



*City of*  
**Norwood  
Payneham  
& St Peters**

# ANNUAL BUSINESS PLAN

2010-2011

## INTRODUCTION

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Section 123 of the Local Government Act 1999 requires Council's each financial year to prepare an Annual Business Plan and Budget. The Budget must be consistent with the Council's Annual Business Plan. Both the Annual Business Plan and Budget must be adopted by Council before the 31st August each year.

The Council's Annual Business Plan must:

- > include a summary of the Council's long-term objectives (as set out in its Strategic Management Plans);
- > include an outline of:
  - (i) the Council's objectives for the financial year;
  - (ii) the activities that the Council intends to undertake to achieve those objectives; and
  - (iii) the measures (financial and non-financial) which the Council intends to use to assess the performance of the council against its objectives over the financial year;
- > assess the financial requirements of the Council for the financial year and taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue;
- > set out the rates structure and policies for the financial year;
- > assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the Council; and
- > take into account the Council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the Council.

Prior to the adoption of the Annual Business plan by Council, a draft Annual Business Plan is prepared and a public consultation process is undertaken that, as a minimum, meets the requirements of Section 123 (4) of the Local Government Act 1999.

Copies of the Council's draft Annual Business Plan and any other associated documents must be made available for inspection and purchase by the public at the principal office of the Council during the public consultation period,.

Upon adoption by the Council, copies of the final 2010-2011 Annual Business Plan and Budget, are to be available for inspection or purchase at the principal office of the Council. A summary of the Annual Business Plan must be included with the first rates notice issued to ratepayers and be made available at the Council offices.

This document presents the 2010-2011 Annual Business Plan for the City of Norwood Payneham & St Peters. The public consultation program was completed and submissions on the draft Annual Business Plan, together with the Annual Budget for the 2010-2011 were considered by Council on 7 June 2010. The 2010-2011 Annual Business Plan and Budget were adopted by the Council on 5 July 2010.

## **ABOUT THE CITY OF NORWOOD PAYNEHAM & ST PETERS**

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Our City includes places in which to live, work and play. We have leafy suburbs and desirable residential, commercial and industrial areas. Norwood Payneham & St Peters is also a popular destination for dining, shopping, entertainment, cultural experiences and recreation.

We are proud of our rich history as South Australia's first municipal council. The City has a unique heritage, with some buildings dating back to the early 1850s. This includes one of Adelaide's best concentrations of early, mid and late Victorian residential development, ranging from small settler cottages to large villas and mansions. This proud heritage is also reflected in our cosmopolitan city centres and more than 180 hectares of beautiful parks and gardens. Well known for its cultural diversity, the character and style of our City is friendly, sophisticated and inclusive.

The largely built character of the City is complemented by open space areas, the most notable natural area being the River Torrens Linear Park, in particular, the St Peters Billabong. First, Second and Third Creek also traverse the City from east to west, discharging into the River Torrens.

The area covered by the City is 15.1 square kilometres and we have a population of 36,000. Females make up 53% while males represent 47% of the population. A 7.8% increase in population is predicted by 2021. People of indigenous origin make up 0.5% of the population compared to 1.1% for the Adelaide region.

Across the City, there is a higher socio-economic status profile than exists for Adelaide as a whole, and for South Australia. Compared with the Adelaide average, the City has higher levels of education and labour force participation, lower unemployment, fewer jobless families with children, fewer single parent families, higher rates of car ownership and computer and internet usage at home.

Pockets of disadvantage however, exist throughout the City. For example, there is a higher proportion of the population relying on Commonwealth Rent Assistance (13.8%) compared with Adelaide (12.6%). There is also a slightly higher proportion of people who have a disability.

Other characteristics include:

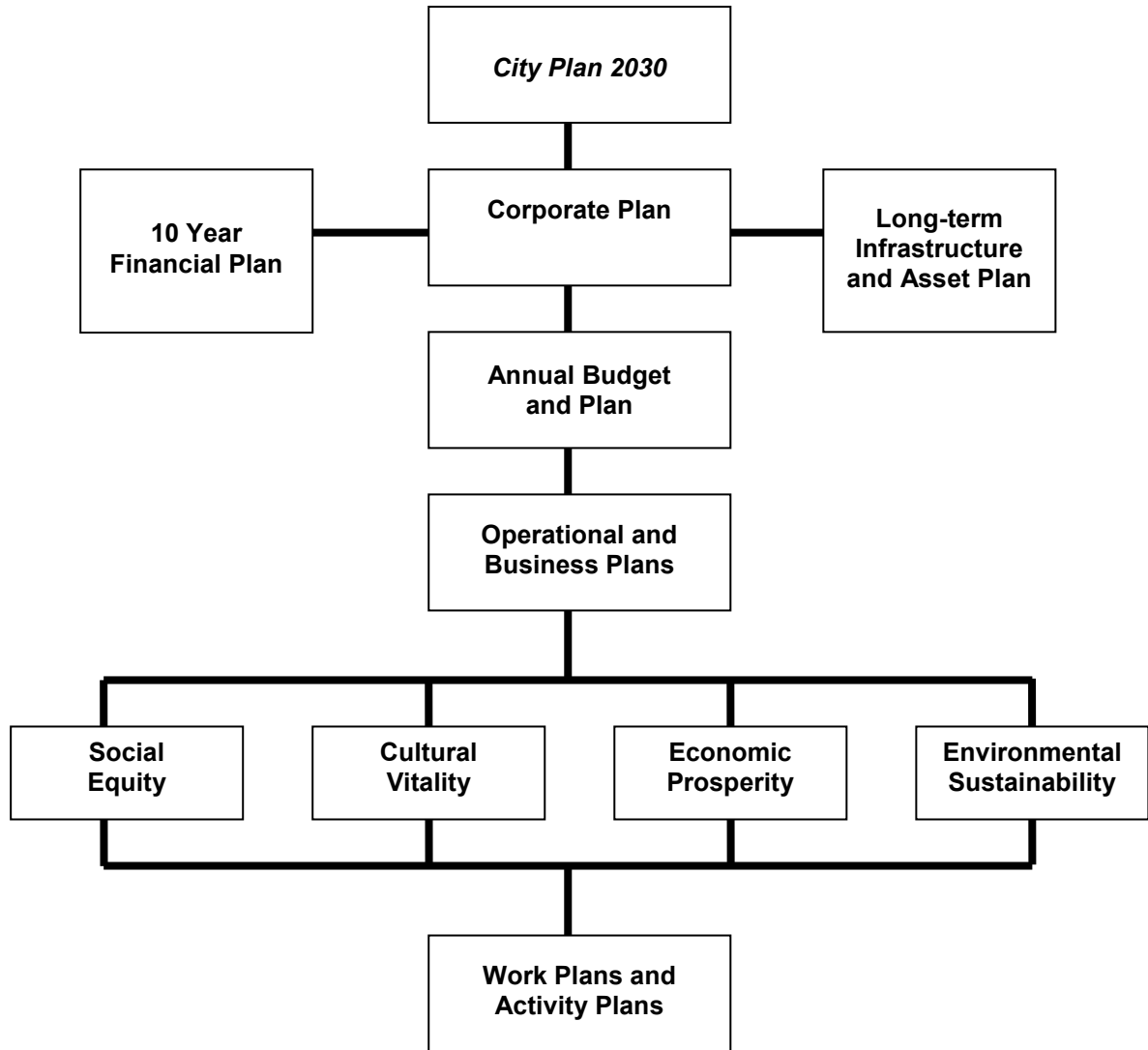
- Couple families with children form the largest proportion of households (39%).
- The general profile of the City's population is older than the Adelaide region as a whole.
- The prevalence of chronic disease in the City is estimated to be lower than metropolitan rates in Adelaide.
- The proportion of young people was slightly lower than that for Adelaide, while this is reversed for younger adults aged between 25 and 34 years.
- There are significant numbers of people born in Italy (nearly 6% of the local population), Greece (1.1%), Germany (0.7%), who settled in the City post World War II.
- More recent settlers are mostly from the UK, China, Malaysia and New Zealand.
- The City has a growing number of people, many of whom are students, from Asian countries particularly China (1.7%), Malaysia (1.0%), India (0.8%) and Hong Kong (0.5%).
- Other communities settling in the City come from African nations and the USA.
- The number of flats, units and apartments as a proportion of total housing stock is much higher in Norwood Payneham & St Peters than in Adelaide generally.
- There is a significant number of small to medium businesses (over 3,000) in the City and in excess of 6,000 home-based businesses.

# THE PLANNING PROCESS

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The Council has established its broad strategic directions through the development of its *City Plan 2030*.

The planning framework below illustrates how the Council's other plans including the Annual Business Plan I align with *City Plan 2030* to implement these strategic directions.



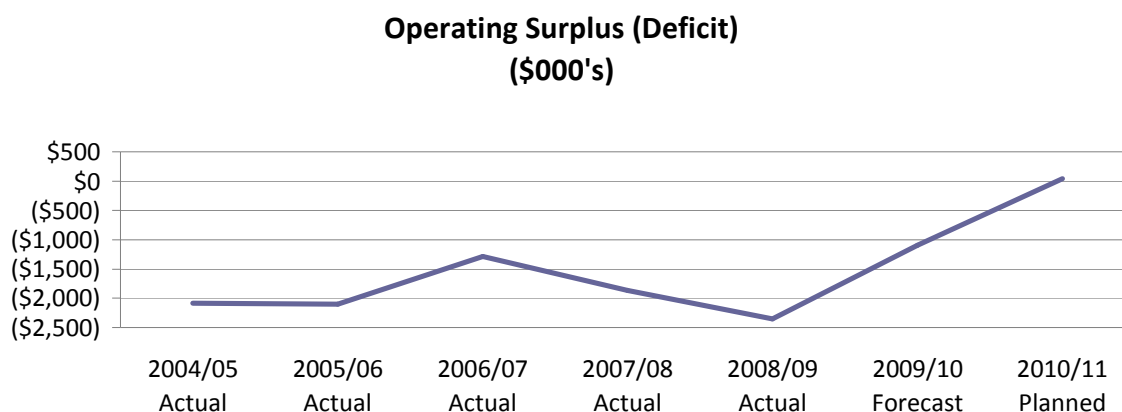
The Council's 2010-2011 Annual Business Plan has been developed based on the strategic directions of the *City Plan 2030*.

