

# AGENDA

## Special Council Meeting Thursday, 10 August 2023

Members of the public are advised that meetings of Council are live streamed on Council's YouTube Channel and video recorded.

**I hereby give notice that a Special Meeting of Council will be held on:**

**Date: Thursday, 10 August 2023**

**Time: 9:00 PM**

**Location: Tirkanthi Kuu Room  
Level 1 at Payinthe  
128 Prospect Road  
Prospect**

**Chris White  
Chief Executive Officer**

**Order Of Business**

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- 1 OPENING**
- 2 ON LEAVE**
- 3 APOLOGIES**
- 4 DECLARATION BY MEMBERS OF CONFLICT OF INTEREST**

## 5 REPORTS FOR DECISION

### 5.1 ANNUAL BUSINESS PLAN AND BUDGET 2023-2024 ADOPTION AND DECLARATION OF RATES

**File Number:** IC23/210  
**Author:** Andrew Alderson, Manager Finance  
**Responsible Executive:** Ginny Moon, Director City Corporate

#### EXECUTIVE SUMMARY

The Draft Annual Business Plan 2023-2024 (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 the funding methodology to do so.

Having sought feedback from the community and recognising subsequent developments like cost increases for capital works and newly recognised recurrent budget savings, the ABP has been revised and is presented for adoption.

Following the consideration of feedback provided through the two consultation processes amendments were made and have been incorporated in the final Annual Business Plan 2023-2024, included as **Attachment 1**.

Funding from Rates is forecast to see a total rate revenue increase of 8.2%, being 6.75% from existing assessments, an additional 1.14% from new Development and 0.3% from an increase in the differential on vacant land.

However, the **average residential rates** increase is projected to be **6.1%** (approximately \$126 per annum or \$2.42 per week on an average residential property). This is due to the combined impact of an increase in the number of rateable properties and the overall increase in property valuation.

Other rate classes will see rates change by varying amounts, with this fluctuation being largely caused movements in the number of assessments in each category.

Overall, the ABP forecasts total expenditure (excluding depreciation) of approximately \$50.899m. This expenditure is predominately funded via recurrent income (including rates) of \$30.722m, capital grants of \$4.956m, and working capital (in the form of a Cash Advance Debenture (CAD)).

Council's key financial indicators for the 2023-2024 ABP will be met.

As discussed in the Long-Term Financial Plan (LTFP) and budget processes, the process that the has been undertaken in recent years and the decisions on funding project expenditure in the current budget have seen this outcome achieved.

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

- An Operating Surplus Ratio of 0.40% (Five Year Average 1.5%)
- A Net Financial Liabilities Ratio of 103%
- An Asset Sustainability Ratio of 235%

#### RECOMMENDATION

**That Council:**

1. **Having considered Item 5.1 Annual Business Plan and Budget 2023-2024 Adoption and Declaration of Rates receives and notes the report.**
2. **Having considered feedback from the community made during the consultation thanks all those who contributed to the engagement process for their time and contribution.**

3. Having considered feedback from the community made during the consultation and subsequent adjustments made to the budget prior to adoption, consider that further community consultation was not required prior to adopting the budget.
4. Having considered Item 5.1 Annual Business Plan and Budget 2023-2024 Adoption and Declaration of Rates, endorses and adopts the Annual Business Plan 2023-2024, inclusive of the budget, long term financial plan and rating strategy (as presented in Attachment 1).
5. Endorses the Rating Policy 2023-2024 (as presented in Attachment 2).
6. Determines that consideration of the budget 2023-2024 and Strategic Directions initiatives for 2023-2024 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 2023-2024 (including Budget, Long Term Financial Plan and Rating Strategy);
  - City of Prospect's Rating Strategy and Structure (per Annual Business Plan 2023-2024) 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;
  - Consideration of other rating mechanisms including Maximum Rate, Discounts for Full Year payment and Rate Capping.
7. **Valuation of Separately Owned or Occupied Property**

Pursuant to 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 2023-2024 valuation that are capable of being separately rated.
8. **Adoption of Valuations**

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 2023 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 2024 is \$9,756,720,680.
9. **Adoption of the Budget 2023-2024**

Pursuant to the provisions of Section 123 of the Local Government Act 1999, Council adopts the Annual Business Plan 2023-2024 (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:

  - Surplus Operating Result (before Capital Revenue) of \$120,752;
  - Net Surplus transferred to Equity Statement (Operating Result after Capital revenue and revaluation) of \$12,655,752;

- A total operating estimated expenditure of \$29,935,411;
- A total operating estimated income of \$30,056,163;
- A total amount required to be raised from general rates (net of rebates) of \$26,379,770;
- Uniform Presentation of Finances representing a Net Borrowing for the Financial Year of \$14,395,950;
- Total Capital Expenditure on renewal of existing assets of \$13,977,555;
- Total Capital Expenditure on new or upgraded assets of \$12,199,205.
- Mayoral Discretionary Expenditure includes
  - Mayors Dinner \$15,000
  - Donations and Grants \$4,000

