

# Southern Mallee District Council

## Annual Business Plan & Budget 2020/21





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 2020-21 financial year. This is the second 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.

As a result of hardship impacts to our community, both direct and indirect from COVID-19, Council has decided not to increase Council rates. However, 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. Council has worked hard to keep operational cost down in order to provide a budget based on no rate increases.

Council's planning projects from the last two years provide a roadmap for investment this year and in future years by Council. An important focus for Council this year will be the continued delivery of the Lameroo Town Centre Plan and the Pinnaroo Village Green Masterplan through the Commercial Centres Revitalisation Project.

This document builds on the success of the 2019-20 financial year. In 2019-20 Council successfully delivered key projects including the two new Childcare Centres, resheeting works of nearly \$1m to our unsealed road network and delivery of the urban design and amenity projects focused on planning for the revitalisation of the Lameroo and Pinnaroo commercial centres.

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 2020-21 Annual Business Plan and Budget.



Cr Andrew Grieger  
Mayor

## Southern Mallee District Council Elected Members



Elected Members left to right:

Paul Ireland (Deputy Mayor), Rebecca Boseley, Trevor Hancock, Andrew Grieger (Mayor), Neville Pfeiffer, Mick Sparnon and Jeff Nickolls.



Inspire

Engage

Connect

## 2 Executive summary

Southern Mallee District Council worked hard during 2019-20 to deliver asset investment, strategic planning, advocacy and a range of services for the community. As we continue to recover from the drought and our community and economy recovers from the COVID-19 impacts we will again work hard in 2020-21.

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. Council has also had significant success in recent times of attracting external public sector investment into our communities.

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 incredibly passionate and hardworking community groups. Council will continue to work to further develop the region's economic diversity, enhance the district's environmental attributes, and engage and collaborate with the passionate and active community in 2020-21.

Southern Mallee District Council's Annual Business Plan and Budget for 2020-21 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 provided a solid and strategic basis for this annual business plan and budget.

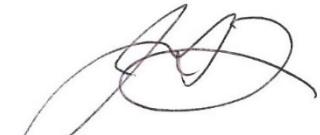
The annual business plan and budget summary identifies the key factors influencing the development of the 2020-21 annual business plan and budget. This section of the document contains key information including the source of Council funds, expenditure by activity area, capital expenditure by asset category and overall financial position of Council. The annual plan and budget has a focus on investment in our roads, buildings and public space assets.

This year will also see Council focus on implementation of the Lameroo Town Centre Plan and the Pinnaroo Village Green Masterplan. Council will spend \$1m of Commonwealth Drought Program funding on stage one of the Commercial Centres Revitalisation Project.

Council will also allocate \$1.7m towards the renewal of the Pinnaroo Community Wastewater Management Scheme following the investigation project undertaken in 2018-19 and the commencement of Stage 1 works in 2019-20.

All of this will be achieved with no rate rise. This will enable our community to recover as quickly as possible as the economy re-opens post COVID-19. Council will also maintain other fees and charges at the same level as last financial year.

This is an annual business plan and budget that staff and elected members will be proud to deliver.



Jason Taylor  
Chief Executive Officer



# 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 updated Long Term Financial Plan is expected to be adopted in July 2020.

## Asset management plan

Council also adopted Asset Management Plans for the various classes of assets and an Asset Management Strategy on the 20<sup>th</sup> of June 2018, the updated Plans were adopted on the 20<sup>th</sup> of May 2020.

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 council infrastructure. Estimated costs of infrastructure and asset custodianship have been reflected in the Long Term Financial Plan.

