

SOUTHERN MALLEE DISTRICT COUNCIL

2023 - 2024 ANNUAL BUSINESS PLAN & BUDGET





Southern Mallee District Council acknowledges the Ngarkat people as the traditional custodians of the land on which we meet and work. We respect their culture and we extend that respect to other Aboriginal and Torres Strait Islander people.

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1.0 YOUR COUNCIL

Welcome to the Annual Business Plan and Budget for Southern Mallee District Council for the 2023-2024 financial year.

It was clear to Cr Pfeiffer and myself at our first meeting in November 2022 this first business plan and budget were going to be difficult. The financial implications of forecasted budget deficits, high inflation and reasonably stagnant rate income particularly in the townships are very real. The delay in getting a full council which was to meet for the first time in April 2023 would also be a significant impact.

As a result of this we proceeded to develop a fiscally responsible first budget and business plan which is expected to deliver a small surplus whilst delivering the required council services, asset maintenance and road works. To achieve this a rate revenue increase of 9.1% will be applied this year, this consists of CPI at 8.6% (December quarter) plus 0.5% as per the long-term financial plan as adopted in June 2022, plus growth.

Council is committed to delivering the level of services, infrastructure and lifestyle required both by the community and government as efficiently and effectively as possible and therefore for the lowest rate income possible. To achieve this, we must gather the necessary data to understand the

community's needs, the quantity, condition and use of all of our assets including roads and finally review all of our own operations which will be incumbent upon the incoming CEO.

When the required data is collected and reviewed, direct community consultation completed and internal review is complete we will be in a position to put forward our revised long-term plans and strategies. This may however not be achieved within this financial year.

The commercial center revitalisation projects in central Pinnaroo and Lamerook will both be completed throughout this year although both have been reduced to fit within budget constraints. Council will also continue to deliver another program of rubble road re-sheeting projects.

I look forward to working with staff, elected members and the community to deliver the 2023-2024 Annual Business Plan and Budget.

Cr Ron Valentine
Mayor



Cr Ron Valentine
Mayor



Christopher Mead
Deputy Mayor



Campbell Michell
Elected Member



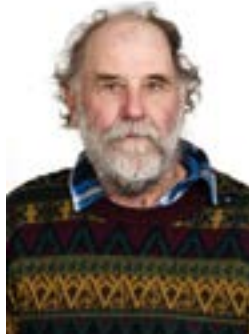
David Smith
Elected Member



Luke Kennedy
Elected Member



Neville Pfeiffer
Elected Member



Trevor Pocock
Elected Member



inspire engage connect

2.0 EXECUTIVE SUMMARY

Southern Mallee District Council was again successful during 2022-2023 and has enjoyed a gradual return to normal operations with less challenges and restrictions associated with COVID-19. Throughout the past year Council continued to deliver asset investment, strategic planning, advocacy and a range of services for the community.

We continued to deliver on our strategic management plan priorities. The plan was developed during 2020, adopted in January 2021 and is an aspirational plan that captures the needs and ambition of our community. The 2023-2024 financial year will see our new group of elected members continue to work hard to deliver on the third year of this strategic plan and commence a review of the plan.

Southern Mallee District Council is a small innovative local government authority located in the Murraylands and Riverland Region of South Australia. Its relatively small workforce is efficient and effective in providing a broad range of services, projects and facilities to the community. Council has incredibly strong links to its community and works in collaboration with many community groups to deliver the projects and services that the community needs.

The Southern Mallee is a diverse area that supports vast agricultural and expanding horticultural enterprises in a key economic zone situated on the Mallee Highway between Adelaide and Sydney. It contains a number of high value conservation reserves and iconic Mallee landscapes and above all has a broad range of incredibly passionate and hardworking community groups. Council will continue to support and further develop the region's economic diversity, enhance the district's environmental attributes, and engage and collaborate with the community in 2023-2024.

Southern Mallee District Council's Annual Business Plan and Budget for 2023-2024 provides an outline of our strategic framework, a summary of the annual business plan and budget, financial summary, and details on our rating strategy. The appendices provide further detail in the form of financial statements and local government financial indicator definitions.

Council's Strategic Management Plan 2021-2025 sits at the core of its strategic planning framework and other key strategic documents include the long term financial plan and asset management plans. These documents provide a solid and strategic basis for the direction taken in this years annual business plan and budget after significant capital expenditure in recent years.

The annual business plan and budget summary identifies the key factors influencing the development of the 2023-2024 annual business plan and budget. This section of the document contains key information including the source of Council funds, expenditure by activity area, capital expenditure by asset category and overall financial position of Council. The annual business plan and budget continues to focus on investment in our roads, plant renewal, buildings and other public space assets.

This year Council is excited to see and realise the completion of the Lamerook Town Centre Plan and Pinnaroo Village Green Masterplan. These are important achievements and milestones for council that has seen over \$2 Million dollars invested into our commercial centres in Lamerook and Pinnaroo, thanks to the Commonwealth's Building Better Regions funding program.

Faced with the rising cost of materials and services and other inflationary pressures Council has proposed a 2023-2024 financial year rate revenue increase of 9.1% plus growth. This follows a 0% rate rise, 2.25% rate rise and 5.2% rate rise in the last three years respectively.

I look forward to working with the newly elected council and staff to deliver the annual business plan and budget and continue to provide ongoing beneficial outcomes for the Southern Mallee community.



Matthew Sherman
Acting Chief Executive Officer



POPULATION

2,243



RATEABLE
ASSESSMENTS

1,752



KM'S SEALED
ROAD

132



KM'S UNSEALED
ROAD

1,200



TOTAL COUNCIL AREA

5,695km²

Council's Planning Framework

The Southern Mallee District Council Strategic Management Plan 2021-2025 was adopted by Council in January 2021. The strategic management plan is a tool for defining the direction of Southern Mallee District Council by identifying a vision, values, goals, and priorities.

Council has identified five goals for the next five years that reflect Council and the community's aspiration for the future.



GOAL 1. AN ENGAGED COMMUNITY

The health and prosperity of our community is paramount. We will work together to build strong and engaged communities' where diversity, participation and healthy lifestyles are celebrated. Our community will be well planned, safe and inclusive and have access to the necessary facilities and services. We will seek to inspire, engage and connect with our community knowing that working collaboratively together can achieve more and deliver better outcomes.