## PROGRESS OF THE 2009-2010 ANNUAL BUSINESS PLAN

With the 2009-2010 financial year nearing completion, we can report back on our progress in achieving the objectives set out in our 2009-2010 Annual Business Plan.

Financial sustainability was identified in the 2009-2010 Annual Business Plan as a high priority for Council, with the Council planning for a surplus operating position of \$169,000 by the end of the 2009-2010 financial year.

The Council is forecasting an operating deficit of \$1.09 million for the 2009-2010 financial year. Despite this result being short of the planned operating surplus, it is anticipated the Council will deliver a small operating surplus in 2010-2011.



The 2009-2010 Annual Business Plan identified seventy (70) projects for completion, fifty-two (52) are expected to be completed by 30 June 2010. This is a major achievement given that an additional fifty (50) projects from previous financial years were also progressed and/or completed during the year.

Major projects completed or forecasted to be completed within the 2009-2010 financial year include:

	2009-2010 Annual Business Plan	Forecasted Actual
<b>Payneham Swimming Centre</b>	<b>\$121,798</b>	<b>\$121,798</b>
The project included the installation of new non slip tiles in administration areas and change rooms		
<b>Norwood Swimming Centre</b>	<b>\$147,600</b>	<b>\$147,600</b>
The project included a timber framed pergola with shade cover, pool chlorination system and an upgrade to toilet facilities.		
<b>James Coke Park</b>	<b>\$316,476</b>	<b>\$776,723</b>
The project encompassed the redevelopment of the park incorporating new play space equipment, irrigation system, landscaping, underground rain water tank and solar panels		
<b>Heritage Grant Scheme</b>	<b>\$40,000</b>	<b>\$30,000</b>
Owners of Local Heritage Places and Contributory Items were able to utilise the grant to restore properties to maximise meaningful intention of the historic urban fabric of the city. The take up of the rate declined during the year, and the scheme has been reviewed with a view to redressing the declining take up during 2009-2010.		
<b>Road Resealing Program</b>	<b>\$909,929</b>	<b>\$909,929</b>
Approximately 182,991m <sup>2</sup> of bitumen roadway was treated during the year.		

## PROGRESS OF THE 2009-2010 ANNUAL BUSINESS PLAN

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	2009-2010 Annual Business Plan	Forecasted Actual
<b>Drainage Works</b>	<b>\$1,060,283</b>	<b>\$1,210,981</b>
Approximately 812 metres of underground stormwater pipes were installed during 2009-2010.		
<b>Kerbing Construction Program</b>	<b>\$544,605</b>	<b>\$544,605</b>
Approximately 3,659m of kerbing was constructed, during the year 2009-2010.		
<b>Cultural Heritage Festival</b>	<b>\$54,100</b>	<b>\$54,100</b>
Staging and promoting activities that celebrate the city's cultural heritage.		
<b>Norwood Oval Lighting Upgrade</b>	<b>\$512,576</b>	<b>\$445,681</b>
An upgrade of the playing surface lighting system to Australian Football Standards for night football was funded by Norwood Football Club, the Australian Football League, the Australian Federal Government and the Council		

# CITY PLAN 2030 “SHAPING OUR FUTURE”

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*City Plan 2030* Shaping Our Future is the City’s long-term plan. It identifies the community’s Vision and aspirations for the next twenty (20) years and beyond and establishes the broad strategic directions that will shape the City’s future.

The focus of the Plan is on retaining the things we love, changing the things we don’t and creating the things we want for our City’s preferred future.

*City Plan 2030* is also about building upon our City’s unique features - those features which set us apart from other cities and municipalities. For a sustainable future, we need to preserve and enhance our unique character and ‘sense of place’.

The title ‘Shaping Our Future’ reflects that the future can be shaped, modelled and influenced by our actions today for the benefit of future generations.

The Vision is translated into four Outcomes with the 2010-2011 Annual Business Plan being developed based on these strategic directions.

## **VISION**

A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.

## **OUTCOMES**

### **Outcome 1: Social Equity**

*A connected, accessible and pedestrian-friendly community.*

### **Outcome 2: Cultural Vitality**

*A culturally rich and diverse City with a strong identity, history and ‘sense of place’.*

### **Outcome 3: Economic Prosperity**

*A dynamic and thriving centre for business and services.*

### **Outcome 4: Environmental Sustainability**

*A leader in environmental sustainability.*

## **OVERVIEW OF THE BUSINESS PLAN**

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The Annual Business Plan is developed to translate the Council's strategic directions into actions, outputs and outcomes for the relevant financial year. Together with the *City Plan 2030*, other factors are taken into consideration to ensure the Council can continue to provide services, programs and facilities to the community.

### **SIGNIFICANT INFLUENCES**

Significant factors which have influenced the preparation of the 2010-2011 Annual Business Plan are:

- > a 2.6% rise in the Adelaide Consumer Price Index (CPI) for the year ending March 2010
- > a forecasted CPI for the 2010-2011 financial year of 2.5% (based on SA State Government forecast); and
- > Enterprise Bargaining increases for staff.

### **PRIORITIES**

The Council has set the following priorities as part of the 2010-2011 Annual Business Plan:

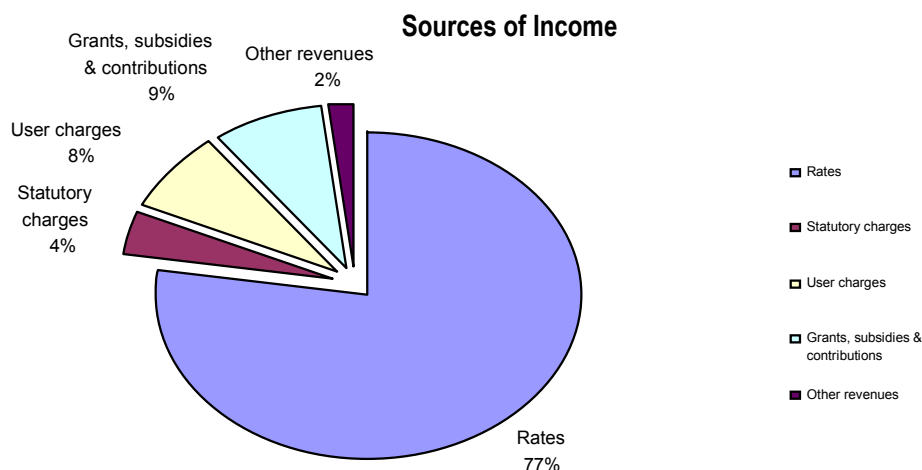
- > translate the strategic directions of the City Plan 2030 into a Corporate Plan;
- > the continuing maintenance and renewal of infrastructure assets in line with Council's Whole-of Life Infrastructure Framework;
- > continuance of a Separate Rate for the Parade, Norwood.

## FUNDING THE BUSINESS PLAN

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For the 2010-2011 financial year, the Council is planning for an operating surplus of \$40,494. Operating surplus is the difference between operating revenue and expenses for the period and over consecutive years provides a guide as to the long term financial sustainability of a council. The Council's expenditure is based on the demands made by the community with respect to the range and standard of services. To fund the provision of services, the Council raises income predominantly through the collection of rates.

To deliver the planned operating surplus, the Council will raise rate income to the value of \$25.4m, with \$24.6m being raised though general council rates. Additional information regarding rate revenue is provided within the section "What does this mean for rates?"



Other sources of revenue which are utilised to fund the activities of the Council are;

- > Statutory Charges - relates to fees and fines levied in accordance with legislation and include development application fees, dog registrations, health act registrations and parking fines.
- > User Charges - relates to the recovery of service delivery costs through the adoption of user pays principles' for Council's services and facilities. These include charges for the use of Council facilities.
- > Grants - includes monies received from State and Federal Governments to fund the Council's delivery of services to citizens and contributions from other parties towards property development costs.

Other Revenues includes;

- > Investment Income - includes interest earned on investments and interest bearing loans made to community groups.
- > Reimbursements - includes income from recouping specific costs of activities provided by the Council and private works (crossovers).
- > Other Revenues - relates to a range of unclassified items which do not fit within the main income categories.

# FUNDING THE BUSINESS PLAN

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## BORROWINGS

Proposed net capital expenditure is \$10.1 million. The Budgeted Cash Flow Statement (Attachment 1) projects a cash deficit at the end of the financial year of \$161k after borrowings of \$4 million.

Capital expenditure will be funded from:

- Partial use of depreciation expense recovered through rate revenue \$6.1 million
- Borrowings \$4.0 million

The Federal Government funding of \$2.5 million to offset the Revitalising St Peters Stage 2 expenditure of \$6.44 million has been reflected in the budget. At this stage, the exact timing of the funding and if any conditions apply to the funds whilst held by the Council cannot be ascertained.

The draw down of loans approved for capital expenditure will come from the previously approved loans still to be drawn down.

## **BUDGET 2010-2011**

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The Council's budget takes into account the anticipated cost of inputs to undertake the activities which it intends to carry out during the 2010-2011 financial year and identifies the income sources available to fund those inputs.

The dollar value of the planned activities and services are presented in the Budgeted Financial Statements (Attachment 1).

The Budgeted Financial Statements encompass a Budgeted Income Statement, Budgeted Balance Sheet, Budgeted Statement of Changes in Equity, Budgeted Statement of Cash Flows and Budgeted Uniform Presentation of Finances. Together these statements presents the budget in a format which provides a complete picture of the Council's financial position to its citizens.

## FINANCIAL INDICATORS

When evaluating activities to be undertaken during any given financial year, Council considers a number of factors, one being the future financial sustainability of the Council.

A series of financial indicators have been developed by local government to assist in determining whether a council is financially sustainable or moving to a position of financial sustainability.

Financial indicators employed by the Council to measure performance and financial sustainability are detailed below.

