



Draft 2020-2021 Annual Business Plan and Budget

For Public Consultation

Image: Thompson Beach

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1. Preamble

Under section 123 of the *Local Government Act 1999* (the Local Government Act), a council must have a budget for each financial year. This budget must be considered in conjunction with the council's annual business plan (and be consistent with that plan) and must be adopted before 31 August for the financial year.

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

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

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

This document presents the draft Annual Business Plan, Budget for 2020/2021 Financial Year and draft 10-year Long-term Financial Plan for the Adelaide Plains Council for public comment. These draft documents have been developed in consultation with the Council Members, Infrastructure & Environment Committee, Audit Committee and the Council management, in the context of Council's Strategic Plan 2017-2020.

2. Foreword from the Mayor

2020 will be a year remembered for a very long time. The invisible virus known as COVID-19 has brought nations across the globe to a standstill. Now more than ever, all levels of government have had to rapidly change and adjust how they can attempt to continue providing help, assistance and leadership.

On a local scale, Adelaide Plains Council is making many changes to ensure our community and staff are kept safe while still maintaining as many services as possible. The next 12 months for all of us will be like no other.

Our Annual Business Plan and Budget for 2020/2021 is quite different from our expectations six (6) months ago. The standing down of millions of working Australians, the closing of most non-essential businesses, restrictions on gatherings together with the uncertainty this all brings has demanded a strong review of services, rate impacts and revenue streams by Council.

Several important initiatives have already been implemented by Council to reduce the impact of unemployment and financial hardship on the household budgets. Council staff have been rigorously modelling financial scenarios on how to best manage the difficulties faced by providing services to the community.

You have my assurance that 2020/2021 Annual Business Plan and Budget has been developed to take into account the difficult times we are all in and how to minimise the effects of a devastating health and financial crisis on our community.



Mark Wasley

Mayor

3. Message from the Chief Executive Officer

In the COVID-19 world that we now live in, it is even more critical that I, as Chief Executive Officer, present to the elected body a draft budget that is cognisant of the various pressures and expectations placed on Council by our community, our residents and our business sector.

With employment and investment having taken a huge 'hit' as a result of the COVID-19 pandemic, Council needs to remain agile, flexible and adaptable in its financial management. Only those services considered essential need be delivered and only those infrastructure projects identified in the Infrastructure and Asset Management Plan ought to be undertaken.

Concessions and hardship provisions have been introduced to lessen the impact on our ratepayer base as a further measure of support while a nil increase in the rate in the dollar provides additional relief during these unprecedented times. In addition, I have elected to present no new labour to the Chamber and am currently in negotiations with staff on the Enterprise Bargaining Agreement with a view of placing downward pressure on salaries.

Securing significant funding revenue under the Regional Vision initiative will see major regionally significant projects funded and delivered across platforms of tourism, roads and stormwater management. Again, through these means we lessen the impact on our ratepayer base and simultaneously stimulate our economy.

With \$700,000 already secured for the exciting Two Wells Main Street redevelopment, coupled with further funding submissions currently being considered by State and Federal Government, I anticipate a major transformation of our public realm, much, if not all of which, delivered at no cost to our ratepayers.

And finally, the financial year will see APC firmly at the table with the Gawler River Floodplain Management Authority (GRFMA) constituent councils seeking to lessen our financial burden on infrastructure contributions pursuant to the GRFMA Charter.

I commend the draft 2020/2021 Annual Business Plan and Budget to the elected body and the community for its consideration.

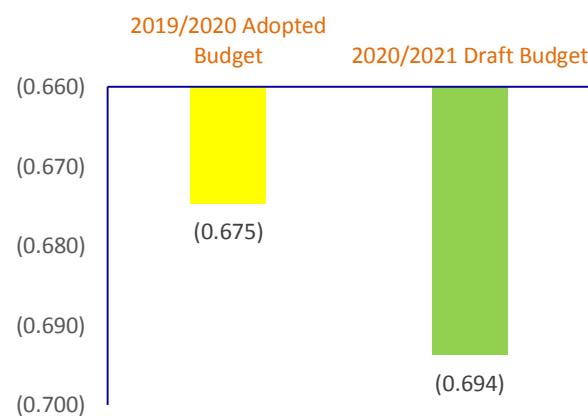


James Miller

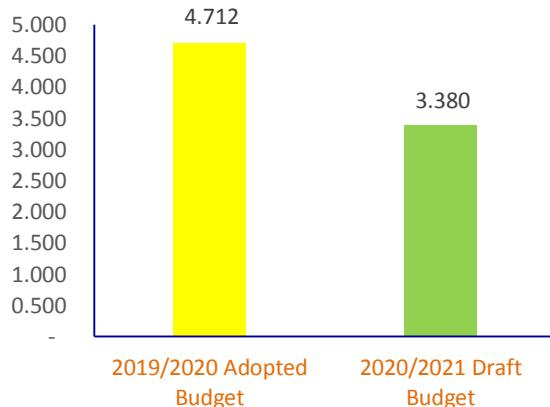
Chief Executive Officer

4. Summary of 2020/2021 Budget

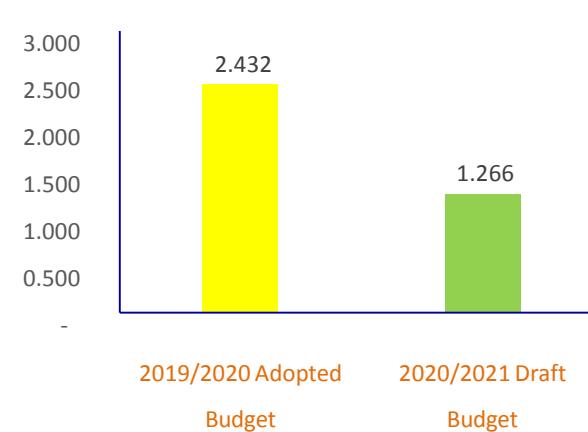
Operating Deficit (\$'Mn)



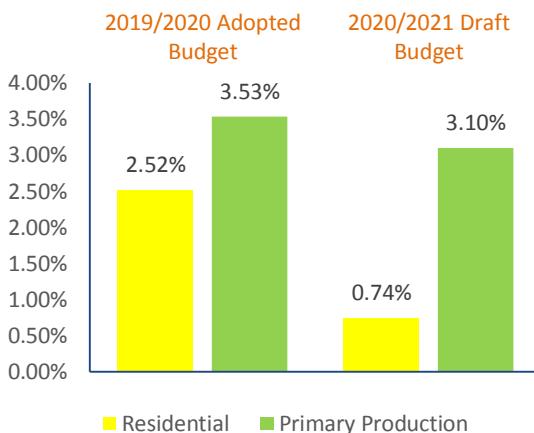
Investment in Infrastructure/assets (\$'Mn)



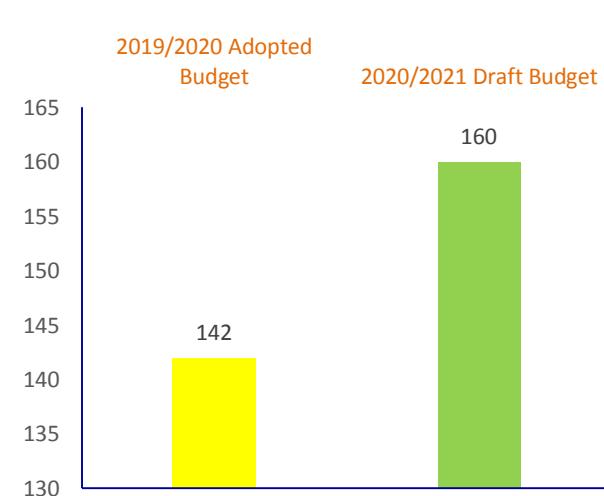
New Borrowings (\$'Mn)



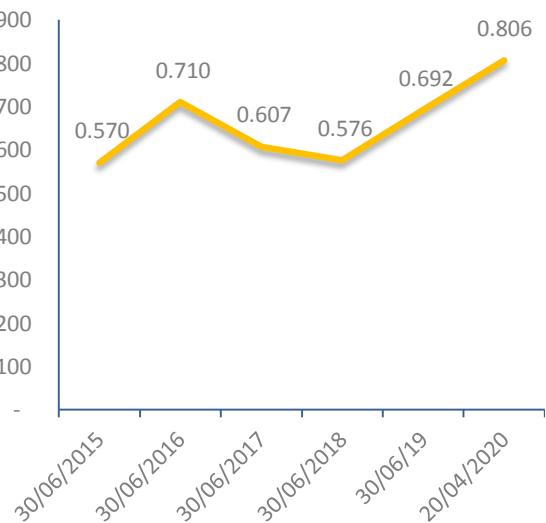
Average Rate Increase (%)



Waste Levy (\$)



Overdue Council Rates (\$'Mn)



5. Strategic Plan 2017-2020

Under the Focus area “**4.5 Accountable & Sustainable Governance**”, the following Council strategies have budgetary implications, in 2020/2021 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

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 “*2020/2021 Annual Business Plan, Budget and 2021-2030 Long Term Financial Plan*”, has been on ensuring that 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 this year or in future years.