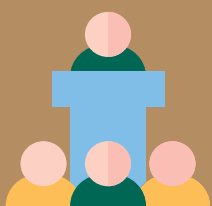
GOAL 2. DIVERSE & PROSPEROUS ECONOMY

Our future is reliant on growing a diverse and viable economic base that attracts investment and jobs, and creates exports in sustainable industries. We will embrace and develop new ideas and approaches to create a vibrant community with opportunities for all whilst building on our strengths in agriculture and horticulture. We will strive to grow tourism and maintain our population. Increasing employment and housing opportunities will be a priority.



GOAL 3. SUSTAINABLE INFRASTRUCTURE & SERVICES

We will deliver the services and facilities to meet community needs. Our services to the community will be responsive, reliable and of high quality. We will invest in building and maintaining high-quality assets for our community. Our focus will be on functional and attractive commercial centres, high amenity public open spaces and sporting facilities, and delivering sustainable improvements to the road and footpath network. We will be responsible financial managers and environmental custodians.



GOAL 4. GOVERNANCE & ORGANISATIONAL CULTURE

Southern Mallee District Council will be seen as an employer of choice. An organisation that has progressive leadership, high ethical standards, accountable governance, sustainable financial management and a constructive culture. This will enable high performing teams that provide quality services and facilities for the community. The organisation will invest in organisational culture and performance and staff learning and development.



GOAL 5. ADVOCACY & WORKING WITH OTHERS

We will work with others to make Southern Mallee a better place. Partnering with all levels of government, peak bodies, community organisations and business we will seek to leverage opportunities. We will advocate for improved or enhanced services for our community including educational opportunities and improved health, transport and community services. We will promote regional approaches and seek to increase the resources available for services and infrastructure in Southern Mallee for the benefit of our community.

Long Term Financial Management Plan

Council is committed to ensuring its long-term financial sustainability and is keen to ensure that objectives, goals and targets set in its various strategic planning documents are adhered to and met.

Council's Long Term Financial Plan was last formally reviewed and adopted in June 2023.

Asset Management Plan

Council adopted Asset Management Plans for the various classes of assets and an Asset Management Strategy in May 2020.

The Plant & Equipment and Infrastructure Plans were reviewed in June 2023.

Council's Asset Management Plan outlines the management of the major assets of Council. The Plan, like the Long-Term Financial Plan, assists in the long term and annual decision making of council and supports the sustainable management of finances and council infrastructure. Estimated costs of infrastructure and asset custodianship have been reflected in the Long-Term Financial Plan.

Annual Business Plan

Each year the council develops an Annual Business Plan. The purpose of the Plan is to highlight those activities that will be undertaken in the financial year in support of the strategic goals of Council. The Plan strives to achieve the long-term strategy targets of council.

Annual Budget

The Budget forms part of the council's annual planning documents and is critical to the delivery of services and the management of council's financial sustainability and operations. The budget details the expected costs and revenues that council will need to achieve the goals of the Annual Business Plan.

All the above-mentioned Plans are to be used in conjunction together and form part of Council's suite of plans.





4.0 ANNUAL BUSINESS PLAN & BUDGET SUMMARY

Framing Council's Annual Business Plan and Budget

A number of significant factors have influenced the preparation of Council's 2023-2024 Annual Business Plan.

These include:

- Requirements to maintain infrastructure assets at acceptable standards
- The level of State and Commonwealth Government grant funding
- Fees/charges imposed by the State Government including the waste levy
- Cost of compliance with State Government reporting and accountability requirements
- CPI (8.6.% December 2022 Adelaide)
- LGPI (local government price index) (6.9% December 2022)
- Employee Enterprise Agreements
- Continued increases in utility costs
- The level of capital and operational services required across the district
- Sustainable settings of council's Long Term and Strategic Planning documents

In response to these factors, and to minimise the burden on ratepayers, the Annual Business Plan has been prepared within the following guidelines:

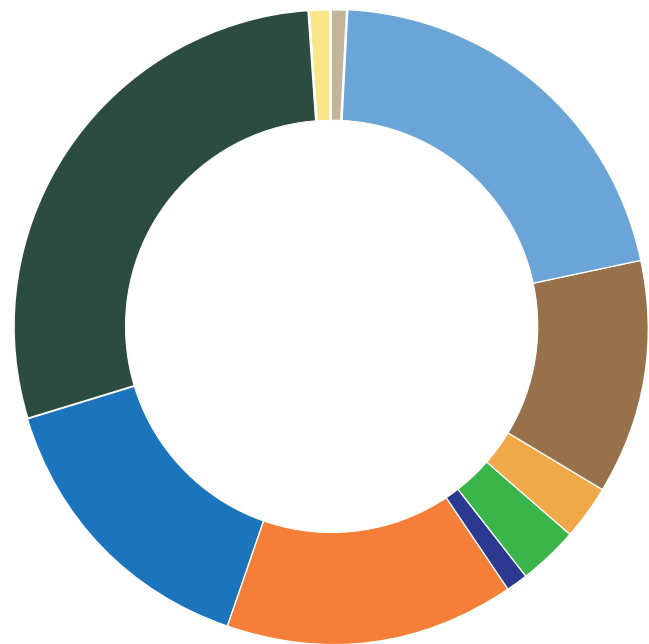
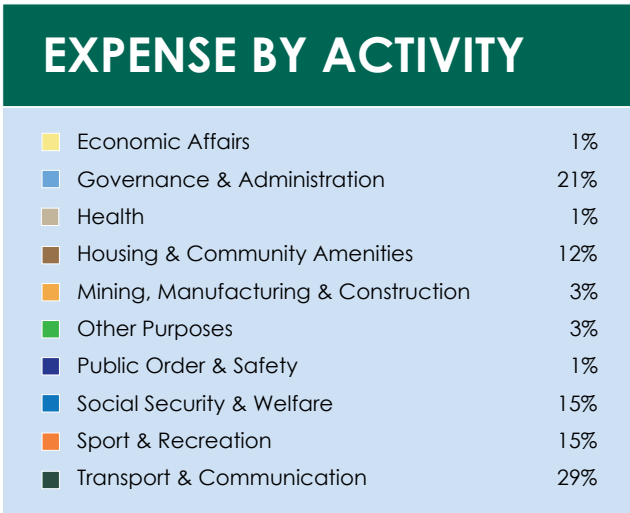
- General rate revenue is planned to provide for operating expenses. It is proposed that the total amount of General Rates to be collected in 2023-2024 is to increase by 9.1% plus growth.
- Maintenance and renewal of existing assets will be a matter of priority to ensure that the range and level of services being provided by Council's infrastructure is maintained at a reasonable level.
- A challenge for the Southern Mallee District Council is to prioritise expenditures to meet the demand for services and facilities. Given the asset intensive nature of the Council's activities, assessing the long-term capacity of the community to fund ongoing maintenance and rehabilitation of infrastructure assets is a crucial consideration.

