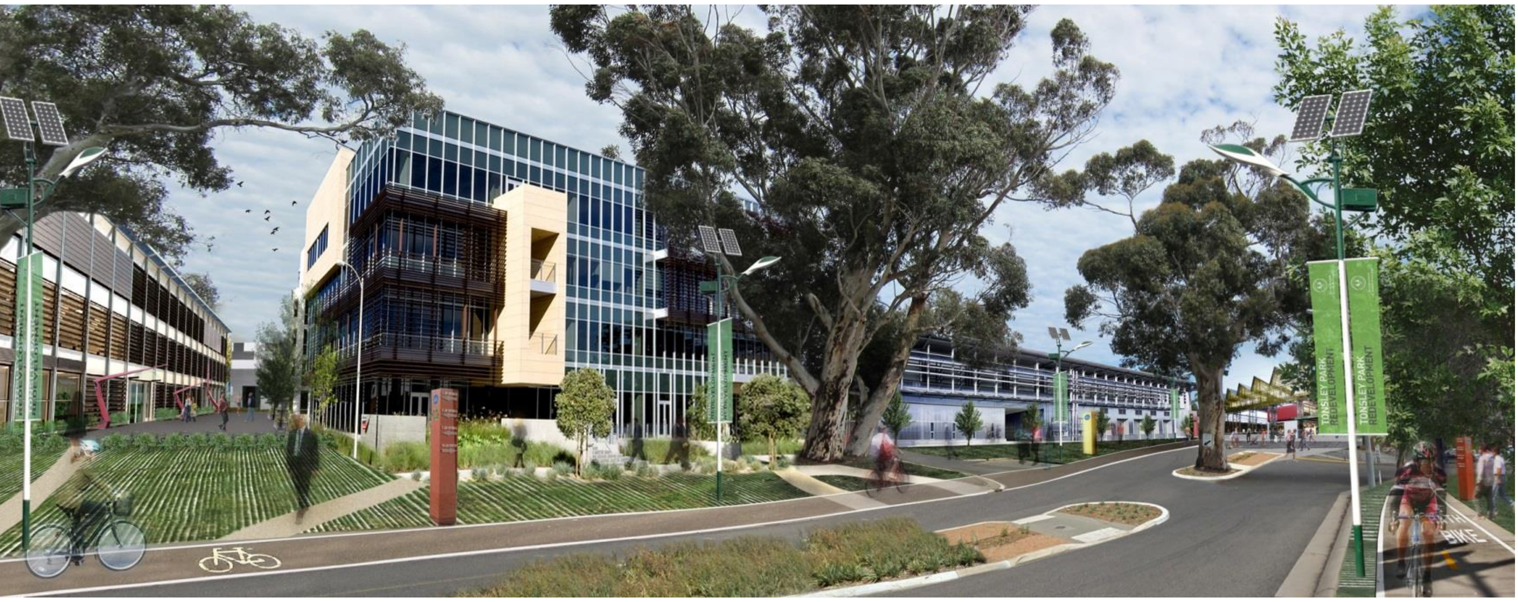

CITY OF MARION

ANNUAL BUSINESS PLAN 2016/17

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INTRODUCTION

The Annual Business Plan 2016/17 describes the services and projects that council intends to undertake over the next 12 months and the financial decisions that underpin them, so that we can progress towards the longer term aspirations for the city as expressed in the City of Marion Strategic Plan - 'Towards 2040'.

Council is committed to delivering value to our ratepayers and continues to focus on identifying on-going savings that can be passed on to ratepayers. The 2016/17 Budget will incorporate on-going gross savings in the order of $447k achieved by organisational restructuring.

It should be noted that identified ongoing savings have enabled a further reduction in the average rate increase down to 2.5% while maintaining current service levels.

Council has also approved funding in the order of $2.8m in the 2016/17 budget to deliver a number of strategic projects and service improvements including:

- Solar Infrastructure Project: $400k
- Energy Efficient Buildings Project: $125k
- Further development of the Walking & Cycling Network $200k and
- Increased funding of $350k for capital works associated with irrigation of reserves
- Increased funding for Open Space resourcing $540k
- Increased funding for Open Space infrastructure $295k
- Money specifically set aside for new streetscaping (beautification) projects $550k
- More money for fixing up our various Council facilities $350k
- Funds allocated for a new multi-purpose club building at Edwardstown Oval to be applied if we get matching funding from the Commonwealth

Your rates

The Annual Business Plan is based on an average rate increase of 2.5%, (based upon a forecast CPI of 1.75% + 0.75% to fund infrastructure renewal and upgrade works). In setting rates for 2016/17, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2016/17.

