2024/25 Annual Business Plan, Budget & Long-Term Financial Plan

CITY OF MITCHAM

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Tiwu Kumangka community opening, October 2023

ACKNOWLEDGEMENT TO COUNTRY

We acknowledge the Kaurna people as the traditional custodians and caretakers of the land that includes much of the City of Mitcham, known as Tarndanyannga Country, which means "the place of the red kangaroo dreaming".

The Kaurna people's rich cultural heritage and spiritual belief connects them with this land and we look forward to nurturing our relationship with the members of the Kaurna Community.

Welcome from the Mayor

On behalf of the City of Mitcham, I present the 2024/2025 Annual Business Plan, Budget and Long-Term Financial Plan.

This year it has been particularly difficult to balance the needs of our community with our ratepayers' capacity to pay. The current financial pressures on both Council and residents mean services are more expensive to deliver and at the same time the needs of our community, as they battle the cost of living, are increasing. Council has chosen to increase rates by an average of 6.98 per cent which will result in an average increase of $146 per household.

However, in recognition that some residents are suffering financial hardship, those residents who hold a Pensioner Concession Card, Veteran Gold Card or Low Income Health Care Card are eligible for a rate rise exemption. These residents will be provided a one-off rate reduction which means there will be no rate rise and they will pay the same rates as last year. Those eligible are invited to apply via a form on Council's website or by visiting or phoning Council.

To further ease the cost of living pressures on our community, over the past 12 months we have created efficiencies through our Community Renewables bulk buy initiative. Residents are now saving $2.8 million annually off their energy bills. We have established a Virtual Power Plant to help achieve our goal of a city powered by 100% renewable energy which will produce additional savings for Council and residents.

This year's budget offers a balance between maintaining essential services, protecting our natural environment and building places for our community. It incorporates capital renewal expenditure of $26.4 million and new capital investment of $21.6 million. These amounts ensure that we continue to adequately maintain and improve our assets, including footpaths, roads, trees, parks and reserves, sporting clubs, libraries and community centres.

The budget allows us to provide new services that more fully address climate change, create vibrant community spaces and enhance our natural environment. It includes a commitment to fund substantial upgrades of our Pasadena Community Centre, CC Hood Reserve and Mortlock Park and the installation of new public toilet facilities at Suffolk Reserve, Hawthorndene.

We will take the first steps in our plan to activate Hawthorn's 'hidden gem' - the former Bowling Green and Air Force Association (AFA) precinct at Hawthorn, and progress the Waite Street Reserve upgrade, a placemaking project for the heart of Blackwood.

The budget also supports our new Tree Assistance Fund, which helps residents care for large trees on their properties, and allows us to increase the maintenance of trees on Council verges and in our parks and reserves.

Thank you for your continued support as we work to create a sustainable future for the City of Mitcham.

Dr Heather Holmes-Ross
Mayor, City of Mitcham



Kaurna Shelter Tree celebration, November 2023

Our Strategic Planning and Reporting Framework

Council has a suite of strategic documents that work together to describe Council's long-term aspirations, prioritise key areas of focus, and identify specific funded actions to deliver each year.



Mitcham 2030 sets the high level vision and strategic direction for Council over ten years. It provides 12 Themes which capture Council's services and projects, and identifies the high level outcomes that we will strive to deliver.

To turn the ambitions of Mitcham 2030 into actions, a **Four Year Delivery Plan** identifies 'Priority Themes' as areas that Council will focus additional effort and/or investment for a four year period. This enables Council to prioritise investment and assign resources to particular challenges or opportunities.

The Delivery Plan maps priority investments across four years with a particular focus on these investments being within the Priority Themes.

The priority investments of the Delivery Plan inform Council's Annual Business Plan and Budget which sets out the actions that Council will deliver each financial year, including existing services and new services / projects.

Council has several other documents that are used in varying ways to reference, inform, deliver and report on its work, such as a Long-Term Financial Plan, Asset Management Plans, and other strategies/plans.

Community insights (high level indicators) are included in the Delivery Plan to track Council's progress towards achieving its vision. The indicators formed a community survey which was undertaken in late 2020 and again in late 2021, to baseline community satisfaction and perception with Council. The indicators will be supported by other data sources as necessary.

Quarterly Performance Reports to Council, documents the organisations progress in delivering the activities, projects and ongoing services captured in Council's Annual Business Plan. Council's Annual Report identifies Council's activities and achievements towards achieving its goals and outcomes. Performance measures are identified against projects and ongoing services in this plan.

Our Vision, Goals & Themes – Mitcham 2030

CITY OF MITCHAM

2030 MITCHAM

WE ARE A WELCOMING AND INCLUSIVE COMMUNITY THAT VALUES ITS HERITAGE AND NATURAL ENVIRONMENT.

GOAL 1

ACCESSIBLE, HEALTHY & CONNECTED COMMUNITY

We connect our community with each other and with their places, and empower them to live healthy lives.

THEME 1. 1 TRANSPORT NETWORK

We are a City that is connected to places through an integrated, efficient and people friendly transport network for motorists, cyclists and pedestrians.



THEME 1. 2 HEALTH & WELLBEING



We build capacity for people to be active, healthy and connected, and provide inclusive and safe environments for all.

THEME 1. 3 SERVICES & FACILITIES

We provide convenient access to a diverse range of information, services, activities and facilities for our community.



GOAL 2

SUSTAINABLE CITY

We sustain and improve our natural and built environments for today's and future generations.

THEME 2. 1 CLIMATE CHANGE MITIGATION & RESILIENCE

We limit our impact on the climate, and are prepared and adaptable to the impacts of climate change.



THEME 2. 2 SUSTAINABLE RESOURCES



We conserve resources through efficient practices, investment in technology, waste avoidance, and a commitment to reuse, recycle and repurpose.

THEME 2. 3 NATURAL ENVIRONMENT

We protect and enhance the environment and its biodiversity across natural landscapes, waterways, open spaces and across our suburbs.



GOAL 3

DYNAMIC & PROSPEROUS PLACES

We have a strong and competitive economy that supports our unique and vibrant places and culture.

THEME 3. 1 PLACEMAKING

We have a spatial vision that guides the development of integrated, attractive and vibrant precincts that support diverse land uses and housing choice.



THEME 3. 2 CITY VIBRANCY



We are a City well recognised for our social and cultural diversity, creativity, arts, events, heritage, natural environment, educational and medical facilities.

THEME 3. 3 PARTNERSHIPS

We partner with neighbouring Councils, Government, universities, the private sector, not-for-profit organisations and community groups to maximise community and economic outcomes.



GOAL 4

EXCELLENCE IN LEADERSHIP

We are a professional and innovative Council with responsible leadership that is valued by its people, community and partners.

THEME 4. 1 GOOD GOVERNANCE

We are transparent and accountable, make informed decisions, demonstrate integrity and empower our community to have a voice and participate in a meaningful way.



THEME 4. 2 ORGANISATIONAL IMPROVEMENT



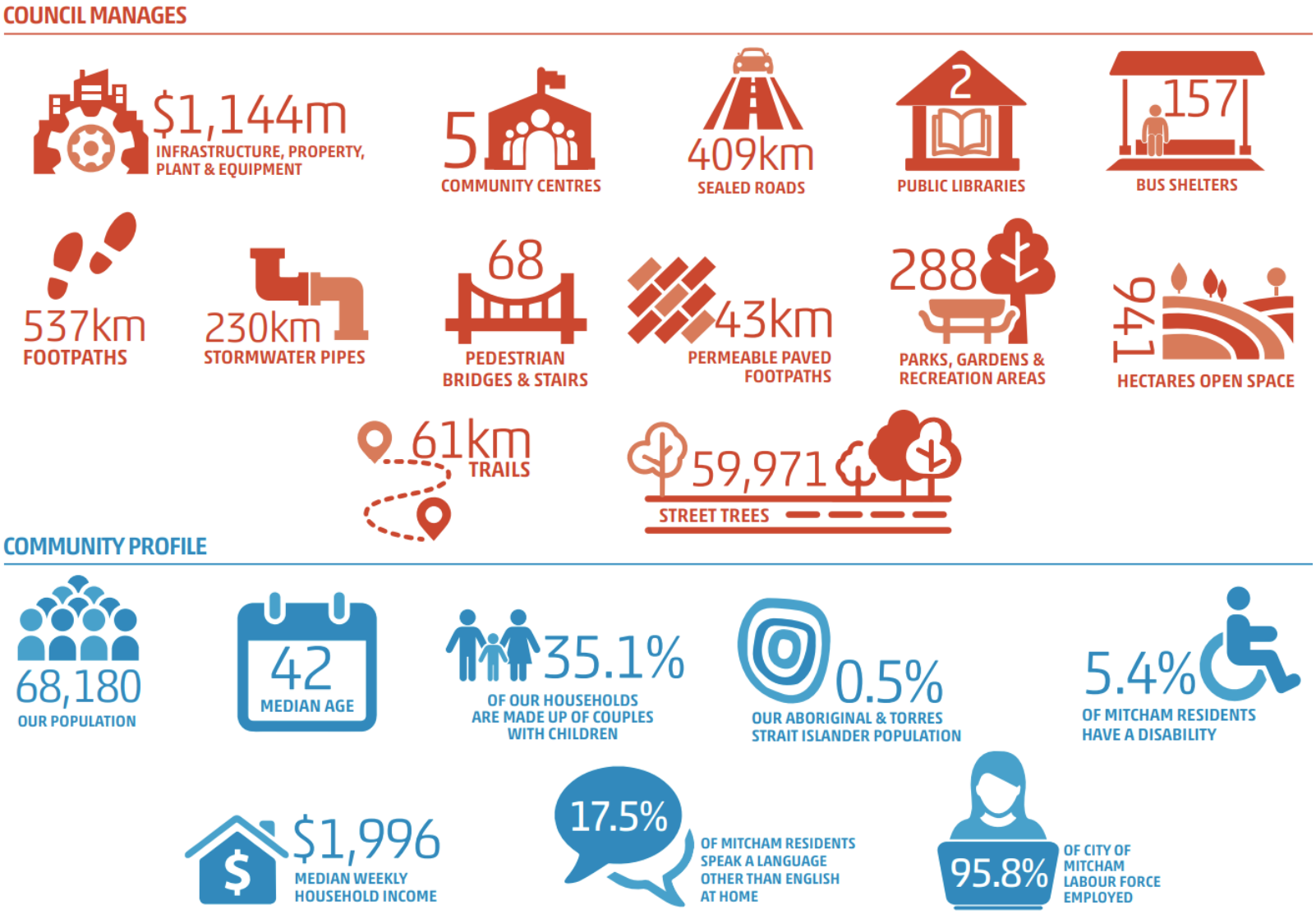
We are efficient and effective with a culture of positive change and innovation to deliver sustainable outcomes and value-for-money services that meet community needs.

THEME 4. 3 COMMUNITY EXPERIENCE

We are easy to do business with and commit to a customer-centric approach that delivers positive experiences and builds trust.



Our Mitcham


COUNCIL MANAGES
$1,144m
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT
5
COMMUNITY CENTRES
409km
SEALED ROADS
2
PUBLIC LIBRARIES
157
BUS SHELTERS
537km
FOOTPATHS
230km
STORMWATER PIPES
68
PEDESTRIAN BRIDGES & STAIRS
43km
PERMEABLE PAVED FOOTPATHS
288
PARKS, GARDENS & RECREATION AREAS
941
HECTARES OPEN SPACE
61km
TRAILS
59,971
STREET TREES
COMMUNITY PROFILE
68,180
OUR POPULATION
42
MEDIAN AGE
35.1%
OF OUR HOUSEHOLDS ARE MADE UP OF COUPLES WITH CHILDREN
0.5%
OUR ABORIGINAL & TORRES STRAIT ISLANDER POPULATION
5.4%
OF MITCHAM RESIDENTS HAVE A DISABILITY
$1,996
MEDIAN WEEKLY HOUSEHOLD INCOME
17.5%
OF MITCHAM RESIDENTS SPEAK A LANGUAGE OTHER THAN ENGLISH AT HOME
95.8%
OF CITY OF MITCHAM LABOUR FORCE EMPLOYED

Our Services, Projects, Government Commitments & Areas of Measurement

Council delivers a range of ongoing services to the community each year. In addition, Council funds specific new services and projects, and one-off operating projects aligned to the Four Year Delivery Plan and Mitcham 2030.

Community Insights (high level indicators) are included to enable ongoing monitoring and review of Council's progress and effectiveness towards achieving its goals and outcomes.

New Services and Projects

Council has identified a number of new services and projects that it will deliver in 2024/25, aligned to the Four Year Delivery Plan and Mitcham 2030.

Service / Project	Primary Mitcham 2030 Theme
Activating Hawthorn's Hidden Gem – Stage 1 Implement stage 1 of the Master Plan for the former Bowling Green and Air Force Association (AFA) precinct at Hawthorn, including opening up the site up through the demolition of the AFA and lean-to buildings, providing a planting buffer, lawns and picnic areas.	Theme 3.1 Placemaking*
Upgrading Waite Street Reserve Provide further enhanced features and elements for placemaking and community connection at Waite Street Reserve in the heart of Blackwood.	Theme 3.1 Placemaking*
Investing in Water Sensitive Urban Design (WSUD) Invest in the ongoing implementation of Council's Smart Water Management Plan by installing tree inlets and soakage pits throughout the City in coordination with kerbing works.	Theme 2.2 Sustainable Resources
Extending and Upgrading the Stormwater Network Construction of new/upgraded stormwater infrastructure to improve flood mitigation – prioritised in relation to upgrades associated with road renewal work, stormwater management plans and localised flooding complaints.	Theme 2.1 Climate Change Mitigation & Resilience*
Maintaining Garden Beds and Road Reserve along South Road Maintain assets within the road reserve along South Road from Shepherds Hill Road to Riverside Drive, including garden bed maintenance, verge mowing, pruning, plantings, and park furniture maintenance.	Theme 3.1 Placemaking*

Service / Project	Primary Mitcham 2030 Theme
Providing an ongoing Tree Assistance Fund Following a trial in 2023/24, provide a Tree Assistance Fund ongoing to provide financial assistance to help property owners maintain and manage risks with large trees on their land.	Theme 2.3 Natural Environment*
Installing Pedestrian Islands at Hawthorndene Drive (safety) Install two pedestrian islands along Hawthorndene Drive to facilitate easier and safer pedestrian access between Hawthorndene and Glenalta.	Theme 1.1 Transport Network
Increasing the service standard for Tree Maintenance Increase the service standard for tree maintenance, through the provision of an additional tree team to address increased work volume and response to significant climatic events.	Theme 2.3 Natural Environment*
Continuing to improve Council's Cyber Security Protection A continuous improvement initiative to monitor, manage and mitigate against cyber security organisational risk.	Theme 4.1 Good Governance*
Upgrading the Carpark, Landscaping and Stormwater at Pasadena Community Centre Upgrade the carpark, redirect stormwater away from the Pasadena Community Centre, and landscape the adjoining reserve as a recreation and biodiversity area.	Theme 2.3 Natural Environment*
Providing Annual Community Facilities Grants Continue to provide grant support to community groups with up to $5,000 in matched funding for minor capital improvements to their facilities and grounds that would otherwise not be funded via the other City of Mitcham grant streams.	Theme 3.2 City Vibrancy
Installing a Public Toilet at Suffolk Reserve, Hawthorndene Construct new public toilet facilities (1 x unisex ambulant cubical and 1 x unisex accessible cubicle) for users of Suffolk Reserve, Hawthorndene.	Theme 1.3 Services & Facilities
Providing for Minor New Capital Requests in Open Spaces Provide funding to implement prioritised additional minor new capital requests in open spaces such as drinking fountains, improved irrigation, playground fencing and park furniture.	Theme 1.3 Services & Facilities

*Note: * Priority Themes*

Operating Projects – One-off Initiatives and Programs

In addition to the new service investments, Council will undertake several operating projects, which are one-off expenditures that are essential for Council to plan for future service delivery. They do not generate ongoing expenditure or create assets that need to be maintained or replaced. This can include things such as feasibility studies, plans or one-off events. Council has identified a number of operating projects to be delivered in 2024/25.

One-off Operating Project	Primary Mitcham 2030 Theme
Blackwood Stage 1: Blackwood Movement Strategy / Study and Blackwood Stage 2: Main Road, Blackwood Enhancement Project Prepare a strategy for the Blackwood Town Centre to assess traffic, pedestrian flow, parking, and overall accessibility (stage 1), and prepare a design to reimage the streetscape to enhance the aesthetic appeal and functionality (stage 2).	Theme 3.1 Placemaking*
Mitcham Centre Initial Investigations Commence initial investigations into the opportunities and constraints for future growth and investment within Mitcham Centre and surrounds, in consultation and potential partnership with key land owners and users.	Theme 3.1 Placemaking*
Pasadena Placemaking and Smart Stormwater Investigate placemaking opportunities for Branson, Pasadena and Eyre Boulevard Reserves associated with the Pasadena Smart Stormwater project.	Theme 3.1 Placemaking*
Street Furniture and Sign Audit Audit all street furniture located on road reserves and street signs, assess if an increase in service levels is required, and provide cost estimates for renewal of assets to meet DDA requirements.	Theme 1.3 Services and Facilities
Apex Park / Hawthorndene Oval Masterplan Prepare a Master Plan for the Apex Park / Hawthorndene Oval area, including the playground, tennis courts, BMX track and oval areas.	Theme 3.1 Placemaking*

Ongoing Services

Council delivers a range of ongoing services to the community each year. The services are identified at a high level in the following table against Mitcham 2030 goals and themes.

Goal 1: Accessible, Healthy & Connected Community		
Theme 1.1 Transport Network	**Theme 1.2 Health & Wellbeing**	**Theme 1.3 Services & Facilities**
Traffic and transport infrastructure management	Regulations, registrations, inspections and controls	Community facilities hire and management
	Bushfire management	Library
	Immunisation	Open space, sport facilities and Council buildings management
	Youth development	Community programs
	Community care	Sports support
Goal 2: Sustainable City		
Theme 2.1 Climate Change Mitigation & Resilience	**Theme 2.2 Sustainable Resources**	**Theme 2.3 Natural Environment**
Environmental planning and project implementation	Water management	Native vegetation management
	Waste collection, management and education	Tree maintenance and planting
Goal 3: Dynamic & Prosperous Places		
Theme 3.1 Placemaking	**Theme 3.2 City Vibrancy**	**Theme 3.3 Partnerships**
Planning and development	Events	Grants programs
Precinct / key site master planning	Local history	Capacity building and community connections
		Volunteer management
Goal 4: Excellence in Leadership		
Theme 4.1 Good Governance	**Theme 4.2 Organisational Improvement**	**Theme 4.3 Community Experience**
Corporate reporting and financial management	Efficiency and effectiveness	Communications and marketing
Asset management and planning	ICT management and development	Information management
Community engagement	Service reviews	
Governance and Council support	Workforce planning	
Strategic planning		
Risk and emergency management		

Areas of Measurement

Community Insights (high level indicators) are included in the Four Year Delivery Plan, and enable ongoing monitoring and review of Council's progress and effectiveness towards achieving its goals and outcomes. Community perception research on the insights periodically provides Council with insight into how the community perceive progress in these areas. The community insights are listed in the following table against Mitcham 2030 goals and theme and are supported by other measures and data sources as necessary. Council's Performance Reports are available at www.mitchamcouncil.sa.gov.au and provide detailed measures.

Goal 1: Accessible, Healthy & Connected Community
Pride
Support
Theme 1.1 Transport Network
Connected Paths
Safety when Travelling
Ease of Travel
Theme 1.2 Health & Wellbeing
Safety in the Community
Involvement in Sport, Activities & Programs
Volunteer Participation
Theme 1.3 Services & Facilities
Amenities in Public Places (libraries, community centres, sports facilities, playgrounds, reserves)
Enjoyment using Public Places
Information to make Connections

Goal 2: Sustainable City
Valuing the Natural Environment
Theme 2.1 Climate Change Mitigation & Resilience
Response to Climate Change
Steps to Limit Impacts of Emergency Events
Theme 2.2 Sustainable Resources
Use of Alternative Materials to lower impact on Natural Environment
Waste
Theme 2.3 Natural Environment
Protection of Natural Environment

Goal 3: Dynamic & Prosperous Places
City Vibrancy
Theme 3.1 Placemaking
Attractive Local Area
Public Places free of Graffiti & Rubbish
Well Maintained & Appealing Streets
Theme 3.2 City Vibrancy
Events
Use of Public Places
Creativity and the Arts
Theme 3.3 Partnerships
Thriving Local Businesses
Employment Opportunities

Goal 4: Excellence in Leadership
Trusted Council
Theme 4.1 Good Governance
Council Decisions reflect Community Feedback
Council Decisions based on Evidence
Theme 4.2 Organisational Improvement
Access to Information & Services
Value for Money Services
New ways of doing things
Theme 4.3 Community Experience
Consistent Communication
Consistent Response to Service Requests



Nature Play Mini Nature Festival at Mitcham Memorial Library, Autumn 2023

Our 2024/25 Annual Business Plan & Budget

The 2024/25 Annual Business Plan and Budget projects an underlying operating surplus of $1,038,000 including recurrent financial savings of $500,000.

Council is budgeting $81.5 million in expenditure to continue existing services and invest in new service provision as well as investing $47.9 million on asset replacement and creation, continuing the delivery of services to the community and providing new projects and services aligned to *Mitcham 2030.*

The major income source required to deliver the operations of the Annual Business Plan is rate revenue. Rates make up $70 million[1] or 86% of Council's total budgeted income for 2024/25.

A financial overview is provided below:

- $81.5 million Operating Expenditure
- $81.9 million Operating Income
- $47.9 million Capital Expenditure
- $1.0 million Operating surplus excluding subsidiaries and one-off items

[1] Excluding the Landscape Levy collected on behalf of the State Government

Council's Expenditure in 2024/25

Services to the Community

Existing Commitments (previous service decisions of Council 2023/24)
Council has made decisions throughout the current financial year that require funding as part of the proposed budget. These include:

- Resourcing the Pasadena Community Centre Resourcing to enable the Centre to be operated and programmed by Council staff
- $3.1m upgrade to the Pasadena Community Centre
- Design and construct an additional $882,000 worth of new footpaths across the city
- Ongoing funding to transition Council's role in aged and disability services
- Costs associated with the land contamination matter at 91 Quinton Court & Lot 101 Port Lincoln Boulevard, Pasadena
- Enhance Verge Greening & Landscaping Activities by increasing resources and capacity for the newly created Volunteer Coordinator role, aimed at developing and supporting initiatives that encourage residents to landscape Council-owned verges
- Provide ongoing funding for the additional master plan elements to be constructed at CC Hood Reserve, Panorama
- Installation of a Heritage Tram Pole, Welbourne Street, Mitcham
- Provide and replace green Food and Garden Organics (FOGO) bins at no cost to property owners upon request and support the circular economy by recycling old blue and yellow bins
- Fund the additional cost of the Gil Langley Building Upgrade at Mortlock Park and also provide upgraded oval lighting

New and Improved Services
The following services comprise new or enhanced services being introduced in 2024/25, along with their ongoing operating costs each year. In some instances, these services involve the construction of new assets (one-time capital), leading to ongoing operating expenses such as maintenance, depreciation, and interest expenses (or foregone interest income).

The total of the new and improved services for 2024/25 is $826,000 ongoing rate funding expenditure[2], with an one-off $21.6 million capital investment (including $16.2m of new capital re-budgeted from 2023/24). These new and improved services are as follows:

- Activating Hawthorn's Hidden Gem – Stage 1
- Upgrading Waite Street Reserve

[2] Includes estimated ongoing operating expenses in the form of maintenance and average cost of capital (interest and debt repayment over defined timeframe).

- Investing in Water Sensitive Urban Design (WSUD)
- Extending and Upgrading the Stormwater Network
- Maintaining Garden Beds and Road Reserve along South Road
- Providing an ongoing Tree Assistance Fund
- Installing Pedestrian Islands at Hawthorndene Drive (safety)
- Increasing the service standard for Tree Maintenance
- Continuing to improve Council's Cyber Security Protection
- Upgrading the Carpark, Landscaping and Stormwater at Pasadena Community Centre
- Providing Annual Community Facilities Grants
- Installing a Public Toilet at Suffolk Reserve, Hawthorndene
- Providing for Minor New Capital Requests in Open Spaces

Ongoing Services
Council has budgeted $81.5 million for services provided on an ongoing basis (including the State Government Landscape Levy).

Our Commitment to Improving Community Assets
Council is committed to maintaining and improving fit for purpose assets which meet the needs of the community today and into the future. Council's Asset Management Plans set out the strategies for achieving this.

New Asset Program
New capital expenditure is one-off expenditure that creates a new asset. These assets incur ongoing costs, such as interest, maintenance and depreciation, which have been built into the budget. These include the new services and projects where there is capital expenditure.

Asset Replacement Program
Capital replacement is one-off expenditure to renew an existing Council asset. Even though all assets incur ongoing costs, such as maintenance and depreciation, capital replacement expenditure does not increase Council's ongoing costs as maintenance and depreciation is already built into the budget. Council has endorsed an asset replacement program to the value of $26.3 million (including $5.7 million re-budgeted from 2023/24).

A summary of capital works expenditure by asset category is provided below. Details of the full capital works program for all assets can be found in Appendix 2.

