

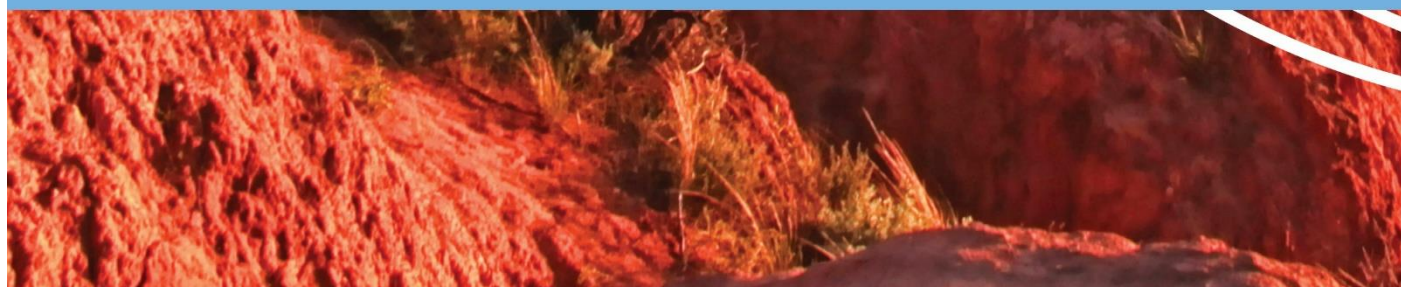


**PortAugusta**

CITY COUNCIL



PORT AUGUSTA CITY COUNCIL  
**ANNUAL BUSINESS PLAN  
& BUDGET 2021/22**





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### Appendix 1 – Rating Policy 2021/2022



# 2021/22 BUDGET SNAPSHOT

  
**14,102**  
Population  
(ABS 2018)

**Approx. 50**  
Programs / Services  
Managed by Council

  
**56%**  
Percentage of  
residential  
owner/occupier

Maintains  
**410km**  
Roads

Maintains  
**32km**  
Stormwater  
Pipework

**130**  
Council Staff  
Average Full-Time  
Equivalent

**1,153km<sup>2</sup>**  
Size of Council  
Area  
(source:  
[RDAFN.com.au/our-region](http://RDAFN.com.au/our-region))

Maintains  
**125km**  
Footpaths

**\$30,172,200**  
Operating Revenue

**\$33,326,800**  
Operating Expenditure  
(including Depreciation)

**\$6.630M**  
Capital Works

**\$5.5M**   
Loans  
Budgeted Balance as at 30/6/2022

Capital Value  
as the  
Basis of Rating

**7734**  
Rateable  
properties

**\$900**  
Fixed Charge



## INTRODUCTION

The Annual Business Plan and Budget sets out the Port Augusta City Council's services, programs, and projects for the 2021/2022 financial year. It aims to maintain efficient and desired services and facilities for the community whilst continuing progress towards the long-term sustainability of the Council's financial performance and position. Council is also balancing this against ratepayers' desire for lower general rate increases.

Considerable effort goes into developing Council's budget each year to ensure the mix of mandatory and discretionary services as well as capital works meets the needs of the local community, businesses, and visitors to the region. It is recognized that individuals, businesses, and community groups have different views as to what services and programs Council should be providing as well as the level of service provided. This is an ongoing challenge for Council within its current financial constraints.

## The Local Government Act

Section 123 of the Local Government Act 1999 requires the Council to develop an Annual Business Plan and Budget for the financial year. The Annual Business Plan and Budget must address each principal activity of the Council on a separate basis and be adopted before the 31st of August, however Emergency Declaration provisions due to Covid-19 pandemic may apply.

The Annual Business Plan and Budget is developed in the context of Council's Strategic Planning Framework.

The Budget for 2021/2022 must include:

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

The Council must ensure that copies of its Annual Business Plan and Budget are available for inspection by the public.



## Strategic Management Plans

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

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

A Long Term Financial Plan (LTFP) for the period 2020/21-2030/31 has been developed incorporating information from Council's Infrastructure Asset Management Plans and with consideration to Theme 5 of Council's 'Strategic Directions 2019-2029'. 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 an attempt to reduce the current operating deficit.

Council has adopted the 2020/21-2030/31 Long Term Financial Plan. The Long Term Financial Plan is based on CPI increases on average of 1.7% per annum and an increase in general rate revenue of 2.7% (CPI plus 1%) for the life of the plan. The plan still aims to achieve a break-even result at year 2027/2028 which was the ten-year target established in the 2017/2018 Long Term Financial Plan. To accomplish this position, Council must achieve an additional annual reduction in operating expenditure each year of \$276,000 for the life of the plan. This needs to occur through a strategic approach.

Council's Audit Committee has noted the progress that has been made in reviewing services and achieving savings in expenditure in the past few years and that in the latest version of the Long Term Financial Plan (LTFP) an Operating Surplus will only be achieved in 2027/28 if annual savings rising to \$1.9m per annum compared to 2020/21 are achieved. It further noted that the annual savings required to achieve a break-even position have increased in the last two 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 Committee recommended that Council considers further work be undertaken to identify how the structural financial deficit of Council can be addressed.

Following feedback received on the 2021/2022 draft Annual Business Plan & Budget during the public consultation period, Council resolved to prepare a final Annual Business Plan & Budget based on a 0% increase in general rate revenue requiring additional savings of \$459,400 to be identified in the budget to meet the target of the Long Term Financial Plan.



Furthermore, due to the impact of the change in the basis of rating from site value to capital value, Council resolved to reduce the capped increase in general rates for ratepayers with a residential land use above the amount of general rates paid in 2020/2021, from 20% outlined in the draft Annual Business Plan and Budget consulted on, down to 10% for 2021/2022. Council also resolved that the value of the difference between the 20% capping modelled in the draft 2021/2022 Annual Business Plan & Budget and the 10% capping resolved in the final 2021/2022 Annual Business Plan & Budget is to be achieved through a reduction in general rate revenue rather than the difference in the value of the capping being spread across ratepayers.

In total, this has resulted in a \$1.33M reduction in general rate revenue from the general rate revenue outlined for 2021/2022 in the adopted Long Term Financial Plan. Additional reductions in expenditure of \$459,400 have been identified, however the budgeted deficit will increase by \$870,600 to \$3,154,600 for the 2021/2022 financial year, with Council looking to achieve a better than budgeted result through increasing revenue or decreasing operating expenditure during the financial year.

This will have future implications on Council's Long Term Financial Plan, and a further review of the Long Term Financial Plan will be undertaken following an Informal Gathering with Elected Members in the first half of 2021/2022.

