.

However, should the Council increase its planned spending following public consultation or increase rate in the dollar by a rate lower than 2.50%, above cash surplus may be eliminated resulting in the need to borrow more money.

## Long Term Financial Statements

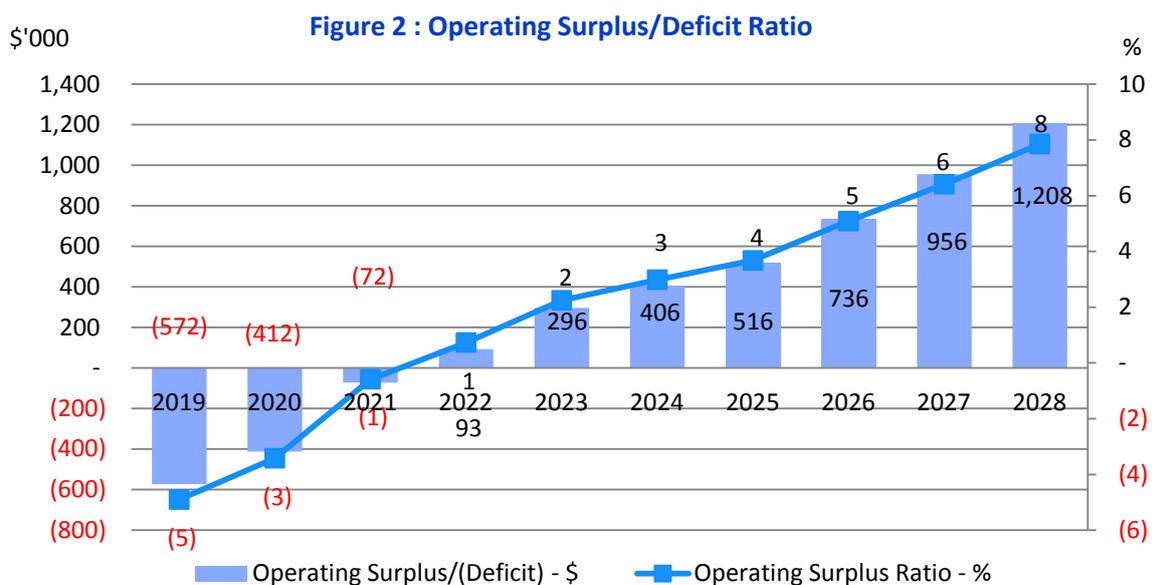
The updated Long-Term Financial Statements are contained in the **Attachment 1**

## Long Term Financial Ratios

Following graphs shows the long term financial ratios as recommended by Local Government Financial Management Regulation 2011.

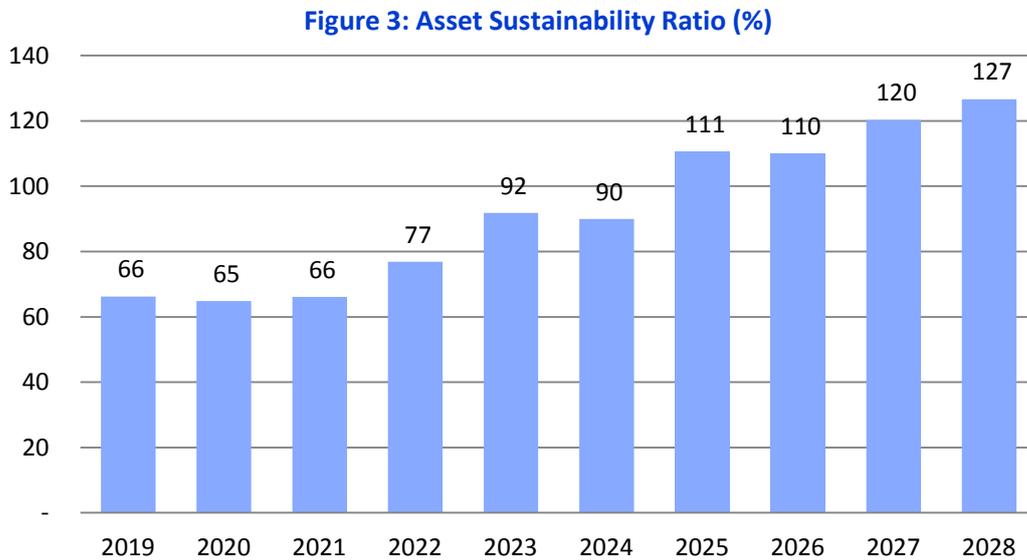
### 1. Operating Surplus (Deficit) Ratio

With a 3.00% increase in average Council rates (beyond 2018/19) and a 0.60% growth from year 2 onwards, Council is in a position to gradually reduce its operating deficit and from 2021/2022 onwards Council is forecast to deliver operating surplus.



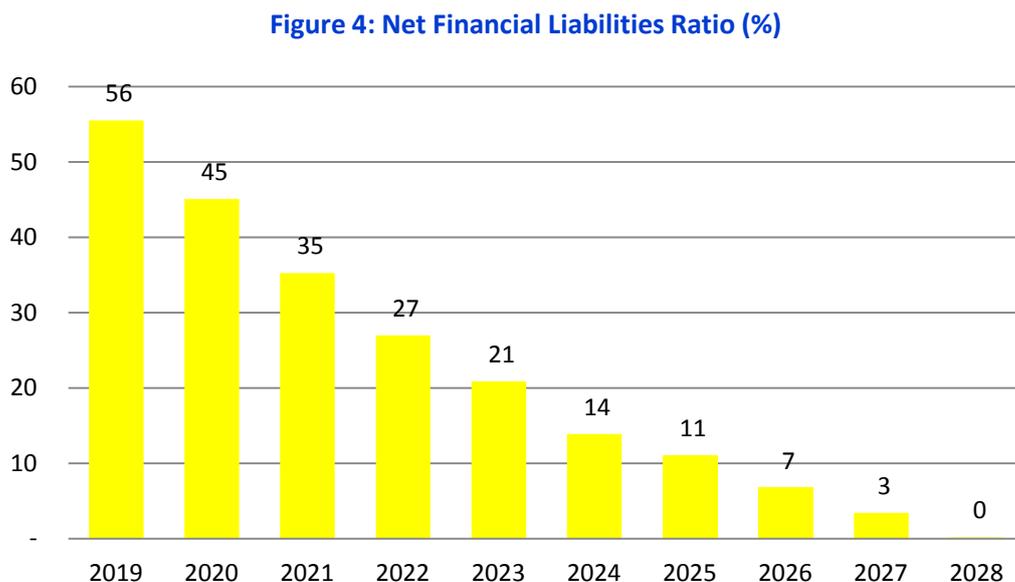
Note: Financial Sustainability Information Paper 9 of the LGA recommend an Operating Surplus Ratio of between 0% and 15% on average over long term.

## 2. Asset Sustainability Ratio



Note: Financial Sustainability Information Paper 9 of the LGA recommend an Asset Sustainability Ratio of greater than 90% but less than 110% on average over long term.

## 3. Net Financial Liabilities Ratio (including Mallala CWMS Loan)



Note: Financial Sustainability Information Paper 9 of the LGA recommend a Net Financial Liabilities Ratio of greater than zero but no more than 100% (excluding CWMS loans) of total operating revenue on average over long term.

## **Conclusion**

This report will provide the Council members with an opportunity to consider and discuss the draft Budget for the 2018/2019 Financial Year and the Draft Long Term Financial Plan for the 2018/2019 to 2027/2028 period before the final adoption by the Council. The plan presented aims to continue the annual reduction in operating deficit with a view to achieving zero operating deficit or breakeven budget from 2021/2022 Financial Year. In addition, improving key financial indicators over time are a key feature of the draft documents.

---

## **References**

### Legislation

*Local Government Act 1999 (SA)*

*Local Government (Financial Management) Regulations 2011 (SA)*

### Council Policies

Budget Management Policy

Funding Policy

Treasury Management Policy



**2018/2019 Annual Business Plan, Budget  
and  
2019-2028 Long Term Financial Plan**

**Image: Rockies Reserve**

# Contents

1. Preamble.....	1
2. Message from the Mayor .....	2
3. Summary of 2018/2019 Budget.....	4
4. <i>Strategic Plan 2017-2020</i> .....	5
5. <i>Infrastructure and Assets Management Plans (I&amp;AMP)</i> .....	5
6. Significant Budget Influences and Priorities .....	6
7. Services Provided by the Council to its Community .....	9
8. 2018/2019 Recurrent and Project Budgets .....	12
8.1 Sources of Council Revenue.....	13
8.2 How Council's Revenue is spent? .....	15
8.3 Council income and Expenses by Major Services/Functions.....	17
8.4 Budgeted Statement of Comprehensive Income .....	19
8.5 2018/2019 Operating Project Program .....	21
8.6 2018/2019 Capital Projects Program.....	22
8.7 2018/2019 Capital Program in Details .....	23
9. Loan Borrowings .....	27
9.1 Current Long-Term Borrowings .....	28
9.2 Proposed new borrowings for 2018/2019 Financial Year .....	29
10. Rating Structure and Policy.....	29
10.1 What are Rates?.....	29
10.2 Strategic Focus .....	30
10.3 Method Used to Value Land .....	30
10.4 Impact of Rates .....	30
10.5 Differential General Rates.....	34
10.6 Fixed Charge.....	34
10.7 Natural Resource Management Board Levies .....	35
10.8 Service Charges .....	35
10.9 Mandatory Township Refuse Charges .....	37
10.10 Payment of Rates .....	37
10.11 Remission and Postponement of Rates .....	38
10.12 Rebate of Rates .....	38
10.13 Sale of Land for Non-Payment of Council Rates .....	39

11. How to Measure Council Performance..... 39

12. *Long Term Financial Plan 2018/2019 to 2027/2028* ..... 42

    12.1 Long Term Financial Objective of the Adelaide Plains Council..... 43

    12.2 Assumptions Used in the Preparation of *Long Term Financial Plan*..... 45

    12.3 Long Term Financial Indicators ..... 52

DRAFT

# 1. Preamble

Under section 123 of the *Local Government Act 1999* (the 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 31 August for the financial year.

Council therefore prepares, as part of its budget development process, an Annual Business Plan. According to section 123(2) of the Act, each annual business plan of a council must:

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

Before a Council adopts its Annual Business Plan it must prepare a 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 1999*. During the public consultation period copies of the Council's Annual Business Plan and any other associated documents must be made available for inspection and purchase by the public at the principal office of the Council.

This document presents the 2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan for the Adelaide Plains Council as adopted by the Council at a special meeting held on Monday, 09 July 2018 which has been developed in consultation with the Elected Members, Audit Committee and the Council staff and has been commented by the public in the context of Council's "Strategic Plan 2017-2020".

## 2. Message from the Mayor

As Mayor of Adelaide Plains Council, I am pleased to present to you the *2018/2019 Annual Business Plan (ABP) and Budget*. Council commenced its budgetary process in January 2018 and since that time, three (3) budget workshops and four (4) budget-focused Council Meetings have been held to arrive at what Council believes is a fair and reasonable budget for our community. In preparing the forthcoming year's budget, Council has adopted a zero based budgeting approach where each item, line by line, has been critically analysed for relevance and necessity. With a shrewd, disciplined approach to financial management, aligning expenditure with service levels expectations, I am confident that the 2018/2019 ABP and Budget is transparent, well considered, accountable and responsive to community expectations.

Council's "Infrastructure and *Asset Management Plan*" provides a framework for ensuring assets and infrastructure are maintained and renewed when needed to achieve particular service levels for all classes of assets. For example certain classes of unsealed roads receive a particular number of grades per year and the gravel is replenished when it wears down to certain thicknesses. Failure to adhere to these maintenance routines results in future ratepayers burdening additional costs.

This is called ***intergenerational inequity*** where the ratepayers of tomorrow effectively pay for infrastructure upgrade work that should have been funded by the ratepayers of today. Each year that Council's road network is not re-sheeted or re-sealed, or Council owned buildings are not salt damp proofed or repainted, will often result in the reinstatement, reconstruction or repair work that is far more expensive than it otherwise would have been if it had maintained the assets as and when required. Council needs to be mindful of this when setting its budget and is acutely aware that delaying or deferring certain works does not make the issue disappear, rather only compounds the problem.

However the reality is that Council is no longer able to sustain certain assets such as its roads at the service levels of the past and so Council needs to reduce these service levels to match its income and this means a decrease in appearance and condition of some roads which will be noticed by the public. Roads can no longer be kept as smooth and rideable as they have been in the past and in some cases Council will be looking, where feasible, to close roads altogether.

Not everyone is aware that Council is responsible for 958km of bituminised and unsealed roads. This is the same distance as from Mallala to Wagga Wagga in NSW which is a big challenge to keep in top condition. Notwithstanding this, Council is also acutely aware that it needs to reasonably keep its roads safe. Repairing dangerous potholes and other defects

will continue to be given top priority but rough unsealed roads will likely become more common and motorists will be expected to drive appropriately to the conditions.

Council, in setting its *ABP and Budget for 2018/2019*, has placed a concerted focus on the following areas:-

- \$1.698m in Capital Work Programs;
- \$0.348 in Operating Projects Programs;
- Information Technology and Records Management support and technology to assist with productivity gains;
- Dispensing with underutilised plant and machinery to bring about productivity gains;
- Northern Adelaide Irrigation Scheme and the Food Bowl – facilitation in economic investment and job creation opportunities;
- Gawler River Flood Plains Management Authority - Charter Review focusing on percentage contributions of member councils;
- Two Wells Main Street development – retail growth focus to underpin residential growth and educational hub;
- Deliver the transformation of Council’s Information Technology platforms to enhance our customers’ experience with us and enable more efficient and effective processes;
- Significant upgrades and improvements in relation to Council’s Records Management System to ensure legislative compliance and improve efficiencies;
- Prepare and Implement the 2018 Local Government Elections Plan, including training and induction for Elected Members;
- Continue to focus on the reduction in Council’s short-term borrowings;
- Improve the collection of Council’s overdue rates.