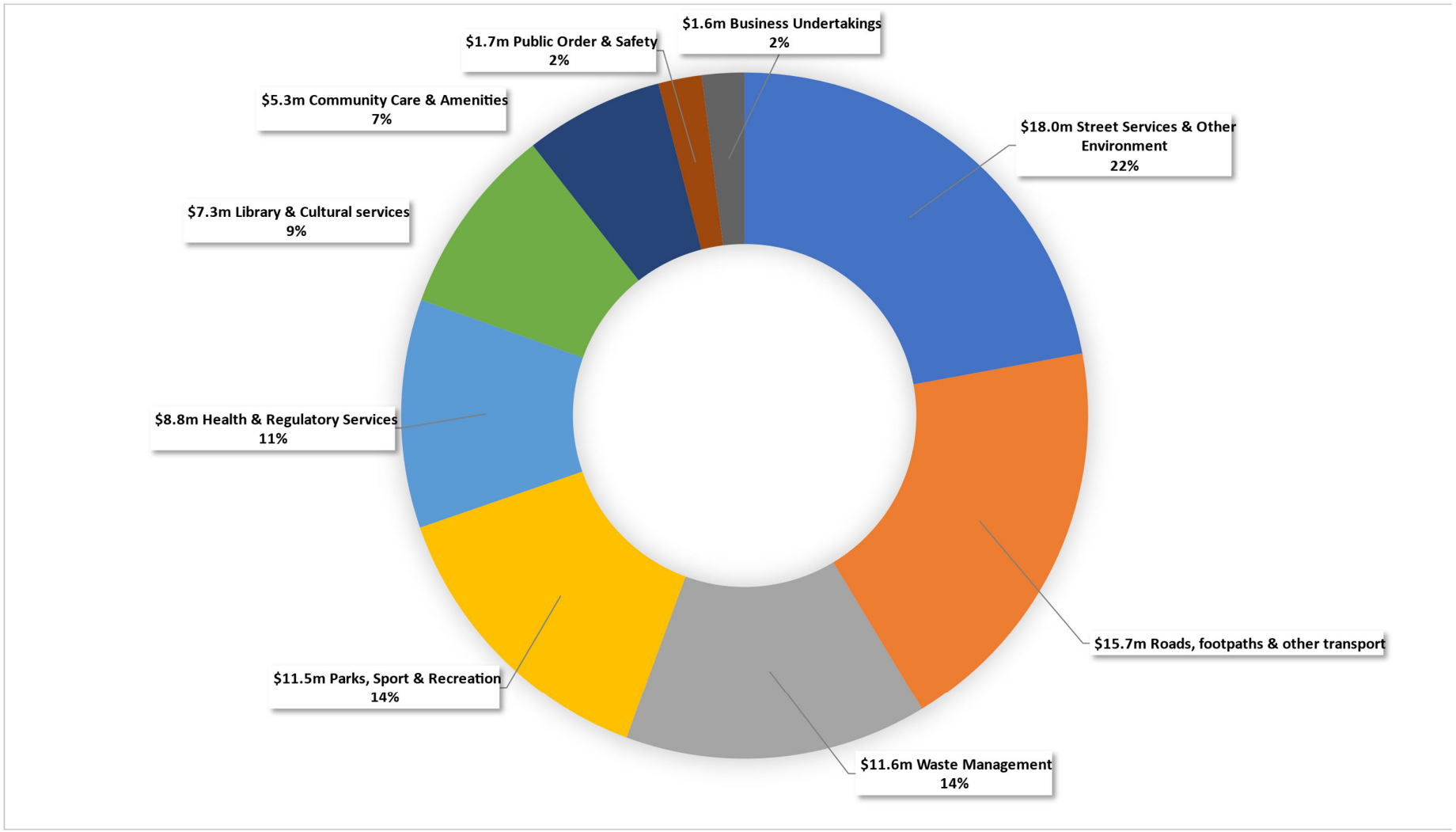
Asset Category	Renewal ($m)	New ($m)	Total ($m)
Bridges	0.32	-	0.32
Bus Shelters	0.03	-	0.03
Car Parks	0.21	0.05	0.26
Buildings & Land	2.63	0.82	3.45
Footpath	2.43	0.36	2.79
IT Equipment	1.02	0.07	1.09
Office Furniture & Equipment	0.35	-	0.35
Open Space (incl. parks, gardens, playgrounds, lighting)	1.37	2.14	3.51
Plant & Equipment (incl Fleet)	3.32	0.67	3.99
Retaining Walls	0.05	-	0.05
Roads	12.46	1.23	13.69
Stormwater & Drainage (incl Brownhill & Keswick Creeks)	2.15	2.68	4.83
Solar Projects	-	0.17	0.17
Projects with Government Funding	-	13.42	13.42
TOTAL	26.34	21.61	47.95

New Capital expenditure includes $16.2m of re-budgets from 2023/24

Ninja course at McElligotts Reserve, Springfield

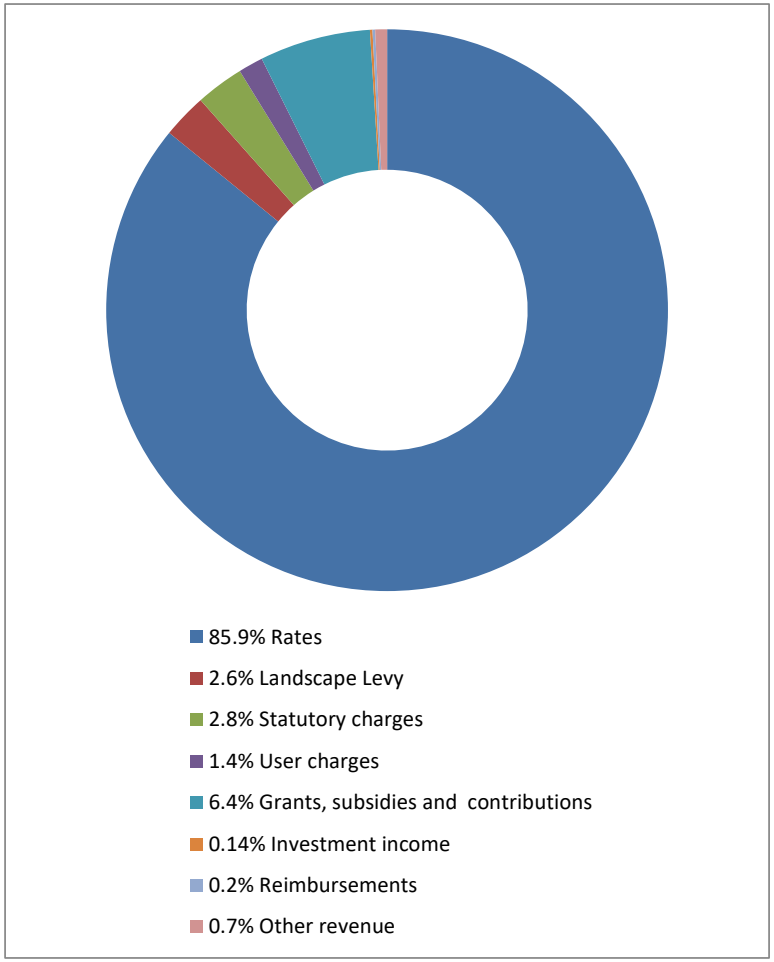


Indicative Expenditure Budget Allocations



Council's Income in 2024/25

Budgeted 2024/25 Operating Income



Rates set by Council (85.9% of Total Operating Income)
These rates are explained below on page 22.

Statutory Charges set by the State Government (2.8% of Total Operating Income)
These are fees and charges set by regulation and collected by the Council for regulatory functions such as, assessment of development applications, dog registrations and parking fines.

User Pay Charges set by Council (1.4% of Total Operating Income)
These comprise of charges for the Council's fee based facilities such as, hire of sporting and community venues.

Grants and Subsidies (6.4% of Total Operating Income)
The Council normally seeks to attract as much grant funding as possible from other levels of government, and major projects of wider State benefit are usually jointly funded in partnership with the State Government and other relevant parties.

Investment Income (0.1% of Total Operating Income)
Investment income is the interest that Council receives on surplus funds held on deposit with the bank. Council seeks to maximise the balance between surplus cash and borrowings, to minimise net interest expenses wherever possible.

Reimbursements and Other Income (0.8% of Total Operating Income)
Reimbursements and other income are generally one-off payments or donations received usually to offset or reimburse Council for expenditure incurred.

State Government Landscape Levy (2.6% of Total Operating Income)
The City of Mitcham is part of the Green Adelaide Landscape Management Region and is required under the Landscape South Australia Act 2019 to raise a defined amount of revenue on behalf of the state government to fund the state governments operations of the Green Adelaide Board.

Additional Sources of Income
Capital Income (Grants, Sale of Assets, Contributions), made up of grants received from State & Federal governments to fund specific projects. Proceeds can also be received from the sale of assets.

Urrbrae High School students welcome work placement



Council's Rates in 2024/25

What rates will I pay?
In formulating the planned rates for the financial year, Council takes into consideration the economic environment, the supply of rate contributions by various classifications of ratepayers and all sources of revenue required to fund the delivery of services and projects set out in the Annual Business Plan.

In order to sustainably fund the activities in this business plan the total amount of rate revenue to be raised for 2024/25 is $146 (6.98%) residential and $404 (6.98%) commercial average rate increase.

Council's Rating Policy for 2024/25 is included in Appendix 3.

How are properties valued?
Property values are determined by the Valuer General, who calculates and provides this information to Council. In setting rates each year, Council determines the total rate revenue required then divides this by the sum of all property values (provided by the Valuer General) in the Council area. The number arrived at is called the 'rate in the dollar' (RID). The value of each rateable property is then multiplied by the 'rate in the dollar' to produce the rates bill for the property. Each year Council resets the 'rate in the dollar' so that only the required rate income is received in total. The total rates payable by the community will equal the amount required as part of the budget process regardless of movements in overall property valuations.

The way in which the 'rate in the dollar' is calculated allows it to react to changes in property values. When the total value of all properties within a council increase more than the amount of rate revenue required, the rate in the dollar will decrease. Alternatively, when the total value of all properties decreases or increases less than the amount of rate revenue required, the 'rate in the dollar' will increase. This change to the 'rate in the' dollar ensures that only the required amount of rate revenue is raised in total, regardless of valuation movements. In summary:

- Total valuation drives the R.I.D needed to raise the required rate revenue in total.
- Individual valuations relative to each other in the City determine the portion of the total required rate revenue paid by each property.
- Valuations do not influence the total rate revenue received.

Rating Structure
Council's Rating Structure is developed in accordance with the requirements of The Act. Additionally, in determining this structure, the Council takes into account Councils Strategic Management Plans, Annual Business Plan and Long-Term Financial Plans, including:

- The competing demands of community priorities identified through the consultation process.
- Its role as custodian of significant community assets held and managed on behalf of the local community and future generations.
- The need for significant capital works to replace and upgrade infrastructure assets.
- The obligation to operate as effectively and efficiently as possible.
- The need to reassess the use and viability of community facilities.
- The impact of rates on all sectors of the community (householders and businesses) based on factors, such

as the broad principle that the rate in the dollar should be the same for all properties, except where there is either a different level of services available to ratepayers, or some other circumstance exists which warrants variation from the broad principle. Council has addressed this through the application of differential rates on commercial, industrial and vacant land properties – refer to the section entitled “Differential Rates”.

Reasons for Valuation Method and Equity
The Council uses capital value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers, for the following reasons:

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

Impact of Rates Structure
Council considers the impact of rates on all businesses in the Council area. In doing so, Council considers and assesses the following matters:

- The demand made on Council services by commercial and industrial users as a proportion of rate revenue.
- Council’s Strategic Management Plan and those priorities relating to business development mentioned above.
- Specific Council projects for the coming year that will solely or principally benefit businesses.
- Preference for local suppliers where price, quality and service provision are comparable to suppliers outside the Council area.
- Current local, state and national economic conditions and expected changes during the next financial year.
- Changes in the valuation of commercial and industrial properties in comparison to residential properties.

Differential Rates
The Local Government Act 1999 allows the Council to ‘differentiate’ rates based on the use of land, the locality of land, the use and locality of the land combined or on some other basis determined by Council. The City of Mitcham applies different rates on the basis of land use.

Differentiation assists in ensuring that the after tax cost of rates for businesses is fair and equitable in comparison with residential ratepayers. Additionally, in the City of Mitcham, where there are commercial and business areas, businesses contribute to the early deterioration of Council infrastructure and the environment, which requires additional resource allocation by Council to address.

Rate Capping
Council has a rate capping scheme available to all rate payers, subject to eligibility criteria. This is designed to assist ratepayers who would otherwise have incurred a rate increase greater than 12.5%. For details of eligibility call 1300 133 466 or visit www.mitchamcouncil.sa.gov.au.

Rebates
Council is required to provide mandatory rebates under Sections 160 to 165 of the Local Government Act 1999 in relation to properties:

- Primarily used for service delivery or administration by a hospital or health centre (Section 160).
- Primarily used for service delivery or administration by a community service organisation (Section 161).
- Containing a church or other building used for public worship or used solely for religious purposes (Section 162).
- Being used for the purpose of a public cemetery (Section 163).
- Occupied by a government school under a lease or licence or a non-government school being used for educational purposes (Section 165).

Residential Construction Rebate (Discretionary Rebate)
Further, we may provide discretionary rebates under Section 166. One of these is for the purpose of securing the proper development of the area. A discretionary rebate of general rates for the 2024/25 financial year will be granted in respect of an Assessment classed as vacant land where the:

- Principal Ratepayer of the Assessment applies to the council, in writing, for the rebate prior to 30 June 2025.
- Foundations or slab have been laid on the property by 30 June 2025, proof of the date the footings were laid must accompany the application.
- Land which has been subdivided in the current financial year will not be eligible for the rebate.
- Principal Ratepayer has confirmed, in writing, that the property will be their principal place of residence upon completion.

The amount of the rebate will be based on:

- The difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential land; and
- The number of days remaining between 1 July 2024 and 30 June 2025 from the date footings are poured for a residence on the land. The rebate will not fall below the Minimum Rate.

Vacant Land Rebate (Discretionary Rebate)
Council has agreed to apply a rebate on Vacant Land, where the land use has changed from Residential land use to Vacant Land in any given financial year. The rebate will apply within the first 12 months to the residential rate in the dollar adopted for properties that become vacant land and will be applied either by Council of its own initiative, where the Council is in possession of sufficient information to determine entitlement to the rebate, or otherwise on application to Council.

Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a discretionary rebate of general rates for the 2024/25 financial year will be granted in respect of an Assessment attributed as vacant land where:

- The Land Use is noted as Residential or Primary Production by the Valuer- General in the current year following a subdivision/development and the Council attributed the land use as Residential or Primary Production.

- The actual use of the land has changed to Vacant Land and the Valuer-General has determined a Vacant Land use code to the land in the following year and the Council has also attributed a rate in the dollar for Vacant Land.
- The principal rate-payer applies in writing prior to 31 December 2024 for a rebate the current year, confirming that the property will be their principal place of residence on completion of any development. The Council may consider any application received after 31 December 2024 for the 2024/25 financial year, solely at its discretion.
- The rebate will only apply for a maximum period of 12 months in the (same) financial year.
- The property will be re-assessed the following financial year - If the use of the land is still classified as Vacant Land by the Valuer General, and the Council also attributes this land use, then the rate in the dollar for Vacant Land will apply.
- Refer to the Residential Construction Rebate beyond the first 12 months.

Remission of Rates
Council, on the written application of a ratepayer, may partially or wholly remit rates or postpone rates on the basis of hardship. The 2024/25 rate increase will not apply to eligible residents who hold a Pensioner Concession Card, Veteran Gold Card or Low Income Health Care Card. Those eligible are invited to apply for the one-off rate reduction via a form on Council's website.

Minimum Rates
Council has fixed a proposed minimum amount payable by way of the general rates of $1,364.


Kitchen caddy rollout, April 2023

Amendments from the Draft Annual Business Plan

This Annual Business Plan includes a number of amendments from the draft plan that was released for consultation on 21 April 2024 as detailed below.

Three Additional New Service Levels Included

Activating Hawthorn's Hidden Gem - Stage 1

Implement Stage 1 of the Master Plan for the former Bowling Greens and Air Force Association (AFA) precinct at Hawthorn. The project will implement elements of the Master Plan which was endorsed by Council in November 2023. Stage 1 will include opening the site up through the demolition of the Air Force Association and lean-to buildings, providing a planting buffer, lawns and picnic areas.

Waite Street Reserve Upgrade

The project is placemaking for the heart of Blackwood and the additional grant funding will also enable further enhanced features and elements for placemaking and community connection.

Installing a Public Toilet at Suffolk Reserve, Hawthorndene

Construct new public toilet facilities (1 x unisex ambulant cubical and 1 x unisex accessible cubicle) for users of Suffolk Reserve, Hawthorndene.

One Additional New Service Level Removed

Provision of Civic Receptions

Provide funding for Civic Receptions, to enable Council to host events in support of strengthening community relationships.

Rate Remission Provision

A one-off rate remission provision of $106,000 has been included in the final budget to fund remissions for eligible card holders.

Cost shifting

In addition to allocating an additional $60,000 to compensate for the discontinuation of indexation on the State Government's Library grant, as stipulated in the 2022 five-year Agreement within the Draft Annual Business Plan, a further $20,000 has been included as cost shifting due to Green Adelaide's partial reduction in funding for the Resilient South Coordinator role. Previously, this role, which supports the ongoing delivery of the Regional Climate Action Plan focused on creating cooler, greener, and more climate-resilient neighbourhoods, was fully funded by Green Adelaide. Council was informed in May of the new funding arrangements, requiring each of the partner councils to contribute to funding the role.

Further refinements made since consultation

- The latest forecast end of year position for 2023/24 as outlined in Budget Review Three, adopted by Council on 14 May 2024.
- Rescheduling and retiming of capital expenditure from 2023/24 into the 2024/25 year as per Budget Review Three.
- Updated subsidiary operating budgets.
- Roads to Recovery funding increased as a result of the recent federal budget. The increase improves council's headline operating result and increases council capital expenditure not impacting on the debt projections.
- Ongoing refinement and updates of cost indexations

Our Long-Term Financial Plan

The Long-Term Financial Plan is an important part of Council's budgeting and financial management framework as it helps Council to monitor long-term financial sustainability while working to address the needs and expectations of the community reflected in the strategic management plans. It sets the high-level financial parameters that guide the development and refinement of Council's budgeted plans, strategies and actions and generates information that assists decisions about the mix, timing and affordability of future outlays on operating activities, renewal and replacement of existing assets and funding of additional assets and services.

In 2012 a review of Council's long-term financial planning, budget management systems and asset management processes identified that Council was operating at an underlying annual deficit of $1.7 million. It also established that, whilst Council had no net debt, it had generated a significant asset renewal deficit (backlog) as a result of under investing asset renewal over many years. Since 2012 Council has focused on achieving substantial operational savings and efficiencies, and on addressing the asset renewal deficit over a period of time. This focus has delivered ongoing savings of $8.8 million (includes an additional efficiency, budget and service savings target of $500,000 in 2024/25).

Council has continued to innovate and develop its financial modelling and decision making processes. As part of the 2024/25 budget deliberations a number of strategic aspects were considered including:

- service levels
- cost drivers
- cost shifting; budget pressures
- new recurrent expenditure (new services / new capital)
- operating projects (one-off expenditure)
- addressing capital backlog
- debt levels
- savings and efficiencies
- rate levels
- strategic priorities (Mitcham 2030)
- economic environment
- financial ratios and forward projections.

The 2024/25 Long-Term Financial Plan is based on the following principles:

- Maintaining existing service levels at or below CPI whilst continuing to drive efficiencies and financial savings.
- Improving service levels and closing service gaps within financial capacity.
- Monitoring and measurement of cash from operations in determining a balanced budget position, ensuring that Council is funding its asset renewals over the 10 year Long-Term Financial Plan and repaying debt over a considered timeframe taking into account the balance between funding costs and intergenerational equity.
- Budgeting of ongoing costs associated with new capital in the year they are included rather than in the following year when maintenance costs and depreciation commence, thus avoiding pre-commitment of rates increases in the following year.
- Maintaining rates at a comparable and sustainable level whilst funding services and debt repayment sustainably in line with Council's considered position on intergenerational equity.

With these principles in mind, this Long-Term Financial Plan is based on the following:

- 6.98% Rate Increase for 2024/25, on average
- generation of sufficient cash from operations to fund Asset Renewal over the life of the 10-year plan
- targeted financial and efficiency savings of $500,000
- a provision of $465,000 to undertake operating projects and other one-off priorities

- new and improved services totalling $826,000 per annum (with an associated one-off $4.9 million capital investment)
- capital replacement program of $26.3 million for 2024/25 in line with Council's Asset Management Plans and schedules (and including $5.7 million re-budgeted from 2023/24)
- new capital expenditure of $21.6 million for 2024/25 (including $16.2 million re-budgeted from 2023/24)
- a projected underlying operating surplus for 2024/25 of $1,038,000 (excluding non-cash gains / losses from subsidiaries and one-off income and expenditure).
- a ten-year average net financial liabilities ratio of 74%, reaching a peak of 81% in 2025/26.

The following tables are a summary of some items of key financial data used for the purposes of modelling. It is the result of the application of all the assumptions within the Long-Term Financial Plan, using the current financial position and budget as the base. As part of Council's responsible approach to financial sustainability, non-cash gains and losses from Council subsidiaries and one-off items are not included when using Council's operating result for modelling and ratio calculation purposes. The reason for not including non-cash items is that if they were included when determining if Council has a balanced budget, Council would actually need to borrow funds (either as borrowings or as reductions in surplus cash) equivalent to those non-cash gains in order to fund operating expenses, creating a false sense of sustainability. Borrowing to fund operating expenses is not sustainable and, therefore, this financial discipline being employed by Council is a key element to ensuring financial sustainability in the future from Council operations. Further, by not including one-off items Council is ensuring that it is focusing on the underlying long-term financial position of Council providing additional robustness to Council's measure of long-term financial sustainability.

Unley High School students participate in Arbor Day, 2023



FINANCIAL PLAN SUMMARY	2024/25 Year 1 Plan $'000	2025/26 Year 2 Plan $'000	2026/27 Year 3 Plan $'000	2027/28 Year 4 Plan $'000	2028/29 Year 5 Plan $'000	2029/30 Year 6 Plan $'000	2030/31 Year 7 Plan $'000	2031/32 Year 8 Plan $'000	2032/33 Year 9 Plan $'000	2033/34 Year 10 Plan $'000
Operating Income	**81,878**	**84,905**	**87,914**	**90,791**	**93,669**	**96,162**	**99,067**	**101,903**	**104,765**	**108,177**
Including non cash gains on Subsidiaries	-	24	160	294	418	573	722	722	722	722
Operating Expenses	**81,549**	**83,350**	**86,162**	**88,558**	**91,050**	**93,537**	**96,291**	**98,776**	**101,279**	**103,898**
Including non cash losses on Subsidiaries	548	-	-	-	-	-	-	-	-	-
Operating Result	**329**	**1,555**	**1,752**	**2,233**	**2,619**	**2,625**	**2,776**	**3,127**	**3,486**	**4,279**
PLEC Young Street Project	240									
Quinton Court Re-budget	366									
My Mitcham Grant Re-budgets	30									
Local Roads and Community Infrastructure grant	(576)									
Horticultrual Tech Tree Services - spring 2024	10									
Traffic Engineer	100	100								
Public Art Grant Funding	100									
Additional Roads 2 Recovery Grant funding	(229)	(459)	(689)	(766)	(766)					
Rate Remission	121									
One off items	**162**	**(359)**	**(689)**	**(766)**	**(766)**	**-**	**-**	**-**	**-**	**-**
Operating Result (excluding non cash gains/losses from subsidiaries and other one off items)	**1,038**	**1,171**	**902**	**1,172**	**1,434**	**2,051**	**2,053**	**2,404**	**2,763**	**3,556**
Net Financial Liabilities	65,213	68,807	68,192	70,220	70,924	73,768	73,256	71,704	68,555	67,521

Operating Result (Headline)
This is the operating result as reported in Council's end of year financial statements in accordance with accounting standards. It reflects whether in each year income was enough to cover expenses, including depreciation, one-off items and non-cash items from subsidiaries. Whilst this result is necessary to report and forms part of Council's annual financial statements, it is not that useful for measuring Council's underlying operating result from operations and, therefore, financial sustainability.

Underlying Operating Result (Excluding future Subsidiaries and Other One-off Items)
This is the operating result from direct Council operations only without the non-cash impacts of operating results of Council's subsidiaries, such as Centennial Park Cemetery Authority and East Waste Management Authority and without any significant one-off items. It is important to focus on this result because it represents a better view of the ongoing funding requirements of Council operations. If Council balances its budget, including these non-cash or one-off items it can give a false impression of financial sustainability.

Borrowings
The proposed Long-Term Financial plan shows that the net financial liabilities ratio peaks in Year 2, 81% of forecast operating income in that year with a ten-year average of 74%. The increase in net financial liabilities from current levels is primarily due to investing in key new infrastructure over the next 10 years. The strategic investment budgeted will result in Council exceeding its self-imposed Net Financial Ratio target of 80%. Further discussion on the reasons for exceeding this target and additional details can be found in the CEO's statement on Financial Sustainability and the 10 Year Key Financial Indicators section of this document.


Puppet making activity at Mitcham Memorial Library

How does this plan compare to the 2023/24 plan?
A broad comparison of this Long-Term Financial Plan with the 2024/25 projections contained in the previous Long-Term Financial Plan shows:

The main difference between the draft budget and the equivalent period of the previous Long-Term Financial Plan are captured in the adjacent table.

The increase in Rates revenue is primarily a result of an increase in the consumer and local government inflation during the past 12 months. The March CPI is 4.3% higher than the previous plan forecast at 3.5%. Council is raising rates on a 6.98% general rate increase, on average for 2024/25. This was opposed to a 4.27% increase projected for 2024/25 in the previous Long-Term Financial Plan last year.

Other income categories have also been reviewed and forecasted to take into consideration CPI rate increase.

Employee costs are driven by CPI and superannuation guarantee increases which come into effect on the 1st July 2024. The previous plan was based on 3.5% forecast in CPI compared to 4.3%, increasing the employee cost projection.

Materials, contracts and other expenses has been driven by once off rebudgets and inclusion of once off expenses such as PLEC Young Street Project and increase of Operating project funding for 2024/25.

The increase in capital new and capital renewal is primarily as a result of additional new and improved services and re-budgeted capital projects from 2023/24.

	Previous Plan 2024/25 $'000	This Plan 2024/25 $'000	Variation $'000
Rates	68,456	70,309	1,853
State Government Landscape Levy	2,123	2,104	(19)
Statutory Charges	2,265	2,269	4
User Charges	1,065	1,170	105
Grants, subsidies, contributions	5,299	5,227	(72)
Investment Income	85	118	33
Reimbursements	128	129	1
Other Income	537	551	14
Gain - Joint ventures & associates	-	-	-
Operating Income	**79,958**	**81,878**	**1,919**
Employee costs	30,880	31,486	606
Materials, contracts & other expenses	25,162	26,316	1,154
State Government Landscape Levy	2,123	2,104	(19)
Finance costs	1,916	1,994	78
Depreciation and Amortisation	19,124	19,102	(22)
Loss - Joint ventures & associates	123	548	425
Operating Expense	**79,328**	**81,549**	**2,222**
Operating Result Surplus/(Deficit)	**630**	**329**	**(301)**
Renewal Capital Expenditure	18,736	26,329	7,593
New Capital Expenditure	2,764	21,608	18,844
Net Financial Liabilities	50,596	65,213	14,617

External and Internal Influences
This Long-Term Financial Plan generates information which is used to guide decisions about Council operations into the future. However, as with any long-term plan, the accuracy of this Long-Term Financial Plan is subject to many inherent influences.

In order to minimise the inherent risks of long-term financial planning, Council reviews and updates its Long-Term Financial Plan on a regular basis. Further to this, where possible, the assumptions within

the Long-Term Financial Plan are based on published Australian Bureau of Statistics data or other independent data sources. The assumptions are also subject to review and comment by Council's Audit and Risk Committee.

Key Economic Assumptions
It is important that Council's Long-Term Financial Plan reflects the most recent economic data and forecasts available as Year 1 of the Long-Term Financial Plan forms the basis for developing Council's Annual Business Plan and Budget. A review is conducted each year to ensure that the underlying parameters and assumptions are reasonable given the current economic conditions and expectations.

The Consumer Price Index (CPI) for the March quarter drives non-rates income, while the recurrent Local Government Price Index (LGPI) excluding wages, which drives expenditure on contractual services and materials is 5.95% (as at December 2023). The CPI is widely recognised as a crucial indicator of household expenditure inflation, offering a comprehensive assessment of price inflation for consumer purchases. However, the Local Government Price Index (LGPI) is deemed more appropriate for measuring inflation within Local Government sector services. Short- to medium-term projections are based on forecasts from the South Australian Centre for Economic Studies, suggesting that the cost of Council service provision will rise at a rate exceeding the CPI. Despite this, the Council remains dedicated to maintaining the cost of existing services at or below the CPI level by pursuing efficiencies, financial savings, and innovative solutions. $500,000 of operating efficiencies and service savings are included in 2024/25.

