

Civic Centre, 10 Watson Terrace Mount Gambier SA 5290

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I hereby give notice that an Audit and Risk Committee Meeting will be held on:

Date: Monday, 5 June 2023

Time: 5.30 p.m.

Location: Level 4 Committee Room

Civic Centre

10 Watson Terrace

Mount Gambier

AGENDA

Audit and Risk Committee Meeting 5 June 2023

Sarah Philpott
Chief Executive Officer
01 June 2023

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1 ACKNOWLEDGEMENT OF COUNTRY

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.

2 APOLOGY(IES)

Nil

3 CONFIRMATION OF MINUTES

Audit and Risk Committee Meeting - 8 May 2023

RECOMMENDATION

That the minutes of the Audit and Risk Committee meeting held on 8 May 2023 be confirmed as an accurate record of the proceedings of the meeting.

4 QUESTIONS WITHOUT NOTICE

5 REPORTS

5.1 EXTERNAL AUDIT MANAGEMENT REPORT – REPORT NO. AR23/34119

Committee: Audit and Risk Committee

Meeting Date: 5 June 2023
Report No.: AR23/34119
CM9 Reference: AF11/863

Author: Julie Scoggins, Manager Financial Services

Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory

Services

Summary: To inform the Audit and Risk Committee of the progress against

Council's External Auditor's recommendations for the 2020/2021 and the 2021/2022 years and the Interim Audit for 2022/2023.

Strategic Plan Reference:

Goal 1: Our People

Goal 2: Our Location

Goal 3: Our Diverse Economy

Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR23/34119 titled 'External Audit Management Report' as presented on 05 June 2023 be noted.

TYPE OF REPORT

Corporate

BACKGROUND

- 1. **Audit and Risk Committee Terms of Reference** The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:
 - 12.5.5 **Annual Audit Plan** Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement.
 - 12.5.6 **Audit Findings** Review the findings of the audit with the auditor. This shall include, but not be limited to, the following:
 - A discussion of any major issues which arose during the external audit;
 - Any accounting and audit judgements; and
 - Levels of errors identified during the external audit.
 - 12.5.9 **Management Letter** Review the management letter and management's response to the external auditor's findings and recommendations. Subsequent to the initial review the Committee will oversee action to follow up on matters raised by the external auditors.
- External Auditor Recommendations Council's previous external auditor, Galpins Accountants Auditors and Business Consultants, were appointed as Council's external auditor in 2016 and undertook interim and balance date audits over the following 5 years. Recommendations for improvement were put forward by Galpins with follow up actions agreed with Council.
- 3. **Appointment of External Auditors** Dean Newbery and Partners were appointed as Council's external Auditors for a period of 5 years commencing with the audit of the financial year ending 30 June 2022.
- 4. **Audit and Risk Committee Recommendation February 2022** A report be provided to the Audit and Risk Committee at least on a quarterly basis throughout the financial year to provide an update on the progress against the recommendations raised by the External Auditors.
- 5. **Visits 2021/2022 Financial Year** Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in April 2022 and a balance date audit site visit in August 2022.
- 6. **Audit Plan** The External Audit plan was brought to the Audit and Risk Committee at the February 2023 meeting. This document outlined the audit strategy, materiality, internal controls, key areas of audit focus and the audit timetable.
- 7. **Interim Audit 2022/2023** Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in May 2023.

PROPOSAL

- 1. **Action Plan** Council staff have prepared and are continuing to implement an action plan to address the items identified in the Management Reports.
- 2. **Council's Progress** This report and its attachments provide an update on Council's progress in implementing the continuous improvement recommendations noted on the 28th February 2022 Audit and Risk Committee Agenda (Attachment 1).
- 3. **2020/2021 Internal Controls Report** As shown in Attachment 1 of this report of the five activities highlighted, four have been completed and one is partially completed.
- 4. **Interim Management Report May 2022 Management Response** Attachment 2 also shows the progress against the fourteen risks raised can be categorised as follows:

- Actions That Are Complete (8 Risks) Including User access levels payroll Masterfile, general journal review, asset revaluation reserve adjusting entry, internal financial controls self-assessment, user access levels – segregation of duties, payroll and accounts payable back up duties, payroll procedure and procurement exemption register.
- Actions That Are Partially Complete/Ongoing (6 Risks) Including internal plant hire
 and full cost attribution, policy register, grants register, Riddoch Art Collection Curatorial
 and Preservation Policy and Library books accounting treatment, and leases and licences
 register.
- 5. **Balance Date Audit 2021/2022** Two matters were raised to be addressed for future financial years including Caroline Landfill Post Closure Provision Review and Infrastructure Asset Revaluation. These actions have been reviewed and following further consultation the approach and timing of delivery has been changed (details in Attachment 3):
 - Caroline Landfill Post Closure Provision Review An update is provided in the Interim Management Report.
 - Infrastructure Asset Revaluation An update is provided in the Interim Management Report.
- 6. **Interim Audit Management Report June 2023 Management Response** Attachment 4 shows the following:
 - Prior Year Matters Update Included four matters completed with another two items in progress.
 - **Detailed Audit Findings** Included three moderate items expected to be resolved by February 2024 and one low item to be resolved by the end of 2025/22026.
- 7. **Next Update** As per the Audit and Risk Committee Annual Work Program the next update was due in July, however, this has been replaced by this report to the June 2023 special meeting. The next formal update will be at the November meeting.
- 8. **Balance Date Audit June 2023** It should be noted that the balance date audit has been scheduled for week commencing 18 September 2023.

LEGAL IMPLICATIONS

Actions are required to be resolved to ensure compliance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and accounting standards.

Section 129 of the Local Government Act 1999.

STRATEGIC PLAN

N/A

COUNCIL POLICY

A900 Asset Management Policy

P420 Procurement, & Disposal of Land and Assets

Asset Accounting Policy

B300 Budget Framework

T150 Treasury Management Policy

ECONOMIC IMPLICATIONS

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL IMPLICATIONS

N/A

CULTURAL IMPLICATIONS

N/A

RESOURCE IMPLICATIONS

N/A

VALUE FOR MONEY

N/A

RISK IMPLICATIONS

External audit is a key mitigation action for financial risk.

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

N/A

IMPLEMENTATION STRATEGY

CONCLUSION AND RECOMMENDATION

The external audit management reports indicate that overall Council has effective controls in place, with opportunity for improvements noted, action plans established to achieve best practice and progress made to date.

ATTACHMENTS

- 1. External Audit Action Plan Attachments 1-3 🗓 📆
- 2. 2023 Interim Management Letter City of Mount Gambier 🗓 📆

Attachment 1

| Auditor Recommendation or Comment | Risk | Progress | Target Date | Status | Responsibility | Completion Date |
|--|------|--|-------------|-----------------------|----------------|-----------------|
| 2020/21 Internal Controls Letter | | | | | | |
| | | Executive reporting developed and implemented. | 31-Dec-21 | Complete | JS | 31-Dec-21 |
| Purchase Orders raised after invoices are received | М | Revised procurement policy and recommendations from procurement review presented to Executive. Audit and Risk Committee and Council. Updated policy adopted by Council at the April 2022 Council meeting. Procurement procedures have been reviewed and approved by the Executive. | 31-Dec-22 | Complete | JS | 31-Dec-22 |
| No formal maintenance plans supporting general maintenance strategies per the Asset Management Plan. | L | Asset maintenance programs will be developed following service reviews including a review of required service levels. | 31-Dec-23 | Partially Complete | BC | |
| Accounts Payable - Improvements required in process for uploading supptier EFT files into online banking system. | М | A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response audit checks are already in place that would identify any changes. | 30-Jun-23 | Complete | JS | 30/04/2023 |
| Payroll - Improvements required in process for uploading supplier EFT files into online banking system. | М | A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response audit checks are already in place that would identify any changes. | 30-Jun-23 | Complete | JS | 30/04/2023 |

| | | 6.5 | |
|--|--|-----|--|
| | | | |

| Auditor Recommendation or Comment | PARTY. | Progress | Target Date | Stillus | Responsibility | completion Da |
|--|---|---|--|--|--|--|
| sterm Management Report | | | - molale | | North Comments | 200 |
| User Access Lovels - Payroll Masterfile | н | A review of finance systems access was undertaken by the Manager Financial Services with recommendations provided to the Executive team in June 2022. All payroli processing and ability to make changes to the payroli masteritie has been removed from staff not directly involved in the processing of payroli. | 30-Jun-22 | Complete | JS. | 30-Jun-22 |
| internal Control Self Assessment | н | July and adopted by Council in August. The assessment and review of selected internal controls has been undertaken with relevant staff with a | 21-14-22 | Complete | JS | 30-May-22 |
| General Journal Review | н | Evidence of journal review was provided to the Auditors for the balance date audit. The responsibility for the raising of journals has been reviewed with recommendations made to the Executive team. | 31-May-22 | Complete | JS | 30-Jun-22 |
| Asset Revaluation Reserve- Adjusting Entry | н | The entry was reversed at the year-end and highlighted in the year-end reporting. | 31-May-22 | Complete | JS | 31-May-22 |
| User Access Levels - Segregation of Duties | М | A review of finance systems access was undertaken by the Manager Financial Services with recommendations provided to the Executive team in June 2022. | 30-Jun-22 | Complete | JS | 30-Jun-22 |
| Internal Plant Hire Rates and Full Cost Attribution | M | Outsourced to external consultant working with the Financial Services team. | 31-Mar-23 | | 2L | |
| Policy Register | M | A quarterly report on policies for review is scheduled in the corporate calendar for presentation to the Executive Leadership Team. | Ongoing | Partially Complete | MM | |
| Payroll and Accounts Payable Back Up Duties | L. | Blackfill has occurred whilst key staff have been on leave and the procedures have been tested. | 31-Dec-22 | Complete | JS | 30-Nov-22 |
| Grants Register | L | A grants schedule has been developed for the interim audit. A project brief has been developed for a 'cradle to grave' grants process. An update will be provided at the July meeting. | 31-Jul-23 | Partially Complete | JS | |
| Procurement Exemption Register | L | A procurement exemption register was created in April 2022 aligned with the specified requirements. The relevant procurement procedure was amended and presented to the Executive team in June/July 2022 with example reporting. The process has been implemented with training provided to key stakeholders across the organisation. | 30-Jun-22 | Complete | JS | 20-Jul-22 |
| Riddoch Art Collection - Curatorial and Preservation Policy | L. | Draft policy constructed. To be brought to Audit and Risk Committee in the | 31-Jul-23 | Partially Complete | 25, | |
| Library Assets - Capital vs Operating | L | Revised Asset Accounting Policy included for review at Audit and Risk Committee meeting on 25 July 2022. Change in treatment included in Budget Review 1 taken to the December Council meeting for adoption. To be incorporated for year end financial statements. Further changes expected further to Infrastructure and Buildings valuations. | 30-Sep-23 | Partially Complete | JS | |
| Leases and Licences Register | L | The Lease / Licence Register data entry is now 100% complete and up to date. It will continue to be updated as and when things change. It is available in the RelianSys system for various staff to view, use and add actions for them which will provide them with email notifications when due. | 30-Jun-23 | Ongoing | ММ | |
| Payrol Procedure | L. | Payroli procedures have developed and tested. | 31-Dec-22 | Complete | JS. | 31-Dec-22 |
| 1 1 1 1 1 1 1 | User Access Levels - Payroll Masterfile Internal Control Self Assessment General Journal Review Asset Revaluation Reserve - Adjusting Entry User Access Levels - Segregation of Duties Internal Plant Hire Rates and Full Cost Attribution Policy Register Payroll and Accounts Payable Back Up Duties Grants Register Procurement Exemption Register Riddoch Art Collection - Curatorial and Preservation Policy Library Assets - Capital vs Operating | User Access Levels - Payroll Masterfile H Internal Control Self Assessment H Seneral Journal Review H Asset Revaluation Reserve - Adjusting Entry H User Access Levels - Segregation of Duties M Internal Plant Hire Rates and Full Cost Attribution M Policy Register M Payroll and Accounts Payable Back Up Duties L Grants Register L Riddoch Art Collection - Curatorial and Preservation L Library Assets - Capital vs Operating L Leases and Licences Register L | A review of finance systems access was undertaken by the Manager Financial Services with recommendations provided the Executive learn in June 2022. All payroll processing and ability to make changes to the payroll and ability to make changes to the payroll masterfile has been removed from staff not directly involved in the processing of payroll. The internal controls policy was reviewed by the Audit and Risk Committee in July and adopted by Council in August. The assessment and review of selected internal controls has been undertaken with relevant start with a resolution of results to the external auditors as part of the interim audit. A report will be brought to the Special Audit and Risk Committee in July and adopted and additions as part of the interim audit. A report will be brought to the Special Audit and Risk Committee in July and adopted and and Risk Committee in July and adopted and and Risk Committee in July and adopted and and Risk Committee in July and adopted to the Auditors for the balance date audit. The responsibility for the raining of journals has been reviewed with recommendations made to the Executive team. Asset Revaluation Reserve - Adjusting Entry Hereful and the executive team in June 2022. Internal Plant Hire Rates and Full Cost Attribution M. A review of finance systems access was undertaken by the Manager Financial Services with recommendations provided to the Executive team. A quarterly report on policies for review is scheduled in the corporate calendar for presentation to the Executive Leadership Team. Backfill has occurred whilst key staff have been on leave and the procedures have been lested. L. Backfill has occurred whilst key staff have been on leave and the procedures have been lested. L. A grants schedule has been developed for the interim audit. A project brief has been developed for a cradie to grave grants processes. An update with the procedure meeting on 25 July 2022 with example reporting. The process has been immelements. The relevant procedure was amended and | A review of finance systems access was undertaken by the Manager Financial Services with recommendations provided to the security elam in June 2022. All payroll processing and ability to make changes to the payroll make the processing of payroll. The internal control self Assessment H Barroll The internal controls policy was reviewed by the Audit and Risk Committee in July and adopted by Council in August. The assessment and review of selected internal controls has been undertaken with retevant staff with a report to be presented to the Executive Team on 10 May for the provision of results to the external auditors as part of the internal audit A report will be brought to the Speciality of the reason good journals has been reviewed with recommendations made by the Audit and Risk Committee in July and adopted by the Audit and Risk Committee in July and adopted by the Audit and Risk Committee in July and adopted by the Special Audit and Risk Committee in July and adopted by Council in August. The assessment with reternal audit and Risk Committee in July and adopted by Council in August. The assessment with reternal audit and Risk Committee in July and adopted by Council in August. The assessment with reternal audit and Risk Committee in July and a report of the Speciality of the reality of July and August and Risk Committee in July and August and Risk Committee in July and August and Risk Council and Risk | Jaser Access Levels - Payroll Masterfile | A review of finance systems access was undertaken by the Narager Financial Services with recommendations provided to the Executive team in July and adopted by Council in August. The assessment and review of services with recommendations provided to the Executive team in July and adopted by Council in August. The assessment and review of selected information controls have been interfered and review of selected information controls have been undertaken with refered at Staff with a responsibility of review to the external auditors applied the therm audit. A propriat by the provision of results to the external auditors are part of the therm audit. A report wit be brought to the external audit and Risk. Committee in July and adopted by Council in August. The assessment and review of selected internal controls have been undertaken that freed with reference and the provision of results to the external audit can be internal audit and Risk. Committee in June. General Journal Review |

Attachment :

| - 1 | Ref | Auditor Recommendation or Comment | Risk | Progress | Target Date | Status | Responsibility Completion Date | | | |
|-----|--|--|------|--|-------------|-----------------------|--------------------------------|--|--|--|
| | 2021/22 Balance Date Audit - Matters to be addressed in future financial years | | | | | | | | | |
| | 1 | Caroline Landfill - Post Closure Provision | н | Updated as per 2022/23 Interim Management Report | 31-Jan-24 | Partially Complete | BC | | | |
| | 2 | Infrastructure - Asset Revaluation | н | Updated as per 2022/23 inferim Management Report | 31-Dec-23 | Partially Complete | AWJS | | | |

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City of Mount Gambier

Interim Management Report
2022/23 Financial Year External Audit

May 2023

Interim Management Report – 2022/23 Financial Year

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Interim Management Report - 2022/23 Financial Year

1. Executive Summary

31 May 2023

Mr. Paul Duka Independent Chairperson - Audit & Risk Committee City of Mount Gambier

Dear Mr Duka

We are pleased to advise that we have recently completed an audit attendance at the Council as part of the 2022/23 financial year external audit. We have now completed our Interim Audit Phase of the engagement and have prepared this Report which summarises our findings, observations and recommendations for the Council's consideration, through your Committee.

As a result of work undertaken to date, there are no matters identified which would have an adverse impact on our internal control audit opinion for the financial year. Please note that we still have further testing of controls to complete as well as further sample substantive testing prior to us being in a position to be able to finalise an audit opinion on the internal controls of the Council for the full financial year.

I would like to take this opportunity to thank the Council's Administration for the assistance provided during the recent audit process.

Should you require any further information, please contact me on 8267 4777 or sam@deannewbery.com.au.

Yours sincerely,

DEAN NEWBERY

Samantha Creten

Partner

C. Mayor

C. Chief Executive Officer

Interim Management Report - 2022/23 Financial Year

2. Prior Year Audit Matters Update

An update on prior financial year's outstanding audit matters raised has been provided below. Additional information has been obtained from the Administration during the Interim Audit Phase for each previously unresolved audit matter reported.

| Audit Matter Reference | Report Date | Audit Comments Previously Raised | Additional Audit Comments | Status of Matter |
|---------------------------|-------------|--|---|------------------|
| 2022.1.1 | 5 May 2022 | A review of the payroll user access levels identified that 14 different Council employees, 2 Trainees and 1 external contractor had access to the Payroll Masterfile which afforded them access to make changes. For example, the following positions within Council had such access (this is not an exhaustive list): - Team Leader Financial Accounting - Accountant (external contractor) - Manager Organisational Development - Trainee(s) We acknowledge that Council has implemented compensating controls whereby the Team Leader Financial Accounting undertakes a review of the Payroll Masterfile as part of the month-end procedures however, this Officer also has full access rights to the Payroll Masterfile. This presents a significant weakness in compensating controls as the Team Leader Financial Accounting has the ability to review and approve self-initiated changes without any independent over-sight. To strengthen segregation of duties and identified compensating controls we strongly recommend that Council undertaken a comprehensive review of all Officer responsibilities in conjunction with system permission levels to ensure adequate segregation of duties are always in place and maintained. | Discussions with the Administration identified that the user access levels were reviewed by the Executive Leadership Team to determine appropriate user roles and access levels. This was further supported by the review of the User Access Report which confirmed increased restrictions related to financial modules in line with role responsibilities. The user access levels and permissions will be reviewed on an on-going basis throughout the engagement. | Completed |

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Interim Management Report - 2022/23 Financial Year

| Audit Matter Reference | Report Date | Audit Comments Previously Raised | Additional Audit Comments | Status of Matte |
|---------------------------|-------------|--|--|-----------------|
| 2022.1.2 | 5 May 2022 | Discussions with the Administration identified that Council was unable to identify when the last internal control self-assessment was undertaken to benchmark Council controls against the Better Practice Model. | The Administration has provided us with an updated risk-based Internal Control Self-Assessment which was completed during the 2023 Financial Year. | Completed |
| | | We recommend that Council undertake a comprehensive internal control self-assessment to ensure any weaknesses in internal controls are identified and included within the Audit & Risk Committee work program to be addressed. We further recommend that internal control self-assessments be undertaken biennially to ensure any changes in the internal control environment are documented and any weaknesses identified are addressed in a timely manner. | | |

Interim Management Report - 2022/23 Financial Year

| Audit Matter Reference | Report Date | Audit Comments Previously Raised | Additional Audit Comments | Status of Matter |
|---------------------------|-------------|---|--|------------------|
| 2022.1.3 | 5 May 2022 | Audit procedures undertaken identified there is no evidence of independent review of General Journals on a periodic basis (i.e. Monthly). Discussions with the Administration identified that journals are processed by Team Leader Financial Accounting, however no formal review is undertaken of all General Journals for a particular period. Given the level of access afforded to Council staff to process General Journals highlighted in this report, to strengthen internal controls, we recommend that all general journals be independently reviewed by an Officer who does not have the ability to processes Journals. This independent review will ensure all Journals processed are appropriate, free from error and are supported by appropriate documentation. Although there is no evidence of the primary control of independent reviews having been completed, we acknowledge that there are other compensating controls in place related to the completion and review of General Ledger Reconciliations. | Audit testing undertaken identified that the independent review/approval of General Journals are now being evidenced by way of an electronic signature on each General Journal processed. This review is evidenced by the Financial Accounting Coordinator or the Manager Financial Services. | Completed |

Interim Management Report - 2022/23 Financial Year

| Audit Matter Reference | Report Date | Audit Comments Previously Raised | Additional Audit Comments | Status of Matter |
|---------------------------|-------------|---|--|------------------|
| 2022.1.5 | 5 May 2022 | Further to 1 above, a review of the user access levels across many Council functions identified what we consider to be inappropriate access enabled to some employees. For example, Procurement and Asset Officers had the ability to undertake all of the following functions: - Budget Transaction Deletion - Budget Transaction Entry/Maintenance - Budget Parameters - Standing Journal Maintenance - Standing Journal Batch Maintenance - General Ledger Import - All Account Maintenance functions In our view this level of access across the organisation presents an unacceptable weakness in segregation of duties and internal controls. We acknowledge that Council is undertaking a review and potential re-structure of the Finance department to address where possible segregation of duty issues that are identified. To strengthen internal controls, we strongly recommend that Council undertake a comprehensive review of all user access levels as part of the re-structure, to ensure Officers are only afforded the access levels required to undertake their specific role within Council. | See Additional Audit Comments raised in Audit Matter Reference 2022.1.1 above. | Completed |

Interim Management Report - 2022/23 Financial Year

| Audit Matter Reference | Report Date | Audit Comments Previously Raised | Additional Audit Comments | Status of Matter |
|---------------------------|-------------|--|--|------------------|
| 2022.1.6 | 5 May 2022 | Discussions with the Administration identified that the Internal Plant Hire rates and the Full Cost Attribution calculations had not been reviewed since 2019. To ensure appropriate cost allocations and assumptions are included within the calculations, we recommend that Council undertakes a review of the methodology applied for these calculations and the assumptions included. | Discussions with the Administration identified that the Plant Hire rates and Full Cost Attribution calculations are under review with the assistance of external advisors Galpins. The new Plant Hire and Full Cost Attribution Rates will be applied for the 2023/24 financial year. | In Progress |
| 2022.1.7 | 5 May 2022 | On reviewing a sample of policies recorded on Council's Policy Register, we identified that there were a number of policies that were required to be reviewed and updated, given the timeframes stipulated. Examples of policies requiring review: - Record Management - Fraud and Corruption Prevention Policy - Waste Management – Refuse Collection - Expiation Notices – Cancellation or Waiver - Waste Management – Receival of Waste – Caroline Landfill - Asset Management In total, we note that Council has 35 of a total 70 policies that were highlighted as being overdue for review. | A review of the Policy Register (last updated 27th of April 2023) identified that Council still has 35 of a total 74 policies that were required to be reviewed and updated given the timeframes stipulated. It is noted that the Asset Management Policy has since been reviewed and adopted by Council. An action plan is being developed with the Executive further to the Internal Financial Controls review undertaken. | In Progress |

Interim Management Report - 2022/23 Financial Year

3. Detailed Audit Findings - Interim Audit

We have highlighted below key audit matters which have been identified for further consideration and/or action as a result of audit work recently completed.

| Audit Matter Reference | Audit Priority Rating | Audit Finding & Recommendation | Management's Response | Expected Completion Date |
|------------------------------|-----------------------------|---|--|--|
| 1. | Moderate | Council is currently in the process of completing revaluations of the Roads, Footpaths, Kerbs and Guttering asset classes. Council has engaged external consultants to perform the asset valuations which is to be applied with an effective valuation date of 30 June 2023. It is important that Council's Administration also undertakes its own internal due diligence on all asset valuation information and data prior to being adopted by Council to ensure that assumptions applied (by external valuers) are consistent with Council's own adopted asset service standards and asset management practices. Given the material nature of asset valuations, we recommend that the due diligence performed by the Administration along with the asset valuations reports be presented to the Audit and Risk Committee for their consideration. Once asset valuations have been completed, we recommend Council undertakes an update to its Infrastructure Asset Management Plans (IAMP) and Long-Term Financial Plan (LTFP), to ensure that updated assumptions regarding future maintenances funding, asset replacement cost and forecasted | Further to the condition audits for all Infrastructure asset categories Council staff have contracted out the completion of the revaluation. City Infrastructure and Financial Services staff are working with the consultants to build the revaluation. The asset valuation reports will be brought to a special Audit and Risk Committee to be scheduled in August/September along with a revised Asset Accounting policy that will be aligned with the recommendations from the revaluation. Further to the IAMP and LTFP review undertaken with current draft documents endorsed by Council for public consultation, another version of both documents will be taken to Council for review in December for adoption in January. | August/ September 2023 January 2024 |

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Interim Management Report - 2022/23 Financial Year

| Audit Matter Reference | Audit Priority Rating | Audit Finding & Recommendation | Management's Response | Expected Completion Date |
|------------------------------|-----------------------------|---|---|--------------------------------|
| 2. | Moderate | We have subsequently followed up with the Administration on the matter raised in our 2022 Completion Report dated 15 September 2022 relating to the Caroline Landfill – Post Closure Provision Review (landfill liability). We note that as at the time of attendance that the Administration were working together with the Engineering staff and external consultants to determine and measure an appropriate Post-closure Provision to be included in the current year's Financial Statements. We recommend that the outcome of the review and formulation of the Post-closure Provision be presented for review to Council's Audit & Risk Committee given the potential material nature of the Provision. | The contract for engineering services (including consultancy) has been awarded. The development of the Caroline Landfill Masterplan will be provided under the scope of that contract. The project plan is currently being developed prior to the engagement of the consultant. The project scope will include the following for delivery of a draft position by December 2023: Strategy - Development of the strategic waste management strategy that includes Caroline landfill lifecycle and post closure. Long Term Financial Modelling - This will reflet the strategy and inform the overall LTFP and ABP. | December 2023 |

Interim Management Report - 2022/23 Financial Year

| Audit Audit Matter Priority Reference Rating | | Audit Finding & Recommendation | Management's Response | Expected Completion Date | |
|--|----------|--|---|--------------------------------|--|
| 3. | Moderate | Our testing identified that for the Open Tender AF22/542 Caroline Landfill Engineering Services & AF22/530 Construction of Cell 4 (dual tender) there was only one tender submission received, which was subsequently evaluated and awarded. Council's Procurement Policy states: that for purchases valued over \$100,000 a request for tender (Open/Select) must be undertaken, whereby at least three (3) written quotations are sought. Any procurement method that deviates from the stipulated requirements of the Policy must be in writing and approved by the Council, the CEO or a General Manager with appropriate delegation. A review of the Procurement Policy identified that there is no specific guidance for when Council is unable to source the required number of responses, and as a result (confirmed by the Administration) there was no "Exemption from Competitive Procurement Request" form completed for the deviation from Council's Procurement Policy (the requirement to source three (3) written quotations). We recommend the Council considers including within the Procurement Policy Exemptions, an option to waive application of the Policy should the Administration be unable, or find it to be unreasonable, to source the appropriate number of quotations. We further recommend that an exemption from the Policy is approved when Council are unable to source the appropriate number of quotations. | In the first instance the exemption from competitive process form will be used where there is a limited market and at least 3 written quotations have not been submitted via an open tender. As per Council's Strategic Work Plan a project is underway to review and improve the procure to pay cycle. Part of the review will focus on the following: Procurement Policy/Procedures - Review of the overall policy and procedures. Select Tenders - A review of the use of select tender in a limited market to ensure that a number of quotes are directly sought rather than using an open tender. Exemption From Competitive Process - Expanding the use of this option where an open tender has been sought with limited market responses. The results of this review will be taken to Council's Executive team and brought to the Audit and Risk Committee prior to taking to Council. | With immediate effect. | |

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Interim Management Report - 2022/23 Financial Year

| Audit Matter Reference | Audit Priority Rating | Audit Finding & Recommendation | commendation Management's Response | | k Recommendation Management's Response C | |
|------------------------------|-----------------------------|--|---|---------------|--|--|
| 4. | Low | A review of the Administration's Leases and Licenses Register identified that there were a number of leases which had expired, as far back as 2013. From a total of 72 leases were identified within the Register, 41 were listed as expired. We recommend that the Administration work towards reviewing each expired lease agreement (including for recovery of outgoings) to ensure, where on-going lease arrangements exist, that an updated lease agreement is put in place. | A replacement Lease and Licence Register has been prepared, including up-to-date information and improved functionality. The majority of leases and licences are to community organisations with the (rental) rate detailed in the lease and licence register being a reference to the 'declared rate' as specified in Council's Community Land (Reserves) Lease/Licence/Rental Arrangements Policy R200 and Council's Schedule of Fees and Charges. The high proportion of leases and licences with past expiry dates is consistent with Council's adopted 'strategic property management approach' (Resolution 2020/281 - September 2019). 'Holding over' arrangements for community tenants were confirmed in writing in October 2020 and are therefore considered as current and in accordance with the terms and conditions of the relevant lease or licence documentation. Renewal, replacement or otherwise of expired leases and licences is pending strategy/direction from site/precinct master plans and other supporting outcomes arising from Council's adopted Sport, Recreation and Open Space Strategy (SROSS) (Resolution 2022/78 - April 2022). A Strategic Property Management project has been included in Council's Strategic Work Plan with an expected delivery over the next three years. The Strategy will deliver Policies and Principles for acquiring, holding and managing land, as well as agreed models for Leasing and Licencing. | End 2025/2026 | | |

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Interim Management Report – 2022/23 Financial Year

4. Assessment of Audit Findings

We have provided ratings against each audit matter raised in this Report to assist the Council with prioritising and assessing what corrective actions to undertake to address recommendations made.

The ratings provide Council with an assessment of the level of importance placed by us in relation to the work we undertake and the potential impact of non-corrective actions may have on the work we undertake (i.e. our final audit opinions to be issued) or where we perceive there to be a risk to Council which may result in stated strategic objectives or compliance not being met.

The ratings provided are not to be applied for any other purposes than as stated within this Report.

| Audit Priority Rating Guide | Detailed Description | | |
|-----------------------------------|---|--|--|
| High | The matter identified, if left uncorrected or not adequately addressed, may result in a material misstatement and/or non-compliance with the Local Government Act 1999 and applicable Regulations. Depending on the material nature and severity of the matter, this may result in a modified audit opinion. Audit expectation is that immediate action is taken to address the matter. | | |
| Moderate | The matter identified does not presently represent a risk of material misstatement and/or non-compliance with the <i>Local Government Act 1999</i> and applicable Regulations. If the matter is not adequately addressed, this may result in a weakness in overall assessed compensating controls which could result in material misstatement and/or non-compliance with the <i>Local Government Act 1999</i> and applicable Regulations. Audit expectation is that Council takes action to address the matter to further strengthen the internal control environment. | | |
| Low | The matter identified present no risk of material misstatement and/or non-compliance with the <i>Local Government Act 1999</i> and applicable Regulations. The matter raised is to assist Council with further strengthening its internal practices and controls so as to further strengthen its processes and procedures. | | |



Interim Management Report – 2022/23 Financial Year

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5.2 INTERNAL FINANCIAL CONTROLS 2022-2023 - SELF ASSESSMENT - REPORT NO. AR23/32434

Committee: Audit and Risk Committee

Meeting Date: 5 June 2023 Report No.: AR23/32434

CM9 Reference: AF11/863

Author: Julie Scoggins, Manager Financial Services

Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory

Services

Summary: An Internal Financial Control Assessment was completed in April

2023 with an average assessment score of 4.61 and an average review score of 4.58. Twelve improvement opportunities were identified with associated action plans under development.

