



PortAugusta
CITY COUNCIL



PORT AUGUSTA CITY COUNCIL
**ANNUAL BUSINESS PLAN
& BUDGET 2022/23**



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INTRODUCTION

The Annual Business Plan and Budget sets out the Port Augusta City Council's services, programs, and projects for the 2022/2023 financial year.

It is very challenging for Council to set a budget which ensures the mix of mandatory and discretionary services, as well as capital works, and meets the needs of the local community, businesses, and visitors to the region within current financial constraints. It is recognized that individuals, businesses, and community groups will have different views as to what services and programs Council should be providing as well as the level of service provided.

A funding commitment by the State Government towards operating costs of the Australian Arid Lands Botanic Garden is great news for the Port Augusta community, providing security for this valuable asset as well as direct rate relief to the Port Augusta Community. This brings the Australian Arid Lands Botanic Garden in line with other Botanic Gardens in South Australia that receive State Government funding.

The 2022/2023 Annual Business Plan and Budget aims to maintain mandatory and desired services and facilities for the community, whilst continuing progress towards the long-term sustainability of the Council's financial performance and position and considering feedback from the community seeking lower increases in general rates.

Amendments from the Draft 2022/23 Annual Business Plan & Budget

Minor amendments have been made to the final 2022/23 Annual Business Plan and Budget in comparison to the draft document that was adopted for public consultation.

The amount of sponsorship provided to groups has been increased by \$10,000 to support additional applications that have been received since the adoption of the draft Annual Business Plan & Budget. There has not been any change to the budgeted deficit as outlined in the draft 2022/2023 Annual Business Plan & Budget.

Valuer General data files continued to be received since the adoption of the draft 2022/2023 Annual Business Plan & Budget. Modelling on the final valuations to be adopted for the 2022/2023 rating year has resulted in the rate in the dollar for each differential rate reducing slightly from the amounts in the draft 2022/2023 Annual Business Plan & Budget to achieve the budgeted general rates revenue. This has resulted in the average urban residential general rates for 2022/2023 being \$1,789 compared to \$1,800 in the draft 2022/2023 Annual Business Plan & Budget.

A adjustment has been made between revenue categories which has been reflected in an updated Statement of Comprehensive Income with no overall change to total income.



2022/23 BUDGET SNAPSHOT



14,102
Population
(ABS 2018)

\$1.749M
Capital Grant Funding

\$750,000

State Government
Funding for the
Australian Arid
Lands Botanic
Garden

Maintains
410km
Roads

Maintains
32km
Stormwater
Pipework

141
Council Staff
Average Full-Time
Equivalent

1,153km²
Size of Council
Area
(source:
RDAFN.com.au/our-region)

Maintains
125km
Footpaths

\$31,541,400
Operating Revenue

1.2% ↓
Reduction in
General Rates

\$33,702,400
Operating Expenditure
(including Depreciation)

\$10.575M
Capital Works

\$4.8M 
Loans
Budgeted Balance as at 30/6/2023

Capital Value
as the
Basis of Rating

7749
Rateable
properties

\$900
Fixed Charge

Status of 2021/2022 key activities as at 31st March 2022

The 2021/2022 financial year has presented ongoing challenges for Council due to several staff vacancies due to unplanned leave and departures from the organisation occurring across various departments and difficulties in attracting suitably qualified staff into roles. This has caused some delays to planned works, including infrastructure projects.

Status Legend:

- Near completion or completed
- Work in progress
- Work yet to commence or delayed

Operating Expenditure	Status	Comments
Priority Action 1 - Community		
Reconciliation Action Plan activities		Reconciliation Plan has been reviewed by Reconciliation Australia and is awaiting final approval. Some activities from the plan have already commenced.
Disability Access & Inclusion Plan activities		<p>Disability Reference Group meetings held 18/8/2021 & 20/10/2021. Meetings were suspended in early 2022 due to Covid concerns.</p> <p>Disability Awareness in the Workplace training being rolled out to all staff. 65% have already completed the training. Review of CBD accessible carparking is complete and it is intended to implement at least two improvements to existing spaces.</p>
Support for Events		<p>Council has provided support and Funding agreements have been entered into or funding provided to:</p> <ul style="list-style-type: none"> • Quilters Guild • Dance Explosions • Pt Augusta Golf Club Golf Week • Port Augusta Racing Club • Pt Augusta Calisthenics Club • Anderson Dancers • Relay for Life • Various groups for the Xmas event • Lions Club Australia Day event • Nunga X games <p>Clean Up Australia Day event was held on 13th March 2022.</p> <p>Several events were cancelled due to Covid-19.</p>

Recognition programs		<p>End of school year awards offered to all Port Augusta Primary Schools and PASS & Caritas College Year 12 awards.</p> <p>Academic Achiever Award for 2021 was awarded to Miss Ella Dixon</p>
Continue to lobby for increased aviation access to and from the City		<p>Council Officers continue to advocate for the airport and seek funding to upgrade the infrastructure.</p> <p>\$320,000 in funding was received, and with a matching allocation from Council, all runway lighting and some taxiway lighting was replaced, and a hotmix overlay to a portion of the taxiway apron is planned for June 2022.</p> <p>Access to passenger transport flights was raised with the Member for Giles following SA Government elections.</p>

Priority Action 2 – Economy

Operating Expenditure	Status	Comments
AALBG Master Plan activities		<p>Refer to AALBG Committee Reports for further information.</p> <p>A funding commitment has been made by the new State Government to provide \$3 million over the next 4 years.</p>
Stakeholder workshops to develop profile and prospectus to promote Port Augusta		<p>Port Augusta has been featured in a new brochure from the South Australian Film Corporation 'South Australia: Film Friendly State'</p>

Priority Action 3 – Environment

Operating Expenditure	Status	Comments
Waste Management Strategy & Education Program		Opportunistic education continues. Council Officers are in discussion with Coast Care to coordinate another volunteer based clean-up day where Council funds pickup and delivery of the collected waste.
Review & communicate the Style Guide for the City		Style Guide continues to guide project designs – most recently the proposed milestone market concept for the coastal path and concepts for the wharf renewal
Recognition programs		New Council environmental award was awarded as part of the Australia Day Awards to Port Augusta Coast Care.

Priority Action 4 – Infrastructure

Operating Expenditure	Status	Comments
CBD Master Plan		Workshop held with EMs 22/12/20 and subsequent e-mail trails. Funding application unsuccessful. Funding options for a CBD Masterplan was discussed with Member for Stuart.
Implement work as per Asset Management Plans		The transport related renewal programs are proceeding well, however delivery of the building program has been delayed.
Digital mapping of stormwater system		<p>The tender for development of the Digital Elevation Model is complete and negotiations are underway to ensure good value.</p> <p>The second stage, being development of the Stormwater Master Plan, itself will be tendered once the DEM is awarded.</p>

Completion of Foreshore Strategy (includes Marine Assets)		This is now part of the larger Marine Infrastructure project. Council Officers are working with the DIT contractor on preliminary scoping and design development.
Removal of end-of-life assets		Asset Management Plans & Strategic Property Review will inform this.
Open Space Strategy Review		To be undertaken following the finalisation of Playspace and Tree Strategies/Frameworks. These are drafted and nearing completion

Priority Action 5 – Governance & Financial Sustainability

Operating Expenditure	Status	Comments
Review Long Term Financial Plan		EM Information session held 26/10/2021 LTFP tabled at Audit Committee 15/02/2022 and adopted by Council 08/03/2022
Continuous Improvement Program <ul style="list-style-type: none"> • Service Level & Range Review • Organisational efficiencies • Strategic Property Review • Implement change to basis of rating • Implementation of new Planning Act & resulting processes • Changes to Superannuation Guarantee Act 		Review of Airport Fees & Charges resulting in streamlined process and increased revenue (all charges through Avdata and increased fees) Council's bank charge benchmarking review completed with minor savings achieved UniSA has been engaged to undertake a survey of library users as a part of the service level review Change to basis of rating implemented following adoption of 2021/2022 ABP & Budget including Rating Policy. Super Act changes implemented as required. General Ledger rebuild occurring to improve accounting efficiencies

Asset Management Plan Expenditure	Status	Comments
Transport Capital Renewal/ Replacement of Assets		Kerbing program works underway. Spray sealing due to commence early February 2022. Asphalt overlay due to commence May 2022.
Transport New Capital Works		Footpath works underway and on schedule to be complete 30 June 2022.
CWMS & Wastewater Renewal/Replacement of Assets		CWMS pipeline relining works complete. Watts Street pump relocation on hold while an option to retire the asset is being explored.
Stormwater Renewal/Replacement of Assets		Contract for replacement of the switchboard is awarded.
Stormwater New Capital Works		Consideration of gravity option for Flinders Tce stormwater network extension (not a pump based solution) being explored.
Building & Land Improvement Renewal/Replacement		Ryan Mitchell Swim Centre project evaluation is scheduled for 21 April with contract award within 2 to 4 weeks. Public toilet refurbishment tenders for Rotary Park and Civic Centre close late April with contract award shortly thereafter.
Plant & Vehicle Renewal/ Replacement		Tenders to be sought in April 2022.
Furniture & Fittings Renewal/ Replacement		Furniture and fittings renewal program is proceeding as planned.

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.

Following Local Government elections held in November 2018, the 40th Council of the Corporation of the City of Port Augusta developed its '*Strategic Directions 2019-2029*' and '*Four Year Priority Action Plan*' setting objectives for the period of the Council.

The '*Strategic Directions 2019-2029*' has four community focused themes and one enabling, organisationally focused theme. The document details Council's aspirations, challenges and opportunities whilst also considering Council's position as a *Leader, Enabler* or *Provider* of services.

Council's Strategic Directions 2019-2029 sets the long-term directions for Port Augusta and each year the Council develops a business plan to outline the priority activities being undertaken in the year ahead that align with Council's Strategic Directions.



