CITY OF ONKAPARINGA

Draft **Annual Business Plan and Budget** 2024–25

Kaurna acknowledgement

We acknowledge the Kaurna Nation and its people as the traditional owners and custodians of the land in the area now known as the City of Onkaparinga.

We recognise this local living culture has developed over tens of thousands of years and that, in today's contemporary context, Kaurna and Aboriginal people actively engaged in community life and bring their rich cultural heritage to the connected community and sustainable future we strive for.

We remember Kaurna people's spiritual relationship with country when we make decisions about our region and that protecting places of importance to Kaurna culture has an impact on the wellbeing and prosperity of Kaurna and other Aboriginal people.

We recognise our leadership responsibility to Aboriginal and non-Aboriginal communities, local businesses, and service agencies by actively engaging in a shared journey towards reconciliation.

In delivering projects, programs and services it is important to fulfil this acknowledgment through real action to achieve community outcomes that are informed by Kaurna perspectives.

Contents

From the mayor

On Tuesday 16 April the Council passed this draft Annual Business Plan (ABP) and Budget for 2024–25. This approach provides the foundation for our council to continue delivering for the community today and meet the longer-term needs and aspirations of residents.

This budget will position us strongly to make Onkaparinga more liveable, ensure our people and places are connected and empowered, while respecting and protecting our unique environment.

We will continue to deliver the essential services and projects residents expect by being efficient and responsible stewards of our assets and services.

The ABP and Budget has paid attention to the February 2024 Essential Services Commission of SA (ESCOSA) report that confirmed the challenges council had identified for our long-term financial sustainability.

We were pleased to engage with ESCOSA in the development of their report, and its findings support the budget approach we're taking.

The measures outlined in the ABP and Budget will return the council's financial position to surplus, after seven consecutive years of deficit.

In 2023 we appointed a CEO with a mandate to achieve tangible improvements in the council's financial position and to drive the entire organisation to work to this common objective.

Elected members, management and staff conducted an ambitious and bold exploration of the budgetary options available within our control.

Management and staff demonstrated their commitment by providing a wide-range of budget efficiency and revenue measures for chamber to consider.

All councillors participated in workshops to review these ideas, interrogate data and deeply consider a diverse range of budget measures to return us a balanced budget.

We've also built a buffer into our budget so it can remain resilient in the face of any unforeseen future crisis. There are of course economic factors that are outside of our control.

Fluctuations in the Consumer Price Index, interest rates and inflation, post-pandemic impacts, existing commitments, workforce parameters and energy prices all needed to be considered.

Many of the same things impacting on household budgets also affect council's day-to-day work and needed to be factored in.

Now we have a budget that ensures we're on track and meets operational, financial and community goals.

Building a budget involves an ongoing conversation with the community.

I encourage every resident to get involved in that conversation, by reading the ABP and budget and providing your feedback.

Together we can make a difference in the City of Onkaparinga, for generations to come.

Moria Were AM
Mayor

Elected members

Mayor

Moira Were AM

Knox ward

Heidi Greaves

Colt Stafford

Pimpala ward

Michael Fisher

pending supplementary election

tbc

South Coast ward

Lauren Jew

Paul Yeomans

Mid Coast ward

Dan Platten

Gretel Wilkes

Southern Vales ward

Marisa Bell

Jordan Pritchard

Thalassa ward

Geoff Eaton

Marion Themeliotis

What we do

We provide a broad range of services and facilities to the community and conduct regular work to maintain, renew and develop our assets as described in the 2023–24 highlights provided below:

40,000+ meals
provided by community and positive ageing centres

22,000+
community transport journeys

53,000+ hours
of support provided through the Commonwealth Home Support Program

500+ volunteers
contributed 80,000+ hours to help deliver council services

36,500 tonnes
of waste collected via kerbside bins

13,500 tonnes
of recycling collected via kerbside bins

26,000 tonnes
of organics collected via kerbside bins

7110 tonnes
CO2e corporate emissions, with an aim of net zero by 2040

884,359+
library visits

1.3 million+
library items loaned – physical and digital

149,000 people
attended our major events

300,000+ people
attended arts, youth and community centres and halls

300,000+
visits to our aquatic and recreation centres

71,000+
swimming and water safety sessions delivered at the Noarlunga Aquatic Centre

41,000+
rounds of golf played at the Willunga Golf Course

717
new dwellings approved

1500+ inspections
of house frames and swimming pools

550 kilometres
of roadside and reserve vegetation managed for reducing bushfire fuel loads

1894 hectares
of open space maintained

147
tennis and basketball courts maintained

36
turfed ovals maintained

5453 trees
planted in our streets, parks and reserves

25,000 seedlings
produced annually in our nursery for native vegetation site restoration and rehabilitation

90,000+ visits
to the McLaren Vale and Fleurieu Coast Visitor Centre

54,000+ nights
booked at Moana and Christies Beach Tourist Parks

35,000+ visitors
attracted and $3.8 million in local economic impact achieved through our pop-up events program, Encore

441 nominations
for our local businesses and 9000+ votes in the Onkaparinga Business Awards

$524,247
in grants provided

103
Your Say community engagements completed

710,000+ people
engaged via our website, Onkaparinga Now and social media

55,390 people
reached in online and in-person sustainability sessions

898 followers
on the Go South Go Local profile which showcases the local business community

$200,000+
business growth projects enabled through Onkaparinga Business grants

182,494
customer enquiries resolved

99,349
items of correspondence managed

2212
elected member enquiries processed

37.8%
of total purchases were from local suppliers

Focus and direction

Our program of work for this year is informed by the vision and themes developed through community feedback and our city's current opportunities and challenges.

We also listen to the community's priorities as provided in our annual community survey and our recent community plan engagement.

73%
agree that cultural diversity has a positive impact on the community

93%
agree that a thriving local economy benefits the whole community

88%
agree that their local neighbourhood is a good place to live

72%
believe they have something to contribute to their community

77%
separated food waste from general waste

54%
agreed that their household income was enough to meet their needs

94%
participated in active recreation

18%
played sport for a club or organisation

48%
participated in a community group

Community survey 2023

Each year we undertake a Community Survey where we ask residents to share their experiences of living in the City of Onkaparinga.

In 2023, 4003 residents responded to questions about what is most important to them and what they value most about their local community.

Year to year, this information identifies trends in the community's priorities and helps inform decision-making on the kinds of programs we offer and services we deliver. A summary of the 2023 feedback will soon be available at onkaparingacity.com/yoursay

Community Plan

In developing the draft Community Plan, we undertook an extensive program of community consultation to hear what was most important to the community now and in 10 years' time.

During October and November 2023 we heard from 4964 residents and in January and February 2024 these ideas were further refined in workshops with invited community members.

We have considered this information in conjunction with other factors, such as current and future challenges and opportunities, our operating environment and long-term strategic priorities, to build a connected community with a sustainable future.

The areas of community importance, as highlighted on the following pages, are framed around the high-level themes emerging from our conversations with the community. The four proposed themes—community, environment, liveability and leadership—will inform the draft Community Plan which will be released for community feedback later this year.

For updates, go to yoursay.onkaparinga.sa.gov.au/love-where-you-live.

Draft Community Plan themes

Our program of work for this year is informed by the vision and themes developed through community feedback and our city's current opportunities and challenges.

Theme: **Community**
Facilitating wellbeing and belonging

Feeling connected to and included in the community is important for people's health and happiness. A shared sense of community combats loneliness, builds an appreciation of diversity and adds to the richness of life. The 2023 annual community survey highlighted that 72 per cent of residents believe they have something to contribute to the community, and 60 per cent could get help if they needed it from someone other than family in their neighbourhood. We have heard strongly that community connections are an important part of living in Onkaparinga and are integral to a sustainable future.

In 2024–25, we will continue to offer services that support the most vulnerable in the community and inspire a sense of connectedness for all. We will also focus our efforts on making sure the spaces we provide for people to gather are accessible and well maintained, and that our residents can pursue a healthy, active and happy lifestyle.

Theme: **Environment**
Supporting nature and culture

40 per cent of the residents we spoke with said the best thing about living in Onkaparinga here is our natural environment.

Community conversations suggested that climate change, recycling and sustainability are the most important areas to focus on right now.

In response we will implement our Coastal Adaptation Plan 2024–2030 which outlines how we will prepare and respond to the impacts of climate change and sea level rise on our precious coastline.

We will be updating our tree canopy and greening targets to increase shade, biodiversity, amenity and cooling in our urban areas, and delivering the One Tree Per Child tree planting initiative to increase canopy cover on private land.

To support our businesses to reduce waste and emissions, whilst saving money, we will roll out the ASPIRE circular economy trading platform.

We will also undertake a water options analysis project to help us better understand our current and future water needs and how we can set ourselves up to be cool, green, water efficient and resilient in a changing climate.

In addition, we will continue supporting our community to go green via Sustainable Onkaparinga initiatives and the implementation of the Resilient South Regional Climate Action Plan 2024-2029 in partnership with Cities of Holdfast Bay, Marion, Micham and the government of South Australia.

Theme: **Liveability**
Enhancing enjoyment and prosperity

Housing availability and affordability—including renting and buying—continues to be part of a national, state and local dialogue. Recent interest rate increases have added to the financial pressure placed on the 42 per cent of households in the region with a mortgage, and residential vacancy rates have significantly decreased, limiting opportunities for those wanting to move into the area. Current federal and state government housing initiatives, including future land releases in Noarlunga Downs, Hackham, Aldinga and Sellicks Beach, will help ease this problem over time.

With more than 5000 new homes scheduled to be built within Onkaparinga, the challenge exists for these to be well planned and safe places, with a diversity of housing options, well connected to accessible travel options. We will continue to advocate for a sustainable future in this space.

While our role in housing availability and affordability is limited in this space, we will continue to support coordination of the multiagency Southern Housing and Homelessness Round Table and share information with partner organisations and neighbouring councils to better understand local issues and improve the coordination of support services.

A strong local economy supports our whole community. 91 per cent of residents agreed that they try to support and shop at local businesses as much as they can. We support an economic environment that increases options and opportunities for investment and local business success.

We will continue to offer programs that support business growth and activate our main streets and tourism precincts to deliver benefits to local areas and make the city an attractive place to live, work and do business.

Theme: **Leadership**
Creating capacity and opportunity

Leadership—whether it be the capacity of community members to lead grassroots movements on things that matter to them, or governments taking the lead on ensuring their constituents' priorities are heard— is a cornerstone to healthy and equitable democracies.

Challenges to this are wide-ranging and include governments' competing budget priorities, the spread of misinformation and people feeling uncertain about how to make sure their voice is heard.

We will continue to work hard to build trust with the community and businesses over the coming year. We will also continue to advocate for state and federal investment, and opportunities for partnerships throughout 2024–25.

As always, we maintain our commitment to supporting and developing community leadership from across our community.

Many plans, one vision

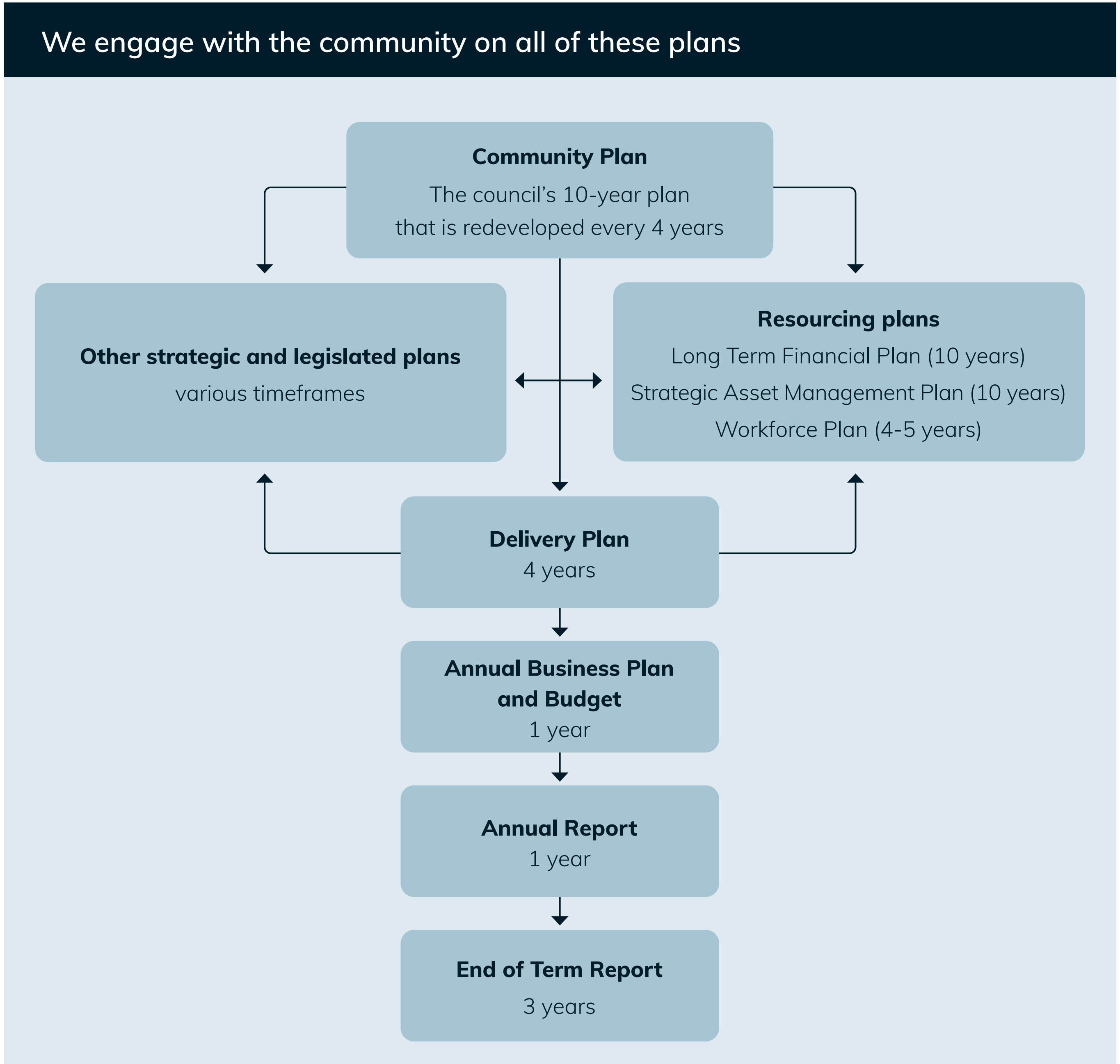
All our strategies and plans are guided by the Community Plan.

The Community Plan, which is based on the community's 10-year vision, sits at the top of a planning framework, guiding the strategies and action plans of council. It describes the community's vision about what's important now and in the future.

Investment decisions are guided by the Long Term Financial Plan (LTFP) and the Strategic Asset Management Plan (SAMP) as depicted in the diagram opposite.

The Annual Business Plan and Budget is an integral part of our strategic planning framework. It reflects the key activities and projects to be delivered in 2024–25. This plan and the additional strategic and supporting plans shown on page 14, are all aimed at achieving our shared community vision. These plans are available online at onkaparingacity.com

Much of the work done by council is governed by legislative and regulatory obligations, rather than having a specific action plan. The lead legislation is the *Local Government Act 1999*. We are required to fulfil important ongoing roles in the community and report on compliance each year in our Annual Report, which is available at onkaparingacity.com. Systems and processes within council ensure that we meet our obligations under acts that include the Planning, *Development and Infrastructure Act 2016*, *Local Nuisance and Litter Control Act 2016*, *Fire and Emergency Services Act 2005*, and the *Dog and Cat Management Act 1995*.



Council's supporting plans

Our other strategic and supporting plans also reflect the draft community plan's vision and include:

	Draft Community Plan themes			
Plan	**Community**	**Environment**	**Liveability**	**Leadership**
Arts and Cultural Development Action Plan	✓			✓
Climate Change Response Plan		✓	✓	
Coastal Adaptation Plan		✓	✓	
Community Capacity Strategic Plan	✓			
Economic Development Strategic Plan*			✓	
Economic Growth and Investment Strategic Plan			✓	✓
Inclusive Communities Action Plan	✓			
Libraries Strategic Plan	✓			
Onkaparinga Local Area Plan			✓	
Open Space Strategic Management Plan			✓	
Reconciliation Action Plan - Reflect				✓
Reconciliation Action Plan - Innovate*				✓
Resilient South Regional Climate Action Plan		✓		
Road Network Plan			✓	
Sellicks Beach Structure Plan			✓	
Sport and Active Recreation Action Plan	✓			
Tourism Strategic Plan			✓	
Trails and Cycling Strategic Plan			✓	
Waste and Recycling Strategic Plan		✓		

* under development

Annual Business Plan

The Annual Business Plan and Budget 2024–25 outlines the programs, services and projects we will deliver this financial year.

Developing our Annual Business Plan

Each year, we carefully plan what we will do and how it will be funded to ensure the best value for our residents and businesses.

In 2024–25, there is likely to be continued pressures from high inflation and interest rates, slowing economic activity and increasing expectations on the level of service we provide. This means cost of living pressures for community members, and budgetary pressures for us.

Through many community engagements in recent months, we have heard that people want the city to be greener, friendlier and more connected over the coming decades, while maintaining the local character and unique places so many of you enjoy. We also heard that financial sustainability is fundamental – not just for today, but the future.

While planning how to achieve this will be reflected in the review of our three key strategic management plans – the Community Plan, Long Term Financial Plan and Strategic Asset Management Plan – which set the direction for the next 10 years, strong decision making needs to start now.

That means this draft Annual Business Plan and Budget 2024–25 is focussed on budget repair and returning to a surplus position for the first time in eight years. Returning to a surplus allows us to build financial resilience so we can keep delivering important services for the community in the years ahead.

The Annual Business Plan and Budget 2024–25 includes:

- our key activities for 2024–25
- how we measure and monitor our progress
- the financial requirements of council, including our operating expenditure.

Draft **Annual Business Plan and Budget 2024–25 snapshot**

This snapshot provides an overview of our 2024–25 budget and how it will be spent.

This year's budget is **$231.86 million**

What will we deliver?

We will continue to deliver services and programs to support our communities, businesses, and visitors including waste collection, road reseals, library services, food inspections, assessing planning applications through to dog and cat management, and so much more. We also deliver key projects to set direction, support policy development, renew and build on our valuable assets.

We encourage you to read the full Annual Business Plan and Budget to better understand how funds will be spent over the next 12 months.

How will it be funded?

The total rate revenue increase for 2024–25 is 6.8 per cent (the consumer price index for December 2023 plus 2 per cent).

Council will also receive additional rates from new properties, known as growth.

Our budget of $231.86 million will be funded through council rates (74.6 per cent), state and federal grants (7.8 per cent), borrowings (1.2 per cent), and a range of other sources (16.4 per cent).

For every $100 spent, we provide the following services

Roads, footpaths, lights, bridges and carparks	$23.81
Council buildings – maintenance and upgrades	$9.25
Libraries and community services	$6.40
Parks, open space and the coast	$16.09
Waste and recycling services	$12.98
Community safety and property development services	$7.92
Stormwater, water business unit and community wastewater management systems (CWMS)*	$6.54
Recreation centres and tourist parks	$3.86
Strategy, sustainability, tourism and placemaking	$3.14
Communications and engagement	$1.65
Council vehicles and equipment	$1.89
Community capacity	$6.47

*Stormwater services are city-wide. CWMS services Clarendon, Morphett Vale, McLaren Flat, McLaren Vale, Willunga, Maslin Beach and Sellicks Beach.

