



Mid Murray Council
2023/24
Annual Business Plan

Acknowledgement of Country

The Mid Murray Council acknowledges the Aboriginal and Torres Strait Islander peoples of Australia as the Traditional Custodians of the lands and waters on which we meet and work.

We pay respect to Elders past and present, recognising their important and ongoing role and connection to this ancient and beautiful land.

We are committed to working together on our reconciliation journey.

Table of Contents

Acknowledgement of Country	2
Message from Mayor & CEO	4
Council's Area	6
Elected Members	7
Organisational Structure	7
Our Plan	8
Council's Role in the Community	9
Summary of Budget Movements in 2022/23	10
Looking Forward to 2023/24	11
Public Consultation	12
Projects for 2023/24	13
ESCOSA Local Government Advice February 2023 - Summary	16
Funding the Annual Business Plan	17
Summary Statement	18
Rates Revenue in 2023/24	19
Rates Disclosure	20
Rates Disclosure	21
Rates Revenue	22
Financial Statements 2023/24	28
Budget Statement of Comprehensive Income	28
Budget Financial Position (Balance Sheet)	29
Budget Statement of Changes in Equity	30
Budget Cash Flow Statement	31
Uniform Presentation of Finances	32
Council Services	33
Governance	33
Committees	33
Human Resources	34
Corporate & Financial Services	35
Economic Development & Tourism	37
Development & Community Services	39
Other Environmental Services	41
Community Services	43
Infrastructure	44
Appendix A – ESCOSA Report Local Government Advice	46

Message from Mayor & CEO

As Council sets its plans and priorities for a new financial year, we cannot ignore the impacts on our district and community of the events of the past year.

The 2022/23 River Murray flood had a devastating impact on Council and the Mid Murray district. Over 2,300 local properties were inundated – or 35% of the dwellings in the area, accounting for 36% of Council's rateable income.

Council's own assets were hard-hit, with 200 kilometres of road, 28 Community Wastewater Management Schemes, 440km of river frontage, 73 boat ramps and marine facilities, and multiple parks, reserves and public amenities requiring extensive assessment and repairs.

The flood emergency response and recovery, clean-up and repair work has cost Council an estimated \$7 million to date.

As well as a challenging flood recovery and rebuilding period, Council is also facing substantial financial pressure. The Essential Services Commission of SA (ESCOSA) reported in February 2023 that Council's financial position was potentially unsustainable.

This is due to a number of factors including the large size of our Council area, our relatively small rate base, and a need to provide high levels of infrastructure and services across multiple communities and towns. All of this has combined with growing cost pressures such as inflation, increasing electricity and fuel costs, and rising interest rates to compound the impact on our budget.

Council has responded to these pressures by developing a *Draft 2023/24 Annual Business Plan and Budget* that has a strong focus on sustainability and takes into account ESCOSA's recommendations for our financial management.

We are committed to identifying savings and efficiencies over the coming year to ensure that we are using our community's money efficiently and effectively. A review of our Strategic Plan, *Our Plan 2020-24*, will be a critical step in this process and will assist with the difficult decision-making about the future services, programs and priorities we are able to deliver in this challenging operating environment. Community consultation and engagement will form an important part of this process.

Council will continue to advocate for State and Federal Government funding support to cover our flood recovery costs. We are also lobbying strongly for additional Government funding to allow Council to provide rate and service charge relief for all ratepayers in our district affected by the floods, as well as equitable distribution of Financial Assistance Grant funding to assist with the high costs associated with delivering and maintaining services and infrastructure across a large geographic area.

The *Draft 2023/24 Annual Business Plan and Budget* sets out Council's proposed priority projects, services, programs and other initiatives for the coming financial year, and how we plan to fund these.

Ongoing flood recovery works to Council's assets and infrastructure will be a primary focus, as well as returning to our core business and progressing projects that were put on hold during the emergency, as Council is mindful of the impact of the floods on those communities that are not on the River, with the focus of Council operations being directed to the emergency rather than across the entire Council district. As a result, Council is committed to focusing on the needs of all our communities moving forward, within the current resource constraints. Council's strategic purpose continues to be to '*work collaboratively to strengthen and enrich our community*'. This has been our aim with projects that will run into the new financial year, such as the development of a Truro Township Masterplan to guide the town's future development as the Truro Freight Route project progresses.

We'll be working closely with our community on the flood recovery process, and to set a new future direction for Council and our district through an updated strategic plan.

While a return to normal is still some way off for our recovering district, the delivery in 2023/24 of projects and initiatives that were put on hold during the flood crisis will assist us in meeting our community's future needs.

Council has identified the following as priority projects for the year ahead:

- Review of Council's Strategic Plan – Our Plan 2020-24, and the development of a financial sustainability plan
- Truro Township Masterplan
- Detailed design and costing of the Wongulla CWMS
- Implementation of Reconciliation Action Plan
- Development of Mid Murray Council Growth Strategy
- Implementation of the Astro Tourism strategy for the River Murray International Dark Sky Reserve
- Blanchetown water re-use and playground project (MDBEDP grant)
- Mannum Waters boat ramp (SABFAC grant)
- Len White Reserve upgrade (BBRF & Public Spaces Grants)
- Tungkillo, Morgan, Palmer and Mannum (Ramm Road), Stormwater Projects (LRCIP Phase 1 & 2)
- Cambrai Landfill Cell development (LRCIP Phase 3)
- Murray Coorong Trail – stage 3 construction
- Partner with Mannum Oval Complex user groups to plan, advocate and prioritise the future of the site
- Completion of PS Canally restoration project and the Mannum Murray River Heritage Tourism project

The *Draft 2023/24 Annual Business Plan and Budget* seeks to balance the significant cost pressures facing Council with its responsibilities to provide efficient services, infrastructure and projects, while also responding to the needs of our community during a time of limited resources and economic vulnerability following a devastating natural disaster.

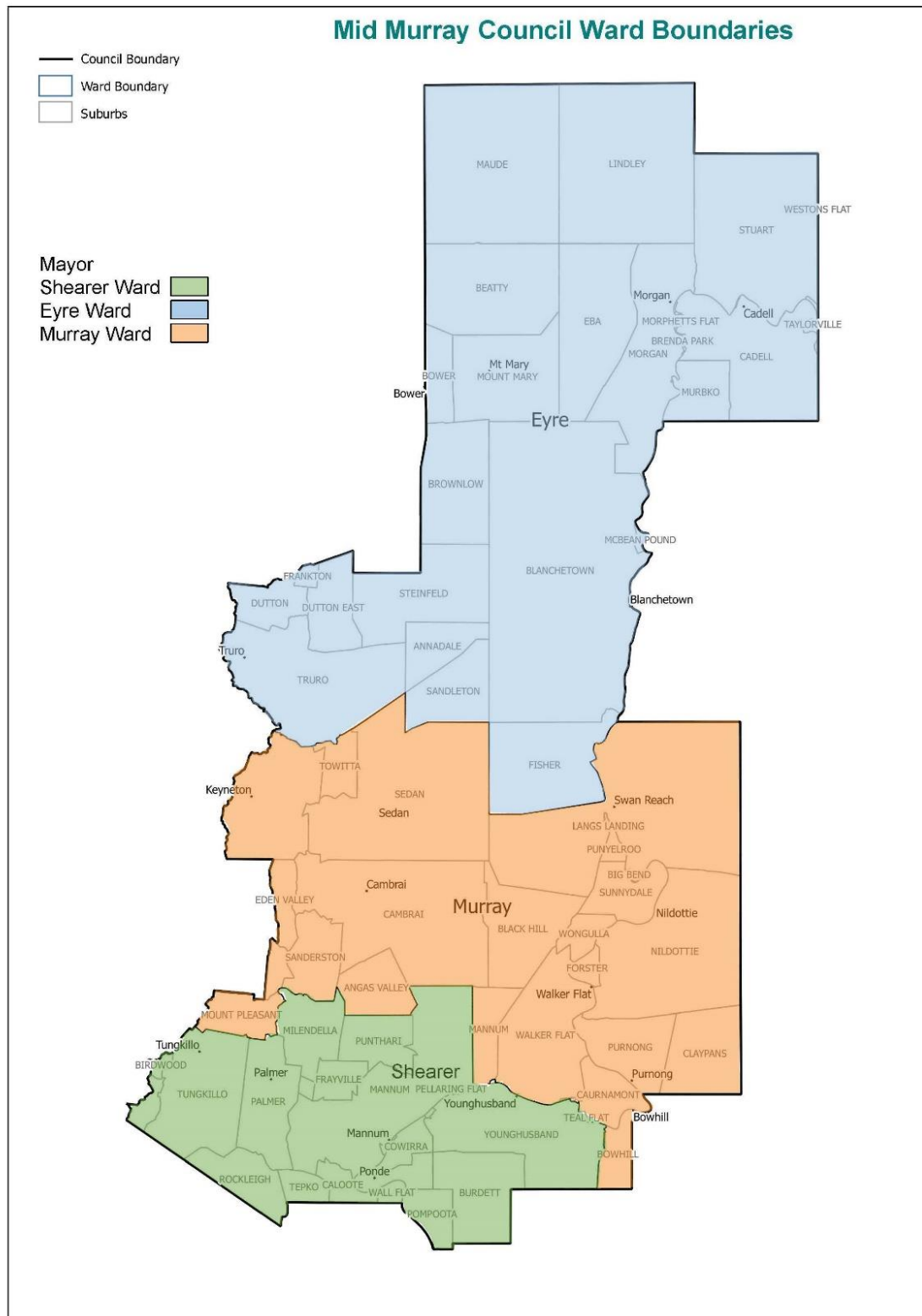
We are committed to working with our community to continue our recovery and to work towards a more positive, sustainable and thriving future together.

Simone Bailey
Mayor

Ben Scales
Chief Executive Officer

Council's Area

The Mid Murray Council area comprises land within regions generally known as the Murraylands, Riverland and the eastern slopes of the Mount Lofty Ranges. The major topographical feature of the area is the valley of the River Murray, with some 220 kms of this picturesque waterway passing through the district.



Elected Members

Collectively, Elected Members are responsible for policymaking and decisions that impact on current and future plans for the district, and the lives and livelihoods of individuals, organisations and businesses within it.

The role of the Elected Members is to:

- Participate in the deliberations and civic activities of the Council
- Formulate the Council's objectives and policies under review to ensure they are appropriate and effective
- Keep Council's resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery, under review
- Represent the interests of residents and ratepayers, to provide community leadership and guidance, and to facilitate communication between the community and the Council.

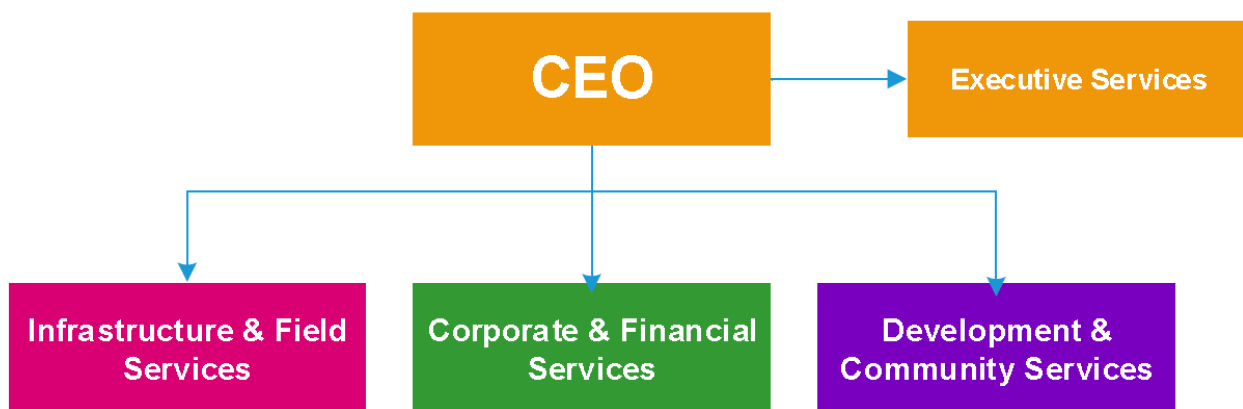
Mid Murray Council has three wards, Eyre, Shearer and Murray which are represented by ten elected members.

The Council is made up of the Mayor, and eight Ward Councillor's, being for the term 2022/26:

Mayor Simone Bailey

Eyre	Shearer	Murray
<ul style="list-style-type: none">• Deputy Mayor Cr John Forrester• Cr Jen Davis	<ul style="list-style-type: none">• Cr Kelly Gladigau• Cr Victoria Hammond• Cr Kirsty MacGregor	<ul style="list-style-type: none">• Cr Geoff Barber• Cr Ros Schultz

Organisational Structure



Our Plan

During 2020/21, Council developed a Strategic Plan – [Our Plan 2020-2024](#).

Our Plan 2020-2024 builds on the foundations of the *2016-2020 Community Plan* that was developed in partnership with the community by Council in 2016.

The community played a key component in the development of *Our Plan 2020-2024* and a thorough community consultation process was undertaken to inform the direction of the plan.

Our Plan 2020-2024 sets the direction for the business for the next four years, and covers the period from 1 July 2020 to 30 June 2024, and shapes the future of Council's operations.

