



City of
Mount Gambier

2025/2026 Business Plan and Budget

Public Consultation

The public consultation period for the Draft 2025/2026 Business Plan and Budget occurred between 20 May 2025 and 17 June 2025.

Public information sessions and meetings

Public information sessions were held on Tuesday 10 June and Wednesday 11 June 2025 at Mount Gambier Library with 20 members of the community in attendance in total across the two sessions.

A special Council meeting was held on Tuesday 17 June 2025 to receive verbal submissions and answer questions.

Submissions

Council received 23 written submissions and heard 3 verbal submissions throughout the consultation period.

Post consultation amendments

The following amendments were made to the Business Plan and Budget following release of the draft document:

- The Limestone Coast Regional Landscape Board was recently advised by one council of a significant error in property data used for calculating the 2025/2026 Regional Landscape Levy resulting in a region-wide adjustment to council contributions. Councils do not determine the amount of the levy, retain the revenue, or influence how the funds are spent. The additional amount required to be collected is \$27,024 which is offset by payment to the Limestone Coast Landscape Board. This has resulted in updates to Rates and Corporate and Regulatory Service area tables and budgeted Financial Statements.
- General rates were updated to reflect the latest information provided by the Valuer General and the final figures for adoption. Additional data has been incorporated including the cents in the dollar, the number of assessments, average rates and the fixed rate.
- Inclusion of ESCOSA Advice for the City of Mount Gambier as an appendix and reference to availability online.
- Expansion on the 2025/2026 forecast results for Financial Sustainability Ratios and inclusion in the budgeted financial statements.
- Updated Financial Statements referencing recently adopted Budget Revision 3 values.
- Correction to the website referenced for fees and charges.
- Inclusion of statement that projected operating income is sufficient to meet projected operating expenses.
- Update to Automated External Defibrillator (AED) information under risks.
- Other minor grammatical and wording improvements that do not materially change the document.

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City of Mount Gambier acknowledges the Boandik people as the Traditional Custodians of the land and water our city sits upon today.

We respect and recognise the deep feelings of attachment and the spiritual relationship our Aboriginal and Torres Strait Islander people have with the land and water.



A message from the Mayor



The Annual Business Plan and Budget outlines Council's priorities, services, programs, projects and financial commitments for the 2025/2026 financial year. This document is shaped by many factors, including community aspirations from the Mount Gambier 2035 Community Vision, strategic goals set out in the 2024 - 2028 Strategic Plan, and financial guidelines outlined in the Long Term Financial Plan (LTFP). Additionally, our Asset Management Plans (AMPs) have influenced decisions to ensure our infrastructure and services remain sustainable for the future.

Budgeting is always about balance, and this year we approached the process with careful restraint. We took into consideration the recommendations from the Essential Services Commission of South Australia (ESCOSA), issued in late February 2025, while thoroughly reviewing our operational and capital budgets.

Through a series of collaborative workshops with Council staff and Elected Members, we examined fees, charges, and project allocations - prioritising essential needs and postponing non-essential spending. We also engaged with our community to better understand what matters most to our residents.

As a result, this \$52.2 million budget delivers a balanced financial position and demonstrates a commitment to responsible financial management. The total rate revenue increase of 7.81% (excluding growth) is lower than the 8.4% (excluding growth) previously forecast in the LTFP. For the average residential ratepayer, this equates to an increase of approximately \$33 per quarter, including the Waste Service Charge (WSC).

The WSC for 2025/2026 is \$344.00 per assessment, reflecting unavoidable cost pressures in landfill operations and service contracts. Despite this, the charge remains below original forecasts, due to proactive budgeting and contract management.

As part of our commitment to responsible financial management, Council reviews the rate in the dollar each year to ensure we only collect the revenue required to fund services and infrastructure for our community. Increases in property value does not mean Council collects more money. Instead, the rate in the dollar is lowered to reflect the higher property values, so that the total amount collected remains in line with the budget. This approach ensures fairness across the community by ensuring ratepayers aren't overcharged and that rates are shared equitably.

This budget supports some important projects across the city, including road upgrades, solar lighting renewal at Blue Lake/Warwar, CBD master planning and activation and open space planning and facility improvements to meet current needs, while investing in our city's future.

Council remains committed to maintaining existing services, renewing and managing our assets and progressing strategic projects that support the long term wellbeing and economic sustainability of our city.

A handwritten signature in black ink that reads "Lynette Martin". The script is cursive and fluid.

Lynette Martin OAM
MAYOR

Our City

27,888

Population
ABS ERP 2024

33.88 km²

Total land
area

\$1.75b

Gross Regional
Product

2,105

Local
businesses

41

Median resident
age

\$1,441.88

Average
residential rates

156.15 FTE

Council
employees
(excl. casuals)

\$445.6m

2023/2024
total asset
value

7.81%

Rate revenue
increase (excl.
growth)

Sources:

i.d (informed decisions), NEMA.

The draft Business Plan and Budget sets out Council's priorities, services, programs and projects for 2025/2026. Although in its second year, this is the first budget aligned with the 2024-2028 Strategic Plan since its adoption and details what Council plans to provide to the community for the year ahead, including measures for success.

Reflecting the aspirations, priorities and values articulated in the Community Vision, Mount Gambier 2035, the Strategic Plan 2024–2028 will guide Council's work to deliver on its vision and purpose throughout the next four years. The Business Plan and Budget is an important part of the City of Mount Gambier's suite of strategic planning documents. Informed by Council's Strategic Plan and Long Term Financial Plan, the Business Plan and Budget serves as the key annual operational and financial document. It is the third business plan and budget for this council term, as we contribute to delivery of the community's vision.

Council provides a wide range of services to the community, some mandated under legislation, such as the *Local Government Act 1999* and others on the basis of community need or expectation. The program of services provided by Council are presented in this plan per portfolio and business unit and include capital and strategic projects. The financial information which underpins this plan is provided at the end of this document.

Our budgeted expenditure of \$52.2 million across operating and capital budgets focuses on maintaining service delivery. Renewal capital projects are first priority to ensure investment in existing assets are sustained and do not burden future generations of ratepayers, and new capital projects are based on priority ranking criteria that consider an array of attributes including value for money, complexity, urgency, compliance and safety.

Key budget influences

In the development of the plan we have undertaken a review of our internal environment and broader external environment that includes social, environment, economic and planning elements.

Following historical financial pressures associated with rates below inflation and the COVID-19 pandemic, 2025/2026 focuses on maintaining the long-term sustainability within current targets. This review identifies key issues that help provide the context for the development of this plan.

- Ongoing supply chain and financial impacts following COVID-19 and other world events continue to influence the availability and cost of materials and resources to deliver the capital works program. If these trends continue, additional contingencies may be required to fund the capital program included in this Annual Business Plan and Budget.
- Unplanned impacts of underground services continue to influence time, cost and resource requirements to deliver the capital works program.
- A cross-government approach to the development of access to Mount Gambier's natural attractions has been advocated. This would include scoping, master planning and the facilitation of approvals to consider infrastructure development and marketing.
- The Limestone Coast Regional Plan has been released, providing a comprehensive long term strategic framework for land use and infrastructure development in the region. This plan outlines a vision for sustainable growth, identifying key areas for housing, employment, and infrastructure needs over the next 15 to 30 years.

Significant concerns regarding the provision of infrastructure, such as sewer and water, including existing older infrastructure and limited capacity, pose challenges to the region's development. These challenges may influence the slowing of development across the city, resulting in the inability to meet growth identified in the regional plan. A conservative approach to anticipated income from development is required until concerns are addressed. Council is actively advocating for, and engaging with key stakeholders to address these challenges to ensure sustainable development for the city of Mount Gambier and the broader region.

- Global influences, political shifts, the introduction of Artificial Intelligence (AI) and supply chain logistics will also significantly influence opportunities and risks associated with regional growth, noting the State Government currently has a clear priority to identify changes to enable and facilitate an increase in housing supply, and where Council's role in the regulation of housing development is reduced.
- In previous years rating did not keep up with inflation and while an increase was proposed to be smoothed across three years for 2023/2024 financial year, rating was below actual CPI. A large step-increase was applied in 2024/2025 to create organisational capacity and achieve financial targets by the 2026/2027 financial year.

City of Mount Gambier's average residential rates remain below the rural state average, however this needs to be reviewed in context to the city's Socio-Economic Index for Areas (SEIFA) Australia. Further, councils apply service charges uniquely so it can be difficult to compare.

- A review was undertaken on the cost of providing waste services to the community. Due to inflationary pressures that have impacted both operating and capital costs, an increase above CPI for 2025/2026 is required. However, it should be noted the increase is lower than the proposed forecast increase from the Long Term Financial Plan.

Council has not been previously charging the full cost of waste collection, kerbside recycling and green waste, including the cost of disposal to Caroline Landfill. An increase to the waste service charge of 10.61% will ensure that Council is able to cover the cost of service and also charge at a level that is more consistent with other SA councils. Noting this is less than the forecast increase of 20% in the Long Term Financial Plan adopted in June 2024.

- Council is currently undertaking a rating review. While work has started on the review, community consultation and finalisation of strategies will be undertaken during the 2025/2026 financial year. It is anticipated that the first year of implementation will be 2026/2027.
- Council has not increased its budget to reflect community growth and the rising cost of existing services in prior years. The step-increase included in the 2024/2025 budget and additional step-increase for 2025/2026 addresses this.
- The budget has incorporated the pressures from previous year's high inflation impacting on major valuations and increases in goods and services. Recent easing of cost pressures on electricity and fuel have been conservatively applied as they are subject to influences outside of Council's control. Council has recently engaged specialist consultants to review electricity contracts to advantage Council's green power with a desired outcome to

reduce Council's overall electricity and potential for an increased revenue source. 2025/2026 will be the first year of implementation of a new contract and will be used as a base to determine impacts on future budgets.

- Council continues to invest in detailed condition assessments to refine our capital renewal program for infrastructure and buildings. These adjustments are aimed at maintaining assets to a standard that meets both legislative requirements and community expectations.
- To meet financial targets while responding to community needs and strengthening the organisation's capacity to deliver services efficiently and effectively, additional capacity is required. The adopted budget includes provision for:
 - Unlocking projects (as per the strategic work plan and detailed in the key assumptions section).
 - Resource capacity (either in the form of two FTEs or contractors/consultants).
 - CBD planning and activation.
 - Strategic work plan delivery (beyond those projects already identified).

These investments are essential to build the organisational capability necessary to support long term service delivery and strategic outcomes.

Highlights

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

Key highlights in the 2025/2026 budget include:

Blue Lake/Warwar lighting

Council intends to undertake needed capital renewal works to the Blue Lake/Warwar solar lighting over a period of two years starting in the 2025/2026 financial year. Council will seek funding opportunities to assist.

Civic Centre

Council intends to undertake required capital renewal works to the Civic Centre roofing and complete the lift replacement. These projects are in partnership with Country Arts South Australia.

Central Business District (CBD)

Council undertook community consultation with PlaceScore in the 2024/2025 financial year to provide evidence-based metrics, strengths, challenges and opportunities for the Mount Gambier CBD. This was the first step towards informing the development of a master plan to guide the future direction for the CBD. Council intends to complete the master plan for the CBD in the 2025/2026 financial year.

To further support work started in the 2024/2025 financial year, Council has maintained an allocation to support CBD activation and immediate implementation of actions following finalisation of the master plan.

Infrastructure grant funding

Council will use increased funding from the Roads to Recovery (RTR) initiative to renew existing infrastructure assets, including road reconstruction projects for Lake Terrace East and Wireless Road West. In addition to funding from RTR, Council will use Special Local Road Funding (if successful) for the reconstruction of Davison Drive.

James Street public toilet

Council intends to undertake capital renewal works on the James Street public toilets as part of asset management planning.

Shared paths

The Shared Path Master Plan was developed in 2024 in consultation with the community to improve connectivity and shared pathway networks that can be used by a variety of active transport users. Council intends to maintain its capital investment in new footpaths to meet objectives outlined in the Shared Path Master Plan. In 2025/2026, this investment will be used to extend the Rail Trail to O'Leary Road. Council will seek funding opportunities to assist.

Master planning - Sport Recreation and Open Space

To continue to provide quality, well-planned spaces and guide the future direction of open spaces and facilities in Mount Gambier, Council intends to complete a master plan for Umpherston Sinkhole/Balumbul with further master planning identified for Vansittart Park, Olympic Park and Hastings Cunningham Reserve in future years.

Unlocking Projects

There are three foundational projects underpinning the strategic work plan that have been identified as priority 'unlocking projects' that will create both capacity and capability in Council to deliver and develop services in an efficient and effective manner. These multi-year projects started in 2024/2025 and continue to 2025/2026 where three projects are expected to deliver the following:

1) Asset management planning approach

- Establishment of new asset classes for 2025/2026.
- Asset policy framework and supporting procedures and service levels.
- Detailed condition assessments.
- Review rates of asset consumption.
- Draft asset management plans.

2) Business systems and infrastructure

Creating capacity through the following:

- Upgrade and transition to Civica Authority Altitude and selected support applications.
- Upgrade of Enterprise Records Management System, and
- Transition to a SaaS (software as a service) solution.

3) Workforce planning framework

Developing organisational knowledge and creating efficiencies through the following:

- Undertake strategic assessment of services.
- Undertake service reviews and workforce analysis.
- Develop organisational workforce plan.

Visitor Servicing Model

Council continues to transition to a new operating model for visitor servicing which includes a hub and spoke approach. This new approach commenced in 2024/2025 and will continue to be reviewed and phased in throughout 2025/2026 in conjunction with the Expression of Interest for community activation of the current Visitor Information Services site (The Lady Nelson) and completion of master planning for the Umpherston/Balumbul site.

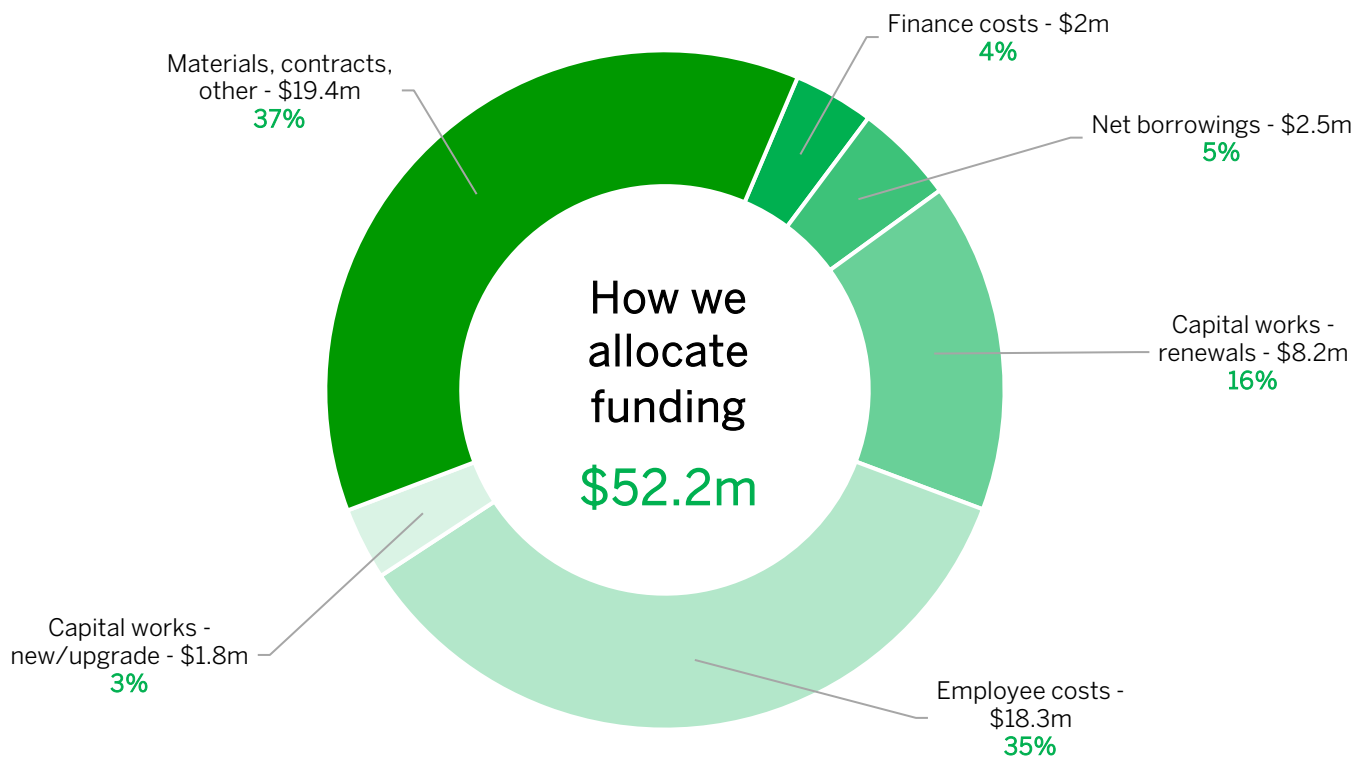
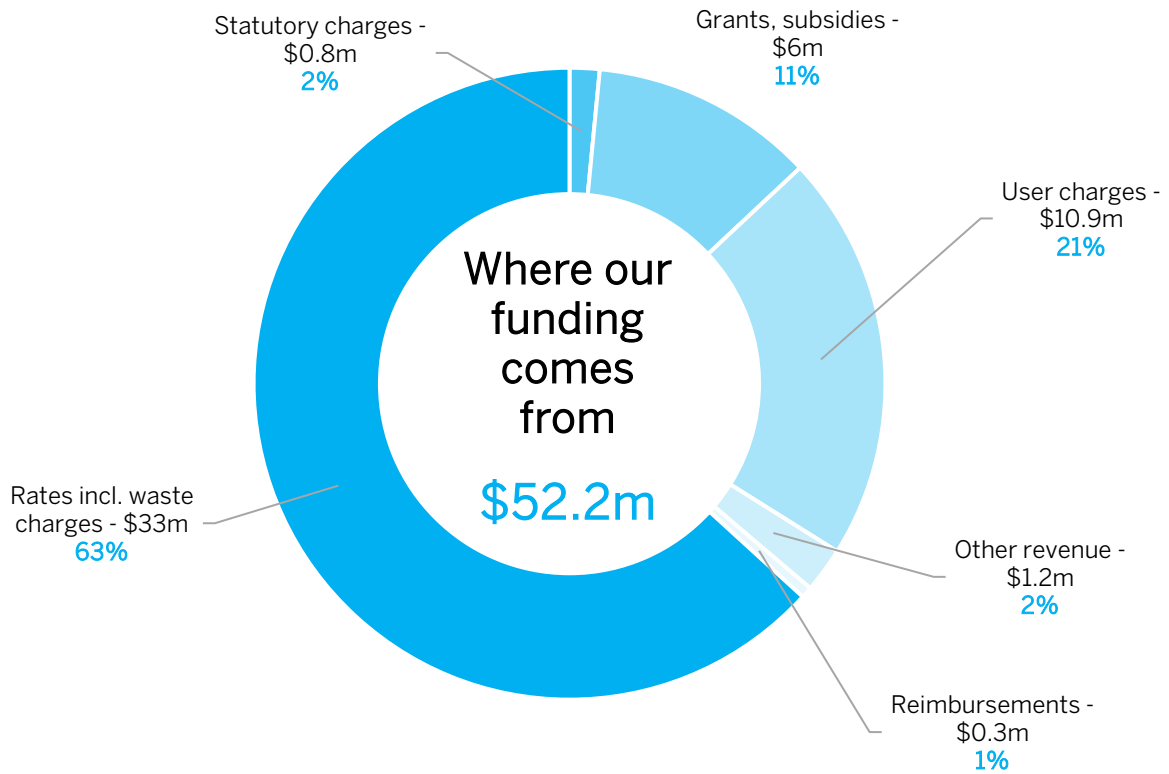
Waste and Resource Recovery Master Plan