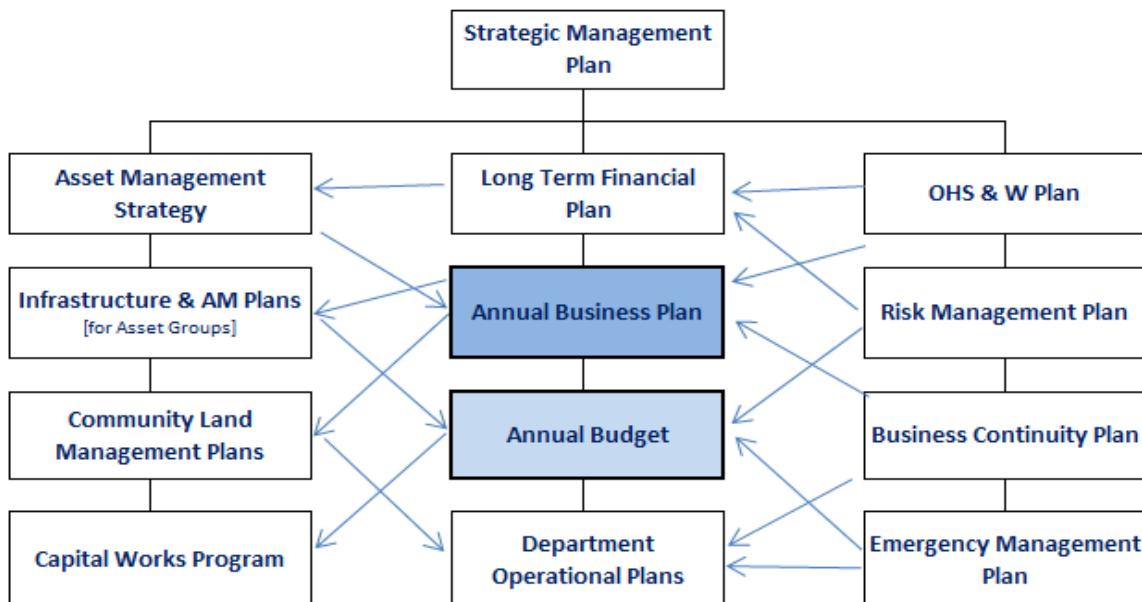
## Annual business plan

Each year the 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 Budget forms part of the council's annual planning documents 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 used in conjunction together and form part of Council's suite of plans this is documented 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 2020/21 Annual Business Plan.

These include:

- COVID-19 Pandemic
- 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
- CPI (2.4% March 2020 Adelaide)
- LGPI (local government price index) (2.6% December 2019)
- Employee Enterprise 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

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 2020-21 is to increase by 0.0% plus new growth which will help ratepayers during this uncertain time of COVID-19 Pandemic.
- 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 the 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.

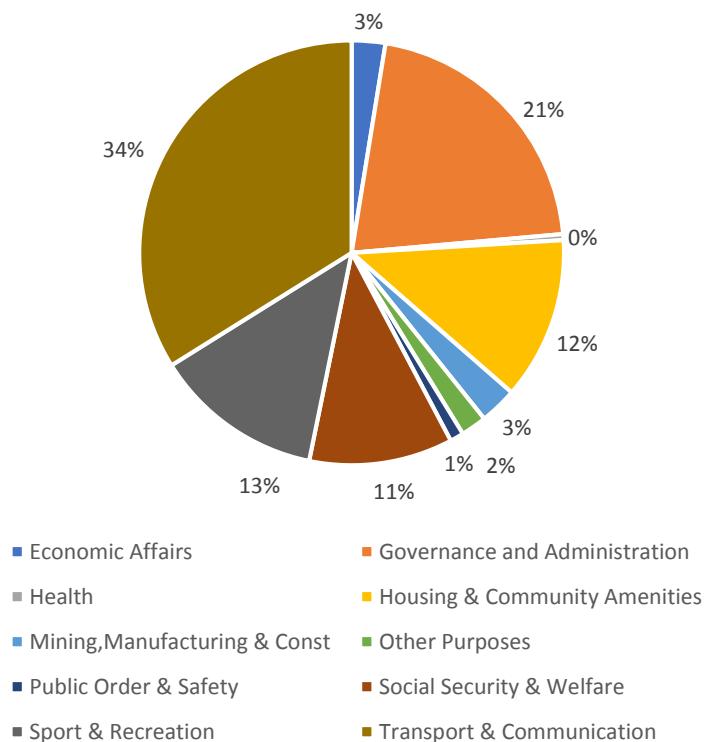
## Service provision

### 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

### Expense by Activity



### Summary by Category

Category	Draft 2020/21 Budget
Economic Affairs	\$ 204,124
Governance and Administration	\$ 1,677,683
Health	\$ 36,422
Housing & Community Amenities	\$ 987,042
Mining, Manufacturing & Const	\$ 227,242
Other Purposes	\$ 156,430
Public Order & Safety	\$ 83,190
Social Security & Welfare	\$ 872,729
Sport & Recreation	\$ 1,029,649
Transport & Communication	\$ 2,703,010
<b>Total</b>	<b>\$ 7,977,522</b>

