

ANNUAL BUSINESS PLAN & BUDGET

2018/2019



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INTRODUCTION

The annual business plan sets out the Port Augusta City Council's proposed services, programs and projects for the 2018/2019 financial year. It aims to maintain efficient services for the community and continue progress towards the longer term objectives for the Port Augusta City Council set out in the Community Vision & Strategic Plan 2013-2017, Council's long term financial plan and asset management plan to ensure the long-term sustainability of the Council's financial performance and position.

The Local Government Act

Section 123 of the Local Government Act 1999 requires the Council to develop an annual business plan and budget for the financial year. The annual business plan and budget must deal with each principal activity of the council on a separate basis and be adopted before 31 August.

The Annual Business Plan and Budget is developed in the context of Council's strategic planning framework and with particular regard to its Strategic Plan 2013-2017.

The Budget for 2018/2019 must include:

- A forecast balance sheet, income and cash flow statement, prepared in accordance with Australian Accounting Standards.
- Capital projects and operating projects to be undertaken.
- Other financial information which Council requires in order to make an informed decision about the adoption of the budget.
- Information required to comply with the Local Government Financial Management Regulations.
- Financial Performance Indicators.

The Council must ensure that copies of its annual business plan and budget are available for inspection by the public.

Strategic Management Plans

Section 122 of the Local Government Act outlines the requirement for Council to develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the strategic management plans.

Council's Community Vision and Strategic Plan 2013-2017 was reviewed in late 2015. Community consultation was undertaken on the revised plan in early 2016 and the revised plan was adopted in March 2016.

This plan identifies objectives over the four year period of Council under six headings:

- Objective 1 - We Thrive
- Objective 2 - We Create
- Objective 3 - We Connect
- Objective 4 - We Care
- Objective 5 - We Celebrate
- Objective 6 - We Achieve.

From this plan, Elected Members have identified 5 key areas of focus:

1. Resolution of Aged Care
2. Financial Sustainability
3. Infrastructure & Asset Renewal
4. Shared Services
5. City Image

The first of the key areas has been resolved with settlement in relation to the sale of Council's residential aged care facilities, Nerrilda Nursing Home and AM Ramsay Village occurring on 3rd November 2017.

Council will undertake a comprehensive review of its Community Vision & Strategic Plan in 2018 following Local Government elections.

Council must, in conjunction with the plans required under Section 122, subsection (1), develop and adopt—

- (a) a long-term financial plan for a period of at least 10 years; and
- (b) 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.

Long Term Financial Plan

A Long Term Financial Plan (LTFP) for the period 2018-2028 has been developed incorporating information from Council's Infrastructure Asset Management Plan. The purpose of a long-term financial plan is to guide the future direction of the Port Augusta City Council in a sustainable manner. The LTFP is to be linked with Council's objectives, goals and desired outcomes in financial terms derived from the Strategic Plan and Asset Management Plan. It is a high level plan and is not intended to provide low level detail of expenditures in specific programs and operational areas. It is a guideline for future action and encourages Council to think about the impact of decisions made today and its effect on Council's long-term sustainability.

A major driver for long term financial planning is financial sustainability; both in terms of service delivery and attention to the Council's asset base. Council provides a wide and diverse range of services, many of which are not normally provided by local government. This range of services is currently being reviewed by Council in an attempt to reduce the current operating deficit. Based on an average CPI of 1.9% and general rate increase of CPI plus 1% it is suggested that Council needs to reduce operating expenditure by an average of \$158,000 per annum over the next 10 years to achieve a break even position. This needs to occur through a strategic approach.

Council's Long Term Financial Plan will be updated following adoption of the 2018/2019 Annual Business Plan & Budget.

Asset Management Plan

Council has developed Infrastructure and Buildings Asset Management Plans. Council is using the information contained within these plans to inform the work required in the 2018/2019 financial year. This is also considered against the actual condition of the assets as well as potential economies of scale from conducting related work within a scheduled timeframe.

Level of Service

Port Augusta City Council provides an extensive and diverse range of services, equal to any local government entity in South Australia. Council is committed to continuing the service level and range review process which commenced in 2016/2017. This is in line with Council's strategic objective 6.5.3 'Review future management of Council owned and operated facilities to optimize outcomes financial sustainability and efficiency across all Council programs'.

Potential introduction of State Government legislation to cap the level of rate increases to the Local Government Price Index will see this process continue as a necessity to meet financial sustainability objectives.

During the 2018/2019 year Council will continue to review services at varying levels of depth. Council's Audit Committee will assist in this process.

Significant Influences and Priorities

In preparing the 2018/2019 budget, Council has given consideration to:

- Its current Strategic Plan, Long Term Financial Plan and Asset Management Plans
- The current economic influences including:
 - The Local Government Price Index of 3.2% as at March 2018 quarter;
 - Adelaide All Groups CPI of 2.3% as at March 2018 quarter;
 - Enterprise Bargaining Agreement wage outcomes of no more than 2%
- Known decreases or minimal increases in revenue sources from Federal & State Governments;
- Levies imposed by other tiers of government including NRM levy and EPA Waste Levy;
- Risk management framework and work health safety;
- Strategies to manage Council's outstanding debt in the medium to long term
- A focus on asset renewal and financial sustainability
- The desire to reduce the operating deficit.
- Potential introduction of rate capping legislation by the State Government.

Key Decisions

In response to these factors, the annual business plan has been prepared within the following guidelines:

- an increase in general rate revenue of 3.2%;
- consideration of movement in site values from the previous year;
- amendments to rate capping policy;
- service level and range review;
- removal of the discount of 1.5% for payment of rates in full by first instalment;
- continued commitments to community events;

Capital Works Program

In the 2017/2018 budget, Council received Federal Government Funding to support capital infrastructure through the Black Spot Road Program as well as the Roads to Recovery program. In 2018/2019 no funds will be received from these funding programs, therefore Council's focus will be on capital renewal as per the Asset Management Plan.

Construction of the toilet block on the TAFE side of Central Oval will be completed in 2018/2019. This will negate the use of temporary fencing to protect the slab and plumbing which has been present since the opening of the complex in 2015.

CAPITAL PROJECTS 2018/2019	
ROAD & FOOTPATH INFRASTRUCTURE	\$
Shack Road	\$150,000
Other road works as per Asset Management Plan	\$700,000
Footpath Construction	\$500,000
OTHER INFRASTRUCTURE	
Levee Banks Construction	\$61,000
BUILDINGS & LAND ASSETS	
ETSA Oval Toilet Block	\$20,000
Keith Jones Park Toilet Block	\$30,000
Keith Jones Park Shade Structure	\$15,000
Airport	\$40,600
Central Oval Complex	\$8,000
Ryan Mitchell Swim Centre	\$10,000
Institute Theatre	\$30,000
Records Shed	\$10,000
Skate Park	\$9,000
Cultural Centre	\$80,000
Central Oval Toilet Block (TAFE side)	\$175,000
Building Asset Management Plan	\$66,400
PLANT & MACHINERY	
Plant/Vehicle Fleet	\$598,000
Small Plant	\$16,000
TOTAL	\$2,519,000

Council will use the percentage of asset management plan work completed as the measure to assess the performance of the Council against its objectives for the financial year.