Highlights for the year ahead	Community	Environment	Liveability	Leadership
Commence a $2.4m refurbishment of **Hopgood Theatre**	✓		✓	
Deliver the **Living Well Matters** program, offering wellbeing workshops for older people	✓			
Align the **Inclusive Communities Action Plan** to the new state Disability Inclusion Plan	✓		✓	
Transition the **Onkaparinga Youth Enterprise Hub** to Wardli Youth Centre			✓	
Provide $1.93m for **sporting club projects** including sports lighting, re-coating tennis and netball courts, and rejuvenating synthetic soccer pitches	✓		✓	
$1.5m for remedial works to **Noarlunga Aquatic Centre**	✓		✓	
Upgrade the **Paul Murray Recreation Centre** ($3m carried forward from 2023-24)	✓		✓	
Implement the **Coastal Adaptation Plan** to ensure the ongoing safety and resilience of our coast		✓	✓	
Promote the **One Tree Per Child Onkaparinga** campaign and associated tree planting activities		✓		
Four new **electric vehicles** and two chargers ($0.25m)		✓		
Deliver **major events** including Trucks on Tour, Christmas Pageant, Beachside Food and Wine Festival and Australia Day Family Fair, and host stages of the Tour Down Under	✓		✓	
$2.18m to upgrade **Aldinga Beach Road / How Road roundabout** at Aldinga Beach			✓	
Allocate $1.4m* for a 420m-long section of the **Witton Bluff Base Trail** boardwalk			✓	
Develop the 'innovate' stage of our **Reconciliation Action Plan**				✓
Deliver a **break-even budget** which responds to Essential Services Commission of South Australia (ESCOSA)				✓

*In addition to $2.8m carried forward from 2023–24

What we will deliver

In 2024–25 we will spend $231.86 million to deliver a wide range of services, programs and projects that keep our city thriving. This comprises:

- $158.29 million for the services and programs we provide, and the things we maintain for the community every year
- $73.57 million to fund new projects and initiatives for the community, as well as a portion going towards loan repayments and to the state government for the regional landscape levy.

Here's how we've broken it down, to show what we'll spend the budget on over the coming 12 months.

Our key activities

Our key activities are a selection of the important new work we'll be doing to make progress toward the key result areas in the draft Community Plan.

Read more on page 20.

Our services, projects and programs

Our organisation is made up of four divisions which deliver ongoing and new work each year. You can read what each division does and what it costs in this section.

Read more on page 24.

Measuring our performance

We track our progress and report on it each year in the Annual Report. You can see the measures and targets we will use to monitor what we deliver.

Read more on page 33.

Key activities

The Annual Business Plan and Budget 2024–25 sets out the actions we will take this financial year to progress towards achieving our goals in the Community Plan. Through the Community Survey 2023, our community has again told us they value our open space, parks and natural resources and trails; roads; waste and recycling programs; environment and coastal management; and economic growth, investment attraction, tourism and events.

	Draft Community Plan themes			
Key activities	**Community**	**Environment**	**Liveability**	**Leadership**
Deliver the **Aberfoyle Community Centre** extension and activate with a range of arts, youth and men's programs.	✓		✓	
Commence construction of a **skate facility in Aldinga** in line with Aldinga Sports Park Masterplan. This project is being delivered with funding assistance from the state government.	✓		✓	✓
Commence refurbishment of **Hopgood Theatre** and prepare for its reopening in 2025–26.	✓		✓	
Renew the **Willunga Golf Course irrigation** system over multiple years.	✓		✓	
Undertake staged design and upgrade facilities at the **Noarlunga Aquatic Centre**.	✓			
With funding assistance from state and federal governments, complete the construction of significant upgrades at the **Paul Murray Recreation Centre** to deliver a premier district facility.	✓			
Complete the upgrade of **Knox Park** which will be a home ground for athletics and a flexible playing space accommodating soccer, AFL football and other turf sports. This project is being delivered with funding assistance from the state government.	✓		✓	✓
Undertake various **sporting club projects** including the re-coating of the tennis and netball courts at Old Noarlunga, Reynella, McLaren Flat and Port Noarlunga, renewing the sports lighting at Reynella and Bice ovals, and rejuvenating the two synthetic soccer pitches at O'Sullivan Beach and Seaford.	✓			
Continue **upgrading roads** including Bains Road at Woodcroft, Aldinga Beach Road/How Road at Aldinga Beach (includes a contribution of approximately $1.42 million from the Australian Government), Malpas Road at McLaren Vale, Bakewell Drive at Seaford Heights, Ostrich Farm at Seaford Heights, and Murray Road at Port Noarlunga.			✓	✓
With funding assistance from the state government, construct a **compact rural roundabout**—the first of its kind in South Australia—at the intersection of Chalk Hill Road, Olivers Road and Field Street in McLaren Vale to address a history of high crash activity and road trauma.			✓	✓
Repair and upgrade the **seawall protection** located along the base of Witton Bluff north (south of Beach Road).		✓	✓	

Draft Community Plan themes

Key activities	Community	Environment	Liveability	Leadership
Replace **playgrounds** and provide supporting facilities that meet the relevant service standards for each park including seating, shelters, irrigated turf and general landscape improvements. Eight projects will be delivered at: • Old Noarlunga Tennis/Netball Club • Balee Road reserve, Happy Valley • Esplanade/Wembley Street, Port Noarlunga South • Lance Hawke Park, Morphett Vale • Callender Avenue reserve, Old Reynella • Port Noarlunga oval, Playground • Richards Drive reserve, Morphett Vale • Kings Court reserve, Hackham. In addition, planning, design and engagement will be undertaken for a number of playgrounds.	✔		✔	
Install **smart carparking sensors** and signage in the Port Noarlunga central carparks by the surf life saving club and Clarke Street to reduce the need for drivers to circulate within the town centre area.			✔	
Continue construction of the 420m boardwalk of the **Witton Bluff Base Trail** between Port Noarlunga and Christies Beach. Seawall repair works and the upgrade of the path north of the new boardwalk will start after the completion of this section in late 2024. This project is being delivered with funding assistance from the state government and forms part of the Coast Park project.		✔	✔	✔
Install new **stormwater infrastructure** along Trafalgar Street at Port Noarlunga South, Malvern Court at Aberfoyle Park, and Aberdeen Street at Sellicks Beach as well as improve the roadside swale on Commercial Road at Port Noarlunga.		✔		
Implement **traffic calming measures and improvements** on Mount Malvern Road at Chandlers Hill, Hub Drive at Aberfoyle Park and Beach Road at Christies Beach.			✔	
Complete the **Wearing Street precinct project** which includes providing new facilities for aquatic user groups, improving river access safety, upgrading vehicle and trailer parking, and constructing new public toilets. This project is being delivered with funding assistance from the state and federal governments.			✔	✔
Renew and upgrade the **Beach Road shared-use path** between Elizabeth Road and Valentine Street, Morphett Vale.			✔	

Key activities	Community	Environment	Liveability	Leadership
	Draft Community Plan themes			
Finalise the design and commence the construction of a **shared-use path** between the unclad beach carpark at Maslin Beach and the Port Willunga foreshore. This project is being delivered with funding assistance from the state government and forms part of the Coast Park project.			✔	✔
Complete the construction of the **Willunga to Aldinga shared-use path** which will provide a safe cycling connection between the iconic townships of Aldinga and Willunga. This project is being delivered with funding assistance from the state government.			✔	✔
Establish two new community **disaster resilience groups** in Flagstaff Hill and McLaren Vale.	✔	✔		✔
Deliver a series of **How to Adult workshops** for young people to develop life skills.	✔			
Deliver wellbeing workshops targeting older people through our **Living Well Matters** programs.	✔			
Deliver council's **major events** including Trucks on Tour, Christmas Pageant, Beachside Food and Wine Festival and Australia Day Family Fair, and host stages of the Tour Down Under.	✔		✔	
Implement the third year of the **Bushfire Preparedness** and Resilience 2022–25 project which will further embed fire risk data to inform on-ground works.	✔			
Promote our tree planting campaign, **One Tree Per Child Onkaparinga** and associated activities.		✔		
Transition the **Onkaparinga Youth Enterprise Hub** to Wardli Youth Centre, providing greater support and opportunities for young entrepreneurs to come together and develop their business ideas.	✔		✔	✔
Undertake a tender process for **kerbside collection** services.		✔		
Deliver the first of four district plans covering the urban areas of the region as part of a **community facilities review.**	✔			
Review our **Public Art** Framework.	✔		✔	✔
Deliver our **Coastal Adaptation Plan** to manage identified risks and ensure the ongoing safety and resilience of our coastal region.	✔		✔	
Procure four **electric vehicles** to our fleet and add two new charging stations.		✔		
Plant **street and reserve trees** to increase our city's tree canopy cover by 20 per cent by 2035.		✔		

Key activities	Community	Environment	Liveability	Leadership
Update our **Waste and Recycling** Strategic Management Plan.		✔		
Deliver a **water** options analysis report identifying current and future water needs of our organisation, and opportunities to better utilise alternative water sources and water efficient practices in the future.		✔		
Develop an **Economic Development** Strategic Plan.			✔	
Implement the **McLaren Vale and Fleurieu Coast Visitor Centre** Strategic Business Plan.			✔	
Complete a review of the **Open Space Strategic Management Plan**.			✔	
Review, comment and report to the Council on code amendments proposed by designated entities to amend the **Planning and Design Code** that effects land within our city.			✔	
Review, present, comment and report to the Council on the **Greater Adelaide Regional Plan** by the State Planning Commission as it relates to urban, rural and commercial growth in our council area.			✔	✔
Review, comment and report on the **state government's proposed changes** to the *Planning, Development and Infrastructure Act 2016* and the Planning, Development and Infrastructure (General) Regulations 2017.			✔	
Deliver the 2025–26 **Advocacy Plan** in preparation for next federal election.				✔
Deliver the Long Term Financial Plan principles for **budget repair**.				✔
Review and develop a new **Community Capacity** Strategic Plan.	✔			✔
Implement recommendations from the review of the **First Nations People Advisory Group** terms of reference.				✔
Review and develop a new **Inclusive Communities** Action Plan aligned to the new state Disability Inclusion Plan.	✔		✔	✔
Undertake a **rating structure review** of our Rating Policy to ensure the rating structure achieves the most equitable outcomes.				✔
Develop our 'Innovate' **Reconciliation** Action Plan.				✔
Undertake a legislative **representation review** of the Council's composition and structure as required by the *Local Government Act 1999*.				✔
Improve the governance and operations of our **multi-use sports facilities**.				✔

Draft Community Plan themes: Community, Environment, Liveability, Leadership

Services, projects and programs

We turn the strategic directions outlined in our Community Plan and supporting strategies into action through our ongoing services and strategic projects and programs.

Across the organisation, four divisions deliver over 40 services to make the city a great place to live, work and visit.

On the following pages is an overview of the ongoing services as well as the projects and programs to be delivered by each division this year.

Our divisions

- Community
- Corporate
- Operations
- Planning

Division: **Community**

The Community division works alongside community members to ensure we are delivering programs and services that enhance peoples' quality of life by meeting local needs, developing capacity, and building resilience.

It is responsible for effectively engaging with residents and keeping the community informed about what's happening in our city, as well as delivering major events.

Active ageing and disability

Providing practical support and information to older people, people with a disability and carers through our two positive ageing centres, programs and services that focus on developing skills, independence and social connections.

Arts, reconciliation and cultural development

Enhance arts and cultural experiences by promoting public art, incorporating and respecting local Aboriginal culture, supporting local creative skill development and job growth, fostering inclusive opportunities for people of all backgrounds, ages, and abilities to engage in arts and culture, and contributing to community resilience and wellbeing through artistic initiatives.

Encourage a shared journey towards reconciliation and guide project planning to ensure the protection of cultural heritage.

Community development

Work alongside the community and provide places and spaces, such as community centres and halls, for community connection, active participation and skill development with a focus on local neighbourhoods and the priority populations identified in our Community Capacity Strategic Plan 2021–24.

Youth

Work with young people and the community to improve wellbeing, skills and knowledge, and better connections for people aged 8–25 years through places, spaces, programs, grants and events.

Libraries

Enriching and strengthening lives by connecting people to library resources and activities in welcoming and inclusive places.

Customer relations

Providing access to our services and information via telephone, online and face-to-face.

Active recreation

Providing active recreation facilities that are safe, welcoming, fit for purpose and meet demand.

Managing the Noarlunga Aquatic Centre which includes a public pool, swim schools, fitness programs, gymnasium, spa and sauna.

Providing quality short-term tourist accommodation at Moana Beach Tourist Park and Christies Beach Tourist Park supporting council's economic growth and tourism objectives.

Managing the Willunga Golf Course, an 18-hole public course providing active recreation opportunities and supporting our economic growth and tourism objectives.

Sport development services

Supporting sport and active recreation clubs through a club enquiry point of contact service.

Increasing the community's level of physical activity through participation in sport and active recreation.

Supporting sport and active recreation clubs to be safe, welcoming and well-managed.

Providing sport and active recreation strategic planning services.

Providing operational funding for surf life saving clubs.

Engagement

Producing clear and objective information and offering genuine opportunities for our communities to participate in council decision-making.

Events

Delivering safe and enjoyable events for the community to enjoy, instilling pride in our region.

Marketing and communications

Developing effective and engaging communications ensuring our communities are well informed and involved with our services and activities.

Effectively managing our brand to ensure the council is appropriately represented in all promotions and communications.

Community - services budget	Income $m	Expenditure $m	Net expenditure $m
Community capacity	4.00	11.79	7.79
Libraries and customer relations	1.32	11.69	10.37
Communication and engagement	0.01	3.02	3.01
Recreation services	5.95	6.91	0.96
Total services category $m	**11.28**	**33.41**	**22.13**

Community - projects budget	Income $m	Expenditure $m	Net expenditure $m
Commercial activity	0.03	0.03	0.00
Community Capacity	0.00	0.04	0.04
Community, culture and libraries	0.00	0.16	0.16
Total projects category $m	**0.03**	**0.23**	**0.20**

Division: **Corporate**

The Corporate division supports the operation of council by delivering internal services that enable the work of customer-facing teams.

Financial strategy

Implementing financial strategies and systems to help build financial capability and guide decision making that supports long-term financial sustainability.

Financial accounting

Provision of accounts payable, payroll, treasury management, fixed asset accounting and taxation compliance services.

Financial planning and analysis

Provision of financial support, analysis and advice through business partnering, development of budgets, budget reviews and forecasts, and preparation of financial reporting.

Procurement

Ensuring purchasing activity and contract management is undertaken in compliance with legislation and public sector standards, and identifying strategic procurement opportunities across the organisation.

Revenue

Administration of the council's rating database and sundry debtors, rates modelling and generation of rates notices, customer service and collections.

Civic governance

Managing Council meetings, agendas and minutes, providing mayoral and elected member advice and support, and planning and delivering civic events and legislated representation reviews.

Corporate governance

Managing legislative compliance, freedom of information services, escalated complaints and internal reviews, emergency management, risk management and internal audit, insurance, policy monitoring, legal reporting and advice, delegations and authorisations.

Corporate information management

Managing records and information assets and ensuring legislative compliance.

Delivering information assets and electronic content management (ECM) training to staff.

Managing the OneCouncil ECM module and corporate reporting.

Providing support to the organisation.

Emergency management

Promoting the importance of planning and preparing for emergencies and disasters, working in partnership with key agencies involved in the response to and recovery from emergency events.

Addressing identified risks and hazards, protecting the safety and wellbeing of the community, and building community resilience.

Business systems

Managing our computer systems and platforms.

Technology support

Delivering ICT support services to the organisation and managing our technology systems and hardware along with overseeing various security practices and tools to reduce the risk of cyber threats.

Operational Excellence

Undertaking service reviews and embedding continuous improvement practices across the organisation to achieve transformative change.

Taking carriage of strategic, non-core projects that need additional expertise.

Managing the operations and strategic direction of the community wastewater management system (CWMS) and water business unit.

Human resources

Facilitating improved employee outcomes through the provision of strategic workforce planning, volunteer management, industrial relations/employee relations, services and wellbeing programs.

Partnering with leaders to foster a productive, engaged and high-performing workforce.

Managing human resource and volunteer management information systems and administering people and position data.

Learning and development

Developing our people through training, education and induction.

Organisational development

Implementing initiatives to create a more engaged workforce, delivering better value for money to our communities.

Work health and safety

Delivering systems and frameworks which ensure the health and safety of our people. Providing technical support, system application and collaboration with the whole of the organisation to drive continuous improvements to worker safety.

Corporate - services budget	Income $m	Expenditure $m	Net expenditure $m
Financial services	0.48	6.17	5.69
Governance	0.03	5.65	5.62
ICT	0.00	8.42	8.42
Operational excellence	6.88	5.45	-1.43
People and culture	1.54	8.13	6.59
Total services category $m	**8.93**	**33.79**	**24.86**

Corporate - projects budget	Income $m	Expenditure $m	Net expenditure $m
Developer contributions	0.30	-	-0.30
CWMS and water business unit	0.00	0.56	0.56
Organisational response	0.00	3.26	3.26
Total projects category $m	**0.30**	**3.82**	**3.52**

Division: **Operations**

The Operations division plans for, introduces, improves and rejuvenates infrastructure and community assets. The information below summarises the extensive services and assets provided and maintained by this division.

Asset protection

Managing CCTV, security, facility access and graffiti removal and associated volunteer management.

Bridges

Managing a network of 246 bridges with a value of $32.2 million.

Buildings

Managing 122 sport and active recreation buildings, and 344 community, commercial and municipal buildings with a value of $258 million.

Bus shelters and pads

Managing 59 bus pads and, in partnership with the Department for Infrastructure and Transport, 232 bus shelters valued at $5.5 million.

Carparks

Managing 208 sealed carparks and 76 unsealed carparks with a replacement value of $27.9 million.

Coastal assets

Managing 31km of coastline including boardwalks, beach access stairs, coastal fencing, and lookouts with a value of $25.1 million.

Fleet and plant

Managing 87 trucks and buses, 70 major plant, 124 light vehicles and 363 small plant and trailers valued at $28 million.

Lighting

Managing 932 council owned lights for paths, trails, sports facilities and carparks, with a value of $6.4 million.

21,018 unmetered streetlights owned and maintained by SA Power Networks with council funding their operation via a tariff.

Natural resources

Urban Forest Renewal through tree production, maintenance, planting and establishment to increase Urban Forest canopy cover and safety.

Maintain natural areas through weed control, revegetation, and fuel load reduction as well as associated volunteer management programs.

Parks/play spaces

Total value of play spaces $11.9 million and parks being valued at $36.7 million, including:

- Managing 494 developed reserves—which includes playgrounds, landscaping, paths, furniture, barbecue facilities and seating—and 359 undeveloped reserves.
- Managing 248 playgrounds, five dog parks and 15 fitness parks.

Paths

Maintaining a $155 million network of 1324km of paths and 13,153 kerb ramps, providing connectivity through our streets, coast and open spaces.

Placemaking

Enhancing public spaces to improve the character of an area, preserve local heritage, promote economic development, and manage and respond to urban development.

Roads

Maintaining a $1.2 billion network including 2300km of kerbs, 1370km of sealed roads, 138km of unsealed roads, 46.5km dust sealed roads, and more than 30km of guard rails.