#### 10. Declaration of Differential General Rates

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 0.227482 cents in the dollar on the capital value of such rateable land.
- b) Commercial – Shop: A rate of 0.568798 cents in the dollar on the capital value of such rateable land.
- c) Commercial – Office: A rate of 0.568798 cents in the dollar on the capital value of such rateable land.
- d) Commercial – Other: A rate of 0.568798 in the dollar on the capital value of such rateable land.
- e) Industry – Light: A rate of 0.568798 cents in the dollar on the capital value of such rateable land.
- f) Industry – Other: A rate 0.568798 cents in the dollar on the capital value of such rateable land.
- g) Primary Production: A rate of 0.568798 cents in the dollar on the capital value of such rateable land.
- h) Vacant Land (Residential Planning Zone): A rate of 0.375346 cents in the dollar on the capital value of such rateable land.
- i) Vacant Land (Non-Residential Planning Zone): A rate of 0.938517 cents in the dollar on the capital value of such rateable land.
- j) Other: A rate of 0.568798 cents in the dollar on the capital value of such rateable land.

#### 11. Impost of a Minimum Amount

Pursuant to Section 158(1)(a) of the Local Government Act 1999, hereby fixes, in respect of the year ending 30 June 2024 a minimum amount of \$1,438.00 that shall be payable by way of a differential generate rate on rateable land within the Council's area.

#### 12. Declaration of a Separate Rate (Prospect Village Heart Marketing Fund)

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 bordered at:

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

#### 13. Declaration of a Separate Rate (Regional Landscape Levy)

Pursuant to Section 69 of the *Landscape South Australia Act 2019* and Section 154 of the *Local Government Act 1999*, in order to reimburse to the Council, the amount contributed to the Regional Landscape Levy of \$683,089 declares for the year ending 30<sup>th</sup> June 2024 a separate rate of 0.007255 cents in the dollar on the capital valuation of all rateable properties within the area of City of Prospect.

#### 14. 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 30 September 2023, 15 December 2023, 15 March 2024 and 15 June 2024.

## DISCUSSION

The changes listed in the Exec Summary above have been incorporated into the final copy of the Annual Business Plan 2023-2024, as included in Attachment 1.

The valuation proposed for adoption is based on the valuation received from the Valuer-General's Office on Monday, 2 July 2023. Council will continue to receive valuation files weekly for the remainder of the financial year.

Key pages in the Annual Business Plan 2023-2024 include:

- (1) Financial Statements (Attachment 1, pages 29-33);
- (2) Key Financial Indicators (Attachment 1, pages 37-46); and
- (3) Operating and Capital Projects Listing (Attachment 1, pages 11-20).

Consistent with previous practice, carry forward projects from 2022-2023 will be included as part of the First Budget Review adjustments for the 2023-2024 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 (Ex Growth)	Residential Rate in \$	Change in Residential Rate in \$	Non-Residential Rate in \$	Change in Non-Residential Rate in \$
2014-2015	4.50%	0.00321690	+2.30%	0.00658500	+8.10%
2015-2016	3.80%	0.00322234	+0.20%	0.00683288	+3.80%
2016-2017	2.60%	0.00319577	-0.80%	0.00654307	-4.20%
2017-2018	2.80%	0.00303805	-4.90%	0.00637904	-2.50%
2018-2019	3.30%	0.00306640	+0.90%	0.00631026	-1.10%
2019-2020	3.28%	0.00298080	-2.80%	0.00592218	-6.10%
2020-2021	1.90%	0.00303550	+1.80%	0.00616450	+4.09%
2021-2022	1.90%	0.00302250	-0.43%	0.00628350	+1.93%
2022-2023	4.70%	0.00244030	-19.26%	0.00648337	+3.18%
2023-2024*	6.75%	0.00227482	-7.27%	0.00568798	-13.98%

\*Proposed in this report.

Key considerations are the inconsistent movement of valuations between rates classes and the rates that they subsequently contribute. The residential sector average valuation increase of 15.15% has stabilised following some large variation in recent year due to the impacts of COVID. The current economic environment has seen strong growth (23.74% increase) in the non-residential sector. Council's use of differential rating (different rate in the \$ for different classes) has meant that despite these valuation changes, rates collected has largely been unaffected with the rate in the dollar adjusted to counteract this (as demonstrated in the table above).

Land Use	Change in Valuation for 2021-2022 (incl. Growth)	Change in Valuation for 2022-2023 (incl. Growth)	Increase in Rate Revenue for 2022- 2023 (incl. Growth)
Residential	27.89%	15.15%	6.40%
Non-Residential	-18.28%	23.74%	8.78%
Vacant Land (Residential)	17.39%	10.48%	21.20%
Vacant Land (Non-Residential)	-43.00%	58.05%	45.73%

As discussed during the workshops, Council's strategy of utilising a 25% increment to vacant land was increased to 65%, which was required to fund the desired project listing. The rating strategy has not been otherwise modified for this year in order to ensure that a need for reconsulting the budget is not triggered, however, as a detailed rating review has not been undertaken in almost 10 years, it may be worthy of consideration in the near future to ensure that the correct amount of rates are being contributed from each rate class.