6. Infrastructure and Asset Management Plan (I&)

One of the six (6) priorities in 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**”, Council’s objective is to ensure that 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; and

- 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 Infrastructure and Asset Management Plans (I&)*.

7. Significant Budget Influences and Priorities

The Annual Business Plan is Council's key annual operational and financial planning document. It describes what services and projects Council plans to deliver to the community in the 2020/2021 Financial Year and how to finance those planned services and projects.

The Annual Business Plan has been developed in the context of delivering Council's long term strategic direction as set out in the *Strategic Plan 2017-2020* and *Infrastructure and Asset Management Plans (I&)*, and as required under the Local Government Act.

In this context, in preparing 2020/2021 Annual Business Plan (ABP) and Budget, Council has considered several significant factors/assumptions. These include:

- **External Budget Influences**

- The impact of COVID-19 on the residents and businesses of Adelaide Plains Council and on the Australian economy in general with higher unemployment, underemployment and closure of businesses;
- The impact of six (6) months rates postponement to provide assistance to those ratepayers who are impacted by COVID-19 which could potentially increase Council's overdue rates and reliance on short-term borrowings to deliver its services;
- New residential development, specially in Two Wells could be slowed due to COVID-19, resulting a reduction in development application fee income and growth in rates income;
- China's "National Sword" policy, enacted in January 2018, banned the import of most plastics and other materials from Countries like Australia. This resulted in a significant increase in waste disposal costs within Australia;
- Substantial increase in Solid Waste Levy by the South Australian government from 1 July 2019 (Waste levy applicable to Adelaide Plains Council has increased from \$55 per tonne from 1 July 2019 to \$70 per tonne from 1 January 2020) has resulted in a substantial increase in Council's Waste Levy for 2019/2020. This upward trend in waste disposal costs is expected to continue in to 2020/2021 Financial Year;
- Need to increase focus in compliance issues with regard to fire prevention due to lack of rainfall within the district and heightened fire danger;
- Increase in community demand for new assets such as sealing of unsealed roads and stormwater drainage;
- Adelaide Consumer Price Index (CPI) of 2.10% for the year ending 31 December 2019;
- Local Government Price Index (LGPI) of 1.60% for the year ending 31 December 2019;
- The CPI for South Australia in 2020/2021 is expected to be 1.75% as per 2019/2020 Mid-Year Budget Review of Government of South Australia;

- Local Government Price Index (LGPI) is 0.37% above Adelaide CPI for the last six (6) years. Therefore, the expected LGPI in 2020/2021 is 2.12%;
- Assets rationalisation - Potential to engage community organisations and groups to manage community assets;
- The estimated resident population within the district as per Australian Bureau of Statistics is 9,137 on 30 June 2019 (9,059 as at 30 June 2018); and
- Potential flood mitigation works by Gawler River Floodplain Management Authority that is expected to cost a significant amount of money, however the GRFMA's current policy position is such that no capital costs for the proposed Northern Floodway are borne by constituent councils and therefore not factors in Council's annual budget or long-term financial plans.

- **Internal Budget Influences**

- Cost of maintaining infrastructure assets handed over to the Council from Eden housing development in Two Wells.
 - Civil assets - stages 1 to 5
 - Landscaping assets - stage 1
 - Stormwater assets - stages 1 to 5
- Budget for next financial year will be developed on the assumption that above infrastructure will have same service level as previously provided by the developer unless Council decides otherwise;
- Overdue Rates balance was \$806,000 as at 20 April 2020;
- Additional depreciation expenses associated with significant infrastructure spending made in 2019/2020 financial year;
- Increase in salaries/wages as per enterprise bargaining agreement to be negotiated. However, negotiations are currently on hold due to uncertainties around the social and economic impact of COVID-19;
- 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;
- Council need to focus on continuous process improvements to deliver internal efficiency and costs savings to the community; and
- Requirements to maintain and improve infrastructure assets to acceptable standards including roads, kerbing, footpaths, Community Waste Management Scheme, storm water drainage, parks and gardens, and Council's buildings, plants, machinery, equipment, furniture and fittings, in consistent with the Infrastructure and Asset Management Plans.

Council is committed to ongoing reviews of its operations in order to provide optimum benefit to the community and also to ensure that Council deliver quality services in the most cost-effective and efficient manner. Another challenge faced by the Council and our community is the social and economic impact of COVID-19 and how long the local economy and broader state & federal economies will take to recover.

Therefore, Council will aim to:

- Ensure that Enterprise Bargaining Agreement to be negotiated with the staff does reflect financial challenges face by the Council due to COVID-19;
- Actively target Federal and State Government grant programs available as part of economic recovery efforts of upper tiers of governments post COVID-19;
- Pay Council's contractor's and suppliers' invoices between 7 to 14 days rather than Council's normal trading terms of 30 days to support local economy;
- No fines and interest for late payment of Council rates until 1 November 2020;
- Continuously review, prioritise and validate current services and programs;
- Continuously review systems and procedures to ensure that internal operations are effective and efficient; and
- Empower community organisations with appropriate support to manage and maintain specific community assets by the community itself. It is believed that this will enhance the autonomy of these organisations through site ownership and control.

Figure 1 below shows the growth in Council's operating expenditure since the 2016/2017 Financial Year. While employee costs have remained consistent, around \$4.800m from 2016/2017 to 2019/2020 Financial Years, it is has increased in 2019/2020 to strengthen Council's internal capacity to respond to significant increase in economic development opportunities and residential growth within the district over the coming years.

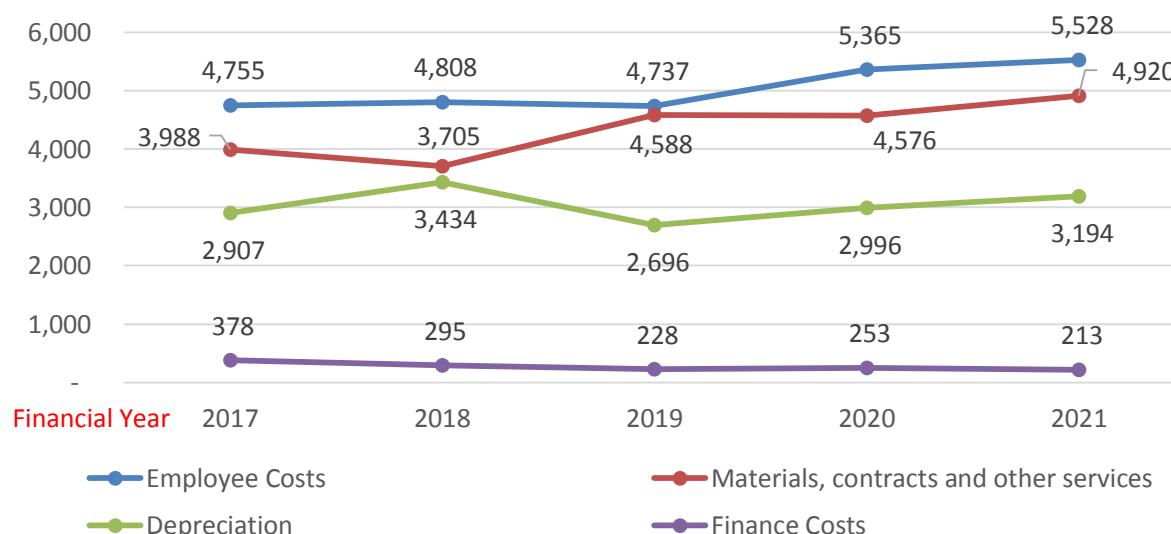


Figure 1: Growth in Council's Operating Expenses (Including CWMS)

Material, Contracts and Other Expenses have fluctuated across the period dependent upon each year's budget, however an upward trend is showing over the period mainly due to increased cost to Council in relation to contracting kerbside waste collection service, rubble ripping, raising and crushing, information technology, state government cost shifting, general maintenance, water, electricity, insurances, legal fees, increase in waste disposal & fuel etc.

Interest Expenses have decreased over the years mainly due to a reduction in Council's short-term cash advance (CAD) loan. In addition, new interest expense of \$0.030m has been budgeted for next financial year based on estimated borrowings shown in **Table 7**.

