

# Southern Mallee District Council

## Annual Business Plan & Budget 2019/20





Southern Mallee District Council acknowledges the Ngarkat people as the traditional custodians of the land on which we meet and work. We respect their culture and we extend that respect to other Aboriginal and Torres Strait Islander people.

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# 1 Your Council

Welcome to the Annual Business Plan and Budget for Southern Mallee District Council for the 2019-20 financial year. This is the first annual business plan and budget developed by the group of elected members who took office in November 2018.

This document is critical to delivering our vision of a prosperous region where people aspire to recreate, do business and live well. The annual business plan and budget seeks to continue the implementation of Council's strategic goals of actively contributing communities; diversity across our economy; investing in long term infrastructure, and; effective governance and organisational efficiencies.

The plan demonstrates continued responsible financial management whilst also planning for the future. A modest rate rise of 2.9%, which is in line with the Local Government Price Index, is proposed. Council remains focused on maintenance and renewal of all of our existing assets. Council will continue its high level of investment in road assets and also invest in its community building assets and its commercial centres and parks and gardens. The document identifies a number of planning projects which will provide a roadmap for future investment by Council. Council will engage with the community to help determine how to maintain and improve key civic areas including the Pinnaroo and Lamerook commercial centres and our cemeteries.

This document builds on the success of the 2018-19 financial year. In 2018-19 Council successfully delivered key projects including the construction of the Lover's Lane Bypass to the east of Pinnaroo, re-sheeting works of nearly \$1m to our unsealed road network and amenity improvements to the Pinnaroo and Lamerook commercial centres. Council also commenced delivery of the Southern Mallee Community Infrastructure Project to provide childcare centres in Pinnaroo and Lamerook and to renew the community swimming pools in Pinnaroo and Lamerook.

This document demonstrates our ongoing commitment to delivering quality services, maintaining financial accountability, working with our communities, and most importantly, securing a prosperous future for Southern Mallee.

I look forward to working with staff, elected members and the community to deliver the 2019-20 Annual Business Plan and Budget.



Cr Andrew Grieger  
Mayor



**Southern Mallee District Council Elected Members**



Elected Members left to right:  
Paul Ireland, Rebecca Boseley, Trevor Hancock, Andrew Grieger (Mayor), Neville Pfeiffer (Deputy Mayor),  
Mick Sparnon and Jeff Nickolls.



Inspire

Engage

Connect

## 2 Executive summary

Southern Mallee District Council is a small innovative local government authority located in the Murraylands and Riverland Region of South Australia. Its relatively small workforce is efficient and effective in providing a broad range of services, projects and facilities to the community. Council has incredibly strong links to its community and works in collaboration with many community groups to deliver the projects and services that the community needs.

Southern Mallee is a prosperous agricultural region and contains a number of high value conservation reserves and iconic Mallee landscapes and above all has a broad range of extremely passionate and hardworking community groups. Council will continue to work hard in 2019-20 to enhance the region's economic diversity, its environmental attributes, and its passionate and active community.

Southern Mallee District Council's Annual Business Plan and Budget 2019-20 provides an outline of our strategic framework, a summary of the annual business plan and budget, financial summary, and details on our rating strategy. The appendices provide further detail in the form of financial statements, Council's rating policy and local government financial indicator definitions.

Council's strategic framework is derived from the Southern Mallee District Council Strategic Management Plan 2017-21. Other key strategic framework documents are the long term financial management plan and asset management plans. These documents provide a solid and strategic basis for this annual business plan and budget.

The annual business plan and budget summary identifies the key factors influencing the development of the 2019-20 annual business plan and budget. This section of the document contains key information including the source of Council funds, expenditure by activity area, capital expenditure by asset category and overall financial position of Council.

The annual plan and budget has a focus on investment in our road, building and public space assets. The capital expenditure on transport infrastructure is proposed to total \$1,170,000 including road re-sheeting projects at Karte Road, Long Trail Road, Karte West Road, Oaks Road and Geranium North Road, road construction at Kulkami Road and Homburg Terrace and footpath renewal in Lameroo from the school to the hall. The total expenditure on building assets is proposed to total \$465,000 with projects at the Pinnaroo Institute and Lameroo Memorial Hall, a number of solar projects and continued investment in our community pools.

This year will also see Council focus its strategic planning and implementation efforts on a number of urban design and amenity projects totalling \$280,000. This program of works will include masterplans for the commercial centre of Lameroo and the Pinnaroo Village Green, cemetery plans, street tree planting, and a business and visitor wayfinding project. Council will also allocate \$580,000 towards the renewal of the Pinnaroo Community Wastewater Management Scheme following the investigation project undertaken in 2018-19.

The operating budget for 2019-20 is proposed to include a new trainee Parks and Gardens staff member to support commercial centre and parks and gardens amenity initiatives, an additional \$20,000 to enable more effective staff coordination of Council's aquatic services, and additional \$100,000 for road maintenance across the district. Council's two new childcare centres will also open in 2019-20 increasing childcare services to five days a week and for up to 35 children in both centres.

All of this will be achieved with a modest rate rise of 2.9%, a small annual operating deficit of \$66,000, preservation of Council's savings and a substantial reduction in Council's already low debt level.

The planning projects in the annual business plan and budget will provide Council with a number of ready to go projects and make the district an attractive location for State and Commonwealth funding in future years.

It will be both challenging and rewarding to deliver this annual business plan and budget.



## 3 Strategic Framework

### Council's planning framework

The Southern Mallee District Council Strategic Management Plan 2017-2021 was adopted by Council in March 2017. The strategic management plan is a tool for defining the direction of Southern Mallee District Council by identifying a vision, mission, goals, strategies and recommended actions needed to make progress.



Council's strategic management plan has four key goals which aim to achieve the community's vision:

#### Community - Actively contributing communities

The community goal is about supporting positive community life, sustaining volunteerism and providing places and events for the community to meet.

#### Economy - Diversity across our economy

This goal is about an economically prosperous, attractive and functional Council that works collaboratively to capitalise on opportunities.

#### Infrastructure - Investing in long term infrastructure

The infrastructure goal is about making the place attractive to visit and stay while valuing and protecting the natural environment and seeking development and funding opportunities from government.

#### Organisational - Effective governance and organisational efficiencies

This goal is about providing progressive leadership, accountable governance and quality services to the community. There is an emphasis on the need for effective partnerships, collaborative relationships and advocacy.



## Long term financial management plan

Council is committed to ensuring its long term financial sustainability and is keen to ensure that objectives, goals and targets set in its various strategic planning documents are adhered to and met. Council's long term financial plan was adopted on 20 June 2018 and is reviewed each year. The next review is scheduled for November 2019.

## Asset management plan

Council adopted asset management plans for the various classes of assets and an asset management strategy on 20 June 2018.

Council's asset management plan outlines the management of the major assets of Council. The plan, like the long term financial plan, assists in the long term and annual decision making of council and supports the sustainable management of finances and infrastructure. Estimated costs of infrastructure and asset custodianship have been reflected in the long term financial plan.

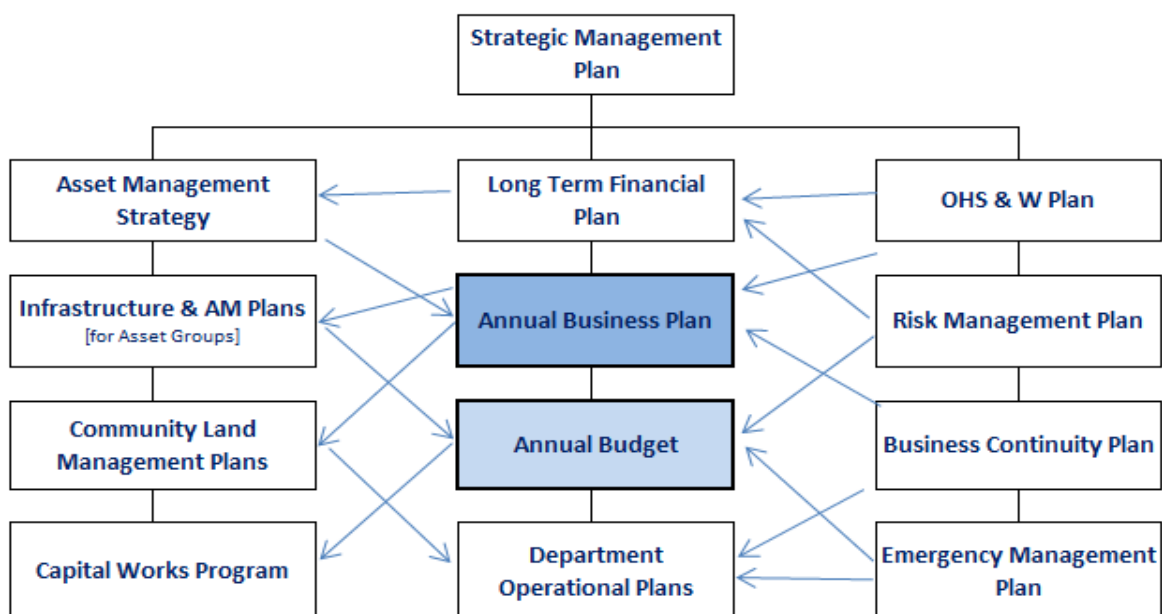
## Annual business plan

Each year Council develops an annual business plan. The purpose of the plan is to highlight those activities that will be undertaken in the financial year in support of the strategic goals of Council. The plan strives to achieve the long-term strategy targets of council.