Also included in the Rates Declaration is the recovery of the State Government's Regional Landscape Levy on behalf of the Green Adelaide Board. The amount payable to the board for 2023-2024 is \$683,089. This is an increase of 11.6% when compared to the contribution for 2022-2023 (\$611,946).

#### Village Heart Marketing Fund

Following expansion of the Village Heart Marketing area in 2019, community consultation on the Draft ABP 2023-2024 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.

It is proposed that the rate of \$150.00 be retained for 2023-2024. With approximately 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.

Council has historically deducted \$5,000 from this fund to contribute to the wages of the employee directly working with the committee and implementing their activities. Following the service level changes in the draft budget this position has been made redundant and not replaced when the previous employee left the organisation. Subsequently, the deduction will not be made in 2023-2024, and this money instead reverted back to support Village Heart Marketing activities.

#### 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.

The community engagement process undertaken for the Draft Annual Business Plan and Budget 2023-2024 commenced in February 2023, through a variety of installations and pop ups across key City of Prospect events (Ovingham redevelopment launch, Twilights), as well as the foyer of Payinthe.

The information collected through this initial two-week period in February was tabled at the initial three key budget workshops for information and consideration. Once the draft Annual Business Plan and Budget 2023-2024 was adopted on 18 April 2023, an additional four week engagement process



commenced between Monday 1 May and concluded on Monday 29 May at 5:00pm, totalling a six week consultation period.

Council supported a Level 2 – consult and involve approach as per the Community Engagement and Consultation Policy.

### Objectives

1. Meet the public consultation legislative requirements under Section 123 of the Local Government Act 1999.
2. Promote the decision-making process to foster open and transparent outcomes.
3. Consult with community on the draft Annual Business Plan and Budget 2023-2024 through a variety of pathways to capture community expectations.
4. Involve targeted community in workshops to collect their feedback on the draft plan to ensure that it reflects community expectations.
5. Inform and promote opportunities for community involvement and influence across the project lifecycle.
6. Raise community awareness of the project and its benefits to create understanding and support of the project.

### Target group/Catchment area

- Residents
- Ratepayers
- Businesses.
- Youth via local schools

A variety of engagement activities were undertaken, with a supporting budget of \$7,500, including distributing flyers to local businesses, school involvement, targeted social media campaign and utilisation of Engagement Hub and were presented to the Council workshop on the 6 June.

All results from the engagement process can be found in **Attachment 3**.

As a result of the consultation and presentation of results at the Council workshop on the 6 June there were some minor adjustments to the Annual Business Plan. There is no significant impact to service levels, it is considered that there is no need to undertake further community consultation prior to Council's adoption of the plan.

Following the first consultation process and the acquisition of the Main North Road site the Council endorsed a second community engagement process to be undertaken. This process commenced Friday, 14 July and concluded on Monday 7 August at 5:00pm, totalling a 24-day consultation period.

All results from the engagement process can be found in **Attachment 4**.

In compliance with Local Government Act 1999 S.123 (6a), details of the amendments to the final version have been included on page 27-28 of the Annual Business Plan.

### Financial and Resource Implications

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

#### **Rates Revenue:**

- (1) Funding from Rates is forecast to see a total rate revenue increase of approximately 8.20% (6.75% from existing assessments, 1.14% additional from new Development and 0.30% from an increase in the differential on vacant land)
- (2) The average Residential Rate (including Rate from New Development) is approximately \$2,191 per annum an increase (including growth) of approximately \$126 per annum (6.15%) or \$2.42 per week; and
- (3) Minimum Rate be set at \$1,438. The total number of properties expected to be on the Minimum Rate in 2022-2023 is 30% (or 3,145 properties). This is under the legislated maximum of 35%.

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

1. Surplus Operating Result (before Capital Revenue) of \$120,752;

2. Net Surplus transferred to Equity Statement (Operating Result after Capital Revenue and Revaluation) of \$12,655,752;
3. A total operating estimated expenditure of \$29,935,411;
4. A total operating estimated income of \$30,056,163;
5. A total amount required to be raised from general rates (net of rebates) of \$26,379,770;
6. Uniform presentation of finances representing a net borrowing for the financial year of \$14,395,950;
7. Total capital expenditure on renewal of existing assets of \$13,977,555;
8. Total capital expenditure on new or upgraded assets of \$12,199,205.
9. For full disclosure the Mayor has a budget for some discretionary expenditures including the following items
  - Mayors Dinner \$15,000
  - Donation & Grants \$4,000

### 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.
- Local Government 1999 – Chapter 10 – Rates and Charges.
- Landscape South Australia Act 2019.

The Annual Business Plan 2023-2024 unpins and funds all activities to be undertaken during the next 12 months for the Community Plan Towards 2040 and the Intelligent Community Indicators.

