

Adoption of the 2024/25 Business Plan and Budget

Tuesday, 18 June 2024

City Finance and Governance Committee

Strategic Alignment - Our Corporation

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Public

Approving Officer:

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EXECUTIVE SUMMARY

This report seeks Council adoption of the 2024/25 Business Plan and Budget (BP&B) in accordance with the provisions of the *Local Government Act 1999 (SA)*, inclusive of the adoption of valuations and declaration of rates.

2024/25 Business Plan and Budget

The 2024/25 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 390,000 visitors daily, supports 12,558 local businesses and is home to 27,901 residents. The 2024/25 BP&B is the first BP&B which delivers on the City of Adelaide Strategic Plan 2024-2028, which was adopted by Council in December 2023, with the vision of "Our Adelaide. Bold. Aspirational. Innovative."

The key focus of Council in developing the 2024/25 BP&B is budget repair to deliver over \$281 million in expenditure to support city growth, investment, vibrancy and city-wide improvements, while protecting our Park Lands and greening our city. The \$112.831 million capital program ensures Council can deliver well maintained streets, parks and other vital assets for the community.

Highlights include:

- Investing more than \$110m into our Capital Works Program including over \$56m for asset renewal for the \$2 billion plus owned Council assets (including roads, footpaths, parks, buildings).
- Committing 1.5% of our rate income to upgrading Park Lands Buildings ensuring sporting clubs and our community have the facilities they need now and for future generations.
- Implementing the Mainstreet Revitalisation Program starting upgrades in Hindley Street and designing with community input upgrades for Gouger, O'Connell and Hutt Streets.
- Investing \$2.5m to drive affordable, safe and quality housing outcomes including partnerships to support homelessness and initiatives to attract and retain residents.
- Stimulating growth in the city's economy through major investments such as 88 O'Connell, Market Square and the Council-led development at 218-232 Flinders Street.
- Focusing on core community services including investing \$22.889m on Park Lands and open space maintenance, \$8.325m on road renewals, \$5.377m into libraries and \$5.832m on waste management.
- Leading Adelaide into a Climate Resilient future with \$3.531m spent on implementing initiatives from our Integrated Climate Strategy.
- Investment in work force management systems to ensure the City of Adelaide continues to attract, train, develop and retain a talented and skilled work force.
- Funding through responsible principles of financial sustainability reflecting a general rates revenue increase of 5.9%.

The budget delivers a surplus operating position of \$9.367 million, made possible through reviewing ongoing operating activities to identify \$7.717 million in savings and opportunities. This 2024/25 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 \$53.677 million at the end of the financial year.

2024/25 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 2024/25 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 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 \$1,424,444,685, and the total annual value of rateable land is \$1,137,206,870. The total annual value for land exempt from council rates in accordance with the *Local Government Act 1999 (SA)* is \$287,237,815.

2024/25 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, except where increased rates result from capital improvements to the property, or where land use, ownership or license to occupy has changed during the previous financial year.

Section 156 (1) (a) of the Act allows the Council to impose varying differential rates 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 2024/25. Rate revenue for the 2024/25 financial year is estimated to be \$143.431 million, inclusive of the Rundle Mall Management Levy and net of rebates but exclusive of budgeted fines and interest and the Regional Landscape Levy of \$2.201 million combined. Changes to council's approach to rating includes the rating of residential properties used as non-hosted short stay accommodation for more than 90 days in the previous 12 months, at a non-residential rate; and the reintroduction of the pensioner rate rebate scheme.

Growth in valuations will see the Rate in the Dollar (RID) reduce for the first time in 11 years. The Residential RID will reduce to \$0.111646 (from \$0.1149), Non-Residential RID will reduce to \$0.136813 (from \$0.1408) and Vacant Land RID will reduce to \$0.223293 (from \$0.2298).

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 reduce to \$0.031743 (from \$0.03262) and will raise approximately \$4.066 million to fund the Rundle Mall Program actions within the proposed Adelaide Economic Development Agency 2024/25 Business Plan and Budget.

