

# 2023/2024 Business Plan and Budget – Review of Fees and Charges

Tuesday, 16 May 2023

City Finance and Governance  
Committee

Strategic Alignment - Enabling Priorities

**Program Contact:**

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Public

**Approving Officer:**

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## EXECUTIVE SUMMARY

This report seeks Council endorsement on the proposed Fees and Charges schedule for 2023/24. The report follows a series of workshops with Council as part of developing the draft 2023/24 Annual Business Plan and Budget.

The Fees and Charges proposed reflect feedback heard from Members during workshops, combined with Administration's assessment of the current internal and external operating environment facing Council. Throughout the development of the draft 2023/24 Annual Business Plan and Budget, consistent feedback from Members has been an intent to improve city streets and public infrastructure through investing in core services and maintenance of the public realm, and in delivering well-planned places that we can be proud of, which encourage activity and growth.

It has also been recognised that to achieve these outcomes requires financially sustainable decision-making, and that Council's current financial position is in need of budget repair in a post-COVID recovery context.

The attachments detail each individual fee and the proposed rate for 2023/24, with specific changes of note highlighted in the body of the report. This includes a proposed approach to reinstating fees waived in recent years due to COVID-19 and other factors.

The intent of past decisions to waive fees, or hold fee rates, was to provide targeted support to the community and stakeholders during a particular time period. However, it is recognised that these decisions were only ever designed to be temporary, and it is not a financially sustainable model in the long term. The proposal for reinstating these fees is outlined, which provides for a transitional period to support impacted stakeholders, while ensuring the revenue Council receives from providing these services can be used to deliver community outcomes.

The report and links also demonstrate through recently conducted benchmarking that Council's fees, even those proposed to be reinstated, are generally lower or competitive with other capital cities and metro councils for the same service.

Fees and Charges are a core source of revenue for the City of Adelaide, with approximately \$33 million forecast for the 2023/24 financial year. Section 188 of *The Local Government Act 1999 (SA)* (the Act) provides the legal framework by which Council is delegated to set Fees and Charges, which is through by-laws or under delegation. The proposed fees and charges schedule is to be used as the basis of developing the draft 2023-24 Annual Business Plan and Budget for public consultation, to occur in May and June 2023.

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## RECOMMENDATION

The following recommendation will be presented to Council on 23 May 2023 for consideration

**THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL:**

**That Council:**

1. Adopts the schedule of Fees and Charges set by Council for the 2023/24 Business Plan and Budget as included in Attachment A to Item 4.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 16 May 2023.

- 1.1. Resolves to provide a transitional approach to the fees being reinstated following waives in recent years, so that they commence being charged from 1 October 2023, instead of 1 July 2023. This applies specifically to the activities of outdoor dining, events held in park lands, and parklets.
  2. Notes the schedule of Fees and Charges set under delegation by Council for the 2023/24 Business Plan and Budget as included in Attachment B to Item 4.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 16 May 2023.
  3. Adopts the schedule of Fees and Charges set by Council for Adelaide Economic Development Agency for the 2023/24 Business Plan and Budget as included in Attachment C to Item 4.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 16 May 2023.
  4. Notes the schedule of General Fees and Charges set by Statute included in Attachment D to Item 4.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 16 May 2023. These fees will be updated once gazetted by State Government in June 2023.
  5. Notes the schedule of Commercial Business Fees and Charges set under delegation by Council for the 2023/24 Business Plan and Budget as included in Attachment E to Item 4.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 16 May 2023.
  6. Notes the base level increase of 5% being applied to most fees and charges, which is in consideration of current levels of inflation and the most recent forecast for 2023/24 CPI from Deloitte Economics being 4.1%, and a reflection of recent years in which Council's fees and charges have not increased.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> The deliverables, objectives and associated budget set out in the 2023/24 Annual Business Plan and Budget document are directly aligned to the delivery of year 4 of the 2020-2024 City of Adelaide Strategic Plan.
Policy	The 2023/24 budget for fees and charges has been developed in line with appropriate policies and guidelines.
Consultation	The draft 2023/24 Annual Business Plan and Budget to be endorsed for consultation in May/June 2023 factors in the proposed fees and charges.
Resource	Not as a result of this report
Risk / Legal / Legislative	Statutory Fees and Charges determined by an Act of Parliament or by Local Government Regulations will not be gazetted until after adoption of Council set fees. It is proposed to adopt those fees set by Council now, with Statutory Fees to be added to the Fees and Charges Schedule available for public inspection once gazetted. This is anticipated to be in late June 2023 and is consistent with previous years.
Opportunities	Not as a result of this report
22/23 Budget Allocation	Not as a result of this report
Proposed 23/24 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