The loan interest rates are based on Local Government Financing Authority (LGFA) lending rates for Year 1. Years 2 -10, the Long-Term Financial Plan has been forecasted using Deloitte Access Economics data. However, regular review of this Plan will ensure that the economic assumptions are reflective of the current market. Administration undertakes a review of the parameters and assumptions underpinning the Long-Term Financial Plan on an annual basis to ensure that the most appropriate forecast economic indicators are used.

Economic Indicator / Assumption	Drives	2024/25 Year 1	2025/26 Year 2	2026/27 Year 3	2027/28 Year 4	2028/29 to 2033/34 Year 5 to 10
Revenue						
Residential / Other Rate Increase / Commercial / Industrial / Vacant Land Rate Increase	Rates required for existing services (excluding growth)	4.22%	2.70%	2.50%	2.50%	Between 2.30% - 2.50%
Residential / Other Rate Increase / Commercial / Industrial / Vacant Land Rate Increase	Potential additional Rates required for new services[1], multi-year commitments and prior Council decisions	2.64%	1.40%	0.58%	0.49%	Between 0.27% - 0.90%
Residential / Other Rate Increase / Commercial / Industrial / Vacant Land Rate Increase	Cost Shifting	0.12%	0.03%	0.03%	0.00%	0.00%
Residential / Other Rate Increase / Commercial / Industrial / Vacant Land Rate Increase	Rates from additional properties (growth)	0.35%	0.18%	0.18%	0.18%	Between 0.18% - 0.18%
Consumer Price Index (March quarter 2024)	Statutory Charges[2], Grants and Subsidiaries, Reimbursements, Other Revenue	4.30%	2.70%	2.50%	2.50%	Between 2.30% - 2.50%
Local Government Price Index (Weighted Total)	User Charges	5.20%	3.10%	2.70%	2.70%	Between 2.50% - 2.70%
Investment Interest Rate	Investment Income	4.40%	3.27%	2.93%	2.82%	2.80%
Expenditure						
Local Government Price Index (Recurrent)	Contractual Services, Materials, Other Expenses	5.95%	3.25%	2.20%	2.20%	Between 2.00% - 2.20%
Local Government Price Index (Capital)	Capital Expenditure Indexation, Depreciation, Asset Revaluations	3.60%	2.75%	3.90%	3.90%	Between 3.70% - 3.90%
Enterprise Bargaining Agreement & Consumer Price Index	Employee Costs[3]	4.30%	2.70%	2.50%	2.50%	Between 2.30% - 2.50%
Superannuation (headline rate)	Employee Costs (Currently 11%)	11.50%	12.00%	12.00%	12.00%	12.00%
Loan Interest Rate – Fixed Term	Long Term Loan Interest Expenses	5.45%	4.65%	4.45%	4.35%	4.35%

[1] New services as per 'year 2 – year 10' of the current adopted Long-Term Financial Plan, requires endorsement each year as part of the Annual Budget process.
[2] Statutory Charges likely to be lower than CPI and thus may bring about a cost shifting impact to the budget.
[3] Enterprise Bargaining agreement is in negotiations, employee costs are based on CPI forecast.

Rates Required For Existing Services Assumptions	**2024/25 Year 1 Plan**	**2025/26 Year 2 Plan**	**2026/27 Year 3 Plan**	**2027/28 Year 4 Plan**	**2028/29 Year 5 Plan**	**2029/30 Year 6 Plan**	**2030/31 Year 7 Plan**	**2031/32 Year 8 Plan**	**2032/33 Year 9 Plan**	**2033/34 Year 10 Plan**
Employee Costs										
Percentage of Operating Expense	38%	38%	38%	38%	38%	38%	38%	38%	38%	38%
Economic Indicator / Assumption as per table above	4.80%	3.20%	2.50%	2.50%	2.50%	2.40%	2.30%	2.30%	2.40%	2.50%
Percentage of cost of existing service	1.83%	1.27%	1.00%	0.99%	0.99%	0.94%	0.90%	0.89%	0.93%	0.96%
Materials, contracts and other expenses										
Percentage of Operating Expense	38%	36%	35%	35%	35%	35%	34%	34%	34%	34%
Economic Indicator / Assumption as per table above	5.95%	3.25%	2.20%	2.20%	2.20%	2.10%	2.00%	2.00%	2.10%	2.20%
Percentage of cost of existing service	2.27%	1.17%	0.77%	0.77%	0.77%	0.73%	0.69%	0.68%	0.71%	0.74%
Depreciation and Amortisation										
Percentage of Operating Expense	24%	24%	25%	25%	26%	26%	27%	27%	27%	28%
Economic Indicator / Assumption as per table above	3.60%	2.75%	3.90%	3.90%	3.90%	3.80%	3.70%	3.70%	3.80%	3.90%
Percentage of cost of existing service	0.85%	0.67%	0.97%	0.99%	1.00%	0.99%	0.98%	1.00%	1.04%	1.09%
Cost increase of existing services (Gross)	**4.96%**	**3.11%**	**2.74%**	**2.75%**	**2.76%**	**2.66%**	**2.57%**	**2.58%**	**2.68%**	**2.79%**
Efficiency Savings (%)	(0.76%)	(0.44%)	(0.27%)	(0.29%)	(0.30%)	(0.32%)	(0.34%)	(0.36%)	(0.38%)	(0.40%)
Efficiency Savings ($'000)	(500)	(286)	(177)	(188)	(199)	(211)	(224)	(237)	(250)	(263)
CPI	4.30%	2.70%	2.50%	2.50%	2.50%	2.40%	2.30%	2.30%	2.40%	2.50%
Cost of existing services (less Efficiency Savings)	**4.19%**	**2.67%**	**2.47%**	**2.47%**	**2.47%**	**2.37%**	**2.27%**	**2.27%**	**2.37%**	**2.47%**
Information Technolgy New Asset Costs	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Total Rates required for existing services	**4.22%**	**2.70%**	**2.50%**	**2.50%**	**2.50%**	**2.40%**	**2.30%**	**2.30%**	**2.40%**	**2.50%**

External Influences and Risks

Interest Rates
Council has forecasted interest rates to be between 4.35% to 5.45% over the next 10 years based on Local Government Financing Authority and Deloitte Access Economics data. If changes are made to official interest rates by the Reserve Bank of Australia in excess of those included in the Long-Term Financial Plan then this could have a financial impact on Council. However, regular review and update of the Long-Term Financial Plan in conjunction with Council's financial indicators in relation to debt, interest coverage and debt repayment term are key strategies for mitigating this risk.

Consumer Price Index (All Adelaide)
The Consumer Price Index (CPI) is regarded as Australia's key measure of inflation for household consumables. It is designed to provide a general measure of price inflation for the Australian household sector as a whole. The CPI measures change over time in the prices of a wide range of consumer goods and services acquired by Australian metropolitan households. This Long-Term Financial Plan is based on a CPI of 4.30% for 2024/25 and 2.30%-3.10% for the years 2 to 10.

Federal Assistance Grants
The South Australian Grants Commission is responsible for the distribution of untied Commonwealth Financial Assistance Grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements. Council currently receives around $2.8 million per year in Financial Assistance Grants. The allocation of this grant is based on a predetermined methodology involving analysis of Council's income raising capacity and expenditure requirements compared with State averages and other factors such as Council's demographic profile, the movement in its population relative to the movement in both South Australia's and Australia's population and the community's ability to pay relative to other council communities. Changes to the total grant funding pool, the methodology or even Council's demographics have the potential to impact on the amount of grant assistance provided to Council.

In addition to the quantum of this grant, the timing of when the grant is paid could also have a potential impact on the Long-Term Financial Plan. The Australian Accounting Standards applying to Local Government require that grants received within a financial year are shown as income in that year, notwithstanding that the purpose for which the grants were given have not been fulfilled.

This issue has impacted on Council in the past but is not anticipated with the Long-Term Financial Plan. Whilst it is a requirement to report extra income in Council's operating result, it has not been included in the ratio calculations. This is in accordance with Council's philosophy of focusing on the underlying financial position and not the one-offs that occur from time to time.

Local Government Price Index
The Local Government Price Index (LGPI) is an independent measure of the inflationary effect on price changes in the South Australian Local Government sector, developed by the Australian Bureau of Statistics (ABS) and updated by the South Australian Centre for Economic Studies on a quarterly basis. LGPI has also recently been provided as a forecast which has been included in the forward projections.

Superannuation Guarantee
As part of the 2014 Federal Budget, the Federal Government determined superannuation will increase progressively from 9% to 12% as follows:

Year	Contribution Rate
1 July 2024 – 30 June 2025	11.5%
1 July 2025 – 30 June 2026 and onwards	12%

Any future changes to the superannuation legislation outside of the current projected trajectory to 12.0% as shown above, has the potential to impact the Plan and Council's financial position.

Natural Resources – Fuel
The volume of fuel required to operate Council's plant, equipment and vehicle fleet is significant and movements in the price of fuel above the general rate of inflation have the potential to significantly affect Council's financial position.

Natural Resources - Water
A critical element of the City of Mitcham's prosperity is the provision of a sustainable water supply that can be used to provide a high level of amenity to the City's open space, parks and gardens and movements in the price of water above the general rate of inflation have the potential to significantly affect Council's financial position. Council continues to explore ways and opportunities to minimise the reliance on water and improve the use of water flows from rain and storm water to irrigate streetscapes and other open space areas.

Energy Market – Electricity and Gas
The cost of energy (i.e. electricity and gas) to the City of Mitcham is significant and movements in the price of energy above the general rate of inflation have the potential to significantly affect Council's financial position. Council is investing in LED street lighting and exploring other ways and opportunities to reduce energy use and reliance.

Cost Shifting
Each year Council is impacted to some extent by cost increases through legislative change, additional compliance requirements, reductions in funding and / or increases in taxes or levies. This plan includes cost shifting of 0.12% rate increase stemming from the State Government's decision not to index its annual contribution to libraries and Green Adelaide's decision to no longer fully fund the Resilient South Project Coordinator.

Funding Plan

The council is committed to ensuring financial sustainability and intergenerational equity in funding its services and infrastructure. As outlined in the Council's Financial Sustainability Policy, Council adheres to the following Service Funding Principles:

1. Recurrent Operating Services: Recurrent operating services are funded exclusively through recurrent operating income. This approach ensures that borrowing does not create future liabilities without corresponding benefits for ratepayers. Council funds its services primarily through rates, with an administration responsible for managing expenditure and ensuring existing service cost increases remain at or below the Consumer Price Index (CPI). New services or service level increases are a decision for Council in response to Community need and/or feedback and are costed and funded through recurrent revenue at the time of their implementation.
2. Operating Projects: One-off or short-term operating projects are funded through operating income sources. Borrowings are generally not used to fund these projects to avoid burdening future generations without providing them any benefits from the projects delivered.
3. Capital Expenditure - New: New infrastructure and upgrades to existing infrastructure are funded through borrowings for initial capital investment costs and ongoing operating income sources for recurrent service provision costs, including maintenance, operations, interest, and depreciation. Alternatively, proceeds from the sale of surplus assets can be used for initial capital investment costs. New or upgraded infrastructure projects must be accompanied by a recurrent operating income source to cover operating costs throughout the asset's service life. This upholds intergenerational equity and avoids overtaxing the community today in order to save up and undertake projects that will benefit ratepayers in the future.
4. Capital Expenditure - Renewal: Asset Annuity requirements for infrastructure and asset renewal are funded using recurrent operating income sources to maintain services delivered by assets and uphold intergenerational equity. As capital requirements may vary from year to year, the Asset Annuity approach ensures a balance between cash surplus and cash deficit situations. Borrowings are utilised and repaid in order to manage these cashflow requirement variances year to year.

Rates constitute more than 85.9% of the Council's budgeted income, and this proportion remains consistent throughout the forward projections. Operating grants, statutory fees, and the landscape levy, which account for approximately 11.8% of total income over the forward projections, are determined by federal and state governments.

The remaining 2.3% of total revenue comprises user charges, reimbursements, investment income, and other income. Each year, the Council sets its fees and charges by considering the cost of providing services and the community's ability to pay. Additionally, income from sporting club leases and commercial

leases contributes to the maintenance, renewal, and servicing of buildings and sporting fields.

To maintain financial sustainability, it is crucial that ongoing income covers the cost of services and commitments. By adhering to the Service Funding Principles outlined in the Financial Sustainability Policy, the council's approach to funding services and infrastructure emphasises financial sustainability and intergenerational equity. This strategy ensures that ratepayers contribute equitably without subsidising or being subsidised by other ratepayers across different time periods, while also promoting responsible management of the council's assets and services.



Tree Planting at Rothesay Avenue, St Marys, 2023

PROJECTED REVENUE	2024/25 Year 1 Plan $'000	2025/26 Year 2 Plan $'000	2026/27 Year 3 Plan $'000	2027/28 Year 4 Plan $'000	2028/29 Year 5 Plan $'000	2029/30 Year 6 Plan $'000	2030/31 Year 7 Plan $'000	2031/32 Year 8 Plan $'000	2032/33 Year 9 Plan $'000	2033/34 Year 10 Plan $'000
INCOME										
Rates	70,309	73,455	75,874	78,283	80,770	83,610	86,090	88,643	91,200	94,288
State Government Landscape Levy	2,104	2,160	2,214	2,270	2,326	2,382	2,437	2,493	2,553	2,617
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Investment Income	118	71	59	56	56	55	53	53	54	55
Reimbursements	129	133	136	139	143	146	150	153	157	161
Other Income	551	566	580	595	609	624	638	653	669	686
Gain - Joint ventures & associates	-	24	160	294	418	573	722	722	722	722
Total Revenues	**81,878**	**84,905**	**87,914**	**90,791**	**93,669**	**96,162**	**99,067**	**101,903**	**104,765**	**108,177**

CEO's Statement on Financial Sustainability

The 2024/25 Annual Business Plan and Long-Term financial projections incorporate the following financial principles:

- continued effort to reduce operating costs through efficiencies and financial savings measures.
- a commitment to maintaining existing service provision at or below the cost of CPI, through cost savings and efficiencies[3]
- the responsible application of a rate rise required to fund the full lifecycle cost of new services in the year they are introduced (to the extent that they cannot be funded via savings over and above those required to maintain the cost of existing services at or below CPI)
- investment to respond to a changing climate and deliver important community services and infrastructure.

This approach has been validated by the Essential Services Commission of South Australia (ESCOSA), the state's independent economic regulator. ESCOSA evaluates our strategic financial planning documents every four years, recently classifying our current and projected financial performance at the highest rating of "Sustainable", both currently and over the future projections. This endorsement underlines the soundness of Council's financial strategy's, highlighting our commitment to responsible financial management and strategic investment for the community's benefit.

This budget includes $500,000 of budgeted ongoing efficiencies and cost savings measures, which fulfills Council's commitment to deliver existing services at or below CPI (delivers existing services at 4.22% as compared to CPI at 4.3%)

Council also fully funds the lifecycle cost of new services sustainably at the time that they are endorsed.

Over the last decade, Council has delivered more than $8.8 million in ongoing cost savings. This has allowed Council to turn around an annual operating deficit (loss) of $1.7 million, address a significant asset renewal backlog and meet increasing service delivery expectations and legislative cost imposts.

With a particular focus of this budget investing in climate change, protecting our natural environment, and building places, Council is well-positioned to deliver on its strategic priorities (Mitcham 2030).

Council, as part of a suite of financial management framework ratios, has a self-imposed upper target in terms of the amount of debt it carries, equal to 80% of annual operating revenue. This is called the Net Financial Liabilities Ratio. The Plan forecasts, based on the service projections it contains, that this ratio will peak at 81% in 2025/26 (year 2), exceeding Council's self-imposed debt target by 1%, before decreasing to 78% in

[3] Council's forward projections incorporate these required efficiencies and savings but do not assume any further savings until they are identified and confirmed.

2026/27 (year 3) and further reducing to 62% by 2033/34 (year 10).

This reflects Council's significant investment in key strategic projects including upgrading the Pasadena Community Centre, increasing the footpath network through the construction of additional footpaths, as well as Stormwater and the Brown Hill and Keswick Creek flood mitigation. The increase in debt is primarily due to $7 million of net capital allocated in year 2 of the plan for new capital projects, including strategic election partnerships, stormwater upgrades, traffic improvements, new footpaths, and the Brown Hill Keswick Creek project. If the Council chooses not to endorse these projects as part of the 2025/26 budget (next year's budget process), the debt projection will be lower than currently projected, assuming all other factors remain equal.

Council will consider the endorsement of these allocated amounts and the projected NFL as part of the 2025/26 budget deliberations. Additionally, any future decisions impacting the debt projection will consider Council's response to emerging budget decisions, in line with the Financial Sustainability Policy which requires Council to detail actions and timeframes to return within policy targets. Other factors, such as year-end results, land sales, the proposed Electricity Retail tender, and updated Asset Management Plans, could also impact Council's projected year 2 debt, positioning the Council better next year to understand and manage the debt implications.

Whilst 81% is 1% over Council's self-imposed upper target, it is well within the upper target of 100% recommended for the sector by the Local Government Association (LGA).

Debt is actively monitored and managed in a robust financial framework, which Council has established and had in place over the past decade, reviewing and updating the framework on a four-year cycle. Using this framework, and outlined in this Plan, Council's level of debt is affordable and sustainable and not at a level that would place any limitations on future flexibility with regard to new service and asset introduction over the forward estimates, to the extent that such flexibility would not otherwise be achieved by exchanging future proposed investments in the Plan with other (different) investments.

In addition to managing financial sustainability, Council needs to focus on service sustainability to ensure that Council's planned long-term service and infrastructure levels, as prioritised through community engagement and Mitcham 2030, can be met without unplanned increases in rates and charges and without unplanned service cuts or degradation to existing service levels over time. The 2024/25 Annual Business Plan and Long-Term Financial Plan proposes to introduce several new and enhanced services in recognition that service sustainability is an important obligation. Assisting to achieve service sustainability, in conjunction with Council's robust long-term financial planning, will be the continued resourcing of an ongoing efficiency, effectiveness and continuous improvement framework that is maturing from a focus on financial savings to also focusing on value for money and service mix, including strategic and transformational service reviews.

As with any Budget and Long-Term financial forecast, and particularly in the current health and economic climate/uncertainty, there are risks and external factors that have the potential to influence and affect Council's forecast financial position. These include:

- Managing the impacts of climate change on our community and our environment
- The ongoing uncertainty surrounding the global economic environment, stemming from the recovery from the COVID-19 pandemic and persistent geopolitical unrest, continues to pose challenges for local government. Supply chain disruptions and labour shortages remain prevalent, leading to increased costs and hindering our ability to consistently deliver the expected level of services to the community.
- The accuracy of future forecasts for economic assumptions, such as the Consumer Price Index, Local Government Price Index and interest rates, plays a crucial role in shaping the forward projections of the Plan. The current situation is further complicated by continued price fluctuations arising from the 'post-pandemic rebalancing', ongoing geopolitical unrest, and the Reserve Bank of Australia's actions to combat inflation through interest rate adjustments. To reduce this inherent risk, the plan is reviewed and updated on a regular basis, based on external forecasts of these assumptions and other known and emerging issues and Council decisions, in conjunction with the principle of funding the life cycle cost of new services at the time they are introduced.
- The impact of cost increases resulting through legislative change, additional compliance requirements, reductions in funding, claims or litigation against Council and/or increases in taxes or levies. These are generally not known until the year in question and are not forecast in the long-term projections. With Federal and State budgets under structural pressure, there is an increased risk of additional costs, levies, or service responsibilities being passed down to local government.
- The Asset Management Plans are in varying stages of maturity and always have the potential to impact on the forward estimates as they are constantly refined and updated. Whilst a major review of Council's Infrastructure Asset Management Plans has further increased the accuracy of renewal forecasts, there may be a number of unknowns that come to light as part of the continued refinement of these plans, including identification of existing assets not yet registered, asset conditions different from those currently recorded and assets past their technical useful life but still in service. This Plan is based on the most up to date information at this time. Further work is continuing the forecasting of costs of maintenance and renewal of sporting facilities and other buildings.
- Council has a number of Subsidiary operations which, through its part ownership of each, is exposed to potential risks and liabilities in addition to receiving the significant benefits of the services and scale that they offer:
    - Centennial Park (a subsidiary of the Council) operates in a complex and highly competitive business environment and is an important part of the community.
    - Brown Hill Keswick Creeks Stormwater Board (a subsidiary of the Council) has complexities and challenges in the form of asset recognition and asset maintenance across numerous jurisdictions in a coordinated infrastructure network. The recently developed Infrastructure Asset Management Plan (IAMP) has led to a more detailed knowledge and forecasting of maintenance costs which are being built into the subsidiary's forward budgets and monitored and

reviewed by Council. The ongoing provision for the maintenance and operations of additional assets that are intended to be constructed by the subsidiary to complete the implementation of the masterplan continue to be monitored. Technical working groups, with cross Council representation, have been established to review and input to the development of design packages and elements associated with projects forming part of the overall masterplan delivery.

- East Waste (a subsidiary of the Council) also operates in a complex and highly competitive business with domestic and international market exposure and provides an essential service to the community on behalf of Council. Changes in the market and environment in which it operates present challenges in the future, which will continue to be monitored and reflected in current and future financial projections and service planning.

ESCOSA Local Government Advice (2024)

The Essential Services Commission (ESCOSA) is South Australia's independent economic regulator and advisory body and has been given a role by the State Government to review council strategic management planning documents and provide advice to council, on a four yearly rotating schedule.

City of Mitcham has received advice from ESCOSA, which must be published in the draft and adopted Annual Business Plan in 2024/25 and each subsequent financial year until the next review cycle.

The advice is provided on:

- Material amendments made or proposed to be made to the Long-Term Financial Plan and Infrastructure Asset Management Plans and the councils reason for amendments;
- Revenue sources outlined in the funding plan; and
- Any other matter prescribed by the regulations.

A summary of the ESCOSA findings and Council's response follows. A copy of the ESCOSA's advice in provided in Appendix 4.

Please note that ESCOSA's advice is in addition to annual and regular audits and reviews undertaken by Council's independent external and internal audit providers.

Summary of ESCOSA Findings

Overview

- The Essential Services Commission finds the City of Mitcham's current and projected financial performance **sustainable** taking into account the council's forecast moderate expense growth increase over the next 10 years and the planned average rate increases of 3% p.a. per property over this period.

Risks Impacting Sustainability

- Expansion of services and the building of new assets which increases affordability risk for ratepayers.
- Cost constraints and savings targets are not met in accordance with its projections.

Continue

- Reviewing the inflation forecasts and other relevant macroeconomic assumptions.
- Monitoring cost growth in the budgeting, including related to the costs of new services and initiatives.
- Reporting any actual and projected cost savings in the annual budget and long-term financial plan.
- Reviewing the estimates of asset useful lives.
- Consulting with the community on its strategic asset management plans.

ESCOSA Advice or Comment	Council Comment or Proposed Action	Implementation Timeframe	Status
Continue to review its inflation forecasts and other relevant macroeconomic assumptions in its budgets and forward projections each year.	Quarterly information is sourced from Deloitte's. Economic assumptions are reviewed by Council's Audit and Risk Committee in February and May each year, prior to Budget Adoption.	N/A	No Action required. Recognises current practice.
Continue to monitor cost growth in budgeting, where possible, including related to expenditure (such as for new services and initiatives) which contribute to increases in rate revenue recovery above CPI.	Administration is accountable to Council for keeping existing service level cost increases equal to or below CPI. Ongoing whole of life costs associated with budgeted new services and initiatives are matched with ongoing income (rates) as required under Council's financial sustainability policy to maintain intergenerational equity.	N/A	No Action required. Recognises current practice.
Continue the good practice of reporting any actual and projected cost savings in annual budgets and the long-term financial plan, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	Noted.	N/A	No Action required. Recognises current practice.
Adhere to the principles underpinning its long-term financial plan projections to continue to fund the renewal of assets (including the backlog of renewals), and to limit future expenditure on new or upgraded infrastructure as required, in consultation with its community about desired service levels and rate contributions.	Annually, Council evaluates new projects and services, adjustments to service levels, and opportunities for savings as key components of its budgeting process. In guiding these decisions, Council follows the policy principles set out in its Financial Sustainability Policy. The policy promotes a financially sustainable approach to the funding of services.	N/A	No Action required. Recognises current practice and considerations each year.
Continue to review the estimates of asset lives (and valuations) informing the forecast rate of asset consumption (and depreciation expenses)	Council formally adopts Asset Management Plans every four years and conducts regular revaluations of its assets. These processes include reviews of asset lifespans and	N/A	No Action required. Recognises current practice.

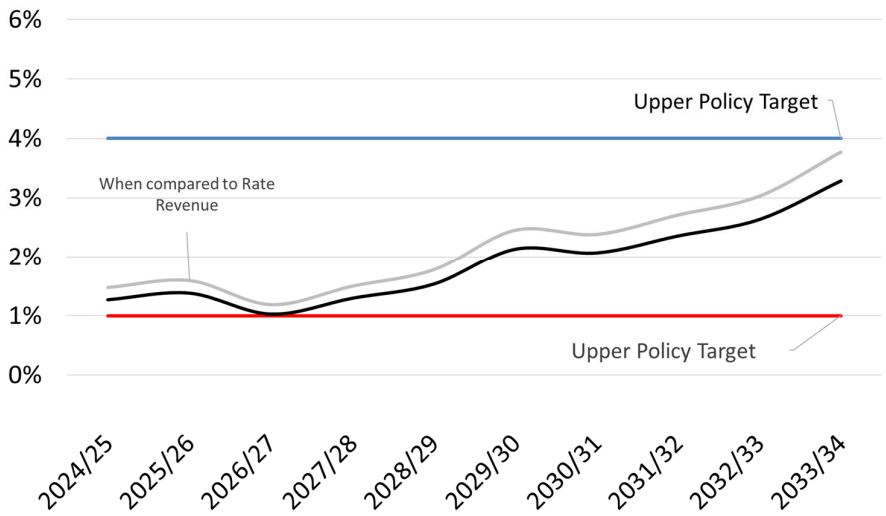
ESCOSA Advice or Comment	Council Comment or Proposed Action	Implementation Timeframe	Status
and asset renewal needs in the long-term financial plan and asset management plans.	valuations, ensuring accurate and up-to-date management of the Council's assets.		
Review the rationale for rate increase assumptions in its plans (related to the classification of the costs of existing service and new services), and consider limiting future average rate increases above inflation, particularly for residential rates (for which average rate levels are high compared to similar councils), in consultation with its community and in the context of desired service levels.	Annually, Council evaluates new projects and services, adjustments to service levels, and potential savings as key components of its budgeting process. In guiding these decisions, Council follows the policy principles set out in its Financial Sustainability Policy. The budget undergoes a 28 day public consultation phase, and the feedback received during this period is considered in the final budget decision. Additional details on the assumptions behind rate increases, specifically concerning the classification of costs for existing and new services, which are already outlined in budget reports, will now also be included in both draft and final Long-Term Financial Plans for enhanced clarity and reference.	April 2024	Complete
Continue the good practice of consulting with the community on its strategic management plans, with a focus on understanding and managing emerging affordability risk.	Noted	N/A	No Action Required. Recognises current practice.

10 Year Key Financial Indicators

On 13 February 2024 Council adopted a revised Financial Sustainability Policy which sets the ratios and targets with regard to financial sustainability to be used by Council in the development of the Annual Budget / Business Plan, Long-Term Financial Plan, Asset Management Plans, budget reviews and other financial decisions. It outlines the measures by which Council will assess the implications of financial decisions on its financial position and financial sustainability. The following tables provides a summary of Council's financial indicators and are in line with the Financial Sustainability Policy.