SERVICE PROVISIONS

Continuing Services

Council plans to maintain the provision of all current services to the community.

Details of ongoing services provided to the community and activities of Council are shown in the graph below:



SUMMARY BY CATEGORY

2023-2024 Budget	\$
Economic Affairs	\$68,727
Governance & Administration	\$1,966,834
Health	\$48,876
Housing & Community Amenities	\$1,111,215
Mining, Manufacturing & Construction	\$245,719
Other Purposes	\$283,104
Public Order & Safety	\$93,841
Social Security & Welfare	\$1,439,939
Sport & Recreation	\$1,411,667
Transport & Communication	\$2,771,053
TOTAL	\$9,440,976





CAPITAL WORKS PROGRAM 2023-2024

Program / Project	Total Budget
BUILDING PROGRAM	\$ 214,000.00
Community Buildings Projects	
Lameroo Swimming Pool - Outdoor amenity and kiosk renewal	\$ 30,000.00
Pinnaroo Swimming Pool - Disability lifter	\$ 40,000.00
Lameroo Museum - Rear fence renewal	\$ 7,000.00
Administrative Buildings Projects	
Pinnaroo Dog Pound - Renewal	\$ 12,000.00
Lameroo Office & Chambers - Amenities and building renewal	\$ 65,000.00
Pinnaroo Office & Public Toilet - Amenities upgrade	\$ 10,000.00
Private Buildings Projects	
Pinnaroo Retirement Village - Unit 2 renewal	\$ 50,000.00
INFORMATION AND COMMUNICATION TECHNOLOGY PROGRAM	\$ 55,500.00
Technology Upgrades	
Computer replacement program - Front counter computers and Surface pro laptop replacements x6	\$ 18,000.00
Altus Bank Reconciliation module from IT Vision	\$ 7,500.00
Server network upgrade	\$ 30,000.00

TRANSPORT INFRASTRUCTURE PROGRAM	\$ 1,635,000.00
Road Resheeting Projects	
O'Driscoll Road - 3.5km - Claypan East to Nest Plains	\$ 240,000.00
Yappara Road - 1.2km - Ivetts to Duckhole	\$ 80,000.00
Parrakie Sth Road - 3.8km - Pfeiffer to Allenby Downs	\$ 200,000.00
Parrakie Nth Road - 2.5km - Mosgiel heading north	\$ 95,000.00
McKenzie Road - 4.2km - Brownsell Highway to Venning	\$ 230,000.00
Bews North Road - 4.8km - Davies Lane to Kulkami Road	\$ 310,000.00
Border Road - 2.3km - 1km from Nickolls Rd to South Five Chain Road	\$ 150,000.00
Road Construction Projects	
Reseals	\$ 230,000.00
Entrance to Viterra Lamerloo upgrade/renewal	\$ 100,000.00
URBAN DESIGN AND AMENITY PROGRAM	\$ 45,000.00
Urban Design and Amenity Projects	
Commercial Centre revitalisation refinements - Lamerloo	\$ 10,000.00
Commercial Centre revitalisation refinements - Pinnaroo	\$ 10,000.00
Branding concepts implementation (continuation)	\$ 25,000.00
FLEET MANAGEMENT AND PLANT REPLACEMENT PROGRAM	\$ 540,000.00
Fleet Management	
Manager Corporate Services vehicle changeover	\$ 55,000.00
Plant Replacement	
Truck and Trailer (changeover)	\$ 440,000.00
4x4 Dual Cab Ute (changeover)	\$ 45,000.00
TOTAL CAPITAL WORKS PROGRAM BUDGET	\$ 2,489,500.00



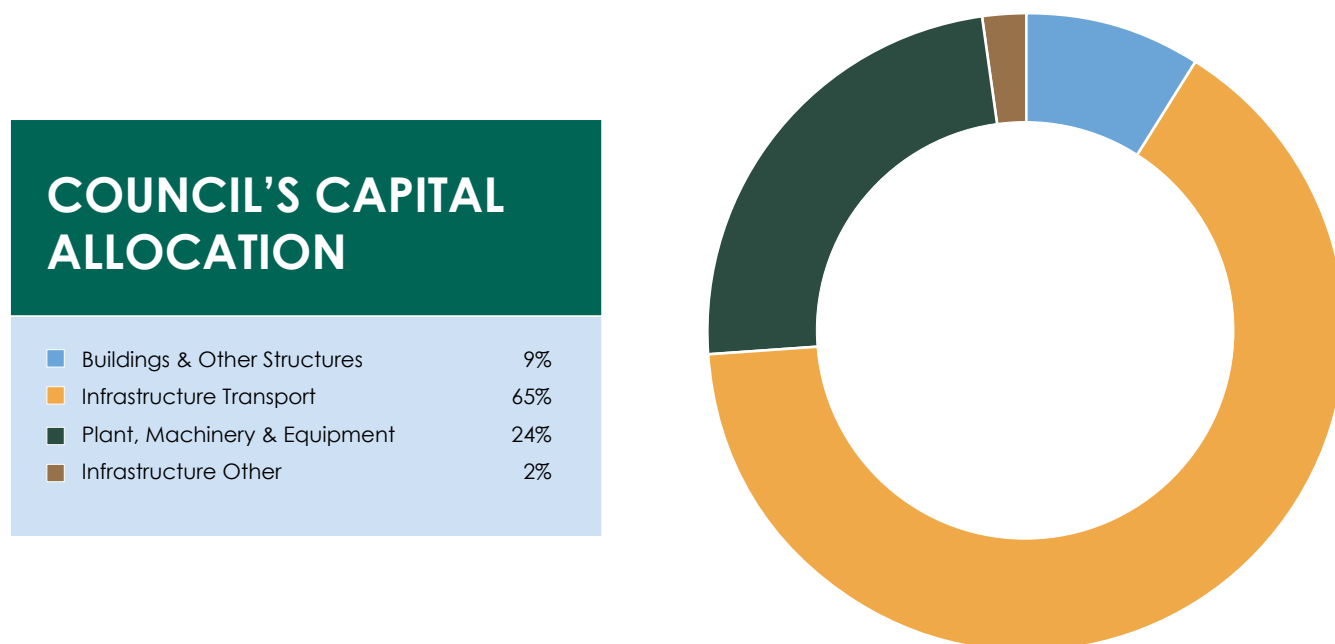
Capital Program

At the time of writing, the projects listed in this plan have been identified as priority projects based on Council's Asset Management Strategy, the condition assessment of individual assets and community needs assessment, together with reference to Council's Long Term Financial Plan and net funds available.