## Annual budget

The annual budget forms part of Council's annual planning document and is critical to the delivery of services and the management of Council's financial sustainability and operations. The budget details the expected costs and revenues that council will need to achieve the goals of the annual business plan.

All the above mention plans are to be read and considered together and form part of Council's suite of plans. This is shown graphically in the diagram below.



## 4 Annual business plan and budget summary

### **Framing Council's annual business plan and budget.**

A number of significant factors have influenced the preparation of Council's 2019/20 annual business plan.

These include:

- Requirements to maintain infrastructure assets at acceptable standards
- The level of State and Commonwealth Government grant funding
- Fees/charges imposed by the State Government including the waste levy
- Cost of compliance with State Government reporting and accountability requirements
- Consumer Price Index (CPI) (1.6% December 2018 Adelaide)
- Local Government Price Index (LGPI) (2.9% December 2018)
- Employee enterprise bargaining agreements
- Continued increases in utility costs
- The level of capital and operational services required across the district
- Sustainable settings of Council's long term and strategic planning documents
- The revision of the town boundaries

In response to these factors, and to minimise the burden on rate-payers, the annual business plan has been prepared within the following guidelines:

- General rate revenue is planned to provide for operating expenses. It is proposed that the total amount of general rates to be collected in 2019-20 is to increase by 2.9% which is in line with the Local Government Price Index. This together with the town boundary re-alignments will see the rate in the dollar decrease.
- Maintenance and renewal of existing assets will be a matter of priority to ensure that the range and level of services being provided by Council's infrastructure is maintained at a reasonable level.
- A challenge for Southern Mallee District Council is to prioritise expenditures to meet the demand for services and facilities. Given the asset intensive nature of the Council's activities, assessing the long term capacity of the community to fund ongoing maintenance and rehabilitation of infrastructure assets is a crucial consideration.

## Service provision

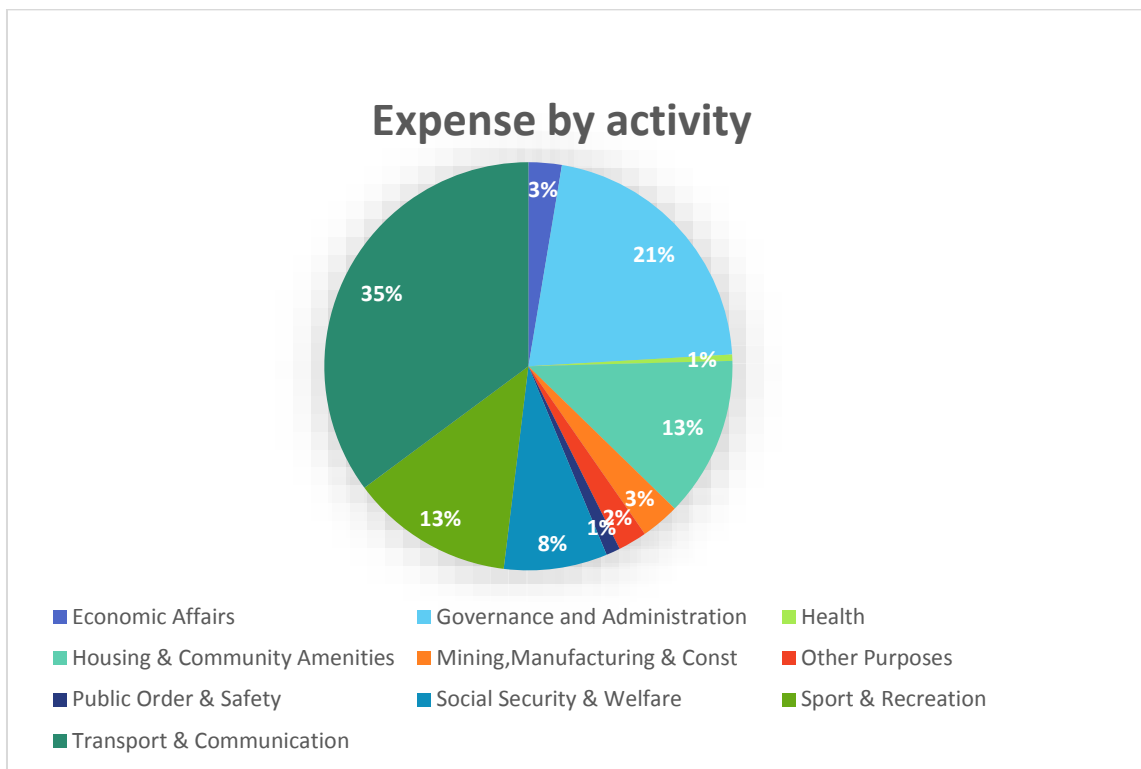
### Continuing services

Council plans to maintain the provision of all current services to the community.

Details of ongoing services provided to the community and activities of Council are shown in the graph below

### New services

Council plans to allocate



### Summary by Category

Category	19/20 Budget
Economic Affairs	\$ 197,511
Governance and Administration	\$ 1,610,377
Health	\$ 37,471
Housing & Community Amenities	\$ 953,686
Mining,Manufacturing & Const	\$ 229,535
Other Purposes	\$ 171,730
Public Order & Safety	\$ 83,692
Social Security & Welfare	\$ 615,351
Sport & Recreation	\$ 969,856
Transport & Communication	\$ 2,639,022
<b>Total</b>	<b>\$ 7,508,232</b>