KEY FINANCIAL INDICATORS		10 Year Average	2024/25 Year 1 Plan	2025/26 Year 2 Plan	2026/27 Year 3 Plan	2027/28 Year 4 Plan	2028/29 Year 5 Plan	2029/30 Year 6 Plan	2030/31 Year 7 Plan	2031/32 Year 8 Plan	2032/33 Year 9 Plan	2033/34 Year 10 Plan
Operating Result Ratio - %	***(Lower target 1.0%, Upper target 4.0%)***	1.9%	1.3%	1.4%	1.0%	1.3%	1.5%	2.1%	2.1%	2.4%	2.6%	3.3%
Net Financial Liabilities Ratio - %	***(No more than 80%)***	74%	80%	81%	78%	77%	76%	77%	74%	70%	65%	62%
Asset Renewal Funding Ratio - %	***(No less than 100%)***	113%	79%	117%	116%	103%	109%	114%	116%	119%	127%	130%
Asset Renewal Cashflow Ratio - %	***(No less than 100%)***	105%	155%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Interest Coverage Ratio - %	***(No more than 6%)***	3.0%	2.7%	3.4%	3.5%	3.3%	3.2%	3.1%	3.1%	2.9%	2.6%	2.3%
Headline Operating Result Ratio - %		2.5%	0.4%	1.8%	2.0%	2.5%	2.8%	2.7%	2.8%	3.1%	3.3%	4.0%

Operating Result Ratio



Calculated as:
Operating result (excluding non-cash gains / losses from equity accounted subsidiaries and other one-off items) expressed as a percentage of Council total operating income.

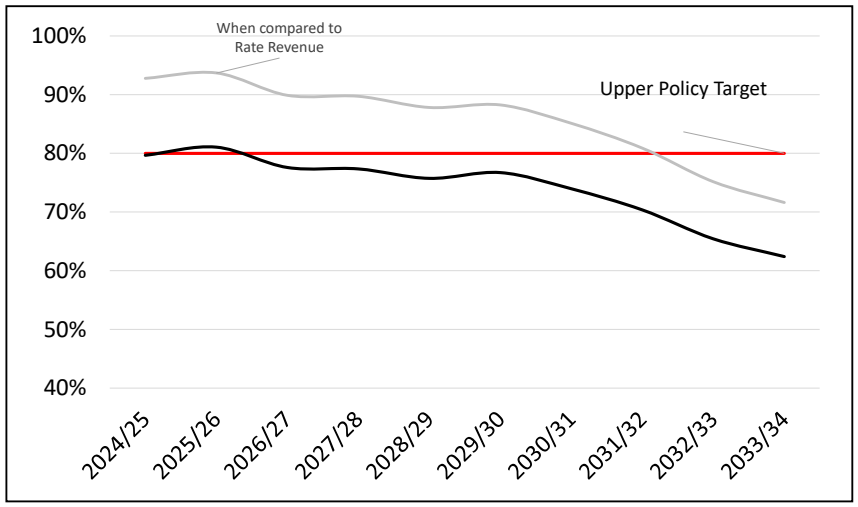
Purpose:
This ratio is designed to identify the portion of Council's operating income that is contributing to a surplus result, or alternatively the additional portion of Council's operating income needed to address a deficit result.

A positive result on this ratio indicates the percentage of Council's operating income that is available to fund new initiatives or to repay debt. A negative result indicates the percentage increase in Council's revenue, on top of that already proposed for that year, required to achieve a break even position.

Target Range:
In general, Council should not be targeting operating deficits, nor should it be targeting large operating surpluses. Both of these results negatively affect intergenerational equity. The adopted Council target for this ratio is between 1% and 4% across the 10-year Long-Term Financial Plan term.

Long-Term Financial Plan Commentary:
Council is producing a moderate operating result as a percentage of income over the 10-year plan, which helps safeguard against any detrimental impact on intergenerational equity. Additionally, the financial ratio visualisation encompasses a comparison of operating result to rate revenue (represented by a grey line). This comparison illustrates that the disparity between the total operating revenue and the rate revenue—the Council's primary operating income source—is minimal.

Net Financial Liabilities Ratio



Calculated as:
Net financial liabilities and reserves as a percentage of Council operating revenue. Net financial liabilities being total liabilities less cash and other financial assets readily convertible to cash.

Purpose:
This ratio measures Council's net financial liabilities as a percentage of its operating income. It measures the absolute level of Council debt and articulates how much of Council's annual operating income would be required to repay that debt if Council were to wind up.

Any organisation involved in long-term projects, perpetual service delivery and asset creation requires access to debt. Debt is a healthy source of finance if used appropriately and for the right purpose, and if associated with an income source to facilitate its repayment over time. Total debt should not be too low or too high so as to create a negative impact on intergenerational equity.

If total debt is too high it is arguable that current ratepayers are not paying their way, leaving too much of the burden to future generations. Equally, if total debt is too low it is arguable that current ratepayers are being asked to pay too much of the burden at the benefit of future ratepayers, or alternatively that infrastructure renewal is being deferred and assets run down for future generations to deal with.

It is also important to note that when considering the net financial liabilities as a percentage of operating income, Council is an organisation that exists in perpetuity. This is different to considering an individual's level of debt as a portion of their discretionary income, given the individual has a finite working life and therefore a finite source of income.

Target Range
In general, Council should be managing a level of debt to ensure the best balance between current and future ratepayers for long-lived infrastructure costs, thus delivering intergenerational equity. The adopted Council target for the ratio is to be within 80% over the 10 year Long-Term Financial Plan term.

This plan includes significant new strategic investments totalling $47.2m[4] for years 2 through 10 within the 10-year projections. Key initiatives include:

- Extend and upgrade the Stormwater and Footpath network
- Implement Brownhill Keswick Creek Flood Mitigation Works
- Capital allocations to use for grant matching opportunities
- New Traffic capital allocations to improve safety

[4] Each year new capital is contingent upon the adoption of the respective annual budgets

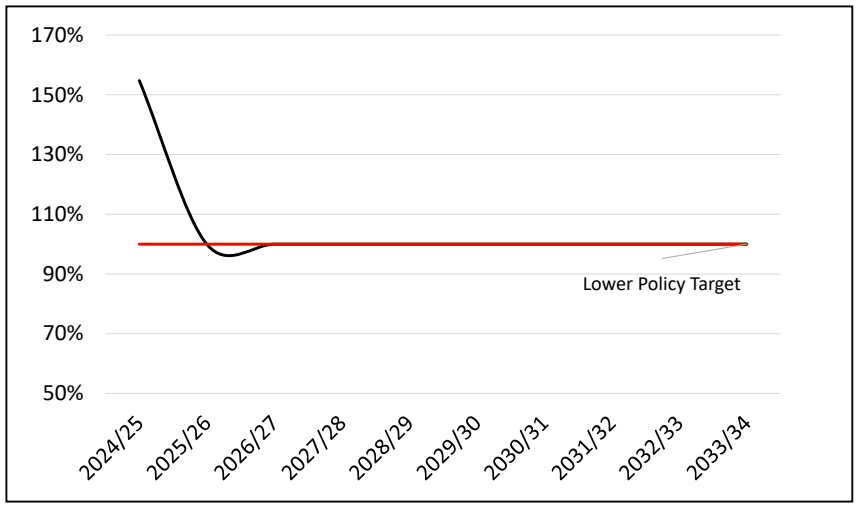
Long-Term Financial Plan Commentary:
Council's ratio rises in proportion to income due to the introduction of new and enhanced assets over the ensuing decade. The peak ratio of 81% in 2025/26 exceeds the Council's self-imposed upper target of 80% but is considered manageable and sustainable, concurrent with a period of substantial strategic investment. This increase is primarily due to $7 million of net capital allocated in year 2 of the plan for new capital projects, including strategic election partnerships, stormwater upgrades, traffic improvements, new footpaths, and the Brown Hill Keswick Creek project.

Council will consider the endorsement of these allocated amounts and the projected NFL as part of the 2025/26 budget deliberations, ensuring future debt and investment projections remain realistic and aligned to strategic goals. Additionally, the financial ratio visualisation encompasses a comparison of Net Financial Liabilities to rate revenue (represented by a grey line). This comparison illustrates that the disparity between the total operating revenue and the rate revenue—the Council's primary operating income source—is minimal. Notably, the Net Financial Liabilities Ratio is projected to decrease to 78% in 2026/27 (year 3) and further reduce to 62% by 2033/34 (year 10), indicating a return to levels well below the upper target over the long term.

While the peak at 81% is 1% over the Council's self-imposed upper target, it remains well within the sector's recommended upper target of 100%, ensuring the Council's financial strategy continues to support its long-term sustainability goals.


Nature Play workshop at CC Hood Reserve, Panorama, 2023

Asset Renewal Funding Ratio



Calculated as:
Amount spent on replacement of existing assets expressed as a percentage of the amount planned to be spent according to the endorsed Asset Management Plans and associated annual schedules.

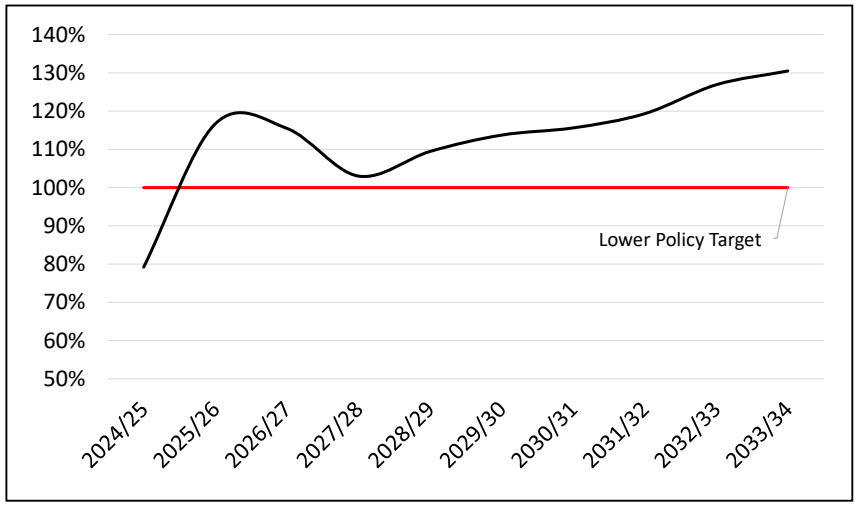
Purpose:
This indicator measures the extent to which Council is replacing assets compared to the rate at which it needs to be replacing assets to ensure consistent service delivery. In effect, it measures whether Council is spending the amount required annually to deliver the Asset Management Plans and Schedules.

It is important to note that this indicator does not measure if Council is funding the asset replacement requirements from sustainable sources (refer Asset Renewal Funding Ratio) but is simply measuring if Council is performing the required work to replace assets and maintain the level of service and asset conditions.

Target Range:
In general Council should be targeting on average to spend at least 100% of the gross replacement requirements over time in relation to Council's existing assets.

Long-Term Financial Plan Commentary:
Throughout the duration of the 10-year plan, Council maintains a 100% Asset Funding Ratio, indicating the funding is aligned with the Asset Management Plans and Schedules for asset replacement.

Asset Renewal Cashflow Ratio



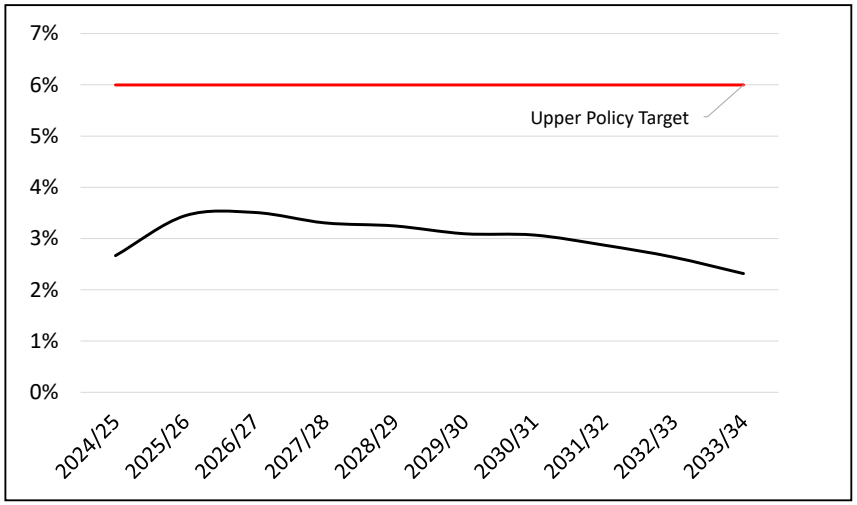
Calculated as:
Cash flow from operations expressed as a percentage of the net expenditure on renewal/replacement of assets.

Purpose:
This indicator measures whether Council is generating enough cash from its operations to cover the replacement of assets over time. This ensures that Council is delivering intergenerational equity across the lifecycle of asset replacement.

Target Range:
In general Council should be targeting an average of at least 100%.

Long-Term Financial Plan Commentary:
Council is generating sufficient operational cashflow to sustain asset renewal across the 10-year span, in alignment with the asset replacement requirements outlined in the Asset Management Plans and Schedules.

Interest Coverage Ratio



Calculated as:
Net interest expense expressed as a percentage of rates income.

Purpose:
This indicator measures the affordability of Council's debt and articulates the portion of Council's rates income that is being used to pay interest. When considered in conjunction with the Net Financial Liabilities Ratio, this ratio forms part of a picture in terms of the level and affordability of Council's debt.

Upper target:
Council considers that interest expense of greater than 6% of its rates income (6 cents in every $1 of rates income) indicates a servicing cost of debt that is too high and working against the principle of intergenerational equity.

Long-Term Financial Plan Commentary:
Throughout the Long-Term Financial Plan, Council's projected borrowing costs are maintained well within the 6% maximum target, assuming interest rates remain around 4.5%. Interest expenses are climbing in the short-term due to the rollout of new and upgraded assets. Nonetheless, the average ratio of 2-3% over the decade underpins the affordability of further investments into new and improved services.

Forecast Financial Statements

Forecast Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	2024/25 Year 1 Plan $'000	2025/26 Year 2 Plan $'000	2026/27 Year 3 Plan $'000	2027/28 Year 4 Plan $'000	2028/29 Year 5 Plan $'000	2029/30 Year 6 Plan $'000	2030/31 Year 7 Plan $'000	2031/32 Year 8 Plan $'000	2032/33 Year 9 Plan $'000	2033/34 Year 10 Plan $'000
INCOME										
Rates	70,309	73,455	75,874	78,283	80,770	83,610	86,090	88,643	91,200	94,288
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Total Revenues	**81,878**	**84,905**	**87,914**	**90,791**	**93,669**	**96,162**	**99,067**	**101,903**	**104,765**	**108,177**
EXPENSES										
Employee costs	31,486	32,447	33,258	34,089	34,942	35,780	36,603	37,445	38,344	39,302
Materials, contracts & other expenses	26,316	26,189	26,938	27,576	28,121	28,685	29,349	29,934	30,472	31,086
State Government Landscape Levy	2,104	2,160	2,214	2,270	2,326	2,382	2,437	2,493	2,553	2,617
Finance costs	1,994	2,601	2,720	2,644	2,677	2,642	2,694	2,599	2,456	2,239
Depreciation and Amortisation	19,102	19,953	21,032	21,979	22,984	24,048	25,208	26,305	27,454	28,654
Loss - Joint ventures & associates	548	-	-	-	-	-	-	-	-	-
Total Expenses	**81,549**	**83,350**	**86,162**	**88,558**	**91,050**	**93,537**	**96,291**	**98,776**	**101,279**	**103,898**
OPERATING SURPLUS/(DEFICIT)	**329**	**1,555**	**1,752**	**2,233**	**2,619**	**2,625**	**2,776**	**3,127**	**3,486**	**4,279**
Asset disposal and fair value adjustments	-	-	-	-	-	-	-	-	-	-
Amounts received specifically for new or upgraded assets	9,598	3,518	2,140	-	-	-	-	-	-	-
Physical resources free of charge	-	-	-	-	-	-	-	-	-	-
NET SURPLUS/(DEFICIT)	**9,927**	**5,073**	**3,892**	**2,233**	**2,619**	**2,625**	**2,776**	**3,127**	**3,486**	**4,279**
Other Comprehensive Income										
Changes in revaluation surplus - infrastructure, property, plant and equipment	29,592	24,091	35,443	36,946	38,542	39,129	39,728	41,255	43,970	46,827
Share of other comprehensive income - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Other Equity Adjustments - Equity Accounted Council Businesses										
Total Other Comprehensive Income	**29,592**	**24,091**	**35,443**	**36,946**	**38,542**	**39,129**	**39,728**	**41,255**	**43,970**	**46,827**
TOTAL COMPREHENSIVE INCOME	**39,519**	**29,164**	**39,335**	**39,179**	**41,161**	**41,754**	**42,504**	**44,382**	**47,456**	**51,106**

Forecast Statement of Financial Position

BALANCE SHEET	2024/25 Year 1 Plan $'000	2025/26 Year 2 Plan $'000	2026/27 Year 3 Plan $'000	2027/28 Year 4 Plan $'000	2028/29 Year 5 Plan $'000	2029/30 Year 6 Plan $'000	2030/31 Year 7 Plan $'000	2031/32 Year 8 Plan $'000	2032/33 Year 9 Plan $'000	2033/34 Year 10 Plan $'000
ASSETS										
Current Assets										
Cash and cash equivalents	2,418	2,497	2,550	2,609	2,665	2,720	2,775	2,832	2,892	2,955
Trade and other receivables	8,139	8,359	8,568	8,782	9,001	9,217	9,429	9,646	9,878	10,125
Inventories	16	17	17	18	19	19	20	21	21	22
	10,573	**10,873**	**11,135**	**11,409**	**11,685**	**11,956**	**12,224**	**12,499**	**12,791**	**13,102**
Non-Current Assets										
Equity accounted investments in council businesses	27,424	27,448	27,608	27,902	28,320	28,893	29,615	30,337	31,059	31,781
Infrastructure, property, plant and equipment	876,050	908,784	947,341	988,254	1,029,701	1,073,727	1,114,995	1,157,102	1,200,685	1,250,032
Other non-current assets	9,055	9,055	9,055	9,055	9,055	9,055	9,055	9,055	9,055	9,055
	912,529	**945,287**	**984,004**	**1,025,211**	**1,067,076**	**1,111,675**	**1,153,665**	**1,196,494**	**1,240,799**	**1,290,868**
Total Assets	**923,102**	**956,160**	**995,139**	**1,036,620**	**1,078,761**	**1,123,631**	**1,165,889**	**1,208,993**	**1,253,590**	**1,303,970**
LIABILITIES										
Current Liabilities										
Trade and other payables	16,206	16,733	17,101	17,477	17,862	18,237	18,602	18,974	19,372	19,798
Short term borrowings	4,553	5,239	5,857	6,246	7,108	8,256	9,278	10,346	11,419	9,893
Short term provisions	6,550	6,727	6,895	7,067	7,244	7,418	7,589	7,763	7,949	8,148
	27,309	**28,699**	**29,853**	**30,790**	**32,214**	**33,911**	**35,469**	**37,083**	**38,740**	**37,839**
Non-Current Liabilities										
Long term borrowings	47,640	50,120	48,593	49,932	49,467	50,865	49,040	46,124	41,585	41,738
Long term provisions	821	843	864	886	908	930	951	973	996	1,021
	48,461	**50,963**	**49,457**	**50,818**	**50,375**	**51,795**	**49,991**	**47,097**	**42,581**	**42,759**
Total Liabilities	**75,770**	**79,662**	**79,310**	**81,608**	**82,589**	**85,706**	**85,460**	**84,180**	**81,321**	**80,598**
NET ASSETS	**847,332**	**876,496**	**915,829**	**955,010**	**996,172**	**1,037,927**	**1,080,430**	**1,124,812**	**1,172,267**	**1,223,371**
EQUITY										
Accumulated surplus	390,909	395,982	399,872	402,106	404,727	407,353	410,128	413,255	416,740	421,017
Asset revaluation reserve	456,412	480,503	515,946	552,892	591,434	630,563	670,291	711,546	755,516	802,343
Other Reserves	11	11	11	11	11	11	11	11	11	11
TOTAL EQUITY	**847,332**	**876,496**	**915,829**	**955,010**	**996,172**	**1,037,927**	**1,080,430**	**1,124,812**	**1,172,267**	**1,223,371**

Forecast Statement of Cash Flows

STATEMENT OF CASH FLOWS	2024/25 Year 1 Plan $'000	2025/26 Year 2 Plan $'000	2026/27 Year 3 Plan $'000	2027/28 Year 4 Plan $'000	2028/29 Year 5 Plan $'000	2029/30 Year 6 Plan $'000	2030/31 Year 7 Plan $'000	2031/32 Year 8 Plan $'000	2032/33 Year 9 Plan $'000	2033/34 Year 10 Plan $'000
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts										
Operating receipts	81,424	84,590	87,485	90,228	92,977	95,319	98,080	100,911	103,757	107,152
Investment receipts	118	71	59	56	56	55	53	53	54	55
Payments										
Finance payments	1,994	2,601	2,720	2,644	2,677	2,642	2,694	2,599	2,456	2,239
Operating payments to suppliers and employees	58,692	60,071	61,853	63,365	64,806	66,278	67,833	69,304	70,762	72,357
Net Cash provided by (or used in) Operating Activities	**20,856**	**21,989**	**22,971**	**24,275**	**25,549**	**26,454**	**27,606**	**29,061**	**30,593**	**32,611**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Grants utilised for capital purposes										
Amounts received specifically for new or upgraded assets	9,598	3,518	2,140	-	-	-	-	-	-	-
Sale of replaced assets	1,229	737	919	954	886	852	768	944	900	795
Sale of surplus assets	3,150	-	-	-	-	-	-	-	-	-
Distributions received from associated entities	-	-	-	-	-	-	-	-	-	-
Payments										
Investment in Joint Venture Activities	-	-	-	-	-	-	-	-	-	-
Expenditure on Renewal/Replacement of Assets	26,329	18,841	19,888	23,565	23,340	23,261	23,878	24,356	24,109	24,992
Expenditure on New/Upgraded Assets	21,608	10,491	5,178	3,334	3,435	6,536	3,639	3,745	3,858	6,978
Capital Contributed to Equity Accounted Council Businesses										
Net Cash Provided by (or used in) Investing Activities	**(33,960)**	**(25,077)**	**(22,007)**	**(25,945)**	**(25,889)**	**(28,945)**	**(26,749)**	**(27,157)**	**(27,067)**	**(31,175)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Proceeds from Borrowings	14,615	7,719	4,330	7,585	6,643	9,653	7,454	7,430	6,880	10,045
Payments										
Repayments of Borrowings	3,448	4,553	5,239	5,857	6,246	7,108	8,256	9,278	10,346	11,419
Net Cash provided by (or used in) Financing Activities	**11,167**	**3,166**	**(909)**	**1,728**	**397**	**2,545**	**(802)**	**(1,848)**	**(3,466)**	**(1,374)**
Net Increase/(Decrease) in cash held	**(1,937)**	**78**	**55**	**58**	**57**	**54**	**55**	**56**	**60**	**62**
Opening cash, cash equivalents or (bank overdraft)	4,355	2,418	2,497	2,552	2,609	2,665	2,720	2,775	2,832	2,892
Closing cash, cash equivalents or (bank overdraft)	**2,418**	**2,497**	**2,552**	**2,609**	**2,665**	**2,720**	**2,775**	**2,832**	**2,892**	**2,955**

Forecast Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY	2024/25 Year 1 Plan $'000	2025/26 Year 2 Plan $'000	2026/27 Year 3 Plan $'000	2027/28 Year 4 Plan $'000	2028/29 Year 5 Plan $'000	2029/30 Year 6 Plan $'000	2030/31 Year 7 Plan $'000	2031/32 Year 8 Plan $'000	2032/33 Year 9 Plan $'000	2033/34 Year 10 Plan $'000
ACCUMULATED SURPLUS										
Balance at beginning of period	**380,983**	**390,910**	**395,982**	**399,872**	**402,106**	**404,727**	**407,353**	**410,128**	**413,255**	**416,740**
Net surplus / (deficit) for year	9,927	5,072	3,891	2,234	2,620	2,626	2,775	3,126	3,485	4,277
Share of OCI - Equity Accounted Council Businesses										
Other Equity Adjustments - Equity Accounted Council Businesses										
Balance at end of period	**390,910**	**395,982**	**399,873**	**402,106**	**404,727**	**407,353**	**410,128**	**413,254**	**416,740**	**421,017**
ASSET REVALUATION RESERVE										
Balance at beginning of period	**426,820**	**456,412**	**480,503**	**515,946**	**552,892**	**591,434**	**630,563**	**670,291**	**711,546**	**755,516**
Transfer to reserve - revaluation increment/(decrement)	29,592	24,091	35,443	36,946	38,542	39,129	39,728	41,255	43,970	46,827
Share of OCI - Equity Accounted Council Businesses										
Balance at end of period	**456,412**	**480,503**	**515,946**	**552,892**	**591,434**	**630,563**	**670,291**	**711,546**	**755,516**	**802,343**
OTHER RESERVES										
Balance at end of previous reporting period	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-	-	-
Transfers to Accumulated Surplus	-	-	-	-	-	-	-	-	-	-
Balance at end of period	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**
TOTAL EQUITY AT END OF REPORTING PERIOD	**847,332**	**876,496**	**915,829**	**955,010**	**996,172**	**1,037,927**	**1,080,430**	**1,124,812**	**1,172,267**	**1,223,371**

Forecast Uniform Presentation of Finances

UNIFORM PRESENTATION OF FINANCES	2024/25 Year 1 Plan $'000	2025/26 Year 2 Plan $'000	2026/27 Year 3 Plan $'000	2027/28 Year 4 Plan $'000	2028/29 Year 5 Plan $'000	2029/30 Year 6 Plan $'000	2030/31 Year 7 Plan $'000	2031/32 Year 8 Plan $'000	2032/33 Year 9 Plan $'000	2033/34 Year 10 Plan $'000
Operating Revenues	81,878	84,905	87,914	90,791	93,669	96,162	99,067	101,903	104,765	108,177
less; Operating Expenses	81,549	83,350	86,162	88,558	91,050	93,537	96,291	98,776	101,279	103,898
Operating Surplus/(Deficit)	**329**	**1,555**	**1,752**	**2,233**	**2,619**	**2,625**	**2,776**	**3,127**	**3,486**	**4,279**
Less: Net Outlays on Existing Assets										
Capital Expenditure on Renewal/Replacement of Existing Assets	(26,329)	(18,841)	(19,888)	(23,565)	(23,340)	(23,261)	(23,878)	(24,356)	(24,109)	(24,992)
less; Depreciation, Amortisation & Impairment	19,102	19,953	21,032	21,979	22,984	24,048	25,208	26,305	27,454	28,654
less; Proceeds from Sale of Replaced Assets	1,229	737	919	954	886	852	768	944	900	795
	(5,998)	**1,849**	**2,063**	**(632)**	**530**	**1,639**	**2,098**	**2,893**	**4,245**	**4,457**
Less: Net Outlays on New and Upgraded Assets										
Capital Expenditure on New/Upgraded Assets	(21,608)	(10,491)	(5,178)	(3,334)	(3,435)	(6,536)	(3,639)	(3,745)	(3,858)	(6,978)
less; Amounts Specifically for New/Upgraded Assets	9,598	3,518	2,140	-	-	-	-	-	-	-
less; Proceeds from Sale of Surplus Assets	3,150	-	-	-	-	-	-	-	-	-
	(8,860)	**(6,973)**	**(3,038)**	**(3,334)**	**(3,435)**	**(6,536)**	**(3,639)**	**(3,745)**	**(3,858)**	**(6,978)**
Net Lending / (Borrowing) for Financial Year	**(14,529)**	**(3,569)**	**777**	**(1,733)**	**(286)**	**(2,272)**	**1,235**	**2,275**	**3,873**	**1,758**

Appendices



Citizenship Ceremony at Tiwu Kumangka, October 2023

Appendix 1: Budgeted Financial Statements

Budgeted Statement of Comprehensive Income

The statement of comprehensive income presents the operating income, expenses and result. It also presents those amounts classified as capital income and other comprehensive income. It is based on the Model Financial Statements as required under the Local Government Act 1999. Amounts included in this statement are used to calculate a number of the financial indicators that assist in assessing the long-term financial performance and viability.

