City of Marion
Annual Business Plan 2024-2025

Draft for public consultation

A great place to *live*

CITY OF MARION



Image credit: Southern Cultural Immersion

Kaurna Acknowledgement

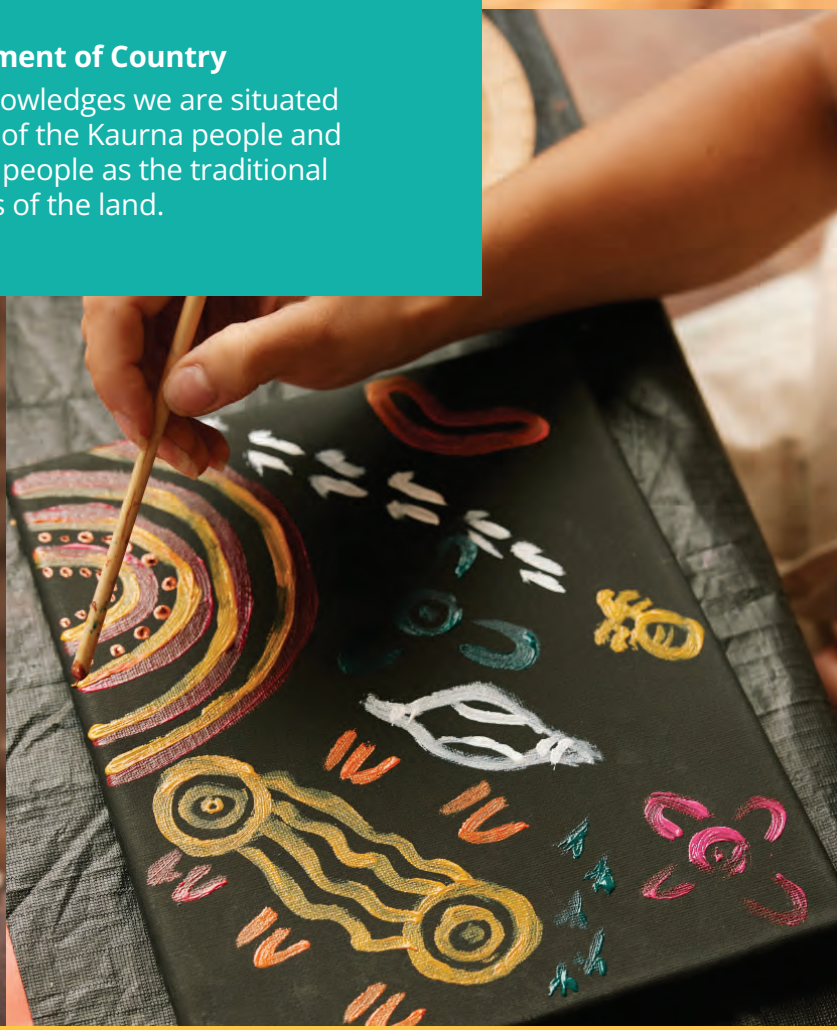
Ngadiu tampendi Kaurna meyunna yaitya mattanya yaintya yerta

This Kaurna acknowledgement was prepared in consultation with traditional custodians.

Acknowledgement of Country

The City of Marion acknowledges we are situated on the traditional lands of the Kaurna people and recognises the Kaurna people as the traditional custodians of the land.





Welcome

Welcome to the City of Marion's Draft Annual Business Plan 2024-2025.

This is our draft budget for the year ahead. The Elected Councillors and I have consistently tried to keep average rate increases below the rate of inflation, but it is probably not possible this year.

In recent years, we have been delivering much-needed upgrades to community facilities (for example, a new Marino community hall and Cove netball facilities will soon be completed) – construction costs have gone up hugely. This and other factors has led us to propose a 4.8 per cent average rate increase for the coming year. Still, this will be one of the lowest average rate increases in metropolitan Adelaide. Property owners may experience variation in that figure due to changing property values which are outside of the Council's control.

Finally, it is worth mentioning that the State Government forced us, and all other councils, to pay for an audit by the Essential Services Commission – the recent report on Marion Council's financial performance shows that we are performing extremely well.

Please tell us what you think – before the 21st of May. Council Members will consider your submissions when we finalise the budget in June.

Yours faithfully

KRIS HANNA

Mayor Kris Hanna



Your voice

The City of Marion is seeking your ideas and feedback regarding the Draft Annual Business Plan 2024-2025.

This process provides you with the opportunity to have your say on the level of service and activities undertaken by the Council before the final budget is adopted.

Community consultation commences on Wednesday 1 May 2024 and closes on Tuesday 21 May 2024 at 11:59pm. Online submission forms are available on Council's community engagement website makingmarion.com.au

Written submissions are welcomed and addressed to the following:

City of Marion
PO BOX 21
Park Holme SA 5043

Or council@marion.sa.gov.au

Verbal submissions may be made at the 14 May 2024 General Council meeting, which begins at 6:30pm. At this meeting, members of the public may ask questions and make submissions in relation to the Draft Annual Business Plan 2024-2025 for a total period of one hour.

Each speaker will be allocated a maximum of five minutes to make their submission.

If you wish to make a verbal submission to General Council, please contact:

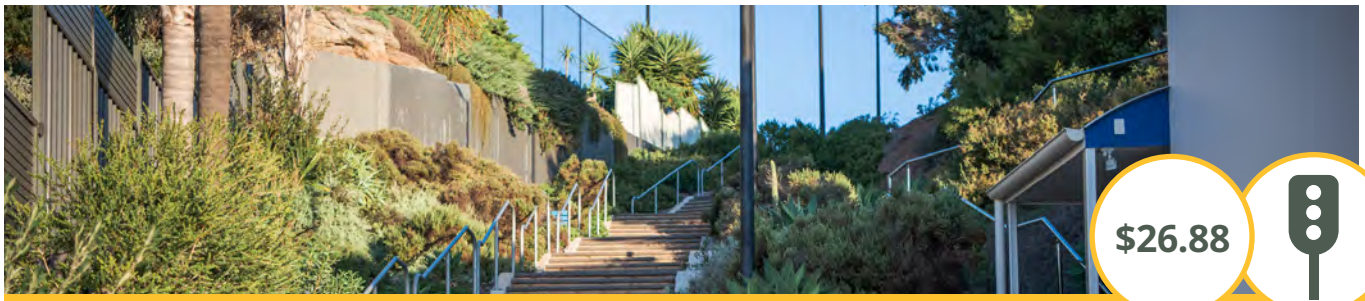
Kate McKenzie
Manager, Office of the Chief Executive
Telephone: 08 8375 6600.

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Your rates at a glance

Amounts spent per one hundred dollars ($100)



Infrastructure Management

- Civil infrastructure maintenance
- Asset management
- Stormwater drainage network
- Traffic management



Community Facilities

- Marion Outdoor Pool
- Sporting facilities
- Property management
- Facilities hire (casual and long term)



Waste Collection and Management Services

- Kerbside waste collection and management
- Household waste, recyclables, green organics
- Hard rubbish collection and illegal dumping
- Management of waste through our materials recycling facility



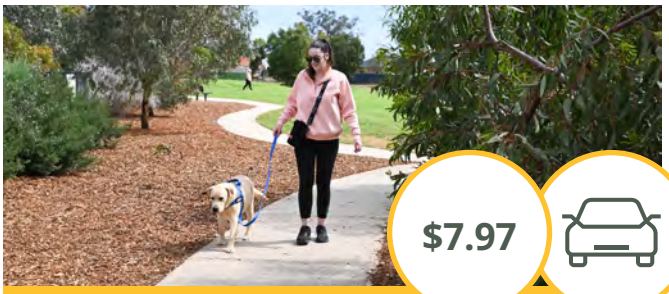
Open Space, Parks and Gardens

- Reserve maintenance
- Playgrounds
- Public toilets
- Playground maintenance



Library Services

- Marion Cultural Centre Library
- Parkholme Library
- Cove Civic Centre Library
- Library programs/events



Urban Development, Inspection, Regulation and Control

- Parking control
- Development services
- Dog and cat control
- Food safety



Community Development and Capacity Building

- Youth services
- Neighbourhood centre operations and programs
- Community grant programs



Environmental Sustainability

- Street tree management
- Environmental regulation
- Native vegetation



Culture and Recreation

- Cultural heritage
- Community events



Health and Community Care

- Aged care services
- Community buses
- Emergency response



Overview

The draft Annual Business Plan for 2024-2025 highlights proposed strategic projects, services, and programs for the upcoming financial year. We are committed to aligning actions in the draft Annual Business Plan to the 4-Year Business Plan 2023-2027, the Strategic Plan 2019-2029, and the Community Vision 'Towards 2040'.

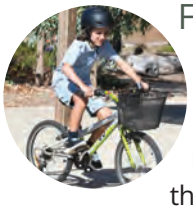
We aim to provide value to our ratepayers through responsible decision-making and financial management. Ongoing savings will be identified, and external funding secured as we partner with State and Federal Governments. Our focus on delivering efficient services has allowed us to support one of the lower- rate increases across SA with a proposed 4.8% increase in the average rate for 2024-2025.

In the coming year, we will continue to make the City of Marion a great place to live, work and play through its ongoing capital works programs, core services, projects, and investment in the following initiatives:



Events

Council will support three free major civic events for a celebration of community and culture. At a 'Touch-A-truck' festival, children can get up close and personal with a variety of vehicles from emergency services to construction. Our 'Concert at the Cove' will feature live music and entertainment. Council will support Southern Cultural Immersion to deliver a National Reconciliation Week event where the community can come together to acknowledge and celebrate the histories and culture of Aboriginal and Torres Strait Islander peoples.



Flinders Greenway development*

The Flinders Greenway (bikeway) project is a stage 3 upgrade to connect a walking and cycling bikeway between Flinders University, Tonsley, and further north to the Marino Rocks Greenway. This project has a budget allocated by council subject to receiving partnership funding.



Marion Basketball Stadium upgrade

Council has proposed a new 5 court indoor basketball stadium at the current site off Norfolk Road. Works to be completed this year include the development of concept designs, community consultation and options for Marion Tennis Club.



Seacliff Golf Course upgrade

This multi-year project will conclude this year with the completion of a new clubhouse and car park, which will provide hospitality services, meeting spaces, outdoor deck and a Golf pro-shop.



Warradale Park Tennis Club upgrade

The upgrade to the Warradale Park Tennis Club will include a new upper-level floor function space and decking, upgraded shower and toilet facilities, bar, and office space. The project will be funded by Council with contributions from the State and Federal Government.

**Subject to grant funding*



Reserve and playground redevelopments across Council

Council proposes to invest $1.95m toward reserve upgrades across the council area as part of the capital works program. Proposed key upgrades include the design of Scarborough Terrace Reserve in Dover Gardens, Southbank Boulevard Reserve in Trott Park, and the construction of Graham Watts Reserve Mitchell Park and Elizabeth Ryan Reserve in Plympton Park.



Marion Heritage Research Centre archive storage and renovation

To create a purpose-built temperature-controlled archive storage at the Marion Heritage Research Centre to appropriately maintain council's heritage collection. Additionally, this project will provide a minor internal renovation and fit-out to the existing spaces.



Commence detailed design for Glandore Oval Precinct Plan and Redevelopment

Development of a plan that considers the future needs of the sporting clubs and community, including a new clubhouse, car parking, play spaces, removal of old buildings and introduction of new landscaping. Work will commence this year to progress designs following community consultation undertaken in early 2024. The State Government has provided $5m towards this project.



Marion Cultural Centre Library refurbishment

An upgrade to the Marion Cultural Centre library space by replacing shelving and revitalising the children's area. This project aims to modernise the library experience after over two decades of operation, ensuring the spaces cater for the current and future needs of our community.



Cooinda Community Centre upgrade

Minor renovations will be undertaken at Cooinda Community Centre, including the addition of new acoustic treatment to the hall, painting the entire centre, improved safety, and access, and upgrading furniture throughout the centre and cafe areas.



Marion Cultural Centre Plaza upgrade

The Marion Cultural Centre (MCC) Plaza is being upgraded to create a vibrant public space that aims to create a new destination hub. It will support community events, social interactions, and tourism. The upgrade will improve pedestrian and cyclist connections, provide a versatile space for various community events, and maintain vehicle access to businesses and community facilities on Milham Street. The project is due to be completed by August 2024.



Southern Soccer Facility soccer pitch

The Southern Soccer Facility was built in April 2022, and included 3 out of 4 proposed soccer pitches. The delivery of the 4th pitch is scheduled to be undertaken in the year through a combination of State Government grant funding and a matching Council contribution.



Glandore Community Centre- entry upgrade and new business hub

Minor renovations will be undertaken to upgrade the reception area and additionally create a new business hub space. This upgrade will ensure that the main reception is modern and welcoming, providing space for the community to meet and socialise. The newly created Business Hub will allow a vibrant co-working space.



New signage around the city

Council is updating signage in selected parks, buildings, and other spots to give locals and visitors helpful information about important places in our area. The signage at main buildings will make them easier to spot and improved signage will enable visitors to find their way around council buildings and reserve areas.



Community Energy Upgrade*

Solar carparks at Marion Outdoor Pool and the Administration Building along with energy efficient LED lighting upgrades at 5 council owned sporting facilities.



Koorana Gymnastics upgrade

Work will commence at the Koorana Gymnastics Club at Morphettville to construct a new accessible toilet, meeting room and reception.

See the full list of projects on pages 17-18.

**Subject to grant funding*

Our purpose, vision and values

Our purpose

(Why we exist)

To improve our residents' quality of life; continuously, smartly and efficiently.

Our community vision

(What we want to become)

A community that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected.

Our values

With the community and safety at the forefront of everything we do, we value:

Respect - Treating everyone as we want to be treated, where all contributions are valued

Integrity - Fostering trust and honesty in all of our interactions

Achievement - Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another

Innovation - Encouraging new ideas, and learning from our experience to do things better



The six themes of our Community Vision represent the shared values and aspirations guiding how our city develops, towards 2040. These outcomes are important for this community now and into the future:

Liveable

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

Valuing Nature

By 2040 our city will be deeply connected with nature to enhance people's lives, while minimising the impact on the climate, and protecting the natural environment.

Engaged

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

Prosperous

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

Innovative

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

Connected

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.

Strategic Management Framework

This Annual Business Plan 2024-2025 is an integral part of Council's Strategic Management Framework that will enable strategic and operational plans, management systems and processes to work together to effectively deliver the Community Vision.



Council is currently reviewing its 10 year Strategic Plan. The new plan will be endorsed by Council in August 2024. The above strategic themes, Strategic Management Framework and Community Vision are likely to change.



Significant influences

The following external challenges and opportunities have influenced the development of Council's budget for 2024-2025.

Cost of living pressures

The current cost of living pressures have led to pressure on people's finances, affecting their overall well-being and sense of quality of life. To alleviate this, Council aims to keep rates low to ensure the burden on ratepayers remains manageable.