### Intelligent Community Indicators

1. Broadband: Infrastructure is the foundation of economic competitiveness
2. Knowledge Workforce: A labour force that creates economic value through its knowledge, skills and ability to use information effectively
3. Innovation: Intelligent Communities pursue innovation through a relationship between business, government and institutions (ie. universities).
4. Digital Equality: Allowing everyone access to broadband technologies and skills to use them
5. Sustainability: Economic growth while reducing the environmental impact of that growth
6. Advocacy: Engaging leaders and citizens, businesses and institutions, in identifying opportunities to champion positive change

### ATTACHMENTS

1. **Attachment 1 - Annual Business Plan 2023-2024**  
2. **Attachment 2 - Draft Rating Policy 2023-2024**  
3. **Attachment 3 - Community Engagement Report - Draft Annual Business Plan 2023 - 2024 DRAFT**  
4. **Attachment 4 Community Engagement Report - Amended Draft Annual Business Plan 2023-24 - FINAL**  







































































































































































































































































































































































## 5.2 DISCRETIONARY RATES REBATES

**File Number:** IC23/212  
**Author:** Andrew Alderson, Manager Finance  
**Responsible Executive:** Ginny Moon, Director City Corporate

### EXECUTIVE SUMMARY

Pursuant to various clauses within the *Local Government Act 1999* (the Act),<sup>1</sup> Council has the power to grant Discretionary Rebates of rates to ratepayers. Council has established guidelines for eligibility within its Rating Policy 2023-2024 to ensure an appropriate eligibility criteria and equity.

#### Existing Discretionary Rebate

Council granted three Discretionary Rebates to eligible Ratepayers during 2022-2023 financial year.

Having confirmed the eligibility with the three recipients in April 2019, staff can confirm that the conditions of use and occupation status for these three remaining assessments have not changed.

It is therefore proposed that Council resolve to maintain the same three Discretionary Rebates previously provided, for the 2023-2024 financial year.

A review of the Community Groups database was undertaken in preparing this report, in order to ensure that any new groups that may be entitled to a rate rebate is submitted to Council for consideration.

The review did not identify any new additional community group appears eligible for consideration of a new Discretionary Rate Rebate for 2023-2024 and no other applications or submissions were received.

#### Reclassification: From Mandatory Rebate To Discretionary Rebate

It has been identified during a review of rebate eligibility that two businesses are currently receiving a mandatory rebate.

Given the nature of the business activities being undertaken, these businesses should not automatically be classified as having a mandatory rebate. These businesses will be subject to Council's consideration for a discretionary rebate every year.

#### Application Declined

An application for a discretionary rebate was received from ECH Inc. ECH Inc applied for a rebate under 166 (1)(h) of the Act, where the land is being used to provide accommodation for the aged or disabled. In reviewing the application and its wider application to providers of independent living unit, the Administration do not recommend to support this application due to the following reasons:

- the impost of rates, of approximately \$500, being a reasonable value for the services provided;
- consideration of the impact to the wider Independent Living sector and the resultant sharing of the revenue rebated over too other ratepayers; and

ECH Inc are provided many existing benefits from their public benevolent institution status with the taxation office and are a profitable organisation.

### RECOMMENDATION

#### That Council:

1. Having considered Item 5.2 Discretionary Rates Rebates receives and notes the report.

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<sup>1</sup> *Local Government Act 1999* (SA) s 160-166.

2. Pursuant to *Local Government Act 1999* Section 166, Council having considered their eligibility, provide a 100% Discretionary Rebate for the 2023-2024 rating year to the 1<sup>st</sup> Gilberton Scouts (assessment 114280).
3. Pursuant to *Local Government Act 1999* Section 166, Council having considered their eligibility, provide a 100% Discretionary Rebate for the 2023-2024 rating year to the 2<sup>nd</sup> Prospect Sea Scouts (assessment 161463).
4. Pursuant to *Local Government Act 1999* Section 166, Council having considered their eligibility, provide a 100% Discretionary Rebate for the 2023-2024 rating year to the Returned & Services League (assessment 143529).
5. Pursuant to *Local Government Act 1999* Section 166, Council having considered their eligibility, provide a 75% Discretionary Rebate for the 2023-2024 rating year to St John Ambulance – Miller Street (assessment 163030).
6. Pursuant to *Local Government Act 1999* Section 166, Council having considered their eligibility, provide a 75% Discretionary Rebate for the 2023-2024 rating year to St John Ambulance – Regency Road (assessment 161471).
7. Pursuant to *Local Government Act 1999* Section 166, Council having considered their eligibility, provide a 75% Discretionary Rebate for the 2023-2024 rating year to St Vincent De Paul (assessment 188854).

## DISCUSSION

Council provides a number of Mandatory Rate Rebates to eligible properties under the Act (*Chapter 10—Rates and charges, Part 1—Rates and charges on land, Division 5—Rebates of rates*), Sections 160 - 165.

In addition, Council may at its discretion, conditionally provide a rate rebate under *Local Government Act 1999*, Section 166.

### Discretionary Rebate Previously Provided

Three recipients were granted Discretionary Rebates in 2022-2023. It is proposed that these be maintained for 2023-2024.