## Proposed Capital Works Program 2020/21

Program / project	Budget
<b>BUILDING PROGRAM</b>	<b>\$ 473,000.00</b>
<b>Community buildings projects</b>	
Solar installation at Lameroo pool	\$ 30,000.00
Lameroo Pool plant room upgrade	\$ 100,000.00
Solar installation at Pinnaroo pool	\$ 35,000.00
Pinnaroo pool liner renewal	\$ 60,000.00
Pinnaroo pool kiosk flooring and amenity upgrade	\$ 8,000.00
Lameroo Memorial Hall renewal	\$ 50,000.00
Pinnaroo Institute projector screen and sound system	\$ 15,000.00
Implementation of Council Building Assessment report	\$ 50,000.00
<b>Administrative buildings projects</b>	
Pinnaroo depot amenities upgrade	\$ 30,000.00
Lameroo depot amenities upgrade	\$ 30,000.00
Lameroo office upgrade Stage 1	\$ 30,000.00
<b>Private buildings projects</b>	
Pinnaroo Retirement Village kitchen renewal x 2	\$ 35,000.00
<b>TRANSPORT INFRASTRUCTURE PROGRAM</b>	<b>\$ 1,822,276.00</b>
<b>Road resheeting projects</b>	
Karte West Road - Ch. 4Km to 8Km (4.0 kilometres)	\$ 160,000.00
Beehive Road - Ch. 9.7Km to 13.7Km (4.0 kilometers)	\$ 140,000.00
Lameroo South Road -Ch. 3Km to 6Km & 6.2Km to 10.8Km (5.2 Kilometers)	\$ 195,000.00
Long Trail Road - Ch. 3Km to 6Km (3.0 kilometres)	\$ 118,000.00
O'Loughlin Road - Ch. 11.7Km to 16.7Km (5.0 kilometres)	\$ 190,000.00
O'Driscoll Road - Ch. 13Km to 18Km (5.0 kilometres)	\$ 180,000.00
<b>Road Construction Projects</b>	
Kulkami Road & Billiatt Road reconstruction works (2/3 funding from Local Roads and Community Infrastructure Program)	\$ 502,276.00
Billiatt Road reseal	\$ 150,000.00
<b>Footpath Projects</b>	
Bundey Terrace (Childcare), Pinnaroo	\$ 12,000.00
South Terrace, Pinnaroo	\$ 43,000.00
Adelaide Road to Joffrey Avenue, Pinnaroo	\$ 21,000.00
Mann Street, Pinnaroo	\$ 32,000.00
Chandos Tce (Main Street to Golf Club), Lameroo	\$ 52,000.00
Chandos Terrace, (Butler Tce to Needs Tce), Lameroo	\$ 27,000.00

## Proposed Capital Works Program 2020/21

Program / project	Budget
<b>URBAN DESIGN AND AMENITY PROGRAM</b>	<b>\$ 1,975,000.00</b>
<b>Urban design and amenity projects</b>	
Lameroo Town Centre Plan implementation (drought funded)	\$ 500,000.00
Pinnaroo Village Green Masterplan implementation (drought funded)	\$ 500,000.00
Lameroo Town Centre Plan implementation (BBRF 25% Council contribution year 1 of 2)	\$ 413,626.50
Pinnaroo Village Green Masterplan implementation (BBRF 25% Council contribution year 1 of 2)	\$ 413,626.50
Project Management of Commercial Revitalisation Project (BBRF 25% Council Contribution year 1 of 2)	\$ 122,747.00
Cemeteries plan and implementation (Lameroo, Parrakie and Pinnaroo)	\$ 25,000.00
<b>FLEET MANAGEMENT AND PLANT REPLACEMENT PROGRAM</b>	<b>\$ 808,500.00</b>
<b>Fleet management</b>	
Manager Property and Development Services vehicle changeover	\$ 45,000.00
Manager Infrastructure Services vehicle changeover	\$ 45,000.00
<b>Plant replacement</b>	
Tipper truck changeover	\$ 250,000.00
Lameroo pool vacuum	\$ 7,000.00
Pinnaroo pool vacuum	\$ 7,000.00
Lameroo depot hoist	\$ 14,500.00
Grader	\$ 380,000.00
Mowers x 2	\$ 60,000.00
<b>OTHER INFRASTRUCTURE WORKS</b>	<b>\$ 2,004,000.00</b>
Pinnaroo airstrip renewal (1/2 Funding from Local Roads and Community Infrastructure Program)	\$ 304,000.00
<b>Community Wastewater Management System</b>	
Pinnaroo CWMS pipework renewal project	\$ 1,700,000.00
<b>Total capital works program budget</b>	<b>\$ 7,082,776.00</b>