Each Theme of *Our Plan 2020-2024* has identified Strategic Goals, as well as Key Activities and Measures to drive and deliver clear outcomes and accountability.

Yearly operational plans will be developed for each 12-month period to guide operational deliverables.

Our Plan 2020-2024 is the key instrument for the delivery of programs and services to the community and the long-term financial sustainability of Council and guides the development of Council's Annual Business Plan and Budget and Long Term Financial Plan.

Our Purpose:

Work collaboratively to strengthen and enrich our Community.

Our Ambition:

Prosperity, Liveability, Sustainability

Our Themes:

**OUR
BUSINESS**

**OUR
COMMUNITY**

**OUR
ENVIRONMENT**

**OUR
GROWTH**

**OUR
LIFESTYLE**

Council's Role in the Community

All Councils have responsibilities under the *Local Government Act 1999* and other relevant legislation. These Include:

- Regulatory activities e.g. maintaining the voters roll and supporting the elected Council
- Setting rates, preparing an annual budget and determining longer-term strategic management plans for the area
- Management of infrastructure including roads, marine facilities, footpaths, parks, sporting facilities, public open space, street lighting and storm-water drainage
- Waste management and recycling
- Development planning and control, including building safety assessment and unlawful development
- General inspectorial activities including animal control, fire prevention, local nuisance and parking
- Various environmental health services

In response to community needs, Council also provides further services and progress including:

- Community health and wellbeing
- Economic development
- Community Wastewater Management Systems (CWMS)
- Tourism and community events
- Environmental programs
- Community programs
- Community, fitness and activity centres
- Libraries

In all services the Council seeks to be responsive to changing needs. Community surveys are undertaken to ascertain community levels of satisfaction to services provided and areas for improvement.

Council also operates a number of facilities on a fee for service basis which provide important community benefits while also generating revenue for services and projects to benefit the Mid Murray Community:

- Waste Management facilities and services
- Recreation facilities including swimming pools, Mannum Leisure Centre, Mannum Dock Museum, Morgan Activity Centre and Morgan Landseer Museum

Summary of Budget Movements in 2022/23

Council is projecting a year-end operating deficit position of \$7,578,000, which is more than its adopted budget by \$2,244,000.

The majority of the change has been in relation to the Murray River flood, with total operating expenditure of \$7.24 million and budgeted recoupment of insurance and government grants of \$5.1 million, giving an estimated net cost of \$2.139 million.

An additional \$316,000 of Financial Assistance Grants (FAGS) were received than originally budgeted, along with \$345,000 for the planning and construction of the Murray Coorong Trail. Material and contractual services increased due to rising costs of electricity

\$365,000 and fuel \$351,000. Operational employee expenses increased by \$304,000 due to the movement of resources from unsealed road construction to road maintenance due to the pressure to maintain unsealed roads used for bypassing the River Murray flood impacted area.

Council's revised budgeted cash flow has \$6,034,000 of expenditure specifically for asset renewal, being a decrease of \$888,000 mainly due to Unsealed Road construction works being deferred until 2023/24 due to resources being redeployed to the River Murray flood response and recovery. Expenditure on New and Upgraded assets increased by \$713,000 from the original budget, with associated grants decreasing by \$33,000.

Budgeted loan borrowings for 2022/23 are projected to be \$14.971 million, a decrease of \$3.115 million on the adopted budget. This is mainly attributed to having a greater amount of cash and investments (due to receiving grants in advance) and the delay of unsealed road construction until 2023/24.

An unbudgeted unexpected Financial Assistance Grants allocation for 2023/24 of \$4,843,000 was received in June 2023, due to the timing of this grant payment to Council this was not included into any of the 2022/23 budget reviews.

Looking Forward to 2023/24

Under Section 123 of the *Local Government Act 1999*, Council is required to have a budget for each financial year. The budget must be considered as part of the Council's Annual Business Plan.

The purpose of the Annual Business Plan is to impart an understanding of:

- Annual objectives for the year in the context of Council's long-term objectives
- Overview of the activities and services provided by Council
- Key financial information relating to revenue and expenditure
- Proposed new initiatives and projects
- Rating context and impact of rates for 2023/24
- Council's Financial Planning Framework including Long-Term Financial Plan and Asset Management Plans

Significant influences & priorities

A number of significant factors have influenced the preparation of Council's 2023/24 Draft Annual Business Plan and Budget.

These include the following:

- An operating deficit budget, reducing to be in a surplus position within six years (2028/29)
- Local Government Price Index (LGPI) 6.4% (March 2023)
- Adelaide Consumer Price Index 7.9% (March 2023)
- New assessments and capital improvements/development factor 1.33%
- Provision for labour costs to increase by 7.9%
- Indexation of Capital Expenditure approximately 7.5%
- Sustainability requirement – additional 2% of General Rates
- Additional 2% in 2023/24 & an additional 2.57% in 2024/25 to cover higher than expected CPI in the past three years
- No budget amount has been included for advance financial assistance grant payments in 2023/24.

Whilst preparing the 2023/24 Annual Business Plan and Budget, Council has been mindful of the community's ability to pay and balanced this against Council's strategic direction and its social and economic objectives. The historical indexes that have been quoted reflect the current environment of high inflation that is partly associated with the world economic disturbance related to Ukraine, but with budget considerations we are looking at the forward 2023/24 financial year.

The average rate increase is proposed to be 7.57% for existing assessments, but the actual increase payable for any individual property may be more or less than this depending on the value and movement in the capital value of each property and any possible change of land use. Additional 1.33% of rates income will also be raised due to the creation of new assessments and new/additional building development. Capping rebates of 20% will be available to a certain criteria of properties to reduce any impact of any abnormal high valuation fluctuations to individual properties.

Public Consultation

The budget has been prepared on the assumption that there will not be an advance payment made in May/June 2023 of any portion of the 2023/24 Financial Assistance Grant monies.

Before a council adopts its Annual Business Plan it must prepare a draft Annual Business Plan and undertake a public consultation process. Consultation on this plan occurred between 18 May 2023 and 8 June 2023. All feedback collected during this period was distributed and considered by the Elected Members of Council at a Budget Workshop in order to finalise Council's 2023/24 Business Plan and Budget.

The following changes have been made from the consultation budget to the final adopted budget :

1. Decrease income \$4,418,458 Removal of Financial Assistance Grants due to being paid in June 2023;
2. Increase income \$19,690 Grant funding Community Welling Officer;
3. Decrease Income \$262,000 Net reduction of rates income, adopted lower increase partly offset by additional assessments and new development;
4. Increase Income \$5,000 Increase Regional Landscape Levy;
5. Decrease Income \$316,000 Revise estimate of Rates Capping Rebate;
6. Decrease Incomes \$5,566 Revise Mandatory & Discretionary Rate rebates;
7. Decrease Employee Costs \$39,000 Minor adjustments wages & on-costs;
8. Decrease Materials, contracts & Other Expenses \$3,000 Net of Sundry adjustments;
9. Increase Finance Costs \$38,000 Factor in additional loan balance & interest rate increase.

Projects for 2023/24

In 2023/24 Council will undertake major capital works to ensure the longevity of existing assets, as well as providing new assets to cope with the demands of a growing community. In addition, Council will deliver a number of projects to achieve its strategic objectives as outlined below:

Our Business

Our priority projects for 2023/24 include:

- Review of Council's *Strategic Plan*
- Development and implementation of a financial sustainability plan for Council
- Implementation of electronic minutes and agenda management program
- Completion of Asset Management plans
- Improve the financial operating result of the business to deliver future break-even operating budgets
- Provide robust analysis and reports that enable sound decision making and the associated impact of a decision
- Identification of operational savings and disposal of surplus assets
- Review of Website Design/Layout, including improving inclusive and universal access
- Survey community to understand their preferred methods of communications, Email Quarterly Newsletter (hardcopy), Quarterly Newsletter (Electronic) Other (Specify)
- Develop and implement Council e-communication
- Review of Council's policies and associated procedures to ensure strategic alignment and legislative compliance
- Completion of investigation into the replacement of the current payroll system
- Implement on-ledger full cost attribution for all Financial Reporting

Our Community

Our priority projects for 2023/24 include:

- Activate community spaces to increase community participation
- Advocate for appropriate external outreach services that support community connection
- Support and deliver events and initiatives that create community cohesion
- Provide meaningful opportunities for volunteering across Council facilities
- Provide volunteer training opportunities for skill development
- Deliver the community grants program to strengthen volunteer participation
- Provide assistance to volunteer organisations to promote the benefits of their activities and volunteering
- Strengthen the capacity of Progress Associations and Key Community Groups to engage and connect with their communities
- Develop a strategy which aligns with *South Australia's Plan for Ageing Well 2020 – 2025*
- Support Mid Murray Libraries to provide life-long learning opportunities across the region
- Implementation of Council's well-being recovery plan and strategies
- Review Community Services facilities to identify areas for continuous improvement

Our Environment

Our priority projects for 2023/24 include:

- Develop and implement *Communications Strategy*
- Continue to collaborate with Mid Murray Landcare and Local Landscape Board to define protected areas
- Support local tree planting days and/or programs
- Develop a Cat Management Policy
- Develop an Animal Emergency Management Plan
- Consider and invest in stormwater harvesting techniques in major towns
- Review and rationalise number of public reserves per town
- Undertake growth study to determine suitable areas for residential expansion
- Continue development of Truro Township Masterplan
- Finalisation of design and costing for Wongulla CWMS
- Develop a *Climate Adaptation Plan*
- Continued implementation of Council's *Disability Access & Inclusion Plan*
- Continued implementation of the *Regional Public Health Plan*
- Development of Mid Murray Council *Growth Strategy*
- Development of Mid Murray Council *Environmental Management Plan*
- Revision of *Roadside Vegetation Management Plan*

Our Growth

Our priority projects for 2023/24 include:

- Development of an *Economic Development Strategy*
- Regional infrastructure advocacy, including the delivery of the Truro freight route and associated masterplan for Truro
- Complete a land supply and housing option audit
- Review and update *Regional Tourism Strategy*, and develop and implement a regional marketing campaign to promote the District
- Delivery of Mannum waterfalls open space plan
- Develop and implement robust data capture and reporting mechanisms for tourism across the District
- Completion of PS Canally restoration project and the Mannum Murray River Heritage Tourism project
- Assist tourism businesses with assessing their connectivity and digital capacity, in association with [Australian Tourism Data Warehouse](#) (ATDW)
- Continue to deliver *Astro Tourism Strategy* for the River Murray International Dark Sky Reserve
- Continue to deliver the *Murray Coorong Trail Plan*

Our Lifestyle

Our priority projects for 2023/24 include:

- Implementation of Council's River Murray Recovery Plan
- Deliver strategic funded projects aligned with the Infrastructure and Asset Management Plans
- Develop infrastructure precinct plans for provision of stormwater, footpaths, streetscapes, open space
- Encourage the enhancement of main street and business precincts
- Assess alternate kerb side service and recycling opportunities

ESCOSA Local Government Advice

February 2023 - Summary

Under the Local Government Advice Scheme established through the *Local Government Act 1999*, the Essential Services Commission of South Australia (ESCOSA) has released advice for the first 15 of the State's 68 councils.

The scheme comes in response to April 2022 changes to the *Local Government Act* giving the Commission advisory powers to the State's 68 councils to inform their decisions on rates and provide ratepayers and other stakeholders an independent assessment of councils' plans. The scheme provides advice only with the objective of adding value across communities.

The Mid Murray Council has a requirement to publish the *ESCOSA Local Government Advice* and any response by Council in its Annual Business Plan (both the draft and adopted Annual Business Plan) in the financial year of the advice and each subsequent financial year, until the next review by ESCOSA. (Local Government Act 1999, Section 122 (1h)).

ESCOSA's *Local Government Advice – Mid Murray Council* outlined Mid Murray Council's financial position "as potentially unsustainable" due to recurring operating losses from rates and other revenue unable to meet service requirements of its assets. The Commission made a number of recommendations and these are listed below:

- Review its inflation assumptions in next financial year's projections, given the potential for higher short-term inflation, followed by a return to long-term averages.
- Focus on constraining costs in its budget.
- Report its actual and projected savings in its annual budget, providing evidence it is efficient and constraining rising costs.
- Adhere to its long-term financial plan principles to renew assets rather than spend on new or upgraded infrastructure.
- Consider asset sales or disposals in consultation with its community.
- Review asset management plan assumptions to ensure they include an accurate picture of spending on assets and better align with its long-term financial plan including asset life and valuation estimates.
- Complete its asset management plan for footpaths and kerbs to align with its long-term financial plan.
- Review and consider limiting future residential rate rises to reduce cost-of-living pressure on ratepayers.
- Focus on constraining costs to reduce the pressure on all rate levels, by considering desired service levels, any new capital spending or associated costs.

Mid Murray Council has prepared responses to each of the nine ESCOSA recommendations and the full *Local Government Advice – Mid Murray Council*, which includes Council's responses, can be found at "*Appendix A - ESCOSA Report Local Government Advice*".

Funding the Annual Business Plan

Financial Indicators

Council's *Long Term Financial Plan* (LTFP) is financially sustainable over the ten years of the plan.

Key Financial Indicators

Key financial sustainability performance targets ensure the long-term financial sustainability of Council covering the maintenance and development of the community's assets as well as providing appropriate services.