The recipients and applicable Discretionary Rebate for both 2022-2023 (approved) and 2023-2024 (proposed) is as follows:

Recipient	Discretionary Rebate % Approved	Discretionary Rebate \$ Provided	Proposed Discretionary Rebate %	Estimated Discretionary Rebate \$ Provided
	<b>2022-2023</b>		<b>2023-2024</b>	
1 <sup>st</sup> Gilberton Scouts	100%	\$4,787.16	100%	\$5,403.58
2 <sup>nd</sup> Prospect Sea Scouts	100%	\$3,869.07	100%	\$4,379.75
Prospect RSL	100%	\$1,934.53	100%	\$2,957.75

The rebates have been recommended based on the provisions within the *Local Government Act 1999* s166 (1)(g) and (j), where the land is being used to provide facilities or services for children and young persons and where the land is being used by an organisation which provides a benefit or service to the local community.

Whilst the rebates have been recommended based on the provisions within the Act, the percentage of rebate being offered is at the discretion of the Council. Consideration should be given to the nature and extent of Council services provided, in respect of the land for which the rebate is sought.

It is proposed that the Prospect RSL, 1<sup>st</sup> Gilberton Scouts, and 2<sup>nd</sup> Prospect Sea Scouts continue to receive a 100% rebate to support these volunteer-based organisations, who provide support to our community and have limited financial resources.

Although the property leased by Prospect RSL belongs to Council, unlike recreational tenancies, they are not ordinarily exempt from rates under the Recreation Grounds Rates and *Taxes Exemption Act 1981*. Without a Discretionary Rebate, this organisation would be liable for rates.

A review of the Community Groups database was undertaken in preparing this report, to determine if any new groups may be entitled to a Discretionary Rebate.

### **Reclassification: From Mandatory Rebate To Discretionary Rebate**

It has been identified during a review of rebate eligibility that two businesses are currently receiving a mandatory rebate.

Given the nature of the business activities being undertaken, these businesses should not automatically be classified as having a mandatory rebate.

The table below outlines these assessments:

Recipient	Mandatory Rebate % Approved	Mandatory Rebate \$ Provided	Proposed Discretionary Rebate %	Estimated Discretionary Rebate \$ Provided
	<b>2022-2023</b>		<b>2023-2024</b>	
St John Ambulance				
- Regency Road	75%	\$6,024.94	75%	\$5,652.43
- Miller Street	75%	\$3,098.54	75%	\$3,498.11
St Vincent De Paul	75%	\$1,942.73	75%	\$2,090.33

The rebates have been recommended based on the provisions within the Act s166 (1) (j), where the land is being used by an organisation which provides a benefit or service to the local community. Whilst the rebates have been recommended based on the provisions within the Act, the percentage of rebate being offered is at the discretion of the Council. Consideration has been given to the nature and extent of Council services provided, in respect of the land for which the rebate is sought.

It is proposed that both the St John Ambulance and St Vincent De Paul be granted a 75% rebate, in line with the previous rebate granted. This is to ensure continued support for these organisations but also to ensure that they continue to make a small contribution to the services that are supplied by the Council.

### **Request For Rebate Declined**

ECH Inc have completed an application for a discretionary rebate under 166 (1)(h) of the Act, where the land is being used to provide accommodation for the aged or disabled. It should be noted that under the Act s161 (4)(c)(iii) provides a 75% mandatory rebate to organisations who provided supported accommodation. This is different from independent living units as provided by ECH Inc within the City of Prospect. In the application ECH support their request as follows:

*“Under the Retirement Villages Act ECH is given exemption to operate our 110 villages as ‘one village’. This enables us to share any costs and savings across all residents by either not increasing or possibly reducing the weekly maintenance fees payable. Making application for this rebate will assist us in the process of passing savings along to residents”.*

With respect to the City of Prospect, ECH Inc have five (5) assessments with 63 individual tenancies. Under the Act, these assessments are exempt from the minimum rate (proposed minimum rate for 2023-2024 \$1,438) and are effectively being rated as if the assessments were one tenancy. The capital value of the ECH Inc properties within the City of Prospect are \$14.45 million. It is estimated

for the 2023-2024 year, ECH Inc may incur a total rates liability of \$32,585, or an average of just over \$500 per tenancy.

Research into what other councils do has seen a variety of treatments where some councils grant a discretionary rebate of differing levels, and other councils provide no discretionary rebate. The City of Salisbury specifically exclude independent living units from a rebate as part of their Rating Policy.

ECH Inc do have a charitable tax status from the ATO which defines them as a public benevolent institution and provides them a variety of tax concessions. Reviewing their financial statements provided it should be noted that for the financial year June 2022 ECH Inc recorded a \$19 million surplus.

It should be noted that there are another two organisations within the Council area that also provided independent living units who have not requested for a rebate. These organisations have a combined capital value of an additional \$5.175 million.

Should the Council provide a rebate to ECH Inc these organisations should also be considered.

Whilst it is understood the valuable service that is provided by the providers of independent living units, it is not recommended that the Council provide a discretionary rebate to the sector and believe that the rates that are proposed to be levied do not apply an unreasonable cost for the services provided by the Council.

Under Council's Rating Policy 2023-2024 (separately in this agenda), applications may be made at any time via an application form on Council's website. Eligibility criteria are outlined on the form and evidence is required to be provided. Should a new Discretionary Rebate application be received, it will be presented to Council for consideration.

### **Implications, Related Questions and Further Information**

Council makes an allocation for the purposes of both Mandatory and Discretionary Rebates within its budget. An allocation of \$580k has been provided in the 2023-2024 budget.