**Footnote:**

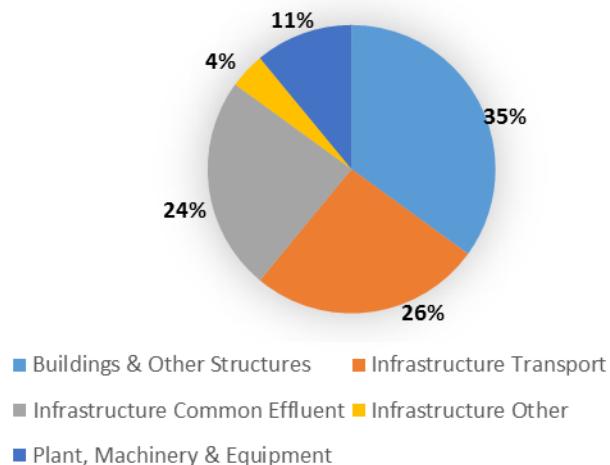
At the time of writing, the projects listed in this plan have been identified as priority projects based on Council's Asset Management Strategy, the condition assessment of individual assets and community needs assessment, together with reference to Council's Long Term Financial Plan and net funds available.

The order in which projects are undertaken may change due to changing circumstance.

Also, from time to time due to our dynamic environment such as the addition or withdrawal of grant funding, state government decisions, extreme weather events or change of focus, the Plan and the activities included may need to be amended.

The graph below shows where Council is proposing to allocate its capital spend for the 2020/21 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	2018/19 Replacement Cost	% of Total Assets	Draft 2020/21 Capital Expenditure	% of Proposed Capital Expenditure
Land	\$ 3,509,200	3%	\$ -	0%
Buildings & Other Structures	\$ 21,410,091	20%	\$ 2,448,000	35%
Infrastructure Transport	\$ 63,451,636	59%	\$ 1,822,300	26%
Infrastructure Stormwater	\$ 4,491,523	4%	\$ -	0%
Infrastructure Common Effluent	\$ 7,746,679	7%	\$ 1,700,000	24%
Infrastructure Other	\$ 925,112	1%	\$ 304,000	4%
Plant, Machinery & Equipment	\$ 5,348,886	5%	\$ 808,500	11%
Furniture and Fittings	\$ 305,093	0%	\$ -	0%
Other Assets	\$ 250,866	0%	\$ -	0%
	\$ 107,439,086		\$ 7,082,800	

## 5 Financial summary

### Funding the business plan

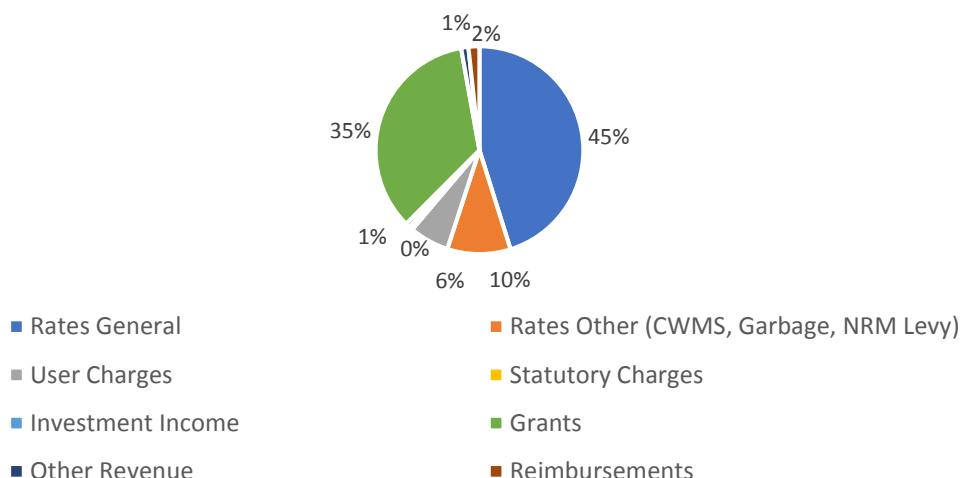
In delivering services and programs contained within this annual business plan, Council is targeting an operating deficit of \$20,000 in 2020/21 as a result of

Operating Revenues	\$ 7,957,000
less: Operating Expenditure	\$ 7,977,000
Net Operating Deficit	\$ 20,000

Council's annual operating revenue is not considered sufficient to meet expected operating expenditure for the 2020-21 year. As a result of prior year surpluses, 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**



Councils Source of Funds	\$
Rates General	\$ 3,593,871
Rates Other (CWMS, Garbage, NRM Levy)	\$ 783,811
User Charges	\$ 491,469
Statutory Charges	\$ 44,200
Investment Income	\$ 58,000
Grants	\$ 2,760,844
Other Revenue	\$ 89,850
Reimbursements	\$ 135,400
Total	\$ 7,957,445

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.