Partnership funding

Through partnerships with state and federal governments, Council receives substantial funding to enhance community facilities, often requiring contributions from the Council itself. This funding is crucial for upgrading existing facilities and developing new ones to better serve the community.

Climate Resilience

Council is dedicated to doing its part to tackle climate change through various initiatives, such as improving energy efficiency of council's buildings, utilising renewable energy sources, planting thousands of trees annually, and implementing sustainable waste and water management practices. These efforts aim to make the city more resilient to climate-related challenges, with ongoing monitoring through a climate risk register to ensure effective management of potential threats.

Regional-level Planning (State Government led planning)

The State Government is reviewing changes to South Australia's planning laws, offering the Council an opportunity to proactively engage. Council is required under the Act to ensure that its Strategic Plan reflects broader regional-level plans and is updated within two years of council elections. City of Marion's Strategic Plan is currently being reviewed and will be finalised early in the 2024-2025 budget year.

Cost of services

Like many organisations, Council faces rising costs associated with delivering services, including inflation, and shortages in the construction workforce. These factors contribute to higher service costs across the board, necessitating careful budgeting and resource allocation.

Framework of the Annual Business Plan

The Annual Business Plan 2024-2025 has been prepared on the basis of a framework that aims to inform the community and hold the City of Marion accountable to its stakeholders. The key items in this framework are as follows:

Support the achievement of the City Of Marion's strategic directions.

This Annual Business Plan has been reviewed against the Community Vision – Towards 2040 to ensure that Council's activities over the next 12 months make the best possible progress towards achieving the Community Vision for the future City of Marion.



Address issues arising and opportunities identified from internal audit reviews, and business excellence assessments.

Every year the Council undertakes a number of internal audits. These reviews and assessments have identified a number of key opportunities or requirements for the Council to improve its operations. This document includes the necessary resources to continue Council's independent review process and implement recommendations accordingly.







Maintain, on average, a break-even or positive funding (cash) position over the long term financial plan.

With a primary focus on cash flow and ensuring the Council's asset renewal and upgrades are fully funded, this target is currently being met. To ensure ongoing financial sustainability, the Council monitors and reviews all its financial indicators together.



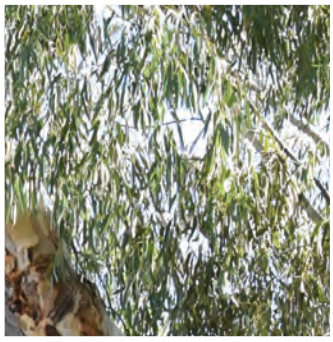


Continue to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new when it is cost effective to do so.

The Annual Business Plan has been prepared taking into consideration individual Asset Management Plan requirements and outcomes of recent infrastructure audits. The City of Marion has a target of 90-110% for the Annual Asset Renewal Ratio.



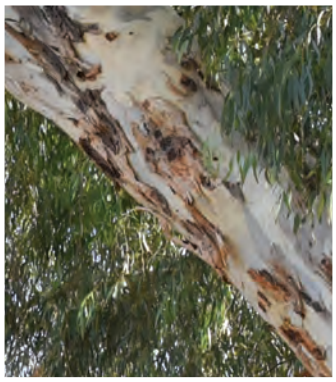




Review existing services and assets to ensure they meet prioritised community needs.

The Council continues its rolling process of service reviews, aimed at maximising community value through continuously improving its operating efficiency and service performance to the community. This Annual Business Plan has been prepared based on continuing existing services, noting that a rolling program of review is being implemented.

Collaboration with other councils will continue to assist capacity building for shared strategic opportunities, innovation and cost efficiencies and enables the ability to align processes and reduce duplication.







Council only approve new major projects where it has the identified funding capacity to do so.

Council debt is forecast to increase to $24.551m by 30 June 2025, and peak at $63.276m in 2033-2034. With consideration given to key financial indicators, Council has continued to retain the funding capacity to consider additional strategic Major Projects and is currently investigating partnerships to aid the development of several initiatives.

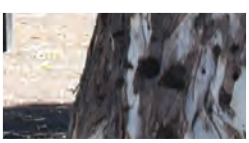
These additional forecast borrowings after 2024-2025 relate to Council's contribution towards new initiatives in the Capital Works Program. Any changes to the timing and scope of the capital projects may impact the funding required, and in turn the total requirement for borrowings currently factored into the Annual Business Plan 2024-2025.



Maintain Council's position for an average residential rate which remains among the lower rating metropolitan councils.

Comparative 2023-2024 data shows that Council's average residential rate continues to remain among the lower rating metropolitan councils, with its current position ranking being the 5th lowest of 18 metropolitan councils.





Continuing and improving service delivery

All councils have responsibilities under the *Local Government Act 1999* and other relevant legislation to deliver services for the community. Council is committed to maintaining all services including, but not limited to:

Ongoing services	
Reserves, parks and gardens management	Tree management
Community facilities management	Public health planning
Infrastructure management	Positive Ageing and Inclusion
Waste and recycling services	Community Transport
Library services	Dog and cat registration
Environmental sustainability	Arts and cultural promotion and support
Business support services	Citizenship ceremonies
Development and building assessments	Supporting community gardens
Land use and development planning	Community Leadership Program
Emergency planning and response	Graffiti removal
Community grants and partnerships	Justice of the Peace
Sport and recreation promotion and support	Community centres
Community health and safety	Parking and traffic management

Enabling services	
Financial management	Innovation
Governance support	Communication and Marketing
Strategic management	Media, Engagement and Events
Strategic asset management	People Management
Continuous Improvement	ICT and knowledge management
Operational support	Strategic procurement
Risk management	Strategic partnerships







Project priorities

In 2024-2025 the Council plans to commence or continue working on the following strategic initiatives, as outlined in our 4 Year 2023-2027 Business Plan, or through Council resolutions:

Continuing initiatives

Continuing initiatives from prior years	Key strategic theme
Complete Marion Cultural Centre Plaza upgrade	Liveable
Complete the Marino Hall upgrade	Liveable
Construction of Seacliff Golf Course clubhouse and car park	Liveable
Warradale Park Tennis Club upgrade	Liveable
Deliver a Public Art Strategy	Liveable
Deliver the 'Sports in Reserves Program' providing free sports activities for young people aged 5 to 18 years	Liveable
Continue with transition of Council's passenger vehicles to electric	Valuing Nature
Continue planting of over 4,000 trees annually	Valuing Nature
Deliver an annual program of environmental engagement activities events and programs.	Valuing Nature
Deliver the Youth and Community Grants Program	Engaged
Deliver community events including Australia Day events, Touch a Truck, Concert at the Cove, citizenship ceremonies, opening events, Reconciliation Week event and civic events.	Engaged
Implement the Information Services Strategy	Innovative
Continue to deliver the 'Southern Business Mentoring Program' and Business hubs program.	Prosperous
Deliver an annual program of business events and engagement	Prosperous
Deliver the annual capital works program (stormwater, road reseal, kerbs, kerb ramps, open space works, property/building, footpath, streetscape upgrades, traffic upgrades, other infrastructure)	Connected
Provide the community bus to support residents to remain connected	Connected
Continue to support the Gap Year Program	Council of Excellence
Continue staged upgrade of Council's Administration building	Council of Excellence

New projects commencing in 2024-2025

2024-2025 new initiatives	Key strategic theme
Commence community engagement and detailed designs for the Marion Basketball Stadium	Liveable
Reserve and playground redevelopments across the Council	Liveable
Marion Heritage Research Centre archive storage and renovation	Liveable
Commence planning for Cosgrove Hall	Liveable
Complete detailed design for Glandore Oval Precinct plan and redevelopment	Liveable
Marion Cultural Centre Library refurbishment	Liveable
Southern Soccer Facility soccer pitch	Liveable
Cooinda Community Centre upgrade	Liveable
Morphetville Park Tennis clubrooms design	Liveable
Hazelmere Reserve courts design	Liveable
Koorana Gymnastics upgrade	Liveable
Community Energy Upgrade*	Valuing Nature
Glandore Community Centre entry upgrade and new Business Hub	Prosperous
New signage around the city	Connected
Flinders Greenway development*	Connected

**Subject to grant funding*

Asset Management

The City of Marion's Asset Management vision is:

'To maintain the City of Marion's assets to agreed levels of service which maximise community value throughout an asset's life.'

Council's assets provide services to the community and businesses for current and future generations. They range from roads and footpaths, to buildings, playgrounds, trees, shelters, vehicles, machinery and stormwater drains. Gifted assets we receive from sources including State Government and developers attract ongoing operational and maintenance costs over their life.

The City of Marion upholds a commitment to implementing asset management best practices throughout all areas of the council, ensuring that assets' performance, risks, funding, and replacement values are integral factors in decision-making and strategic planning. This adherence extends to complying with relevant legislative requirements, regulations, corporate policies, and Asset Management Plans.

The City of Marion's assets provide services to our community now and into the future. Assets are long-lived so must be resilient and adaptable to continue to service community needs across a range of likely future scenarios. A significant part of council's spend is devoted to the maintenance, operations, renewal, and creation of new assets. Council will continue to invest in these assets as cost effectively as possible while considering beneficial advancements in technology.

Our assets are vulnerable to climate impacts including less rainfall overall, more frequent and intense rainfall events, increased frequency and intensity of bushfires, increased temperatures, more frequent and intense heatwaves and increased risk of coastal erosion and flooding from sea level rise. Council's asset management plans address climate resilience by including actions that support a transition to a low-carbon, energy efficient future and planning for physical climate and nature-related risks and opportunities whilst ensuring it is cost effective.

Council will continue to optimise spending through better asset management to deliver current levels of service in the most affordable and efficient way. We're looking beyond day-to-day operations and investing in the long-term quality of life for our community.

The City of Marion owns and manages a large and diverse asset portfolio valued at over one billion dollars



Artworks, culture and heritage assets



Buildings and structural assets



The Coastal Walkway



Fleet, plant and equipment assets



Open space assets



Stormwater assets



Transport assets



Tree assets



Water treatment and resources assets

Measuring our success

In development

Funding the Annual Business Plan

Your rates in 2024-2025

The Annual Business Plan is based on a 4.8 per cent increase in the average rate for the coming year. In setting rates for 2024-2025, Council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2024-2025.

Rates account for 82 per cent of Council's operating revenue with other sources including fees, charges and grants. These revenues contribute to the necessary funding for planned operating and capital renewal programs in 2024-2025.

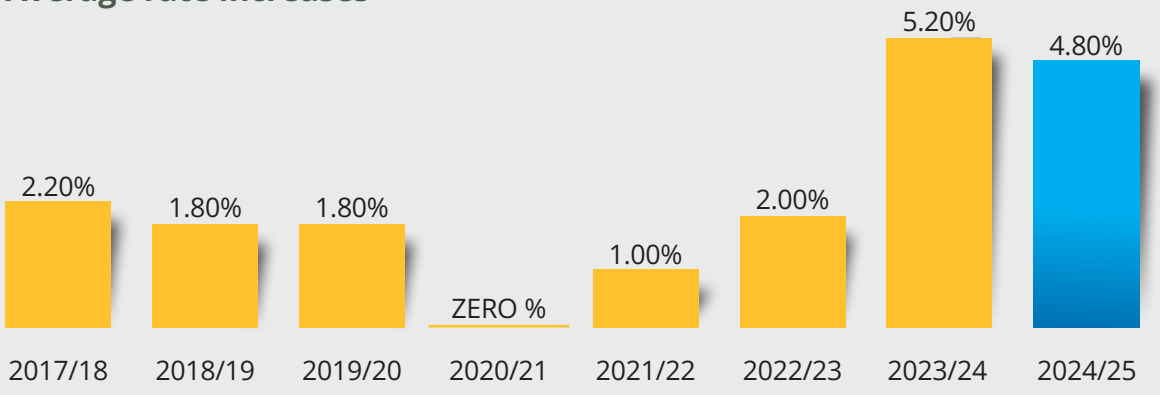
While the average rate increase is 4.8 per cent, it is to be noted that actual rates payable by a rate payer will vary according to individual property valuations, the attributed land use, and whether there has been any new development or capital improvement on the land.

Council is aware of the impact rate increases have on the community. We are continually looking for opportunities that allow this cost to be minimised, support our community during uncertain times, and maintain the fiscal responsibility required of Council.

With changing community needs and other external influences impacting on the community, there is a need for Council to consider how to plan more effectively, both for the longer term and for an immediate community benefit. The rate increase is set at a level that provides confidence that services will be maintained and that a sufficient capital expenditure program is planned to maintain Council's assets.

The outcomes of the community consultation, as well as a balance between achieving the strategic directions, maintaining services and assets, ensuring financial and environmental sustainability, supporting intergenerational equity and making provision for those in the community who are experiencing hardship, have been considered in setting the rate increase for the Annual Business Plan 2024-2025.