Strategic Plan Reference:

Goal 1: Our People

Goal 2: Our Location

Goal 3: Our Diverse Economy

Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR23/32434 titled 'Internal Financial Controls 2022-2023 - Self Assessment' as presented on 05 June 2023 be noted.

TYPE OF REPORT

Legislative

BACKGROUND

 Audit and Risk Committee Terms of Reference - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:

12.2 Internal Controls and Risk Management Systems

The Committee shall:

12.2.1 **Effectiveness** - Monitor the effectiveness of the Council's internal controls and risk management systems;

12.5 External Audit:

The Committee shall:

- 12.5.9 **Management Letter** Review the management letter and management's response to the external auditor's findings and recommendations. Subsequent to the initial review the Committee will oversee action to follow up on matters raised by the external auditors.
- 2021/2022 Interim Audit Action Further to the audit finding and recommendation from the 2021/2022 interim audit, Council staff committed to undertake a comprehensive organisationwide self-assessment and report back to the external auditors as part of the interim audit for the 2022/2023 financial year.
- Three Lines of Defence The Three Lines of Defence Model provides a framework for viewing
 risk management as a series of components which build upon each other to provide layers of
 defence to manage risk.
- 4. Functions The first line of defence contains functions that own and manage risk, with the responsibility to maintain controls, identify and manage risks and implement corrective actions for control deficiencies. The second line contains functions that oversee risk and with responsibility to monitor the first line and ensure it is properly designed, in place and operating as intended. The third line provides independent assurance i.e., internal audit. The three lines of defence are internal to Councils and are supported by external components including external audit and LGA Guidance.
- 5. Monitoring Activities Form an important component of Council's lines of defence for managing risk. The Better Practice Model - Internal Financial Controls for South Australian Councils identifies monitoring activities as being within the second line of defence for Councils. Importantly, monitoring activities such as Control Self-Assessment form only part of the Councils overall risk management strategy, and should be risk based so as not to be overresourced.

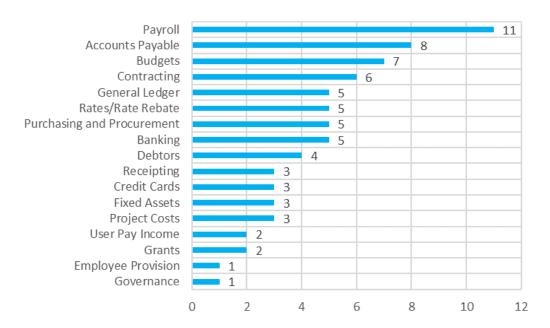


Source: SALGFMG Better Practice Model – Internal Financial Controls for South Australian Councils published April 2017

- 6. **Methodology for Selection of Controls to be Monitored** The Galpins Internal Financial Control Monitoring Methodology was applied in the selection of controls to be monitored:
 - Output 1 Identification of Key Business Cycles and Risks Staff reviewed inherent risks, financial data, external audit results review and activities of other external regulators as the first stage of controls selection.
 - Output 2 Identification of Specific Internal Controls to be monitored Staff also reviewed core versus additional controls, risk of control failure, control importance, management and staff opinions and practicality/value assessment.

PROPOSAL

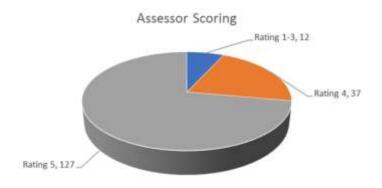
- 1. **Self-Assessment** During the second half of 2022/2023 Council undertook its cycle of self-assessment to monitor and report on control testing and risk assessment.
- 2. **Inherent Risk** Of the 91 risks identified in the Internal Financial Controls Better Practice Model Council staff assessed our inherent risk (i.e. the assessment of the risk without additional controls) as detailed below:
 - **Extreme** 8 or 9% of risks were identified as extreme.
 - **High** 44 or 49% of risks were identified as high.
 - Moderate 24 or 26% of risks were identified as moderate.
 - Low 15 or 16% of risks were identified as low.
- 2. **Residual Risk** The residual risk rating (i.e. remaining level of risk after additional controls have been implemented) from this year's self-assessment cycle is summarised below:
 - Extreme No risks were assessed as extreme.
 - **High** 7 or 8% of risks were identified as high (Fixed Assets/Project costing 3, policies and procedures 2, grants 2.).
 - Moderate 10 or 11% of risks were identified as moderate (including 3 in procurement).
 - Low 74 or 81%% of risks were identified as low.
- 3. **Selected Controls For Assessment** Of the 253 controls, 74 were selected for assessment as summarised below:



- 4. **Assessment/Review Of Controls** To ensure further rigour, for each category selected all controls within those categories were assessed and reviewed, which meant that a total of 176 controls were included in this self-assessment.
- 5. **Scoring mechanism** The following scoring mechanism was applied when reviewing and assessing controls as follows:
 - 1. Ineffective
 - 2. Requires Improvement
 - 3. Partially Effective
 - 4. Majority Effective
 - 5. Effective

It should be noted that action plans are required for any controls Rated 1,2 and 3.

6. **Assessor Scoring** - 176 controls were assessed with the scoring was as shown below with an average score of 4.61 (out of a maximum of 5):



 Rating 1-3 (12 controls) – Controls were assessed with action plans required for the following:

- > Asset Management/Capital Works (4) Asset maintenance, asset management plans/maintenance, and project change control.
- ➤ Governance/Risk Related (3) Including policies and procedures centralised framework and management.
- Finance/Procurement (5) Including grant administration/ review, and segregation of duties.
- Rating 4 (37 Controls) Including 34 assessed by the Financial Services team.
- Rating 5 (127 Controls) Including 121 assessed by the Financial Services team.
- 7. **Review Scoring** 176 controls were reviewed with the scoring was as shown below with an average score of 4.61 (out of a maximum of 5):



- Rating 1-3 (12 controls) Were reviewed with action plans required for the following:
 - > Asset Management/Capital Works (4)- Asset maintenance, asset management plans/maintenance, and project change control.
 - ➤ Governance/Risk Related (3) Including policies and procedures centralised framework and management.
 - Finance/Procurement (5) Including grant administration/ review.
- Rating 4 (43 Controls) Including 42 controls reviewed by the Financial Services team.
- Rating 5 (121 Controls) Including 120 controls reviewed by the Financial Services team.
- 8. **Action Plans** Are currently being developed following further review with Council's Executive team
- 9. **Future Reporting** -Twice yearly reporting on the progress further to the Internal financial controls self-assessment and actions identified will be brought to the Audit and Risk Committee.

LEGAL IMPLICATIONS

The Minister for Local Government, the Hon Geoff Brock MP, approved the Better Practice Model – Financial Internal Controls on Monday 5 September 2022.

Local Government (Financial Management) Regulations 2011 10A - For the purposes of section 125(2) of the Act, the policies, practices and procedures of internal financial control of a council must be in accordance with the Better Practice Model - Internal Financial Controls.

Section 125 Local Government Act - Section 125 of the Local Government Act 1999 ("the Act") requires that: "a Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records".

STRATEGIC PLAN

N/A

COUNCIL POLICY

Internal Controls Policy

ECONOMIC IMPLICATIONS

Not applicable to this report.

ENVIRONMENTAL IMPLICATIONS

Not applicable to this report.

SOCIAL IMPLICATIONS

Not applicable to this report.

CULTURAL IMPLICATIONS

Not applicable to this report.

RESOURCE IMPLICATIONS

Within existing resources.

VALUE FOR MONEY

Not applicable to this report.

RISK IMPLICATIONS

This review supports Council's financial risk management and will aid in the management of Council's financial risks.

EQUALITIES AND DIVERSITY IMPLICATIONS

Not applicable to this report.

ENGAGEMENT AND COMMUNICATION STRATEGY

Quarterly reporting will be taken to the Executive team to summarise the action plan progress.

IMPLEMENTATION STRATEGY

Quarterly reporting will be taken to the Executive team to summarise the action plan progress.

CONCLUSION AND RECOMMENDATION

The Internal Financial Controls implemented by Council have been assessed as being effective, with opportunities for improvement identified and action plans currently under development.

ATTACHMENTS

Nil

5.3 2023/2024 DRAFT ANNUAL BUSINESS PLAN AND BUDGET - REPORT NO. AR23/33287

Committee: Audit and Risk Committee

Meeting Date: 5 June 2023
Report No.: AR23/33287
CM9 Reference: AF11/863

Author: Julie Scoggins, Manager Financial Services

Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory

Services

Summary: Legislation - Council is required to develop and adopt an Annual

Business Plan in accordance with the Local Government Act and

Financial Regulations.

Operational & Financial Planning Document - the Annual Business Plan is the key annual operational and financial planning document

for the City of Mount Gambier Council.

Annual Overview - this document describes Council's proposed services, projects, objectives and KPIs for 2023/2024 and includes the rating strategy and draft rating policies and annual budget

Strategic Plan Reference:

Goal 1: Our People

Goal 2: Our Location

Goal 3: Our Diverse Economy

Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

Goal 5: Our Commitment

REPORT RECOMMENDATION

- 1. That Audit and Risk Committee Report No. AR23/33287 titled '2023/2024 Draft Annual Business Plan and Budget' as presented on 05 June 2023 be noted.
- 2. That the Audit and Risk Committee feedback on Council's Draft 2023/2024 Draft Annual Business Plan and Budget and/or the associated processes and risks, as follows:
 - XXXXX
 - XXXXX
 - XXXXX

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on the 27 June 2023 for consideration of the adoption of the Draft 2023/2024 Annual Business Plan and Budget.

TYPE OF REPORT

Corporate

BACKGROUND

1. Audit and Risk Committee Terms of Reference - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:

12.6 Review of Strategic Management and Business Plans:

The Committee shall review and provide advice on Council's strategic management plans (at the time of their preparation and scheduled review), which include the following:

- Strategic Plan;
- Key principles and assumptions of the Long Term Financial Plan;
- Various Asset Management Plans: and
- Annual Business Plan.
- 2. **Legislation** Section 123 of the Local Government Act 1999 requires Council to have an annual business plan and budget. Further guidance is provided by Sections 6 and 7 of the Local Government (Financial Management) Regulations 2011.
- 3. **Legislative Changes** Changes to the Local Government (Financial Management) Regulations 2011 were made effective from January 2022 that defined the following:
 - Consistent Information How rating information should be shown to ensure that all SA
 Councils present the information included in the Draft Annual Business Plan issued for
 public consultation and the final version of the document for adoption in a consistent
 manner; and
 - General Rates Growth Growth is now defined as the growth in the number of rateable properties.
- 4. LGA Suggested Template To assist councils the Local Government Association (LGA) has been working with the South Australian Local Government Finance Managers Group (SALGFMG) and the Revenue Professionals SA (RPSA) to develop some suggested templates to incorporate the required information and also to discuss how these may be populated on a consistent basis.
- 5. Section 123 Details Section 123 of the Local Government Act states that:

Each annual business plan of Council must –

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

- (g) address or include any other matter prescribed by the regulations.
- 6. Part 2 (6) of the Local Government (Financial Management) Regulations 2011 States that the Business Plan must include the following with regards to rates:
 - (1) Pursuant to section 123(2)(g) of the Act, an annual business plan (including a draft for the purposes of public consultation) must include information with respect to the following additional matters:
 - (a) the reason why the council has adopted its valuation method for rating purposes;
 - (b) if differential rates are used, the reasons and justifications for the differentiation, and the expected level of revenue to be raised by each differential rate;
 - (c) if applicable, the use and level of a fixed charge component of a general rate;
 - (d) the use and level of any separate rate, service rate or service charge, including the reasons for the rate or charge;
 - (e) the council's policy on discretionary rebates and remissions, with particular reference to the rebates that will apply for more than 1 financial year and including information on how a rebate is designed to meet the purpose behind the rebate;
 - (ea) a statement on the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);
 - (eb) a statement on the percentage change in the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);
 - (ec) if relevant, a statement on the average change in the expected rates for the financial year (expressed as a whole number of dollars) for each land use category declared as a permissible differentiating factor compared to the expected rates for each category for the previous financial year as set out in the annual business plan for that previous financial year;
 - (f) issues concerning equity within the community and the impact of rates across the area;
 - (g) the application or operation of a minimum amount payable by way of rates (if applicable).
 - (2) If an annual business plan sets out a growth component in relation to general rates, it may only relate to growth in the number of rateable properties (and must not relate to growth in the value of rateable properties).
- 7. Part 2 (7) of the Local Government (Financial Management) Regulations 2011 States that the budget must include the following:

Pursuant to section 123(10)(b) of the Act, each budget of a council under the Act must—

- (a) include budgeted financial statements, which must be presented, other than notes and other explanatory documentation, in a manner consistent with the Model Financial Statements: and
- (b) state whether projected operating income is sufficient to meet projected operating expenses for the relevant financial year; and
- (c) include a summary of operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances: and

- (d) include estimates with respect to the council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators
- 8. **Public Consultation** Consultation must be undertaken on the draft Annual Business Plan in accordance with Council's public consultation policy and Section 123 (4) of the Act.
- 9. **Annual Business Plan and Budget Process** The process was outlined to Elected Members as part of the Elected Member induction process in January 2023 that included an overview of the 2023/2024 Annual Business Plan process, the budget information to be provided to Elected Members, and the key milestones and meeting dates.
- 10. Annual Business Plan and Budget Development The draft Annual Business Plan and Budget was developed in consultation with staff across Council. Staff provided detailed budget requirements for the coming year to deliver services for community and specific projects. This was then reviewed by senior Council staff and Elected Members at workshops held between March and May 2023.
- 11. Audit and Risk Committee Engagement A workshop was held with Committee members that provided a budget overview detailing the progress to date and the approach taken in February 2023. The key elements of the ABP, LTFP and IAMPs were also presented at a further workshop on 8 May 2023.
- 12. **Annual Business Plan and Budget Elected Member Engagement** Five informal briefings were held with Elected Members during April/May 2023 to brief them on the contents of the budget, LTFP, IAMPs and provide an understanding of the priorities for the coming year.
- 13. Council Endorsement of the Draft Annual Business Plan and Budget Council endorsed the Draft 2023/2024 Annual Business Plan and Budget for public consultation at the Council meeting on 23 May 2023.

PROPOSAL

- Strategic Management Plans Council's Annual Business Plan and Budget was formulated within the guiding principles detailed in its suite of Strategic Management Plans, including the City of Mount Gambier Strategic Plan 2020-2024, Asset Management Plans and Long-Term Financial Plan. The Strategic documents were reviewed at the same time to ensure alignment and are intended to be reviewed together annually in future years.
- 2. **Service Levels to the Community** Council's annual operating program was developed to ensure maintenance of the current level of all existing services to the whole community. It should be noted that this Annual Business Plan does not include the provision of new services with the exception of the Wulanda Recreation and Convention Centre.
- 3. **Structure of the Annual Business Plan document** Aligned with last year's document and legislation the document includes the following:
 - **Significant Influences** An overview of the environment in which the Annual Business Plan and Budget was developed i.e. the external influences including the political environment, public health and wellbeing and tourism.
 - **Highlights** An overview of proposed key outcomes for the coming year.
 - **Key Assumptions** Provides an overview of key assumptions and principles applied in building the budget.
 - Capital Expenditure Provides an overview of the capital works program with definitions for the different categories of projects supported by additional project information to provide clarity for the community (including project descriptions to provide more detail to aid in understanding the expected outcomes from the projects and a view of grants anticipated and the net cost to Council (i.e. after grants/contributions)).
 - Financial Overview Is a summary of the operating budget.

- **Financial Targets** Shows how the 2023/2024 budget key financial indicators compare to targets (based on a 3 year average).
- Our Goals Provides an overview of the key Annual Business Plan and Budget information included in the document aligned to the headings of the four strategic plan goals identified in the City of Mount Gambier Strategic Plan 2020-2024 being: Our People; Our Location; Our Economy; and Our Climate, Natural Resources, Art, Culture and Heritage. Each strategic plan goal includes the following information:
 - > Strategic Plan Objectives Key objectives from the City of Mount Gambier Strategic Plan 2020-2024 to which the Annual Business Plan and Budget are aligned.
 - > Annual Objectives Priority outcomes that Council are planning to achieve in the coming vear.
 - > **Key Performance Indicators** Measures that will highlight the expected performance in the delivery of services and annual objectives.
 - > Services The list of services that Council will deliver for the community.
 - ➤ **Projects** Project names, a brief description of the project, the gross cost, expected grants/contributions and the net cost to Council (after taking account of the expected contribution).
 - Rating Policy and Rate Rebate Policy Both draft rating policies have been included in the Annual Business Plan and Budget document rather than as a separate report to ensure that the document is aligned with the regulations.

Financial Overview:

| Summary | Key Measure | Adopted Budget 2023 | Budget 2024 | Adopted LTFP 2024 | Target |
|-----------------------------|------------------------------|------------------------|-------------|----------------------|-------------------|
| | General Rate Increase | 4.5% | 6.2% | 4.5% | 4.5% |
| Revenue Assumptions | Waste Service Charge | 4.5% | 6.2% | 4.5% | 4.5% |
| · | Total Rate Revenue Increase | 4.5% | 6.2% | 4.5% | 4.5% |
| | Operating Surplus Ratio | -7.2% | -6.7% | -4.9% | >\$0 by FY 2027 |
| Key Financial Indicators | Net Financial Liabilities | 135% | 117% | 126% | < 100% by FY 2027 |
| | Asset Renewal Funding Ratio | 120% | 100% | 100% | > or = 100% |
| Operating Expenditure | Operating expenditure (\$'m) | 39.6 | 45.1 | 39.5 | |
| Capital | Asset Renewals (\$'m) | 7.4 | 5.8 | 7.5 | |
| Expenditure | New/Upgrade (\$'m) | 14.1 | 3.9 | 1.0 | |

- Total Rate Revenue Increase Council has taken the decision to increase rates by more
 than that included in the previously adopted LTFP to counteract the impact of lower than
 CPI increases in rates in previous years as well as increases in inflation, interest rates and
 other significant costs such as utilities. A smoothing approach has been taken to ensure
 that whilst key ratios are achieved in FY 2027, the required increase has been spread
 across three years.
- **Inflation** CPI has been assumed to be 4.2% based on Deloitte Access Economics forecast for FY 2024 as at September 2022 (broadly in line with 4.1% as at March 2023).

- Operating Deficit Council's estimated operating deficit for 2023/2024 is forecast to be (\$2.8m) which is higher than that included in the previously adopted LTFP target of (\$1.9m). This is mainly as a result of materials, contracts and other expenditure increasing by (\$2.6m) (increased inflation / utility prices), increase in depreciation expected of (\$0.6m) (Wulanda and Caroline) and increase in interest of \$0.7m (rate rises and increased expenditure). Income is forecast to increase that will partly offset this increase by \$3.3m with increased rates and landfill charges.
- Operating Expenditure A total of \$45.1m will be spent on operating expenditure
 including waste management and disposal, development assessment and planning
 services, library services, community development and events plus the
 maintenance/depreciation of infrastructure and building assets including roads, footpaths,
 lighting, stormwater drainage, cemeteries and other council properties. As stated above,
 this is an increase on the current adopted LTFP.
- Renewal Program Next year \$5.8m has been allocated to renew assets including Buildings and Structures \$0.7m, Infrastructure \$3.2m and Plant and Equipment \$1.7m.
- **New/Upgrade** Next year \$3.9m has been allocated to New/Upgrade including Caroline Landfill \$2.2m, Wulanda \$0.6m, other buildings \$0.4m, and Infrastructure \$0.4m.
- Key Financial Indicators The key ratios have been compared to the adopted LTFP as shown below:
 - Operating Deficit Ratio The operating deficit ratio is higher than the adopted LTFP (unfavourable variance) mainly due to the increases in operating expenditure (with more detail provided above).
 - Net Financial Liabilities Ratio This is lower than the LTFP target (favourable) mainly due to the increase in revenue detailed above.
 - > Asset Renewal Funding Ratio Both the current plan and LTFP target are 100% reflective of updated Asset Management Plan.
- 4. **Grant Funding** Council has also been successful in securing significant grant funding from Local Roads and Community Infrastructure.
- 5. **Financial Statements** Includes the following statements for 2022/23 and 2023/2024:
 - Statement of Comprehensive Income;
 - Statement of Financial Position (Balance Sheet);
 - Statement of Changes in Equity;
 - Statement of Cash Flows:
 - Uniform Presentation of Finances; and
 - Financial Indicators.
- 6. **Net Borrowing** Council's net borrowing (budget deficit) as shown in the Uniform Presentation of Finances in 2023/2024 is expected to be (\$1.8m). This is a higher borrowing figure than the previously adopted LTFP target mainly due to expenditure increases as detailed above. This indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. The resulting draft plan outlines Council's objectives and goals in accordance with Council's Strategic Plan and Long-Term Financial Plan maintaining a financial and strategic focus to provide sustainability for residents and ratepayers in the future.
- 7. **Rating Policy and Rate Rebate Policy** These two policies have been included in the draft Annual Business Plan document to ensure alignment with the recent regulatory changes. They identify the framework within which Council must operate and make policy choices. They will be included for adoption with the Annual Business Plan and Budget in June 2023.

LEGAL IMPLICATIONS

As shown in more detail in the background section of this report including Section 123 of the Local Government Act 1999 and Part 2 (6) and (7) of the Local Government (Financial Management) Regulations 2011.

STRATEGIC PLAN

The Draft Annual Business Plan and Budget 2023/2024 is aligned with the City of Mount Gambier Strategic Plan 2020-2024.

COUNCIL POLICY

R105 Draft Rating Policy 2022/2023 (included in this agenda item)

R130 Rates General Matters

R155 Rate Rebate Policy (included in this agenda item)

P195 Community Consultation and Engagement Policy

T150 Treasury Management Policy

B300 Budget Framework Policy

P420 Procurement, & Disposal of Land and Assets

ECONOMIC IMPLICATIONS

The Annual Business Plan and Budget was developed considering the adopted Long-Term Financial Plan 2023-2032 and aligned with the development of the draft Long Term Financial Plan 2024-2033 and draft Asset Management Plans 2024-2033 also included in the agenda for this meeting.

ENVIRONMENTAL IMPLICATIONS

The Draft Annual Business Plan and Budget 2023/2024 includes Council's environmental budget for the year, annual objectives and key performance indicators, services and projects aligned with the strategic goals of Our Diverse Economy and Our Climate, Natural Resources, Arts, Culture and Heritage.

SOCIAL IMPLICATIONS

The application of rates is recognised as a system of taxation of residents, and as such, Council strives to the best of its ability to ensure that rates are applied fairly and that the burden is shared equally by those with ability to pay in proportion to their wealth.

Council has and will continue to consider the impact of rates on all sections of the community and those on fixed incomes and with limited financial resources.

CULTURAL IMPLICATIONS

Nil

RESOURCE IMPLICATIONS

The development of the Draft Annual Business Plan and Budget 2023/2024 has been managed within existing staff resources.

The capacity and capability of the organisation to deliver the Draft Annual Business Plan outcomes has been reviewed and confirmed with key stakeholders.

VALUE FOR MONEY

The Draft Annual Business Plan 2023/2024 includes the budget. Procurement of goods and services included in the budget will be aligned with P420 Procurement, & Disposal of Land And Assets Policy.

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RISK IMPLICATIONS

The capacity to deliver the Draft Annual Business Plan and Budget has been reviewed by the Executive Leadership Team (ELT) with a particular focus on the delivery of the operating and capital works programs.

EQUALITIES AND DIVERSITY IMPLICATIONS

Annual objectives and KPIs in relation to implementation of these plans have been included in the Draft Annual Business Plan and Budget

ENGAGEMENT AND COMMUNICATION STRATEGY

Community consultation timelines and approach is aligned with that defined in the Local Government Act and Council's Policy P195 Community Consultation and Engagement Policy defines community consultation as being "part of community engagement and means a planned process by which the Council formally invites its constituents and stakeholders to comment about matters upon which Elected members are to deliberate."

| Decision to be made | Make recommendations for the Draft Annual Business Plan 2023/2024. | | |
|--|---|--|--|
| Key factors to be considered in decision | Draft Long Term Financial Plan 2024-2033 | | |
| | Draft Asset Management Plans 2024-2033 | | |
| | City of Mount Gambier Strategic Plan 2020-2024 | | |
| | Local Government Act 1999 | | |
| Area of community influence | Aspects that are fixed – Legislative factors; | | |
| | Key areas for community input – The community may make submissions on all sections of the Annual Business Plan. | | |
| Method of consultation, informing the | Copies will be available at: | | |
| community | The Mount Gambier Library; and | | |
| | The Customer Service counter. | | |
| | Have Your Say website | | |
| | A facility will be available for the community to ask questions and receive submissions on Council's Have Your Say website during the public consultation period. | | |
| | A Special Council meeting will be held on Tuesday 20 June 2023 at 5:00pm to hear feedback from the community. | | |
| Feedback to stakeholders/Council | A written response will be made to all submissions once the Annual Business Plan 2023/2024 has been adopted by Council. | | |
| Timeframe for Consultation | 25 May - 15 June 2023. | | |

IMPLEMENTATION STRATEGY

Following the adoption of the 2023/2024 Annual Business Plan and Budget in June 2023 the following will occur:

• **Budget** - the budget will be formally rolled out across the organisation to all budget holders and will form the basis of financial performance reporting.

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 Annual Objectives and Key Performance Indicators - Performance against the annual objectives and Key Performance Indicators included in this document will form the basis for quarterly Annual Business Plan Performance reporting that will be brought to Council.

CONCLUSION AND RECOMMENDATION

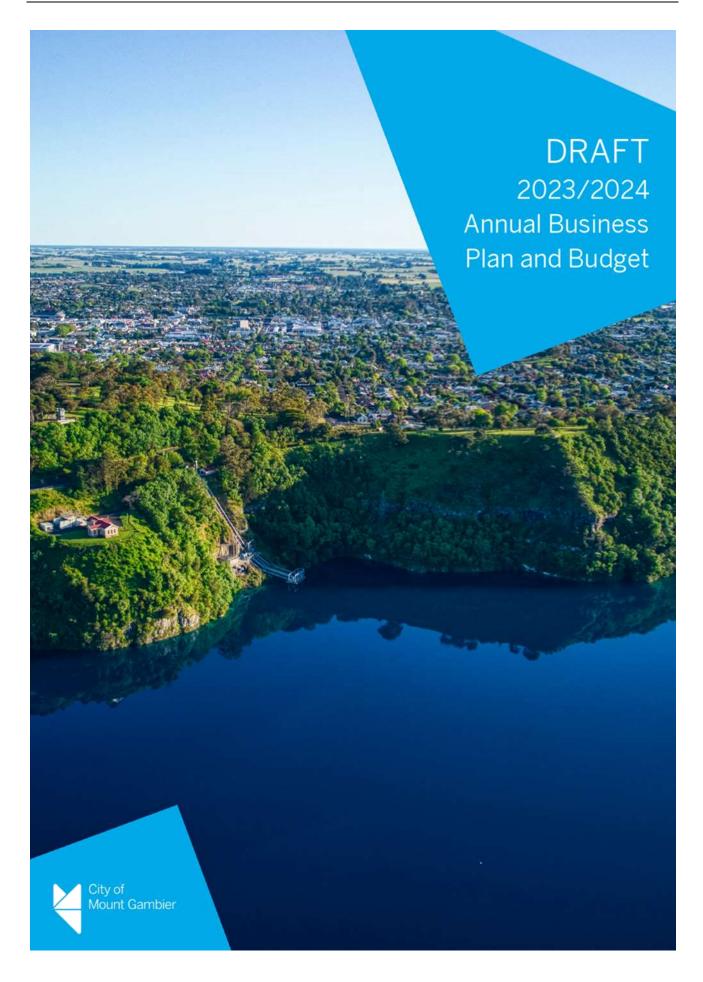
The Draft Annual Business Plan, detailing Council's intended programs for the 2023/2024 financial year including the rating policy and annual budget will be presented for endorsement for public consultation on 25 May 2023 and will be available for comment and submission by the community until 15 June 2023.

The process that was undertaken to build the budget achieved the key outcomes established prior to the start of the process.

ATTACHMENTS

1. Draft ABP 2023/2024 J

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A message from the Mayor

On behalf of Elected Members, I am pleased to present the City of Mount Gambier Annual Business Plan for the 2023/2024 financial year.

The 2023/2024 Annual Business Plan and Budget outlines the program of work the City of Mount Gambier will undertake as we enter the new financial year.

Council have undertaken careful deliberations to ensure that our priorities are delivered in the context of long term financial sustainability. The Annual Business Plan has been developed in alignment with the Long Term Financial Plan and Asset Management Plan.

In 2020/2021, to assist ratepayers during COVID, Council applied a zero rate increase, and in 2022/2023, rate increases were below CPI. As a consequence of this and relatively high inflation continuing beyond the 2023 financial year, Council has made the difficult decision to increase rates by more than is set out in the current Long Term Financial Plan.

Therefore, Council has taken a smoothing approach to rate revenue increases for the next three years as we recognise the financial pressures residents and businesses are experiencing. We are committed to providing a high level of service to our community whilst remaining financially sustainable by managing expenditure within the ten years of the Long Term Financial Plan to minimise the impact on ratepayers.

Current indications demonstrate that the average rates notice in Mount Gambier will remain below the average in both South Australia and neighbouring council areas.

City of Mount Gambier is proud to provide services, programs and support to the community as an inclusive city where people lead fulfilling lives.

I look forward to working with Elected Members and Council staff as we continue to build the foundations to support our city for growth, both economic and social.

Yours faithfully,

Lynette Martin OAM MAYOR

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A message from the CEO

It is a pleasure to present to you the 2023/2024 Annual Business Plan and Budget for the City of Mount Gambier.

Council's 2023/2024 Business Plan and Budget focuses on building foundations and positioning our city for future growth and opportunities.

The current inflation in Australia has created cost pressures in various areas. This inflation is now affecting our ability to provide services to the expected standard, and all councils across South Australia face similar challenges.

The City of Mount Gambier remains dedicated to offering a wide range of services that benefit our residents every day. We are proud to provide these services and committed to ensuring ongoing sustainability so that services and facilities are provided to a good standard.

Our community now has access to an extraordinary facility, Wulanda Recreation and Convention Centre. Council will continue to focus on providing inclusive community access to a diverse range of recreation, cultural and corporate activities within the state-of-the-art facility.

We have been taking time to evaluate our role as custodians in our natural landscape, with a clear focus on shaping our tourism future and the development of the Crater Lakes Master Plan.

The 2023/2024 Annual Business Plan and Budget also includes continued investment in sport and recreation, local roads and community infrastructure, and waste management.

I look forward to continuing to work together on many projects and initiatives in the coming year.

Yours faithfully,

Sarah Philpott CHIEF EXECUTIVE OFFICER





2023/2024 Annual Business Plan and Budget | 3

How the Annual Business Plan and Budget was prepared

PURPOSE

The Annual Business Plan is the key operational and financial document for Council. It sets proposed operational programs and capital projects for 2023/2024 and how we will allocate our budget.

STRATEGIC DIRECTION

The content has been developed after taking into consideration the long-term direction of the Futures Paper, Strategic Plan 2020-2024, The Long Term Financial Plan (10 Year Plan) and the Asset Management Plan (10 years). Maintaining an adequate level of expenditure on existing assets on an annual basis ensures intergenerational equity, that is the burden of costs is met equally by current and future ratepayers.

Strategic priorities were reviewed with the Executive Leadership Team, Management Team and Elected Members to inform timing and deliverables for 2023/24. Many of the strategic priorities will be resourced using current budget and staff allocations. Some of these projects may be delivered over multiple years while others impact only 2023/24.