Operating Expenditure

The cost of IT salaries, hardware and software is allocated across each program based on the number and type of devices within that program. With the sale of the aged care facilities, these costs have been re-allocated across a reduced number of programs and devices, resulting in higher costs for remaining programs.

With the impending Local Government Elections in November 2018, Council has included a number of required items within the 2018/2019 Annual Business Plan and Budget, including:

- Local Government Election costs including Electoral Commission expenses,
- Training for new Elected Members including finance, meeting procedures, record management etc
- Commencement of development of a new Strategic Plan,
- Review of Council By-laws

Council has allocated funds towards obtaining detailed assessments of a number of ageing Council assets including the Wharf and Westside Jetty to ensure that Council can make an informed decision regarding future asset management. Demolition of the East Side Mill Jetty for safety reasons is also included in the 2018/2019 financial year.

Funding for a detailed building assessment of Hancock Stadium has also been included to inform future decisions of Council in relation to this facility.

Development of a design concept for the public toilets in the Civic Centre building is also included to re-design the existing non-compliant disabled toilets into modern facilities that meet current building codes.

Council is considering undertaking a major upgrade of the playing surface of Central Oval. Funding has been allocated for scoping of this work including preparation of a detailed specification to enable a tender process to be commenced. This scoping will also include a public consultation component.

Progress towards 2018/2019 objectives will be included in Director's quarterly reports to Council for each directorate.

Council has maintained its commitment to economic development and support for its strategic partners. Council has also included funding for grants and consultancies as outlined below:

BUDGET ITEM	\$
Spencer Gulf Cities	\$ 30,000
Contributions to RDA Far North	\$ 56,100
Media and Communications	\$ 30,000
Economic Development Consultancy	\$ 17,500
Grants & External Funding Research	\$ 20,000
City Safe Patrol Review	\$ 30,000
Scoping of Central Oval Turf Upgrade	\$ 30,000
Cinema Augusta	\$ 25,000
TOTAL	\$238,600

Council has continued its support to the Arts through operation of the Lea Theatre, Barracks, Institute Theatre and Yarta Purtli Galleries. Support is also provided for specific arts events including Desert Fringe, Malka Art Prize and Arid Sculptural Event as well as minor workshops throughout the year.

Council has maintained a commitment to community events;

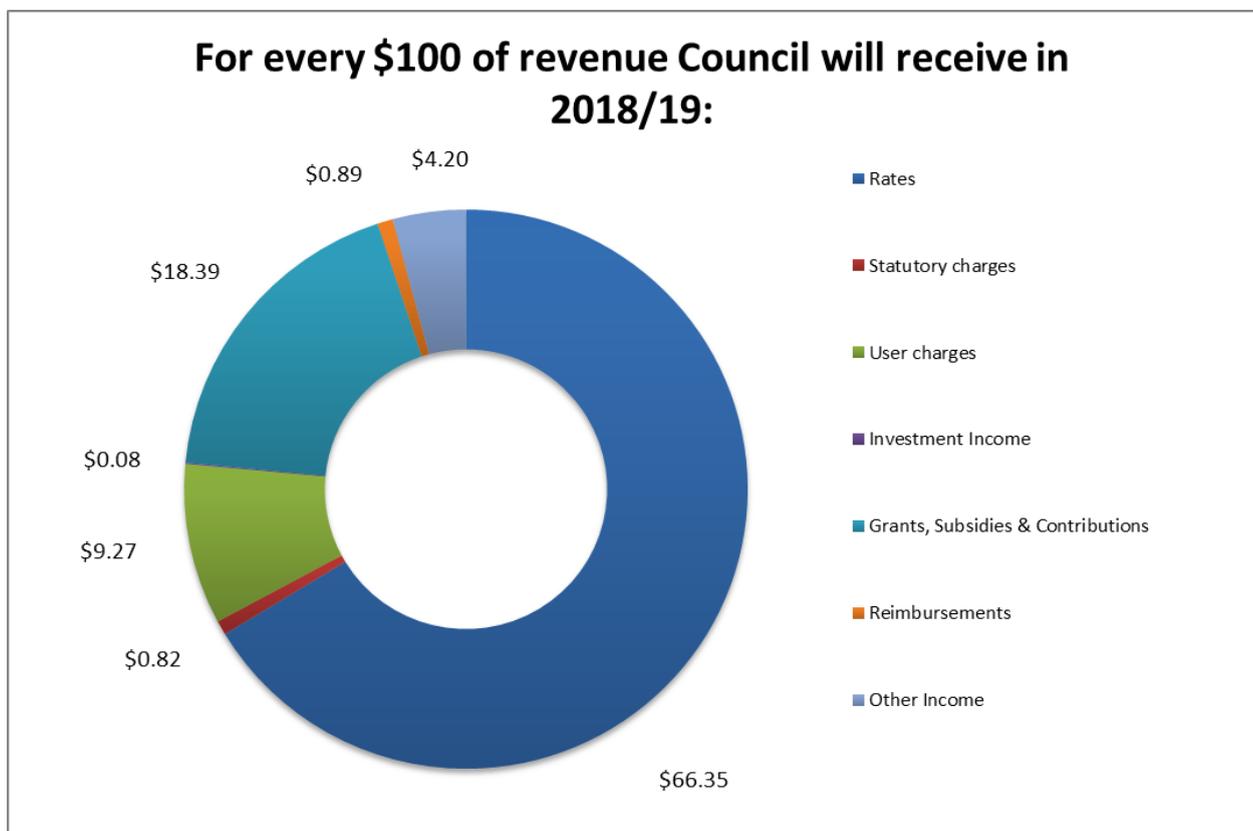
BUDGET ITEM	\$
Port Augusta Country Music Club	\$ 1,500
Port Augusta Racing Club	\$ 15,000
Christmas Lighting	\$2,000
Community Christmas Party	\$20,000
Magic Cave	\$1,000
Christmas Street Decorations	\$2,500
Christmas Tree Festival	\$1,000
Christmas Pageant	\$5,500
Carols in the Park	\$3,000
Port Augusta Golf Classic	\$5,000
Calendar of Events	\$15,340
Australia Day Celebrations	\$5,000
Wharfest	\$4,000
Port Augusta Calisthenics Club	\$1,200
Anderson Dancers Pantomime	\$1,000
Ignite Cheer	\$1,000
Dance Explosions	\$700
Up in the Eyre Swimming Carnival	\$1,800
Crossroads Music Festival	\$1,400
Port Augusta Greyhound Club	\$1,000
Various small events	\$800
Pichi Richi Marathon	\$3,000
Sci World	\$5,000
Port Augusta Markets	\$1,500
NDMA Motor Show	\$1,000
Clean Up Australia Day	\$5,000
Relay for Life	\$2,000
Lions International District Convention	\$3,760
TOTAL	\$111,000

Revenue Sources

Port Augusta City Council receives revenue from a number of sources including:

- External funding agreements with Federal and State Government Departments for various programs including Financial Assistance Grants,
- User fees for services/program including Childcare, Miriam High Special Needs Centre, Health Focus and Men’s Shed program, Ryan Mitchell Swim Centre, Central Oval entrance fees etc.
- Statutory Charges such as planning & building fees,
- General Rates and Service Charges

In 2018/2019, Council has budgeted for 66.35% of Council’s revenue to come from general rates.