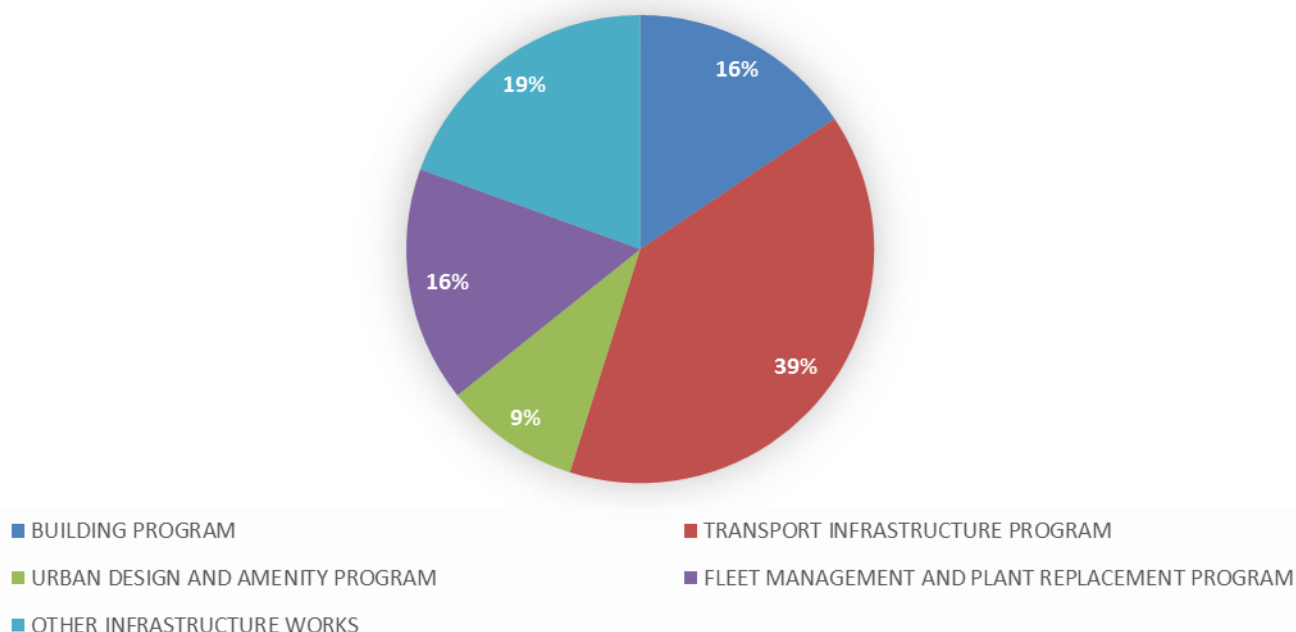
## Capital Works Program 2019/20

Program / project	Budget	Strategic Plan Goal
<b>BUILDING PROGRAM</b>	<b>\$ 465,000.00</b>	
<b>Community buildings projects</b>		
Pinnaroo Institute rising damp treatment	\$ 80,000.00	Infrastructure
Lameroo Hall powerboard replacement	\$ 20,000.00	Infrastructure
Solar installation at pools (Pinnaroo and Lameroo)	\$ 50,000.00	Economy
Lameroo multipurpose meeting room	\$ 20,000.00	Infrastructure
Pool upgrade works (Pinnaroo and Lameroo)	\$ 50,000.00	Community
<b>Administrative buildings projects</b>		
Council office and chamber refurbishment (Pinnaroo and Lameroo)	\$ 60,000.00	Organisational
Lameroo office roof restoration and powerboard replacement	\$ 50,000.00	Organisational
Council office solar installation (Pinnaroo and Lameroo)	\$ 30,000.00	Economy
Council office entrydoor upgrade (Pinnaroo and Lameroo)	\$ 30,000.00	Organisational
<b>Private buildings projects</b>		
Pinnaroo Retirement Village roof restoration	\$ 60,000.00	Infrastructure
Pinnaroo council house fence replacement	\$ 15,000.00	Infrastructure
<b>TRANSPORT INFRASTRUCTURE PROGRAM</b>	<b>\$ 1,170,000.00</b>	
<b>Road resheeting projects</b>		
Karte Road resheeting (6.0 kilometres)	\$ 280,000.00	Infrastructure
Longtrail Road resheeting (3.0 kilometres)	\$ 125,000.00	Infrastructure
Karte West Road resheeting (4.0 kilometres)	\$ 180,000.00	Infrastructure
Oaks Road resheeting (2.0 kilometres)	\$ 110,000.00	Infrastructure
Geranium North Road resheeting (3.0 kilometres)	\$ 85,000.00	Infrastructure
O'Loughlin Road resheeting (2.5 kilometres)	\$ 85,000.00	Infrastructure
<b>Road Construction Projects</b>		
Kulkami Road and Billiatt Road reconsutruction works (2/3 funding from Special Local Road Program)	\$ 165,000.00	Infrastructure
Homburg Terrace and Railway Terrace North intersection reseal	\$ 40,000.00	Infrastructure
<b>Footpath Projects</b>		
Railway Terrace South, Lameroo (school to hall)	\$ 100,000.00	Infrastructure
<b>URBAN DESIGN AND AMENITY PROGRAM</b>	<b>\$ 280,000.00</b>	
<b>Urban design and amenity projects</b>		
Lameroo Town Centre Plan	\$ 40,000.00	Infrastructure
Pinnaroo Village Green Masterplan	\$ 50,000.00	Infrastructure
Pinnaroo Village Green Masterplan and Lameroo Town Centre Plan implementation	\$ 20,000.00	Infrastructure
Pinnaroo watering system project (Main Street, Murrayville Road and Pinnaroo Cricket Oval)	\$ 80,000.00	Community
Street trees and linemarking (Pinnaroo and Lameroo commercial centres)	\$ 30,000.00	Infrastructure
Business and visitor way finding signage project	\$ 30,000.00	Economy
Cemeteries plan and implementation (Lameroo, Parrakie and Pinnaroo)	\$ 30,000.00	Infrastructure
<b>FLEET MANAGEMENT AND PLANT REPLACEMENT PROGRAM</b>	<b>\$ 485,000.00</b>	
<b>Fleet management</b>		
CEO vehicle changeover	\$ 50,000.00	Organisational
Manager Infrastructure Services vehicle changeover	\$ 45,000.00	Organisational
<b>Plant replacement</b>		
Tipper truck changeover	\$ 250,000.00	Infrastructure
Tray top single cab ute changeover	\$ 25,000.00	Infrastructure
Crew cab ute changeover	\$ 40,000.00	Infrastructure
Combi roller changeover	\$ 75,000.00	Infrastructure
<b>OTHER INFRASTRUCTURE WORKS</b>	<b>\$ 580,000.00</b>	
<b>Community Wastewater Management System</b>		
Pinnaroo CWMS pipework renewal project	\$ 580,000.00	Economy
<b>Total capital works program budget</b>		<b>\$ 2,980,000.00</b>



The graph below shows where Council is proposing to allocate its capital spend for the 2019/20 financial year.

## Council's capital allocation



The table below shows that the proposed capital allocations are proportionate to the replacement cost of the relevant asset categories

Category	2017/18 Replacement Cost	% of Total Assets	Draft 2019/20 Capital Expenditure	% of Proposed Capital Expenditure
Land	\$ 3,509,200	3%	\$ -	0%
Buildings & Other Structures	\$ 20,544,303	20%	\$ 465,000	16%
Infrastructure Transport	\$ 62,100,867	59%	\$ 1,170,000	39%
Infrastructure Stormwater	\$ 4,440,280	4%	\$ -	0%
Infrastructure Common Effluent	\$ 7,670,757	7%	\$ 580,000	19%
Infrastructure Other	\$ 885,467	1%	\$ 280,000	9%
Plant, Machinery & Equipment	\$ 5,363,641	5%	\$ 485,000	16%
Furniture and Fittings	\$ 305,093	0%	\$ -	0%
Other Assets	\$ 250,866	0%	\$ -	0%
	\$ 105,070,474		\$ 2,980,000	

## 5 Financial summary

### Funding the business plan

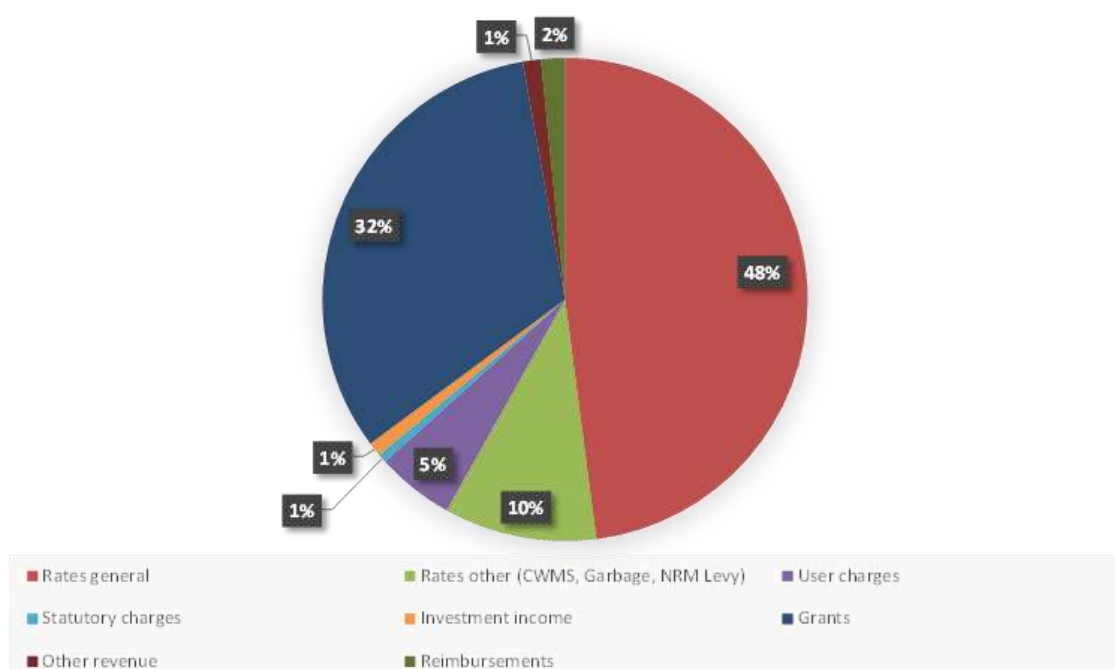
In delivering services and programs contained within this annual business plan, Council is targeting an operating deficit of \$66,000 in 2019/20 as a result of

Operating Revenues	\$ 7,443,000
less: Operating Expenditure	\$ 7,509,000
Net Operating Deficit	\$ 66,000

Council's annual operating revenue is not considered sufficient to meet expected operating expenditure for the 2019-20 year. As a result of prior year surpluses together with the Commonwealth Government announcing the forward payment of supplementary grants funding to 2018-19 year, Council considers that it can meet the expected operating expenditure for the year.