RECOMMENDATION

The following recommendation will be presented to Council on 25 June 2024 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Adopts for rating purposes for 2024/25, 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 \$1,424,444,685 of which \$1,137,206,870 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 2025, to apply to all rateable land within the Council area
 - a. 0.111646 in the dollar of the \$326,034,700 value for all rateable land with a Category 1 (residential land) use within the City of Adelaide for the financial year ending 30 June 2025.
 - b. 0.223293 in the dollar of the \$4,401,000 value for all rateable land with a Category 8 (vacant land) use within the City of Adelaide for the financial year ending 30 June 2025.
 - c. 0.136813 in the dollar of the \$806,771,170 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 2025.
3. Grants pursuant to Section 166 (1)(l)(i) of the Act, a 'Discretionary Rate Rebate' in 2024/25 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 0.001727 in the dollar on the \$1,137,206,870 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 0.031743 in the dollar (to be known as the Rundle Mall separate rate) for the period 1 July 2024 to 30 June 2025, 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 \$4.066 million in 2024/25.
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 2025 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: 2 September 2024; 2 December 2024; 3 March 2025; 2 June 2025.

9. Approves the Rating Policy as provided in Attachment A to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held 18 June 2024, 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 2024/25 Business Plan and Budget following internal review and public consultation of the Draft document throughout April and June 2024, adopts the 2024/25 Business Plan set out in Attachment B to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held 18 June 2024.
 11. In accordance with Section 123 of the Act and Regulation 7 of the Financial Management Regulations, adopts the 2024/25 Budget set out in Attachment B to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held 18 June 2024 which the Council determines to be consistent with the Council's Business Plan.
 12. Approves the 2024/25 Budget delivering an operating surplus of \$9.367 million.
 13. Approves the 2024/25 Budget projected borrowings of \$53.677 million at the end of 2024/25.
 14. Approves the 2024/25 Budget delivering a capital program of \$112.831 million of which \$56.022 million will deliver an Asset Renewal Funding Ratio of 92.5%.
 15. Approves the 2024/25 Business Plan & Budget for Council's Subsidiary Adelaide Central Market Authority provided as Attachment C to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held 18 June 2024.
 16. Approves the 2024/25 Business Plan & Budget for Council's Subsidiary Adelaide Economic Development Agency provided as Attachment D to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held 18 June 2024.
 17. Approves the 2024/25 Business Plan & Budget for Council's Subsidiary Kadaltilla / Adelaide Park Lands Authority provided as Attachment E to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held 18 June 2024.
 18. Authorises the Chief Executive Officer to make any necessary changes to the 2024/25 Business Plan & Budget document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Focus on budget repair and ensure responsible financial management through the principle of intergenerational equity while delivering quality services.
Policy	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 2024/25 BP&B commenced at 9.00am on Friday 26 April 2024 and concluded on midnight Sunday 19 May 2024. Council received a report containing the results of the consultation at its meeting on 11 June 2024.
Resource	The 2024/25 BP&B identifies how Council’s resources will be allocated in meeting the 2024/25 deliverables and objectives of the Strategic Plan and other related plans and strategies.
Risk / Legal / Legislative	Council’s 2024/25 BP&B is developed in accordance with section 123 of <i>the Local Government Act 1999 (SA) (the Act)</i> , and sections 6 and 7 of the <i>Local Government (Financial Management) Regulations 2011 (the Regulations)</i> . Sections 151 (3) and 167 (1)-(8) of 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 2024/25.
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.
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	The 2024/25 BPB provides the budget for the 2024/25 financial year.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 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 2024/25 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 390,000 visitors daily, supports 12,558 local businesses and that is home to 27,901 residents.
3. The 2024/25 BP&B is the first BP&B which delivers on the City of Adelaide Strategic Plan 2024-2028, which was adopted by Council in December 2023, with the vision of "Our Adelaide. Bold. Aspirational. Innovative."
4. Once adopted, the Administration will commence delivery and implementation of the BP&B and will report 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 2024/25 BP&B