The order in which projects are undertaken may change due to changing circumstances.

Also, from time to time due to our dynamic environment such as the addition or withdrawal of grant funding, state government decisions, extreme weather events or change of focus, the Plan and the activities included may need to be amended.

The graph below shows where Council is proposing to allocate its capital spend for the 2023-2024 financial year.



The table below shows that the proposed capital allocations are proportionate to the replacement cost of the relevant asset categories.

CATEGORY	2021/22 REPLACEMENT COST	% OF TOTAL ASSETS	2023/24 CAPITAL EXPENDITURE	% OF PROPOSED CAPITAL EXPENDITURE
Land	\$ 3,645,357	3%	-	0%
Buildings & Other Structures	\$ 28,028,388	22%	\$ 214,000	9%
Infrastructure Transport	\$ 69,253,831	55%	\$ 1,635,000	65%
Infrastructure Stormwater	\$ 4,491,523	4%	-	0%
Infrastructure Common Effluent	\$ 11,145,935	9%	-	0%
Infrastructure Other	\$ 4,008,877	3%	\$ 45,000	2%
Plant, Machinery & Equipment	\$ 5,679,278	4%	\$ 595,500	24%
Furniture & Fittings	\$ 306,247	0%	-	0%
Other Assets	\$ 250,866	0%	-	0%
	\$ 126,810,302		\$ 2,489,500	

Funding The Business Plan

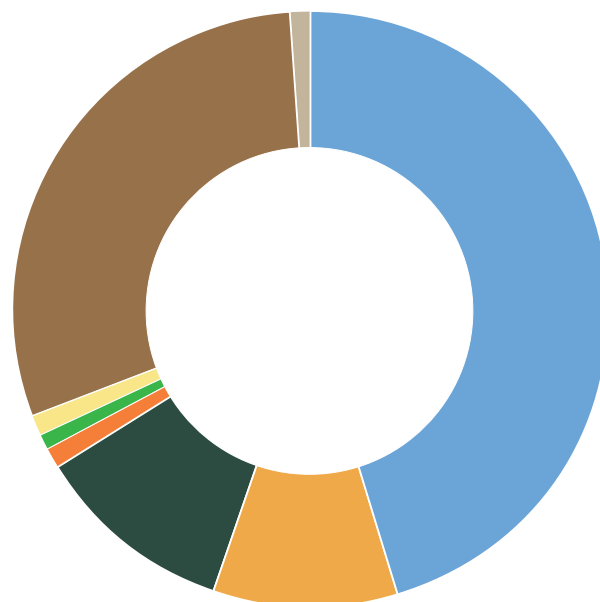
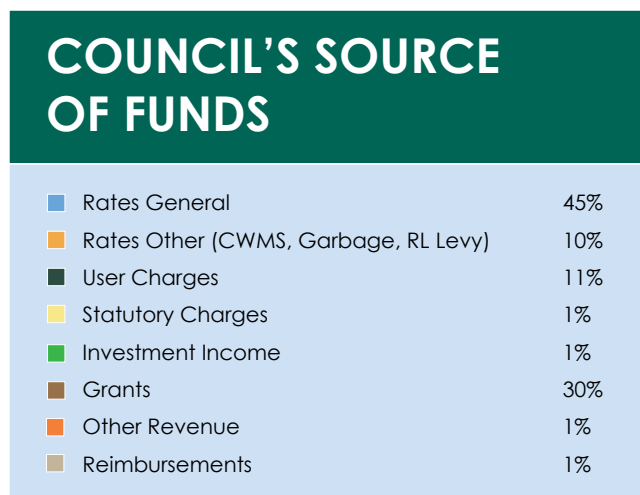
In delivering services and programs contained within this annual business plan, Council is targeting an operating surplus of \$44,000 in 2023-2024 as a result of

Operating Revenues	\$9,485,000
Less: Operating Expenditure	\$9,441,000
Net Operating Surplus	\$44,000

Council's annual operating revenue is considered sufficient to meet expected operating expenditure for the 2023-2024 year.

Council is granted the power to acquire funds under Section 133 of the Local Government Act 1999.

Sources of funds include property rates, service charges, statutory and user charges, income from investments, commercial activities together with grants and subsidies. An indication of the proportion each of these makes up the total revenue of Council is depicted in the diagram below.



Council's Source Of Funds

\$

Rates General	\$4,367,966
Rates Other (CWMS, Garbage, RL Levy)	\$968,793
User Charges	\$1,061,914
Statutory Charges	\$89,000
Investment Income	\$30,100
Grants	\$2,856,067
Other Revenue	\$102,600
Reimbursements	\$8,215
TOTAL	\$9,484,654

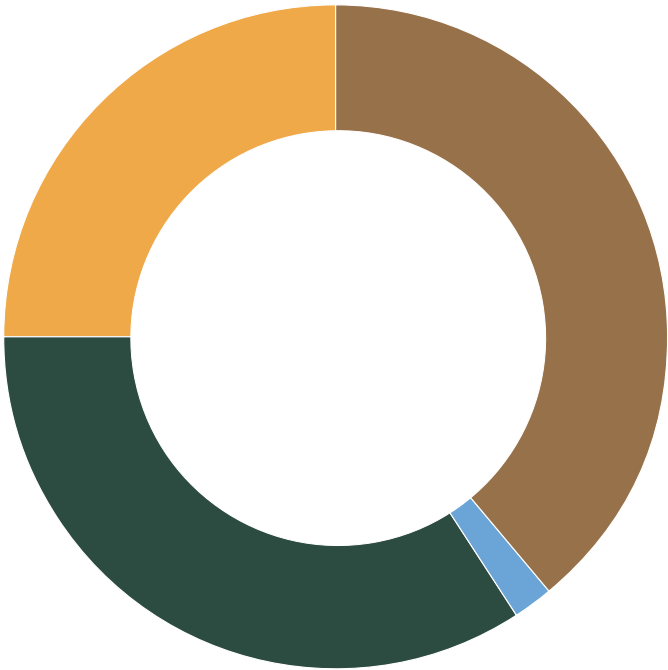
Council's annual business plan has been prepared based on maintaining the delivery of the current range and level of services to the community, whilst being mindful of the rate burden imposed on individual ratepayers.