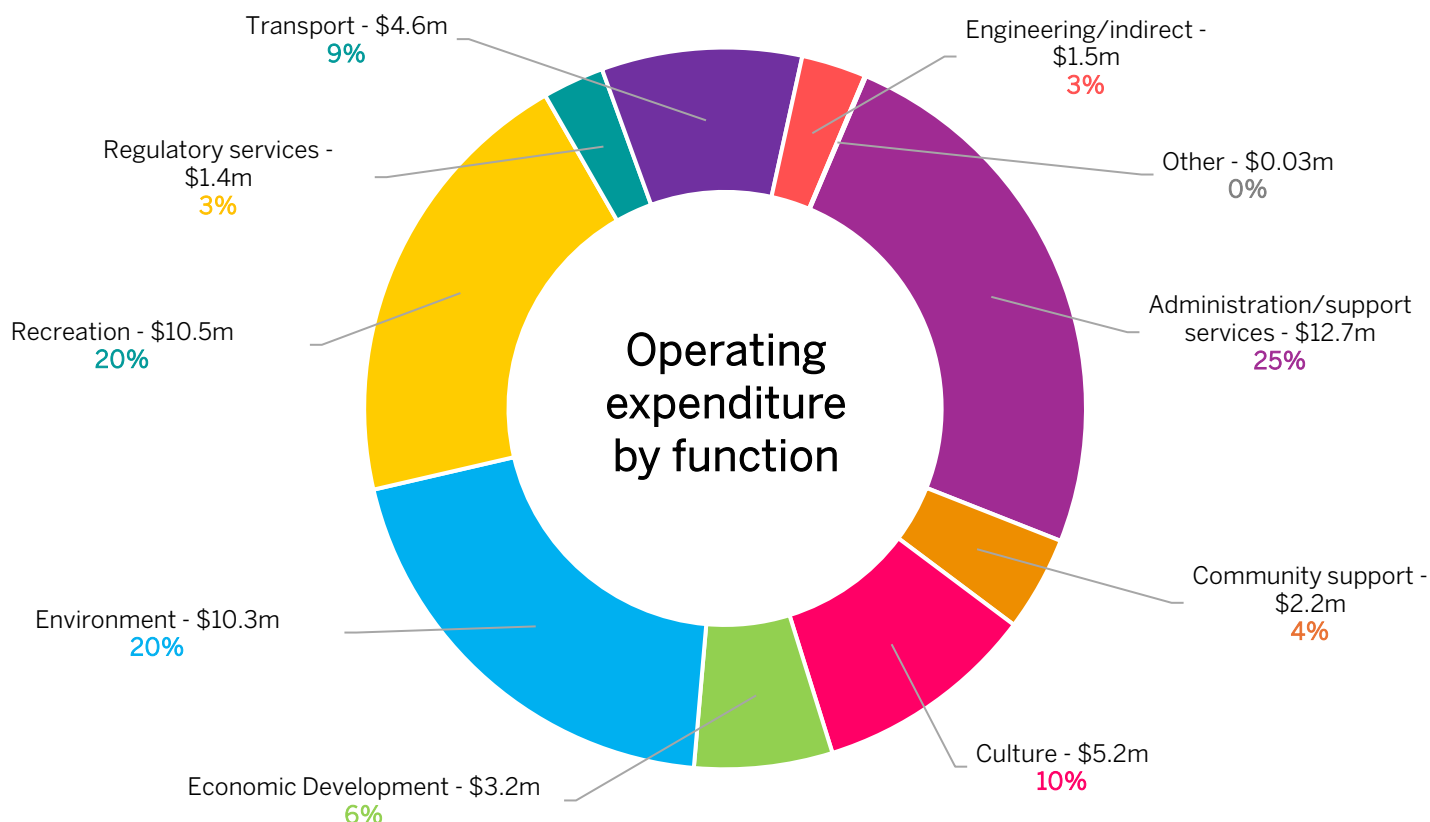
At the time of preparation of this document, Council is reviewing the draft Waste and Resource Recovery Master Plan in readiness for adoption.

Wulanda Recreation and Convention Centre

Continued operation and activation of the Wulanda Recreation and Convention Centre will increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and recreational benefits and broader economic opportunities for local business. Council has resolved to include capital improvements to audio visual technologies to enable increased activation.







Definitions

Administration / Support Services - Governance, Elected Members, organisational, support services, accounting/finance, payroll, human resources, information technology, communication, rates administration, records, occupancy, customer service, other support services, revenues, separate and special rates.

Community Support - Public order and safety, crime prevention, emergency services, other fire protection, other public order and safety, health services, pest control – health, immunisation, preventive health services, other health services, community support, senior citizens facilities, children and youth services, community assistance, other community support, community amenities, bus shelters, cemeteries / crematoria, public conveniences, car parking – non-fee-paying and other community amenities.

Culture - Library services, other library services, cultural services, cultural venues, heritage, museums and art galleries and other cultural services.

Economic development - Regional development, tourism, visitor information and other economic development.

Environment - Animal/plant boards, waste management, domestic waste, green waste, recycling, transfer station, other waste management, other environment, stormwater and drainage, street cleaning, street lighting, street-scaping, Natural Resource Management levy, and other environment.

Recreation - Parks and gardens, sports facilities – indoor, sports facilities – outdoor, swimming centres – Outdoor, and other recreation.

Regulatory services - Dog and cat control, building control, town planning, clean air/pollution control, litter control, health inspection, parking control, and other regulatory services.

Transport - Footpaths and kerbing, roads – sealed, roads – formed, roads – natural formed, roads – unformed, traffic management and other transport.

Engineering / Indirect - Depot management, indirect and general plant cost not included in other functions.

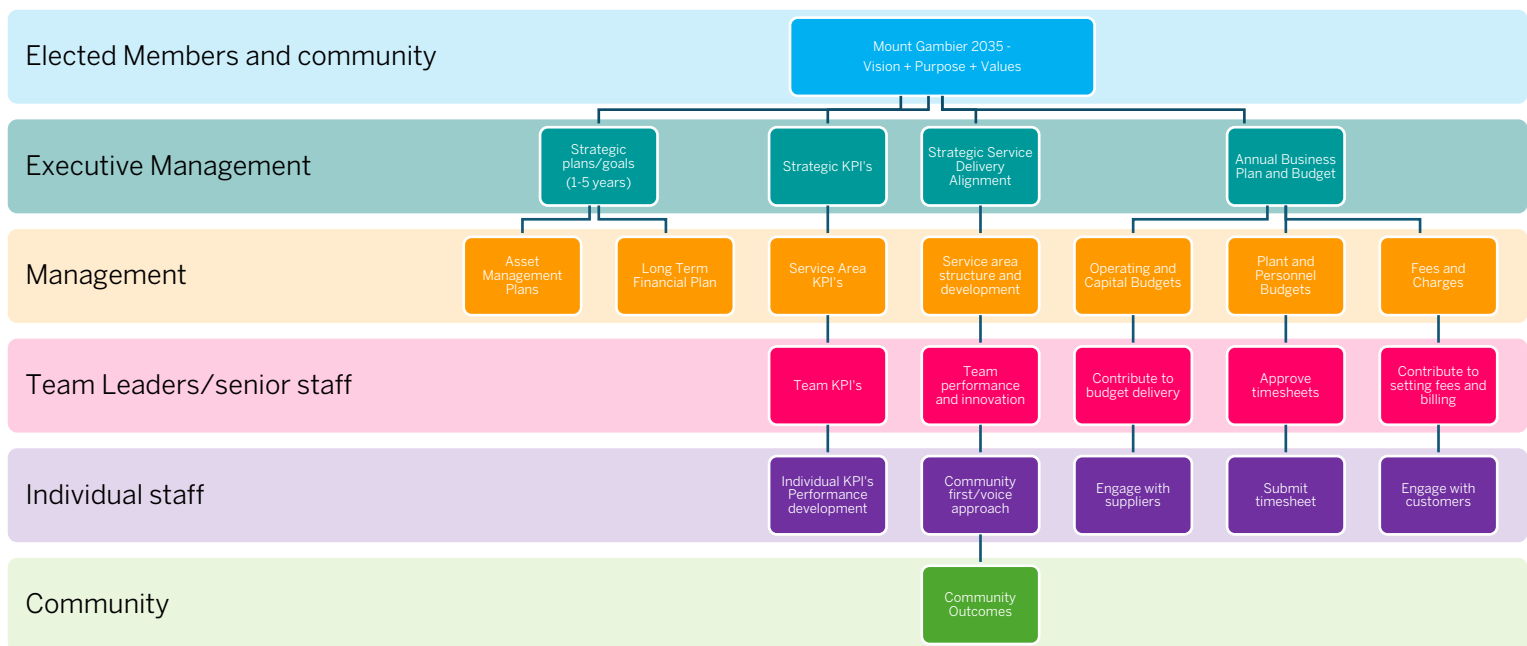
Our Strategic Framework



Shaping the future of Mount Gambier requires both vision and commitment to long term planning. As South Australia's largest regional capital, our city plays a pivotal role in driving development and prosperity for the Limestone Coast region.

The 2024-2028 Strategic Plan, adopted in November 2024, focuses on six strategic priorities and responds to what the community told us we should focus on as we work towards the Community Vision, Mount Gambier 2035. It charts a path to achieve our long term goals, focusing on the environment and liveability, fostering learning and innovation, enhancing infrastructure and services, stimulating economic and business growth and building a vibrant community—all guided by responsible leadership and governance.

Strategic document hierarchy



Mount Gambier 2035 – A community vision for our regional capital

- A volcanic past with a crystal clear future. In 2035, Mount Gambier is a connected hub nestled on the slopes of an ancient volcano; a haven of natural beauty. It is a place of stories, where our community is family, nurtured through growth, opportunity and connection.

The Mount Gambier community has developed a vision, Mount Gambier 2035, to shape our city's future based on its inherent strengths and shared values. This vision represents a collective agreement on what we want our community to look like in 2035.

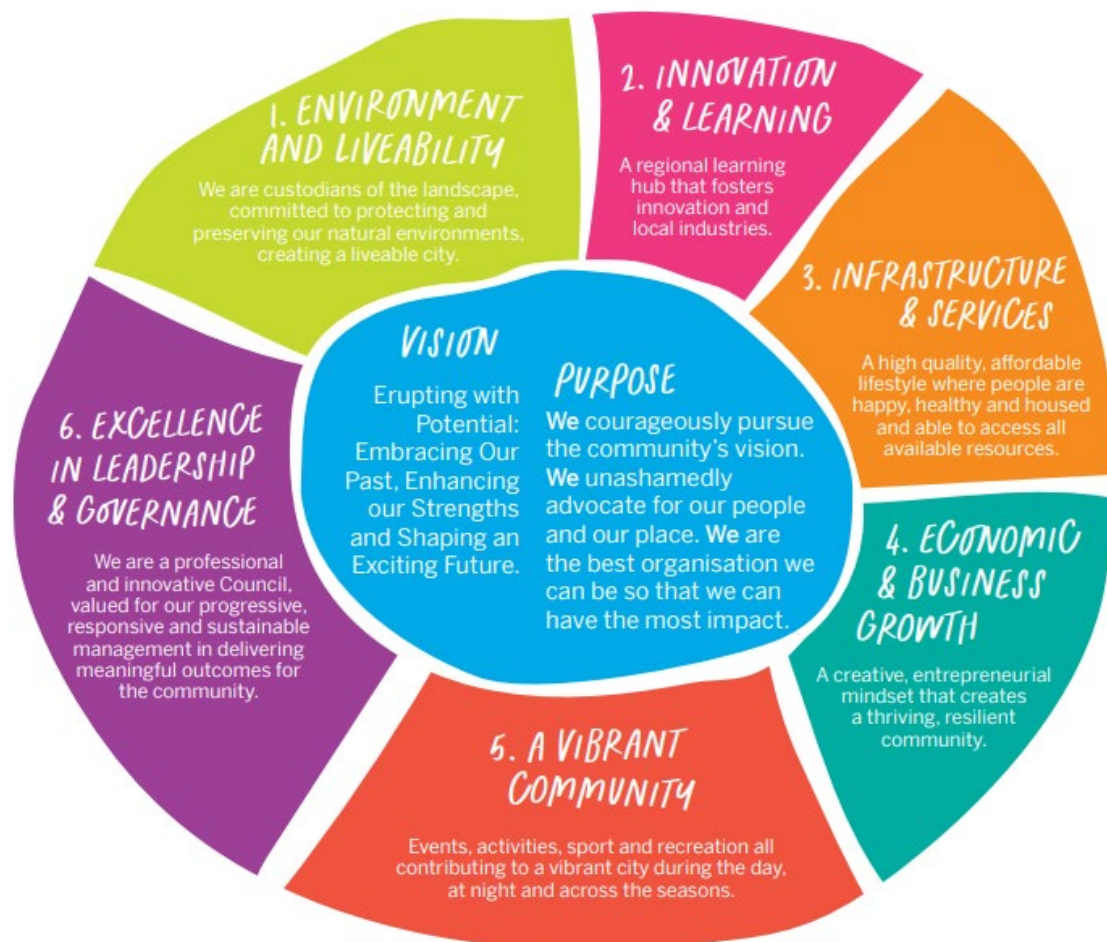
The Mount Gambier 2035 Community Vision was developed through extensive community engagement and serves as a foundational document for Council. It informs our overarching strategic planning and reporting framework, ensuring that all Council activities and decisions are aligned with the community's goals and aspirations. Council is proud to be the custodian of this community-led vision and is committed to using it as a guiding document for planning and decision-making. This vision informs our strategic plan, which in turn guides all of Council's strategic documents.

Strategic Plan 2024 - 2028 – Four years

Council's Strategic Plan 2024 – 2028 outlines the overarching goals for the next four years, guiding resource allocation and establishing a framework for measuring and reporting progress.

The plan responds directly to the community's vision, addressing the needs and aspirations of those who live, work, study, or visit Mount Gambier. It reflects the core principles of connection, accessibility and sustainability, which the community has identified as essential to everything we do.

These priorities include the five from the Community Vision – Mount Gambier 2035, along with a sixth priority highlighting Council's commitment to strong, accountable leadership and governance.



Long Term Financial Plan (LTFP) - 10 year forecast

The 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 Plans. The LTFP is reviewed by Council annually.

Asset Management Plans – 10 year forecast

Asset Management Plans identify the required future expenditure on infrastructure and funding required to maintain service levels. They are aligned with the LTFP.



Environment and Liveability

'We are custodians of the landscape, committed to protecting and preserving our natural environments, creating a liveable city.'

What success looks like as we work towards 2028:

- Our environment is protected and restored, with the volcanic landscape, unique aquifer, volcanic soils and ancient heritage preserved as key natural areas of our identity and character.
- Our city is a leader in resource sustainability.
- Our city's green corridors and urban biodiversity are enhanced through sustainable land management and the seamless integration of path networks.

Strategic Plan key projects to prioritise this year:

- Work with key stakeholder to progress the Vision and Guiding Principles of the Crater Lakes Activation Plan.
- Implementation of agreed actions under our Waste and Resource Recovery Strategy.
- Master planning for our resource recovery and waste management services to ensure best practice for the future.
- Review and update Community Land Management Plans.

Measures of success for this year:

- Utilise the endorsed vision and guiding principles to progress the Crater Lakes Activation Plan and delivery of supporting implementation plan.
- Reduction in waste to landfill from the previous year.
- Contemporary community land management plans are in situ.



Learning and Innovation

'A regional learning hub that fosters innovation and local industries.'

What success looks like as we work towards 2028:

- Local businesses and entrepreneurial activities flourish through opportunities for collaboration and development.
- Our city attracts and retains a skilled workforce for regional growth, development and succession planning.
- Our community members are inspired to learn at any age, achieving a holistic and comprehensive approach to personal growth and development.

Strategic Plan key projects to prioritise this year:

- Implementation of the Mount Gambier Library Strategy 2023 -2027 so that our library fosters curiosity and builds connections that deliver life shaping experiences for all.

Measures of success for this year:

- Recruit 10 diverse community advocates to participate in a story-sharing campaign that promotes the library as a welcoming and accessible place for all, with the goal of reaching 4,000 community members through social media and public screenings.



Infrastructure and Services

A high quality, affordable lifestyle where people are happy, healthy and housed and able to access all available resources.'

What success looks like as we work towards 2028:

- Our city is connected through a safe, inclusive and seamless integrated transport network.
- Our quality infrastructure provides equitable access to information, services, activities and facilities.
- Our urban environment is thoughtfully designed to adapt to our diverse and growing city, ensuring access to affordable and varied housing options that meet community needs.
- Our community spaces are inclusive, safe and accessible, promoting active, healthy and connected lifestyles through enhanced open spaces, quality recreation areas and supportive infrastructure.

Strategic Plan key projects to prioritise this year:

- Progression of the goals and priorities of our Affordable Housing Plan for Mount Gambier.
- Support the Regional Plan for Limestone Coast by guiding city growth, development and amenity needs, while promoting diverse housing options.
- Continue implementation of the goals and priorities outlined in the Sport, Recreation and Open Space Strategy.
- Continue to work with key stakeholders and advocate for funding support for the detailed design and implementation of the Blue Lake Sports Park Master Plan.
- Review and update our asset management planning framework to enhance our Infrastructure and Asset Management Plans ensuring that work programs are well planned and budgeted for delivery.
- Delivery of a refreshed Disability Access and Inclusion Plan underpinning our approach to disability access and inclusion.
- Review and implement renewed by-laws which respond to community needs by 2025.
- Develop and deliver a Property Management Strategy that informs Council's management, acquisition and disposal of community land and property.
- Progression and the implementation of the priorities and actions in the Shared Path Master Plan.
- Implementation of strategies and actions outlined in our Dog and Cat Management Plan.