RATING

A review of rating strategy was undertaken, benchmarking against other South Australian councils and developing different scenarios for rates in 2023/2024 and beyond.

These scenarios were reviewed with Council's Executive Team and Elected Members at budget workshops with the approach to smooth the required rate increase over three years.

OPERATIONS BUDGET BUILD APPROACH

The Annual Business Plan 2023/2024 adopted a 'bottom up' budget approach where meetings were held with budget holders to examine their costs, which required managers to justify expenditure and provide assumptions for revenue.

ELECTED MEMBER REVIEW

A number of workshops were held with Elected embers to develop this budget and discuss priorities within the draft plan during April 2023.

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Significant Influences

In the development of the Annual Business Plan we have undertaken a review of our internal environment and broader external environment that includes social, environmental, economic and planning elements. This review identifies key issues that help provide the context for the development of this plan.

PUBLIC HEALTH AND WELLBEING

The COVID-19 pandemic has driven global changes. In South Australia, there are still ongoing ramifications that will continue to affect the local community and economy.

Council's focus will be on vigilance and rapid response when appropriate.

Over the last three years Council has seen the impact of COVID-19 on the availability and cost of materials and resources to support its capital works program. If this trend continues it may mean that additional contingency may be required to fund the program included in this Annual Business Plan and Budget.

LOCAL ECONOMY

With a diverse and stable economic base, the Mount Gambier region is one of the most significant contributors to the South Australian economy in both export, local income and tourism. Key industries that contribute to the city and regional economy are:

- · Softwood timber industry,
- · Education,
- · Visitor economy,
- · Health services.
- · Agribusiness, and
- · Transport and logistics.

Significant Influences

A focus for growth is the visitor economy, a diverse and wide-reaching sector that impacts broadly across service and product groups. The growth of this sector impacts on business opportunities from hospitality, to growing existing products and services and providing exciting new opportunities. This sector strongly links to the agribusiness sector, with farm experiences increasingly sought after by international visitors.

Transport and logistics are key employers in Mount Gambier. The city is one hour from Portland's major deep sea port and ensures that Mount Gambier remains a key transport hub. The transport sector remains strong, with growing demand, particularly in the city's forestry sector.

LEGISLATIVE REFORM

There are two significant legislative changes which will impact on Local Government - The new Planning, Development and Infrastructure Act (PDI Act) and changes to the Local Government Act. These changes will have significant impact on our community and council operations. It is essential Council continues to plan for these changes and work with the State Government to influence legislative reform and its implementation.

TOURISM SECTOR

A cross-government approach to the development of access to Mount Gamier's natural attractions has been advocated. This would include scoping, master planning and the facilitation of approvals to consider infrastructure development and marketing.

DEVELOPMENT

Over the next year, the State Planning Commission will be working with regional councils across the state in the development of Regional Plans. These Regional Plans will identify and guide land use and infrastructure requirements, and the City of Mount Gambier will provide information and strategic direction towards the Limestone Coast Regional Plan

The Regional Assessment Panel developed in the last financial year amongst a number of councils in the region will continue which will result in some changes to processes for development.

POLITICAL ENVIRONMENT

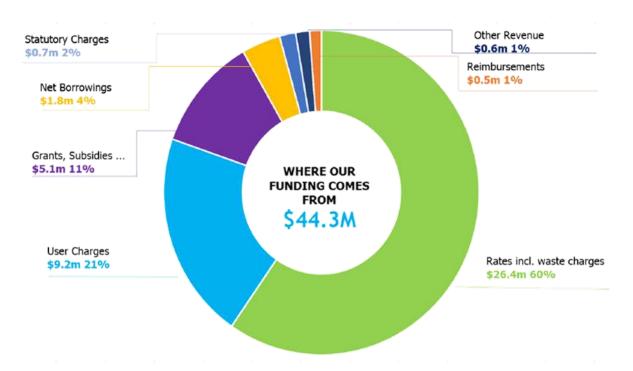
State and federal governments will continue to have an impact on the political environment in which Council operates. This may also influence the grants and partnering opportunities available to the local government sector.

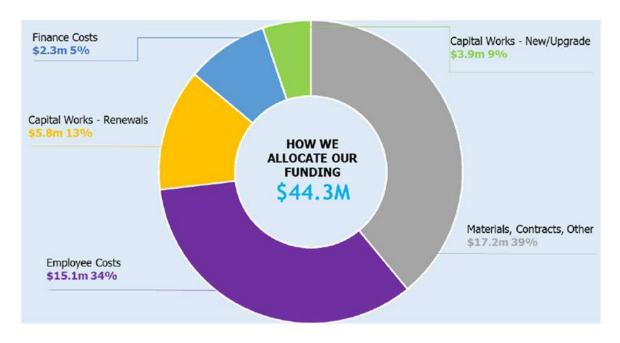
GLOBAL ECONOMY

COVID 19 and other economic events have had a significant impact on the Australian, South Australian and ultimately the local economy. This has impacted the following:

- Inflation The cost of goods and services and in particular the cost of capital projects and utilities,
- Interest rates Council has structured its debt to minimise the impact of fluctuations in interest rates. However, 11 increases over the last 12 months have increased finance costs.

Funding and Expenditure Summary





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Council

33.88
SQUARE
KILOMETRES

STAFF FTE

144

27,771

TOTAL RATES
REVENUE
INCREASE
6 2%

ROADS
SEALED ROADS
230.13
KILOMETRES
UNSEALED ROADS
1.33
KILOMETRES

ECONOMIC PROFILE

GROSS REGIONAL PRODUCT \$1,464M

LARGEST SECTOR:
CONSTRUCTION

Strategic Context

Hierarchy of Documents - Brings together the key planning documents to ensure that the vision, goals and objectives set by the Futures Paper are implemented in the Long Term Financial Plan, Asset Management Plan, Strategic Plan, and Annual Business Plan.

The Annual Business Plan guides and is guided by other key strategic management documents as shown below:



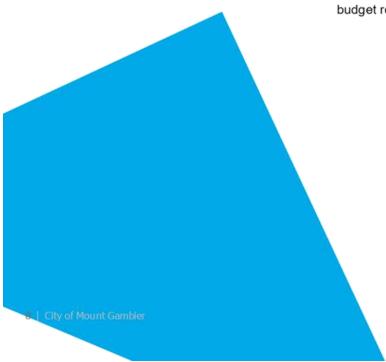
The Futures Paper outlines strategies for action at the individual, organisation and community level that will enable the community to achieve their collective aspirations.

Long Term Financial Plan (10 years) (LTFP) - shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plan. The LTFP is reviewed by Council on an annual basis.

Asset Management Plan (10 years) - identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.

Strategic Plan (4 years) - represents the vision, aspirations and priorities of our community now and into the future. The Strategic Plan is informed by the Futures Paper and identifies the outcomes Council seeks to achieve and the strategies that will put in place to get there.

Annual Business Plan (1 year) - Each year, Council develops an Annual Business Plan guided by Council's strategic financial framework which sets strategic directions over the medium and long term and converts these into annual actions and outcomes. This shows the outcomes Council expects to achieve in the year and the services, key measures of success and the budget required to deliver these outcomes.



Highlights

With finite resources, pressures to deliver more and changes in consumer's expectations of Council's services, there is a growing need for Council to deliver services tailored to demand.

This Annual Business Plan will focus on maintaining service standards efficiently.

Highlights for the year ahead include:

WULANDA RECREATION AND CONVENTION CENTRE

Continue to operate and activate the Wulanda Recreation and Convention Centre facility. This will increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and economic benefits.

LOCAL ROADS AND COMMUNITY INFRASTRUCTURE

Council will utilise the funding provided by the Phase 4 program to design the Frew Park amenities design in 2023/2024 with a view to construct the building in the following financial year.

SPORT, RECREATION AND OPEN SPACE STRATEGY

To continue to provide quality, well-planned spaces and guide the future direction of open spaces and facilities in Mount Gambier, Council will prioritise the projects outlined in the adopted Sport, Recreation and Open Space Strategy to inform an implementation plan for 2023/2024 and beyond.

CRATER LAKES ACTIVATION

To enable Council to capitalise on the Crater Lakes precinct, Council will use the guiding principles outlined in the Crater Lakes Activation Plan (once adopted) to inform future projects for 2023 / 2024 and beyond.

WASTE MANAGEMENT STRATEGY

Council will develop a holistic strategy and plan that supports the targets and outcomes of South Australia's Waste Strategy 2020-2025, with a key emphasis on initiatives that reduce avoidable waste to landfill to zero by 2030. The strategy will investigate circular economy opportunities, regional and cross border waste management capacity and needs, land use and zoning requirements for the future and application of relevant agency policies and legislation.

RECONCILIATION ACTION PLAN

Council's current Reconciliation Action Plan, Yerkalalpata, expired in 2022 and requires review to inform Council's work to support reconciliation for a further two years. Council will continue to focus on strengthening positive relationships, acknowledging and respecting Aboriginal and Torres Strait Islander cultures, and providing opportunities to ensure that our First Nations peoples have the same life opportunities as other Australians.

ORGANISATIONAL IMPROVEMENTS

We will progress work on a number of key organisational initiatives including:

- Elector Representation Review;
- Strategic and Operational Risk Management;
- Iservices Strategy;

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- Strategic Planning and Reporting Framework;
- Work Health Safety & Wellbeing Culture;
- Media and Communications Strategy;
- Leadership Capability Framework; and
- Business Process Improvement.

Key Assumptions

RATES

The general rate provides benefits to the whole community and ensures social, economic and environmental sustainability.

The number of rateable properties in 2023/2024 is TBC with estimated assessment growth of 0.50% and CPI of 5.7% equalling a total increase of 6.2% in general rate revenue.

Due to prior and current economic conditions and relatively high inflation continuing beyond 2023, Council have taken the difficult decision to increase rates by more than the previously adopted LTFP.

To minimise the impact upon ratepayers, Council have taken a smoothing approach to rate revenue increases (general rates and waste service charge) spreading the required increase across the next 3 years.

INFLATION

Inflation has been applied to revenue (with the exception of rates) based on forecast Adelaide CPI as at September 2022 where appropriate as provided by Deloitte Access Economics.

Inflation has also been applied to expenditure based on contractual agreements i.e. contract terms for other expenditure where appropriate.

Actual Adelaide CPI as confirmed by the Australian Bureau of Statistics for the March Quarter 2023 was 7.9%, which is higher than the budget assumption. The latest Deloitte Access Economics forecast for 2023/2024 is 4.1%.

It should be noted that significant increases have been experienced for goods and services purchased by Council in particular utilities and capital projects.

Strategies will be developed to mitigate additional pressures should inflation be higher than assumed in the budget.

USER PAYS PRINCIPLE

Benefits that are provided to a distinct group of the community will, wherever practicable be charged directly to the recipient of that benefit.

CURRENT SERVICE LEVELS

Council's annual operating program was developed to ensure maintenance of the current level of existing services to the whole community.

KEY FINANCIAL INDICATORS (KFIs)

The following Key Financial Indicators are deemed by the Local Government sector to be the best indicators for determining financial sustainability:

- · Operating surplus / (deficit) ratio;
- · Net financial liabilities ratio; and
- Asset renewal funding ratio.



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Capital

Excluding Wulanda Recreation and Convention Centre Construction

It is essential that Council manages and maintains its assets responsibly, to maximise the value and the services the community derives from them.

The annual capital works program is informed by:

- a. Elected Members and community input
- b. City of Mount Gambier Strategic Plan 2020-2024
- c. The suite of Asset Management Plan (e.g. roads, footpaths), and
- d. The Long Term Financial Plan.

The capital projects budget identifies the amount of money that Council will invest in its long term physical assets and includes two categories:

RENEWALS

Renewals refers to the amount of money that Council will spend in maintaining and replacing its existing asset base.

This category would include such projects as road resurfacing and line marking, street and footway lighting.

NEW CAPITAL/UPGRADE

The amount of money Council will invest in new assets can either be the upgrade of existing assets or the creation of new assets.

The below table provides an indication of what Council will spend to maintain its infrastructure and is based on Council's Asset Management Plan.

| \$'k | Renewals | New/ Upgrade | Total |
|-----------------------------|----------|-----------------|-------|
| Buildings and Structures | 700 | 460 | 1,160 |
| Caroline Landfill | | 2,200 | 2,200 |
| Infrastructure | 3,200 | 374 | 3,574 |
| IT | 30 | 30 | 60 |
| Other | 90 | 179 | 269 |
| Plant and Equipment | 1,742 | 40 | 1,782 |
| TOTAL | 5.762 | 3.283 | 9.045 |

Capital Expenditure

BUILDINGS AND STRUCTURES

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|---|--|---------------------------------|----------------------------------|-------------------------------|
| Building Design Projects | Design for renewal projects to be delivered in 2024/2025. | 50 | - | 50 |
| Works Depot Automatic Gates and Traffic Management (Building Renewal Programs) | Installation of Automatic Roller gates to create access through swipe/card system from McDonnel Drive, Installation of Backyard Roller Gates to create automatic access from White Avenue. | 70 | - | 70 |
| Carinya mowing strips | Concrete mowing strips at the Carinya Cemetery. | 15 | | 15 |
| City of Mount Gambier Works Depot amenities renovation | Continuation of the refurbishment of amenities (toilet/shower block/lunch areas). | 100 | ë | 100 |
| Energy efficiency program | Projects that support Council's decision to deliver projects annually. | 50 | | 50 |
| Frew Park Amenities | Design for the renewal/upgrade of existing Frew Park Amenities (toilets, seating, pergola areas) funded by LRCI Phase 4 Commonwealth grant funding. | 50 | (50) | |
| Library storage unit | Construction of a purpose-built storage unit to be established to host library materials, resources and equipment. | 95 | - | 95 |
| Old Mount Gambier Gaol | Continuation of the renewal of walls, roofing and doors. | 330 | - | 330 |
| Railway Lands Nature Play | Design and construction of a nature play area in the Railway Lands with 50% private funding (received in prior year). | 300 | (150) | 150 |
| Building Renewals | Allocation for additional renewals. | 100 | | 100 |
| TOTAL | | 1,160 | (200) | 960 |

CAROLINE LANDFILL

| Project Name | Project Description | Gross Expenditure \$'000s | Contribution | Net Expenditure \$'000s |
|-------------------------|---|---------------------------------|--------------|-------------------------------|
| Construction of Cell 4A | Continuation of the construction of a cell at the Caroline Landfill facility. | 2,200 | | 2,200 |
| TOTAL | | 2,200 | - | 2,200 |

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INFRASTRUCTURE

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|-------------------------------------|--|---------------------------------|----------------------------------|-------------------------------|
| Car park renewals | Depot car park renewal. | 40 | - | 40 |
| New footpaths | New footpaths that will address high priority items from the CBD accessibility audit. | 54 | Ŧ | 54 |
| O'Hallaran Terrace PLEC remediation | Construction of O'Hallaran Terrace remediation works following PLEC works. | 320 | - | 320 |
| Footpath reseals | Including works on the following: Wehl Street South - Helen Street to Commercial Street West, Shepherdson Road - Coutts Street to Bertha Street, and Elliott Drive - Davison Drive to End Section. | 50 | - | 50 |
| Road reconstruction | Including: Bertha Street - Edward Street to Commercial Street West, O'Halloran Terrace - Power Street to Bay Road, Shelley Crescent - Shelley Crescent Mid to Shelley Crescent East. | 2,127 | - | 2,127 |
| Roads to Recovery | Road widening for Wireless Road East - Kennedy Avenue to Attamurra Road. | 436 | (436) | 0 |
| Road reseals program | The resealing of the sealed roads network. | 482 | - | 482 |
| Stormwater drainage renewals | Including grates and lid replacement and side entry pit replacement (Shepherdson Road and Boandik Terrace). | 65 | * | 65 |
| TOTAL | į | 3,574 | (436) | 3,138 |

IT

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|------------------------|---|---------------------------------|----------------------------------|-------------------------------|
| IT renewals | Replacement of current IT infrastructure assets - annual program. | 30 | - | 30 |
| Caroline Landfill WiFi | install Wi-Fi extension at Caroline Landfill to provide effective device communication across the entire site. | 30 | - | 30 |
| TOTAL | | 60 | | 60 |

Capital Expenditure

OTHER

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|-----------------------|--|---------------------------------|----------------------------------|-------------------------------|
| Trees | Priority focus is the bushfire rehabilitation and revegetation of the affected Crater Lakes area | 80 | | 80 |
| Christmas Decorations | Renewal of Christmas decorations | 20 | | 20 |
| Waste bins | Purchase of waste bins. | 70 | | 70 |
| Beacon art project | Design and construction of beacon art project. | 99 | | 99 |
| TOTAL | | 269 | | 269 |

PLANT AND EQUIPMENT

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|--------------------------------|--|---------------------------------|----------------------------------|-------------------------------|
| Minor plant | Purchase of new minor plant items as per Asset Management Plan allocation. | 40 | | 40 |
| 2 Wheel Drive Utility Vehicles | Purchase of 3 vehicles | 99 | | 99 |
| Garbage compactors | Purchase of two replacement garbage compactors. | 863 | | 863 |
| Water truck | Purchase of replacement water truck. | 165 | | 165 |
| Mowers | Purchase of 3 mowers. | 392 | | 392 |
| Tip trucks | Purchase of 2 tip trucks | 223 | | 223 |
| TOTAL | | 1,782 | | 1,782 |

Financial Overview

GENERAL RATE INCREASE

The proposed general rate increase will result in a 6.2% increase in general rates revenue.

OPERATING DEFICIT

Budget deficit - Council's estimated operating deficit in 2023/2024 is (\$2.8) million.

LTFP target comparison - The operating deficit is greater than the target set by the Long Term Financial Plan for 2023/2024 as adopted by Council in June 2022 of (\$1.9) million. The increase has been driven by inflationary pressures in materials, contracts and other (materials, services and utilities), which has been partly offset by additional rates revenue and landfill charges.

Organisational requirements - Operating in a deficit environment means that we will need to ensure that we have strong financial controls in place and that public value is maximised.

Future planning - A number of service reviews are planned to take place in 2023/2024 so that Council efficiently delivers both core and non-core services efficiently.

SERVICE PROVISION

A total of \$45.1 million will be spent on operating expenditure including waste management and disposal, development assessment and planning services, the library, community development, events and depreciation of assets, plus maintenance of infrastructure assets including roads, footpaths, lighting, storm water drainage, street trees, sporting facilities, open space, cemeteries and other council properties.

RISKS TO THE BUDGET

It should be noted that there are a number of risks that have not been considered in this year's Annual Business Plan and Budget as their impact at this time is unknown:

- Infrastructure Condition Audit and Valuation -The valuation for this category of assets is due as at 30 June 2023 which will have an impact on the future capital works program and depreciation.
- Buildings Condition Audit Valuation The valuation is scheduled at this stage to be undertaken as at 1 July 2023 which is also expected to have an impact on depreciation and the valuation of the capital works program. The condition audits will be undertaken over two years that will inform the future maintenance and renewals program for this significant asset
- Ongoing Inflationary Pressures Inflation is based on current forecasts. Any further increases will put additional pressure on the budget.

Financial Targets

OPERATING SURPLUS RATIO

What is the purpose of this ratio?

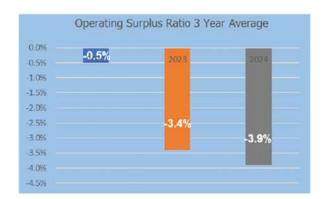
This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

What is the target?

The target to be achieved by FY2027 is that Council will achieve a positive ratio.



NET FINANCIAL LIABILITIES RATIO

What is the purpose of this ratio?

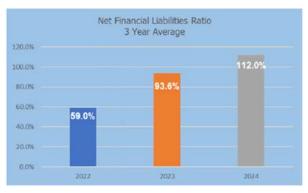
This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

What is the target?

Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by FY 2027.



Financial Targets

ASSET RENEWAL FUNDING RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if Council is maintaining all its assets.

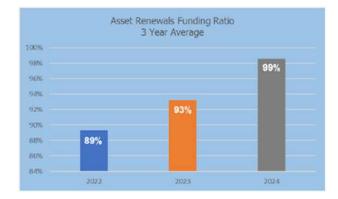
This is best demonstrated by comparing total capital renewal expenditure planned against Asset Management Plan requirements.

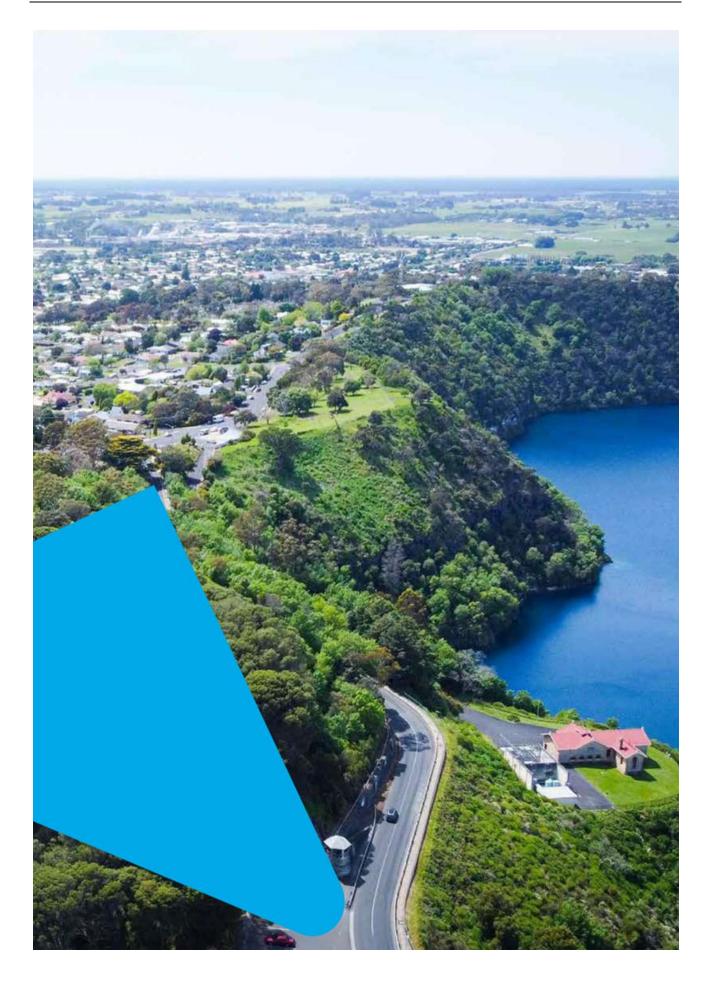
How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of Asset Management Plan allocations.

What is the target?

Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan.





Strategic Plan - Our Role and Goals

THE CITY DEVELOPMENT FRAMEWORK PROJECT

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations based on four interrelated themes:



OUR PEOPLE

How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.



OUR LOCATION

How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.



OUR DIVERSE ECONOMY

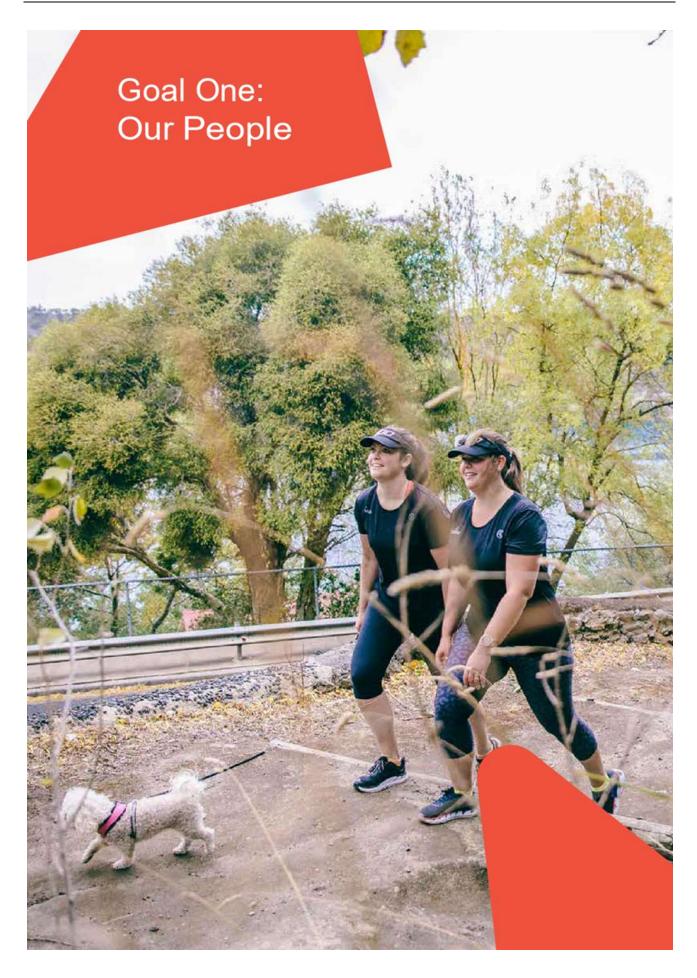
How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.



OUR CLIMATE, NATURAL RESOURCES AND HERITAGE

How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.

Outcomes from the City Development Framework Project were incorporated within the Futures Paper which is a guide for the future direction and development of the city based upon the ideas and aspirations of the community.



GOAL 1: Our People

This goal brings together five key themes that affect our people – whether they live, work, study or visit the City of Mount Gambier.

- 18.1 Community based organisations and networks. Our community groups and networks develop and grow to achieve their aspirations.
- 18.2 Community growth. We foster a sense of community by encouraging and supporting participation in community life.
- 18.3 Sense of community. The community grows in real terms at a rate that helps sustain and grow the services available within the City and for the region.
- 18.4 Care for the community. We will develop our service offering to the community to ensure all members have access to required levels of support.
- 18.5 Becoming an 'earning and learning' community. We are driving the development of local career, education and entrepreneurship pathways that build skills to grow the economy, facilitate new businesses, and provide exciting and relevant employment opportunities for all our people as we transition to an 'earning and learning' city.

ANNUAL OBJECTIVES

- Delivery of community programs.
- Development of the Disability Access and Inclusion Plan 2024-2028 and supporting implementation plan.
- Implementation of a Volunteer Management Plan.
- Implementation of a consistent approach to the administration of community grants to ensure transparency and accountability.
- Progressing development of new Reconciliation Action Plan and deliver the initial stage of actions.
- Development of Affordable Housing Strategy in line with other levels of Government.
- Develop a Dog and Cat Management Plan aligned with legislation.

KEY PERFORMANCE INDICATORS

- Delivery of Disability Access and Inclusion plan and supporting implementation plan by June 2024. Delivery of grants program outlining tranches and requirements.
- Delivery of grants program outlining tranches and requirements.
- Delivery of Reconciliation Plan actions defined for 2023/2024.
- Adoption of Dog and Cat Management Plan by 31 December 2023.

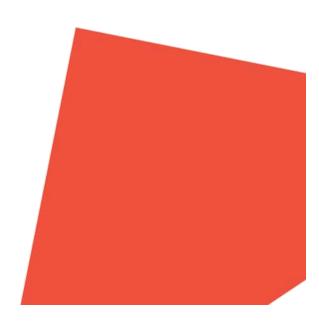
SERVICES

- · Cemetery services and maintenance,
- Community facilities management,
- · Public health and safety,
- · Volunteer management,
- · Community support programs,
- · Library services,
- · Community development activities,
- · Strategic planning,
- Inspectorial services, including parking and animal management,
- · Community engagement and social inclusion,
- Youth development and programming

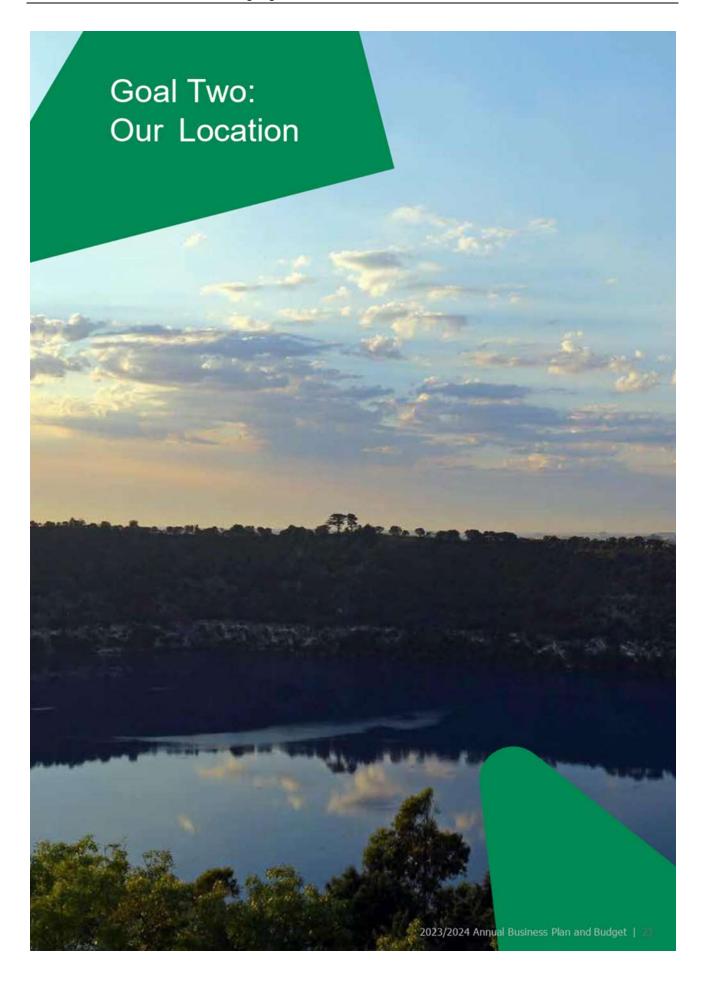
GOAL 1: Our People

PROJECTS

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|---|---|---------------------------------|----------------------------------|-------------------------------|
| Carinya mowing strips | Concrete mowing strips. | 15 | - | 15 |
| City of Mount Gambier Works Depot amenities renovation | Renovate existing amenities to ensure compliance. | 100 | 2 | 100 |
| Library storage unit | A purpose-built storage unit to be established to host library materials, resources and equipment. | 95 | - | 95 |
| TOTAL | | 210 | - | 210 |



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GOAL 2: Our Location

Mount Gambier is ideally located between both Adelaide and Melbourne, allowing the city to tap into markets in both South Australia and Victoria.

- 22.1 Infrastructure development and managing our current assets. We will commence work on meeting the community's aspirations for future infrastructure development, whilst managing our existing infrastructure and assets in a manner that demonstrates the pride we take in our environment.
- 22.2 Regional collaboration. Significant planning work has been done by the City of Mount Gambier, Limestone Coast councils and Regional Development Australia (Limestone Coast). Councils within the region are keen to collaborate on a number of initiatives including land use planning, infrastructure, waste management, recycling and tourism.
- 22.3 The Crater Lakes Precinct and other areas of tourism potential. We will work with the community to investigate options that enable the Council to capitalise on the Crater Lakes Precinct and other areas of tourism potential.
- 22.4 Recognition of our indoor and outdoor sporting assets and our adventurous opportunities. We will work on capitalising on the delivery of the Community and Recreation Hub to highlight the opportunities for sporting and other community events in Mount Gambier and we will seek to leverage the adventure sports market through support to potential providers to develop activities, effective marketing and working with our partners to raise the profile of our city and region.
- 22.5 Focusing on activation, revitalisation and placemaking in our CBD. We will look to create opportunity in our CBD for all year-round activation through effective placemaking and place shaping, making it a vibrant, cohesive and safe place.

ANNUAL OBJECTIVES

- · Deliver the capital works program.
- Phased delivery of maintenance plans identified for FY 2024.
- Develop the asset management planning approach and implement in 2023/24.
- Undertake a review of Council's property and land assets to understand risks and opportunities to Council's financial sustainability.
- Support State Government in the development of the Regional Plan.
- Progress discussions with State Government on former rail lands adjacent to Hastings Cunningham Reserve.
- Finalise Blue Lake Sports Park
 Masterplan and seek opportunities for
 grant funding or other options to
 progress the masterplan outcomes.