Loans & Borrowing

The use of loan funds has underpinned the majority of capital works projects undertaken by Council over the last 30 years.

Council's Treasury Management Policy 2.6.11 provides clear direction to management, workers and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget and long-term financial plan and associated projected and actual cash flow receipts and outlays.

The Treasury Management Policy establishes a decision framework to ensure that:

- a) funds are available as required to support approved outlays
- b) interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed
- c) the net interest costs associated with borrowing and investing are minimised on average over the longer term.

The Council's Treasury Management Strategy is to restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve, and then maintain, not less than 30% of its gross debt on average in any year in the form of variable interest rate borrowings.

Longer term borrowing (15 years and greater) has been historically used for larger capital projects. More recently, Council has taken a \$6m loan over 25 years to fund Council's contribution towards the Central Oval Re-development.

The use of loan funding for capital works has been set out in the Long Term Financial Plan (LTFP). A revised Long Term Financial Plan for the period 2018-2028 has been prepared based on Council's Infrastructure Asset Management Plan.

Following the sale of Council's aged care facilities in November 2017, sale proceeds were used to reduce Council's debt through the repayment of Cash Advance Debentures.

The Cash Advance Debentures 223 and 226 were taken out in 2008 and 2010 to fund large capital projects for those two financial years. The strategy that was put into place was based on making interest only repayments from these loans in a period of very low interest rates, with a view to making payment of the principal in full from the proceeds of the sale of the airport land.

Debentures 217 and 232 will be repaid during the 2018/2019 financial year.

Whilst the 2017/2018 budget provided for a Cash Advance Debenture of \$3.0M to be drawn in January 2018 to support cash requirements, this was not required due to the sale of the aged care facilities.

	AUTH	TAKEN	%	YEARS	AMOUNT	Bal 30.6.2018	Received	Interest	Principal	Bal 30.6.2019
Debenture 217	LGFA	15-Jan-04	6.65%	15	600,000	60,775		3,048	60,775	0
Debenture 220	LGFA	15-Jun-06	6.70%	15	1,350,000	385,705		23,862	120,195	265,510
Debenture 229	LGFA	15-Jan-12	5.05%	10	1,424,000	655,809		31,225	151,898	503,911
Debenture 232	LGFA	15-Jan-14	4.90%	5	2,700,000	593,505		21,899	593,505	0
Debenture 233	LGFA	15-Jan-14	5.30%	25	6,000,000	5,608,245		295,343	144,855	5,463,390
Debenture 234	LGFA	15-Jan-15	4.60%	5	3,000,000	1,068,941		41,162	704,495	364,446
Debenture 237	LGFA	15-Jul-15	4.25%	5	3,800,000	2,742,660		108,753	742,872	1,999,788
						11,115,640	0	525,292	2,518,595	8,597,045
Cash Advance 223	LGFA		4.00%		3,500,000	489,700		20,000	50,000	439,700
Cash Advance 230	LGFA		4.00%		5,000,000	577,471		23,000	60,000	517,471
Cash Advance 235	LGFA		4.00%		850,000	801,197		32,000	80,000	721,197
Cash Advance 236	LGFA		4.00%		4,000,000	3,566,876		344,000	150,000	3,416,876
Cash Advance 226	LGFA		4.00%		3,850,000	3,850,000		154,000	150,000	3,700,000
						9,285,244	0	573,000	490,000	8,795,244

Financial Performance Indicators

As part of the Local Government Association Financial Sustainability Program, a number of Key Performance Indicators (KPI'S) have been developed for application across local government. The purpose of these KPI's is to provide consistency for the purposes of financial reporting and to provide the Council with a view of where it is currently placed in terms of financial sustainability.

The three major KPI's are:-

Adjusted Operating Surplus Ratio

Net Financial Liabilities ratio

Asset Renewal Funding Ratio

Adjusted Operating Surplus ratio

The Adjusted Operating Surplus ratio is calculated as the percentage by which the annual operating surplus or deficit varies from total operating income.

The ratio is adjusted to take into account the Commonwealth Government advance payments of the Financial Assistance Grants when required to prevent distortion of figures. The 2018/2019 budget assumes the total amount of Financial Assistance Grants will be received.

Guidance material provided to Councils under the LGA's Financial Sustainability Program suggest that councils generally should seek to achieve, on average over time, a target range for an operating surplus ratio of between 0 per cent and 10 percent.

Where a council is not achieving an underlying operating surplus or trending towards doing so in the medium term, then generally any capital expenditure on upgrading or expanding infrastructure needs to be modest and targeted, because it normally will lead to additional maintenance and depreciation costs.

Net Financial Liabilities Ratio

Net financial liabilities ratio represents the amount of money owed by Councils to others less money held, invested or owed to councils.

It is the most comprehensive measure of the indebtedness of a council as it includes items such as employee long service leave entitlements and other amounts payable as well as taking account of the level of a council's cash and investments.

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. If the ratio falls, over time, this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening.

Asset Renewal Funding Ratio

The asset renewal funding ratio represents the level of capital expenditure on renewal and replacements of assets relative to the level of such expenditure identified in a council's asset management plans.

This indicator is a measure of whether a council is accommodating asset renewal and replacement in an optimal and cost effective way from a timing perspective relative to the risk it is prepared to accept and the service levels it wishes to maintain.

A suggested target for this indicator is greater than 90% but less than 110% of the level proposed in the Asset Management Plan.

There are operational and other reasons why the asset renewal funding ratio result may vary between years. This may not necessarily detract from asset management performance if a council's target is achieved over the medium term.

The draft Building and Land Asset Management Plan expenditure has been included in this Ratio for 2018/2019 (previously depreciation had been used). The draft is yet to be reviewed and adopted by Council.

The Asset Management Plan for Bridge and Marine Structures indicates capital expenditure of \$11.58m which has not been included in this Ratio as Council is yet to make a formal resolution on these assets.

Contents, Plant and Vehicles asset class has now been excluded from this ratio as there is no asset management plan for this class of assets.

RATIO	2018/2019 (Budgeted)	2017/2018 (Budgeted)
Adjusted Operating Surplus/(Deficit)	(12.9%)	(24.6%)
Net Financial Liabilities	78.0%	86.3%
Asset Renewal Funding	78.3%	42.0%

Operating Deficit

Council has historically struggled to achieve significant reductions in its operating deficit. This is in the main, due to the amount of programs and services that it provides to the community within a relatively low revenue and rates base.

Council is committed to a service level and range review to reduce operating expenditure. Certainly, an improvement in this ratio through implementation of Council's Long Term Financial Plan and by committing to reducing the budget deficit will provide Council with the opportunity to provide additional commitments to asset renewal without relying on borrowing funds. To achieve this, planned and methodical reduction in operating expenditure is required, whilst taking advantage of every possibility to increase operating revenues without materially increasing rates.

Council's Long Term Financial Plan indicates a deficit of \$3,813,000 for 2018/2019 financial year (down from \$4,541,900 in 2017/2018 financial year). However, to break even at year 10 of the Long Term Financial Plan the deficit needs to be reduced on average by \$158,000 per annum for the life of the plan. This would suggest a deficit of \$3,655,000 for the 2018/2019 financial year to meet this target.