## **Asset Management Plans**

Council has recently reviewed its Infrastructure Asset Management Plans that set out the capital project requirements of Council. A key objective of the Infrastructure Asset Management Plans is to maintain or preserve Council's existing assets at desired condition and service levels.

Council is using the information contained within these plans to inform the capital work required in the 2021/2022 financial year. This is also considered against the actual condition of the assets as well as potential economies of scale from conducting related work within a scheduled timeframe.

These Asset Management Plans are 'living documents' and as data collection and analysis systems mature, plans will be amended accordingly. Council's Asset Management Plans are a key input into the Long Term Financial Plan and therefore as the AMPs are updated, proposed expenditure will be reflected in future updates of Council's Long Term Financial Plan.



## Level of Service

Port Augusta City Council has continued its commitment to seeking efficiencies and reductions in expenditure during the 2020/2021 financial year. Examples of these are provided below:

### Activities undertaken during 2020/21 include:

- Revised operating hours of the Library for part of the year due to Covid-19.
- Revised operating hours of Wadlata Outback Centre throughout the year.
- Introduction of summer opening times at the Australian Arid Land Botanic Garden Visitor Centre.
- Grant funded marketing campaign for Port Augusta Childcare Centre to increase utilisation.
- Review of operational policies at Port Augusta Childcare Centre as per Gowrie SA report recommendations.
- Further changes to vehicle arrangements to reduce costs.
- Review of corporate leasing arrangements.
- Cessation of the City Safe Program.
- Successful project contract negotiations.
- Reduction in Council owned assets:
  - Sale of Julia Lodge
  - Sale of 6 High Street Port Augusta
  - Commenced sale process for 20 Jervois Street
  - Commenced sale process for a parcel of land in Tiver Street
- Additional leasing of Council owned buildings
  - Former CWA building leased to Department for Education
  - Institute Theatre leased to UniHub Upper Spencer Gulf
- FOGO green bins were distributed to households to encourage increased utilisation of green bins and thus, reduce household waste going into landfill.
- Implementation of IT for operational efficiencies – commencement of roll out of electronic timesheet project across Council.
- Review of organisational structure as vacancies arise to assess opportunities for restructuring of positions, redistribution of duties and/or engagement of trainees. This has resulted in an increased number of traineeships being offered by Council and Council maximising opportunities in relation to Government incentives.
- Review of Car Parking Fund policy.
- Negotiation of 12-month extension to an agreement with Country Arts SA for 50% funding of the Aboriginal Arts & Cultural Facilitator role.
- Grant funding through Oz Minerals for two Public Art projects.
- Asset and Insurance Revaluation facilitating reviews of insurance levels
- Reduction in Fringe Benefits Tax payable by Council through review of vehicle arrangements.



Reviews commenced or completed during the year have included:

- A review of leases and licences of Council premises
- A review of sponsorship, community grants and discretionary rebates
- A review of the AALBG Master Plan

The Covid-19 global pandemic has had a significant impact on the Port Augusta City Council's operations since March 2020 with several business units suspending activities due to Government imposed restrictions and other programs having to modify operations to meet physical distancing and hygiene requirements.



## Status of 2020/2021 key activities as at 30<sup>th</sup> June 2021:

Status Legend:      Near completion or completed  
Work in progress  
Work yet to commence or delayed

2020/21 Operating Expenditure	Status	Comments
<b>Priority Action 1 - Community</b>		
Develop Indigenous Engagement Strategy		Draft Reconciliation Action Plan near completion
Disability Access & Inclusion Plan		Plan adopted by Council 13/10/2020
Completion of review of sponsorship & grants program		Draft Sponsorship Policy & Guidelines presented at Informal Gathering March 2021
Review Community Engagement framework		Community Engagement Framework adopted 9/2/21
Lobby for increased aviation access to and from the City		Work continuing
Support for Community Events		Support for various events provided

### **Priority Action 2 – Economy**

Australian Arid Lands Botanic Garden Master Plan		Reviewed document adopted by Council in December 2020
Lobby other tiers of Government regarding sealing of a section of Yorkey's Crossing Road adjacent to Davenport Community		Resealing of section of Yorkey's Crossing Road sealed by State Government
Facilitate tendering and 'meet the buyer' workshops for local business		Workshop held at Global Maintenance Upper Spencer Gulf Forum 27 April 2021



### **Priority Action 3 – Environment**

Removal of samphire grass from Westside beach areas within permitted limits		Work completed August 2020
Develop Regional Waste Management Strategy		Work progressing
Waterproofing the City Review		Work progressing
Review & communicate the Style Guide for the City		Review completed
Participate in LGA Energy Audit		Information provided and awaiting outcomes of audit
Clean Up Australia Day including free dump session		Clean Up Australia Day events held. Free dump session postponed

### **Priority Action 4 – Infrastructure**

Develop long term Central Business District amenity program		Informal gathering held 5/1/21
Asset Management Plans data collection		Asset Management Plans adopted 13/04/2021
Stormwater Management Plan (digital mapping, valuation)		Stormwater valuation data collection completed. Grant applications submitted to Stormwater Management Fund
Commence Foreshore Strategy (includes Marine Assets)		Two tender process attempts unsuccessful.
Scoping of work required Ryan Mitchell Swim Centre upgrade		In progress. Grant application to LG Infrastructure Partnerships Program successful for 50% funding of upgrade. Public consultation to be undertaken prior to construction during 2022 winter period.
Scoping & Design – Civic Centre Air Conditioning upgrade		Preferred contractor identified. Design work to commenced



**Priority Action 5 – Governance & Financial Sustainability**

Asset Revaluation (required by legislation every 5 years)		Asset revaluation completed
Upper Spencer Gulf Joint Planning Board establishment		Discussions continuing in relation to Joint Planning Board.  Regional Assessment Panel has been established.
Continued support for RDA Far North and Upper Spencer Gulf Cities		Funding paid to RDA Far North & Upper Spencer Gulf Cities as per budget
Review Long Term Financial Plan		Revised LTFP adopted by Council 13/04/2021
Continuous Improvement Program <ul style="list-style-type: none"> <li>• Service Level &amp; Range Review</li> <li>• Organisational efficiencies</li> <li>• Legislative Compliance</li> <li>• Internal Staff Development Program</li> <li>• Rating Review</li> <li>• Cyber Security Work Plan</li> </ul>		Basis of Rating changed by resolution 13/10/2020.  Informal gathering held on Service Level Review 24/11/20. 'My Performance' rolled out to staff.  Legislative Compliance work plan near completion.  Cyber Security Work Plan priority actions undertaken