Mayor

Tony Flaherty OAM

### 3. Summary of 2018/2019 Budget

- 30% reduction in Kerbside Waste Collection charges from \$180.00 to \$126.00.
- \$1.698m investment in community infrastructure.
- \$0.348m in one off service initiatives and programs to meet Council's statutory obligations, strategic objectives and assets maintenance requirements.
- Recurrent budget deficit of \$0.110m (excluding CWMS operations).
- No increasing in Council long-term and short-term debts since November 2015.
- No new borrowings in 2018/2019.
- Gradual reduction in overdue Council rates through better use of Council administrative resources.
- Additional expense of \$0.100m to implement new planning regulations introduced by the State Government (1.24% rates income).

## 4. *Strategic Plan 2017-2020*

Under the Focus area *4.5 Accountable & Sustainable Governance*, the following Council strategies have budgetary implications, next year and beyond.

1. Actively seek government, business and industry funding and partnerships;
2. Streamline Council processes;
3. Engage the community in Council decisions and initiatives;
4. Provide friendly and responsive customer service;
5. Maintain a positive and forward thinking culture;
6. Strategically plan for and sustainably maintain Council's assets and finances;
7. Advocate for and represent the interests of the community;
8. Listen and use evidence to make appropriate organisational decisions based on risk management principles;
9. Attract and retain a skilled competent workforce;
10. Continue to improve staff health, safety and wellbeing;
11. Meet all legislative compliance requirements; and
12. Implement Risk Management Policy and Procedures

The 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 burden on ratepayers through excessive and/or ad-hoc rate revenue increases or borrowing money to deliver current Council services that will create ***intergeneration inequality***.

Therefore, the focus in developing the *2018/2019 Annual Business Plan, Budget and 2019-2028 Long Term Financial Plan*, 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 increases in their annual rates contribution in next year or future years.

## 5. *Infrastructure and Assets Management Plans (I&AMP)*

One of the six (6) priorities in the Council's *Strategic Plan 2017-2020* is;

"Sound management of community assets such as Community Wastewater Management Systems, Built Infrastructure, Roads, Open Space, Stormwater and Flood Management".

Under Focus area 4.3 Great Places & Infrastructure of the *Strategic Plan 2017-2020*, Council's objective is to ensure Adelaide Plains Council is a place;

- Where Council buildings, facilities and assets are actively used by business and community;
- With safe and fit for purpose roads and transport networks;
- Of quality design and planning outcomes;
- With attractive pedestrian and cycle friendly open spaces and streetscapes, and inviting town entrances;

- That celebrates its rural character so close to the city and protects and activates its heritage places;

Accordingly, budget discussions have been centred on Council's *Strategic Plan 2017-2020 and I&AMP*.

## 6. Significant Budget Influences and Priorities

The Annual Business Plan is the key annual operational and financial planning document of the Adelaide Plains Council. It describes what services and projects Council plans to deliver to the community in 2018/2019 Financial Year and how to finance those planned services/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 2017-2020 and Infrastructure and Asset Management Plans (I&AMP)*, and as required under the *Local Government Act 1999*.

In this context, in preparing *2018/2019 Annual Business Plan (ABP) and Budget*, Council has considered several significant factors/assumptions. These include:

- **External Budget Influences**
  - The impact of new *Planning, Development and Infrastructure Act 2016 (PDI Act 2016)* that came into operation on 1 April 2017 to modernise South Australia's planning system. The financial impact on Adelaide Plains Council is \$0.100m or 1.24% of current rate income;
  - Adelaide Consumer Price Index (CPI) of 2.30% through the year to December quarter 2017;
  - Local Government Price Index (LGPI) of 2.90% through the year to December quarter 2017;
  - The CPI for South Australia in 2018/2019 is expected to be 2.25% as per 2017/2018 Mid Year Budget Review of Government of South Australia.
  - Local Government Price Index (LGPI) is historically around 0.54% above CPI. Therefore, the expected LGPI in 2018/2019 is 2.79%;
  - The proclamation of the northern section of the Adelaide International Bird Sanctuary as a national park for the State of South Australia putting pressure on the tourism related infrastructure in Council districts;
  - The current population of 8,806 persons and dwellings of 3,610 (Source: Australian Bureau of Statistics, *Census data 2016*) are expected to double over next 20 to 30 years with Two Wells residential housing developments;
  - The successful grant application by the State Government for Northern Adelaide Irrigation Scheme project that will deliver new recycled water mostly to Adelaide Plains Council area resulting higher demand for agricultural land; and
  - Cost of the potential flood mitigations works by Gawler River Floodplains Management Authority (GRFMA) that is expected to cost a significant amount of money.

- **Internal Budget Influences**

- Council is currently running on an over with Local Government Finance Authority (LGFA). Balance as at 30/06/2018 was \$0.770m at an interest rate of 3.75%;
- Overdue Rates balance was \$0.576 as at 30/06/2018;
- The impact on salaries/ wage and oncost following finalisation of new three year enterprise bargaining agreement (2.00% in 2018/2019);
- 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;

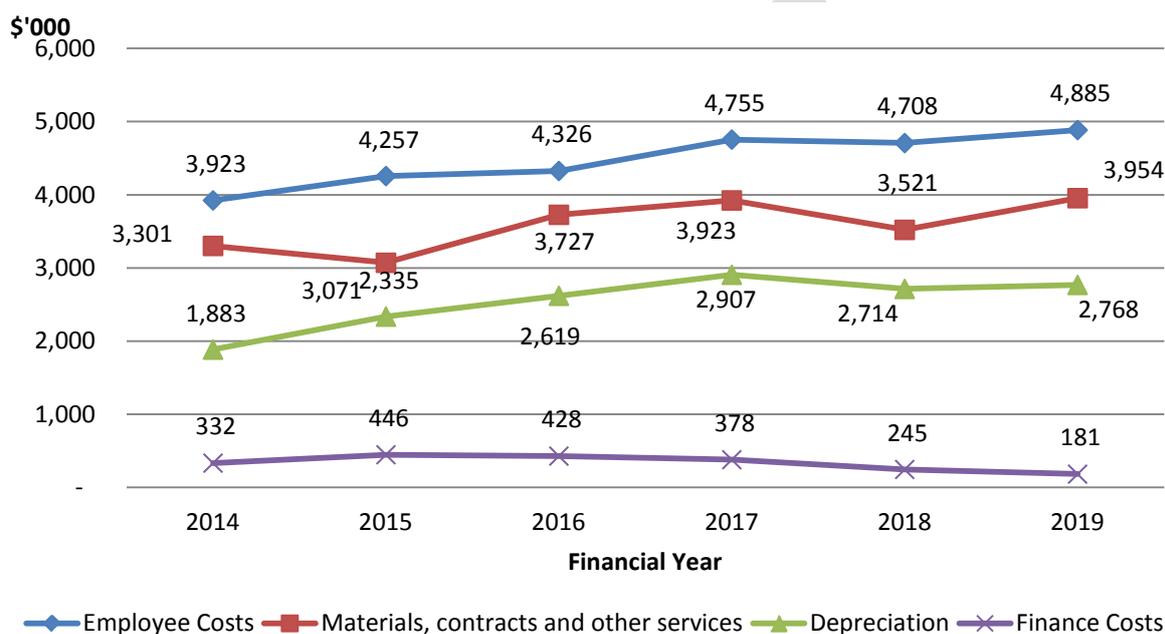
Adelaide Plains Council is committed to ongoing reviews of its operations in order to provide optimum benefit to the community and also to ensure that Council deliver quality services in the most cost-effective and efficient manner.

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;
- 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;
- Contain employee costs through productivity and system reviews;
- Develop strategic partnerships with other Councils in the region to achieve meaningful outcomes. An example is savings in procurement activities- In 2014/2015 Financial Year, Barossa Council, Town of Gawler, Adelaide Plains Council, Mid Murray Council and the Adelaide Plains Council commenced working in partnership to form the Barossa Regional Procurement Group (BRPG). The focus of the group is to capitalise on opportunities for collaborative procurement to generate cost savings, process efficiencies and economic benefits to the region by growing local business capacity. In 2018/2019 Financial Year, Council is expected to deliver significant savings in kerbside waste collection program due to a joint tender managed through BRPG.

**Figure 1** below shows the growth in Council operating expenditures since the 2013/2014 Financial Year. Accordingly, **Employee Costs** have increased by \$0.962m, or 25% from 2013/2014 to 2018/2019 Financial Year. During the same period, the number of fulltime equivalent (FTEs) staff has remained unchanged at 55 with new 0.80 FTEs positions proposed in the 2018/2019 budget.

**Material, Contracts and Other Expenses** have fluctuated across the period dependent upon each year’s proposed budget, however an upward trend is showing over the period except in 2014/2015 and in 2016/2017 Financial Years, mainly due to increased cost to Council associated with information technology, state government cost shifting, general maintenance, water, electricity, insurances, legal fees, fuel etc.



*Figure 1: Growth in Council's Recurrent Expenses (Excl. CWMS)*

**Interest Expenses** have also increased over the years due to additional borrowings Council has made, particularly, its short-term cash advance (CAD) facility from LGFA. However, since 2015/2016 Financial Year, interest expense is reducing gradually due to reduction outstanding CAD loan.

**Depreciation Expenses** have increased by \$0.885m or 47%, mainly due to the impact of additional depreciation flowing from Council investment of \$10.700m on new/upgraded assets since 2013/2014 Financial Year.

## 7. 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 1999* (SA) as well as various other legislation, including (but not limited to) the following:

- 1) *Burial and Cremation Act 2013* (SA)
- 2) *Community Titles Act 1996* (SA)
- 3) *Crown Land Management Act 2009* (SA)
- 4) *Development Act 1993* (SA)
- 5) *Dog and Cat Management Act 1995* (SA)
- 6) *Environment Protection Act 1993* (SA)
- 7) *Evidence Act 1929* (SA)
- 8) *Expiation of Offences Act 1996* (SA)
- 9) *Fair Work Act 1994* (SA)
- 10) *Fences Act 1975*(SA)
- 11) *Fines Enforcement and Debt Recovery Act 2017* (SA)
- 12) *Food Act 2001* (SA)
- 13) *Freedom of Information Act 1991* (SA)
- 14) *Land and Business (Sale and Conveyancing) Act 1994* (SA)
- 15) *Liquor Licensing Act 1997* (SA)
- 16) *Local Government (Elections) Act 1999* (SA)
- 17) *Local Nuisance and Litter Control Act 2016* (SA)
- 18) *Natural Resources Management Act 2004* (SA)
- 19) *Real Property Act 1886* (SA)
- 20) *Return to Work Act 2014* (SA)
- 21) *Road Traffic Act 1961* (SA)
- 22) *Roads (Opening and Closing) Act 1991* (SA)
- 23) *Safe Drinking Water Act 2011*(SA)
- 24) *South Australian Public Health Act 2011*(SA)
- 25) *Supported Residential Facilities Act 1992* (SA)
- 26) *State Records Act 1977* (SA)
- 27) *Strata Titles Act 1988* (SA)
- 28) *Unclaimed Goods Act 1987* (SA)
- 29) *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 Communications**

The majority of services provided by Council's Governance and Communications 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
- Elected Council Support and Training (including 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)
- IT services and support, including development and implementation of programs and processes
- 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
- Property management
- Provision of advice and support relating to Crown Land under Council's care, control and management
- Undertake road closures and reviews
- Libraries
- Economic development
- Community development
- Social planning
- Control of public nuisances
- Playgrounds
- 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
- Free internet in libraries
- 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
- Cemeteries
- Wetland planning
- Local Museum and heritage support
- Coastal management planning
- Business support
- Stormwater recycling
- Landcare program planning
- Dry zones planning and facilitation
- Aged care facilitation
- Cycling path planning
- Crime prevention through environmental design
- Community leadership and advocacy
- Community Wastewater Management Schemes (SA Water does not provide sewers to townships)

### **Infrastructure**

- 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 and disposal
- Recycling
- Illegal dumping
- Vandalism
- Environmental management
- Support to festivals and events
- Caravan Parks
- Cemeteries maintenance
- Wetlands maintenance
- Local Museums and Heritage support
- Coastcare projects and Landcare programs
- Cycling paths
- Community Wastewater Management Schemes (where SA Water does not provide sewers)

### **Finance and Economic Development**

- Administer and maintain Council's property database and Council's assessment records
- Collect overdue Council rates
- 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
- Coordinate completion of Grant Commission Annual returns
- Completion of quarterly and annual Roads to Recovery returns
- Process insurance claims relating to fleet vehicles
- Management of Council insurances with Local Government Risk Services
- Apply/assist in relation to Federal and State government grant applications
- Review and completion of grant acquittals
- Promotion of Adelaide Plains regions to potential investors
- 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
- Provide administrative assistance to Adelaide Plains Historical Committee
- Review and maintain finance related Council policies and monitor their implementation
- Assist Council budget managers to manage their budgets

## **8. 2018/2019 Recurrent and Project Budgets**

Council's 2018/2019 Budget, consists of Recurrent Budget, Operating Projects and Capital Projects Budgets.

## Recurrent Budget

The Recurrent Budget includes the amount of operating income Council will receive in 2018/2019 Financial Year from general rates, service charges, government grants, fees and charges and investment and operating expenditures to provide council's day-to-day operations and services in the course of its normal operating activities (on business as usual basis) such as kerbside rubbish collection, street lighting, parks and ovals maintaining and issuing building consents etc. It 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 the 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 either in upgrading existing assets or the creation of new assets in accordance with the Council's Strategic Plan objectives and Infrastructure and Asset Management Plans.