Last financial year the City of Marion had the fifth lowest average residential rate (2014/15 sixth lowest) of the 18 metropolitan Adelaide councils, and council is committed to remaining among the lower rating metropolitan councils while providing a level of service that meets community needs.

Your voice

Essentially council exists to supply the services and facilities the community wants, with rates and fees as modest as possible. We have heard there is strong community support for council's planned services, programs and projects for 2016/17.

Mayor Kris Hanna *Adrian Skull, Chief Executive*

1. Our purpose is wellbeing

Ultimately we want our residents to feel good about living and working in Marion, so we strive to promote wellbeing.

In late 2012 council listened to the community and developed our ‘Towards 2040’ document. It is an aspirational expression of the Community’s vision for the future – outcomes that are important for this community now and into the future:

Engaged
By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

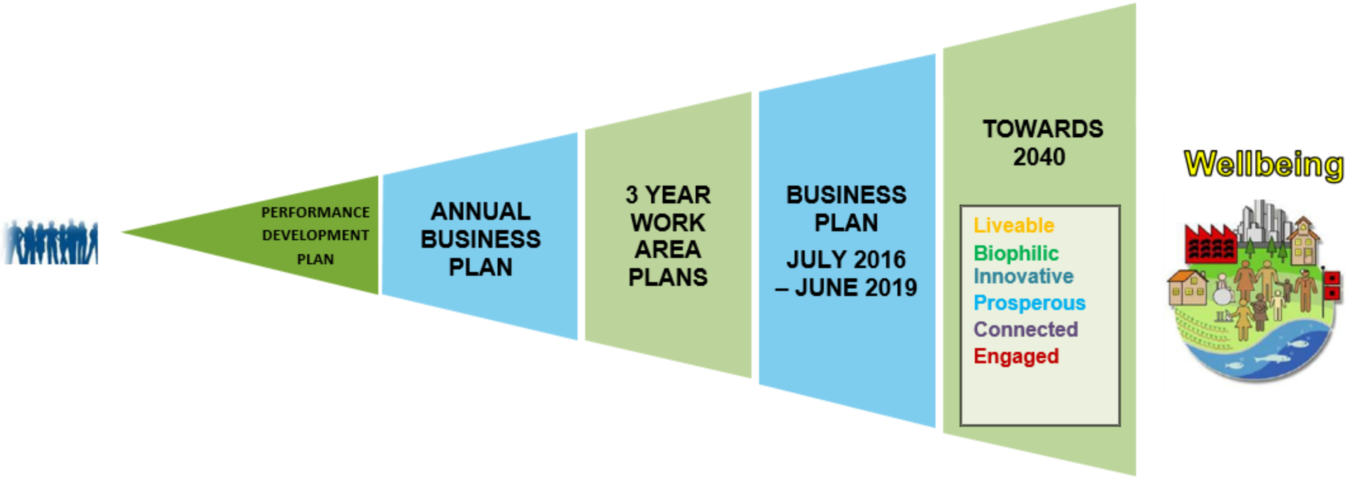
Liveable
By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

Biophilic
By 2040 our city will be deeply connected with nature to enhance peoples’ lives, while minimizing the impact on the climate, and protecting the natural environment.

Prosperous
By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

Innovative
By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

Connected
By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.



This Annual Business Plan 2016/17 is an integral part of council's suite of strategic management plans, which comprise:

- "Towards 2040" (adopted by Council 10 December 2013) –a statement of aspirations.
- The Business Plan 2016-19 (to be finalised in 2016) sets out what council plans to do in the next three years.
- Asset Management Plans provide a long term approach to ensuring infrastructure and facilities are maintained and renewed as expected by the community.
- The Long Term Financial Plan (LTFP – adopted by Council 23 June 2015 and reviewed annually concurrently with the budget) ensures the long term financial sustainability of the organisation and translates the outcomes and strategies of the Business Plan 2016-19 into financial terms.
- The Strategic Development Report sets out council's urban development policies.
- 3-Year Work Area Plans identify how council plans to mobilise and prioritise the deployment of human, physical and financial resources.
- The Annual Business Plan (this document) – identifies how council plans to fund work for the next financial year.
- A suite of key performance indicators (KPIs) that enable the monitoring of progress.

