

**10.2 ANNUAL BUSINESS PLAN AND BUDGET 2021-2022****File Number:** IC21/40**Author:** Chris Birch, Manager Financial Services**Responsible Executive:** Ginny Moon, Director Corporate Services**EXECUTIVE SUMMARY**

The Draft Annual Business Plan 2021-2022 (ABP) is Council's key communication document with information to the community regarding its plans for the coming 12 months. It provides Council with direction in relation to the delivery of key initiatives, while maintaining recurrent services and identifying funding methodology to do so.

Having sought feedback from the community, and recognising subsequent developments like stimulus funding and newly recognised savings in this financial year, the ABP has been revised and is presented for adoption.

Contained within the Draft ABP and budget was an allocation of matched funding for four Economic Stimulus projects totalling \$4.5M. Since Council endorsed the 2021-2022 Draft ABP and Budget, and the Draft Rating Strategy 2021-2022 for community consultation, Council has been advised that Council was successful in receiving grant applications for three of the projects (one still remaining unknown). These projects require a combined matching contribution of \$5.15M (a budget shortfall of \$650k).

At the Council Workshop on 15 June 2021, a presentation was provided to inform Council of the community and Audit Committee feedback regarding the Draft ABP 2021-2022 (encompassing the Budget, LTFP, and Rating Strategy). The consultation feedback is presented in a separate report in this agenda.

Following the consideration of feedback provided, the discussion from the 15 June Workshop includes the items listed below. The shortfall required (\$650,000) in meeting the matched funding for economic development projects will be met by:

- Removing the Stormwater Asset Management Project (\$249,644)
- Utilisation of cash advance debenture loans for the remainder (approximately \$400k)
- Retiming of projected projects delivery timeframe across 2021-2022 & 2022-2023

The changes listed above have been incorporated into the final copy of the Annual Business Plan 2021-2022, as included in **Attachment 1**.

In order to fund this draft Budget, and for Council to sensibly continue in supporting vital loan funding for local economic stimulus, the average rates increase is projected to be **1.9%** (approximately \$37 per annum or \$0.71 per week on an average residential property).

Overall, the ABP forecasts total expenditure (excluding depreciation) of approximately \$32.68m. This expenditure is predominately funded via recurrent income (including rates) of \$26.0m, capital grants of \$3.35m, and working capital (cash advance debenture (CAD)).

Funding from Rates is forecast to see the average residential rate increase by 1.9%. Due to equal valuation increases across all classes, total rate revenue will increase evenly by 1.9% + Growth.

Council's key financial indicators for the 2021-2022 ABP will be met over the longer (5-year) average.

In line with the LTFFP, the forecast deficit budget and the key Operating Surplus for 2021-2022 are below the target range for this year. Both the net financial liability and asset renewal funding ratio are forecast to either meet or favourably exceed Council's target range.

These indicators continue to demonstrate Council's financial sustainability as follows:

- An Operating Surplus Ratio of (2.8%) (Five Year Average +1.13%)
- A Net Financial Liabilities Ratio of 78%
- An Asset Sustainability Ratio of 188%

Taking into account the assumptions, internal and external influences and updated investments in asset management (with the exclusion of stormwater) and a detailed risk analysis, Council is able to fund the LTFFP in its current form. It is projected that longer term operating surpluses can be achieved to provide necessary cash flow required to repay loans.

## RECOMMENDATION

That:

1. **Council having considered Item 10.2 Annual Business Plan and Budget 2021-2022, endorses and adopts the Annual Business Plan 2021-2022, inclusive of the budget, long term financial plan and rating strategy (as presented in Attachment 1) with minor amendments as stated;**
2. **Council endorses the Rating Policy 2021-2022 (as presented in Attachment 2);**
3. **Council determines that consideration of the budget 2021-2022 and Strategic Directions initiatives for 2021-2022 has taken into account:**
  - **The capital valuation of the City as set by the Valuer General of South Australia;**
  - **The relationship of the amount of rates needed to meet the objectives of City of Prospect's Community Plan Towards 2040 and the Annual Business Plan 2021-2022 (including Budget, Long Term Financial Plan and Rating Strategy);**
  - **City of Prospect's Rating Strategy and Structure (per Annual Business Plan 2021-2022) to be adopted as part of this report;**
  - **The relationship and impact of the rates and rate differential between Residential and Non-Residential assessments;**
  - **The equity of the rating structure;**
  - **Rate concessions that will apply;**
  - **Consideration of other rating mechanisms including Maximum Rate, Discounts for Full Year payment and Rate Capping.**
4. **Valuation of Separately Owned or Occupied Property**

City of Prospect, pursuant of Section 168(1) of the Local Government Act 1999, endorses the action of the Chief Executive Officer in requesting the Valuer General to assess the Capital Value of various pieces of rateable property in the 2021-2022 valuation that are capable of being separately rated.
5. **Adoption of Valuations**

City of Prospect, pursuant to Section 167(2)(a) of the Local Government Act 1999, adopts valuations of Capital Value (of all land) made by the Valuer General in relation to the area of the Council on 1 July 2021 and specifies that the total of the values that are to apply within the area of the rating purposes of the year ending 30 June 2022 is \$6,707,251,800.