The current economic impacts mean that it is unrealistic for Council to operate in surplus in the near future due to the financial hardship it would cause to the community. We are therefore setting realistic targets to improve Council's financial position over the next 10 years, while ensuring our community still grows and develops in a responsible way.

Council's operating deficit before capital revenues for 2023/24 is \$7.161 million or (33%), or adjusted for the advance Financial Assistance Grant of \$4.843 million received in June 2023 an adjusted operation deficit of \$2.318 million or (8.7%). This assumes that Council will not receive any Financial Assistance Grants in advance in 2023/24. Council is committed to the sustainable management of community funds, with the Operating Ratio in the long term returning to a surplus.

Demonstrating that Council has the ability to reduce its net financial liabilities and fund capital expenditure over and above depreciation expenses, Council's Net Financial Liabilities Ratio is projected to be 93% or adjusted for advance payments 78% for 2023/24, reducing to 50% over the Long Term Financial Plan.

The Building and Land Asset Management Plan was adopted on the 14 April 2022 by Council, and it should be noted that presently there is a shortfall in the first five years of \$5.6 million (\$1.5 million financed versus a renewal requirement of \$7.1 million), although this shortfall is financed in the last five (5) years of the LTFP (\$21.19 million versus a renewal requirement of \$17.6 million). Strategies will be investigated to reduce this shortfall which will include divesting and consolidating current assets, with any improvements to be incorporated into the future versions of the Building and Land Asset Management Plan.

Council will monitor the implementation of the draft 2023/24 budget via regular budget updates and reviews in accordance with the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Mid-Murray Council

Draft Budget Financial Statements 2023/24

Adoption

KEY FINANCIAL INDICATORS

	2022 Audited Accounts	2023 Adopted Budget	2023 Current Budget	2024 Proposed Budget
Operating Surplus - S'000	654	(5,334)	(7,578)	(7,161)
Operating Surplus - S'000 (Adj)	(484)	(2,112)	(4,566)	(2,318)
Operating Surplus Ratio - %	2.6%	(24.6)%	(27.5)%	(32.6)%
Operating Surplus Ratio - % (Adj)	(1.7)%	(8.5)%	(14.9)%	(8.7)%
Net Financial Liabilities Ratio - %	56%	90%	62%	93%
Asset Renewal Funding Ratio - %	76%	136%	115%	188%

Summary Statement

Council plans to finance the net borrowing result by utilising its Cash Advance Debenture facility over the life of the Long Term Financial Plan. This will enable Council to repay principal immediately when surplus funds are achieved in future years.

Rates Revenue in 2023/24

Comparing rates between Councils is difficult. Every Council has different attributes and provides varying services or similar services at different standards. Councils deliver an extensive range and level of service to the community with the greater part determined by the expectations of our communities. The price of delivering and providing these services is spread across the community in the form of rates. Council determines a rate in the dollar, based on the amount of revenue that will be required to meet the ongoing cost of providing services to our community for the coming year.

The actual minimum rate for 2023/24 has been proposed at \$925.

Council's Rate Capping Rebate will have the following aspects for the 2023/24:

- To provide relief against what would otherwise amount to a substantial change in general rates payable by certain ratepayers due to rapid changes in valuation, a rebate of general rates for the current financial year will be granted to the Principal Ratepayer of an Assessment under Section 166(1)(l) of the *Local Government Act 1999*, on application to the Council, to limit a proposed 20% increase in general rates to eligible ratepayers.
- Ratepayers are eligible for the rate capping rebate where their general rates (excluding CWMS Charges, Water Supply Charges, Multi Access TV Charge, Waste Management Service Charges and Regional Landscape Levy) have increased by more than a proposed 20% on the amount they were levied the previous year, provided that :
 - the increase is not a result of building improvements made to the land (as determined by the State Valuation Office); or
 - the increase is not a result of change of land use of the land; or
 - the increase is not a result of rezoning of the land; or
 - ownership of the land has not changed since the previous financial year.

Existing properties will have an average General Rates increase of 7.57% for General Rates. Additional rates income of approximately 1.33% will also be raised due to the creation of new assessments and new/additional building development.

Rates Disclosure

Expected Rates Revenue				
	2022/23 (as adopted)	2023/24 (proposed)	Change	Comments
General Rates Revenue				
General Rates (existing properties)	\$14,790,000	\$15,945,000 (a)		For 2023/24, General Rates increase of 7.57% plus an estimated 1.33 % from subdivided properties and additional development. Council has factored in a catch up to CPI of 2.3% due to prior years estimates of CPI being below actual CPI (predominately in 2022/23).
General Rates (new properties)	\$26,000	\$197,000 (b)		
General Rates (GROSS)	\$14,816,000	\$16,142,000 (c)		
Less: Mandatory Rebates	(\$91,900)	(\$101,200) (d)		
General Rates (NET)	\$14,724,100	\$16,040,800 (e)	8.9%	
(e)=(c)+(d)				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$571,000	\$624,400 (f)		The Regional Landscape Levy is not retained by council.
Waste collection & Recycling	\$1,510,600	\$1,638,000 (g)		One and Two bin collection service
Water supply	\$39,200	\$52,900 (h)		Bowhill Water Supply
CWMS	\$640,500	\$565,800 (i)		As per CWMS schedule
Separate and Special Rates	\$96,600	\$87,000 (j)		Mannum Waters Special Rate (2nd year of 15 years)
TV Services	\$21,200	\$21,200 (k)		Bowhill TV Services
	\$17,603,200	\$19,030,100		
Less: Discretionary Rebates	(\$39,500)	(\$45,600) (l)		
Total Rates Revenue	\$16,992,700	\$18,360,100 (m)	8.0%	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)				
Growth in number of rateable properties				
Number of rateable properties	10,574	10,652	(n)	0.7%
	Actual	Actual		
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.				
Growth' (as per Local Government Act 1999 Definition) based on additional number of assessments, is calculated at 0.8% (refer b).				
Average General Rates per rateable property				
Average per rateable property	\$1,401.17	\$1,515.40	(o)	8.2%
(o)=(c)/(n)				
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total rates paid by all rateable properties will equal the amount adopted in the budget.				
These 'averages' are based on the total Gross General Rates of all rateable properties and excluded Mandatory & Discretionary Rebates and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience. Being 7.57% for existing assessments plus estimated 1.33% from subdivided properties and new/additional development.				
Notes				
(d) Councils are required under the Local Government Act to provide a rebate to qualifying properties under a number of categories: Health Services - 100 per cent Religious purposes - 100 per cent Royal Zoological Society of SA - 100 per cent Community Services - 75 per cent Public Cemeteries - 100 per cent Educational purposes - 75 per cent The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).				
(e) Presented as required by Regulation 6(1)(ea) of the Local Government (Financial Management) Regulations 2011. Please Note: The percentage figure in (e) relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).				
(f) Councils are required under the Landscape South Australia Act 2019 to collect the levy on all rateable properties on behalf of the State Government. The Regional Landscape Levy is not retained by council.				
(i) Community Wastewater Management Systems				
(l) A council may grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).				
(n) 'Growth' as defined in Regulation 6(2) of the Local Government (Financial Management) Regulations 2011. Please note: The "Growth" definition is calculated on the creation of new assessments. This calculation should be taken into context in that the Mid Murray Council has approximately 35% of assessments without a dwelling and therefore new assessments are not required to accommodate the building of new dwellings in comparison to a typical metropolitan Council.				

Rates Disclosure

Differential Rates

	Total expected revenue			No. of rateable properties		Average per rateable property			Cents in the \$
	2022/23	2023/24	Change	2022/23	2023/24	2022/23	2023/24	Change	2022/23
Land Use (General Rates - GROSS)									
Residential	\$8,757,000	\$9,145,700	4%	5738	5793	\$1,526	\$1,579 (p)	\$53	0.4578
Commercial - Shop	\$88,500	\$110,500	25%	65	67	\$1,362	\$1,649 (p)	\$288	0.4578
Commercial - Office	\$11,500	\$13,700	19%	12	12	\$958	\$1,142 (p)	\$183	0.4578
Commercial - Other	\$260,000	\$306,700	18%	134	133	\$1,940	\$2,306 (p)	\$366	0.4578
Industry - Light	\$17,500	\$21,900	25%	15	15	\$1,167	\$1,460 (p)	\$293	0.4578
Industry - Other	\$80,000	\$91,800	15%	30	30	\$2,667	\$3,060 (p)	\$393	0.4578
Primary Production	\$4,063,500	\$4,719,900	16%	2545	2523	\$1,597	\$1,871 (p)	\$274	0.412
Vacant Land	\$1,238,000	\$1,401,400	13%	1489	1535	\$831	\$913 (p)	\$82	0.4578
Other	\$253,500	\$283,000	12%	339	337	\$748	\$840 (p)	\$92	0.4578
Marina Berths	\$46,500	\$47,400	2%	207	207	\$225	\$229 (p)	\$4	0.4578
Total Land Use	\$14,816,000	\$16,142,000	8.9%	10,574	10,652	\$1,401	\$1,515 (p)	\$114	

Council uses a differential rating system, using Land Use Codes as the factor to apply such differential rates. In applying differential general rates, council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business and wider community.

Minimum Rate

	No. of properties to which rate will apply		Rate		
	2023/24	% of total rateable properties	2022/23	2023/24	Change
Minimum Rate	3,090	29.0%	\$860	\$925 (r)	\$65

The Minimum Rate provides a mechanism where lower valued properties do not pay less than a minimum amount as determined by the council. Typically, only a small number of all properties (with no more than 35%) pay a minimum amount. Council proposes to set a minimum rate of \$925 which shall be applied to all rateable properties. This will affect 29.0% of rateable properties.

Adopted valuation method

Capital Value

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

Capital Value – the value of the land and all improvements on the land;

Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or

Annual Value – a valuation of the rental potential of the property.

Council continues to use **Capital Value** as the basis for valuing land within the Council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that taxpayers of greater wealth pay more tax than those of lesser wealth.
- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

Notes

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

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

Rates Revenue

Council's revenue for 2023/24 includes \$19.2 million from general rates and service charges.

Council has set a combined general rate increase of 7.57% from general rates raised in the 2022/23 Financial Year. This will equate to an overall average increase of around \$114 per existing assessment for the coming year. However, the actual increase payable for any individual property may be more or less than this, depending on the value and movement in the capital valuation of each property. Additional rate revenue of 1.33% will be generated from new assessments and capital improvements/developments.

In setting rates for the 2023/24 financial year, Council has considered the need to keep rate increases to a minimum, as well as the following plans and considerations:

- *Our Plan 2020-2024* that sets the overall direction of Council for the next four years
- The *Mid Murray Council Long Term Financial Plan* that sets the overall income receipts and expenditure outlays that are expected into the future and in particular, the recurrent expenditure and income expected for the 2023/24 financial year
- The Mid Murray Council Asset Management Plans that set the capital works, maintenance and renewal programs and the impact on future generations
- The resources required for the delivery of Council services as documented in the *2023/24 Annual Business Plan and Budget* which also outlines financial and non-financial performance levels
- Equity issues and the relationship between the various land uses
- Extremes in valuations and how their impact can be minimised in setting rating levels

Rates Revenue

Rates revenue is used to provide a range of services such as road rehabilitation, footpath repairs and maintenance, storm water drainage, ongoing maintenance of parks, gardens and buildings, street lighting and street cleaning, libraries, animal control, planning and enforcement of local laws. Whilst a Waste Collection Charge will still fall under rate revenue, a separate charge will be raised for the collection of waste, amounts collected under this charge can only be raised at the estimated costs associated with the waste collection and disposal.

Method Used to Value Land

The Council has decided to continue to use Capital Valuation 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.

Business Impact Statement

In setting its rates annually, the Council will consider the following:

- Council's Strategic Plan, *Our Plan 2020-2024*
- Council's Long Term Financial Plan and Council's Asset Management Plans
- The recurrent and project expenditure and income resources required for the delivery of Council services which are documented in the Annual Business Plan and Budget over the next 12 months
- The operating and capital projects and new programs for the coming year
- The impact of rate changes on all ratepayers in the Council area
- Extreme changes in valuation and how their effect can be minimised in setting rating levels
- Council's recent development approval trends and growth expected for the Council area
- Increased use of separate rates, service rates and service charges, recovering the cost of activities that benefit the land, or the occupiers of the land, or the visitors to a particular area
- Current local, state and national economic conditions and expected changes during the next financial year

Differential General Rates

The Local Government Act provides for a Council to raise rate revenue through a general rate which applies to all rateable properties, or through differential general rates, which apply to classes of properties. Council has elected to apply differential general rates for the following classes of properties:

- Residential, Commercial Shop, Commercial Office, Commercial Other, Industry Light, Industry Other, Vacant, Other & Marina (RID) at the Base of 100%
- Primary Production 90% compared to Base RID. Council moved to a two tier rating system introduced in 2021/22.

The Residential Rate in the Dollar (RID) has been set at the Base of 100% (0.4578 previously 0.4524 cents in the dollar) and all other properties will have the same rate except for Primary Production land, which will be at 90% (0.412 previously 0.4072 cents in the dollar) compared to the Base RID. The rural sector not only contributes to our economy but also has significant responsibilities in environmental conservation. This sector does not enjoy Government financial support except in exceptional circumstances; however its contributions have been recognised by Local Government which has historically provided a reduction to the general rate. Council has regard to relative movements in valuation to ensure that the rate burden remains relatively constant between the classes of properties.