## 8.1 Sources of Council Revenue

In order to fund its operations and programs, the Council collect revenue from sources such as general rates, fees and charges levied on Council services (Statutory Charges and User Charges), grants from State and Federal Governments, interest income from investing excess cash in short-term investments, reimbursements and other sundry revenue sources. **Figure 2 below** illustrates the main sources of the estimated Council revenues in 2018/2019 Financial Year.

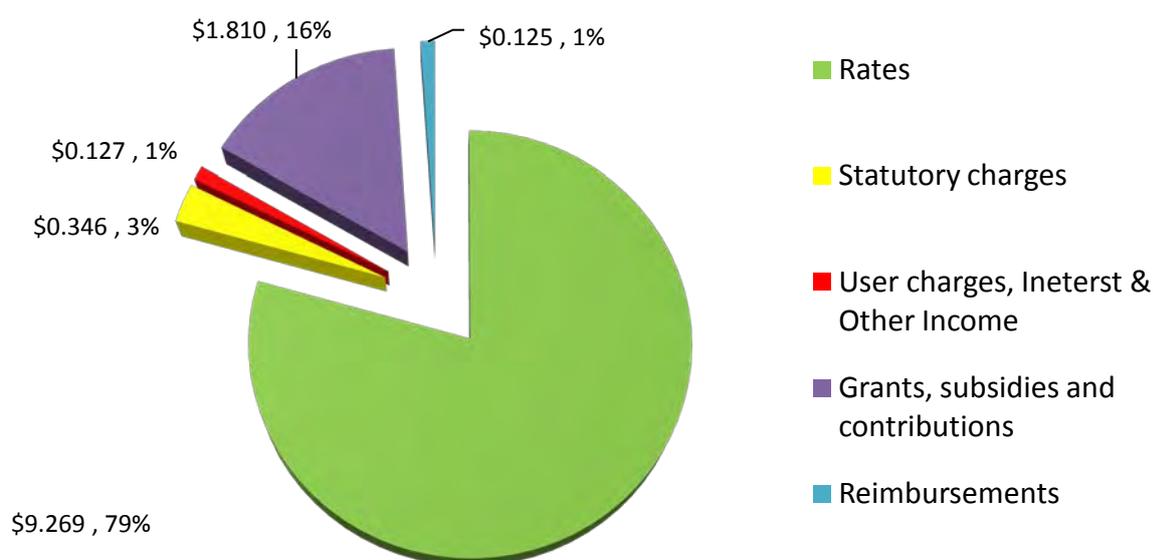


Figure 2: Distribution of Operating Income (Excl. CWMS) in 2018/2019 (\$'000)

## **Rates**

Rates are the main source of funding for the Council. A total of \$9.269m (\$9.073m in 2017/2018) will be collected in 2018/2019 Financial Year, to help pay for essential, non-discretionary services such as citizenship ceremonies, waste collection, management of community infrastructure assets, 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 \$0.346m in 2018/2019 Financial Year which is a 3.12% increase over 2017/2018 budgeted statutory charges of \$0.335m.

## **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 charges for the use of Council facilities, library printing and photocopy charges, Section 7 property searches etc. User charge income is expected to reduce from \$0.143m in 2017/2018 Financial Year to \$0.079m in 2018/2019 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 and contributions from other parties towards property development costs. Grants income has been budgeted based on confirmed funding levels only. The main source of grant to be received by the Council is from Commonwealth Government through the South Australian Local Government Grants Commission \$1.383m (\$1.294m in 2017/2018) and under Roads to Recovery (R2R) program \$0.180m (\$0.360m in 2017/2018). While these grants are untied, Roads to Recovery grant can be spent, at a council's discretion, only on maintaining, renewing, replacing or upgrading existing roads or construction of new roads. Federal Government also reintroduced supplementary local road funding program in the 2017-18 Federal Budget. Accordingly, Adelaide Plains Council is expected to receive \$0.128m next year.

In addition, the Government of South Australia allocates funds annually to support public libraries in South Australia, complementing the funding allocation by individual Councils to public libraries. Accordingly, Council is estimated to receive \$0.026m for the 2018/2019 Financial Year. As part of the implementation of the Regional Natural Resources Management Plan, Adelaide & Mount Lofty Ranges Natural Resources Management (NRM) Board is providing \$0.187m over two years to the Adelaide Plains Council to engage NRM Coastal Conservation Officer.

## **Investment Income**

The Council earns investment income primarily in the form of interest from the investment of cash surpluses throughout the financial year and loan given to community organisations.

## **Reimbursements**

From time to time the Council enters into commercial arrangements under which it performs services on behalf of third parties, and subsequently then seeks reimbursement for undertaking those services. During 2018/2019, it is estimated that the Council will seek reimbursement for \$0.126m compared to \$0.162m in 2017/2018.

## **Other Income**

Other income relates to a range of unclassified items that do not fit within the aforementioned main revenue categories. Council will receive other income of \$0.047m in 2018/2019 Financial Year compared to \$0.014m in 2017/2018.

## **8.2 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.) expenses.

During 2018/2019 Financial Year, employee costs on recurrent operations (excluding CWMS operations and operating projects) are expected to increase to \$4.886m as compared to \$4.708m in 2017/2018, an increase of 3.78% due to combined impact of the staff Enterprise Bargaining Agreement (2% increase in 2018/2019) and two (2) new positions created in the 2017/2018 Financial Year. The budgeted FTEs for 2018/2019 is 53 which is same as the FTEs on 30/06/12, excluding two (2) new positions of 0.80FTEs proposed in the Operating Project budget for 2018/2019. Figure 3 below shows the Adelaide Plains Council's staff levels at the end of each financial year from 2009 and current staff numbers on a full-time equivalent basis.

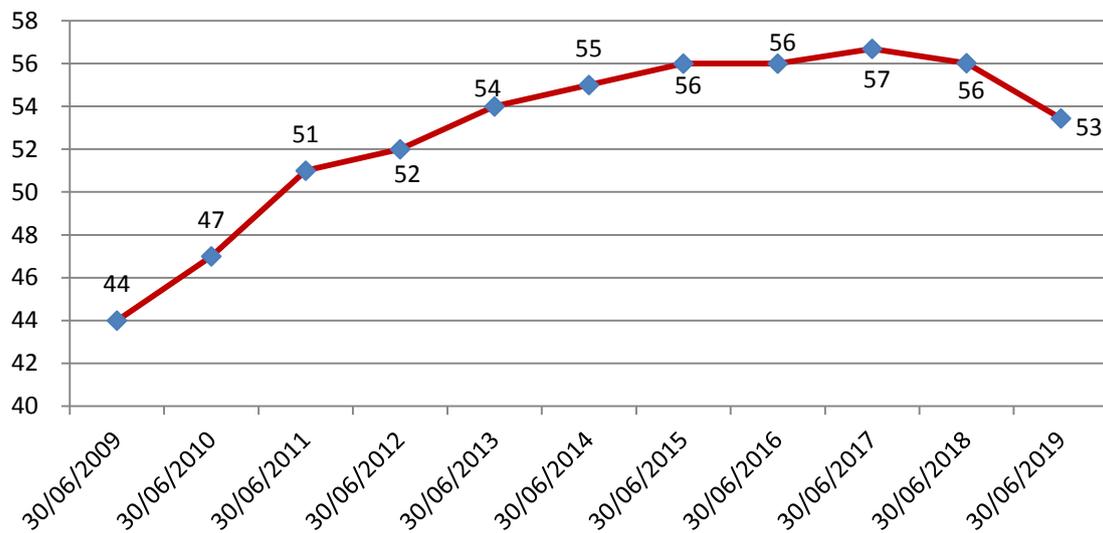


Figure 3: Adelaide Plains Council Workforce (FTEs)

\*Note: 30/06/09 to 30/06/17 are actual staff numbers, 30/06/18 and 30/06/2019 are budgeted staff numbers

### 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 contributions to community groups, advertising, insurances, motor vehicle registrations, payment of the NRM levy and other miscellaneous expenditure.

It is estimated that the Council will spend \$3.954m (excluding CWMS operations and operating projects) in 2018/2019 Financial Year on Materials, Contracts and Other Expenses, compared to \$3.471m in 2017/2018 Financial Year, an increase of \$0.483m or 14% which is due to combined impact of general CPI increase of Council expenses and new kerbside waste collection contract.

### Depreciation, Amortisation and Impairment

Depreciation is an accounting charge which measures the usage of the Council's Property, Plant and Equipment (including infrastructure assets such as roads and drains) over the estimated effective useful life of the assets.

In 2018/2019 the forecast amount of depreciation is \$2.768m compared to \$2.714m for 2017/2018, an increase of \$0.054m or 2.00% due to additional depreciation expenses on new/upgraded assets created in 2016/2017 and 2017/2018.

### 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 current loan portfolio as at June 2018.

Interest costs are expected to decrease by 26% from \$0.245m in 2017/2018 Financial Year to \$0.181m in 2018/2019, mainly due to interest being paid progressively reduced when repaying loan instalments overtime.

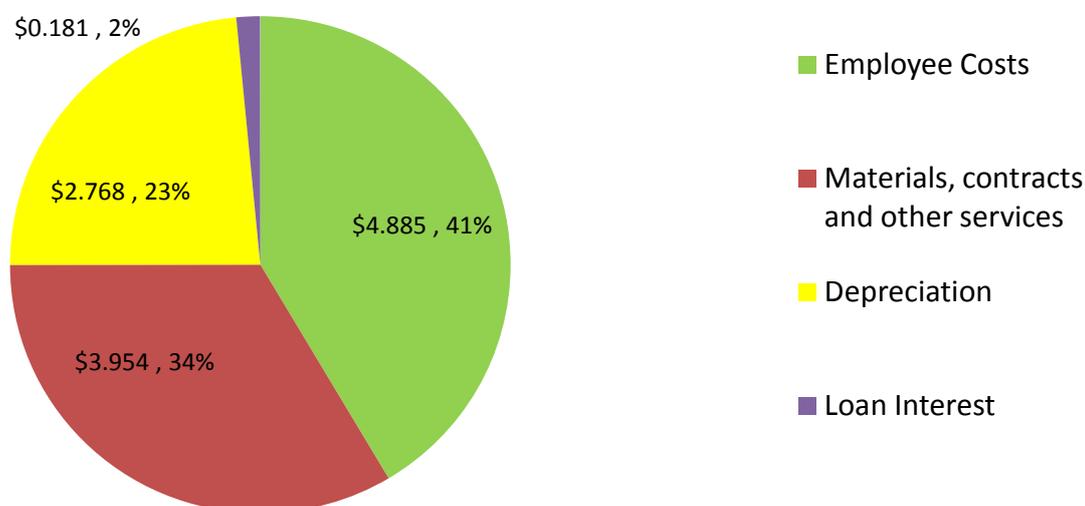


Figure 4: Distribution of Operating Expenses (Excl. CWMS & operating projects) in 2018/2019 (\$'000)

### 8.3 Council income and Expenses by Major Services/Functions

Council budget is structured based on *major* Council services and operations, as follows:

Council Services/Functions	Income	Expenses	Net
Depreciation	-	2,862,956	(2,862,956)
Planning & Compliance	102,830	1,157,767	(1,054,937)
Depot operation	10,900	748,890	(737,990)
Roads Maintenance	-	644,722	(644,722)
Plant Maintenance	-	629,774	(629,774)
Accounting & Finance	15,300	580,917	(565,617)
Council Administration	102,085	616,192	(514,107)
Information Technology	-	466,053	(466,053)
Kerbside Waste Collection	-	447,586	(447,586)
Governance	-	442,512	(442,512)
Parks & Gardens Maintenance	-	375,822	(375,822)

Libraries	27,300	300,233	(272,933)
Loan Interest	-	264,064	(264,064)
Customer Service	10,167	243,155	(232,988)
Building Maintenance	-	177,654	(177,654)
Human Resources Mgt.	-	123,073	(123,073)
Traffic Management	-	110,600	(110,600)
Records Management	-	99,717	(99,717)
Community Services	-	95,484	(95,484)
Environmental Health	32,000	111,411	(79,411)
Assets Management	-	74,600	(74,600)
Public Conveniences	-	67,900	(67,900)
Work, Health & Safety	85,884	152,885	(67,001)
Ovals, Playgrounds & Other Sporting Facilities	-	62,700	(62,700)
Street Lighting	-	50,000	(50,000)
Flood mitigation (Annual contribution to Gawler River Floodplain Management Authority)	-	50,000	(50,000)
Economic Development	-	49,616	(49,616)
Footpaths & kerbing Maintenance	-	43,500	(43,500)
General Inspector	605	36,570	(35,965)
Emergency Services and fire prevention	1,957	37,150	(35,193)
Stormwater Management	-	31,150	(31,150)
Street Cleaning	-	30,000	(30,000)
Waste Disposal Centres	27,260	57,000	(29,740)
Communication	-	27,900	(27,900)
Cemeteries / Crematoria	19,500	45,437	(25,937)
Illegal Roadside Dumping	812	25,398	(24,586)
Heritage	3,039	16,720	(13,681)

Community Events	-	11,580	(11,580)
Children & Youth Services	-	9,600	(9,600)
Community Bus	1,000	10,350	(9,350)
Coastal Conservation	94,314	102,455	(8,141)
Volunteer Administration	-	7,546	(7,546)
Bridges and culverts Maintenance	-	5,000	(5,000)
Community Donations	-	3,000	(3,000)
Other Protection of the Environment	-	1,850	(1,850)
Dog & Cat Control	159,631	134,326	25,305
Community Wastewater Management	219,940	155,891	64,049
Government Grants	1,696,024	-	1,696,024
Rates Administration	9,287,429	323,833	8,963,596
<b>Total (Excluding Operating Projects)</b>	<b>11,897,977</b>	<b>12,122,539</b>	<b>(224,562)</b>

#### 8.4 Budgeted Statement of Comprehensive Income

Council's Statement of Comprehensive Income or Profit & Loss Account which incorporates all operating income and expenses and operating project expenses are provided below in **Table 1**. Accordingly, it is estimated that Council will incur an operational deficit of \$0.572m in 2018/2019 Financial Year, with a 2.50% rate in the dollar increase on existing rate payers and an average valuation increase of 4.16% (as advised by the Valuer General of South Australia as of 01 July 2018) and 0.77% growth from new assessments.