Year Ended 30 June:	2022/23 ACTUALS $,000	2023/24 ESTIMATE Current Year $,000	2024/25 PLAN $,000
INCOME			
Rates Revenues	61,968	67,693	72,413
Statutory Charges	2,405	2,213	2,269
User Charges	938	1,116	1,170
Grants, Subsidies and Contributions	7,360	4,541	5,227
Investment Income	313	230	118
Reimbursements	319	124	129
Other Income	613	532	551
Net Gain - Equity Accounted Council Businesses	459	-	-
Total Income	74,375	76,449	81,878
EXPENSES			
Employee costs	28,340	29,717	31,486
Materials, Contracts & Other Expenses	28,513	27,651	26,316
State Government Landscape Levy	-	2,052	2,104
Finance costs	891	985	1,994
Depreciation, Amortisation & Impairment	15,007	18,327	19,102
Loss - Joint ventures & associates	-	193	548
Total Expenses	72,751	78,925	81,549
OPERATING SURPLUS /(DEFICIT)	1,624	(2,476)	329
Asset disposal & Fair Value Adjustments	(593)	215	-
Amounts Received Specifically for New or Upgraded Assets	5,975	6,486	9,598
Physical Resources Received Free of Charge	203	490	-
NET SURPLUS /(DEFICIT)	7,209	4,714	9,927
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant and equipment	60,435	85,897	29,592
Share of Other Comprehensive Income - Equity Accounted Council businesses	(7)	-	-
Other Equity Adjustments - Equity Accounted Council Businesses	78		
Total Other Comprehensive Income	60,506	85,897	29,592
TOTAL COMPREHENSIVE INCOME	67,715	90,612	39,519

Budgeted Statement of Financial Position

The statement of financial position provides a projection of total 'community wealth' (total equity). It summarises our financial worth at a specific point in time, including assets, liabilities and net equity. Amounts included within the balance sheet are used to calculate a number of financial indicators that assist in assessing the long-term financial position and viability.

Year Ended 30 June:	2022/23 ACTUALS $,000	2023/24 ESTIMATE Current Year $,000	2024/25 PLAN $,000
ASSETS			
Current Assets			
Cash and cash equivalents	7,006	4,355	2,418
Trade and other receivables	7,393	7,803	8,139
Inventories	12	16	16
Total Current Assets	14,411	12,174	10,573
Non-Current Assets			
Equity accounted investments in council businesses	28,164	27,972	27,424
Infrastructure, property, plant and equipment	702,816	822,003	876,050
Other non-current assets	14,810	9,055	9,055
Total Non-Current Assets	745,790	859,030	912,529
Total Assets	760,201	871,203	923,102
LIABILITIES			
Current Liabilities			
Trade and other payables	15,091	15,296	16,206
Borrowings	1,859	2,914	4,553
Provisions	5,817	6,280	6,550
Total Current Liabilities	22,767	24,490	27,309
Non-Current Liabilities			
Borrowings	19,506	38,112	47,640
Provisions	726	787	821
Total Non-Current Liabilities	20,232	38,899	48,461
Total Liabilities	42,999	63,390	75,770
NET ASSETS	717,202	807,814	847,332
EQUITY			
Accumulated surplus	376,268	380,983	390,909
Asset revaluation reserve	340,923	426,820	456,412
Other Reserves	11	11	11
TOTAL EQUITY	717,202	807,814	847,332

Budgeted Statement of Cash Flows

The statement of cash flows forecasts incoming and outgoing cash for the financial year. It also explains changes in the balance sheet and statement of comprehensive income affected by cash and cash equivalents. The statement is useful in determining the short-term viability of our organisation, particularly our ability to meet cash commitments.

Year Ended 30 June:	2022/23 ACTUALS $,000	2023/24 ESTIMATE Current Year $,000	2024/25 PLAN $,000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating receipts	81,125	75,808	81,424
Investment receipts	313	230	118
Payments			
Operating payments to suppliers and employees	(62,580)	(58,233)	(58,692)
Finance payments	(909)	(985)	(1,994)
Net Cash provided by (or used in) Operating Activities	17,949	16,820	20,856
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Grants utilised for capital purposes	1,867		
Amounts received specifically for new or upgraded assets	5,975	6,486	9,598
Sale of surplus assets	-	-	3,150
Sale of replaced assets	521	1,175	1,229
Payments			
Investment in Joint Venture Activities	-	-	-
Expenditure on Renewal/Replacement of Assets	(18,139)	(28,885)	(26,329)
Expenditure on New/Upgraded Assets	(12,117)	(17,909)	(21,608)
Capital Contributed to Equity Accounted Council Businesses	(245)	-	-
Net Cash Provided by (or used in) Investing Activities	(22,138)	(39,133)	(33,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings	-	21,520	14,615
Payments	-	-	-
Repayments of Borrowings	(1,940)	(1,859)	(3,448)
Net Cash provided by (or used in) Financing Activities	(1,940)	19,661	11,167
Net Increase/(Decrease) in cash held	(6,129)	(2,652)	(1,938)
Opening cash, cash equivalents or (bank overdraft)	13,135	7,006	4,355
Closing cash, cash equivalents or (bank overdraft)	7,006	4,355	2,418

Budgeted Statement of Changes in Equity

The statement of changes in equity is used to compare equity between the beginning and end of an accounting period. It also provides details of reserves currently held including forecast movements.

Year Ended 30 June:	2022/23 ACTUALS $,000	2023/24 ESTIMATE Current Year $,000	2024/25 PLAN $,000
ACCUMULATED SURPLUS			
Balance at beginning of period	369,004	376,268	380,983
Net surplus / (deficit) for year	7,209	4,715	9,926
Other Comprehensive Income - Other Equity Adjustments - Equity Accounted Council Businesses	(23)		
Other Equity Adjustments - Equity Accounted Council Businesses	78		
Transfers Between Reserves	-	-	-
Balance at end of period	376,268	380,983	390,909
ASSET REVALUATION RESERVE			
Balance at beginning of period	280,472	340,923	426,820
Other Comprehensive Income - Gain(Loss) on Revaluation of I,PP&E	60,435	85,897	29,592
Share of OCI - Equity Accounted Council Businesses	16		
Balance at end of period	340,923	426,820	456,412
OTHER RESERVES			
Balance at end of previous reporting period	11	11	11
Transfers to Accumulated Surplus	-	-	-
Balance at end of period	11	11	11
TOTAL EQUITY AT END OF REPORTING PERIOD	717,202	807,814	847,332

Budgeted Uniform Presentation of Finances

The uniform presentations of finances provides a high level summary of both operating and capital investment activities enabling comparisons between councils.

In any one year, the above financing transactions are associated with either surplus funds stemming from a net lending result or accommodating the funding requirements stemming from a net borrow.

Year Ended 30 June:	2022/23 ACTUALS $,000	2023/24 ESTIMATE Current Year $,000	2024/25 PLAN $,000
Operating Surplus /(Deficit)			
Operating Revenues	74,375	76,449	81,878
less Operating Expenses	(72,751)	(78,925)	(81,549)
	1,624	(2,476)	329
Less: Net Outlays on Existing Assets			
Capital Expenditure on Renewal/Replacement of Existing Assets	(18,139)	(28,885)	(26,329)
less Depreciation, Amortisation & Impairment	15,007	18,327	19,102
less Amounts Received Specifically for Replacement of Existing Assets			
less Proceeds from Sale of Replaced Assets	521	1,175	1,229
	(2,611)	(9,383)	(5,998)
Less: Net Outlays on New and Upgraded Assets			
Capital Expenditure on New/Upgraded Assets	(12,117)	(17,909)	(21,608)
less Amounts Specifically for New/Upgraded Assets	5,975	6,486	9,598
less Proceeds from Sale of Surplus Assets	-	-	3,150
	(6,142)	(11,423)	(8,860)
Net Lending /(Borrowing) for Financial Year	(7,129)	(23,282)	(14,529)

Appendix 2: Capital Works Program 2024/25

New Capital Works Program

BROWNHILL CREEK SUBSIDIARY		
Suburb	**Location**	**Project details**
Various	Brownhill Creek	BHCK Capital Contribution 24-25
FOOTPATHS		
Suburb	**Location**	**Project details**
Hawthorndene	Sloan RD	FP -Sloan RD - Sycamore Cr to Hawthorndene Dr
Hawthorndene	Blackthorn Ave / Kauri Rd/ Briar Rd / Mulga Rd/ Myrtle A	
Blackwood	Keith RD	Coromandel Pde to Main Rd
Various	Open Space Footpath Links	Price Memorial Oval, Chellas
STORMWATER DRAINAGE - NEW		
Suburb	**Location**	**Project details**
Clapham	Catherine St	Investigate and design
Torrens Park	Inverloch Ave Capacity Review	Investigate and design
Mitcham	25 Lisburne Ave	investigate and design
Coromandel Valley	Devon Dr	Investigate and design
Blackwood	10 Acorn Ave	Investigate and design
Glenalta	20 Hollywood Way	Investigate and design
Pasadena	Pasadena Community Centre	Design and Construct
Eden Hills	Depindo	Design and Construct
Bedford Park	44 Burbank Ave	Design and Construct
St Marys	St Marys Park, Dorene St Access Pt	Design and Construct
Bellevue Heights	20 Argyll Walk	Design and Construct
Colonel Light Gardens	Goodwood Rd Stage 2 & 3	Design
Glenalta	Glenalta Drainage reserve	Design
Panorama	CC Hood Reserve / Lawn St / Tafquin St	Design

Hawthorn	Grange Rd	Construct
St Marys	Norman Ct	Construct
Blackwood	View St	Construct
Glenalta	Upper Sturt Rd Culvert Upgrade	Construct
Torrens Park	John Fisher Dr/Belair Rd Intersection	Construct
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Hawthorndene	Surrey St and Batley Ave	Upgrade of roadside drainage network - piping open channel
	WUSD - City Wide	Future 23/24 Smart Water Designs - Main
Eden Hills	269 Shepherds Hill Rd	Erosion Control at outlet (Rear of 269 Shepherds Hill Rd)
Hawthorndene	Watahuna Creek	Creek erosion control works
SMART WATER DESIGN		
Suburb	**Location**	**Project details**
Pasadena	Pasadena Drainage Reserve	Design and Construct alongside Pasadena Community Centre
Pasadena	Naomi Tce	WSUD elements, alongside Car Park and Tennis Court upgrade
OPEN SPACE - NEW		
Suburb	**Location**	**Project details**
	Various	Provision for Minor New Capital Requests in Open Spaces
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Craigburn Farm	Treetop Park	Toilet and other park assets
IT - NEW		
		Project details
		IT Growth
TRAFFIC MANAGEMENT - NEW		
Suburb	**Location**	**Project details**
Hawthorndene	Hawthorndene Dr	Installation of Pedestrian Islands at Hawthorndene Dr

Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Various	Various	LED Lighting Upgrades
Belair	Laffers Rd	Belair Safety Upgrades
BUILDINGS - NEW		
Suburb	**Location**	**Project details**
Pasadena	Pasadena Community Centre	Car Park and Landscaping
Hawthorndene	Suffolk Reserve	New Public Toilet at Suffolk Reserve
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Bellevue Heights	Manson Oval	Public Toilet and Storage Facilities
SOLAR - NEW		
Suburb	**Location**	**Project details**
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Kingswood	Mitcham RSL	Solar and Battery
	Solar Batteries	Black Out Back-Up Connection
COMMUNITY FACILITIES GRANT		
Suburb	**Location**	**Project details**
Various	Various	Community Facilities Grant 2024-2025
GOVERNMENT COMMITMENT PROJECTS - NEW		
Projects with grant funding are approved subject to approval of grant funding		
Suburb	**Location**	**Project details**
Hawthorn	Hawthorn Master Plan - Hidden Gem	
Blackwood	Waite St Reserve upgrade	
Colonel Light Gardens	Mortlock Oval	Oval lighting
Projects not completed in 2023/2024- rebudgeted for 2024/2025		

Pasadena	Pasadena Community Centre	Pasadena Community Centre
Blackwood	Young St & Waite St Reserve	Young Street Pedestrian Connection & Waite Reserve upgrade
Eden Hills	Karinya Reserve	Eden Hills Scouts and Blackwood Rotary Community Facility
Bellevue Heights	Manson Oval	Manson Oval - Oval Drainage and carparking
Blackwood	Blackwood Hill Oval	Upgrade oval drainage; installation of LED lighting and netting behind goals
Eden Hills	Karinya Reserve	Sturt Lions Football Club - various facilities upgrades
Colonel Light Gardens	Mortlock Oval	Mortlock Oval Facilities Upgrade - Changerooms
Bedford Park	Sturt River - Riverside Drive	Sturt River - Riverside Drive
Blackwood	Blackwood Lions Club	Blackwood Lions expansion
Panorama	CC Hood Reserve	CC Hood Reserve Enhancements
Various	Various	Fund My Footpath program - various footpath projects
Colonel Light Gardens	Reade Park	Tennis court resurfacing; fencing; kitchen and acoustics upgrades
St Marys	St Marys Park	St Marys sports - various facilities upgrades
Pasadena	Pasadena	Smart Stormwater
MAJOR & MINOR FLEET		
Fleet No.	**Type**	**Description**
	Bandit Chipper	Increasing the service standard for Tree Maintenance
	Isuzu Chipper Truck	Increasing the service standard for Tree Maintenance
	Hydralada EWP	Increasing the service standard for Tree Maintenance
	Isuzu Truck	Increasing the service standard for Tree Maintenance

Capital Works Renewal Program

ROAD RENEWAL		
Suburb	**Road**	**Location**
Hawthorn	Abbotshall RD	Angas Rd to Grange Rd
Panorama	Alpha CR	Warren Cr to Hillrise Rd
Panorama	Alpha CR	Hillrise Rd to No.17 Alpha Cr
Bellevue Heights	Argyll WK	Highland Dr to Cul-de-sac
Clarence Gardens	Arthur ST	Cross Rd to Dinwoodie Ave
Urrbrae	Birksgate DR	Willowood Dr to Oakdene (Southern Side)
Blackwood	Brighton PDE	Shepherds Hill Rd to Cumming St
Westbourne Park	Constance ST	Goodwood Rd to Sussex Tce
Kingswood	East PDE	Tutt Ave to Princes Rd
Bedford Park	Edison RD	Kelvin Rd to Sturt Rd
Kingswood	Elphyn RD	Princes Rd to Bakers Rd
Bedford Park	Francis ST	Franklin St to Connector Road
Bedford Park	Franklin AVE	Darlington (South Road) Project Boundary to Rupert Ave
Hawthorndene	Gamble CR	Myrtle Rd to Cul-de-sac
Hawthorn	Grange RD	Goodwood Rd to Railway Line
Bedford Park	Heath ST	Randall St to Riverside Dr
Kingswood	Hill ST	John St Ln to Smith-Dorrien St
Springfield	Hillside RD	Stone Culvert to Glenwood Dr
Belair	Horsell RD	Fourth Rd to Turning Head
Melrose Park	Jose St	Rowell Rd to Morgan Av
Torrens Park	Kilbryde RD	Belair Rd to Carruth Rd
Clarence Gardens	Lee ST	Gladys St to Edward St
Bedford Park	Matthew ST	Malcolm St to Francis St
Hawthorndene	Meadow AVE	Deneland to Rankeys Hill Rd
Panorama	Moriane ST	Boothby St to O'Neil St
Hawthorndene	Olave Hill RD	Road Reserve (Road Closure to Turners Ave)

Panorama	O'Neil ST	Plateau (Stella St/Vancouver Ave)
Bedford Park	Penfold ST	Riverside Dr to Franklin Ave
St.Marys	Rothesay AVE	Dorene St to Donald St
Bedford Park	Rupert AVE	Franklin Ave to Cul-de-sac
St.Marys	St.Marys ST	Daws Rd to Adelaide Tce
Bedford Park	Sutton RD	Darlington (South Road) Project Boundary to Sturt Rd
Pasadena	Thistleton CR	Pasadena Cr to End
Colonel Light Gardens	Wattlebury RD	East Parkway to No.77 Wattlebury Rd (Width Change)
Eden Hills	Yalanda ST	Pinda St to Miranda St
Various	Seal Preservation Program	City Wide
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Pasadena	Painter ST	Forbes St to Fiveash Dr
Pasadena	Eyre LA	Port Lincoln to Eyre Blvd
Hawthorndene	Batley AVE	Minnow Creek to Myrtle Rd
Belair	Belair RD	Service Road - no. 453 Belair Rd to no. 449
Pasadena	Day La	Spiers Ave to Cawthorne Ave
Hawthorndene	Devonshire RD	Sturt Ave to End
Daw Park	Hope ST	Aver Ave to Richmond Ave
Eden Hills	Kinedana La	Hillcrest Lane to Shepherds Hill Lane
Lower Mitcham	Price AVE	Wattlebury Rd to End
Blackwood	Myall AVE	Unsealed Section
ROADS TO RECOVERY		
Suburb	**Road**	**Location**
Mitcham	Albert ST	Welbourne St to Taylors Rd
Torrens Park	George St	Kays Rd to Blythwood Rd
Mitcham	Welbourne ST	Princes Rd to Albert St

ROAD RENEWAL - DESIGN ONLY FOR PAVEMENT RECONSTRUCTION IN 2024/25		
Suburb	**Road**	**Location**
Springfield	Balfour RD	Delamere Ave to Hillside Rd
Craigburn Farm	Grand BLVD	Coromandel Pde (Southern Side to Northern Side)
Melrose Park	Morgan AVE	Stephen St to Winston Ave
Belair	Reed ST	Hawker Ave to End
Torrens Park	Rokeby RD	Braemar Rd to Ford Ave
Eden Hills	Seymour LA	Seymour St to Northcote Rd
Hawthorn	Sussex TCE	Angas Rd to Grange Rd
Hawthorndene	Gorse AVE	Service Lane (Property no. 8 - property no. 2 Gorse Ave)
Colonel Light Gardens	Winston AVE	Richmond Ave Roundabout
Various	Deflectograph Testing	
KERB RENEWAL		
Suburb	**Road**	**Location**
Blackwood	Acorn AVE	Deane Ave to Cedar Ave
St.Marys	Alfred ST	Walsh Av to Quinlan Av
Hawthorndene	Anderson AVE	Cunard Dr to Turners Av
Kingswood	Arnold ST	Bakers Rd to Princes Rd
Belair	Ash AVE	Gum Gr to Neate Av
Belair	Athol ST	Lindsay Tce to Upper Sturt Rd
Cumberland Park	Avon ST	Caulfield Av to Edward St
Melrose Park	Ayers AVE	Stephen St to Winston Av
Torrens Park	Barrelder RD	Belair Rd to Carruth Rd
Coromandel Valley	Baust CR	Winns Rd to Cul-de-sac
St.Marys	Benjamin ST	Comaun St to Southern Av
Blackwood	Bens PL	Melton St to Cul-de-sac
Hawthorndene	Blackthorn AVE	Kauri Rd to Road Closure (Watahuna Av)

Craigburn Farm	Blackwood Park BLVD	Fergusson Av to Hollyhock Ct
Blackwood	Bracken AVE	Chapman St to Cul-de-sac
Mitcham	Bradey ST	Bollards to High St
Hawthorndene	Briar RD	Kauri Rd to Sycamore Cr
Hawthorn	Cameron RD	George St to Durdin Rd
Torrens Park	Carruth RD	Fife Av to Barrelder Rd & Protuberances
St.Marys	Cashel ST	Daws Rd to Adelaide Tce
Torrens Park	Cezanne CT	Belair Rd to End
Hawthorndene	Chancery LA	Gorse Av to Sturt Av
Hawthorndene	Clyde RD	Acheron Ave to Cunnard Dr
Coromandel Valley	Coromandel PDE	Garnet Ave to Watts Tce
Kingswood	Cross RD	Fullarton Rd to Belair Rd
Cumberland Park	Derwent ST	Caulfield Av to Edward St
Coromandel Valley	Diosma DR	Protea Av to Craiglee Dr
Bellevue Heights	Donnybrook RD	Shepherds Hill Rd to Glenwood Dr
Daw Park	Dudley AVE	Winston Av to Roseberry St
Hawthorn	Durdin RD	Llewelyn Tce to Frimley Gr
Blackwood	Edgecumbe PDE	Coromandel Pde to Main Rd
Glenalta	Emu AVE	Miner Ave to Cul-de-sac
Blackwood	Eric ST	Cedar Av to Southern Av
Cumberland Park	Esk ST	Caulfield Av to Edward St
Cumberland Park	Farah PL	Avenue Rd to Cul-de-sac
Blackwood	Fern RD	Sherbourne Rd to Brighton Pde
Netherby	French ST	Smith-Dorrien St to Birdwood St
Urrbrae	Fullarton RD	Cross Rd to Claremont Ave/Kitchener Ave
Blackwood	Garnet AVE	Adey Rd to Coromandel Pde
Torrens Park	George ST	Blythewood Rd to Eli St
Cumberland Park	Goodwood LA	Narinna Av to Kyeema Av
Clapham	Grainger ST	Barretts Rd to End
Craigburn Farm	Grand BLVD	Appleberry Cr to Coromandel Pde

Colonel Light Gardens	Grange RD	Goodwood Rd to Railway Line
Eden Hills	Grove ST	Dale Rd to Glen Rd
Kingswood	Halsbury AVE	Harrow Tce to Cul-de-sac
Eden Hills	Hillcrest DR	Culdesac (Shr) to Kinedana St
Coromandel Valley	Jackson AVE	Cul-de-sac to Ewers Av
Melrose Park	Jose ST	Rowell Rd to Morgan Av
Hawthorndene	Kauri RD	Hawthorndene Dr to Blackthorne Av
Colonel Light Gardens	Kent RD	East Parkway to Springbank Rd
Lower Mitcham	Kinross AVE	Price Av to End
Hawthorndene	Krowalle CR	Myrtle Rd to Cul-de-sac
Hawthorndene	Limpsfield AVE	Darwin Av to Pasteur Av
Belair	Lindsay TCE	Upper Sturt Rd to Athol St
Glenalta	Linkage GR	Hollywood Way to Bermuda Way
Hawthorn	Llewellyn TCE	George St to Angas Rd
Belair	Longview AVE	Gault Rd to Ash Av
Colonel Light Gardens	Ludgate CRCS	Goodwood Rd to Grange Rd
Colonel Light Gardens	Manchester RD	Broadway to Pembroke Pl
Glenalta	Mandalay AVE	Colorado Dr to Upper Sturt Rd
Clapham	Maud ST	10 - Murray St to Springbank Rd
Belair	McGregor CT	Alta Mira Cr to Cul-de-sac
Glenalta	Menura AVE	Corella Av to Elizabeth Av
Cumberland Park	Mersey ST	Caulfield Av to Edward St
Eden Hills	Miranda ST	Wilpena St to Yalanda St
Hawthorn	Monmouth RD	Goodwood Rd to Egmont Tce
Panorama	Moriane ST	Boothby St to O'Neil St
Eden Hills	Mountain RD	Lee St to Dale Rd
Torrens Park	Muggs Hill RD	Evans Av to Albert St

Blackwood	Murray ST	Coromandel Pde to Main Rd
Blackwood	Myall AVE	Miller Tce to No.13 Myall Ave
Hawthorndene	Myrtle RD	Gorse Av to Tallarook Rd
Netherby	Netherby AVE	Bartley Av to Rentoul Av
Mitcham	Neweys RD	Old Belair Rd to Driveway Link
Glenalta	Nottingham WAY	Rosella Av to Sherwood Dr
Hawthorndene	Oak CR	Myrtle Rd to Gorse Rd
Hawthorndene	Orchard GR	Hawthorndene Dr to Meadow Av
Torrens Park	Pamela RD	Carruth Rd to Blythewood Rd
Colonel Light Gardens	Pembroke PL	The Grove to Cul-de-sac
Glenalta	Pine Creek CR	Sherwood Rd to End
Glenalta	Pine Lodge DR	Bermuda Way to Upper Sturt Rd
Lower Mitcham	Pitfour RD	Price Av to End
Blackwood	Plymouth AVE	Coromandel Pde to Winns
Belair	Price AVE	Gloucester Rd to Penno Pde Nth
St.Marys	Quinlan AVE	Dorene St to Norman St
Hawthorndene	Renfrew DR	Krowalle Cr to Cul-de-sac
Torrens Park	Rokeby RD	Braemar Rd to Ford Ave
Eden Hills	Ronald AVE	Hillcrest Dr to Cul-de-sac
Kingswood	Rugby St	Cross Rd to North Pde
Cumberland Park	Severn ST	Caulfield Av to Edward St
Eden Hills	Seymour Lane	Northcote St to Seymour St
Craigburn Farm	Shelter ROW (B)	Shelter Row (A) to End (Stage 8A)
Glenalta	Sherwood DR	Rosella Av to Hawthorndene Dr
Blackwood	Southern AVE	Central Median (Miller Tce / Eric St Intersection)
St. Marys	Southern AVE	Benjamin St to Cashel St
Lower Mitcham	Spruce CR	Wattlebury Rd to Cul-de-sac
Mitcham	St Michaels RD	Maitland St to Church Rd
Hawthorn	Sussex TCE	Angas Rd to Grange Rd
Cumberland Park	Tamar ST	Caulfield Av to Edward St
St.Marys	The Crescent	Brookman Av to End

Cumberland Park	Thurlara AVE	Kyeema Av to Caulfield Av
Belair	Tree Top TCE	Caroline Av to End
Cumberland Park	Tweed ST	Caulfield Av to Edward St
Hawthorndene	Vale RD	Rankleys Hill Rd to Cul-de-sac
Urrbrae	Waite RD	Cross Rd to Hartley Gr
Blackwood	Wentworth CL	Melton St to Cul-de-sac
Belair	Windarra CT	End to Mead St
Blackwood	Winns RD	Coromandel Pde to Kerb End
Melrose Park	Winston AVE	Richmond Ave Roundabout
Cumberland Park	Wodana ST	Kyeema Av to Caulfield Av
Eden Hills	Wonoka ST	Eurilpa St to Wilpena St
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Coromandel Valley	Horners Bridge	Kerbing surrounding carpark
Pasadena	Painter ST	Forbes St to Fiveash Dr
Hawthorndene	Batley AVE	Surrey St to Myrtle Rd
St Marys	Comaun ST	Pinn St to Benjamin St
Blackwood	Coromandel PDE	Brigalow Ave to Cumming St
KERB RENEWAL - DESIGN ONLY FOR RECONSTRUCTION IN 2024/25		
Suburb	**Road**	**Location**
Blackwood	Brightview AVE	Acorn Av to Penno Pde Sth
Belair	Aerial RD	Belair Rd to End
Belair	Culley AVE	Belair Rd to Centre Way
Panorama	Grandview Dr	Hare Cr to Railway Tce
Hawthorndene	Oak CR	Myrtle Rd to Gorse Rd
Eden Hills	Chitunga RD	Shepherds Hill Rd to Willora Rd
Kingswood	Harrow TCE	Cross Rd to Tutt Ave
Hawthorndene	Acacia AVE	Watahuna Ave to End
FOOTPATH - RENEWAL		