KEY PERFORMANCE INDICATORS

- Deliver 85% of all infrastructure projects within the capital works program on time, within scope and within budget.
- Have maintenance programs that have been designed and are ready to be implemented across respective teams by the end of June 2024.
- Delivery of draft Asset Management Plan and forward works program by December 2023.
- Complete property and land assets review by 30 June 2024.

GOAL 2: Our Location

SERVICES

- · Asset (roads etc) infrastructure renewal and maintenance,
- · Management and maintenance of infrastructure including roads, footpaths, parks, public open spaces, street lighting and stormwater drainage,
- · Street cleaning and rubbish collection,
- · Infrastructure planning,
- · Infrastructure project delivery.

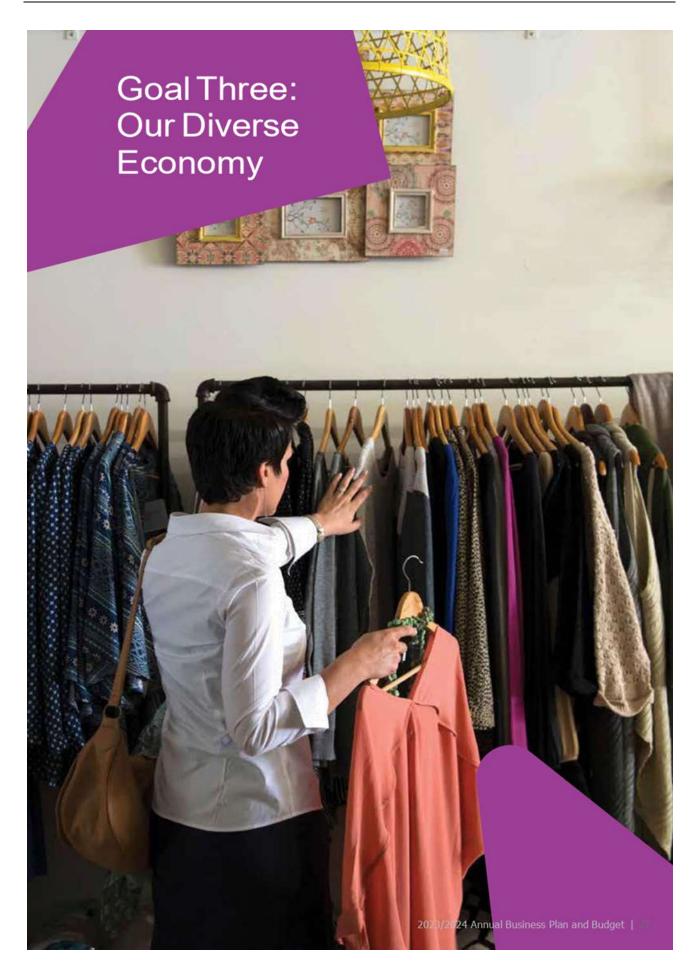
PROJECTS

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|--|--|---------------------------------|----------------------------------|-------------------------------|
| Building Design Projects | Design for renewal projects to be delivered in 2024/2025 | 50 | - | 50 |
| Works Depot Automatic Gates and Traffic Management (Building Renewal Programs) | Installation of Automatic Roller gates to create access through swipe/card system from McDonnel Drive, Installation of Backyard Roller Gates to create automatic access from White Avenue. | 70 | - | 70 |
| Frew Park Amenities | Design for the renewal/upgrade of existing Frew Park Amenities (toilets, seating, pergola areas) funded by LRCI Phase 4 Commonwealth grant funding. | 50 | (50) | |
| Old Mount Gambier Gaol | Renewal of walls, roofing and doors. | 330 | - | 330 |
| Railway Lands Nature Play | Design and construction of a nature play area in the Railway Lands with 50% private funding (received in prior year). | 300 | (150) | 150 |
| Car park renewals | Depot car park renewal. | 40 | = | 40 |
| New footpaths | New footpaths that will address high priority items from the CBD accessibility audit. | 54 | | 54 |
| O'Hallaran Terrace PLEC remediation | Construction of O'Hallaran Terrace remediation works following PLEC works. | 320 | - | 320 |

GOAL 2: Our Location

PROJECTS

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|--------------------------------|---|---------------------------------|----------------------------------|-------------------------------|
| Footpath reseals | Including works on the following: Wehl Street South - Helen Street to Commercial Street West, Shepherdson Road - Coutts Street to Bertha Street, and Elliott Drive - Davison Drive to End Section. | 50 | - | 50 |
| Road reconstruction | Including: Bertha Street - Edward Street to Commercial Street West, O'Halloran Terrace - Power Street to Bay Road, Shelley Crescent - Shelley Crescent Mid to Shelley Crescent East. | 2,127 | - | 2,127 |
| Roads to Recovery | Road widening for Wireless Road East - Kennedy Avenue to Attamurra Road. | 436 | (436) | - |
| Road reseals program | The resealing of the sealed roads network. | 482 | - | 482 |
| IT renewals | Replacement of current IT infrastructure assets - annual program. | 30 | - | 30 |
| Minor plant | Purchase of new minor plant items as per Asset Management Plan allocation. | 40 | - | 40 |
| Water truck | Purchase of replacement water truck. | 165 | - | 165 |
| Mowers | Purchase of 3 mowers. | 392 | - | 392 |
| 2 Wheel Drive Utility Vehicles | Purchase of 3 vehicles | 99 | | 99 |
| Tip trucks | Purchase of 2 tip trucks | 223 | - | 223 |
| TOTAL | | 5,258 | (636) | 4,622 |



GOAL 3: Our Diverse Economy

A diverse economy provides a greater range of opportunities and helps provide a degree of resilience during economic downturns.

- 3.1 Identity, gateways and support for our businesses. Establish a strong, positive, aspirational identity that includes the message that the city of Mount Gambier is 'open for business'.
- 3.2 Land use planning settings. Planning that provides for future economic and lifestyle changes and continued growth whilst protecting the natural environment.
- 3.3 Appealing and affordable housing for growth. We have appealing and affordable housing appropriate to incomes, aspirations and cultures to attract and retain new residents.
- 3.4 Tourism is contributing to a diverse economy and creating opportunity. Mount Gambier, its surrounding townships and the tourism region are positioned as a unique and desirable activity-based destination for travellers from Adelaide and Melbourne.
- 3.5 Reusing, recycling and waste management. We will work with the community to ensure there is better understanding of the impacts and responsible options available for reuse, recycling and waste management, including investigations as to how the city and region can be more self-sufficient.

ANNUAL OBJECTIVES

- Create a seamless, soft landing website/ webpage for investment/attraction (and retention) in Mount Gambier.
- Create a seamless, soft landing website/ webpage for Tourism in Mount Gambier.
- Activate and operate the Wulanda Recreation and Convention Centre.
- Development of consultation activities that ensure that the community is engaged.
- To provide professional advice and assistance to Council, colleagues, industry partners and the community in respect to development matters.
- To ensure development is carried out in accordance with relevant legislation, standards and codes to facilitate outcomes.
- To provide professional advice and assistance to Council, colleagues, industry partners and the community in respect to development matters.
- To ensure development is carried out in accordance with relevant legislation, standards and codes to facilitate outcomes.
- Provide community education, awareness and incentive programs to reduce waste.
- Continue sift and sort activities and programs to support the reduction in waste to landfill.
- Development of Waste Management Masterplan.
- Undertake a review of the delivery and location of visitor information services.

GOAL 3: Our Diverse Economy

KEY PERFORMANCE INDICATORS

- Investment attraction website to be designed and delivered by 30 June 2024.
- Review of community engagement policy undertaken by 30 June 2024.
- 90% of development Applications are processed in accordance with statutory time frames as specified within the Planning, Development and Infrastructure Act 2016.
- 90% of building inspections are undertaken in accordance with the Practice Directions.
- · Delivery of at least five waste education activities.
- · 2% reduction of waste to landfill per capita.
- Delivery of signage strategy by 30 June 2024.

SERVICES

- Event management and sponsorship support,
- Attracting major events to the city,
- Economic development activities,
- Investment attraction,
- Waste and recycling services,
- Tourism attraction and development,
- Visitor Information Centre,
- Free public wifi,
- Development policy planning,
- Development services, and
- Land use and urban planning.

PROJECTS

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|------------------------------------|--|---------------------------------|----------------------------------|-------------------------------|
| Building Renewals | Allocation for additional renewals. | 100 | - | 100 |
| Construction of Cell 4A | Construction of a cell at the Caroline Landfill facility. | 2,200 | - | 2,200 |
| Caroline WiFi | install Wi-Fi extension at Caroline Landfill to provide effective device communication across the entire site. | 30 | - | 30 |
| Waste bins | Purchase of waste bins. | 70 | - | 70 |
| Garbage compactors | Purchase of two replacement garbage compactors. | 863 | - | 863 |
| Investment, Retention & Attraction | Be a strong (competitive) consideration for living, working, playing & investing by leveraging our liveability proposition to retain and attract investment. | 30 | | 30 |
| Christmas Decorations | Renewal of Christmas decorations | 20 | - | 20 |
| TOTAL | | 3,313 | - | 3,313 |



GOAL 4: Our Climate, Natural Resources, Arts, Culture and Heritage

We have an amazing natural and semi-natural environment in our region, which provides the setting for many of our keynote activities.

- 4.1 Natural assets. We are effective at protecting and conserving the highquality values of our natura environment.
- 4.2 Open Space. We will ensure that future growth is planned in a manner that provides access to, and does not detract from, the community's environmental values.
- 4.3 Planned reduction of our carbon footprint. Council will lead by example in the fields of sustainable development and resource efficiency.
- 4.4 Recreational and cultural pursuits. We will ensure that community members are provided with opportunities for cultural growth and development through provision of innovative services and programs.
- 4.5 A City brought to life with public art. We will ensure that opportunities for public art are created within our city, this means not just spaces for the artwork, but also spaces where creative industries can connect and flourish.

ANNUAL OBJECTIVES

- Deliver a beacon art project and agree the approach for future similar projects.
- Completion of holistic document to guide the activation of the Crater Lakes Precinct and delivery of supporting implementation plan.
- Reduce carbon and other greenhouse gas emissions in capital projects and operational practices.
- Reduce carbon and other greenhouse gas emissions in capital projects and operational practices.
- Establish renewable energy capability on Council facilities.
- · Develop the Shared Use Path implementation plan.
- Develop and adopt a prioritised implementation plan (SROSS) to inform Council's actions to deliver, including required masterplans for Council's Open Space assets.

KEY PERFORMANCE INDICATORS

- Increase the percentage of renewable energy used on Council occupied facilities each year.
- Annual increase of 5% in recycled materials being procured for general projects.
- Completion of Shared Use Path implementation plan by June 2024.

SERVICES

- · Urban design and open space planning,
- · Open space and trails planning and management,
- Arboriculture (tree services),
- · Fire prevention,
- Recycled product use,
- · Community planting and weed eradication projects,
- · Environmental programs,
- Environmental sustainability projects,
- · Biodiversity projects,
- · Horticulture services,
- · Tree planting and revegetation projects,
- · Animal management,
- The Riddoch Arts and Cultural Centre and venue hire,
- · Recreation facilities provision, and
- · Social and recreation planning.

GOAL 4: Our Climate, Natural Resources, Arts, Culture and Heritage

PROJECTS

| Project Name | Project Description | Gross Expenditure \$'000s | Grant Contribution \$'000s | Net Expenditure \$'000s |
|------------------------------|--|---------------------------------|----------------------------------|-------------------------------|
| SROSS Masterplan | Commence the development of a masterplan in support of the SROSS strategy (with completion in 2024/25) | 50 | | 50 |
| Energy efficiency program | Projects that support the Council decision to deliver projects annually. | 50 | - | 50 |
| Stormwater drainage renewals | Including grates and lid replacement and side entry pit replacement (Shepherdson Road and Boandik Terrace). | 65 | - | 65 |
| Beacon art project | Design and construction. | 99 | - | 99 |
| Trees | Priority focus is the bushfire rehabilitation and revegetation of the affected Crater Lakes area | 80 | | 80 |
| TOTAL | | 344 | - | 344 |

In 2023/2024 approximately 62% of Council's operating revenue will come from overall rates revenue. As a result, Council's rating policies and strategies are key components of financial planning.

The 2023/2024 Annual Business Plan and Budget includes a 6.2% general rate and waste service charge revenue increase for this year with consistent increases forecast for the following two years as Council smooths the impact of the required increase.

Council plans to raise \$22.168m from general rates (excluding Regional Landscape Levy and service charges).

RATES MODELLING

Methodology

Our rates are determined by multiplying the applicable rate in the dollar by the capital valuation of rateable land in the council area plus a fixed charge (as detailed below).

Valuation methods

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:

- · Capital value The value of the land and all improvements on the land;
- Site value The value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements. (Note: Site value will cease to be an option from 1 September 2023); or,
- Annual value A valuation of the rental potential of the property.

Capital value is used as the basis for valuing land within the council area in common with almost all other South Australian councils. This method values the land and all of the improvements on the land. This valuation method is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because:

- Relative wealth This is the most appropriate measure of relative wealth in the community;
- Capacity to pay As a measure of wealth, it most closely reflects the property owners' capacity to pay; and
- Taxation principle It equates with the taxation principle that people should contribute to community, social and physical infrastructure in accord with their capacity to pay as measured by property wealth.

Fixed charge

Council has determined that a component of the total rate will be a fixed charge on every rateable property. The fixed charge applies to all ratepayers and continues to raise less than one half of total rate revenue (before rebates and remissions) required for the 2023/2024 financial year.

Rationale for fixed charge

Council's reasons for including a fixed charge component are:

- Range of services To be able to deliver a range of services to the community, Council must maintain a range of internal support, infrastructure and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of these services; and
- Equal contribution Council considers it appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

Differential general rates

In addition to a fixed charge, Council will declare differential general rates in the dollar according to the use of the land, for rateable land within the council area, as follows:

- Category 1 (residential) use;
- Categories 2, 3 and 4 (commercial shop, commercial office or commercial other) use;

- Categories 5 and 6 (industrial light and industrial other) use;
- Category 7 (primary land) use;
- · Category 8 (vacant land) use; and
- Category 9 (other) use.

General amenity

Every resident benefits in some part from the general amenity of the council area. This amenity includes the local economy, general council operations and the ability of every resident to use council facilities and infrastructure including parks, gardens, libraries, etc.

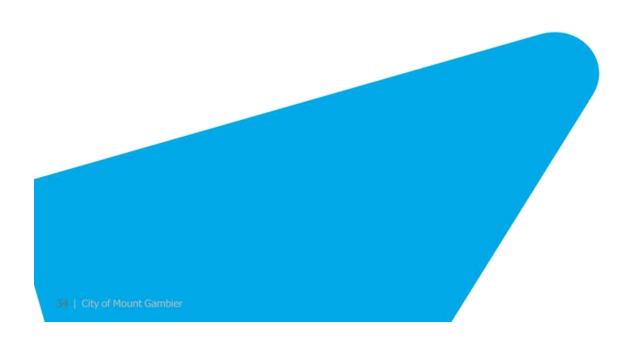
Rationale for differential rates

The main reasons for providing differential rates are:

- · Ability to pay;
- · Potential income taxation deductions;
- Materially heavier/lighter use of services by ratepayers/employees/customers/suppliers; and,
- Provide a disincentive to withholding land from development.

Expected Rates Revenue:

Please Note - The figures shown below represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the DRAFT Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the ABP&B (as per Section 167 of the Local Government Act 1999).



| | 2022/2023 (as adopted) | 2023/2024 | Notes | Change |
|-------------------------------------|---------------------------|--------------|-------|--------|
| GENERAL RATES REVENUE | A Michigan Control | | | |
| General rates (existing properties) | \$20,873,843 | \$22,168,021 | (a) | 6.2% |
| General rates (new properties) | 0 | \$TBC | (b) | |
| General rates (GROSS) | \$20,873,843 | \$22,168,021 | (c) | 6.2% |
| Less: Mandatory rebates | (\$239,728) | (\$255,000) | (d) | |
| General rates (NET) | \$20,634,115 | \$21,913,021 | (e) | 6.2% |
| | (e)=(c)+(d) | | | |
| OTHER RATES (incl. service charges) | | | | |
| Regional Landscape Levy | \$1,240,568 | \$1,351,252 | (f) | 8.9% |
| Waste collection | \$2,916,585 | \$3,098,511 | (g) | |
| | \$24,791,268 | \$26,362,784 | | |
| Less: Discretionary rebates | (\$12,745) | (\$14,000) | (1) | |
| Expected total rates revenue | \$23,537,955 | \$24,997,532 | (m) | 6.2% |
| | (m)=(e)+(g) $+(k)$ | | | |

Notes

- (a) General rates (existing properties) In 2023/2024 this will reflect the revenue from properties that existed in 2022/2023. Please note that 2022/2023 has been restated so that year on year numbers are comparable.
- (b) General rates (new properties) In 2023/2024 this will include newly created assessments.
- (c) General rates (GROSS) General rates revenue prior to the application of any rebates, remissions or objections.
- (d) Mandatory rebates Councils are required under the Local Government Act 1999 to provide a rebate to qualifying properties under a number of categories. The rates which are foregone via mandatory rebates are redistributed across the ratepayer base (i.e. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R155 Rate Rebate Policy for further details.
- (e) General rates (NET) Presented as required by the Local Government (Financial Management) Regulations 2011 reg 6(1)(ea). Please note: The percentage figure in (e) relates to the change in the total amount of general rates revenue to be collected from all rateable properties, not from individual rateable properties (i.e. individual rates will not necessarily change by this figure).
- (f) Regional Landscape Levy Councils are required under the Landscape South

Australia Act 2019 to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources. Council collects this levy on behalf of State Government and does not retain the revenue nor determine how the revenue is spent.

- (g) Waste collection (Waste Service Charge) Waste management is one of the largest costs to the community and Council wishes to encourage ratepayers to consider their personal environmental impact and the associated costs. This service charge of \$TBC is intended to cover costs including bin collection, waste treatment and disposal and maintaining, improving and replacing the service.
- (I) Discretionary rebates A council may grant a rebate of rates or service charges in a number of circumstances. The rates which

- are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R155 Rate Rebate Policy for further details.
- (m) Expected total rates revenue Excludes other charges such as penalties for late payment and legal and other costs recovered. It also excludes a provision for objections.

ESTIMATED GROWTH IN NUMBER OF RATEABLE PROPERTIES

| | 2022/2023 (as adopted) | 2023/2024 | Notes | Change |
|-------------------------------|---------------------------|-----------|-------|--------|
| Number of rateable properties | 14,534 | TBC | (n) | TBC |
| | Actual | | | |

At this stage Council has not received final data from the Office Valuer General and as such the estimated number of rateable properties is not available at this time. To be updated for the 2023/2024 Annual Business Plan to be adopted by Council.

Notes

(n) "Growth" - As defined in the Local Government (Financial Management) Regulations 2011 reg 6(2). "Growth' is defined in the regulations as where new properties have been created which has added rateable properties to Council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents. (o) Average per rateable property -Calculated as general rates for a category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.

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ESTIMATED AVERAGE GENERAL RATES PER RATEABLE PROPERTY

Property valuations - Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total.

Rates apportionment - Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).

Total general rates - The total general rates paid by all rateable properties will equal the amount adopted in the budget.

The estimated 'average' - This is based on the total of all rateable properties and is therefore not necessarily indicative of either the rate or change in rates that individual ratepayers will experience. It should be noted (as above) that Council have not at this stage calculated an estimate of number of rateable properties. At this stage for the calculations below this has been estimated at the same level as 2022/2023.

| | 2022/2023 (as adopted) | 2023/2024 | Notes | Change |
|-------------------------------|---------------------------|-----------|-------|--------|
| Average per rateable property | \$1,436 | TBC | (0) | TBC |
| | (0)=(0 | :)/(n) | | |

^{**} Does not include WSC

8

| Total expected revenue | | Total expected revenue No. of rateable properties | | Average per rateable property | | | Gents in the \$ | | |
|------------------------|---|---|---|--|--|--|--|--|--|
| 2022/23 | 2023/24 | Change | 2022/23 | 2023/24 | 2022/23 | 2023/24 | | Change | 2023/24 |
| ates - GROSS) | | | | | | | | | |
| \$14,893,483 | \$15,817,168 | 6.2% | 12,761 | TBC | \$1,167 | TBC | (p) | TBC | TBC |
| \$1,932,140 | \$2,051,933 | 6.2% | 461 | TBC | \$4,191 | TBC | (p) | TBC | TBC |
| \$357,548 | \$379,716 | 6.2% | 144 | TBC | \$2,483 | TBC | (p) | TBC | TBC |
| \$1,756,900 | \$1,865,828 | 6.2% | 446 | TBC | \$3,939 | TBC | (p) | TBC | TBC |
| \$315,714 | \$335,289 | 6.2% | 133 | TBC | \$2,374 | TBC | (p) | TBC | TBC |
| \$772,674 | \$820,580 | 6.2% | 100 | TBC | \$7,727 | TBC | (p) | TBC | TBC |
| \$65,664 | \$69,735 | 6.2% | 38 | TBC | \$1,728 | TBC | (p) | TBC | TBC |
| \$603,419 | \$640,831 | 6.2% | 387 | TBC | \$1,559 | TBC | (p) | TBC | TBC |
| \$176,027 | \$186,941 | 6.2% | 64 | TBC | \$2,750 | TBC | (p) | TBC | TBC |
| \$20,873,570 | \$22,168,021 | 6.2% | 14,534 | TBC | \$1,436 | TBC | (p) | TBC | ТВ |
| | 2022/23 ates - GROSS) \$14,893,483 \$1,932,140 \$357,548 \$1,756,900 \$315,714 \$772,674 \$65,664 \$603,419 \$176,027 | 2022/23 2023/24 ates - GROSS) \$14,893,483 \$15,817,168 \$1,932,140 \$2,051,933 \$357,548 \$379,716 \$1,756,900 \$1,865,828 \$315,714 \$335,289 \$772,674 \$820,580 \$65,664 \$69,735 \$603,419 \$640,831 \$176,027 \$186,941 | 2022/23 2023/24 Change ates - GROSS) \$14,893,483 \$15,817,168 6.2% \$1,932,140 \$2,051,933 6.2% \$357,548 \$379,716 6.2% \$1,756,900 \$1,865,828 6.2% \$315,714 \$335,289 6.2% \$772,674 \$820,580 6.2% \$65,664 \$69,735 6.2% \$603,419 \$640,831 6.2% \$176,027 \$186,941 6.2% | 2022/23 2023/24 Change 2022/23 ates - GROSS) \$14,893,483 \$15,817,168 6.2% 12,761 \$1,932,140 \$2,051,933 6.2% 461 \$357,548 \$379,716 6.2% 144 \$1,756,900 \$1,865,828 6.2% 446 \$315,714 \$335,289 6.2% 133 \$772,674 \$820,580 6.2% 100 \$65,664 \$69,735 6.2% 38 \$603,419 \$640,831 6.2% 387 \$176,027 \$186,941 6.2% 64 | 2022/23 2023/24 Change 2022/23 2023/24 ates - GROSS) \$14,893,483 \$15,817,168 6.2% 12,761 TBC \$1,932,140 \$2,051,933 6.2% 461 TBC \$357,548 \$379,716 6.2% 144 TBC \$1,756,900 \$1,865,828 6.2% 446 TBC \$315,714 \$335,289 6.2% 133 TBC \$772,674 \$820,580 6.2% 100 TBC \$65,664 \$69,735 6.2% 38 TBC \$603,419 \$640,831 6.2% 387 TBC \$176,027 \$186,941 6.2% 64 TBC | 2022/23 2023/24 Change 2022/23 2023/24 2022/23 ates - GROSS) \$14,893,483 \$15,817,168 6.2% 12,761 TBC \$1,167 \$1,932,140 \$2,051,933 6.2% 461 TBC \$4,191 \$357,548 \$379,716 6.2% 144 TBC \$2,483 \$1,756,900 \$1,865,828 6.2% 446 TBC \$3,939 \$315,714 \$335,289 6.2% 133 TBC \$2,374 \$772,674 \$820,580 6.2% 100 TBC \$7,727 \$65,664 \$69,735 6.2% 38 TBC \$1,728 \$603,419 \$640,831 6.2% 387 TBC \$1,559 \$176,027 \$186,941 6.2% 64 TBC \$2,750 | 2022/23 2023/24 Change 2022/23 2023/24 2022/23 2023/24 ates - GROSS) \$14,893,483 \$15,817,168 6.2% 12,761 TBC \$1,167 TBC \$1,932,140 \$2,051,933 6.2% 461 TBC \$4,191 TBC \$357,548 \$379,716 6.2% 144 TBC \$2,483 TBC \$1,756,900 \$1,865,828 6.2% 446 TBC \$3,939 TBC \$315,714 \$335,289 6.2% 133 TBC \$2,374 TBC \$772,674 \$820,580 6.2% 100 TBC \$7,727 TBC \$65,664 \$69,735 6.2% 38 TBC \$1,728 TBC \$603,419 \$640,831 6.2% 387 TBC \$1,559 TBC \$176,027 \$186,941 6.2% 64 TBC \$2,750 TBC | 2022/23 2023/24 Change 2022/23 2023/24 2022/23 2023/24 ates - GROSS) \$14,893,483 \$15,817,168 6.2% 12,761 TBC \$1,167 TBC (p) \$1,932,140 \$2,051,933 6.2% 461 TBC \$4,191 TBC (p) \$357,548 \$379,716 6.2% 144 TBC \$2,483 TBC (p) \$1,756,900 \$1,865,828 6.2% 446 TBC \$3,939 TBC (p) \$315,714 \$335,289 6.2% 133 TBC \$2,374 TBC (p) \$772,674 \$820,580 6.2% 100 TBC \$7,727 TBC (p) \$65,664 \$69,735 6.2% 38 TBC \$1,728 TBC (p) \$603,419 \$640,831 6.2% 387 TBC \$1,559 TBC (p) \$176,027 \$186,941 6.2% 64 TBC \$2,750 TBC (p) | 2022/23 2023/24 Change 2022/23 2023/24 2022/23 2023/24 Change 2023/24 Change 2023/24 Change 2023/24 Change 2023/24 Change 2023/24 Change 2023/24 2022/23 2023/24 Change 2023/24 Change 2023/24 Change 2023/24 Change 2022/23 2023/24 2022/23 2023/24 2022/23 2023/24 2022/23 2023/24 2022/23 2023/24 2022/23 2022/22 2022/22 2022/22 2022/22 |

All items in red reflect current data available to Council. The most recent valuations available to Council at the time that Council adopts its budget under Section 167 of the Act will govern the assessment of rates for the financial year which will result in changes to the rate in the dollar and the distribution of general rates detailed in the table above.

EXPECTED DIFFERENTIAL RATES REVENUE

Council uses a differential rating system, using land use codes as the factor to apply such differential rates.

In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business

Average per rateable property – This is calculated as general rates for category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.

Item 5.3 - Attachment 1

FIXED CHARGE

Base amount - A fixed charge ensures all rateable properties pay a base amount to the cost of administering council activities and maintaining the services and infrastructure that supports each property.

Fixed charge allocation - Rates based on values are then applied in addition to the fixed charge. Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2023/2024 Council proposes to raise 37% of its general rate revenue by way of a fixed charge, or 45% including the Waste Service Charge.