*Table 1: Statement of Comprehensive Income for 2018/2019 Financial Year*

Description	2017/2018	2018/2019		Budget Movement	
	Adopted Budget (\$)	Budget (\$)	Budget (%)	\$	%
<b>OPERATING INCOME</b>					
Rates					

- General Rates Revenue	7,972,995	8,559,550	73.30	586,555	7.36
- Waste Levy	617,826	454,650	3.89	(163,176)	(26.41)
- NRM Levy	169,894	174,777	1.50	4,883	2.87
- Other Rates Income	94,000	80,000	0.69	(14,000)	(14.89)
Statutory charges	335,205	345,661	2.96	10,456	3.12
User charges	142,825	79,456	0.68	(63,369)	(44.37)
Grants, subsidies & contributions	1,679,566	1,810,342	15.50	130,776	7.79
Interest Income	500	500	0.00	-	-
Reimbursements	162,443	126,352	1.08	(36,091)	(22.22)
Other Income	14,968	46,749	0.40	31,781	212.33
<b>TOTAL INCOME</b>	<b>11,190,222</b>	<b>11,678,037</b>	<b>100.00</b>	<b>487,815</b>	<b>4.36</b>

#### OPERATING EXPENSES

Employee Costs	4,707,709	4,885,469	41.44	177,760	3.78
Materials, contracts and other	3,470,735	3,904,159	33.12	433,424	12.49
Depreciation	2,713,693	2,767,966	23.48	54,273	2.00
Interest Expenses	244,571	180,908	1.53	(63,663)	(26.03)
Share of loss from GRFMA	50,000	50,000	0.42	-	-
<b>TOTAL EXPENSES</b>	<b>11,186,708</b>	<b>11,788,502</b>	<b>100.00</b>	<b>601,794</b>	<b>5.38</b>

<b>RECURRENT (DEFICIT)</b>	<b>3,514</b>	<b>(110,465)</b>		<b>(113,979)</b>	<b>(3,243.93)</b>
Net Cost of the CWMS (Mallala & Middle Beach)	(87,850)	(114,097)		(26,247)	29.88
Operating Project Expenses (Table 2)	(819,706)	(347,761)		471,945	(57.57)

## 8.5 2018/2019 Operating Project Program

The Council has resolved to implement eighteen (18) operating projects, costing \$0.348m in 2018/2019 Financial Year, as shown in **Table 2** below.

*Table 2: 2018/2019 Operating Project Budget*

<b>Operating Project Name</b>	<b>Rationale</b>	<b>Cost</b>
1) Relocation - Adelaide Plains Kennel and Obedience Club	A	50,000
2) Relocation – Two Wells Trotting Club (Construction of Horse Shelter, wash bay and ‘tie up’ rails & SA Water Connection)	A	20,000
3) Northern Food Bowl Protection Areas DPA implementation	A/C/D	10,000
4) Two Wells Old Chamber - Salt damp/ Render repairs	B	10,000
5) Two Wells Chambers Stormwater redirection to the street	B/C	5,000
6) Two Wells Oval - SA Water Line upgrade	C	2,000
7) Two Wells Stormwater Mgt. Plan - Southern Levee Design	A/B	30,000
8) Dublin Toilet Block - Septic Upgrade	B/C	10,000
9) Dublin Institute - Back Roof replacement	B/C	5,000
10) Mallala Oval - SA Water Line upgrade	C	7,000
11) Two Wells Library repairs - Fans/Air Conditioner	C	3,000
12) Legatus group regional collaboration work	C	30,000
13) New staff position - IT Support Officer (0.60 FTE)	C/E	42,000
14) Levee Maintenance - Various sites	D	10,000
15) New staff position - Property Officer (0.60 FTE)	E	20,000
16) SA Planning Transition – Collaborative Works Program	E	50,000
17) Upgrade of Council’s Electronic Document and Records System	E	13,761

18) Conduct Council Election 2018	E	30,000
<b>Total Cost of the 2018/2019 Operating Projects Program</b>		<b>347,761</b>

### Rationale

- A. Previous Council resolutions.
- B. Infrastructure and Assets Management Plans.
- C. Staff initiatives to reduce cost and improve productivity/service standard.
- D. Strategic Plan 2017-2020.
- E. Statutory obligations.

## 8.6 2018/2019 Capital Projects Program

Adelaide Plains Council is responsible for a large portfolio of assets with a depreciation expense of \$2.863m approximately per annum. It is therefore critical for the long term sustainability of assets that the Council engages in practises that optimise assets useful lives for the benefit of the community.

To keep up with the service levels identified in the Council's *Infrastructure & Assets Management Plans (I&AMP)* adopted by the Council in 2017, Council has to spend \$2.994m on its assets renewal program for 2018/2019 Financial Year of which \$0.890m will be required on road resealing and \$1.586m on road resheeting. **Table 3** below shows the level of required renewal spending and the new expenditure on new/upgraded assets by asset class over the next four (4) financial years.

*Table 3: Required Four (4) year Capital Investment based on I&AMP*

Asset Class	Four Year Costs	2018/2019	2019/2020	2020/2021	2021/2022
Kerbing	899,266	217,579	255,987	213,537	212,163
Footpath	185,610	155,610	10,000	10,000	10,000
Seal Roads	2,926,795	436,035	1,155,966	591,445	743,349
Seal Roads (R2R)	533,016	533,016	-	-	-
Unseal Roads	4,040,775	1,585,775	855,000	800,000	800,000
Building	766,330	75,000	225,215	322,942	143,173

Structure	86,231	-	86,231	-	-
Site Improvements	552,341	200,000	342,741	5,132	4,468
Levee Program	470,810	176,110	110,110	129,960	54,630
Stormwater	220,000	-	10,000	121,000	89,000
Pump Station	37,485	-	-	37,485	-
Plant	2,827,300	525,000	605,300	962,000	735,000
Furniture	5,000	5,000	-	-	-
Information Technology	356,036	169,161	91,062	74,826	20,987
<b>Total</b>	<b>13,906,996</b>	<b>4,078,287</b>	<b>3,747,612</b>	<b>3,268,327</b>	<b>2,812,770</b>
Renewal	10,880,839	2,994,351	2,891,613	2,733,885	2,260,990
New	2,971,157	1,028,936	855,999	534,442	551,780
Upgrade	55,000	55,000	-	-	-
<b>Total</b>	<b>13,906,996</b>	<b>4,078,287</b>	<b>3,747,612</b>	<b>3,268,327</b>	<b>2,812,770</b>

According to the Statement of Comprehensive Income, the costs of next year's Depreciation, Amortisation & Impairment is \$2.863m. While funds allocated under depreciation is generally spent on the asset renewal, there are no funds available to deliver new or upgraded assets program identified above in **Table 3** unless Council decides to increase rates, or borrow long-term to bridge the funding gap.

Therefore, Council decided to cut \$2.380m from the capital program in **Table 3** of which \$1.540m relates to asset renewal program and \$0.785m relates to spending on new assets. However, any reduction in assets renewal expenditure is a "short-term gain" for a "long-term pain" leading to *intergenerational inequity* unless the community and the Council agree to lower service standards identified in the Council's I&AMP. The updated capital program is expected to cost \$1.698m and its details are provided in **Table 4 below**.

## 8.7 2018/2019 Capital Program in Details

**Table 4** below provides more details on the capital program for 2018/2019 Financial Year.

Table 4: 2018/2019 Capital Project Budget

Capital Project Description	Rationale	Estimated Cost
1) Webb Beach Levees (following Coastal adaptation study)	A	25,000
2) Mallala Museum - Upstairs ceiling	B	25,000
<b>NEW FOOTPATH</b>		
3) Pram Ramp renewal to DDA compliant	B	10,000
<b>SEALING OF UNSEALED ROADS</b>		
4) Gawler River Rd and Old Port Wakefield Rd - Intersection upgrade	B	79,000
<b>RESEALING OF SEALED ROADS</b>		
5) Dublin Rd from Long Plains Rd to RRD 2100m*	B	118,545
6) Dublin Rd from RRD 2100m to Shannon Road*	B	89,885
7) Dublin Rd from Shannon Rd to Powerline Road*	B	108,488
8) Hayman Rd from Old Port Wakefield Rd to Secomb Road	B	36,224
9) Hayman Rd from Secomb Rd to Kathleen Road	B	56,061
10) Hayman Rd from Kathleen Rd to Williams Road	B	65,152
<b>RESHEETING OF UNSEALED ROADS</b>		
11) Calomba Rd from Powerline Rd to Broster Rd**	B	100,985
12) Calomba Rd from Ross Rd to Powerline Rd**	B	50,641
13) Calomba Rd from Balaklava Rd to Franks Rd**	B	88,190
14) Calomba Rd from Franks Rd to Hall Rd	B	84,860
15) Calomba Rd from Hall Rd to Ross Rd	B	46,725
16) Wild Horse Plains Rd from Fourth Street to Slant Rd	B	31,311
17) Wild Horse Plains Rd from Port Wakefield Rd to Fourth Street	B	11,402
18) Wild Horse Plains Rd from Slant Rd to Sandy Brae Rd	B	86,199

19) Pederick Rd from Gawler Rd to Sharpe Rd	B	29,093
20) Williams Rd from Temby Rd to Kenner Rd	B	29,612
21) Williams Rd from Sharpe Rd to Temby Rd	B	40,381
22) Shellgrit Rd from Port Gawler Rd to Buckland Park Rd	B	8,437
23) Brownes Rd from Shellgrit Rd to Port Gawler Rd	B	19,775
24) Brownes Rd from Start of formalised track to Shellgrit Rd	B	17,527
25) Germantown Rd from Kenner Rd to Simpkin Rd	B	54,336
26) Buckland Park Rd from Cowan Rd to Halstead Rd West	B	11,131
27) Buckland Park Rd from Artesian Rd West to Bailey Rd West	B	20,186
28) Buckland Park Rd from Halstead Rd West to Artesian Rd West	B	23,841
29) Buckland Park Rd from Port Wakefield Rd to Cowan Rd	B	18,116
30) Shellgrit Rd from Griggs Rd to Brownes Rd	B	31,268
31) Shellgrit Rd from Brownes Rd to Applebee Rd	B	46,730
32) Shellgrit Rd from Buckland Park Rd to Griggs Rd	B	15,211

#### EQUIPMENT REPLACEMENT

33) Staged Computer/Tablet Hardware Refresh 2018-2023	B/C	74,145
34) Library furniture for the Two Wells Library	B/C	5,000
35) Private Business Wireless Wide Area Network b/w Mallala and TW Offices	C	95,016

#### SITE IMPROVEMENTS

36) Two Wells Cemetery - Cremation wall 50 Plots	C	25,000
37) Two Wells Cemetery - Concrete paths	C	20,000

<b>Total Program Costs</b>		<b>1,698,473</b>
----------------------------	--	------------------

#### Rationale

- A. Previous Council resolutions.
- B. Infrastructure & Assets Management Plans.

C. Staff initiatives to reduce cost and improve productivity/service standard.

**Note**

\* Partially funded by Roads-to-Recovery grant of \$0.180m

\*\* Partially funded by Supplementary Local Road grant of \$0.128m

DRAFT

During 2018-2019, Council intends to dispose off following plants which are deemed to be surplus to requirements.

<b>Plant Name</b>	<b>Estimated Selling Price (\$)</b>
1) Prime Mover	20,000
2) Semi tipper trailer	14,000
3) Low loader	15,000
4) Dozer Cat D6H	100,000
5) Dozer Cat D9L	90,000
6) Grader mounted Free roll	1,500
<b>Total Estimated Income</b>	<b>240,500</b>

### 9. 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 the Council’s decision making in the funding of Council’s 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 Council’s 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).

## 9.1 Current Long-Term Borrowings

As of 30 June 2018, Council is expected to have eight (8) outstanding fixed rates long-term borrowings with a total value of \$4.124m and approximate short-term cash advance (CAD) borrowings of \$1.100m. **Table 5** below shows the details of the outstanding long-term borrowings:

*Table 5: Outstanding Long-term Loans as at 30 June 2018*

Purpose of the Loan	\$	Comment
Gawler River Scheme - Flood Plain Management	32,369	Paid from General Rates income
Gawler River Scheme - Flood Plain Management	159,368	Paid from General Rates income
To purchase community land in Mallala	67,330	Paid from General Rates income
Resource Recovery shed and Ruskin Shannon Rd Development	137,826	Paid from General Rates income
Mallala Bowling Club Synthetic Green	4,262	Paid by Mallala Bowling Club
Funding 2009/2010 Capital Program	437,153	Paid from General Rates income
Funding Mallala Depot Construction and Other Capital Program	1,411,942	Paid from General Rates income
Council investment in Mallala CWMS	1,873,502	Paid from CWMS Charge
<b>Total outstanding long-term loans</b>	<b>4,123,752</b>	

The following two graphs show that outstanding fixed rate loan balance at the end of each financial year and annual interest repayment. Accordingly, after 30 June 2022, Council will only have the Mallala CWMS loan which is self-funded and repaid from the CWMS Charge and not from general rate revenue.