Council is granted the power to acquire funds under Section 133 of the Local Government Act 1999. Sources of funds include property rates, service charges, statutory and user charges, income from investments, commercial activities together with grants and subsidies. An indication of the proportion each of these makes up the total revenue of Council is depicted in the diagram below.

**Councils Source of Funds**



**Council's source of funds**

Council's source of funds	\$
Rates general	\$ 3,567,654
Rates other (CWMS, Garbage, NRM Levy)	\$ 756,802
User charges	\$ 386,240
Statutory charges	\$ 44,200
Investment income	\$ 70,000
Grants	\$ 2,409,527
Other revenue	\$ 90,500
Reimbursements	\$ 117,600
Total	\$ 7,442,523

Council’s annual business plan has been prepared on the basis of maintaining the delivery of the current range and level of services to the community, whilst being mindful of the rate burden imposed on individual ratepayers.

The plan aims to contribute to the long term financial sustainability of the Council through prudent and responsible financial management that will result on its operating expenses being less than its operating revenue, thereby producing a positive operating result.

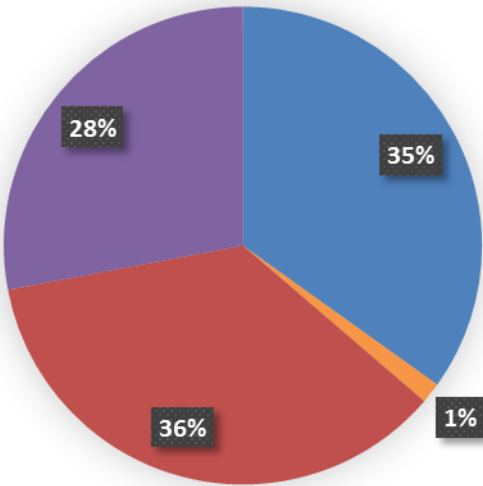
Council spends its funds in four main categories being employee costs, depreciation, finance costs and materials, contracts and other expenses.

Depreciation consumes 36% of Councils funds which should be then invested into capital spending.

This annual business plan outlines a total capital expenditure budget of \$2,980,000. \$2,368,000 will be used to renew existing assets and \$612,000 will be spent on new assets.

\$165,000 of the capital expenditure budget is dependent on Council receiving Special Local Roads funding of \$110,000 for Kulkami Road. If this money is not received then these works will not proceed.

### Council's Spending of Funds



■ Employee Costs      ■ Finance Costs      ■ Depreciation      ■ Materials, Contractors & Other Expenses

Council's spending of funds		\$
Employee costs	\$	2,619,843
Finance costs	\$	105,000
Depreciation	\$	2,683,620
Materials, contractors & other expenses	\$	2,099,769
Total	\$	7,508,232

## Impact on Council's financial position

Based on council's budget, Council's direct borrowings will decrease from \$1,403,000 at the end of 2018/19 to \$1,132,000 at the end of 2019/20. This decrease is due to Council paying down borrowing during the financial year.

Overall, key financial indicators show that Council's finances will continue to be sustainable with no significant rate burdens.

The operating surplus will be -1% against a long-term target of 0%-15%.

The net financial liabilities ratio is at -24% against a target of greater than 0% and less than 100% of operating revenue.

Asset sustainability ratio is at 105% against its asset management plan.

*For more details on the calculation method for key financial indicators, see the financial indicators section of this business plan.*

## What it means for rates and ratepayers

As depicted in the table above in part 5 the primary source of income for Council is the property based tax – "Council rates".

Council spends considerable time modelling the effect of valuation and rate increases on individual rate payers whilst at the same time ensuring it can raise sufficient funds to achieve a positive operating result and a balanced budget. Council is reasonably confident that it has achieved a result that will achieve this for Council whilst minimising any adverse effect on individual ratepayers.

Land and other land prescribed in Section 147(2) of the Local Government Act 1999, is rateable. The Local Government Act 1999 provides for a Council to raise revenue for its broad purposes through the imposition of a single general rate in the dollar or through differential general rates that apply to all rateable land within the Council area.

Council this year will once again have differential general rates that apply to all rateable land within the Council area. The town boundaries have been reviewed and amended, these are based primarily on the urban area of each of the five settlements in the district based on a combination of zoning and land use. The maps of the new town boundaries are available on Council's website [www.southernmallee.sa.gov.au](http://www.southernmallee.sa.gov.au).

Council previously investigated the need to establish/update its township boundary maps as part of the Better Development Plan and General Development Plan Amendment which was authorised on 12 December 2017. The matter was not progressed, at that time, due to the establishment of the new South Australian planning reforms.

The state-wide project to update township boundaries is a South Australian Local Government Association (LGA) initiative. The project aims to assist councils in establishing their township boundaries in order to enforce the Environment Protection (Air Quality) Policy 2016, which places restrictions on burning activities within townships.

The LGA prepared draft township boundary maps for Geranium, Lameroo, Parilla, Parrakie, and Pinnaroo on behalf of Council. The LGA has requested Council to review the proposed boundaries for the townships before formal gazettal of the boundaries is undertaken.



Establishing new town boundaries has allowed Council to update and clearly define its boundaries between township and rural properties and ensure a fairer and more appropriate application of rates.

The boundaries follow established legal property boundaries. Rural Living Zoned land has generally been excluded from the township boundaries. The need to have township boundaries follow property cadastre boundaries has, however, resulted in some Rural Living land at Lameroo and Pinnaroo being included within the township boundary.

## 6 Rating strategy

### Method used to value land

Council adopts the valuations made by South Australian Valuer-General in respect of land within the Council's area for rating purposes. The basis of valuation of land used by Council is the capital valuation of land, that is, the value of the land including improvements thereon.

Council considers that the capital valuation method provides the fairest method of achieving an equitable distribution of the rates burden across the ratepayers within Council's area 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 generally considered a relatively good indicator of wealth; and;
- capital value, which trends with the market value of a property, provides the best indicator of overall property value.

### Rating methodology

Council has assessed the need for a differential rate based on the varying levels of service delivery and degrees of access to urban services, such as waste management and footpaths.

Council is proposing to apply differential general rates by land use. Regulation 14 of the Local Government (General) Regulations provides for the following land use categories to be used for rating purposes:

- Residential
- Commercial – Shop
- Commercial – Office
- Commercial – Other
- Industrial – Light
- Industrial – Other
- Primary Production
- Vacant Land
- Other
- Marina Berths

The State Valuation Office determines the land use of each assessment based on the predominant use of the land.

The 2019/20 annual business plan proposes to raise general rate revenue of \$3.56m in a total operating revenue budget of \$7.44m.

The proposed general rate revenue of \$3.56m is an increase of 2.9% which is in line with the Local Government Price Index after rebates and concessions.

## A cap on the increase on rates

Council does not intend to apply a cap on the increase on general rates in the 2019/20 financial year.

## Minimum rate

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

The minimum rate is levied against the whole of an allotment. Only one minimum rate is levied against two or more pieces of adjoining land (whether separated by a road or not) if they are owned by the same ratepayer and occupied by the same occupier. This is described as contiguous land and only one minimum rate is payable by the ratepayer. Also If properties are subject to a single farm enterprise, only one natural resource management levy is payable by that enterprise.