Long Term Financial Plan

Council has adopted a Long Term Financial Plan (LTFP) for the period 2021/22-2031/32.

The purpose of a LTFP 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 Plans. 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 continues to be reviewed by Council in consideration of the current operating deficit.

The 2021/22 – 2031/32 LTFP incorporates the following:

- Adopted Budget 2021/22
- Adopted Audited Annual Financial Statements 2020/21
- Revised Asset Management Plan (AMP) capital expenditure for CWMS and Wastewater, Stormwater, Transport Assets and Building and Land Improvements
- The Transport AMP includes a limited amount of new capital expenditure for the continuation of the footpath connectivity program and re-sheeting of unsealed roads
- CPI of 2.5% as per Adelaide All Groups September 2021
- Annual wage increases of 2.5% (CPI)
- Annual rate revenue increases of 3.5% (CPI + 1%)
- Inclusion of a \$2M Cash Advance Debenture and applicable Finance Costs to secure and match grant funding for Infrastructure upgrades, of which \$1.0M has been committed to the Ryan Mitchell Swim Centre Upgrade
- Inclusion of Roads to Recovery grant funding throughout the life of the plan at current levels
- Inclusion of externally funded programs budgeted in 2021/22 throughout the life of the plan, with corresponding revenue and expenditure

This version of the LTFP does not include or consider the financial impacts relating to:

- Growth in the number of rateable properties or capital values (Council has not experienced any material growth for a number of years)
- Outcomes from further Service Level and Range Reviews
- Proposed outcomes from the Local Government Reforms
- Results of Enterprise Bargaining Agreements currently being negotiated

The plan aims to achieve a break-even result at year 2031/2032 which is four years past the original ten-year target established in the 2017/2018 Long Term Financial Plan. This LTFP and break-even target is predicated on annual savings from operating efficiencies of \$272,000 being achieved. If Council does not achieve this level of savings, there will be resulting negative impacts to financial sustainability. Based on this LTFP model, with rates projected at CPI plus 1%, if the savings target is not achieved, there will be no break-even point within the ten year period, and a resultant debt balance of \$4.1M. The Council may also be unable to secure funding from the Local Government Finance Authority to assist with cashflow requirements or to fund additional capital projects, and unable to meet financial sustainability targets as required under the Local Government Reforms.

Council's Audit & Risk Committee has noted that in the latest version of the Long Term Financial Plan (LTFP) an Operating Surplus will only be achieved in 2031/32 if annual savings rising to \$2.72M per annum compared to 2021/22 are achieved. It further noted that the annual savings required to achieve a break-even position have increased in the last three revisions of the LTFP; and that without a plan on how these savings will be identified, it is difficult to envisage how Council will achieve all its financial sustainability targets.

Council's Audit & Risk Committee recommended that Council develops detailed plans as a matter of priority on how an Operating Surplus can be achieved during the life of the Long Term Financial Plan.

A commitment from the SA Government for funding of \$3M over 4 years for the Australian Arid Lands Botanic Garden has been made since the adoption of the Long Term Financial Plan for the period 2021/22-2031/32.

This funding commitment results in a reduction in general rate revenue of \$750,000 in the 2022/2023 financial year. Therefore, instead of the projected increase in general rate revenue of 3.5% occurring in the 2022/2023 financial year, a reduction of 1.2% will occur.

Asset Management Plans

Asset Management Plans catalogue the physical and financial aspects of Council's assets. They record the condition and predict the maintenance and capital renewal expenditure to provide the assets that support Council's services at existing service levels. They will also consider future demand and if appropriate, plan for new assets to meet that demand.

They therefore provide key input into the Long Term Financial Plan.

Asset Management Plans are living documents and as they are reviewed and updated with different condition information, or if previously unrecorded assets are identified, the new renewal and maintenance expenditure information is reflected in revisions of Council's Long Term Financial Plan.

Council developed the 2022/2023 financial year capital work program using the information within these plans and considering aspects like access to grant funding, economies of scale, or availability of contractors.



Level of Service

Port Augusta City Council has continued its commitment to seeking efficiencies and reductions in expenditure during the 2021/2022 financial year. Examples of these are provided below:

Activities undertaken during 2021/22 include:

- Revised fee structure and collection process for airport landings
- Commenced implementation of new Lease & Licence fees
- Commenced implementation of Sponsorship policy
- Introduced Financial Sustainability policy
- Continued sale processes – 20 Jervois St & parcel of land in Tiver Street
- Council resolution for Airport Operational Review
- Lobbied for State Government funding of the Australian Arid Lands Botanic Garden in line with other South Australian Botanic Gardens.
- Review of vacant roles to align to organisation priorities
- Review of Infrastructure & Asset Management Plan against Depreciation register
- Bank Fees & Charges benchmarking exercise
- General Ledger rebuild to create accounting efficiencies
- Continuation of roll out of electronic timesheets project
- Internal audit of purchase orders to improve procurement processes
- Successful application for grant funding to support art programs
- Successful application for grant funding for drinking fountain at ETSA Oval
- Utilisation of Local Government Infrastructure Partnership Program (LGIPP) funds towards infrastructure projects
- Utilisation of Local Roads & Community Infrastructure Project funds towards infrastructure projects.
- Engaged UniSA to undertake quality review and benchmarking exercise of Port Augusta Library

Covid-19 pandemic restrictions have continued to impact on Council's operations in the 2021/2022 financial year with increased cleaning regimes, restrictions on patron numbers, cancellation of bookings, Statewide lockdowns as well as some sites experiencing short term closures due to exposure risks.

Staff vacancies occurring in key areas has also resulted in a reduction in activities being completed.

Significant Influences and Priorities for 2022/2023

In preparing the 2022/2023 budget, Council has considered:

- 2019-2029 Strategic Directions and Four-Year Action Plan.
- 2021/22-2031/32 Long Term Financial Plan.
- Recently reviewed and adopted Asset Management Plans.
- The current economic influences including:
 - Continuing impact of Covid-19 Emergency Provisions.
 - Increasing costs including fuel due to global pressures
 - Revenue sources from Federal & State Governments.
 - Levies imposed by other tiers of government including Regional Landscape Levy and EPA Waste Levy.
 - Risk Management Framework and Work Health & Safety
- The need for Council to be financially sustainable.
- A continuing focus on asset renewal.
- Legislative changes through Local Government Reforms.
- Feedback from the Community regarding the level of general rates in Port Augusta.
- Lost revenue due to 0% general rate increases in previous 2 years
- Local Government Election costs

Key Decisions

In response to these factors, the Annual Business Plan has been prepared within the following guidelines:

- A reduction in general rate revenue for the 2022/2023 rating year of 1.2% due to the commitment from the SA Government for funding of \$750,000 towards the Australian Arid Lands Botanic Garden.
- Capital Value as the basis of rating with a fixed charge of \$900.
- No change to differential rates percentages from 2021/2022.
- Continuation of the phasing in of the impact to general rates on ratepayers from the change in basis of rating in 2021/2022 through rating policy.
- Sponsorship to community groups.
- Support for community events.
- Continuation of service level and range reviews.
- Continued focus on asset renewal as per the Asset Management Plans.
- Continued lobbying for legislative change in rating of renewable energy projects and mandatory rate rebates.

SUMMARY OF PLANNED INCOME, EXPENSES AND CAPITAL EXPENDITURE

Operating Expenditure

Council's focus in relation to Operating Expenditure is based on the five themes of Council's Strategic Directions 2019-2029. Priority Actions during the 2022/2023 financial year are listed below.

Priority Action 1 - Community

- Reconciliation Action Plan activities
- Disability Access & Inclusion Plan activities
- Sponsorship program for Community Groups and Events
- Recognition programs
- Increased Christmas Decorations to provide festive atmosphere in CBD

Priority Action 2 – Economy

- AALBG Master Plan activities
- Promotion of tourism opportunities in Port Augusta & Region
- Promotion of Arts & Culture opportunities
- Airport Operational Assessment recommendations

Priority Action 3 – Environment

- Waste Management Education Program
- Clean Up Australia Day activities
- Free waste disposal event for residents

Priority Action 4 – Infrastructure

- Implement work as per Asset Management Plans
- Digital mapping of stormwater system stage 3
- Strategic Property Review
- Completion of Ryan Mitchell Swim Centre upgrade

Priority Action 5 – Governance & Financial Sustainability

- Review Long Term Financial Plan
- Continuous Improvement Program
 - Service Level & Range Review
 - Organisational efficiencies through IT
- Implementation of Local Government Reforms
- Changes to Superannuation Guarantee
- Local Government Elections & Elected Member training

Reporting against the 2022/2023 objectives will be via budget reviews in accordance with legislation to Council's Audit & Risk Committee, quarterly budget comparison reports to Council as well as activities highlighted through Council's E-newsletter and website and media opportunities. Council's Annual Report including Audited Financial Statements also provides information regarding activities of the Council

Sponsorship and Events

In 2022/2023 Council's new Sponsorship Policy will be implemented. Community & Sporting Groups that previously received a discretionary rate rebate were encouraged to apply for sponsorship through Council's Sponsorship Program. These groups will receive the rates notice for the full amount of rates in 2022/2023 and may use the sponsorship for the purpose outlined in their application with certain requirements to be met as part of a funding agreement.