Sport and active recreation assets

Maintaining 270 hard courts and keyways, 39 cricket playing pitches and practice nets, 294 sport lights poles and 584 fittings, 22 BMX and 14 skate facilities, and 33 turfed ovals/fields, 2 synthetic soccer pitches, 16 bowling greens, and 125 sports fencing sites and perimeter fencing with length of 22,816.36 metres, valued at $34 million.

Waste management

Collecting kerbside waste, recycling, organics, hard rubbish and illegally dumped rubbish, undertaking street sweeping, and providing waste education.

Water

Maintaining a $793 million stormwater network.

Services = ongoing service delivery/maintenance

Projects = renewal and upgrades

*Fleet and plant expenses are charged out across the business and to capital works projects, resulting in a negative expense in this category

Operations - services budget	Income $m	Expenditure $m	Net expenditure $m
Bridges	0.01	0.08	0.07
Buildings	0.46	7.48	7.02
Bus shelters and pads	0.00	0.00	-
Carparks	0.04	0.04	0.00
Coastal assets	0.06	0.16	0.10
Commercial	0.03	0.01	-0.02
Fleet and plant *	0.22	-2.66	-2.88
Lighting	0.01	3.47	3.46
Parks/play spaces	0.27	20.62	20.35
Paths	0.30	4.90	4.60
Placemaking	0.03	0.03	0.00
Roads	5.67	6.59	0.92
Sport and active recreation assets	0.15	1.93	1.78
Waste management	1.82	23.76	21.94
Water	0.11	5.11	5.01
Total services category $m	**9.17**	**71.52**	**62.35**

Operations - projects budget	Income $m	Expenditure $m	Net expenditure $m
Bridges	0.00	0.38	0.38
Buildings	2.48	4.98	2.50
Bus shelters and pads	0.00	0.03	0.03
Carparks	0.00	0.73	0.73
Coastal assets	1.80	2.77	0.97
Commercial	0.00	0.38	0.38
Fleet and plant	0.73	6.13	5.40
Lighting	0.00	0.15	0.15
Parks/play spaces	1.95	4.51	2.56
Paths	0.70	4.36	3.66
Placemaking	0.00	0.46	0.46
Roads	1.91	24.25	22.34
Sport and active recreation	0.23	2.17	1.94
Water	0.00	2.11	2.11
Total projects category $m	**9.80**	**53.41**	**43.61**

Division: **Planning**

Planning, property, ranger and compliance services are key to our communities. Externally focussed, the Planning division drives the organisation's development policy and oversees planning and development applications, assessments and compliance.

The division leads property transactions, community health and community safety services. It also engages with residents in setting the strategic direction of council and drives environmental sustainability, climate change planning, economic growth and tourism initiatives.

Community health

Managing public and environmental health including the inspection of activities at risk of spreading communicable disease, food safety, public swimming pools, skin penetration operations, high-risk manufactured water systems, onsite wastewater systems, hoarding and squalor.

Delivering immunisation services including childhood, adolescent and workplace immunisation programs.

Community rangers

Investigating and responding to reports of non-compliance with council's by-laws, the *Dog and Cat Management Act 1995*, *Local Nuisance and Litter Control Act 2016*, Australian Road Rules and the *Local Government Act 1999*.

Regulating parking controls and working with the community to promote safe parking, particularly around schools, in bus and bicycle lanes, on footpaths, and where permits are required.

Fire prevention

Working with the community to support bushfire preparedness and ensure private landowners meet their responsibility to reduce bushfire hazards.

Property management

Facilitating all real property transactions for council's land and property portfolio including acquisitions and disposals, permanent road openings and closings, leasing, licencing, and permits

Managing our six cemeteries including maintenance and improvements.

Routinely managing our contaminated land responsibilities to comply with legislation.

Coordinating all updates and reviews of our community land register and management plans.

Development policy

Ensuring appropriately planned urban and rural land that balances necessary growth, heritage protection, green tree canopy and environmental considerations, and improves the local economy and lifestyle.

Providing technical guidance and policy position for the Council's review and submission to state government and relevant agencies.

Planning

Assessing development applications in accordance with state planning policy, in an accurate and timely manner.

Providing quality advice to customers, both preliminary and throughout the assessment process.

Providing reports and support to the Council Assessment Panel with recommendations and proposed conditions.

Development support

Providing initial advice to customers on all aspects of development.

Supporting the council's planning, building and development compliance functions including fencing queries and liquor licence applications.

Undertaking Form 1 searches for private property sales.

Building and development compliance

Assessing development applications in accordance with state building regulations and the National Construction Code in an accurate and timely manner.

Providing quality advice to customers, both preliminary and throughout the assessment process.

Undertaking building inspections and ensuring development is undertaken in accordance with relevant authorisations.

Investigating and responding to reports of development non-compliance with the council's moveable signs by-law, the *Local Nuisance and Litter Control Act 2016* and the *Planning, Development and Infrastructure Act 2016*.

Planning - services budget	Income $m	Expenditure $m	Net expenditure $m
Community safety and property	1.06	5.07	4.01
Development services	4.96	8.65	3.69
Strategy, sustainability, economic growth and tourism	1.83	5.86	4.03
Total services category $m	**7.85**	**19.58**	**11.73**

Planning - projects budget	Income $m	Expenditure $m	Net expenditure $m
Open space	3.00	0.00	-3.00
Placemaking	0.00	0.04	0.04
Strategic planning	0.00	0.13	0.13
Total projects category $m	**3.00**	**0.17**	**2.83**

Sustainability

Integrating environmental sustainability into our strategies and services, undertaking climate change planning and reporting, providing educational programs and information, and hosting community workshops and events.

Strategy

Supporting the organisation and the community to plan for the future through informed, evidence-based decisions and implementing our Community Plan.

Advocating to and collaborating with state and federal government to deliver outcomes for our communities through policy and/or funding initiatives.

Providing social and cultural planning advice to enable improved community outcomes, including supporting Traditional Owner input into decision-making processes.

Economic growth and tourism

Creating a prosperous economy that is diverse and innovative, supporting job generation, investment attraction, place and business activation, and building local business capacity.

Promoting the region and supporting the local tourism industry to drive visitation growth, create jobs and generate economic prosperity.

Measuring our performance

Throughout the year we monitor the progress of our key activities and delivery of our services which is then reported on in our Annual Report. This also helps us monitor progress towards the outcomes of our Community Plan. Progress on major projects and initiatives and adherence to the endorsed annual budget is provided through Council reports and the quarterly financial reports, available at onkaparingacity.com

A sample of some of the ways we track our progress against the Community Plan key result areas are shown on the following pages.

		Draft Community Plan themes			
Measure	**Target**	**Community**	**Environment**	**Liveability**	**Leadership**
Attendances at council-run arts centres	37,500 annually	✓			
Visitations to council-run recreation centres and the aquatic centre	313,200	✓			
Attendances at council-run youth centres and in youth development programs, committees and events	35,000 annually	✓			
Food businesses serving vulnerable populations audited in accordance with their audit frequency and high-risk food businesses inspected in accordance with their inspection frequency	100% audits completed 90% high risk businesses inspections annually	✓			
Number of trees planted	5000 annually		✓		
Area treated for invasive weeds	2km annually		✓		
Reduction of council corporate carbon emissions on 2010-11 emissions baseline	80% reduction by 2030 from 2010–11 levels		✓		
Capital works projects adhering to Excavation Works Aboriginal Heritage Procedure	100%		✓		
Renewal programs completed for parks, playgrounds and reserves	85–100%			✓	
Use of off-road shared-use path network (pedestrian and cycle passes at fixed counter locations, baseline year)	300,000 annually			✓	

Draft Community Plan themes

Measure	Target	Community	Environment	Liveability	Leadership
Southern Business Mentoring Program advisory bookings and service satisfaction rating	160 bookings annually 8/10 satisfaction rating			✓	
New and renewed infrastructure projects approved for delivery in the next 12 months that incorporate elements of water re-use by passive irrigation, groundwater replenishment or other mechanisms.	15%			✓	
Average current frequency of street sweeping, and tonnes of debris collected	6-8 weeks average frequency of sweeping 3000 tonnes debris collected annually			✓	
New and renewed footpaths completed	5248 lineal metres			✓	
McLaren Vale and Fleurieu Coast tourism website users and people reached through destination social media activities	120,000 users to website 400,000 social media reach annually			✓	
Contact Centre customer experience rating	9/10 average rating				✓
Annual Business Plan key activities on track or complete	85–100%				✓
External competitive grant application success rate and amount of funds awarded	50% success rate $1million awarded				✓
Local supplier expenditure and local suppliers engaged	30% expenditure 30% suppliers				✓
Engagement participants reported finding it easy to provide feedback	75%				✓
Adherence to operating position as per the adopted 2024–25 budget	100%				✓
Attendances at council-run National Reconciliation Week and NAIDOC Week events and activities	2000				✓

Budget 2024–25

This Annual Business Plan and Budget identifies the broad range of services and projects that will be delivered in 2024–25 which we know the community values.

Budget

The focus of this budget is budget repair and returning to an operating surplus.

The current economic environment continues to be challenging and our priority is to ensure we can continue to deliver critical services and maintain and renew important assets. As reported in the recently released advice from ESCOSA, we have been running budget deficits for the past seven years. The issues with our past financial sustainability were known to us and we have been actively working with elected members to address this.

We have taken a different approach in developing the budget this year and while this has involved some hard decisions, they are critical to ensure the council is financially sustainable.

The key measures implemented as part of this budget include:

- a rate revenue increase of 6.8 per cent, plus rates from new properties
- recovering the full service cost of the community wastewater management scheme (more information on page 40)
- managing employee costs to achieve an additional $2.48 million in cost efficiencies
- managing interest costs
- reviewing asset classes, valuation methods and depreciation
- increasing the parking on beaches permit fee for people who live outside of the council area
- recovering the full service cost of providing additional waste bins
- increasing fees relating to food inspections, by-laws and development services to the amount permissible under legislation
- increasing enforcement of the Australian Road Rules, particularly relating to parking
- developing fee-for-service models for mattress collection and green organics bulk drop-off
- pausing our grants program for 12 months to review the way the program delivers the best value
- reducing grass mowing services at several council reserves
- reducing library courier services and library material purchases, and modifying the Healthy Active Lifestyles Onkaparinga (HALO) program.

We are also committing to exploring opportunities to increase revenue through:

- increasing events and retail activity at the McLaren Vale and Fleurieu Coast Visitor Centre
- seeking sponsors for our major events.

These measures are vital to improve our financial position and ensure we deliver important and valued services to the community well into the future.

Where the budget comes from and how it is spent

The 2024–25 budget of $231.86 million includes a proposed general rate revenue increase of 6.8 per cent, plus rates from new properties (growth).

At the time of preparing the draft Annual Business Plan 2024–25, CPI for Adelaide at December 2023 is 4.8 per cent, with this figure to be updated to reflect the March 2024 CPI when available. This will be the most recent figure available prior to adoption.

In 2024–25, borrowings are required to be utilised for fixed loan repayments and non-cash backed reserve transfers.

Where the budget comes from	$m
Rates	172.95
Grants, subsidies and contributions	18.07
User charges	12.05
Other revenue	10.68
Community wastewater management systems	6.06
New borrowings	2.80
Statutory charges	4.35
Transfers from reserves	1.19
Reimbursements	0.61
Investments	0.10
Proceeds from disposal of assets	3.00
Total	**231.86**

How the budget is spent	$m
Bridges	0.46
Buildings	12.46
Bus shelters and pads	0.04
Carparks	0.77
Coastal assets	2.93
Commercial	0.39
Communication and engagement	3.02
Community capacity	11.83
Community safety and property	8.65
Development services	5.86
Finance charges	6.87
Financial services	6.28
Fleet and plant	3.47
Governance	5.64
ICT	11.66
Libraries and customer relations	11.72
Lighting	3.61
Loan repayments	1.32
Major projects	1.40
Operational Excellence	1.02
Parks/play spaces	25.12
Paths	7.86
People and culture	8.12
Placemaking	0.54
Recreation services	7.07
Regional landscape levy	3.82
Roads	30.85
Sport and active recreation assets	4.09
Strategic planning	0.13
Strategy and sustainability	5.07
Transfer to reserve	3.83
Waste management	23.76
Water business unit and CWMS	4.99
Water	7.21
Total	**231.86**

Financial planning process

Our long-term financial planning processes are focussed on building financial resilience, so that we can deliver on the outcomes set out in our Community Plan and Strategic Asset Management Plan (SAMP).

Long Term Financial Plan

As part of the comprehensive review of the Long Term Financial Plan (LTFP), Council has adopted an updated set of principles that should underpin decision making. These principles are:

1. Through the Long Term Financial Plan and annual budgeting process, Council addresses the structural deficit position, transitions to a balanced budget in this Council term and maintains this surplus position going forward.
2. Council adopts a dollar value debt ceiling when the LTFP is finalised in June 2024, however additional debt can be accessed for capital investment purposes when there is a financial return to fully cover interest costs and provides a reasonable payback period.
3. Revenue is increased at least in line with Consumer Price Index (CPI) plus revenue from new properties to ensure financial sustainability.
4. Council actively seek out collaborative opportunities which maximise value for our communities.
5. Council decreases its reliance on rates by increasing revenue from alternative sources.

The development of our updated LTFP is currently ongoing as we first address the challenges with our operating position and then focus on an appropriate debt management strategy. The updated LTFP will be out for community engagement after the 2024–25 budget is adopted, along with our updated Community Plan and Strategic Asset Management Plan.

Asset management

The Strategic Asset Management Plan (SAMP) provides an overview of our assets, how they are performing, the service levels provided, goals and objectives, areas for improvement and financial position. It also indicates how our asset management responds to the strategic goals of council.

The SAMP is reviewed and updated every year, and the projected financial requirements must align to those within the LTFP. This is to ensure budgets are allocated to achieve the objectives and demands identified in the SAMP, and that any budget shortfalls, pressures or opportunities are reflected and identified in both plans.

Debt levels

The City of Onkaparinga is a growth council with more urban development planned over the next 20 years. The second LTFP principle recognises the need to adopt a dollar value debt ceiling when the LTFP is finalised, but also provides allowance for debt for capital investments where the payback can cover interest costs and the loan principle repayments over a reasonable period.

The debt ceiling will be considered as part of the updated LTFP.

Based on the draft 2024–25 budget, and incorporating likely capital project carry forwards from 2023–24, the forecast debt position is $128.2 million.

Future forecast borrowings will be provided as part of the updated LTFP.

Key financial indicators

Council has adopted a suite of key financial indicators (KFIs) that are primarily based on those included in the Model Financial Statements and those recommended by the Local Government Association and Local Government Financial Managers Group as appropriate for measuring financial sustainability within the context of local government. Additional measures for debt servicing and level of borrowings have been included to monitor debt management.

The financial indicators, related targets and budgeted positions for 2024–25 are summarised in the table below.

Key financial indicator	Budgeted position for 2024–25	Target	Result
Operating surplus ratio	1.5%	This ratio expresses the operating surplus as a percentage of total operating revenue. The target is to achieve an operating surplus ratio of between 0 and 10 per cent.	✔
Net financial liabilities ratio	66.2%	This ratio expresses the year-end position for net liabilities as a percentage of total operating income. Our net liabilities as a percentage of total operating revenue will not exceed 100 per cent.	✔
Interest cover ratio	3.1%	This ratio expresses the finance charges (interest) as a percentage of total operating revenue. Our finance charges as a percentage of total operating revenue will not exceed 5 per cent.	✔
Level of borrowings	$128.2 million	The debt ceiling will be updated as part of the updated Long Term Financial Plan (LTFP). The debt ceiling in the previous LTFP was $138.5m.	✔
Debt servicing	3.7%* ($8.2 million)	This debt servicing figure is calculated as loan repayments and interest paid, divided by total operating revenue. Total debt servicing will be below an upper debt servicing limit of 10 per cent ($22.1 million) and above a lower limit of three per cent ($6.7 million) of rate revenue.	✔
Asset renewal funding ratio	110%	The target is for expenditure on renewal of assets to be greater than 90 per cent but less 110 per cent of expenditure proposed in the Strategic Asset Management Plan. This ratio has been calculated based on budgeted renewal spend, divided by the expenditure proposed in the previous SAMP. The updated SAMP and LTFP will be adopted in early 2024–25.	✔

✔ = Target achieved or within target range. ✘ = Outside of target range for 2024–25. * = These positions are based on forecast borrowings.

Community wastewater management systems

Council collects service charges from its community wastewater management systems (CWMS) customers to recover the cost of operating and maintaining its seven community wastewater systems (sewerage services).

CWMS is subject to a regulatory regime under the auspices of the Essential Services Commission of South Australia (ESCOSA), in addition to requirements of the *Local Government Act 1999* (the Act).

Under the Act councils are entitled to recover the full cost of providing CWMS services. In addition, ESCOSA require that the full cost of providing the service should also recognise a cost of capital and an allowance for unquantifiable risks associated with CWMS. In previous years, the cost of capital and cost of risk elements have been rebated.

Following Council's recent decision to retain the CWMS asset, price setting for the annual CWMS service charge has been based on recovering the full cost of the service, with no rebate applied. This ensures appropriate revenue is raised for operating and maintenance costs, future capital works and to manage the risks associated with running the scheme.

Applying this policy, the CWMS service charge for 2024–25 is $1273.56.

Southern Region Waste Resource Authority (SRWRA)

SRWRA is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay, as per section 43 of the Local Government Act 1999 and provides waste management services on behalf of constituent councils.

SRWRA's integrated site provides processing facilities for both the kerbside waste and recycling bins, a landfill, green energy precinct, and a recycled water storage dam that supports McLaren Vale. The integration of the site is unique in Australia, making us leaders in delivering innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities. Onsite, SRWRA operates several joint-venture initiatives including:

- the Southern Recycling Centre— a joint venture with Integrated Waste Services. The centre plays a key role in the diversion of waste from landfill, processing all kerbside waste bin collections with approximately 40 per cent of the content separated, processed and used as capping for landfill rehabilitation.
- the Southern Materials Recovery Facility — a joint venture between SRWRA and Re.Cycle (Adelaide), a subsidiary of Re.Group. The Southern Materials Recovery Facility, which is the largest in South Australia, is a state-of-the-art facility that provides processing of kerbside commingled recycling and produces the highest product purity levels in Australia.
- a green energy precinct operated by LMS Energy. Located at the SRWRA site, it's South Australia's largest solar farm on capped landfill (600kW) and includes a 3MW biogas plant which converts the methane from the landfill into electricity, removing the harmful greenhouse gas in the process.

SRWRA also provides the City of Onkaparinga with onsite recycling services such as recycled concrete and bitumen. This helps minimise our reliance on virgin material and assists in transitioning to a circular economy.

General rate increase

The general rate revenue increase proposed in the 2024–25 budget is 6.8 per cent, noting the December 2023 Adelaide Consumer Price Index (CPI) is 4.8 per cent.

Previous decisions relating to rate increases have had a significant and ongoing impact on council's past deficit operating positions. A rate increase above CPI for 2024–25 substantially improves the current financial position, with a view that rate increases will return to being aligned to CPI after this year.

In addition, council will receive additional revenue generated from new properties that have been built or established in the City of Onkaparinga in the last year, which is known as growth. This revenue is required to fund the services those new properties can access.

Rating Policy overview

Our Rating Policy is a key component of our financial planning.

In 2024–25 we anticipate that 80.8 per cent of our total operating income will come from rates.