Depreciation Expenses have increased by \$0.287m or 10% over the period, due to the impact of additional depreciation flowing from Council's investment of \$4.861m on new/upgraded assets since 2016/2017 Financial Year.

8. Services Provided by the Council to its Community

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

- *Burial and Cremation Act 2013 (SA)*
- *Community Titles Act 1996 (SA)*
- *Crown Land Management Act 2009 (SA)*
- *Development Act 1993 (SA)*
- *Dog and Cat Management Act 1995 (SA)*
- *Environment Protection Act 1993 (SA)*
- *Evidence Act 1929 (SA)*
- *Expiation of Offences Act 1996 (SA)*
- *Fair Work Act 1994 (SA)*
- *Fences Act 1975(SA)*
- *Fines Enforcement and Debt Recovery Act 2017 (SA)*
- *Food Act 2001 (SA)*
- *Freedom of Information Act 1991 (SA)*
- *Land and Business (Sale and Conveyancing) Act 1994 (SA)*
- *Liquor Licensing Act 1997 (SA)*
- *Local Government (Elections) Act 1999 (SA)*
- *Local Nuisance and Litter Control Act 2016 (SA)*
- *Natural Resources Management Act 2004 (SA)*
- *Real Property Act 1886 (SA)*
- *Return to Work Act 2014 (SA)*
- *Road Traffic Act 1961 (SA)*
- *Roads (Opening and Closing) Act 1991 (SA)*
- *Safe Drinking Water Act 2011(SA)*
- *South Australian Public Health Act 2011(SA)*
- *Supported Residential Facilities Act 1992 (SA)*
- *State Records Act 1977 (SA)*
- *Strata Titles Act 1988 (SA)*
- *Unclaimed Goods Act 1987 (SA)*
- *Work Health and Safety Act 2012 (SA)*

In addition to complying with, administering and enforcing the above legislation, there are also various related mandatory regulations and policies, and associated guidelines, that govern daily operations. Generally, a council decides what services they will provide locally (discretionary services), however there are some services that a council is required to provide by law (statutory services).

Discretionary and statutory services provided by each department of Adelaide Plains Council can be summarised as follows:

Governance and Executive Office

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

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

Development and Community

- Planning and development, including building safety assessment;
- Dog and cat management;
- Preparation of strategic plans for the area;
- Public health services such as monitoring cooling towers for Legionnaire's Disease;
- Fire prevention;
- Provision of advice and support relating to Crown Land under Council's care, control and management;
- Undertake road closures and reviews;
- Libraries;
- 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;
- 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; and
- Community Wastewater Management Schemes (SA Water does not provide sewers to townships).

Infrastructure and Environment

- Fleet and plant maintenance;
- Engineering design and specifications;
- Engineering support to development assessment;
- Asset management planning;
- Emergency management and support during floods and fire;
- Administration of Heavy vehicle applications;
- Building and structure maintenance;
- Building security;
- Public toilets;
- Building cleaning;
- Playgrounds;
- Roads (local roads - that is, not national highways or State arterial roads);
- Footpaths;
- Boat ramps;
- Stormwater drains and Flood protection/levees;

- Parks and gardens;
- Weed control;
- Street lights;
- Traffic management and local road safety;
- Reserves and picnic areas;
- Ovals & other sporting facilities;
- Rubbish collection, disposal and recycling;
- Illegal dumping;
- Vandalism;
- Environmental management;
- Support to festivals and events;
- Campgrounds;
- Cemeteries maintenance;
- Wetlands maintenance;
- Local Museums and Heritage support;
- Coast Care projects and Landcare programs; and
- Community Wastewater Management Schemes.

Finance and Business

- Administer and maintain Council's property database and Council's assessment records;
- Collect overdue Council rates;
- Administer Council cemeteries;
- Accounts payable and receivable;
- Administer and process Council payroll system;
- Administer and maintain Council's accounting system including assets registers;
- Prepare annual business plan and budgets and carry out quarterly budget revisions;
- Regulatory compliance in relation to the reporting of GST, Fuel Tax Credits, FBT, PAYG;
- Process insurance claims relating to fleet vehicles;
- Management of Council insurances with Local Government Risk Services;
- 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;
- IT services and support, including development and implementation of programs and processes;
- Provide administrative assistance to Adelaide Plains Historical Committee; and
- Review and maintain finance related Council policies and monitor their implementation.

9. 2020/2021 Recurrent and Project Budgets

Council's 2020/2021 Budget consists of Recurrent Budget, Operating Projects and Capital Projects Budgets.

Recurrent Budget

The Recurrent Budget includes the amount of operating income that Council will receive in 2020/2021 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 a 'business as usual' basis) such as kerbside rubbish collection, street lighting, parks and ovals maintaining and issuing building consents. 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 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 in the creation of new assets in accordance with the Council's Strategic Plan objectives and Infrastructure and Asset Management Plans.

9.1 Sources of Council Revenue

In order to fund its operations and programs, Council collects revenue from sources such as general rates, fees and charges levied on Council services (Statutory Charges and User Charges), grants from State and Federal Governments, interest income from investing excess cash in short-term investments, reimbursements and other sundry revenue sources. **Figure 2** below illustrates the main sources of the estimated Council revenues in 2020/2021 Financial Year (excluding income from Community Wastewater Management Scheme).

Rates

Rates are the main source of funding for the Council. A total of \$10.225m (\$9.623m in 2019/2020) are to be collected in 2020/2021 Financial Year, to help pay for essential, non-discretionary services such as roads maintenance, public lighting, kerbside waste collection and disposal, citizenship ceremonies, public health and safety as well as discretionary services such as Council libraries, outdoor cinemas, and assistance to community programs and events.

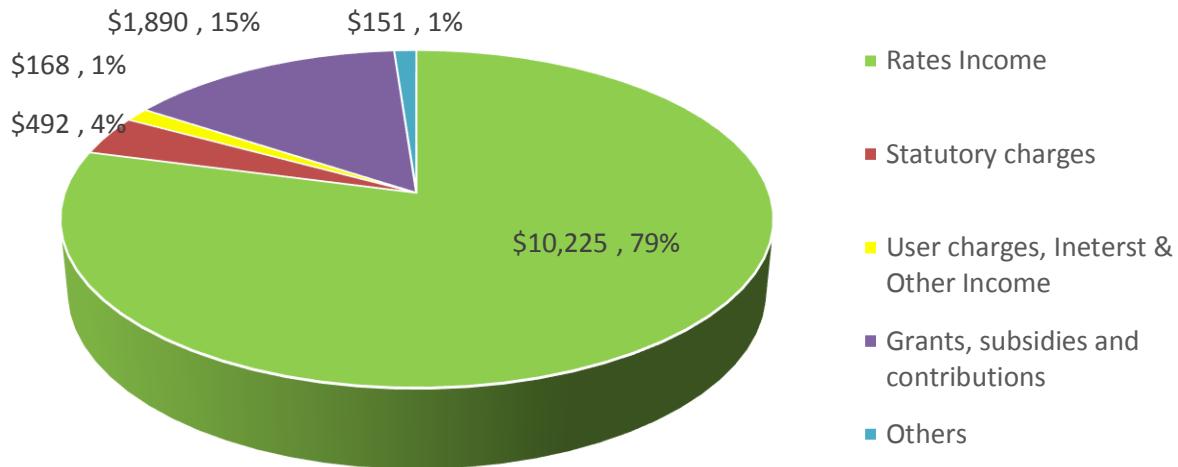


Figure 2: Distribution of Operating Income in 2020/2021 (\$'000 & %) – Excluding CWMS

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 \$0.492m in 2020/2021 Financial Year which is a 19% increase over 2019/2020 budgeted statutory charges of \$0.412m mainly due to increase in development application fee income.

User Charges

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include rent income from Mallala Aged Homes, charges for the use of Council facilities, library printing and photocopy charges, Section 7 property searches and burial fees. User charge income is expected to increase marginally from \$0.167m in 2019/2020 Financial Year to \$0.168m in 2020/2021 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 \$1.499m (\$1.460m in 2019/2020) and under Roads to Recovery (R2R) program \$0.263m (\$0.263m in 2019/2020). 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.

In addition, the State Government 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 \$0.029m for the 2020/2021 Financial Year. As part of the implementation of the Regional Natural Resources Management Plan, Natural

Resources Adelaide and Mount Lofty Ranges (AMLR) is providing \$0.099m to the Adelaide Plains Council to engage a 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 loans to community organisations.