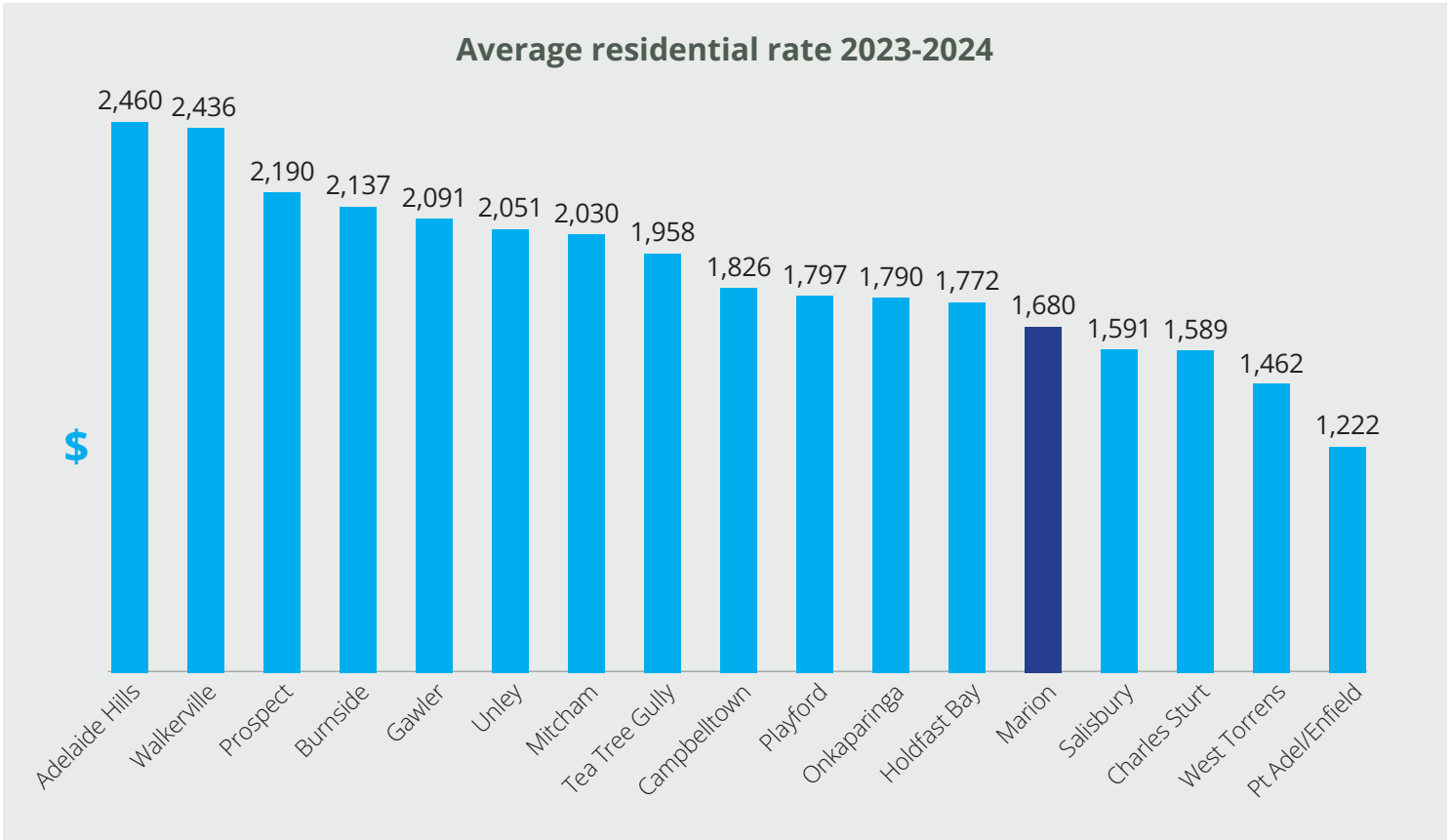
Average rate increases





Comparative rating data

With a 4.8 per cent increase, the City of Marion's average residential rate is in line with Council's Annual Business Plan framework and set to remain among the lower rating metropolitan councils. In 2023-2024 Council had the 5th lowest average metropolitan residential rate.



Differential rating

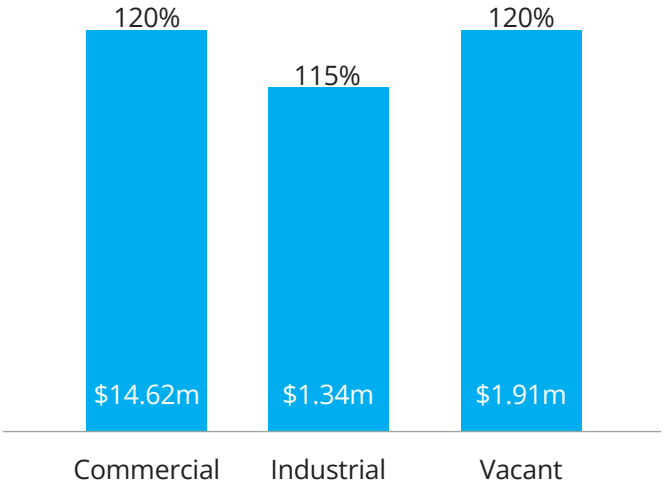
Council currently derives 17% of its rate revenue from the Commercial and Industrial sectors– Commercial (15.5%) and Industrial (1.5%). Commercial and Industrial users consume a greater proportion of Council resources than residential properties, particularly in regard to the use of roads, footpaths, traffic, parking, storm water drainage, public health and environment.

Council uses a differential rating system to raise revenue based on its Land Use to ensure a fair and equitable distribution of rates within the City of Marion.

The differential rate is charged in addition to the normal rate. In applying this approach, Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

Differential rates to apply to land use are as follows:

Differential rating



The average increase in rates for 2024-2025 by land use category is outlined below:

Land use category	2024-2025 increase
Residential	$84
Vacant Land	$292
Industrial	$758
Commercial	$195

Council is forecasting to raise $92.486m in general rates revenue of which $14.62m is derived from commercial properties, $1.34m from industrial properties and $1.91m from properties in the vacant land use category.





Budgeted income statement

An operating surplus of $0.410m before capital revenues is forecast for 2024-2025. The operating surplus is required to support the renewal of existing infrastructure in accordance with Council's Asset Management Plans and to support construction of new assets to deliver services.

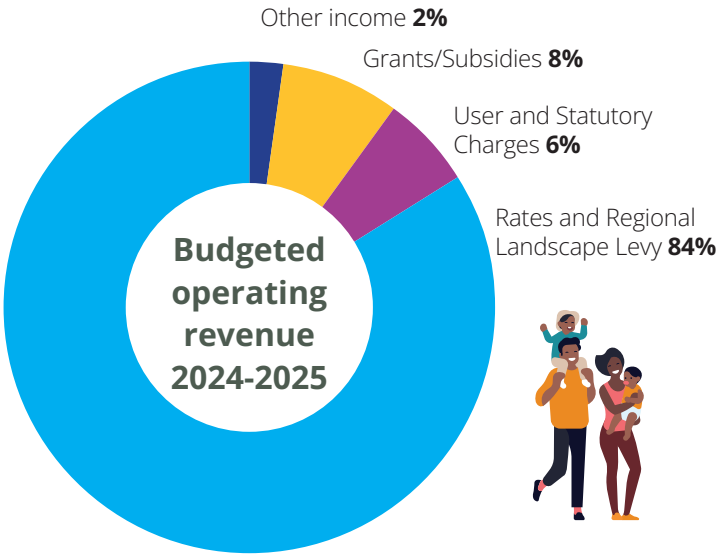
Budgeted Income Statement	2nd Review 2023/24 $'000	Budget 2024/25 $'000	Variance $'000
Operating Revenue			
Rates - General	87,274	92,486	5,212
Rates - Regional Landscape Levy *	2,263	2,337	74
Statutory Charges	2,690	2,738	48
User Charges	3,859	4,164	305
Grants/Subsidies	6,432	8,557	2,125
Investment Income	1,050	300	(750)
Reimbursements	1,245	1,020	(225)
Other Revenue	1,184	668	(516)
Share of Profit/(Loss) Regional Subsidiaries	365	645	280
Total Operating Revenue	**106,362**	**112,916**	**6,553**
Operating Expenditure			
Employee Costs	44,119	46,492	2,373
Contractor Services	33,214	30,442	(2,772)
Materials	6,347	6,865	518
Finance Charges	151	510	359
Depreciation	20,069	20,100	31
Other Expenses	7,854	8,097	243
Total Operating Expenditure	**111,754**	**112,506**	**752**
Operating Surplus/(Deficit) before Capital Revenues	**(5,392)**	**410**	**5,801**
Capital Grants and Contributions	17,151	2,642	(14,509)
Asset Disposal and Fair Value adjustments	331	353	22
Net Surplus/(Deficit)	**12,090**	**3,405**	**(8,686)**

* Note: The Regional Landscape Levy is collected by Council on behalf of the Green Adelaide Board.



Operating revenue

The main source of income for Council is rate revenue; making up just over 82% (84% including Regional Landscape Levy) of total revenue in 2024-2025, with other sources being government regulated fees for statutory services, untied federal grant monies, as well as other grants from the State and Federal government.









General rates

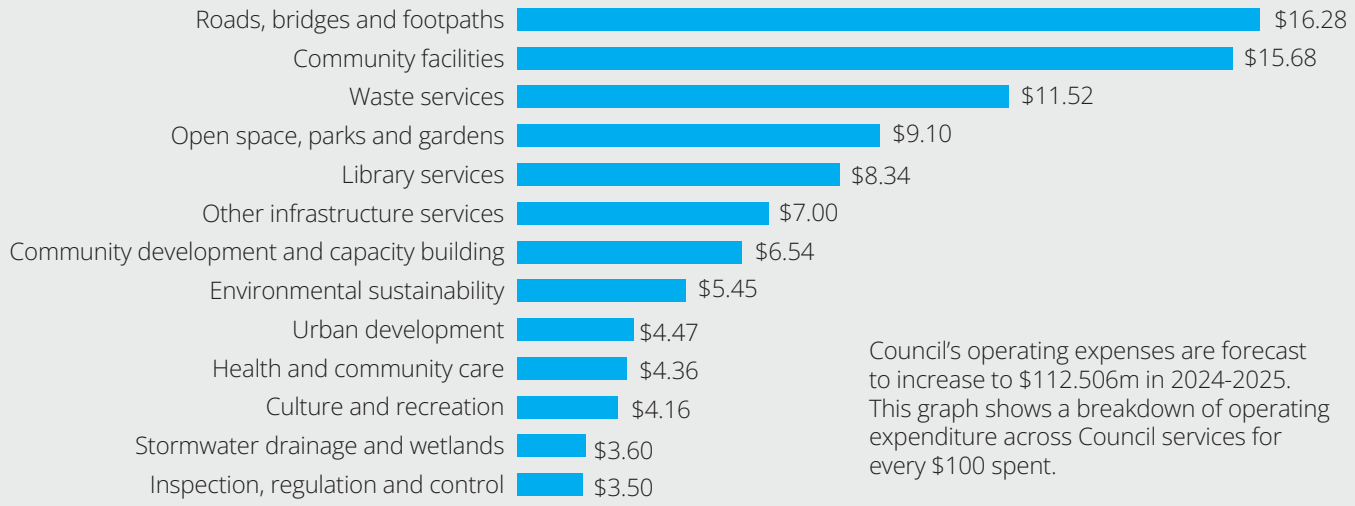
Council's revenue in 2024-2025 includes $92.486m ($87.274m in 2023-2024) to be raised in general rates. The budget has been developed on the basis of a 4.8% average rate increase (excluding new developments and capital improvements). In setting rates for 2024-2025, Council has forecast the revenue required to meet the costs of delivering the services and projects to be provided to the community in 2024-2025.

Growth from new property development is forecast at 1% for 2024-2025. This predominantly is the result of new housing in Marion, as reported by the Valuer General. The revenue created by this growth will cover the increased costs of servicing a growing community, which includes the requirement to maintain and provide for the replacement of infrastructure such as stormwater drainage and transport networks.

User Charges set by Council – Relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include charges for the use of Council's community facilities, swimming pool admission and the like. Statutory Charges set by State Government relate mainly to fees and fines levied in accordance with legislation and include development application fees, health act registrations and parking fines.

Grants and Subsidies – Grants include all monies received from State and Federal sources for the purpose of funding the delivery of Council's services to ratepayers and for the funding of the capital works program. Operating grants are forecast at $8.557m for 2024-2025, an increase of $2.125m on grants received in 2023-24. It should be noted that grant funds anticipated to be received in 2023-24 were paid in advance in 2022-23.

Operating expenditure



Council's operating expenses are forecast to increase to $112.506m in 2024-2025. This graph shows a breakdown of operating expenditure across Council services for every $100 spent.

Employee costs

Employees are responsible for the provision of Council's key services, including the ongoing maintenance of open space areas, libraries, neighbourhood centres, the Marion Outdoor Pool, urban development, health and community care. Employees are either directly employed by Council, or indirectly through an employment agency (i.e. agency staff) where temporary workforce requirements have arisen through seasonal demand or short-term vacancies of existing positions.

Employee costs are forecast to increase by $2.37m primarily because of increases stemming from existing Enterprise Agreements provisions, increases to the Superannuation Guarantee Contribution and additional staffing resources for Council endorsed initiatives.

A reduction of $1.4m has been incorporated into the budget to allow for positions that may be temporarily vacant during the year.

Contractor services

Contractor services relate mainly to the provision of Council services by external providers. Council uses contractors to assist in the provision of major services such as waste collection and management, and also where specialist services or advice is required, where it is not warranted for Council to have permanent in-house resources. A decrease of $2.772m is forecast in the 2024-2025 budget which relates to one off expenditure relating to Infrastructure Condition Audits completed in 2023-2024 and other once off project expenditure no longer required in 2024-2025.

Materials

Council's Materials budget includes utilities, products utilised in the delivery of community services and maintenance of Council's infrastructure, open space, and other assets, as well as fuel for the fleet of vehicles used to deliver services. An increase of $0.518m in materials is forecast in the 2024-2025 budget primarily relating to additional funding for set aside to support council's Biodiversity Plan in addition to CPI increases in utilities and material costs.

Other expenses

Other Expenses have increased by $0.243m in 2024-2025 which includes an increase of $0.113m for the Regional Landscape Levy for 2024-25 (collected on behalf of the Green Adelaide Board).

Capital revenue

Capital grants and contributions

Council has incorporated $2.642m in capital grants and contributions towards new capital works planned in 2024-2025. Funding includes Federal and State Government grant funding contributions towards Council's prioritised new initiatives/projects.

Budgeted capital expenditure

Capital Expenditure	2nd Review 2023/24 $'000	Budget 2024/25 $'000
Land	-	-
Buildings and Major Projects	31,220	19,223
Infrastructure:		
Roads & Kerbs	4,993	4,491
Drains	2,984	3,624
Footpaths	3,227	880
Traffic Control Devices	572	540
Other Infrastructure	2,721	1,019
Plant and Equipment	2,148	1,847
Furniture and Fittings	158	200
Streetscapes	3,556	-
Other	5,246	1,951
Total Capital Expenditure	**56,825**	**33,775**
Represented By:		
Capital Expenditure		
Assets - Renewal	19,567	15,174
Assets - New	37,258	18,601
	56,825	**33,775**

Funding for key capital projects in the 2024-2025 budget includes forecast funding towards:

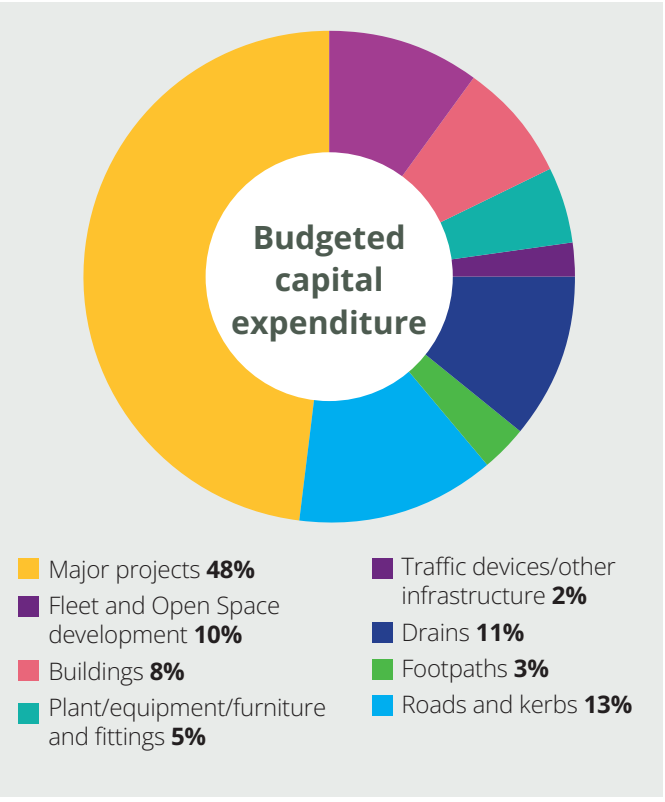
Marino Hall Upgrade

Marion Cultural Centre Plaza Upgrade

Warradale Park Tennis Club

Seacliff Golf Park Clubhouse Redevelopment

The chart below summarises Council's planned Capital Works Program for 2024-2025:



The 2024-2025 Budgeted Statement of Capital Expenditure forecasts a total capital funding requirement of $33.775m including $15.174m renewal and $18.601m new and upgrade.

