

Adoption of the 2023/24 Business Plan and Budget inclusive of Valuations and Rates

Tuesday, 27 June 2023
Council

Strategic Alignment - Enabling Priorities

Public

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EXECUTIVE SUMMARY

This report seeks Council adoption of the 2023/24 Business Plan and Budget (BP&B) in accordance with the provision of the Local Government Act 1999 (SA), inclusive of the adoption of Valuations and declaration of Rates.

2023/24 Business Plan and Budget

The 2023/24 BP&B has been developed within the context of the City of Adelaide being South Australia's Capital City Council, a city in nationally heritage-listed Park Lands, that welcomes over 300,000 visitors daily, supports 12,265 local businesses and is home to over 26,000 residents. Having demonstrated its credentials as a safe and liveable city and supported its community throughout the global pandemic, the City of Adelaide is now positioning itself to invest in its future and deliver greater public value for ratepayers and the community.

The key focus of Council in developing the 2023/24 BP&B is post COVID19 budget repair to deliver over \$268 million in expenditure to support city growth, investment, vibrancy and city-wide improvements, while protecting our Park Lands and greening our city. The \$100.3 million capital program ensures Council can deliver well maintained streets, parks and other vital assets for the community.

Highlights include:

- Over \$100m investment in Capital Works including over \$50m, up from \$28.7m in 2022/23, for our asset renewal program of City Streets, Parks and Community Assets which includes \$15.1m for roads, pathways, kerb and water table assets.
- Over \$43m expenditure on Public Realm including Waste, Cleansing, Horticulture, Park Lands, Playground maintenance and more.
- Approximately \$6m in Strategic Projects with a focus on delivering City Activation initiatives, Park Lands greening, Homelessness support, the roll-out of City Wi-Fi, delivering a City Plan and an integrated transport strategy.

Council's budget delivers a surplus budget position of \$1.9 million, made possible through reviewing ongoing operating activities to identify \$4.8 million in permanent savings in the 2022/23 Budget. Funding for sponsorships, contributions and donations will decrease by \$4m in the coming financial year as Council focuses on responsible financial management without impact to services.

This 2023/24 BP&B reflects that Council has recognised the need to repair its budget position so it can make necessary investments in public infrastructure and deliver the services our community deserves now and in the future. Council has adopted financial principles and reviewed recent approaches to Council's core revenue bases which include valuations, rates, fees and charges. Total borrowings are projected to be \$29.8 million at the end of the financial year, however Council's financially sustainable decisions provide a structured pathway to repaying the debt required to deliver the new and upgraded capital program.

2023/24 Valuations

The adoption of valuations occurs every year for rating purposes in accordance with Section 167 of the *Local Government Act 1999 (SA)* (the Act). For the 2023/24 rating year, valuations have been prepared using an independent external provider in conjunction with the in-house City of Adelaide Rates and Valuation team, for all properties including new developments, additions and alterations. The valuations have been prepared based on

Annual Value.

In accordance with the requirements of the Act, Council has identified and obtained valuations for all land in the Council area. Once identified, each separate piece of land is assessed for rateability. Section 147 of the Act specifies those types of properties which are not rateable and are exempt from council rates.

The total valuation of the land within the area of the Corporation of the City of Adelaide based on annual value has been determined to be \$1,307,349,049, and the total annual value of rateable land is \$1,035,013,747. The total annual value for land exempt from council rates in accordance with the *Local Government Act 1999 (SA)* is \$272,335,302.

2023/24 Rates

The general principles of rating are contained within Section 150 of the Act which must be taken into account when making and adopting policies and determinations concerning rates. Consideration must also be given to issues of consistency and equity across Council areas in the imposition of rates on the residential and business sectors, and the wider community, as required in accordance with Section 153 (2) of the Act.

The declaration of rates and application of any rebates reflects Council's position in accordance with its adopted Rating Policy. A key discretionary rebate adopted by Council, pursuant to Section 166 (1) (l) of the Act, is the 10% rate capping rebate which ensures that ratepayers pay no more than 10% than the previous year's rates for a property, under certain circumstances.

Section 156 (1) (a) of the Act allows the Council to impose differential rates varying according to land use. Council approval of the proposed rating structure is required to collect general rates revenue to fund its Business Plan and Budget objectives for 2023/24. Rate revenue for the 2023/24 financial year is estimated to be \$134.9 million, inclusive of levies and net of rebates but exclusive of budgeted fines and interest.