Reimbursements

Council is part of the self-funded insurance scheme administered by Local Government Risk Services (LGRS). Annually LGRS redistribute part of its profit from the operations of Workers Compensation Scheme and other insurance schemes back to the Council along with performance rebates. During 2020/2021, it is estimated that the Council will receive reimbursements of \$0.125m of which majority is from LGRS compared to \$0.110m in 2019/2020.

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 \$0.023m in 2020/2021 Financial Year compared to \$0.039m in 2019/2020.

9.2 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 2020/2021 Financial Year, employee costs on recurrent operations (excluding CWMS operations) are expected to increase to \$5.513m compared to \$5.350m in 2019/2020, an increase of 3%.

Council's Enterprise Bargaining Agreements expires on 30 June 2020. It is anticipated that a position will be resolved through negotiations, taking into consideration the impact of COVID-19, over the coming months and prior to Council considering and adopting its Annual Business Plan and Budget 2020/2021.

Figure 3 below shows Council's staff levels at the end of each financial year from 2013, and the budgeted staff numbers for next financial year on a full-time equivalent basis (FTE). Accordingly, the budgeted FTEs for 2020/2021 is 55.49. There is no new labour budgeted for next financial year.

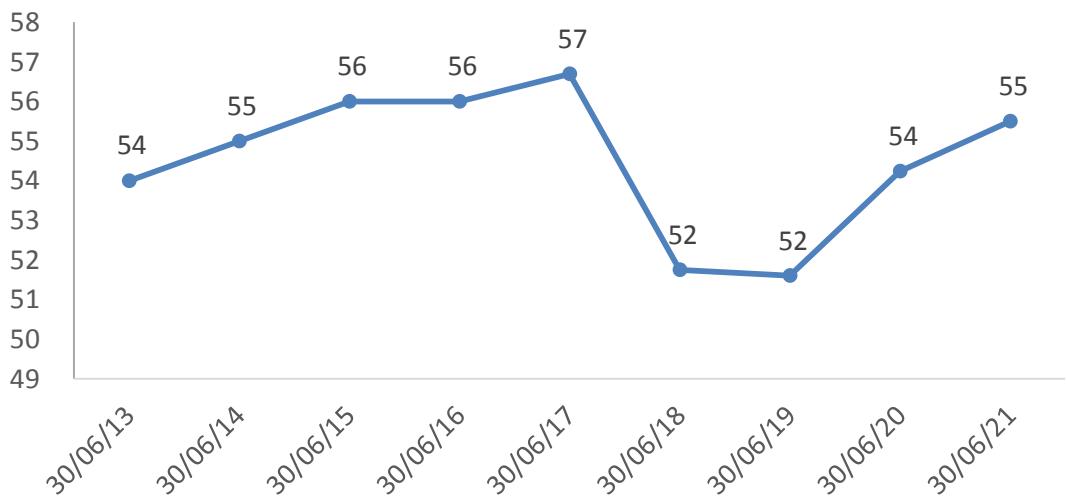


Figure 3: Adelaide Plains Council Workforce (FTEs)*

*30/06/09 to 30/06/19 are actual staff numbers and 30/06/20 & 30/06/2021 are budgeted (FTE) 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 \$4.450m in 2020/2021 Financial Year on Materials, Contracts and Other Expenses, compared to \$4.078m in 2019/2020 Financial Year.

Depreciation, Amortisation and Impairment

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

In 2020/2021 the forecast amount of depreciation is \$3.096m compared to \$2.899m for 2019/2020, an increase of \$0.197m or 7% increase due to additional depreciation expenses on new/upgraded assets created in 2017/2018 and 2019/2020.

Finance Charges

Finance charges relate to interest charged by the Local Government Financing Authority on funds that have been borrowed by Council. Interest costs have been estimated based on Council's loan portfolio as at June 2019 and expected new borrowings for this year.

Interest costs are expected to decrease by 23% from \$0.170m in 2019/2020 Financial Year to \$0.131m in 2020/2021, mainly due to the combined impact of interest being paid reduced

progressively when repaying loan instalments overtime and additional interest expenses of \$0.030m associated with new borrowings required for 2020/2021 Financial Year.

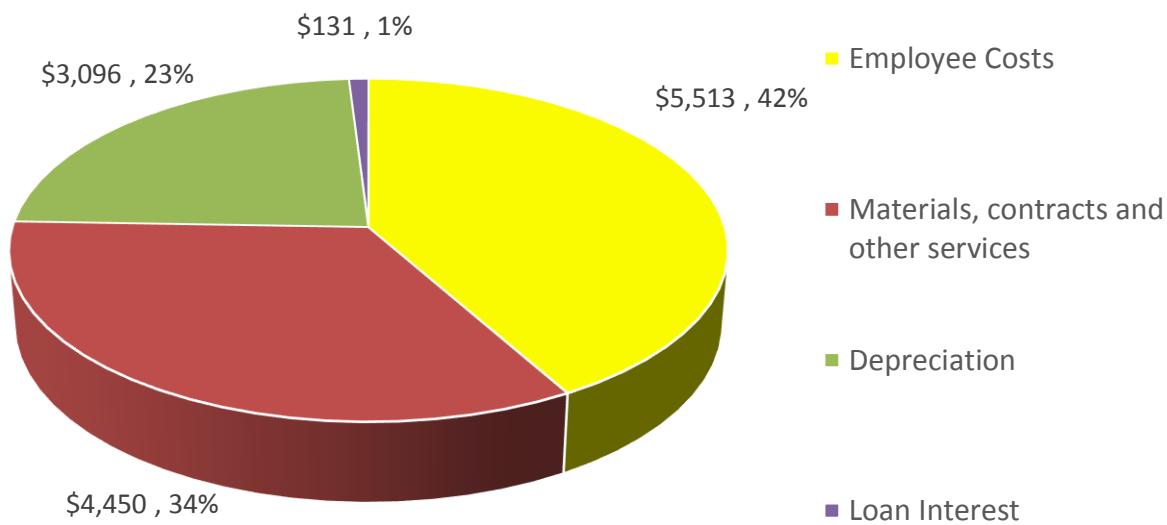


Figure 4: Distribution of Operating Expenses in 2020/2021 (\$'000 & %) – Excluding CWMS

9.3 Budgeted Statement of Comprehensive Income

In the LTFP it was forecast that the average rate for 2020/2021 would be increased by 3.50%. However, given the significant financial challenges based by the community due to COVID-19, an average rate increase of 1.87% has been factored in the draft budget given under **Table 1** below. Accordingly, for the 2020/2021 Financial Year, the estimated operating deficit will be \$0.694m from recurrent and operating project activities.

Table 1: Statement of Comprehensive Income for 2020/2021 Financial Year

Description	2019/2020 Adopted Budget (\$)	2020/2021 Draft Budget		Budget Movement	
		(\$)	(%)	\$	%
OPERATING INCOME					
Rates					
- General Rates - Existing Assessments	9,184,546	9,330,997	72	146,451	1.59
- General Rates - New Assessments	-	114,082	1	114,082	
- Rate Rebates	(337,195)	(94,406)	(1)	242,789	(72.00)
- Waste Levy	524,349	606,247	5	81,898	15.62
- NRM Levy	179,437	183,625	1	4,188	2.33
- Other Rates Income	72,100	84,872	1	12,772	17.71
Statutory charges	411,516	491,613	4	80,097	19.46
User charges	166,827	167,951	1	1,124	0.67
Grants, subsidies & contributions	1,974,550	1,890,299	15	(84,251)	(4.27)
Interest Income	2,652	2,652	0	-	-
Reimbursements	110,012	125,246	1	15,234	13.85

Other Income	39,239	22,734	0	(16,505)	(42.06)
TOTAL INCOME	12,328,033	12,925,912	100	597,879	4.85
OPERATING EXPENSES					
Employee Costs	5,350,047	5,512,505	42	162,458	3.04
Materials, contracts and other	4,014,291	4,387,108	33	372,817	9.29
Depreciation	2,899,160	3,095,573	23	196,413	6.77
Interest Expenses	170,266	131,234	1	(39,032)	(22.92)
Share of loss from GRFMA	63,334	63,334	0	-	-
TOTAL EXPENSES	12,497,098	13,189,754	100	692,656	5.54
RECURRENT (DEFICIT)	(169,065)	(263,842)	(2)	(94,777)	56.06
Net Cost of the CWMS	(111,753)	(115,959)	(1)	(4,206)	3.76
Net Operating Project Expenses	(393,850)	(314,000)	(2)	79,850	(20.27)
OPERATING (DEFICIT)	(674,668)	(693,801)		(19,133)	

9.4 2020/2021 Operating Project Program

As part of 2020/2021 Annual Budget, Council is proposing to deliver eleven (11) projects, costing \$0.314m, as shown in **Table 2** below.