Minimum Rate

A Council may impose a minimum amount payable by way of rates, where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a Council imposes a minimum rate, it must not apply to more than 35% of properties in the Council area, for 2023/24 Council has set a minimum rate of \$925 (previously \$860).

Rate Capping

To provide relief against what would otherwise amount to a substantial change in general rates payable by certain ratepayers due to rapid changes in valuation, a rebate of general rates for the current financial year will be granted to the Principal Ratepayer of an Assessment under Section 166(1)(I) of the *Local Government Act 1999*, on application to the Council, to limit to a proposed 20% increase in general rates to eligible ratepayers.

Ratepayers are eligible for the rate capping rebate where their general rates (excluding CWMS Charges, Water Supply Charges, Multi Access TV Charge, Waste Management Service Charges and Regional Landscape Levy) have increased by more than 20% on the amount they were levied the previous year, and providing :

- the increase is not a result of building improvements made to the land (as determined by the State Valuation Office); or
- the increase is not a result of change of land use of the land, or
- the increase is not a result of rezoning of the land, or
- Ownership of the land has not changed since the previous financial year.

A full version of Council's [Rating Policy](#) can be viewed at Council's [website](#).

Rate Rebate

A rebate of rates in respect of any rateable land in the Council area will be available in accordance with the *Local Government Act 1999* and Council's [Rating Policy](#). This Policy provides eligibility guidance upon which a ratepayer is entitled to a rebate of rates.

A full version of Council's [Rating Policy](#) can be viewed at Council's [website](#).

Regional Landscape Levy (previously the Natural Resources Management Levy)

The Regional Landscape Levy is a State Government tax imposed under the *Landscape South Australia Act 2019*. Council is obliged to collect the levy on behalf of the State Government for no net gain to Council. Council collects the levy on behalf of the Murraylands and Riverland Landscape Board. The levy is based on the capital valuation of land and is shown as a separate charge on the rates notice. For budget purposes it is proposed to increase the levy from \$566,355 in 2022/23 to \$624,568 in 2023/24, an increase of 10.3%.

Community Wastewater Management Schemes (CWMS)

The Council manages CWMS for various areas within the Council which provides benefits to those connected to the schemes. A service charge is raised to maintain the systems. The revenue raised from this charge can only be applied to maintenance, renewal and upgrades of the scheme and only those properties that have the ability to access the service will be levied.

The Mid Murray Community Wastewater Management System has continued with the same method of setting the annual CWMS charge based on the balance of accumulated funds (surplus/deficit) of each scheme along with the projected annual expenditure.

This will mean some material changes (plus/minus 25%) in the annual charge for 2023/24 will occur, due to various schemes either under or over contributing in past years compared to their historical actual costs.

This adjustment of the service charge will continue to be calculated over the past five year average of costs and each individual CWMS scheme fund balance, although the majority of adjustments in the coming years are expected to be at a lower quantum. The Truro and Cowirra Schemes fees will be based on the operating cost of the schemes (including depreciation), noting that the increase of fees of the Cowirra scheme will be capped at twice the forecasted CPI.

Scheme	2022-23 Service Charge (LY)	2023-24 Service Charge	Fund Balance 30/06/2022 Surplus/(Deficit)
CWMS Big Bend	\$557	\$578	\$16,000
CWMS Blanchetown	\$267	\$257	\$170,184
CWMS Bolto	\$401	\$450	\$36,800
CWMS Bowhill	\$289	\$280	\$138,028
CWMS Brenda Park/Morphett Flat	\$285	\$351	\$33,063
CWMS Caloote Landing Area	\$363	\$366	\$21,754
CWMS Caurnamount	\$347	\$347	\$59,612
CWMS Cowirra Capital Instalments	\$461	\$461	N/A
CWMS Cowirra Maintenance	\$580	\$621	N/A
CWMS Five Mile/Kia Marina	\$1,264	\$1,426	(\$45,334)
CWMS Greenways Landing	\$922	\$855	\$1,872
CWMS Idyll Acres	\$425	\$468	\$46,646
CWMS Julanker/Younghusband	\$719	\$720	(\$12,201)
CWMS Kroehns Landing	\$1,139	\$1,167	(\$4,020)
CWMS Mark's Landing	\$298	\$295	\$36,996
CWMS North Punyelroo	\$207	\$214	\$9,291
CWMS North West Bend/ Beaumonts	\$176	\$168	\$94,914
CWMS Old Teal Flat	\$356	\$340	\$22,589
CWMS Pelican Point	\$275	\$283	\$57,030
CWMS Pellaring Flat	\$457	\$451	(\$965)
CWMS Rob Loxton Road/Walker Flat	\$175	\$172	\$163,193
CWMS Scott's Creek	\$338	\$348	\$67,904
CWMS Scrubby Flat Area	\$560	\$464	\$19,216
CWMS Seven Mile	\$663	\$623	\$13,274
CWMS South Punyelroo	\$310	\$310	\$68,228
CWMS Swan Reach	\$433	\$429	\$30,725
CWMS Teal Flat	\$339	\$296	\$80,777
CWMS The Rocks	\$976	\$949	\$2,380
CWMS Truro	\$629	\$662	N/A
CWMS Truro Aerobic WWT Plant 50%	\$314	\$331	N/A
CWMS Truro Private Pumping	\$609	\$632	N/A

Community Wastewater Management Schemes (CWMS)

Where a reference to “unit” is in accordance the Property Units Code as permitted by Regulation 12 of the *Local Government (General) Regulations 2013*.

Service Charges

Service charges are levied on the concept of user pays based on the cost to operate and maintain the service, and the cost to improve or replace the service, and recognition that the value of a property is enhanced by the availability of the service.

Bowhill Multi Access Television Transmission Service & Reticulated Water Supply System

Council also manages the Bowhill Multi Access Television System and Water Supply. As per the Council [Rating Policy](#), the service charge for 2023/24 will be reviewed to ensure recovery of cost

Bowhill Multi Access Television System \$146 per property serviced (previously \$146) Bowhill Water (non potable) Supply System \$256 per property serviced (previously \$256)

The non potable water supply system includes the consumption of up to 120 kilolitres of water plus an excess water charge of 40 cents (previously 75 cents) per kilolitre for water consumed in excess of 120 kilolitres during the 12 month period.

General Waste & Kerbside Collection of Recyclables (2 Bin System)

A separate charge of \$305 per property (previously \$286) to which the service is made available has been set to be levied in order to cover the costs in supplying the combined service.

General Waste Management Charge (1 Bin System)

A Waste Management Charge of \$216 per property (previously \$200) will be charged to cover the costs of providing the service.

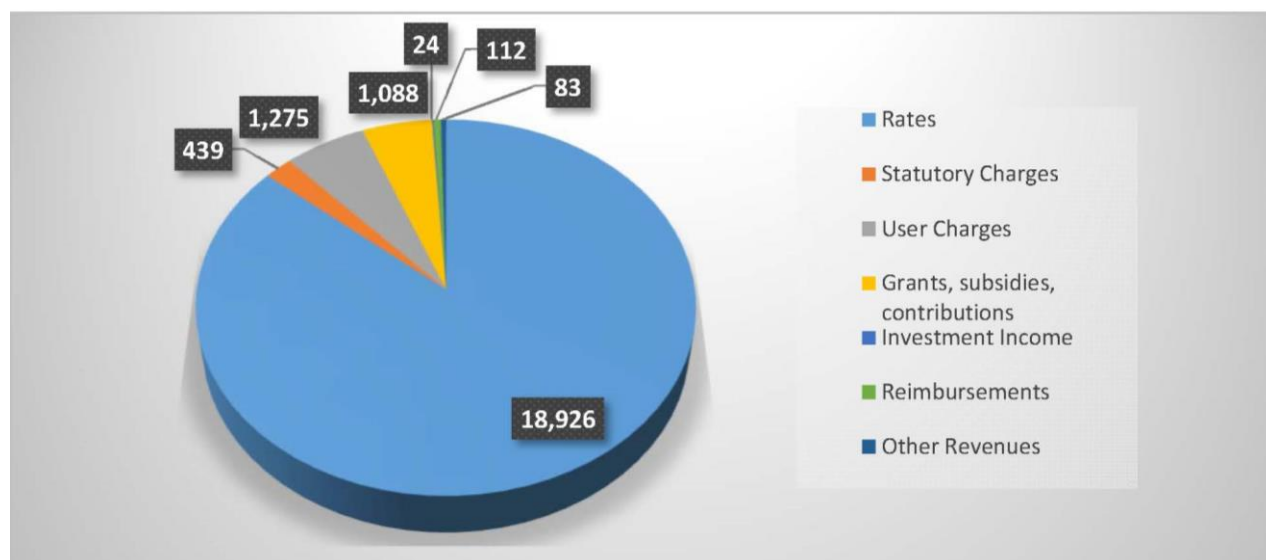
Separate Rates - Mannum Waters

Section 154 of the *Local Government Act 1999* enables Council to declare a Separate Rate on rateable land. Council is required under the *Landscape South Australia Act 2019* to cover the evaporation loss of 187ML within the Mannum Waters Marina. In 2022/23 Council determined to raise a Separate Rate for Mannum Waters to recover the \$1.534 million cost (plus finance costs) to purchase the required 187ML permanent water entitlement over a period of 15 years.

In recognition of the current and future open space areas in Mannum Waters that are accessed by the general public to use and enjoy, Council has increased its contribution towards the costs from the 8.9% as outlined in the Mannum Waters Separate Rates Consultation Paper to 21% (from \$122,000 to \$328,000 plus financing costs).

The rate for 2023/24 is set at on a proportional basis of 37 cents per square metre with a rebate of 65% of the total Separate Rate liability for any property that is not waterfront. This excludes any properties that have applied, been approved and have paid in advance the total 15 years of the Separate Rate.

Sources of Revenue \$(000)



Concessions

State Government Concessions - These concessions were formerly available to the holders of pensioner concession cards, veterans, low-income earners, unemployed, students, and self-funded retirees. These concessions were all abolished by the State Government with effect from 30 June 2015.

From 1 July 2015, the State Government has elected to replace these concessions with a single "cost-of-living payment" provided directly to those entitled. This payment may be used for any purpose, including off setting Council rates. Note that not all former recipients of rates concessions will be entitled to the new payment. To check eligibility, contact the Department for Communities and Social Inclusion (DCSI) Concessions Hotline 1800 307 758 or at <http://www.sa.gov.au/concessions>. From 1 July 2017, DCSI has been administering Community Wastewater Management Scheme (CWMS) and water concessions.

Financial Statements 2023/24

Budget Statement of Comprehensive Income

Mid-Murray Council

Draft Budget Financial Statements 2023/24

Adoption

ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year ended 30 June:	2022 Audited Accounts \$('000)	2023 Adopted Budget \$('000)	2023 Current Budget \$('000)	2024 Proposed Budget \$('000)
INCOME				
Rates	16,584	17,629	17,765	18,926
Statutory Charges	488	439	418	439
User Charges	1,237	1,215	1,088	1,275
Grants, subsidies, contributions	6,743	2,188	7,949	1,088
Investment Income	6	0	52	24
Reimbursements	236	108	108	112
Other Revenues	353	84	207	83
Total Revenues	25,647	21,663	27,587	21,947
EXPENSES				
Employee costs	8,174	9,543	9,847	10,286
Materials, contracts & other expenses	9,860	9,648	17,866	10,698
Depreciation	6,725	7,140	7,140	7,394
Finance Costs	234	666	312	730
Total Expenses	24,993	26,997	35,165	29,108
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	654	(5,334)	(7,578)	(7,161)
Asset Disposal & Fair Value Adjustments	(422)	0	0	0
Amounts specifically for new assets	592	3,856	4,733	926
NET SURPLUS/(DEFICIT)	824	(1,478)	(2,845)	(6,235)
Other Comprehensive Income	(28,608)	-	-	-
Total Other Comprehensive Income	(28,608)	0	0	0
TOTAL COMPREHENSIVE INCOME	(27,784)	(1,478)	(2,845)	(6,235)

Budget Financial Position (Balance Sheet)

Mid-Murray Council

Draft Budget Financial Statements 2023/24

Adoption

ESTIMATED BALANCE SHEET

Year ended 30 June:	2022 Audited Accounts \$('000)	2023 Adopted Budget \$('000)	2023 Current Budget \$('000)	2024 Proposed Budget \$('000)
ASSETS				
Current Assets				
Cash & Equivalent Assets	1,659	150	150	150
Trade & Other Receivables	2,715	2,991	3,437	2,938
Inventories	461	358	617	389
Total Current Assets	4,835	3,499	4,204	3,477
Non-Current Assets				
Receivables		0	0	0
Other Financial Assets	208	179	203	186
Infrastructure, Property, Plant & Equipment	154,313	196,224	158,545	161,109
Intangible Assets	3,323	0	3,323	3,323
Total Non-Current Assets	157,844	196,403	162,071	164,618
Total Assets	162,679	199,902	166,275	168,095
LIABILITIES				
Current Liabilities				
Trade & Other Payables	3,697	2,139	3,317	2,294
Borrowings	641	539	539	296
Provisions	1,925	1,875	1,931	1,994
Total Current Liabilities	6,263	4,553	5,787	4,584
Non-Current Liabilities				
Borrowings CAD	5,000	15,577	7,462	12,170
Trade & Other Payables	0	3	0	
Borrowings	2,509	1,970	6,970	6,674
Provisions	791	719	785	789
Total Non-Current Liabilities	8,300	18,269	15,217	19,633
Total Liabilities	14,563	22,822	21,004	24,217
NET ASSETS	148,116	177,080	145,271	143,878
EQUITY				
Accumulated Surplus	21881	22,125	19,036	17,643
Asset Revaluation Reserve	125059	153,667	125,059	125,059
Other Reserves	1176	1,288	1,176	1,176
TOTAL EQUITY	148,116	177,080	145,271	143,878