The Rundle Mall differential separate rate funds activities and initiatives to promote Rundle Mall as a destination for shopping and to enhance the vibrancy of the precinct. The separate rate is declared pursuant to Section 154 of the Act.

The Adelaide Economic Development Agency, a subsidiary of Council, has full responsibility for Rundle Mall management, operations, marketing and business development. The Rundle Mall differential separate rate in the dollar will remain unchanged from 2022/23 and will raise approximately \$3.9 million to fund the Rundle Mall Program actions within the proposed AEDA 2023/24 Business Plan.

RECOMMENDATION

THAT COUNCIL:

1. Adopts for rating purposes for 2023/24, the valuations of land within the Council's area based on Annual Value, pursuant to Section 167 (2) of the *Local Government Act 1999 (SA)* (**the Act**). The Annual Value comprised within the Assessment Record amount to a total of \$1,307,349,049 of which \$1,035,013,747 represents the total value of the rateable land within the area of the Corporation of the City of Adelaide.
2. Having considered and taken into account the general principles of rating outlined in Section 150 of the Act, and in accordance with Section 153 (2) of the Act issues of consistency and equity across Council areas in the imposition of rates on various sectors of the business and wider community, the Council pursuant to sections 152(1)(a), 153(1)(b) and 156(1)(a) of the Act and Regulation 14 of *the Local Government (General) Regulations 2013*, declares the following differential general rates for the year ending 30 June 2024, to apply to all rateable land within the Council area
 - a. 0.1149 in the dollar of the \$306,803,030 value for all rateable land with a Category 1 (residential land) use within the City of Adelaide for the financial year ending 30 June 2024.
 - b. 0.2298 in the dollar of the \$2,313,030 value for all rateable land with a Category 8 (vacant land) use within the City of Adelaide for the financial year ending 30 June 2024.
 - c. 0.1408 in the dollar of the \$725,897,687 value for all rateable land use with category 2 (commercial shop), category 3 (commercial office), category 4 (commercial other), category 5 (industry light) and category 6 (industry other), category 7 (primary production), and category 9 (other) land uses within the City of Adelaide for the financial year ending 30 June 2024.
3. Grants pursuant to Section 166 (1)(l)(i) of the Act, a 'Discretionary Rate Rebate' in 2023/24 to land with a vacant land use of 100% of the difference between the amount payable and what would be payable if the land was of a non-residential land use subject to the following conditions applying as at the date of this resolution:

- a. that land has not been vacant for 5 years or more; and
 - b. the land has been owned by the same owner for less than 5 years.
4. Declares pursuant to Section 69 of the Landscape South Australia Act 2019 and Section 154 of the Act, a separate rate of 0.00180 in the dollar on the \$1,035,013,747 value of all land within the City of Adelaide, which falls within the Green Adelaide Region, so as to reimburse the Council for the amount contributed or to be contributed by the Council to the Green Adelaide Board .
 5. Declares pursuant to Sections 154 (1), (2)(a) and (7) of the Act, a separate rate of 0.03262 in the dollar (to be known as the Rundle Mall separate rate) for the period 1 July 2023 to 30 June 2024, on the annual value of all rateable land within the Rundle Mall Precinct , (except land within the Rundle Mall Precinct which has a residential land use) being the area bounded by the:
 - a. Southern alignment of North Terrace between Pulteney and King William Streets.
 - b. Eastern alignment of King William Street between North Terrace and Grenfell Street.
 - c. Northern alignment of Grenfell Street between King William and Pulteney Streets.
 - d. Western alignment of Pulteney Street between Grenfell Street and North Terrace.
 6. Notes that the Rundle Mall differential separate rate will generate approximately \$3.9m in 2023/24.
 7. Determines pursuant to Section 153 (3) of the Act, that it will not apply a maximum increase on general rates on rateable land that constitutes the principal place of residence of a principal ratepayer, given the rate relief to be provided under Section 166 through a 'Special Discretionary Rate Rebate' in accordance with Council's Rating Policy.
 8. Approves pursuant to the provisions of Section 181 of the Act, all rates and charges which have been imposed for the financial year ending 30 June 2024 will fall due in four equal instalments on the following days or if these days fall on a weekend or public holiday on the next business day: 1 September 2023; 1 December 2023; 1 March 2024; 3 June 2024.
 9. Approves the Rating Policy as provided in Attachment A to Item 10.1 on the Agenda for the meeting of the Council held 27 June 2023, and notes it is consistent with the general principles of rating as outlined in Section 150 of the Act.
 10. In accordance with Section 123 of the Act and Regulation 6 of the *Local Government (Financial Management) Regulations 2011 (the Financial Management Regulations)*, having considered in accordance with Section 123(6) of the Act:
 - a. all submissions made to the Council during the public consultation period; and
 - b. any new or revised information in the possession of the Council that is relevant to the material contained in the Draft Business Plan and Budget,