The minimum rate in 2019-20 is proposed to be \$570, a \$10 increase to the \$560 minimum rate in 2018/19, or an increase of 1.78%. Overall, the minimum rate will be applied to approximately 20% of all rateable properties which is well within the maximum of 35% of properties allowed for in the Local Government Act 1999.

## Payment of rates

The Council has resolved that the payment of all rates will be in four equal or approximately equal instalments due on:-

First -	9 September 2019
Second -	9 December 2019
Third -	10 March 2020
Fourth -	9 June 2020

## Discount for early payment

In previous years Council has offered a discount for early payment of Council rates. This discount will no longer be provided.

## Annual service charges

### **Community wastewater management systems**

As set out in Section 155(2) of the Local Government Act 1999, the Council imposes an annual service charge on properties in Lameroo and Pinnaroo for the community wastewater management schemes to meet the operational and capital cost of the schemes.

The Council will recover this cost through an annual service charge of:

- \$605 for each occupied property unit (\$595 in 2018-19) (1.68% Increase)
- \$302 for each unoccupied property unit (\$297 in 2018-19) (1.68% Increase)

Where the service is provided to non-rateable land, a service charge is levied against the land

## **Waste management**

For the purpose of meeting the costs associated with the collection and disposal of domestic and other garbage, Council has a mobile garbage bin service charge on all serviced properties. Where the service is provided to non-rateable properties, a service charge is to be levied against the land.

Charges for waste management for 2019-20 will be:

- Bin service: \$234.00 (\$230 in 2018-19) (1.74% Increase)
- Additional bin service: \$173.00 (\$170 in 2018-19) (1.73% Increase)

Council charges separately for this service as it is specific to particular properties and is thus unreasonable to expect the total rate base to provide for its use, maintenance and replacement.

## **Natural resources management levy**

Council is required to collect a regional natural resources management (NRM) levy in respect of all rateable land in Council's area on behalf of the South Australian Murray Darling Basin Board. Council is operating as a revenue collector for the Board in this regard. Council does not retain this revenue nor determine how the revenue is spent.

Council will for 2019/2020 collect \$118,658 and will impose a separate rate against rateable properties based on the capital value of the land and forward the money to the Board to fund its activities.

## **Rebates**

### **Vacant land rebate**

Council, pursuant to Division 5 of the Local Government Act 1999, will again provide a rebate to vacant land.

In 2019/20 it will be 15% off the minimum rate (\$570.00) meaning the vacant land rebate will be \$85.50

- Vacant land charge \$484.50 (\$420 in 2018-2019)



# Appendix 1: Budgeted financial statements

## SOUTHERN MALLEE DISTRICT COUNCIL BUDGET 2019/2020

### STATEMENT OF COMPREHENSIVE INCOME

2018/2019 FORECAST BUDGET		2019/2020 BUDGET
\$'000	INCOME	\$'000
4,239	Rates	4,324
44	Statutory Charges	44
376	User Charges	386
2,699	Grants Subsidies and Contributions	2,410
50	Investment Income	70
100	Reimbursement	118
112	Other	91
7,620	TOTAL REVENUES	7,443
	<b>EXPENSES</b>	
2,499	Wages and Salaries	2,620
2,077	Materials, Contracts and Other Expenses	2,100
123	Finance Costs	105
2,591	Depreciation, amortisation & impairment	2,684
7,290	Total Expenses	7,509
330	<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	(66)
-	Net gain (loss) on disposal or revaluation of assets	-
1,218	Amounts specifically for new or upgraded assets	110
-	Physical resources received free of charge	-
1,548	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>44</b>

**SOUTHERN MALLEE DISTRICT COUNCIL  
BUDGET 2019/2020**

**CASH FLOW STATEMENT**

<b>2018/2019 FORECAST BUDGET</b>		<b>2019/2020 BUDGET</b>
<b>\$'000</b>		<b>\$'000</b>
Inflows		Inflows
(Outflows)		(Outflows)
	<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	
	<b>RECEIPTS</b>	
7,570	Operating Receipts	7,373
50	Investment Receipts	70
	<b>PAYMENTS</b>	
(4,576)	Operating payments to suppliers & employees	(4,720)
(123)	Finance Payments	(105)
2,921	<b>Net Cash provided by (or used in) Operating Activities</b>	2,618
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
	<b>RECEIPTS</b>	
1,218	Grants specifically for new or upgraded assets	110
0	Repayments of Loans by Community Groups	0
240	Sale of Assets	140
	<b>PAYMENTS</b>	
(1,765)	Capital Expenditure on renewal/replacement of assets	(2,368)
(1,573)	Capital Expenditure on new/upgraded assets	(612)
(1,880)	<b>Net Cash provided by (or used in) Investing Activities</b>	(2,730)
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
	<b>RECEIPTS</b>	
-	Proceeds from Borrowings	-
	<b>PAYMENTS</b>	
(280)	Repayment of Borrowings	(271)
(280)	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(271)
761	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	(383)
3,335	<b>CASH AT BEGINNING OF YEAR</b>	3,694
4,096	<b>CASH AT END OF YEAR</b>	3,311

**SOUTHERN MALLEE DISTRICT COUNCIL  
BUDGET 2019/2020**

**BALANCE SHEET**

**2018/2019  
FORECAST  
BUDGET**

**2019/2020  
BUDGET**

<b>\$'000</b>	<b>ASSETS</b>	<b>\$'000</b>
	<b>CURRENT ASSETS</b>	
3,694	Cash and cash equivalents	3,311
553	Trade & other receivables	553
89	Inventories	89
<u>4,336</u>	<b>TOTAL CURRENT ASSETS</b>	<u>3,953</u>
	<b>NON-CURRENT ASSETS</b>	
59	Financial Assets	59
<u>62,967</u>	Infrastructure, Property, Plant & Equipment	<u>63,123</u>
<u>63,026</u>	<b>TOTAL NON-CURRENT ASSETS</b>	<u>63,182</u>
<u>67,362</u>	<b>TOTAL ASSETS</b>	<u>67,135</u>
	<b>LIABILITIES</b>	
	<b>CURRENT LIABILITIES</b>	
398	Trade & Other Payables	398
280	Borrowings	280
609	Short-term Provisions	609
-	Other Current Liabilities	-
<u>1,287</u>	<b>TOTAL CURRENT LIABILITIES</b>	<u>1,287</u>
	<b>NON-CURRENT LIABILITIES</b>	
1,123	Long-term Borrowings	852
17	Long-term Provisions	17
-	Other Non-current Liabilities	-
<u>1,140</u>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>869</u>
<u>2,427</u>	<b>TOTAL LIABILITIES</b>	<u>2,156</u>
<u>64,935</u>	<b>NET ASSETS</b>	<u>64,979</u>
	<b>EQUITY</b>	
14,262	Accumulated Surplus	14,506
50,222	Asset Revaluation	50,222
451	Other Reserves	251
<u>64,935</u>	<b>TOTAL EQUITY</b>	<u>64,979</u>

**SOUTHERN MALLEE DISTRICT COUNCIL  
BUDGET 2019/2020**

**STATEMENT OF CHANGES IN EQUITY**

<b>2018/2019 FORECAST BUDGET</b>		<b>2019/2020 BUDGET</b>
<b>\$'000</b>		<b>\$'000</b>
	<b>ACCUMULATED SURPLUS</b>	
13,000	Balance at end of previous reporting period	14,262
1,146	Net Result for Year	44
116	Transfer From Reserves	200
<u>0</u>	Transfer To Reserves	<u>0</u>
14,262	<b>BALANCE AT END OF PERIOD</b>	14,506
	<b>ASSET REVALUATION RESERVE</b>	
50,222	Balance at end of previous reporting period	50,222
0.00	Gain on revaluation of infrastructure, property, plant & equipment	0.00
0.00	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	<u>0.00</u>
<u>50,222</u>	<b>BALANCE AT END OF PERIOD</b>	<u>50,222</u>
	<b>Other Reserves</b>	
567	Balance at Beginning of Period	451
-	Transfer to reserve from accumulated surplus	-
<u>-116</u>	Transfer from reserve to accumulated surplus	<u>-200</u>
451	<b>BALANCE AT END OF PERIOD</b>	251
<u><b>64,935</b></u>	<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<u><b>64,979</b></u>