5. Council Members have given thorough and robust consideration to the Draft 2024/25 BP&B through a series of engagements, including briefings, workshops and reports.
6. The 2024/25 BP&B was built on agreed financial principles and prioritises the delivery of our services and infrastructure upgrades accordingly. The financial principles which underpin the 2024/25 BP&B are summarised below:
 - 6.1. Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI).
 - 6.2. Maintain an operating surplus.
 - 6.3. 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.
 - 6.4. Capital renewal expenditure will be based on Asset Management Plans.
 - 6.5. Capital enhancements (new and upgrade) in line with Council Decision to fund Central Market Arcade Redevelopment, Mainstreets (\$15m per year) in addition to other items on the final list of New and Upgrade projects.
 - 6.6. 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.
 - 6.7. 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.
 - 6.8. 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 2024/25

7. The 2024/25 BP&B focuses on delivering the City of Adelaide Strategic Plan 2024-2028 by prioritising the following Key Actions:
 - 7.1. Support increased residential growth and housing affordability through partnerships and advocacy.
 - 7.2. Reduce rental pressures by increasing housing supply and unlocking properties for long-term tenants.
 - 7.3. Support belonging through an inclusive and welcoming community that recognises diversity and enables people of all abilities living, working and visiting the city.
 - 7.4. Work with our partners to plan for, lead and educate our community on a climate resilient future.
 - 7.5. Work with partners to create innovative ways to create or convert underutilised areas to green space.
 - 7.6. Work with partners, universities and businesses to attract investment and improve employment opportunities.
 - 7.7. Encourage repurposing, adaptive reuse and improvement of buildings and facilities.

- 7.8. Deliver quality street and laneway upgrades, mainstreets, precincts, and neighbourhood revitalisation and improvements that make Adelaide well-designed, safe and unique.
- 7.9. Focus on budget repair and ensure responsible financial management through the principle of intergenerational equity while delivering quality services.

Repairing Council's Budget Position

- 8. To drive the delivery of the Strategic Plan, a continued focus on budget repair is necessary after historical financial pressures associated with holding rate in the dollar and valuations, and the COVID-19 pandemic.
- 9. Notwithstanding growth, these decisions have seen rate revenue decline in real terms and has impacted the ability to renew assets, upgrade infrastructure and provide core community services.
- 10. For the 2024/25 BP&B, Council intends to address this through:
 - 10.1. A focus on delivery of the new Strategic Plan with key projects and infrastructure upgrades.
 - 10.2. Understanding what our community expects and delivering core council services.
 - 10.3. Delivery of a financially sustainable budget with an equitable approach to income generation, in line with our Long Term Financial Plan.
 - 10.4. Delivery of an operating position to meet the ongoing cost requirements of our Asset Management Plans, working towards a target of 100% asset renewals.
 - 10.5. An increase to rate revenue comparable to the sector, while re-introducing a rate rebate to support pensioners in our community.
 - 10.6. Prioritising our operational budget, grants and sponsorships and where there are opportunities to partner with other levels of Government to seek co-funding.
- 11. In addition, Council has reviewed its fees and charges and in this budget will undertake changes to the approach to administering or reinstating some fees, while increasing other fees consistent with increased costs to deliver services and meet inflation.