Council has budgeted \$177,000 for sponsorship, grants, and donations to community groups in 2022/2023. This includes \$91,800 towards Council and Community events to be held during the 2022/2023 financial year:

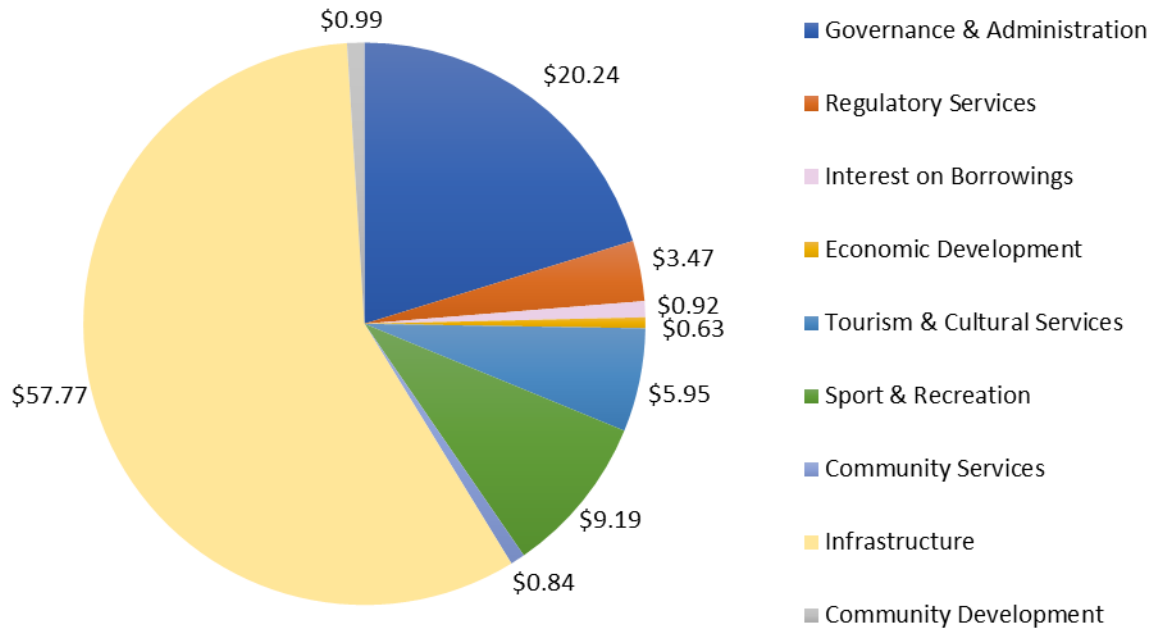
- Port Augusta Racing Club
- Port Augusta Golf Classic
- Port Augusta Gun Club Birthday Shoot
- Port Augusta Calisthenics Club Annual Display Concert
- Anderson Dancers Annual Pantomime
- Rotary Christmas Pageant
- Lions Club Australia Day Breakfast
- Bayside Harley Owners Group 2022 rally
- Port Augusta Basketball Association Junior Carnival
- Community Christmas Carols
- School Award sponsorship including Year 12 Academic Achiever Award
- Community Christmas Party
- Clean Up Australia Day
- Outdoor Cinema
- National Youth Week
- Chamber Music Adelaide
- Business Port Augusta Annual Business Awards
- Aboriginal Evangelical Fellowship of Australia Conference
- Afghan Cameleers Commemorative Event
- Other Events

It is acknowledged that Covid-19 pandemic restrictions may continue to impact on event management in the coming year. As such, final amounts to be allocated to each group may change during the 2022/2023 year.

External funding has been sourced to support the following events to occur in the 2022/2023 financial year:

- NAIDOC week
- Reconciliation week
- MALKA art prize
- Sun and Solar – Sculptural Event

How \$100 of your rates is put to use in 2022/2023:



Based on Council Budgeted Operating Expenditure

Capital Expenditure

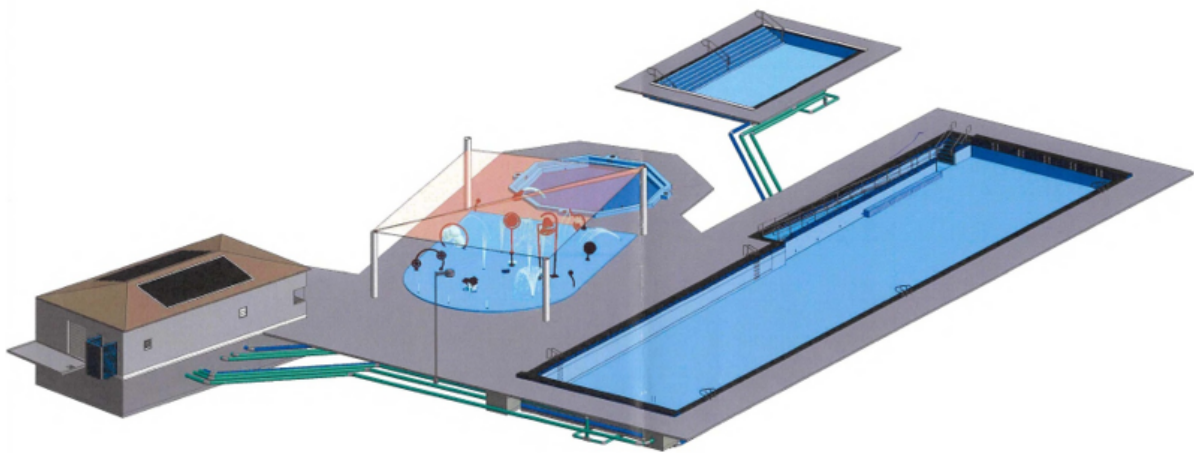
Council's Asset Management Plans include the following capital expenditure in the 2022/2023 financial year.

CAPITAL EXPENDITURE 2022/2023	
ASSET MANAGEMENT PLANS EXPENDITURE	
Transport Capital Renewal/Replacement of Assets Includes: <ul style="list-style-type: none"> • Pavement • Seal • Kerb • Footpath • Sheeted Roads 	\$3,698,000
Transport New Capital Works Includes: <ul style="list-style-type: none"> • Footpath Connectivity Program • Other Roads 	\$721,000
CWMS & Wastewater Renewal/Replacement of Assets Includes: <ul style="list-style-type: none"> • Pump infrastructure • Other 	\$267,000
Stormwater Renewal/Replacement of Assets <ul style="list-style-type: none"> • Minor infrastructure replacement <i>Note: external funding applications will be made during the 2022/2023 year to support recommendations of the Stormwater Management Plan once finalised</i>	\$4,000
Building & Land Improvement Renewal/Replacement <ul style="list-style-type: none"> • Land improvements • Buildings and structures 	\$1,901,000
Plant & Vehicles Renewal/Replacement	\$660,000
Furniture & Fittings Renewal/Replacement	\$139,000
Asset Management Plan	\$7,390,000
ADDITIONAL CAPITAL EXPENDITURE	
Ryan Mitchell Swim Centre Upgrade*	\$2,890,000
<u>Information Technology</u> Renewal of IT server and Disaster Recovery Site hardware	\$295,000
TOTAL CAPITAL EXPENDITURE	\$10,575,000

*Funding of \$1,011,600 was received through the SA Government Local Government Infrastructure Partnership Project towards the Ryan Mitchell Swim Centre upgrade with most of the work to be completed in the 2022/2023 financial year. \$738,000 from the Federal Government's Local Roads & Community Infrastructure Program will also be used towards this upgrade.

Council has budgeted for debenture loans of \$2M in the 2021/22 – 2031/32 Long Term Financial Plan. Part of this is earmarked for the Ryan Mitchell Swim Centre upgrade. The balance of debenture loans may be drawn on to support external funding applications for capital projects with Council approval.

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

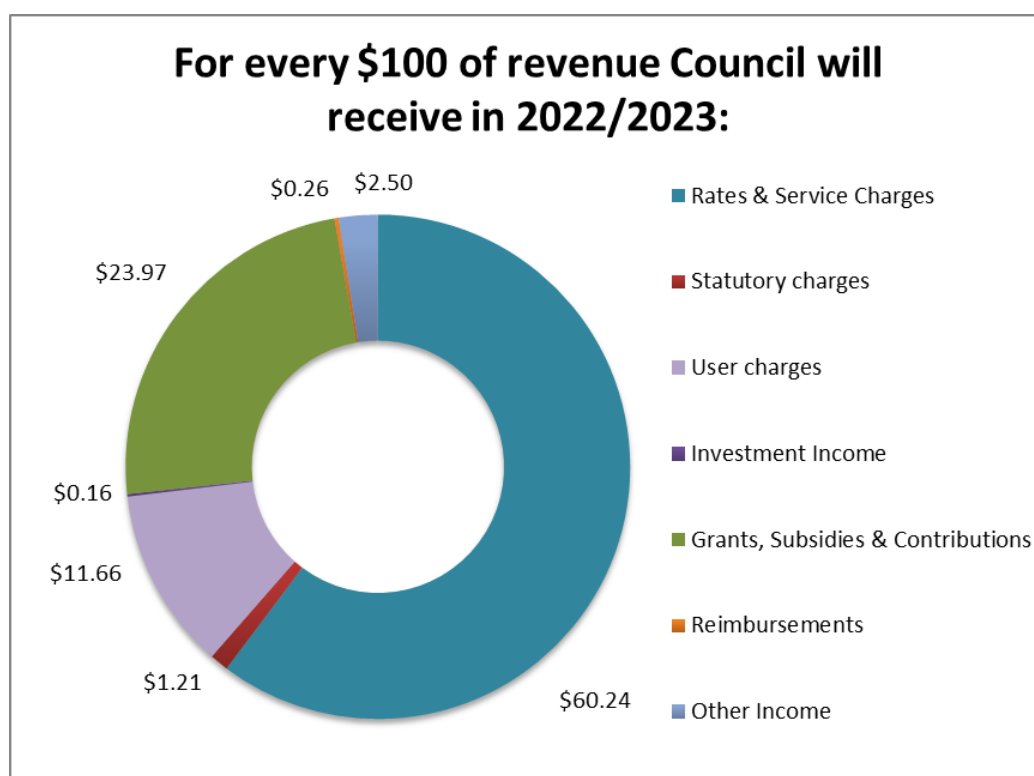


Revenue Sources

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, Roads to Recovery, Substance Misuse Services, Health Focus and the Men's Shed, with the inclusion of the Australian Arid Lands Botanic Gardens for the 2022/2023 financial year.
- User fees for services/programs including Port Augusta Childcare Centre, Health Focus, Men's Shed program, Ryan Mitchell Swim Centre, Wadlata Outback Centre, AALBG Café, lease and licence fees, hire of Council facilities, and entrance fees to sporting facilities etc.
- Statutory Charges such as Planning and Building fees
- General Rates and Service Charges

In 2022/2023, Council has budgeted for 60.24% of Council's revenue to come from general rates and service charges.