It is anticipated that $1.5m Streetscape funding will be carried over from 2023-24 for works to be completed in 2024-2025.

Financing the budget

Financing the budget refers to the use of borrowings or available cash balances to meet any shortfall between expenditure (both operating and capital) and revenue.

The table below identifies the Council's net funding result. Council's budget for 2024-2025 is expected to result in a net decrease in funding of $10.915m.

Net Lending/(Borrowing)	2nd Review 2023/24 $'000	Budget 2024/25 $'000
Operating Surplus/Deficit before Capital Amounts	(5,392)	410
less: Net Outlay on Existing Assets		
Capital expenditure on asset renewal/replacement	19,567	15,174
less Depreciation/Ammortisation	(20,070)	(20,100)
	(503)	(4,926)
less: Net Outlay on New/Upgrade Assets		
Capital expenditure on New & Upgrade Assets	37,258	18,601
less Capital Grants	(17,152)	(2,642)
	20,106	15,959
Adjustments		
Gain/(loss) on disposal of assets	331	353
Share of Equity - Regional Subsidiaries	(365)	(645)
	(34)	(292)
Net funding increase/(decrease)	(25,030)	(10,915)

Financing Transactions	2nd Review 2023/24 $'000	Budget 2024/25 $'000
New Borrowings	14,300	8,800
less: Repayment of Principal on Borrowings	(929)	(312)
less: Increase/(Decrease) in Cash & Investments		
- Transfers from/(to) Reserves	12,373	2,473
- Cash Deficit/(Surplus)	(714)	(45)
Equals: Financing Transactions	**25,030**	**10,915**

Financing transactions associated with accommodating the expected net lending result in 2024-2025 are found in the above table. Council's Long Term Financial Plan includes an allowance for borrowings of up to $8.8m in 2024-25 to support the funding requirements of Council's Capital Works Program.

Council's borrowings are projected to peak at $63.276m in 2033-2034 with its Debt Servicing Ratio peaking at 5.25% in 2033-2034 against a maximum target of 10.0% and its Net Financial Liabilities ratio remaining within the targeted range of 0 - 50%

Financial ratios

To assist Council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. Where a Council target has not been adopted, the recommended Local Government Association (LGA) target has been used.

The table below details these financial indicators and whether or not the prescribed target has been achieved over the five years up to 2023-2024. All key financial ratios are forecast to be within their targeted ranges for the 2024-2025 year and throughout the 10-year term of Council's Long Term Financial Plan.

Operating Surplus - this ratio expresses the operating surplus as a percentage of total operating revenue.

The Asset Renewal Funding Ratio indicates whether Council is renewing or replacing assets at the rate of consumption. Council's long term target of 100% ensures that Council aims to invest adequately in maintaining its asset base.

The Net Financial Liabilities Ratio indicates the extent to which the net financial liabilities of the Council can be met by the Council's total operating revenue. With the consumption of cash on significant capital works and major projects forecast to be completed in 2023-2024 and additional projects in 2024-2025 along with loan funding forecast to be utilised up to $8.8m in 2024-2025, the Net Financial Liabilities Ratio is projected to remain within Council's target range in 2024-2025.

The Debt Servicing Ratio measures the total annual loan principal and interest repayments as a percentage of total income for the year. This ratio identifies Council's ability to service its debt obligations from operating revenues. The ratio is anticipated to increase slightly with the new loan repayments after 2024-2025 but remains in the lower end of Council's targeted bandwidth for this ratio.

Ratio	Council Target	2024-2025 Budget	5 Year Average
Operating Surplus	0% - 10%	0.4%	0.4%
Asset Renewal Funding Ratio	90% - 110%	100%	80.8%
Net Financial Liablities	0% - 50%	23.1%	-14.5%
Debt Servicing	0% - 10%	0.7%	1.1%

Response to ESCOSA advice report



On 30 April 2022, amendments to the *Local Government Act 1999* came into operation resulting in the implementation of the Local Government Advisory Scheme. The purpose of this advisory scheme is to provide ratepayers 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 (Commission) of South Australia is the advisory body. The State's 68 councils are subject to the scheme.

The Commission reviewed the City of Marion's financial performance during the 2023-24 financial year. The review has been in addition to the existing program of review of financial sustainability by City of Marion's internal auditor, external auditor and independent scrutiny from our Finance, Audit and Risk Committee.

The City of Marion has been assessed by the Commission at the higher end of sustainable for past, current and future projections.

Current financial performance

Unsustainable	Potentially unsustainable	Mostly sustainable	Sustainable

Projected financial performance (future)

Unsustainable	Potentially unsustainable	Mostly sustainable	Sustainable

Previous financial performance (past 10 years)

Unsustainable	Potentially unsustainable	Mostly sustainable	Sustainable

With a key focus on maintaining rates at or under inflation, even in the face of high and unprecedented construction costs well above inflation, incurring borrowings only when prudent to do so for new capital works, the City of Marion is in an enviable position in relation to financial performance.

Notwithstanding the work by the Commission is an advisory scheme, rather than a compulsory one in that the Commission cannot require councils to follow that advice, the City of Marion has provided a response to the recommendations below.

ESCOSA recommendation	City of Marion response
Continue to review its inflation forecasts in its budget and forward projections from 2024-25, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.	Continually reviewing and assessing inflationary forecasts are already a key element of analysis undertaken by the City of Marion included in the annual and long-term budget setting process. The City of Marion will continue to review economic indicators, inflation results and forecasts including those published by the Reserve Bank. The City of Marion appreciate a dynamic and data driven approach to inflation forecasting enhances the accuracy and robustness of our forecasts and fosters greater confidence in our budgetary decision-making processes.
Consider better clarity in its forward estimates in its long-term financial plan concerning the ssumptions for its cost and revenue estimates	The City of Marion will continue to use robust analysis in developing the cost and revenue assumptions. Key assumptions used in the development of Council's Annual Business Plan and Long-term Financial Plan are already published as part of the budget development process contained within Council agendas.
Report any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	The City of Marion uses a conservative approach to expenditure budgeting and forecasts with minimal discretionary funding factored into the annual business plan. However, the City of Marion does explore opportunities for efficiencies which look to free up capacity to meet demand for the 1,000 new residents per year rather than continually seek new resources. Where these efficiencies result in direct savings these will be published in Council's Annual Report.
Consider undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.	The City of Marion appreciates that the COVID-19 period did result in unusually high asset valuation fluctuations. With the post COVID economy returning to more moderate inflationary measures it is not considered necessary to increase the frequency of asset valuations to 4 years.
Report in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates (with minimum rate revenue reported separately), providing greater clarity and transparency to its ratepayers.	The City of Marion will review the publication of this information in future Annual Business Plans to provide clarity and meaningful information to our ratepayers.

Appendix 1 - Capital works list

Open space and recreation works program 2024-2025

Location	Suburb	Ward	
Fryer Street Reserve	Hallett Cove	Coastal	open space design
Linear Park Reserve	Hallett Cove	Coastal	open space construction
Fryer Street Reserve	Hallett Cove	Coastal	open space construction
Capella Drive Reserve	Hallett Cove	Coastal	open space construction
Chatsworth Court Reserve	Hallett Cove	Coastal	open space construction
Perry Barr Farm	Hallett Cove	Coastal	open space construction
Pavana Reserve	Hallett Cove	Coastal	open space construction
Newland Avenue Linear Park Reserve	Marino	Coastal	open space construction
Teesdale Crescent Reserve	Plympton Park	Mullawirra	open space design
Elizabeth Ryan Reserve	Plympton Park	Mullawirra	playground construction
Peter Court Reserve	O'Halloran Hill	Southern Hills	open space construction
Gully Road Reserve	Seacliff Park	Southern Hills	open space design
Roy Lander Reserve	Seaview Downs	Southern Hills	open space construction
Southbank Boulevard Reserve	Sheidow Park	Southern Hills	playground design
Nari Drive Reserve	Sheidow Park	Southern Hills	open space construction
Spinnaker Circuit West Reserve	Sheidow Park	Southern Hills	open space construction
Scarborough Terrace Reserve	Dover Gardens	Warracowie	playground design
Jacaranda Grove Reserve	Oaklands Park	Warracowie	open space construction
Sandery Avenue Reserve	Seacombe Gardens	Warracowie	open space design
Marion Community House	Warradale	Warracowie	open space construction
Graham Watts Reserve	Clovelly Park	Warriparinga	playground construction
Penrith Court Reserve	Mitchell Park	Warriparinga	open space design
Quick Road Reserve	Mitchell Park	Warriparinga	open space construction
Sampson Road Reserve	Mitchell Park	Warriparinga	open space construction
Myer Road Reserve	Sturt	Warriparinga	open space design
Minor Open Space Enhancements & Irrigation	Various	Various	

**Please note Capital Works Programs are subject to change.*

Property/building works program 2024-2025

Location	Suburb	Ward	Description
Koorana Gymnastics	Morphettville	Mullawirra	building upgrades including DDA toilet and reception desk
Marion Outdoor Pool	Park Holme	Mullawirra	improvements to pool filtration system and replacement of equipment
Morphettville Park Sports Club	Morphettville	Mullawirra	upgrades to cricket pitch
Stanley Street Tennis Club	Glengowrie	Mullawirra	design new public toilets to existing building
Cove Sports Club	Hallett Cove	Southern Hills	new equipment, goal posts and coaches boxes
Southern Depot Building	O'Halloran Hill	Southern Hills	replacement of existing Atco Hut
Southern Soccer Facility	O'Halloran Hill	Southern Hills	sewer line upgrade and solar panel installation
Marion Cultural Centre	Oaklands Park	Warracowie	upgrades to theatre
Marion Cultural Centre Library	Oaklands Park	Warracowie	upgrades to building
Administration Building	Sturt	Warriparinga	internal upgrades
Cooinda Neighbourhood Centre	Sturt	Warriparinga	upgrades to buildings
Cosgrove Hall	Clovelly Park	Warriparinga	design for upgraded facilities
Marion Heritage Centre Museum	Sturt	Warriparinga	purpose built storage facility
Edwardstown Cricket Club	South Plympton	Woodlands	upgrades to cricket nets
Edwardstown Rotary Book Exchange Building	Edwardstown	Woodlands	roof replacement
Glandore Community Centre	Glandore	Woodlands	building upgrades including DDA toilet and reception desk
Various	Various	Various	facility and wayfinding signage

**Please note Capital Works Programs are subject to change.*

Road reseal program 2024-2025

Road Name	Suburb	Ward	From	To
Balandra Street	Hallett Cove	Coastal	Olivier Terrace	Balandra Court
Boonga Street	Hallett Cove	Coastal	Peera Street	End
Buffalo Court	Hallett Cove	Coastal	Sovereign Street	Cul-De-Sac
Coorabie Crescent	Hallett Cove	Coastal	Fastnet Court	Lighthouse Drive
Lerunna Avenue	Hallett Cove	Coastal	Chalani Crescent	Perry Barr Road
Lighthouse Drive	Hallett Cove	Coastal	Quailo Avenue	Coorabie Crescent
Resolute Crescent	Hallett Cove	Coastal	Sovereign Street	Valkyrie Street
Yilki Court	Hallett Cove	Coastal	Lerunna Crescent	End
Barton Avenue	Marino	Coastal	Forrest Avenue	Glenvale Avenue
Bundarra Road	Marino	Coastal	Dead End	Caralue Road
Rockford Place	Marino	Coastal	Robertson Place	Shaftesbury Terrace
Baker Street	Glengowrie	Mullawirra	Wilkins Street	City boundary
Marryatt Street	Glengowrie	Mullawirra	Ranelagh Street	Hardy Avenue
Na Botto Court	Morphettville	Mullawirra	Croker Road	Empire Rose Court
Bowaka Street	Park Holme	Mullawirra	Nunyah Avenue	Cungena Avenue
Cowra Crescent	Park Holme	Mullawirra	Cowra Crescent	Nilpena Avenue
Acacia Street	Plympton Park	Mullawirra	Browning Avenue	End
Clement Street	Plympton Park	Mullawirra	Browning Avenue	South Terrace
Tennyson Avenue	Plympton Park	Mullawirra	Park Terrace	Stradbroke Avenue
Oval Road	Hallett Cove	Southern Hills	Cove Sports Car Park Entrance	Brooklyn Drive
Gawler Street	Seaview Downs	Southern Hills	Eyre Street	Mitchell Street
Coolalie Road	Sheidow Park	Southern Hills	Balee Avenue	Elura Road
Marni Road	Sheidow Park	Southern Hills	Tindall Crescent	Heysen Drive
Merriwa Road	Sheidow Park	Southern Hills	Balee Avenue	Eurelia Road
Parri Road	Sheidow Park	Southern Hills	Elura Avenue	Adams Road
Southbank Boulevard	Sheidow Park	Southern Hills	Berrima Road	Worthing Drive
Tindall Crescent	Sheidow Park	Southern Hills	Marni Road	Westall Way
Westall Way	Sheidow Park	Southern Hills	Westall Court	Amaroo Road
Adams Road	Trott Park	Southern Hills	Heysen Drive	Dickerson Crescent
Beauford Avenue	Marion	Warracowie	Abbeville Terrace	Minchinbury Terrace
Heathcote Street	Marion	Warracowie	Boyle Street	Larkdale Avenue
Oliphant Avenue	Oaklands Park	Warracowie	Mark Place	Peppertree Grove
Doradilla Avenue	Seacombe Gardens	Warracowie	Kingston Avenue	Sutton Avenue
Henty Street	Seacombe Gardens	Warracowie	Seacombe Road	White Crescent
Vardon Street	Seacombe Gardens	Warracowie	Miller Street	Kent Avenue
Wilga Street	Seacombe Gardens	Warracowie	Harbrow Grove	Russell Avenue
Cedar Avenue	Warradale	Warracowie	Diagonal Road	Sienna Avenue
Elgin Avenue	Warradale	Warracowie	Lascelles Avenue	Addison Road
Lascelles Avenue	Warradale	Warracowie	Straun Avenue	Boundary
Railway Terrace	Warradale	Warracowie	Fifth Avenue	Sixth Avenue
Hugh Cairns Avenue	Bedford Park	Warriparinga	Laffer Drive	End