noting that there are no significant changes to the 2023/24 Business Plan and Budget following internal review and public consultation of the Draft document throughout May and June 2023, adopts the 2023/24 Business Plan set out in Attachment B to Item 10.1 on the Agenda for the meeting of the Council held 27 June 2023.
 11. In accordance with Section 123 of the Act and Regulation 7 of the *Financial Management Regulations*, adopts the 2023/24 Budget set out in Attachment B to Item 10.1 on the Agenda for the meeting of the Council held 27 June 2023 which the Council determines to be consistent with the Council's Business Plan.
 12. Approves the 2023/24 Budget delivering a surplus of \$1.9 million from our core operating budget.
 13. Approves the 2023/24 Budget projected borrowings of \$29.8 million at the end of 2023/24.
 14. Approves the 2023/24 Business Plan & Budget for Council's Subsidiary Adelaide Economic Development Agency provided as Attachment C to Item 10.1 on the Agenda for the meeting of the Council held 27 June 2023.
 15. Approves the 2023/24 Business Plan & Budget for Council's Subsidiary Adelaide Central Market Authority provided as Attachment D to Item 10.1 on the Agenda for the meeting of the Council held 27 June 2023.
 16. Approves the 2023/24 Business Plan & Budget for Council's Subsidiary Kadaltilla / Park Lands Authority provided as Attachment E to Item 10.1 on the Agenda for the meeting of the Council held 27 June 2023.
 17. Authorises the Chief Executive Officer to make any necessary changes to the 2023/24 Business Plan & Budget document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities The deliverables and objectives set out in the BP&B 2023/24 are indicative of Council’s Strategies, Plans and resolutions.
Policy	The BP&B 2023/24 has been prepared in accordance with the principles adopted by Council in March 2023, as part of the Draft BP&B build. The approved public consultation was undertaken in accordance with Council’s Public Consultation Policy. Rates and Valuations have been prepared in accordance with Council’s Rating Policy.
Consultation	A public consultation process on the Draft BP&B 2023/24 commenced at 9.00am on Friday 26 May 2023 and concluded on midnight Sunday 18 June 2023. Council’s Finance and Governance Committee received a report containing the results of the consultation at its meeting on 20 June 2023.
Resource	The BP&B 2023/24 identifies how Council’s resources will be allocated in meeting the 2023/24 deliverables and objectives of the Strategic Plan and other related plans and strategies.
Risk / Legal / Legislative	Council’s 2023/24 BP&B is developed in accordance with section 123 of the <i>Local Government Act 1999 (SA)</i> (the Act), and sections 6 and 7 of the <i>Local Government (Financial Management) Regulations 2011</i> (the Regulations). Sections 151 (3) and 167 (1)-(8) of the <i>Local Government Act 1999 (SA)</i> (the Act) detail the legislative requirements in relation to Council adopting a valuation. The raising of rates is in-line with Sections 150 and 153 (2) of the Act. Sections 167 (6) and 170 of the Act requires Council to publish the appropriate notices in the Government Gazette and local Newspapers, within 21 days of the adoption of valuations and declaration of rates for 2023/24.
Opportunities	The Business Plan and Budget process is a key way in which Council shares information and seeks the views and feedback of the community to inform its decision making, supporting transparent and accountable governance.
22/23 Budget Allocation	Not as a result of this report
Proposed 23/24 Budget Allocation	The 2023/24 BPB provides the budget for the 2023/24 financial year.
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. The *Local Government Act 1999 (SA)* (the Act) requires that the BP&B must be drafted by Council, consulted on with the community and adopted annually by Council after 31 May for the ensuing financial year, and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.
2. The Draft 2023/24 BP&B has been developed within the context of the City of Adelaide being South Australia's Capital City Council, a city in nationally heritage-listed Park Lands, that welcomes over 300,000 visitors daily, supports 12,265 local businesses and that is home to over 26,000 residents.
3. Having demonstrated its credentials as a safe and liveable city and supported its community throughout the global pandemic, the City of Adelaide is now positioning itself to invest in its future and deliver greater public value for ratepayers and the community.
4. The 2023/24 Draft BP&B is the first BP&B developed by the current term of Council. This presents an opportunity to look differently to the future and set foundations for the long term – not only in the preparation of a new Strategic Plan and City Plan, but to review our Long Term Financial Plan, Asset Management Plans and community expectations for the services we deliver.
5. Once adopted, the Administration will commence delivery and implementation of the BP&B and will report our achievements to Council on a quarterly basis. This is an important transparency and accountability measure to ensure the community and Council have assurance on the outcomes for the community and that services continue to be delivered to expected standards.