The 2018/2019 budgeted operating deficit is \$3,788,200.

Rating

Chapter 10 of the Local Government Act 1999 sets out the legislative requirements for the setting of rates on land.

Rate income is generated by the broad application of fundamental principles of taxation (fairness and equity, simplicity, ability to pay and efficiency) with a view to achieving an equitable distribution of the rates burden amongst ratepayers.

Basis of Rating

The Local Government Act provides for three property valuation options for the purpose of setting rates;

- Capital Value – the value of the land and all of the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

Council has decided to continue with the use of Site Value as the basis of rating for the 2018/2019 financial year.

The Local Government Act also provides for differential rating by location and land use. For the purposes of land use, Council has adopted the Local Government Land Use Codes;

- Residential
- Commercial - Shop
- Commercial - Office
- Commercial - Other
- Industry - Light
- Industry – Other
- Primary Production
- Vacant Land
- Other

Council has also adopted its Development Plan as the basis for differential rating by location.

Rating Policy

As part of developing its Annual Business Plan and Budget, Council reviews its policy for the setting of property rates. Council has reviewed a number of aspects of the current rates policy, particularly policy in respect of discretionary rebates and discounts.

Council has resolved to discontinue the 1.5% discount incentive to make full payment of rates at the date of the first installment for 2018/2019.

Council has also reviewed the rate capping rebate that it introduced in 2009. This policy was put in place to provide a discretionary rebate for properties that were materially affected by large increases in property valuation. The policy has limited rate increases to a level determined by Council over the past 9 years.

The capping % has typically been between the range of 10% and 15% for residences and 10% and 20% for businesses. In 2015/2016 Council resolved to phase this policy out over the next four budget periods. However, significant variances in site values in 2016/2017 resulted in large variances in general rates for ratepayers and additional discretionary rebates were applied. For 2018/2019, the rate cap will be set at 6% for urban and non-urban residential assessments and 15% for all other assessments. Some exclusions apply to the application of the capping rebate. These exclusions are outlined in the rating policy.

All State Government concessions ('Cost of Living Concession' as well as the 'Community Wastewater Management Scheme' concessions) will be paid directly to ratepayers' bank accounts by the State Government.

Minimum Rate

Council considers it appropriate that ratepayers in respect of all rateable land make a contribution to the cost of administering Council's activities and make a contribution to the cost of creating and maintaining the physical infrastructure that supports that land and the basic services provided to all ratepayers.

The minimum rate in 2018/2019 is proposed to be \$1,305 (\$1,285 in 2017/2018). This represents an increase of \$20 (1.6%) on the minimum rate applied in 2017/2018.

Overall, the minimum rate will be applied to approximately 33% of all rateable properties, within the maximum of 35% allowed for in the Local Government Act 1999.

Service Charges

Council provides specific services for the benefit of specific properties for which service charges are applied. Services charges may be raised to cover the cost of establishing, operating, maintaining, improving and replacing such services. Funds raised may not be immediately required until future capital expenditure is necessary for renewing or replacing assets used in the provision of the service.

Council plans to impose the following service charges for the 2018/2019 financial year:

Kerbside Waste Collection & Recycling Charge

In order to recover the cost to Council of establishing, operating and maintaining a kerbside waste collection/recycling service in its area, a service charge will apply to all households, businesses and occupancies that receive or are capable of receiving a service.

In 2018/2019 financial year the service charge will be \$224 (\$220 in 2017/2018).

In areas where the kerbside waste collection is only available on a fortnightly basis such as Blanche Harbour and Miranda, properties will be charged \$112 (\$110 in 2017/2018).

Community Wastewater Management Scheme (Effluent Drainage Scheme)

In some areas in the City of Port Augusta, Council manages a Community Wastewater Management Scheme. Other areas are serviced and charged through SA Water on a quarterly basis for sewerage systems.

In 2018/2019 financial year, the Community Wastewater Management Scheme (CMWS) service charge will be \$450 (\$497 in 2017/2018).

Natural Resource Management (NRM) levy

Councils are required by the State Government to collect an NRM levy on all rateable properties. Collection occurs on behalf of the Northern and Yorke Natural Resource Management Board which uses the funds to manage and protect the natural resources of the region. The Minister for Environment determines the share of contributions required by Council and gazettes those shares on an annual basis. This cost is then divided by the number of rateable assessments in Port Augusta to determine the service charge per assessment.

In 2018/2019 financial year, the levy will be \$36.30 per assessment (\$39.60 in 2017/2018).

Valuation Movement

Valuations have remained relatively stable between 2017/2018 and 2018/2019 rating years. Approximately 0.8% of assessments experienced an increase in site value and 2.6% of assessments had a decrease in site value. 96.6% remained static.

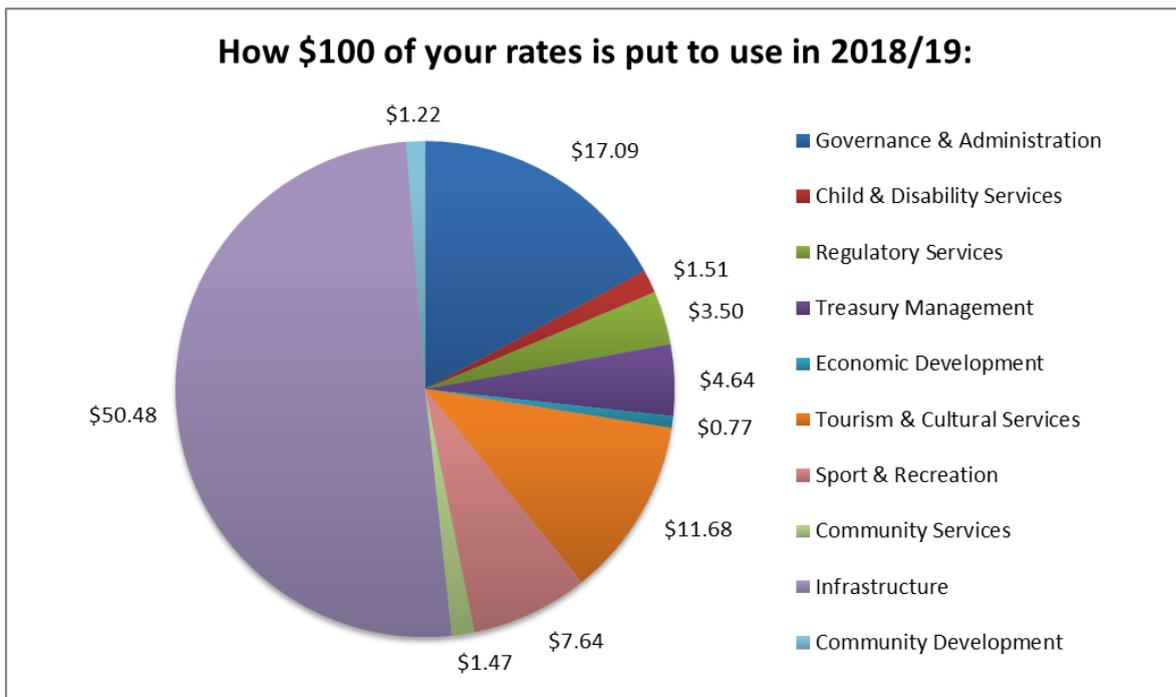
Local Government Land Use Codes	Site Value 2018/2019
Residential	\$ 402,342,000
Commercial - Shop	\$ 23,190,500
Commercial - Office	\$ 9,885,500
Commercial - Other	\$ 47,036,500
Industry - Light	\$ 9,229,500
Industry - Other	\$ 7,195,500
Primary Production	\$ 16,014,500
Vacant Land	\$ 59,969,400
Other	\$ 34,584,600
Total	\$ 609,448,000

For the 2018/2019 financial year, Council must adopt, pursuant to Section 167(2) (b) of the Local Government Act 1999, the valuations of the Valuer-General of site values for all rateable property in the area of the Council, which amounts in total to an estimated value of \$609,448,000 for the area.