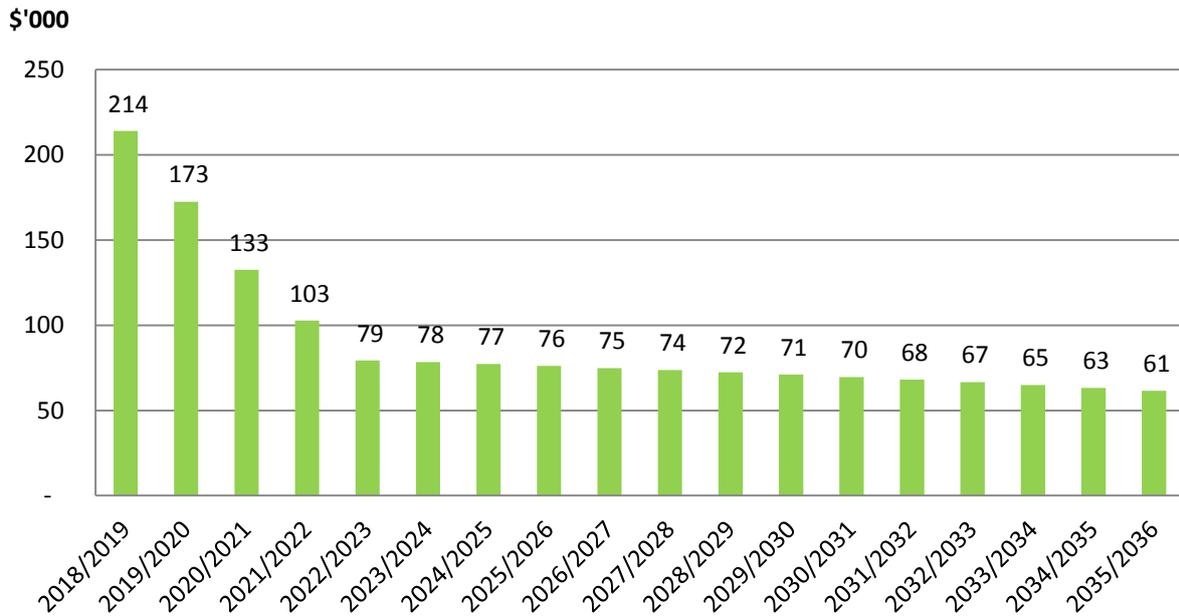


Figure 5: Future Interest Expenses (Including CWMS loan)

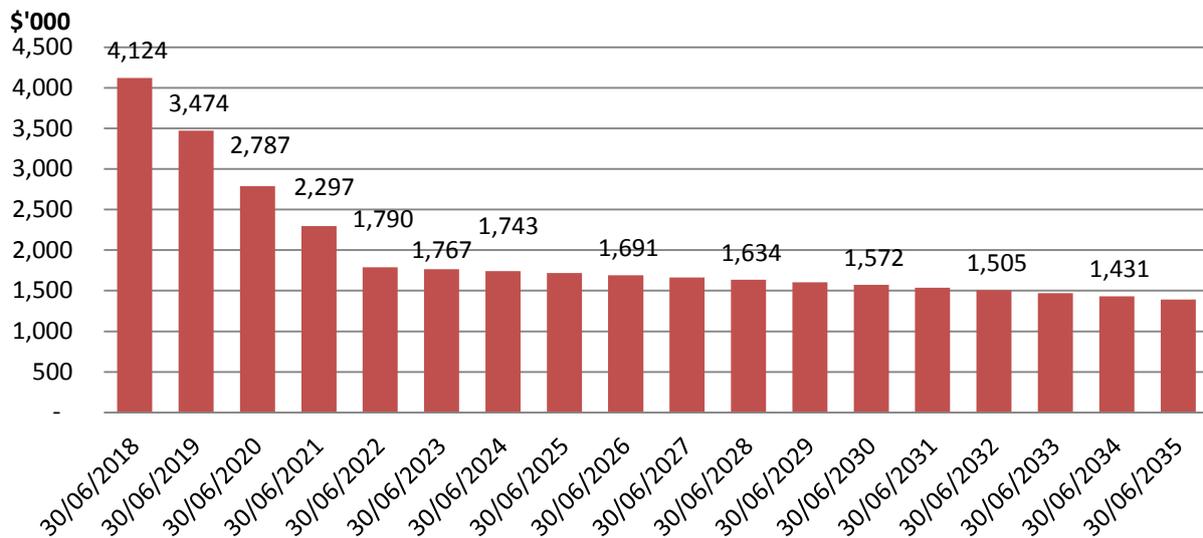


Figure 6: Outstanding Loan Balance (Including CWMS loan)

## 9.2 Proposed new borrowings for 2018/2019 Financial Year

Council is not forecasting any new long-term borrowings for 2018/2019 Financial Year or thereafter.

## 10. Rating Structure and Policy

### 10.1 What are Rates?

Rates are levied as a tax on property in accordance with the provisions of the *Local Government Act 1999*. They are not a service or user charge. Consequently, some property owners, for example, may choose not to use the library but nevertheless make a

contribution 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 73% of total operating income in 2018/2019 and 71% in 2017/2018 Financial Years which is relatively a high percentage compared to other Councils in the region.

## 10.2 Strategic Focus

In proposing its rates for the 2018/2019 Financial Year, Council has considered its *Strategic Plan 2017- 2020*, the current economic climate, specific issues faced by the community, the budget requirements for the 2018/2019 Financial Year and the impact of rates on the community – in particular householders and primary producers.

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

## 10.3 Method Used to Value Land

All land within a council area, is rateable, except for land specifically exempt (eg. 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 2018. 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.

## 10.4 Impact of Rates

General Council rates of a property are determined by two factors:

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

The following tables outline these factors:

Rates in the dollar - As determined by the Council for the past 5 years;

Increate in the rate in the \$ - Annual increase in the rate in the \$; and

Relativity - This shows the relationship between various LUCs where rate in the dollar applicable to commercial and industrial properties is 30% more than that of residential properties and for primary producers it's 9% less than residential properties.

#### Rate in the dollar

Land Used Code	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Residential, Vacant Land & Other	0.0040610	0.0042030	0.0043680	0.0045165	0.0046294
Commercial & Industrial	0.0052873	0.0054640	0.0056780	0.0058711	0.0060178
Primary Production	0.0036991	0.0038210	0.0039710	0.0041060	0.0042087
Fixed Charge	100.00	100.00	100.00	100.00	102.50

#### Increate in the Rate in the dollar

Land Used Code	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Residential, Vacant Land & Other	1.07	3.50	3.93	3.40	2.50
Commercial & Industrial	5.26	3.34	3.92	3.40	2.50
Primary Production	1.26	3.29	3.93	3.40	2.50
Fixed Charge	No increase	No increase	No increase	No increase	2.50

## Relativity

Land Used Code	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Residential, Vacant Land & Other	1.00	1.00	1.00	1.00	1.00
Commercial & Industrial	1.30	1.30	1.30	1.30	1.30
Primary Production	0.91	0.91	0.91	0.91	0.91

*Table 8: Summary of Property Valuation (17 June 2018)*

Land Use	2017/2018 Financial Year		2018/2019 Financial Year (Valuation as at 30 June 2018)				
	No of Properties	Total Property Valuation (\$Mn)	No. of Existing Assessment	Total Existing Properties Valuation (\$Mn)	% Increase in existing properties valuation	No of New Properties	New Property Valuation (\$Mn)
Residential	2,832	878	2,835	901	2.66%	1	0
Commercial	22	5	23	5	11.46%	-	-
Commercial - Other	50	23	51	24	5.72%	1	0
Industry - Light	5	1	5	1	4.00%	-	-
Industry - Other	17	16	17	16	3.37%	-	-
Primary Production	1,408	687	1,403	723	5.15%	1	0
Vacant Land	501	69	502	78	12.39%	64	13
Other	51	12	52	12	4.92%	-	-
<b>Total Rateable</b>	<b>4,886</b>	<b>1,691</b>	<b>4,888</b>	<b>1,761</b>	<b>4.16%</b>	<b>67</b>	<b>14</b>

The average rate increases of each land use category is given below in **Table 6**

*Table 6 : Increase in average rates*

Land Use	2017/2018 Average Rate \$	2018/2019 Average Rate \$	Increase in average rates (%)
Residential	1,536	1,612	4.96
Commercial	1,428	1,555	8.83
Commercial - Other	2,875	3,017	4.92
Industry - Light	1,314	1,398	6.35
Industry - Other	5,573	5,902	5.90
Primary Production	2,131	2,301	7.94
Vacant Land	723	843	16.66
Other	1,170	1,229	5.07
All Land Use Codes	1,647	1,744	5.89

## 10.5 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 ability 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 1999*. 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 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.

## 10.6 Fixed Charge

A Council may impose a fixed amount payable by way of rates, provided that it has not imposed a minimum charge. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one fixed charge is payable by the ratepayer.

In 2017/2018, Council imposed a fixed charge of \$102.50 and the new fixed charge for 2018/2019 Financial Year is \$106.06 and this will be applicable 4,427 rateable properties approximately. Council considers it appropriate that all rateable properties make a base

level contribution to the cost of administering Council's activities and to the cost of creating and maintaining the physical infrastructure that supports each property.

## 10.7 Natural Resource Management Board Levies

The whole of the Council area is located within the boundaries of the Adelaide and Mount Lofty Ranges Natural Resource Management Board. Contributions are sought in 2018/2019 totalling \$0.174m (\$0.170 in 2017/2018). Council is operating as a revenue collector for the Natural Resource Management Boards in this regard. It does not retain this revenue or determine how the revenue is spent.

## 10.8 Service Charges

### Community Wastewater Management System (CWMS)

Council provides a Community Wastewater Management System to residential and commercial properties in Mallala and Middle Beach. **Table 7** below shows the estimated costs of the of operating and maintaining this service for the 2018/2019 Financial Year including funds required to repayment Council loan obtained for the Mallala CWMS Scheme.

*Table 7: CWMS Budget for 2018/2019*

Description	Mallala Scheme	Middle Beach Scheme
CWMS Charge	207,776	21,060
<b>Total Income</b>	<b>207,776</b>	<b>21,060</b>
<b>Less : Operating Expenses and Loan Repayments</b>		
CWMS Rebates	8,896	
Depreciation	88,171	6,819
Salaries and Wages	35,481	1,000
Interest Payments - CWMS Loan	83,156	-
Consultants	5,000	-
Consumables and Hardware	5,500	1,150
Contractors	21,000	-
Electricity	7,500	4,000

Insurance	8,210	650
ESCOSA Licence Fee	1,500	-
Materials	10,000	-
Postage and Freight	100	-
Service Contracts	45,000	7,000
Telephone	1,800	500
Water	500	-
<b>Total Expenses and Loan Repayments</b>	<b>341,304</b>	<b>21,119</b>
<b>Net CWMS Budget</b>	<b>(114,038)</b>	<b>(59)</b>

With regard to Mallala CWMS charges, Council recovers these costs through the imposition of a service charge, which was \$586.00 per unit in 2017/2018 Financial Year for all properties at which the service is available. Where the service is provided to rebated land, a service charge is still levied against the land.

In anticipation of hand over of Mallala CWMS scheme to the Council later this year, Mallala CWMS charges have increased from \$586.00 to \$604.00 (3.07% increase) in order to cover the costs associated with full operation of the scheme including maintenance and loan repayments. The estimated income in **Table 7** above was calculated based CWMS charge of \$604 per connection but notwithstanding this, the total income is not sufficient to cover the cost of operating and capital expenses planned for 2018/2019 Financial Year by \$0.114m.

In relation to the Middle Beach Scheme, the CWMS charge for the “small tank” and “large tank” has remained unchanged at \$405.00 in 2018/2019 Financial Year.

### **Kerbside Waste Collection Program**

The Council also 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 also 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 ambiance of public space.

From February 2018, Council is delivering Kerbside Waste Collection through an external contractor that was organised through Barossa Regional Procurement Group. The full cost of operating and maintaining kerbside waste collection program for 2018/2019 is estimated to

be \$0.448m and based on the savings achieved, Kerbside Waste Collection Charge has been reduced by 30% to \$126.00.

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 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 (\$94.50);
2. If greater than 2 kilometres but less than 5 kilometres, 50% of the annual levy is charged (\$63);
3. If 5 kilometres or more from the resident's access point to their land, no annual levy is charged.

## 10.9 Mandatory Township Refuse Charges

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

## 10.10 Payment of Rates

Under section 181 of the *Local Government Act 1999*, Council must provide the opportunity for all ratepayers to pay rates by quarterly instalments. Council payment dates for the 2018/2019 Financial Year will be **7 September 2018, 7 December 2018, 1 March 2019 and 7 June 2019**.

### Late Payment of Rates

The *Local Government Act 1999* 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 1999*.

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 the 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).

## **10.11 Remission and Postponement of Rates**

### **Postponement of Rates - Hardship**

Section 182 of the *Local Government Act 1999* permits Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates they are invited to contact Council's Rates Officer, on (08) 8527 0200 to discuss the matter. Such enquiries are treated confidentially by Council.

### **Seniors Rate Postponement**

Section 182A of the *Local Government Act 1999* 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 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 Officers on (08) 8527 0200.

## **10.12 Rebate of Rates**

The *Local Government Act 1999* requires Councils to rebate the rates payable for certain land uses. This includes 100% rate rebates 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 Act. Council annually considers many applications for rate rebates and has in the past, and is again for the 2018/2019 Financial Year, proposing to rebate rates charged to various district community and sporting organisations.

### **10.13 Sale of Land for Non-Payment of Council Rates**

The *Local Government Act 1999* 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 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, the Council enforces the sale of land for arrears of rates.

## **11. How to Measure Council Performance**

The measure of the Council's success is driven by the achievement of the strategic objectives outlined in the *Strategic Plan 2017-2020* which also identifies the desired outcomes expected from the strategic objectives. In addition to the strategic outcomes, the Council also measures its achievements through the following non-financial and financial Indicators.

### **Non-Financial Indicators**

To ensure that the Council delivers on the strategic objectives set out in the *Strategic Plan 2017-2020 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, the Council considers a number of factors, one being the future financial sustainability of the Council.