Asset Management Plans 2020/21 Budget Expenditure	Status	Comments
Transport Capital Renewal/ Replacement of Assets		Sealed Roads <ul style="list-style-type: none"> <li>Spray Sealing works complete. Asphalt bitumen partially complete. Delays due to contractor plant failure. To be completed in 2021/22</li> <li>Hot mixed Asphalt undertaken June 2021</li> </ul> Unsealed Roads <ul style="list-style-type: none"> <li>Works completed June 2021</li> </ul> Kerbing <ul style="list-style-type: none"> <li>RFQ complete.</li> <li>Works delayed due to contractor plant failure</li> </ul>
Transport New Capital Works		<ul style="list-style-type: none"> <li>Footpath works completed</li> </ul>
Stormwater/CWMS Network Renewal		<ul style="list-style-type: none"> <li>Stormwater networks inspections conducted Nov - Dec 2020</li> <li>2020/21 CWMS network relining completed</li> </ul>
Plant & Vehicles Renewal/ Replacement		<ul style="list-style-type: none"> <li>Fleet vehicle policy under review.</li> <li>Water truck delivery expected August 2021</li> </ul>
Building Renewal/Replacement		<ul style="list-style-type: none"> <li>Institute saltdamp and stormwater works completed</li> </ul>
Structures & Site Improvements Renewal/Replacement		<ul style="list-style-type: none"> <li>Chinnery Oval fencing complete</li> <li>AALBG Visitor Centre painting – Tender called and submissions evaluated. Work yet to commence</li> </ul>
Furniture & Fittings Renewal/ Replacement		<ul style="list-style-type: none"> <li>Replacement carpet for Library scoped &amp; costed.</li> <li>Work delayed. Scheduled for completion 2021/22</li> </ul>
Eastside Foreshore Walking Trail extension to Simms St (based on 50% external funding)		<ul style="list-style-type: none"> <li>All preparatory work completed. Delays in completion due to bitumen contractor plant failure. Work to be completed early 2021/22</li> </ul>
Cemetery Fencing at Port Augusta West, Carlton Parade and Stirling North Garden Cemeteries		<ul style="list-style-type: none"> <li>Fencing at Port Augusta West Cemetery complete</li> <li>Fencing at Stirling North Cemetery complete</li> <li>Carlton Parade works completed</li> </ul>
Stormwater Basin Flinders Terrace (western end)		<ul style="list-style-type: none"> <li>Preliminary scoping and design work being undertaken</li> <li>Further works including construction proposed in 2021/22</li> </ul>
Digital Radio Network Upgrade (includes commissioning of new base station)		<ul style="list-style-type: none"> <li>Project completed</li> </ul>
Security Monitoring System Upgrades		<ul style="list-style-type: none"> <li>Stage 1 of works completed</li> </ul>
Sewer Pump Upgrades (stage 1)		<ul style="list-style-type: none"> <li>Works to be completed by 30 June 2021</li> </ul>
Airport Apron Reseal		<ul style="list-style-type: none"> <li>Work delayed due to bitumen contractor plant failure</li> </ul>



## Significant Influences and Priorities for 2021/2022

In preparing the 2021/2022 budget, Council has considered:

- 2019-2029 Strategic Directions and Four-Year Action Plan.
- 2020/21-2030/31 Long Term Financial Plan.
- Recently reviewed and adopted Asset Management Plans.
- Results of the asset revaluation undertaken in 2020/21.
- The current economic influences including:
  - Continuing Covid-19 Emergency Provisions.
  - Known decreases or minimal increases in 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
  - Impact of the introduction of the new Planning, Development & Infrastructure Act 2016.
- A focus on asset renewal and financial sustainability.
- Local Government Reforms recently passed by State Parliament.
- Current legislation relating to exclusion of electricity generation and storage plant and equipment in capital valuations for rating purposes.
- Feedback from the Community regarding the level of general rates in Port Augusta.

## 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 2021/2022 rating year of \$1.33M
- Change to the basis of rating from Site Value and a minimum rate to Capital Value with a fixed charge.
- A review of differential rates percentages.
- Phasing in of the impact to general rates on ratepayers from the change in basis of rating through rating policy.
- The level of sponsorship and discretionary rebates to community groups through rating policy.
- 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.
- Beautification of the City.



## 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 2021/2022 financial year are listed below.

#### *Priority Action 1 - Community*

- Reconciliation Action Plan activities
- Disability Access & Inclusion Plan activities
- Support for events
- Recognition programs
- Continue to lobby for increased aviation access to and from the City

#### *Priority Action 2 – Economy*

- AALBG Master Plan activities
- Stakeholder workshops to develop profile and prospectus to promote Port Augusta

#### *Priority Action 3 – Environment*

- Waste Management Strategy & Education Program
- Review & communicate the Style Guide for the City
- Recognition programs

#### *Priority Action 4 – Infrastructure*

- CBD Master Plan
- Implement work as per Asset Management Plans
- Digital mapping of stormwater system stage 2
- Completion of Foreshore Strategy (includes Marine Assets)
- Removal of end-of-life assets
- Open Space Strategy review

#### *Priority Action 5 – Governance & Financial Sustainability*

- Review Long Term Financial Plan
- Continuous Improvement Program
- Service Level & Range Review
- Organisational efficiencies through IT
- Strategic Property Review
- Implement change to basis of rating
- Implementation of new Planning Act & resulting processes
- Changes to Superannuation Guarantee

Reporting against the 2021/2022 objectives will be via budget comparison reports to Council as well as highlighted through Council's E-newsletter and website and media opportunities.