Council's Budget Position

- 12. Consistent with these principles of responsible financial management, the 2024/25 BP&B delivers an operating surplus position of \$9.367 million from our core operating budget, as follows:
 - 12.1. Total operating income of \$235.225 million
 - 12.2. Total operating expenditure (including depreciation) of \$225.858 million
- 13. A proposed capital program of \$112.831 million is outlined within the plan, inclusive of a \$56.022 million asset renewal program, up from \$54.153 million this financial year, to deliver on many of the priorities set by Council.
- 14. A suite of financial sustainability indicators (KFIs) is used to measure Council's financial performance, to guide decision making on major projects and to secure its continued financial sustainability. Three nationally recognised financial sustainability indicators have been adopted in principle by Local Government in Australia and are utilised by City of Adelaide, being:
 - 14.1. The Operating Surplus Ratio between 0% and 20% (2024/25 budget 4.0%)
 - 14.2. The Net Financial Liabilities Ratio less than 80% (2024/25 budget 21%)
 - 14.3. The Asset Renewal Funding Ratio between 90% and 110% (2024/25 92.5%)
 All indicators for 2024/25 are within the prescribed targets.
- 15. Borrowings are projected to cap at \$53.677 million for 2024/25 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:
 - 15.1. Net Financial Liabilities below 80% (2024/25 budget 21%)
 - 15.2. Asset Test ratio below 50% (2024/25 budget 17%)
 - 15.3. Interest Expense ratio below 10% (2024/25 budget 2.0%)
 - 15.4. Leverage Test ratio below 1.5 years (2024/25 budget 0.4 years)

Opportunities and Risks

16. The 2024/25 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:
 - 16.1. Challenging procurement market
 - 16.2. Challenging recruitment market
 - 16.3. Challenging materials and contractor availability
 - 16.4. Capacity of existing resources to address an infrastructure focus
17. It is also important to note the 2024/25 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:
 - 17.1. Building strategic relationships and partnerships to improve access to funding opportunities that support community outcomes.
 - 17.2. Investing in community engagement to build trusting relationships.
 - 17.3. Continuous improvement and efficiencies in the planning and delivery of services, programs and assets and improve our procurement lifecycle.
 - 17.4. Service reviews to identify service changes based on community need and meeting Council's strategic intent.
 - 17.5. Investment in work force management systems to ensure the City of Adelaide continues to attract, train, develop and retain a talented and skilled work force.
 - 17.6. Pursuing revenue opportunities and grants which reduce the reliance on rates.
 - 17.7. Attracting businesses, workers and visitors to the city through economic opportunities, arts, culture and events.
 - 17.8. Encouraging investment and development through partnerships.

Subsidiary Budget

18. Council owns and operates three subsidiaries as a part of its operations. They are included in the business plan and budget as follows:
 - 18.1. Adelaide Central Market Authority (ACMA) has prepared a budget with an overall operating deficit of \$0.738 million (inclusive of Strategic Projects of \$0.220 million). The deficit comprises a normal operating position of \$0.138m deficit, in addition to investment of \$0.600m in activities preparing for the market expansion. Further detail on the activities and detailed budget can be found in ACMA's 2024/25 Business Plan and Budget (**Attachment C**).
 - 18.2. Adelaide Economic Development Agency (AEDA) has prepared a budget to deliver a range of programs designed to stimulate the city's economic growth. The budgeted income of \$4.417 million generated from Rundle Mall will be utilised specifically to support and promote the Rundle Mall Precinct. The remaining services delivered by AEDA are funded through the City of Adelaide through an appropriation of funds. AEDA has prepared a budget with an overall operating expenditure of \$12.809 million. Further detail on the activities and detailed budget can be found in AEDA's 2024/25 Business Plan and Budget (**Attachment D**).
 - 18.3. At the meeting of the City Finance and Governance Committee on 19 March 2024, feedback was sought from Council Members on planned actions that ACMA and AEDA had included in their respective Draft 2024/25 Business Plans and Budgets. Following that meeting, there have been some amendments to the budgets, including the revision of CPI to 3.25%, and a reduction to External Grant Programs for AEDA following the Council decision to reduce rates revenue increase from 6.9% to 5.9%.
 - 18.4. Kadaltilla / Adelaide Park Lands Authority has prepared a break-even budget, largely funded through an external grant. Further detail on the activities and detailed budget can be found in Kadaltilla's 2024/25 Business Plan and Budget (**Attachment E**).
 - 18.5. In addition to the owned and operated subsidiaries, contributions to the Brown Hill Keswick Creek Stormwater Board include minor operational \$0.162 million and capital \$0.320 million budgets.