# DISCUSSION

## Background

1. Section 188 of the *Local Government Act 1999 (SA) (the Act)* provides the legal framework for Council setting fees:
  - 1.1. Fees and charges are determined by resolution of Council either as a direct resolution or through by-law or via delegation.
  - 1.2. Council is unable to fix or vary fees or charges prescribed under other Acts.
  - 1.3. For the use of facilities, services or works requests a Council need not fix fees or charges by reference to the cost of the Council.
  - 1.4. Council is required to keep the list of fees and charges on public display and provide updates where fees and charges are varied during the year.
2. Fees and charges are reviewed each year, in conjunction with the development of the Annual Business Plan and Budget.
3. Since the outbreak of COVID-19, Council has resolved to hold many fees at their existing rate or waive them temporarily.
4. These decisions were made to support the community during this difficult period and encourage the safe activation and post-COVID recovery of the city.
5. For permit fees alone during the period between 1 July 2021 and 31 December 2022, Council's decision to waive certain fees equated to a \$3 million investment in the community.
6. During the same period, Council conducted an internal organisational review which generated significant operational savings (approx \$20million per annum) to ensure it could continue to deliver core services during the difficult circumstances of COVID-19, without putting additional fee-related strain on ratepayers and city stakeholders.
7. As an organisation and service provider, Council is not immune to the rising costs of services and inflation, and therefore has continued to face increasing costs to deliver core services. Decisions to continually waive or hold fees in this context is not financially sustainable for any council, including Capital City Council's such as the City of Adelaide.
8. Decisions to waive or hold fees were all timebound, requiring review at the beginning of each financial year to determine the approach moving forward.
9. Council uses revenue generated from fees and charges to fund a wide range of community services. It is a critical source of funding, along with revenue from residential and commercial rates.
10. Once endorsed, the proposed fees and charges schedule will be factored into the draft 2023/24 Annual Business Plan and Budget being developed for public consultation, which will outline the services and outcomes Council will deliver for the community in the following year.

## The 2023/24 Approach

11. Throughout the development of the draft 2023/24 Annual Business Plan and Budget, Council's financial position and trends have been outlined to Council Members in a series of reports and workshops.
12. Presentations have included the budget impact of decisions to waive or hold fee rates, contrasted with the rising pressures on Council's cost base and expenditure (Link 1 - 21 March 2023 [Fees and Charges Workshop](#)).
13. At the 21 March 2023 meeting, the City Finance and Governance Committee endorsed a range of financial principles on which the draft 2023/24 Annual Business Plan and Budget would be developed (Link 2 [Minutes](#)).
14. Principle 5 stated that '*Fees and charges are set, where appropriate, based on their nature and intent*', reflecting the diverse range of fees Council oversees, and that different fees seek to address different objectives and behaviours.
15. Fees and Charges proposed for 2023/24 reflect feedback heard from Members during workshops, combined with Administration's assessment of the current internal and external operating environment facing Council.
16. Throughout the development of the draft 2023/24 Annual Business Plan and Budget to date, a consistent theme of feedback has been the intent to improve city streets and public infrastructure through investing in core services and maintenance of the public realm, and to deliver well-planned places that we can be proud of, which encourage activity and growth.
17. It has also been recognised that to achieve these outcomes requires financially sustainable decision-making,

and that Council's current financial position is in need of budget repair in a post-COVID recovery context.

18. Reflective of these discussions, and given the reduced restrictions associated with COVID-19, the proposed schedule outlines a transitional reinstatement of fees waived during, or before, the COVID-19 pandemic.
19. Specifically related to the fees being reinstated after a period of waive, the proposed 2023/24 fee has been set at the rate when last previously charged, increased by the relevant CPI figure for each year the fee was waived. The approach of backdating CPI increases is limited to the activities of outdoor dining and events held on Park Lands, activities for which fees have been completely waived in recent years.
20. Using outdoor dining as an example, Table 1 shows the impact of fees on an individual business or stakeholder.
21. The table shows the annual fee, broken down on a per annum and per week basis. This is shown for the fee rate when last charged, and the new fee under the proposed 2023/24 model.