Measures of success for this year:

- Asset Management Plans are fully funded.
- Deliver the adopted capital works program with regular reporting on Council on progress.
- Complete review and implementation of Council's by-laws by 31 December 2025.
- Develop Disability Access and Inclusion Plan (DAIP) and supporting implementation plan.
- Develop and adopt a Leasing and Licensing Policy which sets out Council's position with respect to the management of occupancy arrangements over Council land and facilities.
- Implementation of the shared path from the Rail Trail to O'Leary Road in accordance with the Shared Path Master Plan.
- Implement a subsidised desexing and microchipping program in partnership with the local veterinary community.



Economic and Business Growth

'A creative, entrepreneurial mindset that creates a thriving, resilient community.'

What success looks like as we work towards 2028:

- Our resilient local economy is supported by diverse industries and employment opportunities, enhanced by connectivity through modern freight networks and efficient transport.
- Our visitor economy thrives through collaboration in sharing our store via immersive experiences with our unique natural and cultural assets.

Strategic Plan key projects to prioritise this year:

- Work with key stakeholders to create a master plan for Umpherston Sinkhole/Balumbul.
- Implementation of a hub and spoke visitor servicing model.
- Evolve a Retention, Attraction and Investment Framework and platform that promotes Mount Gambier as a key location to live, work, visit and invest.

Measures of success for this year:

- Develop a master plan for Umpherston Sinkhole/Balumbul.
- Complete a review following 12 months of operation of the tourism hub and spoke model and implement endorsed actions and recommendations.



A Vibrant Community

'Events, activities, sport and recreation all contributing to a vibrant city during the day, at night and across the seasons.'

What success looks like as we work towards 2028:

- Our CBD and key inner-city spaces are thriving, welcoming, functional and sustainable, fostering a sense of belonging while celebrating our diversity, culture and history.
- We are a city renowned for our social and cultural diversity, creativity and heritage, supporting diverse events and experiences that bring people together and enhance social connection.
- Our city is known as a regional destination for arts and cultural experiences with a community enriched by arts, culture and live entertainment initiatives.

Strategic Plan key projects to prioritise this year:

- Delivery of a CBD activation and master plan that transforms our CBD into a vibrant hub.
- Implementation a Riddoch Arts and Cultural Centre Strategy.
- Continue to pursue opportunities to reactivate the Mount Gambier Railway Station.
- Pursue community activation of the Lady Nelson site to accommodate the city's creative industries and/or historic collections management.

Measures of success for this year:

- Develop and adopt a CBD Master plan.
- Strengthen governance of arts and cultural experiences by developing and adopting best-practice policies for Collections, Exhibitions, Retail, and Public Art.
- Enhance the AV infrastructure at Wulanda Recreation and Convention Centre to support live entertainment in our city.



Excellence in Leadership and Governance

'We are a professional and innovative Council, valued for our progressive, responsive and sustainable management in delivering meaningful outcomes for the community.'

What success looks like as we work towards 2028:

- We are a transparent and accountable organisation that makes informed decisions and demonstrates integrity through effective governance.
- We are a financially responsible organisation delivering sustainable, value-for-money services that meet community needs and uphold the principle of intergenerational equity.
- We care about our people ensuring we support, develop and motivate our workforce to meet community needs with capability and confidence.
- We are easy to do business with, committing to a customer-centric approach that delivers positive experiences and builds trust.

Strategic Plan key projects to prioritise this year:

- Deliver business systems and infrastructure improvements that support us to deliver our services more efficiently and effectively to the community.
- Develop and implement a workforce planning framework that informs the skill and capability requirements council needs to deliver its services and programs.
- Develop and deliver our next Reconciliation Action Plan in partnership with the Yerkaalpata Community Reference Group.
- Continue to deliver improvements that enhance a 'Safety First' culture in accordance with our Work, Health Safety and Wellbeing Strategy.
- Update Council's Community Consultation and Engagement Policy to align with Local Government Association South Australia and Local Government Act Reforms.
- Continue to develop the leadership capability of our workforce in accordance with the Leadership Capability Framework.
- Continue the implementation of Council's Volunteer Management Plan to support and expand our volunteer workforce.
- Continue the implementation of Council's Media and Communications Strategy.

Measures of success for this year:

- Develop and adopt a new Advocacy Plan and continue to advocate for community opportunities and challenges.
- Complete business system upgrade of the Enterprise Records Management System and Civica Authority Altitude.
- Implementation of Service Review Framework with at least three comprehensive service reviews completed across the financial year.
- Develop and endorse Workforce Plan.
- Develop and endorse a renewed Reconciliation Action Plan.
- Deliver year two of the Volunteer Management Plan and report progress towards measures of success.



Our
Organisation

The City of Mount Gambier will deliver the 2025/2026 Business Plan and Budget through our organisational structure, facilities and partnerships. The organisational structure comprises the Office of the Chief Executive Officer (CEO) and three portfolios each containing business units that deliver services and key focus areas supporting the Community, Strategic Plans, and legislative requirements.

Office of the Chief Executive Officer

The Office of the Chief Executive Officer (CEO) supports the CEO to lead the City of Mount Gambier in making informed decisions to deliver on Council's priorities and to foster productive partnerships with community, commerce, industry and government entities.

The Office of the CEO is supported by 4.76 FTEs plus an additional two FTEs or contractor equivalents for capacity building that may be reallocated to other portfolios pending priority. Key service functions provided by this portfolio include:

- Oversight and strategic direction,
- Organisational capacity building,
- Advocacy, partnerships and government relationships,
- Communication and media relations,
- Mayor, Elected Member and Council administration and support, and
- Civic protocols and events.

Office of the CEO	Income '\$000	Expense '\$000	TOTAL (net) '\$000
Elected Members	-	(276)	(276)
Organisational	346	(1,065)	(719)
Media and Communications	-	(383)	(383)
Total	346	(1,724)	(1,378)
% of overall budget	1%	3%	

Strategic Work Plan	Operating /Capital	Expense '\$000
Capacity building and resourcing	Operating	(245)
Media and Communications Strategy implementation	Operating	(20)
Total		(265)



Corporate and Regulatory Services

The Corporate and Regulatory Services portfolio plays a critical role in supporting the efficient, high-quality services and strategic insights that enhance the City of Mount Gambier's organisational capability, while fostering a culture of accountability, transparency and innovation.

The Corporate and Regulatory Services portfolio is supported by 39.17 FTEs. Key service functions provided by this portfolio include:

- Customer service,
- Development and health services,
- General inspectorate,
- Financial services and procurement,
- Corporate governance and risk management,
- Compliance and Freedom of Information,
- Technology infrastructure and records management,
- Human resource management,
- Organisational performance and development, and
- Business and strategic planning.

	Income '\$000	Expense '\$000	TOTAL (net) '\$000
General Manager Corporate and Regulatory Services	-	(376)	(376)
Financial Services/Revenue*	37,041	(4,872)	32,169
Organisational Development	-	(3,890)	(3,890)
Governance and Property	146	(1,068)	(922)
Development Services	524	(871)	(347)
General Inspectorate	372	(483)	(111)
Environmental Health	8	(250)	(242)
Total	38,091	(11,810)	26,281
% of overall budget	74%	23%	

*For the purposes of this table, Financial Services includes rates revenue and interest expense on all borrowings. Following the consultation period, an internal process is undertaken to apply full cost attribution to all outward facing services.

Strategic Work Plan	Operating / Capital	Expense '\$000
Leadership and Capability Framework	Operating	(15)
Rating Review	Operating	(10)
Workforce Planning Framework	Operating	(15)
Business Systems Review	Operating	(250)
Volunteer Management	Operating	(75)
Council By-Laws	Operating	(10)
Dog and Cat Management Plan	Operating	(10)
Property Management Strategy	Operating	(5)
Total		(390)

City Infrastructure

The City Infrastructure portfolio delivers many essential services for our community, providing and maintaining infrastructure and waste management for our community to conduct business, live and work, partake in recreational activities in a clean, safe and attractive environment.

The City Infrastructure portfolio is supported by 77.67 FTEs. Key service functions provided by this portfolio include:

- Capital Works program,
- Parks and Gardens,
- Waste facility management,
- Kerbside collections – waste, recycling, Food Organics, Garden Organics (FOGO),
- ReUse Market,
- Building maintenance,
- Infrastructure maintenance,
- Asset management planning,
- Environment and sustainability,
- Streetscaping, cleaning and lighting,
- Traffic management and maintenance,
- Public conveniences,
- Cemeteries, and
- Plant, machinery and fleet management and maintenance.

	Income '\$000	Expense '\$000	TOTAL (net) '\$000
General Manager City Infrastructure	-	(1,624)	(1,624)
Council Works Administration	1	(152)	(151)
Waste and Reuse	6,460	(8,270)	(1,810)
Environmental Sustainability	61	(269)	(208)
Operations and Engineering	2,201	(11,992)	(9,791)
Cemeteries	948	(846)	102
Total *	9,555	(23,037)	(13,482)
% of overall budget	19%	45%	

*For the purposes of this table, following the consultation period, an internal process is undertaken to apply full cost attribution to all outward facing services. Revenue from the Waste Service Charge is reflected with all rates revenue raised in the Corporate and Regulatory Services Portfolio.

Strategic Work Plan	Operating / Capital	Expense '\$000
Asset Management Planning	Operating	(50)
Shared Path Master Plan	Capital	(402)
Total		(452)



People, Place and Liveability

The People, Place and Liveability portfolio value adds, by leading and enhancing a vibrant culture, thriving economy, creative and inclusive community. It leverages partnerships to build on opportunities to create positive experiences for all who choose to live, work and enjoy our city.

The People, Place and Liveability portfolio is supported by 32.55 FTEs. Due to the nature of services provided by this portfolio, Council estimates casual staff at an additional 5.26 FTE may be utilised. Key service functions provided by this portfolio include:

- Library operations and programming,
- Community engagement,
- Community development and assistance,
- Riddoch Arts and Cultural Centre,
- Economic development,
- Tourism activation and operations,
- Events and activations,
- Master planning and place making, and
- Cultural heritage and venues.

	Income '\$000	Expense '\$000	TOTAL (net) '\$000
General Manager People, Place and Liveability	-	(542)	(542)
Economy Strategy and Engagement	493	(3,671)	(3,178)
Riddoch Arts and Cultural Centre	109	(2,176)	(2,067)
Library and Community Development	213	(2,581)	(2,368)
Wulanda Recreation and Convention Centre*	2,923	(6,188)	(3,265)
Total	3,738	(15,158)	(11,420)
% of overall budget	7%	29%	

*All interest on borrowings has been included under Corporate and Regulatory Services. Interest covers both debt incurred for the construction of Wulanda and required in working capital as outlined below.

Wulanda Recreation and Convention Centre	'\$000
Operating (net)	(1,535)
Depreciation	(1,730)
Subtotal excl. Interest	(3,265)
Interest	(1,742)
Total	(5,007)

Strategic Work Plan	Operating / Capital	Expense '\$000
Visitor Servicing Model	Operating	(103)
Master planning and activation	Operating	(250)
Reconciliation Action Plan	Operating	(9)
Live entertainment	Capital	(156)
Total		(518)



Capital Works and Projects

Council is responsible for the management of a diverse asset portfolio that provides services and facilities for residents and visitors. It is essential that we manage and maintain our assets responsibly to maximise the value and service the community derives from them.

The annual capital works program is informed by:

- Elected Members and community input,
- Strategic Plan,
- The suite of Asset Management Plans,
- Long Term Financial Plan, and
- Prioritisation and capacity to deliver.

The capital works and projects budget identifies the amount of money that Council will invest in its long-term physical assets including renewal and new or upgraded assets.

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

New/upgrade – refers to the amount of money Council will invest in new assets, or the upgrading of existing assets as identified through Council's strategies and plans.

Capital works and projects summary	Renewal '\$000	New/Upgrade '\$000	TOTAL '\$000
Buildings and structures	(2,162)	(596)	(2,758)
Caroline Landfill	-	(93)	(93)
Infrastructure	(3,638)	(402)	(4,040)
Office equipment (IT, furniture and fittings)	(70)	(50)	(120)
Other	(170)	-	(170)
Plant and equipment	(2,143)	(650)	(2,793)
Total capital	(8,183)	(1,791)	(9,974)
% of overall capital budget	82%	18%	

Capital works and projects		Expenditure '\$000	Funding '\$000	Net '\$000
Corporate and Regulatory Services		(120)	-	(120)
Office equipment (IT, furniture and fittings)	IT refresh program and new	(120)	-	(120)
City Infrastructure		(9,459)	1,303	(8,156)
Buildings and structures				
Playgrounds		(147)	-	(147)
Sport, recreation and open space	Pergola AF Sutton, Crater Lakes BBQ & viewing platform	(86)	-	(86)
Public lighting	Blue Lake solar lighting, Cave Gardens LED, Crater Lakes LED, Railway Lands LED	(361)	-	(361)
Carinya Gardens	Chapel crematorium design, mowing strips	(100)	-	(100)
Civic Centre lift	Second year of project	(106)	300	194
Civic Centre roof		(530)	-	(530)

Capital works and projects		Expenditure '\$000	Funding '\$000	Net '\$000
Depot	Roof, wash bay and workshop gantry	(383)	-	(383)
Public toilets	James Street	(364)	-	(364)
Bus shelter		(26)	-	(26)
Air conditioning	Annual renewals, various buildings	(52)	-	(52)
Sustainability initiatives		(50)	-	(50)
Waste Transfer Station	Awning and handwash facility	(93)	-	(93)
Wulanda Recreation and Convention Centre	Annual renewals	(85)	-	(85)
Infrastructure				
Roads	Roads to Recovery, reseal program, road reconstruction including Avey, Starline, Bertha, Fairlie, Reginald.	(3,050)	943	(2,107)
Boundary roads	O'Leary Road	(121)	60	(61)
Traffic control		(97)	-	(97)
Footpaths	Shared Path Master Plan and reseal program	(448)	-	(448)
Kerbing and channel		(52)	-	(52)
Other infrastructure	Retaining walls	(201)	-	(201)
Carparks	Alexander Street	(54)	-	(54)
Stormwater drainage		(17)	-	(17)
Other				
Crater Lakes bushfire rehabilitation	Rehabilitation and revegetation of the fire affected area	(80)	-	(80)
Mobile garbage bins		(70)	-	(70)
Plant and equipment				
Fleet	Includes x2 garbage compactors, x2 mowers, loader, street sweeper, tractor, tip truck, various utilities, vans and pool cars	(2,753)	-	(2,753)
Minor plant		(40)	-	(40)
Caroline Landfill	Design cell construction	(93)	-	(93)
People, Place and Liveability		(395)	-	(395)
Buildings and structures				
Engelbrecht Cave	Roofing	(26)	-	(26)
Library	Carpet, children's cave, mains water replacement	(193)	-	(193)
Wulanda Recreation and Convention Centre	Courts AV	(156)	-	(156)
Other				
Christmas decorations	Annual renewal program	(20)	-	(20)
TOTAL		(9,974)	1,303	(8,671)



Our
Budget

Summary

The proposed **general rate increase** will result in an **7.81%** increase in total rate revenue (excluding growth). The number of rateable assessments has grown by 0.87% over 2024/2025 period.

The proposed **Waste Service Charge** will result in a **10.61%** increase to **\$344** per applicable assessment.

The proposed net operating position will result in a **balanced budget**. This is an improvement on the Long Term Financial Plan adopted June 2024 which targeted a minor operating deficit of (\$115,000).

Projected operating income is sufficient to meet projected operating expenses. Sufficient funds are available to meet Council's programs priorities, services, programs and projects for the 2025/2026 financial year.

Increased revenue and careful review of costs support:

- Inflationary pressures, and
- Additional capacity.

How the business plan and budget was prepared

The budget process was built from the bottom up using 2024/2025 operating budget as a base, with an update to incorporate ongoing changes. The LTFP was used to guide the preparation of the budget, setting targets for control and to ensure financial sustainability. The LTFP is paramount to assist Council in meeting borrowing covenants set by the Local Government Financing Authority (LGFA). This approach is consistent with previous years.

The strategic work plan was separately prioritised, with cost estimates applied and added to the base budget. These were also modelled through the LTFP where known cost implications could be reasonably applied.

At the same time, revenue assumptions, particularly fees and charges were reviewed to ensure cost recovery of user pay services to drive the relevant revenue components of the budget. Rates and the waste service charge - the most significant revenue input - was reviewed and modelled throughout the budget process.

Financial Sustainability Ratios

Operating Surplus Ratio – 0%, target positive by 2026/2027

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

Council set a target of achieving a positive operating result by 2026/2027, in line with its Treasury Management Policy and the LGFA loan conditions for the construction of the Wulanda Recreation and Convention Centre. Pleasingly, Council has achieved a balanced budget 12 months ahead of schedule, resulting in a 0% forecast operating surplus ratio for 2025/2026 and reflects improved financial performance and strong fiscal management.

How is this ratio calculated?

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

Net Financial Liabilities Ratio – 84%, target less than 100%

This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue. Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by 2025/2026, with a forecast result of 84%. This is a year ahead of schedule compared to LGFA loan covenants and in alignment with Council's Treasury Management Policy.

How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

Asset Renewal Funding Ratio – 103%, target 90-110% (average 100% over life of LTFFP)

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. Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan (aligned with Council's Treasury Management Policy), forecasting a 103% result for the 2025/2026 financial year.

How is this ratio calculated?

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

Borrowings

Council undertook its largest borrowings to date in recent years to fund the Wulanda Recreation and Convention Centre, a significant new infrastructure project that the community will benefit from for many years to come. These borrowings are incorporated in our budget and longer term planning.

Borrowing is undertaken in accordance with our Treasury Management Policy.

Fees and charges

Our fees and charges are reviewed annually as an input to the Annual Business Plan and Budget. In recent years, Council has experienced increases in costs and in response to this, fees and charges need to be adjusted accordingly.

The review ensures that fees and charges:

- Recover the cost of service or incrementally move toward recovery,
- Are comparable with market rates and competitor neutrality,
- Are aligned with strategic and operational plans and policies,
- Take into account other influences such as environmental, community expectations, relevant legislation.

There are a number of fees and charges Council cannot directly influence. These are Statutory Fees and are set by the Government prescribed under other Acts.

A complete list of fees and charges for 2025/2026 is available online at www.mountgambier.sa.gov.au.

Risks

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 or pending further advice.