Developing the 2023/24 BP&B

6. Council Members have given thorough and robust consideration to the Draft 2023/24 BP&B through a series of engagements, including training sessions, workshops and reports.
7. A consistent theme and feedback from Council Members has been the need to invest in improved city streets and public infrastructure, and to deliver well-planned places for community benefit, to encourage activity and growth.
8. To achieve these objectives and outcomes, Council Members have acknowledged that financially sustainable decision-making is required, and that Council's current financial position is in need of budget repair now that it operates in a post-COVID recovery context.
9. As a result, the Draft 2023/24 BP&B is built on agreed financial principles and prioritises the delivery of our services and infrastructure upgrades accordingly. The endorsed financial principles which underpin the draft 2023/24 Draft BP&P are summarised below.
 - 9.1. Transparency in decision making
 - 9.2. Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI)
 - 9.3. Fees and charges based on nature and intent, not change the rating system and maintain an operating surplus
 - 9.4. Capitalise on external funding, fast-tracking projects that attract such funding, recognising the potential need for increased borrowings in order to respond to external funding opportunities
 - 9.5. Consider new and different revenue streams and the approach to commercial businesses to reduce reliance on existing revenue sources
 - 9.6. Adjust rate revenue after consideration of all other budget components and use growth in rate revenue to partly fund servicing new rateable properties and to service new borrowings
 - 9.7. New or enhanced services, assets or maintenance requiring an increase in operating costs are to be funded from the adjustment of priorities, rate revenue or other revenue increases and/or through savings
 - 9.8. Capital renewal expenditure will be based on asset management plans
 - 9.9. Consider the disposal, purchase and /or repurposing of property assets to unlock the potential and future prosperity of the City, without incurring a financial loss

- 9.10. Borrowings will be used to fund new and upgrade projects (which include major projects) and not used to fund operations, expenses or renewal projects.

Priorities for 2023/24

10. Council's objective has been to develop a 2023/24 BP&B that delivers:
 - 10.1. Improved city streets and public infrastructure by investing in essential services including maintenance of the public realm.
 - 10.2. Well-planned and well-designed streets and places, with policies that encourage activity and growth, while preserving our Park Lands, heritage and environment.
 - 10.3. Financially sustainable decision-making and strategic partnerships which enable future investment, jobs and growth in the City.
11. The 2023/24 BP&B provides the following priorities:
 - 11.1. Capital City Leadership: Ensure our finances are sustainable for current and future generations and work with our partners on shared opportunities to the benefit of the City.
 - 11.2. Community: Government partnerships to deliver opportunities for affordable housing and to create accessible and safe streets.
 - 11.3. Culture and Activation: Enhancing the City's cultural and creative fabric, activating main streets and neighbourhoods and conserving and celebrating our shared history.
 - 11.4. Economy: The City is the State hub for economic activity through increased investment for residential, visitor, business and employment growth to provide economic benefit to the City.
 - 11.5. Environment: Protect and enhance the Park Lands and plan to manage the challenges of climate change for the benefit of our community and all South Australians.
 - 11.6. Infrastructure: Improve city streets and public infrastructure by investing in core services and maintenance of the public realm.

Repairing Council's Budget Position

12. In order to deliver on its objectives, to invest in the required public infrastructure and delivery of services that our community needs, both now and into the future, Council recognises the need to repair its budget position and make financially sustainable decisions regarding rates and fees.
13. Council has held the rate in the dollar over the last 9 years and has held city-wide property valuations at 2019 levels – two key determinants impacting its rate revenue.
14. Notwithstanding growth, these decisions have seen rate revenue decline in real terms.
15. In addition, certain fees and charges have been waived or held, some to provide relief during the COVID pandemic and recovery and others pre-dating the global pandemic.
16. The intent of these decisions was to provide targeted support to the community and stakeholders during a particular time period.
17. 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. It is only through appropriate levels of co-investment that the City can deliver the public infrastructure and services for all its users.
18. Accordingly, through the draft BP&B process, Council sought to value properties across the city to current values, whilst holding the rate in the dollar the same as in previous years. Any increase in rates payable is therefore directly attributable to any increase in property valuation.
19. In addition, Council has reviewed its approach to fees and charges and in this budget reinstates fees temporarily waived during COVID, while increasing other fees consistent with increased costs to deliver services and meet inflation.
20. It should be noted that these fees were due to be reinstated at 30 June 2023 and that recent benchmarking shows the fee rates remain lower or competitive than other capital city and metropolitan councils.
21. Outdoor Dining and Park Land Events fees and charges will come into effect as of the 1 July 2023, however to provide support to City Businesses and Park Lands users, will not be charged until 1 October 2023.