## Sponsorship and Events

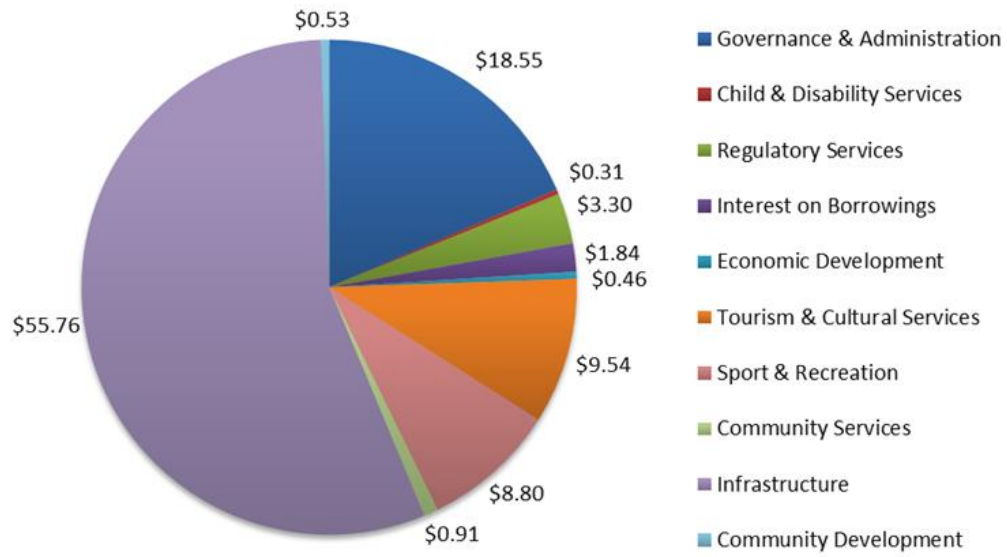
Council has provided sponsorship, grants, donations, and discretionary rate rebates of approximately \$170,500 to community groups.

\$97,500 has been allocated towards events to be held during the 2021/2022 financial year. 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 2021/2022 year.

- Port Augusta Racing Club
- Port Augusta Golf Classic
- Port Augusta Calisthenics Club Annual Display Concert
- Anderson Dancers Annual Pantomime
- Dance Explosions Annual Concert
- Rotary Christmas Pageant
- Lions Australia Day Breakfast
- Christmas Tree Festival
- Community Carols in the Park
- Wharfest (August 2021 event postponed)
- NDMA Motor Show Event
- Mid North & Spencer Gulf Wedding & Event Expo
- Kaleidoscope of Colour – Quilters Guild
- Port Augusta Performing Arts workshop & theatre performance
- School Award sponsorship including Year 12 Academic Achiever Award
- Community Christmas Party
- Clean Up Australia Day
- Outdoor Cinema
- National Youth Week
- Malka Art Prize
- NAIDOC Week
- Reconciliation Week
- Other Events



### How \$100 of your rates is put to use in 2021/2022:



*Based on Council Operating Expenditure*



## Capital Expenditure

Council's Asset Management Plans include the following capital expenditure in the 2021/22 financial year.

<b>CAPITAL EXPENDITURE 2021/2022</b>	
<i>ASSET MANAGEMENT PLANS EXPENDITURE</i>	
Transport Capital Renewal/Replacement of Assets Includes: <ul style="list-style-type: none"> <li>• 7km of road reseal</li> <li>• 1.5km of kerb renewal</li> </ul>	\$714,000
Transport New Capital Works Includes: <ul style="list-style-type: none"> <li>• Upgrade to heavy vehicle route (Zerna Road)</li> <li>• 3.7km of paved footpaths</li> </ul>	\$715,000
CWMS & Wastewater Renewal/Replacement of Assets Includes: <ul style="list-style-type: none"> <li>• 450m of CWMS network pipe relining</li> <li>• Relocation of Watts Street pump</li> </ul>	\$264,000 \$200,000
Stormwater Renewal/Replacement of Assets <ul style="list-style-type: none"> <li>• Expenditure on renewal/replacement of assets</li> </ul>	\$114,000
Stormwater New Capital Works <ul style="list-style-type: none"> <li>• Flinders Terrace Stormwater network extension</li> </ul>	\$200,000
Building & Land Improvement Renewal/Replacement (subject to current review of open space strategy). <ul style="list-style-type: none"> <li>• Renewal of park furniture as identified across all public parks</li> <li>• Playground equipment upgrades:               <ul style="list-style-type: none"> <li>○ Arthur Spring Memorial Park,</li> <li>○ Keith Jones Memorial Park,</li> <li>○ Sid A Welk Recreation Park,</li> <li>○ Volunteer Park,</li> <li>○ Christopher Street Park,</li> <li>○ Northey Crescent Park,</li> <li>○ Sid Gill Memorial Park,</li> <li>○ Whiting Parade Reserve</li> <li>○ Williams Street Park</li> </ul> </li> <li>• Public toilet facilities upgrades</li> <li>• Minor building refurbishment</li> </ul>	\$1,992,000
Plant & Vehicles Renewal/Replacement	\$644,000
Furniture & Fittings Renewal/Replacement	\$136,000
	<b>\$4,979,000</b>



<b>ADDITIONAL CAPITAL EXPENDITURE</b>	
Commencement of Ryan Mitchell Swim Centre Upgrade (50% grant funded)	\$1,011,600
Airport apron resealing & LED lighting project (50% grant funded)	\$640,000
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>\$6,630,600</b>

Council is also planning to undertake additional capital work outside of the Asset Management Plans for 2021/2022. This includes commencement of the upgrade of Ryan Mitchell Swim Centre (50% grant funded). It is envisaged that the project will commence in the 2021/2022 financial year, however most of the work will be completed in the 2022/2023 financial year. As such, Council has budgeted for \$1,011,600 expenditure in 2021/2022 with grant funding of \$505,800 being received through milestone payments.

Council will also be undertaking an airport apron resealing and LED lighting project valued at \$640,000. Grant funding of \$320,000 (50% of project expenditure) received through the Regional Airports Program Round 2 will offset total project expenditure.

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.

Council has applied for grant funding for the following projects:

- Open Space Strategy
- CBD Master Plan
- Off-leash Dog Park

Debentures may be drawn on for this purpose, with a budget variation required for any additional depreciation expenses. If unsuccessful, Council will need to consider whether a budget variation for the full value of these projects is required to complete these projects in the 2021/2022 financial year.