- Superannuation payable on independent Council committee member sitting fees, in particular required backpays. This will require a budget revision once finalised.
- Ongoing inflationary pressures and interest rates.
- The development of a Waste and Resource Recovery Master Plan has been identified as a key strategic project that is well underway. The comprehensive planning and analysis combined within the master plan, along with associated financial modelling will enable Council to minimise the risks associated with its waste services, particularly those of owning and operating a landfill.
- Legislative requirements on the remediation of overfilling of Caroline landfill cell were unknown at the time of the completion of this plan. Council will incur increased depreciation should waste be required to be shifted from the overfilled cell to an open cell equivalent to the amount of airspace consumed.
- Last year, costing principles for the allocation of internal costs to capital projects were introduced. While a base approach has been implemented and reflected in this budget, this will be reviewed, refined and improved over the coming years.
- Supply chain lead time on significant plant and equipment items may exceed the span of the financial year. This is due to Euro 6 compliance requirements on plant introduced and post COVID.
- Under new legislation Automated External Defibrillator (AED) devices are required to be installed on public buildings. Budget estimates were brought in at the third revision for 2024/2025, however, a carryover may be required to 2025/2026 pending delivery and installation.
- At the time of preparation of this budget, Council was preparing community consultation on a proposed Cats By-Law. No inclusion has been incorporated for cat management in 2025/2026, pending results of the consultation process.
- SA Water infrastructure remains a pertinent issue for the region and could result in reduced development revenue for Council.
- An Expression of Interest is currently underway for the use of the Lady Nelson site.
- Civic Centre lift remains an ongoing capital project, with completion dependent on complex specialist engineering and structural works. Council continues to work closely

with technical experts to ensure a safe and effective outcome. Final project costs are yet to be confirmed and will be determined upon completion of the detailed design and procurement phases.

- Council is in the final year of its current Enterprise Bargaining Agreement. Negotiations are scheduled to formally commence in July 2025, with implementation by December 2025.

ESCOSA

This year Council underwent independent review by the Essential Services Commission of South Australia (ESCOSA).

ESCOSA advised that our historic, current and projected financial performance is mostly sustainable and in forming this advice made six recommendations for consideration.

Recommendation 1: Disclose material changes to capital expenditure forecasts as part of its annual review and update to its long term financial plans.

Recommendation 2: Develop a plan to achieve cost saving measures and targets and report annually in the budget and the long term financial plans as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

Recommendation 3: Review planned pace of repayment of debt, balancing rate increases, financial costs, and intergenerational equity.

Recommendation 4: Review depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.

Recommendation 5: Review pace of development of new and upgraded assets having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets, and the need to prioritise and fully fund asset renewal and replacement.

Recommendation 6: Review approach to addressing financial sustainability risks in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.

Response to ESCOSA recommendations

To ensure that our city continues to grow, improve and prosper, investment in new and upgraded assets is still required. We have reviewed the rate of new investment in the previous LTFP and asset management plans keeping in mind our capacity to deliver and the capacity of our ratepayers to service the level of investment. In light of this, previous inclusions for Sport, Recreation and Open Space (SROSS) have been updated as follows:

- Strategic project name changed from SROSS to Making Better Places Program. This is to enable expansion of the use of funds across city wide projects and encompass renewal of existing assets.
- Split the anticipated spend of the funds across new and renewal. Previously it was assumed that all spend would be new, when in reality Council would leverage renewal of existing assets and add to the amenity and function with new. This split has been assumed at 50% renewal and 50% new.

- Extend the timeframe to three yearly intervals. Previously it was assumed that \$5m of SROSS new projects, offset by 50% grant funding would be achievable every two years. The Making Better Places Program has now been extended to three yearly intervals in recognition that the length of time required to complete projects will likely span two years, with the first year for design and consultation. Further, a three yearly assumption for the receipt of 50% grant funding aligns better to the term of Government and availability of funding intervals.

As part of this budget and planning process, Council was already in the process of cost saving reviews and has since undertaken further efficiencies as follows:

- A formal review of the entire visitor servicing model will be completed 2025/2026, however, in the interim while it is in a transitional test and trial phase, opening hours have been adjusted to align with industry standards and off-peak periods. Further refinements will be made as part of the upcoming annual review, following collection of 12 months of data and master planning of the Umpherston Sinkhole/Balumbul site and Central Business District (CBD).
- We have recently engaged specialist consultants to negotiate new electricity contracts for our large sites with the purpose of reducing the impact on the Long Term Financial Plan due to no indexation increases on usage charges. The new contract also incorporates green energy, improving our environmental impact.
- We have recently renegotiated terms with our current banking services provider for a reduction in BPay fees. BPay fees are a major contributor to Council's bank fees and charges as the primary method used by ratepayers to pay their rates.
- We continue to follow good procurement principles that encourage competitive process with a view of obtaining best value for money.
- We continue to progress three strategic unlocking projects that will drive efficiency, improved data and decision making:
 - Asset management,
 - Business systems, and
 - Workforce planning.

The strategic unlocking projects are multi-faceted, multi-year projects. In recognition of this, Council has endorsed a reduction to indexation of asset valuations from CPI annually to 50% of CPI for the 2025/2026 financial year while work progresses on asset management with the prioritisation of reviewing asset useful lives compared to actual consumption, noting that depreciation compared to other councils in South Australia is at the higher end of the scale.

The current version of the LTFP incorporates 0.5% estimate for growth in assessments. Where actual growth exceeds this target, the amount in excess of growth will be used in 2025/2026 to reduce rates raised and not added to increase total rates raised.

ESCOSA's advice in full is made publicly available on their website by selecting the City of Mount Gambier - www.escosa.sa.gov.au/advice/advice-to-local-government and on Council's website at www.mountgambier.sa.gov.au/council/financial/escosa-advice

Further it has been included as an appendix to this document.

Rates and Service Charges

Rate revenue is an integral part of Council's resourcing, accounting for more than 63% of total revenue. As a result, Council's rating strategy and policies are a key component of the annual planning process.

In determining rate revenue, consideration is given to both internal and external influences on Council including strategic management plans, stewardship of assets and infrastructure, provision of services to meet community expectation, taxation principles, capacity to pay and legislative compliance.

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.

The 2025/2026 Annual Business Plan and Budget includes an 7.81% increase in general rate revenue (excluding growth) and 10.61% Waste Service Charge increase. Council plans to raise \$26.801 million 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 two 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; 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. This method is the most commonly used in South Australia and values the land and all of the improvements on the land. It is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because:

- **Relative wealth** - 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.
- **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

A component of the total rate will be a fixed charge on every rateable property. This fixed charge applies to all ratepayers and continues to raise less than half of the total rate revenue (before rebates and remissions) required for the 2025/2026 financial year. The reasons for including a fixed charge component are:

- Range of services - To deliver a range of services to the community, Council must maintain various internal support, infrastructure and administrative services. No particular group of ratepayers benefits more than any other from the provision of these services.
- Equal contribution – It is appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

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.

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 2025/2026 Council proposes to raise 38% of its general rate revenue by way of a fixed charge, same approach as the last financial year.

Total expected revenue							
	2024/2025	2025/2026	Change	2024/2025	2025/2026		Change
Fixed charge	\$9,370,607	\$10,183,955	8.68%	\$635	\$684	(q)	\$49

- (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 for details.

Differential (rate in the dollar)

In addition to a fixed charge, Council will declare differential general rates in the dollar according to the use of the land within the council area. 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 and wider community.

Council will declare differential general rates in the dollar based on the use of the land, as follows:

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

The main reasons for applying 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.

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the \$
	2024/ 2025	2025/ 2026	Change	2024/ 2025	2025/ 2026	2024/ 2025	2025/ 2026		Change	2025/ 2026

Land Use (General Rates - GROSS)

Residential	\$17,388,460	\$18,841,035	8.35%	12,953	13,067	\$1,342	\$1,441	(p)	\$99	0.182106
Commercial - Shop	\$2,196,963	\$2,332,589	6.17%	473	470	\$4,644	\$4,962	(p)	\$318	0.491686
Commercial - Office	\$458,782	\$539,586	17.61%	157	163	\$2,922	\$3,310	(p)	\$388	0.491686
Commercial - Other	\$2,114,701	\$2,417,099	14.30%	456	475	\$4,637	\$5,088	(p)	\$451	0.491686
Industry – Light	\$521,095	\$598,419	14.84%	147	144	\$3,544	\$4,155	(p)	\$611	0.491686
Industry - Other	\$905,235	\$975,497	7.76%	99	99	\$9,143	\$9,852	(p)	\$709	0.491686
Primary Production	\$65,715	\$59,970	-8.74%	30	28	\$2,190	\$2,142	(p)	-\$48	0.182106
Vacant Land	\$755,846	\$769,277	1.78%	419	419	\$1,803	\$1,835	(p)	\$32	0.491686
Other	\$253,658	\$267,562	5.48%	61	59	\$4,158	\$4,534	(p)	\$376	0.182106
Total Land Use	\$24,660,455	\$26,801,034	8.68%	14,795	14,924	\$1,667	\$1,796	(p)	\$129	

Benchmarking

In previous years rating did not keep up with inflation, last year, modelling identified the need to increase rates more than double CPI over 2024/2025 and 2025/2026 to continue delivering services and meet covenants required by Local Government Financing Authority (LGFA). Last year aligned with previous years, average residential rates were significantly below the rural state average.

Expected Rates Revenue

	2024/ 2025 (as adopted)	2025/ 2026	Notes	Change
General Rates Revenue				
General rates (existing properties)	\$24,660,455	\$26,567,865	(a)	
General rates (new properties)	0	\$233,169	(b)	0.87%
General rates (GROSS)	\$24,660,455	\$26,801,034	(c)	8.68%
Less: Mandatory rebates	(\$305,000)	(\$355,000)	(d)	
General rates (NET)	\$24,355,455	\$26,446,034	(e)	8.58%
	$(e)=(c)+(d)$			
Other Rates (Incl. Service Charges)				
Regional Landscape Levy	\$1,406,869	\$1,497,501	(f)	6.44%
Waste collection	\$4,455,575	\$4,973,208	(g)	
	\$28,811,030	\$31,419,242		
Less: Discretionary rebates	(\$17,000)	(\$40,000)	(l)	
Expected total rates revenue	\$28,794,030	\$31,379,242	(m)	8.98%
	$(m) = (e) + (g) + (h) + (i) + (j) + (k) + (l)$			

Notes

(a) General rates (existing properties) - In 2025/2026 this will reflect the revenue from properties that existed in 2024/2025. Please note that 2024/2025 has been restated so that year on year numbers are comparable.

(b) General rates (new properties) - In 2025/2026 this will include newly created assessments. New assessments calculated for 2024/2025 do not carry forward.

(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 encourages ratepayers to consider their personal environmental impact and the associated costs. This service charge of \$344 is intended to cover costs including bin collection, waste treatment and disposal and maintaining, improving and replacing the service.

(l) 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

	2024/ 2025 (as adopted)	2025/ 2026	Notes	Change
Number of rateable properties	14,795	14924	(n)	129
	<i>Actual</i>			

Notes

(n) "Growth" - As defined in the Local Government (Financial Management) Regulations 2011 reg 6(2) 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.

Estimated average general rates per rateable property

	2024/ 2025 (as adopted)	2025/ 2026	Notes	Change
Average per rateable property	\$1667*	\$1,796*	(o)	\$129
		(o)=(c)/(n)		

*Does not include WSC.

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 has not calculated an estimate of number of rateable properties. At this stage, the calculations have been estimated on the most recent data provided by the Office of the Valuer General.

Appendices



\$'000	2023/2024	2024/2025 Budget	2025/2026
Statement of Comprehensive Income	Actuals	Revision 3	Budget
Income			
Rates	26,488	30,343	33,025
Statutory Charges	781	817	844
User Charges	9,179	10,317	10,938
Grants, Subsidies and Contributions - Capital	559	733	955
Grants, Subsidies and Contributions - Operating	1,102	9,138	4,995
Investment Income	54	79	56
Reimbursements	1,230	1,140	276
Other Income	2,668	602	642
Net Gain - Equity Accounted Council Businesses	-	-	-
Total Income	42,061	53,168	51,730
Expenses			
Employee Costs	19,320	17,224	18,346
Materials, Contracts & Other Expenses	15,292	19,996	19,430
Depreciation, Amortisation & Impairment	10,795	11,820	11,997
Finance Costs	1,822	1,979	1,957
Net Loss - Equity Accounted Council Businesses	-	-	-
Total Expenses	47,229	51,019	51,730
Operating Surplus / (Deficit)	(5,168)	2,149	0
Asset Disposal & Fair Value Adjustments	(1,475)	(38)	-
Amounts Received Specifically for New or Upgraded Assets	216	16	-
Physical Resources Received Free of Charge	2,053	1,000	1,200
Operating Result from Discontinued Operations	-	-	-
Net Surplus / (Deficit)	(4,374)	3,127	1,200
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	45,425	-	5,639
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-
Movements in Other Reserves	(177)	-	-
Total Other Comprehensive Income	45,248	-	5,639
Total Comprehensive Income	40,874	3,127	6,840

\$'000	2023/2024	2025/2026 Budget	2025/2026
Statement of Financial Position	Actuals	Revision 3	Budget
Current Assets			
Cash and Cash Equivalents	270	500	500
Trade and Other Receivables	2,531	2,493	2,683
Inventories	76	78	80
Assets Held for Sale	335	-	-
Total Current Assets	3,212	3,071	3,263
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	445,641	449,988	454,479
Other Non-Current Assets	-	-	-
Total Non-Current Assets	445,641	449,988	454,479
Total Assets	448,853	453,059	457,741
Current Liabilities			
Trade & Other Payables	5,317	5,035	5,860
Borrowings	9,986	14,590	15,319
Provisions	3,561	3,664	3,756
Other Current Liabilities	-	-	-
Total Current Liabilities	18,864	23,290	24,935
Non-Current Liabilities			
Borrowings	27,079	20,838	17,985
Provisions	1,608	4,502	3,553
Total Non-Current Liabilities	28,687	25,340	21,538
Total Liabilities	47,551	48,630	46,472
Net Assets	401,302	404,429	411,269
Equity			
Accumulated Surplus	87,287	90,414	91,615
Asset Revaluation Reserves	312,693	312,693	318,332
Other Reserves	1,322	1,322	1,322
Total Equity	401,302	404,429	411,269

\$'000	2023/2024	2025/2026 Budget	2025/2026
Statement of Changes in Equity	Actuals	Revision 3	Budget
Accumulated Surplus			
Balance at the end of previous reporting period	87,644	87,287	90,414
Net result for the year	(4,374)	3,127	1,200
Transfers from other reserves	4,017	-	-
Balance at the end of the period	87,287	90,414	91,615
Asset Revaluation Reserve			
Balance at the end of previous reporting period	271,174	312,693	312,693
Gain (Loss) on Revaluation of I, PP&E	41,519	-	5,639
Balance at the end of period	312,693	312,693	318,332
Other Reserves			
Balance at the end of previous reporting period	1,610	1,322	1,322
Transfers from Accumulated Surplus	(288)	-	-
Balance at the end of period	1,322	1,322	1,322
Total Equity at end of reporting period	401,302	404,429	411,269

\$'000	2023/2024	2024/2025 Budget	2025/2026
Statement of Cash Flows	Actuals	Revision 3	Budget
Cash Flow from Operating Activities			
Receipts			
Rates	26,501	30,380	32,835
Statutory Charges	781	817	844
User Charges	9,179	10,317	10,938
Grants, Subsidies and Contributions - Operating	1,102	9,138	4,995
Investment Income	54	79	56
Reimbursements	1,230	1,140	276
Other Income	1,349	602	642
Payments			
Payments for Employees	(14,663)	(17,224)	(18,346)
Payments for Materials, Contracts & Other Expenses	(19,843)	(20,226)	(19,666)
Finance Payments	(1,719)	(1,780)	(1,757)
Net Cash Provided By (or Used In) Operating Activities	3,971	13,242	10,817
Cash Flow from Investing Activities			
Receipts			
Amounts Received Specifically for New / Upgraded Assets	216	16	-
Grants, Subsidies and Contributions - Capital	307	733	955
Sale of Replaced Assets	110	454	508
Payments			
Expenditure on Renewal / Replacement of Assets	(3,528)	(9,126)	(8,184)
Expenditure on New / Upgraded Assets	(6,188)	(3,636)	(1,791)
Net Cash Provided By (or Used In) Investing Activities	(9,083)	(11,194)	(8,512)
Cash Flow from Financing Activities			
Receipts			
Proceeds from CAD	-	-	567
Proceeds from Borrowings	8,438	4,750	3,000
Payments			
Repayment of CAD	-	(658)	-
Repayment of Borrowings	(2,930)	(5,729)	(5,691)
Repayment of Lease Liabilities	(202)	(181)	(181)
Net Cash Provided By (or Used In) Financing Activities	5,306	(1,818)	(2,305)
Net Increase (Decrease) in Cash Held	194	230	0
Cash & Cash Equivalents at the Beginning of Period	76	270	500
Cash & Cash Equivalents at the End of Period	270	500	500

\$'000	2023/2024	2025/2026 Budget	2025/2026
Uniform Presentation of Finances	Actuals	Revision 3	Budget
Income			
Rates	26,488	30,343	33,025
Statutory Charges	781	817	844
User Charges	9,179	10,317	10,938
Grants, Subsidies and Contributions - Capital	559	733	955
Grants, Subsidies and Contributions - Operating	1,102	9,138	4,995
Investment Income	54	79	56
Reimbursements	1,230	1,140	276
Other Income	2,668	602	642
Total Income	42,061	53,168	51,730
Expenses			
Employee Costs	19,320	17,224	18,346
Materials, Contracts & Other Expenses	15,292	19,996	19,430
Depreciation, Amortisation & Impairment	10,795	11,820	11,997
Finance Costs	1,822	1,979	1,957
Total Expenses	47,229	51,019	51,730
Operating Surplus / (Deficit)	(5,168)	2,149	0
Less: Grants, Subsidies and Contributions - Capital	(4,355)	(733)	(955)
Adjusted Operating Surplus / (Deficit)	(9,523)	1,416	(955)
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(3,528)	(9,126)	(8,184)
Depreciation, Amortisation and Impairment	10,795	11,820	11,997
Grants, Subsidies and Contributions - Capital Renewal	-	733	955
Proceeds from Sale of Replaced Assets	110	454	508
	7,377	3,881	5,276
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	(6,188)	(3,636)	(1,791)
Amounts Received Specifically for New and Upgraded Assets	-	16	-
Grants, Subsidies and Contributions - Capital New / Upgraded	216	-	-
Proceeds From Sale Of Surplus Assets	-	-	-
	(5,972)	(3,620)	(1,791)
Net Lending / (Borrowing) for Financial Year	(8,118)	1,677	2,530

\$'000	2023/2024	2024/2025	2025/2026
Financial Indicators	Actuals	Budget Revision 3	Budget

Operating Surplus Ratio

Total Income	42,061	53,168	51,730
Operating Surplus / (Deficit)	(5,168)	2,149	0
Operating Surplus Ratio	(12.3%)	4.0%	0.0%

Net Financial Liabilities Ratio

Add: Total Liabilities	47,551	48,630	46,472
Less: Cash and Cash Equivalents	(270)	(500)	(500)
Less: Trade and Other Receivables	(2,531)	(2,493)	(2,683)
Net Financial Liabilities	44,750	45,637	43,289
Total Income	42,061	53,168	51,730
Net Financial Liabilities Ratio	106%	86%	84%

Asset Renewal Funding Ratio

Expenditure on Renewal / Replacement of Assets	3,528	9,126	8,184
Infrastructure & Asset Management Plan required expenditure	-	8,696	7,938
Asset Renewal Funding Ratio	0%	105%	103%

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 Policy
- 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.
- Local Government advice from Essential Services Commission of South Australia (ESCOSA)

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 policies 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 two 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.
- 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 ratepayer is 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

4.4 Objection to Valuation

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.
- 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.