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.

## Operating Surplus/ (Deficit) Ratio

The 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 proposed 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.

**Figure 7** below shows, Adelaide Plains Council's operating results and Operating Surplus/(Deficit) Ratio since 2011/2012 Financial Year. Accordingly it has reported an operating deficit throughout the period, except in two (2) financial years.

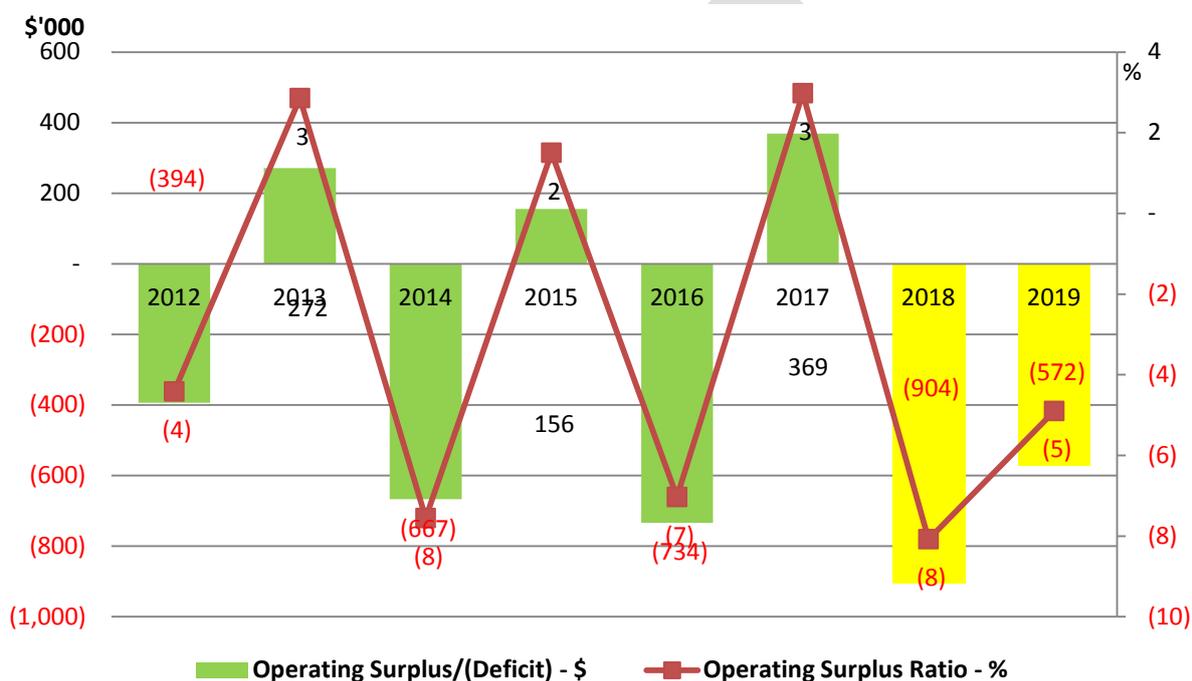
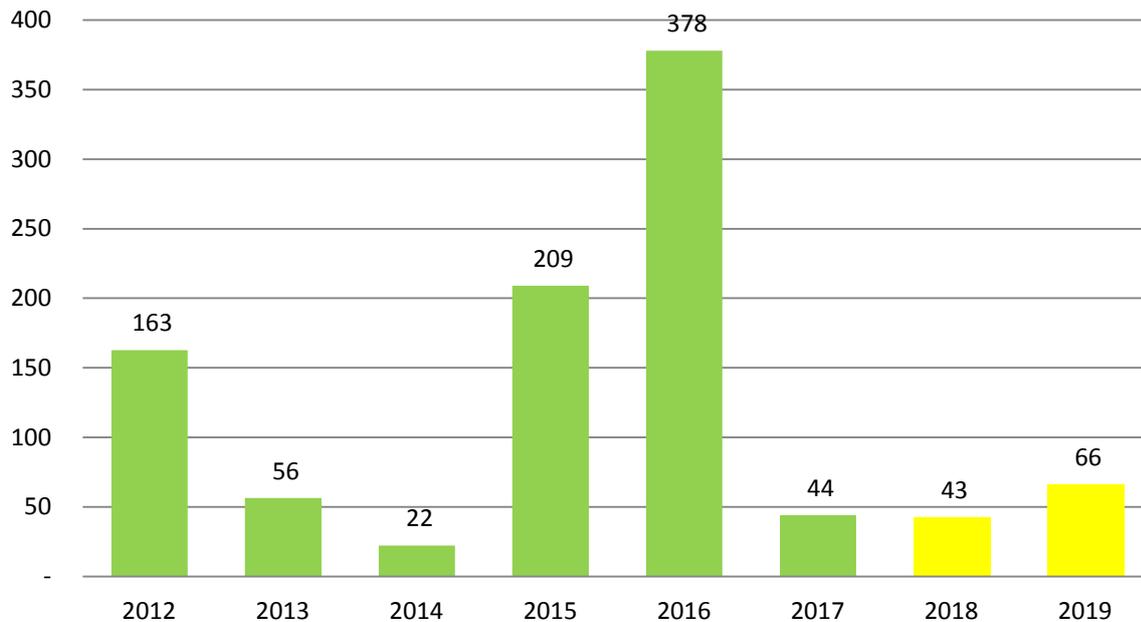


Figure 7: Operating Surplus/(Deficit) Ratio

**Conclusion:** Council has not been achieving the desired level of operating results as recommended by Local Government Association of South Australia.

## Asset Sustainability Ratio

Asset Sustainability Ratio measures whether the 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 Assets Management Plans. However, pending an update to Council's assets register, depreciation has been used as a proxy to the denominator.



*Figure 8: Asset Sustainability Ratio (%)*

**Conclusion:** Council will not be achieving the desired level of Assets Sustainability Ratio as recommended by Local Government Association of South Australia.

### **Net Financial Liabilities Ratio**

This ratio indicates the extent to which the net financial liabilities of the 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, 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.

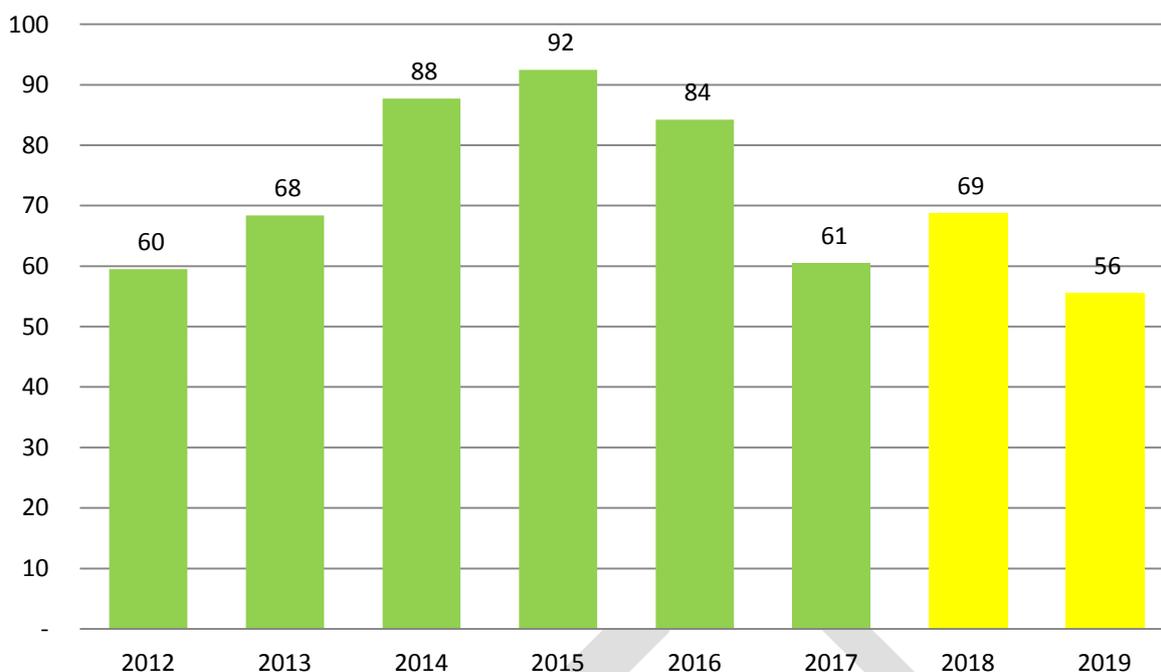


Figure 9: Net Financial Liabilities Ratio (%)

**Conclusion:** Council has been operating within the range recommended by the Local Government Association of South Australia for Net Financial Liability Ratio.

## 12. Long Term Financial Plan 2018/2019 to 2027/2028

### Background

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

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

Section 122(4)(a)(i) the Act requires that the LTFP should be *reviewed* as soon as practical after the adoption of the *Annual Business Plan*. However, section 122(4)(b) of the Act specifies that the Council must undertake a *comprehensive review* of its Long Term Financial Plans within two (2) years after each general election of the council.

The purpose of a Council's LTFP is to express, in financial terms, the activities that it proposes to undertake over the medium to longer term to achieve its stated objectives. It is similar to, but usually less detailed than, the annual budget. Just like the budget, it is a guide for future action although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals. The aggregation of future strategic plans and business initiatives and their intended outlays and anticipated revenues, enables the accumulating overall financial and economic implications to be readily identified and, if warranted, proposed future activities to be revised. The LTFP should specify and take account of:

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

### **12.1 Long Term Financial Objective of the Adelaide Plains Council**

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

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

They are;

### **Principle 1: Breakeven budget**

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

### **Principle 2: Rate Stability**

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

### **Principle 3: Infrastructure and Asset Management**

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

### **Principle 4: Prudent Debt Management**

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

The *Long Term Financial Plan (LTFP)* provides the financial projections and budget framework to guide the development of the detailed annual budget and provide a level of assurance to Elected Members and the community on the sustainability of Council operations.

A 10 year Long Term Financial Plan summarises the financial impacts of Council's strategic directions and provides an indication of the sustainability of these plans. By evaluating our financial strategies over a planning horizon of 10 years, we can determine how decisions we make now and for the 2018/2019 budget will impact on future and ensure the impact of rates is spread equitably across generations of ratepayers so that planned service standards over the long term and infrastructure levels can be met without unplanned and disruptive increases in rates or cuts to services.

The *Long Term Financial Plan* is prospective information. Actual results are likely to vary from the information presented. Consequently, the information presented is prepared on the basis of best estimate assumptions as to future events which Council expects are likely to take place. These estimates arise from information known as at 31 March 2018.

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

- An assessment of Council's current financial position for achieving longer term financial sustainability;
- Alignment with the Strategic Plan;
- Consideration of Council's appropriate role and responsibilities;
- Alignment with Council Programs;

- Alignment with Corporate Programs and internal support strategies;
- Alignment with agreed service provision and delivery standards;
- Alignment with Infrastructure and Asset Management Plans; and
- Costing of proposed strategies before they are agreed.

The LTFP for the period 2019-2028 shows that Council is expected to make operating deficits for the next five (5) financial years with a 3.00% increase in average rate and 0.60% growth. Although the LTFP forecasts an operating surplus from year 6 (2023/2024) onwards, Council should make it priority to return to budget breakeven earlier if possible, without putting more financial burden on the Adelaide Plains community by a combination of actions such as;

- a) Commitment to the annually Adopted Budget without bringing in new spending proposals during the financial year unless they are cost neutral or really necessary to address significant community issues;
- b) Set all council discretionary fees & charges, including service charges on a cost recovery basis;
- c) Commitment to Improve the efficiency & the productivity of the Council operations;
- d) Reduce council's operating/capital expenditure further to a level sustainable & accepted by the Community;
- e) Targeting government grants to supplement Council rates revenue in delivering Council programs (co-contribution from the Council may be required);
- f) Increase Fixed Charge in line with the rate in the dollar;
- g) Implement a freeze on recruitment of staff for new (& unfunded) positions (not the replacement of existing positions); and
- h) Continue to participate in collaborative procurements through LGA Procurement & Barossa Regional Procurement Group (BRPG) to receive group discount on purchases etc.

## **12.2 Assumptions Used in the Preparation of *Long Term Financial Plan***

**Table 8** below summarises the assumptions that were used in the preparation of 2018/2019 Budget and 10 year Long-term Financial Plan for the period *2018/2019 to 2027/2028*.

*Table 8: Assumptions used in preparation of 10 year LTFP*

Description	Assumptions
<b>Rates</b>	
- General Rates	From year 2 to 10 a 3.00% increase in average rate (applicable to existing ratepayers) and 0.60% growth from new assessment.
- CWMS Charge	Average increase of 3.00% per annum
- Reuse Collection Charge	Current rate of \$180 to be reduced by 30% in year 1 and 2.50% increase from year 2 onwards.
- NRM Levy	For year 1: NRM Levy as advised by NRM Board. 2.50% from year 2 to 10.
- Fixed Charge	2.50% increase from year 1 to 10.
Statutory charges	1.30% on average over next 10 years
User charges	1.30% on average over next 10 years
Grants, subsidies and contributions	Based on confirmed grant funding only.
Investment Income	An estimated income of \$500 per year.
Reimbursements	2.00% on average over next 10 years
Other Income	2.00% on average over next 10 years
Employee Costs	2.00% on average over next 10 years
Materials, contracts and other expenses	1.30% on average over next 10 years
Depreciation	2.00% on average over next 10 years
Finance Costs	Based on actual interest payable on existing loans. The expected interest expense on new cash advance loans are to estimate at 3.75%.

The following page shows Council's Long Term Financial Plan for the 10 year period developed based on above assumptions.