Council must specify a date upon which the adoption of such valuations of the Valuer-General shall become the valuations of the Council. This date is 5th July 2018.

The following rate categories and rate in \$ (cents) apply for 2018/2019:

	Assessments #	Rate in \$ (cents)	% Relativity
1 Urban Residence	5986	0.029959	100%
2 Non-Urban Residence	223	0.020672	69%
3 Shack Site - Blanche Harbour	282	0.009587	32%
4 Shack Site - Miranda	61	0.009587	32%
6 Shack Site - Chinamens	3	0.009587	32%
8 Vacant Land	301	0.029959	100%
9 Other Use	66	0.029959	100%
10 Commercial/Industrial	502	0.047934	160%
11 Commercial/Industrial Non-Urban	16	0.047934	160%
20 Non-Urban Vacant Land	117	0.010785	36%
21 Non-Urban Other Use	7	0.020672	69%
30 Farmland	38	0.007789	26%
50 Non-Urban Vacant - Contiguous Land	8	0.010785	36%
51 Farmland - Contiguous Land	8	0.007789	26%
52 Vacant Land Urban - Contiguous Land	66	0.029959	100%
53 Urban Residence - Contiguous Land	1	0.029959	100%
55 Commercial/Industrial - Contiguous Land	3	0.047934	160%
56 Urban Residence - Contiguous Land	21	0.029959	100%
60 Urban Residence - Notional Value	16	0.029959	100%
99 Non Rateable	524		
	8249		



Based on Council Operating Expenditure

SUMMARY OF PROGRAMS AND SERVICES PROGRAM/ACTIVITY	OPERATING		CAPITAL		18/19 NET
	18/19 BUDGET EXPENDITURE	18/19 BUDGET REVENUE	18/19 BUDGET OUTLAYS	18/19 BUDGET RECEIPTS	
CITY MANAGEMENT					
CEO & Elected Members	1,600,200	2,900,000			1,299,800
Human Resources	353,000	22,800			-330,200
City Planning	255,400	70,400			-185,000
Building Inspection	375,900	36,400			-339,500
Environmental Health	144,600	27,000			-117,600
CITY & CULTURAL SERVICES					
General Inspection	336,200	163,600			-172,600
Economic Development	187,400	8,800			-178,600
WHS & Risk Management	208,000	52,200			-155,800
Contracts & Events	212,700				-212,700
Community Harmony	1,472,500	1,352,300			-120,200
Library & Information Service	663,400	60,800			-602,600
Yarta Purtli, Fountain Gallery & Lea Theare	805,900	98,400	110,000		-817,500
Records Management	268,400				-268,400
CORPORATE SERVICES					
Financial & Customer Services	1,826,800	17,102,700			15,275,900
Information Communications Technology	341,800				-341,800
Treasury Management	1,103,300	22,000	3,008,600	19,700	-4,070,200
Australian Arid Lands Botanic Garden	1,581,500	773,600			-807,900
Wadlata Tourist Centre	1,226,300	623,900			-602,400
Central Oval Community Hub	1,865,000	517,500	183,000		-1,530,500
Sport & Recreation	627,600	195,000	10,000		-442,600
Community Development Programs	305,400	23,300			-282,100
COMMUNITY SERVICES					
Nerrilda Nursing Home					
Health Focus Program	270,700	270,700			
HACC Collaborative Project	71,000	71,000			
A.M. Ramsay Village					
Childcare Services	1,104,200	916,000			-188,200
Miriam High Special Needs Centre	334,700	216,500			-118,200
Men's Shed Program	63,800	54,700			-9,100
Youth Activity Service	5,500	3,000			-2,500
INFRASTRUCTURE & ENVIRONMENT					
Buildings	555,700	51,000	126,400		-631,100
Other Property	1,631,200	130,700	70,000		-1,570,500
Cemeteries	207,000	150,000			-57,000
Waste Management	1,708,000	1,592,500			-115,500
Infrastructure	6,441,800	934,300	1,390,600		-6,898,100
Parks Gardens Reserves Ovals	1,596,900		15,000		-1,611,900
Engineering Services & Depots	3,301,500	824,000	614,000		-3,091,500
	33,053,300	29,265,100	5,527,600	19,700	-9,296,100

PORT AUGUSTA CITY COUNCIL

BUDGETED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
INCOME		
Rates	19,416,500	18,737,200
Statutory charges	240,600	245,000
User charges	2,714,100	5,025,900
Grants, Subsidies & Contributions	5,381,800	12,676,600
Investment Income	22,000	87,600
Reimbursements	261,700	399,300
Other Income	1,228,400	1,301,300
TOTAL INCOME	29,265,100	38,472,900
EXPENSES		
Employee Costs	12,152,350	18,731,700
Materials, Contracts & Other Expenses	12,697,150	14,771,900
Finance Costs	1,103,300	1,541,600
Depreciation, Amortisation & Impairment	7,100,500	7,969,600
TOTAL EXPENSES	33,053,300	43,014,800
OPERATING SURPLUS / (DEFICIT)	(3,788,200)	(4,541,900)
Asset disposal and fair value adjustments	-	100,000
Amounts received specifically for new or upgraded assets	-	-
Physical resources received free of charge	-	-
NET SURPLUS/(DEFICIT) transferred to Equity Statement	(3,788,200)	(4,441,900)
Other Comprehensive Income		
Changes in revaluation surplus - infrastructure,	-	-
TOTAL OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	(3,788,200)	(4,441,900)

NOTE: reductions in some Income and Expense items in 2019 (eg Grants, Subsidies & Contributions) relate to the sale of Nerrilda Nursing Home and AM Ramsay Village.

PORT AUGUSTA CITY COUNCIL

BUDGETED STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	1,373,100	3,568,700
Trade & other receivables	1,139,000	2,100,000
Inventories	230,000	255,000
Total Current Assets	2,742,100	5,923,700
Non-current Assets		
Financial Assets	24,000	42,800
Infrastructure, Property, Plant & Equipment	193,205,200	211,060,200
Other Non-current Assets		2,100,000
Total Non-current Assets	193,229,200	213,203,000
TOTAL ASSETS	195,971,300	219,126,700
LIABILITIES		
Current Liabilities		
Trade & Other Payables	5,500,000	5,700,000
Borrowings	1,503,000	2,519,000
Provisions	2,300,000	2,000,000
Total Current Liabilities	9,303,000	10,219,000
Non-current Liabilities		
Borrowings	15,890,000	28,318,000
Provisions	165,000	100,000
Total Non-current Liabilities	16,055,000	28,418,000
TOTAL LIABILITIES	25,358,000	38,637,000
NET ASSETS	170,613,300	180,489,700
EQUITY		
Accumulated Surplus(Deficit)	(16,468,700)	(14,769,300)
Asset Revaluation Reserve	187,082,000	195,259,000
TOTAL EQUITY	170,613,300	180,489,700

NOTE: reductions in some Balance Sheet items in 2019 (eg Infrastructure, Property, Plant & Equipment) relate to the sale of Nerrilda Nursing Home and AM Ramsay Village.