Loans & Borrowing

Council's Treasury Management Policy provides clear direction to Management, Officers 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:

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

No new Long Term Credit Foncier loans are anticipated in the 2022/2023 financial year. Council has a total of \$13,350,000 available in cash advance debentures (CADs) in the 2022/23 financial year, however minimal use of CADs is anticipated. A review of Cash Advance Debentures during the 2022/2023 year may result in closure of some CAD facilities.

The use of loan funding has been set out in the Long Term Financial Plan (LTFP). Use of a \$2M Cash Advance Debenture has been included in the Long Term Financial Plan as matching funds for COVID Stimulus Funding Packages for shovel ready projects. Council has resolved to progress an upgrade of the Ryan Mitchell Swim Centre with matching grant funds of \$1,011,600. The Local Government Finance Authority has announced that local government bodies who successfully gain stimulus funding via the State Government's Local Government Infrastructure Partnership Program will also be entitled to establish a 3-year LGFA discounted Infrastructure Partnership Cash Advance Debenture loan facility (-0.75% off the standard CAD rate) annexed from an existing Cash Advance Debenture to fund the remainder of the project.

Port Augusta City Council has taken advantage of the Local Government Finance Authority's offer of a discounted convertible cash advance debenture (CAD) loan facility of \$3.1M annexed from an existing debenture (CAD 236). The interest rate for this annexed CAD is 0.75% lower than the current standard variable interest rate and is in place for a period of 3 years from July 2020.

Authority	Drawn	%	Years	Amount	Budgeted Balance 30/6/2022	Received	Interest	Principal	Budgeted Balance 30/6/2023
Debenture 240	LGFA	15-Jul-20	2.80%	5	5,000,000	4,399,194	121,001	313,167	4,086,027
					4,399,194	0	121,001	313,167	4,086,027

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. This will occur in the 2021/2022 financial year with five quarters of Financial Assistance Grants being received within the financial year. The 2022/2023 budget assumes that four quarters 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 percent 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

The Net Financial Liabilities Ratio represents the amount of money owed by the Council to others less money held, invested, or owed to the Council.

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 decreases, 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 replacement 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 Plans.

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 on average over the medium term.

The Contents, Plant and Vehicles asset class is not included in this Ratio as there is no Asset Management Plans for this class of assets.

RATIO	2021/2022 (Budget)	2022/2023 (Budget)
Adjusted Operating Surplus/(Deficit)	(10.5%)	(6.9%)
Net Financial Liabilities	42.3%	22.7%
Asset Renewal Funding	100.0%	100.0%

Operating Deficit

Council's Strategic Directions 2019-2029 includes the desired outcome of being in a surplus financial operating position. The projected break-even point has been pushed out to the 2031/2032 financial year in the most recently adopted Long Term Financial Plan.

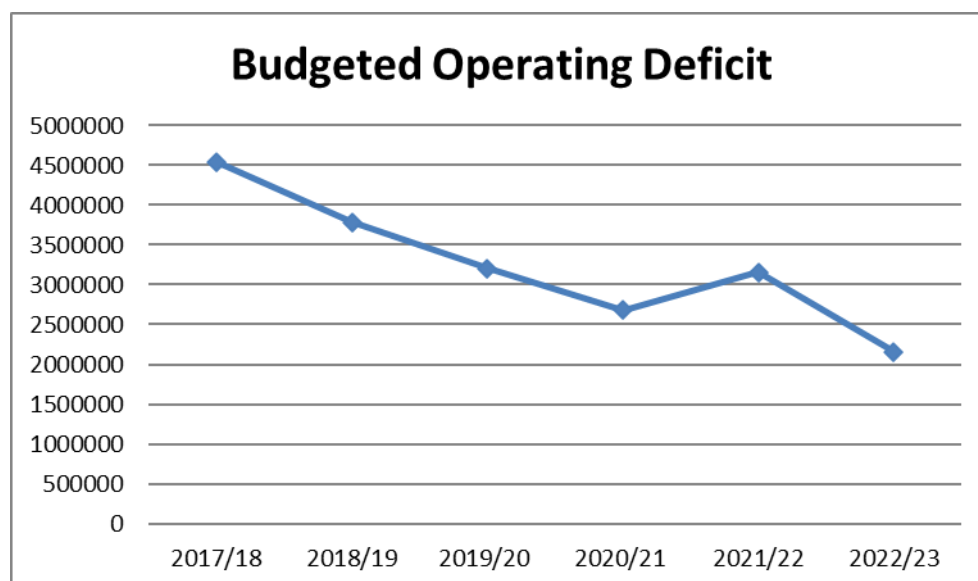
Council's adopted Long Term Financial Plan indicates a deficit of \$2,161,000 for the 2022/2023 financial year (down from \$3,154,600 from the adopted budget for the 2021/2022 financial year).

Reductions in expenditure across most areas, together with improved operating results for the Airport and Port Augusta Childcare Centre have enabled Council to meet the projected deficit for the 2022/2023 financial year.

An improvement in Council's financial position through implementation of Council's Long Term Financial Plan and by committing to reducing the budget deficit will provide Council with the opportunity to make 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 Audit & Risk Committee has recommended that Council develop detailed plans as a matter of priority on how an Operating Surplus can be achieved during the life of the Long Term Financial Plan.

The graph below demonstrates the reduction in budgeted operating deficit over recent financial years.



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 currently 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.

Legislation passed by State Parliament includes a mandate for all South Australian Councils to move to Capital Value as the basis of rating. Following a comprehensive review, Council moved to Capital Value as its basis of rating from the 2021/2022 financial year to bring Council in line with the majority of other Councils in South Australia.

Capital Value provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires taxpayers of greater wealth pay more tax than those of lesser wealth.
- Property value is a reasonable indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

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 for Rural Shack Settlement, Rural Living, Conservation, Rural, and Rural Neighbourhood within Residential Land Use.

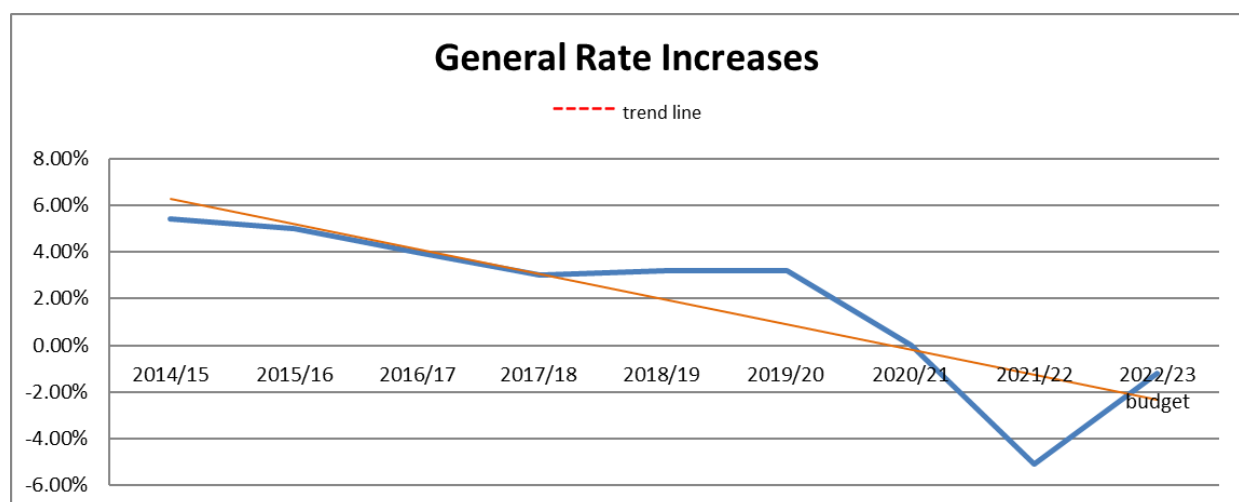
Council has budgeted to reduce general rate revenue by \$750,000 in 2022/2023 in comparison to general rate revenue for 2022/2023 outlined in Council's Long Term Financial Plan. This is directly related to the SA Government funding contribution to the Australian Arid Lands Botanic Garden.

This does not mean that each individual ratepayer will see a reduction in general rates in comparison to the previous financial year. Due to the phasing in of the impact of the change in the basis of rating from site value to capital value, a substantial number of ratepayers will experience an increase in general rates for 2022/2023, however the level of increase will be capped to minimize the impact on individual ratepayers, whilst others will see a decrease in their general rates.

Changes in capital values for the 2022/2023 rating year as advised by the Office of the Valuer General may also impact on general rates payable.

General Rates are calculated by multiplying the set rate in the dollar for the relevant rating category by property capital values as determined by the Office of the Valuer General. A fixed charge is also applied to each assessment as part of the General Rates (excluding contiguous properties).

General Rate Revenue does not include service charges for Kerbside Waste Collection & Recycling or Community Wastewater Management Schemes which are based on cost recovery, or the Regional Landscape Levy collected on behalf of the State Government.



Fixed Charge

Council has imposed a fixed charge as it considers it appropriate that all rateable properties contribute towards the cost of administering the Council's activities and to the cost of creating and maintaining the physical infrastructure that supports each property.

Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2022/2023, Council has retained a fixed charge of \$900. This equates to 39% of general rate revenue.

A fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land (where intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also, if two or more pieces of rateable land within the area of the Council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

Rating Policy

As part of developing its Annual Business Plan and Budget, Council reviews its policy for the setting of property rates.