This revenue amount is included in the general rates GROSS figure at (c).

| | Total expected revenue | | | | |
|--------------|------------------------|-------------|--------|--|--|
| | 2022/2023 | 2023/2024 | Change | | |
| Fixed charge | \$7,723,232 | \$8,202,036 | 6% | | |

| | Charge | | |
|-----------|-----------|-----|--------|
| 2022/2023 | 2023/2024 | | Change |
| \$533 | TBC | (q) | TBC |

Notes

(q) Fixed charge - A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Refer to the Rating Policy (page 45) for details.

| City of Mo | ount Gambier - Uniform Presentation of Finances Draft Budget 2023/20 |)24 | | |
|---------------------------|---|---------------------------|---------------------------|----------------------------|
| 2022 Actuals | \$'000s 2023 Adopted Budget | 2023 Adopted Budget | BR3 2023 | Budget 2024 |
| 37,162 35,161 | Income Expenses | 36,963 39,631 | 38,256 42,238 | 42,280 45,117 |
| 2,001 | Operating surplus / (deficit) | (2,669) | (3,981) | (2,837) |
| | Net outlays on existing assets | | | |
| 5,623 (8,479) (112) | Capital expenditure on renewal and replacement of existing assets Depreciation, amortisation and impairment Proceeds from sale of replaced assets | (9,209) (333) | 7,219 (9,928) (159) | 5,762 (10,467) (277) |
| (2,968) | Net outlays on existing assets | (2,121) | (2,868) | (4,982) |
| 35,134 | Net outlays on new and upgraded assets Capital expenditure on new and upgraded assets (including investments property & real estate developments) | 14,079 | 20,974 | 3,903 |
| (20,443) | Amounts received specifically for new and upgraded assets Proceeds from sale of surplus assets (including investment property and real estate developments and non-current assets held for resale) | (5,962) | (5,644) | 0 |
| 14,691 | Net outlays on new and upgraded assets | 8,117 | 15,330 | 3,903 |
| (9,722) | Net lending / (borrowing) for financial year | (8,665) | (16,443) | (1,759) |

| 2022 Actuals | \$'000s | 2023 Adopted Budget | BR3 2023 | Budget 2024 |
|-----------------|---|---------------------------|----------|----------------|
| | Income | | | |
| 23,822 | Rates | 24,832 | 24,843 | 26,416 |
| 633 | Statutory Charges | 575 | 698 | 734 |
| 5,515 | User Charges | 6,268 | 6,373 | 9,193 |
| 6,615 | Grants, Subsidies and Contributions | 4,728 | 5,346 | 5,048 |
| 14 | Investment Income | 0 | 47 | 40 |
| 65 | Reimbursements | 65 | 65 | 538 |
| 498 | Other Income | 495 | 883 | 311 |
| | Total Income | 36,963 | 38,256 | 42,280 |
| | Expenses | | | |
| 13,090 | Employee Costs | 14,682 | 14,637 | 15,087 |
| 13,234 | Materials, Contracts & Other Expenses | 14,675 | 16,219 | 17,288 |
| 8,479 | · · | | 9,928 | , |
| , | Depreciation, Amortisation & Impairment Finance Costs | 9,209 | | 10,467 |
| 358 | | 1,064 | 1,453 | 2,275 |
| 35,161 | Total Expenses | 39,631 | 42,238 | 45,117 |
| 2,001 | Operating Surplus / (Deficit) | (2,669) | (3,981) | (2,837 |
| 1,760 | Physical Resources Received Free of Charge | 0 | 1,000 | 1,000 |
| 17,940 | Amounts Received Specifically for New or Upgraded Assets | 6,215 | 6,045 | 0 |
| (787) | Asset Disposal & Fair Value Adjustments | 0 | 0 | o |
| | | West Head Search | | |
| 20,914 | Net Surplus / (Deficit) | 3,547 | 3,063 | (1,837 |
| | Other Comprehensive Income | | | |
| | Amounts which will not be reclassified subsequently to operating result | | | |
| 0 | Changes in Revaluation Surplus - I,PP&E | 2,355 | 2,592 | 9,662 |
| 0 | Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve | 0 | (932) | 0 |
| 0 | Total Other Comprehensive Income | 2,355 | 1,660 | 9,662 |
| | | | | |
| | | | | |
| 20,914 | Total Comprehensive Income | 5,902 | 4,724 | 7,82 |

| 2022 Actuals | \$'000s | 2023 Adopted Budget | BR3 2023 | Budge 2024 |
|-----------------|---|---------------------------|----------|---------------|
| | ASSETS | | | |
| | Current Assets | | | |
| 250 | Cash & Cash Equivalents | 500 | 499 | 553 |
| 2,974 | Trade & Other Receivables | 1,447 | 1,624 | 1,803 |
| 64 | Inventories | 47 | 59 | 61 |
| 3,288 | Total Current Assets | 1,994 | 2,183 | 2,416 |
| | Non-Current Assets | | | |
| 301,171 | Infrastructure, Property, Plant & Equipment | 318,117 | 316,553 | 327,40 |
| 301,171 | Total Non-Current Assets | 318,117 | 316,553 | 327,40 |
| 04,459 | TOTAL ASSETS | 320,111 | 318,735 | 329,82 |
| | LIABILITIES | | | |
| | Current Liabilities | | | |
| 9,331 | Trade & Other Payables | 4,127 | 4,419 | 5,162 |
| 1,222 | Borrowings | 2,930 | 2,930 | 1,269 |
| 2,784 | Provisions | 2,981 | 2,778 | 2,848 |
| 13,337 | Total Current Liabilities | 10,037 | 10,127 | 9,27 |
| | Non-Current Liabilities | | | |
| 22,311 | Borrowings | 38,003 | 35,068 | 38,80 |
| 3,507 | Provisions | 3,842 | 3,513 | 3,890 |
| 25,818 | Total Non-Current Liabilities | 41,845 | 38,581 | 42,69 |
| 39,155 | TOTAL LIABILITIES | 51,883 | 48,708 | 51,97 |
| 265,304 | Net Assets | 268,229 | 270,027 | 277,8 |
| | EQUITY | | | |
| 83,080 | Accumulated Surplus | 89,504 | 88,828 | 86,99 |
| 180,852 | Asset Revaluation Reserves | 177,840 | 179,827 | 189,48 |
| 1,372 | Other Reserves | 884 | 1,372 | 1,37 |
| 265,304 | Total Equity | 268,229 | 270,027 | 277,8 |

| 2022 Actuals | \$'000s | 2023 Adopted Budget | BR3 2023 | Budge 2024 |
|-----------------------|--|---------------------------|--------------------------|-------------------------|
| | Cash Flows from Operating Activities Receipts: | | | |
| 23,829 | Rates Receipts | 24,802 | 26,193 | 26,237 |
| 633 | Statutory Charges | 573 | 698 | 734 |
| 4,335 | User Charges | 6,231 | 6,373 | 9,193 |
| 6,615 | Grants, Subsidies and Contributions | 5,153 | 5,346 | 5,048 |
| 14 | Investment Receipts | 0 | 47 | 40 |
| 65 | Reimbursements | 68 | 65 | 538 |
| 896 | Other Revenue | 407 | 883 | 311 |
| 12 157 | Payments: | (14.664) | (14.627) | /1F 00 |
| 13,157) | Payments to Employees | (14,664) | (14,637) | (15,08 |
| 13,852) | Payments for Materials, Contracts & Other Expenses Finance Payments | (14,416) | (15,163) | (17,18 |
| (136) 9,242 | Net Cash provided (or used in) Operating Activities | (1,064) 7,090 | (1,453) 8,35 3 | (2,275 7,55 0 |
| 3,212 | net cash provided for used in operating activities | 7,030 | 0,333 | 7,55 |
| | Cash Flows from Investing Activities | | | |
| | Receipts: | | | |
| 20,443 | Amounts Received Specifically for New/Upgraded Assets | 5,962 | 5,644 | 0 |
| 112 | Sale of Replaced Assets | 333 | 159 | 277 |
| | Payments: | | 44 | |
| (5,623) | Expenditure on Renewal/Replacement of Assets | (7,421) | (7,219) | (5,762 |
| 35,134) | Expenditure on New/Upgraded Assets | (14,079) | (20,974) | (3,903 |
| 20,202) | Net Cash provided (or used in) Investing Activities | (15,205) | (22,390) | (9,389 |
| | Cash Flows from Financing Activities | | | |
| 9,581 | Receipts: Proceeds from Loans | 25,000 | 15,565 | 5,002 |
| 9,301 | Payments: | 23,000 | 13,303 | 3,002 |
| 0 | Repayments of Loans | (16,885) | (1,100) | (2,930 |
| (202) | Repayment of Lease Liabilities | 0 | (179) | (181) |
| (62) | Repayment of Bonds & Deposits | 0 | 0 | 0 |
| 9,317 | Net Cash Flow provided (used in) Financing Activities | 8,115 | 14,286 | 1,89 |
| 1,643) | Net Increase/(Decrease) in Cash & Cash Equivalents | (0) | 249 | 53 |
| 1,893 | plus: Cash & Cash Equivalents - beginning of year | 500 | 250 | 499 |
| | | | | |
| 250 | Cash & Cash Equivalents - end of the year | 500 | 499 | 553 |

| 2022 Actuals | \$'000s | 2023 Adopted Budget | BR3 2023 | Budget 2024 |
|-----------------|--|---------------------------|----------|----------------|
| 42,752 | Opening Balance | 262,327 | 265,304 | 270,027 |
| 1,638 | Adjustment for prior year corection | | | |
| 20,914 | Net Surplus / (Deficit) for Year | 3,547 | 3,063 | (1,837) |
| | Other Comprehensive Income | | | |
| | - Gain (Loss) on Revaluation of I,PP&E | 2,355 | 2,592 | 9,662 |
| | - Available for Sale Financial Instruments: change in fair value | -, | , | , |
| | - Impairment (loss) reversal relating to I,PP&E | | | |
| | - Impairment (expense) / recoupments offset to asset revaluation reserve | | (932) | |
| | - Share of OCI - Equity Accounted Council Businesses | | , , | |
| | - Other Equity Adjustments - Equity Accounted Council Businesses | | | |
| | - Other Movements | | | |
| | Other Comprehensive Income | 2,355 | 1,660 | 9,662 |
| 20,914 | Total Comprehensive Income | 5,902 | 4,724 | 7,824 |

Appendices

Draft 2023/2024 Financial Statements

| City of Mount Gambier -Key Financial Ratios Draft Budget 2023/2024 | | | | |
|--|--|---------------------------|-------------|----------------|
| 2022 Actuals | \$'000s | 2023 Adopted Budget | BR3 2023 | Budget 2024 |
| 5.4% | Operating surplus ratio | -7.2% | -10.4% | -6.7% |
| | Operating surplus Total operating revenue | | | |
| 97% | Net financial liabilities ratio | 135% | 122% | 117% |
| | Net financial liabilities Total operating revenue | | | |
| 79% | Asset renewal funding ratio | 120% | 117% | 100% |
| | Expenditure on renewal/replacement of assets Optimal level of such expenditure as per IAMP | | | |



1. INTRODUCTION

Councils are required to raise revenue for governance, administration and the delivery of goods and services to the community.

Council's major source of revenue is Rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and types over the life of the ratepayer.

This document sets out the policy of the City of Mount Gambier ("Council") for setting and collecting rates from its community.

2. PURPOSE

Chapter 10 of the *Local Government Act 1999* ("the Act") prescribes Council's powers to raise rates. The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to:

- · Compulsory features of the rating system.
- The policy choices that the Council has made on how it imposes and administers the collection of rates.

3. SCOPE

Strategic Focus

In determining a suitable Rating Policy, Council has taken into consideration:

- The Council's Strategic Management Plan
- · Council's Long Term Financial Plan
- · Council's Annual Business Plan and Budget
- · Council's Treasury Management and Debt Strategy
- Required funding for future Asset Replacement (Infrastructure and Asset Management Plan)
- · The current economic climate of our City and its district
- The specific issues faced by our community
- The impact of general rate increases upon our community, either generally or for specific classes of the community
- The impact of rates on our community and the need to balance our community's capacity
 to pay with the needs and desires of the wider interests that form our community.

There will continue to be economic pressures applying to the Council in a number of ways that will have an impact on the Council's budget and as a result will place pressure on rates.



4. POLICY STATEMENT

4.1 Communication of the Policy

Section 123 of the Local Government Act 1999 requires a Council to prepare an Annual Business Plan and Budget. As per Section 123 (2) (d) of the Act, the Annual Business Plan must set out the rates structure and polices for the financial year. A summary of the Annual Business Plan must be included with the first rates notice.

4.2 Method Used to Value Land

Councils may adopt one of three valuation methodologies to value the properties in their areas. They are:

- Capital Value the value of the land and all 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 City of Mount Gambier has decided to continue to use Capital Value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers because property value is considered a reasonable indicator of income and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

4.3 Adoption of Valuation

The City of Mount Gambier will adopt the most recent valuations made by the Valuer-General. If a ratepayers dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the valuation referred to in the rate notice by writing served personally or by post on the Valuer-General within 60 days after the date of service of the notice, provided they have not:

- (a) previously received a notice or notices under the *Local Government Act 1999* referring to the valuation and informing them of a 60-day objection period, the objection period is 60 days after service of the first such notice; or
- (b) Previously had an objection to the valuation considered by the Valuer-General.

The Valuer-General may extend the 60-day objection period where it be shown there is reasonable cause to do so by a person entitled to make an objection to a valuation.

Objections can be submitted to the Office of the Valuer-General via:

Online: www.valuergeneral.sa.gov.au Email: OVGObjections@sa.gov.au Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

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4.4 Objection to Valuation and/or Land Use

A person may object to a valuation of the Valuer-General by notice in writing, setting out the full and detailed grounds for objection, including any supporting information, and the Valuer-General must consider the objection. If the person then remains dissatisfied with the valuation the person has a right to a review. Applications must be made within 21 days of receipt of the notice of the decision (in relation to the objection) from the Valuer-General. A payment of the prescribed fee for the review to be undertaken together with the review application must be lodged in the State Valuation Office, who will then refer the matter to an independent Valuer. If the person remains dissatisfied with the valuation then they may apply to the South Australian Civil and Administrative Tribunal (SACAT) for a review of the decision.

The address of the Office of the Valuer-General is:

Online: www.valuergeneral.sa.gov.au
Email: OVGObjections@sa.gov.au
Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

The Council has no role in the valuation review process & the lodgement of an objection does not change the due date for payment of rates.

4.5 Notional Values

Certain properties may be eligible for a notional value under the Valuation of Land Act 1971. This can relate to certain primary production land or where there is State heritage recognition. A notional value is generally less than the capital value and generally results in a reduced rate liability being incurred.

Application by the ratepayer for a notional value must be made to the Office of the Valuer-General.

The address of the Office of the Valuer-General is:

Online: www.valuergeneral.sa.gov.au Email: OVGObjections@sa.gov.au Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

4.6 Business Impact Statement

Current Economic Environment

Council will consider the impact of rates on all businesses in the Council area, including industry, commercial and primary production sections. In considering the impact, Council will assess the following matters:

 Those elements of Council's Strategic Management Plan relating to business development.

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- Relevant economic forecast reports.
- Council's recent development approval trends.
- The operating and capital projects and new programs for the coming year that will principally benefit industry and business development.
- Valuation changes.
- Consumer Price Index (CPI) and Local Government Price Index (LGPI) Movements.

Council recognises the importance of supporting and encouraging a diverse and healthy business sector.

4.7 Council's Revenue Raising Powers

All land within a council area, except for land specifically exempt (e.g. Crown land, Council occupied land and other land prescribed in the Local Government Act - refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Mount Gambier Civic Centre, 10 Watson Terrace, Mount Gambier or on our website at www.mountgambier.sa.gov.au. A Goods and Services Tax at a rate determined under the Goods and Services Tax Act 1999 will be charged on those fees not given exemption under the Act.

Fixed Charge

Council has decided that a component of the total rate will be a fixed charge on every rateable property. The fixed charge affects most ratepayers and must not, in relation to any financial year, raise more than half of total rate revenue (before rebates and remissions).

Section 152 of the Act provides for a fixed charge component of rates. Council's reasons for including a fixed charge component are:

- . To be able to deliver a range of services to the community, Council must maintain a range of internal support and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of the support and administrative services.
- The Council therefore considers it appropriate that all ratepayers contribute equally to the cost of administering Council's activities and services.

The fixed charge will affect all ratepayers and is set to raise less than one half of total rate revenue.

The fixed charge is uniformly paid by each ratepayer, irrespective of capital value, has the effect of limiting the impact changes in valuation have on individual assessments.

Where two or more adjoining properties have the same owner and occupier only one fixed charge is payable by the ratepayer.

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R105 RATING POLICY

| Version No: | 14.0 |
|-----------------|-----------|
| Issued: | June 2023 |
| Next Review: | May 2024 |

Applications for "adjoining properties" must be in writing addressed to Chief Executive Officer (as per 4.22 of this Policy) and will only be considered by Council within the relevant financial year received.

No application will have an effect on past fixed charges assessed.

4.9 Differential General Rates

In addition to the use of a Fixed Charge, the Local Government Act 1999, allows councils to differentiate rates based on the use of the land, the locality of the land or on the use and locality of the land. Current categories of land use defined by the Local Government (General) Regulations 1999 are:

- 1. Residential
- 2. Commercial-Shops
- Commercial-Office
- 4. Commercial-Other
- 5. Industrial-Light
- Industrial-Other
- 7. Primary Production
- 8. Vacant Land
- 9. Other.

4.10 Land Use

Land use is a factor to levy differential rates. If a ratepayer believes that a property has been wrongly classified as to its land use, then an objection in writing may be made within 60 days of being notified of the land use classification.

The address of the Office of the Valuer-General is:

Online: www.valuergeneral.sa.gov.au Email: OVGObjections@sa.gov.au Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

Note: Lodgement of an objection does not change the due date for the payment of rates.

4.11 Minimum Rate

Council does not use the minimum rate provisions, instead Council uses the combination of fixed charge and valuation based rating.

4.12 Limestone Coast Landscape Levy

From 1 July, 2020 the new Landscape South Australia Act 2019 replaced the Natural Resource Management Act 2004. The Council is in the new Limestone Coast Landscape area and is required under the new Act to make a specified annual contribution to their Regional Landscape Board. As such, Council collects the levy on behalf of the State Government for no gain to Council.

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| Version No: | 14.0 |
|-----------------|-----------|
| Issued: | June 2023 |
| Next Review: | May 2024 |

The Council is simply operating as a revenue collector for the Landscape Levy in this regard. It does not retain this revenue nor determine how the revenue is spent.

4.13 Service Charges

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a prescribed service. A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service or not. Charge will be for full financial year i.e. 1st July to 30th June with no pro rata.

The charge includes:

- a 140L domestic waste bin and weekly collection service
- · a 240L recycling bin and fortnightly collection service
- a 240L green waste bin and fortnightly collection service * (bin not included)

Where two or more adjoining properties have the same owner and occupier only one waste service fee is payable by the ratepayer.

Rateable recreational or sporting activities (community groups) will be provided x1 general waste and x1 recycle bin.

A rate rebate will not be available on Waste Service Charge

4.14 Cost of Living Concessions

Eligible Pensioners, Low Income Earners and Self-Funded Retirees

Pensioners, low income earners or Self-Funded Retirees may be entitled to a cost of living concession. The cost of living concession helps those on low or fixed incomes with their cost of living expenses, whether that be electricity, gas, water bills or council rates.

Eligibility is based on living arrangements as at 1 July each year. Applications for the each financial year can be submitted by contacting the Concession Hotline on 1800 307 758.

Applications are administered by the State Government. Payment of rates must not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates.

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4.15 Payment of Rates

The Council will collect rates quarterly on the dates to be specified on the rates notice, in the following months:

- September
- December
- March
- June.

Rate notices will be issued quarterly however the total outstanding balance of rates may be paid at any time.

Rates may be paid:

- Over the Internet <u>www.mountgambier.sa.gov.au</u>
- By telephone: using credit card, phone 1300 276 468, 24 hours a day 7 days per week (BPoint Number 1345263)
- By BPay: Use Biller Code 464263
- · By direct debit: from savings or cheque account
- By post: P O Box 56, Mount Gambier SA 5290
- In person: at the Council Offices during Council business hours Monday to Friday excluding public holidays
- · By Centrepay deductions from social security payments
- Any Australia Post outlet.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. Note, fines and interest may still be levied in accordance with the Act.

4.16 Late Payment of Rates

The Local Government Act provides that Councils impose a penalty of 2% on any payment for rates, whether instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Interest charged on late payments is charged on both the amount of the rate arrears and any interest that has previously been imposed. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow councils to recover the administrative cost of following up unpaid rates and to cover any interest cost the Council may incur because it has not received the rates on time.

The City of Mount Gambier imposes late payment penalties strictly in accordance with the Local Government Act. The ability to remit penalties in whole or part is a power vested in Council. At the City of Mount Gambier each case will be considered on its merit based on the information provided.



4.17 Debt Recovery

Council has determined that Rate Payments will be applied in accordance with the provisions of Section 183 of the Act.

When Council receives a payment in respect of overdue rates the Council applies the money received in accordance with Section 183 of the Local Government Act, as follows:

- Firstly to satisfy any costs awarded in connection with court proceedings
- Secondly to satisfy any interest costs
- Thirdly in payment of any fines imposed; and
- Fourthly in payment of rates, in date order of their imposition (starting with the oldest account first).

Rebate of Rates - Mandatory 4.18

The Local Government Act requires councils to rebate the rates payable on some land uses. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. These rebates vary from 25% to 100% and will be applied upon application and on verification.

Rate rebates do not apply to Council Waste Service Charge.

4.19 Rebate of Rates - Discretionary

The Local Government Act 1999 enables Council (upon application and subject to certain eligibility criteria) to grant discretionary rebates of up to 100% for land used for the purposes of a community benefit and that meet certain legislative and Council Policy

Council (by Policy) has agreed to grant specific Rate Rebates pursuant to the said Act.

Councils Rate Rebate Policy (incorporating Rate Rebate Application) is available from the Council website - www.mountgambier.sa.gov.au.

Rate Rebates do not apply to Council Waste Service Charge.

4.20 Rate Relief Options

4.20.1 Where an owner/occupier/principal place of residence property with a Category 1 (Residential) Land Use experiences an increase in general rates payable, for the preceding financial year as compare to the general rates payable for the current financial year (excluding any rebates/remissions) and where that increase, in monetary terms, is greater than 15%.

> The amount of the rate rebate is the amount of gross rates for the current year over and above the calculation referred to above. I.e. the difference (in monetary terms) between the general rates imposed in the preceding financial year plus 15%. (All calculations referenced herein are gross rates figures. I.e. exclusive of any rebates/remissions/concessions).

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The rebate will not apply where:

- (a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than \$20,000. or
- (b) Any such increase is in whole or part because the zoning or land use category of the land has changed. or
- (c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year. or
- (d) The ownership of the rateable property has changed since 1st July in the preceding financial year i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value. or
- (e) The subject property boundary(s) have been altered in some way e.g. subdivision, boundary alignment etc. i.e. the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year. or
- (f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- (a) A ratepayer in respect of their principal place of residence only, excluding second and subsequent properties and all other non principal place of residence properties.
- (b) The current financial year only then subject to an annual review.

Where an entitlement to a Residential Rate Capping ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for the financial year.

4.20.2 Vacant Land

The vacant land rate in the dollar is set higher than the residential rate in the dollar.

For those owners of vacant land who intend to develop that land, in the short term as their principal place of residence (as opposed to land speculation), may be entitled to a rebate on Council rates.

Applications must be in writing with the maximum rebate calculated so that the rates payable are equivalent to the average residential land use.

4.20.3 Postponement of Rates - Seniors

Any person holding a State Seniors Card issued by the State Government may make application to Council for a postponement of the prescribed proportion of rates for the current or future financial years.

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All applications of postponement will need to be considered in accordance with the relevant legislative provisions.

4.21 Hardship

Any ratepayer experiencing difficulties in meeting rates payments or experiencing hardship will be able to access payment plans tailored to meet their particular circumstances. All arrangements will be strictly confidential.

4.22 Applications

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290 and include sufficient details to identify the relevant property and support the application.

Application forms are available from Council's website www.mountgambier.sa.gov.au .

Please refer to Council's Rate Rebate Policy for further information.

4.23 Sale of Land for Non-Payment of Rates

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) 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. The City of Mount Gambier enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of the Act.

4.24 Changes to Assessment Records

All changes to postal address of ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing.

4.25 Disclaimer

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

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact Council's General Manager Council Business Services on (08) 8721 2555 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290, or email city@mountgambier.sa.gov.au.

5. **REVIEW & EVALUATION**

This Policy is scheduled for review by Council annually and will be reviewed as required by any legislative changes which may occur.





6. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.



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| File Reference: | AF18/48 | |
|--|--|--|
| Applicable Legislation: | Local Government Act, 1999 - Chapter 10 | |
| Reference: Strategic Plan – Beyond 2015 | Goal 5, Strategic Objective 5. | |
| Related Policies: | R105 Rating Policy/Statement R155 Rates - Rebate Policy Statement and Application Process R130 Rates - General Policy | |
| Related Procedures: | Nil | |
| Related Documents: | Nil | |

DOCUMENT DETAILS

| Responsibility: | General Manager Corporate and Regulatory Services |
|--|---|
| Version: | 13.0 |
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| Minute reference: | 28 June 2022 - Item No. 4.1 - Resolution 2022/80 |
| Next review date: | May, 2024 |
| Document History First Adopted By Council: Reviewed/Amended: | 18 th October, 2011 Annually |

1. INTRODUCTION

It is the policy of the City of Mount Gambier (the Council) that a rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Local Government Act 1999 (the Act) and where appropriate, the requirements of this Policy.

SCOPE

- 2.1 The Act sets out in Chapter 10, Division 5 (Sections 159 to 166) those provisions applicable to the Council granting a rebate of rates to persons or bodies.
- 2.2 The Council has decided to adopt a Policy to assist it in its decision making functions relative to the operation of the rate rebate provisions contained in the Act.
- 2.3 This Policy is intended to provide guidance to the community as to the grounds upon which a person or body is, or may be entitled to receive a rebate of rates and the matters that the Council will take into account in deciding an application for a rebate.
- 2.4 In accordance with the rebate provisions contained in the Act, this Policy sets out the type of use in respect of land where the Council must grant a rebate of rates and the amount of that rebate and these types of land use where the Council has a discretion to grant a rebate of rates.

PURPOSE

- 3.1 Section 159(3) of the Act provides that the Council may grant a rebate of rates under the Act if it is satisfied that it is appropriate to do so.
- 3.2 The Act provides for a mandatory rebate of rates in specified cases and the amount of that mandatory rebate (see Clause 3 below).
- 3.3 The Act also provides that where the Council must grant a rebate of rates under the Act, and the amount of that rebate if fixed by the Act at less than 100%, the Council may increase the amount of the rebate.
- 3.4 The Act provides, at Section 166 for the Council to provide a discretionary rebate of rates in the cases set out in that Section.

4. MANDATORY REBATES

4.1 The Council must grant a rebate in the amount specified in respect of land uses which the Act provides will be granted a rebate.



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4.2 Rates on the following land will be rebated at 100%:

4.2.1 Health Services

Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the Health Care Act.

4.2.2 Religious Purposes

Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes.

4.2.3 Public Cemeteries

Land being used for the purposes of a public cemetery.

4.2.4 Royal Zoological Society of SA

Land (other than land used as domestic premises) owned by, or under the care, control and management of the Royal Zoological Society of South Australia Incorporated.

4.3 Rates on the following land will be rebated at 75%:

4.3.1 Community Services

Land being predominantly used for service delivery or administration (or both) by a community services organisation. A "community services organisation" is defined in the Act as a body that -

- 4.3.1.1 Is incorporated on a not for profit basis for the benefit of the public; and
- 4.3.1.2 Provides community services without charge or for a charge that is below the cost to the body of providing the services; and
- 4.3.1.3 Does not restrict its services to persons who are members of the body.

It is necessary for a community services organisation to satisfy all of the above criteria to be entitled to the mandatory 75% rebate.

The Act further provides that eligibility for a rebate by a community services organisation is subject to it providing one or more of the following community services:

- 4.3.1.4 Emergency accommodation;
- 4.3.1.5 Food or clothing for disadvantaged persons;
- 4.3.1.6 Supported accommodation: Local Government Act defines as:
 - (a) Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth); or
 - (b) Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or
 - (c) Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body:
 - that has as a principal object of the body the provision of housing for members of the body; or
 - (ii) that is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette;
- 4.3.1.7 Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities:
- 4.3.1.8 Legal services for disadvantaged persons;
- 4.3.1.9 Drug or alcohol rehabilitation services; or
- 4.3.1.10 the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.
- 4.3.1.11 Disadvantaged person are persons who are disadvantaged by reason of poverty, illness, frailty or mental, intellectual or physical disability.

4.3.2 Educational Purposes

- 4.3.2.1 Land occupied by a government school under a lease or licence and being used for educational purposes; or
- 4.3.2.2 Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes;
- 4.3.2.3 Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.

- Where the Council is satisfied from its own records or from other sources that a 44 person or body meets the necessary criteria for a mandatory 100% or 75% rebate, the Council will grant the rebate of its own initiative. Where the Council's records or other sources do not meet the criteria, it will require the person or body to apply for the rebate in accordance with Clause 6 of this Policy.
- 4.5 Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case the Council will take into account those matters set out at Clauses 6.4 of this Policy and may take into account any or all of those matters set out at Clause 6.5 of this Policy.
- Where an application is made to the Council for a rebate of up to a further 25% the 4.6 application will be made in accordance with Clause 7 of this Policy and the Council will provide written notice to the applicant of its determination of that application.
- 4.7 Council has delegated the determination of entitlement to Mandatory Rebates to the Chief Executive Officer.

DISCRETIONARY REBATES 5.

- 5.1 The Council may in its absolute discretion grant a rebate of rates or service charges in any of the following cases pursuant to Section 166 of the Act:
 - where it is desirable for the purpose of securing the proper development of the area (or a part of the area);
 - where it is desirable for the purpose of assisting or supporting a business 5.1.2 in its area:
 - 5.1.3 where it will be conducive to the preservation of buildings or places of historic significance;
 - 5.1.4 where the land is being used for educational purposes;
 - 5.1.5 where the land is being used for agricultural, horticultural or floricultural exhibitions:
 - 5.1.6 where the land is being used for a hospital or health centre;
 - where the land is being used to provide facilities or services for children or young persons;
 - 5.1.8 where the land is being used to provide accommodation for the aged or
 - where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Commonwealth) or a day therapy centre;
 - 5.1.10 where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;
 - 5.1.11 where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;

- 5.1.12 where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to:
 - (i) a redistribution of the rates burden within the community arising from a change to the basis or structure of the Council's rates; or
 - (ii) a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.
- 5.1.13 where the rebate is considered by Council to be appropriate to provide relief in order to avoid a liability to pay a rate or charge that is inconsistent with liabilities that were anticipated in the annual Business Plan or a liability that is unfair or unreasonable;
- 5.1.14 where the rebate is to give effect to a review of a decision of the Council under Chapter 13 Part 2; and
- 5.1.15 where the rebate is contemplated under another provision of this Act.
- 5.2 A council must, in deciding whether to grant a rebate of rates or charges under Section 166, subsection (1)(d), (e), (f), (g), (h), (i) or (j), take into account:
 - (a) 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 its area; and
 - (b) The community need that is being met by activities carried out on the land for which the rebate is sought; and
 - (c) The extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons; and
 - (d) May take into account other matters considered relevant by the council.

The Council may take into account, but not limited to, the following:

- (i) Why there is a need for financial assistance through a rebate;
- (ii) The level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- (iii) The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- (iv) Whether the applicant has made/intends to make applications to another Council;
- (v) Whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- (vi) Whether the applicant is a public sector body, a private not for profit body or a private for profit body;

- (vii) Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- (viii) The desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy;
- 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;
- (xii) whether the applicant is in receipt of a community grant; and
- (xiii) Any other matters, and policies of the Council, which the Council considers relevant.
- 5.3 The Council has an absolute discretion to:
 - (a) Grant a rebate of rates or service charges in the above cases; and
 - Determine the amount of any such rebate to a maximum of 100% of the relevant rate.
- Discretionary rebates granted under this policy will be reviewed in accordance with 5.4 Section 166(3) (3a) or at the time of reviewing the policy (Section 10).
- 5.5 Persons or bodies that or who seek a discretionary rebate will be required to submit an application form to the Council and provide such information as stipulated on the application form and any other information that the Council may reasonably require.

LIMESTONE COAST LANDSCAPE LEVY 6.

From 1 July, 2020 the new Landscape South Australia Act 2019 (the Act) replaced the Natural Resource Management Act 2004. Local Government continues to play a key role in collection of the Regional Landscape Levy. Councils are required under the Act to make a specified contribution to their Regional Landscape Board. Council recovers this contribution by imposing a separate rate on individual rateable properties in the Council

The Council will provide a concession or rebate off the Landscape levy for rateable properties who presently receive a mandatory or discretionary rebate of rates. The level of the Landscape Levy concession will be equivalent (in percentage terms) to the level of rate rebate Council has granted to those same rateable properties.

7. SERVICE CHARGE

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a *prescribed service*. A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service.

A rate rebate will not be available on Council Waste Service Charge.

8. APPLICATIONS

- 8.1 The Council will inform the community of the provisions for rate rebates under the Act by the inclusion of suitable details in the Council's Business Plan (and on the Draft Annual Business Plan) in accordance with Council's adopted Public Consultation Policy.
- 8.2 Application forms are available from the Council Office located at The Civic Centre, 10 Watson Terrace, Mount Gambier, telephone 8721 2555 or download from the Council website www.mountgambier.sa.gov.au.
- 8.3 All persons or bodies that/who want to apply to the Council for a rebate of rates must do so by completing and lodging a Rate Rebate Application on or before 31st March in each year to be considered for a rebate in the new rating year commencing 1st July of each year. The Council reserves the right to refuse to consider applications received after that date. However, applicants which satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time.
- 8.4 The Act provides that the Council may grant a rebate of rates or charges on such conditions as the Council considers fit.
- 8.5 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.

8.6 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

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

8.7 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.

- 8.8 The Council will, in writing, advise an applicant for a rebate of its determination of that application within sixty (60) business days of receiving the application or of receiving all information requested by the Council. The advice will state whether the application:
 - 6.11.1 Has been granted and the amount of the rebate; or
 - 6.11.2 Has not been granted and the reason(s) why.
- 8.9 A person or body that is aggrieved by a determination of Council in respect of an application for a rate rebate may seek a review of that determination by writing to the Council in accordance with Council's Internal Review of Decisions Policy.

DELEGATION

- 9.1 The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates which meet the requirements of the Act.
- 9.2 The Council has delegated its power to refuse applications for an increase of mandatory rebates to a greater percentage than that provided by the Local Government Act.
- 9.3 All discretionary rebates shall be determined by the Council.

RATE RELIEF OPTIONS

To address any potential inequities in how rates are levied across the Council area the following rate relief options are provided:

10.1 Residential Rate Cap

Where an owner/occupier's principal place of residence property with a Category 1 (Residential) Land Use, experiences an increase in general rates payable, for the preceding financial year compared to the general rates payable for the current financial year (excluding any rebates/remissions) and where that increase, in monetary terms, is greater than 15%.



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The amount of the rate rebate is the amount of total rates for the current year <u>over and above</u> the calculation referred to above, i.e. the difference (in monetary terms) between the general rates imposed in the preceding financial year <u>plus</u> 15%.

(All calculations referenced herein are total (gross) rates figures i.e. excluding any rebates/remissions).