**SOUTHERN MALLEE DISTRICT COUNCIL  
BUDGET 2019/2020**

**UNIFORM PRESENTATION OF FINANCES**

**2018/2019  
FORECAST  
BUDGET**

**2019/2020  
BUDGET**

**\$'000**

**\$'000**

7,620	Operating Revenues	7,443
(7,290)	less Operating Expenses	(7,509)
<u>330</u>	<b>Operating Surplus / (Deficit) before Capital Amounts</b>	<u>(66)</u>
	<b>Less Net Outlays in Existing Assets</b>	
	Capital Expenditure on renewal and replacement of Existing Assets	2,368
1,765		
(2,591)	less Depreciation, Amortisation and Impairment	(2,684)
(240)	less Proceeds from Sale of Replaced Assets	(140)
<u>(1,066)</u>		<u>(456)</u>
	<b>Less Net Outlays on New and Upgraded Assets</b>	
	Capital Expenditure on New and Upgraded Assets	612
1,573		
(1,218)	less Amounts received specifically for New and Upgraded Assets	(110)
-	less Proceeds from Sale of Surplus Assets	-
<u>355</u>		<u>502</u>
1,041	<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(112)</b>

**SOUTHERN MALLEE DISTRICT COUNCIL  
BUDGET 2019/2020**

**FINANCIAL INDICATORS**

<b>FORECAST BUDGET</b>		<b>2019/2020 BUDGET</b>
<b>\$'000</b>		<b>\$'000</b>
330	<b>Operating Surplus</b> <i>Being the Operating Surplus (Deficit) before Capital Amounts</i>	(66)
4%	<b>Operating Surplus Ratio</b> <u>Operating Surplus</u> Total Operating Income <i>This ratio expresses the Operating Surplus as a percentage of Total Operating Income</i>	-1%
(1,879)	<b>Net Financial Liabilities</b> <i>Net Financial Liabilities are defined as Total Liabilities less financial assets (excluding equity accounted investments in Council Businesses</i>	(1,767)
-25%	<b>Net Financial Liabilities Ratio</b> <u>Net Financial Liabilities</u> Total Operating Income	-24%
78%	<b>Asset Sustainability Ratio</b> <u>Net Asset Renewals</u> Infrastructure & Asset Management Plan required expenditure <i>Net Asset Renewals Expenditure is defined as Net Capital Expenditure on the renewal and replacement of existing assets, and excludes new Capital Expenditure on the a acquisition of additional assets</i>	105%



## Appendix 2: Rating policy

### Purpose

Council's powers to raise rates are found in Chapter 10 of the Local Government Act 1999 (the Act). The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to compulsory features of the rating system, as well as the policy choices that the Council has made on how it imposes and administers the collection of rates, service charges and rebates and remissions.

### Scope

The policy covers:

- Strategic focus
- business impact statement
- method used to value land
- notional values
- Council's revenue raising powers
- minimum rates
- adjoining properties
- Natural Resource Management levy (the Council's collection role)
- service charges
- payment of rates
- late payments
- rate rebate and remissions
- debt recovery and hardship
- sale of land due to non-payment of rates
- disclaimer

### Strategic focus

In developing the rating policy the Council has been very mindful of current internal and external influencers along with likely future outcomes.

These influencers include;

Long Term Finance, Asset and Infrastructure Plans that provide for the maintenance, renewal and development of appropriate and necessary services, infrastructure and community support.

Local, Regional, State, National and as appropriate International Economic Influencers. Specific issues faced by the Southern Mallee community.

The immediate and longer term financial sustainability for the Council including the capacity to attract other income to diminish the burden on its customers [Ratepayers], employment costs and the costs associated with supporting the Council's infrastructure [depreciation].

Contributing to the liveability of the Southern Mallee community and society in ways that means the Southern Mallee is a good, safe and harmonious society in which to live, to work and to socialise in sport, recreation and other activities.

## Business impact statement

The Council has considered the impact of rates on businesses in the Council area, including primary production.

In considering the impact, Council assessed the following matters:

- Those elements of the Council's strategic plans relating to business development.
- Local, Regional, State, National and as appropriate International Economic Influencers.
- Specific issues faced by the Southern Mallee community.
- Immediate, short and medium term projects and initiatives that will principally benefit industry and business development.
- Movement in the Consumer Price Index [CPI ] and other relevant indices.
- Valuation changes in commercial and industrial properties compared with valuation changes in residential properties in the region.
- Council through elected member's consultation with ratepayers.
- The equitable distribution of the rate burden between classes of ratepayers who receive broadly comparable services and are generally similarly impacted upon by prevailing economic conditions.
- Council's policy on facilitating local economic development preference for local suppliers where price, quality and service provision are comparable to suppliers outside the Council area.
- Council has considered incentives for attracting new business and has adopted the following policy "That Council provide a full rebate on rates on increased capital improvements for five years on new business premises if the business employs 3 or more persons and that Council is receptive to additional incentives on an individual application basis"

## Rating

### Method used to value land

Council has adopted the use of capital value as the basis for valuing land within the Council area. Council considers that this method of valuing land provides the best of the options available to Council as prescribed in the Act and therefore the fairest method of distributing the rate responsibility across all ratepayers.

Council may adopt one of the following three valuation methodologies to value the properties in its area (Section 151 of the Act).

They are:

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

In adopting capital value as the basis for valuing land, Council believes that this more appropriately addresses the principles of taxation and is a better indication of capacity to pay.

Council does not determine property valuations but chooses to exercise the right under Section 151 of the Act to adopt the capital valuations as assessed by the Valuer General through the State Valuation Office.

## Notional values

Certain properties may be eligible for a notional value, where the property is the principal place of residence of a ratepayer, under the Valuation of Land Act 1971. This relates to some primary production land or where there is State heritage recognition.

## Council's revenue raising powers

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

- a) All land within a council area is rateable, except for land specifically exempt (e.g. crown land, council occupied land and others as prescribed in the Act).
- b) The Act provides for rates to be assessed against any piece or section of land subject to separate ownership or occupation and requires that the division of land for the purposes of establishing separate ownership and occupation be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of the council.
- c) When determining the basis for rating, Council is required under the provisions of the Act to take into account the following principles:
  - i. that rates constitute a system of taxation for Local Government purposes;
  - ii. strategies to provide relief from rates where appropriate;
  - ii. take into account the financial effects of the decision on future generations.
- d) Council has set differential general rates in the dollar to raise the necessary revenue, by way of locality and utilising the 9 different categories of land use incorporated under the Local Government (General) Regulations, namely:  
Locality – Township, Town Other and Rural  
Land use: Residential, Commercial – Shop, Commercial – Office, Commercial – Other, Industry Light, Industry Other, Primary Production, Vacant Land, Other
- e) The locality and the use to which the land is put may govern the differential rate. If a land owner is of the opinion that the locality or land use attribution is incorrect, they may object. The objection must be in writing and lodged within 60 days after the objector receives notice of the attribution of the particular land use or locality to which the objection relates and addressed to: [council@southernmallee.sa.gov.au](mailto:council@southernmallee.sa.gov.au) or Southern Mallee District Council, PO Box 49, PINNAROO SA 5304.

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

The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at either Southern Mallee District Council offices or on Council's website at [www.southernmallee.sa.gov.au](http://www.southernmallee.sa.gov.au).

## Minimum rate

Section 158 of the Act provides that Councils may adopt a minimum rate. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

Council considers it appropriate that all rateable properties make a contribution to the cost of administering Council's activities;

Council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports and underpins the value of each property.

## Adjoining property

Section 152 of the Act states that if two or more pieces of contiguous rateable land are owned by the same owner and occupied by the same occupier, only one minimum charge may be imposed against the whole of the land.

## Natural resources management [NRM] levy

The Council is required under the Natural Resources Management Act 2004 to make a specified contribution to the SA Murray Darling Basin Natural Resources Management Board. It does so by imposing a separate rate against all rateable properties. The levy is based on the Capital Value of land and is shown as a separate charge on the rates notice.

This separate rate is effectively a State tax that Councils are required to collect, and return to a State Government agency, the local NRM Board. Even though it appears on the Council's rates notice, enquiries about this component should be directed to the Natural Resources Management Board.