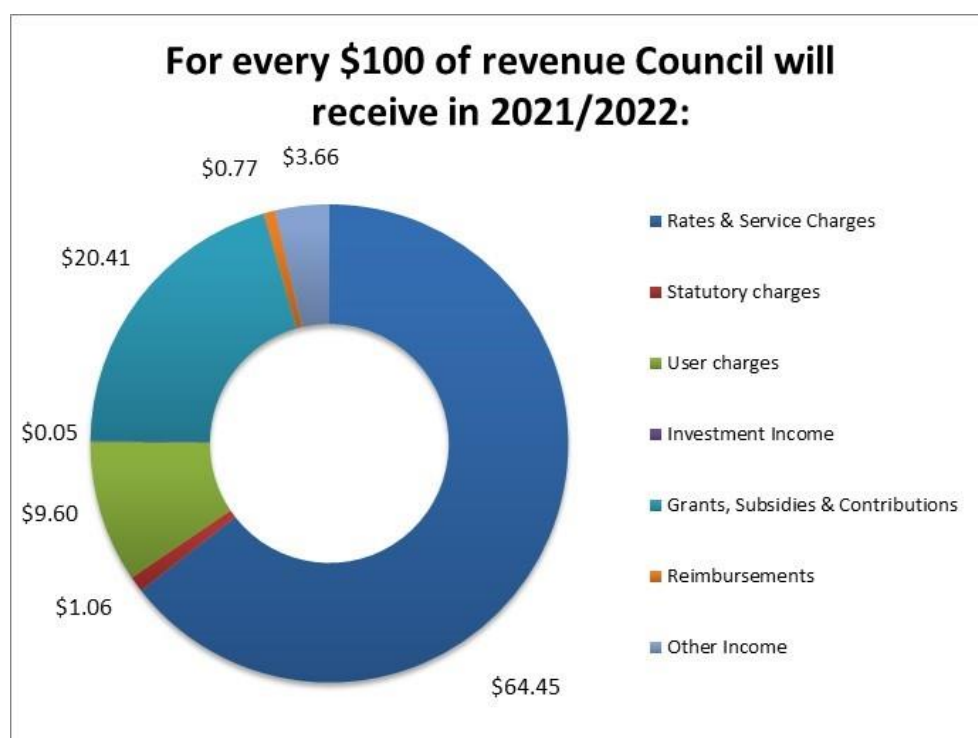


## Revenue Sources

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
- 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, hire of facilities, and Central Oval entrance fees etc.
- Statutory Charges such as Planning and Building fees
- General Rates and Service Charges

**In 2021/2022, Council has budgeted for 64.45% 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

The use of loan funding has been set out in the Long Term Financial Plan (LTFP). At present, no new loans are envisaged for the period 2020/21-2030/31 with Council utilising existing Cash Advance Debentures for capital work as required.

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.

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 which will require 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.

Debentures 229 and 237 will be repaid during the 2021/2022 financial year.

Authority	Drawn	%	Years	Amount	Budgeted Balance 30/6/2021	Received	Interest	Principal	Budgeted Balance 30/6/2022
Debenture 229	LGFA	15-Jan-12	5.05%	10	1,424,000	176,414	6,709	176,414	0
Debenture 237	LGFA	15-Jul-15	4.25%	5	3,800,000	416,952	8,860	416,952	0
Debenture 240	LGFA	15-Jul-20	2.80%	5	5,000,000	4,703,773	129,588	304,579	4,399,194
					5,297,139		145,157	897,945	4,399,194
Cash Advances	LGFA			850,000	4,017,896	2,000,000	280,537	490,000	5,527,896
					4,017,896	2,000,000	280,537	490,000	5,527,896



## Financial Performance Indicators

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

The three major KPI's are:-

**Adjusted Operating Surplus Ratio**

**Net Financial Liabilities Ratio**

**Asset Renewal Funding Ratio**

### Adjusted Operating Surplus Ratio

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

The Ratio is adjusted to take into account the Commonwealth Government advance payments of the Financial Assistance Grants when required to prevent distortion of figures. The 2021/2022 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)	2020/2021 (Budget)
Adjusted Operating Surplus/(Deficit)	(10.5%)	(8.8%)
Net Financial Liabilities	42.3%	48.3%
Asset Renewal Funding	100.0%	125.0%



## Operating Deficit

Previous financial plans and budgets of Council have been predicated on the assumption that key events/projects within and around the area would inject necessary economic growth and funding, for example planned expansion of Olympic Dam, sale of land for residential housing projects and continued operation of the Augusta Power Stations. This has had a negative impact on Council's financial position.

Council's Long Term Financial Plan indicates a deficit of \$2,284,000 for 2021/2022 financial year (down from \$2,682,000 in 2020/2021 financial year).

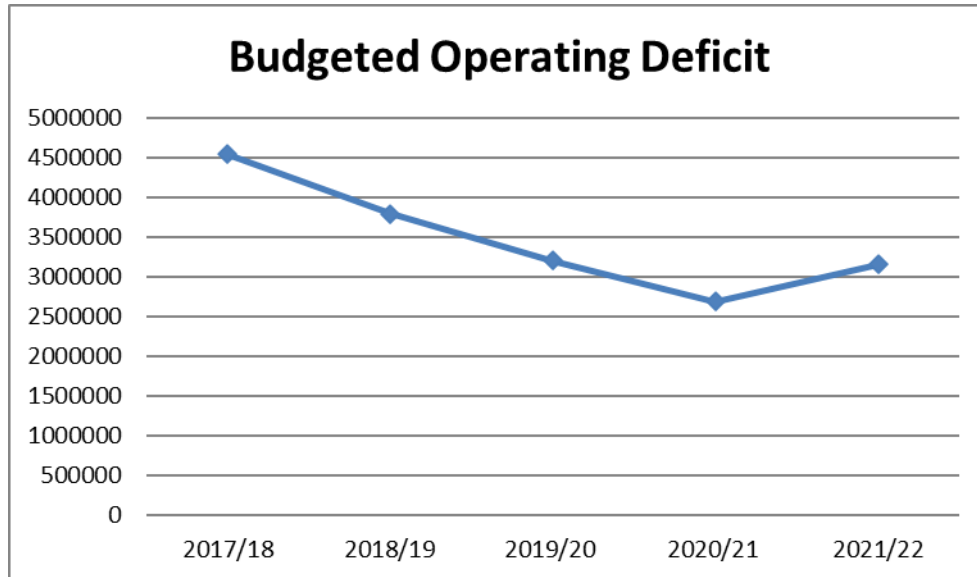
However, following feedback received on the 2021/2022 draft Annual Business Plan & Budget during the public consultation period, Council resolved to prepare a final Annual Business Plan & Budget based on a reduction in general rate revenue of \$1.33M from the general rate revenue outlined for the 2021/2022 financial year in the adopted Long Term Financial Plan. Additional savings of \$459,400, on top of the \$276,000 reduction in operating expenditure required to meet the 2021/2022 financial year within Council's Long Term Financial Plan have been identified in the budget. The budgeted deficit will increase by \$870,600 to \$3,154,600 for the 2021/2022 financial year, with Council looking to achieve a better than budgeted result through increasing revenue or decreasing operating expenditure during the financial year.

A structured program of activity will be required to ensure the financial sustainability of the Council with a view to achieving a break-even position by 2027/2028 financial year. This view is reflected in Council's 4-year priority action plan *"Review the current timeframe for extinguishing the financial operating deficit and a view to fast-tracking a balanced budget"*.

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.



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 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.