Budget Statement of Changes in Equity

Mid-Murray Council

Draft Budget Financial Statements 2023/24

Adoption

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June:	2022 Audited Accounts \$('000)	2023 Adopted Budget \$('000)	2023 Current Budget \$('000)	2024 Proposed Budget \$('000)
ACCUMULATED SURPLUS				
Balance at end of previous reporting period	20,945	23,603	21,881	23,879
Net Result for Year	824	(1,478)	(2,845)	(6,235)
Other Comprehensive Income				
Transfers to Other Reserves	112			
Transfers from Other Reserves				
Balance at end of period	21,881	22,125	19,036	17,644
ASSET REVALUATION RESERVE				
Property, Plant & Equipment	125,059	153,667	125,059	125,059
Balance at end of period	125,059	153,667	125,059	125,059
OTHER RESERVES				
Balance at end of previous reporting period	1,288	1,288	1,176	1,176
Transfers from Accumulated Surplus				
Transfers to Accumulated Surplus	(112)			
Balance at end of period	1,176	1,288	1,176	1,176
TOTAL EQUITY AT END OF REPORTING PERIOD	148,116	177,080	145,271	143,878

Budget Cash Flow Statement

Mid-Murray Council

Draft Budget Financial Statements 2023/24

Adoption

ESTIMATED CASH FLOW STATEMENT

Year ended 30 June:	2022 Audited Accounts \$('000)	2023 Adopted Budget \$('000)	2023 Current Budget \$('000)	2024 Proposed Budget \$('000)
CASH FLOWS FROM OPERATING ACTIVITIES				
<u>Receipts</u>				
Rates receipts	16,430	17,479	17,622	18,763
Statutory Charges	489	440	415	439
User Charges	1,361	1,209	1,080	1,271
Grants, Subsidies and Contributions (operating purposes)	6,490	2,365	6,910	1,778
Investment Receipts	6	8	51	25
Reimbursements	256	110	111	112
Other Receipts	1,662	85	209	88
<u>Payments</u>				
Payments to Employees	(8,062)	(9,501)	(9,732)	(10,206)
Payments for Materials, Contracts & Other Expenses	(12,458)	(9,669)	(16,566)	(11,419)
Finance Payments	(231)	(683)	(151)	(746)
Net Cash provided by (or used in) Operating Activities	5,943	1,843	(51)	105
CASH FLOWS FROM INVESTING ACTIVITIES				
<u>Receipts</u>				
Amounts Specifically for New/Upgraded Assets	1,005	3,106	3,073	926
Sale of Renewed/Replaced Assets	62	223	223	260
Sale of Surplus Assets	0	0	0	0
Repayments of Loans by Community Groups	0	20	20	15
<u>Payments</u>				
Expenditure on Renewal/Replacement of Assets	(3,314)	(6,922)	(6,033)	(9,392)
Expenditure on New/Upgraded Assets	(1,764)	(4,849)	(5,562)	(825)
Loans made to Community Groups	(163)	0	0	0
Net Cash Provided by (or used in) Investing Activities	(4,174)	(8,422)	(8,279)	(9,016)
CASH FLOWS FROM FINANCING ACTIVITIES				
<u>Receipts</u>				
Proceeds from CAD	0	7,220	2,461	9,450
Proceeds from Borrowings			5,000	0
Proceeds from Bonds & Deposits	34	0	0	0
<u>Payments</u>				
Repayments of Borrowings	(1,463)	(641)	(640)	(539)
Net Cash provided by (or used in) Financing Activities	(1,429)	6,579	6,821	8,911
Net Increase/(Decrease) in cash held	340	0	(1,509)	0
Opening cash, cash equivalents or (bank overdraft)	1,320	150	1,659	150
Closing cash, cash equivalents or (bank overdraft)	1,660	150	150	150

Uniform Presentation of Finances

Mid-Murray Council

Draft Budget Financial Statements 2023/24

Adoption

UNIFORM PRESENTATION OF FINANCES

Year ended 30 June:	2022 Audited Accounts \$('000)	2023 Adopted Budget \$('000)	2023 Current Budget \$('000)	2024 Proposed Budget \$('000)
Income				
Rates	16,584	17,629	17,765	18,926
Statutory Charges	488	439	418	439
User Charges	1,237	1,215	1,088	1,275
Grants, subsidies and contributions - capital	0	0	0	0
Grants, subsidies and contributions - operating	6,743	2,188	7,949	1,088
Investment Income	6	0	52	24
Reimbursements	236	108	108	112
Other Revenues	353	84	207	83
	25,647	21,663	27,587	21,947
EXPENSES				
Employee costs	(8,174)	(9,543)	(9,847)	(10,286)
Materials, contracts & other expenses	(9,860)	(9,648)	(17,866)	(10,698)
Depreciation	(6,725)	(7,140)	(7,140)	(7,394)
Finance Costs	(234)	(666)	(312)	(730)
	(24,993)	(26,997)	(35,165)	(29,108)
Operating Surplus/(Deficit) before Capital Amounts	654	(5,334)	(7,578)	(7,161)
Timing adjustments for grant revenue	(1,074)	3,222	3,012	4,843
Adjusted Operating Surplus/(Deficit)	(420)	(2,112)	(4,566)	(2,318)
Less: Net Outlays on Existing Assets				
Capital Expenditure on Renewal/Replacement of Existing Assets	(3,314)	(6,922)	(6,033)	(9,392)
less Depreciation, Amortisation & Impairment	6,725	7,140	7,140	7,394
less Proceeds from Sale of Replaced Assets	62	223	223	260
	3,473	441	1,330	(1,738)
Less: Net Outlays on New and Upgraded Assets				
Capital Expenditure on New/Upgraded Assets	(1,764)	(4,850)	(5,562)	(825)
less Amounts Specifically for New/Upgraded Assets	1,005	3,106	3,073	926
less Proceeds from Sale of Surplus Assets	0			
	(759)	(1,744)	(2,489)	101
*Net Lending / (Borrowing) for Financial Year	3,368	(6,637)	(8,737)	(8,798)

Reconciliation of *Net Lending / (Borrowing) for Financial Year

Year ended 30 June:	2022 Audited Accounts \$('000)	2023 Adopted Budget \$('000)	2023 Current Budget \$('000)	2024 Proposed Budget \$('000)
Financing Transactions				
New Borrowings	0	7,220	7,461	9,450
Repayment of Principal on Borrowings	(1,463)	(641)	(640)	(539)
(Increase)/Decrease in Balance Sheet Items	(1,905)	58	1,916	(113)
Financing Transactions	(3,368)	6,637	8,737	8,798

Council Services

Governance

The *Local Government Act 1999*, supported by a number of pieces of relevant legislation, provides the legislative framework in which Council operates. This framework reinforces the statutory authority and responsibilities of Council as a corporate body and assists elected representatives and council officers in the delivery of quality services.

Governance's role is to ensure that Council's legislative obligations with that framework are met by the Council, individual elected members and council officers.

Effective outcomes are best achieved where the role and focus of elected members as a collective corporate organisation, is directed to policy formulation and strategic development. The role of the council officers is to implement the policies and strategies of the corporate body through an accountable, effective and efficient application of resources and assets.

Governance assists the Chief Executive Officer in facilitating the balancing of these two distinct roles.

With over 380 pieces of community land, the audit was commenced in 2020/21 to ensure that all land owned by Council, or under Council's care and control was captured within a relevant Community Land Management Plan (CLMP). As part of the CLMP review, assessment is taking into account the way in which the community has access and use of community lands. Council's leases and licences to sporting clubs, community groups and commercial entities are also included within this review, which will provide tenure and security to those using Council land on a long term basis.

Committees

In the 2023/24 financial year, the following Committees will be continued and administered under s41 of the *Local Government Act 1999*:

- Audit & Risk Committee - Established pursuant to Section 126 of the *Local Government Act 1999*
- Community Grants Assessment Committee
- CEO Performance Review Committee
- Mid Murray Heritage & Maritime Committee
- Dark Sky Committee
- Strategic Growth & Economic Activation Committee

Human Resources

Human Resources is an integral area of Council ensuring sound principles of human resource management are applied to employment in the administration of Council. It deals with the administration of hiring, training, supporting and all things staff.

Efficiencies associated with fair and equitable selection processes and the provision of access to training and development for employees is ensured, along with our employees having access to suitable processes to deal with grievances, safe and healthy working conditions, and equal employment opportunities.

The area of Human Resources continues to develop and maintain legislatively compliant systems and processes that facilitate the provision of a workforce that has the capability to deliver Council's plans. These services include, but are not limited to training needs analysis, performance review and management, recruitment, interviews, grievances, employee relations, compensation and benefits, return to work and inductions.

Mid Murray Council has acknowledged organisational development as a key role to improving its conditions and services provided. Organisational Development is the practice of changing people and organisations for positive growth. This involves team building; career development; training; coaching; mentoring; innovation; leadership development; organisational culture; support and change management. Many of these practices are being considered and introduced with the focus being change management, team building and organisational culture.

Corporate & Financial Services

Finance Services

Planning and managing the monetary funds of Council to deliver the aspirations of our community, we account for our activities, act sustainably and disclose the result in a transparent manner. The service includes Financial Management & Accounting, Creditors, Procurement and Revenue collection.

Information Technology Services (IT)

Delivers flexible information technology solutions that support business operations by providing access to information and systems.

Records Management

As a result of a survey undertaken by State Records of SA, Council have developed an action plan to progress further records management compliance and will be focusing on the following outcomes:

Capture – Raise awareness and improve systems to capture a larger volume of records currently not being registered in the Electronic Document and Records Management System (EDRMS).

Disposal – Develop a disposal plan compliant with the General Disposal Schedule 20 (GDS 20).

State Government Development Portal – Ensure that the new web portal is compliant with State Government Records requirements.

Pre-amalgamation records, and Mid Murray Council records, will also be identified and sentenced accordingly to reduce risk of illegal destruction and inaccessibility.

Training – Continue with training and education to raise awareness of records management responsibilities and compliancy under the State Government legislation and *State Records Act 1997*.

Risk Management

Mid Murray Council is committed to an integrated approach to risk management to assist in setting appropriate strategies, achieving our objectives and making informed decisions, in the best interests of our community. Council recognises that managing risk is an important part of governance, is fundamental to how the organisation is managed at all levels and will contribute to continuous improvement of its management systems.

Local Government Risk Services (LGRS) provide a Risk Evaluation service to their Members, every two years. The aim of the Risk Evaluation process is to review each Member's risk management systems (including Work Health Safety and Incident Management) against both Local Government Industry agreed sector baselines and other external requirements. The objective of the evaluation is to assist Members to recognise and share risk management excellence, identify where opportunities for system improvements exist and to work in partnership with them to implement identified improvements.

As a result of the Risk Evaluation the priority system improvement projects for 2020/21 have commenced with the assistance of LGRS focusing on Risk Management, Business Continuity, Community Emergency Management (Council Ready) and Ageing & Work Health Initiatives Program (Active Ageing).

Work Health Safety & Return to Work

The Mid Murray Council is committed to ensuring, so far as is reasonably practicable, that all workers are safe from injury and risk to health whilst they are at work. The Senior Management Team (SMT) is committed to providing visible leadership in relation to Work Health Safety and Return to Work (WHS & RTW) and to driving ongoing improvement strategies. The WHS & RTW plan is designed to strategically and systematically improve organisational WHS & RTW Management systems, processes and outcomes for Council.

The SMT in consultation with the Work Health Safety and Risk Management Coordinator, Health Safety Committee and LGRS consultants, have identified the critical key programs. The current plan's priority programs are hazard management systems for task, plant, substances and confined spaces, WHS training systems and corrective actions as a direct response to the risk evaluation results.

Council aims to protect the health and safety of all workers and minimise the effects of incidents and injuries using the hierarchy of controls, this is achieved by having a relevant and effective WHS & RTW that is compliant with legislative requirements and structured to achieve the requirements of the Return to Work SA Code of Conduct for Self Insured Employers and Performance Standards for Self Insurers (PSSI). This WHS & RTW Plan shows our commitment and planning to improve WHS & RTW management systems and Processes.

Cemeteries Administration

Council has thirty two cemeteries within the Council area, most of which are maintained by Council. Council appreciates the work of volunteers who help with some of the maintenance. A register of burials is maintained on Council's [website](#).

Administration

Council has an administration network to cater for the size of the area, number of ratepayers and residents, tourists and community support. These comprise employees working in the following fields:
– Customer service, Support staff for Planning Officers, General Inspectors, Building Surveyors and Environmental Health, Senior Works Staff, Managers and Elected Members.