Due to the change in the basis of rating that occurred in the 2021/2022 rating year, Council has determined under Section 166(1)(i) of the Local Government Act to continue applying a discretionary rebate to limit the increase in rates from the 2021/2022 rating year to the 2022/2023 rating year to provide relief against what would otherwise amount to a substantial change in rate payable by a ratepayer due to the redistribution of the rates burden within the community.

For 2022/2023, the increase in the general rate payable will be limited to 10% over the general rates payable in the 2021/2022 financial year for all assessments with a residential land use*. The increase in the general rates payable will be limited to 20% over the general rates payable in the 2021/2022 financial year for assessments in all other categories of land use*.

*Exclusions apply where the land use has changed from the 2021/2022 rating year to the 2022/2023 rating year or where the ratepayer is granted any other rebate of rates for 2022/2023 under the Local Government Act 1999 sections 159 to 166.

All State Government concessions ('Cost of Living Concession' as well as the 'Water and Sewerage Rate Concession') will be paid directly into eligible ratepayers' bank accounts by the State Government.

Council has set differential general rates in the dollar to raise the necessary revenue, by way of utilizing specific locations within Residential Land Use and the 9 different categories of land use incorporated under the Local Government (General) Regulations.

Residential - Urban	100%
Residential - Non Urban	80%
Coastal Holiday Settlement	80%
Commercial / Industrial	200%
Primary Production	80%
Vacant Land	150%
Other	100%

Service Charges

Council provides specific services for the benefit of properties, for which service charges are applied on the whole of life cost recovery basis. 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.

The following service charges for the 2022/2023 financial year are imposed:

Kerbside Waste Collection & Recycling Charge

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 2022/2023 financial year, the service charge is \$230 per service (\$270 per service in 2021/2022).

In areas where the kerbside waste collection is only available on a fortnightly basis such as Blanche Harbour and Miranda, the service charge is \$115 per service (\$135 per service in 2021/2022).

Port Augusta City Council continues work with the other Upper Spencer Gulf Cities in relation to waste management strategies in an endeavor to minimise costs to ratepayers.

Community Wastewater Management Scheme (Effluent Drainage Scheme)

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

All revenue raised from the CWMS service charge must be used to cover the cost to the Council of establishing, operating, maintaining, improving, and replacing (including by future capital works) the service. The service charge for CWMS is calculated using the Local Government Association's Code for Establishing and Applying Property Units for the Imposition of Annual Services Charges for CWMS.

In the 2022/2023 financial year, the CMWS service charge is \$505 per property unit (\$493 in 2021/2022) on all land to which the Council provides or makes available the service.

****Additional charges may apply where non-biodegradable products are found within a septic tank during a desludging process resulting in additional work to be undertaken.**

Regional Landscape Levy (previously known as NRM Levy)

Council collects the Regional Landscape Levy for the SA Arid Lands Landscape Board under the Landscape South Australia Act 2019 to enable the board to manage the land, water, pest animals and plants, and biodiversity in the Region. The SA Arid Lands Landscape Board has determined Council's contribution for 2022/2023 as \$296,778. The total revenue will be generated from a service charge applied to all rateable properties.

In the 2022/2023 financial year, the levy is \$39.70 per assessment (\$39 in 2021/2022).

Valuation Movement

Each year, Council receives data from the Office of the Valuer General which it uses for rating purposes.

Across the City of Port Augusta area, there has been an increase in capital values of approximately 5.24% from the 2021/2022 to the 2022/2023 rating year. The Industry - Light land use has experienced the highest increase at 24.84% with Primary Production the next highest at 11.84%. Winninowie and Port Paterson have experienced a higher percentage of increases in capital values than the other areas of Port Augusta.

There has been minimal growth in the number of rateable properties for the 2022/2023 rating year.

As at 11th July 2022, the Valuer General has advised the following Capital Values for the 2022/2023 year:

Local Government Land Use Codes	Capital Value 2022/2023
Residential	\$ 1,281,747,000
Commercial - Shop	\$ 64,498,000
Commercial - Office	\$ 30,091,000
Commercial - Other	\$ 146,505,200
Industry - Light	\$ 27,193,000
Industry - Other	\$ 19,420,100
Primary Production	\$ 57,829,300
Vacant Land	\$ 55,006,800
Other	\$ 167,877,500
Total	\$ 1,850,167,900

For the 2022/2023 financial year, Council must adopt, pursuant to Section 167(2) (b) of the Local Government Act 1999, the valuations of the Valuer-General of capital values for all rateable property in the area of the Council, which amounts to a value of \$1,850,167,900 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 12th July 2022.

As part of the Local Government reforms, a uniform presentation of rating information is now to be included in Councils' Annual Business Plan and Budget.

The table below provides this uniform information.

Statement on Expected Rate Revenue

Expected Rates Revenue				
	2021/22	2022/23	Change	Comments
General Rates Revenue				
General Rates	\$19,124,600	\$17,445,700 (a)		For 2022/23, a decrease in total General Rates revenue of 1.2% is budgeted.
General Rates (GROSS)	\$19,124,600	\$17,445,700 (c)		
Less: Mandatory Rebates	(\$590,000)	(\$516,000) (d)		
Less: Capping Rebates	(\$2,313,000)	(\$896,000) (e)		
General Rates (NET)	\$16,221,600	\$16,033,700 (f)	-1.2%	
(f)=(c)+(d)+(e)				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$289,600	\$296,800 (g)		The Regional Landscape Levy is a State tax, it is not retained by council.
Kerbside Waste Collection & Recycling	\$1,927,000	\$1,635,100 (h)		\$230 per household, business and occupancies that receive or are capable of receiving a service, \$115 for Coastal Holiday Settlements)
CWMS	\$807,800	\$829,600 (i)		\$505 per property unit on all land to which the Council provides or makes available the service.
Separate and Special Rates	\$0	\$0 (j)		N/A - Council does not currently use any separate or special rates
	\$19,246,000	\$18,795,200		
Less: Discretionary Rebates	(\$76,000)	(k)		Discretionary rebates are provided via a Sponsorship payment for 2022/23.
Expected Total Rates Revenue	\$18,880,400	\$18,498,400 (l)	-2.0%	Excluding the Regional Landscape Levy.
(l)=(f)+(g)+(h)+(i)+(j)+(k)				
Growth in number of rateable properties				
Number of rateable properties	7,734	7,749 (n)	0.2%	The increase in assessments numbers includes additional tenancy apportionments and sub-divisions. Minimal 'Growth' from new properties is expected in the 2022/2023 rating year(refer b).
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.				
Average General Rates (NET) per rateable property				
Average per rateable property	\$2,097	\$2,069 (o)	-1.3%	The 'average' is based on the total of all rateable properties and is therefore not necessarily indicative of either the rate or change in rates that individual ratepayers will experience.
(o)=(f)/(n)				
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total General Rates paid by all rateable properties will equal the amount adopted in the budget.				

Notes

(d) Councils are required under the Local Government Act to provide a rebate to qualifying properties under a number of categories:		
Health Services - 100 per cent	Religious purposes - 100 per cent	Royal Zoological Society of SA - 100 per cent (N/A)
Community Services - 75 per cent	Public Cemeteries - 100 per cent (N/A)	Educational purposes - 75 per cent
The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).		
(f) Presented as required by the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(1)(ea)		
Please Note: The percentage figure in (f) relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).		
(g) Councils are required under the <i>Landscape South Australia Act 2019</i> to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources.		
(i) Community Wastewater Management Systems		
(k) A council may grant a rebate of rates or service charges in a number of circumstances, including a redistribution of the rates burden within the community arising from a change in the basis of rating. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the		
(l) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.		
(n) 'Growth' as defined in the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(2).		
'Minimal 'Growth' is expected in the 2022/2023 rating year (refer b).		

Statement on Expected Rate Revenue

Expected Differential Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property			Rate in \$
	2021/22	2022/23	Change	2021/22	2022/23	2021/22	2022/23	Change	2022/23
Land Use (General Rates - GROSS)									
Residential - Urban	\$10,373,200	\$10,455,300	1%	5838	5844	\$1,777	\$1,789 (p)	\$12	\$0.005495
Commercial / Industrial	\$3,135,600	\$2,948,000	-6%	512	506	\$6,124	\$5,826 (p)	-\$298	\$0.010990
Primary Production	\$165,900	\$161,800	-2%	79	81	\$2,100	\$1,998 (p)	-\$102	\$0.004396
Vacant Land	\$807,500	\$772,700	-4%	523	539	\$1,544	\$1,434 (p)	-\$110	\$0.008243
Other	\$135,600	\$146,000	8%	82	79	\$1,654	\$1,848 (p)	\$194	\$0.005495
Total Land Use	\$14,617,800	\$14,483,800	-0.9%	7,034	7,049	\$2,078	\$2,055 (p)	-\$23	
Locality (General Rates - GROSS)									
Residential - Coastal Holiday Settlement	\$762,500	\$747,200	-2%	342	340	\$2,230	\$2,198 (p)	-\$32	\$0.004396
Residential - Non Urban	\$841,300	\$802,700	-5%	358	360	\$2,350	\$2,230 (p)	-\$120	\$0.004396
Total Locality	\$1,603,800	\$1,549,900	-3.4%	700	700	\$2,291	\$2,214 (p)	-\$77	
GRAND TOTAL (GROSS)	\$16,221,600	\$16,033,700	-1.2%	7,734	7,749	\$2,097	\$2,069 (p)	-\$28	

Council uses a differential rating system, using Land Use Codes and Locality as the factor to apply such differential rates.

In applying differential general rates, council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business and wider community.

Fixed Charge

	Total expected revenue			Charge		
	2021/22	2022/23	Change	2021/22	2022/23	Change
Fixed Charge	\$6,829,200	\$6,845,400	0.2%	\$900	\$900 (q)	\$0

A Fixed Charge ensures all rateable properties pay a base amount to the cost of administering council activities and maintaining the services and infrastructure that supports each property. Rates based on values are then applied in addition to the fixed charge. Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2022/23 council proposes to raise 39% of its general rate revenue by way of the fixed charge.