## Service charges

Council has considered the following elements in deciding to raise the revenue by means of a service charge because:

- The concept of user pays;
- The nature of the service;
- The cost to operate and maintain the service;
- The capital costs to establish the service;
- The costs to improve or replace the service;
- Recognition that the value of a property is likely to be enhanced by the availability of the service, whether or not the service is actually being used.

## Community wastewater management systems

Council provides Community Wastewater Management System (CWMS) to the townships of Lameroo and Pinnaroo.

Council will raise the number of charges against an assessment in accordance with the Code for Establishing and Applying Property Units as a Factor for the Imposition of Annual Service Charges for Community Wastewater Management Systems as referred to in Section 155 of the Act 1999 and Regulation 9A of the Local Government Regulations.

## **Waste management/recycling - Mobile garbage bins**

A separate charge per property to which the Mobile Garbage Bins are made available to will be levied in order to cover the costs in supplying the services, in accordance with provisions contained under the Act.

A weekly domestic collection and a monthly recycling collection will be provided to properties eligible for the service.

### **Payment of rates**

Rates are declared annually, and may be paid, at the ratepayer's discretion, either in one lump sum, or in four quarterly payments that fall due in early September, December, March and June. The exact date that rates fall due, and various options for paying rates, is clearly indicated on the rates notices.

If a ratepayer chooses to pay in one single payment for the years rates, this payment must be received prior to the First Quarter due date, as penalties apply to outstanding rates. Council will send out instalment notices to ratepayers advising them of their next instalment due date at least thirty days prior.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment requirements, or is planning an extended absence at the time rates are due is invited to contact our Rates Officer to discuss alternative payment arrangements. Also refer to the debt recovery and hardship section within this policy for further information. The Council treats such enquiries confidentially.

### **Late payment of rates**

The Council will impose a penalty of a 2 per cent fine on any late payment for rates. This fine may be remitted (waived) in whole, or in part, at the Council's discretion and only where the fault for the late payment has not been attributed to by the ratepayer.

A payment that continues to be late is then charged an interest rate (which is adjusted by Legislation each year) for each month it continues to be in arrears, including the amount of any previous unpaid fine and including interest from any previous month. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Council to recover the administrative cost of following up unpaid rates and to cover any interest cost Council may meet because it has not received the rates on time.

Council issues a Notice of Overdue Rates for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates remain unpaid, debt collection will be commenced. This attracts additional fees that are recoverable from the ratepayer.

When Council receives a partial payment of overdue rates, the Council must apply the money as follows:

- first – to satisfy any costs awarded in connection with court proceedings (if applicable)
- second – to satisfy any interest costs
- third – in payment of any fines imposed
- fourth– in payment of rates, in chronological order (starting with the oldest account first).

## Rate rebate and remissions

This section establishes guidelines for equitable treatment in granting a rebate in relation to the payment of rates. It is intended to provide guidance to the community as to the grounds upon which a person or body is, or may be entitled to receive a rebate of rates and the matters that the Council will take into account in deciding an application for a rebate.

The Local Government Act 1999 (the Act) sets out the provisions applicable to the Council granting a rebate of rates to persons or bodies. The Act mandates a rebate for certain types of use of land and the extent of that rebate. It also gives Council discretion to grant a rebate of rates.

Southern Mallee District Council is committed to providing financial and other assistance to organisations and community groups which contribute to the wellbeing of the community. A rebate of rates or service charges in respect of any rateable land in the Council area will be made available only when the applicant satisfies the requirements under the Local Government Act 1999 and the requirements of this Policy.

## Mandatory rebates

The Act requires Council to grant rebates as follows.

### 100% rebate applies to:

- **Health Services (Section 160)**  
Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976;
- **Religious Purposes (Section 162)**  
Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes;
- **Public Cemeteries (Section 163)**  
Land being used for the purposes of a public cemetery;
- **Royal Zoological Society of SA (Section 164)**  
Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated

### 75% rebate applies to:

- **Community Services (Section 161)**  
Land being predominantly used for service delivery or administration (or both) by a community services organisation.

A “community services organisation” is defined in the Act as a body that –

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

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



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

- emergency accommodation;
- food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);
- supported accommodation (i.e., residential care facilities in receipt of Commonwealth funding, accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life), and also including accommodation for persons provided by housing associations registered under the Community Housing Providers National Law.
- essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- legal services for disadvantaged persons;
- drug or alcohol rehabilitation services; or
- the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.

- **Educational Purposes (Section 165)**

Land occupied by a government school under a lease or licence and being used for educational purposes; or

Land occupied by a non-government school registered under Part 5 of the Education Act 1972 and being used for educational purposes; or

Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.

Where the Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, the Council will grant the rebate on its own initiative. Where the Council is not satisfied it will require the person or body to apply for the rebate.

Where a person or body is entitled to a rebate of 75% the Council may increase the rebate up to 100%. Council may grant the further rebate upon application or on its own initiative. In either case Council will take into account those matters set out in this Policy.

Where an application is made to Council for a further rebate Council will provide written notice to the applicant of its determination of that application.

## **Discretionary rebates**

Council may in its absolute discretion grant a rebate of rates or service charge on an annual basis by application in any of the following cases pursuant to Section 166(1) of the Act:

- where it is desirable for the purpose of securing the proper development of the area (or a part of the area);
- where it is desirable for the purpose of assisting or supporting a business in its area;
- where it will be conducive to the preservation of buildings or places of historic significance;
- where the land is being used for educational purposes;
- where the land is being used for agricultural, horticultural or floricultural exhibitions;
- where the land is being used for a hospital or health centre;
- where the land is being used to provide facilities or services for children or young persons;
- where the land is being used to provide accommodation for the aged or disabled;

- where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Commonwealth) or a day therapy centre;
- where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;
- where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment; and
- where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations

Council will not rebate rates that have been subject to State or Commonwealth rebates/payments where these authorities have modified the policy or criteria for that entitlement.

## Remission of Fines

Pursuant to section 181(9) of the Act, the Council may remit any amount comprising a penalty for late payment of rates in whole or in part (whether or not on the application of a ratepayer – see attached fines and interest remission form).

The Council will consider remitting fines levied on rates in the following circumstances:

- where incorrect information has been included on a rates notice due to administrative error on the part of the Council;
- where penalties have been imposed in error by Council;
- where a rates notice was forwarded to the wrong address, provided that the ratepayer has duly notified the Council of any change in their address;
- where payment was received before the due date and was credited to an incorrect account by the Council or the payment agent;
- where payment for the whole financial year's rates is made after the first quarter due date, provided this payment is received before the second quarter due date;
- where good payment history exists and the late payment is the first of its kind by the ratepayer;
- where payment was made by the due date, but was not applied to the ratepayer's account due to a delay on the part of Council;
- where a ratepayer is recently deceased and the next of kin or Executor has contacted the Council to advise when a payment will be made, provided that the payment is received before the next due date for payment of rates instalments.

The decision to remit penalties on rates is at the Council's absolute discretion. The fact a ratepayer simply forgot to pay their rates before the due date or did not make reasonable arrangements to do so, does not, give rise to reasonable grounds for Council to remit a penalty.

## Discretion of Council

The Council has an absolute discretion to:

- grant a rebate of rates in the above cases; and
- determine the amount of any such rebate.

## Applications

Council will inform the community of the provisions for rate rebate under the Local Government Act 1999 by the inclusion of suitable details in the Rating Policy Summary distributed with the annual rate notice.

Pursuant to Section 166 Council will take into account the following matters:

- the nature and extent of Council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and
- the community need that is being met by activities carried out on the land for which the rebate is sought; and
- the extent to which activities carried out on the land for which the rebate is sought provide assistance or relief to disadvantaged persons.

Council may take into account other matters considered relevant by the Council including, but not limited to:

- why there is a need for financial assistance through a rebate;
- the level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- the extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- whether the applicant has made/intends to make applications to another Council;
- whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- whether the applicant is a public sector body, a private not for profit body or a private or profit body;
- whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- the desirability of granting a rebate for more than one year;
- consideration of the full financial consequences of the rebate for the Council;
- the time the application is received;
- the availability of any community grant to the person or body making the application;
- the economic value of the business/development to the Council and the community;
- the financial capacity of the person or organisation;
- whether the applicant is in receipt of a community grant; and
- any other matters, and policies of the Council, which the Council considers relevant.