Economic Development & Tourism

Economic Development

Economic development and growth is a key focus for Council's new Strategic Plan – Our Plan 2020-24, with Council staff committed to supporting and encourage economic growth through the development of a diverse business sector, building on our critical infrastructure and technology network and growing our population.

To support administration staff, Council has a Section 41 Committee:

Strategic Growth & Economic Activation Committee

This newly created Committee replaces the former Economic Development & Commercial Enterprises Committee and is focused on:

- overseeing the development and review of key Council documents and projects
- undertaking strategic planning and monitoring directed at achieving orderly planning and economic development and activation within the Council area
- reviewing land uses for future development, activation or preservation
- considering plans, policies and practices that foster and promote investment, attraction and sustainable growth in the Mid Murray area
- exploring and developing plans that maximise new investment and economic growth prospects in a holistic manner
- assessing District Action Plans

Economic Development and Tourism Partnerships

Council also works closely with Regional Development Australia – Murraylands and Riverland Inc. in respect of economic development and Murray River Lakes & Coorong Tourism Alliance and Destination Riverland in respect of tourism.

Tourism

Developing our diverse tourism sector is also a Strategic Goal, and Council provides a number of Tourism services, as outlined below:

Tourist Information Service

Council provides a tourist information service from a restored historic building adjacent to Arnold Park in Mannum. It is run by a Manager, and operated by many volunteers. Council also operates a Visitor Information Office at Morgan, operated by Council's Port of Morgan Heritage and Tourism Coordinator and volunteers. Tourist numbers visiting the Centres grow from year to year.

Mid Murray Heritage and Maritime Committee

Council is responsible for the operations of a number of maritime and heritage assets and this Committee was formed, by combining the Mannum Dock Museum Board and the Port of Morgan Heritage and Tourism Board, to oversee the management of these assets to ensure their ongoing viability, as well to provide strategic direction and advice to Council in relation to its Tourism objectives.

Tourist Caravan Parks & Camping Facilities

The Morgan and Mannum Caravan Parks are owned by Council but leased to private operators. These parks are key tourist accommodation facilities for the region. Dividends from the operation of the Morgan and Mannum Caravan Parks are reinvested back into the community by Council to fund tourist events and initiatives, the community grants program and for the development of various economic development initiatives.

Council, in partnership with the operators, are committed to developing and growing the parks to increase tourist visitation to the region and meet the demands and trends of consumers as we recover from the 2022 floods.

Council, in partnership with the existing private operators, continue to investigate options to develop powered sites on a portion of Bolto Reserve whilst retaining affordable camping at Haythorpe Reserve.

Council is also developing longer-term plans for the development of other sites for tourist accommodation and camping to increase both the level and range of sites available.

River Murray International Dark Sky Reserve

A key emerging tourism and environmental drawcard is the River Murray International Dark Sky Reserve. Nestled in the heart of the Mid Murray region, this internationally accredited attraction is one of the darkest recorded skies on earth, where visitors can be delighted by distant galaxies and constellations under clear skies. Council is developing this initiative with Mid Murray Land Care and through its Dark Sky Committee.

Development & Community Services

Public Order & Safety

This service covers dog and cat control, fire protection, livestock and other general inspectoral duties. Many of the services in this area are undertaken to comply with legislative requirements, and therefore they will continue in 2023/24.

Dogs & Cats

Council has over 2,900 dogs registered in the area. Since 2018/19 the introduction of all dog registrations have been able to be conducted online via Dog and Cats Online (DACO). In addition, staff respond to noise complaints, dogs wandering at large and dog attacks/harassments. Door knocks to check on unregistered dogs are undertaken on a regular basis. Our aim through the door knocks is to make sure that all dogs are registered. This helps us to reconnect dogs wandering at large with their owners. Council resolved to remove the working dog rebate for the 2023/24 financial year.

Fire Protection

Bushfire Prevention is a major focus of fire protection and Council employs two bushfire prevention officers. Council has a legislative responsibility to control the burning of rubbish and stubble and the issuing of fire permits during the fire danger season.

Council supports CFS crews with rural fires in the provision of water tankers. The sooner a fire can be brought under control, the less damage and distress is suffered by those affected.

Livestock

Council inspectors are called to investigate stock wandering on roadsides and to arrange for collection, removal and return as necessary.

On & Off Street Parking

Parking controls exist within the Council area and Council staff monitor parking areas to ensure compliance with the time limits and other restrictions that are in place. Council has a focus to ensure disabled parking is being utilised appropriately.

Camping

Mid Murray Council is a prime destination for tourists and campers who come to enjoy the River Murray, Murray Mallee and Riverland Regions. Council owns and manages a number of camping facilities and areas throughout the district. In some areas camping is limited and fees are applicable. Council's inspectors are responsible for the ongoing monitoring of these areas.

Local Nuisance & Litter Control

Council staff respond to local nuisance issues across the Council relating to noise, dust, smoke etc as well as illegal dumping and unsightly premises.

Illegal Development

Illegal development is a major issue in our Council area – especially along the River Murray. Council investigates alleged instances of illegal development (i.e. where development is undertaken without having first obtained Development Approval). Council has established service standards to assist in prioritising our investigations and enforcement action.

Where investigations reveal that unlawful development has occurred, Council's Development and Environmental Services staff are involved in taking enforcement action and assessing any subsequent development applications. These processes can involve Council's staff having to represent Council in the Environment, Resources and Development Court.

Health Immunisations

Council undertakes regular immunisation clinics for both school funded programs along with internal staff vaccination programs. Council has high vaccination coverage rates for school funded programs.

Medical Centres

Council supports medical centres in the smaller river communities at Morgan and Swan Reach.

Health Inspection

Council employs qualified Environmental Health Officers to undertake a range of duties including:

- Immunisation
- Health services and inspections
- Mosquito control
- Legionella control
- Wastewater system installations/approvals/inspection
- Regulation and monitoring of swimming pools
- Food premises inspections
- CWMS (effluent schemes) installation co-ordination
- European wasp control

Health Projects for 2023/24 include:

- Mosquito Control Program
- School Immunisation Program
- Coordination and review of Regional Health Plan
- Finalise detailed design and costing for Wongulla CWMS
- Preliminary design and costing for Swan Reach township CWMS.

Building & Planning Controls

Council manages building and planning controls, including policy and heritage.

Planning

The *Planning & Design Code* and ePlanning solution is an online development assessment platform with 'state based' planning rules which was introduced in March 2019.

Council's planning officers are also responsible for the assessment of large-scale development proposals (including renewable energy, poultry farms, wind farms, large-scale land divisions and industrial/commercial development) and more smaller-scale development (such as dwellings, river structures, verandahs and sheds).

Building

Council's building surveyors assess various commercial and domestic development applications against the relevant provisions of the National Construction Code of Australia to ensure that the structural adequacy, fire safety, access for people with disabilities, energy efficiency, and health and amenity of buildings comply with the relevant legislation.

Council is obliged under the Section 157 of the *Planning Development & Infrastructure Act 2016* to appoint a Building Fire Safety Committee. The Committee consists of relevant experts and fire authority representatives including Council building surveyors. The Committee inspects existing commercial or assembly buildings to ensure that the building complies with the relevant fire safety requirements a potentially lifesaving task.

As well as these important functions the building surveying staff undertake inspections of building work in accordance with Practice Directions 8 and 9 and *Planning Development & Infrastructure Act 2016* to ensure development meets the relevant requirements for the protection of the community.

Building

Building and Planning Projects for 2023/24 include:

- Undertake assessment of applications with a view to facilitating positive development outcomes for the benefit of the community
- Facilitation of further economic development and growth mindful of environmental and social considerations
- Co-ordination and management of Council's Building Fire Safety Committee
- Continuation and improvement to Council's inspection program to ensure development is undertaken in accordance with approved plans and details.

Other Environmental Services

Open Space

Council developed an *Open Space, Recreation & Public Realm Plan* which can be found on Council's [website](#). As part of the project, Council has developed a Master Plan for Mary Ann Reserve at Mannum, Len White Reserve / Swan Reach Riverfront and Blanchetown. With around 500 open spaces across the area, Council has established the key priorities for future development and management and have included projects into the Long Term Financial Plan to ensure implementation. These Plans involved extensive community and stakeholder consultation in establishing the priorities.

Open Space Projects for 2023/24

- Construction of the initial stage of the Swan Reach Riverfront Reserve Masterplan
- Blanchetown Projects Implementation Plan and associated works
- Finalise Truro Township Master Plan.

Halls

Council maintains fourteen halls throughout the Council area. We are in the process of reviewing the future of these assets especially as many of these no longer enjoy the patronage that they had in past years.

Public Conveniences

Council maintains 42 public conveniences throughout the Council area. We are in the process of reviewing the maintenance and cleaning arrangements to ensure that the toilets are regularly cleaned and maintained to a satisfactory standard.

Building Asset Maintenance

Council's Development & Environmental Services Department is responsible for the upgrading and maintenance of all Council's building assets, including buildings which are leased to various community groups (dependent on the conditions of the lease).

Council maintains over 300 buildings throughout the district including town halls and public toilets. Council has a detailed Building Maintenance Program which includes general maintenance and capital upgrades to all of our building assets. Council sets aside a certain amount of the budget each year to continue to progress this program Council will finalise its new Building Asset Plan which will give Council a detailed understanding of its current building stock, current condition and lifetime costs to upgrade and maintain these buildings.

Building Asset Maintenance Projects for 2023/24 are determined after adoption of the budget.

Community Services

With the aim of building a community which is healthy, engaged, sustainable and connected, with a strong sense of pride and belonging, the Community Services Department facilitates active partnerships between Council, the community and key agencies to enhance opportunities for community engagement, connection and participation.

This is undertaken by:

- Undertaking an evaluation of facilities to identify areas for continuous improvement
- Operating community facilities including the Mannum Leisure Centre, Morgan and Blanchetown Hubs, Morgan Activity Centre, Morgan and Blanchetown Libraries, Cambrai and Mannum Swimming Pools, the Mannum Sk8park, Fun 4 Youth and Create a Playground
- Providing a range of funding opportunities to support community initiatives through our grants program
- Activating community spaces to increase community participation
- Delivering and supporting community events, initiatives and programs
- Supporting residents through training and skill development
- Partnering with stakeholders to advocate for community transport in the region
- Delivering the actions within the *Mid Murray Council Disability Action & Inclusion Plan*
- Connecting with our holiday home residents to enable them to feel a valued part of our community
- Giving young people a voice to actively participate in decision making through advisory committees
- Advocating and partnering with key stakeholders to strengthen health services throughout the region, including government and private sector investment
- Being an active member of the place based Mid Murray Our Town community led initiative to address the limits of clinical response services in our area and provide a whole of community response to mental health and wellbeing
- Supporting the Suicide Prevention Committee to deliver the *Mid Murray Suicide Prevention Action Plan*
- Partnering with our Aboriginal and Torres Strait Islander community to implement our *Reconciliation Action Plan* (RAP)
- Supporting and promoting annual celebrations including National Reconciliation Week and National Aborigines and Islanders Day Observance Committee (NAIDOC) Week
- Develop an *Aboriginal Environmental Heritage Preservation Plan* and actively support the preservation of culturally significant sites within our region

Infrastructure

Parks, Gardens and Reserves

Residents and visitors alike enjoy Council's high quality parks, gardens and reserves throughout the Region. Council provides some form of recreation facilities in all towns and river communities. These are regularly maintained in a clean and safe condition for everyone to enjoy.

Transport

Council has the second longest length of road network to maintain in the State and is dependent on receiving grants from State and Federal Governments to renew and upgrade all types of infrastructure, e.g. bridges, boat ramps, wharves, etc.

This includes 350 kilometres of sealed road, 2,714 kilometres of unsealed road and 15 vehicular bridges. Considerable resources are allocated to maintain this network, with a planned level of reseals, resheeting and maintenance carried out yearly. Assessment of current work practices are undertaken to align with industry standards to best deliver services to the community.

Like most other rural townships in the State, footpath networks in some towns are basic with many verges still the natural surface. Council is committed to a Footpath Construction Program to install footpaths in townships providing connectivity to facilities and major precincts. Regular weed spraying takes place to control weeds, especially caltrop and other nuisance weeds on footpaths and road verges. Roadside signage in the country faces constant vandalism and requires constant updating. Council does its best to replace signs when either vandalised or improvements are necessary to provide the appropriate information. Line marking is done on a rotation program of every 3-4 years for all urban and rural sealed roads.

Council undertakes roadside tree trimming to prevent encroachment of vegetation onto the trafficable lane. Council's maintenance team continue with works across the region to support the road renewal program and tree encroachment matters.

Street sweeping is done on urban sealed roads, with a Council owned Mechanical Sweeper which sweeps streets regularly, and more frequently, in higher profiled areas. Other townships are swept on a quarterly basis either using Council machinery or contractors.

Wharf Maintenance

Council maintains number of large wharves and pontoons, recreational jetties and boardwalks. A maintenance plan includes the treatments required for the longevity of the vast wharf structures which adorn the river.

Boat Ramps

Council provides, maintains and regularly monitors boat ramps along the River Murray. A Marine Facility Plan will be adopted by Council as a future plan and priority setting for facilities.

Effluent Drainage

Council maintains Community Wastewater Management Schemes (CWMS) for shack areas and towns along the River Murray, and maintenance rates are levied to cover the costs of on-going maintenance and capital upgrades. Twenty nine CWMS and four houseboat pump out stations are maintained by Council.