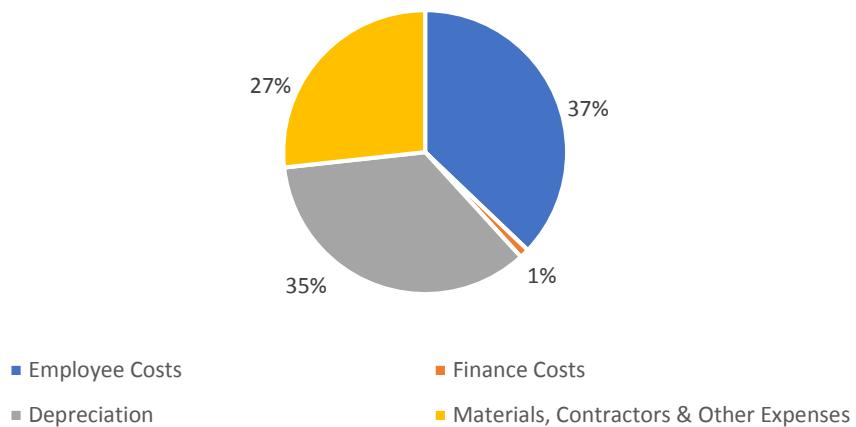
Council spends its funds in four main categories being employee costs, depreciation, finance costs and materials, contracts and other expenses.

Depreciation consumes 35% of Council's funds which should be then invested into capital spending.

This annual business plan outlines a total capital expenditure budget of \$7,082,776. \$4,270,000 will be used to renew existing assets and \$3,571,776 will be spent on new assets.

\$806,276 of the capital expenditure budget is dependent on Council receiving Local Roads and Community Infrastructure Program funding of \$489,276. If funding for these projects is not received then these works will not proceed.

## Council Spending of Funds



Council Spending of Fund	\$
Employee Costs	\$ 2,961,991
Finance Costs	\$ 87,000
Depreciation	\$ 2,796,375
Materials, Contractors & Other Expenses	\$ 2,132,156
Total	\$ 7,977,522

## Impact on Council's financial position

Based on council's budget, Council's direct borrowings will increase from \$1,132,000 at the end of 2019/20 to \$2,577,000 at the end of 2020/21. This increase is a result of \$1,700,000 borrowings in 2020/21 to assist in funding the CWMS works at Pinnaroo.

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

Operating Surplus is at -0.25% against a long-term target of 0% -15%

Net Financial Liabilities Ratio is at 0.53% against a target of greater than 0% and less than 100% of operating revenue.

Asset Sustainability Ratio is at 104.63% 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 “Councils Source of Funds” the primary source of income for Council is the property based tax – “Council rates”.

All land within a council area, except land specifically exempt (e.g. crown land, council occupied land and other land prescribed in the Local Government Act – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through the imposition of a single general rate or through differential general rates, which apply to all rateable properties within the Council area.

Council uses a differential rating system, using locality (Town or Rural) as the factor to apply such differential rates. In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all Council areas.

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.

## 6 Rating strategy

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 locality. In accordance with Regulation 14 of the Local Government (General) Regulations provides for the following land use categories to be used for rating purposes:

- (2) *For the purposes of section 156(7) of the Act, a differentiating factor based on the locality of land must comply with the following principles:*
- (a) *there may be differentiation according to the zone in which the land is situated;*
  - (b) *there may be differentiation according to whether the land is situated within or outside a township (with, at the discretion of the council, a separate differentiation according to zones);*
  - (c) *if there are 2 or more townships in the area—there may be differentiation according to the township in which the land is situated (with, at the discretion of the council, a separate differentiation in relation to land outside the townships and, at the discretion of the council, a separate differentiation according to zones).*

The 2020/21 Annual Business Plan proposes to raise General Rate revenue of \$3.59m in a total operating revenue budget of \$7.957m.

The proposed General Rate Revenue of \$3.59m is an increase of 0% plus growth after rebates and concessions.

### Maximum increase on rates

Council does not intend on applying a maximum increase on general rates in the 2020/21 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 NRM Levy is payable to one Enterprise.

The minimum rate in 2020-21 is proposed to be \$570 (\$570 in 19/20)

This represents an increase of \$0 (0%) on the minimum rate applied in 2019-20. Overall, the minimum rate will be applied to approximately 23% of all rateable properties well within the maximum of 35% 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:-

1st - 7<sup>th</sup> September 2020  
2<sup>nd</sup> - 7<sup>th</sup> December 2020  
3<sup>rd</sup> - 9<sup>th</sup> March 2021  
4<sup>th</sup> - 7<sup>th</sup> June 2021

## 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 (\$605 in 2019-20) (0% Increase)
- \$302 for each unoccupied property unit (\$302 in 2019-20) (0% 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 2020-21 will be:

- Bin Service: \$250.00 (\$234 in 2019-20) (6.8% Increase)
- Additional Bin Service: \$185.00 (\$173 in 2019-20) (6.9% 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.