Public Consultation

19. At its meeting on 23 April 2024, Council approved the Draft 2024/25 BP&B for the purpose of public consultation, which commenced 26 April 2024 and concluded midnight 19 May 2024.

20. The public consultation activities undertaken exceeded statutory requirements and offered a range of engagement methods for our community to consider Council's 2024/25 Draft BP&B and provide feedback.
21. At the close of consultation, Council received:
 - 21.1. 89 Your Say Adelaide survey responses
 - 21.2. 56 written submissions
 - 21.3. 3 representations to Council at its public hearing on 14 May 2024
 - 21.4. Over 70 attendees at the in-person opportunities provided
22. Key themes of the submissions and responses related to:
 - 22.1. Rates
 - 22.2. Proposed changes to Rating Short Stay Accommodation
 - 22.3. Proposed changes to fees and charges
 - 22.4. Environment and greening
 - 22.5. Park Lands
 - 22.6. Budget (including grants, sponsorships and partnerships)
 - 22.7. Transport and parking
 - 22.8. Economy and businesses
 - 22.9. Projects
 - 22.10. The BP&B (document)
 - 22.11. Other feedback
23. Further detail is available within the report considered by Council at its meeting on 11 June 2024.

Valuations

24. Council adoption of valuations is required to enable the declaration of rates for 2024/25 in accordance with Section 167 of the Act.
25. Rates revenue provides a significant source of the funding required for Council to achieve its business plan objectives for 2024/25.
26. Adoption of the valuation is prescribed by sections within Chapter 10 of the Act. The following provisions of the Act apply:
 - 26.1. Section 151 (3) - Council may declare rates on the basis of the annual value or site value of land if –
 - 26.1.1. the Council declared rates in respect of that land on that basis for the previous financial year.
 - 26.2. 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.
 - 26.3. 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.
 - 26.4. Section 167 (6) - Notice of the adoption of valuations must be published in the Gazette within 21 days after the date of the adoption.
27. For the 2024/25 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 valuations for 2024/25 have been prepared based on 'Annual Value' methodology.
28. The total of the valuation for 2024/25 is the valuation applying to the land within the area of the Corporation of the City of Adelaide.
29. The total valuation is \$1,424,444,685, and the total annual value of rateable land is \$1,137,206,870. The total annual value for land exempt from council rates is \$287,237,815.

Rates

30. 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:

- 30.1. Section 150(a) rates constitute a system of taxation for local government purposes (generally based on the value of land).
- 30.2. 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.
- 30.3. The Council should, in making any decision, consider the financial effects of the decision on future generations.
31. 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.
32. Council approval of the Rating Policy, incorporating the rating structure, is required to collect \$143.431 million (inclusive of the Rundle Mall Management levy and net of rebates but exclusive of budgeted fines and interest and the Regional Landscape Levy of \$2.201 million combined) in general rates revenue to fund its Business Plan and Budget objectives for 2024/25.
33. Council approved the current Rating Policy as part of the 2023/24 Business Plan and Budget process. The Policy outlines the approach to Council's rating system under the requirements of the Act.
34. Proposed Changes to the Policy contained within Attachment A are as follows:
 - 34.1. From 1 July 2024, residential properties meeting council's criteria for short-term accommodation will be considered as having a commercial predominant land use and will be classified as Commercial – Other attracting the Non-Residential RID. The criteria for being classified as short-term accommodation is a residential property that is available:
 - 34.1.1. For more than 90 days in the preceding financial year, and
 - 34.1.2. on a non-hosted basis
 - 34.2. The re-introduction of a Pensioner rate rebate. Ratepayers who hold a Pensioner Concession card and satisfied the eligibility criteria to receive a State Government funded Cost of Living Concession may upon application to council receive a rate rebate of \$100 for the financial year.
35. 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:
 - 35.1. Residential
 - 35.2. Commercial – Shop
 - 35.3. Commercial – Office
 - 35.4. Commercial – Other
 - 35.5. Industrial – Light
 - 35.6. Industrial – Other
 - 35.7. Primary Production
 - 35.8. Vacant Land
 - 35.9. Other
36. 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:
 - 36.1. 0.111646 for residential
 - 36.2. 0.223293 for vacant land
 - 36.3. 0.136813 for non-residential
37. Note the rates in the dollar referred to in section 36 above was held frozen for the last 10 years (except for the vacant land rate which was increased in 2021/22). Through the identification of savings and opportunities the RID will reduce across all differential rates.