The rebate will not apply where:

- (a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than \$20,000, or
- (b) Any such increase is in whole or part because the zoning or land use category of the land has changed, or
- (c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year; or
- (d) The ownership of the rateable property has changed since 1st July in the preceding financial year (i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value); or
- (e) The subject property boundary(s) have been altered in some way (e.g. subdivision, boundary alignment etc.) and the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year; or
- (f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- (a) A ratepayer in respect of their principal place of residence and excludes second and subsequent properties and all other non-principal place of residence properties;
- (b) The current financial year only then subject to an annual review.

Where an entitlement to a Residential Rate Capping ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for that financial year.



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10.2 For Land Use Category 8 (Vacant Land) Use

Vacant land owned by person(s) intending to be developed in the short term as their principal place of residence, may be considered for a rebate/deferral on Council rates on a case by case basis through the existing relief provisions of the Act, (i.e. hardship application). The maximum rate rebate calculated resulting in the rates payable being equivalent to the average residential land use (Category 1).

10.3 Postponement of Rates - Seniors

Section 182A of the Act provides for applications to be made to Council for a postponement of the payment of the prescribed proportion of rates for the current or future financial years if:

- (a) the person is a prescribed ratepayer, or is the spouse of a prescribed ratepayer; and
- the rates are payable on land that is the principal place of residence of the prescribed ratepayer; and
- (c) the land is owned by the prescribed ratepayer and his or her spouse and no other person has an interest, as owner in the land.

The Act defines a 'prescribed ratepayer' as a person who holds a current State Seniors Card issued by the State Government; or who has the qualification(s) to hold such a card and has applied for the card but has yet to be issued with the card.

All Postponement Applications will be considered and must comply with the provisions of Section 182A of the Act and Regulation 18 of the Local Government (General) Regulations 2013.

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, 10 Watson Terrace, Mount Gambier SA 5290 or emailed to city@mountgambier.sa.gov.au"

10.4 Retirement Villages

For the purpose of providing a rebate to Retirement Villages, particularly upon issues arising from circumstances where the ratepayer(s) claim to provide or maintain infrastructure that might otherwise be maintained by the Council, a rebate does not generally apply. The power to provide a rebate will be exercised as appropriate and in accordance with the Act.

11. REVIEW AND EVALUATION

This Policy is scheduled for review by the Council annually. However, the Policy will be reviewed as required by any legislative changes which may occur.

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12. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to interested members of the community upon request and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.



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| Issued: | June 2023 |
| Next Review: | May 2024 |

RATE REBATE APPLICATION

| 1. | DETAILS OF APPLICANT |
|----|--|
| | Organisation Name |
| | Postal Address |
| | |
| | Telephone Email |
| | Please provide details of a contact person for the Applicant |
| | Given Name Surname |
| | Postal Address |
| | Postcode |
| | Telephone Email |
| 2. | DETAILS OF LAND |
| | Council Assessment Number |
| | Certificate of Title Reference |
| | Address |
| | |
| | Owner of Land (if not you) |
| 3. | CATEGORIES OF REBATE |

Please tick the category of rebate under which you are seeking a rebate.



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3.1 Mandatory - 100%

- Health Services Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976 (Section 160 of the Local Government Act 1999);
- Religious Purposes Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes (Section 162 of the Local Government Act 1999);
- Public Cemeteries Land being used for the purposes of a public cemetery (Section 163 of the Local Government Act 1999);
- Royal Zoological Society of SA Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated (Section 164 of the Local Government Act 1999).

3.2 Mandatory - 75%

3.2.1 Community Services – Land being predominantly used for service delivery or administration by a community services organisation (Section 161 of the Local Government Act 1999).

To qualify as a Community Service Organisation under the rebate provisions of the Local Government Act 1999 an organisaiton MUST MEET ALL THREE of the following criteria. (See section 'Additional Information' at end of this form).

(a) is incorporated on a not for profit basis for the benefit of the public; and

YES . NO .

(b) provides community services without charge or for a charge that is below the cost to the body of providing the services; and

YES NO .

(c) does not restrict its services to persons who are members of the body.

YES NO



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If you have ticked (a), (b) and (c) above which of the following services does your organisation provide from the property specified in this application. If these services apply only to part of your property, please supply additional details. You must answer these below questions in respect of your application.

- Emergency accommodation;
- Food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);
- Supported accommodation Local Government Act defined as:
 - (a) Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth); or
 - (b) Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or
 - (c) Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body that:
 - has as a principal object of the body, the provision of housing for members of the body; or
 - is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette.
- Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- Legal services for disadvantaged persons;
- Drug or alcohol rehabilitation services; and/or
- Research into, or community education about, diseases or illnesses, or palliative care to persons who suffer from diseases or illnesses.
- Disadvantaged person are persons who are disadvantaged by reasons of poverty, illness, frailty, or mental, intellectual or physical disability.



| | | - |
|--|-----------------|-----------|
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■ 3.2.2 Educational Purposes - (Section 165 of the Local Government Act 1999)

Which of the following criteria apply:

- Land occupied by a government school under a lease or licence and being used for educational purposes; or
- Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes; or
- Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.
- 3.3 Discretionary (Section 166 of the Local Government Act 1999)

The Council may in its discretion grant a rebate of rates or service charges in any of the following cases. Please indicate which of the following is applicable to your application:

- The rebate is desirable for the purpose of securing the proper development of the area (or a part of the area);
- The rebate is desirable for the purpose of assisting or supporting a business in its area;
- The rebate will be conducive to the preservation of buildings or places of historic significance;
- The land is being used for educational purposes;
- The land is being used for agricultural, horticultural or floricultural exhibitions;
- The land is being used for a hospital or health centre;
- The land is being used to provide facilities or services for children or young persons;
- The land is being used to provide accommodation for the aged or disabled;
- The land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1987 (Commonwealth) or a day therapy centre;
- The land is being used by an organisation which, in the opinion of the Council provides a benefit or service to the local community;



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- the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;
- the rebate is appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a rate payer due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations.

4.

| AMOUNT O | F REBATE | |
|-----------------|--------------------------------------|---|
| which increa | you are entitled ase that rebate? | mandatory rebate under Clause 3.2 of this Application, for d to a 75% rebate, are you also applying to the Council to |
| YES | NO | • |
| Please speci | fy the amount of | rebate that you are applying for: \$ |
| | | a discretionary rebate under Clause 3.3 of this Application, ate amount you are applying for: |
| \$ | | |
| | | the organisation you represent) need financial assistance amount of rebate you have applied for is appropriate. |
| | | |
| ************* | | |
| | | |



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5. ADDITIONAL INFORMATION REQUIRED

The Council requires you to attach the following additional information to this Application:

- 5.1 Where you are seeking a rebate under Clause 3.2 of this Application Community Services:
 - 5.1.1 Evidence that the land is being used for service delivery and/or administration;
 - 5.1.2 A copy of the organisation's Constitution and/or other documentation establishing that it is incorporated on a not-for-profit basis;
 - 5.1.3 A copy of the organisation's latest Annual Report;
 - 5.1.4 Evidence that the organisation provides services free of charge or below cost;
 - 5.1.5 Evidence that the organisation provides services to persons other than its members.
- 5.2 Where you are seeking a rebate in any other case:
 - 5.3.1 Evidence that the land is being used for the purpose for which the rebate is being sought;
 - 5.3.2 Information as to whether, and if so, to what extent you (or the organisation you represent) will be providing a service within the Council area;
 - 5.3.3 Whether you have made or intend to make an application to another council;
 - 5.3.4 The extent of financial assistance (if any) being provided by Commonwealth or State agencies;
 - 5.3.5 Whether you are in receipt of a community grant;
 - 5.3.6 Any other information that you believe is relevant in support of this Application.



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6. APPLICATION FORMS

Application forms and all additional information must be submitted to the Council on or before the 31 March annually to be considered for a discretionary Rebate of Rates or a mandatory rebate of 75% in the new rating year commencing 1 July of each year.

The application date does not apply to applicants which satisfy the criteria for a mandatory 100% rebate.

Failure to submit application forms or to provide the additional information required by the Council to assess the application by the due date may result in the Council declining to consider the application.

IMPORTANT INFORMATION

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, (Section 159 (2) of the Local Government Act 1999).

The Council may grant a rebate of rates or charges on such conditions as the Council considers

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 notify the Council that person or body is guilty of an offence and liable to a maximum penalty of \$5,000, (Section 159 (7) and (8) of the Local Government Act 1999).

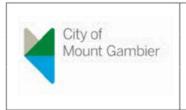
The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

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.

I declare that the information I have provide on and attached to this application form is true and correct.

| DATED this | day of | 20 |
|----------------|--------|----|
| Print Name | | |
| Signature | | |
| Position Title | | |

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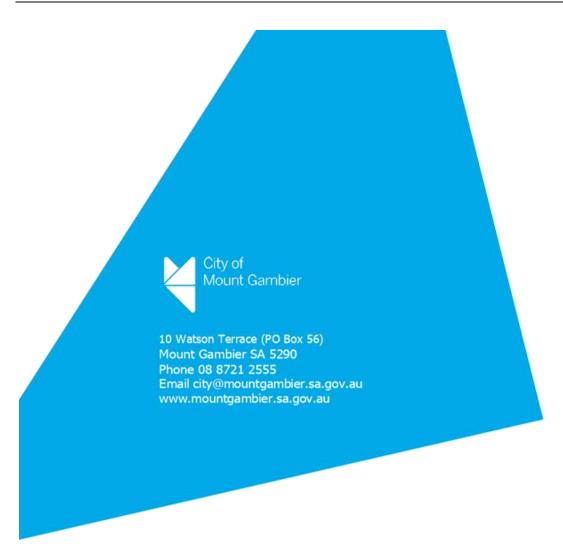


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| | Next Review: | May 2024 |

| File Reference: | AF18/48 |
|--|--|
| Applicable Legislation: | Local Government Act, 1999 Chapter 10, Division 5 (Sections 159 to 166) |
| Reference: Strategic Plan – Beyond 2015 | Goal 5, Strategic Objective 5 |
| Related Policies: | R105 Rating Policy/Statement R130 Rates - General Matters |
| Related Procedures: | Nil |
| Related Documents: | Nil |

DOCUMENT DETAILS

| Responsibility: | General Manager Corporate and Regulatory Services |
|---------------------------|---|
| Version: | 12.0 |
| Last revised date: | 28 June 2022 |
| Effective date: | 28 June 2022 |
| Minute reference: | 28 June 2022 - Item No. 4.1 - Resolution 2022/80 |
| Next review date: | May, 2024 |
| Document History | |
| First Adopted By Council: | May 2002 |
| Reviewed/Amended: | Annually |
| | |



5.4 DRAFT LONG TERM FINANCIAL PLAN 2024-2033 - REPORT NO. AR23/33289

Committee: Audit and Risk Committee

Meeting Date: 5 June 2023
Report No.: AR23/33289
CM9 Reference: AF11/863

Author: Julie Scoggins, Manager Financial Services

Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory

Services

Summary: Legislation - Council is required to develop and adopt a Long Term

Financial Plan (LTFP) in accordance with the Local Government Act

and Regulation's.

Annual Review - Council has decided to review the LTFP annually aligned with the timing of the Annual Business Plan and Asset

Management Plan.

Strategic Plan Reference:

Goal 1: Our People

Goal 2: Our Location

Goal 3: Our Diverse Economy

Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

Goal 5: Our Commitment

REPORT RECOMMENDATION

- 1. That Audit and Risk Committee Report No. AR23/33289 titled 'Draft Long Term Financial Plan 2024-2033' as presented on 05 June 2023 be noted.
- 2. That the Audit and Risk Committee feedback on Council's Draft Long Term Financial Plan 2024-2033 and/or the associated processes and risks, as follows:
 - XXXXX
 - XXXXX
 - XXXXX

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on 27 June 2023 for consideration of the adoption of the Draft Long Term Financial Plan 2024-2033.

TYPE OF REPORT

Corporate

BACKGROUND

1. Audit and Risk Committee Terms of Reference - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:

12.6 Review of Strategic Management and Business Plans:

The Committee shall review and provide advice on Council's strategic management plans (at the time of their preparation and scheduled review), which include the following:

- Strategic Plan;
- Key principles and assumptions of the Long Term Financial Plan;
- Various Asset Management Plans: and
- Annual Business Plan.
- 2. **Legislation** Under Section 122 of the Local Government Act 1999 a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years. A Council may review its strategic management plans at any time, but must undertake a review of its Long Term financial plan as soon as practicable after adopting the Council's Annual Business Plan (ABP) for a particular financial year; and in any event, undertake a comprehensive review within 2 years after each general election of the Council.
- 3. **Previously Adopted LTFP** The LTFP was previously adopted by Council in June 2022.
- 4. **Strategic Management Plans** At the November 2021 Council meeting, the proposal to review the LTFP and Asset Management Plan at the same time as constructing the Annual Business Plan and Budget was presented. This approach ensures that these key documents are aligned.
- 5. **Elected Member LTFP Information & Briefing Sessions** The Manager, Financial Services presented scenarios in relation to potential rating options and talked through some key assumptions underpinning the draft long term financial plan at sessions in April and May.
- 6. **Audit and Risk Committee Workshops** Two workshops were held with the members of Audit and Risk Committee to discuss rating strategy, scenarios and key assumptions underpinning the Draft LTFP
- 7. **Council Endorsement of the Draft Long Term Financial Plan** Council endorsed the Draft Long Term Financial Plan 2024-2033 for community consultation at the Council meeting on 23 May 2023.

PROPOSAL

- 1. **Purpose of the LTFP** The LTFP is a road map that illustrates financially the needs and aspirations of our community which supports and is supported by such documents as the Asset Management Plan, Strategic Plan (Community Plan) and Futures Paper.
- 2. **Target Setting for Future Annual Business Plan and Budgets** Council uses the LTFP to frame its Annual Business Plan and Budget by setting high-level parameters and targets that will assist Council in maintaining and improving the level of services of its existing assets.
- 3. **Key Objective** The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in Council's suite of strategic management plans.
- 4. **LTFP Baseline** The LTFP has been updated to include the Budget Review 3 for 2022/23 and the draft budget for 2023/24.

5. **Revised LTFP** - The draft Long Term Financial Plan has been updated to consider changes from 2022/23 onwards.

| Operating Surplus Ratio | | | Net Financial Liabilities Ratio | | | | | |
|-------------------------|------------------|-------------------|-------------------------------------|------------------|-------------------|------------|-----------|-------------------------------------|
| % | Average Ratio | Minimum Target | Number of Years Above Minimum | Average Ratio | Maximum Target | Peak Ratio | Peak Year | Number of Years Below Maximum |
| Adopted LTFP | 1.6% | 0.0% | 6 | 90.3% | 100.0% | 135.1% | 2022/23 | 6 |
| Draft LTFP | 2.1% | 0.0% | 7 | 61.5% | 100.0% | 117.3% | 2023/24 | 8 |

- 6. Based upon the analysis summarised in the table above it can be seen that the Draft LTFP achieves (over the long term) the Key Financial Indicators (KFI) targets as included in the Draft Treasury Management Policy (on average over the LTFP) and by the target date of FY 2027:
 - Operating Surplus Ratio The average operating surplus ratio over the ten years is 2.1% (target of positive ratio by FY 2027) and is higher than the average included in the previously adopted LTFP.
 - Net Financial Liabilities Ratio (NFL) The target of a ratio of lower than 100% by FY 2027 is achieved and on average the target of lower than 100% is achieved over the 10 years of the LTFP.
- 7. **Inflation Assumptions** The draft Long Term Financial Plan 2024-2033 key assumptions are based upon the September 2022 Deloitte Access Economics forecast of 4.2%. More recent forecasts have been analysed and are in line with this figure.
- 8. **Key Assumptions** The draft Long Term Financial Plan key assumptions are as follows:
 - **General Rate Revenue** The general rate revenue increase including growth is 6.2% for 23/24, 24/25 and 25/26 where the required rate revenue increase has been 'smoothed' over three years to ensure that key ratios are achieved whilst minimising the impact on ratepayers, then reverting back to 4.5% in line with the previously adopted LTFP.
 - Waste Service Charge The waste service charge revenue increase is the same as the General Rates increase.
 - Other Operating Revenue Is expected to increase by forecast CPI (exception being statutory charges at 1.9% per State Government indexation).
 - **Employee Costs** Broadly aligned with forecast South Australian Wage Price Index for initial years, and then CPI for subsequent years.
 - Operating Expenditure Forecast CPI has been applied.
 - Forward Capital Works Program Based on the Draft Interim Asset Management Summary presented at this meeting. It should be noted that the forward works program is inflated each year by estimated CPI.
 - Debt structure assumptions The mix of borrowings between fixed debt and flexible debt and the term of the loans used to fund Council's activities have been considered in the context of the Treasury Management Policy (T150) for this version of the LTFP.
 - Wulanda Is based on the latest approved business case and grant deeds.
- 9. **Exclusions** The following potential significant investment/items are excluded from this version of the LTFP:
 - Infrastructure Condition Audits and Valuation The condition audits and valuation for this significant asset category are due for completion in FY 2023 (as at 30 June 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both

depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2023 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.

- Buildings Condition Audits and Valuation The condition audits are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2024 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
- Caroline Landfill Depreciation Further work will be undertaken aligned with the
 development of the draft masterplan. This is expected to further define the cost of future
 cell construction, capping and the post closure provision and unwinding of net present
 value
- Asset Management Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP in December 2023.
- PLEC Further investment in PLEC beyond the current agreement (\$0.5m in FY 2023).
 Initial cost benefit analysis has been undertaken and was presented to Elected Members as part of the 2023/2024 budget workshops. Further review will be undertaken for future stages by June 2023.
- LED Lighting Further investment in LED lighting beyond the recently delivered Stage 1 is excluded. A cost benefit analysis will be undertaken for future stages by June 2023.
- Sport, Recreation & Open Space Strategy A masterplan is expected to commence in 2023/2024 with completion in 2024/2025 and has been included in the budget and LTFP. This will provide direction for the implementation of this strategy. It should be noted that the costs of projects to support the implementation of this strategy have not been included in this version of the LTFP.
- Local Government Reform The LTFP will become a primary document that will be reviewed by ESCOSA on a four year rotating schedule as part of a range of strategic planning documents with advice provided to the Council. This review is currently scheduled to be undertaken in 2024/2025.
- 11. **The draft LTFP (Attached)** Is presented as a set of financial statements and includes the following statements for years FY 2022 to FY 2033;
 - Statement of Comprehensive Income
 - Statement of Financial Position (Balance Sheet)
 - Statement of Changes in Equity
 - Statement of Cash Flow
 - Uniform Presentation of Finances
 - Key Financial Indicators.

LEGAL IMPLICATIONS

Under Section 122 of the Local Government Act a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years.

Local Government Act 1999 - Section 122

Local Government (Financial Management) Regulations - 2011 - Regulations 5 & 7.

STRATEGIC PLAN

The LTFP as a strategic management document is informed by and informs the Strategic Plan and Futures paper. It is also aligned with the Asset Management Plans.

COUNCIL POLICY

A900 Asset Management Policy

B300 Budget Framework Policy

T150 Treasury Management Policy

ECONOMIC IMPLICATIONS

The LTFP models Council to be financially sustainable over the long term.

ENVIRONMENTAL IMPLICATIONS

As determined in the Strategic Plan.

SOCIAL IMPLICATIONS

As determined in the Strategic Plan.

CULTURAL IMPLICATIONS

As determined in the Strategic Plan.

RESOURCE IMPLICATIONS

Completed within staff resources.

VALUE FOR MONEY

The LTFP models Council to be financially sustainable over the long term.

RISK IMPLICATIONS

The LTFP models Council to be financially sustainable over the long term. The LTFP is updated annually and needs to have regard to relevant risk, opportunities and mitigation strategies.

A number of key risks have been identified in the development of the Annual Business Plan and Budget and the LTFP:

- Indexation Escalation of expenditure and revenue in terms of CPI (with the exception of total rates revenue that has been increased as above). The forecast inflation rates have been applied as at 30 September 2022. Should rates be higher, expenditure will be reviewed to ensure that key financial indicator target ratios are maintained.
- Interest Rates Interest rates have been forecast by applying future forecast rate changes to the LGFA interest rate for variable debt. Debt strategy has also been considered in the development of the LTFP in terms of fixed versus variable debt.

EQUALITIES AND DIVERSITY IMPLICATIONS

Nil

ENGAGEMENT AND COMMUNICATION STRATEGY

| Decision to be made | Make a recommendation that the Long Term Financial Plan be endorsed for public consultation. | |
|---|---|--|
| Key factors to be considered in decision (dot points) | Annual Business Plan Asset Management Plans Community Plan Local Government Act 1999 | |
| Area of community influence | Aspects that are fixed: | |

| | Legislative Factors Key areas for community input: Community may make submissions on all sections of the Draft Long Term Financial Plan. |
|--|--|
| Method of consultation, informing community & cost | Copies will be available at: The City of Mount Gambier Library; Civic Centre. Council's Have Your Say platform A facility will be available for the community to ask questions and receive submissions on Council's website during the public consultation period. |
| Feedback to stakeholders/Council | A written response will be made to all submissions once the Long Term Financial Plan 2024-2033 has been adopted by Council. |
| Timeframe for consultation | Commencing on 25 May and concluding on 15 June 2023. |
| Community Input | Commentary on the Draft LTFP |

IMPLEMENTATION STRATEGY

Targets from the LTFP will be communicated to Council staff to inform the 2023/24 Annual Business Plan and Budget process.

CONCLUSION AND RECOMMENDATION

The Long Term Financial Plan is a high level strategic planning document which is a key aid to Council's budgeting and planning process. It will assist Council staff and Elected Members in planning for the delivery of facilities and services to meet the expectations of the community in a sustainable manner.

Council's Strategic Plan includes significant additional infrastructure and services, planning which includes consideration for the timing of revenue and expenditure, and the feasibility of each project. Proactive planning and modelling are vitally important to the ongoing financial sustainability of Council.

While Council uses the LTFP to inform its Annual Business Plan and budget, the plan is a roadmap and as such does not determine the rates or charges in each year.

ATTACHMENTS

1. Draft LTFP 2024-2033 4 Table 2024-2033



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Draft Long Term Financial Plan 2024-2033

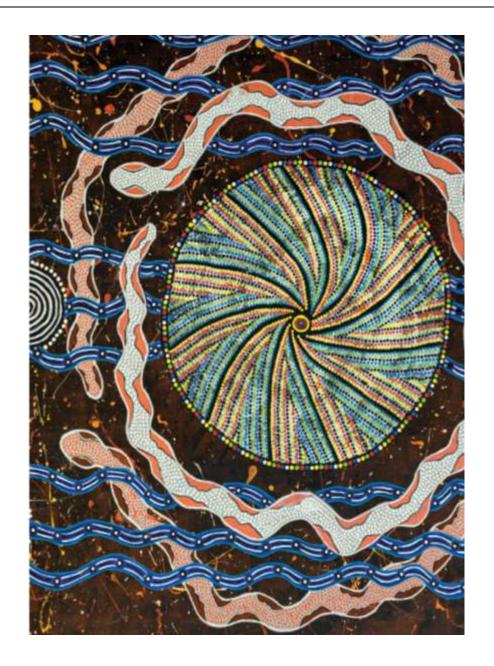
| 1. | Acknowledgement of Country | 1 | |
|-------------|---|----|--|
| 2. | Overview | 2 | |
| 3. | Significant Influences and Challenges | 3 | |
| 4. | Hierarchy Of Documents | 8 | Public Consultation: |
| 5. | Strategic Plan - Our Roles and Goals | 9 | Council is committed to listening and responding to the feedback |
| 6. | CEO Statement of Financial Sustainability | 11 | from our community, and we endeavour to make it easy and convenient for your views to be shared. |
| 7. | Rate Setting | 12 | Council invites you to: |
| 8. | Key Assumptions | 13 | Take a look at each of the Draft Annual Business Plan, Draft Long Term Financial Plan and Draft Asset Management Plan. |
| 9. | Key Financial Ratios | 15 | Have your say through any of the following options: Online at the 'Have Your Say' website |
| Арр | pendix: | | - www.haveyoursaymountgambier.com.au or By email at city@mountgambier.sa.gov.au or |
| Assumptions | | | In writing addressed to: City of Mount Gambier, PO Box 56, Mount Gambier SA 5290. |
| Fina | ancial Statements | | To be considered, all written submissions must include accurate details of the author and be received by Council by 5pm Thursday 15 June 2023. |

The City of Mount Gambier recognises the Boandik people as the traditional owners and custodians of the land Mount Gambier sits upon today.

We respect their spiritual relationship with the land and recognise the deep feelings of attachment Aboriginal and Torres Strait Islander peoples have with this land.

The City of Mount Gambier is committed to working together with Aboriginal and Torres Strait Islander communities in the process of reconciliation.

Image: Belinda Bonney, Reconciliation of the Nation: we all walk together as one (detail).



Overview

What Is This Document? - This is the Long Term Financial Plan (LTFP) for the City of Mount Gambier Council for the period 2024 - 2033. While the Long Term Plan covers 10 years ahead, we review it every year. This is because the opportunities and challenges facing our community and city, and the context we work in, are always evolving.

Purpose - The purpose of a Long Term Financial Plan (LTFP) is to guide the future direction of Council in a financially sustainable manner. The LTFP is designed as a 'high-level' summarised document focusing on the future planning of Council's financial operations, particularly in relation to key components such as rate increases, service levels to our community, asset replacement/renewal and loan indebtedness.

Legislation - Section 122 (1) of the Local Government Act 1999 ("the Act") requires that Councils must develop and adopt Strategic Management Plans including the LTFP which is a moving document updated on a rolling basis over a ten year term.

Hierarchy Of Documents - City of Mount Gambier Council's LTFP provides the forward strategic financial framework to resource the community's needs and aspirations. Through the alignment of this plan with the Strategic Plan, Futures Paper and the Asset Management Plan, Council is able to plan, manage and communicate its future objectives in a sustainable way for the long term.

Previous Versions - The Council's LTFP was adopted in March 2019 and subsequently reviewed and adopted in June 2020, February 2021, December 2021 and June 2022.

Roadmap - The LTFP is developed in the context of the Strategic Plan 2020-2024 and sets a road map to implement the community's priorities for the coming decade. As such the LTFP provides a target for future Annual Business Plans and Budgets. It also provides guidance in terms of direction and financial capacity, and does not determine the rates and charges for the future. If key assumptions such as growth, capital investment or interest rates change then this may drive changes in the annual budget.

Financial Position - Over the life of this Plan, Council has planned to achieve its financial targets by FY2027. Over the medium to long term, Council is expected to be financially sustainable in accordance with the information contained within this Plan.

Financial Sustainability - Financial sustainability in local government ensures that each generation pays their way rather than any one generation living off their assets and leaving the responsibility for infrastructure/asset renewal to future generations.

Development of This Version of the LTFP - This version of LTFP was developed in consultation with Councils Executive Leadership Team and Elected Members. A number of workshops were held to specifically review rating strategy and subsequently rating scenarios with Elected Members to develop the approach for this year's LTFP

Financial Statements - At a high level, the LTFP projects:

- Statement of Comprehensive Income Details the profit and loss account (operating surplus (deficit) and capital transactions);
- Statement Of Financial Position (Balance Sheet) This presents the financial position of Council at a given date. It comprises three main components: assets, liabilities and equity;

- Statement Of Cashflows This shows the amount of cash and cash equivalents entering and leaving the Council;
- Uniform Presentation Of Finances The Net Lending/(Borrowing) for the Financial Year result is a measure that takes account of both operating and capital activities for the financial year; and
- Statement of Changes in Equity This reflects the movement in equity reserves during the period, being the financial performance of the year plus any other comprehensive income gains.

3. Significant Influences and Challenges

Overview - The LTFP is a long-term forecast and as such it is supported by many assumptions, for example: community aspirations, needs and wants, growth, inflation, service levels, federal and state government policy settings and interventions. Many of these factors inevitably are external to Council and as such outside of its control.

Hierarchy Of Documents - The Plan complements and is complemented by other important Council plans and strategies:

- · Futures Paper;
- Strategic (Community) Plan 2020-2024;
- · Asset Management Plan; and
- Annual Business Plan.

Wulanda Recreation & Convention Centre (WRCC) - The Wulanda Recreation and Convention Centre is a multi-purpose facility designed to be a community space, with facilities and activities for all ages and abilities. This facility provides substantial year round indoor facilities, addressing many community needs both now and for future generations to come. The Wulanda Recreation and Convention Centre has already shown that it is able to increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and economic benefits.

Local Government Reform - The LTFP will become a primary document that will be reviewed by ESCOSA on a four-year rotating schedule as part of a range of strategic planning documents with advice provided to the Council. This Council's review is scheduled for 2024/2025.

Total Rate Revenue - Council's major source of income is rates, which accounts for c66% of operating revenue over the ten years and is an important part of the planned long-term strategy. It contributes towards the funding of Council's services to meet the expectations of the Community, by maintaining services, roads, waste management, footpaths, buildings, etc. and the Asset Management Plan (both the renewals and new/upgrade) and funding. An initial review has been undertaken of rating strategy to ensure that Council balances the requirement for rate increases to fund recurring cost increases with the need to keep rate increases across the ratepayer base at an acceptable level.

Inflation - This Long Term Financial Plan has incorporated the Consumer Price Index (CPI) based on Adelaide forecast CPI as predicted by Deloitte Access Economics. This assumption has been updated as at the end of September 2022. It should be noted that Council chose to continue to apply these assumptions further to updated forecasts in March 2023, as the changes were not deemed to be material.

Asset Management Plan - The Asset Management Plan has been updated and the document will be issued for public consultation at the same time as the Annual Business Plan and this document. This is aligned with the LTFP which allows Council to factor in the new and ongoing costs associated with renewals required to maintain our asset base at the required standard and investment in new assets.

Updated Assumptions - It should be noted the following assumptions have been updated:

- Base Year The LTFP has been updated to include the Draft Budget Review 3 position for FY 2023 and the Draft Budget for FY 2024.
- Interest Rates Interest rates have been updated to reflect actual interest/forecast rates for credit foncier loans and variable LGFA rates have been updated using Deloitte Access Economics as at 31 March 2023.
- Indexation Forecast CPI assumptions have been updated based on Deloitte Access Economics (DAE) forecats.
- Capital Works Program This program, aligned with the Draft Asset Management Plan, has been updated to reflect include indexation, changes to the plant renewal program to reflect latest practices, carry forwards identified as at Budget Review 3, and capital for new/upgrade expenditure following engagement with relevant Council staff and Elected Members.

Key Financial Indicators:

The following targets have been set in line with the adopted T150 Treasury Management Policy:

- Operating Surplus Ratio % Positive surplus ratio by FY 2027.
- Net Financial Liabilities Ratio % Net Financial Liabilities Ratio of lower than 100% to be achieved by FY 2027.
- Asset Renewal Funding Ratio % 100% or greater throughout the duration of the LTFP.

If any of the targets are not achieved (i.e. if growth or CPI is lower than planned), this will mean that other assumptions will need to be changed to ensure that the targets set by the LTFP are achieved.

Risks - The LTFP is updated annually and needs to have regard to relevant risk, opportunities and mitigation strategies. During the development of this LTFP we have identified the following:

- State Government Local Government reforms and funding/cost shifting.
- Climate Change Impact The future impact on the way in which Council operates will need to be considered.
- Indexation Escalation of expenditure and revenue.
- Interest Rates Interest rates have been forecast based on data available on 31 March 2023 from Deloitte Access Economics and LGFA rates. Following RBA rate increases over the last year, interest rates for credit foncier (fixed loans) and variable loans (CADs) have increased. Council's debt structure has been reviewed to ensure alignment with Council's Treasury Management Policy, with an appropriate mix of loan terms and fixed and variable debt.
- Service Levels Adjusting service levels may result in increased cost of renewal/upgrade, maintenance and depreciation for example new footpaths.
- Grant Revenue Whilst grant revenue may fund additional capital works, additional maintenance/renewal expenditure will be incurred as a result.
- Procurement Market Conditions Current market conditions have either driven up costs, or less availability of contractors which will also impact on the capacity to deliver.