The plan aims to contribute to the long-term financial sustainability of the Council through prudent and responsible financial management that will result on its operating expenses being less than its operating revenue, thereby producing a positive operating result.

Council allocates its funds in four main categories being employee costs, depreciation, finance costs and materials, contracts, and other expenses.

Depreciation consumes 34% of Councils funds which should be then invested into capital spending.

This annual business plan outlines a total capital expenditure budget of \$2,489,500. \$2,297,000 will be used to renew existing assets and \$192,500 will be spent on new assets.



Council's Allocation Of Funds	\$
Employee Costs	\$3,681,740
Finance Costs	\$190,508
Depreciation	\$3,210,450
Materials, Contractors & Other Expenses	\$2,358,277
TOTAL	\$9,440,976

Impact On Council's Financial Position

Based on council's budget, Council's direct borrowings will decrease from \$4,019,000 at the end of 2022-2023 to \$3,633,000 at the end of 2023-2024. This decrease is a result of \$386,000 in loan payments in 2023-2024.

Overall, key financial indicators show that Council's finances will continue to be sustainable with no significant rate burdens.

Operating Surplus is at 0.46% against a long-term target of 0% -10%

Net Financial Liabilities Ratio is at 47.92% against a target of greater than 0% and less than 100% of operating revenue.

Asset Sustainability Ratio is at 108.86% against its Asset Management Plan.

For more details on the calculation method for key financial indicators, see the financial indicators section of this business plan.

What It Means For Rates and Ratepayers

As depicted in the table "Councils Source of Funds" the primary source of income for Council is the property-based tax – "Council rates".

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

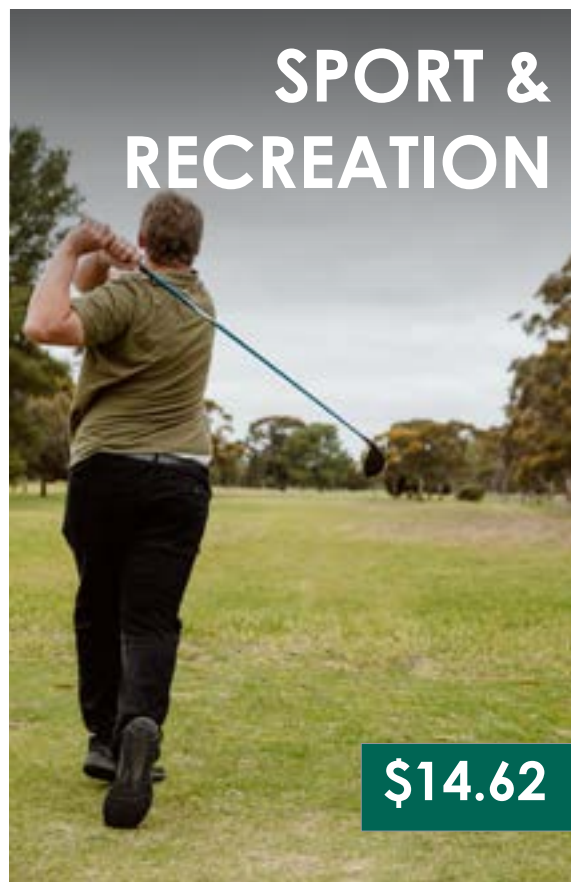
Council uses a differential rating system, using locality (Town or Rural) as the factor to apply such differential rates. In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all Council areas.

Council spends considerable time modelling the effect of valuation and rate increases on individual rate payers whilst at the same time ensuring it can raise sufficient funds to try to achieve a positive operating result and a balanced budget.



YOUR RATES AT A GLANCE

HOW \$100 OF YOUR RATES WILL BE SPENT



2023-2024

HOUSING & COMMUNITY AMENITIES

\$11.84

PUBLIC ORDER & SAFETY

\$1.00

\$3.02

OTHER PURPOSES

SOCIAL SECURITY & WELFARE

\$15.34

GOVERNANCE & ADMINISTRATION

\$20.96

Method Used To Value Land

Council adopts the valuations made by South Australian Valuer-General in respect of land within the Council's area for rating purposes. The basis of valuation of land used by Council is the capital valuation of land, that is, the value of the land including improvements thereon.

Council considers that the capital valuation method provides the fairest method of achieving an equitable distribution of the rates burden across the ratepayers within Council's area 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 generally considered a relatively good indicator of wealth; and;
- capital value, which trends with the market value of a property, provides the best indicator of overall property value.

Rating Methodology

Council has assessed the need for a differential rate based on the varying levels of service delivery and degrees of access to urban services, such as waste management and footpaths.

Council is proposing to apply differential general rates by locality. In accordance with Regulation 14 of the Local Government (General) Regulations provides for the following land use categories to be used for rating purposes:

(2) For the purposes of section 156(7) of the Act, a differentiating factor based on the locality of land must comply with the following principles:

- (a) there may be differentiation according to the zone in which the land is situated;*
- (b) there may be differentiation according to whether the land is situated within or outside a township (with, at the discretion of the council, a separate differentiation according to zones);*
- (c) if there are 2 or more townships in the area—there may be differentiation according to the township in which the land is situated (with, at the discretion of the council, a separate differentiation in relation to land outside the townships and, at the discretion of the council, a separate differentiation according to zones).*

The 2023-2024 Annual Business Plan proposes to raise General Rate revenue of \$4.37m in a total operating revenue budget of \$9.485m.

The proposed General Rate Revenue of \$4.37m is an increase of 9.1% (CPI 8.6% plus LTFP .50%) plus growth after rebates and concessions.