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

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

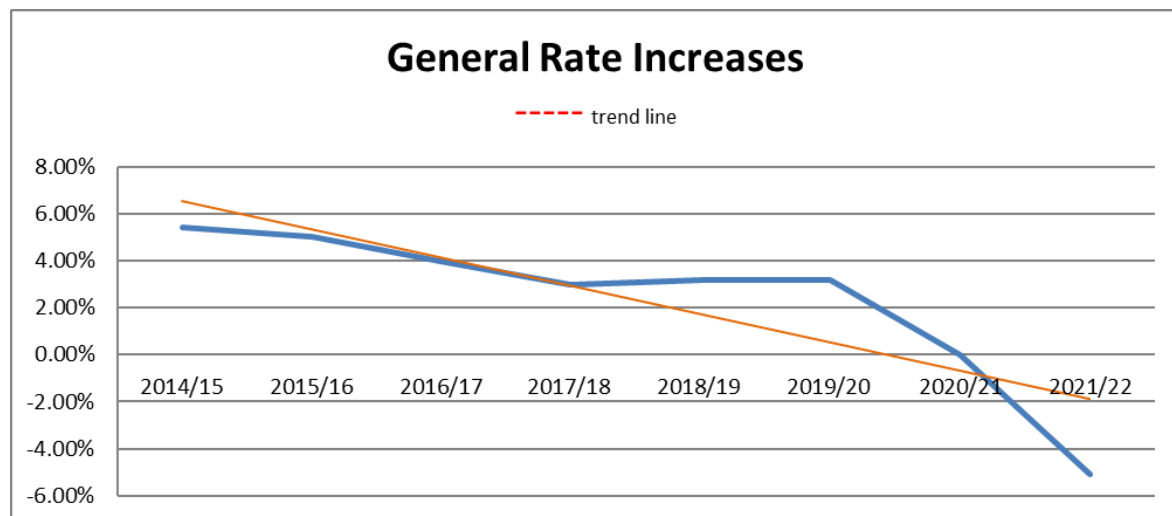


Council has also adopted its Development Plan as the basis for differential rating by location for Rural Shack Settlement, Rural Living, Conservation, Rural, and Rural Neighbourhood within Residential Land Use.

Council has budgeted to reduce general rate revenue by \$1.33M in 2021/2022 in comparison to general rate revenue for 2021/2022 outlined in Council's Long Term Financial Plan. This 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.

The total amount of general rates collected will reduce by \$1.33M. 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 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 2021/2022, 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.

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.



## Fixed Charge

Council has imposed a fixed charge as it considers it appropriate that all rateable properties make a contribution 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 2021/2022, Council has imposed a fixed charge of \$900. This equates to 36% 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, Council has determined under Section 166(1)(i) of the Local Government Act that a discretionary rebate will be applied to limit the increase in rates from the 2020/2021 rating year to the 2021/2022 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 2021/2022, the increase in the general rate payable will be limited to 10% over the general rates payable in the 2020/2021 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 2020/2021 financial year for assessments in all other categories of land use.

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.

## **Service Charges**

Council provides specific services for the benefit of 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.

The following service charges for the 2021/2022 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 2021/2022 financial year, the service charge is \$270 per service.

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

Port Augusta City Council, like many other Councils, is impacted by the increase in recycling costs resulting from other countries now refusing exported recyclables. This, combined with an increase in EPA levies on waste will cause kerbside waste collection service charges to increase above CPI in 2021/2022.

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

## **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 2021/2022 financial year, the CMWS service charge is \$493\*\* 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.

## **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 2021/2022 as \$289,540. The total revenue will be generated from a service charge applied to all rateable properties.

In the 2021/2022 financial year, the levy is \$39.00 per assessment.



## Valuation Movement

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

Council has resolved to change the basis of rating from Site Value to Capital Value for the 2021/2022 rating year.

Across the City of Port Augusta area, there has been a decrease in capital values of approximately 1.79% from the 2020/2021 to the 2021/2022 rating year. The central area of Port Augusta experienced the largest percentage decrease in capital values, with values dropping by approximately 3.46% in that area. Port Augusta West and areas of Stirling North also saw decreases in capital values of approximately 1.2%. Port Patterson and Winninowie saw large percentage increases due to the growth of capital values in these areas.

Across the City of Port Augusta, approximately 21% of assessments experienced a decrease in capital value, 13% of assessments had an increase in capital value and 66% remained static.

Five properties acquired by the Department for Transport & Infrastructure for the Joy Baluch bridge duplication project are now non-rateable.

There has been minor growth in rateable properties for the 2021/2022 rating year as a result of renewable energy projects. Seventeen tenancy apportionments were created by the Office of the Valuer General for wind towers associated with the Port Augusta Renewable Energy Park as the valuation closure for the 2021/2022 rating year. Only the 'fixed' component of the wind tower is included in capital value for rating purposes. The full value of the wind tower is not assessed for rating purposes. Council has proposed to allocate half of the revenue generated from this growth to provide rate relief to existing ratepayers, and half will provide additional revenue to reduce Council's operating deficit.



As at 1<sup>st</sup> July 2021, the Valuer General has advised the following Capital Values for the 2021/2022 year:

Local Government Land Use Codes	Proposed Capital Value 2021/2022
Residential	\$ 1,210,065,500
Commercial - Shop	\$ 62,325,000
Commercial - Office	\$ 29,377,000
Commercial - Other	\$ 139,819,000
Industry - Light	\$ 21,432,000
Industry - Other	\$ 18,660,500
Primary Production	\$ 51,709,100
Vacant Land	\$ 55,008,200
Other	\$ 170,916,200
<b>Total</b>	<b>\$ 1,759,312,500</b>

For the 2021/2022 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 \$1,759,312,500 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 24<sup>th</sup> August 2021.