 Wulanda - Impact on the organisation to support activation and operations.

Opportunities - The following potential opportunities have also been identified:

- Efficiencies Efficiencies will be investigated in operating expenditure to support capital works expenditure or through strategic procurement activities (where like activities are 'bundled up').
- Timing A review of strategic priorities has been undertaken by the Executive Leadership Team further to consultation across the organisation. The organisation's capacity to deliver has been considered.
- Commercial Partnerships / Grant Funding Seek greater contributions from others to fund current activities / additional projects.
- Borrowings Have been assessed and the structure has been reviewed for this version of the LTFP. In line with our Treasury Management Policy the intent is to have an optimal structure that ensures that the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term. It should be noted that the debt structure has been presented and discussed with Elected Members and the Audit and Risk Committee.
- Grant Revenue Attracting further grant revenue will improve ratios if used to fund works already in LTFP.

Exclusions - The following potential significant investment/items are excluded from this version of the LTFP:

- Infrastructure Condition Audits and Valuation The condition audits and valuation for this significant asset category are due for completion in FY 2023 (as at 30 June 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2023 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
- Buildings Condition Audits and Valuation The condition audits
 are scheduled across the next two financial years with the valuation
 for this asset category due for completion in FY 2024 (as at 1 July
 2023). At this stage Council does not have information to incorporate
 in this version of the LTFP. The result of these condition
 audits/valuation are expected to have an impact on both depreciation
 and the value of the capital forward works program. A
 comprehensive review will be undertaken in preparation for the FY
 2024 financial statements with the results to be incorporated in the
 next version of the LTFP to be undertaken in December 2023.
- Caroline Landfill Depreciation Further work will be undertaken aligned with the development of the draft masterplan. This is expected to further define the cost of future cell construction, capping and the post closure provision and unwinding of net present value.
- Asset Management Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP in December 2023.

- PLEC Further investment in PLEC beyond the current agreement (\$0.5m in FY 2023). Initial cost benefit analysis has been undertaken and was presented to Elected Members as part of the 2023/2024 budget workshops. Further review will be undertaken for future stages by June 2023.
- LED Lighting Further investment in LED lighting beyond the recently delivered Stage 1 is excluded. A cost benefit analysis will be undertaken for future stages by June 2023.
- Sport, Recreation & Open Space Strategy A masterplan is expected to commence in 2023/2024 with completion in 2024/2025 and has been included in the budget and LTFP. This will provide direction for the implementation of this strategy. It should be noted that the costs of projects to support the implementation of this strategy have not been included in this version of the LTFP.

4. Hierarchy Of Documents

Hierarchy of Documents - Brings together the key planning documents to ensure that the vision, goals and objectives set by the Futures Paper are implemented in the Long Term Financial Plan, Asset Management Plan, Strategic Plan, and Annual Business Plan.

The Long Term Financial Plan - Guides and is guided by other key strategic management documents as shown below:



 Futures Paper - The paper outlines strategies for action at the individual, organisation and community level that will enable the community to achieve their collective aspirations.

- Long Term Financial Plan (10 Years) The Long Term Financial
 Plan shows the financial impact of the implementation of the
 Strategic Plan over the next 10 years and incorporates key
 assumptions from the Strategic Plan and Asset Management Plan.
 The LTFP will be reviewed by Council on an annual basis.
- Asset Management Plan (10 Years) Identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.
- Strategic Plan (4 Years) Represents the vision, aspirations and priorities of our community now and into the future. The Strategic Plan is informed by the Futures Paper and identifies the outcomes Council seeks to achieve and the strategies Council will put in place to get there.
- Annual Business Plan (1 Year) Each year, Council develops an Annual Business Plan guided by Council's strategic financial framework which sets strategic directions over the medium and long term and converts these into annual actions and outcomes. This shows the outcomes Council expects to achieve in the year, the services, the key measures of success and the budget required to deliver these outcomes.

5. Strategic Plan - Our Roles and Goals

THE CITY DEVELOPMENT FRAMEWORK PROJECT

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations based on four interrelated themes:



OUR PEOPLE

How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.



OUR LOCATION

How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.



OUR DIVERSE ECONOMY

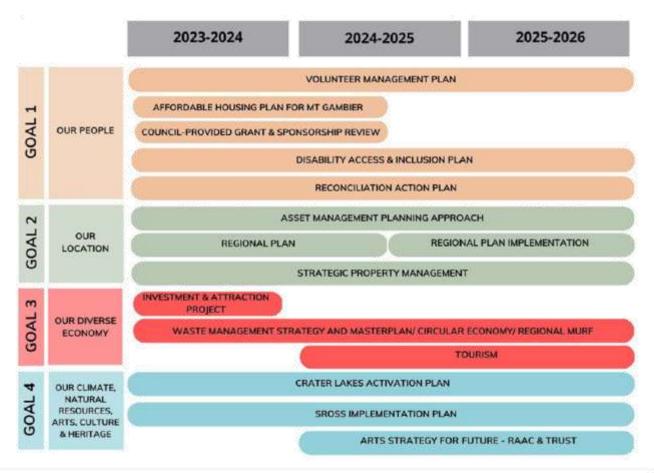
How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.

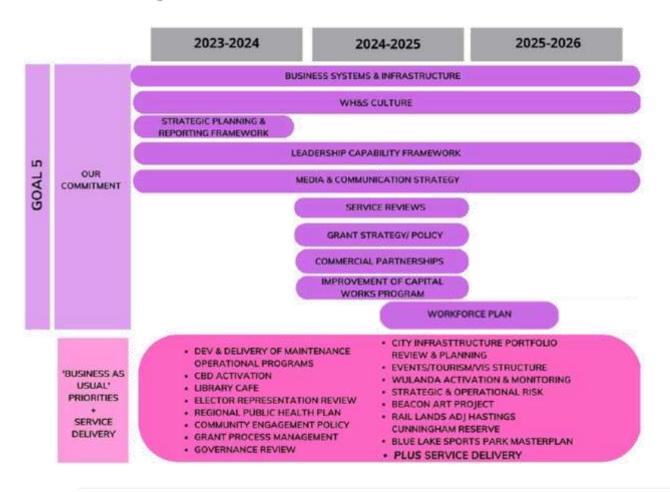


OUR CLIMATE, NATURAL RESOURCES AND HERITAGE

How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.

The following pages show the strategic work plan that has been developed to deliver the priorities over the next 3 years.





6. CEO's Statement of Financial Sustainability

Key Objective - The key objective of preparing a comprehensive and informed LTFP is to enable Council to maintain financial sustainability in the medium to long term whilst achieving the objectives and standards detailed in Council's suite of strategic management plans.

Service Levels - This means Council will be able to manage and maintain current and predicted services and service levels, and infrastructure requirements to adequately provide for needs of the city.

Our LTFP:

- Guide Serves as guiding tool for decision making.
- ABP Informs Annual Annual Business Plan and Budget (ABP) processes by taking a multi-year perspective on spending positions;
- Financial Sustainability Determines organisational financial capacity and sustainability; and
- Legislation Complies with statutory requirements (per the Local Government Act and the Essential Services Commission of South Australia – ESCOSA).

Funding:

To fund our major intergenerational project for the construction of the Wulanda Recreation and Convention Centre, the LTFP has applied debt as a means to achieve intergenerational equity. This ensures that the cost of construction of this project is shared across the current and future

ratepayers, consistent with those that will benefit from the use of this new facility.

Our Financial Sustainability:

Council has three Key Financial Indicators (KFIs) per Council's Treasury Management Policy that measure financial sustainability. It should be noted that all three KFIs achieve the targets set by Council's Treasury Management Policy (T150) as shown below:

- Operating Surplus Ratio The ratio is positive over the 10 year period with an average ratio of 2.1%, achieving a positive ratio from FY 2027 onwards.
- Net Financial Liabilities Ratio The average ratio over the 10 years is 61.5%, achieving a ratio of less than 100% in 2026.
- Asset Renewal Ratio The Asset Renewal Ratio is 100% over the 10 years of the LTFP, aligned with the forward works program and Asset Management Plan.

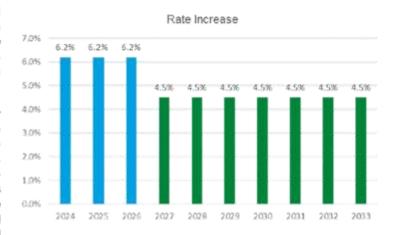
These indicators are evaluated in more detail within this document and together, show that Council will achieve its financial sustainability in the medium to long term.

7. Rate Setting

Council Approach - Due to prior and current economic conditions and relatively high inflation continuing beyond FY 2023, Council have taken a smoothing approach to rate increases (general rates and the waste service charge) for the next 3 years and also intends to manage its expenditure within the ten years of this plan to minimise the impact on ratepayers.

Smoothing - The overall rates increase required to mitigate prior year pressures (zero rate increase in FY 2021, a lower than CPI rate increase in FY 2023 and a high actual Adelaide CPI rate across the first three quarters of 2023) and ensure that Council achieves its operating surplus ratio target by FY 2027 is circa 9.75%. After smoothing the total average rate revenue increase for the first three years of the LTFP is 6.2%. This has the effect of reducing the rate revenue increase for year one (2023/2024). The rate revenue increase for the remaining years will continue to be calculated annually and at this stage the expected total rate increase from 2027 to 2033 (including growth) is aligned with previous LTFPs at 4.5%.

Impact on Individual Ratepayers - It should be noted that the average rate increase per annum is based on the total of all rateable properties. The impact on individual ratepayers may be different based on the change in valuation of their property relative to the overall valuation changes across the council area.



8. Key Assumptions

OPERATING REVENUE:

- General Rates Revenue has been indexed by 6.2% over the first three years of the LTFP and 4.5% over the subsequent years of the LTFP.
- Waste Service Charges Aligned with general rates revenue has been indexed by 6.2% over the first three years of the LTFP and 4.5% over the subsequent years of the LTFP.
- Council Operations User Charges CPI increases have been applied over the remaining 10 years aligned with the user pays principle for the majority of user charges.
- Grant Funding (Recurrent) Such as the Financial Assistance
 Grant (FAG) and Roads to Recovery (RTR) and Local Roads and
 Community Infrastructure (LRCI) have been assumed to be received
 within the year they are paid. In particular for Financial Assistance
 Grants it has been assumed that 50% of the following year's
 allocation will be paid in the current year and that the Special Local
 Roads Fund payment will continue.
- Grant Funding (One-off) Is applied in the same year that tied expenditure is planned.

OPERATING EXPENDITURE:

 Materials, Contracts & Other Expenditure - Has been indexed in line with forecast CPI increases over the period of the plan. Historically, LGPI (Local Government Price Index) has been applied as the relevant indicator of movement in local government costs (reflecting historically higher costs for the "basket of goods and services" procured by Council), However, as the LGPI is reported on an annual/historic basis, considering the current economic conditions it has been determined that CPI should be applied as the most reliable and relevant index.

- Employee Costs Standard increases broadly aligned with South Australian Wage Price Index for the initial years of the LTFP.
 Superannuation costs have been assumed to increase in line with legislation i.e. to reach 12% (+1%) by 2025/26.
- FTEs The number of FTEs employed by Council over the life of the LTFP are assumed to be consistent with no forecast increase.
- Finance Costs Have been modelled factoring in the projected debt
 Council will hold in each year of the plan, and the forecast interest
 rate to be charged by the Local Government Finance Authority. In
 this plan the interest rate used has been modelled based on actual
 rates provided by the LGFA for credit foncier loans and indicative
 rates for Convertible Cash Advance Debentures (flexible
 borrowings) forecasts provided by Deloitte Access Economics and
 historical data.

CAPITAL EXPENDITURE

 Asset Renewal - Is provisioned to allow for Council to meet the renewal requirements as per the revised Asset Management Plan. Renewal, maintenance and depreciation of new and upgraded assets have been included in the plan to ensure these are funded. Indexation applied is in line with forecast CPI increases over the period of the plan.

- New Capital/Upgrade Has been included in the plan and are based on Council's Asset Management Plan. At this stage prior to the completion of the Caroline Landfill Masterplan the only significant investment for new capital will be for cell construction.
- Future Development It should be noted that the next iteration of the Asset Management Plan will be prepared for inclusion in the LTFP to be developed in the first half of FY 2024.

CAPITAL REVENUE

- Grants At this stage no future grants have been incorporated in the LTFP.
- Physical Resources Received Free Of Charge Considering prior year performance an allocation of \$1m per annum has been included in this version of the LTFP.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

- Assets such as trade and other receivables, inventories and equity
 accounted investments have all been modelled based on historical
 averages, with no significant variances expected over the period of
 the plan.
- Infrastructure, Property, Plant and Equipment are modelled based on the cumulative effect of depreciation, capital expenditure, asset disposals and adjustments made to maintain valuations at fair value.
- Liabilities such as trade and other payables and provisions, have been modelled based on historical averages of Council, with no significant variances expected over the period of the plan.

Borrowings provide an alternative source of funding to enable
Council to achieve its objectives and in particular the funding of the
Wulanda Recreation & Convention Centre. Borrowing requirements
have been modelled based on the cumulative effect of operating
deficits/surpluses, capital expenditure and revenue. The debt
structure and allocation between fixed (credit foncier) and flexible
(CADs) has been reviewed for this version of the LTFP as presented
to Elected Members and the Audit and Risk Committee.

Key Financial Ratios

OVERVIEW

Local Government Sector Performance - The following Key Financial Indicators are deemed by the Local Government Sector to be the best indicators for determining financial sustainability:

- Operating surplus / (deficit) ratio;
- · Net financial liabilities ratio; and
- Asset renewal funding ratio.

Legislative Requirement - These indicators are also a requirement of Council's annual financial reporting in accordance with Local Government legislation and regulations.

Section 122 of the Local Government Act 1999 states that Councils should assess:

"...The sustainability of the Council's financial performance and position, and... The extent of levels of services that will be required to be provided by the council to achieve its objectives and to the extent to which any infrastructure will need to be maintained, replaced or developed by the Council..."

Treasury Management Policy - The following graphs and accompanying commentary are set against targets included in the adopted "Treasury Management Policy" as shown below:

"6.3 Key Financial Indicators (KFIs)

- Council ensures long term financial sustainability using key financial indicators in its LTFP. Council has the following targets:
 - Operating Surplus Ratio To achieve a positive operating surplus ratio by FY 2027.
 - Net Financial Liabilities Ratio Achieve a target of less than 100% of total operating revenue by FY 2027; and
 - Asset Renewal Funding Ratio Maintain asset renewal funding ratio of greater than or equal to 100% of the Asset Management Plan."

Additional Ratio – The borrowing to income ratio has been incorporated in the LTFP as an additional measure of financial sustainability.

OPERATING SURPLUS RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

What is the target?

The target to be achieved by FY2027 is that Council will achieve a positive ratio.

Operating Surplus Ratio 10.00% Target >0.0% by 2027 0.11% 1.93% 2.70% 3.61% 4.93% 2.00% -1.56% -1.56% -10.00% Draft LTFP Target

Result:

Council expects to return to a surplus ratio in FY 2027, aligned with the target, delivering a positive ratio for 7 years of the LTFP. The average ratio over the life of the LTFP is 2.1%.

It should be noted that the surplus is required in future years for the repayment of debt.

NET FINANCIAL LIABILITIES RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

What is the target?

"Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by FY 2027".



Result:

Council achieves its target of less than 100% Net Financial Liabilities Ratio by FY 2026 (95.2%), with a ratio of below the target for 8 out of the 10 years, an average ratio of 61.5% and a peak ratio of 117.3% in FY 2024 over the forward 10 years, driven by the funding of the Wulanda Recreation and Convention Centre.

ASSET RENEWAL FUNDING RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if Council is maintaining all of its assets.

This is best demonstrated by comparing total Capital Renewal expenditure planned against Strategic Asset Management Plan requirements.

How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of asset management plan allocations.

What is the target?

"Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan".



Result:

Council will achieve over the period of the plan the required expenditure that is set out in the Asset Management Plan.

Renewal expenditure for the future 10 years is expected to be aligned with the Asset Management Plan i.e. a ratio of 100%.

BORROWING TO INCOME RATIO

What is the purpose of this ratio?

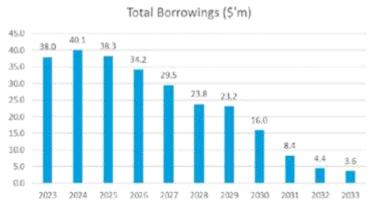
This is a way to measure Council's ability to make loan repayments comfortably without putting the organisation in financial hardship.

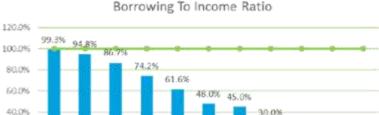
How is this ratio calculated?

Total borrowings including CAD divided by total operating revenue.

What is the target?

"Council will maintain a target of less than 100%".





Result:

0.0%

2023 2024 2025

As debt is repaid through rates revenue, it is important that we are mindful of how much we borrow and how quickly we can repay our debt. That is why we have a long term view of debt and have focused on Council's debt structure and significantly reducing debt from the peak of \$40.1m in FY 2024 to \$3.6m in FY 2033.

2027

Draft (TEP ——Target

2026

For all years of the LTFP the borrowing to income ratio is lower than the 100% target.

Debt structure assumptions i.e. the mix of borrowings between fixed debt and flexible debt and the term of the loans used to fund Council's activities have been considered in the context of the adopted Treasury Management Policy (T150).

Assumptions

| Key Assumptions | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General Rates Revenue Increase | 6.2% | 6.2% | 6.2% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% |
| Waste Service Charge Increase | 6.2% | 6.2% | 6.2% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% |
| Consumer Price Index | 4.2% | 2.5% | 2.5% | 2.5% | 2.5% | 2.4% | 2.3% | 2.3% | 2.4% | 2.5% |

- Council Election costs FY2027 \$140k, and FY2031 \$150k.
- ESCOSA Local Government Rates Oversight Scheme FY 2025 \$40k, FY 2029 \$40k, FY 2033 \$40k.

Financial Statements - Uniform Presentation Of Finances

| 2022 Actual | \$ 700s | 2023 BR3 | 2024 Draft ABP | 2025 LTFP | 2026 LTFP | 2027 LTFP | 2028 LTFP | 2029 LTFP | 2030 LTFP | 2031 LTFP | 2032 LTFP | 2000 LTFP |
|----------------|---|-------------|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 37,162 | Income | 38,256 | 42,280 | 44,160 | 46,126 | 47,826 | 49,605 | 51,443 | 53,325 | 55,284 | 57,335 | 59,489 |
| 35,161 | Expenses | 42,238 | 45,117 | 46,039 | 46,847 | 47,773 | 48,648 | 50,054 | 51,400 | 52,558 | 53,161 | 54,684 |
| 2.001 | Operating surplus / (deficit) | (3,981) | (2.837) | (1,879) | (720) | 52 | 957 | 1,389 | 1,925 | 2,726 | 4,174 | 4,805 |
| | Net outlays on existing assets | | | | | | | | | | | |
| 5,623 | Capital expenditure on renewal and replacement of existing assets | 7,219 | 5,762 | 6,568 | 5,542 | 5,754 | 5,795 | 7,291 | 6,392 | 7,108 | 5,874 | 7,409 |
| (8,479) | Depreciation, amortisation and impairment | (9,928) | (10,467) | (10,785) | (10,817) | (10,890) | (10,968) | (11,621) | (12,262) | (12,256) | (12,426) | (12,885) |
| (112) | Proceeds from sale of replaced assets | {159} | (277) | (329) | (247) | (294) | (299) | (432) | (377) | (514) | (147) | (255) |
| (2,968) | Net outlays on existing assets | (2,868) | (4,982) | (4.547) | (5,522) | (5.429) | (5,471) | (4,762) | (6,247) | (5,662) | (6,636) | (6,730) |
| 35,134 | Net outlays on new and upgraded assets Capital expenditure on new and upgraded assets (including investments property & real estate developments) | 20,974 | 3,903 | 714 | 711 | 729 | 747 | 4,535 | 783 | 801 | 4,405 | 840 |
| (20,443) | Amounts received specifically for new and upgraded assets Proceeds from sale of surplus assets (including investment property and real estate developments and non-current assets held for resale) | (5,644) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14,691 | Net outlays on new and upgraded assets | 15,330 | 3,903 | 714 | 711 | 729 | 747 | 4,535 | 780 | 801 | 4,405 | 840 |
| (9.722) | Net lending / (borrowing) for financial year | (16,443) | (1,759) | 1,954 | 4,091 | 4,753 | 5,681 | 1,616 | 7,289 | 7,587 | 6,467 | 9,696 |

Financial Statements - Statement of Comprehensive Income

| 2022 Actual | \$'000s | 2023 BRJ | 2024 Draft ABP | 2025 LTFP | 2026 LTFP | Z027 LTFP | 2028 LTFP | 2029 LTFP | Z030 LTFP | 2031 LTFP | 2032 LTFP | 2033 LTFP |
|------------------------------------|---|--|---|---|---|---|---|-------------------------------------|---|--|---|-----------------------------------|
| 23,822 633 5,515 6,615 | Income Rates Statutory Charges User Charges Grants, Subsidies and Contributions | 24,843 698 6,373 5,346 | 26,416 734 9,193 5,048 | 28,011 748 9,486 4,994 | 29,703 762 9,743 4,967 | 31,008 776 10,014 5,042 | 32,373 791 10,266 5,169 | 33,800 806 10,515 5,294 | 35,288 821 10,755 5,415 | 36,843 837 11,001 5,539 | 38,465 853 11,262 5,670 | 40,160 869 11,544 5,812 |
| 14 65 498 | Vivestment Income Reimbur Income Other Income Total Income | 47 65 883 38256 | 40 538 311 42,280 | 40 562 319 44,160 | 38 587 327 46,126 | 36 614 335 47,826 | 33 629 344 49,605 | 31 645 352 51,443 | 27 659 360 53,325 | 5,539 22 674 368 55,784 | 17 690 377 57,335 | 11 708 386 59,489 |
| 13,090 13,234 8,479 358 | Expenses Employee Costs Materials, Contracts & Other Expenses Depreciation, Amortisation & Impairment Finance Costs | 14,637 16,219 9,928 1,453 42,218 | 15,087 17,288 10,467 2,275 45,117 | 15,691 17,540 10,785 2,024 46,039 | 16,334 17,888 10,817 1,808 46,847 | 16,859 18,502 10,890 1,523 47,773 | 17,401 18,998 10,968 1,280 48,648 | 17,945 19,359 11,621 1,128 | 18,481 19,709 12,262 948 51,400 | 19,032 20,488 12,256 782 52458 | 19,617 20,751 12,426 368 53,161 | 20,245 21,295 12,885 259 |
| 2.004 | Operating Surplus / (Deficit) | (3,981) | (2.837) | (1,879) | (720) | 57 | 957 | 1,389 | 1,925 | 2.726 | 4,174 | 4,805 |
| 2,001 | | 101301 | (Appendix) | | | | | | | 200 | | |
| 1,760 17,940 (787) | Physical Resources Received Free of Charge Amounts Received Specifically for New or Upgraded Assets Asset Disposal & Fair Value Adjustments | 1,000 6,045 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 | 1,000 0 0 |
| 1,760 17,940 | Amounts Received Specifically for New or Upgraded Assets Asset Disposal & Fair Value Adjustments | 1,000 6,045 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 |
| 1,760 17,940 (787) | Amounts Received Specifically for New or Upgraded Assets Asset Disposal & Fair Value Adjustments | 1,000 6,045 0 | 1,000 0 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 0 0 | 0 | 0 |
| 1,760 17,940 (787) 20,914 | Amounts Received Specifically for New or Upgraded Assets Asset Disposal & Fair Value Adjustments Nnt-Surplus // (Detroit) Other Comprehensive Income Amounts which will not be reclassified subsequently to operating result Charges in Revaluation Surplus - UPP&E | 1,000 6,045 0 3,063 | 1,000 0 0 (1,837) | (879) | 200 | 0 0 1,052 | 0 0 1,957 7,062 | 2,389 223 | 0 0 2,925 2,862 | 1,000 0 0 3,726 | 0 0 5,174 6,899 | 0 0 5,805 |

Financial Statements - Statement of Financial Position (Balance Sheet)

| 250 2,974 64 | ASSETS Current Assets Cash & Cash Equivalents Trade & Other Receivables Inventories | 499 1,624 | | | | | | | | | | |
|--------------------|---|-------------------|---------|-------------------|---------|------------------|---------|-----------------|---------|---------|-------------|---------|
| 250 2,974 64 | Cash & Cash Equivalents Trade & Other Receivables Inventories | -100 | | | | | | | | | | |
| 2,974 64 | Trade & Other Receivables Inventories | -100 | | | | | | | | | | |
| 64 | Inventories | 4.004 | 553 | 509 | 505 | 501 | 496 | 495 | 493 | 492 | 1,900 | 10,649 |
| | | | 1,803 | 1,902 | 1,999 | 2,078 | 2,153 | 2,243 | 2,329 | 2,419 | 2,506 | 2,612 |
| 3,288 | | 59 | 61 | 62 | 64 | 65 | 67 | 69 | 70 | 72 | 73 | 75 |
| | Total Current Assets | 2,183 | 2,416 | 2,473 | 2,568 | 2,644 | 2,716 | 2,80€ | 2,892 | 2,982 | 4,480 | 13,336 |
| Same | Non-Current Assets | 1275,000 | | | | Was to the later | | vi contrario de | | | 10000000000 | |
| 301,171 | Infrastructure, Property, Plant & Equipment | 316,553 | 327,405 | 324,947 | 321,561 | 320,775 | 324,294 | 326,602 | 325,181 | 321,791 | 328,850 | 328,520 |
| 0 | Other Non-Current Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 301,171 | Total Non-Current Assets | 316,553 | 327,405 | 324,947 | 321,561 | 320,775 | 324,294 | 326,602 | 325,181 | 321,791 | 328,850 | 328,520 |
| 304,459 | TOTAL ASSETS | 318,735 | 329,821 | 327,420 | 324,129 | 323,419 | 327,009 | 329,408 | 328,073 | 324,774 | 333,329 | 341,856 |
| | LIABILITIES | | | | | | | | | | | |
| | Current Liabilities | | | | | | | | | | | |
| 9,331 | Trade & Other Payables | 4,419 | 5,162 | 5,080 | 5,137 | 5,238 | 5,311 | 5,565 | 5,436 | 5,564 | 5,797 | 5,697 |
| 1,222 | Borrowings | 2,930 | 1,269 | 1,337 | 1,417 | 1,484 | 1,555 | 1,629 | 8,744 | 1,330 | 753 | 0 |
| 2,784 | Provisions | 2,778 | 2,848 | 2,920 | 2,992 | 3,067 | 3,144 | 3,221 | 3,294 | 3,369 | 3,450 | 3,536 |
| 13,337 | Total Current Liabilities | 10,127 | 9,279 | 9,336 | 9,546 | 9,789 | 10,010 | 10,414 | 17,475 | 10,264 | 10,000 | 9,233 |
| | Non-Current Liabilities | | | | | | | | | | | |
| 22.311 | Borrowings | 35,068 | 38,801 | 36,936 | 32.820 | 27,986 | 22,239 | 21,524 | 7,248 | 7,048 | 3.633 | 3.633 |
| 3,507 | Provisions | 3,513 | 3,890 | 3,981 | 4.073 | 4,168 | 4,265 | 4,362 | 4.455 | 4,550 | 4,712 | 4,821 |
| 25,818 | Total Non-Current Liabilities | 38,581 | 42,691 | 40,918 | 36,893 | 32,154 | 26,504 | 25,886 | 11,703 | 11,598 | 8,345 | 8,454 |
| 39,155 | TOTAL LIABILITIES | 48,708 | 51,970 | 50,254 | 46,439 | 41,943 | 36,514 | 36,301 | 29,178 | 21,862 | 18,345 | 17,687 |
| 265,304 | Not Assets | 270,027 | 277,852 | 277,166 | 277,890 | 281,476 | 290,495 | 293,107 | 298,895 | 302,912 | 314,984 | 324,169 |
| | EQUITY | | | | | | | | | | | |
| 02.000 | | 60 000 | 86,991 | 00 410 | 86,391 | 87,444 | 89.401 | 91,790 | 94.715 | 98,441 | 103.615 | 109,420 |
| | Accumulated Surplus Asset Revaluation Reserves | 88,828 179,827 | 189,489 | 86,112 189,683 | 189,927 | 192.661 | 199,722 | 199,945 | 202.807 | 203,099 | 209,998 | 213,377 |
| | Asset Revaluation Reserves Other Reserves | 1,372 | 1.372 | 1.372 | 1.372 | 1.372 | 1.372 | 1,372 | 1.372 | 1.372 | 1,372 | 1.372 |
| | Total Equity | 270,027 | 277,852 | 277,166 | 277.690 | 281.476 | 290,495 | 293,107 | 298 895 | 302.912 | 314,984 | 324 169 |