As the volume of Rates Rebates (both mandatory and discretionary) is not proposed to be changed, the budget has been modelled on this basis.

Rebates provided to contiguous properties for the Village Heart Marketing Fund Separate Rate are separately costed to the fund and are dealt with separately.

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

- *Local Government Act 1999 s166*
- Rating Policy 2023-2024

### **ATTACHMENTS**

**Nil**

**5.3 DISCRETIONARY RATE REBATES - VILLAGE HEART**

**File Number:** IC23/211  
**Author:** Andrew Alderson, Manager Finance  
**Responsible Executive:** Ginny Moon, Director City Corporate

**EXECUTIVE SUMMARY**

The Village Heart Marketing Fund was introduced with Council's Rating Policy in 2017-2018. Its intention was to provide a pool of funds for the promotion of the Prospect Village Heart.

When declaring a Separate Rate Levy under the *Local Government Act 1999* Section 154 Separate Rates, Council needs to ensure equity in levying properties. Ordinarily, levying under the process of Section 154 results in businesses who occupy multiple contiguous tenancies or assessments paying more than one levy.

In order to ensure equity, Council has previously provided a rebate under the *Local Government Act 1999* Section 166 Discretionary rebates of rates, to ensure Ratepayers of multiple contiguous tenancies or assessments only pay the Separate Rate Levy once.

Council provided five rebates for businesses that complied with the contiguous rule during the 2022-2023 financial year. One tenancy has been consolidated due to an alteration to the occupancy of the business, it is recommended that the remaining four rebates be offered again for 2023-2024.

New eligible businesses can apply before the first instalment due date (1 September 2023). Any new applications will be presented to Council for consideration.

**RECOMMENDATION**

**That Council:**

1. **Having considered Item 5.3 Discretionary Rate Rebates - Village Heart receives and notes the report.**
2. **Pursuant to the *Local Government Act 1999* Section 166, provide a rebate of \$150.00 to each of the following Ratepayers and assessments, for the separate rate levied on contiguous properties for the 2023-2024 rating year:**
  - **189647 Philpott & Associates**
  - **202762 Schinella's Your Local Market**
  - **202770 Schinella's Your Local Market**
  - **199539 Flux Family Trust**

**DISCUSSION**

As part of the Rates declaration for 2017-2018, Council resolved to introduce a separate rate for the Village Heart Marketing Fund. The fund has been maintained since, with a flat rate of \$150.00 per assessment being levied, within an area defined by the Rates Declaration as the Village Heart Zone.

To avoid unfairly disadvantaging businesses within the zone, Council has previously provided a discretionary rebate to businesses being levied more than one rate on individual contiguous businesses or tenancies.

Five assessments were eligible and awarded a discretionary rebate in 2022-2023.

One tenancy has been consolidated due to an alteration to the occupancy of the business, it is recommended that the remaining four assessments be offered the rebate again for 2023-2024.

Any new applications received by this closing date will be collated and presented to the September Council Meeting for consideration.

**Relevance to Core Strategies / Policy**

- [Local Government Act 1999](#) Section 154
- [Local Government Act 1999](#) Section 166
- Rating Policy 2023-2024

**Community Plan: Towards 2040****► Creative & Innovative  
2 to 5 year timeline**

CI2.3 Achieve the lowest retail vacancy rate in metropolitan Adelaide for the village heart

CI2.4 Identify and address barriers to achieve low overall business vacancy rates throughout the City

**ATTACHMENTS**

Nil

## 6 REPORTS FOR INFORMATION

The Council has adopted the protocol that only those items on the Council Agenda provided for information (to receive and note) may be adopted without further discussion.

### 6.1 CEO STATEMENT OF FINANCIAL SUSTAINABILITY

**File Number:** IC23/209  
**Author:** Andrew Alderson, Manager Finance  
**Responsible Executive:** Ginny Moon, Director City Corporate

#### EXECUTIVE SUMMARY

It is a requirement under Section 122 (4a) (Strategic Management Plans) of the *Local Government Act 1999* (SA) that the Chief Executive Officer provides a report on the sustainability of Council's long term financial performance and position, taking into account the provision of Council's Annual Business Plan and Strategic Management Plan.

Financial sustainability is achieved when planned long term service, infrastructure levels and standards are met, without unplanned and disruptive increases in rates or cuts to services.

The operating surplus ratio (both single year and 5 year average) is within the target range.

This is an improved position from previous years which saw this ratio below the target range. The ratio in the longer term does not exceed the upper target favourably.

Council continues to rely on the Cash Advance Debenture (CAD) Facilities to fund the multiyear projects. When considering the Draft Long term Financial Plan (LTFFP) on 11 January 2023, Council's Audit and Risk Committee have considered and is satisfied about the risk profile associated with the net financial liability ratio within the LTFFP.