PORT AUGUSTA CITY COUNCIL

BUDGETED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Operating Receipts	29,143,100	38,385,300
Investment Receipts	22,000	87,600
<u>Payments</u>		
Operating Payments to suppliers & employees	(24,849,500)	(33,503,600)
Finance Payments	(1,103,300)	(1,541,600)
Net Cash provided by (or used in) Operating Activities	<u>3,212,300</u>	<u>3,427,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Receipts</u>		
Sale of replaced assets	100,000	100,000
Repayments of loans by community groups	19,700	19,600
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(1,817,000)	(2,836,100)
Expenditure on new/upgraded assets	(702,000)	(642,300)
Net Cash provided by (or used in) Investing Activities	<u>(2,399,300)</u>	<u>(3,358,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Receipts</u>		
Proceeds from Borrowings	-	3,000,000
Proceeds from Aged Care Facility deposits	-	500,000
<u>Payments</u>		
Repayments of Borrowings	(3,008,600)	(3,108,100)
Repayment of Aged Care Facility deposits	-	(500,000)
Net Cash provided by (or used in) Financing Activities	<u>(3,008,600)</u>	<u>(108,100)</u>
Net Increase (Decrease) in cash held	<u>(2,195,600)</u>	<u>(39,200)</u>
Cash & cash equivalents at beginning of period	<u>3,568,700</u>	<u>3,607,900</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>1,373,100</u>	<u>3,568,700</u>

PORT AUGUSTA CITY COUNCIL

BUDGETED UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDED 30 JUNE 2019

The following is a high level summary of both operating and capital investment activities of the Council prepared on a uniform and consistent basis. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis. The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2019 \$	2018 \$
Income	29,265,100	38,472,900
<i>less</i> Expenses	<u>33,053,300</u>	<u>43,014,800</u>
	<u>(3,788,200)</u>	<u>(4,541,900)</u>
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,817,000	2,836,100
<i>less</i> Depreciation, Amortisation and Impairment	(7,100,500)	(7,969,600)
<i>less</i> Proceeds from Sale of Replaced Assets	<u>(100,000)</u>	<u>(100,000)</u>
	<u>(5,383,500)</u>	<u>(5,233,500)</u>
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	702,000	642,300
<i>less</i> Amounts specifically for New and Upgraded Assets	<u>-</u>	<u>-</u>
	<u>702,000</u>	<u>642,300</u>
Net Lending / (Borrowing) for Financial Year	<u>893,300</u>	<u>49,300</u>

PORT AUGUSTA CITY COUNCIL

BUDGETED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
2019			
Balance at end of previous reporting period	(12,680,548)	187,081,950	174,401,402
Net Surplus/ (Deficit) for year	<u>(3,788,200)</u>	<u> </u>	<u>(3,788,200)</u>
Balance at end of period	<u>(16,468,748)</u>	<u>187,081,950</u>	<u>170,613,202</u>
Gain on revaluation of property, plant & equipment	<u> </u>	<u> </u>	<u>-</u>
Balance at end of period	<u>(16,468,748)</u>	<u>187,081,950</u>	<u>170,613,202</u>
2018			
Balance at end of previous reporting period	(8,238,648)	187,081,950	178,843,302
Net Surplus/ (Deficit) for year	<u>(4,441,900)</u>	<u> </u>	<u>(4,441,900)</u>
Balance at end of period	<u>(12,680,548)</u>	<u>187,081,950</u>	<u>174,401,402</u>
Gain on revaluation of property, plant & equipment	<u> </u>	<u> </u>	<u>-</u>
Balance at end of period	<u>(12,680,548)</u>	<u>187,081,950</u>	<u>174,401,402</u>



PortAugusta

CITY COUNCIL

1. STATUTORY POLICY/PROCEDURES/CODES OF PRACTICE

1.1 LOCAL GOVERNMENT ACT 1999

POLICY NUMBER	1.1.10	Public Document?	Council or Administration		PAGES	14
		Yes	Council			
SUBJECT:						
RATING POLICY 2018/2019						
COUNCIL MEETING	AR17/26289	ISSUE DATE	05/07/2017	REVIEW DATE		DELETED DATE
EXTERNAL LEGISLATION Local Government Act 1999				INTERNAL REFERENCES		
RELATED POLICIES Rebate of Rates Policy 2.6.01 Hardship Policy for Residential Customers of Minor & Intermediate Water Retailers 2.6.15 Purchasing, Contracts & Tendering - 1.1.09				RESPONSIBLE OFFICER Director - Corporate & Community Services		

SECTION A

1.0 POLICY STATEMENT

- 1.1 The Rating Policy sets out the guidelines that the Port Augusta City Council adheres to when setting and collecting rates from its community. Rates are not a fee for services. They constitute a system of taxation for Local Government purposes.

1.2 The policy covers:

- Method used to value land
- Adoption of valuations
- Notional values
- Rates impact statement
- Differential general rates
- Minimum rate
- Rate capping
- Natural Resource Management Levy
- Service charges
- Concessions
- Payment of rates
- Late payment of rates & debt recovery
- Remission and postponement of rates
- Rebate of rates
- Sale of land for non-payment of rates

1.3 ANNUAL ADOPTION OF THE POLICY

1.6.1 Section 123 of the Local Government Act 1999 (the Act) requires a Council to prepare and adopt each year an Annual Business Plan and Budget. Section 123 (2)(d) of the Act, the Annual Business Plan must set out the rates structure and policies for the financial year. A summary of the Annual Business Plan must be included with the first rates notice. The Annual Business Plan (as adopted) must be available for inspection (without charge) or purchase (on payment of a fee fixed by the Council).

This policy is available for inspection at the Customer Service Counter of the Council Office, 4 Mackay Street, Port Augusta SA 5700 or on Council's website www.portaugusta.sa.gov.au

2.0 PURPOSE

2.1 To provide a clear understanding of the process for determining rates on an annual basis.

3.0 RESPONSIBILITY & REVIEW

3.1 Director – Corporate & Community Services

3.2 Reviewed annually in June/July of each year.

4.0 SECTION B

4.1 METHOD USED TO VALUE LAND

Councils may adopt one of three valuation methodologies to value the land in its area. They are:

- a) Capital Value – the value of the land and all of the improvements on the land;
- b) Site Value - the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements;
- c) Annual Value – a valuation of the rental potential of the land.

Council has decided to continue to use site value for the purpose of valuing land within the council area for the 2018/2019 financial year.

4.2 ADOPTION OF VALUATIONS

The Council is required to adopt the most recent valuations made by the Valuer-General for the 2018/2019 financial year prior to declaration of rates.