4.8 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.

Applications for “adjoining properties” must be in writing addressed to Chief Executive Officer (as per 4.25 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, Council will declare differential general rates in the dollar according to the use of the land. 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
3. Commercial-Office
4. Commercial-Other
5. Industrial-Light
6. Industrial-Other
7. Primary Production
8. Vacant Land
9. Other.

Councils rationale for differential rates is to provide consideration to:

- 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.

4.10 Land Use

Land use is a factor to levy differential rates and is provided by the Office of the Valuer-General. If a ratepayer is of the opinion that a particular land use has been wrongly attributed to the ratepayer’s land by the council for the purpose of levying differential rates, the ratepayer may object to the attribution of that land use.

Council is responsible for accepting objections to land use. Your objection must be lodged in writing and directed to Council within 60 days of being notified of the land use.

The Office of the Valuer General provides “Objection to Land Use” fact sheets in an aim to provide assistance in understanding the process to undertake if you are dissatisfied with the land use. Details are available from the Office of the Valuer General online via [FactSheet-LandUseCodes.PDF \(valuergeneral.sa.gov.au\)](#) or by contacting the Office of the Valuer General directly:

Online: www.valuergeneral.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.

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.

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 - www.mountgambier.sa.gov.au
- 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.
- Flexipay

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 Fines on Unpaid Rates

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

- (a) the instalment will be regarded as being in arrears; and
- (b) a fine of 2 per cent of the amount of the instalment is payable; and
- (c) on the expiration of each full month from that date, interest at the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month) accrues.

In respect of unpaid Council rates no fines and/or interest charges will arise where the arrears amount is less than \$40.

4.18 Outstanding Rates

Council will apply prudent debt collection practices in the recovery of outstanding rates in compliance with the Local Government Act 1999 and follow an ongoing assessment of arrears and systematic approach to debt recovery.

In accordance with the provisions of the Local Government Act, where an instalment of Rates is not paid on or before the date on which it falls due, Council will:

- (a) Send a reminder notice to the principal ratepayer with outstanding rate balances advising that payment is overdue;
- (b) Proceedings for collection of outstanding rate balances after that time may be collected by legal process.

The Chief Executive Officer is empowered to exempt this Policy in necessitous circumstances, in accordance with the delegated powers issued pursuant to the provisions of the Local Government Act.

The Chief Executive Officer is empowered to take the necessary action to instigate collection by legal process where principal ratepayers have made no genuine attempt to respond to the requests for payment.

The Chief Executive Officer be authorised to write off outstanding and/or bad debts provided:

- (a) The debt is considered by the Chief Executive Officer to be unrecoverable;
- (b) The outstanding debt is less than \$100.

4.19 Appeals Against Assessments

Pursuant to the provisions of the Local Government Act 1999, Council shall refund any rate amount overpaid as a result of an objection, review or appeal in respect of a valuation.

Council shall not apply or credit any such amount overpaid against future liabilities for rates on the land subject to the rates, unless requested to do so by the ratepayer.

4.20 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).

4.21 Rebate of Rates - Mandatory

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.

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.

4.22 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 criteria.

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.

4.23 Rate Relief Options

- 4.23.1 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).

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. (Refer Section 4.25)

4.23.2 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.

4.23.3 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
- (b) 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.

4.24 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.

4.25 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.

4.26 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.

4.27 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.

4.28 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.

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 R155 Rates - Rebate Policy and Application Process R130 Rates - General Policy (Amalgamated with R105)
Related Procedures:	Nil
Related Documents:	Nil

DOCUMENT DETAILS

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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.

2. 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.

3. DEFINITIONS

Act the *Local Government Act 1999* (SA)

Council the elected Council Body

Discretionary Rebate rebates where Council may apply a rebate in accordance with criteria specified in the Act

Mandatory Rebate rebates where Council must grant in accordance with the Act

Rating the overall process of raising revenue by way of levying rates and charges

Rebate/s an amount that a rate or charge may be reduced in accordance with sections 159-166 of the Act

4. PURPOSE

- 4.1 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.
- 4.2 The Act provides for a mandatory rebate of rates in specified cases and the amount of that mandatory rebate (see Clause 5 below).

- 4.3 The Act also provides that where the Council must grant a rebate of rates under the Act, and the amount of that rebate is fixed by the Act at less than 100%, the Council **may** increase the amount of the rebate.
- 4.4 The Act provides, at Section 166 for the Council to provide a discretionary rebate of rates in the cases set out in that Section.

5. MANDATORY REBATES

- 5.1 The Council must grant a rebate in the amount specified in respect of land uses which the Act provides will be granted a rebate.
- 5.2 Rates on the following land will be rebated at **100%**:

5.2.1 Health Services

Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the *South Australian Health Commission Act 1976*.

5.2.2 Religious Purposes

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

5.2.3 Public Cemeteries

Land being used for the purposes of a public cemetery.

5.2.4 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.

- 5.3 Rates on the following land will be rebated at **75%**:

5.3.1 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 –

- 5.3.1.1 *Is incorporated on a not for profit basis for the benefit of the public; and*
- 5.3.1.2 *Provides community services without charge or for a charge that is below the cost to the body of providing the services; and*
- 5.3.1.3 *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 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:

- 5.3.1.4 Emergency accommodation;
- 5.3.1.5 Food or clothing for disadvantaged persons;
- 5.3.1.6 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:*
 - (i) *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;*
- 5.3.1.7 Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- 5.3.1.8 Legal services for disadvantaged persons;
- 5.3.1.9 Drug or alcohol rehabilitation services; or
- 5.3.1.10 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.
- 5.3.1.11 Disadvantaged person are persons who are disadvantaged by reason of poverty, illness, frailty or mental, intellectual or physical disability.

5.3.2 Educational Purposes

- 5.3.2.1 Land occupied by a government school under a lease or licence and being used for educational purposes; or
- 5.3.2.2 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; or
- 5.3.2.3 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.

- 5.4 Where the Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 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 10 of this Policy.
- 5.5 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 Clause 6 of this Policy and **may** take into account any or all of those matters set out at Clause 6 of this Policy.
- 5.6 Where an application is made to the Council for a rebate of up to a further 25% the application will be made in accordance with this Policy and the Council will provide written notice to the applicant of its determination of that application.
- 57 Council has delegated the determination of entitlement to Mandatory Rebates to the Chief Executive Officer.

6. DISCRETIONARY REBATES

- 6.1 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: -
- 6.1(a) *where it is desirable for the purpose of securing the proper development of the area (or a part of the area);*
 - 6.1(b) *where it is desirable for the purpose of assisting or supporting a business in its area;*
 - 6.1(c) *where it will be conducive to the preservation of buildings or places of historic significance;*
 - 6.1(d) *where the land is being used for educational purposes;*
 - 6.1(e) *where the land is being used for agricultural, horticultural or floricultural exhibitions;*
 - 6.1(f) *where the land is being used for a hospital or health centre;*
 - 6.1(g) *where the land is being used to provide facilities or services for children or young persons;*
 - 6.1(h) *where the land is being used to provide accommodation for the aged or disabled;*
 - 6.1(i) *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;*
 - 6.1(j) *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;*
 - 6.1(k) *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;*

- 6.1(l) *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.*
 - 6.1(m) *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;*
 - 6.1(n) *where the rebate is to give effect to a review of a decision of the Council under Chapter 13 Part 2; and*
 - 6.1(o) *where the rebate is contemplated under another provision of this Act.*
- 6.2 *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;
- (ix) Consideration of the full financial consequences of the rebate for the Council;
- (x) The time the application is received;
- (xi) 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.

6.3 The Council has an absolute discretion to:

- (a) *Grant a rebate of rates or service charges in the above cases; and*
- (b) *Determine the amount of any such rebate to a maximum of 100% of the relevant rate.*

6.4 A Discretionary rebate of rates or charges provided under subsection 166(1)(a),(b) or (k) may be granted for a period exceeding one year, but not exceeding 10 years.

6.5 A Discretionary rebate of rates or charges provided under subsection 166(1) (l) may be granted for a period exceeding one year, but not exceeding three years.

6.6 Discretionary rebates granted under this policy will be reviewed in accordance with Section 166(3) (3a) or at the time of reviewing the policy (Section 10).

6.7 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.

7. RECREATIONS GROUNDS RATES AND TAXES EXEMPTION ACT 1981

The Recreations Grounds Rates and Taxes Exemption Act 1981 exempts certain land used for sport or recreation in South Australia from rates and taxes. Such land is, therefore, not rateable pursuant to section 147(d) of the Recreation Grounds Rates and Taxes Exemption Act 1981.

To be eligible, certain criteria **must** be met.

7.1 the land must be vested in a council; or under the care, control or management of a Council, and the public is entitled to access to the land for the purpose of sport or recreation; **and**

- 7.2 The land vested in trustees or in an association and the public is entitled, in pursuance of rights granted in perpetuity, to access the land for the purpose of sport or recreation; **and**
- 7.3 The land Occupied under a lease, licence or permit granted by a council and used by the occupier for the purposes of sport or recreation; **and**
- 7.4 The whole of the income derived from the land used for the maintenance, repair or improvement of the land.

Enquiries and application for Recreation Grounds Rates and Taxes Exemption should be directed to Council.

8. LIMESTONE COAST LANDSCAPE LEVY

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 area.

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.

9. 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.

10. APPLICATIONS

- 10.1 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.

- 10.2 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.
- 10.3 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.
- 10.4 The Act provides that the Council may grant a rebate of rates or charges on such conditions as the Council considers fit.
- 10.5 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.

- 10.6 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 Act.

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

- 10.7 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.

If 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.

- 10.8 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:

10.8.1 Has been granted and the amount of the rebate; or

10.8.2 Has not been granted and the reason(s) why.

- 10.9 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.

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"

11. DELEGATION

- 11.1 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.
- 11.2 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.
- 11.3 The Council has delegated its power, pursuant to Section 44 of the Act, to determine applications for discretionary rebates.

12. RATE RELIEF OPTIONS

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"

12.1 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.

13. 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.

14. 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.

RATE REBATE APPLICATION

1. DETAILS OF APPLICANT

Organisation Name

Postal Address

..... Postcode

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.

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 organisation **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 ☐

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:*
 - (i) has as a principal object of the body, the provision of housing for members of the body; or*
 - (ii) 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.*

☐ **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;*

- ☐ *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 OF REBATE

4.1 If you are seeking a mandatory rebate under Clause 3.2 of this Application, for which you are entitled to a 75% rebate, are you also applying to the Council to increase that rebate?

YES ☐ NO ☐

Please specify the amount of rebate that you are applying for: \$_____

4.2 If you are applying for a discretionary rebate under Clause 3.3 of this Application, please specify the rebate amount you are applying for:

\$_____

Please specify why you (or the organisation you represent) need financial assistance through a rebate and why the amount of rebate you have applied for is appropriate.

.....

.....

.....

.....

.....

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.

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 fit.

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

File Reference:	AF18/48
Applicable Legislation:	Local Government Act, 1999 Chapter 10, Division 5 (Sections 159 to 166) Recreation Ground Rates and Taxes Exemption Act 1981
Reference: Strategic Plan – Beyond 2015	Goal 5, Strategic Objective 5
Related Policies:	R105 Rating Policy R130 Rates - General Matters (amalgamed with R105)
Related Procedures:	Nil
Related Documents:	Nil

DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	15.0
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Minute reference:	
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<u>Document History</u> First Adopted By Council: Reviewed/Amended:	May 2002 Annually



Advice

Local Government Advice

City of Mount Gambier

February 2025

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City of Mount Gambier

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the City of Mount Gambier's historical, current and projected financial performance **mostly sustainable**. This takes into account the Council's completion of the Wulanda Recreation and Convention Centre in 2022, a significant infrastructure project for the community, and planned average rate increases of **4.8** percent per property over the next 10 years (well above forecast CPI of 2.6 percent per annum). There are some risks for ratepayer affordability if operating costs are not constrained through a strategic approach to efficiency and savings initiatives. Asset sustainability risks may also emerge if past asset management planning practices of potentially under-funding asset renewal and replacement continue.

FINANCIAL PERFORMANCE



Past 10 years
Mostly Sustainable



Current
Mostly Sustainable



Projected
Mostly Sustainable

RISKS IMPACTING SUSTAINABILITY

- ⚠ Financial sustainability is dependent upon rates growth well above CPI.
- ⚠ Constraint in the level of operating expenses is needed to ensure affordability risks are minimised.
- ⚠ Proposed further investment in new and upgraded assets will create a stream of future renewal requirements (including repairs and maintenance) that will increase ongoing costs.
- ⚠ Not prioritising the renewal of its assets, which may increase asset sustainability risks or result in lower service levels to its community.

KEY FACTS

- Population in 2023 was **27,846 residents** ⁽¹⁾
- Council covers **33.9 square kilometres** ⁽¹⁾
- **14,534** rateable properties in 2022-23 ⁽²⁾
- **\$24.9 million** of rates income in 2022-23 ⁽²⁾
- Value of assets held in 2022-23 equals **\$399.8 million** ⁽²⁾

Source: (1) Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/> (2) The Council's Financial Reporting Template provided to the Commission.

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1 Executive summary

1.1 Summary of observations

The Essential Services Commission of South Australia finds the City of Mount Gambier projected financial performance and position to be **mostly sustainable**, but notes the Council's sustainability relies on community support for average rate increases well above forecast Consumer Price Index (CPI) inflation. The Council is forecasting an operating surplus by 2026-27, despite a much higher operating cost base that relates to the recently constructed Wulanda Recreation and Convention Centre.

The City of Mount Gambier had relatively low operating surplus ratios from 2013-14 to 2022-23, which were at times negative, but averaging 0.7 percent per annum over that period. While operating surpluses appear on average modest but positive, the Commission notes that historical asset renewal and replacement requirements, set out in Infrastructure and Asset Management Plans, were not fully funded. The Council's investment in new and upgraded assets has resulted in depreciation increasing, indicating that future renewal and replacement costs will be higher in real terms over the long run, commensurate with the larger asset base. The Council has forecast an average operating surplus ratio of 2.5 percent over the period from 2024-25 to 2032-33, supported by average annual rate increases of 4.8 percent per property.

The Commission recommends that the Council develop a plan detailing cost savings measures and targets to ensure financial sustainability is maintained and to reduce the reliance on ratepayers. There is some concern for future ratepayer affordability, given the relatively lower socio-economic conditions, however, historically there have been relatively lower average residential rates in the Mount Gambier region compared to similar councils.

The Commission also observes the pace at which the City of Mount Gambier proposes to repay borrowings accrued in the development of the Wulanda Recreation and Convention Centre might represent an unnecessary burden for current ratepayers. It might be prudent for the City of Mount Gambier to consider a longer repayment period, noting the intergenerational nature of the asset.

The Commission commends the City of Mount Gambier for its well-developed strategic planning processes and commitment to community consultation.

1.2 Summary of Recommendations

The Commission acknowledges the City of Mount Gambier's good planning and asset management practices, in particular:

- ▶ annually updating and developing its Strategic Management Plans, in consultation with stakeholders and the community
- ▶ developing separate Asset Management Plans for each asset group and coordinating the data in the Asset Management Plans with the Infrastructure and Asset Management Plan, budget, and Long-Term Financial Plan, and
- ▶ holding community consultations and conducting surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

The Commission recommends that the City of Mount Gambier:

1. **Disclose** material changes to its capital expenditure forecasts as part of its annual review and update to its Long-Term Financial Plans.
2. **Develop** a plan to achieve cost saving measures and targets and report annually in the budget and the Long-Term Financial Plans as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

3. **Review** its planned pace of repayment of debt, balancing rate increases, financial costs, and intergenerational equity.
4. **Review** its depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.
5. **Review** its pace of development of new and upgraded assets, having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets, and the need to prioritise and fully fund asset renewal and replacement.
6. **Review** its approach to addressing financial sustainability risks, in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.

2 About the advice

2.1 Background

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

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

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the third year (2024-25) of the Scheme, including the City of Mount Gambier (**Council**).

This report provides the Local Government Advice for the Council in 2024-25.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2025-26 Annual Business Plan (including any draft ABP) and in subsequent plans until the next cycle of the Scheme.⁸ The Council is not compelled under the **LG Act** to follow the advice.

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

2.2 The Commission's approach

In providing the Advice for the Council, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).⁹

The Commission has considered the Council's SMP documents (set out in the box below), with a particular focus on its performance and outlook against three financial indicators: the Operating Surplus Ratio (**OSR**), the Net Financial Liabilities Ratio (**NFLR**) and the Asset Renewal Funding Ratio (**ARFR**).¹⁰

¹ Amendments to the LG Act (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

² Commonly referred to as asset management plans.

³ The objectives of the advice with reference to a council's LTFP and IAMP are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMP.

⁴ 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

⁵ Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ Commission, *Framework and Approach – Final Report*, August 2022, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

¹⁰ The indicators are specified in the Local Government (Financial Management) Regulations 2011. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each ratio, but the

Analysis of these three indicators captures financial and service sustainability, in addition to cost control and affordability risk.¹¹

The City of Mount Gambier – Strategic Management Plan Documents

- ▶ Annual Business Plan and Budget 2024/2025 (June 2024)
- ▶ Annual Business Plan and Budget Summary 2024/2025 (June 2024)
- ▶ Long-Term Financial Plan 2025 – 2034 (June 2024)
- ▶ Asset Management Summary 2025 – 2034 (June 2024)
- ▶ Building and Structures Asset Management Plan 2025 – 2034 (June 2024)
- ▶ Infrastructure Asset Management Plan 2025-2034 (June 2024)
- ▶ Plant and Equipment Asset Management Plan 2025 – 2034 (June 2024)
- ▶ Long-Term Financial Plan 2024 – 2033 (June 2023)

The Commission notes that most of the Council's asset base is covered by its existing asset management plans (**AMP**), and asset valuations for those assets have been conducted within the last four years.

Given that the Commission must, in providing advice, have regard to the objective of councils maintaining and implementing their **IAMP** (usually termed **AMP**) and **LTFP**,¹² it has also considered the Council's performance in that context. Findings regarding the content of the Council's **AMP**, and the alignment between its **LTFP** and **AMP**,¹³ are discussed in section 5.