The significant increase in waste management charge for 20/21 is a direct result of the increase in the charges that Council face for disposal of waste.

### **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/ Regional Landscaping levy**

As at 1 July 2020 the Landscape South Australia Act 2019 will replace the Natural Resources Management Act 2004. For the 2020/2021 financial year the levy will be depicted on rate notices as the Regional Landscape (formerly NRM) Levy to help ease the transition of the change in name and the new regional boards to replace the current boards.

Council is required to collect a regional landscape levy on all rateable properties within its district. Council is operating as a revenue collector for the Board in this regard and does not retain this revenue nor determine how the revenue is spent.

Council will for 2020/2021 impose a separate rate against rateable properties based on the capital value of the land and forward the amount of \$126,984 to the Board to fund its activities.

## **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 set out in Council's Rating Policy.

### **Mandatory**

The Local Government Act requires Councils to rebate the rates payable for certain land uses. This includes land used for health and community services, religious purposes, cemeteries and educational institutions. The rebates vary from 75% to 100%. People or bodies seeking a rebate must make an application to Council. Information and application forms can be found in Council's Rating Policy.

### **Discretionary**

Council has the power to provide discretionary rebates in certain circumstances. All discretionary rebates are only considered on application and must be received by 30 April for consideration in the following financial year.

### **Postponement of Rates – Hardship**

Section 182 of the Local Government Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where the ratepayer is suffering hardship in paying rates they are invited to contact the Council's Rates Officer to discuss the matter. Council treats such inquiries confidentially.

## **Postponement of Rates – Seniors**

Applications may be made to Council for a 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.

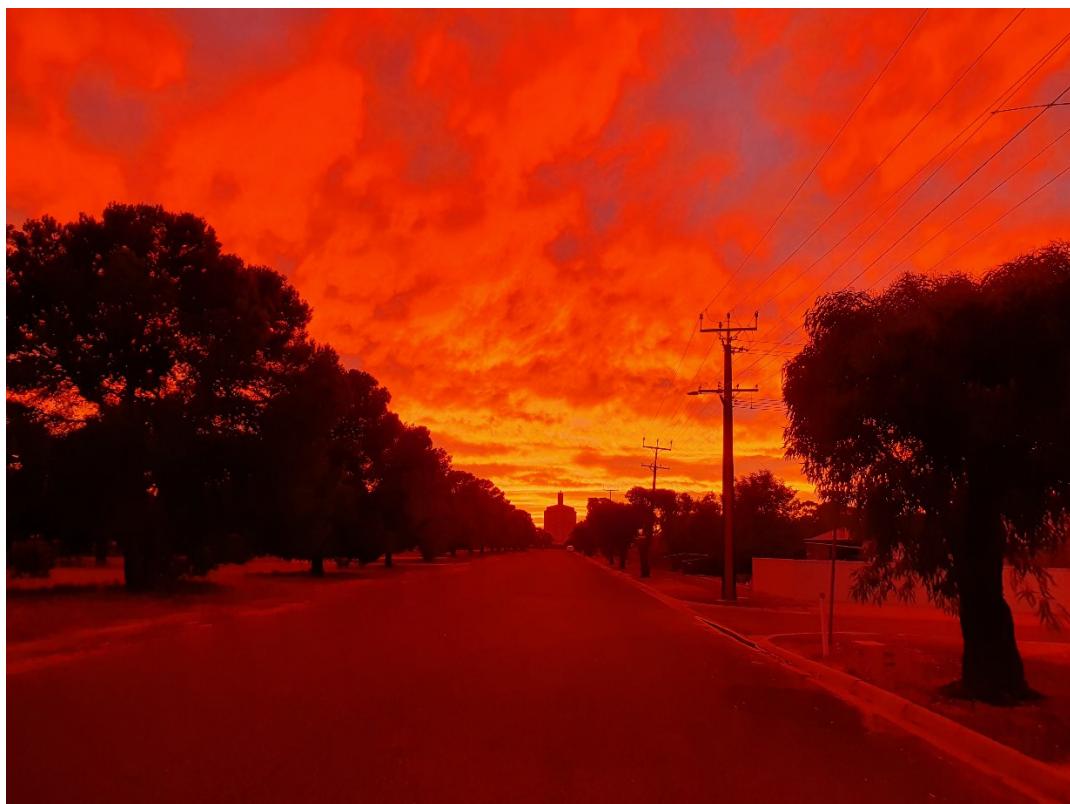
Any rates which are postponed will become due and payable:

- 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

## **Vacant land rebate**

Council does not intend on applying a vacant land rebate on general rates in the 2020/21 financial year



# Appendices

# Appendix 1: Budgeted financial statements

**SOUTHERN MALLEE DISTRICT COUNCIL  
DRAFT BUDGET 2020/2021**

**STATEMENT OF COMPREHENSIVE INCOME**

<b>2019/2020 FORECAST BUDGET</b>		<b>2020/2021 BUDGET</b>
\$'000	INCOME	\$'000
4,304	Rates	4,378
50	Statutory Charges	44
382	User Charges	491
2,627	Grants Subsidies and Contributions	2,761
55	Investment Income	58
126	Reimbursement	135
105	Other	90
<hr/>		<hr/>
7,649	TOTAL REVENUES	7,957
	<b>EXPENSES</b>	
2,620	Wages and Salaries	2,962
2,055	Materials, Contracts and Other Expenses	2,132
105	Finance Costs	87
2,684	Depreciation, amortisation & impairment	2,796
<hr/>		<hr/>
7,464	Total Expenses	7,977
	<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	
185		(20)
(86)	Net gain (loss) on disposal or revaluation of assets	-
710	Amounts specifically for new or upgraded assets	1,732
-	Physical resources received free of charge	-
<hr/>		<hr/>
809	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,712</b>
<hr/>		<hr/>

**SOUTHERN MALLEE DISTRICT COUNCIL**  
**DRAFT BUDGET 2020/2021**

**CASH FLOW STATEMENT**

<b>2019/2020 FORECAST BUDGET</b>		<b>2020/2021 BUDGET</b>
\$'000		\$'000
Inflows (Outflows)		Inflows (Outflows)
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>RECEIPTS</b>		
7,594	Operating Receipts	7,899
55	Investment Receipts	58
<b>PAYMENTS</b>		
(4,675)	Operating payments to suppliers & employees	(5,094)
<u>(105)</u>	Finance Payments	<u>(87)</u>
2,869	<b>Net Cash provided by (or used in) Operating Activities</b>	2,776
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>RECEIPTS</b>		
710	Grants specifically for new or upgraded assets	1,732
0	Repayments of Loans by Community Groups	0
218	Sale of Assets	194
<b>PAYMENTS</b>		
(2,714)	Capital Expenditure on renewal/replacement of assets	(4,270)
<u>(1,393)</u>	Capital Expenditure on new/upgraded assets	<u>(2,813)</u>
(3,179)	<b>Net Cash provided by (or used in) Investing Activities</b>	(5,157)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>RECEIPTS</b>		
-	Proceeds from Borrowings	1,700
<b>PAYMENTS</b>		
<u>(271)</u>	Repayment of Borrowings	<u>(255)</u>
(271)	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	1,445
(581)	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	(936)
<u>4,287</u>	<b>CASH AT BEGINNING OF YEAR</b>	<u>3,706</u>
<u><u>3,706</u></u>	<b>CASH AT END OF YEAR</b>	<u><u>2,770</u></u>

**SOUTHERN MALLEE DISTRICT COUNCIL**  
**DRAFT BUDGET 2020/2021**

**BALANCE SHEET**

<b>2019/2020 FORECAST BUDGET</b>		<b>2020/2021 BUDGET</b>
\$'000		\$'000
3,706		2,770
660		660
69		69
<hr/>		<hr/>
4,435		3,499
	<b>ASSETS</b>	
	<b>CURRENT ASSETS</b>	
	Cash and cash equivalents	2,770
	Trade & other receivables	660
	Inventories	69
	<b>TOTAL CURRENT ASSETS</b>	<hr/> 3,499
	<b>NON-CURRENT ASSETS</b>	
	Financial Assets	59
	Infrastructure, Property, Plant & Equipment	67,780
	<b>TOTAL NON-CURRENT ASSETS</b>	<hr/> 67,839
	<b>TOTAL ASSETS</b>	<hr/> 71,338
	<b>LIABILITIES</b>	
	<b>CURRENT LIABILITIES</b>	
	Trade & Other Payables	255
	Borrowings	271
	Short-term Provisions	687
	Other Current Liabilities	-
	<b>TOTAL CURRENT LIABILITIES</b>	<hr/> 1,213
	<b>NON-CURRENT LIABILITIES</b>	
	Long-term Borrowings	2,306
	Long-term Provisions	12
	Other Non-current Liabilities	-
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<hr/> 2,318
	<b>TOTAL LIABILITIES</b>	<hr/> 3,531
	<b>NET ASSETS</b>	<hr/> 67,807
	<b>EQUITY</b>	
	Accumulated Surplus	17,562
	Asset Revaluation	50,245
	Other Reserves	-
	<b>TOTAL EQUITY</b>	<hr/> 67,807