**6. Adoption of the Budget 2021-2022**

Pursuant to the provisions of Section 123 of the Local Government Act 1999, Council adopts the Annual Business Plan 2021-2022 (budget, long term financial plan and rating strategies) including the:

- Budgeted Statement of Comprehensive Income;
- Budgeted Balance Sheet;
- Budgeted Statement of Changes in Equity;
- Budgeted Statement of Cash Flows;
- Budgeted Uniform Presentation of Finances; and
- Other statements and material in accordance with Part 2 of the Local Government Act (Financial Management) Regulations 2013,

noting:

- Deficit Operating Result (before Capital Revenue) of \$733,785;
- Net Surplus transferred to Equity Statement (Operating Result after Capital revenue) of \$2,619,715;
- A total operating estimated expenditure of \$26,708,854;
- A total operating estimated income of \$25,975,069;
- A total amount required to be raised from general rates (net of rebates) of \$22,451,876;
- Uniform Presentation of Finances representing a Net Borrowing for the Financial Year of \$3,355,968
- Total Capital Expenditure on renewal of existing assets of \$9,508,694;
- Total Capital Expenditure on new or upgraded assets of \$1,534,575.

**7. Declaration of Differential General Rates**

City of Prospect, pursuant to Sections 152(1)(a), 153(1)(b) and 156(1)(c) of the Local Government Act 1999, hereby declares differential general rates on rateable land within the area, which rates vary by reference to the uses and locality of land designated by Regulation 14 of the Local Government Act (General) Regulations 2013.

- a) Residential: A rate of \$0.302250 cents in the dollar on the capital value of such rateable land.
- b) Commercial – Shop: A rate of \$0.628350 cents in the dollar on the capital value of such rateable land.
- c) Commercial – Office: A rate of \$0.628350 cents in the dollar on the capital value of such rateable land.
- d) Commercial – Other: A rate of \$0.628350 cents in the dollar on the capital value of such rateable land.
- e) Industry – Light: A rate of \$0.628350 cents in the dollar on the capital value of such rateable land.
- f) Industry – Other: A rate \$0.628350 cents in the dollar on the capital value of such rateable land.

- g) **Primary Production: A rate of \$0.628350 cents in the dollar on the capital value of such rateable land.**
- h) **Vacant Land (Residential Planning Zone): A rate of \$0.377813 cents in the dollar on the capital value of such rateable land.**
- i) **Vacant Land (Non-Residential Planning Zone): A rate of \$0.785438 cents in the dollar on the capital value of such rateable land.**
- j) **Other: A rate of \$0.628350 cents in the dollar on the capital value of such rateable land.**
8. **Impost of a Minimum Amount**  
City of Prospect, pursuant to Section 158(1)(a) of the Local Government Act 1999, hereby fixes, in respect of the year ending 30 June 2022 a minimum amount of \$1,287.00 that shall be payable by way of a differential generate rate on rateable land within the Council's area.
9. **Declaration of a Separate Rate (Prospect Village Heart Marketing Fund)**  
City of Prospect, pursuant to Sections 154(1) and 154(2)(c) of the Local Government Act 1999, hereby declares a Separate Rate by Fixed Charge of \$150.00 on rateable land within Land Uses 2, 3, 4, 5, 6 and 9 on Prospect Road, Prospect South Australia boarded at:
- The North by Gladstone Road and Alpha Road;
  - The South by Buller Street and Ballville Street.
10. **Declaration of a Separate Rate (Regional Landscape Levy)**  
City of Prospect, pursuant to Section 69 of the Landscape South Australia Act 2019 and Section 154 of the Local Government Act 1999, Council, in order to reimburse to the Council, the amount contributed to the Regional Landscape Levy of \$608,912 declares for the year ending 30<sup>th</sup> June 2022 a separate rate of \$0.009425 cents in the dollar on the capital valuation of all rateable properties within the area of City of Prospect.
11. **Payment by Quarterly Instalments**  
Pursuant to Section 181 of the Local Government Act 1999, the rates shall be payable in four equal or approximately equal instalments due and payable on 1 September 2021, 1 December 2021, 1 March 2022 and 1 June 2022.

## **DISCUSSION**

The changes listed in the Exec Summary above have been incorporated into the final copy of the Annual Business Plan 2021-2022, as included in **Attachment 1**.

The valuation proposed for adoption is based on the valuation received from the Valuer-General's Office on Monday, 21 June 2021. Council will continue to receive valuation files weekly for the remainder of the financial year.

Should the valuation file on Monday, 28 June 2021 materially vary from the 21 June report, an amended recommendation / motion including this change may be presented at the meeting for Council to consider.

Key pages in the Annual Business Plan 2021-2022 include:

- (1) Financial Statements (**Attachment 1, pages 33-37**);

- (2) Key Financial Indicators (**Attachment 1, pages 42-45**);
- (3) Operating Projects Listing (**Attachment 1, pages 52-53**); and
- (4) Capital Projects Listing (**Attachment 1, pages 54-55**).

Consistent with previous practice, carry forward projects from 2020-2021 will be included as part of the First Budget Review adjustments for the 2021-2022 financial year, and they will be funded from the increase in carry forward cash surplus.

Rates are levied through the application of a *rate in the dollar* over capital valuations. Though Council regularly reports its increase in the average residential rate, both the valuation movement and rate in the dollar movement lead to a combined movement.

Movements in Council rates in recent years have been as follows:

Year	Avg Res Rate Increase (Exc Growth)	Residential Rate in \$	Change in Residential Rate in \$	Non-Residential Rate in \$	Change in Non-Residential Rate in \$
2014-2015	4.5%	0.00321690	+2.3%	0.00658500	8.1%
2015-2016	3.8%	0.00322234	+0.2%	0.00683288	3.8%
2016-2017	2.6%	0.00319577	-0.8%	0.00654307	-4.2%
2017-2018	2.8%	0.00303805	-4.9%	0.00637904	-2.5%
2018-2019	3.3%	0.00306640	+0.9%	0.00631026	-1.1%
2019-2020	3.28%	0.00298080	-2.8%	0.00592218	-6.1%
2020-2021	1.9%	0.00303550	+1.8%	0.00616450	+4.09%
2021-2022*	1.9%	0.00302250	-0.43%	0.00628350	+1.93%

\*Proposed in this report.