Council has adopted a fixed charge of \$900, and the following rate categories and rate in \$ (cents) for 2021/2022:

Rate Categories	Rate in \$ (cents)	Relativity	Assessments
Residential - Urban	0.006737	100%	5838
Residential - Non Urban	0.005390	80%	358
Residential - Coastal Holiday Settlement	0.005390	80%	342
Commercial / Industry	0.013474	200%	512
Primary Production	0.005390	80%	79
Vacant Land	0.010106	150%	523
Other	0.006737	100%	82



SUMMARY OF PROGRAMS AND SERVICES				
PROGRAM/ACTIVITY	OPERATING BUDGET		OPERATING SURPLUS/(DEFICIT)	DEPRECIATION
	2021/22 EXPENDITURE	2021/22 REVENUE	2021/22 BUDGET	2021/22 BUDGET
City Management	1,591,700	3,062,400	1,470,700	7,600
Economic Development	112,300	8,800	(103,500)	
Information Communications Technology	275,200	22,000	(253,200)	117,900
Records Management	203,900		(203,900)	400
Venues & Events	201,700	3,500	(198,200)	
Library & Information Service	504,000	58,200	(445,800)	11,800
Yarta Purlti Cultural Centre	245,400	69,000	(176,400)	133,600
Substance Misuse & Sobering Up	1,641,100	1,649,700	8,600	13,000
Human Resources	575,500	18,100	(557,400)	2,300
WHS & Risk Management	240,400	78,300	(162,100)	
Wadlata Outback Centre	905,300	594,500	(310,800)	252,700
Australian Arid Lands Botanic Garden	1,493,900	878,000	(615,900)	187,000
Financial & Customer Services	1,830,300	16,730,700	14,900,400	4,100
Treasury Management	425,700	15,200	(410,500)	
Central Oval Community Hub (Including oval)	891,000	383,000	(508,000)	859,200
Sport & Recreation	732,400	213,500	(518,900)	81,700
Childcare Services	1,097,000	1,108,700	11,700	82,000
Men's Shed Program	53,300	54,300	1,000	1,000
Health Focus Program	271,800	272,000	200	200
Community Development Programs	119,100		(119,100)	
Development Services	631,300	76,500	(554,800)	500
Environmental Health	123,700	13,400	(110,300)	400
General Inspection	322,100	268,000	(54,100)	18,800
Buildings	304,600	25,700	(278,900)	488,900
Other Property	633,500	73,900	(559,600)	453,000
Cemeteries	237,400	200,000	(37,400)	13,200
Waste Management	2,085,400	1,927,000	(158,400)	
Infrastructure	3,340,600	1,534,800	(1,805,800)	3,903,300
Parks Gardens Reserves Ovals	1,482,900		(1,482,900)	464,700
Engineering Services & Depots	3,160,800	833,000	(2,327,800)	496,200
<b>DEPRECIATION</b>	<b>7,593,500</b>		<b>(7,593,500)</b>	
	<b>33,326,800</b>	<b>30,172,200</b>	<b>(3,154,600)</b>	<b>7,593,500</b>



**PORT AUGUSTA CITY COUNCIL****BUDGETED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>BUDGET 2022</b>	<b>FORECAST 2021</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Rates & Service Charges	19,445,000	20,154,200
Statutory charges	318,500	349,300
User charges	2,895,400	2,596,300
Grants, Subsidies & Contributions	6,162,400	7,726,200
Investment Income	15,200	20,900
Reimbursements	232,900	330,000
Other Income	<u>1,102,800</u>	<u>932,000</u>
<b>TOTAL INCOME</b>	<u>30,172,200</u>	<u>32,108,900</u>
<b>EXPENSES</b>		
Employee Costs	12,766,400	11,520,400
Materials, Contracts & Other Expenses	12,541,200	13,661,000
Finance Costs	425,700	545,400
Depreciation, Amortisation & Impairment	<u>7,593,500</u>	<u>7,470,700</u>
<b>TOTAL EXPENSES</b>	<u>33,326,800</u>	<u>33,197,500</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<u>(3,154,600)</u>	<u>(1,088,600)</u>
Amounts received specifically for new or upgraded assets	<u>825,800</u>	<u>195,280</u>
<b>NET SURPLUS/(DEFICIT) transferred to Equity Statement</b>	<u>(2,328,800)</u>	<u>(893,320)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>(2,328,800)</u>	<u>(893,320)</u>



**PORT AUGUSTA CITY COUNCIL****BUDGETED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>BUDGET 2022 \$</b>	<b>FORECAST 2021 \$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	684,056	1,615,456
Trade & other receivables	1,195,600	1,154,100
Inventories	230,000	230,000
<b>Total Current Assets</b>	<b>2,109,656</b>	<b>2,999,556</b>
<b>Non-current Assets</b>		
Infrastructure, Property, Plant & Equipment	199,827,869	199,545,869
<b>Total Non-current Assets</b>	<b>199,827,869</b>	<b>199,545,869</b>
<b>TOTAL ASSETS</b>	<b>201,937,525</b>	<b>202,545,425</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	2,831,600	3,210,600
Borrowings	803,200	1,470,600
Provisions	2,086,200	1,954,900
<b>Total Current Liabilities</b>	<b>5,721,000</b>	<b>6,636,100</b>
<b>Non-current Liabilities</b>		
Borrowings	9,123,900	6,499,500
Provisions	109,800	98,200
<b>Total Non-current Liabilities</b>	<b>9,233,700</b>	<b>6,597,700</b>
<b>TOTAL LIABILITIES</b>	<b>14,954,700</b>	<b>13,233,800</b>
<b>NET ASSETS</b>	<b>186,982,825</b>	<b>189,311,625</b>
<b>EQUITY</b>		
Accumulated Surplus(Deficit)	(9,955,515)	(7,626,715)
Asset Revaluation Reserve	196,938,340	196,938,340
<b>TOTAL EQUITY</b>	<b>186,982,825</b>	<b>189,311,625</b>



## PORT AUGUSTA CITY COUNCIL

### BUDGETED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	BUDGET 2022 \$	FORECAST 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<u>Receipts</u>		
Operating Receipts	30,115,500	33,875,800
Investment Receipts	15,200	20,900
<u>Payments</u>		
Operating Payments to suppliers & employees	(25,543,700)	(26,004,500)
Finance Payments	(425,700)	(545,400)
<b>Net Cash provided by (or used in) Operating Activities</b>	<u>4,161,300</u>	<u>7,346,800</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets	825,800	195,280
Sale of replaced assets	100,000	100,000
Repayments of loans by community groups	-	7,000
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(4,384,000)	(3,540,100)
Expenditure on new/upgraded assets	(2,246,600)	(1,261,000)
<b>Net Cash provided by (or used in) Investing Activities</b>	<u>(5,704,800)</u>	<u>(4,105,652)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<u>Receipts</u>		
Proceeds from Borrowings	2,000,000	1,345,000
<u>Payments</u>		
Repayments of Borrowings	(1,387,900)	(3,244,157)
<b>Net Cash provided by (or used in) Financing Activities</b>	<u>612,100</u>	<u>(1,899,157)</u>
<b>Net Increase (Decrease) in cash held</b>	<u>(931,400)</u>	<u>1,341,991</u>
Cash & cash equivalents at beginning of period	<u>1,615,456</u>	<u>273,465</u>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<u>684,056</u>	<u>1,615,456</u>



## PORT AUGUSTA CITY COUNCIL

### BUDGETED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
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	(9,955,515)	196,938,340	186,982,825
FORECAST 2021			
Balance at end of previous reporting period	(6,733,395)	176,020,971	169,287,576
Net Surplus/ (Deficit) for year	(893,320)	-	(893,320)
Other Comprehensive Income			
Gain on revaluation of property, plant & equipment	-	20,917,369	20,917,369
Balance at end of period	(7,626,715)	196,938,340	189,311,625



## PORT AUGUSTA CITY COUNCIL

### BUDGETED UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDED 30 JUNE 2022

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.