The Commission has also reviewed the Council's template data which contains its 2023-24 **LTFP** forecasts for 2023-24 to 2032-33, as well as its 2022-23 **LTFP** forecasts, historical financial data, the number of rateable properties and Council staff (Full Time Equivalent or **FTE**) numbers from 2012-13 onwards.^{14 15} The charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's audit committee reports, and other public information, as appropriate.

The Commission has reported estimates in nominal terms, for consistency with the Council's plans and actual rate levels, but it has compared estimated inflation impacts to these trends as a guide to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line shows the cumulative growth in the **CPI** (Adelaide) series from 2012-13, and then projections of this series from 2023-24 based on the Reserve Bank of Australia (**RBA**) (Australia-wide) inflation forecasts (to the December quarter 2026), and the midpoint of the **RBA** target range (2.5 percent) thereafter.

Finally, in formulating this Advice, the Commission has had regard to all discussions and engagement with the Council, including the face-to-face onsite meeting at the Council offices and the individual circumstances of the Council, consisting of:

- ▶ its location as an urban regional council

Commission has adopted the previously suggested Local Government Association (**LGA**) target ranges as a basis for its analysis, which were established and agreed during the development of the **LGA Financial Sustainability Papers** (2006-2011).

¹¹ The F&A listed 29 analytical questions that the Commission has answered in assessing the Council's performance against these indicators to determine affordability, cost control and other sustainability risks.

¹² **LG Act** s122(1g)(a)(i).

¹³ As required under s122(1b) of the **LG Act**.

¹⁴ Sourced from the Local Government Grants Commission (including data reported by the Office of the Valuer-General) and the Council's data.

¹⁵ The Council's estimates for the 2023-24 financial year, relied on at the time of preparing this advice, were unaudited.

- ▶ its income level (\$42.1 million in 2022-23), and
- ▶ the size of its rates base (14,534 rateable properties as at 2022-23¹⁶).

Throughout this paper the Commission has identified several key points and assigned the following risk category to those points:

Legend:  Low-risk  Moderate-risk  High-risk

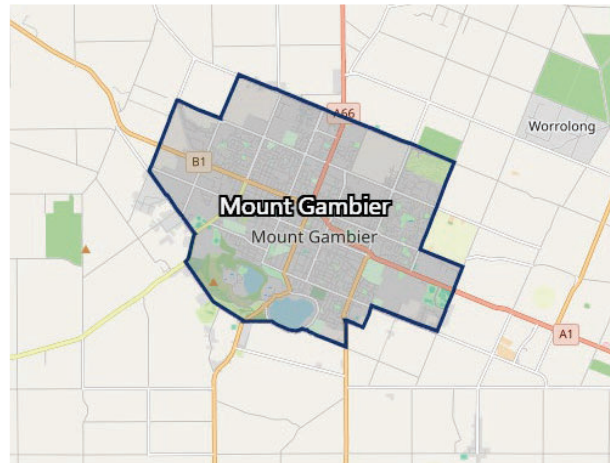
¹⁶ Based on the estimated number of property assessments in 2022-23.

3 Council profile

The City of Mount Gambier is classified by the Commission as an 'Urban Regional' council and is one of nine in this category in South Australia.¹⁷ The Council encompasses a total land area of 33.9 square kilometres and is located in the South-East of South Australia, approximately 420 kilometres from Adelaide and approximately 17 kilometres from the Victorian border. It has an estimated resident population of 27,846 (at 30 June 2023),¹⁸ and 14,534 rateable properties (at 30 June 2023).¹⁹

The City of Mount Gambier was established as a council in 1876 and is uniquely encircled by the District Council of Grant.

Figure 1: Council area



The Council region also has the following attributes:

- ▶ stable rateable property growth of approximately 0.8 percent per annum²⁰
- ▶ population density of 822 persons per square kilometre²¹
- ▶ 231.5 kilometres of sealed roads and laneways, and 1.0 kilometres of unsealed roads and laneways²²
- ▶ its largest employment sectors are in health care and social assistance (16.7 percent), retail trade (12.6 percent), manufacturing (9.5 percent), and education and training (8.7 percent),²³ and
- ▶ a median population age of 41.2 years.²⁴

¹⁷ Commission, *Fact Sheet - Local Government Advice Scheme – Schedule of Councils*, May 2023, available at <https://www.escosa.sa.gov.au/ArticleDocuments/21947/20240731-Advice-ScheduleOfCouncils-FactSheet.pdf.aspx?Embed=Y>.

¹⁸ Refer to Australian Bureau of Statistics, Data by region, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=41060>.

¹⁹ Based on the Council's Financial Reporting template provided to the Commission.

²⁰ Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice) for the period from 2013-14 to 2023-24. Based on the Council's Financial Reporting template provided to the Commission.

²¹ Footnote 18 applies.

²² Refer to the Department of Infrastructure and Transport - Local Government Grants Commission, 2022-23 Database Reports, available at: <https://www.dit.sa.gov.au/local-government/grants-commission/publications#database>.

²³ Footnote 18 applies.

²⁴ Footnote 18 applies.

4 Material plan amendments in 2024-25

Council has made several amendments to its 2024-25 budget and forward projections, partly for inflation and partly for other revenue and spending initiatives. The material amendments to some of its main financial forecasts are listed in the table below (in nominal terms).²⁵ To ensure a comparable analysis of estimates between the 2023-24 and 2024-25 LTFPs, the Commission has reviewed the nine overlapping years' statistics: 2024-25 to 2032-33 and identified material amendments accordingly.

4.1 Key points



Good practice of annually updating and developing its strategic management plans in consultation with stakeholders and community.



Increased forecast capital expenditure by 55.4 percent (or \$39.9 million) in its 2024-25 LTFP estimates.

Table 1: Summary of Material Plan Amendments

Selected Financial Item	Sum of 2024-25 to 2032-33 estimates in 2023-24 LTFP (\$ million)	Sum of 2024-25 to 2032-33 estimates in 2024-25 LTFP (\$ million)	Change in 2024-25 estimates (\$ million)	Change in 2024-25 estimates (percent)
Rates	305.7	346.4	+40.8	+13.3
Grants, subsidies and contributions	47.9	52.5	+4.6	+9.6
Total operating income	464.6	524.7	+60.2	+12.9
Employee costs	161.6	179.3	+17.7	+11.0
Materials, contracts and other expenses	174.5	199.5	+25.0	+14.3
Depreciation, amortisation and impairment	104.9	123.1	+18.2	+17.3
Total operating expenses	451.2	513.2	+62.0	+13.7
Capital expenditure on renewal of assets ²⁶	57.7	78.7	+21.0	+36.4
Capital expenditure on new and upgraded assets ²⁷	14.3	33.1	+18.9	+132.3

²⁵ This table shows only selected financial items to demonstrate the material amendments made by the Council in its 2023-24 estimates. It excludes various financial items and individual items do not sum to totals.

²⁶ The capital expenditure estimates are based on the 2023-24 LTFP estimates provided by the Council to the Commission (in an Excel template).

²⁷ Footnote 26 applies.

4.2 General observations on the LTFP, ABP and IAMP

The Commission has observed that the Council has employed a consultative process when developing its SMP and budgets. Each year the Council undertakes a review and update of its LTFP, which is considered by Council's Audit and Risk Committee, with recommendations further considered by Council.²⁸ The first year of the adopted LTFP provides the high-level framework for the development of the Council's annual budget. The LTFP and ABP (and Budget) are developed within the Council's overall strategic planning framework.

From February to June each year, the Council's AMP are reviewed and updated, having regard to any forecast expenditure changes resulting from changed circumstances. The Council advises that all major AMP have been updated in 2024, in line with legislative requirement to review these within two years of council elections.²⁹ Most infrastructure assets have undergone an asset revaluation within the last three years.

The Commission noted that the Council's IAMP does not include all assets, and that there are separate AMP for buildings and structures, and plant and equipment (among others), and these are summarised together in the Council's Asset Management Summary document.

The Commission commends the Council's approach to updating and developing its SMP, ABP and budgets.

4.3 Changes to operating performance

The Council has projected in its 2024-25 LTFP an increase in total operating income of \$60.2 million (or 12.9 percent) across the nine-year comparative period to 2032-33 compared to the 2023-24 LTFP (as shown in the table above). This reflects a range of changes to its income forecasts, notably:³⁰

- ▶ an increase in rates income by 13.3 percent (compared to the previous LTFP projections), which are driven by the Council's need to recover rising costs, including higher capital expenditure estimates following an update to its AMP, and
- ▶ an increase in 'grants, subsidies and contributions' by 9.6 percent, reflecting federal grants in 2024-25 and 2025-26 for the design and implementation of the Sport, Recreation and Open Space Strategy.

The Council projects a total increase in operating expenses of \$62.0 million (or 13.7 percent) across the nine-year comparative period to 2032-33. The Council has provided some explanations to the Commission, summarised below:

- ▶ Employee costs reflect the insourcing of cleaning services previously undertaken by external contractors. In 2024-25 an additional 1.5 FTE were added as ongoing positions to meet strategic requirements for volunteer management and parks/gardens. Overall, an additional two FTE per annum are being forecast by the Council to meet increased services due to population growth and to implement future strategic initiatives. This proposed cumulative increase in staffing seems high and could be an area in which savings could be identified over the forecast period.
- ▶ 'Materials, contracts and other' expenses, increase (of 14.3 percent) reflects a review of running costs of Wulanda Recreation and Convention Centre, which has been in operation for more than 12 months (the increase in reimbursement income offset some of this). There has also been an increase in costs across purchases for infrastructure items, plant and equipment and contracting services.

²⁸ Under s.122(4)(a)(i) of the LG Act the Council must undertake a review of its long-term financial plan on an annual basis.

²⁹ LG Act s122(4)(a) and (b). General elections were last held for SA councils on 11 November 2022.

³⁰ Based on the Council's Financial Reporting template (including its reasons for material amendments) provided to the Commission.

- Depreciation expenses reflect updates following asset condition audits and valuations undertaken in 2023 for infrastructure and buildings, which were not incorporated into the previous (2023-24) LTFP.

4.4 Observations on Indexation

The Council applies CPI-based inflation adjustments to its cost and revenue estimates. It assumes CPI increases of 2.9 percent in 2024-25, 2.6 percent in 2025-26, and then reverts to approximately the mid-point of the RBA target range of 2.5 percent over the remaining planning period.³¹ These CPI projections are generally consistent with the Council's previous (2023-24) LTFP, and do not appear to account for the material changes in Council's financial forecasts.³² The Council's inflation forecasts are also generally consistent with current RBA forecasts averaging 2.6 per annum between 2023-24 and 2033-34.³³

The Council's stated assumptions for indexation in its 2024-25 LTFP are transparent and based on its annual review of estimates. Overall, the Commission considers the documentation of these assumptions are appropriate, and the Council should continue to review inflation forecasts in its budget and forward projections. This will assist interested parties in identifying 'real' rather than inflationary effects in material plan amendments.

4.5 Increase to capital expenditure estimates

The Council's 2024-25 LTFP projections indicate a material increase in capital expenditure for asset renewals (by \$21.0 million or 36.4 percent) and for new and upgraded assets (by \$18.9 million or 132.3 percent), compared to the previous years' LTFP projections (for the period from 2024-25 to 2032-33). This gives rise to a total capital expenditure increase of \$39.9 million or 55.4 percent.

The Council advises that the proposed higher spend arises from:

- recent updates to AMPs for asset renewals, including reflecting higher asset values for buildings, stormwater and retaining walls, and
- higher investment in new and upgraded assets in 2027-28 for the design and implementation of the Sport, Recreation and Open Space Strategy.

The Commission's review of the Council's LTFP indicates that further transparency around the key reasons for its capital expenditure estimates (between annual updates) may be of benefit to stakeholders and allow for future assessments of financial sustainability. These material changes should be clearly documented as part of its annual LTFP reviews, and accordingly, the Commission recommends that Council:

1. **Disclose** material changes to its capital expenditure forecasts as part of its annual review and update to its Long-Term Financial Plans.

³¹ City of Mount Gambier, *Long-Term Financial Plan 2025-2034*, June 2024, p. 29.

³² City of Mount Gambier, *2024 – 2033 Long-Term Financial Plan*, June 2023, p. 23.

³³ The forecast average annual growth in the CPI from 2024-25 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

5 Financial sustainability

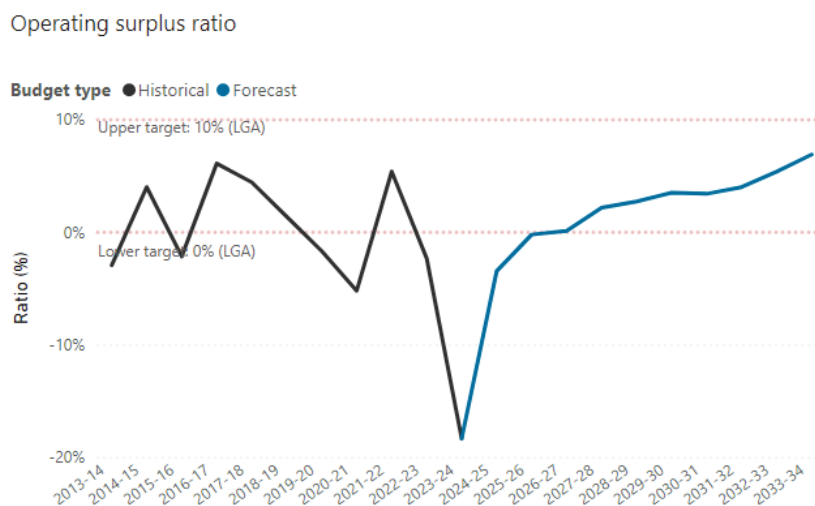
5.1 Operating performance

5.1.1 Key points

- ⚠ Operating surpluses were reported in five of the last 10 years (between 2013-14 and 2022-23), resulting in an average OSR of 0.7 percent.
- ⚠ The projected turnaround in forecast operating performance is driven by sharp increases in rates income in 2024-25 and 2025-26, and ongoing annual increases by 5.3 percent per annum (including growth in rateable properties of 0.5 percent per annum).
- ⚠ From 2013-14 to 2022-23, total operating expenses increased at an average annual rate of 7.0 percent (in part due to the commencement of operation of the Wulanda Recreation and Convention Centre) and are forecast to increase by 3.0 percent per annum on average over the next 10 years. There are risks to the Council's operating performance if expenses are not constrained.

5.1.2 Operating Surplus Ratio

Figure 2: Operating surplus ratio – historical and forecast



The Council's OSR³⁴ has fluctuated over the historical period. It has been negative at times, and below the target range suggested by the Local Government Association (LGA). It has averaged 0.7 percent over the period from 2013-14 to 2022-23. This indicates the Council has marginally operated sustainably, that is, its accumulated operating income has marginally exceeded its accumulated operating expenses (see Figure 3).

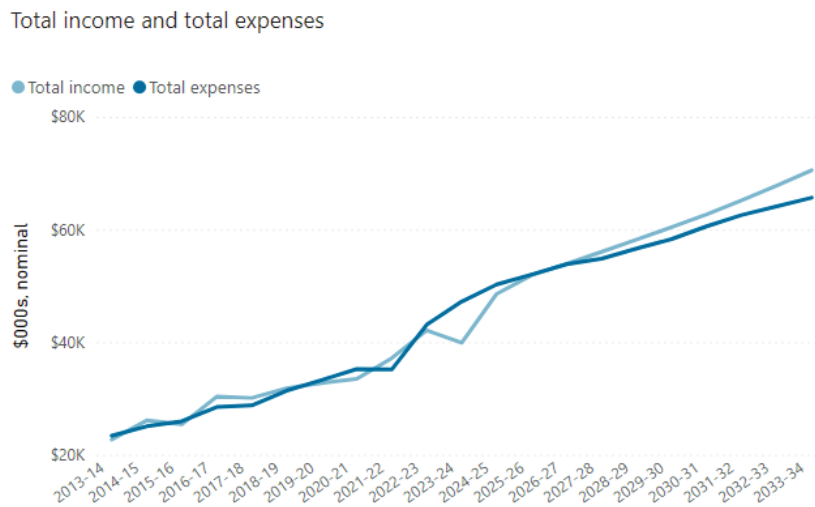
The key reason for past operating deficits, particularly in 2020-21 (at the start of the pandemic) is due to the Council keeping the increase in rates below the rate of inflation.³⁵ At the same time, the Council

³⁴ The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised*, May 2019 (LGA SA Financial Indicators Paper), p. 6).

³⁵ City of Mount Gambier, *2020/21 Annual Business Plan and Budget*, June 2020, p. 10, available at: <https://cdn.mountgambier.sa.gov.au/docs/2020-2021-Annual-Business-Plan-Budget.pdf>.

increased capital expenditure on new and upgraded assets, such as for the Wulanda Recreation and Convention Centre.

Figure 3: Total income and expenses – historical and forecast



The Council's unaudited financial information for 2023-24 shows an operating deficit of \$7.3 million (or OSR of negative 18.4 percent). Over half of this deficit is attributed to the timing and recognition of the 2023-24 Financial Assistance Grants of \$4.4 million, which was paid to the Council in advance in 2022-23.³⁶ Thereafter, the Council is forecasting a return to an operating surplus in 2026-27, and this progressively increases resulting in an OSR of 6.9 percent in 2033-34. This relies on annual increases in rates income materially above forecast inflation. It will be important for Council to consider how to increase income from non-rate sources and / or seek to reduce operating expenditure, to reduce the reliance on ratepayers.

5.1.3 Operating Income

The Council's primary source of income over the period from 2013-14 to 2022-23 was from rates, which on average, accounted for 66.7 percent of total operating income. Rate income increased on average by 4.4 percent per annum from 2013-14 to 2022-23 (when growth in the number of rateable properties averaged 0.8 percent and CPI growth averaged 2.6 percent). Over the same period, user charges (accounting for 15.3 percent of total operating income) increased by an average of 7.8 percent per annum, in part, driven by income from Wulanda Recreation and Convention Centre. 'Grants, subsidies and contributions' (accounting for 13.8 percent of total operating income historically) can be 'lumpy' from year to year³⁷ and the three-year average of \$173 per rateable property in 2015-16 is compared with the three-year average of \$430 per rateable property in 2022-23, reflecting an increase in value in real terms (or 13.9 percent increase per annum in nominal terms).

Over the forecast period from 2024-25 to 2033-34, total income is increasing at an annual average of 4.2 percent, incorporating income from rates increasing by an average of 5.3 percent per annum, which includes growth in the number of rateable properties of 0.5 percent per annum. This means that the average rates revenue per property is forecast to increase by 4.8 percent per annum, almost double the RBA's average forecast inflation of 2.6 percent per annum over the same period.

The Council's forecasts indicate higher average increases in rates income relative to other income sources, and it is not clear whether conservative estimates are being made by the Council in its LTFP for

³⁶ The Local Government Grants Commission sets out the quarterly payment schedule for Financial Assistance Grants (among other grants), available at <https://www.dit.sa.gov.au/local-government/grants-commission/grant-payments>.