**ADELAIDE PLAINS COUNCIL  
LONG TERM FINANCIAL PLAN  
STATEMENT OF COMPREHENSIVE INCOME  
2018/2019 TO 2027/2028**

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
<b>OPERATING INCOME</b>										
Rates	9,488,917	9,821,691	10,166,220	10,522,916	10,892,217	11,274,567	11,670,433	12,080,286	12,504,634	12,943,986
Statutory charges	345,661	350,155	354,705	359,319	363,989	368,721	373,515	378,371	383,289	388,272
User charges	79,456	80,364	81,287	82,221	83,164	84,125	85,095	86,077	87,071	88,079
Grants, subsidies and contributions	1,810,342	1,834,205	1,858,391	1,882,906	1,907,753	1,932,936	1,958,463	1,984,334	2,010,558	2,037,137
Investment Income	500	500	500	500	500	500	500	500	500	500
Reimbursements	126,352	128,879	131,457	134,086	136,767	139,502	142,293	145,138	148,040	151,004
Other Income	46,749	47,683	48,638	49,611	50,602	51,616	52,647	53,699	54,774	55,868
<b>TOTAL INCOME</b>	<b>11,897,977</b>	<b>12,263,477</b>	<b>12,641,198</b>	<b>13,031,559</b>	<b>13,434,992</b>	<b>13,851,967</b>	<b>14,282,946</b>	<b>14,728,405</b>	<b>15,188,866</b>	<b>15,664,846</b>
<b>OPERATING EXPENSES</b>										
Employee Costs	4,983,950	5,083,459	5,184,968	5,288,505	5,394,105	5,501,820	5,611,696	5,723,758	5,838,077	5,954,660
Materials, contracts and other services	4,309,330	4,398,854	4,317,498	4,408,605	4,466,279	4,604,789	4,754,141	4,804,348	4,865,414	4,907,367
Depreciation, Amortisation & Impairment	2,862,956	2,920,216	2,978,621	3,038,193	3,098,957	3,160,934	3,224,154	3,288,637	3,354,409	3,421,499
Finance Costs	264,064	222,545	182,597	152,760	129,405	128,359	127,266	126,124	124,931	123,684
Share of loss - joint ventures & associates	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>TOTAL EXPENSES</b>	<b>12,470,300</b>	<b>12,675,074</b>	<b>12,713,684</b>	<b>12,938,063</b>	<b>13,138,746</b>	<b>13,445,902</b>	<b>13,767,257</b>	<b>13,992,867</b>	<b>14,232,831</b>	<b>14,457,210</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>(572,323)</b>	<b>(411,597)</b>	<b>(72,486)</b>	93,496	296,246	406,065	515,689	735,538	956,035	1,207,636
Asset Disposal & Fair Value Adjustments	240,500	99,000	96,500	143,000	-	-	-	-	-	-
Amounts specifically for new or upgraded assets	-	-	-	-	-	-	-	-	-	-
Physical resources received free of charge	-	-	-	-	-	-	-	-	-	-
<b>NET SURPLUS (DEFICIT)</b>	<b>(331,823)</b>	<b>(312,597)</b>	<b>24,014</b>	<b>236,496</b>	<b>296,246</b>	<b>406,065</b>	<b>515,689</b>	<b>735,538</b>	<b>956,035</b>	<b>1,207,636</b>
<b>OTHER COMPREHENSIVE INCOME</b>										
Changes in assets revaluation surplus	3,023,926	2,661,505	3,135,737	3,187,550	3,251,131	3,325,296	3,399,827	3,495,697	3,594,009	3,705,297
Share of other comprehensive income - GRFMA	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Impairment expense offset to asset revaluation reserve	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,232,103</b>	<b>1,888,908</b>	<b>2,699,751</b>	<b>2,964,046</b>	<b>3,087,377</b>	<b>3,271,361</b>	<b>3,455,516</b>	<b>3,771,235</b>	<b>4,090,044</b>	<b>4,452,933</b>

**ADELAIDE PLAINS COUNCIL  
LONG TERM FINANCIAL PLAN  
STATEMENT OF FINANCIAL POSITION  
2018/2019 TO 2027/2028**

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and cash equivalents	113,157	113,157	113,157	113,157	637,544	1,480,256	1,794,719	2,342,372	2,775,101	3,235,274
Trade & other receivables	584,651	584,651	584,651	584,651	584,651	584,651	584,651	584,651	584,651	584,651
Inventories	266,000	266,000	266,000	266,000	266,000	266,000	266,000	266,000	266,000	266,000
<b>Total Current Assets</b>	<b>963,808</b>	<b>963,808</b>	<b>963,808</b>	<b>963,808</b>	<b>1,488,195</b>	<b>2,330,907</b>	<b>2,645,370</b>	<b>3,193,023</b>	<b>3,625,752</b>	<b>4,085,925</b>
<b>Non-Current Assets</b>										
Financial Assets (Investment in GRFMA)	4,604,408	4,524,408	4,444,408	4,364,408	4,284,408	4,204,408	4,124,408	4,044,408	3,964,408	3,884,408
Infrastructure, Property, Plant and Equipment	103,613,261	104,524,550	106,251,666	108,371,023	110,843,196	113,327,558	116,523,231	119,800,291	123,509,891	127,553,688
Other Non-current Assets	442,400	442,400	442,400	442,400	442,400	442,400	442,400	442,400	442,400	442,400
<b>Total Non -Current Assets</b>	<b>108,660,069</b>	<b>109,491,358</b>	<b>111,138,474</b>	<b>113,177,831</b>	<b>115,570,004</b>	<b>117,974,366</b>	<b>121,090,039</b>	<b>124,287,099</b>	<b>127,916,699</b>	<b>131,880,496</b>
<b>Total Assets</b>	<b>109,623,877</b>	<b>110,455,166</b>	<b>112,102,282</b>	<b>114,141,639</b>	<b>117,058,199</b>	<b>120,305,273</b>	<b>123,735,409</b>	<b>127,480,122</b>	<b>131,542,451</b>	<b>135,966,421</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	1,189,400	1,189,400	1,189,400	1,189,400	1,189,400	1,189,400	1,189,400	1,189,400	1,189,400	1,189,400
Borrowings	1,988,238	1,617,665	1,072,264	170,816	24,287	25,380	26,522	27,715	28,962	28,962
Provisions	827,771	827,771	827,771	827,771	827,771	827,771	827,771	827,771	827,771	827,771
<b>Total Current Liabilities</b>	<b>4,005,409</b>	<b>3,634,836</b>	<b>3,089,435</b>	<b>2,187,987</b>	<b>2,041,458</b>	<b>2,042,551</b>	<b>2,043,693</b>	<b>2,044,886</b>	<b>2,046,133</b>	<b>2,046,133</b>
<b>Non-current Liabilities</b>										
Borrowings	2,984,404	2,297,358	1,790,124	1,766,883	1,742,596	1,717,216	1,690,694	1,662,979	1,634,017	1,605,054
Provisions	194,612	194,612	194,612	194,612	194,612	194,612	194,612	194,612	194,612	194,612
<b>Total Non-current Liabilities</b>	<b>3,179,016</b>	<b>2,491,970</b>	<b>1,984,736</b>	<b>1,961,495</b>	<b>1,937,208</b>	<b>1,911,828</b>	<b>1,885,306</b>	<b>1,857,591</b>	<b>1,828,629</b>	<b>1,799,666</b>
<b>Total Liabilities</b>	<b>7,184,424</b>	<b>6,126,805</b>	<b>5,074,170</b>	<b>4,149,481</b>	<b>3,978,665</b>	<b>3,954,378</b>	<b>3,928,998</b>	<b>3,902,476</b>	<b>3,874,761</b>	<b>3,845,799</b>
<b>NET ASSETS</b>	<b>102,439,453</b>	<b>104,328,361</b>	<b>107,028,112</b>	<b>109,992,158</b>	<b>113,079,534</b>	<b>116,350,895</b>	<b>119,806,411</b>	<b>123,577,646</b>	<b>127,667,689</b>	<b>132,120,622</b>
<b>EQUITY</b>										
Accumulated Surplus	30,632,851	30,320,254	30,344,268	30,580,764	30,877,010	31,283,075	31,798,764	32,534,302	33,490,337	34,697,973
Asset Revaluation Reserve	71,711,652	73,913,157	76,588,893	79,316,443	82,107,574	84,972,870	87,912,697	90,948,394	94,082,402	97,327,699
Other Reserves	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950
<b>TOTAL EQUITY</b>	<b>102,439,453</b>	<b>104,328,361</b>	<b>107,028,112</b>	<b>109,992,157</b>	<b>113,079,534</b>	<b>116,350,895</b>	<b>119,806,411</b>	<b>123,577,646</b>	<b>127,667,689</b>	<b>132,120,622</b>

**ADELAIDE PLAINS COUNCIL  
LONG TERM FINANCIAL PLAN  
STATEMENT OF CHANGES IN EQUITY  
2018/2019 TO 2027/2028**

	2018/2019 YEAR 1	2019/2020 YEAR 2	2020/2021 YEAR 3	2021/2022 YEAR 4	2022/2023 YEAR 5	2023/2024 YEAR 6	2024/2025 YEAR 7	2025/2026 YEAR 8	2026/2027 YEAR 9	2027/2028 YEAR 10
<b>ACCUMULATED SURPLUS</b>										
Balance at end of previous reporting period	30,964,674	30,632,851	30,320,254	30,344,268	30,580,764	30,877,010	31,283,075	31,798,764	32,534,302	33,490,337
Net Result for Year	(331,823)	(312,597)	24,014	236,496	296,246	406,065	515,689	735,538	956,035	1,207,636
<b>Balance at end of period</b>	<b>30,632,851</b>	<b>30,320,254</b>	<b>30,344,268</b>	<b>30,580,764</b>	<b>30,877,010</b>	<b>31,283,075</b>	<b>31,798,764</b>	<b>32,534,302</b>	<b>33,490,337</b>	<b>34,697,973</b>
<b>ASSET REVALUATION RESERVE</b>										
Balance at end of previous reporting period	69,147,726	71,711,652	73,913,157	76,588,893	79,316,443	82,107,574	84,972,870	87,912,697	90,948,394	94,082,402
Gain on revaluation of infrastructure, property, plant & equipment	3,023,926	2,661,505	3,135,737	3,187,550	3,251,131	3,325,296	3,399,827	3,495,697	3,594,009	3,705,297
Impairment (expense) / recoupments offset to asset revaluation	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)	(430,000)
Share of other comprehensive income - equity accounted investments	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
<b>Balance at end of period</b>	<b>71,711,652</b>	<b>73,913,157</b>	<b>76,588,893</b>	<b>79,316,443</b>	<b>82,107,574</b>	<b>84,972,870</b>	<b>87,912,697</b>	<b>90,948,394</b>	<b>94,082,402</b>	<b>97,327,699</b>
<b>OTHER RESERVES</b>										
Balance at end of previous reporting period	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950
<b>Balance at end of period</b>	<b>94,950</b>									
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>102,439,453</b>	<b>104,328,361</b>	<b>107,028,111</b>	<b>109,992,157</b>	<b>113,079,534</b>	<b>116,350,895</b>	<b>119,806,411</b>	<b>123,577,646</b>	<b>127,667,689</b>	<b>132,120,622</b>

**ADELAIDE PLAINS COUNCIL  
LONG TERM FINANCIAL PLAN  
STATEMENT OF CASH FLOWS  
2018/2019 TO 2027/2028**

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<i>Receipts</i>										
Rates - general & other	9,488,917	9,821,691	10,166,220	10,522,916	10,892,217	11,274,567	11,670,433	12,080,286	12,504,634	12,943,986
Fees & other charges	345,661	350,155	354,705	359,319	363,989	368,721	373,515	378,371	383,289	388,272
User charges	79,456	80,364	81,287	82,221	83,164	84,125	85,095	86,077	87,071	88,079
Investment receipts	500	500	500	500	500	500	500	500	500	500
Grants utilised for operating purposes	1,810,342	1,834,205	1,858,391	1,882,906	1,907,753	1,932,936	1,958,463	1,984,334	2,010,558	2,037,137
Reimbursements	126,352	128,879	131,457	134,086	136,767	139,502	142,293	145,138	148,040	151,004
Other revenues	46,749	47,683	48,638	49,611	50,602	51,616	52,647	53,699	54,774	55,868
<i>Payments</i>										
Employee costs	(4,983,950)	(5,083,459)	(5,184,968)	(5,288,505)	(5,394,105)	(5,501,820)	(5,611,696)	(5,723,758)	(5,838,077)	(5,954,660)
Materials, contracts & other expenses	(4,309,330)	(4,398,854)	(4,317,498)	(4,408,605)	(4,466,279)	(4,604,789)	(4,754,141)	(4,804,348)	(4,865,414)	(4,907,367)
Finance payments	(264,064)	(222,545)	(182,597)	(152,760)	(129,405)	(128,359)	(127,266)	(126,124)	(124,931)	(123,684)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>2,340,633</b>	<b>2,558,619</b>	<b>2,956,135</b>	<b>3,181,689</b>	<b>3,445,203</b>	<b>3,616,999</b>	<b>3,789,843</b>	<b>4,074,175</b>	<b>4,360,444</b>	<b>4,679,135</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<i>Receipts</i>										
Sale of replaced assets	240,500	99,000	96,500	143,000	-	-	-	-	-	-
<i>Payments</i>										
Expenditure on renewal/replacement of assets	(1,454,457)	(1,600,000)	(2,000,000)	(2,400,000)	(2,750,000)	(2,750,000)	(3,450,000)	(3,500,000)	(3,900,000)	(4,190,000)
Expenditure on new/upgraded assets	(244,016)	-	-	-	-	-	-	-	-	-
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(1,457,973)</b>	<b>(1,501,000)</b>	<b>(1,903,500)</b>	<b>(2,257,000)</b>	<b>(2,750,000)</b>	<b>(2,750,000)</b>	<b>(3,450,000)</b>	<b>(3,500,000)</b>	<b>(3,900,000)</b>	<b>(4,190,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<i>Receipts</i>										
Proceeds from New Borrowings	-	-	-	-	-	-	-	-	-	-
<i>Payments</i>										
Repayments of Borrowings	(882,660)	(1,057,619)	(1,052,635)	(924,689)	(170,816)	(24,287)	(25,380)	(26,522)	(27,715)	(28,962)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(882,660)</b>	<b>(1,057,619)</b>	<b>(1,052,635)</b>	<b>(924,689)</b>	<b>(170,816)</b>	<b>(24,287)</b>	<b>(25,380)</b>	<b>(26,522)</b>	<b>(27,715)</b>	<b>(28,962)</b>
<b>Net Increase (Decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>524,387</b>	<b>842,712</b>	<b>314,463</b>	<b>547,653</b>	<b>432,729</b>	<b>460,173</b>
Cash & cash equivalents at beginning of period	113,157	113,157	113,157	113,157	113,157	637,544	1,480,256	1,794,719	2,342,372	2,775,101
<b>Cash &amp; cash equivalents at end of period</b>	<b>113,157</b>	<b>113,157</b>	<b>113,157</b>	<b>113,157</b>	<b>637,544</b>	<b>1,480,256</b>	<b>1,794,719</b>	<b>2,342,372</b>	<b>2,775,101</b>	<b>3,235,274</b>