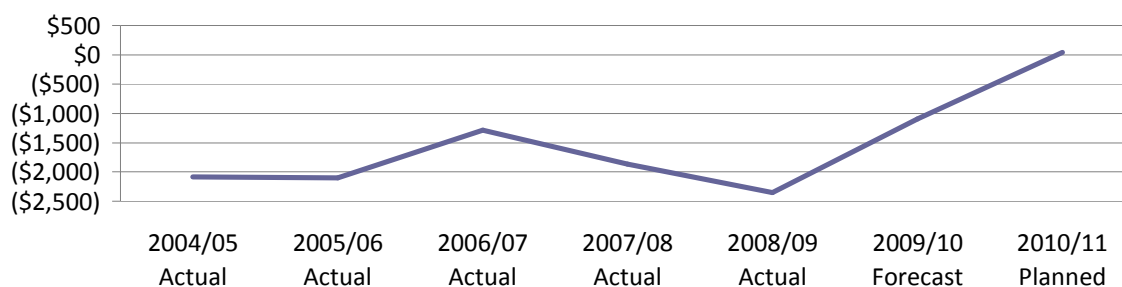
### OPERATING SURPLUS/ (DEFICIT)

The Councils long term sustainability is dependant upon ensuring that, on average over time, the operating expenses are less than the associated revenues.

Operating Surplus/ (Deficit) represents the difference between day-to-day income and expenses for a particular financial year. It measures the extent operating revenue, is sufficient to meet all operating expenses including depreciation. As the major source of income for the Council is rates revenue, this indicator also measures the quantum of operating expenses being met by current ratepayers.

Financial Year	2004/05 Actual \$'000	2005/06 Actual \$'000	2006/07 Actual \$'000	2007/08 Actual \$'000	2008/09 Actual \$'000	2009/10 Forecast \$'000	2010/11 Planned \$'000
Surplus/( Deficit)	(\$2,085)	(\$2,717)	(\$1,429)	(\$921)	(\$2,355)	(\$1,090)	\$40

**Operating Surplus (Deficit)**  
(\$'000's)

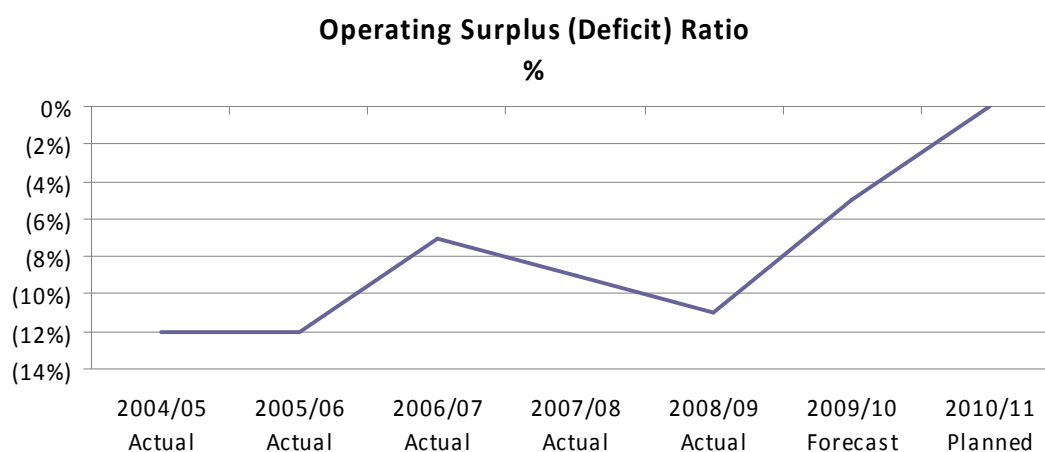


# FINANCIAL INDICATORS

## OPERATING SURPLUS/ (DEFICIT) RATIO

Operating Surplus ratio, measures operating surplus/ (deficit) as a percentage of rates revenue. This indicator represents the percentage by which the major controllable income source varies from the day to day operating expenditure

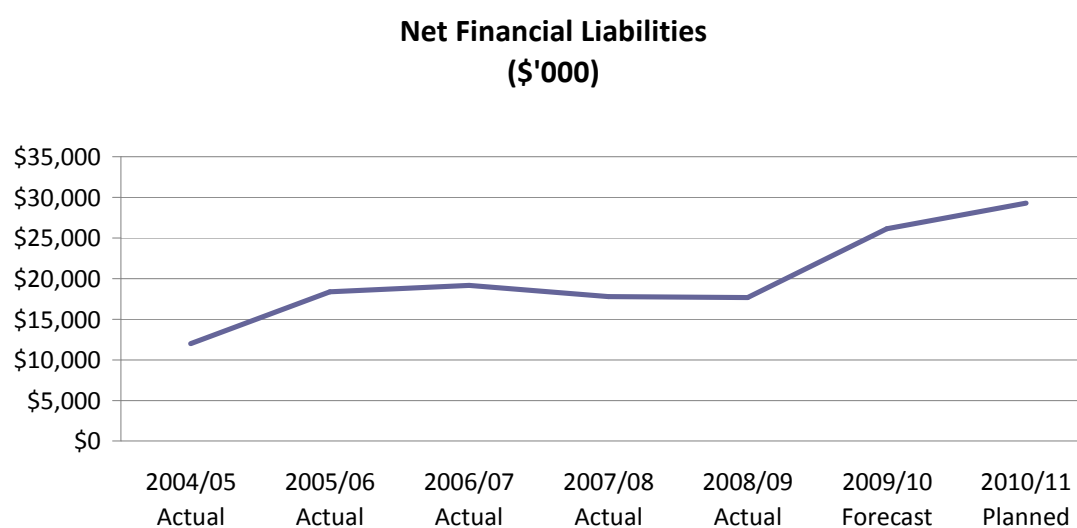
Financial Year	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Forecast	2010/11 Planned
Ratio %	(12%)	(12%)	(7%)	(9%)	(11%)	(5%)	0%



## NET FINANCIAL LIABILITIES

A Council's indebtedness must be managed to ensure its liabilities and associated costs are met without impinging on the financial sustainability of the council. Net financial liabilities measures the value of money owed by the Council to others (including provisions for employee entitlements) less money held invested or owed to the Council.

Financial Year	2004/05 Actual \$'000	2005/06 Actual \$'000	2006/07 Actual \$'000	2007/08 Actual \$'000	2008/09 Actual \$'000	2009/10 Forecast \$'000	2010/11 Planned \$'000
Net Financial Liabilities	\$12,008	\$18,346	\$19,146	\$17,756	\$17,654	\$26,152	\$29,316



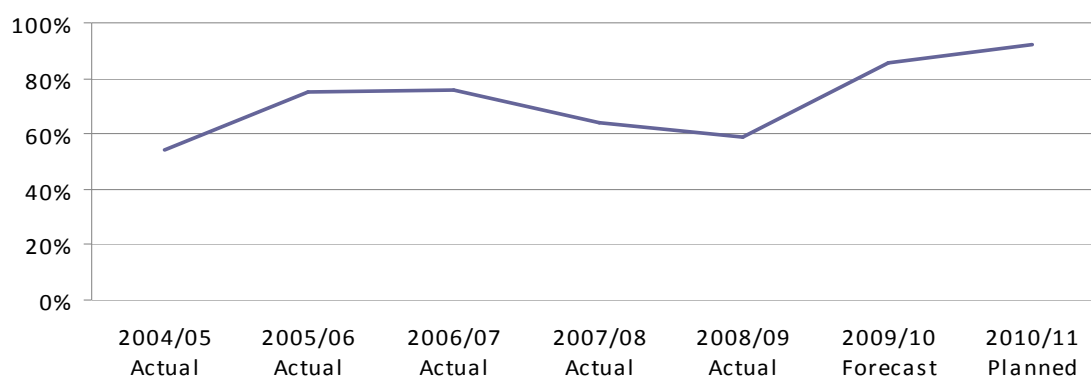
# FINANCIAL INDICATORS

## NET FINANCIAL LIABILITIES RATIO

Net Financial Liabilities ratio measures the extent net financial liabilities of the Council are met by its operating revenue. Where the ratio is increasing, it indicates a greater amount of a council's operating revenues is required to service its financial obligations. The increase in the ratio is due to proposed borrowings for some of the planned capital expenditure in 2009-10.

Financial Year	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Forecast	2010/11 Planned
<b>Ratio %</b>	54%	75%	76%	64%	59%	86%	92%

**Net Financial Liabilities Ratio**

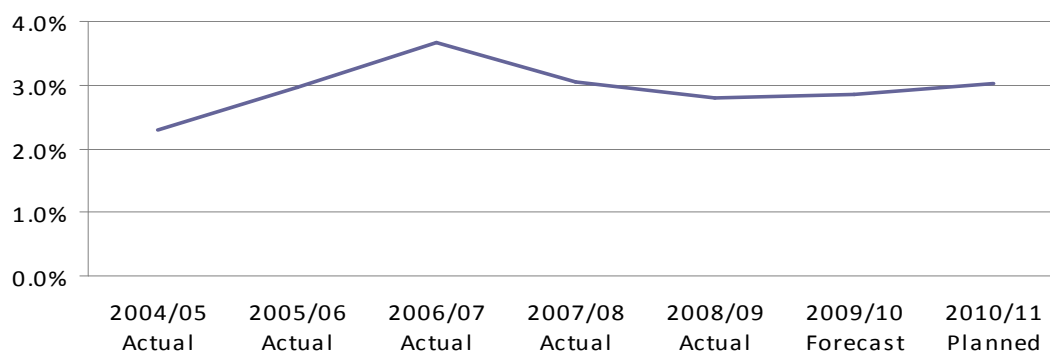


## INTEREST COVER RATIO

Interest Cover ratio measures the extent Council's commitment to interest expense is met by total operating revenue. In 2010-2011, it is anticipated that 3.0 % of the Council's operating revenue will be committed to fund interest on its borrowings.