Minimum Rate

Council considers it appropriate that ratepayers in respect of all rateable land contribute to the cost of administering Council's activities and that ratepayers in respect of all rateable land make a contribution to the cost of creating and maintaining the physical infrastructure that supports that land and the basic services provided to all ratepayers.

The minimum rate is levied against the whole of an Allotment. Only one minimum rate is levied against two or more pieces of adjoining land (whether separated by a road or not) if they are owned by the same ratepayer and occupied by the same occupier. This is described as contiguous land and only one minimum rate is payable by the ratepayer.

The minimum rate in 2023-2024 is proposed to be \$695 (\$656 in 2022/2023)

This represents an increase of \$39 (5.95%) on the minimum rate applied in 2022-2023. Overall, the minimum rate will be applied to approximately 32.4% of all rateable properties within the maximum of 35% allowed for in the Local Government Act 1999.

Payment Of Rates

The Council has resolved that the payment of all rates will be in four equal or approximately equal instalments due on:-

SEPT 2023							DEC 2023						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2						1	2
3	4	5	6	7	8	9	3	4	5	6	7	8	9
10	11	12	13	14	15	16	10	11	12	13	14	15	16
17	18	19	20	21	22	23	17	18	19	20	21	22	23
24	25	26	27	28	29	30	24	25	26	27	28	29	30
							31						

MAR 2024							JUN 2024						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2							1
3	4	5	6	7	8	9	2	3	4	5	6	7	8
10	11	12	13	14	15	16	9	10	11	12	13	14	15
17	18	19	20	21	22	23	16	17	18	19	20	21	22
24	25	26	27	28	29	30	23	24	25	26	27	28	29
31							30						



EXPECTED RATE REVENUE

	2022/23 (as adopted)	2023/24 (estimated)		Change
General Rates Revenue				
General Rates (existing properties)	\$3,895,988	\$4,408,144		
General Rates (new properties)	\$144,116	\$1,776		
General Rates (GROSS)	\$4,040,104	\$4,409,920	(c)	9.15%
Less: Mandatory Rebates	(\$38,886)	(\$38,989)	(d)	
General Rates (NET)	\$4,001,218	\$4,370,931	(e)	
	(e)=(c)+(d)			
Other Rates (inc. service charges)				
Regional Landscape Levy	\$154,020	\$181,834	(f)	
Waste collection	\$268,039	\$295,840	(g)	
CWMS	\$458,920	\$504,876	(i)	
	\$4,882,197	\$5,353,481		
Less: Postponed Separate Rates	(\$2,151)	(\$1,229)	(l)	
Less: Discretionary Rebates	(\$1,881)	(\$38,989)	(l)	
Total Rates Revenue	\$4,724,145	\$5,131,429	(m)	8.26%
	(m)=(e)+(g)+(i)+(l)			

GROWTH IN NUMBER OF RATEABLE PROPERTIES

Number of rateable properties	1,743	1,752	(n)	0.52%
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Actual

'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

AVERAGE GENERAL RATES PER RATEABLE PROPERTY

Average per rateable property	\$2,318	\$2,517	(o)	8.59%
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$$(o) = (c)/(n)$$

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

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

The total General Rates paid by all rateable properties will equal the amount adopted in the budget.

- (d) Councils are **required** under the Local Government Act to provide a rebate to qualifying properties under a number of categories:
- | | |
|-----------------------------------|---|
| Community services - 75 per cent | Public cemeteries - 100 per cent |
| Health services - 100 per cent | Royal Zoological Society of SA - 100 per cent |
| Religious purposes - 100 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) The Regional Landscape Levy is not retained by council. 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.
- (i) Community Wastewater Management Systems.
- (l) A council **may** grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).
- (m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.
- (n) 'Growth' as defined in the *Local Government (Financial Management) Regulations 2011 reg 6(2)*
Please note: The 2023/24 number of rateable properties is an estimate based on the most current information available at the time of going out to consultation on the ABP&B. This information is updated regularly and therefore may be subject to change at the time of adoption of ABP&B.

DIFFERENTIAL RATES

	Total expected revenue			No. of rateable		Average per rateable property			
	2022/23	2023/24	Change	2022/23	2023/24	2022/23	2023/24		Change
Locality (General Rates - GROSS)									
Township	\$683,477	\$686,241	0.40%	849	850	\$805	\$807	(p)	\$2
Rural	\$3,356,627	\$3,723,679	10.4%	894	902	\$3,755	\$4,128	(p)	\$374
Total Locality	\$4,040,104	\$4,409,920	9.15%	1,743	1,752	\$2,318	\$2,517	(p)	\$199
GRAND TOTAL (GROSS)	\$4,040,104	\$4,409,920	9.15%	1,743	1,752	\$2,318	\$2,517	(p)	\$199

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

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

MINIMUM RATE

	No. of properties to which rate will apply		Rate		
	2023/24	% of total rateable	2022/23	2023/24	Change
Minimum Rate	553	31.56%	\$656	\$695	(r) \$39

The Minimum Rate provides a mechanism where lower valued properties do not pay less than a minimum amount as determined by the council.

Typically, only a small number of all properties (with no more than 35%) pay a minimum amount.

Council proposes to set a minimum rate of \$695 which shall be applied to all rateable properties. This will affect 31.56% of rateable properties.

ADOPTED VALUATION METHOD

CAPITAL VALUE

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

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

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

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

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

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

- (p) Average per rateable property calculated as General Rates for category, including any fixed charge or minimum rate (if applicable) but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.
- (r) Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

CAPITAL VALUE COMPARISON

Land Use	Capital Value 2022-2023	Capital Value 2023-2024	Capital Valuation increase	General Rates Raised 2022-2023	General Rates Raised 2023-2024
Town	116,691,900	142,167,400	22%	645,247	651,422
Rural	767,108,400	1,075,908,100	40%	3,232,890	3,719,509
	883,800,300	1,218,075,500	38%	3,878,137	4,370,931



ANNUAL SERVICE CHARGES

Community Wastewater Management Systems

As set out in Section 155(2) of the Local Government Act 1999, the Council imposes an annual service charge on properties in Lameroo, Parilla and Pinnaroo for the Community Wastewater Management Schemes to meet the operational and capital cost of the schemes.

The Council will recover this cost through an annual service charge of:

- \$690 for each occupied property unit (\$635 in 2022-23) (8.66% Increase)
- \$342 for each unoccupied property unit (\$315 in 2022-23) (8.57% Increase)

Where the service is provided to non-rateable land, a service charge is levied against the land.