2. Significant influences and priorities

2.1 Key emerging internal and external considerations

A comprehensive environmental scan of internal and external political, economic, environmental, social, technological issues was conducted, providing a context for the development of the Annual Business Plan 2016/17.

It should be noted that the majority of these influences are longer term – such as changing demographics, the Urban Policy direction of both State and Federal Governments, technological change and the future direction of local government. They will require action over a longer timeframe than the Annual Business Plan provides. As such, these issues and opportunities have been considered through the development of the draft Business Plan 2016-19, the 10-year Long Term Financial Plan, the Asset Management Plans and Development Plan.

The following considerations that arose from the environmental scan have a direct impact on the ABP 2016/17 – Marion-specific items (as opposed to general societal trends) have been highlighted in **bold text**.

Critical external issues and opportunities:	
Political • The Federal election • Ongoing changes to Federal, State and Local Government policies and funding programs • The opportunity for Council shared services	***Economic*** • Compromised financial capacity of ratepayers in economic climate • **The number of GST registered businesses in Marion is falling** • **The number of jobs in Marion remains static although our population is increasing** • Growth in higher/tertiary education **particularly at Flinders University and Tonsley**. • **Development of the Tonsley site**
Technological • Rapid technological change, **specifically the rollout of NBN in some City of Marion areas** • Many residents don't have ready access to internet • Access to data and information	***Social and Cultural*** • **Concerning public health demographics** • HACC transitioning to national and regional customer led wellbeing and home support programs • The National Disability Insurance Scheme (NDIS) • **Population growth of around 1% per annum and changing demographics** • Increased numbers of volunteers • Potential health problems from noise and air pollution around major traffic routes & building work

Natural environment	*Urban environment*
• Impacts of climate change • Infrastructure issues associated with flooding and stormwater • Trend toward people wishing to work, shop and play locally • Emergence of Nature Play i.e. recreational spaces for young people without needing built form	• **Limited housing choices** • **Population growth and urban infill cause increased traffic and limited on-street parking** • Opportunities in Water Sensitive Urban Design, energy efficiency and 'green' infrastructure
Transport & Connectivity • **South Road & Darlington Interchange upgrades** • **Train extension from Tonsley to Flinders University** • Potential risk of isolation to residents that are ageing and mobility impaired • Insufficient and poorly integrated walking & cycling networks	

Key internal pressures and opportunities:	
Service provision • More insightful understanding of customer service needs • Continued focus on driving innovation and continuous improvement in a constrained budgetary environment • Commitment to a full service review • Options for engagement of external providers	***Risk and strategic alignment*** • Several managers departed over the previous 12 months, which can be unsettling, but allows cultural change • A set of agreed "values" being promoted throughout the council to continually inspire high standards of service • An organisation possibly too averse to risk
Financial sustainability • Need for greater collaboration, partnering and innovative funding solutions • Most revenue comes from rates • Decreasing grant opportunities	***Asset reliability and sustainability*** • Significant ageing infrastructure and assets • Investigating innovative asset management/ownership models • Potential for asset disposals • Potential for non-asset solutions for service delivery
Our Valued Employees • The need for all work groups to be aligned in terms of the Strategic Plan and Business Plan 2016-19 • Requirements of Work Health & Safety Act • Vacancy Policy: positions are not filled unless a clear case can be made • Limits to cost reduction due to the “No Redundancy” clause in the EBA	

2.2 Framework of the Annual Business Plan

The Annual Business Plan 2016/17 has been prepared on the following basis:

Supports the achievement of the City of Marion's Strategic Directions

This Annual Business Plan has been reviewed against the Strategic Plan to ensure that council's activities over the next 12 months make the best possible progress towards achieving the community's vision for the future City of Marion.

Addresses issues arising from internal audit reviews and assessments.

Every year council undertakes a number of internal audits. These reviews and assessments have identified a number of key opportunities or requirements for council to improve its operations. This document includes the necessary resources to continue council's independent review process and implement recommendations accordingly.

Maintains an operating surplus ratio of between 0 – 5% over any five consecutive years, with a primary focus being on Cash Flow and Funding

The Independent Inquiry into the Financial Sustainability of Local Government identified that a council with a sustainability ranking of 3 was 'sustainable with a moderate level of comfort'. A category 3 ranking equates to an operating surplus ratio to rates of between 0-5%. Council has committed to maintaining this category after adjusting for any significant 'once off' items.

Continues to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new where it is cost effective to do so

The Annual Business Plan has been prepared taking into consideration Asset Management Plan requirements, outcomes of recent infrastructure audits, targets set for renewal versus depreciation (95-100% as per Asset Management Policy) and a focus on maintaining council's asset base.