Council recently completed construction of the Cowirra CWMS and successfully obtained funding from the Local Government Association for the detailed design and costing of Wongulla CWMS as well as the preliminary design and costing for the Swan Reach township CWMS.

Sanitation & Waste Management

Council provides a weekly household waste collection to each township within the Council area, plus a fortnightly kerbside recycling collection service. Regular street bin and reserves bins are collected on a regular basis depending on demand.

Council has implemented individual waste bin collection service for the rural areas of Council, which services rural and holiday home areas. Residential household bin services operate within the region with services ranging from front of residence pickups, collective property pickups and local Bin collection Points throughout.

Waste Transfer Stations are located at Mannum, Morgan, Cambrai, Blanchetown, Bowhill, Cadell, Swan Reach, Truro, Tungkillo and Walker Flat. A review of operations has been undertaken giving due regard to the visitation and processing of product received in order to improve the services provided to the community. Council provides ongoing Drum Muster collections at the Cambrai, Cadell, Swan Reach and Mannum Transfer Stations, in order to assist with removal of chemical containers.

Council operates a landfill facility at Cambrai where waste is transferred from the Waste Transfer Stations to the landfill facility. Council also receives waste materials from contractors and has a licensed asbestos facility.

Stormwater Drainage

In past years, Council has undertaken an extensive kerb and gutter installation program to improve stormwater management and prevent localised flooding. Council will adopt and commence implementation of stormwater management plans to further improve Stormwater Management throughout the Council area. The focus in the new Stormwater Management Plan will be around stormwater mitigation/prevention that is realistic and achievable within Council's financial capabilities.

Appendix A – ESCOSA Report Local Government Advice

The Mid Murray Council has a requirement to publish the ESCOSA Local Government Advice and any response by Council in its Annual Business Plan (both the draft and adopted Annual Business Plan) in the financial year of the advice and each subsequent financial year, until the next review by ESCOSA. (*Local Government Act 1999*, Section 122 (1h)).

OFFICIAL



Advice

Local Government Advice

Mid Murray Council

February 2023

OFFICIAL

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

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

Table of contents

Glossary of terms	ii
1 The Commission's key advice findings for the Mid Murray Council	3
2 About the advice	5
2.1 Summary of advice	5
2.2 Detailed advice findings	7
2.2.1 Advice on material plan amendments in 2022-23	8
2.2.2 Advice on financial sustainability	9
2.2.3 Advice on current and projected rate levels	11
2.3 The Commission's next advice and focus areas	12

Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	Mid Murray Council
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
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

1 The Commission's key advice findings for the Mid Murray Council

The Essential Services Commission (Commission) finds the Mid Murray Council's (Council's) current financial position potentially unsustainable with recurring operating deficits resulting from its revenue base, including rates revenue, being unable to meet the ongoing service level requirements of its infrastructure base. The Council's projected improvement to its financial performance is reliant on a period of service consolidation, and continued rate increases.

Acknowledging this outlook, the Commission considers that would be appropriate for the Council to undertake the following steps to ensure that it budgets prudently, manages its cost base more efficiently, renews its asset base to meet sustainable service levels, plans its asset needs appropriately and ultimately, constrains the extent of further rate increases:

Budgeting considerations

1. Review its inflation assumptions in its forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. Focus on constraining cost growth more generally in its budgeting, including related to employee costs.

Providing evidence of ongoing cost efficiencies

3. Report its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Meeting asset renewal needs

4. Adhere to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.

Considering asset sale or disposal options

5. Consider actioning asset sale or disposal options, where reasonable, in consultation with its community, as necessary.

Refinements to asset management planning

6. Review the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better alignment with the allocations in its long-term financial plan, including:
 - ▶ the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses, and
 - ▶ the asset renewal expenditure requirements for buildings (and other relevant assets), with consideration of the service levels desired by the community.
7. Complete its asset management plan for footpaths and kerbs, as well as its other proposed new plans, to support and align with the associated asset expenditure requirements included in its long-term financial plan.

Containing rate levels

8. Review and consider limiting future increases on its minimum rates and residential rates (for which average rate levels are high) to help reduce affordability risk in the community.
9. Focus on constraining cost growth to reduce the pressure on all rate levels (as per Finding 2), including consideration of the community's desired service levels, any proposed new capital expenditure and associated costs.

2 About the advice

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

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

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 15 councils for advice in the first scheme year (2022-23), including the Mid Murray Council (Council).

This report provides the Local Government Advice for the Mid Murray Council in 2022-23. While the advice is based on the Council's 2022-23 projections, the Commission notes the impact of recent flooding on the Mid Murray area and the potential need for the Council to reprioritise some of its spending plans to respond to the high river event.

The Council is obliged under the *Local Government Act 1999* (LG Act) to publish this advice and its response, if applicable, in its 2023-24 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.⁸ It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website⁹), nor is it compelled under the LG Act to follow the advice. The Commission thanks the Mid Murray Council for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

In general, the Commission finds the Mid Murray Council's current financial position potentially unsustainable with recurring operating deficits resulting from its revenue base, including rates revenue, being unable to meet the ongoing service level requirements of the assets it has accumulated.

¹ Amendments to the *Local Government Act 1999* (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

² Commonly referred to as asset management plans.

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

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

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

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ The Commission must publish its advice under LG Act s122(1i)(a).

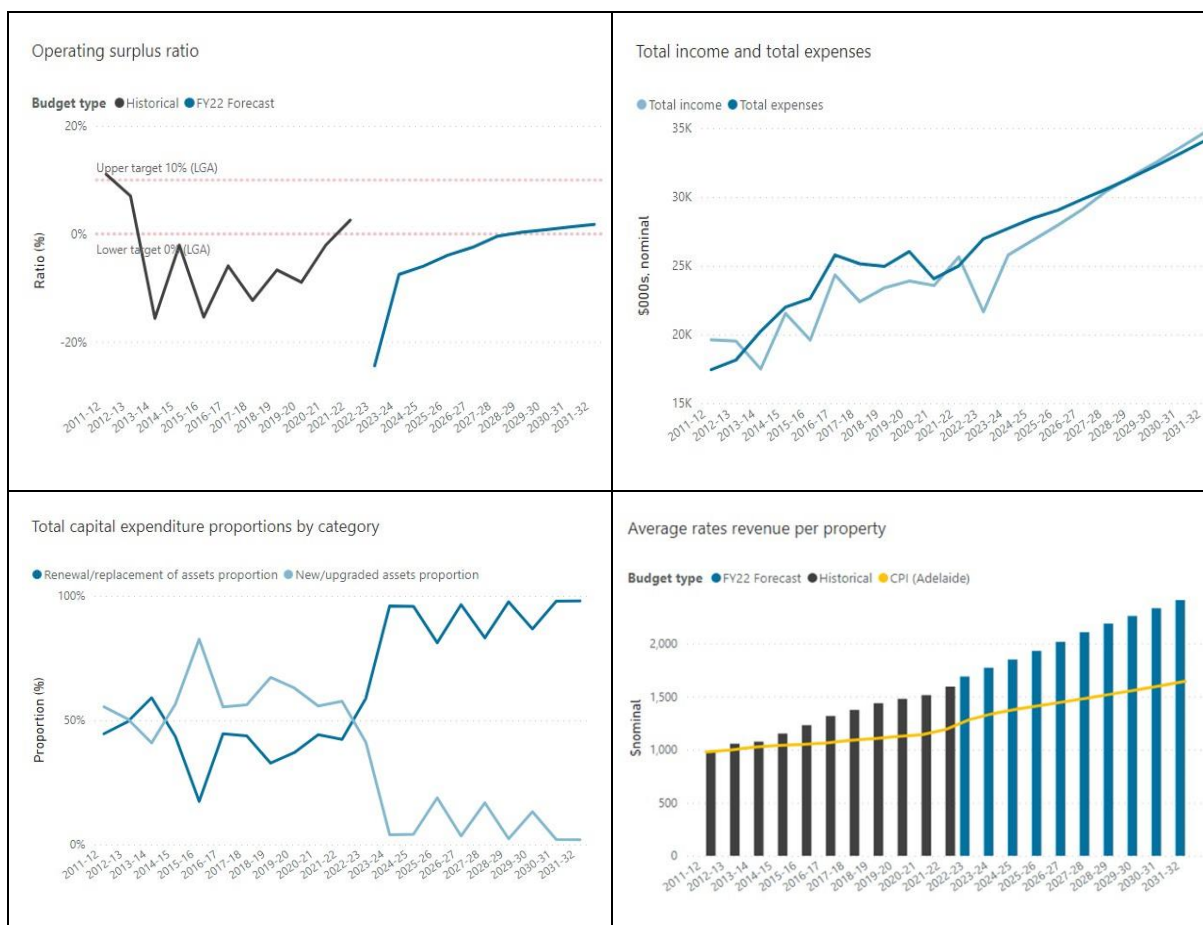
The Council has spent a large portion of its revenue on new and upgraded assets over the past 10 years with various infrastructure projects, but it has not been renewing its existing assets at the required levels for financial and service level sustainability.¹⁰ At the same time, it has consistently raised its rates above the rate of inflation.

Its forward projections from 2022-23 (in its LTFFP) forecast an improved financial sustainability outlook for the Council with the rate of operating revenue growth set to outpace expense growth and:

- ▶ continued rate increases on the community, above the rate of forecast inflation growth
- ▶ lower average cost growth than it has experienced over the past 10 years (but still higher than it had forecast in 2021-22, primarily due to the impact of higher inflation), and
- ▶ the reprioritisation of its asset spending away from new and upgraded assets and more towards renewal and rehabilitation capital works projects.

The charts below of the Mid Murray Council's past and projected operating surplus ratio, income and expenses, capital expenditure and average rate revenue per property, together support these findings.

The 'heat map' diagram over the page summarises the Commission's findings with reference to whether the Council has met the suggested LGA target ranges for the three main financial sustainability indicators¹¹ and the level of cost control and affordability risk identified for the Council over time.



¹⁰ As recommended by its AMPs.

¹¹ The suggested target range for the ratios are discussed in more detail in the attachment.

Summary of the Mid Murray Council's financial sustainability performance and the Commission's risk assessment

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)	2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0-10%)	Operating deficits & ratio target range not met —>		Surpluses forecast from 2028-29
Net financial liabilities ratio (target 0-100%)	Ratio met historically and in forecast period —>		
Asset renewal funding ratio (target 90-110%)	Spending on renewal works below requirements with ratio below target range —>	Ratio exceeds target range	Ratio target range met in projections with higher projected spending on asset renewal works —>
Identified Risks:			
Cost control risk	Operating expenses per property average growth 3.2% p.a. to 2020-21 (CPI 1.7%) —>	Lower cost growth forecast ex. wages —>	Further lower expense growth forecast (average per property 2.2% p.a. 2022-23 to 2031-32) —>
Affordability risk	Low but emerging risk for some ratepayers (5.0% p.a. rates revenue per property average growth to 2020-21)	Higher residential rates	Higher forecast rates revenue per property average growth (4.0% p.a. to 2031-32) (CPI 2.8%) and new rates introduced —>

	Ratio outside suggested LGA target range or higher risk
	Ratio close to suggested LGA target range or medium risk
	Ratio within suggested LGA target range or lower risk

The higher rate levels for the Council's community from 2022-23 present an affordability risk, which could be addressed:

- ▶ in part, by sharing the rate burden more equitably and charging larger increases on rates categories where the affordability risk is lower (based on lower comparative rate levels and the Council's own assessment)
- ▶ but, more comprehensively, through a greater focus on constraining cost growth and achieving tangible savings – this could then reduce the pressure on all rate levels.

It is also appropriate for the Council to review and report upon desired service levels (in its asset management plans (AMPs)), in consultation with its community, to better identify the level of service that the community is willing to pay for, and where there are opportunities for cost savings through reduced service levels.

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Mid Murray Council's material changes to its 2022-23 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.¹²

2.2.1 Advice on material plan amendments in 2022-23

The Mid Murray Council's 2022-23 budget includes increases to both its projected income and expenditure items to 2030-31, compared with the 2021-22 forecasts,¹³ as follows:

- ▶ An additional \$15.9 million or 7 percent in total operating income. This includes an additional \$17.0 million or 9 percent in rates and statutory charges revenue (offset by other smaller reductions). This accounts for higher inflation, but also reflects the introduction of some new services and a new separate rate for 'Mannum Waters' properties.
- ▶ An additional \$21.1 million or 8 percent in total operating expenses (for example, for contracts or employees) and \$15.7 million or 28 percent in total capital expenditure.¹⁴ Much of these increases also account for higher inflation, although the higher capital expenditure estimates reflect a significant new allocation for previously unfunded building renewal works in the latter years of the forecast period. Also, more than half of the Council's higher operating expenses are due to an increase of \$11.3 million or 13 percent in employee costs, reflecting in part, a reversal of its temporary strategy to reduce casual employee hours and maintain some unfilled positions for reduced services during Covid.¹⁵

Based on the Council's inflation assumptions,¹⁶ an increase in total revenue and expenditure estimates by up to around 7 percent over the nine years to 2030-31, compared with its 2021-22 estimates, would be appropriate for higher inflation. In the current inflationary environment, the assumptions concerning price rises over the next 10 years will require annual review, particularly given the potential for higher short-term inflation before a return to long run averages. However, the Commission notes that the Council should still endeavour to find savings in real terms to reduce any inflationary impact on its community.