Included in the Rates Declaration is the recovery of the State Government's Regional Landscape Levy (formerly NRM Levy) on behalf of the Green Adelaide Board. The amount payable to the board for 2021-2022 is \$608,912. This is an increase of 1.7% when compared to the contribution for 2020-2021 (\$598,843).

#### Village Heart Marketing Fund

Following expansion of the Village Heart Marketing area in 2019, community consultation on the Draft ABP 2021-2022 continue to include the expanded area. This area is Prospect Road, Prospect, South Australia, bordered at:

- The North by Gladstone Road and Alpha Road.
- The South by Buller Street and Ballville Street.

The rate declared for 2020-2021 was \$112.50 for each property, generating \$14,625 for the Village Heart Marketing. This amount had been reduced by effectively one quarter as part of the COVID19 Financial Support Package resolved by Council on 21 April 2020.

It is proposed that the rate return to its full value of \$150.00 for 2021-2022. With 130 businesses within the declared zone, it is anticipated that \$19,500 will be raised.

The rate of \$150.00 was included in the community consultation, and has been included as part of the recommendations of this report.

### Community Consultation

It is a requirement of the *Local Government Act 1999*, that Council consult the community regarding its Draft ABP and Budget, and Rating Strategy and Structure prior to adopting its budget each year.

Council has undertaken a community consultation process on the Draft ABP 2021-2022. The Draft Plan was endorsed at the 11 May 2021 Special Council Meeting, with consultation undertaken from 17 May 2021 until 7 June 2021.

The feedback received during consultation was presented to a Workshop on 15 June 2021, and is formally presented in a separate report within this agenda.

Following presentation and discussions at the Council Workshop, no significant changes have been made to the draft Annual Business Plan and Budget as a result of any feedback received.

### Financial and Resource Implications

Key Budget considerations included in the ABP presented for adoption include:

#### **Total Rates Revenue (Residential and Non-residential) increase 2.9%:**

- (1) The average Residential Rate (including Growth) is approximately \$1,972 per annum. The increase (including growth) is approximately \$37 per annum or \$0.71 per week; and
- (2) Minimum Rate be set at \$1,287, with approximately 26.97% of residential ratepayers on the Minimum Rate. The total number of properties on the Minimum Rate is 25.83% or 2,659 properties. This is well under the legislated maximum of 35%, but achieves Council's desire of have a minimum rate of approximately 25%.

#### **Key financial statements involving:**

- (1) Deficit Operating Result (before Capital Revenue) of \$733,785;
- (2) Net Surplus transferred to Equity Statement (Operating Result after Capital Revenue) of \$2,619,715;
- (3) A total operating estimated expenditure of \$26,708,854;
- (4) A total operating estimated income of \$25,975,069;
- (5) A total amount required to be raised from general rates (net of rebates) of \$22,451,876;
- (6) Uniform presentation of finances representing a Net Borrowing for the Financial Year of \$3,355,968;
- (7) Total Capital Expenditure on renewal of existing assets of \$9,508,694; and
- (8) Total Capital Expenditure on new or upgraded assets of \$1,534,575.

### Risk Analysis

While the current LTFP meets all of Council's Key Financial Indicators, its accuracy is based on a number of assumptions that were current at the time of the preparation of the budget. A full list of the assumptions is included in the ABP 2021-2022 on **Attachment 1, Page 41**.

A risk assessment of the 2021-2022 Draft ABP has been conducted. The assessment identified 10 key risks. Three risks are new for 2021-2022 with two additional risks from 2020-2021 now considered closed out, as identified on the register. Mitigation and monitoring measures have been put in place to alert Council of the risks in achieving a sustainable LTFP. A copy of the risk assessment is provided in **Attachment 3**.

### **Relevance to Core Strategies / Policy**

- *Local Government Act 1999*, Section 122 – Strategic Management Plans.
- *Local Government Act 1999*, Section 123 – Annual Business Plans and Budgets.
- The Long Term Financial Plan (LTFP) and Asset Management Plans (AMP) underpin Council's Strategic Plan.
- The Annual Budget for 2021-2022 (ABP) underpins the LTFP and AMP. Strategic Plan and Annual Business Plan initiatives are reflected in the Annual Budget.
- *Local Government 1999 – Chapter 10 – Rates and Charges*.
- *Landscape South Australia Act 2019*.
- Rating Policy 2020-2021 & Draft Rating Strategy 2021-2022.

The Annual Business Plan 2021-2022 unpins and funds all activities to be undertaken during the next 12 months for the Community Plan Towards 2040 and the Intelligent Community Indicators.

### **ATTACHMENTS**

1. **Annual Business Plan 2021 - 2022 (under separate cover)**
2. **Draft Rating Policy 2021 - 2022**
3. **Risk Assessment - Annual Business Plan 2021 - 2022**



<b>Reference Number:</b>	CR21/23611
<b>Type:</b>	Council Policy
<b>Responsibility:</b>	Director of Corporate Services
<b>Responsible Officer (s):</b>	Manager of Financial Services
<b>Initial Adopted Date:</b>	25 June 2019
<b>Last Review Date:</b>	23 June 2020
<b>Next Review Date:</b>	June 2021
<b>Legislation:</b>	Local Government Act 1999 Landscape South Australia Act 2019 Valuation of Land Act 1971
<b>Related Documents:</b>	Financial Hardship Policy Annual Business Plan Long Term Financial Plan Community Plan Towards 2040

## 1 Purpose

- 1.1 The purpose of this policy is to outline Council's approach towards rating its communities and to meet the requirements of the Local Government Act 1999 (SA) (the Act) with particular reference to Section 123. Section 123 requires Council to have a rating policy that must be prepared and adopted (as part of the Annual Business Plan) each financial year in conjunction with the declaration of rates.