**Please note Capital Works Programs are subject to change.*

Road reseal program 2024-2025 (continued)

Road Name	Suburb	Ward	From	To
Cooder Way	Clovelly Park	Warriparinga	Scott Avenue	Byron Avenue
Dana Court	Darlington	Warriparinga	Crystal Street	End
Timothy Court	Mitchell Park	Warriparinga	Bradley Grove	Timothy Court End
Cumbria Court	Mitchell Park	Warriparinga	Lanark Avenue	End
Peterson Avenue	Mitchell Park	Warriparinga	Shaun Crescent	Lutana Crescent
Trowbridge Avenue	Mitchell Park	Warriparinga	Burnley Grove	Lanark Avenue
Galway Avenue	Seacombe Heights	Warriparinga	Hale Street	Lomond Avenue
Inverell Avenue	Sturt	Warriparinga	Inverell Avenue Loop	Lindsay Street
Sherwood Avenue	Sturt	Warriparinga	Diagonal Road	Miller Street
Ash Avenue	Tonsley	Warriparinga	Chestnut Court	Mimosa Terrace
Drury Terrace	Tonsley	Warriparinga	Selgar Avenue	End
Albert Street	Ascot Park	Woodlands	West Street	Allambee Avenue
Harcourt Avenue	Clovelly Park	Woodlands	Athol Street	Beaumont Street
Railway Terrace	Edwardstown	Woodlands	Hyman Avenue	De Laine Avenue
King Street	Glandore	Woodlands	South Road	End
Korana Street	South Plympton	Woodlands	Wheaton Avenue	Gurney Street
Wintrena Street	South Plympton	Woodlands	Wheaton Street	Ayre Street

Kerb program 2024-2025

Road Name	Suburb	Ward
Kerb & Channel Program	Various	Various
Kerb Ramp DDA Upgrade Program	Various	Various
Kerb Ramp Creation Program	Various	Various

New footpath program 2024-2025

Road Name	Suburb	Ward
Hugh Johnson Reserve	Sheidow Park	Southern Hills
Sampson Road Reserve	Mitchell Park	Warriparinga
David Avenue	Mitchell Park	Woodlands

Footpath renewal program 2024-2025

Road Name	Suburb	Ward
Spinks Road	Marino	Coastal
Beadnall Terrace	Glengowrie	Mullawirra
Sturt River Linear Park	Marion	Warracowie
Bradley Grove	Mitchell Park	Warriparinga
Furner Road	Mitchell Park	Warriparinga
Thomas Street	South Plympton	Woodlands

**Please note Capital Works Programs are subject to change.*

Transport program 2024-2025

Road Name	Suburb	Ward	Description
The Cove Road	Hallett Cove	Coastal	Railway Station Pedestrian Refuge Upgrade
Sandison Road	Hallett Cove	Coastal	Speed Cushion Renewal Program
Marine Ave	Hallett Cove	Coastal	Concrete Island Renewal Program
Morphett Street	Glengowrie	Mullawirra	Bus Shelter Renewal Program
Beadnall Terrace	Glengowrie	Mullawirra	Koala Crossing
Hendrie Street	Park Holme	Mullawirra	Refuge Crossing Upgrade Treatments
Park Terrace	Plympton Park	Mullawirra	Concrete Island Renewal Program
Marion Road	Plympton Park	Mullawirra	Bus Shelter Renewal Program
Brooklyn Drive	Hallett Cove	Southern Hills	Refuge Crossing Upgrade Treatments
Heysen Drive	Trott Park	Southern Hills	Speed Cushion Renewal Program
Diagonal Road	Oaklands Park	Warracowie	Speed Cushion Renewal Program
Milham Street	Oaklands Park	Warracowie	Zebra Crossing
Milham Street	Warradale	Warracowie	Refuge Crossing Upgrade Treatments
Struan Avenue	Warradale	Warracowie	Refuge Crossing Upgrade Treatments
Diagonal Road	Warradale	Warracowie	Bus Shelter Renewal Program
Cohen Court	Clovelly Park	Warriparinga	Flinders Greenway
Bradley Grove	Mitchell Park	Warriparinga	Bus Shelter Renewal Program
Adelaide Terrace	Ascot Park	Woodlands	Concrete Island Renewal Program
Marion Road	Ascot Park	Woodlands	Bus Shelter Renewal Program
Angus Avenue	Edwardstown	Woodlands	Concrete Island Renewal Program
Churchill Avenue	Glandore	Woodlands	Speed Cushion Renewal Program
Waterhouse Road	South Plympton	Woodlands	Concrete Island Renewal Program
Thomas Street	South Plympton	Woodlands	Concrete Island Renewal Program

Stormwater program 2024-2025

Road Name	Suburb	Ward
Second Street	Hallett Cove	Coastal
Freebairn Drive	Hallett Cove	Coastal
Lucretia Way Wetland	Hallett Cove	Coastal
Forrest Avenue	Marino	Coastal
Beadnall Terrace	Glengowrie	Mullawirra
Synnett Avenue	Seaview Downs	Southern Hills
Coolah Terrace	Oaklands Park	Warracowie
Day Street	Sturt	Warriparinga

**Please note Capital Works Programs are subject to change.*

Streetscape program 2024-2025

Road Name	Suburb	Ward
Raglan Avenue	Edwardstown	Woodlands

Car park program 2024-2025

Location	Suburb	Ward
Moreland Avenue/Ransford Crescent	Mitchell Park	Warriparinga

Irrigation program 2024-2025

Location	Suburb	Ward
Seacliff Golf Course	Seacliff Park	Southern Hills
Gully Road Reserve	Seaview Downs	Southern Hills
Cadell Street Reserve	Seaview Downs	Southern Hills
Brolga Road Reserve	Sturt	Warriparinga

Water treatment and resources program 2024-2025

Location	Suburb	Ward
Waterfall Creek erotion protection	Hallett Cove	Coastal
Hugh Johnson Reserve erosion protection	Sheidow Park	Southern Hills
Sheidow Creek erosion protection and detention basin	Sheidow Park	Southern Hills
Islington Drive Reserve detention basin	Sheidow Park	Southern Hills
Upper Field River Stage 1	Sheidow Park	Southern Hills
Oaklands Wetlands Distribution Pump & Sand Filters for Bores	Oaklands Park	Warracowie

**Please note Capital Works Programs are subject to change.*

Appendix 2 -
Budgeted Income Statement

Budget 2023-24 $'000	2nd Review 2023-24 $'000		Budget 2024-25 $'000
		Operating Revenue	
87,176	87,274	Rates - General	92,486
2,262	2,263	Rates - Regional Landsacape Levy	2,337
2,551	2,690	Statutory Charges	2,738
3,325	3,859	User Charges	4,164
6,935	6,432	Grants/Subsidies	8,557
425	1,050	Investment Income	300
1,081	1,245	Reimbursements	1,020
701	1,184	Other Revenue	668
365	365	Share of Profit/(Loss) SRWRA	645
104,821	**106,362**	**Total Operating Revenue**	**112,916**
		Operating Expenditure	
44,064	44,119	Employee Costs	46,492
27,477	33,214	Contractor Services	30,442
6,994	6,347	Materials	6,865
151	151	Finance Charges	510
18,100	20,069	Depreciation	20,100
7,670	7,854	Other Expenses	8,097
104,456	**111,754**	**Total Operating Expenditure**	**112,506**
365	(5,392)	**Operating Surplus/(Deficit) before Capital Revenues**	**410**
10,119	17,151	Capital Grants and Contributions	2,642
-	331	Asset Disposal and Fair Value Adjustments	353
10,484	**12,090**	**Net Surplus/(Deficit) resulting from Operations**	**3,405**

Appendix 3 -
Budgeted Statement of Financial Position

Budget 2023-24 $'000	2nd Review 2023-24 $'000		Budget 2024-25 $'000
		Current Assets	
14,478	17,971	Cash	10,542
5,318	6,512	Receivables	4,917
371	678	Inventory	489
20,167	**25,161**	**Total Current Assets**	**15,948**
		Current Liabilities	
10,439	16,830	Creditors	10,044
6,301	6,722	Provisions	6,715
1,713	935	Loans	2,293
18,453	**24,487**	**Total Current Liabilities**	**19,052**
1,714	674	Net Current Assets/(Liabilities)	(3,104)
		Non-Current Assets	
8,585	8,866	Investment in Regional Subsidiaries	9,511
1,257,667	1,193,082	Infrastructure, Property, Plant & Equipment	1,206,758
1,266,252	**1,201,948**	**Total Non-Current Assets**	**1,216,269**
		Non-Current Liabilities	
639	660	Provisions	667
19,455	15,129	Loans	22,258
20,094	**15,789**	**Total Non-Current Liabilities**	**22,925**
1,247,872	**1,186,834**	**Net Assets**	**1,190,240**
		Equity	
464,580	459,100	Accumulated Surplus	464,980
783,292	727,734	Reserves	725,260
1,247,872	**1,186,834**	**Total Equity**	**1,190,240**

Appendix 4 -
Budgeted Statement of Changes in Equity

Budget 2023-24 $'000	2nd Review 2023-24 $'000		Budget 2024-25 $'000
		Accumulated Surplus	
448,601	434,637	Balance at beginning of period	459,100
10,484	12,090	Net Surplus/(Deficit)	3,405
5,603	22,361	Transfers from Reserves	2,563
(108)	(9,988)	Transfers to Reserves	(90)
464,580	**459,100**	**Balance at end of period**	**464,980**
		Asset Revaluation Reserve	
769,508	711,329	Balance at beginning of period	711,329
769,508	**711,329**	**Balance at end of period**	**711,329**
		Other Reserves	
19,281	28,778	Balance at beginning of period	16,405
(5,497)	(12,373)	Net change	(2,473)
13,784	**16,405**	**Balance at end of period**	**13,931**
783,292	**727,734**	**Total Reserves**	**725,260**
1,247,872	**1,186,834**	**Total Equity**	**1,190,240**

Appendix 5 -
Budgeted Statement of Cash Flow

Budget 2023-24 $'000	2nd Review 2023-24 $'000		Budget 2024-25 $'000
		Cash Flows from Operating Activities	
104,826	105,997	***Receipts***	112,307
(87,211)	(91,685)	***Payments***	(92,606)
17,615	**14,312**	**Net Cash Provided by Operating Activities**	**19,701**
		Cash Flows from Financing Activities	
		Receipts	
18,000	14,300	Loans Received	8,800
		Payments	
(929)	(929)	Principal	(312)
17,071	**13,371**	**Net Cash (Used In) Financing Activities**	**8,488**
		Cash Flows from Investing Activities	
		Receipts	
10,434	17,151	Capital Grants/Subsidies & Contributions/Investments	2,098
-	331	Sale of surplus assets	353
		Payments	
(50,707)	(56,825)	Purchase of IPP&E	(38,069)
(40,273)	**(39,343)**	**Net Cash (Used In) Investing Activities**	**(35,618)**
(5,587)	(11,660)	Net Increase/(Decrease) in Cash Held	(7,429)
20,065	29,631	Cash at Beginning of Reporting Period	17,971
14,478	**17,971**	**Cash at End of Reporting Period**	**10,542**

Appendix 6 -
Budgeted Funding Statement

Budget 2023-24 $'000	2nd Review 2023-24 $'000		Budget 2024-25 $'000
		Operating Revenue	
89,437	89,537	Rates	94,823
2,551	2,690	Statutory Charges	2,738
3,325	3,859	User Charges	4,164
6,935	6,432	Operating Grants & Subsidies	8,557
425	1,050	Investment Income	300
1,081	1,245	Reimbursements	1,020
701	1,184	Other	668
365	365	Net gain - SRWRA	645
104,821	**106,362**		**112,916**
		Operating Expenses	
44,064	44,119	Employee Costs	46,492
27,477	33,214	Contractual Services	30,442
6,994	6,347	Materials	6,865
151	151	Finance Charges	510
18,100	20,069	Depreciation	20,100
7,670	7,854	Other	8,097
104,456	**111,754**		**112,506**
365	**(5,392)**	**Operating Surplus/(Deficit) before Capital Revenues**	410
		Capital Revenue	
10,119	17,151	Capital Grants & Subsidies	2,642
-	331	Asset disposal and fair value adjustments	353
10,484	**12,090**	**Net Surplus/(Deficit)**	**3,405**
18,100	20,069	Depreciation	20,100
(365)	(365)	Share of Profit SRWRA	(645)
28,219	**31,794**	**Funding available for Capital Investment**	**22,860**
		Capital	
11,468	19,567	less Capital Expenditure - Renewal	15,174
39,238	37,258	less Capital Expenditure - New	18,601
-	-	less Capital - contributed assets	-
(22,487)	**(25,030)**	**Net funding increase/(decrease)**	**(10,915)**
		Funded by;	
		Loans	
18,000	14,300	Loan Principal Receipts (Net)	8,800
(929)	(929)	less Loan Principal Repayments	(312)
17,071	13,371	Loan Funding (Net)	8,488
		Movement in level of cash, investments and accruals	
80	714	Cash Surplus/(Deficit) funding requirements	45
(5,497)	(12,374)	Reserves Net transfer to/(transfer from)	(2,473)
(5,417)	**(11,660)**	**Cash/Investments/Accruals Funding**	**(2,428)**
22,487	**25,030**	**Funding Transactions**	**10,915**

Appendix 7 - Rating policy

1. RATING

(1) VALUATION METHODOLOGY AND ADOPTION

Council uses Capital Value as the basis for valuing land within the Council area. Capital Value is the value of the land and all of the improvements on the land. The Council also continues to adopt the capital valuations distributed by the Valuer-General.

(SEE ANNEXURE 1)

(2) DIFFERENTIAL GENERAL RATES

All land within a council area, except for land specifically exempt under section 147 (2) of the Act is rateable. The Act provides for a council to raise revenue through a general rate, which applies to all rateable land, or through differential general rates, which differentially apply to classes of rateable land. Council uses a differential rating system to raise revenue based upon Land Use to ensure a fair and equitable distribution of rates within the City of Marion. In applying this approach, Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

The differential general rate Land Use categories are as follows:

Category 1 Residential
Category 2 Commercial – Shop
Category 3 Commercial – Office
Category 4 Commercial – Other
Category 5 Industrial – Light
Category 6 Industrial – Other
Category 7 Primary Production
Category 8 Vacant
Category 9 Other

These differential rates will be used to determine the rates in the dollar for all properties within the City of Marion area for the financial year. These rates will be specified in Council's rate declaration for each financial year.

(SEE ANNEXURE 1)

(3) MINIMUM RATE

A minimum amount payable by way of general rates is determined to apply to the whole of an allotment (including land under a separate lease or licence) and only one minimum amount is payable in respect of 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.