¹² The attachment will be available on the Commission's website with the main body of the advice.

¹³ The overlapping forecast period in both LTFPs (2021-22 to 2030-31 and 2022-23 to 2031-32).

¹⁴ This excludes the Murraylands Road works of \$3.3 million deferred to 2022-23.

¹⁵ Mid Murray Council, *Long Term Financial Plan for the period 2021-22 to 2030-31*, July 2021, p. 5, available at https://www.mid-murray.sa.gov.au/_data/assets/pdf_file/0030/934680/Adopted-Long-Term-Financial-Plan-2021-22-to-2030-31.pdf and Mid Murray Council, email to the Commission dated 27 February 2023.

¹⁶ The Council has increased its CPI growth forecast for 2022-23 from 1.5 percent to 3 percent (which is lower than current Reserve Bank of Australia (RBA) CPI forecasts in February 2023) and from 2023-24 and thereafter, from 1.5 to 2.75 percent (which is higher than the midpoint of the RBA's target band of 2 and 3 percent). It has also assumed Local Government Price Index (LGPI) growth 0.4 percent higher than CPI growth, but it is unclear if it has applied the LGPI to any of its estimates.

In examining the Council's changes to its 2022-23 plans, the Commission has found that it would be appropriate for it to:

1. Review its inflation assumptions in its forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. Focus on constraining cost growth more generally in its budgeting, including related to employee costs.

1. Council Response:

Implementation : Short Term

Resource : Internal - Finance

Recommended Action : Use the latest forecasts that are either reported by the Australian Reserve Bank or the Federal Budget. Post public consultation of the Budget and Long Term Financial Plan, later releases CPI forecasts may become available. These latest forecasts should be incorporated into the Budget and Long Term Financial Plan into the final version recommended for adoption.

2. Council Response:

Implementation : Medium Term

Resource : Internal - Infrastructure/Governance

Recommended Action : (1) Rationalisation of Council Assets, in particular Building assets to reduce future capital renewal budget demand and on-going maintenance expenses. (2) Review employee expenses (during COVID, positions were left vacant/casual hours reduced due to the expected reduction of certain services and associated income eg. Tourism).

2.2.2 Advice on financial sustainability

Operating performance

The Mid Murray Council has run recurring operating deficits¹⁷ from 2013-14 to 2020-21 and the operating surplus ratio is not forecast to meet the suggested LGA target range (with a surplus) until 2028-29 (when it will be 0.3 percent).¹⁸

One of the reasons for the recurring deficits is that the Council has spent more in real terms on asset and service growth. The Council's 'materials, contracts and other' expenses increased by an average of 5.4 percent per annum each year from 2011-12 to 2020-21, compared with average Consumer Price Index (CPI) growth of 1.7 percent.¹⁹ The Commission notes that the Council phased in a new roadside residential waste bin collection service to many rural residents over the past 3 to 5 years,²⁰ as well as the impact of the increase in the solid waste levy on councils' waste management costs over this period. Depreciation expenses also increased by an average of 5.0 percent per annum to 2020-21. The estimated reduction in the rate of growth in operating expenses projected over the next 10 years (to an average of 2.6 percent per annum, which aligns with forecast inflation²¹), combined with higher rates increases, is expected to slowly improve the Council's operating performance.

To improve its operating position without the need for continued rate increases above inflation, the Council would need to find more savings and efficiencies in its budgets, as it has stated it would seek to do.²²

¹⁷ This means the Council's operating expenses (including depreciation) have exceeded operating income (including rates and other revenue sources but excluding capital grants, subsidies, and contributions).

¹⁸ 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).

¹⁹ 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).

²⁰ Mid Murray Council, email to the Commission dated 27 February 2023.

²¹ The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on the RBA forecasts for the CPI (Australia-wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

²² Mid Murray Council, *Long Term Financial Plan for the period 2022-23 to 2031-32*, September 2022, p. 8, available at https://www.mid-murray.sa.gov.au/_data/assets/pdf_file/0024/1204980/Final-Long-Term-Financial-Plan-2022-23-to-2031-32.pdf.

To this end, the Commission has found that it would be appropriate for the Council to:

3. Report its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

3. Council Response:

Implementation : Short Term (On-going)

Resource : Internal – All Departments / Finance

Recommended Action : (1) Identify annually in the annual budget any targeted efficiencies and cost savings initiatives. (2) Highlight when expenses are less than LGPI and when the New/Additional Development annual increase of 0.5% has not been added to forward expenses.

Net financial liabilities

With the Council's recurring operating deficits from 2013-14 (including depreciation expenses), its net cash shortfall after its operating and investing (i.e., capital-related) activities has averaged \$447,000 between 2011-12 and 2020-21.

The Council has consistently used borrowing and other financing options to supplement any annual shortfall of funds, and over time, this has been within the suggested LGA target range for the net financial liabilities ratio.²³

It will continue to meet the suggested LGA target range under its 2022-23 forecasts and has projected a reduction in the ratio from a peak of 90 percent in 2022-23 to an average of 50 percent in the five years to 2031-32. The reduction is projected to come from a marginally lower trend in borrowings and liabilities and higher operating income growth. The projected rates revenue growth will continue to provide the Council with the capacity to take on more debt, as it requires, to support intergenerational equity between its current and future ratepayers.

Asset renewals expenditure

In recent years, the Mid Murray Council has spent more on new and upgraded assets than the renewal and rehabilitation of its existing stock. Between 2011-12 and 2020-21, its spending on new or upgraded assets averaged \$4.3 million per annum, compared with \$3.0 million on the renewal of its asset base. As a result, the amount of spending on asset renewals has fallen well short of the requirements the Council identified in its AMPs. For this reason, the Council's asset renewal funding ratio (IAMP-based) was well below the suggested LGA target range of (90 percent to 110 percent) across years,²⁴ including an average of 59 percent between 2012-13 and 2018-19.

From 2019-20, the Council has increased its asset renewals spending considerably and its asset renewal funding ratio (IAMP-based) moved into the suggested target range. It is forecast to return to the target range consistently (with an average of 100 percent) from 2022-23 with the Council's spending on renewal assets projected to average \$7.5 million to 2031-32 (in nominal terms). This coincides with much lower forecast spending by the Council on new or upgraded assets (estimated to average \$0.6 million per annum to 2031-32).

Acknowledging this significant shift in asset spending priorities by the Council, which is reflected in its LTFP projections and to reduce any further accumulation of asset backlogs, the Commission considers that it would be appropriate for it to:

4. Adhere to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.

4. Council Response:

Implementation : Medium Term

Resource : Internal – Infrastructure Services

Recommended Action : Renewal of assets are to be a priority over new or upgrading of assets, failure to renew assets at their optimum renewal period may result in higher renewal costs.

It has also identified potential asset disposal options in its Buildings, Land & Structures AMP²⁵ as part of its disposal plan, and it might have other feasible asset sale options to generate funding and reduce recurrent expenses.

For this reason, the Commission considers that it would be appropriate for the Council to:

5. Consider actioning asset sale or disposal options, where reasonable, in consultation with its community, as necessary.

5. Council Response:

Implementation : *Medium Term*

Resource : *Internal - Infrastructure/Governance*

Recommended Action : *(1) Rationalisation of Council Assets, in particular Building assets to reduce future capital renewal budget demand and on-going maintenance expenses.*

Even with higher forecast spending on asset renewals, the Council's depreciation expenses, which should represent the rate of asset consumption, are projected to continue to exceed its renewal spending in forward projections (until 2028-29).²⁶

²³ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

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

²⁵ Mid Murray Council, *Building, Land & Structures Asset Management Plan*, April 2022, p. 15, available at https://www.mid-murray.sa.gov.au/_data/assets/pdf_file/0023/1184441/BLSI-AMP-112042022.pdf.

²⁶ The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses) is forecast to average 87 percent to 2031-32. This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed.

Further, the significant increase to the LTFP's projected expenditure on renewal works for buildings and toilet blocks (\$15 million or an average of \$1,417 per property between 2028-29 and 2031-32), could be better aligned with the needs specified in the AMP and include consideration of desired levels of service.

For these reasons, it would be appropriate for the Mid Murray Council to:

6. Review the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better alignment with the allocations in its long-term financial plan, including:
 - ▶ the estimates for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses, and
 - ▶ the asset renewal expenditure requirements for buildings (and other relevant assets), with consideration of the service levels desired by the community.

6. Council Response:

Implementation : Medium Term

Resource : Internal – Infrastructure Services

Recommended Action : Renewal of assets are to be a priority over new or upgrading of assets, failure to renew assets at their optimum renewal period may result in higher renewal costs.

The Council has stated that it will develop an AMP for footpaths and kerbs, and its LTFP has allocated more spending to renewal works than new or upgrade works (amounting to 4 percent of the total renewal budget to 2031-32). It is also developing new plans for other asset classes (such as marine vessels). The Commission considers that it would be appropriate for the Council to:

7. Complete its asset management plan for footpaths and kerbs, as well as its other proposed new plans, to support and align with the associated asset expenditure requirements included in its long-term financial plan.

7. Council Response:

The Council has stated that it will develop an AMP for footpaths and kerbs, and its LTFP has allocated more spending to renewal works than new or upgrade works (amounting to 4 percent of the total renewal budget to 2031-32). It is also developing new plans for other asset classes (such as marine vessels).

2.2.3 Advice on current and projected rate levels

The Council has implemented a 6 percent increase to its existing rates in 2022-23, which is higher than previously forecast due to a higher inflation estimate for 2022-23 (3 percent), a retrospective inflation adjustment for 2021-22 (1 percent) and a 2 percent allowance for 'sustainability' (which is the Council's own term).²⁷ Its 2022-23 LTFP forecasts an average increase of \$704 to existing rates in total to 2031-32 (to \$2,017), which represents an increase of \$337 above the Council's assumed inflation growth.²⁸ The Council has also increased its waste management charge (by 3.5 percent or \$10 for the 2 bin service) and minimum rates levels which can be paid by the more vulnerable members of the community. In addition, it has introduced a new separate rate for 'Mannum Waters'.

Affordability risk among the community for the further rate increases appears high based on a range of factors including the existing residential rate levels (and minimum rates), the cumulative impact of the

increase in the waste management charges, an assessment of the economic resources available to the community²⁹ and the community concerns expressed about the increases.³⁰

For these reasons, it would be appropriate for the Mid Murray Council to:

8. Review and consider limiting future increases on its minimum rates and residential rates (for which average rate levels are high) to help reduce affordability risk in the community.
9. Focus on constraining cost growth to reduce the pressure on all rate levels (as per Finding 2), including consideration of the community's desired service levels, any proposed new capital expenditure and associated costs.

8. Council Response:

Implementation : Short/Medium Term (on-going)

Resource : Internal – Finance

Recommended Action : On-going review of Council Rating Policy that dictates the raising of general and other rates. Ensure that Council complies with legislative requirements with the raising of minimum rates.

9. Council Response:

Implementation : Medium Term

Resource : Internal - All Departments

Recommended Action : (1) Review Service levels and costs of providing (subsidising with General rate revenue) each service. (2) Ensure that the financial and internal resources demands for the renewal of existing assets are satisfied prior to directing resources to new capital expenditure.

²⁷ The Council noted a 2 percent increase for 'sustainability' (Mid Murray Council, *Long Term Financial Plan for the period 2022-23 to 2031-32*, September 2022, p. 6).

²⁸ The Council's projected CPI inflation is 3 percent in 2022-23 and then 2.75 percent thereafter (Mid Murray Council, *Long Term Financial Plan for the period 2022-23 to 2031-32*, September 2022, p. 6). This is different to the CPI line in charts throughout this Advice which are based on RBA forecasts and then, a return to long run averages from 2025-26 (with growth of 2.5 percent per annum).

2.3 The Commission's next advice and focus areas

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

- ▶ ongoing performance against its LTFP estimates
- ▶ achievement of cost savings and efficiencies (including operational savings and any asset disposal or rationalisation savings), and its reporting of these achievements
- ▶ actions to address any misalignment between the capital expenditure and depreciation estimates in its LTFP and various AMPs
- ▶ monitoring and reporting of the desired levels of service by the community for its various service assets in its AMPs, and
- ▶ how it has sought to address the affordability risks identified.

²⁹ The Mid Murray Council area is ranked 24 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 (2016), where a lower ranking (eg, 1) denotes relatively lower access to economic resources in general, compared with other areas, available at <https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest>.

³⁰ Mid Murray Council, *Ordinary Council Meeting Agenda - 14 June 2022, Item 7.1.4 Summary of responses, to Annual Business Plan and draft LTFP*, pp.17-20, available at https://www.mid-murray.sa.gov.au/_data/assets/pdf_file/0019/1160029/20220614-Council-Agenda-Released-20.1.2.pdf.



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au

Mid Murray Council
PO Box 28,
Mannum SA 5238

Telephone: (08) 8569 0100
Email: postbox@mid-murray.sa.gov.au

Principal Office
49 Adelaide Road, Mannum SA 5238

Cambrai Office
Main Street, Cambrai SA 5353

Morgan & Districts Community Hub
Corner Fourth & Eighth Streets, Morgan SA 5320