## 2 Definitions

*'Act'* – refers to the *Local Government Act 1999 (SA)*

*'Capital Value'* – refers to the valuation methodology used in determining the value of land, as defined in the *Valuation of Land Act 1971*

*'Council'* – (with a capitalised 'C') refers to the elected Council body

*'council'* – (with a non-capitalised 'c') refers to council as the organisation

*'Minimum Rate'* – refers to the rate amount payable in respect of land which falls within a range of values as determined by Council

*'General Rate'* – refers to the rate in the dollar which applied to properties in the calculation of the general rate payable by Council Rates.

*'Postponed Rates'* – refers to any rates postponed under Section 182 of the Act

*'Postponed Rates - Seniors'* – refers to any rates postponed under Section 182A of the Act

*'Rating'* – refers to the overall process of raising revenue by way of levying rates and charges

*'Rebates'* – refers to an amount that a rate or charge may be reduced in accordance with Sections 159 to 166 of the Act

*'Remissions'* – refers to any reduction in amounts payable granted in accordance with Section 182 of the Act

*'Separate Rate'* – refers to a rate that applied in addition to other rates and charges, which is used to fund specific activities in accordance with Section 154 of the Act

## 3 Scope

Council's powers to raise rates are scheduled under Chapter 10 of the Local Government Act 1999 (the Act). The Act provides the framework within which the Council must operate, but also allows Council to make a range of policy choices.

Section 147 of the Local Government Act 1999 states that all land within a council area, except for land specifically exempt (e.g. Crown Land or Council occupied land) and land which includes other limited categories, is rateable.

Section 150 of the Local Government Act 1999 states that Rates are not fees for services, they constitute a system of taxation for Local Government purposes.

## 4 Legislative and Corporate Requirements

4.1 The Rating Policy is to be read and implemented in conjunction with Council's other relevant policies, strategies and documents, including:

- 4.1.1 Local Government Act 1999
- 4.1.2 Local Government (Financial Management) Regulations 2011
- 4.1.3 Landscape South Australia Act 2019
- 4.1.4 Valuation of Land Act 1971
- 4.1.5 City of Prospect - Financial Hardship Policy
- 4.1.6 City of Prospect - Annual Business Plan
- 4.1.7 City of Prospect - Long Term Financial Plan
- 4.1.8 City of Prospect – Community Plan towards 2040

## 5 Policy Statement

5.1 STRATEGIC DEVELOPMENT

In setting rates, Council's primary consideration is the City of Prospect's Community Plan towards 2040 which has been developed as a result of long term strategic planning involving Council in consultation with special interest groups, Council's Audit Committee, Elected Member workshops and input from the staff. Council also considers the current economic climate which incorporates features such as:

- inflation rates (eg. Local Government Price Index) and Consumer Price Index (C.P.I.),
- employment rates,
- Council's Treasury Management Policy,
- legislative changes and
- the need to manage, maintain and improve the community's physical infrastructure assets for future generations.

Council, in its deliberations, takes into consideration the effect of rates on local businesses and is mindful of maintaining the balance between economic development and community development and Council's financial sustainability.

In considering the impact, Council assesses those elements of the Council's Strategic Management Plans relating to business development including, but not limited to, the equity of the distribution of the rate burden between ratepayers; Council's policy on facilitating local economic development; changes in the valuation of commercial and industrial production properties; and specific infrastructure maintenance issues that will solely or principally benefit businesses.

Council adopts as a broad philosophical position that the rate in the dollar should be the same for all properties except where there is clearly a different level of services available to ratepayers or some other circumstances which warrant variation to the broad principle.

Council's ability to raise income from rents and lease payments is tempered by its desire to ensure that community groups and sporting bodies, who are the lifeblood of any vibrant community, have sufficient resources to meet their obligations. As a result, concessional rental and lease arrangements often apply to these groups.

The fundamental principle of equity within the community and assessment of the impact of rates across the area forms the criteria for annual rates modelling which is then used to develop a planned review of the basis of rating each year.

## 5.2 PRINCIPLES OF TAXATION

In developing this policy Council has also given consideration to the following five principles previously identified by the local government industry (Local Government Rating – A Consultation Paper, April 2001) that apply to the imposition of taxes on communities:

- equity (taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more (vertical equity))
- benefit (taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid)
- ability-to-pay (in levying taxes the ability of the taxpayer to pay the tax must be taken into account)
- efficiency (if a tax is designed to change consumers behaviour and the behaviour changes the tax is efficient (eg tobacco taxes), if the tax is designed to be neutral in its effect on taxpayers and it changes taxpayers behaviour a tax is inefficient)
- simplicity (the tax must be understandable, hard to avoid, easy to collect).

The principle of 'benefit' (above) supports the philosophy that rates should not be regarded as a user pays system and it should also be recognised that benefits are consumed differently over the life cycle of a ratepayer.

To some extent these principles are in conflict with each other in practice. Councils must therefore strike a balance between:

- the application of the principles
- the policy objectives of taxation
- the need to raise revenue
- the effects of the tax on the community.

## 6 Application of Policy

### 6.1 VALUATION OF LAND

Council uses the services of the South Australian Valuer-General (The Office of the Valuer-General) to establish the value of land within the Council area for rating purposes. The Valuer-General must comply with all requests from Council to value land within the area that is subject to separate ownership or occupation, and is therefore assessable for council rates.