Council's Budget Position

22. Consistent with these principles of responsible financial management, the 2023/24 Draft BP&B delivers an operating surplus position of \$1.92 million from our core operating budget, enabling a structured pathway to repaying debt, with total projected borrowings of \$29.8 million at the end of the financial year.
23. A proposed capital program of \$100.3 million is outlined within the plan, inclusive of a \$50.4 million asset renewal program, up from \$28.7 million this financial year, to deliver on many of the priorities set by Council. The three-year view of asset renewal and maintenance shown demonstrates the ongoing commitment to this work beyond the coming year.
24. Borrowings are projected to cap at \$29.8 million for 2023/24 as a result of the capital program delivery. This remains within prudential limits being the suite of ratios Council uses to attest prudential borrowings being:
 - 24.1. Net Financial Liabilities below 80% (2023/24 budget -0.9%)
 - 24.2. Asset Test ratio below 50% (2023/24 budget 10.0%)
 - 24.3. Interest Expense ratio below 10% (2023/24 budget 0.4%)
 - 24.4. Leverage Test ratio below 1.5 years (2023/24 budget 0.2 years)

Opportunities and Risks

25. The 2023/24 Draft BP&B presents a compelling investment program to deliver for our city and community. Appropriate consideration has been given to a range of risks to delivery. Although not an exhaustive list, such risks include:
 - 25.1. Challenging procurement market
 - 25.2. Challenging recruitment market
 - 25.3. Challenging materials and contractor availability
 - 25.4. Capacity of existing resources to address an infrastructure focus
 26. It is also important to note the 2023/24 Draft BP&B does not list every item Council will focus on in the coming year. To ensure effective delivery and community value, Council will continue to focus on:
 - 26.1. Building strategic relationships and partnerships to improve access to funding opportunities that support community outcomes.
 - 26.2. Investing in community engagement to build trusting relationships.
 - 26.3. Continuous improvement and efficiencies in the planning and delivery of services, programs and assets and improve our procurement lifecycle.
 - 26.4. Service reviews to identify service changes based on community need and meeting Council's strategic intent.
 - 26.5. Pursuing revenue opportunities and grants which reduce the reliance on rates.
 - 26.6. Attracting businesses, workers and visitors to the city through economic opportunities, arts, culture and events.
 - 26.7. Encouraging investment and development through partnerships.
 27. It should be noted that a contribution is being sought from Council for the demolition and remediation of the existing Adelaide Aquatic Centre.
 - 27.1. Timeframes relating to the redevelopment by the State Government indicate demolition being required from August 2024 - therefore no funding is required in the 23/24 financial year.
 - 27.2. Future savings derived from no longer operating the Centre or providing for its renewal and maintenance has been determined as sufficient to service and fund the repayment of any borrowings required.
 - 27.3. Capital investment for the demolition and reinvestment for a playing field in the return to Park Lands zone would be across the 2024/25 and 2025/26 financial years. Council will determine the scope for these works to be delivered by DIT.
 28. On Saturday 10 June 2023, the South Australian Premier, announced the plans to construct a new Aquatic Centre, which will result in the demolition of the current centre. As the current Aquatic Centre is a Council asset, the costs associated with demolition will be Council's. The majority of these costs are expected to occur in 2024/25 and 2025/26 financial years.
 29. Following the execution of the Project Agreement, the long term financial plan will be updated to reflect funding contributions by Council and the consequent adjustments to operational and capital income and
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expenditure related to the current Aquatic Centre operations. Over the long term, it is expected that the contributions will be balanced by the operational savings of Council no longer operating the Aquatic Centre.