³⁷ Due to the timing of different grants and sometimes advance grant payments (as for the 2023-24 Financial Assistance grant allocation, which was received and accounted for in 2022-23).

non-rate income sources, such as for grants or statutory charges. There may be an opportunity for Council to review and optimise user charges to ensure cost recovery, however overall, the Commission recognises there may be limitations in achieving higher income from non-rate sources, given the generally lower socioeconomic environment of the region.

5.1.4 Expenditure

Total operating expenses increased at an average annual rate of 7.0 percent over the historical period (over two and half times the rate of historical inflation), and, in part, is driven by the operating costs associated with the Wulanda Recreation and Convention Centre. Over the forecast period, total operating expenses are forecast to increase at an average annual rate of 3.0 percent. This is due, in part, to forecast increases in employee costs at an annual average rate of 4.7 percent; increases in 'materials, contracts and other' expenses at an average annual rate of 2.3 percent; and increases in depreciation expenses at an average annual rate of 3.3 percent.

Council notes that employment costs are increasing, in part due to cleaning services being insourced, which derives a corresponding saving, as well as allowing for an additional 1.5 FTE for ongoing positions to meet strategic requirements for volunteer management and parks/gardens in 2024-25. Overall, the Council assumes it will increase staff by two FTE per annum over the period to 2033-34 to meet increased services due to population growth and for future strategic initiatives. Figure 4 shows the forecast increase in all expense types.

Figure 4: Expenses by category – historical and forecast

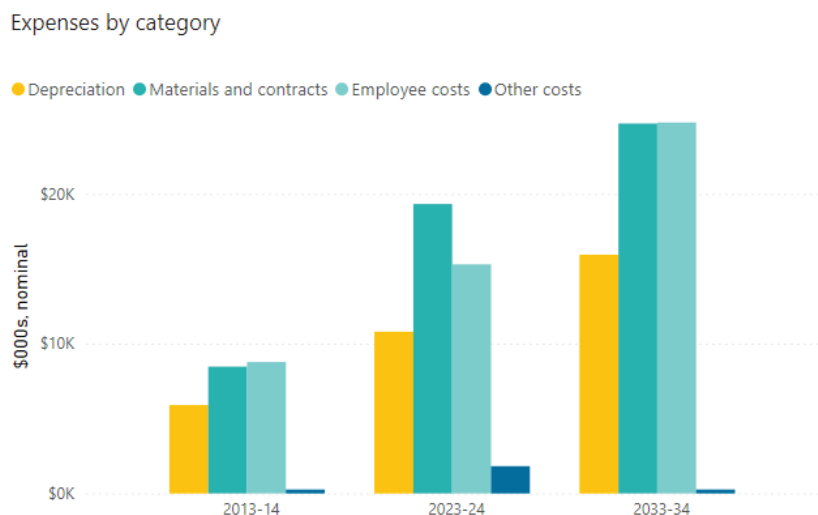


Figure 5: Expenses by category – proportions

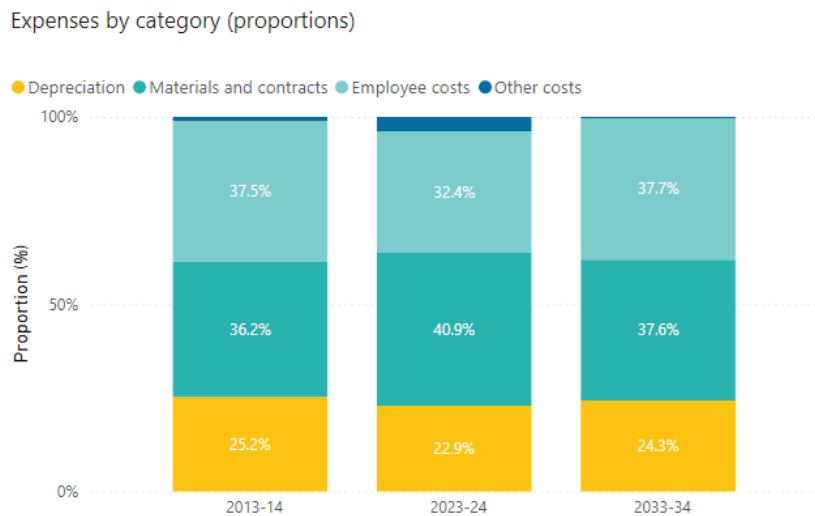


Figure 5 shows the proportional share of expenses by category and indicates that historical shares from 2013-14 are generally consistent with forecast shares in 2033-34.

Figure 6: Expense by rated property - historical and forecast

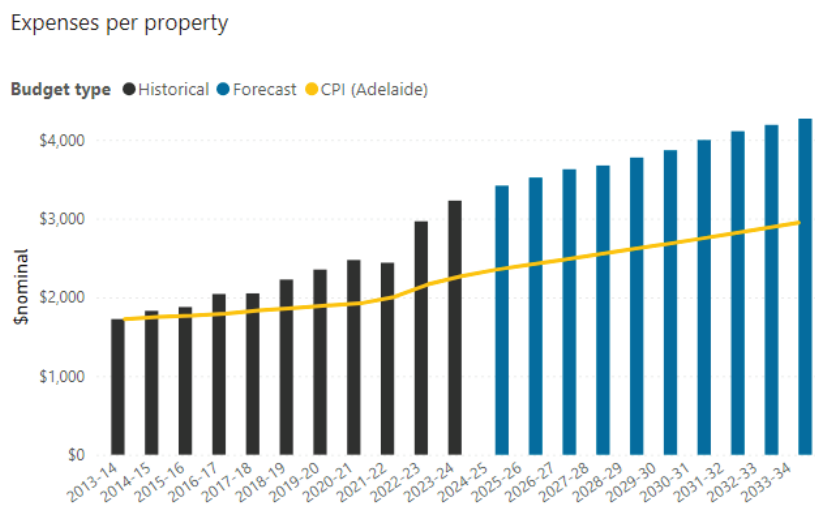


Figure 6 illustrates that expenses per property increased above CPI for the historical period at an average of 6.2 percent per annum; however, is projected to increase by only 2.5 percent per annum, on average, over the period from 2024-25 to 2033-34 (which is broadly consistent with average forecast CPI over this period). While the Council is projecting a smaller rate of growth in operating costs, it is forecasting these on a much larger cost base, in part due to the costs associated with the Wulanda Recreation and Convention Centre.

It is noted that the Council has reported a full years' financial performance for the Wulanda Recreation and Convention Centre, which resulted in a gross operating deficit of \$1.2 million in 2023-24.³⁸ The Council has recognised that while it anticipated an initial operating deficit for the Wulanda Recreation and Convention Centre, it has worked to reduce the Centre's deficit.

³⁸ Available at <https://www.mountgambier.sa.gov.au/news/wulanda-operations-financial-performance-and-costs>.

5.1.5 Commission's recommendations on operating performance




The Council's forecast operating surpluses relies on growth in rates income as well as lower rate of growth in operating expenses. However, the Commission observes the Council does not provide an explanation for the strategies or initiatives (in its LTFP) to achieve this lower rate of cost growth. In general, it might be beneficial for the Council to develop additional cost reduction plans with annual cost reduction targets, and with achievements reported against budgets, to demonstrate accountability and provide transparency to the ratepayers. If the Council fails to restrain costs, its sustainability will be at risk.

Accordingly, the Commission recommends that the Council:

2. **Develop** a plan to achieve cost savings measures and targets and report annually in the budget and the Long-Term Financial Plan as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

5.2 Net financial liabilities

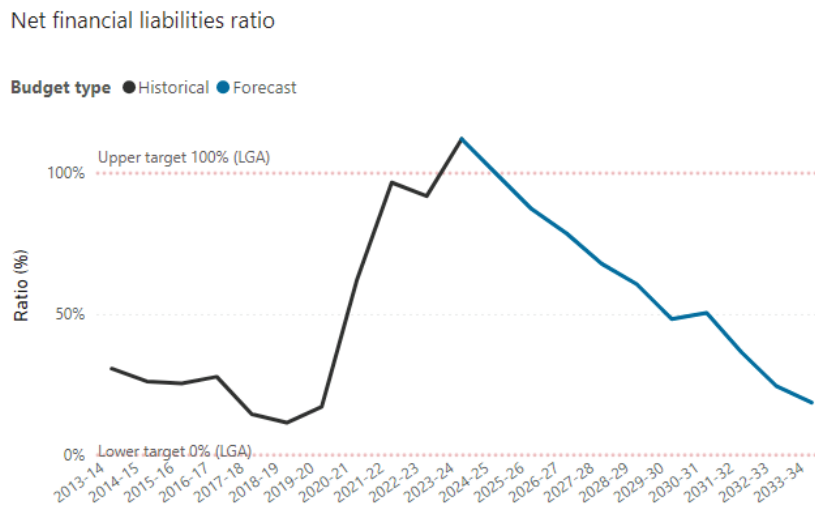
5.2.1 Key points

-  Between 2013-14 and 2022-23, the NFLR averaged 40.3 percent.
-  In 2023-24 the Council's borrowings peak at \$37.1 million and resulting in the NFLR of 112.1 percent.
-  Between 2023-24 and 2032-33, the NFLR is forecast to trend downwards, and to average 57.2 percent.

Over the historical period from 2013-14 to 2022-23, the Council's NFLR³⁹ has remained within the LGA target range of zero to 100.0 percent, with an average ratio of 40.3 percent. After peaking at 112.1 percent in 2023-24 (unaudited), over the forecast period from 2024-25 to 2033-34, the NFLR progressively reduces from 99.7 percent in 2023-24 (unaudited) to 18.6 percent (or averages 57.2 percent). The ratio indicates that the Council is generally able to fund its financial obligations from operating income over the historical period, and will do so over the forecast period (see Figure 7).

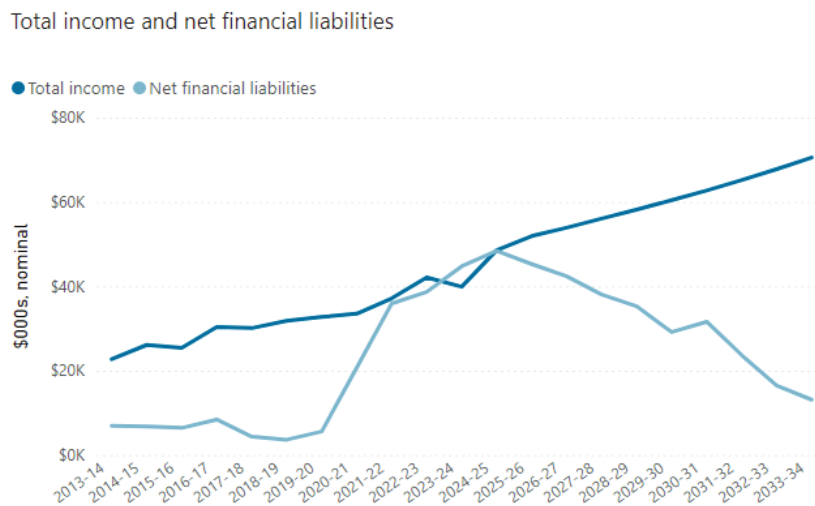
³⁹ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100.0 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

Figure 7: Net financial liabilities ratio – historical and forecast



The Council has predominantly used borrowings from the Local Government Finance Authority of South Australia (LGFA) for its operating and investment needs. The progressive increase in borrowings from 2020-21 is mainly associated with the construction and operating needs of the Wulanda Recreation and Convention Centre. As a result, the Council has reported borrowings to have peaked in 2023-24 (unaudited) at \$37.1 million (with a NFLR of 112.1 percent), followed by rapid repayment over the forecast period, to a borrowing balance of \$2.8 million in 2033-34.

Figure 8: Total income and net financial liabilities – historical and forecast



Net Financial Liabilities are financial liabilities offset by cash and other financial assets. As seen in Figure 8, after reaching a peak of \$48.4 million in 2024-25, net financial liabilities are forecast to decrease in line with the Council reduction in borrowings.

It appears from the Council's budget and LTFP that it seeks to reduce debt through rate increases (materially above forecast CPI inflation) and through lower rate of growth in operating expenses (although this is on a much larger cost base).

In the Commission's view, the planned rapid pace of repayment of debt might represent an unnecessary burden for ratepayers, evidenced by the planned high annual growth in rates payable, leading to concerns about affordability and intergenerational equity.




5.2.2 The Commission's recommendations on financial liabilities

The Commission notes that the Wulanda Recreation and Convention Centre is a long-term asset that will benefit current and future generations. Council could consider longer-term debt assumptions to reduce intergenerational equity risk (where current ratepayers pay for assets that will benefit future ratepayers). The Commission recommends that the Council:

3. **Review** its planned pace of repayment of debt, balancing rate increases, financial costs, and intergenerational equity.

5.3 Asset renewals expenditure

5.3.1 Key points

-  Between 2013-14 and 2022-23, the ARFR averaged 73.1 percent.
-  From 2024-25 to 2033-34, the Council is forecasting to align its asset renewal and replacement spending to its asset management plans, averaging \$8.9 million per annum (in nominal terms).
-  An emerging gap exists in renewal expenditure (relative to depreciation) which may indicate issues with asset valuations, assessed remaining useful lives, or proposed capital expenditure.

5.3.2 Council's approach to asset management

The Council advises that as part of its asset revaluations in 2023, it reviewed the useful life of its assets for the purposes of the forward work program and incorporated this asset condition and useful life of assets into the AMP. The Council also stated that it intends to review the useful life of its assets annually, moving forward. The Commission notes and encourages this good practice.

The Council currently has AMP for all major asset classes and has implemented a rolling schedule to update its plans in line with its legislative commitments.⁴⁰ The Council has advised that, following the community consultation phase, most of its AMP were reviewed and updated and were endorsed by its Audit and Risk Committee and the Council during calendar year 2024.⁴¹

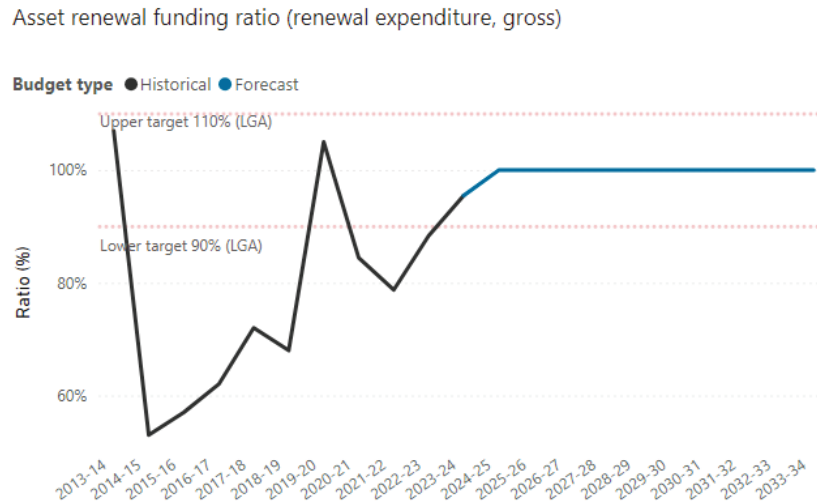
The Council has asset class AMP for: infrastructure, buildings and structures, plant and equipment, Caroline landfill, and library information technology and sundry. The AMPs provide a breakdown of the assets within each respective asset class and the proposed capital works and repairs and maintenance expenditure are included into the Council's LTFP.

The Council's capital works program includes 10 years of asset renewal projections, in alignment with the Council's LTFP, with the exception of the Caroline Landfill, which had not been updated at the time the Asset Management Summary was prepared. The Council's Strategic Workplan 2024-2027 indicates that significant work will be undertaken on asset management planning and the approach will be reviewed.

⁴⁰ Under s.122(1a)(b) of the LG Act the council must in effect develop and adopt an IAMP, relating to the management and development of infrastructure and other major asset classes by the council for a period of at least 10 years.

⁴¹ These include individual AMPs cover buildings and structures, infrastructure, plant and equipment, Caroline Landfill, and library information technology and sundry.

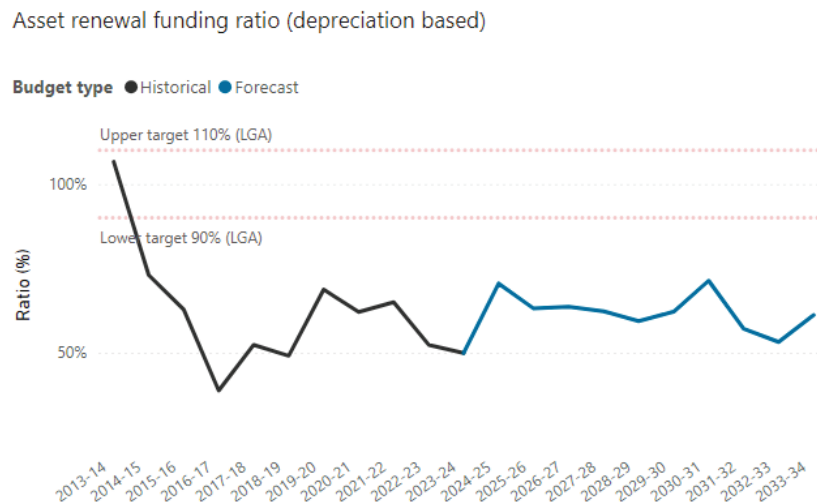
Figure 9: Asset renewal funding ratio (renewal expenditure gross) – historical and projected



An ARFR of 100.0 percent indicates that a council is fully funding the asset renewal and replacement requirements set out in its IAMP. The LGA suggests a range of 90.0 percent to 110.0 percent in any year, noting that the ratio should average out at 100.0 percent over time.

As shown in Figure 9, the ARFR (gross) was volatile over the 10-year historical period and averaged 77.6 percent, indicating that the Council's asset renewal and replacement requirements may not be sufficiently funded (or aligned to its AMP). This creates a risk of deterioration of existing assets, with potential reduction in the level of services and potential additional costs for maintenance.

Figure 10: Asset renewal funding ratio (depreciation based) – historical and forecast



Asset renewals can also be evaluated by the depreciation-based ARFR, which has tracked lower than the recommended minimum level (for the IAMP-based ratio) of 90.0 percent, averaging 63.1 percent in the period to 2023-24, and forecast to average only 62.4 percent per annum to 2033-34.