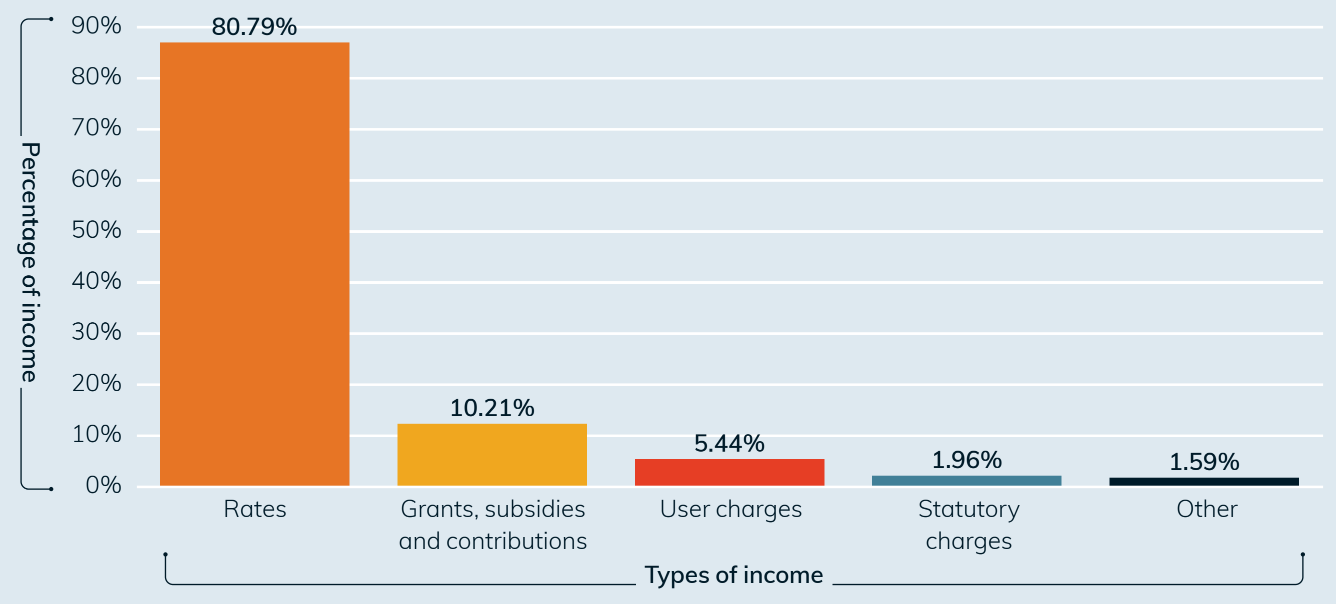
In setting the rates, we consider valuation movements and develop rate models to determine the likely impact on individual properties.

Please refer to appendices 8 and 9 for further detail of our general rates.

Our Rating Policy is reviewed annually, with key considerations being:

- our rating strategies and structure ranked highly against the principles of taxation
- the current rating structure and rate revenue contribution methodology is equitable
- the fixed charge component collects an equitable contribution from all rateable properties
- differential rates contribute an equitable level of rate revenue from each land use category
- the Rating Policy supports the practical implementation of our goals, strategies and statutory obligations.

Total operating income 2024–25



Rating Policy 2024–25

In developing our Rating Policy, the Council considered community engagement outcomes from previous years.

The overall structure of our Rating Policy 2024–25 is very similar to that applied during 2023–24 and includes:

- a fixed charge component (amount to be determined through rates modelling)
- different rates for different land use categories, retaining a similar proportion of net rate revenue to 2023–24 for each category (adjusted for new properties and other movements) to prevent redistribution of the rate burden between categories of ratepayers
- an automatic rebate to properties with a residential land use to cap any increase in the variable component of rates at 10 per cent based on the same eligibility criteria as in 2023–24.

We do not receive any more revenue from increasing or decreasing the fixed charge component. In addition, applying an automatic rate rebate cap will see the rates above this cap redistributed amongst the remaining ratepayers within the residential category.

Valuation trends and rate modelling

The City of Onkaparinga bases its rating on the property valuations provided by the Office of the Valuer-General. The Valuer-General—under the *Valuation of Land Act 1971*—provides a value for every property in South Australia annually, which takes effect from 1 July.

Valuation increases do not increase the total amount of rates that a council receives, but they do impact on the proportion of rates paid by an individual ratepayer. Rate modelling is undertaken annually to ensure the impacts on the community prior to adoption of the annual budget and the Rating Policy remain aligned.

At the City of Onkaparinga, a fixed charge amount is set for every ratepayer to ensure all rateable properties contribute towards the council's services.

The remaining rate revenue required is divided by all the property values in its category to arrive at a 'rate in the dollar'. A different rate is set for each land use category. The rates for each property are set by combining the fixed charge and using the value of each rateable property multiplied by the 'rate in the dollar'.

This model delivers the most equitable rating outcomes, provides options to manage risk and ultimately can protect ratepayers from rapid valuation movements, as the fixed charge breaks the direct link between property valuations and rates payable.

We are still receiving valuation information for 2024–25 and will set our rates parameters closer to adoption.

Number of rateable properties by differential rating type comparison table

Land use	2023–24	2024–25
Commercial - office	233	236
Commercial - other	1397	1393
Commercial - shop	1254	1250
Industry - light	538	535
Industry - other	394	393
Other	265	261
Primary production	1977	1963
Residential	74,935	75,134
Vacant land	1626	1887
TOTAL	**82,619**	**83,052**

The 2024–25 information presented is based on valuation data as of 16 March 2024.

Regional landscape levy

The regional landscape levy is a state levy that we are required to collect to fund the operations of regional landscape boards for the management of the state's natural resources.

The total amount to be collected from the levy in 2024–25 is $3.82 million, which is all passed on to the regional landscape boards. Rates that will apply for the levy are subject to finalisation of valuation data and budget adoption.

For information about the levy, contact your relevant board.

Assistance for ratepayers

Council understands that ratepayers may have difficulty paying their rates. There are various supports that we have in place that may provide assistance, including:

- Financial Hardship Policy and payment arrangements
- postponement of rates for seniors
- rate rebates for eligible properties providing a community benefit.

The Rating Policy 2024–25 is included as appendix 9 and at onkaparingacity.com

How rates are determined

The amount collected via rates is determined by the annual budget the Council sets to provide services to the community.

We develop a rating strategy and then set a rate in the dollar to generate its required rate revenue after determining the annual budget.

We use a fixed charge component and an additional component calculated using property values to share the rates burden among property owners in an equitable manner.

We consult with the community on the draft Annual Business Plan each year. It includes information on the proposed rating decisions to ensure we are being transparent and accountable to the community for rating decisions that impact them. This helps us balance community demands for services and infrastructure with the revenue available to pay for them. The diagram below demonstrates how we calculate your rates.

How we calculate the rates for your property

(Valuation of your property

×

Rate in the dollar)

+

Fixed charge

+

Regional Landscape Levy

=

Your annual council rates

Property values

State legislation requires local councils to use property values to calculate annual council rates. Your property value is decided by the Valuer-General of SA, who considers any changes or improvements made to each property, how the property market is performing, and any zoning changes.

Rate in the dollar

The rate in the dollar is our total rate revenue budgeted (minus the amounts for the fixed charge), divided by the combined value of all rateable properties in our council area. Each land use category has a different rate in the dollar.

Fixed charge

Council applies a fixed charge to all rateable properties in the council area. This means each property owner makes a contribution to the cost of administering council activities, services and infrastructure across Onkaparinga.

Regional Landscape Levy

We also collect on behalf of the Regional Landscape Levy and this cost is added to your rates notice and passed on to state government.

ESCOSA local government advice

On 30 April 2022, amendments to the *Local Government Act 1999* (the Act) came into operation introducing an advisory scheme to give ratepayers greater confidence that the rates they pay are set at the level necessary for their council to provide the services they value.

The Essential Services Commission South Australia (ESCOSA) is the designated authority which, on a four yearly rolling schedule, reviews and provides its advice on each councils' strategic management planning documents. The advice relates to the appropriateness of councils' long-term financial plans, infrastructure and asset management plans and revenue sources as outlined in funding plans. It is an advisory scheme, identifying both risks and areas of good practice for councils to consider, with decision making remaining in the hands of the councils.

The City of Onkaparinga was reviewed by ESCOSA in the 2023–24 tranche of councils. Its advice identified challenges to council's financial sustainability. Issues raised were known, and council has been actively addressing them in the re-development of its Community Plan, Long Term Financial Plan, Strategic Asset Management Plan and during the drafting of this Annual Business Plan and Budget. Whilst recognising that it will not happen overnight, the review's recommendations confirm that the current council's focus on budget repair is on the right track for stronger financial performance and a future with budget sustainability.

As required by the Act, the ESCOSA report, and Council's response to that report, are included as appendices to this plan.

Appendices 1-7

Draft Budget 2024–25

CITY OF ONKAPARINGA

APPENDIX 1

DRAFT STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget	Movement %
Operating income			
Rates	178,996,467	165,092,630	8.42%
Statutory charges	4,348,900	4,119,000	5.58%
User charges	12,050,814	9,855,817	22.27%
Grants, subsidies and contributions - capital renewal	4,548,484	4,006,160	13.54%
Grants, subsidies and contributions - operating	18,074,457	17,898,402	0.98%
Investment income	97,000	111,000	-12.61%
Reimbursements	614,590	562,751	9.21%
Other income	2,489,989	2,357,737	5.61%
Net gain - equity accounted joint venture	330,000	330,000	0.00%
Total operating income	**221,550,702**	**204,333,497**	**8.43%**
Operating expenses			
Employee costs	87,108,860	83,558,967	-4.25%
Materials, contracts and other expenses	79,540,693	76,575,272	-3.87%
Finance costs	6,873,886	4,714,657	-45.80%
Depreciation and amortisation	44,704,695	41,418,450	-7.93%
Total operating expenses	**218,228,134**	**206,267,347**	**-5.80%**
Operating surplus/(deficit) before capital amounts	**3,322,568**	**(1,933,850)**	**271.81%**
Capital income			
Amounts received specifically for new or upgraded assets	2,911,619	18,302,570	-84.09%
Physical resources received free of charge	-	-	-
Proceeds from disposal of assets	3,734,300	1,901,164	96.42%
Net surplus/(deficit)	**9,968,487**	**18,269,884**	**-45.44%**
Other comprehensive income			
Changes in revaluation surplus - infrastructure, property, plant and equipment	66,721,108	52,813,733	26.33%
Total other comprehensive income	**66,721,108**	**52,813,733**	**26.33%**
Total comprehensive income	**76,689,595**	**71,083,617**	**7.89%**

CITY OF ONKAPARINGA

APPENDIX 2

DRAFT STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Current assets		
Cash and cash equivalents	-	-
Trade and other receivables	16,493,000	19,383,000
Inventories	73,000	77,000
Total current assets	**16,566,000**	**19,460,000**
Non-current assets		
Financial Assets	1,060,000	863,000
Equity accounted investments in council businesses	15,491,000	13,978,000
Infrastructure, property, plant and equipment	2,678,221,727	2,642,744,316
Other non-current assets	10,351,987	7,898,117
Total non-current assets	**2,705,124,714**	**2,665,483,433**
Total assets	**2,721,690,714**	**2,684,943,433**
Current liabilities		
Trade and other payables	14,731,000	35,048,000
Short term borrowings	36,007,000	27,907,000
Short term provisions	11,777,000	12,088,000
Total current liabilities	**62,515,000**	**75,043,000**
Non-current liabilities		
Long term borrowings	92,194,780	106,964,010
Long term provisions	3,809,000	3,856,000
Other non current-liabilities	5,701,000	5,792,000
Total non-current liabilities	**101,704,780**	**116,612,010**
Total liabilities	**164,219,780**	**191,655,010**
Net assets	**2,557,470,934**	**2,493,288,423**
Equity		
Accumulated surplus	606,957,108	597,902,573
Asset revaluation reserve	1,934,441,537	1,882,908,383
Other reserves	16,072,289	12,477,467
Total equity	**2,557,470,935**	**2,493,288,423**

CITY OF ONKAPARINGA

APPENDIX 3

DRAFT STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Cash flows from operating activities		
Receipts		
Operating receipts	221,453,702	204,222,497
Investment receipts	97,000	111,000
Payments		
Operating payments to suppliers and employees	(166,649,553)	(160,134,240)
Finance payments	(6,873,886)	(4,714,657)
Net cash flows from operating activities	**48,027,263**	**39,484,600**
Cash flows from investment activities		
Receipts		
Grants specifically for new or upgraded assets	2,911,619	18,302,570
Proceeds from sale of assets	3,734,300	1,901,164
Payments		
Expenditure on renewal/replacement of assets	(39,206,618)	(31,111,099)
Expenditure on new/upgraded assets	(13,973,065)	(30,391,815)
Net cash flows from investment activities	**(46,533,764)**	**(41,299,180)**
Cash flows from financing activities		
Receipts		
Proceeds from borrowings	2,803,920	4,428,384
Payments		
Repayments of borrowings	(1,326,450)	(1,404,748)
Net cash flows from financing activities	**1,477,470**	**3,023,636**
Net increase/(decrease) in cash held	**2,970,969**	**1,209,056**
Cash and cash equivalents at beginning of reporting period	-	-
Cash and cash equivalents at end of reporting period	**2,970,969**	**1,209,056**
Represented by:		
Cash and cash equivalents	-	-
Less: Short term cash advance drawdowns	2,970,969	1,209,056

CITY OF ONKAPARINGA

APPENDIX 4

DRAFT STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Accumulated surplus		
Balance at end of previous reporting period	584,589,621	555,874,265
Surplus/(deficit) from operations	22,367,487	18,269,885
Non-cash transfer from reserves to accumulated surplus	-	23,758,423
Balance at end of period	**606,957,108**	**597,902,573**
Asset revaluation reserve		
Balance at end of previous reporting period	1,867,720,429	1,830,094,650
Gain on revaluation of infrastructure, property, plant and equipment	66,721,108	52,813,733
Balance at end of period	**1,934,441,537**	**1,882,908,383**
Other reserves		
Balance at beginning of period	13,431,321	35,026,835
Transfers to reserve	3,833,741	2,272,681
Transfers from reserve	(1,192,773)	(1,063,626)
Non-cash transfer from reserves to accumulated surplus	-	(23,758,423)
Balance at end of period	**16,072,289**	**12,477,467**
Total equity	**2,557,470,934**	**2,493,288,423**

CITY OF ONKAPARINGA

APPENDIX 5

DRAFT FUNDING STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Operating activities		
Income		
Rates revenues	178,996,467	165,092,630
Statutory charges	4,348,900	4,119,000
User charges	12,050,814	9,855,817
Grants, subsidies and contributions - capital renewal	4,548,484	4,006,160
Grants, subsidies and contributions - operating	18,074,457	17,898,402
Investment income	97,000	111,000
Reimbursements	614,590	562,751
Other income	2,489,989	2,357,737
Net gain - equity accounted joint venture	330,000	330,000
Total income	**221,550,702**	**204,333,497**
Expenditure		
Employee costs	87,108,860	83,558,967
Materials, contracts and other expenses	79,540,693	76,575,272
Depreciation and amortisation	44,704,695	41,418,450
Finance costs	6,873,886	4,714,657
Total expenses	**218,228,134**	**206,267,347**
Operating surplus / (deficit)	3,322,569	(1,933,850)
Capital projects		
Renewal		
Project expenses	39,206,618	31,111,099
Less:		
Grants, subsidies and contributions	4,548,484	4,006,160
Developer contributions	-	-
Other income	734,300	901,164
Net renewal expense	**33,923,834**	**26,203,775**
New and Significant Upgrades		
Project expenses	13,973,065	30,391,815
Less:		
Grants, subsidies and contributions	2,611,619	18,202,570
Developer contributions	300,000	100,000
Other income	3,000,000	1,000,000
Net new and significant upgrade expense	**8,061,446**	**11,089,245**
Capital Project Expenditure	41,985,280	37,293,020

CITY OF ONKAPARINGA

DRAFT FUNDING STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Other		
Loans		
New loans	2,803,920	4,428,384
Less:		
Loan principal repayments	1,326,450	1,404,748
Net loan movement	**1,477,470**	**3,023,636**
Reserves		
Transfer from reserves	1,192,773	1,063,626
Less:		
Transfer to reserves	3,833,741	2,272,681
Net reserve movement	**(2,640,968)**	**(1,209,055)**
Adjust:		
Depreciation - included in operating result, funded by renewal	44,704,695	41,418,450
Grants, subsidies and contributions (renewal) - included in operating resu	(4,548,484)	(4,006,160)
Net gain - equity accounted joint venture - non-cash	(330,000)	
Funding Surplus / (deficit)	-	-
Grand Total Income	231,863,313	230,029,241
Grand Total Expense	231,863,313	230,029,241
Funding Surplus / (deficit)	-	-

CITY OF ONKAPARINGA

APPENDIX 6

DRAFT UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Operating surplus/(deficit)		
Operating income		
Rates	178,996,467	165,092,630
Statutory charges	4,348,900	4,119,000
User charges	12,050,814	9,855,817
Grants, subsidies and contributions - capital renewal	4,548,484	4,006,160
Grants, subsidies and contributions - operating	18,074,457	17,898,402
Investment income	97,000	111,000
Reimbursements	614,590	562,751
Other income	2,489,989	2,357,737
Net gain - equity accounted joint venture	330,000	330,000
	221,550,702	204,333,497
Operating expenses		
Employee costs	87,108,860	83,558,967
Materials, contracts and other expenses	79,540,693	76,575,272
Finance costs	6,873,886	4,714,657
Depreciation and amortisation	44,704,695	41,418,450
	218,228,134	206,267,346
Operating surplus/(deficit)	**3,322,569**	**(1,933,849)**
Less: Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(39,206,618)	(31,111,099)
Add back depreciation, amortisation and impairment	44,704,695	41,418,450
Proceeds from sale of replaced assets	734,300	901,164
Net outlays on existing assets	**6,232,377**	**11,208,515**
Less: Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets	(13,973,065)	(30,391,815)
Amounts received specifically for new and upgraded assets	2,911,619	18,302,570
Proceeds from sale of surplus assets	3,000,000	1,000,000
Net outlays on new and upgraded assets	**(8,061,446)**	**(11,089,245)**
Net lending / (borrowing) for financial year	**1,493,500**	**(1,814,579)**

CITY OF ONKAPARINGA

APPENDIX 7

DRAFT KEY FINANCIAL INDICATORS FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Operating surplus ratio		
The percentage by which the major controllable income source varies from day to day expenses		
Calculated as:		
Operating surplus/(deficit) before capital amounts	3,322,568	(1,933,850)
Divided by:		
Operating income	221,550,702	204,333,497
Operating income	**221,550,702**	**204,333,497**
Expressed as a percentage	**1.5%**	**(0.9%)**
Target*	**>0%**	**>0%**
Net financial liabilities ratio		
How significant is the net amount owed compared with income		
Calculated as:		
Total liabilities	164,219,780	191,655,010
Less: Liabilities for equity accounted investments in council businesses	-	-
Less: Current cash and cash equivalents	-	-
Less: Current trade and other receivables	(16,493,000)	(19,383,000)
Less: Current other financial assets	(73,000)	(77,000)
Less: Non-current financial assets	(1,060,000)	(863,000)
Net financial liabilities	**146,593,780**	**171,332,010**
Divided by:		
Total operating income	221,550,702	204,333,497
Total operating income	**221,550,702**	**204,333,497**
Expressed as a percentage	**66.2%**	**83.8%**
Target	**<100%**	**<100%**
Interest cover ratio		
How much income is used in paying interest on loans		
Calculated as:		
Finance costs	6,873,886	4,714,657
Less: Investment income	(97,000)	(111,000)
Net finance costs	**6,776,886**	**4,603,657**
Divided by:		
Total operating income	221,550,702	204,333,497
Less: Investment income	(97,000)	(111,000)
Total operating income	**221,453,702**	**204,222,497**
Expressed as a percentage	**3.1%**	**2.3%**
Target	**<5%**	**<5%**