Financial Indicator	One Year (2023-2024)			5 Years (LTFFP)		
	Target	Ratio Achieved	Target Achieved	Target	Ratio Achieved	Target Achieved
Operating Surplus	(1%) – 3%	0.4%	✓	>0%	1.5%	✓
Net Financial Liabilities	> 90%	103%	✗	5 Year Target Not Applicable		
Asset Sustainability	90% - 120%	235%	✓	5 Year Target Not Applicable		

During the draft budget process, Council Members must take into account the continued provision of essential services, community expectations, and the need to continually improve the City. Simultaneously, having appropriate regard for the Council's financial sustainability, and the recent unprecedented high inflation.

In order to fund this draft Budget, and for Council to sensibly support vital loan funding for local economic stimulus, the average rates increase is projected to be 6.1%. This increase is below the quarterly Adelaide CPI (March 2023 7.9% & June 2023 6.9%). The lower rate increase has been made possible through the combined reduction in operating projects, and identified savings in the recurrent budget.

Council is able to fund the LTFFP in its current form.

#### RECOMMENDATION

**That Council:**



**1. Having considered Item 6.1 CEO Statement of Financial Sustainability receives and notes the report.**

**DISCUSSION**

It is a requirement under Section 122 (4a) of the *Local Government Act 1999*, that the Chief Executive Officer provides a report on the sustainability of Council's long term financial performance and position, taking into account the provision of Council's Annual Business Plan and Strategic Management Plan.

**Assumptions**

The LTFP was framed based on the assumptions set out on page 36 of the Annual Business Plan 2023-2024 as follows:

Long Term Financial Plan (LTFP) Assumptions: 2023-2024 to 2032-2033										
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
Increase in Operating Expenditures	5.00%	4.00%	3.00%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Increase in Employee Costs (Excl SGL)	4.00%	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase in for Capital Expenditure	5.60%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase in CPI for Non-Rates and Grant Income. Calculated using the incremental historic average of the CPI (min 2.5%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Projected increase in Total Rate Revenue (inclusive of Growth)	6.75%	5.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Projected increase in Total Rate Revenue sourced from Development Growth	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Projected average residential rate increase Rate Revenue	6.75%	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase in Grants Commission Grant Revenue	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Federal Grants continuity	Assumed four instalments of Financial Assistance Grants & ongoing extension of the Roads to Recovery programme									
Employee Costs: Superannuation	Legislative changes to Superannuation Guarantee of stepped increase to 12% between 2021-22 and 2025-26									
Asset Valuation	Fluctuation in Asset Valuation is linked to CPI in the Long Term Financial Plan. Asset classes recorded at cost and not revalued under policy are not indexed. Indexation has been paused for Building Assets following the construction of Payinthe as this large portion of the asset class is carried at cost.									
Depreciation	Depreciation Methodology remained consistent with 2021-2022. Budgeted financial statements as at 30 June 2021 used to identify effective depreciation rate for new initiatives. Indexation of 5.6% for 2022-2023 applied to depreciation from 2021-2022.									
Capital Expenditure	Refer to the 10-year capital expenditure plan in this section. Capital Expenditure Budgets are linked to indexation of the LPGI (Capital) in the Long Term Financial Plan. Assumes No Policy Change. The ongoing depreciation and material increase in maintenance expenses associated with capital projects on new/upgraded assets have been factored into the Council's Long Term Financial Plan.									

Long Term Financial Plan (LTFP) Assumptions: 2023-2024 to 2032-2033	
Loan Principal & Interest Repayment	As per the Loan Schedule. No new loans included in the Long Term Financial Plan. As per Council's Treasury Management Plan, Council will utilise its Cash Advance Debenture Facilities to meet financing needs across the Long Term Financial Plan.

**Financial Sustainability – Key Financial Indicators**

Financial sustainability is achieved when planned long-term service and infrastructure levels and standards are met, without unplanned and disruptive increases in rates or cuts to services.

The following presents the projected changes in total rates revenue, inclusive of growth (residential and non-residential) percentage increases over the coming 10 year period:

23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
8.20%	5.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Council’s budgeting efforts in recent years have allowed the LTFP 2024-2033 to see the planned overall rates revenue to increase in line with anticipated inflation levels plus growth. It is, however, again noted that these figures are strongly reliant on inflationary projections, which in recent times have demonstrated significant volatility.

The LTFP includes Capital and Operating Project projections over a 10-year period (Refer Pages 46 to 48 of the Annual Business Plan 2023-2024) based on previous Council resolutions and future initiatives, to be considered by Council. The LTFP summarises all future potential projects and services identified at the time of preparing the Annual Business Plan 2023-2024.

Whilst the nature and timing of these projects are subject to further Council deliberations, the purpose of capturing the costs and funding sources for these projects is to enable Council to better forecast and manage its financial sustainability over a longer planning period.