If a ratepayer is dissatisfied with the valuation made by the Valuer-General then they may object to the Valuer-General in writing within 60 days of receiving the first notice of the valuation, explaining the basis for the objection - provided they have not:

- a) previously received a notice of this valuation under the Local Government Act, in which case the objection period is 60 days from the receipt of the first notice; or
- b) previously had an objection to the valuation considered by the Valuer-General.

Further information is available at:

<https://www.sa.gov.au/topics/planning-and-property/owning-a-property/objecting-to-a-property-valuation>

The contact details for the Valuer General is:

State Valuation Office
GPO Box 1354
ADELAIDE SA 5001
E-mail: lsgobjections@sa.gov.au
Telephone: 1300 653 346.

NOTE - The Council has no role in this process. It is also important to note that the lodgement of an objection does not change the due date for payment of rates.

4.3 NOTIONAL VALUES

Certain properties may be eligible for a notional value under the Valuation of Land Act 1971 where the property is the principal place of residence of a ratepayer. This can relate to certain primary production land or where there is State heritage recognition. Application for a notional value must be made to the Office of the Valuer-General.

4.4 RATES IMPACT STATEMENT

The Council has considered the impact of rates on business and associated activity in the area. In considering the impact, Council assessed the following matters:

- a) Council's policy on "Rebates of Rates" (2.6.01).
- b) The support provided for Regional Development Australia Far North, which in turn support small business operations in the City and adjoining areas.
- c) Council's Purchasing, Contracts & Tendering policy (1.1.09), which provides preference for local suppliers if certain criteria is met.
- d) Continuing Council support for the two major tourist facilities, the Australian Arid Lands Botanic Garden and the Wadlata Outback Centre, that provide broad economic benefit across the community and the region.
- e) The equity of the distribution of the rate burden between classes of ratepayers based on land use and occupation.
- f) Issues of equitability that over a number of years has been created as a result of wide and varied fluctuations in land value across the various localities within the City.
- g) The provisions of the Local Government Act pertaining to mandatory rebates.
- h) Current local, state and national economic conditions.
- i) Council's Asset Management Plans, Long Term Financial Plan and desire to achieve 'break even' at year 10 of the plan.

4.5 COUNCIL'S REVENUE RAISING POWERS

The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate which applies to all rateable land. In accordance with the Local Government Act 1999 the following practices apply:

- a) All land within a council area is rateable, except for land specifically exempt (e.g. crown land, council occupied land and others as prescribed in the Local Government Act).

- b) The Local Government Act provides for rates to be assessed against any piece or section of land subject to separate ownership or occupation and requires that the division of land for the purposes of establishing separate ownership and occupation be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of the council.
- c) When determining the basis for rating, Council is required under the provisions of the Local Government Act to take into account the following principles:
- i. that rates constitute a system of taxation for Local Government purposes;
 - ii. strategies to provide relief from rates where appropriate;
 - iii. take into account the financial effects of the decision on future generations.
- d) Council has set differential general rates in the dollar to raise the necessary revenue by way of utilising the 9 different categories of land use incorporated under the Local Government (General) Regulations, namely:
- | | |
|---|---------------------|
| 1 | Residential |
| 2 | Commercial – Shop |
| 3 | Commercial – Office |
| 4 | Commercial – Other |
| 5 | Industry Light |
| 6 | Industry Other |
| 7 | Primary Production |
| 8 | Vacant Land |
| 9 | Other |
- e) The use to which the land is put may govern the differential rate. If a land owner is of the opinion that the land use attribution is incorrect, they may object. The objection must be in writing and lodged within 60 days after the objector receives notice of the attribution of the particular land use to which the objection relates and addressed to –

admin@portaugusta.sa.gov.au or

*Port Augusta City Council,
PO Box 1704,
PORTAUGUSTA SA 5700.*

Where there is a shed or structure located on otherwise vacant land, the land can no longer be deemed to be 'vacant' and the land use attributed will be 'other' provided that there is no commercial use of the land.

Where two residences exist on the one allotment and the residences are occupied by the occupiers children and/or their parent/s and additional or separate property services are not provided, Council will consider that the site is occupied by a single occupier being an extended family.

In addition, Council can raise separate rates, for specific areas of the Council or service rate or charges for specific services.

The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Port Augusta City Council Civic Centre, 4 Mackay Street, Port Augusta or on Council's website at www.portaugusta.sa.gov.au . A Goods and Services Tax at a rate determined under the Goods and Services Tax Act 1999 will be charged on those fees not given exemption under the Act.

4.6 MINIMUM RATE

Council will impose a minimum amount payable by way of rates.

If 2 or more pieces of rateable land within the area of a council constitute a single farm enterprise, a minimum amount may only be imposed against 1 of the pieces of land. The owner of the land must apply to Council on the relevant form for this to be processed.

If two or more pieces of contiguous rateable land are owned by the same owner and occupied by the same occupier, a minimum amount may only be imposed against the whole of the land and not against individual pieces of it.

Where a Council imposes a minimum rate it must not apply to more than 35% of the total number of properties in the area subject to the separate assessment of rates.

The Council has decided to continue with a minimum rate the reasons being:

- a) It is considered appropriate that all rateable land owners make a contribution to the cost of administering the Council's activities and creating and maintaining the physical infrastructure that supports land.
- b) Minimum rates have been applied for many years and their continuation together with the rating impacts/trends that apply provide a consistent approach to rating levels.

For the 2018/19 financial year, Council has decided to impose a minimum rate of \$1,305 which will affect 33% of rateable properties.

4.7 SERVICE CHARGES

Council provides specific services for the benefit of specific properties for which service charges are applied. Services charges may be raised to cover the cost of establishing, operating, maintaining, improving and replacing such services. Funds raised may not be immediately required until future capital expenditure is necessary for renewing or replacing assets used in the provision of the service.

Council plans to impose the following service charges for the 2018/19 financial year:

Kerbside Waste Collection & Recycling Charge

In order to recover the cost to Council of establishing, operating and maintaining a kerbside waste collection/recycling service in its area, a service charge will apply to all households, businesses and occupancies that receive or are capable of receiving a service.

In 2018/2019 financial year the service charge will be \$224.

In areas where the kerbside waste collection is only available on a fortnightly basis such as Blanche Harbour and Miranda, properties will be charged \$112.

Community Wastewater Management Scheme (Effluent Drainage Scheme)

In some areas in the City of Port Augusta, Council manages a Community Wastewater Management Scheme. Other areas are serviced and charged through SA Water on a quarterly basis for sewerage systems.

In 2018/2019 financial year, the Community Wastewater Management Scheme (CMWS) service charge will be \$450

4.8 NATURAL RESOURCE MANAGEMENT LEVY

Councils are required by the State Government to collect an NRM levy on all rateable properties. Collection occurs on behalf of the Northern and Yorke Natural Resource Management Board which uses the funds to manage and protect the natural resources of the region. The Minister for Environment determines the share of contributions required by Council and gazettes those contributions on an annual basis. This cost is then divided by the number of rateable assessments in Port Augusta to determine the service charge per assessment.

In 2018/2019 financial year, the levy will be \$36.30 per assessment.