The basis for valuation of land in the City of Prospect is the capital value of the land including all improvements. Council considers that the capital valuation method of valuing land provides the fairest method of distributing the rate burden across all ratepayers for the following reasons:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth. Property value is considered a relatively good indicator of wealth.
- Capital value, which trends with the market value of a property provides the best indicator of overall property value, and
- Council considers the Valuer-General's capital valuations to be consistent across council areas and stable in their basis of assessment.

### 6.2 OBJECTION TO VALUATION

A person may object to a valuation made by the Office of the Valuer-General by notice in writing within 60 days after the date of service of the Annual Notice. This objection must set out the full and detailed ground for objection to a valuation.

The objection can be submitted via:

- An online form at: <https://www.sa.gov.au/topics/planning-and-property/owning-a-property/objecting-to-a-property-valuation>
- Email to [LSGObjections@sa.gov.au](mailto:LSGObjections@sa.gov.au)
- Post to GO Box 1354 ADELAIDE SA 5001

Council has no role in the process of considering an objection to a valuation.

The lodgement of an objection does not change the due date for the payment of rates.

### 6.3 DIFFERENTIAL GENERAL RATES

Council considers the imposition of a differential general rate each year in accordance with Section 156 of the Local Government Act, 1999. When considering the imposition of differential general rates, the differential factor used by Council is land use. The following differential land use factors are used:

1. Residential: Comprising the use of land for a detached dwelling, group dwelling, multiple dwelling, residential flat building, row dwelling or semi-detached dwelling.

2. Commercial Shop: Comprising the use of land for a shop.
3. Commercial Office: Comprising the use of land for an office.
4. Commercial Other: Comprising any other commercial use of land not referred to as a shop or office.
5. Industry Light: Comprising the use of land for a light industry.
6. Industry Other: Comprising any other industrial use of land not referred to as light industry.
7. Primary Production: Comprising farming, horticulture, horse keeping, intensive animal keeping or in respect of a dairy situated on a farm - the use of land for a dairy.
8. Vacant Land: Comprising land, which is not being used for any purpose.
9. Other: Comprising any other use of land not referred to in the categories specified above.
10. Marina Berths: Comprising land used for the berthing or mooring of a vessel; or used for the dry storage of a vessel.

For the 2021-2022 financial year, Council intends to set four differential rates being:

- \$0.302250 cents in the dollar on rateable land of category 1 (Residential).
- \$0.628350 cents in the dollar on rateable land of categories 2, 3, 4, 5, 6, 7 and 9, 10 (Commercial Shop, Commercial Office, Commercial Other, Industry Light, Industry Other, Primary Production, Other and Marina Berths).
- \$0.377813 cents in the dollar on rateable land of categories 8 where land lies in the residential planning zone (Vacant Land - Residential).
- \$0.785438 cents in the dollar on rateable land of categories 8 where land lies in planning zones other than residential (Vacant Land – Non-Residential).

With the exception of land which ceases to be rateable or becomes rateable part way through financial year, the Council will not review assessments based on changes of occupancy or land use which have taken place after the assessment has been made as at 1 July in the current financial year.

If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then the ratepayer may object to that land use (to the Council) within 60 days of the date of the Annual Notice. The objection must set out the basis for the objection and details of the land use that, in the opinion of the ratepayer, should be attributed to that property. The Council may then decide the objection as it sees fit and notify the ratepayer.

It is important to note that the lodgement of an objection to the land use (change of use prior to 1 July assessment) does not change the due date or amount owing for payment of rates. If an objection is granted, an adjustment of rates will be made. Until

written confirmation is provided, the current land use will determine the amount of rates payable.

#### 6.4 MINIMUM RATE

Council has historically decided to impose a minimum amount payable by way of rates in accordance with Section 158 of the Local Government Act 1999. Council has chosen to impose a minimum rate rather than a fixed charge as it offers simplicity in its administration and is more equitable in sharing the taxation burden (in that land value determines who is subject to the minimum rate and who is not), rather than the imposition of a fixed charge which applies to all ratepayers with no reference to their capacity to pay (ie. it is a "one size fits all" charge).

The minimum rate is levied against the whole of an allotment (including land under a separate lease or licence). Where land comprises less than a whole allotment (provided no lease or licence exists) the minimum rate cannot be applied. Only one minimum rate is 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. This is described as contiguous land.

Independent living units (in a retirement village) are exempt from paying the minimum rate by virtue of section 158 of the Local Government Act 1999.

Council will endeavour to maintain a ratio of minimum rate over the total number of properties to approximately 25%, which is well under the legislated maximum of 35%.

#### 6.5 REGIONAL LANDSCAPE LEVY

Formerly known as Natural Resource Management (NRM) Levy

Council collects a Regional Landscape Levy on all rateable properties on behalf of the Green Adelaide board. The Levy funds vital projects and is combined with contributions from South Australian ratepayers previously made through their Catchment Water Management Levies and/or animal and plant control rate revenue contributions from local government.

Council is simply operating as a revenue collector for the Board in this regard.

Council does not retain this revenue or determine how the revenue is spent. Council collects this money by imposing a separate rate against all of the rateable properties in the area. The rate in the dollar for this separate rate will be \$0.009425.

#### 6.6 SEPARATE RATE – VILLAGE HEART MARKETING FUND

Since 2017-2018 Council has managed a new fund for the marketing and promotion of the Prospect Road Village Heart. This fund is provided to finance activities as directed by the Prospect Road Main Street Association.