Financial Year	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Forecast	2010/11 Planned
<b>Ratio %</b>	2.3%	3.0%	3.7%	3.1%	2.8%	2.9%	3.0%

**Interest Cover Ratio**



# FINANCIAL INDICATORS

## ASSET SUSTAINABILITY RATIO

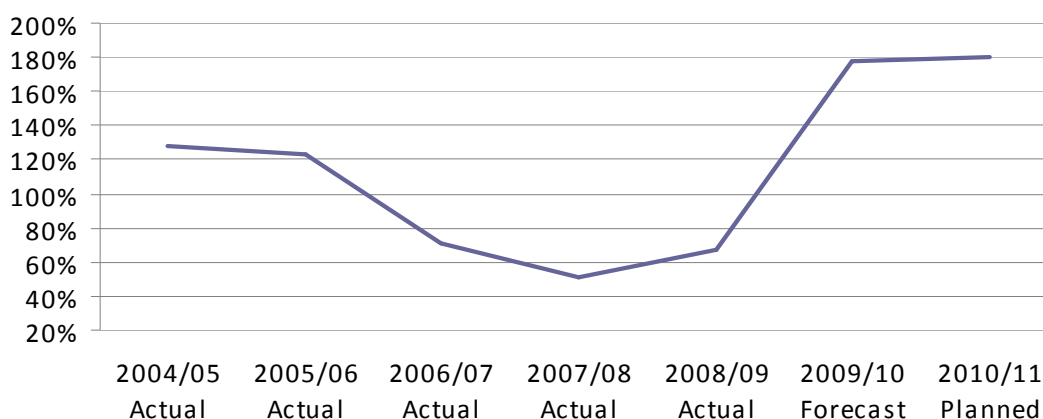
Asset Sustainability Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc) at the same rate the stock of assets is wearing out. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the recorded rate of depreciation of assets for the same period.

In 2010-2011, the Council has planned to spend \$10.1 million net on assets, whilst the depreciation expense associated with the stock of existing assets is \$6.9m.

The Council may accelerate or reduce asset expenditure over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain.

Financial Year	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Forecast	2010/11 Planned
Ratio %	128%	123%	71%	51%	68%	178%	180%

**Asset Sustainability Ratio**



# FINANCIAL INDICATORS

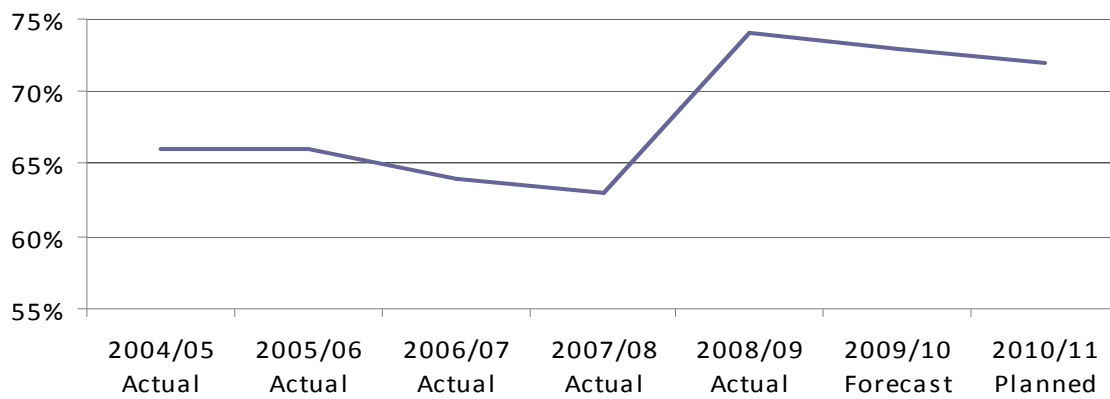
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## ASSET CONSUMPTION RATIO

Asset Consumption ratio measures the consumption of a council's physical depreciating assets at a point in time. This ratio seeks to highlight the aged condition of a council's stock of physical assets. The Council estimates that during 2010-2011, the Council will have utilised 28% of the value of its assets, therefore leaving 72% still to be utilised.

Financial Year	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Forecast	2010/11 Planned
Ratio %	128%	123%	71%	51%	68%	178%	180%

**Asset Consumption Ratio**



## **RECURRENT OPERATIONS FOR 2010-2011**

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All councils have minimum service provision responsibilities under the Local Government Act and other relevant legislation. These include:

- Regulatory activities, including voters roll maintenance and Elected Members support;
- Setting rates, preparing an annual business plan and budget, and determining longer term strategic management plans, financial plans and infrastructure and asset management plans for the area;
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and storm-water drainage;
- Street cleaning and rubbish collection;
- Development planning and control, including building safety assessment; and
- Provision of various environmental health services.

In addition, the Council provides discretionary services based upon the needs of the community.

When setting the Council's budget consideration is firstly given to the financial resource requirements for the ongoing service provision (recurrent operations) and then the funding of new services and capital projects.

The following data details the allocation of funds to recurrent operations of the Council for the 2010-2011 budget.

Service Area	Income	Expense	Cost to Council
	\$	\$	\$
Corporate Services Management	-	218,384	218,384
Concert Hall	277,270	212,475	(64,795)
Records Management	-	235,534	235,534
Finance & Administration	1,394,700	8,724,775	7,330,075
Information Systems	-	714,096	714,096
Rates & Property	30,000	1,085,021	1,055,021
Customer Service	-	342,680	342,680
Child Care Centre	1,536,499	1,262,846	(273,653)
Payneham Swim Centre	325,650	407,579	81,929
Norwood Swim Centre	154,900	314,827	159,927
CEO Office	-	674,381	674,381
Organisation Development	-	560,822	560,822
Governance & Civic Affairs	24,270	725,323	701,053
Communications Officer	-	373,653	373,653
Coordinator, Volunteer Services	-	96,838	96,838
Special Events	126,702	481,890	355,188
Business & Economic Development	100,000	265,620	165,620
Urban Services Management		228,412	228,412
Assets & Special Projects	403,965	2,074,778	1,670,813
Field Operations	71,000	7,698,080	7,627,080
Natural Assets	-	25,000	25,000
Traffic and Parking	1,018,350	437,459	(580,891)
Community Development & Library Services	800	221,725	220,925
Community Development	-	206,058	206,058
Community Facilities	63,500	10,550	(52,950)
Recreational Development	34,746	287	(34,459)
Youth Development	17,500	36,822	19,322
Community Arts		14,500	14,500
Community Support	987,630	1,169,059	181,429
Library Services	280,327	1,205,676	925,349
Strategic and Urban Planning	-	578,044	578,044
Urban Planning & Sustainability	1,500	307,284	305,784
Development Assessment	337,000	1,152,817	815,817
<b>Budgeted Recurrent Operations</b>	<b>7,186,309</b>	<b>32,063,295</b>	<b>24,876,986</b>

## NEW SERVICES, NEW ASSETS AND ASSET RENEWAL

As part of its planning process the Council considers its strategic directions as set out in its strategic plans and translates them into the delivery of services and assets or infrastructure. While current service delivery contributes to the achievement of the strategic direction however it is often through the provision of new services and asset creation that the strategic objectives of the Council are met.

Projects included within the 2010-2011 Annual Business Plan are based on the broad outcomes of the *City Plan 2030* to ensure the projects contribute to the achievement of the vision of the City of Norwood Payneham and St Peters. Major projects planned are detailed below;

### OUTCOME 1: SOCIAL EQUITY

*A connected, accessible and pedestrian-friendly community.*

NEW ASSETS & ASSET RENEWAL	Income	Expenditure	Cost to Council
• Civil infrastructure Capital Works Programme		2,278,254	2,278,254
• Drainage Infrastructure Works Programme	23,625	1,412,875	1,389,250
• Buildings Infrastructure Works Programme		658,155	658,155
• Swimming pool infrastructure		391,056	391,056
• Roads to Recovery – St Peter’s Street Streetscape Upgrade Stage 1	263,578	263,578	0
• Annual acquisition of library books		196,000	196,000
• Future Road Design– St Peter’s Street Streetscape Upgrade Stage 2		40,000	40,000
• Payneham Library Furniture Replacement		34,910	34,910
• Equipment Swimming Centres		23,400	23,400
• Medical equipment Swimming Centres		9,430	9,430
• St Peters Childcare Centre Equipment		7,800	7,800
SERVICES	Income	Expenditure	Cost to Council
• New staff member St Peter’s Childcare Centre		41,485	41,485
• Eastern Region Alliance Ageing Strategy		10,000	10,000
• Speed Limit Reduction		6,000	6,000

## NEW SERVICES, NEW ASSETS AND ASSET RENEWAL

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### OUTCOME 2: CULTURAL VITALITY

*A culturally rich and diverse City with a strong identity, history and 'sense of place'.*

<b>NEW ASSETS &amp; ASSET RENEWAL</b>	<b>Income</b>	<b>Expenditure</b>	<b>Cost to Council</b>
• Revitalising St Peter's Precinct Stage 2	2,500,000	6,443,076	3,943,076
• Major Public Art Funding		31,000	31,000
• Norwood Concert Hall Improvements		27,500	27,500

<b>SERVICES</b>	<b>Income</b>	<b>Expenditure</b>	<b>Cost to Council</b>
• Tour Down Under		90,000	90,000
• Mullet Youth Arts Festival	5,000	47,700	42,700
• Public Art Program		25,000	25,000
• Heritage Grant Scheme		35,000	35,000

### OUTCOME 3: ECONOMIC PROSPERITY

*A dynamic and thriving centre for business and services.*

<b>SERVICES</b>	<b>Income</b>	<b>Expenditure</b>	<b>Cost to Council</b>
• Separate Rate For The Parade	145,000	145,000	-
• Magill Road Precinct Committee	12,000	67,500	55,500
• Payneham Road Precinct Committee		55,000	55,000
• Business & Economic Development Officer		40,456	40,456
• Adelaide Fashion Festival		40,000	40,000
• Glynde Corner Precinct Committee		17,000	17,000
• New Staff member - Business and Economic Development		40,456	40,456

## NEW SERVICES, NEW ASSETS AND ASSET RENEWAL

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### OUTCOME 4: ENVIRONMENTAL SUSTAINABILITY

*A leader in environmental sustainability.*

<b>NEW ASSETS &amp; ASSET RENEWAL</b>	<b>Income</b>	<b>Expenditure</b>	<b>Cost to Council</b>
• Recreation & Open Space Infrastructure Works programme		414,000	414,000
• Plant Replacement	26,000	188,000	162,000

<b>SERVICES</b>	<b>Income</b>	<b>Expenditure</b>	<b>Cost to Council</b>
• Hard Waste & E-Waste Collection		60,000	60,000

### CORPORATE PROJECTS

The *City Plan 2030* sets the future strategic directions of the Council to achieve its vision. However the Council must also continue to carry out a number of day to day operations. To ensure that these operations are continually provided in the most effective and efficient manner additional projects are proposed. During the 2010-2011 financial year the Council intends to develop its "Corporate Plan." In the future these projects will assist in achieving the outcomes and objectives of the Corporate Plan.