Waste Management

For the purpose of meeting the costs associated with the collection and disposal of domestic and other garbage, Council has a Mobile Garbage Bin service charge on all serviced properties. Where the service is provided to non-rateable properties, a service charge is to be levied against the land.

Charges for Waste Management for 2023-2024 will be:

- Bin Service: \$320.00 (\$295 in 2022-23) (8.47% Increase)
- Additional Bin Service: \$230.00 (\$212 in 2022-23) (8.49% Increase)

Council charges separately for this service as it is specific to particular properties and is thus unreasonable to expect the total rate base to provide for its use, maintenance and replacement.

The increases in waste management charges for 2023-2024 is a direct result of the increase in the charges that Council face for disposal of waste.

Ajoining Property

Section 152 of the Act states that if two or more pieces of contiguous rateable land are owned by the same owner and occupied by the same occupier, only one minimum charge may be imposed against the whole of the land.

Regional Landscaping Levy

Council is required to collect a regional landscape levy on all rateable properties within its district. Council is operating as a revenue collector for the Board in this regard and does not retain this revenue nor determine how the revenue is spent.

Council will for 2023-2024 impose a separate rate against rateable properties based on the capital value of the land and forward the amount of \$181,832 to the Board to fund its activities.

Rebate of Rates

Southern Mallee District Council is committed to providing financial and other assistance to organisations and community groups which contribute to the wellbeing of the community. A rebate of rates or service charges in respect of any rateable land in the Council area will be made available only when the applicant satisfies the requirements under the Local Government Act 1999 and the requirements set out in Council's Rating Policy.

A full version of Council's Rating Policy can be viewed at www.southernmallee.sa.gov.au



Mandatory

The Local Government Act requires Councils to rebate the rates payable for certain land uses. This includes land used for health and community services, religious purposes, cemeteries and educational institutions. The rebates vary from 75% to 100%. People or bodies seeking a rebate must make an application to Council. Information and application forms can be found in Council's Rating Policy.

Discretionary

Council has the power to provide discretionary rebates in certain circumstances and will consider rebates upon application.

Postponement Of Rates - Hardship

Section 182 of the Local Government Act permits the Council, on the application of the ratepayer, to remit rates partially or wholly or to postpone rates, on the basis of hardship. Where the ratepayer is suffering hardship in paying rates, they are invited to contact the Council's Rates Officer to discuss the matter. Council treats such inquiries confidentially.

Postponement Of Rates - Seniors

Applications may be made to Council for a postponement of the payment of any amount of rates in excess of \$500.00, for the current or a future financial year by:

- A ratepayer who holds a current State Seniors Card issued by the State Government, (prescribed ratepayer) or spouse of a prescribed ratepayer, and
- Where the rates are payable on the principal place of residence, and
- Where the land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.

Any rates which are postponed will become due and payable:

- When the title to the land is transferred to another person; or
- There is a failure to comply with a condition of postponement.

Interest will accrue on the amount postponed at the prescribed rate per month until the full amount is paid. Postponement is available as a right and can only be refused when the applicant/s has less than 50% equity in the property.

APPENDICES



**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2023/2024**
STATEMENT OF COMPREHENSIVE INCOME
**2022/2023
FORECAST
BUDGET**
**2023/2024
BUDGET**
\$'000
INCOME
\$'000

4,801	Rates	5,337
84	Statutory Charges	89
1,148	User Charges	1,062
3,028	Grants Subsidies and Contributions	2,856
17	Investment Income	30
8	Reimbursement	8
119	Other	103

 9205

TOTAL REVENUES

 9,485

EXPENSES

3,440	Wages and Salaries	3,682
2,635	Materials, Contracts and Other Expenses	2,358
171	Finance Costs	191
3,163	Depreciation, amortisation & impairment	3,210

 9,409

Total Expenses

 9,441

**OPERATING SURPLUS/(DEFICIT)
BEFORE CAPITAL AMOUNTS**

44

-	Net gain (loss) on disposal or revaluation of assets	-
4,236	Amounts specifically for new or upgraded assets	-
-	Physical resources received free of charge	-

4,032
TOTAL COMPREHENSIVE INCOME
44

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2023/2024**

CASH FLOW STATEMENT

2022/2023 FORECAST BUDGET		2023/2024 BUDGET
\$'000		\$'000
Inflows		Inflows
(Outflows)		(Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES	
	RECEIPTS	
9,188	Operating Receipts	9,455
17	Investment Receipts	30
	PAYMENTS	
(6,075)	Operating payments to suppliers & employees	(6,040)
(171)	Finance Payments	(191)
	Net Cash provided by (or used in) Operating Activities	3,254
	CASH FLOWS FROM INVESTING ACTIVITIES	
	RECEIPTS	
4,236	Grants specifically for new or upgraded assets	-
0	Repayments of Loans by Community Groups	0
156	Sale of Assets	120
	PAYMENTS	
(3,063)	Capital Expenditure on renewal/replacement of assets	(2,297)
(7,064)	Capital Expenditure on new/upgraded assets	(193)
	Net Cash provided by (or used in) Investing Activities	(2,370)
	CASH FLOWS FROM FINANCING ACTIVITIES	
	RECEIPTS	
500	Proceeds from Borrowings	-
	PAYMENTS	
(492)	Repayment of Borrowings	(386)
	NET CASH USED IN FINANCING ACTIVITIES	(386)
	NET INCREASE (DECREASE) IN CASH HELD	498
(2,768)	CASH AT BEGINNING OF YEAR	73
2,841	CASH AT END OF YEAR	571
73		