The fund will source its income via a separate rate applied to all non-residential properties along Prospect Road, bordered at the North by Gladstone and Alpha Roads, and to the South by Buller and Ballville Streets.

The rate will not be applied to any assessment already in receipt of a mandatory rebate, nor a Mobile Phone Tower.

A separate rate will be collected as a single fixed charge of \$150 for each non-residential tenancy within the area.

#### 6.7 DELIVERY OF RATE NOTICES

Rate notices are sent quarterly via Australia Post to the postal address notified to Council. Notices are required to be sent at least 30 days but not more than 60 days before an instalment falls due as per section 181 (7) of The Act.

Council provides the option to receive your rate notices electronically through Bpay View & EzyBill. Registrations for Bpay View are made through the individual's internet banking with their nominated financial institution.

Paper copies of rate notices are suspended while there is an active electronic notice delivery registration. This leads to an environmental and cost saving for the delivery of rate notices.

There is no cost to receive notices electronically.

#### 6.8 PAYMENT OF RATES

Council provides a broad range of payment options for the payment of rates. Rates are usually declared in June each year and may be paid either in full or in quarterly instalments, with the last date for payment of each instalment being the

- 1 September 2021
- 1 December 2021
- 1 March 2022
- 1 June 2022

Payment of rates may be paid by the following methods:

- Bpay
- Australia Post Billpay (At any Post Office, via Internet or via Phone)
- Direct Debit – Fortnightly, Quarterly or Annually
- Council's online payment system – [www.prospect.sa.gov.au](http://www.prospect.sa.gov.au)
- Phone – 1300 140 306
- In person at Payinthe (EFTPOS only)
- By mail to City of Prospect, PO Box 171 Prospect SA 5082

For more information, please refer to the reverse side of your rates notice or contact Customer Service on 8269 5355.

Any ratepayer who may, or is likely to experience difficulty with meeting the standard payment arrangements should contact the Rates Administration Team to discuss

options for alternate payment arrangements. Such enquiries are treated confidentially by Council.

When Council receives a payment in respect of overdue rates, the Council applies the money received as per section 183 of The Act:

- firstly – to satisfy any costs awarded in connection with court proceedings;
- secondly – to satisfy any interest costs;
- thirdly – in payment of any fines imposed; and
- fourthly – in payment of rates, in date order of their imposition (starting with the oldest account first).

#### 6.9 LATE PAYMENT OF RATES

Section 181 of the Local Government Act 1999 provides that if an instalment of rates is not paid on or before the last day for payment, the unpaid rates will be regarded as being in arrears, and a fine of 2% is payable.

Any payment that continues in arrears then accrues monthly interest on the amount in arrear, (including any fines). The rate of interest is variable according to current cash advance debenture rate as at 1 July and is prescribed in Section 181 of the Local Government Act 1999.

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

Where an amount of rates remains outstanding after the expiration of the last date to pay, a notice of overdue rates will be sent to the ratepayer allowing a further three-week extension.

If a payment remains outstanding past the revised due date as set on the notice of overdue rates, fines and/or interest shall be calculated and added to the account.

#### 6.10 DEBT RECOVERY

Council will apply prudent debt collection practices in the recovery of outstanding rates in compliance with the Local Government Act 1999 and following an ongoing assessment of arrears and systematic approach to debt recovery.

Rates which are not paid by the due date as specified on the council rates notice will be subject to the following recovery procedure:

1. Fines & Interest as provided by the Act will be added;
2. If greater than \$300 of rates are in arrears, the debt will be placed in the hands of a debt collector
3. Letters will be sent to the ratepayer by the debt collector requesting payment of the debt within 7 days;

4. Once the 7 days have expired, and should rates remain overdue with no satisfactory arrangement, a notice of intention to issue a claim will be forwarded by the debt collector, allowing a further 14 days to make payment;
5. Court proceedings will be instigated if the payment is still overdue once the above periods have expired.

All fees and court costs are recoverable from the ratepayer.

#### 6.11 SALE OF LAND FOR NON-PAYMENT OF RATES

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. The City of Prospect enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of section 184 of the Act.

Land which is exempted for non-payment of rates as per Section 185 of the Local Government Act 1999 City of Prospect enforces its application as part of its policy.

#### 6.12 FINANCIAL HARDSHIP

Council have a dedicated Financial Hardship Policy. Please refer to the Financial Hardship Policy for details.

#### 6.13 REBATE OF RATES

##### 6.13.1 Mandatory

The Local Government Act (sections 159 – 165) requires Council to rebate the rates payable on some land. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. These rebates vary from 25% to 100% and will be applied upon application and or verification of existing status.

##### 6.13.2 Discretionary

The Local Government Act 1999 Section 166 enables Council to give discretionary rate rebates up to 100% for land used for the purposes of community good, business development, historic conservation, or public access.

A discretionary rebate may be granted where it is considered by Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer.

Council will consider applications in accordance with Section 166 criteria and may rebate rates and / or apply such conditions as Council thinks fit. Discretionary rebates granted will be for a particular financial year, with a new application required to be made to council every four (4) years to align with a council term, provided the applicant's circumstances and use of the land have not changed.

Organisations who have received a discretionary rebate in the current year are to be advised in writing annually of the need to submit a declaration that the land use and conditions of approval have not changed.

Organisations who have received a discretionary rebate in the current year are to be advised in writing of the need to submit a new application when the four (4) year term is near. Applications for discretionary rebates are to be received by first instalment date for the relevant financial year.

Ratepayers who have received a discretionary rebate in the current year as relief against substantial change in rates payable will not be so advised.

#### 6.13.3 Separate Rate

Businesses that hold multiple adjacent tenancies who are all charged the Village Heart Marketing Fund separate rate may apply for a rebate on one of the tenancies.