Subsidiary Budgets

30. Council operates four subsidiaries as a part of its operations. They are included in the business plan and budget as follows:
 - 30.1.1. Adelaide Economic Development Agency (AEDA) has prepared a break-even budget to deliver a range of programs designed to stimulate the city's economic growth, noting that all Rundle Mall income within the budget will be utilised specifically to support and promote the Rundle Mall Precinct.
 - 30.1.2. At the meeting of the City Finance and Governance Committee on 21 March 2023, feedback was sought from Council Members on planned actions that the Adelaide Central Market Authority (ACMA) and Adelaide Economic Development Agency (AEDA) had included in their respective 2023/24 Business Plans and Budgets.
 - 30.1.3. Both subsidiary presentations also included a high level 2023/24 budget, focussed on Income and Expenditure summaries. Since that time there has been some refinement of the 2023/24 AEDA budget by Administration based on the potential end of 2022/23 financial year position as at the end of March 2023 as reported to the Audit and Risk Committee on 10 May 2023 and City Finance and Governance Committee on 16 May 2023. The changes to the AEDA budgets are explained below.
31. Adelaide Economic Development Agency (AEDA) has prepared a break-even budget to deliver a range of programs designed to stimulate the city's economic growth, noting that all Rundle Mall income within the budget will be utilised specifically to support and promote the Rundle Mall Precinct. Contribution from the City of Adelaide is \$8.1 million. Further detail on the activities and detailed budget can be found in AEDA's 2023/24 Business Plan and Budget (Attachment C).
32. Adelaide Central Market Authority (ACMA) has prepared a budget with an overall operating deficit of \$0.4 million. Further detail on the activities and detailed budget can be found in ACMA's 2023/24 Business Plan and Budget (Attachment D).
33. Brown Hill Keswick Creek with minor operational and capital budgets under Park Lands Service. Further detail on the activities and detailed budget can be found in Brown Hill Keswick Creek 2023/24 Business Plan and Budget.
34. Kadaltilla / Adelaide Park Lands Authority has prepared a break-even budget with service delivery budgets under Park Lands Service. Further detail on the activities and detailed budget can be found in Kadaltilla's 2023/24 Business Plan and Budget (Attachment E).

Public Consultation

35. At its meeting on 23 May 2023, Council approved the Draft 2023/24 BP&B for the purpose of public consultation, which commenced 26 May 2023 and concluded midnight 18 June 2023.
36. The public consultation activities undertaken exceeded statutory requirements and offered a range of engagement methods for our community to consider Council's 2023/24 Draft BP&B and provide meaningful feedback.
37. At the close of consultation, Council received:
 - 37.1. 57 Formal written submissions plus a petition (and 2 additional late submissions)
 - 37.2. 353 Survey responses
 - 37.3. 3 representations to Council at its public meeting on 13 June 2023
 - 37.4. Over 28 attendees at the in-person opportunities provided (forum, drop-in, customer centre)
38. Key themes of the submissions and responses related to:
 - 38.1. Parklands Funding and Infrastructure
 - 38.2. Parklands Events Fees and Charges
 - 38.3. Community Sports Improvement to Infrastructure
 - 38.4. Parking

- 38.5. Rates, Fees and Charges
- 38.6. BPB Process Improvements and General City Feedback
- 38.7. Outdoor Dining
- 38.8. Event Infrastructure
- 38.9. EV Charging Stations
- 38.10. Increase funding for Businesses
- 38.11. Safety /Antisocial Behaviour
- 38.12. Transport
- 38.13. Underground powerlines
- 39. Significant feedback received from the consultation undertaken through submissions and survey responses was in relation to redevelopments in Golden Wattle Park / Mirnu Wirra (Park 21W) or in Bonython Park / Tulya Wardli (Park 27) and fees for events in the Parklands.
- 40. Further detail is available within the report considered by the City Finance and Governance Committee on 20 June 2023.

Valuations

- 41. Council adoption of valuations is required to enable the declaration of rates for 2023/24 in accordance with Section 167 of the Act.
- 42. Rates revenue provides a significant source of the funding required for Council to achieve its business plan objectives for 2023/24.
- 43. Adoption of the valuation is prescribed by sections within Chapter 10 of the Act. The following provisions of the Act apply:
 - 43.1. Section 151 (3) - Council may declare rates on the basis of the annual value or site value of land if –
 - 43.1.1. the Council declared rates in respect of that land on that basis for the previous financial year.
 - 43.2. Section 167 (1) - Council must not declare a rate for a particular financial year without first adopting the valuations that are to apply to land within its area for rating purposes for that year.
 - 43.3. Section 167 (3) (a) (ii) in relation to the adoption of valuations under subsection (2)(b)—the valuations may be up to five years old.
 - 43.4. Section 167 (6) - Notice of the adoption of valuations must be published in the Gazette within 21 days after the date of the adoption.
- 44. Note that valuations have been held for several years. As a result, the increase in valuations in recent years has been limited to new developments, additions and alterations.
- 45. For the 2023/24 rating year, valuations have been prepared for all properties including new developments, additions and alterations by Westlink Consulting, in conjunction with the City of Adelaide Valuers. The last full valuation cycle was completed in 2019 for the 2019/20 rating year by Westlink Consulting. The valuations for 2023/24 have been prepared based on 'Annual Value' methodology.
- 46. The total of the valuation for 2023/24 is the valuation applying to the land within the area of the Corporation of the City of Adelaide.
- 47. The total valuation is \$1,307,349,049, and the total annual value of rateable land is \$1,035,013,747. The total annual value for land exempt from council rates is \$272,335,302.