The Minimum Rate to apply to properties within the City of Marion will be detailed in Council's rate declaration for each financial year.

(See Annexure 1)

(4) SERVICE CHARGE

The Council has decided not to impose any service charges for this financial year.

(5) REGIONAL LANDSCAPE LEVY (FORMERLY NATURAL RESOURCES MANAGEMENT LEVY)

The Council, under the Landscape South Australia Act 2019, is required to collect this levy. It does so by imposing a separate rate for all rateable properties within the Council area.

For each financial year, the levy for each property will be determined by the total capital valuation within the City of Marion. The calculation is as follows;

Total Capital Value divided by the Total Amount Required, (set for the financial year by the Green Adelaide Board) determines an appropriate rate in the dollar, this rate in the dollar will then be adopted to each property.

(See Annexure 1)

(6) PAYMENT OF RATES

The Council has determined that payment of rates for the 2024-2025 financial year will be by four instalments, due on 2 September 2024, 2 December 2024, 3 March 2025 and 2 June 2025. However, the total amount of rates may be paid in full at any time.

Council has determined that rates may be paid by the following methods:

- Payrix – Direct via Council's Rating Portal

- Australia Post – Post Office, Telephone or Internet
- Bpay – Telephone or internet payments
- Centrepay – Deductions directly from Centrelink deductions
- Direct Debit – Direct from either a Cheque or Savings account
- Eservices – Direct through the Council's Internet system
- In person - At Council Offices
- By Mail - PO Box 21 Park Holme SA 5043

(7) LATE PAYMENT OF RATES

Council imposes an initial penalty (a fine) of 2% as prescribed under the Act on any instalment that is received late. A prescribed interest rate (which includes the amount of any previous unpaid fine and interest) will apply on the expiration of each month that a balance remains unpaid.

When the Council receives a payment in respect of overdue rates, the money received is applied in the order set out below, in accordance with Section 183 of the Act:

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

(See Annexure 1)

8) REBATES AND POSTPONEMENT OF RATES

(8.1) RATE REBATE POLICY

Refer to the Rate Rebate Policy attached.

(8.2) RESIDENTIAL RATE REBATE

Section 166 (1) (l) (ii) of the Act provides for the discretionary rebate of rates where, among other things, there has been a rapid change in valuations.

Council will provide relief against a substantial increase in rates payable on residential land due to large increases in capital value by applying a rebate of general rates to eligible ratepayers.

For the current financial year a rebate will be applied to properties to cap any increase in general rates at 10%, subject to meeting the qualifying criteria set out below:

- The property is the owner's principal place of residence.
- The property has not had more than $20,000 of improvements.
- The property value has not increased due to zoning changes.
- The land use for rating purposes has not changed since 1 July of the previous financial year.
- The property has not sold since the 1 January of the previous financial year.

The Residential Rate Rebate 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 rate capping may apply in writing to Council. Applications will be assessed against the eligibility criteria. Only applications for the current financial year will be accepted and must be received in the current financial year.

(8.3) RESIDENTIAL CONSTRUCTION ON VACANT LAND

Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a discretionary rebate of general rates for the 2024-2025 financial year will be granted in respect of an assessment classed as vacant land by the Council, where:

- The principal ratepayer of the assessment applies to the Council for the rebate prior to 30 June 2025, and
- The footings have been poured on the property by 30 June 2025.

The amount of the rebate will be the difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential land. This is calculated by the number of days remaining between 1 July 2024 - 30 June 2025 from the date footings are poured for a residence on the land. Minimum Rate is still applicable.

(8.4) POSTPONEMENT OF RATES – HARDSHIP

Section 182 of The Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates they may submit an application in writing to the Council's Team Leader Rating Services. The Council treats such inquiries confidentially.

(8.5) POSTPONEMENT OF RATES – SENIORS

An application may be made to Council by ratepayers who meet the criteria required for qualification for postponement under Section 182A of The Act. (see Annexure 1 for criteria)

(9) SALE OF LAND FOR NON-PAYMENT OF RATES

The Act provides that a council may sell any property where the 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, provide the owners with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. Except in extraordinary circumstances, the Council enforces the sale of land for arrears of rates.

(10) CONCESSIONS
COST OF LIVING CONCESSION

Pensioners, low-income earners and self-funded retirees holding a Commonwealth Seniors Health Card can receive up to $243.90 per year. Eligibility includes pensioners and low-income earners who are tenants.

For further information contact the Concessions Hotline on 1800 307 758.

RATE REBATES
(1) POLICY STATEMENT

Council has decided to adopt a Rate Rebate Policy for all rateable land within the Council's area which is applied in accordance with Sections 159 to 166 of the Act. This Policy will assist the Council as a decision making function and is intended to provide guidance to the community as to the matters that the Council will take into account in deciding an application for a rebate.

The Policy also sets out the type of land use for which the Council must grant a mandatory rebate of rates and the percentage amount applicable, and those types of land use where the Council has the ability to grant a discretionary rebate of rates. Rebates will only be available when the applicant satisfies the requirements under both the Act and, where appropriate, the requirements of this Policy.

(2) MANDATORY REBATES

Mandatory rate rebates will be granted by Council at the prescribed rate in accordance with Sections 159 to 165 of The Act.

S160 – Health Services 100% Rebate
S161 – Community Services (Including Housing Associations) 75% Rebate
S162 – Religious Purposes 100% Rebate
S163 – Public Cemeteries 100% Rebate
S164 – Royal Zoological Society of SA 100% Rebate
S165 – Educational Purposes 75% Rebate

Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly. Where the Council is not satisfied based on the information in its possession or otherwise does not hold relevant information, it will require the person or body to lodge an application in accordance with this Policy.

Where a person or body is entitled to mandatory rate rebate of 75% only, the Council may increase the rebate up to a further 25% as a discretionary rebate.

Where an application is made to the Council for a discretionary rebate of up to a further 25%, the application will be determined and written notice will be provided to the applicant of its determination of that application in accordance with the requirements for Discretionary Rebates in this Policy.

(3) DISCRETIONARY REBATES

A discretionary rate rebate may be granted by the Council, at its absolute discretion, up to and including 100% relief to any cases pursuant to Section 166 of the Act.

Any persons or bodies seeking a discretionary rebate, will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any other information that the Council may reasonably require.

(4) APPLICATION

Application forms may be obtained online at www.marion.com.au or from the Council office located at 245 Sturt Road, Sturt.

The Council will advise an applicant for a rebate of its determination of that application in due course, after receiving the application and receiving all information requested by the Council. The advice will state –

- if the application has been granted, the amount of the rebate; or
- if the application has not been granted, the reasons why.

(5) IN REGARDS TO PRESCRIBED DISCRETIONARY RATE REBATES THE COUNCIL WILL TAKE INTO ACCOUNT, IN ACCORDANCE WITH SECTION 166(1A) OF THE ACT, THE FOLLOWING MATTERS –

- The nature and extent of Council services provided in respect of the land for which the rebate is sought, in comparison to similar services provided elsewhere in the Council area;
- The community need that is being met by activities carried out on the land for which the rebate is sought; and the extent to which activities carried out on the land, for which the rebate is sought, provides assistance or relief to disadvantaged persons; and
- Such other matters as the Council considers relevant.

(6) THE COUNCIL MAY TAKE INTO ACCOUNT OTHER MATTERS CONSIDERED RELEVANT BY THE COUNCIL INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING–

- Why there is a need for financial assistance through a rebate;
- The level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- Whether the applicant has made/intends to make applications to another Council;
- Whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- Whether the applicant is a public sector body, a private not for profit body or a private for profit body;
- Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- The desirability of granting a rebate for more than one year;
- Consideration of the full financial consequences of the rebate for the Council;
- The time the application is received;
- The availability of any community grant to the person or body making the application;
- Whether the applicant is in receipt of a community grant; and
- Any other matters and policies of the Council, which the Council considers relevant.

All persons or bodies wishing to apply to the Council for a discretionary rebate of rates must do so on or before 1 May in that financial year for the following financial year.

- The Council may grant a rebate of rates on such conditions as the Council thinks fit.
- The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.
- Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

It is an offence for a person or body to make a false or misleading statement or representation in an application, or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act.

The maximum penalty for this offence is $5,000.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is $5,000.

(7) DELEGATION

The Council has delegated its power, pursuant to Section 44 of the Act to determine applications and to grant a discretionary rebate of rates, to the Chief Executive Officer.

The Council has delegated its power, pursuant to Section 44 of the Act to determine applications and to grant a discretionary rebate of rates, to the Chief Executive Officer subject to the following condition:

- Where the discretionary rate is not more than $5,000.

(8) REVIEW OF REBATE

A person or a body aggrieved by a determination of the Council in respect of an application for a rebate may, within 14 days of the date of the notice of determination, seek a review of that decision in accordance with the Council's Internal Review of Council Decisions Policy.

(9) COMMUNITY GRANTS

If an application for a rebate is unsuccessful, the Council has an absolute discretion to then treat the application as one for a community grant and to determine it in accordance with the Council's Community Grants Policy.

(10) AVAILABILITY OF POLICY DOCUMENTS

Policy documents are available for inspection at the Council offices and on the website at www.marion.sa.gov.au. Persons may obtain a copy of any Policy document upon payment of the fee set by the Council.

DISCLAIMER

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

Where a ratepayer believes that the Council has failed to properly apply this Policy they should raise the matter with the Council. In the first instance contact the Council's Team Leader – Rating Services on 8375 6617 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Marion, PO Box 21, Park Holme, SA 5043.

ANNEXURE 1
1. VALUATION METHODOLOGY AND ADOPTION

Under the Act, the Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all of the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The Council considers that the Capital Value method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average rate per property.

Any ratepayer dissatisfied with the valuation made by the Valuer General may object in writing to the Valuer General within 60 days of receiving a rate notice, explaining the basis for the objection. This is provided that ratepayer has not:

(a) 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

(b) previously raised an objection to that valuation.

The 60 day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause to do so.

It is important to note that the lodgement of an objection does not change the payment of rates or the due date.

2. DIFFERENTIAL GENERAL RATES

All land within a council area, except for land specifically exempt (e.g. crown land, council occupied land and other land prescribed under the Act – refer to Section 147), is rateable. The Act provides for a council to raise revenue for the broad purposes of the Council through the imposition of a single general rate or through differential general rates that apply to all rateable properties within the council area.

Following a review of rating options available under the Act during the 2002/2003 financial year, the Council consulted extensively with the community on this issue and concluded that a differential rating system would improve the equity in rate distribution across the community. The review included a comparison of rating methods and rates by land use within the Adelaide metropolitan area.

Differential general rates are based on Land Use as determined in the Local Government (General) Regulations 2013 under the Act. If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then they may object (to the Council) to that land use within 60 days of being notified. A ratepayer may discuss the matter with a Rates Officer, on 8375 6600 in the first instance. The Council will provide, on request, a copy of Section 156 of the Act which sets out the rights and obligations of ratepayers in respect of objections to a land use.

An objection to the land use:

- Must be in writing
- Must set out-
- The grounds of the objection; and
- The land use (being a land use being used by the Council as a differentiating factor) that should, in the objector's opinion, have been attributed to the land; and
- Must be made within 60 days after the objector receives notice of the particular land use to which the objection relates.

This 60 day objection period may be extended where it can be shown there is reasonable cause to do so.

The Council may then decide the objection as it sees fit and notify the ratepayer. A ratepayer also has the right to appeal against the Council's decision to SACAT (SA Civil and Administration Tribunal). It is important to note that the lodgement of an objection does not change payment of rates or the due date.

3. MINIMUM RATE

The reasons for imposing a minimum amount payable by way of general rates are:

The Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities;

The Council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

No more than 35% of properties will be subject to the minimum amount.

4. REGIONAL LANDSCAPE LEVY (FORMERLY THE NATURAL RESOURCE MANAGEMENT LEVY)

It is important to note that Council is required to collect this levy under the Landscape South Australia Act 2019 and operates as a revenue collector for the Green Adelaide Board in this regard. It does not retain this revenue or determine how the revenue is spent.

For further information visit: landscape.sa.gov.au

5. LATE PAYMENT OF RATES

Under the Act, the Council applies penalties (fines and interest) to arrears of rates (i.e. rates which are not paid on or before the due date). The Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. If rates remain unpaid more than 21 days after the issue of the final notice then the Council may refer the debt to a debt collection agency for collection. This may result in legal proceedings with costs on-charged to the ratepayer.

The Council offers assistance to ratepayers experiencing difficulty in making their rate payment by the due date. The Council will consider approving extended payment provisions or, in circumstances where hardship can be demonstrated, deferring the payment of rates.

The Council may be prepared to remit penalties (fines and interest) for late payment of rates where ratepayers can demonstrate hardship or sufficient other reason for late payment.

All applications for remissions must be submitted to: Rating Services Section, City of Marion at council@marion.sa.gov.au

6. DISCRETIONARY REBATE

The Act requires the Council to rebate the rates payable on certain land ('mandatory rebates'). The Act, at section 166, also empowers the Council to grant discretionary rebates of rates of up to 100% of the rates and/or charges payable. The Council, in considering discretionary rebates, must balance the benefits of providing rebates, with the impact that such rebates have on its overall income (and hence upon the general ratepayer base). To promote the transparency of this process the Council has adopted a Rate Rebate Policy. A copy of this Policy is available at the Council offices or on Council's website at www.marion.sa.gov.au.

7. POSTPONEMENT OF RATES – SENIORS

The following criteria must be satisfied before the postponement is granted.

- The person is a prescribed ratepayer, or the spouse of a prescribed ratepayer;
- A prescribed ratepayer means the holder of a current State Seniors Card or a person eligible to hold such a card who has applied but is yet to be issued with a card.
- Rates are payable on the principal place of residence.
- The land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.
- Any current mortgage over the property which was registered prior to 25 January 2007 will be no more than 50% of the Valuer-General's capital value of the property.

An application must be made in the prescribed manner and form and be accompanied by such information as the Council may require. Any rates which are postponed will become due and payable when:

- The title to the land is transferred to another person; or
- There is failure to comply with a condition of postponement. A minimum amount of $500 of the annual rates must be paid.

An entitlement to a remission will be applied to the proportion of the rates that has not been postponed, unless notice to the contrary is received in writing from the owner.

Interest will accrue on the amount postponed at the prescribed rate per month, under the Act until the amount is paid.

Should the entitlement to a postponement cease to exist, the owner of the land must inform the Council in writing, unless the rates and any interest have been paid in full.