4.9 CONCESSIONS

Cost of Living Concession

The State Government replaced rate concessions with a 'cost of living concession' that is paid directly to pensioners and concession card holders. Information is available at:

<http://www.sa.gov.au/topics/care-and-support/financial-support/concessions/cost-of-living-concessions>

E-mail: Costoflivingconcession@sa.gov.au

Phone: ConcessionsSA Hotline – 1800 307 758

If you have a hearing or speech impairment – TTY 8226 6789

If you require interpreting and translating services, please call 1800 280 203

Community Wastewater Management Scheme (Sewerage) Concessions

Community Wastewater Management Scheme concessions will also be paid directly by the South Australian Government to eligible pensioners and concessional card holders.

Further details are available at :

<http://www.sa.gov.au/topics/care-and-support/financial-support/concessions/water-and-sewerage-rate-concession>

Please contact the State Government at:

E-mail: concession@sa.gov.au

Phone: ConcessionsSA Hotline – 1800 307 758

If you have a hearing or speech impairment – TTY 8226 6789

If you require interpreting and translating services, please call 1800 280 203

4.10 PAYMENT OF RATES

Rates levied for the year may be paid in four quarterly instalments, due and payable in the months of September, December, March and June of the financial year for which they are declared.

Separate notices relating to each instalment will be issued to land owners at least 30 days prior to the due date of each instalment (unless paid in full by the due date of the first instalment).

Rate Notices are issued to the principal ratepayer either by post or by electronic communication to an electronic address nominated by the Principal Ratepayer. To register to receive rates notices electronically, ratepayers are required to log into: www.portaugusta.sa.gov.au and click on the ezybill portal.

Rates may be paid at the Civic Centre, 4 Mackay Street Port Augusta between the hours of 9am and 5pm, Monday to Friday. EFTPOS facilities are available. Payments by post can be made to PO Box 1704 Port Augusta SA 5700.

Rates may also be paid by:-

- Internet www.portaugusta.sa.gov.au
(Select 'Make a Payment' from the Fast Find menu, then "Online Transactions, then 'Rate Payment';
- Telephone on **1300 276 468**, enter the Biller Code **1351915**, your

Customer Reference Number, amount and card details to complete the payment. At the end of the call they are provided with a unique payment receipt number.

- Australia Post (Post Billpay)
Payment may be made in store at Australia Post or by phone on 13 18 16 quoting Billpay code 2808;
- BPay and BPay View
Quote biller code 27961 and Customer Reference Number
- Centre Pay (if you receive a payment from Centrelink)
- Direct Debit (by providing council with an authorisation to deduct regular payments of a fixed amount from your bank account). An administrative fee of \$5 will be incurred when a payment rejection occurs.

If paying through an external agency, ratepayers need to be mindful that it can take up to 72 hours for funds to be transferred to Council. It is the ratepayer's responsibility to ensure payment is received and receipted by Council on or before the due date of each instalment.

Any ratepayer who may experience difficulty with meeting the standard payment arrangements is invited to contact the Rates Coordinator on 86419100 to discuss alternative payment arrangements. Such enquiries will be dealt with in confidence.

4.11 LATE PAYMENT OF RATES & DEBT RECOVERY

The Local Government Act provides that Councils impose a penalty of 2% on any late payment of rates. The initial fine will be applied to the outstanding balance three (3) business days after the due date. Each month thereafter interest is added to the arrears of rates balance. The interest rate is set each year according to a formula in the Local Government Act.

The purpose of this penalty is –

- to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time,
- to allow Councils to recover the administrative cost of following up unpaid rates, and,
- to cover any interest cost the Council may meet because it has not received the rates on time.

Written applications for remission of fines are to be forwarded to the Rates Coordinator. Each case will be considered on its merit based on the information provided.

When rates are in arrears Council pursues legal recovery of rates.

The Council first issues an overdue notice for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates remain unpaid for more than 14 days after the issue of the overdue notice then the Council refers the debt to a debt collection agency for collection unless contact is otherwise made.

Should a ratepayer fail to either pay overdue rates on the debt collection agency demand notice, or establish a payment plan, the Council will commence legal action to recover the debt. Where legal action occurs, it is a requirement of Council that all costs associated with the debt recovery process be reimbursed by the principal ratepayer.

When the Council receives a payment in respect of rates the Council applies the money received as follows:

- a) first – to satisfy any costs associated with debt collection processes;
- b) second – to satisfy any interest costs;
- c) third – in payment of any fines imposed;
- d) fourth – in payment of rates, in chronological order (starting with the oldest account first).

4.12 REMISSION AND POSTPONEMENT OF RATES

Section 182 of the Local Government Act permits a 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 he/she is invited to contact the Rates Coordinator on 8641 9100 to discuss the matter. Although arrangements for late payment of rates are negotiable, remission of rates in whole or in part is rarely approved due to the inequitable outcome for the rest of the community.

Separate provisions in the Local Government Act pertain to the postponement of rates for Seniors.

4.13 REBATE OF RATES

Division 5 of the Local Government Act requires Councils to rebate rates payable on some land. Mandatory rebate provisions are made for land used for health services, community services including community housing, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions.

Discretionary rebates may be applied by the Council under Section 166 of the Act. Council currently provides discretionary rebates to a large number of sporting bodies and community organisations.

Council will consider on merit all applications made on the relevant form for rebate received under Section 166 of the Act.

Rate Capping

For the 2018/2019 financial year, Council considered it appropriate to grant pursuant to Section 166(1)(l)(ii) of the Local Government Act a rebate of the general rate in order to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer.

Consequently, rebates will be granted (subject to conditions) to limit the increase of the 2018/2019 general rate over the amount of the general rate payable in the 2017/2018 financial year as follows:

- (a) on residential land use – increase will be limited to 6% over the general rate payable in the 2017/2018 financial year
- (b) on all other land uses – increase will be limited to 15% over the general rate payable in the 2017/2018 financial year.

The conditions referred to above are as follows:

- (i) any such increase is not due in full or in part to the use of the land being different for rating purposes on the date the Council declared its general rates for 2017/2018 financial year than on the date Council declared its general rates for the 2018/2019 financial year; or
- (ii) the ownership of the rateable land has not changed in the preceding 18 months; or
- (iii) subdivision of the land has not occurred since 1st July 2017: or
- (iv) a notional value has not been assigned to the land by the Valuer-General; or
- (v) a new valuation assessment has not been provided by the Valuer-General for the purpose of incorporating contiguous land.

4.14 SALE OF LAND FOR NON-PAYMENT OF RATES

The Local Government Act provides that a Council may sell any land where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) and any registered mortgagee with details of the outstanding amounts, and advise them of its intention to sell the land if payment of the outstanding amount is not received within a given timeframe.

4.15 APPLICATION OF THE POLICY

A copy of this Council policy is available from the Rates Coordinator, either telephone on 8641 9100, by written request to the Port Augusta City Council, PO Box 1704, Port Augusta SA 5700, or via Council's website www.portaugusta.sa.gov.au.

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact the Rates Coordinator on 8641 9100 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, Port Augusta City Council, PO Box 1704, Port Augusta SA 5700.

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

5.0 WORKER'S RESPONSIBILITIES

- 5.1 Director – Corporate & Community Services
- 5.2 Rates Coordinator