Table 2: Draft 2020/2021 Operating Project Budget

Operating Project Name	Rationale	Estimated Cost
1) Economic Development Initiatives (Two Wells Crown Land, ITHC), Two Wells main street Grant Funding Application, Two Wells main street design) & GRFMA Charter Review.	B	50,000
2) Establish Horse Floating Park Area following any necessary approvals, at Section 631 the Esplanade, Parham.	A	50,000
3) Middle Beach boat ramp investigation and remediation	A/B	44,000
4) Feasibility Study on Lewiston Drainage	D/E	40,000
5) Parham Community Emergency Management Plan - This will ensure that the community is prepared for sea flood inundation to minimise the damage to property and the risks to safety at Parham for both residents and visitors. The project supports the targets of the Strategic Plan 2017-2020 in relation to climate change adaptation under Resilient Environment & Community (4.4.2.5).	B	30,000
6) Mallala Office underpinning - realign and stabilise the foundation soil.	D	25,000
7) Two Wells Resource Recovery Centre – Additional bin retaining wall and container for mattresses	B	25,000
8) Representation Review - In accordance with section 12 of the Local Government Act 1999, all councils are required to	C	20,000

complete a detailed review of its composition within the relevant review period (a Representation Review).			
9) Animal Management Plan Review - Council's last Animal Management Plan was prepared as required under the Dog and Cat Management Act 1995 and was formally adopted by Council in October 2012. A new and effective Animal Management Plan will support Community Safety, a major strategy of the Strategic Plan.	C	10,000	
10) Prudential Review of office accommodation	A	10,000	
11) Review of Rating Structure – review of the rating strategy in 2020 with the view of implementing any significant changes in 2021/2022 Annual Business Plan and budget development	A	10,000	
Total cost of the draft Operating Project Program			314,000

Rationale

- A. Previous Council resolutions/Elected Members' feedback;
- B. Staff initiatives to reduce cost and improve productivity/service standard;
- C. Comply with legislative requirements/changes;
- D. Infrastructure and Assets Management Plans; and
- E. Elected Member initiative

9.5 2020/2021 Capital Projects Program

Adelaide Plains Council is responsible for a large portfolio of assets with an estimated depreciation expense of \$3.194m (including depreciation on CWMS assets) for next financial year. It is therefore critical for the long term sustainability of assets that the Council engages in practises that optimise assets useful lives for the benefit of the community.

To keep up with the service levels identified in the Council's Infrastructure & Asset Management Plan adopted by the Council in 2017, Council is planning to invest \$2.589m on its assets renewal program for 2020/2021 Financial Year of which \$0.690m will be allocated for road resealing and \$1.113m on road re-sheeting. **Table 3** below shows the level of required renewal spending and the 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&

Asset Class	2020/2021	2021/2022	2022/2023	2023/2024
Fleet	40,000	-	200,000	40,000
Plant	352,000	392,500	534,400	405,265
Footpaths	183,000	114,395	67,061	56,148
Kerbing	71,502	176,458	156,186	-
Sealed Roads	1,060,212	2,436,917	608,917	608,917
Street Lighting	40,000	-	-	-

Unsealed Roads	1,168,415	973,919	973,919	973,919
Site Improvements	96,959	692,741	200,000	200,000
Structure	215,000	54,994	100,000	-
Levee	150,000	47,630	110,110	507,000
Stormwater/ Building/Pump Station	3,000	221,000	104,000	-
Total Annual Capital Expenditure	3,380,088	5,110,554	3,054,592	2,791,249
Renewal	2,589,088	2,867,529	2,660,422	2,238,101
New	791,000	2,243,025	394,171	553,148
Total Annual Capital Expenditure	3,380,088	5,110,554	3,054,592	2,791,249
Extract from LTFP	2020/2021	2021/2022	2022/2023	2023/2024
Renewal	2,726,229	2,400,129	2,524,890	2,377,836
New/Upgrade	448,754	413,984	392,565	71,978
Total Annual Capital Expenditure	3,174,983	2,814,113	2,917,455	2,449,814

9.6 2020/2021 Capital Program in Details

Table 4 below provides details on the capital program proposed for 2020/2021 Financial Year.

Table 4: Draft 2020/2021 Capital Project Budget

Capital Program Description	Rationale	Type	2020/2021
1) Fleet Replacement	A	Renewal	40,000
Cost of Fleet Program			40,000
2) Plant Replacement	A	Renewal	352,000
Cost of the Plant & Equipment Program			352,000
3) Old PWK Rd (Two Wells) - Mallala - TWs Rd to Gawler Rd	A	New	38,000
4) William Street (TWs) - Chapman Street to Elizabeth St.	A	New	69,000
5) Butler Street - Redbanks Road to Irish Street	A	New	55,000
6) Gameau Road - Connection to Gawler Road	A	New	11,000
7) Pram Ramp renewal to DDA compliant	A	Renewal	10,000
Cost of the Footpath Program			183,000
8) Kerb and - Old PWK Rd - TWs Rd to Gawler Rd	A	Renewal	29,957
9) Kerb - Old PWK Rd - Mallala - TWs Rd to Gawler Rd	A	Renewal	31,605
10) Spoon Drain - Old Port Wakefield Road (Two Wells) - Mallala - Two Wells Road to Gawler Road	A	Renewal	9,940
Cost of the Kerbing & Water table Program			71,502
11) Old Port Wakefield Rd and Gawler River Rd – Inter. Lighting	B	New	40,000
Cost of the Street lighting Program			40,000
12) Sealing - Buckland Park Rd - PW Rd to Halstead Rd	C	New	300,000
13) Intersection Upgrade - Dawkins Rd-Bethesda Rd (Black Spot)	B	New	70,000

14) Old P.Wakefield Rd (TWs) - Mallala - TWs Rd to Gawler Rd	A	Renewal	90,000
15) Dawkins Road - Old Port Wakefield Road to Judd Road	A	Renewal	316,897
16) Ruskin Road – Bubner Road to The Esplanade	A	Renewal	224,353
17) Aerodrome Road – Carmel Street to Mallala Raceway gate	A	Renewal	58,962
Cost of the sealed Road Program			1,060,212
18) Middle Beach Road - Raise Middle Beach Road Height	B	New	55,000
19) Avon Road – Council Boundary to Ridley Road	A	Renewal	133,008
20) Brady Road – Tank Road to Fidge Road	A	Renewal	36,381
21) Collins Road – Farrelly Road to Marshman Road	A	Renewal	61,818
22) Daniel Road – Long Plains Road to End of Seal	A	Renewal	40,231
23) Day Road – Germantown Road to Humphrey Road	A	Renewal	104,004
24) Frost Road (Lower Light) – Big Rabbit Rd to Limerock Rd	A	Renewal	136,327
25) Gregor Road – Boundary Road to Aunger Road North	A	Renewal	70,359
26) Hall Road (Grace Plains) – Ross Road to Broster Road	A	Renewal	57,511
27) Johns Road – Pederick Road to Baker Road	A	Renewal	68,013
28) Pederick Road – Gawler River Road to Johns Road	A	Renewal	26,189
29) Powerline Road – Calomba Road to Tiller Road	A	Renewal	268,734
30) Slant Road – Wild Horse Plains Road to Lyons Road	A	Renewal	50,348
31) Wasleys Road – End of Seal to Davies Road	A	Renewal	60,492
Cost of the Unsealed Road Program			1,168,415
32) Thompson Beach - Water Tanks	A	Renewal	50,000
33) Middle Beach Boat Ramp - Water Tank	A	Renewal	3,500
34) Webb Beach Coastal Reserve - Water Tank	A	Renewal	2,500
35) Port Parham Sports Club Reserve - Water Tank	A	Renewal	27,000
36) Mallala Oval - BBQ	A	Renewal	5,132
37) Mallala Oval - Picnic Setting	A	Renewal	2,289
38) Mallala Oval - Bench Seat	A	Renewal	2,180
39) Mallala Oval Playground - Bench Seat	A	Renewal	4,359
Cost of the Site Improvements Program			96,959
40) Mallala Oval - Shelter	A	Renewal	35,000
41) Dublin Lions Park - Toilet Block	A	Renewal	180,000
Cost of the Structure Program			215,000
42) Two Wells Service Centre - Air Conditioner	B	New	3,000
Cost of the Building Program			3,000
43) Coastal Settlements Adaptation Works Program - Parham	B	New	150,000
Cost of the Levee Program			150,000
Total Council Investment in Infrastructure and Assets in 2020/2021 Financial Year			3,380,088

Renewal of existing assets as per Assets Management Plans	2,589,088
New assets	791,000
Total Council Investment in Infrastructure and Assets in 2020/2021 Financial Year	3,380,088

Rationale

- A. Infrastructure & Asset Management Plan.
- B. Staff initiatives to reduce cost and improve productivity/service standard.
- C. Elected Member budget request

Capital Receipts/Grants

During 2020/2021 Financial Year, following capital receipts totalling \$0.040m are expected to be received by the Council to deliver above capital program resulting net capital expenditure of \$3.341m.