An application must be made using the application form that is available on Council's website and submitted prior to the first instalment due date.

Payment of rates must not be withheld whilst assessment of this rebate is taking place. If so, fines and interest may apply.

### 6.14 POSTPONEMENT OF RATES

#### 6.14.1 Seniors

Under Section 182 A of the Act a postponement of rates may be granted to persons meeting the requirements of Section 182A (1).

A 'senior' for these purposes is a person who holds a current State Seniors Card issued by the State Government or who has the qualifications to hold such and has applied for the card but is yet to be issued with it.

A postponement is available to a 'senior' (or the spouse of a senior) in respect of all rates payable on the principal place of residence that is owned only by the senior or the senior and his/her spouse.

A postponement for these purposes must be applied for (to the Council) and where the above criteria are met will result in all rates over \$500 being postponed. The postponed amount will incur interest. For further information about this scheme, contact the Rates Department on 8269 5355.

#### 6.14.2 Relief from Hardship

Section 182 of the Local Government Act 1999 permits a Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates on the basis of hardship.

Further information is provided in Council's Hardship Policy

#### 6.15 PENSIONER CONCESSIONS

If you are an eligible pensioner you may be entitled to a cost of living concession. This concession is paid directly into the individual's bank account and can be used towards either electricity, gas, water bills or council rates.

Application forms are available by contacting the Concession Hotline on 1800 307 758 or at [www.sa.gov.au/concessions](http://www.sa.gov.au/concessions).

Applications are administered by the State Government. Payment of rates must not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates.

#### 6.16 CHANGES TO ASSESSMENT RECORD

All changes to postal address or name of a ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing; letter or email.

Section 172(2) of the Act allows an occupier of land, with the consent of the owner, to apply to the Chief Executive Officer to have the occupiers name entered into the assessment record as the principle ratepayer. This application must be made to the Chief Executive by completing the relevant form, which is available on Council's website.

#### 6.17 DISCLAIMER

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.

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 a Customer Service Officer at the Council Offices or on telephone 8269 5355 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Prospect PO Box 171 Prospect SA 5082, or email to [admin@prospect.sa.gov.au](mailto:admin@prospect.sa.gov.au) explaining the nature of their concern.

## 7 Review

7.1 The Policy will be reviewed annually in June.

## 8 Access to the Policy

8.1 The Policy is available for public inspection on Council's website [www.prospect.sa.gov.au](http://www.prospect.sa.gov.au) and from Customer Service at Payinthe, 128 Prospect Road, Prospect SA 5082.

## 9 Further Information

9.1 For further information about this policy please contact:

Director of Corporate Services  
City of Prospect  
128 Prospect Road  
Prospect SA 5082  
Ph 8269 5355 or Email [admin@prospect.sa.gov.au](mailto:admin@prospect.sa.gov.au)

RISK ASSESSMENT PROCESS - FINANCIAL

Establishing the Context	
Risk Assessment relating to (Name event/project/issue being assessed):	ANNUAL BUSINESS PLANNING (2021-2022) & GENERAL FINANCIAL EXPOSURES - RISK ASSESSMENT
Risk Assessment Group:	FINANCE & RISK MANAGEMENT
Risk Assessment Date:	MAY/JUNE 2021
Department (Responsible Directorate):	CORPORATE SERVICES
Responsible Person/s:	FINANCE / RISK MANAGERS
Context (considers background, stakeholders):	ASSESS IMPACTS RELATING TO ANNUAL BUSINESS & FINANCIAL/BUDGET PLANS - INTERNAL & EXTERNAL CONTEXTS. ENSURE IMPACTS DEFINED, ASSESSED AND CONTROL/TREATMENT MEASURES ARE DEPLOYED.