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2023/2024**

BALANCE SHEET

2022/2023 FORECAST BUDGET		2023/2024 BUDGET
\$'000		\$'000
	ASSETS	
	CURRENT ASSETS	
3	Cash and cash equivalents	571
682	Trade & other receivables	682
110	Inventories	110
<u>795</u>	TOTAL CURRENT ASSETS	<u>1,363</u>
	NON-CURRENT ASSETS	
59	Financial Assets	59
88,069	Infrastructure, Property, Plant & Equipment	87,229
<u>88,128</u>	TOTAL NON-CURRENT ASSETS	<u>87,288</u>
<u>88,923</u>	TOTAL ASSETS	<u>88,651</u>
	LIABILITIES	
	CURRENT LIABILITIES	
1,333	Trade & Other Payables	1,333
411	Borrowings	411
865	Short-term Provisions	865
-	Other Current Liabilities	-
<u>2,609</u>	TOTAL CURRENT LIABILITIES	<u>2,609</u>
	NON-CURRENT LIABILITIES	
3,608	Long-term Borrowings	3,222
26	Long-term Provisions	26
-	Other Non-current Liabilities	-
<u>3,634</u>	TOTAL NON-CURRENT LIABILITIES	<u>3,248</u>
<u>6,243</u>	TOTAL LIABILITIES	<u>5,857</u>
<u>82,680</u>	NET ASSETS	<u>82,794</u>
	EQUITY	
22,935	Accumulated Surplus	22,979
61,559	Asset Revaluation	61,559
(1,814)	Other Reserves	(1,814)
<u>82,680</u>	TOTAL EQUITY	<u>82,724</u>

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2023/2024**

STATEMENT OF CHANGES IN EQUITY

**2022/2023
FORECAST
BUDGET**

**2023/2024
BUDGET**

\$'000

\$'000

ACCUMULATED SURPLUS

18,903	Balance at end of previous reporting period
4,032	Net Result for Year
0	Transfer From Reserves
0	Transfer To Reserves

22,935
44
0
0

22,935

BALANCE AT END OF PERIOD

22,979

ASSET REVALUATION RESERVE

61,559	Balance at end of previous reporting period
0.00	Gain on revaluation of infrastructure, property, plant & equipment
0.00	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment

61,559
0.00
0.00

61,559

BALANCE AT END OF PERIOD

61,559

Other Reserves

-1,814	Balance at Beginning of Period
-	Transfer to reserve from accumulated surplus
0	Transfer from reserve to accumulated surplus

-	1,814
-	-
0	0

-1,814

BALANCE AT END OF PERIOD

- 1,814

82,680

TOTAL EQUITY AT END OF REPORTING PERIOD

82,724

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2023/2024**

UNIFORM PRESENTATION OF FINANCES

**2022/2023
FORECAST
BUDGET**

\$'000

9,205
(9,409)

(204)

Operating Revenues
less Operating Expenses
Operating Surplus / (Deficit) before Capital Amounts

Less Net Outlays in Existing Assets

3,133
(3,163)
(156)

(186)

Capital Expenditure on renewal and replacement of Existing Assets
less Depreciation, Amortisation and Impairment
less Proceeds from Sale of Replaced Assets

Less Net Outlays on New and Upgraded Assets

7,064
(4,236)
(350)

2,478

Capital Expenditure on New and Upgraded Assets
less Amounts received specifically for New and Upgraded Assets
less Proceeds from Sale of Surplus Assets

(2,496)

Net Lending / (Borrowing) for Financial Year

**2023/2024
BUDGET**

\$'000

9,485
(9,441)

44

2,297
(3,210)
(120)

(1,033)

193
-
-

193

884

**SOUTHERN MALLEE DISTRICT COUNCIL
BUDGET 2023/2024**

FINANCIAL INDICATORS

2022/2023			2023/2024
	FORECAST BUDGET		BUDGET
	\$'000		\$'000
	(204)	Operating Surplus <i>Being the Operating Surplus (Deficit) before Capital Amounts</i>	44
	-2.22%	Operating Surplus Ratio <u>Operating Surplus</u> Total Operating Income <i>This ratio expresses the Operating Surplus as a percentage of Total Operating Income</i>	0.46%
	5,499	Net Financial Liabilities <i>Net Financial Liabilities are defined as Total Liabilities less financial assets (excluding equity accounted investments in Council Businesses</i>	4,545
	59.74%	Net Financial Liabilities Ratio <u>Net Financial Liabilities</u> Total Operating Income	47.92%
	76.77%	Asset Sustainability Ratio <u>Net Asset Renewals</u> Infrastructure & Asset Management Plan required expenditure <i>Net Asset Renewals Expenditure is defined as Net Capital Expenditure on the renewal and replacement of existing assets, and excludes new Capital Expenditure on the a acquisition of additional assets</i>	108.86%

LOCAL GOVERNMENT FINANCIAL INDICATORS DEFINITIONS

Operating Surplus (Deficit) Ratio

This ratio expresses the operating surplus (deficit) as a percentage operating revenue. A negative ratio indicates the percentage increase in total rates required to achieve a breakeven operating result. A positive ratio indicates the percentage of total rates available to fund capital expenditure over and above the level of depreciation expense, without increasing Council's level of net financial liabilities. If this amount is not required for capital expenditure it simply reduces the level of net financial liabilities.

Council's target is to achieve an operating surplus ratio between (0%) deficit and 10% surplus.

Council's 2023-2024 Budget forecasts an operating surplus ratio of 0.46%.

Net Financial Liabilities

Net Financial Liabilities measure a Council's total indebtedness. Net financial liabilities is a broader measure than net debt as it includes all of a Council's obligations including provisions for employee entitlements and creditors. The level of net financial liabilities increases when a net borrowing result occurs in a financial year and will result in a Council incurring liabilities and/or reducing financial assets. The level of net financial liabilities decreases when a net lending result occurs in a financial year and will result in a Council purchasing financial assets and/or repaying liabilities.

Council's target is to maintain its net financial liability between zero and \$9.485m (total operating revenue).

Council's 2023-2024 Budget aims to achieve a net financial liability of \$4,545m

Net Financial Liabilities Ratio

This ratio indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing it indicates a greater amount of Council's operating revenues is required to service its financial obligations.

Council's target is to maintain its net financial liability ratio between zero and 100%.

Council's 2023-2024 Budget aims to achieve a net financial liability ratio of 47.92%

Asset Sustainability Ratio

This ratio indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out. On occasions, the Council will accelerate or reduce asset expenditures over time to compensate for prior events or invest in assets by spending more now so that it costs less in the future to maintain.

Council's target is to maintain its asset sustainability ratio between 90% and 110%.

Council's 2023-2024 Budget forecasts an asset sustainability ratio of 108.86%



THE SOUTHERN MALLEE

Southern Mallee District Council

Day Street, Pinnaroo SA 5304

Postal Address:

PO Box 49 Pinnaroo, South Australia 5304

Telephone: (08) 8577 8002

Email: council@southernmallee.sa.gov.au

Website: www.southernmallee.sa.gov.au