CITY OF ONKAPARINGA

DRAFT KEY FINANCIAL INDICATORS FOR THE YEAR ENDING 30 JUNE 2025

	2024-25 Original Budget	2023-24 Original Budget
Level of borrowings *How significant is the level of borrowings compared with income*		
Calculated as:		
Total borrowings	128,201,780	134,871,010
Divided by:		
Total operating income	221,550,702	204,333,497
Expressed as a percentage	**57.9%**	**66.0%**
Alternate ratio		
Calculated as:		
Total borrowings	128,201,780	134,871,010
Divided by:		
Total rate income	178,996,467	165,092,630
Expressed as a percentage	**71.6%**	**81.7%**
Debt ceiling	**138,500,000**	**138,500,000**
Debt servicing ratio *The proportion of total operating revenue required to service debt*		
Calculated as:		
Fixed term repayments plus Interest (finance costs)	8,200,336	6,119,405
Divided by:		
Total operating income	221,550,702	204,333,497
Expressed as a percentage	**3.7%**	**3.0%**
Target		
Total debt servicing will be below an upper debt servicing limit of 10% and above a lower limit of 3% Operating revenue		
Calculated as:		
Total operating income	221,550,702	204,333,497
Upper debt servicing limit 10% of operating revenue	22,155,070	20,433,350
Lower debt servicing limit 3% of operating revenue	6,646,521	6,130,005
Debt Servicing	**8,200,336**	**6,119,405**
Asset renewal funding ratio *What percentage of assets are being replaced at the rate they are consumed*		
Calculated as:		
Expenditure on renewal/replacement of assets	39,206,618	31,111,099
Net expenditure on renewal/replacement of assets	**39,206,618**	**31,111,099**
Divided by:		
Projected asset renewal funding requirement	35,646,000	34,948,000
Expressed as a percentage	**110.0%**	**89.0%**
Target	**90-110%**	**90-110%**

Appendix 8

Draft Statement on Expected Rate Revenue

CITY OF ONKAPARINGA

DRAFT Statement on Expected Rate Revenue as per valuation data 16/03/2024

Expected Rates Revenue

	2023-24 (as adopted)	2024-25 (DRAFT)		Change	Comments
General Rates Revenue					These figures include rates collected from the Mobil Refinery which are calculated in accordance with the *Oil Refinery (Hundred of Noarlunga) Indenture Act 1958* and *Mobil Lubricating Oil Refinery (Indenture) Act 1976*. The Mobil Refinery contribution is excluded when calculating the general increase.
General Rates (existing properties)	$157,059,541	$168,669,378	*(a)*		
General Rates (new properties)	$943,109	$1,353,642	*(b)*		
General Rates (GROSS)	**$158,002,651**	**$170,023,020**	*(c)*		
Less: Mandatory Rebates	($1,534,026)	($1,618,724)	*(d)*		
General Rates (NET)	**$156,468,625**	**$168,404,296**	*(e)*	**7.6%**	
	(e)=(c)+(d)				
Other Rates (inc. service charges)					
Regional Landscape Levy	$3,519,093	$3,824,905	*(f)*		The Regional Landscape Levy is a State tax, it is **not retained** by council.
CWMS	$5,915,114	$6,063,419	*(i)*		
	$165,902,832	$178,292,620			
Less: Discretionary Rebates	($1,697,531)	($69,423)	*(l)*		Includes rebate for CWMS
Expected Total Rates Revenue	**$160,686,208**	**$174,398,292**	*(m)*	**8.5%**	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
	(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)				

Estimated growth in number of rateable properties

Number of rateable properties	**82,619**	**83,052**	*(n)*	**0.52%**	New properties in 2024-25 equates to 0.52% (as of 16/03/2024).
	Actual	*Estimate*			

'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

Estimated average General Rates per rateable property

Average per rateable property	**$1,912**	**$2,047**	*(o)*	**7.0%**	The average per rateable property is calculated on **all** rateable properties from the different land use categories, and are therefore not reflective of the $ rate or % change that an individual ratepayer will experience.
	(o)=(c)/(n)				

Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).
The total General Rates paid by all rateable properties will equal the amount adopted in the budget.

Notes

(d) Councils are **required** under the Local Government Act to provide a rebate to qualifying properties under a number of categories:

Health Services - 100 per cent	Religious purposes - 100 per cent	Royal Zoological Society of SA - 100 per cent
Community Services - 75 per cent	Public Cemeteries - 100 per cent	Educational purposes - 75 per cent

The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(e) Presented as required by the *Local Government (Financial Management) Regulations 2011* reg 6(1)(ea)

Please Note: The percentage figure in *(e)* relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).

(f) Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources.

(i) Community Wastewater Management Systems

(l) A council **may** grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.

(n) 'Growth' as defined in the *Local Government (Financial Management) Regulations 2011* reg 6(2)

CITY OF ONKAPARINGA

DRAFT Statement on Expected Rate Revenue
as per valuation data 16/03/2024

Expected Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the $
	2023-24 (as adopted)	**2024-25 (DRAFT)**	**Change**	2023-24	**2024-25**	2023-24	**2024-25**		**Change**	**2024-25**
Land Use (General Rates - GROSS)										
Residential	**$134,109,197**	**$144,114,290**	**7%**	**74935**	**75134**	$1,790	$1,918	*(p)*	**$128**	**0.188785**
Commercial - Shop	**$4,498,026**	**$4,653,793**	**3%**	**1254**	**1250**	$3,587	$3,723	*(p)*	**$136**	**0.320857**
Commercial - Office	**$657,507**	**$715,249**	**9%**	**233**	**236**	$2,822	$3,031	*(p)*	**$209**	**0.320857**
Commercial - Other	**$5,139,801**	**$5,530,671**	**8%**	**1397**	**1393**	$3,679	$3,970	*(p)*	**$291**	**0.320857**
Industry - Light	**$1,118,674**	**$1,242,324**	**11%**	**538**	**535**	$2,079	$2,322	*(p)*	**$243**	**0.320857**
Industry - Other	**$1,573,272**	**$1,732,476**	**10%**	**394**	**393**	$3,993	$4,408	*(p)*	**$415**	**0.320857**
Primary Production	**$6,179,230**	**$6,570,261**	**6%**	**1977**	**1963**	$3,126	$3,347	*(p)*	**$221**	**0.250269**
Vacant Land	**$2,954,540**	**$3,671,352**	**24%**	**1626**	**1887**	$1,817	$1,946	*(p)*	**$129**	**0.261481**
Other	**$954,663**	**$974,863**	**2%**	**265**	**261**	$3,603	$3,735	*(p)*	**$133**	**0.183363**
Total Land Use	**$157,184,910**	**$169,205,279**	**7.6%**	**82,619**	**83,052**	**$1,903**	**$2,037**	*(p)*	**$135**	
GRAND TOTAL (GROSS)	**$157,184,910**	**$169,205,279**	**7.6%**	**82,619**	**83,052**	**$1,903**	**$2,037**	*(p)*	**$135**	

In addition to the revenue generated using differential rates, Council also collect rates from the Mobil Refinery, calculated as outlined on the previous page. Rates above are reported as gross figures. The general rate increase is based on net rates, which is gross rates less rebates applied.

Fixed Charge

	Total expected revenue			Charge			
	2023-24	**2024-25**	**Change**	2023-24	**2024-25**		**Change**
Fixed Charge	**$59,002,515**	**$63,876,120**	**8.3%**	$715	**$770**	*(q)*	**$55**

This revenue amount is **included** in the General Rates GROSS figure at *(c)*. The fixed charge component for 2024-25 represents approximately 38% of total net rate revenue (net of rebates), maintaining the same proportion as in 2023-24

Adopted valuation method

Capital Value

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:
Capital Value – the value of the land and all improvements on the land;
Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or
Annual Value – a valuation of the rental potential of the property.

Council adopts the use of **capital value** as the basis for valuing land within the council area. Council considers that this method of valuing land provides the most equitable distribution of the rates burden as it identifies the land and improvements and is consistent with the taxation principle indicating a person's capacity to pay

Notes

(p) Average per rateable property calculated as General Rates for category, including any fixed charge or minimum rate (if applicable) but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(q) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

(r) 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.

Appendix 9

Rating Policy
2024–25

POLICY– COUNCIL

Rating Policy 2024-25

CONTENTS

1. Document control

Author – name and position (to whom changes are recommended)	Emily Muthuvelu Team Leader Revenue
Stakeholders (audience and engagement groups)	Community, Elected Members, Directors, Managers and Staff
Reviewed by – name and position	David Stobbe Director Corporate
Approved by (document owner)	Council
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Electronic version on the intranet or website is the controlled version.

2. Preamble

Council is required to raise and collect rates to balance and achieve several guiding principles and objectives. Council adopts this policy to set the rating objectives within its area. Where Council is committed to achieving standards that are not imposed upon it by statute, its commitment is to endeavor to achieve those standards or requirements within available resources. The contents and commitments in this policy is a statement of Council's general position.

3. Policy purpose

The purpose of this policy is to outline council's approach towards rating its communities and to meet the requirements of the *Local Government Act 1999 (SA)* (the Act) with reference to Section 123. Section 123 requires council to have a rating policy that must be prepared and adopted (as part of the Annual Business Plan) each financial year in conjunction with the declaration of rates.

Council's rating policy and policy objectives, methodologies and rating strategies have been designed to provide a balance against the principles of taxation, whilst also balancing the community needs and broader economic and development objectives.

4. Definitions

Act	refers to the *Local Government Act 1999 (SA).*
BUA	refers to a Building Upgrade Agreement under Schedule 1B of the Act.
BUA Fees	refers permissible fees enabling administrative cost recovery under Schedule 1B of the Act.
BUF	refers to Building Upgrade Finance which is a scheme that enables owners to access finance for environmental upgrades and heritage works from a lending institution that are repaid through a council-based rating mechanism under Schedule 1B of the Act.
Capital value	refers to the valuation methodology used in determining the value of land, as defined in the Valuation of Land Act 1971
Council	(with a capitalised C) refers to the elected Council body
council	(with a non-capitalised c) refers to council as the organisation.
CWMS	refers to the Community Wastewater Management System within the Council area formerly referred to as Septic Tank Effluent Disposal Schemes (STEDS).
Different rate	refers to a rate that may be applied to a category of land that is different to the rate applied to other land categories (termed differential rates under the Act).
Fixed charges	refers to a charge that must apply equally to each separate piece of rateable land in the area under Section 152(1) of the Act.
General rate	refers to the rate in the dollar that applies to properties in the calculation of the general rate payable by way of Council Rates. Please note that the 'General Rate' is also referred to as the Differential General Rate under the Act and also includes the fixed charge component charged.
Postponed rates	refers to any rates postponed under Section 182 or 182A of the Act.
Primary production	for rating purposes is defined as per section 5(1) of the *Valuation of Land Act 1971*: (definition of 'business of primary production'); '*the business of agriculture, pasturage, horticulture, viticulture, apiculture, poultry farming, dairy farming, forestry or any other business consisting of the cultivation of soils, the gathering in of*

	crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.'
Rating	refers to the overall process of raising revenue by way of levying rates and charges.
Rebates	refers to an amount that a rate or charge may be reduced in accordance with Chapter 10, Division 5 of the Act.
Remissions	refers to any reduction in amount payable granted in accordance with Section 182 of the Act.
Residential rate cap rebate	refers to the rate cap applied to properties with a Residential land use, subject to specific criteria, which is applied under the discretionary rebate provisions of Section 166(1)(l) of the Act.
Separate rate	refers to a rate that applies in addition to other rates and charges, which is used to fund specific activities in accordance with Section 154 of the Act.
Service charge	refers to a charge imposed for the provision of a prescribed service under Section 155(1) of the Act.

5. Principles and objectives

In developing the rating policy, Council is required to make judgements based on several guiding principles and objectives. These principles and objectives are often competing and need to be balanced to achieve the desired outcome for the community.

Council's policy directions are guided by four themes that are central to achieving our vision as outlined in the Community Plan 2030: People, Place, Prosperity and Performance.

Council's role is to ensure that our communities have access to an appropriate range of facilities and services. In all things, council considers if its direction aligns with the principles that defines who it is. Council believes in:

- putting people first
- enabling equity
- promoting strengths
- seeking to understand
- being resourceful
- encouraging investment
- working strategically towards our vision.

Council is required to raise revenue for the purpose of governance, administration and the provision of appropriate goods and services required by the community. The goods and services are especially those that would not be provided by private businesses e.g. infrastructure, street lighting, regulatory and compliance activities.

Chapter 10 of the Act requires local government to levy rates and charges on land and provides some principles for consideration when developing rating policies. The key principle in levying rates recognises that rates constitute a system of taxation on the community for local government purposes (generally based on the value of land).

In developing this policy Council has considered the following five principles:

- equity (taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more (vertical equity))
- benefit (taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid)
- ability-to-pay (in levying taxes the ability of the taxpayer to pay the tax must be considered)
- efficiency (if a tax is designed to change consumers behaviour and the behaviour changes the tax is efficient (e.g. tobacco taxes), if the tax is designed to be neutral in its effect on taxpayers and it changes taxpayer's behaviour a tax is inefficient)
- simplicity (the tax must be understandable).

The principle of 'benefit' (above) supports the philosophy that rates should not be regarded as a user pays system and it should be recognised that benefits are consumed differently over the life cycle of a ratepayer.

To some extent, in practice these principles conflict with each other. Council must therefore strike a balance between:

- the application of the principles
- the policy objectives of taxation
- the need to raise revenue
- the effects of the tax on the community.

Council has identified and developed the following key objectives in response to the outcomes of our community engagement activities and on-going annual reviews:

Equity for our communities

To achieve this objective our policy is designed to:

- improve equity in rate distribution across our communities
- prevent inequitable shifts in rate responsibility
- collect a base contribution from all rateable properties
- equally distribute the responsibility of rates across the community (unless some compelling application of the other taxation principles should be applied)
- raise an equitable level of contribution from each land use sector.

Benefit to our communities

To achieve this objective our policy is designed to:

- minimise the impact of property valuation movements
- move away from valuation-based rating by breaking the direct link between valuation and rates
- maintain the relativity within differing communities and between communities

Economic and property development

Our rating policy seeks to balance Council's economic and property development focus and to achieve this objective our policy is designed to:

- facilitate a strong and vibrant economic environment
- support the growth of business within the area
- balance the issue of consumption of resources with economic development objectives
- encourage development on vacant land
- recognise the importance of arable land suitable for viable primary production

Taxation principles

Council is faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax levels that can sustainably resource its roles and responsibilities. In setting its rates for the financial year, Council provides primary consideration to strategic directions, budget considerations, the current economic environment and likely impacts on our communities. Feedback from our communities generally indicates a desire to lower the rate in the dollar to reduce rapid rate increases from valuation movements.

Council achieves a reduction in the above risk by setting an appropriate fixed charge. Applying a fixed charge at the required level ensures an equitable base contribution is achieved from all rateable properties, reducing the reliance on the rate in the dollar component and equitably distributing the rates burden.

Council determines the total annual rate revenue as part of the financial planning and budgeting process and the amount raised from the fixed charge is a component of the total revenue. Increasing the total raised from the fixed charge does not increase the overall rate revenue, but simply reduces the revenue raised against the property valuation. This has the effect of lowering the rate in the dollar and assists in managing large valuation movements.

The current rating objectives and strategies meet the direction and goals expressed in the Community Plan 2030 and Long Term Financial Plan, with each component of our rating strategy rating highly against the principles of taxation.

In developing the Rating Policy for 2024–25 Council will undertake a community engagement process including information provision and community education as a key focus.

5.1 STRATEGIC AND BUDGET CONSIDERATIONS

Council has determined that the application of an annual Rating Policy should be developed within a framework which integrates strategic planning through to service delivery. The strategic directions for the city and the organisation are outlined in the Community Plan 2030.

The Community Plan 2030 represents our shared vision for the next ten years and is reviewed every four years. It sets the focus for Council, clearly outlining the key outcomes we want to achieve, which together form our vision of strong, vibrant communities.

The Rating Policy for 2024–25 has been reviewed to reflect the strategic directions set in the Community Plan 2030.

Our financial planning framework provides a long-term financial plan to resource our strategic directions. As part of the financial planning and budget processes, the rate revenue required to meet expenditure needs is calculated considering other sources of revenue. The structure of the rating system is then determined having consideration for how the rates are levied between, and within, various categories of ratepayers.

5.2 RATING STRATEGIES AND METHODOLOGIES

The following key strategies and methodologies have been developed consistent with our policy principles to meet the rating objectives:

- valuation methodology based on capital value
- different rates for different land use categories
- rating applied in accordance with ownership or occupation (where the ratepayer is listed in the Assessment Record)
- recognition of contiguous land
- application of single farm entity
- contribution methodology to determine the different rates is based on a percentage of total rate revenue required from each category (adjusted for growth)
- incorporating a fixed charge as a component of the general rate
- rate rebates (including rate capping for residential properties and discretionary rebates)
- rate remissions.

5.2.1 VALUATION METHODOLOGY

Councils may adopt one of the following three valuation methodologies to value the properties in its area (Section 151 of the Act):

- capital value: the value of land, buildings and other improvements
- site value: the value of land and any improvements which permanently affect the amenity or use of the land, such as drainage works, but excluding the value of buildings and other improvements
- annual value: the value of the rental potential of the property.

Council adopts the use of capital value as the basis for valuing land within the council area. Council considers that this method of valuing land provides the most equitable distribution of the rates burden as it identifies the land and improvements and is consistent with the taxation principle indicating a person's capacity to pay

Council does not determine property valuations but chooses to exercise the right under Section 151 of the Act to adopt the capital valuations as assessed by the Valuer-General (VG). If a ratepayer is dissatisfied with a property valuation, an objection may be made as detailed in Section 5.6.5.

5.2.2 DIFFERENTIAL RATING

The Act allows councils to ‘differentiate’ rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council.

The City of Onkaparinga applies **different rates based on land use.** The Act further allows council the option to use a combination of factors (land use and locality) to apply different rates. Land use is recognised by other taxing agencies and is easily identified and understood by our communities. It is therefore considered the most appropriate method for applying different rates by most councils.

Differential rates better reflect consumption of council services but can also be tailored to support other key objectives eg., economic development, encourage capital development or recognise the value of a specific land use sector. The differential rating strategy assists in addressing all of council’s rating objectives. Definitions of the use of the land 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
- Other
- Marina Berths

As part of the valuation assessment process the VG recommends a land use to each assessment, identifying the predominant use of the land. This land use is applied by various taxing authorities. Council generally applies this land use for general rating purposes, however under the Act, council is the relevant authority that determines land use for rating purposes. The rating land use applied by council must meet the definitions under Development Regulations. As such the local government land use may vary from that used by other taxing authorities.

If a ratepayer believes that a property has been wrongly classified as to its land use, then an objection may be made as detailed in Section 5.6.6.

5.2.3 RATING IN ACCORDANCE WITH OWNERSHIP OR OCCUPATION

Rates are assessed against any piece of land subject to separate ownership or occupation.