Table 5: Capital Income

Description	Amount
Fleet Replacement - Proceeds from sale of replaced fleet vehicle	8,000
Plant Replacement - Proceeds from sale of replaced plant	31,500
Total Program Costs	39,800

10. 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).

10.1 Current Long-Term Borrowings

It is expected that, at 30 June 2020, Council will have six (6) outstanding fixed rates long-term borrowings with a total value of \$2.787m and approximate short-term cash advance (CAD) borrowings of \$1.000m. **Table 6** below shows the details of the outstanding long-term borrowings.

Table 6: Outstanding Long-term Loans as at 30 June 2020

Purpose of the Loan	\$	Comment
Gawler River Scheme - Flood Plain Management	11,455	To be repaid in full by 15/03/2021 from General Rates income
Gawler River Scheme - Flood Plain Management	85,004	To be repaid in full by 15/01/2022 from General Rates income
To purchase community land in Mallala	35,984	To be repaid in full by 15/05/2022 from General Rates income
Resource Recovery shed and Ruskin Shannon Rd Development	73,680	To be repaid in full by 15/06/2022 from General Rates income
Funding Mallala Depot Construction and Other Capital Program	746,974	To be repaid in full by 16/04/2022 from General Rates income
Council investment in Mallala CWMS	1,833,646	To be repaid in full by 15/06/2036 from CWMS Charge
Total outstanding long-term loans	2,786,743	

Accordingly, after 15 June 2022, Council will only have the Mallala CWMS loan which is to be repaid from the CWMS Charge and not from general rate revenue.

10.2 New borrowings for 2020/2021 Financial Year

An operating deficit means, Council is spending more than what it generates as income in delivering its services to the community. Therefore, Council has to borrow \$1.266m to deliver operating and capital projects and meet its loan repayment obligations in next financial year. The **Table 7** below summarises the details of the funding shortfall.

Table 7: Funding Shortfall for 2020/2021

Description	Amount
To fund Operating Deficit	(693,801)
Cash injection from sale of surplus/replaced assets	39,500
Share of loss - joint ventures & associates (non-cash transactions)	63,334
To fund capital Program - Money available through depreciation	3,194,400
- Proposed assets renewal expenditure	(2,589,088)

- Proposed new capital expenditure	(791,000)
Loan Repayment	(489,387)
Total funding shortfall	(1,266,042)

Additional interest expenses associated with new borrowings is approximately \$0.030m per year.

11. Rating Structure and Policy

11.1 What are Rates?

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

General Rates are the principal source of funding for Council services representing approximately 73% of total operating income in 2020/2021 and 72% in 2019/2020 Financial Years.

11.2 Strategic Focus

In adopting its rates for the 2020/2021 Financial Year, Council will consider its *Strategic Plan 2017-2020*, the current economic climate, specific issues faced by the community, the budget requirements for the 2020/2021 Financial Year and the impact of rates on the community given significant financial challenges faced by the community due to COVID-19.

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

11.3 Method Used to Value Land

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

- Property value is a relatively good indicator of market value of a property, providing the fairest method of calculating rates and therefore, it is the most appropriate measure of relative wealth in the community;
- As a measure of wealth it most closely reflects property owners' the capacity to pay; and

- It accords with the taxation principle, that people should contribute to the community social and physical infrastructure, in accord with their capacity to pay, as measured by property wealth.

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

Council will be adopting the valuations made by the Valuer-General and which are applicable for the financial year commencing 1 July 2020. 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.*

11.4 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;

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

elativity - 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.

Table 8: Rates information for the past five (5) financial years and proposed for 2020/2021

Land Use Code	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Residential, Vacant						
Land & Other	0.0043680	0.0045165	0.0046294	0.0046294	0.0046294	0.0046294
Commercial & Industrial	0.0056780	0.0058711	0.0060178	0.0060178	0.0060178	0.0060178
Primary Production	0.0039710	0.0041060	0.0042087	0.0042087	0.0042087	0.0042087
Fixed Charge	100.00	100.00	102.50	105.06	108.21	110.00

Increase in the Rate in the dollar (%)

Land Used Code	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Residential, Vacant Land & Other	3.93	3.40	2.50	0.00	0.00	0.00
Commercial & Industrial	3.92	3.40	2.50	0.00	0.00	0.00
Primary Production	3.93	3.40	2.50	0.00	0.00	0.00
Fixed Charge	No increase	No increase	2.50	2.50	3.00	1.65
Relativity						
Land Used Code	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Residential, Vacant Land & Other	1.00	1.00	1.00	1.00	1.00	1.00
Commercial & Industrial	1.30	1.30	1.30	1.30	1.30	1.30
Primary Production	0.91	0.91	0.91	0.91	0.91	0.91

Based on most recent property valuation data available from Valuer General, the general valuation increase of existing properties across the Council is 1.69%. The development growth is 1.13% which has predominately occurred in Two Wells due to Eden and Liberty housing developments. Number of properties across the district has increased by 132 resulting total number of properties/assessments being 5,165 for 2020/2021 Financial Year (**Table 9**).

Table 9: Movement in Number of Properties and Property Valuation

Land Use	2019/2020 FY		2020/2021 Financial Year (Valuation as at 12 April 2020) - Inclusive of Growth							
	No of Properties	Total Property Valuation (\$Mn)	No. of Existing Assessments	Total Existing Properties Valuation (\$Mn)	% Increase in existing properties valuation	No of New Properties	New Property Valuation (\$Mn)	% increase in valuation due to new properties	Total No of Properties	Total District Valuation (\$Mn)
Residential (Excl. Eden)	2,892	978	2,896	986	0.77%	-	-	0.00%	2,896	986
Commercial	26	5	26	6	2.66%	-	-	0.00%	26	6
Commercial - Other	71	27	71	28	2.24%	-	-	0.00%	71	28
Industry - Light	6	1	6	1	1.97%	-	-	0.00%	6	1
Industry - Other	17	16	17	16	1.95%	-	-	0.00%	17	16
Primary Production	1,399	788	1,389	806	2.40%	6	2	0.21%	1,395	808
Vacant Land (Excl. Eden & Liberty)	476	71	474	70	-1.47%	47	8	11.82%	521	79
Other	53	13	53	13	2.54%	-	-	0.00%	53	13
Vacant Land - Eden	66	15	66	16	6.57%	34	6	40.13%	100	22
Residential - Eden	34	15	34	15	4.14%	-	-	0.00%	34	15
Vacant Land - Liberty	1	2	1	7	173.47%	45	6	238.97%	46	13
All Land Use Codes	5,041	1,931	5,033	1,964	1.69%	132	22	1.13%	5,165	1,986

Rates modelling has been performed (as shown in **Table 10** below) based on no increase in existing rate in the dollar and 1.65% increase in fixed charge (FC). Accordingly, the average rate across all land use codes would be increased by 1.87%.

Table 10: Increase in existing average rates

Land Use	2019/2020 Average Rate per Property	2020/2021 Average Rate per Existing Assessment		Increase in existing average rates (%)
		\$	\$	
Residential (Excl. Eden) (Note)	1,673	1,684		0.69
Commercial	1,368	1,403		2.58
Commercial - Other	2,390	2,443		2.21
Industry - Light	1,464	1,493		1.95
Industry - Other	5,772	5,884		1.95
Primary Production	2,450	2,526		3.10
Vacant Land (Excl. Eden & Liberty)	782	778		(0.51)
Other	1,198	1,228		2.46
Vacant Land - Eden	1,106	1,223		10.52
Residential – Eden (Note)	2,089	2,173		4.01
Vacant Land - Liberty	11,342	31,127		174.44
All Land Use Codes	1,819	1,853		1.87

Note: If residential properties in Eden housing development and in other areas of the Council combined, the average residential rate increase would be 0.74% across the district.

Table 11 shows impact on average existing rates and the total rates income if the rate in the dollar is changed by 0.25% while increasing the fixed charge by 1.65%. Accordingly, any change in rate in the dollar by 0.25% would result in general rates income also to change by \$22,311.