**ADELAIDE PLAINS COUNCIL  
LONG TERM FINANCIAL PLAN  
UNIFORM PRESENTATION OF FINANCES  
2018/2019 TO 2027/2028**

	2018/2019 YEAR 1	2019/2020 YEAR 2	2020/2021 YEAR 3	2021/2022 YEAR 4	2022/2023 YEAR 5	2023/2024 YEAR 6	2024/2025 YEAR 7	2025/2026 YEAR 8	2026/2027 YEAR 9	2027/2028 YEAR 10
Operating Revenues	11,897,977	12,263,477	12,641,198	13,031,559	13,434,992	13,851,967	14,282,946	14,728,405	15,188,866	15,664,846
<i>less</i> Operating Expenses	(12,470,300)	(12,675,074)	(12,713,684)	(12,938,063)	(13,138,746)	(13,445,902)	(13,767,257)	(13,992,867)	(14,232,831)	(14,457,210)
Operating Surplus / (Deficit) before Capital Amounts	(572,323)	(411,597)	(72,486)	93,496	296,246	406,065	515,689	735,538	956,035	1,207,636
<b><i>less</i> Net Outlays on Existing Assets</b>										
Capital Expenditure on renewal and replacement of Existing Assets	1,454,457	1,600,000	2,000,000	2,400,000	2,750,000	2,750,000	3,450,000	3,500,000	3,900,000	4,190,000
<i>less</i> Depreciation, Amortisation and Impairment	(2,862,956)	(2,920,216)	(2,978,621)	(3,038,193)	(3,098,957)	(3,160,934)	(3,224,154)	(3,288,637)	(3,354,409)	(3,421,499)
<i>less</i> Proceeds from Sale of Replaced Assets	(240,500)	(99,000)	(96,500)	(143,000)	-	-	-	-	-	-
	(1,648,999)	(1,419,216)	(1,075,121)	(781,193)	(348,957)	(410,934)	225,846	211,363	545,591	768,501
<b><i>less</i> Net Outlays on New and Upgraded Assets</b>										
Capital Expenditure on New and Upgraded Assets	244,016	-	-	-	-	-	-	-	-	-
<i>less</i> Amounts received specifically for New and Upgraded Assets	-	-	-	-	-	-	-	-	-	-
	244,016	-	-	-	-	-	-	-	-	-
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>832,660</b>	<b>1,007,619</b>	<b>1,002,635</b>	<b>874,689</b>	<b>645,203</b>	<b>816,999</b>	<b>289,843</b>	<b>524,175</b>	<b>410,444</b>	<b>439,135</b>

### 12.3 Long Term Financial Indicators

The following graph shows, Adelaide Plains Council’s forecast 10-year operating results and Operating Surplus/(Deficit) Ratio from 2018/2019 Financial Year. With a 3.00% increase in average Council rates and a 0.60% growth for the next 10 years, Council is in a position to gradually reduce its operating deficit and from 2023/2024 onwards Council will be delivering operating surplus.

#### Operating Surplus/(Deficit) Ratio

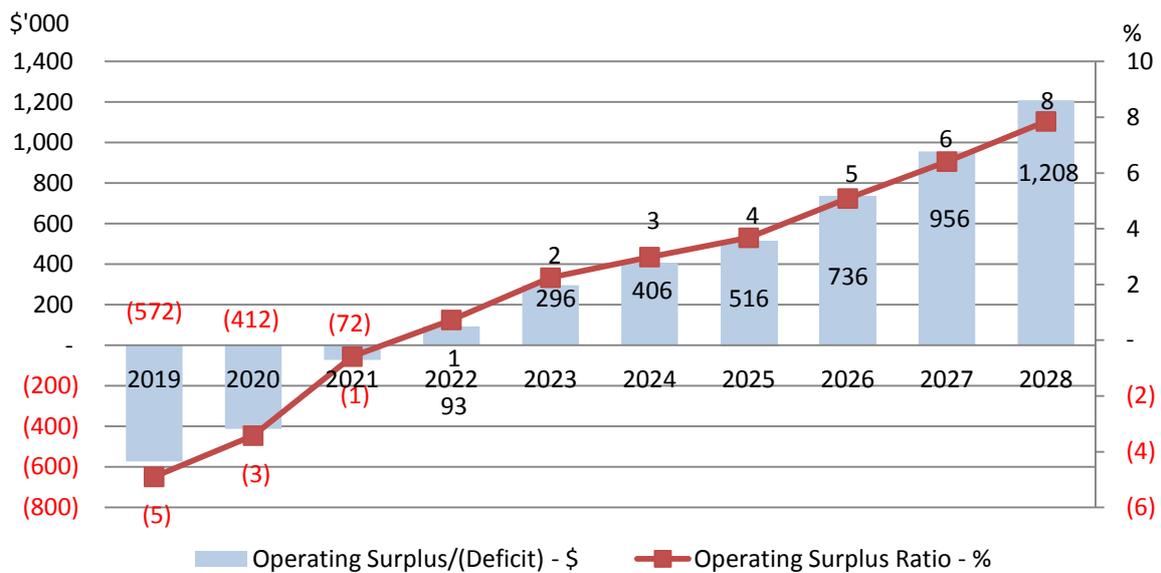


Figure 10: Operating Surplus/Deficit Ratio

**Note:** Financial Sustainability Information Paper 9 of the LGA recommend an Operating Surplus Ratio of between 0% and 15% on average over long term.

## Asset Sustainability Ratio

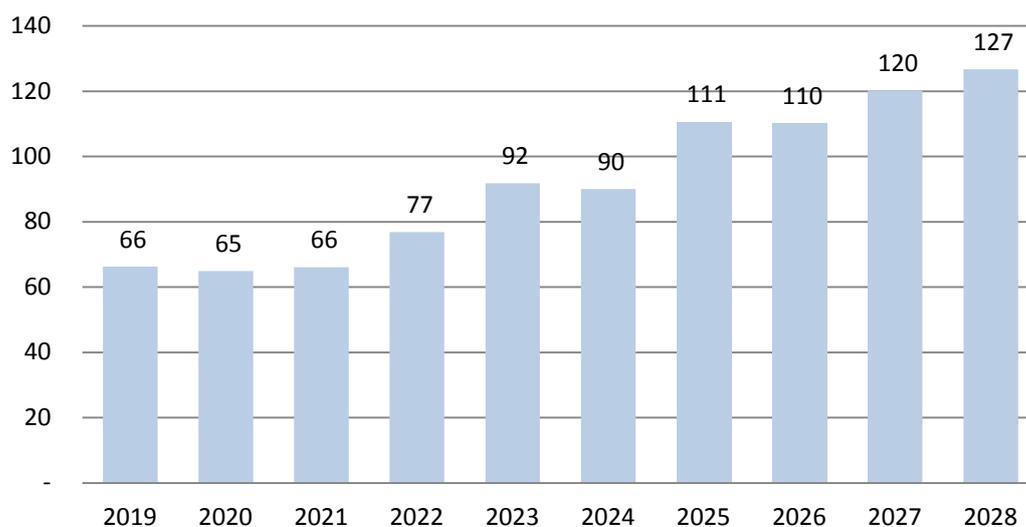


Figure 11: Asset Sustainability Ratio (%)

**Note:** Financial Sustainability Information Paper 9 of the LGA recommend an Asset Sustainability Ratio of greater than 90% but less than 110% on average over long term.

## Net Financial Liabilities Ratio

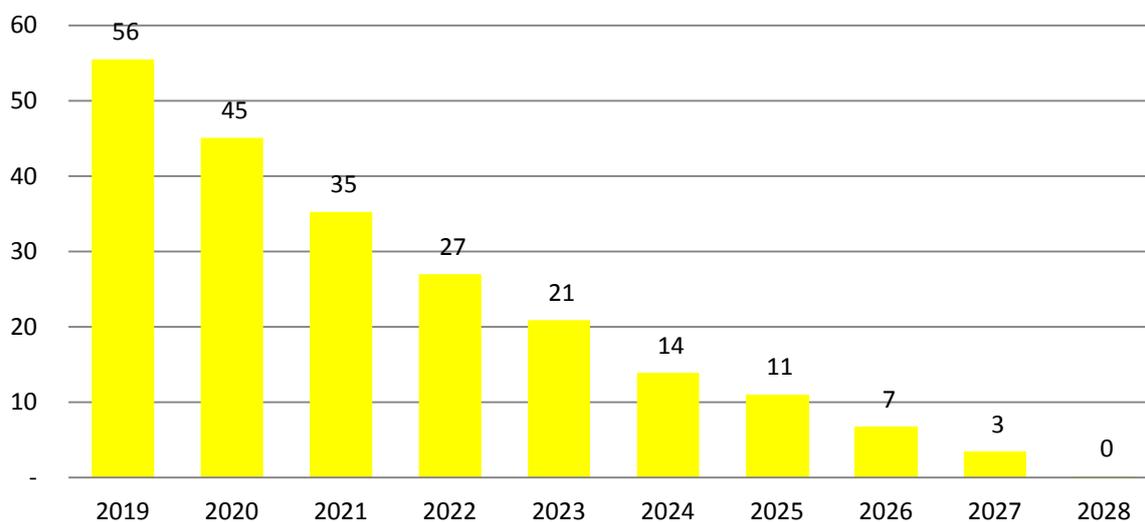


Figure 12: Net Financial Liabilities Ratio (%)

**Note:** Financial Sustainability Information Paper 9 of the LGA recommend a Net Financial Liabilities Ratio of greater than zero but no more than 100% of total operating revenue on average over long term.

# Attachment 2 to Item 4.2

---

**From:** John Comrie [comrie@internode.on.net]  
**Sent:** Friday, 6 July 2018 2:47 PM  
**Subject:** APC 18/19 Budget

James, good to talk this morning. I've reviewed the draft agenda item and passed some comments on to Raj. In discussion with the Council I'd highlight:

Efforts to 'balance' the budget by council have effectively focussed on ensuring all proposed 'outlays' can be accommodated without the need to borrow further. (A simple 'balanced cash budget' if you like.)

Various 'financial sustainability' guidance work undertaken by the LGA (and supported by your audit committee) has suggested that a more appropriate focus is on a council's long-run or ongoing underlying (ie net of one-off factors) operating result. The operating result (operating revenue less operating expenses (including depreciation)) for example would not be impacted directly by expenditure on asset renewal (since it is of a capital nature and therefore not recorded as an operating expense) whereas such expenditure would have an adverse impact on a 'cash budget'.

Council's draft budget currently projects an operating deficit for 18/19 of \$572, 323. Council should aim to achieve a better than break-even result on average over the longer-term but it is not essential this occur every year. Council has traditionally incurred deficits and this is why it has not traditionally had sufficient cash for all warranted asset renewal. (Breaking even would effectively generate revenue to fully offset depreciation and this in turn would ensure about enough cash is generated on average over time to replace existing assets when required.)

Council's draft long-term financial plan (based on the draft 18/19 budget) suggests with modest (3% pa) rate increases beyond 2018/19 that Council will achieve an operating breakeven result in 2021/22 and ongoing rising operating surpluses thereafter. No doubt further yet unidentified expenditure proposals will arise but the projections show that Council is on track to achieve financial sustainability. If Council is comfortable with the assumptions (eg revenue and expenditure proposals upon which the LTFP is based) I wouldn't be overly concerned with the forecast operating deficit for 18/19. Yes, it would be nice if it was smaller but it is manageable and with further ongoing care and discipline Council is on the right track to be financially sustainable.

Of course the possible introduction of rate capping from 2019/20 would generate additional challenges but if arrangements introduced closely follow those in place in Victoria (the rate increase cap there is 2.25% this year) I would envisage Council would be successful if it needed to apply for a rate increase beyond the cap in future if need be. The alternative of course would be a further cut in expenditure (and possible service levels).

Regards

John Comrie

JAC Comrie Pty Ltd

Tel: (08) 8350 0223

Mob: 0414 516 566

Email: [john@jaccomrie.com.au](mailto:john@jaccomrie.com.au)

URL: [www.jaccomrie.com.au](http://www.jaccomrie.com.au)

Regards

John Comrie

JAC Comrie Pty Ltd

Tel: (08) 8350 0223

Mob: 0414 516 566

Email: [john@jaccomrie.com.au](mailto:john@jaccomrie.com.au)

URL: [www.jaccomrie.com.au](http://www.jaccomrie.com.au)

---

This email has been scanned by the Symantec Email Security.cloud service.  
For more information please visit <http://www.symanteccloud.com>

---