If the owner is not the ratepayer in respect of the land—the name and address of the principal ratepayer being an occupier of land may, with the consent of the owner, apply to the chief executive officer of a council to have the occupier's name entered in the assessment record as the principal ratepayer in respect of the land.

5.2.4 CONTIGUOUS LAND

For the purposes of this Part, land will be regarded as being contiguous to other land if the land—

- (a) abuts on the other land at any point; or
- (b) is separated from the other land only by—
- (i) a road, street, lane, footway, court, alley, railway or thoroughfare; or
- (ii) a watercourse or channel; or
- (iii) a reserve or other similar open space.

5.2.5 SINGLE FARM ENTITY (SFE)

Council offers the ability to group rating assessments to genuine farmers who meet the eligibility criteria listed under the Act. SFE's that are used primarily for the business of grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, beekeeping, viticulture, horticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities qualify for a single fixed charge to apply over the group.

5.2.6 CONTRIBUTION METHODOLOGY

Council's underlying philosophy is that the responsibility of rates should be equitably distributed across the community unless some compelling application of the other taxation principles is applied to ensure the equity of the tax.

To minimise the impact of valuation movements, prevent inequitable shifts in rate responsibility and improve equity in rate distribution across the community, Council has determined that the proportion of total rate revenue contribution payable by each of the land use sectors should be maintained at a similar level as that paid in the previous year (adjusted for growth and other movements).

The contribution methodology is an integral component of our overall rating strategy that assists in achieving a number of our rating objectives, by:

- improving equity in rate distribution across the community
- preventing inequitable shifts in rate responsibility
- minimising the impact of property valuation movements
- raising an equitable level of contribution from each land use sector
- maintaining the relativity within differing communities and between communities
- recognising communities where there is a greater consumption of services and resources
- ranking highly against the principles of taxation.

We have undertaken comparative analysis of differential rates across the metropolitan councils in the state. The analysis indicates our average rates paid in all land use categories sit around mid-scale.

5.2.7 DIFFERENT RATES

Council adopts differential general rates primarily based upon land use and the assessed capital value of the land, including any improvements thereon. The differentiating factors are the permitted land use categories.

Council has determined that a different rate will be applied for 2024–25 to all assessments attributed with the following land use:

Residential - different rate of 0.xxxxxxxxxcents in the dollar

Commercial and Industrial - different rate of 0.xxxxxxxx cents in the dollar

Primary Production - different rate of 0.xxxxxxxx cents in the dollar

Vacant Land - different rate of 0.xxxxxxxxx cents in the dollar

Other - different rate of 0.xxxxxxxxx cents in the dollar

5.2.8 FIXED CHARGE

Council has determined that a fixed charge of $xxxxxx will be applied to rateable assessments for 2024–25.

The Act allows councils to impose a fixed charge on each rateable property in its area, providing that it has not also imposed a minimum rate (Section 152 of the Act).

The primary reason for imposing a fixed charge is to ensure that all rateable properties make a base contribution to the cost of administering council activities and maintaining services and physical infrastructure.

A fixed charge has the effect of reducing the rate in the dollar that will be applied to the property valuations, which in turn assists in addressing policy objectives developed in response to the outcomes of community engagement activities

In applying a fixed charge only one charge can be imposed on two or more adjoining assessments with the same owner and occupier (contiguous).

Where a ratepayer believes that they may be eligible for a reduction in the fixed charge applied to contiguous assessments an objection may be made as detailed in Section 5.6.5.

5.2.9 RATE REBATES

Council will grant a mandatory rebate **upon the applicant satisfying the requirements under Sections 159 to 165 of the Act.**

Applications for **discretionary rebates lodged under Section 166 of the Act will be considered under Council's *Rate Rebate Policy.***

The Act acknowledges that there are particular land uses that are economically disadvantaged and provide local community benefit and therefore must be offered rate relief in order to be sustainable. On this basis some rebates under the Act are applied as a mandatory requirement however further discretionary provisions allow Council to determine whether other desirable land uses may be offered rate relief.

Council reviews the Rate Rebate Policy every three years which provides the full details regarding rate rebates permissible under the Act. This policy document supports our main Rating Policy.

The rate rebate strategy addresses the following objectives:

- improves equity in rate distribution across the community
- ranks highly against the principles of taxation

5.2.9.1 RATE CAP REBATES

For the 2024–25 financial year Council has determined that a rebate be applied to properties with a Residential land use to cap any increase in the differential rates related to the valuation component at 10%, subject to specific criteria.

A rebate cap will not be applied where the rate increase is as a result of an increase in valuation from significant capital improvements on the property (regardless of when the development was undertaken) or where there has been a change in the land use since the commencement of the previous financial year or a change in ownership or licence to occupy during the two prior financial years.

In the case where the fixed charge has caused the total rates bill to increase by more than 10%, the rate capping rebate does not apply. The fixed charge is not subject to valuation movement and is set to ensure all ratepayers pay a base contribution.

Rate capping (subject to certain criteria) recognises that in some circumstances residents have no control over increases in property valuations. Where a significant valuation increase is as a result of market forces and not as a result of purchasing the property, the rates levied as a result of that valuation increase should be capped at a level that minimises the impact to a reasonable level.

The rate capping strategy addresses the following objectives:

- improves equity in rate distribution across the community
- prevents inequitable shifts in rate responsibility
- minimises the impact of property valuation movements
- ranks highly against the principles of taxation.

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. Council rebates or remissions are not included in the capping calculation process. The application must be lodged prior to 31 August 2024. This rebate is applied under the discretionary rebate provisions of Section 166(1)(l) of the Act. The Rate Capping Application Form appears as an attachment to the Rate Rebate Policy.

5.2.10 CWMS REBATES

CWMS service charge rebates may be applied where funds available within council's CWMS Reserve are more than funds forecast to be required in order to manage CWMS in a financially sustainable manner. The level of service charge rebate applicable (if any) for a financial year will be approved by Council as part of the budget process for that year.

5.2.11 REMISSION AND POSTPONED RATES

Application for remission of rates and charges, fines and interest or postponement of rates will be considered under the discretionary provisions of Sections 181 and 182 of the Act.

Council will accept requests for remission of fines and interest in certain extenuating circumstances. A request for waiver of fines and/or interest should provide detailed reasons why a remission has been requested.

Council will accept requests for postponement of rates from ratepayers suffering on-going or extreme financial hardship through a qualified financial counsellor and will consider the recommendation on a case by case basis.

Council will consider a request for remission of rates when the property is being sold due to a ratepayer experiencing financial hardship. Financial hardship must be confirmed in writing by a qualified financial counsellor at the time of application for remission of rates or postponement for hardship.

Monthly interest at the prescribed rate will be applied to rates postponed under Section 182 of the Act.

Application for postponement of rates and charges for holders of a State Seniors Card will be considered under the provisions of Section 182A of the Act – 'Postponement of rates – Seniors'.

To assist seniors, council promotes and supports ratepayers to consider options such as postponement of rates for seniors. Under this scheme eligible ratepayers can annually postpone or defer any rate amount above $500. In addition, should a ratepayer elect to pay more than the $500 in any given year, the amount paid in excess is applied to the balance outstanding.

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 Seniors. Monthly interest at the prescribed rate will be applied to rates postponed under Section 182A of the Act.

Where an application for postponement under Section 182A is granted, a presumption of on-going annual postponement will be assumed.

The remission of fines and interest and postponement strategy addresses the following objectives and taxation principles:

- improves equity in rate distribution across the community
- ranks highly against the principles of taxation.

5.3 STATE GOVERNMENT REGIONAL LANDSCAPE LEVY – SEPARATE RATE

The South Australian Government has introduced a major legislative reform program with the introduction of the Landscape South Australia Act 2019 (the Act) which replaces the *Natural Resources Management Act 2004.*

The legislation provides the framework for how the state's natural resources will be managed with a stronger emphasis on effective water management, pest plant and animal control, soil and land management and decentralised decision-making. These changes aim to provide communities a greater voice in natural resources management.

The Regional Landscape Act has implications for local government, particularly in relation to the land-based levy collection process and the realignment of boundaries. The Act creates nine landscape management regions with NRM boards being replaced by eight new regional landscape boards and a metropolitan landscape board, being Green Adelaide. The levies raised for 2024–25 will be based on the Regional Landscape Boundaries.

The landscape levy collection process for 2024–25 remains largely the same as previous arrangements under the Natural Resources Management Act 2004. There are no proposed changes to the basis of the regional landscape levy. The Regional Landscape Act imposes a cap on levies across the state and limits future increases in the levy to CPI

Councils will continue to recover ongoing collection costs from regional landscape boards.

All council contributions and the basis of the regional landscape levy will be set out in the landscape board (and Green Adelaide) business plans. The landscape boards will have responsibility for notifying councils of their share and Council will continue to set a levy rate under the *Local Government Act 1999* in accordance with the advice provided by the Department of Environment and Water. Council is unable to influence the amount set for each Board and is the body utilised by the State Government to collect the levy.

Money raised through the imposition of the levy is paid to the central Landscape Administration Fund for later distribution to the landscape boards.

Council is required to collect this mandatory state government levy as a separate rate for Natural Resources Management. This levy for 2024–25 is applicable to land previously within the area of the Adelaide and Mt Lofty Ranges Natural Resources Management Board and the SA Murray-Darling Basin Natural Resources Management Board.

For 2024–25 the regional landscape levy for the properties previously located in the previous Natural Resources Management Board regions will now be known as either Green Adelaide or as Hills and Fleurieu.

Regional Landscape Levy for 2024-25:

Green Adelaide – 0.xxxxxxx cents in the dollar

Hills & Fleurieu - 0.xxxxxxxx cents in the dollar

Council is required to forward the revenue raised to the state government and does not determine how the revenue is to be spent.

5.4 SERVICE RATES AND CHARGES

Council provides a Community Wastewater Management System (CWMS) to seven districts within the city. To fund the provision of this service council imposes a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works).

5.4.1 WASTE AND MINOR TRADE WASTE

Council will recover the cost of this service through the imposition of a uniform service charge on each of the relevant assessments (including non-rateable land) for the disposal and treatment of residential waste and minor trade waste.

The CWMS service charges will be as follows for 2024–25:

- occupied allotments - $xxxxxxxx per property unit
- vacant allotments - $xxxxxxxx per property unit

In the case of a single residential household a ‘Property Unit’ will equal one. In the case of higher use properties (such as schools, hospitals, and other multiple tenancy properties etc) an equivalent unit charge is calculated. In calculating property unit’s council adheres to the LGA Community Wastewater Management Systems (CWMS) Code issued in April 2006.

CWMS Service Charges where Aerobic or Sand Filter systems are in use:

- Owners of aerobic or sand filters systems shall be entitled to a 50% remission on the annual charge provided they show evidence of an annual maintenance contract and have been issued with an exemption by an Environmental Health Officer. No new exemptions will be issue
- Owners of aerobic systems who do not show evidence of an annual maintenance contract and any property owners with a conventional subsurface disposal system who discharges effluent above ground or into stormwater systems intentionally or otherwise will be required to connect to the CWMS system immediately
- Connection to the system and/or the payment of the full connection fee shall be compulsory on the sale of an occupied property or the development of a vacant block.

5.4.2 MAJOR TRADE WASTE

Council imposes a service charge or rate to recover the costs incurred by the council. This charge is for the disposal and treatment of major trade waste based on the nature and the level of usage of the service.

This service charge shall be set in compliance with our obligations under the Water Industry Act 2012 and related Price Determinations for Minor and Intermediate Retailers as determined by the Essential Services Commission of South Australia. Council will impose an annual service charge to recover the costs incurred by council for the disposal and treatment of major trade waste. This service charge to be calculated on either a per kilolitre basis or an annual amount (as negotiated with the customer). The service charge will be inclusive of the cost of service provision (based on the nature and the level of usage of the service), depreciation, return on assets plus other regulatory requirements.

5.5 BULDING UPGRADE FINANCE

5.5.1 BULDING UPGRADE FINANCE MECHANISM

Schedule 1B of the Act the Building Upgrade Finance (BUF) came into operation from August 2017. This legislation enables owners of existing commercial, industrial and agricultural buildings to access finance for environmental upgrades and heritage works from a lending institution that are repaid through a council-based rating mechanism. Under the BUF mechanism a council issues payment notices, collects repayments from building owners and passes the repayments onto financiers. The mechanism allows these owners to approach a financial institution to be the financier for the loan and participate in a BUF Agreement (BUA) through council which enables the loan to become a charge on the land under Schedule 1B of the Act.

Council approved participation in this optional scheme at its meeting of 30 January 2018.

5.5.2 BUILDING UPGRADE CHARGE

For each BUA accepted by Council the amount of the Quarterly Loan Repayment must be individually declared as a BUF Charge. Under Schedule 1B it also permits Council to delegate certain powers to the CEO.

At its meeting of 30 January 2018 Council resolved (in part): In exercise of the power contained in Section 44 of the Local Government Act 1999, hereby delegates Section 44(3a) of the Local Government Act 1999 to the person occupying the office of Chief Executive Officer, being the power to:

- enter, or vary or terminate, a Building Upgrade Agreement
- declare and levy a Building Upgrade Charge under a Building Upgrade Agreement

As such, declaration of BUA Charges does not form part of the annual rates declaration process.

5.5.3 BUILDING UPGRADE AGREEMENT FEES

In resourcing and administering a BUA council will incur the costs of assessing and processing the application fee, initial setup costs, costs associated with quarterly administration, late payment administration and costs associated with any variation to the agreement.

Under Schedule 1B, Councils can set appropriate fees and charges to recover these costs from building owners. The BUA Fees were approved by Council on 20 March 2018 and now form part of the Fees and Charges Schedule and reviewed annually.

5.5.4 DEFAULT ON BUILDING UPGRADE AGREEMENT CHARGE

Under Section 11(1) of Schedule 1B it requires that council must use its best endeavours to recover a building upgrade charge in accordance with the terms of the BUA under which the charge is authorised. Where a building owner is in default of the agreement and charges fall into arrears, they will be subject to recovery action as outlined in council's Building Upgrade Finance Enforcement Procedure.

Section 11(2) of Schedule 1B it also provides that a council is not liable for any failure by a building owner to pay a building upgrade charge and any such failure does not make the council liable to pay any outstanding amount to the finance provider.

5.6 PAYMENT OF RATES

Rates are payable by quarterly instalments which will be due on 1 September 2024, 1 December 2024, 1 March 2025 and 1 June 2025. The total outstanding balance of rates may be paid in full at any time.

5.6.1 PAYMENT METHODS

Council has determined that rates may be paid by the following methods (detailed on the back of the rate notice):

- Australia Post

- BPay
- Centrepay (Centrelink direct debit system)
- Council's 'Online Payments' system on www.onkaparingacity.com
- Onkaparinga Pay by Phone - 1300 276 468
- in person at Council offices during business hours

5.6.2 LATE PAYMENT OF RATES

Council is required to impose **penalties for late payments** in accordance with the provisions of Section 181(8) of the Act and relevant council procedures.

Fines and interest for late payment are levied in accordance with the provisions of Section 181(8) of the Act. These provisions are the only provisions available to 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*
>
> *(b) a fine of two percent of the amount of the instalment is payable*
>
> *(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 and including interest from any previous month) accrues.*

Any ratepayer who may, or is likely to, have trouble with meeting the standard instalments and due dates can contact 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 for remission 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.

5.6.3 APPLICATION OF PAYMENTS

Council is required to apply **rate payments in accordance with the provisions of Section 183 of the Act.**

Section 183 of the Act provides that when the council receives a payment in respect of 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 imposed
- third – in payment of any fines imposed
- fourth – in payment of rates, in chronological order (starting with the oldest amount first).

5.6.4 RECOVERY OF OUTSTANDING RATES

In accordance with sound financial management principles, the Revenue Section will apply prudent debt management practices to Rate Debtors. This includes an on-going review of rates in arrears and following a systematic debt recovery approach.

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

Section 184 of the Act provides that council may sell any property where any rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land if payment of the outstanding amount (by cash or bank cheque) is not received within one month. Except in extraordinary circumstances, council will enforce the sale of land for arrears of rates.

5.6.5 VALUATION OBJECTIONS

If a ratepayer is dissatisfied with a property valuation then an objection may be made to the State Valuation Office in writing, within 60 days of receiving notice of the valuation, explaining the basis for the objection – provided they have not:

- previously received a notice of this valuation, under the Act, in which case the objection period is 60 days from the receipt of the first notice, or
- previously had an objection to the valuation considered by the State Valuation Office in the current financial year.

It should be noted that under the Valuation of Land Act 1971 the VG has the discretion to extend the allowable objection period where it can be shown there is reasonable cause.

Objections to valuations should be addressed to:

Valuation General

GPO Box 1354

Adelaide SA 5001

Email: OVGObjections@sa.gov.au

Telephone 1300 653 345

The City of Onkaparinga has no role in this process, and it is important to note that the lodgement of an objection does not change the due date for payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by council.

5.6.6 LAND USE OBJECTIONS

If a ratepayer believes that a particular property has been wrongly classified as to its land use, then an objection may be made (to council) within 60 days of being notified of the land use classification. Council may exercise its discretion to extend the allowable objection period where it can be shown there is reasonable cause.

It is important to note that the lodgement of an objection does not change the due date for payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by council.

5.6.7 FIXED CHARGE OBJECTIONS

Where a ratepayer believes that they may be eligible for a reduction in the fixed charge applied to contiguous assessments, they must lodge their objection in writing to:

Chief Executive Officer

City of Onkaparinga

PO Box 1

Noarlunga Centre SA 5168

The objection must contain full details of the ownership, occupants (tenants), dates of any lease agreements and date of purchase for each assessment subject to objection. Rates must be paid in accordance with the Rate Notice until otherwise notified by council.

5.7 DISCLAIMER

In accordance with Section 171(5) of the Act, **a rate cannot be challenged based on non-compliance with this policy** and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that council has failed to properly apply this policy, they should raise the matter with council.

5.8 COMMUNITY ENGAGEMENT

In accordance with Council's desire to inform and involve the community, and in keeping with good practice, **a community engagement process will be undertaken annually** on the development of budget and rating processes and policy.

Community engagement is undertaken when developing the annual budget and rating policies as part of the draft annual business plan to ensure that transparency of the process is maintained and to provide an avenue for the community to contribute their opinion.

6. Attachments

Attachment 1 – Application for Postponement of rates for seniors

Attachment 2 – Application for Rate Capping

7. Relevant legislation and references

Printed documents	*Council policy, Rate Rebate Policy,*
	Council policy, Financial Hardship Policy (Rates)
	City of Onkaparinga, Community Plan 2030
	City of Onkaparinga, Long Term Financial Plan 2021-22 to 2030-31
	LGA Annual Service charges for Community Wastewater Management Systems
	City of Onkaparinga, Building Upgrade Finance Enforcement Procedure
Legislation	*Local Government Act 1999*
	Landscape South Australia Act 2019
	Valuation of Land Act 1971
	Water Industry Act 2012

8. Further information

It is also available for inspection, downloading or printing from our website www.onkaparingacity.com.au.