All persons who or bodies which wish to apply to the Council for a rebate of rates must complete the appropriate application form (see attached rate rebate form) before April each year. Council reserves the right to refuse to consider applications received after that date. However, applicants who satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time. No rebates whatsoever will be considered for prior years.

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

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

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

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

The Council will, in writing, advise an applicant of its determination of that application. The advice will state:

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

## **Review**

A person or body aggrieved by a determination of the Council in respect of an application for a rebate may seek a review of that decision in accordance with Council's Internal Review of Council Decisions Policy within sixty days of the date of the notice of determination.

## **Community Grants**

If an application for a rebate is unsuccessful, Council has an absolute discretion to then treat the application as one that may be eligible for a community grant and encourage the applicant to apply at the appropriate time.

## **Delegations**

The Council annually reviews the delegation of its power to determine applications and grant a discretionary rebate of rates to the Manager Corporate Services.

## **Debt Recovery and Hardship**

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. Rates are a form of taxation and are levied under the Local Government Act 1999 (the Act) on the basis of land value and use. This policy recognises that there may be circumstances where the value of the property or the land use does not indicate the ratepayer's capacity to pay and allows Council to consider applications for temporary relief from rates. Section 182 of the Act allows that postponement of rates may be considered if Council is satisfied that the payment of rates would cause extreme hardship.

The principles that will apply in the management and recovery of debt are as follows:

- Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management;
- Council will operate effective billing and debt collection processes;
- Council aims to minimise the amount of outstanding monies that it is owed;
- Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required;
- If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor and Council for the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the debt;

- Council will explain the debtor's rights and obligations in relation to any action that Council might take to recover debt;
- Council will not issue a letter of demand to a debtor without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt.
- Once a letter of demand has been issued legal action can proceed and any settlement negotiations will be made on a "without prejudice" basis so that the legal right to collect the debt is not compromised.

## Debt Management

The following debt collection practices will be applied to all debts (rates and sundry debtors) that is not in dispute which have been outstanding for 60 days;

- First reminder letter will be forwarded, requesting payment within 14 days or to contact Council to enter into an arrangement.
- Where no response is received, second reminder letter will be forwarded requesting payment within 14 days or to contact Council to enter into an arrangement.
- Where no response has been received a letter of demand for payment within 7 days will be forwarded. The letter will state that failure to make payment in full or to enter into an arrangement will result in the commencement of legal action.
- Where no response has been received, outstanding debt will be forwarded to Council's debt collection agent.
- In the event that a default on a payment arrangement occurs, a first and final reminder letter will be forwarded. The letter will state that failure to recommence the agreed arrangement within 7 days will result in the commencement of legal action.

## Postponement of rates for seniors

Council may grant upon application (see attached postponement of rates for seniors form) in accordance with Section 182A of the Act, the postponement of the payment of any amount of rates in excess of \$500.00, for the current or a future financial year by:

- A ratepayer who holds a current State Seniors Card issued by the State Government, (prescribed ratepayer) or spouse of a prescribed ratepayer, and
- Where the rates are payable on the principal place of residence, and
- Where the land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.

Any rates which are postponed will become due and payable:

- When the title to the land is transferred to another person; or
- There is a failure to comply with a condition of postponement.

Interest will accrue on the amount postponed at the prescribed rate per month until the full amount is paid. Postponement is available as a right and can only be refused when the applicant/s has less than 50% equity in the property.

## Rate postponement and remission

Council may postpone or remit rates in whole or in part under Section 182 of the Act if satisfied on the application of a ratepayer that payment would cause hardship.

The Council has an absolute discretion to:

- grant or decline postponement or a remission of rates or service charges in
- such circumstances; and
- determine the amount of any such postponement or remission.

The ratepayer has the discretion to decide between rate postponement and rate remission whenever it is established on the application (see attached remission of rates or postponement form) of a ratepayer that the payment of rates would cause hardship.

Council will assess whether the payment of rates will cause hardship against the expected income and expenditure of the ratepayer in the financial year to which the application relates.

Interest will be raised on any amount affected by postponement at the cash advance debenture rate used by the Local Government Finance Authority as at the commencement of each financial year.

The amount of any rate remission granted will be no greater than the difference between the minimum rate and the amount of rates raised. The NRM levy is payable in full.

Persons or bodies seeking rate relief under Section 182 of the Act will be required to submit a written application to the Council and provide sufficient information to substantiate hardship and the need for postponement or a remission to be granted.

ATO assessment notices and statutory declarations may need to be submitted with the application. The amount of the postponement or remission being sought also needs to be submitted.

## Payment plan

Council may grant a payment plan for the payment of rates and charges. There is no limitation of the scope of the payment plan that can be provided by the Act. However, due to practical and economic reasons this council has determined that the arrears, including any additional charges applied in return for council agreeing to defer payment of rates and charges, should be paid in full within the granted time frame in the payment plan.

All payment plans will be confirmed in writing (see attached payment plan form). Failure to meet the agreed payments will result in the cancellation of the payment plan. A broken payment plan letter will be forwarded to the ratepayer upon cancellation of the agreed payment plan. The broken arrangement letter should allow the ratepayer at least 7 days in which to bring the payment plan back into order. In particular circumstances, legal recovery action may commence immediately in the event of default by the ratepayer.

Council require the appropriate application form (see attached forms) to be completed and addressed to the:

Southern Mallee District Council  
Rates Officer  
"CONFIDENTIAL"  
PO Box 49  
PINNAROO SA 5304

## **Sale of land for non-payment of rates**

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

Council will notify the owner of the land of its intention to sell the land, provide the owner 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.

All other avenues (including but not limited to payments arrangements and financial hardship assistance) will be exhausted in the collection of the outstanding rates on land that constitutes a person's principal place of residence prior to the Sale of Land being initiated.

Should reasonable attempts to sell the land fail, Section 185 of the Act 1999 will be applied, which may result in the land being transferred to the Crown or to Council.

Sale of Land for Non Payment of Rates will not be applied to rates arrears that have resulted due to an arrangement for postponement of rates unless the postponement ceases to have effect.

## **Disclaimer**

In accordance with Section 171(5) of the Act, 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.

In accordance with Council's Customer Compliments and Complaints Policy, where a ratepayer believes that Council has failed to properly apply this policy, initial contact should be made with a Council office. If, after this initial contact, a ratepayer is still dissatisfied they should lodge a formal complaint which can be done by attending a Council office, telephoning the Customer Service Centre, visiting the Council website, emailing or writing to Council.



## Appendix 3: Local government financial indicator definitions

### Operating Surplus (Deficit) Ratio

This ratio expresses the operating surplus (deficit) as a percentage operating revenue. A negative ratio indicates the percentage increase in total rates required to achieve a breakeven operating result. A positive ratio indicates the percentage of total rates available to fund capital expenditure over and above the level of depreciation expense, without increasing Council's level of net financial liabilities. If this amount is not required for capital expenditure it simply reduces the level of net financial liabilities.

*Council's target is to achieve an operating surplus ratio between (0%) deficit and 10% surplus.*

Council's 2019-20 Budget aims to achieve an operating surplus ratio of -1%.

### Net Financial Liabilities

Net Financial Liabilities measure a Council's total indebtedness. Net financial liabilities is a broader measure than net debt as it includes all of a Council's obligations including provisions for employee entitlements and creditors. The level of net financial liabilities increases when a net borrowing result occurs in a financial year and will result in a Council incurring liabilities and/or reducing financial assets. The level of net financial liabilities decreases when a net lending result occurs in a financial year and will result in a Council purchasing financial assets and/or repaying liabilities.

*Council's target is to maintain its net financial liability between zero and \$7.443m (total operating revenue).*

Council's 2019-20 Budget aims to achieve a net financial liability of (\$1,767m.)

### Net Financial Liabilities Ratio

This ratio indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing it indicates a greater amount of Council's operating revenues is required to service its financial obligations.

*Council's target is to maintain its net financial liability ratio between zero and 100%.*

Council's 2019-20 Budget aims to achieve a net financial liability ratio of (24%).

### Asset Sustainability Ratio

This ratio indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out. On occasions, the Council will accelerate or reduce asset expenditures over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain.

*Council's target is to maintain its asset sustainability ratio between 75% and 150%.*

Council's 2019-20 Budget aims to achieve an asset sustainability ratio of 105%.