Risk Assessment Process											
NO	RISK DESCRIPTION <small>(if project / Problem ?)</small>	Risk Category	Existing Controls to mitigate identified impacts <small>(What are the controls currently in place to reduce the risk. E.g. ? Object, procedure, policy)</small>	Likelihood: <small>(Risk Assessment Outcome)</small>	Consequence: <small>(Risk Assessment Outcome)</small>	Initial Risk Rating	Revised/further Controls to be applied: <small>(are better controls required? How are the required further controls are achieved?)</small>	Likelihood: <small>(Risk Assessment Outcome)</small>	Consequence: <small>(Risk Assessment Outcome)</small>	Revised Risk Rating	
	COVID IMPACT—LOSS OF CAPACITY FOR RATEPAYERS TO PAY RATES OVER A GIVEN PERIOD—(COMMERCIAL & RESIDENTIAL)—CONTINUED MONITORING	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Financial Hardship Policy</li> <li>Interim financial response to COVID included in budget</li> <li>Current (financial year) exposure deemed low/moderate—based on financial hardship requests</li> </ul>	please select	please select	please select	<ul style="list-style-type: none"> <li>Monitor &amp; review</li> <li>Current trend data indicates a low level exposure</li> <li>Monitor Rates against affected commercial ratepayers</li> </ul>	please select	please select	please select	RISK CLOSED OUT
1	INVESTMENT ASSUMPTIONS/STRATEGY (RETURNS) NOT ACHIEVED - IMPACTING ON COUNCIL'S ABILITY TO MEET BUDGETED LTFF AND KEY KPIS	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Monitoring of liability exposure</li> <li>Report any trending data</li> <li>Continual review of KPI settings</li> </ul>	Possible	Moderate	Moderate	<ul style="list-style-type: none"> <li>Monitor &amp; review. Controls adequate</li> <li>Ensure investment strategy resps best returns</li> </ul>	Possible	Moderate	Moderate	
2	STATUTORY CHANGES LEADING TO RATE GROWTH & SURPLUS RATIO IMPACTS. INCLUDE FUTURE REPORTING REQUIREMENTS (eg LG/PLANNING REFORMS)	Regulatory / Policy / Strategy	<ul style="list-style-type: none"> <li>Keep abreast of changes in governance/legislation (eg LG Reforms)</li> <li>Lobbying industry based needs with LGA groups</li> </ul>	Possible	Moderate	Moderate	<ul style="list-style-type: none"> <li>Monitor &amp; review statutory requirements</li> <li>Information &amp; education from all sources</li> <li>Implementation of Reporting requirements</li> </ul>	Possible	Moderate	Moderate	
3	INTEREST RATE VOLATILITY (IMPACTS CURRENT LENDING ASSUMPTIONS)	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Mixture of variable and fixed loan/s</li> <li>Monitoring of any worsening interest rate position</li> </ul>	Possible	Minor	Low	<ul style="list-style-type: none"> <li>Monitor &amp; review</li> <li>Option to fix rates if required</li> <li>Continue to review all benefits</li> </ul>	Possible	Minor	Low	
4	RECEIPT OF GRANTS - CHANGES TO CRITERIA LEADS TO A NEGATIVE FINANCIAL RETURN	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Policy &amp; procedure to manage financial details of Grant applications</li> <li>Application of Policy requirements &amp; Grant requirements</li> </ul>	Possible	Major	High	<ul style="list-style-type: none"> <li>Application of Grant requirements</li> <li>Grants Register</li> <li>Borrowing requirements - ABP/LTFF</li> </ul>	Possible	Moderate	Moderate	
5	BORROWINGS (eg REVISED GRANT COMMITMENTS). RISK OF EXCEEDING NET FINANCIAL LIABILITY RATIO	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Monitor Liability Ratio</li> <li>Application within LTFF</li> <li>Once in generation opportunity</li> </ul>	Possible	Major	High	<ul style="list-style-type: none"> <li>Reporting to Council/Audit Committee</li> <li>Final application to Financial/Long Term Plans</li> </ul>	Possible	Moderate	Moderate	
6	ASSET MANAGEMENT PLANS NOT APPROPRIATELY "COSTED" IN THE LONG TERM FINANCIAL PLAN (RECURRENT COSTS). NOT ALL CLASSES COMPLETED (eg STORMWATER)	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Asset Management Classes being finalised</li> <li>AMP to be aligned to LTFF</li> <li>Workshops for Council Members undertaken</li> <li>Continued Audit Committee Reporting</li> </ul>	Possible	Major	High	<ul style="list-style-type: none"> <li>Monitor &amp; review</li> <li>Finalisation of classes Plan/s</li> <li>Community Consultation process</li> <li>Final presentation to Audit/Council. Community Consultation</li> </ul>	Possible	Moderate	Moderate	
7	LONG TERM FINANCIAL PLANS (LTFF) - GENERAL ASSUMPTIONS INACCURATE	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Continued review of all requirements with Asset Management Plans</li> <li>Grant &amp; borrowing requirements accurate</li> <li>Close review of all borrowing strategy</li> </ul>	Possible	Major	High	<ul style="list-style-type: none"> <li>Monitor &amp; review. Controls implemented</li> <li>Reporting mechanisms in place</li> <li>Monitor &amp; examine all assumptions &amp; strategies</li> </ul>	Possible	Moderate	Moderate	
8	LTFF - PROVISION OF INNACURATE OR OUTDATED DATA	Regulatory / Policy / Strategy	<ul style="list-style-type: none"> <li>Review reporting requirements</li> <li>Continual review of data accuracy - controls/audit</li> <li>Refine LG Reform requirements</li> </ul>	Possible	Moderate	Moderate	<ul style="list-style-type: none"> <li>Monitor &amp; review. Controls implemented</li> <li>Reporting mechanisms in place</li> <li>Monitor &amp; examine all assumptions &amp; strategies</li> </ul>	Possible	Minor	Low	
9	PAYINITHI TENANCIES (ANNUAL RETURN) NOT ACHIEVED	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Ongoing tenants secured (Level 2 &amp; Ground)</li> <li>Ground level finished refurbishment</li> <li>Annual rent fee determined</li> </ul>	Possible	Minor	Low	<ul style="list-style-type: none"> <li>Monitor &amp; review</li> <li>Continue to apply market approach</li> </ul>	Possible	Minor	Low	
	ASSET SALE CONTRACT NOT EXECUTED &/OR FINALISED	Financial / Infrastructure	<ul style="list-style-type: none"> <li>ES&amp;C Risk Register item</li> <li>Contract conditions in place</li> <li>Commitment/Investment by Buyer</li> <li>Continued Contract negotiation</li> </ul>	please select	please select	please select	FINALISED-CLAC RISK REGISTER CLOSED	please select	please select	please select	RISK CLOSED OUT
10	OVERALL GROWTH PREDICTIONS NOT REALISED - RESULTS IN NEGATIVE FINANCIAL & KPI IMPACTS	Financial / Infrastructure	<ul style="list-style-type: none"> <li>Current development across City within expectations</li> <li>Various significant projects under construction &amp;/or completed</li> <li>short term development to be realised in the next 2/3 years - provides lead time</li> <li>Council receive reports 6 monthly</li> </ul>	Possible	Moderate	Moderate	<ul style="list-style-type: none"> <li>Monitor &amp; review</li> <li>Report trend data</li> <li>Review Project Milestone Data</li> </ul>	Possible	Moderate	Moderate	