Suburb	Road	Location
Pasadena	Adelaide Tce	Pasadena Community Centre Connection
Lower Mitcham	Austin ST	Maud St to Catherine St
Colonel Light Gardens	Bedford SQ	Lincoln Ave to Broadway
Colonel Light Gardens	Broadway	Prince George Pde to Bedford Sq
Hawthorn	Cameron RD	George St to Durdin Rd
Colonel Light Gardens	Chester St	Goodwood Rd to Kandahar Cr
Lower Mitcham	Claire ST	Fraser St to Belmont St
Netherby	Claremont AVE	Fullarton Rd to Bartley Ave
St. Marys	Comaum ST	Pinn St to Dorene St
Netherby	Cross RD	Urrbrae Wet lands to Fullarton Rd
Lower Mitcham	Crowder ST	Grange Rd to Claire St
Cumberland Park	Eaton ST	Big W Car Park Entrance to Avenue Rd
Lower Mitcham	Elizabeth ST	510 - Springbank Rd to Austin St
Cumberland Park	Elizabeth ST	Avenue Rd to Cul De sac (Both sides)
Daw Park	Francis ST	Daws Rd to Cul-de-sac
Netherby	Fullarton RD	Claremont Ave to Cross Rd
Westbourne Park	Garden AVE	Norsmen Ave to Culde Sac (Both sides)
Colonel Light Gardens	Lincoln AVE	Bedford Sq to East Parkway
Hawthorn	Monmouth RD	Hawthorn Cr to Egmont Tce (South Side) and Sussex Tce to Egmont Tce (North Side)
Clapham	Moody ST	Maud St to Winnall St
Cumberland Park	Morris ST	Eaton St to Hill Ave
Westbourne Park	Newberry AVE	Norseman Ave to End
Clapham	Pitfour RD	Price Ave to End (Railway line)
Lower Mitcham	Price AVE	Wattlebury Rd to No.4 Price Ave
Colonel Light Gardens	Prince George PDE	The Broadway to View St

Hawthorn	Richmond RD	Sussex Tce to Egmont Tce
Colonel Light Gardens	Rochester AVE	West Parkway to Flinders Ave
Mitcham (MVB)	St Michael's RD	Church Rd to Maitland St
St. Marys	St. Marys ST	Adelaide Tce to Daws Rd
Melrose Park	Stephen ST	Ferry Ave to Ayers Ave
Lynton	Walkway (Beagle Tce / Seaview Rd)	Beagle Tce to Seaview Rd
Westbourne Park	Walkway (Monmouth Rd / Newberry Ave)	Monmouth Rd to Newberry Ave
Colonel Light Gardens	West Parkway	Windsor Ave to The Strand
Hawthorn	William ST	Hampton St to Devonshire St
Various	DDA Upgrades	Various
FOOTPATH RENEWAL - DESIGN ONLY		
Belair	Penno PDE Nth	Main Rd to Price Ave
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Pasadena	Painter ST	1-3 Painter St to Fiveash Dr
CARPARKS - RENEWAL		
Suburb	**Road**	**Location**
Belair	Downer Avenue Reserve	Downer Av
Melrose Park	Rozelles Reserve	Rozelle Av
Mitcham	Sturt Baseball Club	Norman Reserve
Pasadena	Naomi Tce Reserve	Naomi Terrace
Clarence Gardens	AA Bailey Reserve	Winona Av
Pasadena	Pasadena Community Centre	Adelaide Tce
CAR PARK RENEWAL - DESIGN ONLY FOR PAVEMENT RECONSTRUCTION IN 2025/26		

Blackwood	Hewett Sports Grounds	Garnet Av
Eden Hills	Karinya Reserve - Rear Car Park	Northcote Rd
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Coromandel Valley	Horners Bridge	Renewal of carpark
RETAINING WALLS - DESIGN ONLY FOR RECONSTRUCTION IN 2025/26		
Suburb	**Road**	**Location**
Bedford Park	Flinders Dr	Western & Southern Side
Belair	Old Belair Road	Car Park supporting
BRIDGE - RENEWAL		
Suburb	**Road**	**Location**
Torrens Park	Fife Ave Bridge	
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Hawthorn	George St Pedestrian Bridge	George St Pedestrian Bridge
STORMWATER - RENEWAL		
Suburb	**Road**	**Location**
Pasadena	Adelaide Tce	Pasadena Community Centre
Westbourne Park	Grange Rd	Goodwood Rd to Railway Crossing
Eden Hills	Mountain Rd	13A & 15 Mountain Rd
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Daw Park	Goodwood Rd / Aver Ave Stage 1	Sturt SMP output - Upgrade system to prevent Goodwood Rd flooding
BUS SHELTERS - RENEWAL		
Suburb	**Road**	**Location**

Craigburn Farm	Stop 36 - Diosma Dr - Northbound	Diosma Dr
St Marys	Stop 21 - Cashel St - Northbound	Cashel St
OPEN SPACE RENEWAL - FENCES		
Suburb	**Location**	**Project details**
Colonel Light Gardens	Reade Park	Fencing replacement
Colonel Light Gardens	Hillview Reserve	Fencing replacement
OPEN SPACE RENEWAL - FURNITURE		
Suburb	**Location**	**Project details**
Bellevue Heights	Donnybrook Reserve	Bench replacement
Hawthorndene	Hawthorndene Sports Ground	Seat and bike rack replacement
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Clarence Gardens	Nieass Reserve	Drinking Fountain
OPEN SPACE RENEWAL - MISCELLANEOUS		
Suburb	**Location**	**Project details**
St Marys	St Marys Park	Sign replacement
Pasadena	Grant Jacob Reserve	Sign replacement
Kingswood	Kingswood Oval	Sign replacement
Craigburn Farm	Woodlake Reserve	Sign replacement
OPEN SPACE RENEWAL - PLAYGROUNDS		
Suburb	**Location**	**Project details**
St Marys	Thurles St Reserve	Playground Renewal
Urrbrae	Birksgate	Playground Renewal

Clarence Gardens	Goodale	Playground Renewal
Hawthorndene	Archibald Reserve	Playground Renewal
OPEN SPACE RENEWAL - SPORT & RECREATION		
Suburb	**Location**	**Project details**
Hawthorndene	Apex Park	Tennis Court Resurfacing
Netherby	Netherby Reserve	Tennis Court Resurfacing
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Colonel Light Gardens	Reade Park	Renewal of lighting
OPEN SPACE RENEWAL - ENVIRONMENT & WASTE		
Suburb	**Location**	**Project details**
Mitcham	Mitcham Railway Station	Irrigation and control valve replacement
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
St Marys	Denis St Reserve	Renewal of fencing
Bellevue Heights	Manson Reserve	Irrigation system renewal
Hawthorn	Delwood Reserve	Irrigation System Renewal
Pasadena	Naomi Reserve	Irrigation System Renewal
Kingswood	Balham Reserve	Irrigation System Renewal
Melrose Park	Depot	Depot bore renewal
OPEN SPACE RENEWAL - STRUCTURES		
Suburb	**Location**	**Project details**
Melrose Park	Kegworth Reserve	Gazebo replacement
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Various	Various Structures Renewals	

COMMUNITY BUILDINGS - RENEWAL		
Suburb	**Location**	**Project details**
Cumberland Park	Cumberland Park Community Centre	Switchboard upgrade and Roof Renewal
Mitcham	Mitcham Heritage Research Centre	DDA Toilet Upgrade
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Colonel Light Gardens	Reade Park Croquet Club	Toilet Renewal and Accessibility Works
Westbourne Park	Richmond Road Memorial Hall	Toilet Renewal, Accessibility Works & Airconditioning
Colonel Light Gardens	CLG Institute Hall	Toilet Renewal, Accessibility Works, Kitchen & Airconditioning
OPERATIONAL BUILDINGS - RENEWAL		
Building	**Location**	**Project details**
Civic Centre	Civic Centre	Lift Renewal
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Torrens Park	Council Civic centre	Renewal of office
Torrens Park	Civic Centre	Accessibility & Egress Works
SPORT & RECREATIONAL BUILDINGS - RENEWAL		
Suburb	**Location**	**Project details**
Clarence Gardens	Clarence Garden Bowling Club	AC Refurbishment and LED Lighting Upgrades
Blackwood	Blackwood Football Club	DDA toilet and accessibility upgrades, AC refurbishment and general building refurbishment works
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Mitcham	Sturt Baseball Club	Accessible Toilet installation
Netherby	Netherby Tennis Club	Toilet renewal and Accessibility work

Kingswood	Kingswood Tennis Club	Clubroom Redevelopment
Lower Mitcham	Denman Tennis Club	Toilet Renewal and Accessibility Works
Blackwood	Blackwood Bowling Club	Accessibility Works, Airconditioning, Paving, Verandah
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
Blackwood	207 Main Road	
Blackwood	217 Main Road	
PLANT AND TRAILER REPLACEMENT - RENEWAL		
Major Plant - Renewal		
Fleet No.	**Type**	**Plant Description**
D204	Isuzu FRR600 Medium Flocon	
D211	Isuzu NPR 400 Tipper Parks & Gardens	
D208	Isuzu FRD 600 Tipper Foot Path Sweeper	
D235	Isuzu FRR550 Medium Concreting Truck	
D324	John Deere Tractor 6090MC	
D906	Bucher Footpath Sweeper CN101	
D313	John Deere ride-on mower 72"	
VM516	Line Marking Machine (Ride on)	
VM517	Line Marking Machine (Ride on)	
VM535	Bandit 15XPC15"	
VM536	Bandit 15XPC15"	
T131	Single Axle Trailer Skidsteer	
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
D907	Street sweeper	Isuzu Street Sweeper FSR 850
D203	TRUCK	Hino Crew Chipper Truck
D237	TRUCK	Hino 917 Medium W/Crane
D238	TRUCK	Isuzu FRR600 Water Tanker
D334	OTHER	Backhoe S11SIF

MAJOR AND MINOR FLEET REPLACEMENT - RENEWAL		
Major Light Fleet - Renewal		
Fleet No.	**Type**	**Vehicle Description**
D146	Isuzu D-Max Ute 2 years Comm	
D164	VW Caddy van 2 years	
D171	Mitsubishi Triton ute 3 years	
D185	Mitsubishi Triton ute 3 years	
484	VW Caddy van 2 years	
D161	Mitsubishi Triton ute 3 years	
D189	Isuzu D-max ute 2 years Comm	
	Various small plant	
Minor Light Fleet - Renewal		
Fleet No.	**Type**	**Vehicle Description**
703	Mitsubishi Eclipse 2 years	
708	Kia Sportage 2 years	
712	Mitsubbishi Outlander 2 years	
713	Mazda CX-5 Akera 2 years	
717	Mitsubishi Outlander 2 years	
718	Isuzu D-Max 2 years 2 years Comm	
721	Mitsubishi Outlander 2 years	
725	Subaru Outback 2 years	
727	Kia Sportage 2 years	
D155	Subaru Outback 2 years	
D174	Subaru Outback 2 years	
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
D150	UTE	Ford Ranger 2 years
D151	CAR	Mazda 6 Wagon 2 years
D172	VAN	VW Caddy
D176	VAN	VW Caddy van

D145	UTE	Ford Ranger Ute 3 years
OFFICE FURNITURE & EQUIPMENT - RENEWAL		
Suburb	**Location**	**Project details**
	Civic; Depot; Libraries 24-25	Office Furn & Equip
	Community facilities 24-25	Office Furn & Equip
Projects not completed in 2023/2024- rebudgeted for 2024/2025		
	Office Furn & Equip 23-24	Office Furn & Equip
INFORMATION & TECHNOLOGY - RENEWAL		
Information Systems		
	Project details	
	Laptops 24-25	
	Mobile Phones 24-25	
	Monitors 24-25	
	Small Projects 24-25	
	Production and DR Servers	
	M365 backup	
	UPS -uninterruptible power supply	

Appendix 3: Rating Policy 2024/25

1. PREAMBLE

Council's powers to raise rates are found in Chapter 10 of the *Local Government Act 1999* ("the Act"). The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. Council is required to comply with the requirements of the Act and in particular Section 123.

Rates are not fees for services. They constitute a system of taxation for Local Government purposes; Local Government functions are defined broadly in the Act. All systems of taxation try to balance various principles of taxation.

In addition to rates, Council also raises some revenue through:

- Statutory Charges;
- Optional user charges (eg hire of community facilities);
- Expiation fees (eg for parking infringements);
- Grants, subsidies and contributions; and
- Investment Income;

2. PURPOSE

To set out Council's rating structure and policy for the financial year and the principles used by Council in determining the rating policy for the 2024/2025 financial year.

3. SCOPE

All land within the Council area, except for land specifically exempt (eg Crown Land, Council occupied land and other limited categories as set out at Section 147 of the Act) is rateable.

4. DEFINITIONS

This Policy represents the Council's commitment to balancing the five main principles of taxation:

(i) Capacity to pay: This principle suggests that a person who has less capacity to pay should pay less and that persons of similar means should pay similar amounts.

(ii) Benefits received (ie services provided, or resources consumed): Reliance on this principle suggests that (all other things being equal) a person who receives more benefits should pay a higher share of tax. This is not to suggest that the *benefit* must be equivalent to the tax paid. The tax paid by an individual is not a 'fee for service'. To some extent, every action of Council affects the amenity of life of individual taxpayers; however, the totality of services provided by Council act to maintain and enhance the value of all properties in the Council area.

(iii) Administrative simplicity: This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid.

(iv) Economic efficiency: This refers to whether or not the tax distorts economic behaviour.

(v) Policy consistency: This principle is that taxes should be internally consistent and based on transparent, predictable rules that are understandable and acceptable to taxpayers.

5. PRINCIPLES

To ensure the fair and equitable assessment and collection of Council rates from ratepayers.

6. POLICY STATEMENT

In determining its rating structure Council has taken into account the impact on Council's Strategic Management Plans, Annual Business Plan and Long-Term Financial Plan and:

- the competing demands of community priorities identified through the consultation process, (ie the imperative of maintaining existing infrastructure);
- its role as custodian of significant community assets held and managed on behalf of the local community and future generations;
- the need for significant capital works to replace and upgrade infrastructure assets;
- the obligation to operate as effectively and efficiently as possible;
- the need to reassess the use and viability of community facilities; and
- the impact of rates on all sectors of the community (householders and businesses) based on factors, such as:

    - the broad principle that the rate in the dollar should be the same for all properties, except where there is either a different level of services available to ratepayers, or some other circumstance exists which warrants variation from the broad principle. Council has addressed this through the application of differential rates on commercial, industrial and vacant land uses – refer to the section entitled "Differential Rates";
    - the fact that community surveys undertaken over the last 10 years show a clear preference that service levels not be reduced in order to contain rate increases; and
    - that while Council is committed to minimising rate increases, its priority is striking a rate which maintains community assets and existing services in an equal or better condition.

6.1 Valuation

Method of Valuation
Council may adopt one of two valuation methodologies to value land in its area. They are:

- Capital Value: the value of the land and all improvements on the land.
- Annual Value: valuation of the rental potential of the property.

The Council has decided to continue to use capital value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers, on the following basis:

- the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;

- property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value; and
- the distribution of property values throughout the Council area is such that few residential ratepayers will pay an increase significantly greater than the increase in average rates.

Adoption of Valuations
Council proposes to adopt the rate in the dollar based on valuations made by the Valuer-General as provided to Council on Sunday, 23rd June 2024. If a ratepayer is dissatisfied with the valuation made by the Valuer-General, the ratepayer may object to the Valuer-General in writing, within 60 days of receiving the notice of the valuation, explaining the basis for the objection, provided they have not:

(a) previously received a notice of this valuation under the Act, in which case the objection period is 60 days from the receipt of the first notice; or
(b) previously had an objection to the valuation considered by the Valuer-General.

It is to be noted, however, that regardless of the 60 day limitation period for lodging an objection to the valuation, the Valuer-General may, for good reason, determine to accept an objection lodged outside this time period.

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

State Valuation Office
GPO Box 1354
ADELAIDE SA 5001
Email: OVGObjections@sa.gov.au
Phone: 1300 653 345

Please note that Council has no role in this process. It is also important to note that the lodgement of an objection does not change the due date for the payment of rates.

Notional Values
Certain properties may be eligible for a notional value under the Valuation of Land Act 1971 where the property is the principal place of residence of a ratepayer. This can relate to certain primary production land or where there is State heritage recognition. A notional value is generally less than the capital value and this will result in reduced rates, unless the minimum amount payable by way of general rates already applies. Application for a notional value must be made to the State Valuation Office.

6.2 Council's Revenue Raising Powers

All land within the Council area, except for land specifically exempt (e.g. Crown land, Council occupied land and other land prescribed in the Act (Section 147), is rateable. The Act provides for the Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties.

In addition, Council can raise separate rates for specific areas of the Council. It can also raise service rates or charges for specific services. Council also raises revenue through fees and charges that are set in consideration of the cost of the service provided and any equity issues.

The list of applicable fees and charges is available at the City of Mitcham offices, the Mitcham Library and the Blackwood Library.

Land Against Which Rates May Be Assessed
Rates are assessed as follows:

- against any piece or section of land subject to separate ownership or occupation;
- against all land subject to separate occupation (eg tenancy apportionments in a shopping centre or units) will be subject to a separate assessment;
- against any aggregation of contiguous land subject to the same ownership or occupation; and / or
- against all contiguous land (ie a house with an adjoining allotment used as part of the residential property or two shops being used as one) will be assessed as being contiguous and therefore will not attract a minimum rate.

Council relies on information from the Valuer-General for this process.

6.3 Differential Rates

The Act allows the Council to 'differentiate' rates based on the use of land, the locality of land, the use and locality of the land combined or on some other basis determined by Council. The City of Mitcham applies different rates on the basis of land use.

Additionally, Council has reviewed the differential rates to apply for 2024/25 and is proposing that the rate increase applicable to commercial/industrial properties remains consistent with the general rate at 6.98%. Capping provisions of 12.5% apply to all eligible properties.

The following differential general rates will apply for 2024/25:

- 0.22265 cents in the dollar on the capital value of rateable land of Residential, Primary Production and Other land uses.
- 0.519658 cents in the dollar on the capital value of rateable land in Commercial – Shop, Commercial – Office, Commercial – Other, Industry – Light, Industry – Other and Vacant Land uses.

Land use, as determined in the *Local Government (General) Regulations 2013* under the Act is used as the factor to apply differential rates. Land that has been identified (coded) by the Valuer-General as vacant land, and is contiguous to a residential dwelling, will be rated at the general rate applied to residential properties if it is owned by the same owner and occupied by the same occupier. Vacant land that is contiguous to a non-residential property will be

rated according to the predominant use of the whole of the land.

If ratepayers believe that a particular property has been incorrectly classified as to its land use, then they may object (to Council) to that land use within 60 days of being notified. A ratepayer may discuss the matter with a Rates Officer on 1300 133 466 in the first instance. Council will provide, on request, a copy of Section 156 of the Act, which sets out the rights and obligations of ratepayers in respect of objections to a land use classification.

Objections to Council's decision may be lodged with the Chief Executive Officer, City of Mitcham, PO Box 21, Mitcham Shopping Centre, Torrens Park, SA 5062, or emailed to mitcham@mitchamcouncil.sa.gov.au. The objection must be made within 60 days of receiving notice of the land use classification and must set out the basis for the objection and details of the land use classification that (in the opinion of the ratepayer) should be attributed to that property.

Council also may, for good reason, accept an objection to a land use attribution outside of the 60 day period.

Council will make a decision on the objection as it sees fit and will then notify the ratepayer.

A ratepayer also has the right to appeal against Council's decision to the Land and Valuation Court. It is important to note that the lodgement of an objection does not change the due date for payment of rates.

6.4 Minimum Rate

Section 158 of the Act provides that the Councils may fix a minimum amount payable by way of rates (a minimum rate).

Council believes that the adoption of a minimum rate recognises that each rateable property within the Council area benefits from a minimal level of service and should therefore make a minimum level of contribution.

The minimum rate is levied against the whole of an allotment (including land under a separate lease or licence) and only one minimum rate is levied against two or more pieces of adjoining land owned by the same owner and occupied by the same occupier. The reasons for imposing a minimum rate are that Council considers it appropriate that all rateable properties make a contribution to:

- the cost of administering the Council's activities; and
- the cost of creating and maintaining the physical infrastructure that supports and underpins the value of each property.

Council has adopted a policy of setting its minimum rate at a level not exceeding 65% of the average rate of all rateable properties. The minimum rate for 2024/25 has been set at $1,364.00. With an average

rate of all rateable properties for 2024/25 of $2,434 the minimum rate represents 56% of the average rate of all rateable properties.

The minimum rate will affect 15% of rateable properties, which is within the legislated limit of 35%.

6.5 Landscape Levy

The Council is in the Green Adelaide Landscape Management Region and is required under the *Landscape South Australia Act 2019* to fund the operations of the Green Adelaide Board. For 2024/25 the Board has advised Council that the amount of $2,103,522 is required to be collected from ratepayers.

The Council will do so by imposing a separate rate against all rateable properties in the Council area. Council is operating as a revenue collector for the Green Adelaide Landscape Board in this regard and does not retain this revenue

6.6 Business Impact Statement

Council considers the impact of rates on all businesses in the Council area. In doing so, Council considers and assesses the following matters:

- the demand made on Council services by commercial and industrial users as a proportion of rate revenue;
- Council's Strategic Management Plan and those priorities relating to business development mentioned above;
- specific Council projects for the coming year that will solely or principally benefit businesses;
- preference for local suppliers where price, quality and service provision are comparable to suppliers outside the Council area;
- changes in the valuation of commercial and industrial properties in comparison to residential properties.

6.7 Rebates, Capping and Remissions

The Act requires Council to rebate rates payable on specific uses of land. Further information is set out in Attachment 3 to this Policy.

Rate Capping

Rate Capping provides relief against what would otherwise amount to a substantial change in rates payable from one year to the next, due to rapid changes in valuation or changes in Council policy. A rate capping rebate will be applied to all properties under Section 166(1) (l) of the Act. The rate capping rebate will be applied either by Council of its own initiative, where the Council is in possession of sufficient information to determine entitlement to the rebate, or otherwise on application to Council.

A rebate will be granted, subject to the eligibility criteria below, such that the increase in rates payable in any one year is limited to a maximum of 12.5%. Rate capping rebates will not be subject to a formal application and will be deducted from the first rate notice. If ratepayers believe they are eligible for a rate capping rebate and it has not been automatically

granted, an application can be made by 31 December 2024 for the 2024/25 financial year.

The rate capping rebate will not apply, and therefore the full rates amount will be payable, where:

- any such increase in general rates is due or partly due to an increase in valuation of the land in the assessment because of significant capital improvements on the property (development) worth more than $25,000;
- any such increase in general rates is due or partly due to a change in land use for the land in the assessment between that declared for the 2023/24 financial year and that declared for the prior financial year;
- the ownership of the rateable property has changed since 1 July 2023.

The Capping Rebate will not apply where a Mandatory or Discretionary rebate has already been applied.

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

For Vacant Land, the rate capping rebate will not apply and, therefore, the full rates amount will be payable, where the Vacant Land has not been rated previously, (ie new land division).

The rate capping rebate will be calculated based on the amount of general rates payable in 2023/24 (inclusive of any capping) and will exclude the Landscape Levy and any Separate rates applicable.

The rate capping strategy addresses the following objectives:

• Improves equity in rate distribution across the community
• Prevents inequitable shifts in rate responsibility
• Minimises the impact of property valuation movements
• Ranks highly against the principles of taxation.

The rate capping rebate will be applied automatically to properties that can be readily identified as being eligible. Where this rebate is not applied automatically, ratepayers who consider they could be eligible for the rate capping rebate may lodge an application form, which will be assessed against the eligibility criteria. Council rebates or remissions are not included in the capping calculation process. The application must be lodged by 31 December 2024.

Vacant Land Rebate (Discretionary Rebate)
Council has agreed to apply a rebate on Vacant Land, where the land use has changed in any given financial year from Residential land use to Vacant Land. The rebate will apply within the first 12 months to the residential rate in the dollar adopted for properties that

become vacant land and will be applied either by Council of its own initiative, where the Council is in possession of sufficient information to determine entitlement to the rebate, or otherwise on application to Council.
Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a discretionary rebate of general rates for the 2024/25 financial year will be granted in respect of an Assessment attributed as vacant land where:

- The Land Use is noted as Residential or Primary Production by the Valuer-General in the preceding year following a sub-division/development and the Council attributed the land use as Residential or Primary Production.
- The actual use of the land has changed to Vacant Land and the Valuer-General has determined a Vacant Land use code to the land in the following year and the Council has also attributed a rate in the dollar for Vacant Land.
- The principal rate-payer applies in writing prior to 31 December 2024 for a rebate the current year, confirming that the property will be their principal place of residence on completion of any development. The Council may consider any application received after 31 December 2024 for the 2024/25 financial year, but reserves its right to refuse to consider applications received after this date.
- The rebate will only apply for a maximum period of 12 months in the (same) financial year.
- The property will be re-assessed the following financial year - If the use of the land is still classified as Vacant Land by the Valuer-General and the Council also attributes this land use, then the rate in the dollar for Vacant Land will apply.
- Refer to the Residential Construction Rebate beyond the first 12 months.

Residential Construction on Vacant Land (Discretionary Rebate)
Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a discretionary rebate of general rates for the 2024/25 financial year will be granted in respect of an Assessment classed as vacant land where the:

- Principal Ratepayer of the Assessment applies to the council, in writing, for the rebate prior to 30 June 2025;
- Foundations or slab have been laid on the property by 30 June 2025, proof of the date the footings were laid must accompany the application;
- Principal Ratepayer has confirmed, in writing, that the property will be their principal place of residence upon completion.

Land which has been subdivided in the current or preceding financial year will not be eligible for the rebate.

The amount of the rebate will be based on:

- The difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential land; and
- The number of days remaining between 1 July 2024 and 30 June 2025 from the date footings are poured for a residence on the land. The rebate will not fall below the Minimum Rate.

Community Services Rebate for Scout and Guide Halls

Under Section 166 (1)(j) rateable properties with a land use classification as Boy Scout Hall or Girl Guide Hall would be considered by Council to be providing a benefit or service to the local community and will be rebated at 100%.

Remission of Rates

Section 182 of the Act permits Council, on the written application of a ratepayer, to partially or wholly remit rates and charges, fines and interest or to postpone rates on the basis of hardship.

Where a ratepayer is suffering hardship in paying rates they are invited to contact the Senior Rating Services Officer on 1300 133 466 to discuss the matter. Such enquiries are treated confidentially by the Council.