Financial Statements - Cashflow Statement

| 2022 Actual | \$'000s | 2023 BR3 | 2024 Draft ABP | 2025 LTFP | 2026 LTFP | Z027 LTFP | 2028 LTFP | Z029 LTFP | 2030 LTFP | 2031 LTFP | Z03Z LTFP | 2033 LTFP |
|-----------------------------------|---|----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------------|
| | Cash Flows from Operating Activities | | | | | | | | | | | |
| | Receipts: | | | | | | | | | | | |
| 23,829 | Rates Receipts Statutory Charges | 26,193 698 | 26,237 734 | 27,912 748 | 29,606 762 | 30,930 776 | 32,298 791 | 33,710 806 | 35,201 821 | 36,753 837 | 38,378 853 | 40,054 869 |
| 4.335 | User Charges | 6.373 | 9:193 | 9.486 | 9.743 | 10:014 | 10.266 | 10.515 | 10.755 | 11.001 | 11,262 | 11.544 |
| 6,615 | Grants, Subsidies and Contributions (operating purpose) | 5,346 | 5.048 | 4.994 | 4.967 | 5.042 | 5.169 | 5.294 | 5.415 | 5.539 | 5.670 | 5.812 |
| 14 | Investment Receipts | 47 | 40 | 40 | 38 | 36 | 33 | 31 | 27 | 22 | 17 | 11 |
| 65 | Reimbursements | 65 | 538 | 562 | 587 | 614 | 629 | 645 | 659 | 674 | 690 | 708 |
| 896 | Other Revenue | 883 | 311 | 319 | 327 | 335 | 344 | 352 | 360 | 368 | 377 | 386 |
| | Payments: | | | 110h 140h | | | | | | | | |
| (13,852) | Payments for Materials, Contracts & Other Expenses | (15, 163) | (17, 189) | (17,460) | (17,669) | (18,232) | (18,752) | (20,065) | (19,673) | (20,191) | (21,550) | (21,201 |
| (13,157) | Payments to Employees Finance Payments | (14,637) | (15,087) (2,275) | (15,691) (2,024) | (16,334) (1,808) | (16,859) (1,523) | (17,401) (1,280) | (17,945) | (18,481) (948) | (19,032) (782) | (19,617) | (20,245) |
| (130) | Prinance Payments | (1,453) | (2,2/3) | (2,024) | (1,000) | (1,923) | (1,200) | (1,120) | (340) | (102) | (300) | (500) |
| 9,242 | Net Cash provided (or used in) Operating Activities | 0,353 | 7,550 | 8.887 | 10,219 | 11,133 | 12,096 | 12.215 | 14,137 | 15,189 | 15,713 | 17,678 |
| | | -13.11 | | | | | | | | | | |
| | Cash Flows from Investing Activities | | | | | | | | | | | |
| | Receipts: | | | | _ | | | _ | - | _ | | |
| 20,443 | Amounts Received Specifically for New/Upgraded Assets | 5,644 159 | 0 277 | 0 329 | 0 247 | 0 294 | 0 299 | 0 432 | 0 377 | 0 514 | 0 147 | 0 255 |
| 112 | Sale of Replaced Assets Payments | 159 | 211 | 329 | 241 | 234 | 299 | 432 | 3// | 514 | 147 | 250 |
| (5.623) | Expenditure on Renewal/Replacement of Assets | (7,219) | (5.762) | (6.568) | (5,542) | (5,754) | (5.795) | (7,291) | (6,392) | (7,108) | (5,874) | (7.409) |
| (35, 134) | Expenditure on New/Upgraded Assets | (20,974) | (3.903) | (714) | (711) | (729) | (747) | (4,535) | (783) | (801) | (4,405) | (840) |
| | | | | . , | | | | | | | | |
| 20,202) | Net Cash provided (or used in) Investing Activities | [22, 390] | (9,389) | (6,952) | (6,006) | (6,189) | (6,244) | (11,394) | (6,798) | (7,395) | (10,132) | (7,995) |
| | Cash Flows from Financing Activities | | | | | | | | | | | |
| | Receipts: | | | | | | | | | | | |
| | | | | | | | | | | | | |
| 9.581 | | 15.565 | 5 002 | 6 | 0 | 0 | 0 | 914 | 0 | 1.130 | 0 | 0 |
| 9,581 | Proceeds from Loans Payments: | 15,565 | 5,002 | 0 | 0 | 0 | 0 | 914 | 0 | 1,130 | 0 | 0 |
| ., | Proceeds from Loans Payments: Repayments of Loans | (1,100) | 5,002 (2,930) | (1,797) | (4,036) | (4,767) | (5,677) | (1,555) | (7,161) | (8,744) | (3,991) | (753) |
| (202) | Proceeds from Loans Payments: Repayments of Loans Repayment of Lease Liabilities | | -, | | | | - | | | | - | - |
| (202) (62) | Proceeds from Loans Payments: Repayments of Loans Repayment of Lease Liabilities Repayment of Bonds and Deposits | (1,100) (179) | (2,930) (181) | (1,797) (181) | (4,036) (181) | (4,767) (181) | (5,677) (181) | (1,555) (181) | (7,161) (181) | (8,744) (181) | (3,991) (181) | (753) (181) |
| (202) | Proceeds from Loans Payments: Repayments of Loans Repayment of Lease Liabilities | (1,100) | (2,930) | (1,797) | (4,036) | (4,767) | (5,677) | (1,555) | (7,161) | (8,744) | (3,991) | (753) (181) |
| (202) (62) 9,317 | Proceeds from Loans Payments: Repayments of Loans Repayment of Lease Liabilities Repayment of Bonds and Deposits Net Cash Flow provided (used in) Financing Activities | (1,100) (179) 14,286 | (2,930) (181) | (1,797) (181) (1,978) | (4,036) (181) (4,217) | (4,767) (181) (4,948) | (5,677) (181) (5,858) | (1,555) (181) (821) | (7,161) (181) (7,342) | (8,744) (181) (7,795) | (3,991) (181) (45172) | (753) (181) (934) |
| (202) (62) | Proceeds from Loans Payments: Repayments of Loans Repayment of Lease Liabilities Repayment of Bonds and Deposits | (1,100) (179) | (2,930) (181) | (1,797) (181) | (4,036) (181) | (4,767) (181) | (5,677) (181) | (1,555) (181) | (7,161) (181) | (8,744) (181) | (3,991) (181) | (753) (181) (934) |
| (202) (62) 9,317 (1,643) | Proceeds from Loans Payments: Repayments of Loans Repayment of Lease Liabilities Repayment of Bonds and Deposits Net Cash Flow provided (used in) Financing Activities | (1,100) (179) 14,286 | (2,930) (181) | (1,797) (181) (1,978) | (4,036) (181) (4,217) | (4,767) (181) (4,948) | (5,677) (181) (5,858) | (1,555) (181) (821) | (7,161) (181) (7,342) | (8,744) (181) (7,795) | (3,991) (181) (45172) | (753) |
| (202) (62) 9,317 (1,643) | Proceeds from Loans Payments: Repayments of Loans Repayment of Lease Liabilities Repayment of Bonds and Deposits Net Cash Flow provided (used in) Financing Activities Net Increase (Decrease) in Cash & Cash Equivalents | (1,100) (179) 14,286 | (2,930) (181) 1,892 | (1,797) (181) (1,978) | (4,036) (181) (4,217) | (4,767) (181) (4,948) | (5,677) (181) (5,858) | (1,555) (181) (821) | (7,161) (181) (7,342) | (8,744) (181) (7,795) | (3,991) (181) (4,172) | (753) (181) (934) 8,749 |

Financial Statements - Statement of Equity

| 2022 Actual 8:000s | 2023 BR3 | 2024 Draft ABP | 2025 LTFP | 2026 LTFP | 2027 LTFP | 2028 LTFP | 2029 LTFP | 2030 LTFP | 2031 LTFP | 2032 LTFP | 2033 LTFP |
|---|----------|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Accumulated Surplus | | | | | | | | | | | |
| 66,406 Balance at the end of previous reporting period | 83,080 | 88,828 | 86,991 | 86,112 | 86,391 | 87,444 | 89,401 | 91,790 | 94,715 | 98,441 | 103,615 |
| 20,914 Net result for the year | 5,748 | (1,837) | (879) | 280 | 1,052 | 1,957 | 2,389 | 2,925 | 3,726 | 5,174 | 5,805 |
| (4,240) Transfers from other reserves/adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Ü | 0 | 0 | 0 |
| 83,080 Balance at the end of the period | 88,828 | 86,991 | 86,112 | 86,391 | 87,444 | 89,401 | 91,790 | 94,715 | 98,441 | 103,615 | 109,420 |
| Asset Revaluation Reserve | | | | | | | | | | | |
| 175,462 Balance at the end of previous reporting period | 180,852 | 179,827 | 189,489 | 189,683 | 189,927 | 192,661 | 199,722 | 199,945 | 202,807 | 203,099 | 209,998 |
| 5,390 Gain (Loss) on Revaluation of I, PP&E | (1,025) | 9,662 | 194 | 244 | 2,734 | 7,062 | 223 | 2,862 | 291 | 6,899 | 3,380 |
| 180,852 Balance at the end of period | 179,827 | 189,489 | 189,683 | 189,927 | 192,661 | 199,722 | 199,945 | 202,807 | 203,099 | 209,998 | 213,377 |
| Other Reserves | | | | | | | | | | | |
| 884 Balance at the end of previous reporting period | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 |
| 488 Transfers from Accumulated Surplus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,372 Balance at the end of period | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 | 1,372 |
| 265,304 Total Equity at end of reporting period | 270,027 | 277,852 | 277,166 | 277,690 | 281,476 | 290,495 | 293,107 | 298,895 | 302,912 | 314,984 | 324,169 |

Glossary

| Term | Definition |
|--|---|
| Asset Renewal Funding Ratio | Indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its assets are used or 'consumed'. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has soundly based Asset Management Plan, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the budget) with the optimal level identified in the plan. |
| Financial Assets | Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale. |
| Financial Sustainability | Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services. |
| Asset Management Plan (AMPs) | An operational plan for Council's Landfill, Building and Structures, Infrastructure (Roads), Plant and Equipment and Library, IT & other physical assets with the objective of providing the required level of service, maintenance and renewal of such assets in the most cost effective and efficient manner. |
| Net Financial Liabilities Ratio (NFLR) | Is Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio reduces over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening. |
| Net lending / (borrowing) | Net Lending / (Borrowing) equals Operating surplus / (deficit), less net outlays on non-financial assets. The Net lending / (borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget. Achieving a zero result on the Net lending / (borrowing) measure in any one year essentially means that the Council has met its expenditure (both operating and capital) from the current year's revenues. |
| Non-financial or physical asset | Non-financial or physical assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories. |
| Operating deficit | Where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses). |
| Operating expenses | Operating expenses are operating expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets. |

| Operating revenues | Operating revenues are incomes shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer). |
|----------------------------------|--|
| Operating surplus | Operating surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses). |
| Operating Surplus Ratio (OSR) | Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of operating revenue. |

5.5 DRAFT INTERIM ASSET MANAGEMENT SUMMARY 2024-2033 - REPORT NO. AR23/34812

Committee: Audit and Risk Committee

Meeting Date: 5 June 2023
Report No.: AR23/34812
CM9 Reference: AF11/863

Author: Barbara Cernovskis, General Manager City Infrastructure

Authoriser: Sarah Philpott, Chief Executive Officer

Summary: This report is to consider the Interim Asset Management Summary

which forms the basis for the Long-Term Financial Plan and the

Annual Business Plan and Budget process.

Strategic Plan Reference:

Goal 1: Our People

Goal 2: Our Location

Goal 3: Our Diverse Economy

Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

Goal 5: Our Commitment

REPORT RECOMMENDATION

- 1. That Audit and Risk Committee Report No. AR23/34812 titled 'Draft Interim Asset Management Summary 2024-2033' as presented on 05 June 2023 be noted.
- 2. That the Audit and Risk Committee feedback on Council's Draft Interim Asset Management Summary 2024-2033 and/or the associated processes and risks, as follows:
 - XXXXX
 - XXXXX
 - XXXXX

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on 27 June 2023 for consideration of the adoption of the Draft Interim Asset Management Summary 2024-2033.

TYPE OF REPORT

Corporate

BACKGROUND

Audit and Risk Committee Terms of Reference - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:

"12.6 Review of Strategic Management and Business Plans:

The Committee shall review and provide advice on Council's strategic management plans (at the time of their preparation and scheduled review), which include the following:

- Strategic Plan;
- Key principles and assumptions of the Long Term Financial Plan;
- Various Asset Management Plans: and
- Annual Business Plan."

The requirement for Councils Asset Management Plans (AMPs) relate to the overall Strategic Management Plans of Council, as per Chapter 8 Part 1, Section 122 of the Local Government Act 1999:

"A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the strategic management plans, which

- (a) identify the council's objectives for the area over a period of at least 4 years (the relevant period), (....)
- (1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt
 - (a) a long-term financial plan for a period of at least 10 years; and
 - (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years, (and these plans will also be taken to form part of the council's strategic management plans).
- (1b) The financial projections in a long-term financial plan adopted by a council must be consistent with those in the infrastructure and asset management plan adopted by the council."

PROPOSAL

Due to growth and strategic priorities, Council is progressing a restructure of the current asset classes and asset allocation. Whilst this work has commenced, to continue to undertake the depth of work required a thorough review of Asset Management Planning has been identified as a strategic priority for Council, and features in the strategic work plan to be delivered throughout the next 3 years.

The Asset Management Planning approach is a priority project that will determine what people are required, what systems are required and what process is required to establish the clear integration point for Asset Management and Asset Accounting. The purpose of this work is to implement industry best practices critical for Councils legislative compliance in terms of Strategic Infrastructure & Asset Management, Capital works program and service delivery.

The consolidated AMP budget included in the LTFP looks as per the following table:

| | | | Asset Ma | nagemen | t Plan - 20 | 024-2033 | | | | | |
|-------------------|-------------|-------|----------|---------|-------------|----------|--------|-------|-------|-------|-------|
| \$'000s | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| Infrastructure | Renewal | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 |
| inirastructure | Upgrade/new | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 |
| Buildings | Renewal | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| bullulings | Upgrade/new | 1,080 | 124 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| Plant | Renewal | 1,742 | 2,223 | 1,092 | 1,160 | 1,066 | 2,264 | 1,343 | 1,825 | 667 | 1,785 |
| rialit | Upgrade/new | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Caroline Landfill | Upgrade/new | 2,200 | 0 | 0 | 0 | 0 | 3,333 | 0 | 0 | 2,960 | 0 |
| IT | Renewal | 30 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 |
| " | Upgrade/new | 30 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 |
| Sundry | Renewal | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Sunury | Upgrade/new | 179 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 |
| | | • | | | | | | • | | | |
| | Renewal | 5,762 | 6,406 | 5,275 | 5,343 | 5,249 | 6,447 | 5,526 | 6,008 | 4,850 | 5,968 |
| TOTAL | Upgrade/new | 3,903 | 697 | 677 | 677 | 677 | 4,010 | 677 | 677 | 3,637 | 677 |
| | TOTAL | 9,665 | 7,102 | 5,951 | 6,019 | 5,925 | 10,456 | 6,202 | 6,684 | 8,486 | 6,644 |

The Interim Asset Management Summary (IAMS) attached to this report outlines Councils approach to revised asset classes and asset management plans that will be prepared in draft form by December 2023. This approach remains aligned with Councils integrated planning process undertaken at the same time as the annual business plan and budget and Long-Term Financial Plan. During this review Councils existing Asset Management Plans will remain current.

LEGAL IMPLICATIONS

The preparation of asset management plans is a statutory requirement as per Chapter 8 Part 1, Section 122 of the *Local Government Act 1999*. Council has existing Asset Management Plans which will remain current, supplemented by the IAMS.

STRATEGIC PLAN

The Interim Asset Management Summary is aligned with Councils Strategic Management Plans.

COUNCIL POLICY

The Interim Asset Management Summary will be reviewed in accordance with the following Council Policies:

- A900 Asset Management
- Asset Accounting Policy

ECONOMIC IMPLICATIONS

The Interim Asset Management Summary ensures that adequate provision is made for the long-term, sustainable management of Councils infrastructure and assets.

ENVIRONMENTAL IMPLICATIONS

Environmental consequence is considered in accordance with Councils Strategic Plans.

SOCIAL IMPLICATIONS

Social consequence is considered in accordance with Councils Strategic Plans that include the Disability Action and Inclusion Plan, Regional Health Plan and Reconciliation Action Plan.

CULTURAL IMPLICATIONS

Cultural consequence is considered in accordance with Councils Strategic Plans that include the Reconciliation Action Plan.

RESOURCE IMPLICATIONS

The Interim Asset Management Summary will be implemented within Councils capacity to deliver.

VALUE FOR MONEY

The Interim Asset Management Summary ensure adequate provision is made for the long-term, sustainable management of Councils infrastructure and assets.

RISK IMPLICATIONS

The Interim Asset Management Summary in conjunction with the LTFP focus on sustainable management of risk, both from a service level and a financial perspective.

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

Community consultation for the three strategic management documents (IAMS, LTFP and Annual Business Plan and Budget) is taking place together as shown below:

| Decision to be made | The Interim Asset Management Summary was endorsed by Council for public consultation and is presented to the Audit and Risk Committee for any comments to be presented as part of the consultation process, and to the community as outlined below. |
|---|--|
| Key factors to be considered in decision (dot points) | Annual Business Plan Long Term Financial Plan Community Plan Local Government Act 1999 |
| Area of community influence | Aspects that are fixed: |
| | Legislative Factors Key areas for community input: Community may make submissions on all sections of the Interim Asset Management Summary |
| Method of consultation, informing community & cost | Copies of the draft IAMS will be available at: - The City of Mount Gambier Library; - Civic Centre; - Council's Have Your Say platform A facility will be available for the community to ask questions and receive submissions on Council's website during the consultation period. |
| Feedback to stakeholders/Council | A written response will be made to all submissions once the IAMS 2024-2033 has been adopted by Council. |
| Timeframe for consultation | Commencing on 25 May and concluding on 15 June 2023. |

| Community input | Commentary on the Draft IAMS. |
|-----------------|-------------------------------|
| | |

IMPLEMENTATION STRATEGY

Interim Asset Management Summary will be delivered in accordance with the Objectives and KPI's outlined in the 2023/24 Annual Business Plan and Budget.

CONCLUSION AND RECOMMENDATION

The Draft Interim Asset Management Summary is currently on public consultation and available for comment and submissions from the community until 15 June 2023.

In accordance with the Audit and Risk Committee Terms of Reference, the Audit and Risk Committee is requested to review and provide advice on Council's Draft Interim Asset Management Summary 2024-2033 (as attached to this report).

Any feedback provided will be incorporated with the public consultation feedback to be presented to the Special Council Meeting on 27 June 2023 for consideration of the adoption of the Draft Interim Asset Management Summary 2024-2033.

ATTACHMENTS

1. Draft - City of Mount Gambier Interim Asset Management Summary 2024-2033 4



| Docum | ment Control | | Preside of Additional Superior | 3 -5- | |
|--------|-----------------|---|--|--------------|----------|
| | Document ID: Af | R19/7730 City of Mount Gambier Infrastructure Asset Man | agement Pla | n - Summary | get: |
| Rev No | Date | Revision Details | Author | Reviewer | Approver |
| 1 | March 2019 | Creation of separate Asset Management Plan Summary | KR | NS | NS |
| 2 | February 2021 | Updated in preparation for FY2022 budget process | СМ | JZ | |
| 3 | May 2022 | Updated in preparation for FY2023 budget process | MM | JS | BC |
| 4 | May 2023 | Updated in preparation for FY2024 budget process | BC | JS | BC |
| | | | | | |
| | | | 2 | | |

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CITY OF MOUNT GAMBIER - Asset Management Plan Summary

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CITY OF MOUNT GAMBIER - Asset Management Plan Summary

1. Summary

The City of Mount Gambier currently manages approximately \$300 million of assets on behalf of the community. Council recognises the importance that these assets be provided and maintained at a satisfactory level taking into consideration legislative and compliance obligations, community expectations and available resources.

Assets are categorised into asset classes. Each class contains complex data, including information about an asset's age, location, use, type, estimated useful life and residual values. Table 1 provides a summary of Council's asset categories as at 30 June 2022.

Table 1: Infrastructure, Property, Plant and Equipment Summary, as at 30 June 2022

| Asset Class | Net Fair Value | Accumulated Depreciation | Carrying Amount | Annual Depreciation |
|------------------------|-------------------|-----------------------------|--------------------|------------------------|
| | | - *** | | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| LAND | | | | |
| Fair Value level 2* | 15,601 | ** | 15,601 | - |
| Fair Value level 3** | 37,816 | - | 37,816 | - |
| BUILDINGS & STRUCTURES | | | | |
| Fair Value level 2* | 4,020 | 2,131 | 1,889 | 113 |
| Fair Value level 3*** | 103,373 | 50,605 | 52,768 | 2,782 |
| CAROLINE LANDFILL | | | | |
| Waste Management | 10,231 | 8,086 | 2,145 | 842 |
| INFRASTRUCTURE | | | | |
| Stormwater drainage | 8,149 | 2,471 | 5,678 | 117 |
| Footpaths and Kerbing | 77,571 | 20,981 | 56,590 | 1,206 |
| Roads | 73,028 | 22,029 | 50,999 | 1,932 |
| Carparks | 10,578 | 3,122 | 7,456 | 257 |
| PLANT AND EQUIPMENT | | | | |
| Plant & Equipment | 9,385 | 3,304 | 6,081 | 788 |
| Office Equipment | 2,288 | 1,609 | 679 | 115 |
| SUNDRY/OTHER | | | | |
| Riddoch Collection | 3,525 | - | 3,525 | - |
| Other | 4,408 | 2,497 | 1,911 | 139 |
| TOTAL | 359,973 | 116,835 | 243,138 | 8,291 |

NB - This table excludes work in progress and right of use assets.

CITY OF MOUNT GAMBIER - Asset Management Plan Summary

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*Fair value hierarchy level 2 valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

**Fair value hierarchy level 3 valuations of land

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and I or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

***Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets

There is no known market for these assets and they are valued at depreciated current replacement cost.

This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current
 prices for materials and labour, the quantities of each being estimated based on recent experience of this
 or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

2. Key Asset Management Projects

2.1. Strategic Review of Asset Management

Due to growth and strategic priorities, Council is progressing a restructure of the current asset classes and asset allocation. Whilst this work has commenced, to continue to undertake the depth of work required a thorough review of Asset Management Planning has been identified as a strategic priority for Council, and features in the strategic work plan to be delivered throughout the next 3 years.

The Asset Management Planning approach is a priority project that will determine what people are required, what systems are required and what process is required to establish the clear integration point for Asset Management and Asset Accounting. The purpose of this work is to implement industry best practices critical for Councils legislative compliance in terms of Strategic Infrastructure & Asset Management, Capital works program and service delivery.

2.2. Footpath Construction Program

Council is reviewing its ongoing footpath construction program to improve accessibility to its community using alternative means of transportation to motor vehicle transport. To inform this work, Council have recently completed a CBD Disability Audit and the development of a Shared Path Masterplan is currently underway, due to be completed in the latter part of 2023.

The CBD Disability Audit and the Shared Path Masterplan will identify the future use, and guide development of the methodology, service level and maintenance of the shared path network throughout the City.

2.3. Buildings and Structures Strategic Analysis

Developing Council's categorisation and understanding of building and structure assets is a priority to enable better planning for annual budgeting, capital renewal and maintenance requirements. Condition audits for this asset class are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023).

CITY OF MOUNT GAMBIER -- Asset Management Plan Summary

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2.4. Mobilising the Workforce

One of Council's priorities is to mobilise infrastructure staff to enable them to update and maintain asset data whilst on the job in real time.

Equipping infrastructure staff whilst in the field with appropriate technology / devices will allow identification and reporting of any asset-related issues in real time which will streamline maintenance schedules and procedures. It will also assist with more accurate costings, further strengthening the ability to allocate, track and forecast Council's resources.

3. Caroline Landfill

Caroline Landfill is a critical piece of infrastructure for the region, being the only engineered landfill in South Australia located south of Murray Bridge.

The ongoing issues with current market conditions and recent changes to EPA requirements for construction of fully engineered landfill cells has had a significant impact on the cost of construction. Current Cell designs lodged with the EPA have been approved. Whilst the tender process for construction has not been finalised at the time of preparing this summary, the financial implication has been revised in the Long Term Financial Plan (LTFP) financial modelling.

Due to growth, cost increases and a tightly regulated environment Waste Management — master planning for Councils' Waste service, from kerbside to landfill, has commenced with the first draft due by December 2023. This masterplan will inform the next iteration of the Asset Management Plan/LTFP in December 2023.

4. New Projects

The Asset Management Plan includes a provision for new/upgrade projects over the next 10 years. This creates the capacity for future investment. Individual projects will be incorporated in each annual budget following a ranking process undertaken to ensure that Council invests in priorities that will deliver public value to the community.

The adopted and proposed forward works program has been restated to include Caroline construction as new/upgrade.

5. Asset Management Plan

This interim asset management summary outlines the volume of work underway to strategically review Council's approach to asset management. The revised asset classes and asset management plans will be prepared for inclusion in the LTFP to be developed in the first half of FY 2024.

Infrastructure Condition Audits and Valuation - The condition audits have recently been submitted and valuation for this asset category are due for completion in FY 2023 (as at 30 June 2023).

Buildings Condition Audits and Valuation - Condition audits are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023).

Plant and Equipment - A review has been undertaken to revise asset lives and to also align the asset management plan with lead times.

Library, IT and Sundry - Library books have been transferred to operating.

CITY OF MOUNT GAMBIER -- Asset Management Plan Summary

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Council is continuing the process of reviewing asset classes and establishing clear service level standards to better inform the asset management plans. Parks and Gardens is one asset class that is yet to be introduced. Implementation of the Sport, Recreation and Open Space Strategy (SROSS) has been identified as a priority strategic project that will be key to defining the management of this asset class

Refer to Appendix 1 for the Summary Forward Capital Works Program.

6. Asset Management Practices

6.1. Accounting / Financial Systems

- Local Government authorities in South Australia are established under the provisions of the Local Government Act, 1999.
- Financial and Accounting practices and procedures are required to be in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations and the Australian Accounting Standards.
- Council's asset accounting policy (as adopted in December 2022) ensures that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to Local Government Act 1999 under section 303(4) organisation.
- Council's audit regime includes the required annual statutory audit required by legislation and also a periodic 'procedural' audit. This process is also completed on an annual basis.
- Council's accounting and financial systems utilise the Civica local government enterprise software solution entitled 'Authority'.
- The Authority software solution enables integration of all Council operations including the Finance and Asset Management functions.

6.2. Asset Management Systems

Council uses the Civica software AM program as its core asset management program. This program records all asset classes owned by Council together with all the relevant information on each asset. It allows assets to be linked to inspection and condition assessments as well as the historical information about the asset.

6.3. Information Flow Requirements and Processes

The key information that flows into the AM Plans are:

- . The asset register data on size, age, value, remaining life of the network.
- · The unit rates for categories of work/material.
- · The adopted service levels.
- · Projections of various factors affecting future demand for services
- · Correlations between maintenance and renewal, including decay models.
- Data on new assets acquired by Council.

The key information that flows from the AM Plans are:

- The assumed Works Program and trends.
- The resulting budget, valuation and depreciation projections.
- · The useful life analysis.
- · Funding gap/excess considerations.
- Improvements for AM planning.

These will impact on the LTFP, Community Plan, Annual Business Plan and Budget.

CITY OF MOUNT GAMBIER -- Asset Management Plan Summary

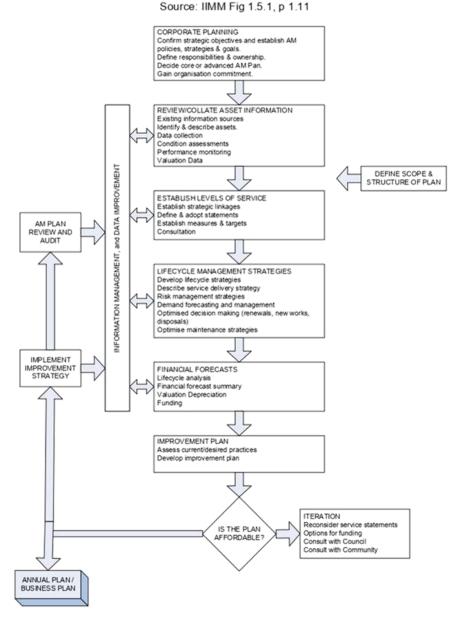
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Key elements of the Plan are:

- Levels of service specifies the services and levels of service to be provided by Council.
- Future demand how this will impact on future service delivery and how this is to be met.
- Life cycle management how Council will manage its existing and future assets to provide the required services.
- Financial summary what funds are required to provide the required services.
- Asset management practices.
- . Monitoring how the Plan will be monitored to ensure it is meeting Council's objectives.
- Asset management improvement plan.

A road map for preparing an Infrastructure and Asset Management Plan is shown below.

Road Map for preparing an Infrastructure and Asset Management Plan



CITY OF MOUNT GAMBIER - Asset Management Plan Summary

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7. Plan Improvement and Monitoring

7.1. Performance Measures

The effectiveness of the Infrastructure and Asset Management Plan can be measured in the following ways:

- The degree to which the required cashflows identified in this Interim Asset Management Summary are incorporated into Council's Strategic Plan, LTFP, and Annual Business Plan & Budget.
- The degree to which 1-20 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the Asset Management Plans.

7.2. Improvement Plan

Improvements identified for each individual asset class are detailed in their relevant Asset Management plan. General improvements identified across all categories include:

- · Development of a single corporate Asset Register.
- Defining levels of service.
- · Standard categorisation of assets for improved reporting.

7.3. Monitoring and Review Procedures

This Interim Asset Management Summary outlines Councils approach to revised asset classes and asset management plans that will be prepared in draft form by December 2023. This approach remains aligned with Councils integrated planning process undertaken at the same time of the annual business plan and budget and Long-Term Financial Plan. During this review Councils existing AMPs will remain current

Under the Local Government Act 1999, the Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.

REFERENCES

The City of Mount Gambier Futures Paper

City of Mount Gambier Strategic Plan 2020-2024

City of Mount Gambier Annual Business Plan and Budget

DVC, 2006, 'Asset Investment Guidelines', 'Glossary', Department for Victorian Communities, Local Government Victoria, Melbourne

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au

CITY OF MOUNT GAMBIER -- Asset Management Plan Summary

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Appendix 1 – Summary Forward Capital Works Program

| Asset Management Plan - 2024-2033 | | | | | | | | | | | | | | |
|-----------------------------------|-------------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|--|--|--|
| \$'000s | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | | | |
| Infrastructure | Renewal | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | | | |
| mnastructure | Upgrade/new | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | | | |
| Buildings | Renewal | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | | | |
| bullulitys | Upgrade/new | 1,080 | 124 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | | | |
| Plant | Renewal | 1,742 | 2,223 | 1,092 | 1,160 | 1,066 | 2,264 | 1,343 | 1,825 | 667 | 1,785 | | | |
| rialit | Upgrade/new | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | | | |
| Caroline Landfill | Upgrade/new | 2,200 | 0 | 0 | 0 | 0 | 3,333 | 0 | 0 | 2,960 | 0 | | | |
| IT | Renewal | 30 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | | | |
| '' | Upgrade/new | 30 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | | | |
| Sundry | Renewal | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | | | |
| Suridry | Upgrade/new | 179 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | | | |
| | | | | | | | | | | | | | | |
| | Renewal | 5,762 | 6,406 | 5,275 | 5,343 | 5,249 | 6,447 | 5,526 | 6,008 | 4,850 | 5,968 | | | |
| TOTAL | Upgrade/new | 3,903 | 697 | 677 | 677 | 677 | 4,010 | 677 | 677 | 3,637 | 677 | | | |
| | TOTAL | 9,665 | 7,102 | 5,951 | 6,019 | 5,925 | 10,456 | 6,202 | 6,684 | 8,486 | 6,644 | | | |

CITY OF MOUNT GAMBIER - Asset Management Plan Summary

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6 MEETING CLOSE

MINUTES OF CITY OF MOUNT GAMBIER AUDIT AND RISK COMMITTEE MEETING HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT GAMBIER ON MONDAY, 8 MAY 2023 AT 5.50 P.M.

•

PRESENT: Mr Paul Duka, Mayor Lynette Martin (OAM), Cr Paul Jenner, Mr Alexander

Brown (virtual), Ms Belinda Johnson (virtual)

IN ATTENDANCE: Cr Jason Virgo

OFFICERS IN Chief Executive Officer - Mrs S Philpott

ATTENDANCE: General Manager Corporate and Regulatory Services - Mrs J Fetherstonhaugh

General Manager City Infrastructure - Ms B Cernovskis

Manager Financial Services - Mrs J Scoggins

Manager Organisational Development - Mrs R Data (virtual)

Executive Administrator - Mrs S Dohnt

1 ACKNOWLEDGEMENT OF COUNTRY

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.

2 APOLOGY(IES)

Nil

Mr Paul Duka welcomed Cr Jenner to the Audit and Risk Committee and thanked Cr Mezinec for her contribution over the years.

3 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Alexander Brown Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee meeting held on 27 March 2023 be confirmed as an accurate record of the proceedings of the meeting.

CARRIED

4 QUESTIONS WITHOUT NOTICE

Nil resolved.

5 REPORTS

5.1 EXTERNAL AUDIT MANAGEMENT REPORT

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR23/27631 titled 'External Audit Management

Report' as presented on 08 May 2023 be noted.

CARRIED

5.2 WORK HEALTH SAFETY AND WELLBEING MANAGEMENT

COMMITTEE RESOLUTION

Moved: Belinda Johnson Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR23/28130 titled 'Work Health Safety and

Wellbeing Management 'as presented on 08 May 2023 be noted.

CARRIED

6 MOTIONS WITHOUT NOTICE

Nil

7 MEETING CLOSE

The Meeting closed at 6.14 p.m.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on 5 June 2023.

| | | | •• | •• | - | | | • | | - | | | | • | | | | • | | - | | |
|------|------|------|----|----|---|---|---|---|--|---|--|---|---|---|---|---|------|---|----|---|---|--|
| | | | _ | _ | | _ | _ | _ | | _ | | _ | _ | _ | _ | _ | | _ | ٠. | _ | _ | |

PRESIDING MEMBER