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

Adopted valuation method

Capital Value

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

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

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

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

Council continues to use **Capital Value** as the basis for valuing land within the Council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that taxpayers of greater wealth pay more tax than those of lesser wealth.

- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

Notes

(p) Average per rateable property calculated as General Rates for category, including any fixed charge but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(q) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

SUMMARY OF PROGRAMS AND SERVICES	OPERATING BUDGET		OPERATING SURPLUS/(DEFICIT)	DEPRECIATION
PROGRAM / ACTIVITY	2022/23 EXPENDITURE	2022/23 REVENUE	2022/23 BUDGET	2022/23 BUDGET
City Management	1,665,900	3,245,300	1,579,400	9,900
Economic Development	143,700	9,500	(134,200)	0
Information Communications Technology	438,200	26,000	(412,200)	117,200
Records Management	207,200	-	(207,200)	400
Venues & Events	201,600	-	(201,600)	0
Library Service	517,900	62,000	(455,900)	11,700
Yarta Purtli Cultural Centre	263,500	104,500	(159,000)	127,800
Substance Misuse & Sobering Up	1,665,100	1,673,900	8,800	13,200
Human Resources	560,500	12,000	(548,500)	3,400
WHS & Risk Management	240,400	-	(240,400)	0
Wadlata Outback Centre	788,700	548,100	(240,600)	250,500
Australian Arid Lands Botanic Garden	1,560,200	1,694,700	134,500	165,000
Finance & Customer Services	1,656,300	16,560,000	14,903,700	4,100
Treasury Management	246,300	49,000	(197,300)	0
Central Oval Community Hub (including oval)	887,100	359,400	(527,700)	853,300
Sport & Recreation	707,300	201,300	(506,000)	83,500
Childcare Centre	1,201,800	1,308,500	106,700	81,500
Mens Shed	57,700	58,700	1,000	1,000
Health Focus	296,600	296,800	200	200
Community Development	462,300	250,600	(211,700)	0
Development Services	654,600	81,500	(573,100)	500
Environmental Health	126,400	13,400	(113,000)	400
General Inspection	316,600	277,500	(39,100)	18,700
Buildings	386,900	39,500	(347,400)	505,800
Other Property	495,400	117,600	(377,800)	422,400
Cemeteries	243,800	210,200	(33,600)	13,200
Waste Management	1,800,800	1,638,100	(162,700)	0
Infrastructure	3,265,100	1,899,300	(1,365,800)	4,350,200
Parks Gardens Reserves Ovals	1,519,500	14,000	(1,505,500)	444,000
Engineering Services & Depots	3,169,800	790,000	(2,379,800)	477,300
DEPRECIATION	7,955,200	-	(7,955,200)	
TOTAL	33,702,400	31,541,400	(2,161,000)	7,955,200

**BUDGETED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	FORECAST 2022	BUDGET 2022	BUDGET 2023
	\$	\$	\$
INCOME			
Rates & Service Charges	19,414,800	19,445,000	19,000,200
Statutory charges	291,400	318,500	381,800
User charges	3,251,400	2,895,400	3,677,500
Grants, Subsidies & Contributions	7,072,400	6,162,400	7,561,400
Investment Income	24,400	15,200	49,000
Reimbursements	390,900	232,900	82,700
Other Income	1,131,700	1,102,800	788,800
TOTAL INCOME	31,577,000	30,172,200	31,541,400
EXPENSES			
Employee Costs	11,615,500	12,766,400	13,323,300
Materials, Contracts & Other Expenses	12,096,600	12,541,200	12,177,600
Finance Costs	141,400	425,700	246,300
Depreciation, Amortisation & Impairment	7,889,300	7,593,500	7,955,200
TOTAL EXPENSES	31,742,800	33,326,800	33,702,400
OPERATING SURPLUS / (DEFICIT)	(165,800)	(3,154,600)	(2,161,000)
Amounts received specifically for new or upgraded assets	320,000	825,800	1,749,600
NET SURPLUS/(DEFICIT) transferred to Equity Statement	154,200	(2,328,800)	(411,400)
TOTAL COMPREHENSIVE INCOME	154,200	(2,328,800)	(411,400)
Financial Assistance Grant Payment Reallocation 21/22	1,599,250		
Financial Assistance Grant Payment Reallocation 22/23	(2,442,957)		
Adjusted Operating Surplus/(Deficit)	(843,707)		

Amounts received specifically for new or upgraded assets for Budget 2023 includes LGIPP and LRCIP capital revenue for the Ryan Mitchell Swim Centre Upgrade.

**BUDGETED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023**

	FORECAST 2022 \$	BUDGET 2022 \$	BUDGET 2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6,112,964	684,056	1,286,921
Trade & other receivables	1,192,057	1,195,600	1,164,500
Inventories	230,000	230,000	230,000
Total Current Assets	7,535,021	2,109,656	2,681,421
Non-current Assets			
Infrastructure, Property, Plant & Equipment	218,298,700	199,827,869	223,536,400
Total Non-current Assets	218,298,700	199,827,869	223,536,400
TOTAL ASSETS	225,833,721	201,937,525	226,217,821
LIABILITIES			
Current Liabilities			
Trade & Other Payables	2,831,600	2,831,600	2,863,500
Borrowings	803,200	803,200	1,042,800
Provisions	1,986,200	2,086,200	1,854,400
Total Current Liabilities	5,621,000	5,721,000	5,760,700
Non-current Liabilities			
Borrowings	3,106,000	9,123,900	3,764,000
Provisions	99,800	109,800	97,600
Total Non-current Liabilities	3,205,800	9,233,700	3,861,600
TOTAL LIABILITIES	8,826,800	14,954,700	9,622,300
NET ASSETS	217,006,921	186,982,825	216,595,521
EQUITY			
Accumulated Surplus(Deficit)	(4,668,976)	(9,955,515)	(5,080,376)
Asset Revaluation Reserve	221,675,897	196,938,340	221,675,897
TOTAL EQUITY	217,006,921	186,982,825	216,595,521

PORT AUGUSTA CITY COUNCIL**BUDGETED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

	FORECAST 2022 \$	BUDGET 2022 \$	BUDGET 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts	32,454,900	30,115,500	31,519,957
Investment Receipts	24,400	15,200	49,000
<u>Payments</u>			
Operating Payments to suppliers & employees	(24,506,700)	(25,543,700)	(25,603,000)
Finance Payments	(141,400)	(425,700)	(246,300)
Net Cash provided by (or used in) Operating Activities	<u>7,831,200</u>	<u>4,161,300</u>	<u>5,719,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets	320,000	825,800	1,749,600
Sale of replaced assets	100,000	100,000	103,000
Repayments of loans by community groups	3,543	-	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets	(3,783,305)	(4,384,000)	(6,964,000)
Expenditure on new/upgraded assets	(787,495)	(2,246,600)	(3,611,000)
Net Cash provided by (or used in) Investing Activities	<u>(4,147,257)</u>	<u>(5,704,800)</u>	<u>(8,722,400)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings	2,000,000	2,000,000	-
<u>Payments</u>			
Repayments of Borrowings	(3,387,960)	(1,387,900)	(1,823,300)
Net Cash provided by (or used in) Financing Activities	<u>(1,387,960)</u>	<u>612,100</u>	<u>(1,823,300)</u>
Net Increase (Decrease) in cash held	<u>2,295,983</u>	<u>(931,400)</u>	<u>(4,826,043)</u>
Cash & cash equivalents at beginning of period	<u>3,816,981</u>	<u>1,615,456</u>	<u>6,112,964</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>6,112,964</u>	<u>684,056</u>	<u>1,286,921</u>

PORT AUGUSTA CITY COUNCIL

BUDGETED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
FORECAST 2022	\$	\$	\$
Balance at end of previous reporting period	(4,823,176)	221,675,897	216,852,721
Net Surplus/ (Deficit) for year	154,200		154,200
Other Comprehensive Income			
Gain on revaluation of property, plant & equipment	-		
Balance at end of period	<u>(4,668,976)</u>	<u>221,675,897</u>	<u>217,006,921</u>
BUDGET 2022	\$	\$	\$
Balance at end of previous reporting period	(7,626,715)	196,938,340	189,311,625
Net Surplus/ (Deficit) for year	(2,328,800)		(2,328,800)
Other Comprehensive Income			
Balance at end of period	<u>(9,955,515)</u>	<u>196,938,340</u>	<u>186,982,825</u>
BUDGET 2023	\$	\$	\$
Balance at end of previous reporting period	(4,668,976)	221,675,897	217,006,921
Net Surplus/ (Deficit) for year	(411,400)		(411,400)
Other Comprehensive Income			
Balance at end of period	<u>(5,080,376)</u>	<u>221,675,897</u>	<u>216,595,521</u>

**BUDGETED UNIFORM PRESENTATION OF FINANCES
FOR THE YEAR ENDED 30 JUNE 2023**

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.