**Table 1: Outdoor Dining examples for individual businesses – previous and proposed fee rate**

Activity	Size of area	2018/19 fee rate		2023/24 fee rate	
		Cost per annum	Cost per week	Cost per annum	Cost per week
Typical outdoor dining permit	11m2	\$429	\$8.25	\$509	\$9.80
Smallest outdoor dining permit	2.8m2	\$109	\$2.10	\$130	\$2.50
Largest outdoor dining permit	154.8m2	\$6,192	\$119	\$7,167	\$138

22. Although these fees are proposed to be reinstated, benchmarking data indicates City of Adelaide's proposed rates for these activities remain some of the lowest amongst all capital city councils, and lower or competitive against other metro councils (Link 3 view [here](#)).
23. While it is standard practice for fees listed within the adopted schedule to be effective 1 July each year, to support a transitional arrangement for fees waived in recent years, the proposed approach includes:
  - 20.1. Reinstating outdoor dining fees (estimated to be \$480,000 for 2023/24), effective 1 October 2023 to allow for appropriate communication and transition by affected parties
  - 20.2. Reinstating fees for events held on park lands (estimated to be \$680,000 for 2023/24), effective 1 October 2023 to allow for appropriate communication and transition by affected parties
  - 20.3. Reinstating parklet fees (estimated to be \$50,000 for 2023/24) at a 50% discount of the rate proposed to be charged in 2020/21 (during COVID-19), effective 1 October 2023 to allow for appropriate communication and transition by affected parties.
    - 20.3.1. The discounted rate in the point above responds specifically to benchmarking conducted on fees for similar activities in other councils previously presented (Link 3 view [here](#)).
24. Aside from the reinstated fees mentioned above, as a base position it is proposed to increase fees and charges by 5%. While this has formed the general position, variances exist for certain fees that required specific treatment, as outlined in the attachments.
25. The most recent reports received from Deloitte Access Economics has listed the forecast CPI for 2023/24 at 4.1%. The baseline proposal of a 5% increase to fees and charges is in consideration of the CPI forecast, and a reflection of recent years in which Council fees and charges have not increased, whilst at the same time the costs incurred by Council for delivering our services have increased.
26. In addition to the reinstated fees, the attachments also highlight:
  - 21.1. New fees added in line with appropriate legislation changes and delegations.
  - 21.2. Existing fees removed in line with appropriate legislation changes and delegations.
  - 21.3. Existing fees increased in excess of indexation either to meet the costs of providing the associated service or to bring fees charged in line with benchmarked rates.
27. **Attachment A** includes proposed Fees and Charges set by Council for the 2023/24 Business Plan and Budget.
28. **Attachment B** includes proposed Fees and Charges set under delegation for the 2023/24 Business Plan and Budget.
29. **Attachment C** includes proposed Fees and Charges set by Council for Adelaide Economic Development Agency for the 2023/24 Business Plan and Budget.
30. **Attachment D** includes General Fees and Charges set by statute. These fees will be updated once gazetted

by State Government in June 2023.

31. **Attachment E** includes the list of Fees and Charges for Commercial Businesses set under delegation for the 2023/24 Business Plan and Budget.
32. Included in **Attachment E** is the disclosure of the maximum daily rate for Council's off-street parking operations. This is aligned with the legislative requirement under section 188(3) whereby Council may provide for maximum and minimum fee charges.

#### **Next Steps**

33. The draft 2023/24 Annual Business Plan and Budget will undergo public consultation once endorsed by Council, scheduled to occur throughout May and June.
34. Feedback from this process will be reviewed and presented to Council along with proposed changes to the draft 2023/24 Annual Business Plan and Budget, ahead of final endorsement.

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## DATA AND SUPPORTING INFORMATION

**Link 1** – 21 March 2023 - Fees and Charges Workshop

**Link 2** – 21 March 2023 – Minutes

**Link 3** – Benchmarking Data

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## ATTACHMENTS

**Attachment A** – General Fees and Charges set by Council

**Attachment B** – Fees and Charges set under delegation by Council

**Attachment C** – Fees and Charges set by Council for Adelaide Economic Development Agency

**Attachment D** – General Fees and Charges set by Statute

**Attachment E** – Commercial Businesses Fees and Charges set Under Delegation

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