Appendix 10

ESCOSA local government advice

Advice

Local Government Advice

City of Onkaparinga

February 2024

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: advice@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

City of Onkaparinga

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the City of Onkaparinga's current financial performance **potentially unsustainable**, but is taking steps towards a position of becoming more sustainable with projected small future surpluses on a consolidated basis, total expenses projected to increase at a rate lower than inflation, and the planned average rate increases of 2.7% p.a. per property over the next 10 years

RISKS IMPACTING SUSTAINABILITY

- If cost growth exceeds Council's long-term planning forecasts (and forecast CPI)
- The long-term financial plan and infrastructure asset management plan are not properly aligned or updated regularly
- Asset renewals are not undertaken at sufficient levels to meet the required service standards or community expectations
- Maintaining and holding assets which are excess to requirements and do not provide benefit to the broader community

CONTINUE

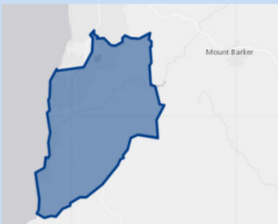
- Holding community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans
- Considering limiting any future increases in rates to no more than expected inflation

COMMISSION'S RECOMMENDATIONS

- Ensure that the long-term financial plan is prepared every year as required by the LG Act
- Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure
- Provide an annual statement of financial sustainability as required by the LG Act
- Review the long-term financial plan annually including its 10-year projections and all relevant assumptions
- Consider options to increase income to move forward to a more financially sustainable position
- Monitor and report the growth in costs to ensure they are constrained within forecast levels
- Consider adopting cost savings targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan
- Develop a staged plan and identify targets to reduce the high level of debt
- Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and future liabilities
- Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure that they reflect current values
- Develop and regularly update separate asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plans, budget and long-term financial plan
- Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure

KEY FACTS

- Population in 2021 was **175,204**
- Council covers **338 square kilometres**
- **81,989** rateable properties in 2022-23
- **$150.7 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$2.52 billion**



The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

Table of contents

Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Onkaparinga
CWMS	Community Wastewater Management System
ESC Act	*Essential Services Commission Act 2002*
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	*Local Government Act 1999*
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Pa per 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

Legend: Low-risk Moderate-risk High-risk

1 The Commission's key advice findings for the City of Onkaparinga

The Essential Services Commission (**Commission**) considers the City of Onkaparinga (**Council**) to be in a **potentially unsustainable** financial position. However, the Commission notes that the Council is taking steps towards a position of becoming more sustainable, with projected small future surpluses on a consolidated basis, and total expenses projected to increase at a rate lower than inflation.

Current financial performance:

Unsustainable	**Potentially Unsustainable**	Mostly Sustainable	Sustainable

Projected financial performance (future):

Unsustainable	**Potentially Unsustainable**	Mostly Sustainable	Sustainable

Previous financial performance (past ten years):

Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable

Over the historical (10 year) period (from 2012-13 to 2021-22), the Council's financial performance was considered **unsustainable**, due to it running an operating surplus for only three years during the 10-year period, with a negative average operating surplus ratio for this entire historic period.

The Council has also recorded an operating deficit for 2022-23, and has forecast another deficit for 2023-24, followed by its forecast of operating surpluses over the nine years from 2024-25 to 2032-33, which is anticipated to be achieved primarily through lower increases in operating expenses over that period.

Over the forecast period, the Council faces risks related to cost control and providing sufficient funding for infrastructure both to support the growth in rateable properties, and to undertake the asset renewal and replacement required to maintain the current level of services and/or higher levels of expenditure to address deferred asset renewal. Given these risks, its projected (future) performance is **potentially unsustainable**, with a forecast operating deficit in the short-term and the potential to return to an operating surplus in future.

Acknowledging the Council's outlook, the Commission considers it would be appropriate for it to undertake the following steps to ensure it budgets prudently and transparently, continues to manage its cost base efficiently, plans its asset needs appropriately, renews its asset base to meet sustainable service levels, and continues to constrain the extent of further rate increases:

Budgeting considerations

1. Ensure that the long-term financial plan is prepared every year as required by the LG Act.
2. Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.
3. Start to provide an annual statement of financial sustainability as required by the LG Act.
4. Review its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.

Continuing to provide evidence of ongoing cost efficiencies

5. Consider options to increase income to move forward to a more financially sustainable position.
6. Monitor and report the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels to ensure the operating performance is not negatively impacted by a lack of cost control.
7. Consider adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.
8. Develop a staged plan and identify targets to reduce the high level of debt, and report the achievements against targets in the annual budget and long-term financial plan.
9. Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.

Refinements to asset management planning

10. Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.
11. Undertake the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.
12. Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.
13. Continue to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

Containing rate levels

14. Continue to consider limiting future increases in rates to no more than expected inflation to reduce any emerging affordability risk in the community.

2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Parliament to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**), and on the proposed revenue sources, including rates, which underpin those plans.[1]

One of the main purposes of the Local Government Advice Scheme (**advice** or **the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFPs**) and infrastructure and asset management plans (**IAMPs**)[2] – both required as part of a council's SMP.[3] Financial sustainability is considered to encompass intergenerational equity,[4] as well as program (service level) and rates stability in this context.[5] The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.[6] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[7]

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the second scheme year (2023-24), including the Council.

This report provides the Local Government Advice for the Council in 2023-24.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2024-25 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.[8] It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website[9]), nor is it compelled under the LG Act to follow the advice.

The Commission thanks the Council for meeting with Commission staff and for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

In general, the Commission finds the Council's current financial position to be **potentially unsustainable** but notes that it is taking steps towards a position of becoming more sustainable, with projected operating deficits or small future surpluses on a consolidated basis, and total expenses projected to increase at a rate lower than inflation. The Council faces risks in its journey to improve its operating performance over the forecast period which includes any unplanned increases in expenses which may arise, low levels of expenditure on the renewal and replacement of its existing assets, or increased maintenance and repair costs to maintain the level of services to deliver.

The Council ran an operating surplus for only three years during the 10-year historical period from 2012-13 to 2021-22, and has forecast an average operating surplus ratio for the forecast period from 2024-25 to 2032-33 of 2.83 percent. The Council is projected to achieve a return to surplus over the forecast period because total income is forecast to increase at an annual average rate of 2.6 percent (in line with

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1 Amendments to the LG Act (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).
2 Commonly referred to as asset management plans.
3 The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.
4 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.
5 Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.
6 LG Act s122(1f)(a) and (1g)(a)(ii).
7 LG Act s122(1f)(b) and (1g)(b).
8 LG Act s122(1h).
9 The Commission must publish its advice under LG Act s122(1i)(a).

average annual forecast inflation of 2.6 percent), and expenses at the lower annual average rate of 1.8 percent.

The main source of Council income over both the historic period and the forecast period is rates. Rates income increased at an annual average of 1.9 percent,[10] and contributed 79 percent of income over the historic period. Rates are forecast to increase at the average annual rate of 3.6 percent[11] (a full percentage above average forecast inflation) over the forecast period to contribute nearly 83 percent of income, indicating that the Council is relying more heavily upon rates for income over the 10-year forecast period.[12]

Over the historic period, the main contributors to expenses (at 39 percent of total expenses each) were employee costs (which increased at an annual average rate of 4.8 percent per annum), and 'materials, contracts and other' expenses (which increased at an annual average rate of 3.2 percent per annum).

Expenses are forecast to increase at an average annual rate of only 1.8 percent over the forecast period, with employee costs increasing at an average rate of 2.2 percent (to contribute over 40 percent of expenses), and materials to increase at an average annual rate of 2.5 percent (to contribute nearly 39 percent of expenses). Depreciation, which was 19.6 percent of total expenses over the historic period, is forecast to decrease by an annual average of 0.1 percent over the forecast period, and contribute only 18.6 percent of expenses.

The operating surplus ratio over the historic period sat below the target range for all but three years of the period, with an average of negative 0.01 percent for the 10-year period.[13]

The Commission has some reservations about the Council's ability to contain increases in expenses to these low forecast levels to return to, and maintain an operating surplus, especially because projections of the rate of increase to its expense categories sits below forecast inflation over the period. To achieve cost control, the Council should be developing cost reduction/control plans, with annual cost reduction targets for each area of its operations, and report achievements against these targets in both its budget and LTFP. The absence of cost control plans and targets in its current budget and LTFP increases the risk that the Council might be required to reduce the level of services it delivers to produce and maintain the operational surpluses over the forecast period.

The net financial liabilities ratio (a measure of the Council's indebtedness) sits within the LGA target range of 0 to 100 percent over both the historic and forecast periods.

Asset renewal expenditure was volatile throughout the historic period from 2012-13 to 2021-22, and the asset renewal funding ratio (net) sat within (or above) the target ratio range of 90 to 110 percent for only two years of the historical period.[14] The asset renewal funding ratio improves over the forecast period, with an average value of 92.1 percent, which sits at the lower end of the LGA target range of 90 to 110 percent, although planned asset renewal levels are less than those in the IAMP.

It is not clear from the budget and LTFP what strategies the Council plans to employ to reduce debt by such substantial amounts to achieve sustainability, while at the same time ensuring that the appropriate level of assets renewal expenditure is maintained.

It is understood that the Council is currently updating its LTFP, which ideally should include a range of strategies to reduce debt while not reducing service levels. Strategies should include the rationalisation

10 Which includes the low rates of growth in rates income over the period 2019-20 through 2021-22, when the Council provided rates relief during the pandemic.

11 Which includes an annual increase in rateable properties of 0.9 percent and an average annual increase in rates per property of 2.7 percent, only 0.1 percent above average forecast inflation.

12 This is despite the Council's stated intention to reduce its reliance for income on rates.

13 The main reason the operating surplus ratio sat below the LGA lower target of 0 over the later years is because of the pandemic rates relief, which meant that income from rates increased by an annual average only 1.2 percent during 2020-21 and 2021-22, which includes an increase of over 1.4 percent in the number of properties over the two years.

14 The Council has advised that from 2020-21, it used gross asset renewal expenditure (before the sale of replaced assets) in its assessment of its asset renewal funding ratio, which shows marginally better asset renewal performance.

OFFICIAL

and sale of assets, including the disposal of aged assets that incur high maintenance and renewal costs, over the term of the new LTFP.[15]

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Council's material changes to its 2023-24 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure), and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.[16]

2.2.1 Advice on material plan amendments in 2023-24

Key Points:

⚠ A decline in operating performance in the updated draft long-term financial plan is projected with a surplus of $51.9 million compared to a surplus of $53.2 million in the approved 2022-23 long-term financial plan.

⚠ A deficit of $1.93 million is forecast in 2023-24 (an improvement of 57 percent from the projected deficit of $4.53 million in 2022-23 (unaudited). Total income is forecast at $204.33 million, and expenses at $206.27 million.

The Commission has compared the amendments to the Council's 2023-24 budget and forward projections that are included in its updated 2022-23 LTFP estimates.[17]

The Council budgeted for a decline in operating performance in the updated[18] 2022-23 LTFP, with a surplus of $52.9 million compared to a surplus of $53.2 in the approved 2022-23 LTFP. In aggregate, the projections in the approved and the updated 2022-23 LTFPs (that is, over the nine-year comparative period to 2031-32), indicate that the Council's cumulative performance deteriorates by $0.3 million or negative 0.6 percent.

The material changes are attributable to an alignment of rates income to the actual March 2023 (Adelaide) CPI of 7.9 percent, capital expenditure to the construction output price index,[19] increases in capital expenditure due to external funding, and an updated projected debt position.

The Council has planned for a deficit of $1.9 million in 2023-24, which is an improvement of 57 percent from the deficit of $4.5 million in 2022-23 (unaudited). Total income is forecast at $204.3 million, and expenses at $206.3 million.

The Council has aligned its rates increases to the most recent CPI of 7.9 percent for the 12 months ended March 2023.[20]

15 As stated in the 2023-24 budget p. 41 and as required under the LGA Act.
16 The attachment will be available on the Commission's website with the Advice.
17 The last LTFP to be approved by the Council was the 2022-23 LTFP, which was approved in July 2022. The Council has not produced an approved LTFP since then because the newly elected members (in November 2022) placed a priority upon drafting and approving the 2023-24 budget.
The LTFP provided by the Council in the Financial Template is based upon the updated data aligned with the 2023-24 Budget.
18 But not approved, with the data included in the Annual Business Plan 2023-24, Appendix 8.
19 See https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release#construction. Construction costs usually increase at a rate higher than the CPI, e.g. 5.4 percent for the 12 months ended December 2023 compared to the consumer price index outcome of 4.1 percent.
20 See City of Onkaparinga Annual Business Plan 2023-24 p. 7.

Some of the amendments, compared to the LTFP, include:

- An increase in income to adjust for inflation in March 2023, and higher income from user charges due to increased usage of facilities post COVID-19.
- An increase in employee costs in line with the higher CPI outcome for March 2023, and the reclassification of agency employees from 'materials, contracts and other' expenses to employee costs.
- An increase in expenditure on Infrastructure, property, plant and equipment due to significant asset revaluations to reflect increases in the building price index and replacement costs.
- Increased expenditure on new/upgraded assets with funding from the State and Federal Governments.
- An increase of $3.5 million in depreciation expenses.
- A reduction in borrowings and interest costs due to $30 million of grant funding received in advance.
- The inclusion in income for net gain– equity accounted Council businesses for the Council's 55 percent equity share in the Southern Region Waste Resource Authority (SRWRA - a joint venture with the City of Marion and the City of Holdfast Bay) not previously captured in the LTFP forecasts.[21]

The Commission notes that the Council's stated assumptions for indexation in its updated 2022-23 LTFP[22] are not fully transparent, because the assumptions included in the 2023-24 Budget Appendix 7 only relate to the current financial year. The key assumptions for the 2022-23 LTFP[23] (the last complete and adopted LTFP) are transparent (although outdated), and only the 2023-24 assumptions have been updated in the updated data included in Appendix 7 of the 2023-24 budget.

Given the need for the Council to reduce indebtedness and develop efficiencies to reduce expenses and the impact of inflation on the community, the Commission found it would be appropriate for it to:

1. Ensure that the long-term financial plan is prepared every year as required by the LG Act.
2. Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.
3. Start to provide an annual statement of financial sustainability as required by the LG Act.
4. Review its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.

The Council adopted its 2023-24 Annual Business Plan and Budget on 17 July 2023, and updated the data included in the 2022-23 LTFP[24] approved on 4 July 2022,[25] rather than preparing a 2023-24 LTFP.

21 Council rejected a proposal to privatise their CMWS due to community opposition in November 2023.
22 As updated and included in the 2023-24 budget.
23 See Appendix 8 of the City of Onkaparinga 2022-23 LTFP.
24 The 2022-23 LTFP, which was approved in July 2023.
25 This includes an update for Phases 1 and 2 of the Local Roads and Community Infrastructure (LRCI) stimulus program, with Phase 3 works underway (to be completed by the end of June 2024). See City of Onkaparinga Strategic Asset Management Plan Update 2022-23 p. 8.

The Commission observes that the Council noted risks to its estimates arising from the impact of inflation upon expenditure. In addition, there are no current regulatory requirements for it to publish its LTFP projections with its annual business plan and budget, although the Council did not provide the updated LTFP projections for the 10-year forecast period elsewhere.[26]

2.2.2 Advice on financial sustainability

Operating performance

Key Points:

- ⚠ Operating surpluses experienced in only three years during the historical period 2012-13 through to 2021-22, with a forecast return to operating surpluses in nine years out of 10 in the forecast period (2024-25 through 2032-33).
- ⚠ The projected turnaround in forecast operating performance is as a result of increasing rates income by the forecast CPI plus growth in the number of rateable properties, and keeping the increase in expenses below the forecast inflation rate over the period.
- ⚠ From 2012-13 through to 2021-22, total expenses increased at an average annual rate of 4.3 percent, but are forecast to increase by only 1.8 percent over the next 10 years. It is noted that there are risks to the Council's operating performance if the anticipated moderate increase in expenses is not met.
- ✓ The Council has attempted to achieve budget savings of $8 million as referred to in its 2023-24 budget.

The Council ran an operating surplus for only three years during the historical period from 2012-13 to 2021-22 but forecasts a return to an operating surplus during the last nine years of the forecast period (2024-25 through 2032-33). The Council expects this will be achieved by increasing rates income by the forecast CPI plus growth in number of rateable properties,[27] while keeping the increase in expenses below the forecast inflation over the period.

The Council saw an annual average increase in operating income of 4.1 percent over the historic period. Its primary source of income over the period was rates, which was 79 percent of total income over the historic period,[28] which increased by an average of 1.9 percent per annum[29] (close to average inflation of 2.0 percent). This was followed by 'grants, subsidies and contributions' at 12.5 percent of income, which were volatile, and increased by an annual average of 7.3 percent.[30]

Over the historic period from 2012-13 to 2021-22, total expenses increased at an average annual rate of 4.3 percent, with employee costs and 'materials, contracts and other' expenses contributing an equal share of expenses at 39 percent. While employee costs increased by an average of 4.8 percent per annum,[31] 'materials, contracts and other' expenses increased by an average of 3.2 percent, both above average annual inflation for the period of 2.0 percent. At the same time, depreciation, which was nearly

[26] The Council did not publish an approved 2022-23 LTFP that contains the updates consistent with the 2023-24 budget data. The new Council is required by the LG Act to prepared and approve a new LTFP and IAMP within two years of the council election.
[27] The number of rateable properties is forecast to increase at an annual average rate of 0.9 percent over the forecast period.
[28] The Council's own source income was 88 percent of total income in the 2021-22 financial year, compared to the state average of 86 percent. See SA Local Government Grants Commission Report 2 – Sources of Operating Income by Council for 2021-22 Financial Year.
[29] With the increases in income from rates due to only the growth in rateable properties in 2020-21 because the Council voted not to increase rates that year due to the pandemic.
[30] As can be expected when funding is linked to specific projects.
[31] As FTEs increased from 639 FTE in 2012-13 to 714 FTE in 2021-22, an increase of nearly 12 percent over the period.

20 percent of expenses, also increased at a rate above inflation, with an average of 6.2 percent per annum.

Over the forecast period of 2024-25 to 2032-33, total income is forecast to increase in line with the average forecast inflation rate, at an annual average of 2.6 percent, with income from rates increasing by an average of 3.6 percent per annum,[32] which includes growth in line with average inflation and growth in the number of rateable properties at 0.9 percent.

The income from grants, subsidies and other income is forecast to decrease by an annual average of 2.3 percent per annum, which shifts the source of income slightly away from grants, and towards rates and user charges.

While expenses increased at an average annual rate of 4.3 percent over the historic period (more than twice the rate of historic inflation), the Council has forecast that expenses will increase at an annual rate of only 1.8 percent, which is 0.8 percentage points below the forecast average inflation. This is due in part to forecast employee costs, which are over 40 percent of total expenses, increasing slightly below forecast inflation at an annual average rate of 2.2 percent, and by increases in the costs of 'materials, contracts and other' expenses (nearly 39 percent of expenses), forecast to increase at an average annual rate of 2.5 percent, and depreciation (at 18.5 percent of expenses), [33] which is forecast to decrease at an average annual rate of 0.1 percent.[34]

The Commission considers it problematic that the Council's expenses are forecast to increase at a rate lower than forecast inflation, when construction expenses increased historically at a rate higher than inflation[35] and are generally expected to continue to do so over the forecast period.[36] Combined with the continuing low levels of asset renewal, this suggests that the Council might be in a position where it is required to reduce the level of services it delivers, to maintain the operational surplus forecast from 2024-25 through to 2032.[37] This is due to it having not provided adequately for this expenditure in its budget and LTFP, or it being able to find further cost savings or efficiencies in delivering those services.

The operating surplus ratio fluctuated over the historic period, with negative values (i.e. below the LGA lower target of 0) for all but three years over the historic period, and an average value of negative 0.01 percent for the period, which indicates that the Council was not operating sustainably over the historic period.