	FORECAST 2022 \$	BUDGET 2022 \$	BUDGET 2023 \$
Income	31,577,000	30,172,200	31,541,400
less Expenses	31,742,800	33,326,800	33,702,400
	<u>(165,800)</u>	<u>(3,154,600)</u>	<u>(2,161,000)</u>
less Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	3,783,305	4,384,000	6,964,000
less Depreciation, Amortisation and Impairment	(7,889,300)	(7,593,500)	(7,955,200)
less Proceeds from Sale of Replaced Assets	(100,000)	(100,000)	(103,000)
	<u>(4,205,995)</u>	<u>(3,309,500)</u>	<u>(1,094,200)</u>
less Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	787,495	2,246,600	3,611,000
less Amounts specifically for New and Upgraded Assets	(320,000)	(825,800)	(1,749,600)
	<u>467,495</u>	<u>1,420,800</u>	<u>1,861,400</u>
Net Lending / (Borrowing) for Financial Year	<u>3,572,700</u>	<u>(1,265,900)</u>	<u>(2,928,200)</u>

1.1.10: RATING POLICY 2022/2023	
Statutory Policy	
TRIM Reference	AR22/5080
First Issued	12 July 2022
Last Reviewed	12 July 2022
Next Review	July 2023

1. 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 ANNUAL ADOPTION OF THE POLICY

1.2.1 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, states 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. PURPOSE

2.1 Purpose

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

2.2 Scope

The policy covers:

- Method used to value land
- Adoption of valuations
- Notional values
- Rates impact statement
- Council's Revenue Raising Powers
- Fixed Charge
- Service charges
- Regional Landscape Levy
- 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

2.3 Definitions

In this Policy:

2.3.1 **Act** means *Local Government Act 1999* and reference to a **section(s)** means a section of that Act.

2.3.2 **Council** means this Council.

2.4 Strategic Reference

5 Governance and Financial Sustainability

5.3 We are in a surplus financial operating position.

5.5 We meet or exceed legislative and accreditation requirements for all relevant programs.

3. PRINCIPLES

3.1 METHOD USED TO VALUE LAND

Pursuant to Section 151 of the Local Government Act, Councils may currently 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 - the valuation of the rental potential of the land.

Local Government reforms passed through SA Parliament will see site value removed as an option from the 2024/2025 financial year.

Council has resolved to use Capital Value for the purpose of valuing land within the council area for the 2022/2023 financial year.

3.2 ADOPTION OF VALUATIONS

The Council is required to adopt the most recent valuations made by the Office of the Valuer General for the 2022/2023 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 Office of the Valuer General are:

Post:
Office of the Valuer-General
GPO Box 1354
Adelaide SA 5001

Phone: [1300-653-346](tel:1300653346)
Email: OVGobjections@sa.gov.au
Website: www.valuergeneral.sa.gov.au

NOTE - The Council has no role in this process. It is also important to note that the lodgement of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.

If an objection is upheld and a new value issued by the Office of the Valuer General, rates will be adjusted accordingly for the current financial year and an amended rate notice will be issued. Retrospective adjustments will not be made for prior financial years.

3.3 NOTIONAL VALUES

Notional values are concessional values based on the actual use of the land in certain circumstances and not the highest and best use of the land. It is a statutory value less than the market value of the property.

Certain properties may be eligible for a “notional value” under the Valuation of Land Act 1971 and may be applied to your property if it is your principal place of residence.

An application for a notional value must be made to the Office of the Valuer-General.

3.4 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 community groups and events through sponsorships and to Regional Development Australia Far North, which in turn support business operations in the City and adjoining areas.
- c) Council's Procurement Policy (1.1.09), which provides preference for local suppliers if certain criteria are met.
- d) The equity of the distribution of the rate burden between classes of ratepayers based on land use and occupation.
- e) The provisions of the Local Government Act pertaining to mandatory rebates.
- f) Current local, state, and national economic conditions.
- g) Council's Strategic Directions 2019-2029, Asset Management Plans, and Long Term Financial Plan, and Council's need to achieve financial sustainability by 2032.
- h) Funding committed by the SA Government towards the Australian Arid Lands Botanic Garden to provide rate relief to the Port Augusta Community.

3.5 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 or differential 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 specific localities within Residential Land Use and the 9 different categories of land use incorporated under the Local Government (General) Regulations, namely:

Land use:	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

Locality	Rural Shack Settlement
	Rural Living
	Conservation
	Rural
	Rural Neighbourhood

- e) The locality and the use to which the land is put may govern the differential rate. If a landowner is of the opinion that the locality or 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 or locality to which the objection relates and addressed to:-

admin@portaugusta.sa.gov.au or

Port Augusta City Council,
PO Box 1704,
PORT AUGUSTA SA 5700.

It is important to note that the lodgement of an objection does not alter the due date for payment of rates.

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.

3.6 FIXED CHARGE

Section 152 of the Act permits a Council to impose a fixed charge.

A fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land (where intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also, if two or more pieces of rateable land within the area of the Council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

Council has imposed a fixed charge as it considers it appropriate that all rateable properties contribute to the cost of administering the Council's activities and to the cost of creating and maintaining the physical infrastructure that supports each property.

As per the Act, Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2022/2023, Council has retained a fixed charge of \$900. This equates to approximately 39% of general rate revenue.

3.7 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 will impose the following service charges for the 2022/2023 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, with the exception of vacant land which may apply on request.

In 2022/2023 financial year, the service charge will be \$230 per service.

In areas where the kerbside waste collection is only available on a fortnightly basis such as Blanche Harbour and Miranda, properties will be charged \$115 per service.

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.

All revenue raised from the CWMS service charge must be used to cover the cost to the Council of establishing, operating, maintaining, improving, and replacing (including by future capital works) the service. The service charge for CWMS is calculated using the Code for Establishing and Applying Property Units for the Imposition of Annual Services Charges for CWMS.

In the 2022/2023 financial year, the Community Wastewater Management Scheme (CWMS) service charge will be \$505 per property unit on all land to which the Council provides or makes available the service.

****Additional charges may apply where non-biodegradable products are found within a septic tank during a desludging process resulting in additional work to be undertaken.**

3.8 REGIONAL LANDSCAPE LEVY (previously Natural Resource Management Levy)

Council collects the Regional Landscape Levy for the SA Arid Lands Landscape Board under the Landscape South Australia Act 2019 to enable the board to manage the land, water, pest animals and plants, and biodiversity in the Region. The SA Arid Land Landscape Board has determined Council's contribution for 2022/2023 as \$296,778. The total revenue will be generated from a service charge applied to all rateable properties.

In the 2022/2023 financial year, the levy will be \$39.70 per assessment.

3.9 CONCESSIONS

Cost of Living Concession

A number of years ago, 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

Water and Sewerage Rate Concessions

Water and Sewerage Rate Concessions will also be paid directly by the South Australian Government to eligible pensioners and concessional card holders.

Further details are available at:

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

Please contact the State Government at:

Email: concessions@sa.gov.au

Phone: ConcessionsSA Hotline (9:00 am to 5:00 pm, Monday to Friday) - [1800 307 758](tel:1800307758)

Translations: to arrange an onsite or telephone interpreter, or to have a document translated, please call the [Interpreting and Translating Centre \(ITC\)](#) on [1800 280 203](tel:1800280203).

3.10 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. Alternatively, the total amount of rates due may be paid in full at any time during the financial year. If the balance is paid in full after the due date of the first instalment fines (and interest) will apply.

Separate notices relating to each instalment will be issued to landowners 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 email to an address nominated by the Principal Ratepayer. To register to receive rates notices via email, 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. If a payment is received via cheque which is dishonoured, any fees incurred will be added to the rates assessment.

Rates may also be paid by: -

- 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 if a payment rejection occurs. Multiple rejections may result in a cancellation of arrangements.
- BPay and BPay View
Quote biller code 27961 and Customer Reference Number
- Online www.portaugusta.sa.gov.au

(Select 'Make a Payment' from the Fast Find menu, then "Online Payments Transactions, then 'Rate Payment';
- Centrepay (if you receive a payment from Centrelink)
- Telephone on **1300 276 468**, enter the Biller Code **1351915**, your Customer Reference Number, amount, and card details to complete the payment.

- Australia Post (Post Billpay)

Payment may be made in store at Australia Post or by phone on 13 18 16 quoting Billpay code 2808;

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 Department on 86419100 to discuss alternative payment arrangements. Such enquiries will be dealt with in confidence.

3.11 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 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 the rates balance. The interest rate is set each year according to a formula in the Local Government Act.

Written applications for remission of fines are to be forwarded to the Rates Department. 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 unpaid by the due date. Should rates remain unpaid for more than 14 days after the issue of the overdue notice then the Council may refer 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 rate levy first).

3.12 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 Department on 8641 9100 to discuss the matter. Council treats such enquiries confidentially. 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.

Also refer to policy 2.6.14 Rates - Hardship Policy

3.13 REBATE OF RATES

Division 5 of the Local Government Act requires Councils to rebate rates payable for certain land uses.

Please refer to Council's Policy 2.6.01 Rate Rebates.

Community and recreational groups that previously received a discretionary rates rebate will now receive sponsorship as per Council's Sponsorship Policy.

Rate Capping

For the 2022/2023 financial year, Council considers it appropriate to grant pursuant to Section 166(1)(l)(i) of the Local Government Act a rebate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to a redistribution of the rates burden within the community arising from a change to the basis of the Council's rates from site value to capital value that occurred from the 2021/2022 year.

Consequently, rebates will be granted* to limit the increase of the 2022/2023 general rate over the amount of the general rate payable in the 2021/2022 financial year as follows:

- (a) increase in the general rate payable will be limited to 10% over the general rates payable in the 2021/2022 financial year for all assessments with a residential land use.
- (b) Increase in the general rates payable will be limited to 20% over the general rates payable in the 2021/2022 financial year for assessments in all other categories of land use.

***Exclusions**

Exclusions apply where the land use has changed from the 2021/2022 rating year to the 2022/2023 rating year or where the ratepayer is granted any other rebate of rates for 2022/2023 under the Local Government Act 1999 sections 159 to 166.

3.14 SALE OF LAND FOR NON-PAYMENT OF RATES

Where rates have been in arrears for three (3) years or more, and Council has unsuccessfully pursued all reasonable attempts to secure payment, Council may invoke Section 184 of the Local Government Act 1999 to pursue recovery of outstanding rates through the sale of land. The Council will 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.

3.15 APPLICATION OF THE POLICY

A copy of this Council policy is available from the Rates Department, 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 Department 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.

4. RESPONSIBILITY & REVIEW

4.1 Responsible Officer

Director Corporate & Community Services
Rates Coordinator

4.2 Availability

This policy will be available on Council's website.