Rates

- 48. The general principles of rating are contained within Section 150 of the Act. A Council should, when making and adopting policies and determinations concerning rates under this Act, consider the following principles:
 - 48.1. Section 150(a) rates constitute a system of taxation for local government purposes (generally based on the value of land).
 - 48.2. Rating policies should make reasonable provision with respect to strategies to provide relief from rates (where appropriate), and any such strategies should avoid narrow or unreasonably restrictive criteria and should not require ratepayers to meet onerous application requirements.
 - 48.3. The Council should, in making any decision, consider the financial effects of the decision on future generations.

49. Consideration has been given to issues of consistency and equity across Council areas in the imposition of rates on various residential and business sectors, and the wider community, as required in accordance with Section 153 (2) of the Act.
50. Council approval of the Rating Policy, incorporating the rating structure, is required to collect \$134.9 m (inclusive of levies and net of rebates but exclusive of budgeted fines and interest) in general rates revenue to fund its Business Plan and Budget objectives for 2023/24.
51. Council approved the current Rating Policy as part of the 2022/23 Business Plan and Budget process. The Policy outlines the approach to Council's rating system under the requirements of the Act. This policy has had no changes and was included in the consultation process to provide context for the 2023/24 Business Plan and Budget.
52. Section 156 (1) (a) of the Act allows Council to impose differential rates according to the use of the land as prescribed in Regulation 14 (1) of the *Local Government (General) Regulations 2013 (SA)*. The categories of land use for the purposes of imposing differential general rates are as follows:
 - 52.1. Residential
 - 52.2. Commercial – Shop
 - 52.3. Commercial – Office
 - 52.4. Commercial – Other
 - 52.5. Industrial – Light
 - 52.6. Industrial – Other
 - 52.7. Primary Production
 - 52.8. Vacant Land
 - 52.9. Other
53. It is proposed that Council's rate revenue is generated through differential general rates in the dollar for residential, non-residential and vacant land property, namely:
 - 53.1. 0.1149 for residential
 - 53.2. 0.2298 for vacant land
 - 53.3. 0.1408 for non-residential
54. Note the rates in the dollar referred to in section 18 above are the same as last year and have been held for the last 9 years (except for the vacant land rate which was increased in 2021/22).

Rates – Separate Rates: Landscape Levy and Rundle Mall Levy

55. From 1 July 2020, the *Landscape South Australia Act 2019* replaced the *Natural Resources Management Act 2004*. The previous Natural Resource Management Levy was replaced with a Landscape Levy commencing from the 2020/21 financial year. The Adelaide and Mount Lofty Ranges Natural Resources Management Board (NRM Board) will be replaced with the Green Adelaide Board (Board).
56. The amount to be collected from ratepayers on behalf of the Green Adelaide Board in the 2023/24 financial year has decreased by 15% on the 2022/23 financial year to approximately \$1.8m.
57. The *Landscape South Australia Act 2019* imposes the duty on councils to charge a levy as though it were a separate rate under Chapter 10 of the Act, on rateable land in the defined area of the Board. Such a rate must be fixed and calculated to raise the same amount as the Council's share to be contributed to the Board (considering any rebates/remissions in Division 5, Chapter 10). As such, it is proposed to set a separate rate of 0.00180 to recover this amount on behalf of the Board.
58. Council approval of the proposed Rundle Mall differential separate rate of 0.03262 is required to ensure the marketing and management of the Rundle Mall Precinct can continue during 2023/24, including actions and initiatives to promote Rundle Mall as a destination for shopping and to enhance the vibrancy of the precinct.
59. The Rundle Mall Precinct refers to an area bordered by King William Street, North Terrace, Pulteney Street and Grenfell Street, and is delineated in the map at Link 1 view [here](#).
60. The Rundle Mall differential separate rate is contributed by non-residential ratepayers within the defined Rundle Mall Precinct.
61. The Rundle Mall differential separate rate is declared pursuant to Section 154 (1) and (7) of the Act.