The main reason the operating surplus ratio sat below the target range over the later years of the historic period, is because the Council did not increase rates (except for growth) in 2020-21 (at the start of the pandemic) and kept the increase below the inflation rate in 2021-22, while increasing expenditure with stimulus programs. Due to compounding effects, the deficit widened, which ensured that the operating surplus ratio remained below the lower target of 0 percent.

However, over the forecast period 2023-24 through to 2032-33, the Council has forecast a return to surplus from 2023-24 onwards, with an average operating surplus of 2.8 percent.

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32 The Council's rates increase policy over the three years 2019-20 through 2021-22, although it gave rates relief during the pandemic, was a major reason the Council had an operating deficit over those years.

33 The council has indicated in communications in December 2023 that depreciation has been a significant cost pressure due to 'significant asset revaluations over the last few years.

34 This seems counter-intuitive, because depreciation expenses should not be decreasing as expenditure on materials, contracts and other expenses increase, especially with expenditure due to the current externally funded projects. After decreases of negative 3.3 percent in 2023-24 and negative 7.2 percent in 2024-25, depreciation increases by an average of only 1.2 percent for the last eight years of the forecast period. This suggests that the levels of depreciation have not been updated and included in the current LTFP.

35 As per the construction price index see https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release#construction.

36 See https://www.propertycouncil.com.au/property-australia/labour-the-biggest-challenge-to-construction-costs-slattery#:~:text=Slattery%20expects%20costs%20escalation%20to,the%20back%20of%20infrastructure%20spend .

37 In communications in December 2023, the Council advised that they are 'aiming to break even within the next 2 years (before the current term of council)' and that that they are 'identifying opportunities to improve the operating position' using the strategies of 'reducing reliance on rates revenue and reviewing costs'.

The Council has attempted to achieve budget savings (e.g. the $8 million mentioned in the 2023-24 budget[38]), and it might be beneficial for the Council to develop cost reduction plans with annual cost reduction targets for each area of operations that is included in, and with achievements reported in its budgets[39] to hold itself accountable, and provide transparency to its ratepayers.

To ensure the Council achieves best practice in line with the LGA targets, the Commission considers it appropriate for the Council to:

5. Consider options to increase income to move forward to a more financially sustainable position.
6. Monitor and report the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels, to ensure the operating performance is not negatively impacted by a lack of cost control.
7. Consider adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

Net financial liabilities

Key Points:

- Between 2012-13 and 2021-22, the net financial liabilities ratio averaged 60.6 percent.
- Between 2023-24 and 2032-33, the net financial liabilities ratio is forecast to average 67.1 percent.

The net financial liabilities ratio[40] sits within the LGA target range for the entire historical and forecast periods, with an average value of 60.6 percent for the historical period, and 67.1 percent for the forecast period. Although the value of the ratio increased somewhat over these time periods, peaking at 83.7 percent in 2023-24, the ratio indicates that the Council was able to finance its financial obligations from operating income over both the historical and forecast periods.

It is not clear from the budget and LTFP what strategies the Council plans to employ to reduce debt by such substantial amounts to assist it to return to a sustainable position, while at the same time, ensuring that the appropriate level of asset renewal expenditure is maintained. The Commission notes that the Council is currently updating its LTFP, which ideally should include a range of strategies to reduce debt, while not reducing service levels. This should include the rationalisation and sale of assets, including the disposal of aged assets that incur high maintenance and renewal costs, over the term of the new LTFP.[41]

Along with the reduction in borrowings and total liabilities, cash and cash equivalents at year end, are forecast to increase from 2023-24 onwards at an average of 8.0 percent per annum, a rate stronger than forecast increases in both income and repayment of borrowings.

For the Council to strive towards achieving and maintaining financial sustainability, the Commission considers it appropriate for the Council to:

38 See City of Onkaparinga Annual Business Plan and Budget 'From the Mayor' p. 4.
39 Which is also linked to projects undertaken during each financial year.
40 The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA *Financial Indicators Paper*, pp. 7-8).
41 As stated in the 2023-24 budget (p. 41) and as required under the LGA Act.

8. **Develop** a staged plan and identify targets to reduce the high level of debt and report the achievements against targets in the annual budget and long-term financial plan.
9. **Identify** and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.

Asset renewals expenditure

Key Points:

- Between 2012-13 and 2021-22, the asset renewal funding ratio averaged 78 percent.
- The forecast asset renewal funding ratio over the next 10 years is projected to average 92.1 percent.
- To facilitate an improved understanding of its asset base, current asset condition, and the service levels required, the Council should develop and regularly update separate asset management plans for each of its major asset groups that are linked to the asset register, and coordinate this data with the SAMP, budget and LTFP, which it does not currently have in place.
- The net asset renewal expenditure in the LTFP is not aligned to the IAMP renewal expenditure. This aspect of expenditure should be addressed in the current LTFP to ensure that the Council evaluates and addresses its asset renewal requirements.
- Council should identify assets that are obsolete or no longer required, with the intention of disposing of those assets to reduce maintenance and/or repairs costs and exposure to future liabilities.

The asset renewal funding ratio – renewal expenditure based (net), was volatile throughout the 10-year historic period, and averaged 78 percent over the period,[42] which lies below the lower end of the LGA target ratio of 90 percent. This indicates that the Council has failed to renew or replace its existing infrastructure assets to maintain the level of services over the historical period.

The Council must have a solid understanding of its asset base, with up-to-date condition assessments and knowledge of the service levels required for each asset.[43] Since the Council is also still growing, the Council faces the continuing need to service new subdivisions as well as the redevelopment of older subdivisions, and the LTFP forecast funding should accommodate these asset management requirements.

To facilitate an improved understanding of its asset base, current asset condition, and the service levels required, the Council should draft separate asset management plans for each of its major asset groups that are linked to the asset register, and coordinate this data with the SAMP, budget and LTFP.[44] These asset group management plans should then be updated regularly in line with the annual review and update of the SAMP.

Over the forecast period, the average value of the asset renewal funding ratio (net) improves, and the average for the period of 92.1 percent sits within the LGA target range of 90 to 110 percent. This means

[42] The Council advised in communications with the Commission that it decided to defer capital expenditure in some historic years to assist with the budget position, which has impacted on the asset renewal funding ratio.
[43] The Council is migrating its assets register data to 'One Council' and anticipates that this will assist in making informed decisions regarding maintenance, repairs and asset replacements. See City of Onkaparinga Strategic Asset Management Plan Update 2022-23 p. 2.
[44] This is supported in the KPMG City of Onkaparinga Strategic Asset Management report September 2022 p. 6.

that the Council plans to undertake asset renewal at levels below that as set out in the IAMP.[45] The IAMP assists the Council manage its infrastructure and other assets to an agreed level of service, however, as the Council advised,[46] the net asset renewal expenditure in the LTFP is not aligned to the IAMP renewal expenditure, and this aspect of expenditure should be addressed in the current LTFP to ensure that the Council evaluates and addresses its asset renewal requirements.

Over the historic period, the asset renewal funding ratio (depreciation based)[47] has an average value of 71.1 percent for the period, and only sits within the target range of 90 to 110 percent for one year out of the 10 (in 2016-17).[48] Although it improves somewhat over the forecast period, it only sits within the 90 to 110 percent target range over the last four years. Along with the increasing levels of cash over the forecast period,[49] this indicates that the Council might be planning to spend too little from 2023-24 through 2028-29 to maintain the level of services, and risks incurring high repairs and maintenance expenses to maintain its existing assets, which is a continuation of the expenditure pattern over the historic period.[50]

This trend can also be seen in the relationship between net asset renewal and depreciation, where the values of net asset renewal expenditure remain below the levels of depreciation for all but two years of the historic and forecast periods (i.e., 2016-17 and 2032-33). This underspending on asset renewal is reflected in both the increasing levels of cash held at year end seen over the forecast period,[51] and in the renewal/replacement gap (both IAMP renewals based and depreciation gap), which covers 2013-14 through to 2032-33.[52]

Although the Council explained that the low levels of asset renewal expenditure planned over 2022-23 and 2023-24 are due to the Council prioritising the completion of projects funded by the State and Commonwealth Governments before the 30 June 2024 deadline,[53] this is followed by increased expenditure from 2024-25 on the renewal and replacement of assets, which does not compensate for the earlier low levels of expenditure, and the requirement to address the future stream of liabilities arising from the recent expenditure on new assets.[54]

The effects of the deficit of net asset renewal relative to IAMP renewal over the historic period continues into the forecast period, and is also seen as a drop in the asset value per property after 2025-26. It is

45 The Council advised in communications in December 2023 that the LTFP adopted in February 2021 and aligned to the financial forecasts in the SAMP, and in the 2022-23 update, a decision was made to reduce the capital forecasts for the Local Roads and Community Infrastructure Program stimulus funding, which has created a misalignment between the SAMP and LTFP.

46 In communications with the Commission in December 2023.

47 Where asset renewal/replacement expenditure is divided by the depreciation expenses.

48 As mentioned earlier, the Council advised that it deferred some capital expenditure to improve the annual budget outcome over the latter years of the historical period. Since the Council advised it has limited resources, it has now prioritised the state and federally funded projects that it had committed to deliver within a short timeframe (by the end of 2024-25). As a consequence, other planned capital expenditure was deferred until after 2024-25.

49 As discussed in the previous section and shown in the chart 'Cash and cash equivalents at the end of the period.'

50 Which, according to the Council, is due to a reduction in assets renewal expenditure in 2022-23. The Council recognises that the current LTFP and AMPs are now not consistent and expects that capital renewal expenditure will be re-aligned to the AMPs during the current update of the AMPs. See Materials Amendments Reasons for asset renewal funding ratio in the Financial Template.

51 Over the forecast period, the value of cash and cash equivalents at year end is forecast to grow steadily at an average annual rate of 8 percent, which sits well above the forecast annual growth in income of 2.57 percent. This can be attributed to the gap between depreciation and the lower levels of expenditure on the renewal and replacement of assets. Expenditure on the renewal and replacement of assets dropped by an average of 2.3 percent per annum over the historical period. Although this expenditure is forecast to increase by 4.8 percent per annum over the forecast period, it is calculated from a low base. New and upgraded capital expenditure declines in 2024-25 and 2025-26, and then has a value of '0' for the rest of the forecast period.

52 See above.

53 Funding made available to build new assets requires an increased maintenance budget, which is currently not funded, and these new assets will require renewal in the future.

54 Along with the initial expenditure on new assets (even those externally funded), the Council should consider the future stream of liabilities created.

imperative that an update of the IAMP is completed to enable the Council to reassess its asset renewal plans.

Along with the review of its assets, the Council should be mindful of identifying assets that are obsolete or no longer required, with the intention of disposing of any assets that are no longer required. This rationalising of assets will not only potentially add to Council revenue, but also reduce maintenance and/or repair costs that would have been incurred.[55]

To align the average rate of consumption of its assets, as indicated by its depreciation expenses, and the annual spending on the renewal of its asset base over time, the Commission considers that it would be appropriate that the Council to:

10. **Review** the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.
11. **Undertake** the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.
12. **Provide** more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.
13. **Continue** to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

2.2.3 Advice on current and projected rate levels

Key Points:

- Rate revenue per property increased at an average rate of 3.1 percent per annum over the 10-year historic period, which is more than 1.5 times the average rate of inflation (2.0 percent over the historic period).
- The forecast rate increase between 2023-24 to 2032-33 is 2.7 percent per property per annum, which is generally in line with the RBA-Inflation forecast over the period.
- Affordability risk among the community for the further rate increases appears to be low on balance, when considering:
  - the Council's relative average socio-economic indexes for areas (SEIFA) economic resources ranking,
  - the current relatively low average rates (across most ratepayers), and
  - the forecast increases in rates of 2.7 percent per rateable property, which sits slightly above forecast inflation over the term of the LTFP.

The Council currently has rates that sit just below the average for the State of South Australia, with average rates per property in 2020-21 calculated at $1,663 per rateable property, compared to the state average of $1,665 per property.[56]

[55] Of course, any program for the disposal of assets will require community consultation, e.g., the Council's water assets decision in November 2023.

[56] As calculated by the SA Local Grants Commission and included in Finance Report 6 – Council Rating Arrangements for 2021-22 financial year.

The Commission notes that rates for the Council are close to the average for all councils in South Australia, and that the SEIFA[57] ranking for the Council community is in the middle of the ranking for advantage and disadvantage,[58] which means that the ratepayers may have the capacity to pay an average level of rates.

The Council's rate revenue per property increased at an average rate of 3.1 percent per annum over the 10-year historic period,[59] which is more than 1.5 times the average rate of inflation (2.0 percent over the historic period) and are forecast to increase by an average of 2.7 percent per annum over the forecast period, which is slightly above the rate of forecast inflation (of 2.6 percent). This means that average rates per property are projected to remain around the mid-range of rates in the State.

The Council stated that it intends to increase rates over the forecast period generally in line with the CPI,[60] with forecast rates increasing at an annual average of 2.7 percent over the 10-year forecast period.

While the current economic environment is putting more pressure on many communities' capacity to pay for further rate increases, including those of the Council, on balance, the affordability risk among the Council's community for these further rate increases appears to be low, when considering:

- the Council's relative average socio-economic indexes for areas (SEIFA) economic resources ranking for the Onkaparinga Council area[61] of 37 of 71, which places residents in the middle range of advantage and disadvantage,
- the historic average increases in rates of 3.1 percent per annum, which is above the average annual inflation increase of 2.0 percent per annum for the period,[62]
- the current average level of rates (across most ratepayers), which rank 32nd out of 72 Councils when ranked from highest to lowest rates in South Australia and sitting slightly below the average rates in the state,[63] and
- the forecast increases in rates of 2.7 percent per rateable property, which sits slightly above forecast inflation over the term of the LTFP.[64]

Given historical rate increases and the community's apparent capacity to pay, it would be appropriate for the Council to:

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57 The SEIFA index is the relative socio-economic indexes for areas economic resources ranking, and the ranking for Onkaparinga is 37 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, with information available at Socio-Economic Indexes for Areas (SEIFA), Australia, 2021 | Australian Bureau of Statistics (abs.gov.au)

58 See https://councilsinfocus.sa.gov.au/councils/city_of_onkaparinga for comparative rates information.

59 Which includes the low increases approved during the period 2019-20 through 2021-22 to provide relief during the pandemic.

60 See City of Onkaparinga Budget 2023-24 p. 39.
Note that the Council refers to rates income increasing by 'CPI plus growth', which means that the total income from rates is forecast to increase due to both increases in inflation and the growth in the number of rateable properties.

61 The Onkaparinga Council area is ranked 37 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, with information available at Socio-Economic Indexes for Areas (SEIFA), Australia, 2021 | Australian Bureau of Statistics (abs.gov.au).

62 Which includes the rates relief granted by the Council during 2020-21 and 2021-22.

63 With average rates in Onkaparinga Council calculated at $1663 per property, compared to the state average of $1665 per property as calculated by the SA Local Government Grants Commission in Finance Report 6 – Council Rating Arrangements for 2021-22 financial year.

64 That is, an average annual increase per property of 2.69 percent compared to a forecast annual average rate of 2.6 percent.

14. **Continue** to consider limiting future increases in rates to no more than expected inflation to reduce any emerging affordability risk in the community.

2.3 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

- ongoing performance against its current LTFP estimates,
- the identification of opportunities for cost savings, including the disposal of assets that are surplus to requirements to reduce debt, and exposure to future liability streams,
- achievement of cost savings to reduce debt, including the sale of assets, and reporting savings achieved in its plans,
- the reassessment of its planned asset renewal and replacement expenditure, and
- the Council's efforts to minimise any emerging affordability risks.

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Appendix 11

ESCOSA Recommendations and council response

ESCOSA recommendations and council response

The ESCOSA advice included 14 recommendations for Council's consideration as listed in the table below. This information, including Council's responses to the recommendations, will be published each year in the draft and adopted Annual Business Plans until the next ESCOSA review scheduled for 2027–28.

Budgeting considerations

Recommendation 1
Ensure that the long-term financial plan is prepared every year as year as required by the *Local Government Act 1999*.

Response
The Long Term Financial Plan (LTFP) will be updated and adopted as part of each annual budget process. The annual update in 2023-24 was placed on hold in order to focus on the budget repair required to improve council's future financial position.

Recommendation 2
Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.

Response
The annual LTFP updates will include clear identification of the inflation rate and other key assumptions used in the budget and throughout the LTFP.

Recommendation 3
Start to provide an annual statement of financial sustainability as required by the LG Act.

Response
A CEO statement of financial sustainability has been included in the draft LTFP.

Recommendation 4
Review its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation) to better inform its decision-making and any relevant consultation processes.

Response
Inflation rates and other key assumptions will be reviewed and updated in each annual update of the LTFP to ensure the plan reflects the most relevant information available.

Continuing to provide evidence of ongoing cost efficiencies

Recommendation 5
Consider options to increase income to move forward to a more financially sustainable position.

Response
As part of the updated LTFP, a new set of principles has been adopted by Council, which includes the following: Council decreases its reliance on rates by increasing revenue from alternative sources.

Council have indicated there is a strong appetite to look at both maximising existing revenue opportunities and exploring new opportunities, and this will continue to be a focus.

Recommendation 6
Monitor and report the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels to ensure the operating performance is not negatively impacted by a lack of cost control.

Response
This recommendation will be captured in the annual budget and LTFP updates.

Recommendation 7
Consider adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

Response
This recommendation will be considered and if adopted will be reported on as part of the annual budget and LTFP updates.

Recommendation 8
Develop a staged plan and identify targets to reduce the high level of debt, and report the achievements against targets in the annual budget and long-term financial plan.

Response
It is recognised that there is a need to implement a robust debt management strategy. The first priority for Council has been on budget repair and returning the budget to an ongoing surplus position in order to provide better financial resilience as well as cash surpluses. Further development of a strategy to manage debt will continue to be a focus.

Recommendation 9
Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.

Response
The updated LTFP contains an assumption for sale of surplus assets. This will need to be further progressed with the current Council to see this assumption realised.

Refinements to asset management planning

Recommendation 10
Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.

Response
The Strategic Asset Management Plan (SAMP) is updated on an annual basis, but the previous LTFP update did not align with the expenditure forecasts included in the SAMP. This has been rectified with the current LTFP update and will be maintained going forward.

Reviews of asset valuations, unit rates, useful lives and depreciation is currently ongoing to ensure these are reflective of how assets are consumed and replaced.

Recommendation 11
Undertake the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.

Response
Asset management plans for the individual asset classes have been developed, with key data informing the SAMP. Financial requirements from the SAMP are incorporated into the updated LTFP and will be aligned in all future updates.

Recommendation 12
Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.

Response
Asset renewal requirements are determined from the asset management plans and are incorporated into the SAMP / LTFP however, it is noted that the priority for delivery should be on asset renewal as opposed to new infrastructure. It is noted that in some cases it may be necessary to upgrade or build new infrastructure to manage emerging risks such as the impacts of climate change.

Recommendation 13
Continue to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

Response
This will continue to be done.

Containing rate levels

Recommendation 14
Continue to consider limiting future increases in rates to no more than expected inflation to reduce any emerging affordability risk in the community.

Response
As Council focus on budget repair, there will be a need to increase rates above inflation in the immediate term. This has occurred due to rate increases below CPI in previous years, or not rating for growth (rates from new properties).

Once the budget returns to an ongoing surplus, rate increases can be limited to inflation (plus growth).

Your Say

Provide your feedback on the draft Annual Business Plan and Budget 2024–25.

Consultation closes Monday 13 May, 9am

Scan the QR code or visit onkaparingacity.com/yoursay