4.3 Review

Reviewed annually in June/July of each year.

5. REFERENCES

5.1 Legislation

Local Government Act 1999

5.2 Other References

Hardship Policy for Residential Customers of Minor & Intermediate Water Retailers
2.6.15

Procurement Policy - 1.1.09

Rebate of Rates Policy 2.6.01

Rates Hardship Policy 2.6.14

Sponsorship Policy AR21/10488

2.6.01: RATES REBATE POLICY	
Council Policy	
TRIM Reference	AR19/17555
First Issued	16 July 1984
Last Reviewed	12 July 2022
Next Review	July 2023

1. POLICY STATEMENT

- 1.1 Rate rebates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Local Government Act 1999 and where appropriate, the requirements of this Policy.

2. PURPOSE

2.1 Purpose

To provide guidance to the community, as to the grounds upon which a person or body is or may be entitled to a rebate of rates and the matters that the Council will take into account in deciding an application for a rebate.

2.2 Scope

The Local Government Act 1999 sets out in Chapter 10, Division 5 (Sections 159 to 166) those provisions applicable to the Council for granting rate rebates to persons or bodies (refer Application Form - Rate Rebate).

2.3 Definitions

In this Policy:

2.3.1 **Act** means *Local Government Act 1999* and reference to a **section(s.)** means a section of that Act.

2.3.2 **Council** means this Council.

2.4 Strategic Reference

Strategic Objective 6 - We Achieve

(6.5) We use and manage our financial resources in the best interests of our community and it ensure financial sustainability and organisational efficiency, now and into the future.

3. PRINCIPLES

3.1 Mandatory Rebates

3.1.1 The Council must grant a rebate in the amount specified in respect of those land uses which the Act provides will be granted a rebate.

3.1.2 Rates on the following land will be rebated at **100%**

a) **Health Services**

Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976;

b) Religious Purposes

Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes;

c) Public Cemeteries

Land being used for the purposes of a public cemetery;

d) Royal Zoological Society of SA

Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia incorporated.

3.1.3 Rates on the following land will be rebated at 75%

a) Community Services

Land being predominantly used for service delivery or administration (or both) by a community services organization. A *“community services organization”* is defined in the Act as a body that:

- Is incorporated on a not for profit basis for the benefit of the public; and
- Provides community services without charge or for a charge that is below the cost to the body of providing the services; and
- Does not restrict its services to persons who are members of the body.

It is necessary for a community service organisation to satisfy all of the above criteria to be entitled to the mandatory 75% rebate.

The Act further provides that eligibility for a rebate by a community services organisation is subject to it providing one or more of the following community services -

- Emergency accommodation;
- Food or clothing for disadvantaged persons (ie persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);
- Supported accommodation (ie residential care facilities in receipt of Commonwealth funding or accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life);
- Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- Legal services for disadvantaged persons;
- Drug or alcohol rehabilitation services; or

- The conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.

3.1.4 Educational Purposes

- Land occupied by a government school under a lease or licence and being used for educational purposes; or
- Land occupied by a non-government school registered under Part 5 of the Education Act 1972 and being used for educational purposes; or
- Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.

3.1.5 Where the Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, the Council will grant the rebate of its own initiative. Where the Council is not so satisfied it will require the person or body to apply for the rebate in accordance with clause 3.3 of this policy.

3.1.6 Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case the Council **will** take into account those matters set out at clause 3.2 of this Policy

3.2 Discretionary Rebates

3.2.1 The Council may in its absolute discretion grant a rebate of rate or service charges in any of the following cases pursuant to Section 166 of the Act -

- a) where it is desirable for the purpose of securing the proper development of the area (or a part of the area);
- b) where it is desirable for the purpose of assisting or supporting a business in its area;
- c) where it will be conducive to the preservation of buildings or places of historic significance.
- d) where the land is being used for educational purposes;
- e) where the land is being used for agricultural horticultural or floricultural exhibitions;
- f) where the land is being used for a hospital or health centre;
- g) where the land is being used to provide facilities or services for children or young persons;
- h) where the land is being used to provide accommodation for the aged or disabled;
- i) where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Commonwealth) or a day therapy centre;

- j) where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;
- k) where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;
- l) where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to a redistribution of the rates burden within the community arising from a change to the basis or structure of the council rates or a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.
- m) where the rebate is considered by council to be appropriate to provide relief in order to avoid what would otherwise constitute a liability to pay a rate or charge that is inconsistent with the liabilities that were anticipated by the council in its annual business plan or a liability that is unfair or unreasonable;
- n) where the rebate is to give effect to a review of a decision of the council under Chapter 13 part 2 (section 270 and 271);
- o) where the rebate is contemplated under another provision of the Local Government Act 1999.

3.2.2 The Council may grant a rebate of rates up to and including 100% of the relevant rates or service charges. However, to ensure all ratepayers contribute an amount towards basic service provision the maximum discretionary rebate will be 75%.

3.2.3 The Council has an absolute discretion -

- a) to grant a rebate of rates or service charges in the above cases; and
- b) to determine the amount of any such rebate.

3.2.4 Persons who or bodies which seek a discretionary rebate will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any other information that the Council may reasonably require.

3.2.5 From the 2022/2023 rating year, community groups and organisations that previously received a discretionary rates rebate have been encouraged to apply for sponsorship as per Council's Sponsorship Policy. The group/organization will receive their annual rates notice for payment.

3.3 Applications

- 3.3.1 The Council will inform the community of the provisions for rate rebate under the Local Government Act by publishing a copy of this policy on Council's website at www.portaugusta.sa.gov.au
- 3.3.2 Persons or bodies who seek a rebate of rates (and/or service charges) either
- a) pursuant to Section 159(4) of the Act and clause 3.1 of this policy; or
 - b) pursuant to Section 166 of the Act and clause 3.2 of this policy,
- must make written application to the Council pursuant to Section 159(1) of the Act in the manner and form determined by the Council and supplying such information as the Council may reasonably require.
- 3.3.3 All persons or bodies which wish to apply to the Council for a discretionary rebate of rates must do so on or before 1st May in the year of application. However, Applicants which satisfy the criteria for a mandatory rebate will be granted the rebate as per the Act at any time.
- 3.3.4 Application forms may be obtained from the Council office located at 4 Mackay Street, Port Augusta SA 5700 or on Council's website at www.portaugusta.sa.gov.au
- 3.3.5 The Council will take into account, in accordance with Section 159(5) of the Act, the following matters -
- a) the nature and extent of Council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in the Council's area;
 - b) the community need that is being met by activities carried out on the land for which the rebate is sought; and
 - c) the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons.
- 3.3.6 The Council may take into account other matters considered relevant by the Council including, but not limited to, the following -
- a) why there is a need for financial assistance through a rebate;
 - b) the level of rebate (percentage and dollar amount) being sought and why it is appropriate;
 - c) the extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;

- d) whether the applicant has made/intends to make applications to another Council;
- e) whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- f) whether the applicant is a public sector body, a private not for profit body or a private for profit body;
- g) whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- h) the desirability of granting a rebate for more than one year in those circumstances;
- i) consideration of the full financial consequences of the rebate for the Council;
- j) the time the application is received;
- k) the availability of any community grant to the person or body making the application;
- l) whether the applicant is in receipt of other funding from Council; and
- m) any other matters, and policies of the Council, which the Council considers relevant.

3.3.7 The Council may grant a rebate of rates or charges on such conditions as the Council thinks fit.

3.3.8 Where an Organisation wishes to apply for a rebate of rates on a property they are leasing, the owner of the property must agree in writing to Council, for the Organisation to be listed as the principal rate payer to enable this to occur. A copy of the Lease must also be provided, indicating the Lessee's responsibility for the payment of rates.

3.3.9 If this application is for a portion of the land, you must contact the Office of the Valuer General to have the rebated area separately assessed before any rebate will be applied.

3.3.10 The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

3.3.11 It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Local Government Act 1999 Section 159.

The maximum penalty for this offence is \$5,000.

- 3.3.12 If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed), the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is \$5,000

- 3.3.13 The Council will, in writing, advise an applicant for a rebate of its determination of that application within 20 business days of adoption of the Annual Business Plan & Budget and Declaration of Rates for the financial year. The advice will state -

- a) if the application has been granted, the amount of the rebate; or
- b) if the application has not been granted, the reasons why.

3.4 Delegation

A report including a summary of all mandatory and discretionary rate rebates applied for, including whether they are supported or not and the associated reasons will be tabled to Council for adoption at a Special Council Meeting to adopt the Annual Business Plan & Budget and Declaration of Rates in each year.

3.5 Availability of Policy

This policy is available for inspection at the Council offices and persons may obtain a copy of this policy upon payment of the fee set by the Council. The policy is also available on Council's website at www.portaugusta.sa.gov.au

4. RESPONSIBILITY & REVIEW

4.1 Responsible Officer

Director Corporate & Community Services

The Rates Coordinator will be responsible for advising applicants of the outcome of their rebate application and processing approved rebates in Authority.

4.2 Availability

4.2.1 A list of Rate Rebates approved by Council will be made available on Council's website.

4.2.2 This policy will be available on Council's website.

4.3 Review

4.3.1 This policy will be reviewed within 12 months of a General Election for Local Government, or as required to meet other obligations.

- 4.3.2 The annual rating process, including Council approval of rate rebates, is audited by Councils auditor each financial year.
- 4.3.3 A person who or a body which is aggrieved by a determination of the Council in respect of an application for a rebate may seek a review of that decision in accordance with the Council's Procedure for the Internal Review of a Council Decision within 21 days of the date of the notice of determination.

5. REFERENCES

5.1 Legislation

Local Government Act 1999

5.2 Other References

Application Form - Discretionary Rate Rebate
Application Form - Mandatory Rate Rebate
Rating Policy 1.1.10
Sponsorship Policy AR21/10488