Appendix 8 - Long Term Financial Plan to 30 June 2034

Funds statement - general fund	Current year	Projected years							
	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000	2033/34 $'000
Rates Indexation	**4.80%**	**4.30%**	**3.25%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**
Income										
Rates	94,823	99,917	104,229	108,464	112,867	117,445	122,205	127,155	132,301	137,651
Statutory Charges	2,738	2,820	2,905	2,985	3,059	3,136	3,214	3,295	3,377	3,461
User Charges	4,164	4,289	4,418	4,539	4,653	4,769	4,888	5,011	5,136	5,264
Grants, Subsidies and Contributions - operating	8,557	8,814	9,078	9,328	9,561	9,800	10,045	10,296	10,554	10,818
Grants, Subsidies and Contributions - capital	-	-	-	-	-	-	-	-	-	-
Investment Income	300	300	300	300	300	300	300	300	300	300
Reimbursements	1,020	1,051	1,082	1,112	1,140	1,168	1,198	1,228	1,258	1,290
Other Income	668	688	708	728	746	765	784	803	823	844
Net gain - equity accounted Council businesses	645	664	684	705	726	748	770	793	817	842
Total Income	**112,916**	**118,543**	**123,405**	**128,161**	**133,052**	**138,131**	**143,405**	**148,880**	**154,566**	**160,470**
Expenses										
Employee Costs	46,492	48,095	49,538	51,024	52,555	54,131	55,755	57,428	59,151	60,925
Materials, Contracts & Other Expenses	45,404	46,219	48,076	48,884	50,125	51,360	53,190	53,959	55,330	56,692
Depreciation, Amortisation & Impairment	20,100	21,904	22,780	23,691	24,639	25,625	26,650	27,716	28,824	29,977
Finance Costs	510	1,364	2,182	2,849	2,704	2,736	2,664	2,428	2,205	2,891
Total Expenses	**112,506**	**117,582**	**122,576**	**126,448**	**130,023**	**133,851**	**138,259**	**141,531**	**145,511**	**150,485**
Operating Surplus	**410**	**960**	**830**	**1,712**	**3,030**	**4,280**	**5,146**	**7,350**	**9,055**	**9,985**
Operating Surplus Ratio	**0.36%**	**0.81%**	**0.67%**	**1.34%**	**2.28%**	**3.10%**	**3.59%**	**4.94%**	**5.86%**	**6.20%**
Funds from Replaced Asset Disposal	353	320	100	766	847	454	525	1,580	1,117	1,597
Amounts Received Specifically for New or Upgraded Assets	2,642	8,232	3,891	1,952	5,142	4,898	2,042	2,589	18,859	19,476
Net Surplus / (Deficit) for the Year	**3,405**	**9,513**	**4,820**	**4,431**	**9,019**	**9,631**	**7,713**	**11,519**	**29,031**	**31,058**
Capital (Balance Sheet) and Reserve Movements										
Capital Expenditure	(33,775)	(50,282)	(38,848)	(24,778)	(33,541)	(33,253)	(25,227)	(34,218)	(72,265)	(73,786)
Loan Repayments (External)	(312)	(1,668)	(2,461)	(3,238)	(3,485)	(3,596)	(3,996)	(4,226)	(4,468)	(4,459)
New Loan Borrowings (External)	8,800	16,000	14,550	750	4,250	2,500	-	-	17,100	16,800
Net Transfers (to)/from Reserves	2,473	5,275	(75)	(75)	(75)	(75)	(4,275)	25	2,625	1,325
Total Capital (Balance Sheet) and Reserve Movements	**(22,814)**	**(30,675)**	**(26,835)**	**(27,341)**	**(32,851)**	**(34,424)**	**(33,498)**	**(38,418)**	**(57,008)**	**(60,121)**
Net Result (including Depreciation & Other non-cash items)	**(19,409)**	**(21,163)**	**(22,015)**	**(22,910)**	**(23,833)**	**(24,793)**	**(25,785)**	**(26,899)**	**(27,977)**	**(29,063)**
Add back Depreciation Expense (non-cash)	20,100	21,904	22,780	23,691	24,639	25,625	26,650	27,716	28,824	29,977
Add back Other Expenses (non-cash)	(645)	(664)	(684)	(705)	(726)	(748)	(770)	(793)	(817)	(842)
Cash Budget Surplus	**45**	**77**	**81**	**77**	**80**	**84**	**95**	**23**	**30**	**72**

Advice

Local Government Advice

City of Marion

February 2024

Enquiries concerning this advice should be addressed to:

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City of Marion

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the City of Marion's current and projected financial performance **sustainable** taking into account the council's forecast moderate expense growth increase over the next 10 years and the planned average rate increases of 3.3% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

- ⚠ If moderate growth in forecasted expenses is not realised and the Council maintains the current cost trajectory, ratepayers risk shouldering the burden through unexpected higher rate increases
- ⚠ Asset renewal expenditure in line with the LGA target range of between 90% and 110% is not met

CONTINUE

- ✓ Reviewing inflation forecasts in the budget and forward projections from 2024-25
- ✓ Adhering to a robust strategic planning process

COMMISSION'S RECOMMENDATIONS

- Consider better clarity concerning assumptions for the cost and revenue estimates
- Report any actual and projected cost savings in the annual budget and long-term financial plan
- Report in the annual business plan the estimated average annual change for all of the nine categories of general rates
- Consider a comprehensive revaluation of the depreciable assets by an external valuer at least every four years.

KEY FACTS

- Population in 2021 was **94,721**
- Council covers **55 square kilometres**
- **44,902** rateable properties in 2022-23
- **$84.3 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$1.20 billion**



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Glossary of terms

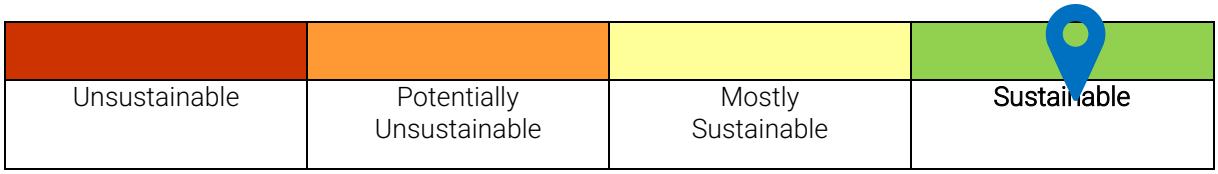
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Marion
CWMS	Community Wastewater Management System
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 Paper 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

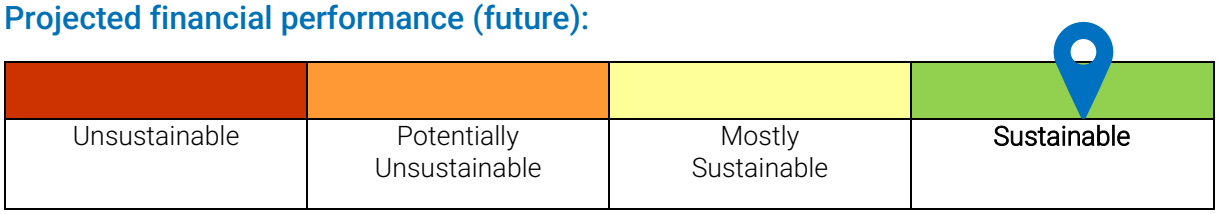
1 The Commission's key advice findings for the City of Marion

The Essential Services Commission (**Commission**) considers the City of Marion (**Council**) to be in a **sustainable** financial position with historical and projected operating surpluses. The projected strong ongoing financial performance should enable it to accommodate asset renewal as required to maintain service levels without the need for further significant rate increases.

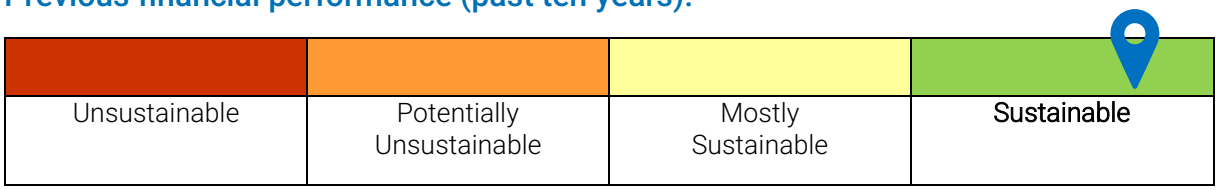
Current financial performance:



Projected financial performance (future):



Previous financial performance (past ten years):



Looking ahead, the Commission suggests the following steps to help ensure the Council budgets transparently, reports its cost savings and efficiencies, ensures the assumptions underpinning its financial and asset management planning are clear and sets rate levels more transparently.

Budgeting considerations

1. **Continue** to review its inflation forecasts in its budget and forward projections from 2024-25, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates.

Continuing to provide evidence of ongoing cost efficiencies

3. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

4. **Consider** undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.

Reporting and containing rate levels

5. **Report** in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates (with minimum rate revenue reported separately), providing greater clarity and transparency to its ratepayers.

2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by 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 (**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 the Commission 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 and projected financial position and outlook strong and sustainable with operating surpluses achieved historically, and continued surpluses forecast in the medium to longer term.

The Council will continue to rely on rate contributions, as well as grants income growth, to achieve this performance, but the Commission notes that historically the Council's rate levels were relatively low.[10]

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1 Amendments to the *Local Government Act 1999* (**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).

10 Refer to council rates data for 2021-22 available at https://councilsinfocus.sa.gov.au/home. The Commission is not relying on these rate comparisons for its advice: the data source provides just one indicator, among many, which has informed its advice on the appropriateness of the rate levels.

Looking ahead, the Council has forecast an increase in its borrowings to finance infrastructure projects drawn from its City of Marion Building Asset Strategy (CoMBAS). As a result, its level of net financial liabilities is forecast to increase from $18.7 million in 2023-24 to $41.0 million in 2032-33 (within acceptable limits for a council of its size). This reduces the pressure on its rates base to fund the annual capital spending as it occurs, which in turn supports intergenerational equity.

Although the Council has forecast higher expenditure on new assets and asset renewals than what it has achieved historically, its forward projections indicate a slight decrease in the value of assets per property (to $27,829 in 2032-33 from $27,843 in 2023-24). These projections (in asset values per property), as they stand, would contribute to the Council's sustainability into the future and reflect a period of asset and service consolidation. By implication, this also indicates the Council's asset stock will decline in real terms. At the same time, the Council's LTFP also shows its continued commitment to maintaining community service levels by spending adequately on the renewal of its existing asset base.

In recent years, the Council has run small operating surpluses, indicating that the operating income it collects is generally exceeding its operating expenses by a small margin. The Commission notes that the Council is continuing to forecast small operating surpluses in the short term. If its total operating expenses (including deprecation) do not reflect current macro-economic conditions, the Council risks understating its total operating expenses and overstating its operating surplus ratio.

The Commission also considers that there may be opportunities to achieve greater savings and efficiencies in the Council's recurrent budget and encourages it to review and report on this. In general, a focus on managing its growth-related assumptions and consulting with its community about rate contributions and service levels should help the Council to identify and act upon opportunities to reduce affordability risk to the community.

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.[11]

2.2.1 Advice on material plan amendments in 2023-24

Key Points:

- An additional improvement of $104.4 million or 10.3 percent in total operating income on the 2022-23 estimates (for the period 2023-24 to 2031-32) mostly driven by higher rates, grants and subsidies and user charges.
- An additional $102.8 million or 10.6 percent in total operating expenses on the 2022-23 estimates (for the period 2023-24 to 2031-32) mostly driven by 'materials, contracts and other' expenses, finance costs and depreciation expenses.
- The long-term financial plan is based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs, factoring indexation at the higher end of the RBA target over the coming two years before reverting to a longer-term forecast of 2.5 percent from 2025-26 onwards.

[11] The attachment will be available on the Commission's website with the Advice.

The Council's 2023-24 LTFP includes an improvement to its projected operating performance and increases to its projected capital expenditure estimates, compared with the 2022-23 forecasts,[12] as follows:

- An additional improvement of $104.4 million or 10.3 percent in total operating income. Most of this increase is due to higher rates, which increased by $87 million or 9.9 percent on the 2022-23 estimates (for the period 2023-24 to 2031-32). Grants, subsidies and contributions have also increased by $7.6 million or 12.5 percent, and user charges have increased by $7.9 million or 31.8 percent.
- An additional $102.8 million or 10.6 percent in total operating expenses. This includes an additional $71.9 million or 20.5 percent for 'materials, contracts and other' expenses, and an additional $13 million or 309 percent in 'finance costs'. Depreciation has also increased by $8.2 million or 4.5 percent.

The Council's LTFP is based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs.[13] The Council's LTFP has factored indexation at the higher end of the RBA target over the coming two years before reverting to a longer-term forecast of 2.5 percent from 2025-26 onwards. Given the current high inflationary environment and the degree of uncertainty in future events that may impact inflation, the Commission considers that it would be appropriate for the Council to:

1. **Continue** to review its inflation forecasts in its budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

Based on updated inflation assumptions in its 2023-24 LTFP, an increase in its cost and revenue estimates (excluding employee costs) by up to 10 percent over the 2023-24 to 2031-32 forecast period,[14] compared with the same estimates in its 2022-23 LTFP, could be accounted for by higher inflation forecasts. The Council has not adjusted its operating income and expense forecasts by higher amounts than its adjusted inflation forecasts (both with increases of 10.3 percent and 10.6 percent on 2022-23 estimates[15]). This suggests that there are not higher forecasts in real terms.

The Commission notes that the Council's stated assumptions for indexation in its 2023-24 LTFP are based on its annual review of these forecasts. Notwithstanding the need for the Council to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

2. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates.

2.2.2 Advice on financial sustainability

Operating performance

Key Points:

- Operating surpluses consistently achieved between 2012-13 and 2021-22, with the operating surplus ratio averaging 8.1 percent in that time.
- The operating surplus ratio is forecast to average 4 percent per annum between 2023-24 and 2032-33.

12 The overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).
13 City of Marion, *2023-2033 long-term financial plan*, June 2023, p. 6.
14 The set of nine years forecast in both the 2022-23 and 2023-24 LTFP projections.
15 Based on the overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).

Over the past 10 years, operating expenses increased annually on average by 4.5 percent (compared with CPI of 2 percent) primarily driven by increases in 'Materials, contracts and other' expenses (6.3 percent), and employee costs (3.2 percent).

'Materials, contracts and other' projected expenses and costs for depreciation are forecast to increase by an average of 2.6 percent and 4.0 percent per annum respectively, from 2022-23 to 2031-32.

Forecast modest expenses growth over the next 10 years, combined with higher rate increases, will likely assist the Council's operating performance to remain in surplus. Nonetheless, should the Council not achieve the moderate expense projections it could result in further rate increases.

For the past 10 years, the Council's operating surplus ratio[16] generally displayed an underlying decreasing trend from 7.1 percent in 2012-13, to 0.5 percent in 2021-22 (8.1 percent on average). Looking ahead, it is forecast to meet the lower end of the suggested target range in each year to 203233 (4 percent on average).