	BUDGET 2022 \$	FORECAST 2021
Income	30,172,200	32,108,900
<i>less Expenses</i>	<u>33,326,800</u>	<u>33,197,500</u>
	<u>(3,154,600)</u>	<u>(1,088,600)</u>
<b><i>less Net Outlays on Existing Assets</i></b>		
Capital Expenditure on renewal and replacement of Existing Assets	4,384,000	3,540,100
<i>less Depreciation, Amortisation and Impairment</i>	(7,593,500)	(7,470,700)
<i>less Proceeds from Sale of Replaced Assets</i>	<u>(100,000)</u>	<u>(100,000)</u>
	<u>(3,309,500)</u>	<u>(4,030,600)</u>
<b><i>less Net Outlays on New and Upgraded Assets</i></b>		
Capital Expenditure on New and Upgraded Assets ( <i>Including investment property &amp; real estate developments</i> )	2,246,600	1,261,000
<i>less Amounts specifically for New and Upgraded Assets</i>	<u>(825,800)</u>	<u>(195,280)</u>
	<u>1,420,800</u>	<u>1,065,720</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<u>(1,265,900)</u>	<u>1,876,280</u>



<b>1.1.10: RATING POLICY 2021/2022</b>	
Statutory Policy	
TRIM Reference	AR20/18612
First Issued	7 July 2021
Last Reviewed	7 July 2021
Next Review	July 2022

## 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](http://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 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.

After lengthy consideration and consultation, Council has resolved to change to Capital Value for the purpose of valuing land within the council area for the 2021/2022 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 2021/2022 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:

Office of the Valuer General  
GPO Box 1354  
ADELAIDE SA 5001

E-mail: [LsgObjections@sa.gov.au](mailto:LsgObjections@sa.gov.au)

Telephone: 1300 653 346

**NOTE - The Council has no role in this process. It is also important to note that the lodgement of an objection does not 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 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 Asset Management Plans, Long Term Financial Plan, and desire to achieve ‘break even’ at year 10 of the Long Term Financial Plan (2028).
- h) Current legislation relating to exclusion of electricity generation and storage plant and equipment in capital valuations for rating purposes.



### 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](mailto: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](http://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 2021/2022, Council has imposed a fixed charge of \$900.

### **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 2021/2022 financial year:

#### **Kerbside Waste Collection & Recycling Charge**

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

In 2021/2022 financial year, the service charge will be \$270 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 \$135 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 2021/2022 financial year, the Community Wastewater Management Scheme (CWMS) service charge will be \$493\*\* 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 2021/2022 as \$289,540. The total revenue will be generated from a service charge applied to all rateable properties.

In the 2021/2022 financial year, the levy will be \$39.00 per assessment (\$38.50 in 2020/2021).

### **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](mailto: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:

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



Please contact the State Government at:

E-mail: [concessions@sa.gov.au](mailto:concessions@sa.gov.au)

Phone: ConcessionsSA Hotline - 1800 307 758

### 3.10 PAYMENT OF RATES

Rates levied for the year may be paid in four quarterly instalments, due and payable in the months of October, 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](http://www.portaugusta.sa.gov.au) and click on the ezybill portal.

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

Rates may also be paid by: -

- Internet [www.portaugusta.sa.gov.au](http://www.portaugusta.sa.gov.au)  
(Select 'Make a Payment' from the Fast Find menu, then "Online Transactions, then 'Rate Payment';
- Telephone on **1300 276 468**, enter the Biller Code **1351915**, your Customer Reference Number, amount, and card details to complete the payment. At the end of the call, they are provided with a unique payment receipt number.
- Australia Post (Post Billpay)  
Payment may be made in store at Australia Post or by phone on 13 18 16 quoting Billpay code 2808;
- BPay and BPay View  
Quote biller code 27961 and Customer Reference Number
- Centre Pay (if you receive a payment from Centrelink)
- Direct Debit (by providing council with an authorisation to deduct regular payments of a fixed amount from your bank account). An administrative fee of \$5 will be incurred when a payment rejection occurs. Multiple rejections may result in a cancellation of arrangements.

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 refers the debt to a debt collection agency for collection unless contact is otherwise made.

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

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

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

#### **Additional Support to Ratepayers due to Change in Basis of Rating**

Council recognises the impact of the change in basis of rating on the ability of some ratepayers to pay Council rates by the instalment dates for the 2021/2022 rating year. As such, the following measures will be implemented:

Ratepayers directly impacted by the change in basis of rating are encouraged to contact Council rating staff to discuss a hardship payment arrangement prior to the due date of the first instalment.

Approved changes in basis of rating hardship arrangements will relate to the 2021/2022 rating year only for assessments with no overdue rate balances as at 1 July 2021.

Ratepayers that adhere to the hardship arrangement with no payment defaults will have any 2021/22 fines and interest incurred on their assessment remitted.

Approval criteria:

- Demonstrated impact of the change in basis of rating on the ratepayer (i.e. increase in general rates from general rates payable in 2020/2021 rating year)
- Willingness to enter into a payment arrangement as advised by Council rating staff with payments being made via direct debit deduction or Centrepay deduction



### **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

#### **Rate Capping**

For the 2021/2022 financial year, Council considered it appropriate to grant pursuant to Section 166(1)(l)(i) of the Local Government Act a rebate of the general rate in order to avoid what would otherwise constitute a liability that is unfair or unreasonable.

Consequently, rebates will be granted to limit the increase of the 2021/2022 general rate over the amount of the general rate payable in the 2020/2021 financial year as follows:

- (a) increase in the general rate payable will be limited to 10% over the general rates payable in the 2020/2021 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 2020/2021 financial year for assessments in all other categories of land use.

The above rebate will not apply to assessments which receive a Mandatory Rebate under Chapter 10, Division 5 of the Local Government Act, or a Discretionary Rebate under Section 166(1)(j) of the Local Government Act.

### **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 will 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](http://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