**SOUTHERN MALLEE DISTRICT COUNCIL**  
**DRAFT BUDGET 2020/2021**

**STATEMENT OF CHANGES IN EQUITY**

**2019/2020  
FORECAST  
BUDGET**

\$'000

**2020/2021  
BUDGET**

\$'000

**ACCUMULATED SURPLUS**

14,041	Balance at end of previous reporting period	15,509
809	Net Result for Year	1,712
659	Transfer From Reserves	341
0	Transfer To Reserves	0

**BALANCE AT END OF PERIOD** 15,509 17,562

**ASSET REVALUATION RESERVE**

50,245	Balance at end of previous reporting period	50,245
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	0.00
<b>50,245</b>	<b>BALANCE AT END OF PERIOD</b>	<b>50,245</b>

**Other Reserves**

1,000	Balance at Beginning of Period	341
-	Transfer to reserve from accumulated surplus	-
-659	Transfer from reserve to accumulated surplus	-341
<b>341</b>	<b>BALANCE AT END OF PERIOD</b>	<b>-</b>

**TOTAL EQUITY AT END OF REPORTING PERIOD** **66,095** **67,807**

**SOUTHERN MALLEE DISTRICT COUNCIL**  
**DRAFT BUDGET 2020/2021**

**UNIFORM PRESENTATION OF FINANCES**

**2019/2020  
FORECAST  
BUDGET**

**\$'000**

7,649	Operating Revenues
(7,464)	less Operating Expenses
<hr/>	<b>Operating Surplus / (Deficit) before Capital Amounts</b>
185	

**2020/2021  
BUDGET**

**\$'000**

7,957	
(7,977)	
<hr/>	<b>(20)</b>

Operating Revenues  
less Operating Expenses  
**Operating Surplus / (Deficit) before Capital Amounts**

**Less Net Outlays in Existing Assets**

2,714	Capital Expenditure on renewal and replacement of	
(2,684)	Existing Assets	4,270
(218)	less Depreciation, Amortisation and Impairment	(2,796)
(188)	less Proceeds from Sale of Replaced Assets	(194)
		<hr/>
		1,280

**Less Net Outlays on New and Upgraded Assets**

1,393	Capital Expenditure on New and Upgraded Assets	2,813
(710)	less Amounts received specifically for New and Upgraded	(1,732)
-	Assets	-
683	less Proceeds from Sale of Surplus Assets	1,081

**Net Lending / (Borrowing) for Financial Year**

**(2,381)**

**SOUTHERN MALLEE DISTRICT COUNCIL**  
**DRAFT BUDGET 2020/2021**

**FINANCIAL INDICATORS**

2019/2020		2020/2021
	FORECAST BUDGET	BUDGET
\$'000	185	\$'000 (20)
	<b>Operating Surplus</b> <i>Being the Operating Surplus (Deficit) before Capital Amounts</i>	
2.42%	<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>	-0.25%
(2,339)	<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>	42
-30.58%	<b>Net Financial Liabilities Ratio</b> <u>Net Financial Liabilities</u> Total Operating Income	0.53%
119.82%	<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 acquisition of additional assets</i>	104.63%

# 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;
  - iii. take into account the financial effects of the decision on future generations.
- d) Council has set differential general rates in the dollar to raise the necessary revenue, by way of locality and utilising the 9 different categories of land use incorporated under the Local Government (General) Regulations, namely:  
Locality – Township 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.

## **Landscape South Australia Levy**

The Council is required under the Landscape South Australia Act 2019 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 Natural Resources Management Board (NRM). 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.

## **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 deter 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.

### **Policy review**

The effectiveness of this policy will be reviewed every three years or as necessary.

### **Further information**

This document is available on Council's website [www.southernmallee.com.au](http://www.southernmallee.com.au) and at the principal office of the Southern Mallee District Council at Day Street, Pinnaroo SA 5304.

A copy of this document may be purchased from 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 2020-21 Budget aims to achieve an operating surplus ratio of -0.25%.

## 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 \$7.957m (total operating revenue).*

Council's 2020-21 Budget aims to achieve a net financial liability of \$42,000.

## 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 2020-21 Budget aims to achieve a net financial liability ratio of 0.53%

## 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 90% and 110%.*

Council's 2020-21 Budget aims to achieve an asset sustainability ratio of 104.63%.

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