The Commission notes that the Council's operating surplus ratio decreased sharply in the three years to 2021-22. The decrease largely coincided with the average rate revenue per property growing at only 0.8% over the same period as the Council sought to minimise rate increases on its community. At the same time the Council's operating expenses grew at 6.8 percent in the three years to 2021-22 which is mostly attributable to materials, contracts and other expenses increasing at 10.8 percent for the same period. The operating surplus ratio is forecast to gradually improve as operating income grows at a faster rate than operating expenses in the ten years to 2032-33.

The Council's operating expense growth (from 2012-13 to 2021-22) was primarily due to an average annual increase in 'Materials, contracts and other' expenses of 6.3 percent and a 3.2 percent increase in employee costs.[17]

The depreciation expense measured as a percentage of the Council's total expense was around 17 percent in 2012-13 and in 2022-23. The Commission notes that typically the depreciation expense when measured as a percentage of total expenses is around 20 percent for Councils in South Australia suggesting the Council's depreciation expense could be lower than what is required to reflect the current cost of the Council's assets. This could also cause an overstatement of the Council's operating surplus ratio. The depreciation expense is discussed in further in the asset renewal expenditure section.

Looking forward, the Council is projecting average annual rates revenue growth of 3.3 percent to 2032-33, which is above the forecast long-term inflation[18] and represents a real term increase in rates. This average growth in annual rates revenue is also higher than expected expense growth (rates are discussed in more detail in section D).

Higher forecast average expense growth of 3.1 percent per annum is slightly above the RBA-based forecast inflation growth and is also lower than the Council's past performance (with average annual growth of 4.5 percent in the 10 years to 2021-22).

16 The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised,* May 2019 (LGA SA Financial Indicators Paper), p. 6).

17 Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

18 The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

The Council's data (provided to the Commission) shows that employee numbers increase negligibly (to 363 FTEs in 2032-33 from 362 in 2023-24), and its employee expenses are forecast to increase by an average of 2.7 percent per annum from 2023-24 to 2032-33. In addition, 'Materials, contracts and other' expenses and costs for depreciation are forecast to increase by an average of 2.6 percent and 4.0 percent per annum respectively, from 2022-23 to 2031-32. The estimated rate of growth in these expenses over the next 10 years, combined with higher rate increases, will likely assist the Council's operating performance to remain in surplus. Nonetheless, the Commission notes that, should the Council not be able to achieve these moderate expense projections (i.e., these assumptions are understated), it could result in further rate increases as a result of operating expenses growth outgrowing operating income growth.

To assist the Council in achieving its forecast operating surpluses, the Council may need to find more savings and efficiencies in its budgets. To this end, the Commission has found that it would be appropriate for the Council to:

3. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

Key Points:

- ⚠ The net financial liabilities ratio has been negative each year from 2012-13 to 2021-22 averaging negative 20 percent, which is below the suggested LGA target range, however noting that borrowing levels were relatively low over this time.
- ✓ The annual average forecast for the net financial liabilities ratio from 2022-23 to 2031-32 is 30 percent.
- ⚠ Total borrowings are forecast to increase from $21.1 million in 2023-24 to a peak in 2031-32 of $57.6 million. These additional forecast borrowings after 2023-24 relate to the Council's capital forecast expenditure to 2032-33 and its strategy to finance infrastructure projects.

The Council's net financial liabilities ratio[19] result was negative each year from 2012-13 to 2021-22, which is below the suggested LGA target range. Looking ahead, the Council has forecast that its net financial liabilities ratio will be positive throughout the forecast period to 2031-32 and remain within the suggested LGA target range. The annual average forecast for the net financial liabilities ratio from 2022-23 to 2031-32 is 30 percent.

The Council's borrowing levels were relatively low from 2012-13 to 2021-22 and its net financial liabilities ratio was negative (averaging negative 20 percent over these years). The Council's net financial liability is forecast to increase from $18.7 million in 2023-24 to $41.0 million in 2032-33. Accordingly, the net financial liabilities ratio is also forecast to increase from 18 percent in 2023-24 to 27 percent in 2032-33. The level of net financial liabilities and the ratio are driven by the total borrowings, which are forecast to increase from $21.1 million in 2023-24 to a peak in 2031-32 of $57.6 million. These additional forecast borrowings after 2023-24 relate to the Council's capital forecast expenditure to 2032-33[20] and its strategy to finance infrastructure projects articulated in its City of Marion Building asset Strategy report (CoMBAS).

[19] 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).

[20] City of Marion, *2023-24 annual business plan*, June 2023, p. 15.

The Council stated in its 2023-33 LTFP that it has a desirable target range is between zero and 50 percent for its net financial liabilities ratio.[21] Community concerns about the Council's level of debt also appear small, with the Commission noting that only one out of the 78 submissions received expressed concern about the forecast level of debt in 2032-33.[22]

Asset renewals expenditure

Key Points:

- ✓ Between 2012-13 and 2021-22 total capital expenditure averaged $25.3 million per annum including $14.7 million per annum on new or upgraded assets.
- ✓ From 2023-24 to 2032-33, the Council's asset renewal funding ratio (under the 'IAMP-based' approach) is forecast to be within the suggested LGA target range, with an average of 100 percent.
- ⚠ Asset stock per property rose by 0.6 percent for each year over the 10 years to 2021-22, implying that the value of Council's asset stock, has declined in real terms (the increase is lower than historical inflation).
- ✗ The depreciation-based asset renewal ratio from 2012-13 to 2021-22 averaged 66 percent which is below the suggested LGA target range.
- ⚠ The depreciation-based asset renewal ratio is forecast from 2023-24 to 2032-33 to be 85 percent which is slightly below the LGA target range lower band.
- ✓ Comprehensive asset management plans for all asset classes and condition assessments have been carried out on all assets within the last four years.

The Commission notes that prior to 2020-21, the Council reported the asset renewal funding ratio in its annual report using the depreciation based method.[23] While the Council had renewal expenditure targets in place prior to this, the depreciation-based method was considered the more reliable and suitable measure and retained comparability to previous years. Looking ahead, from 2023-24 to 2032-33, the Council's asset renewal funding ratio[24] (under the 'IAMP-based' approach) is forecast to be within the suggested LGA target range, with an average of 100 percent.

In the 10 years to 2021-22, the Council marginally grew its asset base with total capital expenditure averaging $25.3 million per annum (including $14.7 million per annum on new or upgraded assets). This has led to a small average increase in the value of the asset stock per property of $133 or 0.6 percent for each year over the 10 years to 2021-22. This implies that the value of Council's asset stock has declined in real terms (the increase is lower than historical inflation).

The Council's forward projections indicate that the value of assets per property will decrease slightly to $27,829 per property in 2032-33 (from $27,843 in 2023-24) – this represents a fall in real terms of 2.7 percent (the RBA-based forecast rate of inflation is 2.6 percent per annum). These projections, as they stand, would contribute to the Council's sustainability into the future and reflect a period of asset and service consolidation.

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21 City of Marion, *2023-33 long-term financial plan*, June 2023, p. 11.

22 City of Marion, *General Council Meeting Agenda -13 June 2023, Attachment 11.5.4 Draft 2023/2024 annual business plan, Making Marion– Public Consultation,* available at https://cdn.marion.sa.gov.au/meetings/agendas/GC230613-Final-AgendaV2_2023-06-08-050047_lpcj.pdf

23 City of Marion, *2020 annual report*, October 2021, p. 82.

24 The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

The Commission notes that the small growth in asset stock per property could also be a result of the frequency of asset valuations undertaken by the Council. For all infrastructure assets the council has a program to undertake an independent desktop revaluation process annually and a full comprehensive revaluation for infrastructure (81 percent of its depreciable assets) every 5 years.[25]

For land, buildings, site improvements and other assets (19 percent of depreciable assets) a comprehensive external valuation is undertaken every 5 years. For interim years additions and adjustments are recorded at cost and not indexed.[26]

Notwithstanding the Council's annual desktop revaluation and the indexing of depreciation,[27] the Commission notes that undertaking a comprehensive revaluation every five years could present a risk in the current macroeconomic environment. Inflation and the upward impact to asset prices could result in depreciation charges not reflecting recent asset valuations. As previously mentioned in the operating performance section this could cause the Council's depreciation expense to be lower than what is required to reflect the current cost of the Council's assets. In addition, it could also cause an overstatement of the Council's operating surplus ratio. For these reasons the Commission considers it appropriate for the Council to:

4. **Consider** undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.

When the asset renewal funding ratio is instead calculated by the depreciation-based method,[28] it is forecast to average 85 percent over the forecast period (2023-24 to 2032-33). This is slightly below the suggested LGA target range and follows an average performance of 66 percent for the ratio from 2012-13 to 2021-22. Nevertheless, this could indicate the total depreciation expenses is higher than the required expenditure on capital renewals under its various AMPs. Alternatively, it could also indicate that the Council's capital renewal expenditure is below the appropriate level.

According to the Council's 2022-23 annual report a comprehensive revaluation was carried out by independent valuation for the period ending 30 June 2023 for the Council's infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) and its buildings and other structures.[29]

Other infrastructure assets such as car parks, lighting, walking trails and reserve pathways as well as land and land improvements and all other assets (excluding plant, equipment that are recognised at cost) had a comprehensive revaluation carried out by independent valuation for the reporting period, 30 June 2018.[30]

The Council currently has individual AMPs for transport, buildings, water resources, open space, coastal walkway, fleet and technology. It also undertakes an annual review of its forecast asset management expenditure. The revised forecast annual funding requirements are updated in Appendix A of each asset management plan and incorporated into the Council's adopted ABP and LTFP.[31] The Council's 'Refresh of Budgeted Expenditures Accommodated in the LTFP' document outlines the revised forecast expenditure for each AMP.

In addition the Commission also notes that the Council's annual 'state of the assets' report that covers

25 Submissions to the Essential Services Commission of South Australia – Response to follow up questions – City of Marion. November 2023, p. 3.
26 Submissions to the Essential Services Commission of South Australia – Response to follow up questions – City of Marion. November 2023, p. 3.
27 Based on the Council's Excel template (with material amendment reasons) it provided to the Commission.
28 Where asset renewal/replacement expenditure is divided by depreciation expenses.
29 City of Marion, *2022-23 annual report*, June 2023, p. 24.
30 City of Marion, *2022-23 annual report*, June 2023, p. 24.
31 City of Marion, *refresh of budgeted expenditures accommodated in the LTFP,* August 2023, p. 1

asset valuation, condition, asset performance, risk, intervention levels, level of service monitoring and future financial sustainability options and consequences.[32]

These matters (among others) have informed the Council's planned operating and maintenance budgets, and asset renewal needs. The Commission's review of the AMPs has found that, on balance, the Council's strategic planning processes aligns with good practice for a council of its size and complexity.

2.2.3 Advice on current and projected rate levels

Key Points:

- ⚠ Rate revenue per property growth has averaged 2.4 percent or $39 per annum for each property in the period between 2012-13 and 2021-22 which is 0.4 percent above CPI for the same period.
- ✓ Budgeted for an average rate increase of 5.2 percent or $100 per property for its existing ratepayers in 2023-24 and represents a fall in real terms as the increase is below CPI for the same period.
- ⚠ Between 2023-24 and 2032-33 the average rate increase across all categories is forecast to be 3.3 percent, from $1,980 to $2,645 per property, and is 0.8 percent above the RBA-based forecast average inflation of 2.6 percent per annum in the same period.

The Council's rate revenue per property growth has averaged 2.4 percent or $39 per annum for each property over the past 10 years,[33] to reach an estimated $1,834 per property in 2021-22. This has slightly exceeded CPI growth of an average of 2.0 percent per annum over this period, but also encompasses 1.0 percent average annual growth in rateable property numbers.[34] Current rate levels partially reflect its recent history of constrained spending growth, predominantly on capital expenditure (on renewals, and new and upgraded assets), material costs, and employee related costs.

The Council has budgeted for an average rate increase of 5.2 percent or $100 per property for its existing ratepayers in 2023-24,[35] representing a reduction in real terms as the increase is below the level of inflation.[36] This was higher than it had anticipated charging for this year in its 2022-23 long-term financial plan projections (2.4 percent for existing rateable properties). The rate increase reflects higher short-term inflation (anticipated by the Council through its indexation of rates in its long-term financial plan). In 2022-23, the Council had 44,902 rateable properties and expects this to increase to 49,401 in 2032-33, representing modest growth of 1 percent per annum in rateable properties.[37]

Looking forward, between 2023-24 and 2032-33 the average rate across all categories is forecast to increase from $1,980 to $2,645[38], a cumulative increase of $665 per property. This equates to a 3.3 percent average annual increase (between 2023-24 and 2032-33), above the RBA-based forecast

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32 City of Marion, *2019-28 asset management strategy*, March 2019, p. 6.
33 From 2012-13 to 2021-22.
34 CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.0 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.
35 Based on the Council's 2023-24 annual business plan and its Excel template (with the 2023-24 forecasts) provided to the Commission. The Commission has used $89.438 million (in 2023-24 budgeted rates revenue) compared to unaudited 2022-23 estimates. Individual rate level changes may be higher or lower depending on the rates category and property value.
36 CPI Adelaide (all groups) increased by 7.9 percent in the year to March 2023 quarter and has reduced in the year to June 2023 and September 2023 quarters to 6.9 percent and 5.9 percent, respectively. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023.
37 Based on the Council's 2023-24 annual business plan and its Excel template (with the 2023-24 forecasts) provided to the Commission
38 This includes rates growth of 4.3 percent expected each year of which 1 percent is for property growth.

average inflation of 2.6 percent per annum and representing a real increase in rates over that period.[39]

The Council uses a differential rating system to raise revenue based upon land use. This option was adopted following a review of the rating options in 2002-03, which involved the Council consulting extensively with the community and concluding that the differential rating system would ensure a fair and equitable distribution of rates within the Council.[40] As a result, different rate categories are subject to varying changes, with residential ratepayers to pay an average increase of $80 per property on 2022-23 levels. Vacant land, commercial and industrial are subject to average increases of $262, $755 and $862 per property, respectively.[41]

The *Local Government (Financial Management) Regulations 2011* (Regulations) require, at a minimum, that the annual business plan provides a statement on the average change in the expected rates for each land use category.[42] While the Council has complied with this obligation,[43] the Commission considers that it would be appropriate for the Council to also:

5. **Report** in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates, providing greater clarity and transparency to its ratepayers.

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 LTFP estimates (including depreciation), and
- achievement of cost savings and efficiencies and its continued reporting of these in its plans.

[39] The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on Reserve Bank of Australia (RBA) forecasts for the CPI (Australia wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

[40] City of Marion, *2023-24 annual business plan*, June 2023, p. 44

[41] City of Marion, *2023-24 annual business plan*, June 2023, p. 23

[42] Under Regulations s6(ec) Local Government (Financial Management) Regulations 2011.

[43] City of Marion, *2023-24 annual business plan*, June 2023, p. 23



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