62. The Adelaide Economic Development Agency (AEDA), a Council subsidiary, has full responsibility for Rundle Mall management, operations, marketing and business development. Council's Administration provides corporate support, including cleaning, insurance, finance, audit and governance services, with the direct cost of these services reimbursed by AEDA.
63. The Rundle Mall differential separate rate is collected by Council on behalf of AEDA.
64. AEDA have advised its budget for 2023/24 assumes separate rate revenue of \$3.9m. AEDA's draft budget was approved by the AEDA board and includes a separate rate review of \$3.9m pending finalisation of the valuations for the 2023/24. Any variation will be brought to Council in the first budget review for 2023/24.

Rates – Exemptions

65. Council's practice is to identify and value all land in the Council area. Once identified, each separate piece of land is assessed for rateability. Section 147 of the Act specifies those types of properties that shall be exempt from council rates. The City of Adelaide has the highest proportion of 'rate-exempt' properties of any Council in South Australia. In 2023/24 approximately \$38.4 of rates revenue will be foregone in respect of 'rate exempt' properties.
66. Unalienated Crown land and land used or held by the Crown or an instrumentality of the Crown is exempt from council rates if it is used for a public purpose (including an educational purpose), except any land held or occupied by the Crown under lease or licence, or where the property is used for domestic purposes.
67. University land is exempt from council rates when the University has been established by statute, excepting any residential or domestic land use.
68. The *Recreation Grounds Rates and Taxes Exemption Act 1981* specifies that recreation grounds shall be exempt from council rates where the land is occupied under a lease, licence or permit granted by the Council and is used by the occupier for the purposes of sport and recreation.
69. Council land is exempt from council rates where it is occupied or held by the Council, except where any such land is held from the Council under a lease or licence.
70. The *Fire and Emergency Services Act 2005* specifies that land occupied or held by an emergency services organisation will be exempt from council rates.
71. There are several Acts of Parliament which specifically exempt certain properties from paying council rates.
72. Council is mindful that wherever properties are exempt from paying council rates, or where a rebate is applied, those rates foregone must be contributed by the rest of the community. The principles of equity dictate that Council remains diligent in only awarding exemptions where they are warranted.

Rates – Rebates and Payments

73. In adopting the Rating Policy and under Sections 159 through to 166 of the Act, Council provides for rebates on council rates as either mandatory rebates or discretionary rebates. Mandatory rebates amount to either 75% or 100% of council rates in accordance with legislation.
74. Discretionary rebates are considered on a case-by-case basis and may only be granted where an applicant meets at least one of the prescribed eligibility criteria set out at Section 166 of the Act. The Rating Policy specifies where certain organisations, eligible for a 75% mandatory rebate, may also be granted a 25% discretionary rebate.
75. At the 8 June 2021 Council meeting, approval was given to introduce an increased rate for long-term Vacant Land properties of 100% of the current residential rate. The definition of long-term is any Vacant Land property held in the same ownership of 5 years or more. For Vacant Land properties that do not fit the long-term definition, a Discretionary Rebate under Section 166 is required to reduce the increased rate back to the current non-residential rate.
76. The current approved Rating Policy also includes a Special Discretionary Rebate. The value of the discretionary rate rebate granted to an individual ratepayer will vary, to ensure the increase in council general rates payable for 2023/24 (excluding all other rebates and remissions) is no greater than 10% against 2022/23.
77. Properties with a rating valuation increase because of a new property development, change in use, or significant enhancement will not be eligible for the special discretionary rate rebate.
78. Where a rating valuation is challenged by the ratepayer and subsequently adjusted downwards by the City of Adelaide Valuers, the amount of the special discretionary rate rebate granted in respect to the relevant property (where applicable) will be adjusted downwards accordingly.

79. Section 181 of the Act enables all rates and charges which have been imposed for the financial year ending 30 June 2024 to fall due in four equal or approximately equal instalments on the following days or if these days fall on a weekend or public holiday on the next business day: 1 September 2023; 1 December 2023; 1 March 2024; 1 June 2024.
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DATA AND SUPPORTING INFORMATION

Link 1 – Rundle Mall Precinct Map

ATTACHMENTS

Attachment A – Rating Policy

Attachment B – 2023/24 Business Plan & Budget

Attachment C – 2023/24 AEDA Business Plan & Budget

Attachment D – 2023/24 ACMA Business Plan & Budget

Attachment E - 2023/24 Kadaltilla / Park Lands Authority Business Plan & Budget

- END OF REPORT -