Table 11: Impact on average existing rates if rate in the dollar is changed by

Land Use	(0.25%)	0.00%	0.25%	0.50%	0.75%
Residential (Excl. Eden)	0.46	0.69	0.93	1.16	1.40
Commercial	2.35	2.58	2.82	3.06	3.29
Commercial - Other	1.97	2.21	2.46	2.70	2.95
Industry - Light	1.71	1.95	2.19	2.43	2.67
Industry - Other	1.70	1.95	2.20	2.45	2.70
Primary Production	2.85	3.10	3.35	3.60	3.85
Vacant Land (Excl. Eden & Liberty)	(0.73)	(0.51)	(0.29)	(0.08)	0.14
Other	2.23	2.46	2.70	2.93	3.17
Vacant Land - Eden	10.27	10.52	10.77	11.02	11.28
Residential - Eden	3.76	4.01	4.26	4.50	4.75
Vacant Land - Liberty	173.76	174.44	175.12	175.81	176.49
All Land Use Codes	1.63	1.87	2.11	2.35	2.59
Total Rates Income (\$)	9,416,465	9,438,776	9,461,087	9,483,398	9,505,709
Reduction/(Increase) in Income (\$)	22,311		(22,311)	(44,622)	(66,933)

11.5 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 option to use Council facilities.

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

Commercial Properties

Commercial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases commercial users have a greater

impact on the main services such as road maintenance and generally derive a greater benefit from the services provided. In addition, commercial properties have potential taxation benefits.

Industrial Properties

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

Primary Production Properties

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

11.6 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 2019/2020 the fixed charge was \$108.21 and Council is proposing to increase the fixed charge to \$110.00 in 2020/2021 Financial Year. This will be applicable to approximately 4,676 rateable properties. 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.

11.7 Natural Resource Management Board Levies

The whole of the Council area is located within the boundaries of the Natural Resources Adelaide and Mount Lofty Ranges (AMLR). Contributions are sought in 2020/2021 totalling \$0.184m, estimated subject to final confirmation from AMLR (\$0.179 in 2019/2020). 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.

11.8 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 12** below shows the estimated income and expenses of operating and maintaining CWMS for the 2020/2021 Financial Year.

Table 12: CWMS Budget for 2020/2021

Description	Mallala	Middle Beach
Income from CWMS Charges – Mallala (\$640 x 344)	220,160	-
Income from CWMS Charges – Middle Beach (\$430 x 52)	-	22,360
Less : Mallala CWMS Rebates	(7,160)	-
Total Income	213,000	22,360
Less : Operating Expenses		
Depreciation	91,733	7,094
Salaries and Wages	15,832	-
Interest Payments - CWMS Loan	81,363	-
Consultants	10,000	-
Consumables and Hardware	8,918	1,180
Contractors	21,157	-
Electricity	27,825	6,000
Insurance	8,653	729
ESCOSA Licence Fee	1,500	-
Materials	10,079	-
Postage and Freight	100	-
Service Contracts	50,585	7,276
Telephone	532	243
Water	520	-
Total Expenses	328,797	22,522
Net Cash Surplus/(Deficit)	(115,797)	(162)

The combined loss from the two (2) CWMS operations is \$115,959

Mallala CWMS Charge

Mallala CWMS charges is proposed to increase from \$622.00 to \$640.00 (2.89% increase) in 2020/2021 in order to cover the costs associated with full operation of the scheme including maintenance and loan interest payments. The estimated income in **Table 13** above was calculated based on a CWMS charge of \$640 per connection but notwithstanding this, the total income is not sufficient to cover the estimated operating costs for 2020/2021 Financial Year by \$0.115m.

Middle Beach CWMS Charge

In relation to the Middle Beach Scheme, the CWMS charge for both “small tank” and “large tank” is proposed to increase from \$417.00 to \$430.00, an increase of 3.12%.

Kerbside Waste Collection Program

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

Council has engaged a contractor to carry out kerbside waste collection since February 2018. Outsourcing this service has resulted in a 30% reduction in waste levy from \$180.00 in 2017/2018 Financial Year to \$126.00 in 2018/2019 Financial Year. However, since then, there has been a considerable increase in the disposal costs of waste and recyclables mainly due to changes in the Australian waste collection market following dramatic cuts to the volumes of waste China imports from the rest of the world since January 2018.

In addition, there was a substantial increase in Solid Waste Levy by the South Australian government from 1 July 2019 (Waste levy applicable to Adelaide Plains Council has increased from \$55 per tonne from 1 July 2019 to \$70 per tonne from 1 January 2020) which has resulted in a significant increase in Council’s Waste Levy for 2019/2020. This upward trend in waste disposal costs is expected to continue into 2020/2021 Financial Year.

Table 13 below shows the increase in disposal and pick-up costs since February 2018 and the estimates used in preparing 2020/2021 budget.

Table 13: Increase in Kerbside Waste Collection and Disposal Rates

Disposal Costs per Tonne (\$)	Actual Feb-18	Budgeted 19/20	Actual Jan-20	Budgeted 20/21	Increase (%)
Waste Disposal	74.50	88.00	106.07	108.00	22.73
Recyclables Disposal	16.00	60.00	113.42	114.00	90.00
Green Waste Disposal	32.00	36.00	33.61	35.00	(2.78)

Cost per Pick-up (\$)	Actual Feb-18	Budgeted 19/20	Actual Jan-20	Budgeted 20/21	Increase (%)
Waste Collection	1.29	1.40	1.35	1.40	-
Recyclables Collection	1.14	1.24	1.20	1.23	(0.56)
Green Waste Collection	2.23	2.42	2.34	2.41	(0.32)

Table 14 below shows the total cost estimates for 2020/2021 Financial Year in comparison to 2019/2020 Financial Year. Accordingly, the total cost of the Kerbside Waste Collection program is expected to increase by 16.87% and the Waste Levy is expected to increase by 12.68% from \$142.00 to \$160.00.

Table 14: Kerbside Waste Collection Budget for 2020/2021 Financial Year

Cost Description	Budgeted Cost 2020/2021			Budgeted Cost 2020/2021		
	No of Bins	Rate	Costs	No of Bins	Rate	Costs
Waste Collection	3,755	1.40	136,682	3,916	1.40	142,542
Recyclables Collection	3,640	1.24	117,354	3,774	1.23	120,998
Green Waste Collection	830	2.42	52,224	901	2.41	56,507
	<u>8,225</u>		<u>306,259</u>	<u>8,591</u>		<u>320,048</u>
<hr/>						
Cost Description	Tonnage	Rate	Costs	Tonnage	Rate	Costs
Waste Disposal	1,414	88.00	124,442	1,485	108.00	160,383
Recyclables Disposal	664	60.00	39,835	671	114.00	76,465
Green Waste Disposal	275	36.00	9,910	252	35.00	8,837
	<u>2,353</u>		<u>174,187</u>	<u>2,408</u>		<u>245,685</u>
Overheads & Contingency			<u>25,000</u>			<u>25,000</u>
			<u>505,446</u>			<u>590,733</u>
Cost increase						16.87%

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

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

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

11.9 Mandatory Township Refuse Charges

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

11.10 Payment of Rates

Under section 181 of the Local Government Act, Council must provide the opportunity for all ratepayers to pay rates by quarterly instalments. Council payment dates for the 2020/2021 Financial Year will be **4 September 2020, 4 December 2020, 5 March 2021 and 4 June 2021**.

Late Payment of Rates

The Local Government Act provides that Council may impose an initial penalty of 2% on any payment for rates, whether by instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Council allows a further three working days after the due date for payment as a grace period. Thereafter late payment penalties are applied in accordance with the Local Government Act.

Relief to ratepayers who are financially impacted by COVID-19

However, for those rate payers experiencing financial hardships due to COVID-19, Council has adopted some financial relief. This includes:

- No fines or interest charged on rates that are currently overdue, until 1 November 2020.
- Flexible rate payment arrangement options (weekly, fortnightly or monthly).
- Postponed payment of fourth quarter 2019/2020 rates and first quarter 2020/2021 rates (with no fines or interest), until 1 November 2020.

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

- i. firstly – in payment of any costs awarded to, or recoverable by, the Council in any court proceedings undertaken by the Council for the recovery of the rates;
- ii. secondly – in satisfaction for any liability for interest;
- iii. thirdly – in payment of any fine;

- iv. fourthly – in satisfaction of liabilities for rates in the order in which those liabilities arose in payment of rates, in date order of their imposition (starting with the oldest account first).