The following is the ‘financial dashboard’ of the LTFP:

**City of Prospect**  
**10 Year Financial Plan for the Years ending 30 June 2033**  
**KEY PERFORMANCE INDICATORS - ANNUAL BUSINESS PLAN 2023-2024**

		Projected Years										
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
<b>Council's Target Benchmarks</b>												
Operating Surplus Ratio	Snapshot											
	Actual Ratio	-1.73%	0.40%	1.40%	1.24%	1.79%	2.81%	3.58%	4.41%	8.20%	6.07%	7.08%
Operating Surplus/(Deficit)	'000s	(486.3)	120.8	439.7	402.6	599.6	970.4	1,278.0	1,626.3	3,126.0	2,390.7	2,879.4
Net Financial Liabilities Ratio	Snapshot											
	Actual Ratio	59.32%	103.20%	98.05%	98.56%	96.19%	89.37%	85.97%	79.66%	74.46%	71.48%	62.56%
Cash Advance Debenture	'000s	977	8,308	9,054	11,568	12,707	12,579	13,152	12,786	12,900	13,224	11,741
Asset Renewal Funding Ratio	Snapshot											
	Actual Ratio	184.70%	235.31%	109.11%	106.13%	115.09%	110.78%	106.51%	110.43%	113.99%	110.05%	106.38%
Interest Cover Ratio	Snapshot											
	Actual Ratio	1.54%	3.47%	3.57%	3.33%	3.27%	3.08%	2.88%	2.67%	2.45%	2.29%	2.05%

Council’s LTFP financial targets are summarised as follows, indicating that both the short term (one year) and long term (5 year) targets are achieved in the plan;

Financial Indicator	One Year (2023-2024)			5 Years (LTFP)		
	Target	Ratio Achieved	Target Achieved	Target	Ratio Achieved	Target Achieved

Operating Surplus	(1%) – 3%	0.4%		>0%	1.5%	
Net Financial Liabilities	> 90%	103%		5 Year Target Not Applicable		
Asset Sustainability	90% - 120%	235%		5 Year Target Not Applicable		

The operating surplus ratio (both single year and 5 year average) is within the target range. This is an improved position from previous years which saw this ratio below the target range.

In funding this budget and LTFP, Council’s Net Financial Liabilities Ratio (target <90%) will peak at 103% in 2023-2024 as a result of borrowings associated with the strategic land purchase.

The Draft Rating Strategy Model (presented to Council Workshop during the budget process and included in community consultation) projects a continued decline in the reliance on existing residential rates, and a corresponding increase in new assessments and non-residential rates over the ten year planning period. This “shift” in the rate contribution is attributed to projected developments (“growth development”) within the City, particularly commercial and mixed use development along arterial corridors.

Valuations provided by the Valuer General for the purposes of rating are reporting a disparity between valuation increases for residential and non-residential, and between traditional standalone housing and apartment stock. While growth is being experienced in the residential class, the non-residential are trending at a much slower rate.

The increase in rate revenue is demonstrated in the table on page 52 of the Annual Business Plan.

**Risk**

Council reviews and updates these assumptions (at a minimum) annually. Therefore, any risk associated with changes to Council’s financial sustainability arising from changing assumptions will be identified on a timely basis, enabling Council to consider changes required accordingly.

Any alteration to the Annual Business Plan assumptions (page 36, Annual Business Plan 2023-2024) will alter Council’s financial sustainability ratios.

The LTFP projects a balanced or operating surplus and meets Council’s 5-year target range of greater than 0% from 2023-2024 onwards. This relies on future rate increases and inflationary pressures working together to mitigate future cost impacts on operations.

**Debt Financing**

The projected maximum level of debt is expected in the year of 2026-2027. The total loan outstanding is projected to be approximately \$27 million. The outstanding loan balance includes a self-funded loan to the North Adelaide Football Club. Council’s equity is projected to be almost \$266M in the same year.

Council’s projected debt in 2023-2024 is approximately 10.3% of Council’s equity which is equivalent to having an approximate \$51,665 mortgage on a \$500,000 house.

Council’s debt funding of the strategic land purchase has been endorsed and this will be primarily undertaken via a fixed interest loan. The LTFP does not anticipate any new loan and will use the Cash Advance Debenture Loans (CAD) to fund any short to medium term financing needs. Council is able to manage its current forecast debt with current interest rate levels. Although only a portion of Council’s debt is subject to variable interest rates, the revised debt strategy of using Cash Advance Debenture facilities (which are variable) increases this exposure. This debt strategy will continue to be monitored and updated depending on circumstances.

Council continues to rely on the CAD Facilities to fund the multiyear projects. When considering the Draft LTFP on 11 January 2023, Council’s Audit and Risk Committee have considered and is satisfied about the risk profile associated with the net financial liability ratio within the LTFP.

If managed appropriately, the utilisation of debt finance is an appropriate way for Council to be able to program the implementation and delivery of Strategic Plan outcomes and fund projects resulting in future assets and benefits to Council.

### **Efficiency and Economy**

Council has a financial governance framework in place to provide the Administration, Council and the community a level of assurance that services are delivered in a cost effective and efficient manner. The Administration will continue to monitor and review the economy and efficiency of Council's operations. The Annual Business Plan 2023-2024 includes project funding to commence Service Reviews in place of an overall efficiency and economy audit.

### **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.
- *Local Government Act 1999* – Chapter 10 – Rates and Charges.
- Rating Policy 2023-2024.  
The Annual Business Plan 2023-2024 unpins and funds all activities to be undertaken during the next 12 months for the Community Plan Towards 2040 and the Intelligent Community

### **ATTACHMENTS**

**Nil**

**7 MEETING CLOSURE**