Figure 11: Net asset renewal expenditure and depreciation – historical and forecast

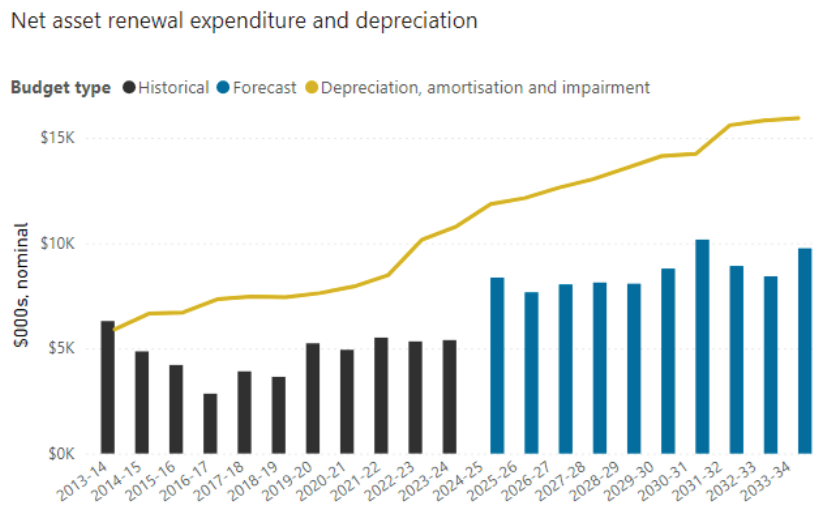


Figure 11 shows that historically (between 2013-14 to 2022-23) depreciation expenses outpaced renewal capital expenditure by \$28.9 million over ten years and the gap is projected to increase over the forecast period by a further \$52.7 million. This may indicate an underspend in asset renewal and replacement expenditure, or a greater focus on expenditure on new or upgraded assets, or recorded asset lives are understated (thereby overstating depreciation), or a combination of these.

Figure 12: Total capital expenditure by category – historical and projected

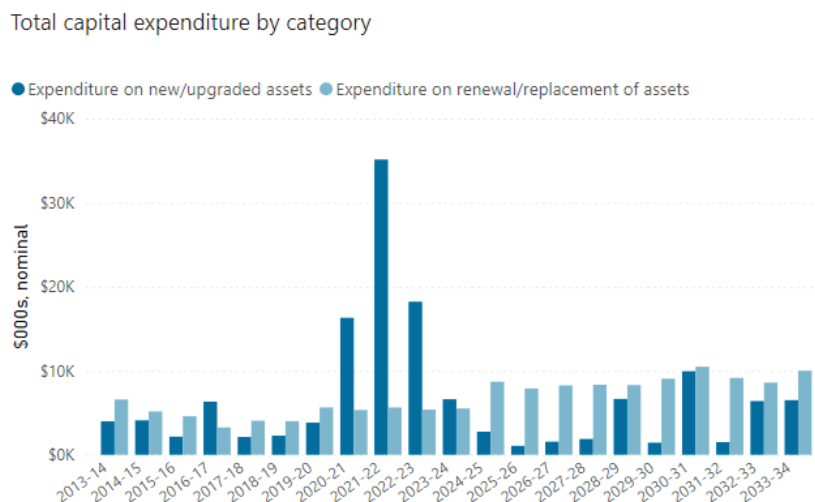


Figure 12 shows the expenditure on new and upgraded assets relative to renewal and replacement of existing assets. Capital expenditure on new or upgraded assets over the historical period (from 2020-21 to 2022-23) totalled \$69.6 million and peaked in 2021-22 with expenditure of \$35.1 million for new and upgraded assets. This related to the Wulanda Recreation and Convention Centre, which opened to the public in December 2022. The construction cost of \$62.5 million was funded by a combination of grants and debt.⁴²

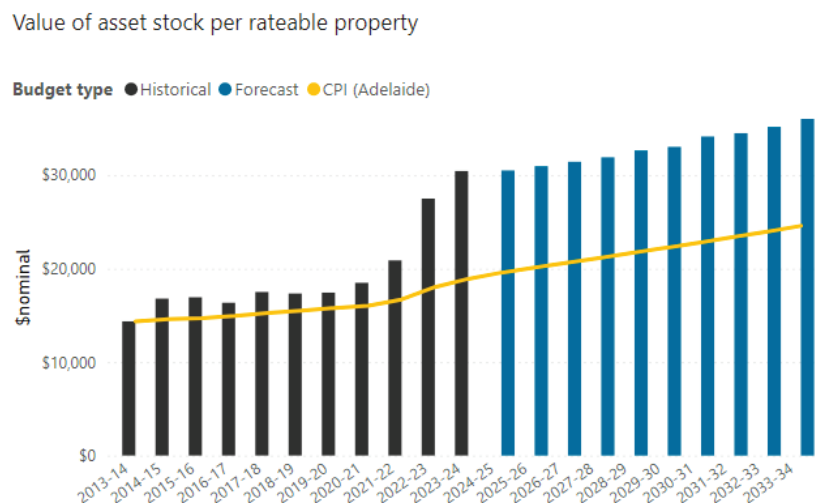
⁴² \$25 million from a combination of Federal and State Government and \$350,000 from the District Council of Grant with the balance funded by Council debt.

Over the forecast period (from 2024-25 to 2033-34), capital expenditure on new or upgraded is forecast to average \$4.0 million per year which is an increase of 24.3 percent from the historical period when Wulanda Recreation and Convention Centre is excluded.⁴³

The Commission is concerned with the historical level of spending on new and upgraded assets, while expenditure on asset renewal and replacement appears to be under-funded. For the forecast period, the Council plans to fully fund asset renewal and replacement requirements (in line with its AMP), as indicated by Figure 9.

Further, a consequence of spending on new and upgraded assets creates a stream of future liabilities, as the community must continue to fund the renewal and replacement of those new assets as well as the existing asset base. This must be considered relative to affordability for the community and the Council's capacity to renew and replace the existing and new assets.

Figure 13: Value of asset stock per rateable property – historical and projected



Asset stock per rateable property increased sharply in 2022-23 with the development of the Wulanda Recreation and Convention Centre. The Council forecasts that the value of asset stock per rateable property will increase on average by 1.9 percent per annum from 2024-25 to 2033-34.

5.3.3 The Commission's recommendations on asset renewals expenditure

The Commission recommends that the Council:

4. **Review** its depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.
5. **Review** its pace of development of new and upgraded assets, having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets and the need to prioritise and fully fund asset renewal and replacement.

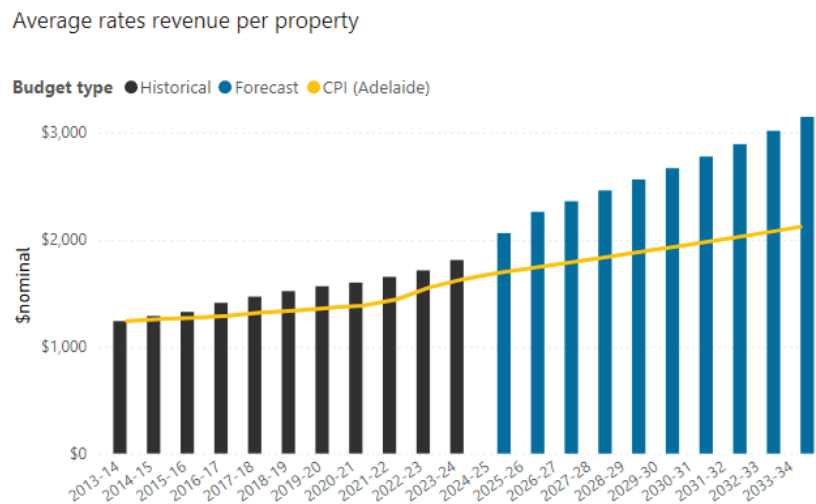
⁴³ Capital expenditure for new assets averaged \$3.2 million per annum when the \$62.5 million for the construction of the Wulanda Recreation and Convention Centre is excluded.

6 Advice on current and projected rate levels

6.1 Key points

- ▲ Growth in rate revenue per property averaged 3.7 percent or \$53 per annum for each property between 2013-14 and 2022-23, which is 1.1 percentage points above average CPI for the same period.
- The budgeted general rate increase for 2024-25 is 10.0 percent per property, which is materially higher than the Council anticipated charging in previous forecasts.
- The forecast rate increases per property from 2024-25 to 2033-34 are projected to be an average of 4.8 percent per annum or a cumulative increase of \$1,086 over this period, which is well above the RBA's CPI inflation forecast of an average of 2.6 percent per annum.
- ▲ Affordability risk among the community for the further rate increases appears to be moderate to high, based on a range of factors, including an assessment of the economic resources available to the community, the current relatively low average residential rates, and the forecast increases in rates over the term of the LTFP.

Figure 14: Average rates revenue per property – historical and projected



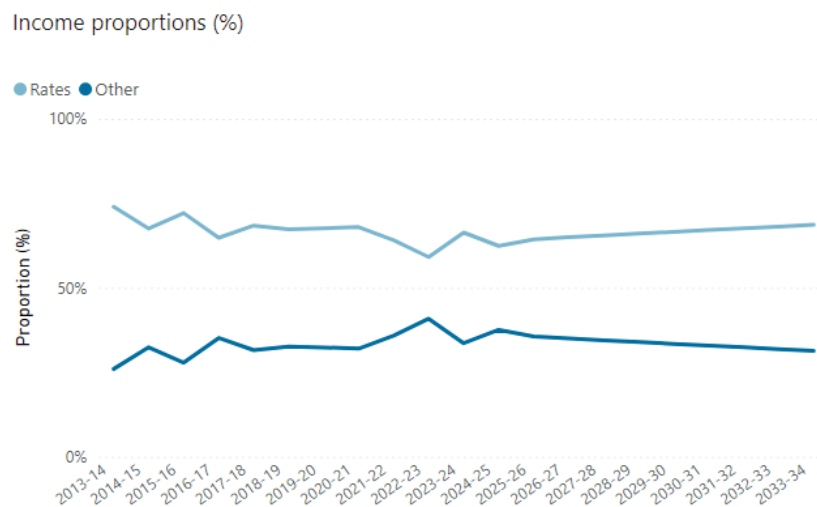
6.2 Historical rates growth

The Council's growth in rate revenue per property has averaged 3.7 percent per annum or \$53 per annum for each property over the past 10 years,⁴⁴ to reach an estimated average of \$1,713 per property in 2022-23 (see Figure 14). This growth rate was higher than the average CPI increase of 2.6 percent annually during the same period.⁴⁵

⁴⁴ From 2013-14 to 2022-23.

⁴⁵ CPI Adelaide (all groups) increased by 2.6 percent per annum on average over the period from 2013-14 to 2022-23, based on historical ABS statistics. Available at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/>.

Figure 15: Income Proportions (%)



Rate revenue represented 66.7 percent on average over the 10-year period from 2013-14 to 2022-23 (see Figure 15). Over this period income from grants represented approximately 13.8 percent, and income from user charges approximately 15.3 percent. The Council also had income from 'amounts received specifically for new and upgraded assets' (such as for the Wulanda Recreation and Convention Centre) which has been significant at times.⁴⁶

As previously noted, the number of rateable properties increased from 13,584 (in 2013-14) to 14,534 (in 2022-23) representing an average growth of 0.8 percent per annum. It is forecast to increase to 15,380 rateable properties, at an average growth rate of 0.5 percent per annum, over the period from 2024-25 to 2033-34.

The Council also has relatively lower 'general rates' compared to similar councils; however, this also reflects its relatively higher average rates for commercial ratepayers, and lower average rates for residential ratepayers.⁴⁷

6.3 Proposed rate increases for 2024-25

The Council has budgeted for average general rates increase of 10.0 percent or \$152 per property in 2024-25.⁴⁸ The rates increase recognises the Council's higher cost base and financial sustainability risks and is 9.7 percentage points higher than the Adelaide CPI for the annual period to March 2024 of 4.3 percent. This proposed rate increase is also higher than the Council anticipated charging for the year 2024-25 (in its previous LTFP projections of 6.2 percent). The Council also assumes 1.1 percent growth in the number of rateable properties (which is approximately 0.3 percentage points higher than its historical average).

The Council has adopted differential rate categories to apply to ratepayers based on the land use category of rateable property.⁴⁹ The Council has adopted 'rate in the dollar'⁵⁰ amounts which are applied across its land use categories, and these are expected to be comprehensively reviewed during 2024-25.

⁴⁶ Not accounted for in Figure 15.

⁴⁷ Refer to Councils in Focus rates data for 2021-22 available at https://councilsinfocus.sa.gov.au/councils/city_of_mount_gambier. The Commission is not relying on these rate comparisons for its advice; the data source provides one indicator, among many, which has informed its advice on the appropriateness of the rate levels. Other rate charges such as for waste management and the regional landscape levy do not form part of this comparison.

⁴⁸ City of Mount Gambier, Annual Business Plan 2024/2025, June 2024, pp. 45-47.

⁴⁹ The categories of rateable property consist of: residential, primary production, and other; and commercial, industry, and vacant land.

⁵⁰ Section 152(1) of the LG Act provides that a general rate may be a rate based on the value of the land subject to the rate (commonly referred to as the 'rate in the dollar').

On a proportional revenue basis, residential ratepayers are expected to account for around 70.5 percent of 2024-25 general rates revenue, followed by commercial (19.3 percent), industry (5.8 percent), vacant land (3.1 percent), and primary production and other (1.3 percent).⁵¹

Other than general rates income (which represents around 80.6 percent of total rates income in 2024-25),⁵² the Council collects income from waste collection (around 14.8 percent) and from the Regional Landscape Levy (around 4.7 percent), though the Regional Landscape Levy funds are passed through to the State Government. Rates income from waste collection is anticipated to increase by 43.9 percent in 2024-25 or \$92 per rateable property.

6.4 Projected further rate increases

The Council has projected further average increases in rates income of 5.3 percent per annum over the period from 2024-25 to 2033-34, including growth in rateable properties. As a result, the average rates per property are forecast to increase by 4.8 percent per annum over the forecast period, which is 1.8 times the forecast average inflation of 2.6 percent per annum.⁵³

As noted previously, the Council appears to have considered several long-term planning assumptions, and importantly is seeking to address financial sustainability risks (and forecasting a return to an operating surplus by 2026-27), predominantly through modelling high long-term increases in rates based on RBA's CPI inflation forecast plus 2.0 percent.⁵⁴ The Council is also looking to pay down the borrowings accrued through the construction of the Wulanda Recreation and Convention Centre, primarily repaid through rates and user charges over the next 10 years.

The Council is seeking to undertake a comprehensive review of its rating strategy,⁵⁵ and the Commission suggests that community support for the significant rate increases is obtained (and affordability is considered). Further, to reduce the reliance on ratepayers, the Council could explore additional strategies to generate income, such as ensuring appropriate cost recovery on services for the Wulanda Recreation and Convention Centre or explore other revenue sources.

The Council's 2024-25 LTFP effectively projects a cumulative increase of \$1,086 per existing ratepayer (to \$3,148 per annum) by 2033-34 (refer to Figure 14).⁵⁶

6.5 Affordability risk

The affordability risk among the Council's community for these further rate increases appears to be moderate to high, on balance, when considering:

- ▶ the Council's relatively low socio-economic indexes for areas (SEIFA) economic resources ranking for the council area⁵⁷
- ▶ the relatively low average general rates for residential ratepayers compared to similar councils

⁵¹ City of Mount Gambier, *Annual Business Plan 2024/2025*, June 2024, p. 48.

⁵² Net of discretionary rebates.

⁵³ The forecast average annual growth in the CPI from 2025-26 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.

⁵⁴ City of Mount Gambier, *Long-Term Financial Plan 2025-2034*, June 2024, p. 16.

⁵⁵ City of Mount Gambier, *Long-Term Financial Plan 2025-2034*, June 2024, pp. 4-5.

⁵⁶ The CPI forecasts in the chart are based on RBA forecasts and then a return to long term averages (2.5 percent per annum), and this can be different to Council's own inflation and rate increase assumptions.

⁵⁷ The City of Mount Gambier area is ranked 13 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at <https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021>.

- ▶ the potential bill shock for rate payers in 2024-25 due to budgeted increase in general rates of \$152 per rateable property, and in waste management charges by \$92 per rateable property,
- ▶ the effect of cumulative increases in rates per property of approximately 4.8 percent per annum over the period to 2033-34, almost double the forecast rate of inflation, and
- ▶ a number of community concerns, with several submissions received by Council during the 2024-25 budget process, some ratepayers expressing concerns about the 2024-25 rate increase.⁵⁸

6.5.1 The Commission's advice on affordability risk

Affordability risk can also be viewed in the context of the Council's financial and asset sustainability risks, specifically, the Council is not projecting an operating surplus until 2026-27 and will rely on significant step-up in rates in 2024-25 to 2025-26. Its past asset management planning also suggests further investment in asset renewals is required to maintain existing service levels. The community's capacity to pay for these increases appears to be low (based on the SEIFA index), and as previously noted Council should consider increasing non-rate income sources and/or implement cost savings initiatives to reduce the reliance on ratepayers.

Accordingly, the Commission recommends that the Council:

6. **Review** its approach to addressing financial sustainability risks, in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.

⁵⁸ See City of Mount Gambier, *Special Council Meeting Agenda – 18 June 2024, Item 4.1 2024/2025 Draft Annual Business Plan and Budget – Community Consultation Feedback – Report No. AR24/38805*, pp. 4-13, available at <https://cdn.mountgambier.sa.gov.au/agendas-minutes/Notice-and-Agenda-Special-Council-Meeting-18-June-2024-Website-PDF.pdf>.

7 The Commission's next advice and focus areas

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

- ▶ ongoing performance against its LTFP estimates and how it has incorporated updates to asset valuations and depreciation, including the sequencing of the plan updates to ensure that the LTFP is informed by current values
- ▶ the identification and reporting of cost savings and operating efficiencies
- ▶ capital expenditure programs, including how it has continued to provide funding to the renewal of assets, and
- ▶ the Council's efforts to minimise any emerging affordability risks.

8 Appendix: Glossary of terms

Item	Explanation
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
ARFR	Asset Renewal Funding Ratio Since 2013, the asset renewal funding ratio has been defined as: $\text{Asset Renewal Expenditure} \div \text{IAMP Renewal Expenditure}$ Where IAMP Renewal Expenditure is that required according to the IAMP.
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Mount Gambier
CWMS	Community Wastewater Management System
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGPI	Local Government Price Index
LTFP	Long-term financial plan
NFLR	Net Financial Liabilities Ratio Net Financial Liabilities are defined as: Total Liabilities LESS Current Assets (Cash and Cash Equivalents) LESS Current Assets (Trade and Other Receivables) LESS Current Assets (Other Financial Assets) LESS Non-Current Assets (Financial Assets - excluding equity accounted investments in council businesses) The net financial liabilities ratio is: $\text{Net financial liabilities} \div \text{Total Operating Income}$
OSR	Operating Surplus Ratio The Operating Surplus (Deficit) is defined as: $\text{Total Operating Income} \text{ LESS } \text{Total Operating Expenses}$ ²⁸

Item	Explanation
	The Operating Surplus Ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
The scheme or advice	Local Government Advice Scheme



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