Rates – Separate Rates: Landscape Levy and Rundle Mall Levy

38. 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).

39. The amount to be collected from ratepayers on behalf of the Board in the 2024/25 financial year is \$1,872,596.
40. 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 0.001727 to recover this amount on behalf of the Board.
41. Council approval of the proposed Rundle Mall differential separate rate of 0.031743 is required to ensure the marketing and management of the Rundle Mall Precinct can continue during 2024/25, including actions and initiatives to promote Rundle Mall as a destination for shopping and to enhance the vibrancy of the precinct.
42. 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 in Attachment A.
43. The Rundle Mall differential separate rate is contributed by non-residential ratepayers within the defined Rundle Mall Precinct.
44. The Rundle Mall differential separate rate is declared pursuant to Section 154 (1) and (7) of the Act.
45. 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.
46. The Rundle Mall differential separate rate is collected by Council on behalf of AEDA.
47. AEDA has advised its budget for 2024/25 assumes separate rate revenue of \$4.066 million, as approved by the AEDA board. Any variation following the finalisation of the valuations for 2024/25 will be brought to Council in the first budget review for 2024/25.

Rates – Exemptions

48. 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 2024/25 approximately \$38.8 million of rates revenue will be foregone in respect of 'rate exempt' properties.
49. 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.
50. University land is exempt from council rates when the University has been established by statute, excepting any residential or domestic land use.
51. 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.
52. 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.
53. The Fire and Emergency Services Act 2005 specifies that land occupied or held by an emergency services organisation will be exempt from council rates.
54. There are several Acts of Parliament which specifically exempt certain properties from paying council rates.
55. 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

56. 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. The Mandatory rebates for 2024/25 are broken down as follows:

Mandatory Rebates	\$000's
Community Service	1,591
Education	1,356
Health	1,514
Religious	1,214
Zoo	441
Total	6,116

57. 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.
58. At its meeting of 9 April 2024, Council resolved to reintroduce the Pensioner Rates Rebate at \$100 per household for eligible concession card holders, accessed by application only, up to a total value of \$0.050 million. Applicants who hold a Pensioner Concession card and have satisfied the eligibility criteria to receive a State Government funded Cost of Living Concession are eligible to apply.
59. 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. The rebate for 2024/25 is \$0.196 million
60. The current approved Rating Policy also includes a Special Discretionary Rebate (SDR). The value of the discretionary rate rebate granted to an individual ratepayer will vary, to ensure the increase in council general rates payable for 2024/25 (excluding all other rebates and remissions) is no greater than 10% against 2023/24. The SDR for 2024/25 is \$2.886 million.
61. 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.
62. 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.
63. The discretionary rebates for 2024/25 are broken down as follows:

Discretionary	\$000's
Disc100	19
Disc75	105
Disc40	5
Disc25	265
Disc10	3
5 Year Rate Free	272
Vacant Land	198
10% increase cap	3,284
Total	4,151

64. 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: 2 September 2024; 2 December 2024; 3 March 2025; 2 June 2025.

ATTACHMENTS

Attachment A – City of Adelaide Rating Policy

Attachment B - 2024/25 Business Plan & Budget

Attachment C - 2024/25 ACMA Business Plan & Budget

Attachment D - 2024/25 AEDA Business Plan & Budget

Attachment E - 2024/25 Kadaltilla / Adelaide Park Lands Authority Business Plan & Budget

- END OF REPORT -