<b>NEW ASSETS &amp; ASSET RENEWAL</b>	<b>Income</b>	<b>Expenditure</b>	<b>Cost to Council</b>
• Capitalisation of Project Management Cost		417,175	417,175

<b>PROGRAM</b>	<b>Income</b>	<b>Expenditure</b>	<b>Cost to Council</b>
• Local Government 2010 Elections		90,000	90,000

## WHAT IT MEANS FOR RATES

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Council rates are a form of property taxation and are the main source of income the Council uses to fund the planned services detailed in the Business Plan.

Having determined the total budget, the Council divides the portion of the budget to be raised from rates by the total of all individual property values in the area to arrive at what is called a "rate in the dollar". The "rate in the dollar" is applied to individual property values to produce the rates bill for each property.

The Council works hard to ensure that rates are kept to a responsible level. Consistent with meeting local community requirements for maintaining essential infrastructure and providing services the Council seeks to ensure rates are applied across the community as fairly as possible. To assist in making the impact of rates fairer to the community, a number of options are applied.

## METHOD USED TO VALUE LAND

The Council has continued to use Capital Value as the basis for valuing land within the Council area. It is considered that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:-

- property value is a good indicator of wealth and Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- the distribution of property values throughout the Council area is such that only just over one third of residential ratepayers will pay more than the average rate per property.

Information received from the State Valuation Office sees the following changes in the City's property values to date.

<b>Capital Value</b>	<b>% Increase</b>
Residential	7.9%
Commercial	7.7%
Industrial	3.8%
Vacant Land	17.7%
Other	4.3%
Non Rateable	6.5%
<b>Total Rateable</b>	<b>7.8%</b>

Of the 7.8% increase in valuations, 0.94% can be attributed to growth related to new development within the City to date.

# WHAT IT MEANS FOR RATES

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## DIFFERENTIAL GENERAL RATES

The Act allows Councils to differentiate rates based on the use of the land, the locality of the land or the use and locality of the land. The City of Norwood Payneham & St Peters applies differential rates on the basis of land use.

Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential;
- Commercial – Shops;
- Commercial – Office;
- Commercial – Other
- Industrial – Light;
- Industrial – Other;
- Primary Production;
- Vacant Land; and
- Other

The City of Norwood Payneham & St Peters applies differential rates on the basis of land use whereby non-residential properties have an increased rate-in-the-dollar of 20% of the residential rate-in-the-dollar.

Based on information provided by the State Valuation Office, the payment of rates will be distributed across the difference categories as follows:-

Residential	79.4%
Commercial	17.9%
Industrial	1.4%
Vacant Land	1.0%
Other	0.25%

## MINIMUM RATE

A Council may impose a minimum amount payable by way of rates. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area

The Council has set a minimum rate of \$729. The minimum rate will be applied to 24.6% ( 4,780 properties) of all rateable properties.

In determining the minimum rates, we are ensuring that all rateable properties make a base level contribution to the costs of:

- administering the Council's activities;
- the provision of the physical infrastructure that supports each property and is available for use by all ratepayers;
- services provided that are available for use by all ratepayers eg Library and Parks and Gardens.

## **WHAT IT MEANS FOR RATES**

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### **THE PARADE PRECINCT DEVELOPMENT RATE**

The Council has determined to raise a separate rate, for the purposes of promotion and enhancing business viability and profitability of the businesses and traders along The Parade. The Parade Precinct Development Rate is levied against all commercial properties along The Parade between Fullarton Road and Portrush Road, and the revenue raised may only be used for this purpose.

The Council has endorsed the Norwood Parade Precinct Committee's recommendation to raise \$146,100 to undertake this project this financial year.

### **RATE INCREASES FOR THE 2010-2011 FINANCIAL YEAR**

To fund the activities proposed within the 2010-2011 Annual Business Plan and ensure the Council continues to provide the level of services required by the community the Council estimates that it will require an additional 5% in general rate income.

Based on the initial valuations received from the Valuer General this will result in a decrease in the "cents-in-the-dollar". The average residential property will be expected to pay \$1,117.

### **NATURAL RESOURCES MANAGEMENT LEVY**

The Council is required under the Natural Resources Management Act 2004 to fund the operations of the Adelaide and Mount Lofty Ranges Natural Resources Management Board. Council has determined that a separate rate will be levied for the Natural Resources Management Levy applicable to land within its area of the Adelaide and Mount Lofty Ranges Natural Resources Region.

### **RATE CAPPING**

Rate capping is in the form of a rebate or remission of rates above an approved threshold. Council has determined that residential rates will be capped at 10% (subject to certain conditions).

### **RATE CONCESSIONS**

The State Government, in providing equity across SA in this area, funds a range of concessions on Council rates. The concessions are administered by various State Government Agencies who determine eligibility and pay the concession direct to the Council on behalf of the ratepayer. Concessions are available only on the principal place of residence.

## WHAT IT MEANS FOR RATES

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### REMISSION AND POSTPONEMENT OF RATES

Section 182A of the Local Government Act 1999 provides the option for State Senior Card Holders to apply to postpone part of their council rates on a long term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property.

For complete details on these items and additional information please refer to the Rating Policy and Rebate Policy that are provided within **Attachment 2**.

# ATTACHMENT 1: BUDGETED FINANCIAL STATEMENTS

## City of Norwood Payneham & St Peters BUDGETED INCOME STATEMENT for the year ended 30 June 2011

	Recurrent Operating 2010-2011	Carry Forwards 2010-2011	Operating Projects 2010-2011	Projected Operating Projects Carry Forwards 2010-2011	Capital Projects 2010-2011	Proposed 2010-2011	Adopted Q3 Review Budget 2009-2010	Adopted Original Budget 2009-2010	Actual 2008-2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>INCOME</b>									
Rates	25,376,645	-	145,000	-	-	25,521,645	24,243,081	24,154,086	22,986,317
Statutory charges	1,381,550	-	-	-	-	1,381,550	1,297,000	1,388,600	1,361,088
User charges	2,669,622	-	12,300	-	-	2,681,922	2,680,387	2,533,536	2,489,485
Grants, subsidies and contributions	2,598,521	-	268,578	-	-	2,867,099	2,346,419	2,545,846	3,003,227
Investment income	176,400	-	-	-	-	176,400	167,879	200,379	253,233
Reimbursements	259,166	-	-	-	-	259,166	294,254	262,445	162,366
Other income	101,050	-	-	-	-	101,050	38,508	100,500	240,283
Net loss joint ventures & associates									19,297
<b>Total Income</b>	<b>32,562,954</b>	<b>-</b>	<b>425,878</b>	<b>-</b>	<b>-</b>	<b>32,988,832</b>	<b>31,067,528</b>	<b>31,185,392</b>	<b>30,515,296</b>
<b>EXPENSES</b>									
Employee costs	11,413,748	-	-	-	-	11,413,748	10,819,794	10,959,074	9,988,894
Materials, contracts & other expenses	12,550,900	192,593	985,353	(292,903)	-	13,435,943	13,764,616	12,717,537	13,967,553
Finance costs	1,130,478	-	-	-	-	1,130,478	1,033,900	1,033,900	1,079,791
Depreciation, amortisation & impairment	6,878,200	-	-	-	-	6,878,200	6,472,252	6,306,252	6,249,375
Net loss Joint Ventures & Associates	89,969	-	-	-	-	89,969	67,299	-	1,584,298
<b>Total Expenses</b>	<b>32,063,295</b>	<b>192,593</b>	<b>985,353</b>	<b>(292,903)</b>	<b>-</b>	<b>32,948,338</b>	<b>32,157,861</b>	<b>31,016,763</b>	<b>32,869,911</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>499,659</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>-</b>	<b>40,494</b>	<b>(1,090,333)</b>	<b>168,629</b>	<b>(2,354,615)</b>
Net gain (loss) on disposal or revaluation of assets	-	-	-	-	26,000	26,000	26,500	26,500	(1,033,642)
Net gain (loss) - joint venture & associates	-	-	-	-	-	-	-	(227,479)	-
Amounts specifically for new or upgraded assets	-	-	-	-	2,523,625	2,523,625	697,810	60,000	380,550
Physical resources received free of charge	-	-	-	-	-	-	412,576	412,576	-
Non-operating items - joint ventures and associates	-	-	-	-	-	-	-	-	(4,813)
<b>NET SURPLUS (DEFICIT)</b>	<b>499,659</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>2,549,625</b>	<b>2,590,119</b>	<b>46,553</b>	<b>440,226</b>	<b>(3,012,520)</b>