Remission for eligible card holders

A rate remission for eligible card holders* will apply to an assessment classified as residential, which is the ratepayer's principal place of residence. This remission, applicable upon application, will cover the 2024/25 declared rates and will be equal to the difference between the 2024/25 declared rates and the 2023/24 declared rates.

A remission will not be granted, and the full rates amount will be payable, where:

- Any increase in general rates is due, wholly or partly, to an increase in the valuation of the land in the assessment because of significant capital improvements on the property (development) worth more than $25,000.
- Any increase in general rates is due, wholly or partly, to a change in land use for the land in the assessment between that declared for the 2024/25 financial year and that declared for the prior financial year.
- The ownership of the rateable property has changed since 1 July 2023.

*Eligible card holders, (as of 1 July 2024) are those that hold:

- Pensioner Concession Card
- Veteran Gold Card:
    - Totally and Permanently Incapacitated (TPI)
    - Extreme Disablement Adjustment (EDA)
    - War Widow
    - Issued to a person with 80 or more ov erall impairment points under the Military Rehabilitation and Compensation Act 2004 (Cth)
- Low Income Health Care Card

Flexible Rate Payments Scheme

Any ratepayer who may, or is likely to experience difficulty in meeting the standard payment arrangements of Council, is invited to contact a Rating Services Officer to discuss alternative payment arrangements. Late payment fines and interest may apply. All such enquires will be treated confidentially by Council.

Rate Deferral Scheme
Section 182(1)(a) and (2) of the Act provides for the postponement of rates if Council is satisfied that the payment of these rates would cause hardship.

Council may, on written application and subject to a ratepayer substantiating the hardship to the satisfaction of Council, consider granting a postponement of payment of rates in respect of an assessment on the condition that a ratepayer agrees to pay interest on the amount affected by the postponement at the "prescribed percentage" as defined in the Act and that the ratepayer also satisfies the following criteria:

a) the property is the principal place of residence of the ratepayer and is the only property owned by the ratepayer; and
b) the property has been owned by the ratepayer:
   i. for a minimum of 10 years; or
   ii. for a minimum of five years with an immediately previous continuous ownership within the City of Mitcham of five years as the principal place of residence; and
c) the ratepayer is able to satisfy one of the following:
   i. produce a Pension Card from Centrelink; or
   ii. produce a Pension Card from Veteran Affairs; or
   iii. produce a TPI Pension Card from Veteran Affairs; or
   iv. can demonstrate to Council that they are a self-funded retiree and is earning less than $25,000 per annum.

Postponement of Rates Scheme for State Seniors Card Holders
Section 182A of the Act provides for postponement of rates on the principal place of residence by seniors who meet the eligibility criteria, make application and hold a current Seniors Card. The amount which can be postponed is any amount greater than $500 ($125 per quarter). In accordance with Section 182A (12) of the Act, interest will accrue on the postponed balances at a rate which is 1% above the cash advance debenture rate. The accrued debt is payable on the disposal or sale of the property. Further information is set out in Attachments 1 and 2 to this policy.

6.8 Payment of Rates

Frequency of Payment of Rates
Council rates are due quarterly on:

- 15 September 2024,
- 15 December 2024,
- 15 March 2025, and
- 15 June 2025.

Council offers a discount of 1%, off the amount of general rates (excluding State Landscape Levy), for the payment of the full year's rates by 15th of September 2024.

Electronic Rate Notices
Rate Notices can be received through email or through your financial institution.
To receive notices by Electronic Mail (Email) please sign up by going to mitchamcouncil.enotices.com.au and enter your email address and the unique code shown on your latest rates notice.

Rate Notices can be received electronically through your financial institution by registering for BPAY View. There is no obligation to pay through BPAY. Ratepayers should contact their bank for further information.

A paper bill will not be issued once rate-payers have signed up to one of these services.

Methods of Paying Rates

Direct debit
Payment can be debited from a nominated bank account on the due date of rates or the following banking business day. This will only be for the normal annual or quarterly amounts (as selected on your Direct Debit Request Form) and any arrears will need to be brought up to date via an alternate payment method prior to the quarterly debit date.

BPAY
Payment may be made by phone or the internet through a bank, Credit Union or Building Society. A financial institution must be contacted to make this payment from cheque, savings or credit card accounts.

Australia Post
Payment may be made at any Australia Post Office with a "One Stop Bill Pay" service. Ratepayers should present the notice at the Post Office.

Centrepay
Centrepay is a direct bill paying service offered to customers receiving payments from Centrelink. The rate payment is deducted from the ratepayer's Centrelink payment before it goes into their bank. The minimum payment amount is $10 per fortnight. Ratepayers should call Centrelink on their normal payment number or register online. Forms are also available from Council.

Telephone
Payment may be made by calling 1300 303 201 for an Interactive Voice Response (IVR) Service. This payment option is by credit card only.

Internet
Payment may be made via the internet by accessing Council's website at www.mitchamcouncil.sa.gov.au, selecting "Pay my rates" on the home screen and following the prompts. This payment option is by credit card only.

Mail

By Cheque only, made payable to: City of Mitcham and marked 'Not Negotiable'. Ratepayers should attach the tear off slip and send to:

City of Mitcham
PO Box 21
Mitcham Shopping Centre
TORRENS PARK SA 5062

Receipts will not be issued unless requested.

In Person
Ratepayers should present the rate notice at the Customer Service Centre:

City of Mitcham
131 Belair Road
TORRENS PARK SA 5062

EFTPOS and credit card facilities are available at the Council Office. Debit Cards, Visa and MasterCard may be used, however, no cash out facility is available.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact Rating Services to discuss alternative payment arrangements. Such enquiries are treated confidentially by Council.

Late Payment of Rates
The Act provides that the Council imposes a penalty of a 2% fine on any payment for rates, whether instalment or otherwise, that is received late. A payment that continues to be late is then charged a prescribed interest rate, set each year according to the below formula in the Act for each month the rates remain unpaid.

prescribed rate is an amount calculated as follows:

$$P = \frac{CADR + 1\%}{12}$$

where—

P is the prescribed rate

CADR is the cash advance debenture rate for any relevant financial year;

The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time and enables the Council to recover the administrative cost of following up unpaid rates and any interest payable because the rates have not been received.

Council allows a further three working days following the due date for payment as a grace period. Fines are payable under the Act but Council will remit this amount if payment is received within the three days grace period. Thereafter, fines for late payment are fully imposed.

Council is prepared to remit penalties for late payment of rates where ratepayers can demonstrate hardship. Applications to remit penalties must be in writing.

Council issues a final notice for payment of rates when rates are overdue (i.e. unpaid) by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice, then Council refers the

debt to a debt collection agency. The debt collection agency charges collection fees recoverable from the ratepayer.

When Council receives a payment in respect of overdue rates, the Council applies the money received as follows:

- first – to satisfy any costs awarded in connection with court proceedings (which may include legal fees);
- second – to satisfy any interest costs;
- third – in payment of any fines imposed; and
- fourth – in payment of rates, in chronological order (starting with the oldest account first).

Sale of Land for Non-Payment of Rates
The Act provides that the Council may sell any property where the rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land, provide the owner with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

Overpayment of Rates
Council is required, pursuant to provisions in the Act to refund balances that are in credit as a result of an overpayment of rates. In some instances interest may be calculated on these credit balances.
Council will not refund amounts less than $20 due to the administrative costs associated with processing refunds. In these instances the credit balance will be applied against the next instalment of rates. If a request for refund is sought based on grounds of hardship, the refund will be made irrespective of the minimum ($20) balance requirement.

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

6.10 Application of the Policy
Where a ratepayer believes that Council has failed to properly apply this Policy it should raise the matter with the Council. In the first instance the ratepayer should contact the Senior Rating Services Officer on 1300 133 466 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to Mr Matthew Pears, Chief Executive Officer, City of Mitcham, PO Box 21, Mitcham Shopping Centre, Torrens Park SA 5062.

6.11 Applications for Review of the Financial Impact of the Declaration of Rates
In accord with Section 270 of the Act ratepayers may seek a review of the impact of Council's declaration of rates. In accord with Council's '*Internal Review of a Council Decision Policy'*, if Council receives an application for a review of a decision concerning the financial impact of Council rates, these will be dealt with as a matter of priority. Where circumstances warrant, Council may consider financial relief or the granting of concessions in line with the provisions of Section 166 of the Act.

An application for review must be in writing and set out the reasons for applying for the review. Although Council can be expected to have information and material relevant to the matter under review, an application for review may also include new, relevant information or evidence to support the application.

All applications for a review of a decision concerning the financial impact of the declaration of Council rates should be titled “Internal Review Request on the Financial Impact of the Declaration of Rates” and submitted to:

Senior Rates Officer
City of Mitcham
PO Box 21
Mitcham Shopping Centre
TORRENS PARK SA 5062

Or emailed to: mitcham@mitchamcouncil.sa.gov.au

6.12 Disclaimer

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

7. APPENDIX

Appendix 3.1 – Postponement of Rates Scheme - for State Seniors Card Holders
Appendix 3.2 – Application for Postponement of rates for seniors
Appendix 3.3 – Rate Rebates

Appendix 3.1: Postponement of Rates Scheme for State Seniors Card Holders

Information Sheet (LGA 32018)

Over the past several years significant and, in some areas, uneven movement in property values has caused a substantial redistribution of council rates amongst ratepayers within some council areas. In response, councils have implemented flexible payment arrangements and where appropriate rate capping measures. However some seniors, many of whom are pensioners, have found it difficult to pay their council rates. Even though they own property and are "asset rich", their low income means they are "cash poor".

The Act (as amended) provides the option for State Seniors Card Holders to apply to postpone on a long-term basis part of their council rates. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property. However, the debt may be paid earlier at the ratepayer's discretion.

Who is eligible to apply for postponement of rates?

A ratepayer who holds or is in the process of applying for a State Seniors Card may apply for postponement of a portion of the council rates payable on property they own or are buying if it is their principal place of residence (that, is the place lived in most of the time) and if no other person other than their spouse has an interest as owner of the property.

How much equity do I need to have in the property?

If you have a current mortgage over the property, which was registered prior to 25 January 2007, you are required to have at least 50% equity in your property. If you currently have any mortgages or encumbrances on the property registered before that date you will need to obtain a statement from your financial institution, which indicates the maximum credit limit secured by the mortgage to include with this application form.

If you have a mortgage that was registered after 25 January 2007 there is no restriction on the level of equity held.

How much of the total rates can be postponed?

At least $500 of the total council rates bill must be paid, but an application can be made for any amount in excess of $500 to be postponed. You may pay the amount due in four quarterly instalments in the same way that the total amount of annual rates are payable. An example follows.

Total rates amount	$1,500.00
Minimum amount payable	$ 500.00
Amount of rates postponed	$1,000.00

What is the interest rate?

Interest is calculated and compounded monthly on the postponed rate debt. The interest rate is prescribed in the Act and is set annually on 1 July, and may vary from year-to-year. By way of example, during the 2023/24 rating period the charge would be based on an interest rate of 7.05% per annum.

A simple example of how the charge is applied.

Mr and Mrs Senior's total council rates amount for the rating period is $1,500.00. That means they will pay $500.00 and postpone the remaining balance of $1,000.00.

Mr and Mrs Senior then pay the $500.00 over four quarterly instalments.

The total charge on the $1,000.00 rates postponed for the rating period will be 7.05% per annum or 0.5875% monthly (that is, 7.05% divided by 12). Interest will be compounded on a monthly basis, included any subsequent year's outstanding rates, until all outstanding rates have been paid in full.

You can talk to the Rating Officer at Council for an explanation of how your quarterly payments and monthly charge would be calculated on the amount of rates you wish to postpone, and the exact amount of charges that would apply.

How do I keep track of what I owe to Council in postponed rates?

You will receive a statement with each rates notice which sets out:

- the amount of postponed rates;
- the interest accrued; and
- advice of your ongoing entitlement to postpone future rates, or to pay off the debt at any time prior to the disposal or sale of the property.

The statement may be in the form of a separate notice or may be included on your quarterly rates notice.

You may also talk to the Council's Rating Officer at any time if you have any queries or want additional information.

Can payment of Council rates be postponed year after year?

Payment of your council rates may be postponed for one year only, or for any number of future years. Postponement of your council rates will continue automatically in each subsequent year after your initial application is approved, until either the property is sold or disposed of, you no longer meet the eligibility criteria for postponement, or you advise Council that you do not want to continue with the arrangement to postpone rates.

Council may issue an annual declaration form with the annual rates notice to check you are still eligible and that you wish to continue to postpone future rates.

You may choose to pay off all or any portion of the postponed rates debt at any time if your financial circumstances change.

How does my eligibility change, and what do I need to do then?

Your eligibility changes if you move out of your home, or are no longer entitled to have a State Seniors Card.

When your eligibility changes you must inform the Council in writing within six months. In these circumstances you are no longer entitled to postpone future rates. However, the postponed amount and accrued interest is not payable until the date of disposal of the property.

The agent or broker who is organising the sale, disposal and settlement of your property will ask you to sign a form, which advises of the requirement to, and authorises payment of all outstanding Council rate charges at the time of settlement.

Is there anything else I need to know?

The rates debt and interest accrued will decrease the value of your equity in the property at the time of disposal or sale.

Seniors are encouraged to seek independent financial advice prior to making the decision to postpone rates. You may also like to discuss the option with a family member, beneficiaries or another person you trust.

Remember, you can choose to pay off the postponed rates debt and accrued interest at any time if your financial circumstances change.

How do I apply for postponement of rates?

You will be required to complete an application form to enable Council to assess your application and to verify your eligibility.

Please contact the Senior Rating Officer at the Council office to arrange a convenient time and place to discuss your application and lodge your application form. This will provide an opportunity for you to obtain more information about the Postponement of Rates Scheme, the conditions that will apply, and for any questions or concerns you might wish to discuss.

Appendix 3.2: Application Form – Postponement of Rates Scheme for State Seniors Card Holders

Ratepayers who hold a State Seniors Card are now able to apply to Council to postpone payment of council rates on their principal place of residence. This application form will enable Council to assess your eligibility to postpone the payment of your rates. Please also refer to the explanatory notes overleaf.

Please contact the Council office to arrange a convenient time and place to discuss your application and lodge your application form.

Applicant's Name: (if different to the Contact Name)	
Contact Name: (if different to the Applicant Name)	
Telephone:	
Appointment – Date and Time:	
Place:	
Name of State Seniors Card Holder:	
State Seniors Card Number:	
Property Address for Postponement of Rates:	
Postal Address:	
Telephone:	
Are there currently mortgages over the property registered prior to 25 January 2007? (Please tick ✓ the relevant box below). ☐ Yes If yes, please attach a statement from the financial institution indicating the maximum credit limited secured by the mortgage. ☐ No If no, please attach a copy of the Certificate of Title.	

Declaration

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

Please complete the declaration below to affirm that the information provided on the application is correct.

- I declare that the above property is the principal place of residence of the State Seniors Card Holder and/or spouse (that is, the property lived in most of the time).
- I declare that I am either the State Seniors Card Holder or his/her spouse.
- I declare that no person other than the State Seniors Card Holder and/or his/her spouse has an interest as an owner in the property.
- I declare that I have been informed and understand the conditions which apply to the postponement of rates scheme.
- I declare that the information I have provided on this application form, to the best of my knowledge, is true and correct.

Owner / Applicant's Name:	
Signature:	
Date:	
Witness Name (optional):	
Signature:	
Date:	

Explanatory Notes

- You are eligible for postponement of rates if:
  - You are a State Seniors Card Holder (or have applied for the card); and
  - The property is your principal place of residence (where you live most of the time); and
  - No other person, other than your spouse, has an interest as an owner of the property.
- If you have a current mortgage over the property, which was registered prior to 25 January 2007, you are required to have at least 50% equity in your property. If you currently have any mortgages or encumbrances on the property registered before that date you will need to obtain a statement from your financial institution, which indicates the maximum credit limit secured by the mortgage to include with this application form.
- A minimum amount of $500 of the annual rates must be paid.
- The interest rate which will apply to the amount of rates postponed is prescribed in the *Local Government Act 1999* (as amended) Section 182A(12). Interest will be charged and compounded monthly on the total amount postponed, until the debt is paid.
- The accrued debt including interest is payable at the time of disposal or sale of the property. However, you have the discretion to pay all or any part of the debt at an earlier time.
- You must inform Council in writing within six months if your eligibility changes. For example, if you move out of your home or are no longer entitled to have a State Seniors Card.

  Note: A $5,000 maximum penalty applies for failure to inform Council in writing within six months of the change in eligibility [Local Government Act 1999 Section 182A(8)].

- Council will provide information about the postponed rates debt, and the interest accrued with future rate notices.

  Note: It is unlawful to make a false or misleading statement in your application. A $10,000 maximum penalty applies [Local Government Act 1999 Section 182A(9)].

Assessment of Your Application

Your application will be assessed and if approved, arrangements for the postponement of a portion of your council rates will be confirmed in writing to you and all owner/s of the property. If your application is denied, you will be advised in writing of the reasons for the denial. In this event, you will have the right to ask for a review of Council's decision.

Appendix 3.3: Rate Rebates

Council is required to rebate rates on specific land. This policy will assist Council as a decision making function and is intended to provide guidance to the community as to the matters that Council will take into account in deciding an application for a rebate.

Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions.

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

Note: It is unlawful to make a false or misleading statement in your application. A $5,000 maximum penalty applies [Local Government Act 1999 Section159 (2)]

Mandatory Rebates

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

- S160: Health Services 100% Rebate
- S161: Community Services 75% Rebate (this section now applied to Housing Associations and Cooperatives)
- S162: Religious Purposes 100% Rebate
- S163: Public Cemeteries 100% Rebate
- S164: Royal Zoological Society of SA 100% Rebate
- S165: Educational Purposes 75% Rebate

Where Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, Council will grant the rebate accordingly.

Where Council is not satisfied it will require the person or body to lodge an application in accordance with this policy.

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

Council may grant this further 25% rebate upon application.

Discretionary Rebates

Council may apply discretionary rebates under Section 166 of the Act.

Council currently provides discretionary rebates for Council owned land that is leased or licensed by sporting bodies and various community organisations.

Council may also provide a discretionary rebate to community service organisations that occupy land that would otherwise be exempt or non-rateable.

Eligibility for a rebate is based on the provision of evidence, to Council's satisfaction, that significant community service has been, and continues to be provided to the community by that organisation.

Applications for a discretionary rebate by community services organisations under Section 161 of the Act must be in writing and require the following information and documentation to be provided:

- A Statutory Declaration signed by an officer of the organisation, who has the appropriate delegated authority, attesting to eligibility under the Act. Council has Statutory Declarations prepared in a specific format and these must be used when applying for a rebate. These forms will be supplied upon application to Council's Senior Officer – Rating Services on 1300 133 466.
- A copy of the organisation's Constitution.
- A set of financial statements or documentation that confirms the applicant provides community services without charge or for a charge that is below the cost to the body of providing the services – eg an auditor's letter of confirmation.
- Any other documentation applicable to support the application.

Council, having addressed issues of equity arising from circumstances where ratepayers claim to provide or maintain infrastructure that might otherwise be provided or maintained by the Council, has decided there will be no adjustment to the rates payable unless exceptional circumstances can be demonstrated.

In this context, infrastructure provided by retirement villages for the use of their residents upon the land owned and/or occupied by the villages will, therefore, generally not be eligible for a rebate of rates.

Council will advise an applicant for a rebate of its determination of that application in due course, after receiving the application and receiving all information requested by the Council. The advice will state if the application has been granted, the amount of the rebate; or if the application has not been granted, the reasons why.

With regard to prescribed discretionary rate rebates Council will take into account, in accordance with Section 166(1a) of the Act, the following matters:

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

Council may take into account other matters considered relevant by Council including, but not limited to, the following:

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

that may be relevant for all or any part of the current Council term;

- The desirability of granting a rebate for more than one year;
- Consideration of the full financial consequences of the rebate for Council;
- The time the application is received;
- The availability of any community grant to the person or body making the application;
- Whether the applicant is in receipt of a community grant; and
- Any other matters and policies of Council, which Council considers relevant.

Council may grant a rebate of rates on such conditions as Council thinks fit.

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

The Chief Executive Officer has delegated authority from Council to assess all applications for rebates or remissions. The Chief Executive Officer advises Council of his assessment of each application and prepares an annual report of all applications.

Appendix 3.4: Statement on expected Rate Revenue

	2023/24 (as adopted)		2024/25 (as adopted)		Change	Comments
General Rates Revenue						
General Rates (existing properties)			$71,203,838	*(a)*		Rates are budgeted to increase by the general increase of 6.98% plus 0.35% from development
General Rates (new properties)			$258,118	*(b)*		
General Rates (GROSS)	**$66,533,290**		**$71,461,956**	*(c)*		
Less: Mandatory Rebates	($922,186)		($1,048,757)	*(d)*		
General Rates (NET)	**$65,611,104**		**$70,413,199**	*(e)*	**7.3%**	
	(e)=(c)+(d)					
Other Rates (inc. service charges)						
Regional Landscape Levy	$2,051,623		$2,103,522	*(f)*	The Regional Landscape Levy is a State tax, it is **not retained** by council.	
	$67,662,727		$72,516,721			
Less: Discretionary Rebates	$0		$0	*(g)*		
Expected Total Rates Revenue	**$65,611,104**		**$70,413,199**	*(h)*	**7.3%**	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
	(h)=(e)+(g)					
Growth in number of rateable properties						
Number of rateable properties	**29,265**	**#**	**29,357**	*(i)*	**0.3%**	
	Actual		*Estimate*			
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.						
Estimated average General Rates per rateable property						
Average per rateable property	**$2,273**		**$2,434**	*(j)*	**7.1%**	Represents both General and Commercial rates
	(j)=(c)/(i)					
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total General Rates paid by all rateable properties will equal the amount adopted in the budget.						

Notes

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

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

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

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

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

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

(g) 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).

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

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

	Total expected revenue			No. of rateable properties		Average per rateable property			
	2023/24	**2024/25**	**Change**	2023/24	**2024/25**	2023/24	**2024/25**		**Change**
Land Use (General Rates - NET)									
General	$57,351,038	**$61,532,887**	**7.3%**	27,589	**27,669**	$2,079	$2,224	*(k)*	**$145**
Commercial / Vacant Land	$8,260,067	**$8,880,312**	**7.5%**	1,676	**1,688**	$4,928	$5,261	*(k)*	**$332**
Total Land Use	**$65,611,104**	**$70,413,199**	**7.3%**	**29,265**	**29,357**	**$2,242**	**$2,399**	*(k)*	**$157**
GRAND TOTAL (NET)	**$65,611,104**	**$70,413,199**	**7.3%**	**29,265**	**29,357**	**$2,242**	**$2,399**	*(k)*	**$157**

Council considers four commonly used principles for taxation being Efficiency, Equity, Simplicity and Sustainability in developing its rating policy. The use of a differential rate assists Council in applying the Equity principle by ensuring those who benefit more or have higher economic means contribute more. The City of Mitcham has applied the broad principle that the rate in the dollar should be the same for all properties, except where there is either a different level of services available to ratepayers, or some other circumstance exists which warrants variation from the broad principle. Council has addressed this through the application of differential rates on commercial, industrial and vacant land properties.

Minimum Rate

	No. of properties to which rate will apply		Rate			
	2024/25	**% of total rateable properties**	2023/24	**2024/25**		**Change**
Minimum Rate	**4,336**	**14.8%**	$1,275	**$1,364**	*(l)*	**$89**

Council believes that the adoption of a minimum rate recognises that each rateable property within the Council area benefits from a minimal level of service and shout therefore make a minimum level of contribution. Council has adopted a policy of setting its minimum rate at a level not exceeding 65% of the average rate of all rateable properties.

Adopted valuation method

Capital Value/Annual Value

Council has the option of adopting one of two valuation methodologies to assess the properties in its area for rating purposes:
Capital Value – the value of the land and all improvements on the land;
Annual Value – a valuation of the rental potential of the property.

Council has decided to continue to use Capital Value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers.

Notes

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

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

Appendix 4: ESCOSA Local Government Advice (2024)

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Version: 1, Version Date: 02/07/2024

Advice

Local Government Advice

City of Mitcham

February 2024

Document Set ID: 5583838
Version: 1, Version Date: 02/07/2024

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

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

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City of Mitcham

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the City of Mitcham's current and projected financial performance **sustainable** taking into account the council's forecast moderate expense growth increase over the next 10 years and the planned average rate increases of 3% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

⚠ Expansion of services and the building of new assets which increases affordability risk for ratepayers

⚠ Cost constraints and savings targets are not met in accordance with its projections

CONTINUE

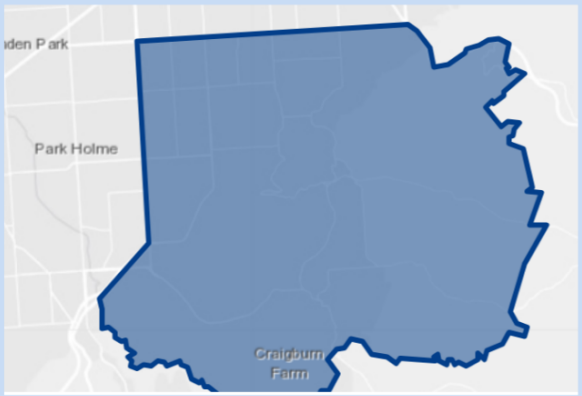
- Reviewing the inflation forecasts and other relevant macroeconomic assumptions
- Monitoring cost growth in the budgeting, including related to the costs of new services and initiatives
- Reporting any actual and projected cost savings in the annual budget and long-term financial plan
- Reviewing the estimates of asset useful lives
- Consulting with the community on its strategic asset management plans

COMMISSION'S RECOMMENDATIONS

- Adhere to the principles underpinning the long-term financial plan projections to continue to fund the renewal of assets
- Review the rationale for rate increase assumptions in its plans
- Consider limiting future average rate increases above inflation

KEY FACTS

- Population in 2021 was **67,617**
- Council covers **755 square kilometres**
- **29,266** rateable properties in 2022-23
- **$70 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$760 million**



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Glossary of terms

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

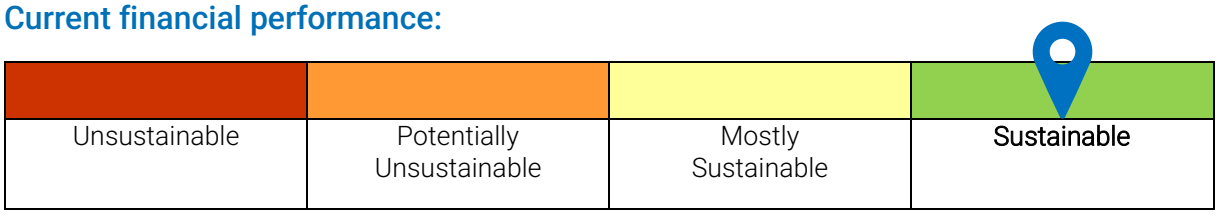
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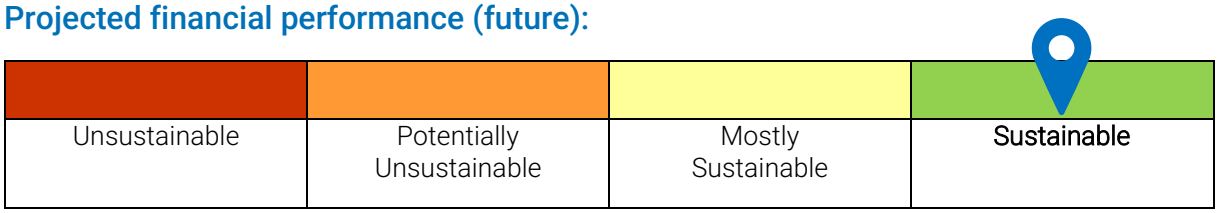
1 The Commission's key advice findings for the City of Mitcham

The Essential Services Commission (**Commission**) finds the City of Mitcham (**Council**) to be in a sustainable financial position, with projected operating surpluses driven by further growth in rate revenue and assumptions of lower long-term expense growth. The Council has aimed to resolve its infrastructure renewals backlog and is now prioritising the renewal of its asset base, consistent with the requirements it has identified through its asset management planning. It has also expanded its service provision through continued investment in new and upgraded assets which is contributing to the higher rates burden for ratepayers. The Council demonstrates a commitment to reviewing desired service levels through appropriate consultation with the community.