11.11 Remission and Postponement of Rates

Postponement or Rates - Hardship

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

Seniors Rate Postponement

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

11.12 Rebate of Rates

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

Discretionary rebates may be applied by the Council under section 166 of the Local Government Act. Council annually considers many applications for rate rebates and has in the past, and is again for the 2020/2021 Financial Year, proposing to rebate rates charged to various district community and sporting organisations.

11.13 Sale of Land for Non-Payment of Council Rates

The Local Government Act provides that a council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide one (1) month's notice to the principal ratepayer and the owner (if not the same person) of the land of its intention to sell the land and provide the owner with details of the outstanding amounts. If payment of the outstanding amount is not received within one month the property may be sold. Except in extraordinary circumstances, Council enforces the sale of land for arrears of rates, in accordance with the Local Government Act.

12. How to Measure Council Performance

Council's success is measured 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, Council also measures its achievements through the following non-financial and financial Indicators.

Non-Financial Indicators

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

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

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

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

Operating Surplus/ (Deficit) Ratio

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

The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of operating income. A positive ratio indicates the percentage of operating income available to help fund planned capital expenditure. A negative ratio indicates the percentage increase in operating income or the approximate decrease in operating expenses required to achieve a break-even operating result.

Figure 5 below shows Adelaide Plains Council's operating results and Operating Surplus/(Deficit) Ratio since 2015/2016 Financial Year. Accordingly it has reported an operating deficit throughout the period, except for in two (2) financial years.

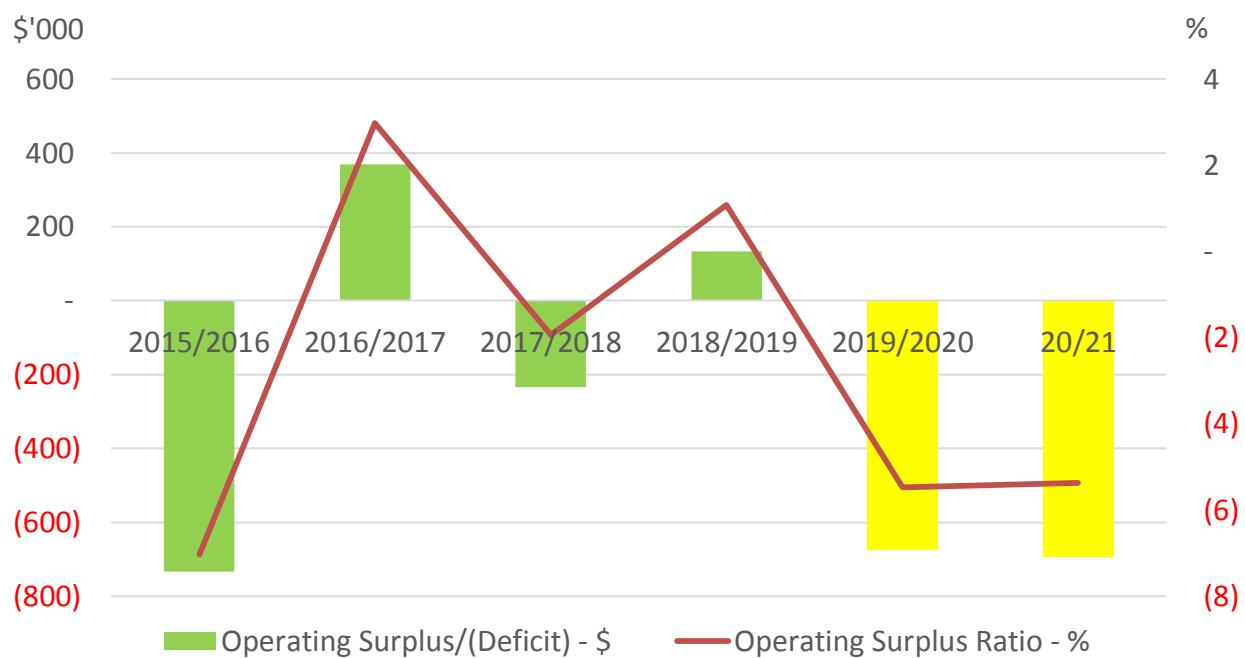


Figure 5: Operating Surplus/ (Deficit) Ratio

Asset Sustainability Ratio

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

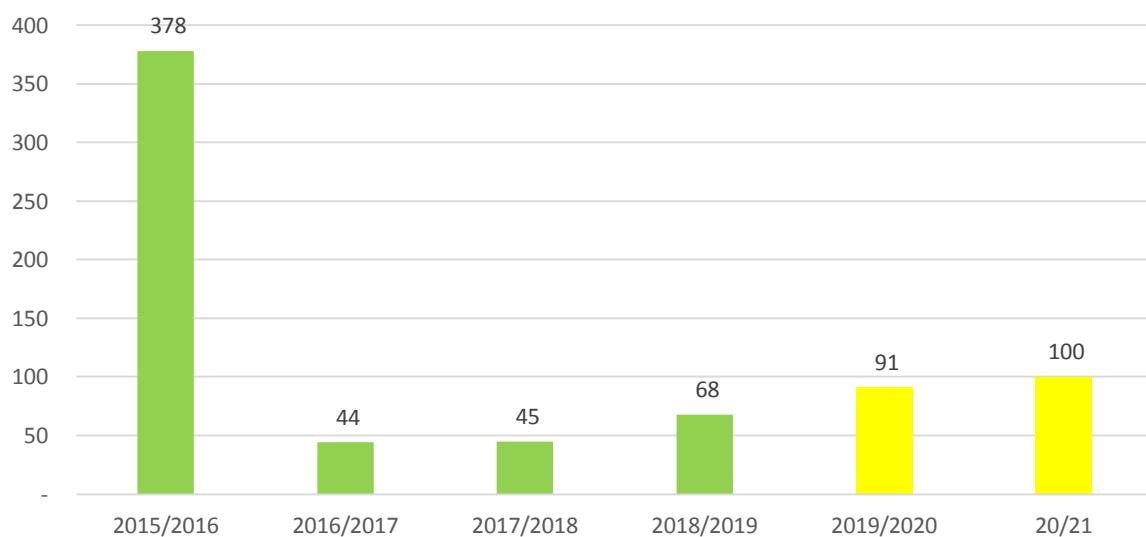


Figure 6: Asset Sustainability Ratio (%)

Net Financial Liabilities Ratio

This ratio indicates the extent to which the net financial liabilities of Council or its total indebtedness can be met by Council's total operating revenue. Net financial liabilities measure

a council's indebtedness. It is a broader measure than net debt as it includes all of a council's obligations including provisions for employee entitlements and creditors.

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

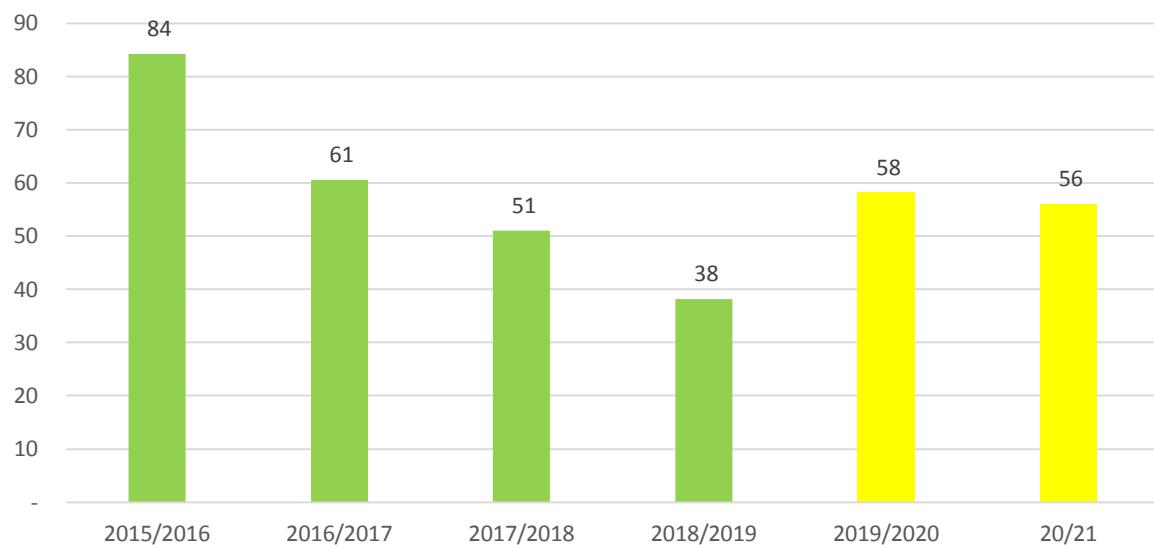


Figure 7: Net Financial Liabilities Ratio (%)