# ATTACHMENT 1: BUDGETED FINANCIAL STATEMENTS

## City of Norwood Payneham & St Peters BUDGETED BALANCE SHEET for the year ended 30 June 2011

	Recurrent Operating 2010-2011	Carry Forwards 2010-2011	Operating Projects 2010-2011	Projected Operating Projects Carry Forwards 2010-2011	Capital Projects 2010-2011	Proposed 2010-2011	Adopted Q3 Review Budget 2009-2010	Adopted Original Budget 2009-2010	Actual 2008-2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and cash equivalents	11,321,989	(192,593)	(559,475)	292,903	(10,083,186)	779,638	(62,370)	(2,968,691)	6,234,913
Trade & other receivables	925,418	-	-	-	-	925,418	925,418	1,015,507	925,418
<b>Total Current Assets</b>	<b>12,247,407</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>(10,083,186)</b>	<b>1,705,056</b>	<b>863,048</b>	<b>(1,953,184)</b>	<b>7,160,331</b>
<b>Non-current Assets</b>									
Financial Assets	72,746	-	-	-	-	72,746	79,246	79,246	79,246
Equity accounted investments in Council businesses	521,304	-	-	-	-	521,304	521,304	134,024	361,124
Infrastructure, Property, Plant & Equipment	490,854,213	-	-	-	12,632,811	503,487,024	497,732,413	461,383,373	489,347,778
Other Non-current Assets	448,963	-	-	-	-	448,963	448,963	-	448,963
<b>Total Non-current Assets</b>	<b>491,897,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,632,811</b>	<b>504,530,037</b>	<b>498,781,926</b>	<b>461,596,643</b>	<b>490,237,111</b>
<b>Total Assets</b>	<b>504,144,633</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>2,549,625</b>	<b>506,235,093</b>	<b>499,644,974</b>	<b>459,643,459</b>	<b>497,397,442</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Trade & Other Payables	7,308,592	-	-	-	-	7,308,592	7,308,592	3,267,400	6,301,192
Borrowings	3,349,889	-	-	-	-	3,349,889	3,349,889	2,269,451	3,349,889
Short-term Provisions	1,043,124	-	-	-	-	1,043,124	1,043,124	969,188	1,043,124
<b>Total Current Liabilities</b>	<b>11,701,605</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,701,605</b>	<b>11,701,605</b>	<b>6,506,039</b>	<b>10,694,205</b>
<b>Non-current Liabilities</b>									
Trade & Other Payables	-	-	-	-	-	-	-	-	-
Long-term Borrowings	17,405,929	-	-	-	-	17,405,929	13,405,929	14,519,971	12,439,829
Long-term Provisions	253,981	-	-	-	-	253,981	253,981	146,665	253,981
Liability - Equity accounted Council Businesses	1,732,580	-	-	-	-	1,732,580	1,732,580	-	1,505,101
<b>Total Non-current Liabilities</b>	<b>19,392,490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,392,490</b>	<b>15,392,490</b>	<b>14,666,636</b>	<b>14,198,911</b>
<b>Total Liabilities</b>	<b>31,094,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,094,095</b>	<b>27,094,095</b>	<b>21,172,675</b>	<b>24,893,116</b>
<b>NET ASSETS</b>	<b>473,050,538</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>2,549,625</b>	<b>475,140,998</b>	<b>472,550,879</b>	<b>438,470,784</b>	<b>472,504,326</b>
<b>EQUITY</b>									
Accumulated Surplus	28,610,680	(192,593)	(559,475)	292,903	2,549,625	30,701,140	28,111,021	29,643,432	28,064,468
Asset Revaluation Reserve	444,439,858	-	-	-	-	444,439,858	444,439,858	404,703,888	444,439,858
Other Reserves	-	-	-	-	-	-	-	4,123,464	-
<b>TOTAL EQUITY</b>	<b>473,050,538</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>2,549,625</b>	<b>475,140,998</b>	<b>472,550,879</b>	<b>438,470,784</b>	<b>472,504,326</b>

# ATTACHMENT 1: BUDGETED FINANCIAL STATEMENTS

## City of Norwood Payneham & St Peters BUDGETED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2011

	Recurrent Operating 2010-2011	Carry Forwards 2010-2011	Operating Projects 2010-2011	Projected Operating Projects Carry Forwards 2010-2011	Capital Projects 2010-2011	Proposed 2010-2011	Adopted Q3 Review Budget 2009-2010	Adopted Original Budget 2009-2010	Actual 2008-2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ACCUMULATED SURPLUS</b>									
Balance at end of previous reporting period	28,111,021	-	-	-	-	28,111,021	28,064,468	29,203,206	31,076,988
Net Surplus/ (Deficit) for year	499,659	(192,593)	(559,475)	292,903	2,549,625	2,590,119	46,553	440,226	(3,012,520)
Transfers to Other Reserves	-	-	-	-	-	-	-	-	-
Transfers from Other Reserves	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>28,610,680</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>2,549,625</b>	<b>30,701,140</b>	<b>28,111,021</b>	<b>29,643,432</b>	<b>28,064,468</b>
<b>ASSET REVALUATION RESERVE</b>									
Balance at end of previous reporting period	444,439,858	-	-	-	-	444,439,858	444,439,858	404,703,888	405,062,720
Gain on revaluation of infrastructure, property, plant & equipment	-	-	-	-	-	-	-	-	39,377,138
Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>444,439,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444,439,858</b>	<b>444,439,858</b>	<b>404,703,888</b>	<b>444,439,858</b>
<b>OTHER RESERVES</b>									
Balance at end of previous reporting period	-	-	-	-	-	-	-	4,123,464	-
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-	-
Transfers to Accumulated Surplus	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,123,464</b>	<b>-</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>473,050,538</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>2,549,625</b>	<b>475,140,998</b>	<b>472,550,879</b>	<b>438,470,784</b>	<b>472,504,326</b>
<i>Total of all revenues recognised directly in Equity</i>	-	-	-	-	-	-	-	-	39,377,138
<i>Total of all expenses recognised directly in Equity</i>	-	-	-	-	-	-	-	-	-
<b>NET CHANGE IN EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,377,138</b>

# ATTACHMENT 1: BUDGETED FINANCIAL STATEMENTS

## City of Norwood Payneham & St Peters BUDGETED CASH FLOW STATEMENT for the year ended 30 June 2011

	Recurrent Operating 2010-2011	Carry Forwards 2010-2011	Operating Projects 2010-2011	Projected Operating Projects Carry Forwards 2010-2011	Capital Projects 2010-2011	Proposed 2010-2011	Adopted Q3 Review Budget 2009-2010	Adopted Original Budget 2009-2010	Actual 2008-2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Receipts</u>									
Operating receipts	32,386,554	-	425,878	-	-	32,812,432	30,899,649	30,985,013	34,785,254
Investment receipts	176,400	-	-	-	-	176,400	167,879	200,379	280,039
<u>Payments</u>									
Operating payments to suppliers & employees	(24,054,617)	(192,593)	(985,353)	292,903	-	(24,939,660)	(24,584,410)	(23,676,611)	(24,550,401)
Finance payments		-	-	-	-	-			(849,381)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>8,508,337</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>-</b>	<b>8,049,172</b>	<b>6,483,118</b>	<b>7,508,781</b>	<b>9,665,511</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<u>Receipts</u>									
Amounts specifically for new or upgraded assets	-	-	-	-	2,523,625	2,523,625	697,810	60,000	380,550
Sale of replaced assets	-	-	-	-	26,000	26,000	26,500	26,500	-
Repayments of loans by community groups	6,500	-	-	-	-	6,500	6,500	6,500	6,500
<u>Payments</u>									
Expenditure on renewal/replacement of assets	-	-	-	-	(12,375,031)	(12,375,031)	(11,525,866)	(8,612,852)	(4,224,004)
Expenditure on new/upgraded assets	-	-	-	-	(257,780)	(257,780)	(2,951,445)	(1,328,832)	(32,422)
Capital contributed to associated entities	-	-	-	-	-	-	-	-	(720,424)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>6,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,083,186)</b>	<b>(10,076,686)</b>	<b>(13,746,501)</b>	<b>(9,848,684)</b>	<b>(4,589,800)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<u>Receipts</u>									
Proceeds from Borrowings	4,000,000	-	-	-	-	4,000,000	2,000,000	2,000,000	-
<u>Payments</u>									
Repayments of Borrowings	(1,130,478)	-	-	-	-	(1,130,478)	(1,033,900)	(1,033,900)	(1,411,182)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>2,869,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,869,522</b>	<b>966,100</b>	<b>966,100</b>	<b>(1,411,182)</b>
<b>Net Increase (Decrease) in cash held</b>	<b>11,384,359</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>(10,083,186)</b>	<b>842,008</b>	<b>(6,297,283)</b>	<b>(1,373,803)</b>	<b>3,664,529</b>
Cash & cash equivalents at beginning of period	(62,370)	-	-	-	-	(62,370)	6,234,913	6,234,913	2,570,384
<b>Cash &amp; cash equivalents at end of period</b>	<b>11,321,989</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>(10,083,186)</b>	<b>779,638</b>	<b>(62,370)</b>	<b>4,861,110</b>	<b>6,234,913</b>

# ATTACHMENT 1: BUDGETED FINANCIAL STATEMENTS

## City of Norwood Payneham & St Peters BUDGETED UNIFORM PRESENTATION OF FINANCES for the year ended 30 June 2011

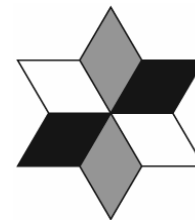
	Recurrent Operating 2010-2011	Carry Forwards 2010-2011	Operating Projects 2010-2011	Projected Operating Projects Carry Forwards 2010-2011	Capital Projects 2010-2011	Proposed 2010-2011	Adopted Q3 Review Budget 2009-2010	Adopted Original Budget 2009-2010	Actual 2008-2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenues	32,562,954	-	425,878	-	-	32,988,832	31,067,528	31,185,392	28,229,022
<i>less Operating Expenses</i>	(32,063,295)	(192,593)	(985,353)	292,903	-	(32,948,338)	(32,157,861)	(31,016,763)	(29,150,434)
<b>Operating Surplus / (Deficit)</b>	<b>499,659</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>-</b>	<b>40,494</b>	<b>(1,090,333)</b>	<b>168,629</b>	<b>(921,412)</b>
<b><i>less Net Outlays on Existing Assets</i></b>									
Capital Expenditure on renewal and replacement of Existing Assets	-	-	-	-	12,375,031	12,375,031	11,525,866	8,612,852	2,771,049
<i>less Depreciation, Amortisation and Impairment</i>	(6,878,200)	-	-	-	-	(6,878,200)	(6,472,252)	(6,306,252)	(5,384,355)
<i>less Proceeds from Sale of Replaced Assets</i>	-	-	-	-	(26,000)	(26,000)	(26,500)	(26,500)	(20,000)
	<b>(6,878,200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,349,031</b>	<b>5,470,831</b>	<b>5,027,114</b>	<b>2,280,100</b>	<b>(2,633,306)</b>
<b><i>less Net Outlays on New and Upgraded Assets</i></b>									
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	-	-	-	-	257,780	257,780	2,951,445	1,328,832	882,752
<i>less Amounts received specifically for New and Upgraded Assets</i>	-	-	-	-	(2,523,625)	(2,523,625)	(697,810)	(60,000)	(1,589,640)
	-	-	-	-	(2,265,845)	(2,265,845)	2,253,635	1,268,832	(706,888)
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>7,377,859</b>	<b>(192,593)</b>	<b>(559,475)</b>	<b>292,903</b>	<b>(10,083,186)</b>	<b>(3,164,492)</b>	<b>(8,371,082)</b>	<b>(3,380,303)</b>	<b>2,418,782</b>

## ATTACHMENT 2

### Rating Policy 2010-2011

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### Policy Manual - Governance



*City of*  
**Norwood  
Payneham  
& St Peters**

## BACKGROUND

To comply with the requirements of the , Section 123 of the Local Government Act 1999, each Council must prepare and adopt a Ratings Policy. The rating policy must be adopted as part of the Annual Business Plan each financial year in conjunction with the declaration of the annual rates.