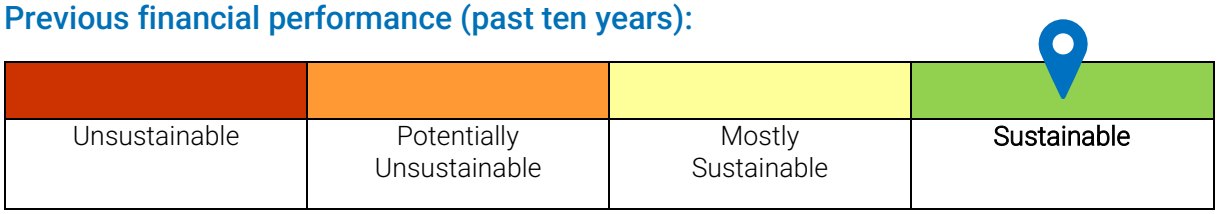
Current financial performance:



Projected financial performance (future):



Previous financial performance (past ten years):



Looking ahead, the Commission suggests the following steps to help ensure that the Council continues to budget appropriately, reports its cost savings and efficiencies, maintain the reasonableness of the assumptions underpinning its financial and asset management planning and looks for opportunities to limit the extent of further residential rate increases.

Budgeting considerations

1. **Continue** to review inflation forecasts and other relevant macroeconomic assumptions in budgets and forward projections each year.

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Continuing to provide evidence of ongoing cost efficiencies

2. **Continue** to monitor cost growth in budgeting, where possible, including related to expenditure (such as for new services and initiatives) which contribute to increases in rate revenue recovery above CPI.
3. **Continue** the good practice of reporting any actual and projected cost savings in annual budgets and the long-term financial plan, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

4. **Adhere** to the principles underpinning its long-term financial plan projections to continue to fund the renewal of assets (including the backlog of renewals), and to limit future expenditure on new or upgraded infrastructure as required, in consultation with its community about desired service levels and rate contributions.
5. **Continue** to review the estimates of asset lives (and valuations) informing the forecast rate of asset consumption (and depreciation expenses) and asset renewal needs in the long-term financial plan and asset management plans.

Containing rate levels

6. **Review** the rationale for rate increase assumptions in its plans (related to the classification of the costs of existing service and new services), and **consider** limiting future average rate increases above inflation, particularly for residential rates (for which average rate levels are high compared to similar councils), in consultation with its community and in the context of desired service levels.
7. **Continue** the good practice of consulting with the community on its strategic management plans, with a focus on understanding and managing emerging affordability risk.

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2 About the advice

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

One of the main purposes of the Local Government Advice Scheme (**advice** or **the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFP**s) and infrastructure and asset management plans (**IAMP**s)[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.[5] The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, as outlined in the LTFP.[6] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[7]

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

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

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

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

2.1 Summary of advice

In general, the Commission finds the Council's current financial performance and position sustainable. Over the last 10 years, the Council has consistently run operating surpluses, indicating that the operating income it collects is generally exceeding its operating expenses by a moderate margin. The Commission notes that, more recently, the Council has demonstrated some constraint in its budgeting since it is not accumulating excessive surpluses. At the same time, the Council is budgeting for a higher cost base, and has increased rate levels consistently above inflation to fund new services and initiatives in consultation with its community. Further its average residential rates are high (compared to similar

1 Amendments to the *Local Government Act 1999* (**LG Act**) (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).
2 Commonly referred to as asset management plans.
3 The objectives of the advice with reference to a council's LTFP and IAMPs are set out under the LG Act at 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).

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councils), noting the socio-economic ranking for the community is also high,[10] suggesting that there may be more capacity to pay for higher rates than in other communities.

Community service levels appear to have been maintained, largely through the Council's focus on renewing its asset base, including continuing to address the infrastructure renewals backlog since 2011-12. It has also been adding to its asset base, with an accompanied expansion of service levels through investment in new projects and initiatives. The Council's asset management planning appears comprehensive, with significant asset classes covered by its adopted plans.

The Commission notes the Council's current good practice in formulating its financial projections in its LTFP, and transparency around its planning assumptions and directions, including the ratepayer impact. The Council is also reporting savings through historical efficiencies achieved and is continuing to incorporate proposed savings measures in its budgets. The Commission encourages it to continue this approach. There are other opportunities for the Council to continue to review its expenditure on new projects and initiatives (including its higher operating cost base), in consultation with the community to understand the service levels desired by the community, with a view to limiting rate increases above the rate of inflation.

2.2 Detailed advice findings

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

In providing this advice, the Commission has followed the approach explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.[11]

2.2.1 Advice on material plan amendments in 2023-24

Key Points:

- ⚠ Operating cost changes are driven by increases in depreciation (by 14.3 percent), finance costs (by 12.4 percent) and 'employee costs' (by 6.5 percent); and reflects the recent changes in the macroeconomic environment, particularly around higher than previously anticipated inflation changes.
- ✓ Although the Council is anticipating price increases in construction, contracts, and electricity, it is committed to funding the cost of existing service provision through increases in rate revenue at or below CPI increases by identifying cost savings and efficiency measures.
- ⚠ Increased forecast capital expenditure by 22.3 percent (or $43.9 million) in its 2023-24 LTFP estimates.

The Commission has compared the Council's projections in its 2023-24 LTFP with those from its 2022-23 LTFP and focused on the aggregate of the nine overlapping years: 2023-24 to 2031-32 to ensure a comparable analysis of material amendments.

[10] The City of Mitcham area is ranked 67 among 71 South Australian '*local government areas*' (including Anangu Pitjantijatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics Socio-Economic Indexes for Areas Index of Economic Resources (2021), where a lower ranking (eg, 1) denotes relatively lower access to income and other economic resources, compared with other areas, available at https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021.

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

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Based on the Council's updated assumptions in its 2023-24 LTFP, it is forecasting an increase in its cost and revenue estimates by up to 7.3 percent over the period between 2023-24 and 2031-32.[12] Operating cost changes are driven by increases in depreciation (by 14.3 percent), finance costs (by 12.4 percent) and employee costs (by 6.5 percent); and reflects the recent changes in the macroeconomic environment particularly around higher than previously anticipated inflation changes (also impacting on depreciation) and higher cost of borrowings. This results in lower operating surpluses than it has achieved in the past 10 years, which demonstrates some constraint in its budget, but also potentially that a higher operating cost base may be emerging. Most of the Council's operating income increases are driven by its recovery of the cost of existing services but some also arise from the Council's funding of ongoing costs associated with new projects and initiatives. In its first budget revision in October 2023, the Council noted that income forecasts will also be affected by timing differences associated with the receipt of Financial Assistance Grants for 2023-24, $2.7 million of which was received in June 2023.

The Commission's analysis of the Council's indexation assumptions indicates that its increase in its cost and revenue estimates are impacted by higher inflation forecasts,[13] but also account for the impact of increased service delivery. The Council uses CPI and LGPI-based inflation assumptions, which it applies for different cost and revenue series, and these have increased materially for the 2023-24 forecast period compared to the same estimates in its 2022-23 LTFP.[14]

The Commission notes that while the Council is anticipating price increases in construction, contracts, and electricity, it is committed to funding the cost of existing service provision through increases in rate revenue at or below CPI increases by identifying cost savings and efficiency measures. Additionally, its stated assumptions for indexation in its 2023-24 LTFP are transparent and based on its annual review of these forecasts. However, there is still some uncertainty around the indexation assumptions,[15] which may present a risk to its cost and income projections. This is evident from the material revisions made to many of the Council's macro-economic assumptions in the current LTFP. Furthermore, as there is a need for the Council to secure savings and reduce any inflationary impact on its community, the Commission considers it would be appropriate for it to:

1. **Continue** to review its inflation forecasts and other relevant macroeconomic assumptions in its budgets and forward projections each year.

The Council has increased its forecast capital expenditure in total by 22.3 percent (or $43.9 million) in its 2023-24 LTFP estimates, which may appear on the high side given the indexation assumptions it is applying to its asset expenditure. However, the Council has advised that the material amendments in its capital expenditure program are also driven by re-budgeted capital expenditure from 2022-23 totalling $18.7 million, in addition to the LGPI indexation it has applied to its assets and expenditure of 12.5 percent in 2023-24 (compared to 2.9 percent in its 2022-23 LTFP for the same year). The Commission encourages the Council to monitor these matters and, where required, continue to ensure that the community is consulted on material budget adjustments.

12 The set of nine years forecast in both the 2021-22 and 2022-23 LTFP projections.
13 The Council has assumed CPI inflation increases of 7.9 percent in 2023-24, 3.5 percent in 2024-25, and approximately 2.5 percent annually from 2025-26.
14 The increases on the 2022-23 LTFP estimates are between 1 percent and 9 percent, depending on which Consumer Price Index (**CPI**) or Local Government Price Index (**LGPI**) based series the Council applied.
15 The RBA currently forecasts the CPI (Australia-wide) to increase by 3.6 percent in the year to the June 2024 quarter and by 3.1 percent in the year to June 2025. Thereafter, it is reasonable to anticipate a return to long-run averages (and growth of 2.5 percent per annum from 2025-26, based on the midpoint of the RBA's 2 to 3 percent target range). RBA, Forecast Table - August 2023, available at https://www.rba.gov.au/publications/smp/2023/aug/forecasts.html.

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2.2.2 Advice on financial sustainability

Operating performance

Key Points:

- Operating surpluses consistently achieved between 2012-13 and 2021-22, with the operating surplus ratio averaging 4.3 percent in that time and 2.6 percent or $1.9 million in 2022-23.
- In its forward projections, the operating surplus ratio is forecast to increase to an average of 3.7 percent per annum from 2023-24 to 2032-33.
- Average annual increases of 3.3 percent in 'employee' expenses and 2.7 percent in 'materials, contracts and other' expenses, both increasing at rates above CPI.
- Conducts regular service level reviews of its operations (in consultation with its community) and focuses on maintaining the rate revenue recovery for existing services at or below CPI, in part by identifying ongoing efficiencies and cost savings measures.

The Council has predominantly run operating surpluses from 2012-13 to 2021-22, with the operating surplus ratio[16] averaging 4.3 percent over that period. In 2022-23, the Council achieved an operating surplus of $1.9 million (or an operating surplus ratio of 2.6 percent). In its forward projections, the operating surplus ratio will continue to meet the suggested LGA target range and indicates a progressive increase to 3.7 percent in 2032-33.

Operating income growth averaged 3.6 percent per annum from 2012-13 to 2021-22, while the rate of operating expense growth averaged 2.8 percent per annum.[17] As a result, the Council has predominantly been able to sustain its operating surpluses over the last 10 years. The Council received a combination of rates, 'statutory charges', 'user charges' and 'grants, subsidies and contributions' income over this period to generate its relatively strong operating income growth.

On the cost side, the Council's operating expenses growth (from 2012-13 to 2021-22) was primarily due to an average annual increase of 3.3 percent in employee expenses and 2.7 percent in 'materials, contracts and other' expenses,[18] both increasing at rates above average annual CPI growth of 2.0 percent over the same period.[19] Employee costs were also a result of increasing staff numbers of approximately one full-time equivalent (FTE) staff per year. The Council reported in 2022-23 material year-on-year increases in finance charges, 'materials, contracts and other expenses and employee costs of 38 percent, 18 percent, and 9 percent, respectively,[20] and is largely attributable to the macroeconomic environment resulting in increased contract, materials and utility prices. This higher cost environment is expected to continue to drive lower operating surpluses over three years to 30 June 2026.

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

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

18 This is despite the increase in the solid waste levy over the past 10 years which has impacted councils' waste management costs.

19 CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.0 percent), available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

20 Included in the Council's Financial Reporting template provided to the Commission.

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Looking forward, the Council is projecting average annual rates revenue growth of 3.2 percent to 2032-33, above the forecast long-term inflation,[21] and represents a real term increase in rates revenue, driven by Council's revenue recovery for the cost of new services, the asset renewal backlog and prior Council decisions.[22] The impact on ratepayers is discussed further below.

The Commission has observed the current good practice of the Council in conducting regular service level reviews of its operations (in consultation with its community) and its focus on maintaining the rate revenue recovery for existing services at or below CPI, in part by identifying ongoing efficiencies and cost savings measures. As an example, the Council has factored into its 2023-24 budget recurrent savings of $863,000 per annum, which represents approximately 1.4 percent of adjusted total operating costs.[23] These overall savings measures, while positive, have not resulted in average rate increases (in line with CPI) and appear modest, notwithstanding the Council's recent history of spending growth and its further exposure to inflationary pressures over the short-term.

As part of the Council's continuing reviews of service levels and operating efficiencies, it may now need to find additional productivity improvements or reduce new services or initiatives in order to minimise any inflationary impact on its community. Therefore, the Commission has found that it would be appropriate for it to:

2. **Continue** to monitor cost growth in its budgeting, where possible, including related to expenditure (such as for new services and initiatives) which contribute to increases in its rate revenue recovery above CPI.

3. **Continue** its good practice of reporting any actual and projected cost savings in its annual budget and long-term financial plan, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

The Commission also noted the Council uses a suite of financial management ratios in addition to the suggested LGA financial indicators, which together provide it with a framework to further manage its operating performance and financial risk.[24] In general, the Council's own policy targets are more conservative (or narrower) than the LGA's, and the Commission would encourage the Council to continue its focus on such prudent budgeting practices.

The Commission considers that the use of alternative or specific financial reporting measures and targets (within the broader LGA financial management framework) have been positively utilised by the Council and, if such measures were more broadly adopted by other Councils, this may assist to further improve the Local Government sector's decision making, accountability and effectiveness.

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

[22] City of Mitcham, *2023-24 Annual Business Plan, Budget and Long-Term Financial Plan*, July 2023, p.29.

[23] The Commission's estimate of the impact of additional savings in 2023-24 is based on the proportion of additional savings targeted ($0.863 million) compared to adjusted total operating expenses, being before the additional savings, and excluding non-cash losses from subsidiaries, and depreciation ($59.676 million).

[24] City of Mitcham, *2023-24 Annual Business Plan, Budget and Long-Term Financial Plan*, July 2023, p.37. Also see City of Mitcham, *Treasury Management Policy*, 14 February 2023, available at https://www.mitchamcouncil.sa.gov.au/__data/assets/pdf_file/0030/89850/Treasury-Management-Policy.pdf.

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Net financial liabilities

Key Points:

- ⚠ Net cash flows after operating and investing (that is, capital-related) activities has averaged negative $1.1 million per annum between 2012-13 and 2021-22.
- ✓ Between 2012-13 and 2021-22 the net financial liabilities ratio averaged 15.4 percent.
- ✓ The forecast net financial liabilities ratio over the next 10 years is projected to reduce from a peak of 63.7 percent in 2023-24 to 41.8 percent in 2032-33.

Despite the Council's frequent operating surpluses over the last 10 years (which account for depreciation expenses), its net cash flows after operating and investing (that is, capital-related) activities has averaged negative $1.1 million per annum between 2012-13 and 2021-22. This net cash flow (in addition to the Council's existing cash balances and borrowing capacity) has been primarily used to fund its growing capital expenditure requirements. Overall, the Council has relied primarily on rates revenue and operating and capital grant funding to support its financial liabilities.

Consistent with the Council's commitment to ensuring financial sustainability and intergenerational equity, it has predominantly used borrowings to finance new and upgraded assets[25]. Over time the Council's use of borrowings and other net financial liabilities has been within the suggested LGA target range for the net financial liabilities ratio (averaging 15.4 percent from 2012-13 to 2021-22).[26] The Council continues to meet the suggested LGA target range under its 2023-24 forecasts and projects a reduction in the ratio from a peak of 63.7 percent in 2023-24 to 41.8 percent in 2032-33. This forecast trend in the net financial liabilities ratio reflects the Council's additional net borrowings (of $10 million budgeted in 2023-24) to support financing its strategic projects, the infrastructure renewal backlog, and higher operating income growth over the long-term.

The Commission observes that the Council has a focus on managing intergenerational equity[27] through an appropriate use of borrowings. This is positive; however, given the Council's proposed increases in borrowings (in 2023-24) and further interest rate exposure, it may be appropriate for it to consider expanding its financial risk measures to include, for example, a debt service coverage ratio which can more appropriately measure the Council's total debt obligations (both principal and interest over the term of its debt) and assist it to manage intergenerational equity.

25 City of Mitcham, *2023-24 Annual Business Plan, Budget and Long-Term Financial Plan*, July 2023, p.32.

26 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).

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

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Asset renewals expenditure

Key Points:

- ✓ Between 2012-13 and 2021-22 total capital expenditure averaged $19.3 million per annum (including $16.4 million on asset renewals and $2.9 million on new and upgraded assets).
- ⚠ Between 2012-13 and 2021-22 the asset renewal funding ratio averaged 85 percent.
- ✓ The forecast asset renewal funding ratio over the next 10 years is projected to average 96 percent.
- ⚠ Higher forecast spending on new or upgraded assets averaging $5.1 million per annum to 2032-33.
- ✓ Regularly consults with the community on capital expenditure proposals and acknowledges that investment in new or upgraded assets will incur ongoing costs, such as interest, maintenance and depreciation.

Between 2012-13 and 2021-22 the Council's total capital expenditure averaged $19.3 million per annum (including $16.4 million on asset renewals and $2.9 million on new and upgraded assets) and, based on the asset renewal expenditure requirements specified in its AMPs, it generally underperformed on meeting its asset service sustainability requirements during that time. The Council's asset renewal funding ratio (IAMP-based) was below the suggested LGA target range of 90 to 110 percent over these years,[28] and averaged 85 percent between 2012-13 and 2021-22. Discussions with the Council has indicated that this ratio has been affected by re-budgeted capital works, but also brought forward capital renewal works resulting from grant opportunities.

From 2023-24, the Council's asset renewals spending profile is increasing (with projected annual renewal expenditure averaging $21.5 million to 2031-32, in nominal terms). As a result, its asset renewal funding ratio (IAMP-based) is expected to trend in line with the suggested LGA target range (averaging 96 percent from 2023-24 to 2032-33),[29] and reflects the Council's intention to continue to address its asset renewal backlog in 2023-24.[30] This coincides with higher forecast spending by the Council on new or upgraded assets (estimated to average $5.1 million per annum to 2032-33), and overall, the value of its asset base per property is generally forecast to be maintained in real terms.

The Council regularly consults with the community on capital expenditure proposals and acknowledges that investment in new or upgraded assets will incur ongoing costs, such as interest, maintenance, and depreciation, and is a factor which increases Council's average rates above CPI. The Commission suggests that the Council could be better placed if it was more focused on accelerating expenditure on its identified asset renewals backlog, rather than increasing investment in new and upgraded assets. For this reason, the Commission considers that it would be appropriate for it to:

4. **Adhere** to the principles underpinning its long-term financial plan projections to continue to fund the renewal of its assets (including the backlog of renewals), and to limit future expenditure on new or upgraded infrastructure as required, in consultation with its community about desired service levels and rate contributions.

[28] 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).

[29] Included in the Council's Financial Reporting template provided to the Commission.

[30] The Council identified in 2011-12 an asset renewal backlog which it is continuing to address in 2023-24 where it will focus on the road capital renewal backlog and postponing the footpath backlog to the following year. City of Mitcham, *2023-24 Annual Business Plan, Budget and Long-Term Financial Plan*, July 2023, p.15.

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The Commission notes the Council's historical spending (over the last 10 years) on asset renewals has outpaced depreciation by a significant margin. The Council states the difference is driven by a combination of additional expenditure on its asset renewal backlog, timing of Federal and State grants contributing to expenditure brought forward, and higher infrastructure asset revaluations (than has been anticipated) driven by higher asset and construction price increases.[31]

The Commission's initial view of historical trends (in the absence of a detailed assessment) was that the Council's asset lives were assumed to be longer (in the depreciation calculation) than occurs in practice, or that it is renewing its assets at a faster pace than indicated by the rate of asset consumption (this could be appropriate if there are peaks in aggregate asset renewal timing need). In accordance with the Council's planned reviews, it would be appropriate for it to:

5. **Continue** to review the estimates of asset lives (and valuations) informing its forecast rate of asset consumption (and depreciation expenses) and asset renewal needs in its long-term financial plan and asset management plans.

2.2.3 Advice on current and projected rate levels

Key Points:

- ⚠ Rate revenue per property growth has averaged 3.7 percent or $64 per annum for each property in the period between 2012-13 and 2021-22, which is 1.7 percent above CPI for the same period.
- ✓ A key budget objective is to keep future rate increases required for delivering existing services, at existing service levels, at or below CPI.
- ⚠ The forecast rate increase for 2023-24 is 8.9 percent per property, and it is forecast for rates to increase on average by 3.0 percent per annum or $700 in total to 2032-33.
- ⚠ Affordability risk among the community for the further rate increases appears to be moderate based on a range of factors including the existing relatively high-rate levels (for residential ratepayers compared to similar councils), an assessment of the economic resources available to the community, and community feedback.

The Council's rate revenue per property growth has averaged 3.7 percent or $64 per annum for each property in the period 2012-13 and 2021-22, almost double the CPI growth with an average of 2.0 percent per annum over the same period.[32] Based on discussions with the Council, it has indicated that one of its key budget objectives is to keep the rate increase required for delivering existing services, at existing service levels, at or below CPI. As such, rate increases above CPI mostly reflects the Council's expanded or new service provision to the community.

The Council remains reliant on its rate base for its financial and operating sustainability, and rates revenue represents almost 90 percent of its total operating income. Historically, the Council area reflects relatively higher rate levels for residential categories, compared to lower average rates for non-residential ratepayers.[33]

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[31] It is noted that the Council has been able to adequately fund its renewal expenditure requirements (including some of the asset renewal backlog previously identified in 2011-12) from its cash flows from operations, that is without drawing down on borrowings or existing cash balances. See also City of Mitcham, *2023-24 Annual Business Plan, Budget and Long-Term Financial Plan*, July 2023, p.38.

[32] CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.0 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

[33] Refer to Councils in Focus rates data for 2019-20 available at https://councilsinfocus.sa.gov.au/councils/city_of_mitcham. The Commission is not relying on these historical rate comparisons for its advice; the data source provides just one indicator, among many, which has informed

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In 2023-24, the Council has budgeted for an average rate increase of 8.9 percent, which is higher than it had anticipated charging for this year in its previous LTFP projections (that is, a 3.6 percent increase was previously forecast for 2023-24). The rates increase reflects the Council's expected financial pressures across its service delivery (consistent with the increase in CPI,[34] and accounts for other macro-economic factors at the time its budget was developed), but also reflects the expected cost recovery for existing service delivery (net of efficiency savings), costs for addressing the infrastructure backlog, and new service delivery.[35]

Its 2023-24 LTFP forecasts an average increase of 3.0 percent per annum or $700 to existing rates in total to 2032-33 (to $3,005 per annum), which is consistent with the Council's assumed inflation growth over this period plus the rate increases required for new service delivery[36] but is above the RBA-based forecast of average inflation (2.6 percent).[37] Overall, the Commission considers that the Council has demonstrated good budgeting practices by identifying the rate impacts associated with individual programs, activities, and projects. However, it may need to provide further clarity in rate assumptions in its plans, and ensure its rate increases can be clearly explained. To this end, the Commission considers it would be appropriate for it to:

6. **Review** the rationale for rate increase assumptions in its plans (related to its classification of the costs of existing service and new services), and **consider** limiting future average rate increases above inflation, particularly for residential rates (for which average rate levels are high), in consultation with its community, and in the context of desired service levels.

Affordability risk among the community for the further rate increases appears to be moderate based on a range of factors including the existing relatively high-rate levels (for residential ratepayers),[38] an assessment of the economic resources available to the community,[39] and community feedback. The Commission notes that the Council has comprehensively consulted with the community on its plans and has used a range of approaches and media channels, which has resulted in a high level of engagement.[40] In this context, the Commission considers it would be appropriate for it to:

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its advice on the appropriateness of the rate levels. Furthermore, this rate comparison does not consider the relative differences or changes in property values within a council's area.

34 CPI Adelaide (All groups) increased by 7.9 percent in the year to March 2023 quarter and has reduced in the year to June 2023 and year to September 2023 quarters to 6.9 percent and 5.9 percent, respectively. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023.

35 The City of Mitcham has presented a range of budget options setting out differing service levels and rate increase options as part of the annual review of its Annual Business Plan, Budget and LTFP. City of Mitcham, *Special Full Council Meeting, Notice and Agenda – 27 June 2023, Item 7.1 Preparation of the Draft 2023/23 Long Term Financial Plan and the Draft 2023/2024 Annual Business Plan,* p.161 available at https://mitcham.civicclerk.com.au/web/Player.aspx?id=842&key=-1&mod=-1&mk=-1&nov=0.

36 The Council's projected rate increases in 2023-24 is 8.90 percent, 4.27 percent in 2024-25, and then 4.27 percent per annum in 2025-26 and 2026-27 (City of Mitcham, *2023-24 Annual Business Plan, Budget and Long-Term Financial Plan,* July 2023, p. 29).

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

38 See footnote 33.

39 The City of Mitcham area is ranked 67 among 71 South Australian '*local government areas*' (including Anangu Pitjantijatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics Socio-Economic Indexes for Areas Index of Economic Resources (2021), where a lower ranking (eg, 1) denotes relatively lower access to income and other economic resources, compared with other areas, available at https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021.

40 The Council received a range of submissions on its 2023-24 Draft Annual Business, Budget and LTFP: 212 online surveys, 11 general feedback, 1 Audit and Risk Committee submission, and 17 questions and answers were provided. City of Mitcham, *Special Full Council Meeting - 27 June 2023, Item 6.1 Community Consultation Findings on the Draft 2023/24 Annual Business Plan, Budget and Long Term Financial Plan,* available at https://civicclerkau.blob.core.windows.net/stream/MITCHAM/3803f8755f.pdf?sv=2015-12-11&sr=b&sig=9mME%2BF92m1A92smGOJ6IxJ7OXk6oaCNmHcVl%2BF2kIMk%3D&st=2023-09-16T23%3A45%3A11Z&se=2024-09-16T23%3A50%3A11Z&sp=r&rscc=no-cache&rsct=application%2Fpdf.

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7. **Continue** the good practice of consulting with the community on its strategic management plans, with a focus on understanding and managing emerging affordability risk.

2.3 The Commission's next advice and focus areas

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

- ongoing performance against its LTFP estimates and relevant assumptions in its LTFP (including inflation),
- achievement of cost savings and efficiencies, and its continued reporting of these in its plans
- continuing review and adoption of its AMPs, and
- how it has sought to minimise any emerging affordability risks.

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