The purpose of this policy is to outline the Council's approach to determining and collecting rates from the community.

The policy covers:

- The relationship between Council's strategic plans, its budget and rates structure
- Council's revenue raising powers
- Method used to value land
- Adoption of valuations
- Business Impact Statement
- Differential general rates
- Minimum rate
- Water Catchment levy (the Council's collection role)
- Pensioner and Self Funded Retiree concessions
- Other State Government Concessions
- Payment of rates
- Late payment of rates
- Recovery of Rates
- Sale of land for non-payment of rates
- Remission and postponement of rates
- Rebate of rates
- Rate Capping rebate
- Disclaimer

## KEY PRINCIPLES

1. Rates represent a general tax levied on the basis of the value of land.
2. There is a commitment to the broad principle of fairness and equity in the distribution of rates across all ratepayers.
3. Capital value is used as the basis for valuing land within the Council area, as determined by the Valuer-General each year.
4. A general rate, a differential rate applying to commercial, industrial and other properties and a minimum rate will be applied as a means of raising taxation revenue within the community.
5. The Council will, as is required under the Natural Resources Management Act 2004, impose a separate rate to fund the operations of the Adelaide and Mount Lofty Ranges Natural Resources Management Board (formerly Torrens Water Catchment Management Board).
6. The Council will provide concessions to eligible ratepayers who hold either a Pension Card, State Concession Card, a State Seniors Card or is classified as a T.P.I. Pensioner.

7. The Council will continue to accept the payment of rates in full or by four instalments provided either choice is received in full on or before the due date shown on the front of the rate notice.
8. Pre-payment of rates may be made in instalment amounts not less than \$30. Payment can be made at any Council Office, via Bpay facilities or the Internet.
9. The Council will impose late payment penalties strictly in accordance with the Local Government Act 1999.
10. The Council may enforce the sale of land for non-payment of rates after three years in accordance with the Local Government Act 1999.
11. The Council will consider any application from a ratepayer to partially or wholly remit rates or to postpone rates on the basis of hardship in accordance with Section 182 or Section 182A of the Local Government Act 1999.
12. The Council will apply rebates in accordance with Chapter 10, Division 5 of the Local Government Act 1999.
13. The Council will automatically apply a rate capping rebate of 10%, subject to certain conditions, on any residential property if applicable in accordance with Section 166 of the Local Government Act 1999.
14. The Council advises that a rate cannot be challenged on the basis of non-compliance with this policy and rates must be paid in accordance with the required payment provisions.

## **POLICY**

### **Strategic Focus**

The Council is faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax levels to it is adequately resourced to fulfil its roles and responsibilities. In determining rates for the financial year the Council gives primary consideration to strategic directions, budget considerations, the current economic climate and the likely impacts on the community.

The resources required to successfully achieve this outcome are documented in the annual budget and in business plans prepared by each of Council's service delivery departments. The budget directly supports and reflects the delivery of the strategic plan.

The Council's major source of revenue is Rates Revenue, derived as a tax on land within the Council area. Rate levels are determined after consideration of expenditure priorities in relation to the strategic plan, ongoing service delivery requirement and community needs.

Economic pressures continue to apply to the Council in a number of ways. These pressures will have an impact on the Council's financial resource requirements and therefore put pressure on rates. Examples of economic pressure are:

- as other tiers of government re-assess their core business, it is likely that local government will be required to provide more services to fill gaps;
- reduction in funds available to Council via grants from other tiers of government;
- as households have less income, the community will become increasingly reliant on local government for the provision of additional services;
- State and Federal Governments are increasingly promoting a philosophy of user-pays for service provision and delivery;
- General unavoidable cost increases for example, petrol and water.

There is pressure on Council to minimise rate increases particularly in response to the effect of the global economic crisis. Rates represent Councils major source of income. In order to respond to the increased service demands and additional costs detailed above, increases in rates will be unavoidable to maintain services.

Significant valuation movements in the residential property sector had resulted in a shift in rate responsibility from commercial and industrial ratepayers to residential ratepayers. In 2007/2008 commercial valuations experienced healthy valuation increases in the vicinity of 17.2%, then slowed to 4.32% in 2009/2010 while they have steadied to 7.7% for 2010/2011.

Residential valuations for the 2010/2011 financial year have increased steadily at 7.9% in comparison to 2009/2010 (4.42%) mainly due to the recovery experienced by the housing market likely to be affected in previous years by the global financial crisis.

## **Council's Revenue Raising Powers**

All land within a Council area, except for land specifically exempt (eg. Crown Land, Council occupied land and other land prescribed in the Local Government Act 1999), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties or through differential general rates which, applies to the use of properties. The Council also raises revenue through fees and charges, which are set, giving consideration to the cost of the service provided and any equity issues.

## **Method Used to Value Land**

The Council may adopt one of three valuation methodologies to value the properties in its area (Section 151):

**Capital Value** – The value of the land and/or the improvements on the land.

**Site Value** – The value of the land and any improvements which permanently affect the amenity of use of land such as drainage works, but excluding the value of buildings and other improvements.

**Annual Value** – The valuation of the rental potential of the property.

The Council adopts Capital Value as the basis for valuing land within the Council area. The Council considers the Capital Value method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- property value is a good indicator of wealth and Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- the equity principle of taxation requires ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- the distribution of property values throughout the Council area is such that only just over one third of residential ratepayers will pay more than the average rate per property.

## **Adoption of Valuations**

The Council has adopted the "Capital valuations" as assessed by the State Valuation Office, effective 1 July 2010 as the Capital Value of each property..

If a ratepayer is dissatisfied with the valuation made by the State Valuation Office, the ratepayer may object to the State Valuation Office in writing, within sixty (60) days of receiving the first notice of the valuation, explaining the basis for the objection provided the ratepayer has not:

- (a) previously received a notice of this valuation under the Local Government Act 1999, in which case the objection period is sixty (60) days from the receipt of the first notice; or
- (b) previously had an objection to the valuation considered by the State Valuation Office.

Objections to valuations should be addressed to:

State Valuation Office  
GPO Box 1354  
ADELAIDE SA 5001  
Email: lsg.objections@saugov.sa.gov.au  
Telephone: 1300 653 345

The City of Norwood Payneham & St Peters has no role in assessment of objections. The lodgement of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice until otherwise notified by Council.

### **Business Impact Statement**

The Council recognises the importance of supporting and encouraging a diverse and healthy commercial sector and this is reflected in its strategic plans. As a result, specific business development initiatives are being introduced to support and attempt to broaden the cities economic base. The Parade Magill Road Strategic and Business Planning is an example of the work being progressed in this area.

The average Council rates (excluding new development) for commercial and industrial property owners is in the order of \$1,962. This compares favourably with amounts charged on similar properties in other Council areas across metropolitan Adelaide. The payment of Council rates is not anticipated to have a significant adverse impact on business.

### **Differential General Rates**

The Act allows Councils to differentiate rates based on the use of the land, the locality of the land or the use and locality of the land. The City of Norwood Payneham & St Peters applies differential rates on the basis of land use.

Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential;
- Commercial – Shops;
- Commercial – Office;
- Commercial – Other
- Industrial – Light;
- Industrial – Other;
- Primary Production;
- Vacant Land; and
- Other

If a ratepayer believes a particular property has been incorrectly classified as to its land use, then an objection may be made to the Council within 60 days of being notified of the land use classification. The lodgement of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice until otherwise notified by the Council.

#### ***(i) Differential Rates - Residential***

For the 2010/2011 rates year, the Council has determined a differential rate of 0.22903 cents in the dollar will be applied to all assessments with a land use of residential. Residential rates account for 79.4% of rate revenue or approximately \$19.5m in rates income.

### ***(ii) Differential Rates - Commercial***

Commercial properties have available to them and their employees the same services as other ratepayers. However, in most cases commercial users have a greater impact on the main council services such as road maintenance and may derive a greater benefit from such services as improved public lighting, parking controls etc. Furthermore Council provides additional services in order to facilitate business development which is specific to this sector.

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of commercial. Commercial rates account for 17.94% of rate revenue or approximately \$4.4m in rates income.

### ***(iii) Differential Rates - Industrial***

Industrial properties have available to them and their employees the same services as other ratepayers. The same benefits that apply to commercial properties above also apply to industrial properties located in the Council area.

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of industrial. Industrial rates account for 1.41% of rate revenue or approximately \$0.3m in rates income.

### ***(iv) Differential Rates – Primary Production***

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of Primary production. There are nil assessments with a land use category of primary production.

### ***(iv) Differential Rates - Vacant Land***

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of vacant land. Vacant land rates account for 1.0% of rate revenue or approximately \$0.2m in rates income.

### ***(iv) Other***

This rate category refers to private colleges, churches and other land uses, including vacant land, not otherwise accommodated in any of the above categories. Private schools, nursing homes and community housing associations are eligible for a mandatory rebate equal to 75% of their rates. Churches are eligible for a mandatory rebate equal to 100% of their rates.

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of Other. Other rates account for 0.25% of rate revenue or approximately \$0.06m in rates income.

### **Minimum Rate**

A Council may impose a minimum rate to properties within the Council area. Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

The minimum rate is imposed so that all rateable properties make a base level contribution to the costs of:

- administering the Council's activities;
- the provision of the physical infrastructure that supports each property and is available for use by all ratepayers;
- services provided that are available for use by all ratepayers eg Library and Parks and Gardens.

Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

For 2010/2011 the minimum rate is set at \$729. The minimum rate has been applied 4780 properties or 24.6% of all rateable properties within the Council area.

### **The Parade Separate Rate**

For the purposes of promotion, enhancing business viability and profitability of the businesses and traders along The Parade, the Council has declared a Parade separate rate . The Parade separate rate is levied against all commercial properties along The Parade between Fullarton Road and Portrush Road. The revenue raised from the Parade separate rate may only be used for the purpose of promotion and enhancing business viability along the Parade Precinct.

The Council declares a differential separate rate of 0.04855 cents-in-the-dollar on the capital value of all land classified as Category 2 – Commercial Shop, Category 3 – Commercial Office Category 4 – Commercial Other and Category 5 - Industrial Light.

Further the Council grants a discretionary rebate of 50% of The Parade Separate Rate under Section 166(1)(a) of the Local Government Act 1999, to all properties that fall within the geographical boundary described above and which have a land use of Category 3 – Commercial Office.

Based on valuations received from the State Valuation Office, the average Parade Separate Rate will be \$406 for Category 2 – Commercial Shop, Category 4 – Commercial Other and Category 5 - Industrial Light and \$208 for Category 3 – Commercial Office.

### **NRM Levy**

The Natural Resources Management Board (NRMB) were established under the Natural Resource Management Act 2004. The Council is required under the Natural Resources Management Act 2004 to make a specified contribution to fund the operations of the Adelaide and Mount Lofty Ranges Natural Resources Management Board.

The Council's contribution to the NRMB is recovered from property owners through a separate rate based on capital value. The rate is fixed and calculated so as to raise the same amount as Council's share to be contributed to the board (taking into account any rebates/remissions under Section 159-166 of the Act).

Revenue from this levy is not retained by the Council, nor does the Council determine how funds collected are spent. The Flood Mitigation and other catchment area works carried out by the Natural Resources Management Board benefit all ratepayers.

For the 2010/2011 financial year, the NRM Levy has been set at 0.00789 cents-in-the-dollar against rateable property.

### **Rate Concessions**

The State Government, in providing equity across SA in this area, funds a range of concessions on Council rates. The concessions are administered by various State Government agencies who determine eligibility and pay the concession directly to Council on behalf of the ratepayer. Concessions are available only on the principal place of residence.

Ratepayers seeking a rate concession are not to withhold payment of rates pending assessment of an application by the State Government. Rates must be paid in accordance with the Rate Notice

A refund will be paid to an eligible person if Council is advised a concession applies and rates instalment have already been paid.

### **Self Funded Retiree Concession**

Self Funded Retiree Concession is administered by RevenueSA and is available to self funded retirees who hold a State Seniors Card. In the case of couples, both persons must hold a Seniors Card, or if only one holds a State Senior's Card, the other must not be in paid employment for more than 20 hours per week. This concession is available only on the principle place of residence. Application forms are available from the Council or RevenueSA.

### **Pensioner Concession**

An eligible pensioner must hold a Pension Card, State Concession Card or a Repatriation Health Card marked TPI Gold, EDA Gold or War Widow in order to be entitled to a concession on Council rates (and water and effluent charges where applicable). Application forms, which include information on the concessions, are available from the Council, SA Water Corporation and its District Offices or the Department of Human Services. This concession is administered by the Department for Families and Communities (DFC).

### **Other Concessions**

The Department for Families and Communities (DFC) administers Council rate concessions which are available to a range of eligible persons receiving State and Commonwealth allowances. This includes, but is not limited to ratepayers who are in receipt of Austudy, Newstart, Parenting Payment, Partner Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Youth Allowance, Abstudy, CDEP or a New Enterprise Initiative Scheme. It may also apply to ratepayers in receipt of a pension as a war widow under legislation of the United Kingdom or New Zealand, and the holders of a State Concession Card issued by DFC. Enquiries should be directed to the DFC Concessions Hotline on 1800 307 758.

### **Payment of Rates**

Council rates payable by quarterly instalments will be due on 1 September 2010, 1 December 2010, 1 March 2011 and 1 June 2011. The total outstanding balance of rates may be paid in full at any time.

Council rates may be paid:

- In person at any Post Office using Australia Post BillPay
- In person at any one of Council's three (3) Customer Service Centres:
  - Norwood Town Hall, 175 The Parade, Norwood
  - Payneham Library, 2 Turner Street, Felixstow (during Library opening hours)
  - St Peters Library, 101 Payneham Road, St Peters (during Library opening hours)
- By telephone to Australia Post using Australia Post BillPay
- By telephone to the ratepayer's participating bank, credit union or building society using B-Pay
- By Internet, using Australia Post BillPay
- By mail (by cheque or by credit card details advised on the Rate Account remittance advice).

In addition, regular pre payments of Council Rates are allowed of \$30 or more at any time and can be made at any Council office, via Bpay, via Australia Post BillPay or the Internet.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard arrangements should contact the Rates Officer on 8366 4532 to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council.

## **Late Payment of Rates**

The Council has determined that penalties for late payments will be imposed in accordance with the provisions of Section 181(8) of the Local Government Act 1999 and relevant Council procedures.

Late payment fines are levied in accordance with the provisions of Section 181(8) of the Act. These provisions are the only provisions available to the Council to ensure that all ratepayers pay promptly.

The Act provides that:

“If an instalment of rates is not paid on or before the date on which it falls due:

- (a) the instalment will be regarded as being in arrears, and
- (b) a fine of two percent of the amount of the instalment is payable, and
- (c) on the expiration of each full month from that date, interest of the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine but excluding interest from any previous month) accrues.”

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. It should be noted that fines and interest are still levied in accordance with the Act under any payment arrangement.

Council will consider applications remissions of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested or may be submitted on the Application for Remission of Rates and/or Fines Form.

When the Council receives a payment in respect of overdue rates, the Council applies the money received as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

## **Recovery of Rates**

In accordance with sound financial management principles, the Council's Rates Officer will apply prudent debt management practices to Rate Debtors. This includes an ongoing review of rates in arrears and following a systematic debt recovery approach.

Rates, which remain in arrears for a period exceeding 30 days, will be subject to recovery action in accordance with the Council's normal debt recovery procedures.

## **Sale of Land for Non-payment of Rates**

Section 184 of the Act provides that a Council may sell any property where the rates have been in arrears for three (3) years or more. The Council is required to;

- a) notify the owner of the land of its intention to sell the land,
- b) provide the owner with details of the outstanding amounts; and
- c) advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one (1) month.

Except in extraordinary circumstances, the Council will enforce the sale of land for arrears of rates.

## **Remission and Postponement of Rates**

Application for remission of rates and charges or postponement of rates will be considered under the discretionary provisions of Sections 181 and 182 of the Local Government Act 1999.

Requests must be lodged in writing or may be submitted on the Application for Remission or Postponement of Rates and/or Fines form . All requests must provide evidence of financial hardship. Monthly interest at the prescribed rate will be applied to rates postponed under the Section 182.

Application for postponement of rates and charges will be considered under the provisions of Section 182A of the Local Government Act 1999 - "Postponement of rates – Seniors".

Applications must be lodged in writing and must provide evidence of eligibility plus other evidence as required. Requests must be lodged on the Application Form for Postponement of Rates. Monthly interest at the prescribed rate will be applied to rates postponed under Section 182A.

Where an application for postponement under Section 182A is granted, a presumption of ongoing annual postponement will be assumed subject to receipt of an annual signed declaration of continued eligibility.

Ratepayers requesting postponement of rates will initially be referred to the availability of reverse mortgage loans through financial institutions. Seniors granted postponement of rates are required to pay a minimum of \$500 of rates and charges levied in each financial year in compliance with the Local Government (General) Regulations.

Such enquiries are treated confidentially by the Council.

## **Rebate of Rates**

The Council has determined that rebates of rates will be only granted when the applicant satisfies the requirements for mandatory rebates under Sections 159 to Section 165 of the Local Government Act 1999. Specific provisions are made to provide rebates (in whole or part) to land used, for example, for health services, community services, religious purposes and educational purposes.

Where applications for discretionary rebates are lodged under Section 166 of the Act, they will be considered under Council's Rate Rebate Policy and will be assessed against guidelines prepared by the Local Government Financial Management Group.

## **Rate Capping Rebate**

To provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to rapid changes in valuation, a rebate of general rates for the 2010/2011 financial year will be granted to the principal ratepayer of a residential assessment under Section 166(1)(l) of the Act, where the amount of any increase in rates in respect of that assessment in monetary terms between the amount of general rates payable for the 2009/2010 financial year and the amount of general rates imposed for the 2010/2011 financial year, is greater than 10%. The rate cap will be applied automatically to properties that can be readily identified as being eligible. Where this rebate is not applied automatically, ratepayers who consider they could be eligible for the Rate Cap Rebate may lodge an application form, which will be assessed against the eligibility criteria. The application must be lodged by 30 June 2011.

The amount of the rebate will be determined as follows:-

- (a) The amount of general rates in monetary terms imposed for the 2010/2011 financial year, less
- (b) the amount of general rates in monetary terms payable for the 2009/2010 financial year (after any rebate was applied but prior to deducting the pensioner or other concession) multiplied by 110%
- (c) equals the rebate to be taken off (a).

The rebate will not apply where:

- (a) any such increase is due in whole or in part to an increase in valuation of the land in the assessment because of improvements made to it worth more than \$10,000, or
- (b) any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the 2010/2011 financial year than on the date the Council declared its general rates for the 2009/2010 financial year, or
- (c) any such increase is in whole or part because the zoning of the land has changed, or
- (d) the ownership of the property has changed since 1 January 2009.

### **Disclaimer**

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this policy, it should raise the matter with the Council. In the first instance contact the Senior Rates and Property Officer whose telephone number is 8366 4554 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied, they should write to the Chief Executive Officer.

### **REVIEW PROCESS**

The Council will review this Policy within 12 months of the adoption date of the Policy.

### **INFORMATION**

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Senior Rates and Property Officer, telephone 8366 4554.

### **ADOPTION OF THE POLICY**

This Policy was adopted by Council on 5<sup>th</sup> July 2010