Reviews existing services and assets to ensure they meet prioritised community needs

The council continues its rolling process of Service Reviews, aimed at maximising public value through continuously improving its operating efficiency and service performance to the community. This Annual Business Plan has been prepared on the basis of continuing existing services, noting that a rolling program of review is being implemented.

Council only approves new Major Projects where it has the identified funding capacity to do so

Council debt is forecast to decrease from $15.5m to $14.1m between 30 June 2016 and 30 June 2017. With consideration given to its financial ratios, this means that Council has the funding capacity to consider new strategic Major Projects and is currently investigating partnerships to aid in the development of a number of sporting facilities as discussed under Section 4 of this report. Over the term of Council's Long Term Financial Plan borrowings are projected to peak at approximately $27.9m in 2018/19.

Maintains council's position for an average residential rate which remains among the lower rating metropolitan councils

Comparative 2015/16 data shows that council's average residential rate continues to remain among the lower rating metropolitan councils, with its current position ranking being the 5th lowest of 18 metropolitan councils.

Implement responses for progressing liveable cities strategies and funding opportunities within Marion.

The 30 Year Plan for Greater Adelaide identified the "Southern Corridor" (Adelaide to Noarlunga rail line and the 'Tonsley Spur' line) as a housing growth opportunity. It is anticipated that the corridor will provide for an additional 19,500 dwellings and 36,400 net additional population as a key contributor in the overall 82,000 additional people and 43,000 additional jobs anticipated for the southern region over the next 30 years.

The City of Marion continues to ensure progress on key urban development projects identified in the Southern Corridor are aligned with its ongoing strategic planning. Elected Members are acutely aware, however, of the need to resolve the tension between the urban infill required by the State Government's 30 Year Plan versus the expectations of residents living on traditional large housing blocks.

3. Continuing and improving services

All councils have responsibilities under the *Local Government Act 1999* and other relevant legislation to deliver services for the community. Council is committed to maintaining all services including, but not limited to:

Ongoing Services	Enabling Services
Land use and development planning	Strategic management
Development and building assessments	Organisational excellence
Facilitation of urban developments	Strategic asset management
Local Government searches	Financial management
Economic planning and leadership	Governance support
Environmental planning & leadership	Communications & marketing
Biodiversity management	Human resources & workforce planning
Waste services	ICT & knowledge management
Water management	Operational support
Infrastructure management	
Community facilities management	
Reserves, parks and gardens management	
Arts and cultural promotion and support	
Library services	
Sports & recreation promotion and support	
Community capacity building and development	
Inspection, regulation and control	
Emergency planning & response	
Community care	
Immunisation services	
Public health planning	

Council participates in a number of benchmarking programs which focus on ensuring council's service programs, efficiency and effectiveness are of a high standard.

4. Project priorities

Council has considered its areas of highest strategic priority and potential strategic initiatives to progress these priorities.

Council plans to make progress with the following major projects in 2016/17:

- new soccer pitches and a BMX track in the South of the City
- an indoor multipurpose 4 court stadium and building upgrades at the Mitchell Park Sports and Community Club
- the Edwardstown Oval Masterplan

Each of these strategic projects will involve significant collaboration, the consideration of options and partnership funding.

Council will also continue to consider priorities for other initiatives throughout the year.

Asset Management

Council has been moving towards a stronger long-term planning approach to community assets – it manages over $1 billion of assets including roads, footpaths, drains, community buildings, parks and reserves on behalf of the community. The asset management planning process provides a long term approach to ensuring infrastructure and facilities continue to provide the services required by the community. Council continues to develop, implement and review its Asset Management Policy and Plans with a focus on whole-of-life asset management, including maintenance and renewal of assets.

Key initiatives in maintenance, renewal and replacement of community assets and facilities for 2016/17 include:

- Reviewing our existing asset base in light of:
    - Increasing costs to maintain and renew our existing asset base
    - Understanding which assets could better meet community needs
    - Investigating innovative asset management models e.g. share community use, public private partnerships and related opportunities
- The renewal of council's assets with forecast spends of approximately $13.7m, including:
    - Capital renewal of council's roads and kerbs with a forecast spend of approximately $6.5m.
    - Improving Marion's existing footpath network at a cost of $1.6m.
- Preparation of building renewal plans for all council buildings

5. Measuring our success

Monitoring performance is a critical element of strategic planning management. It is the mechanism for critically ensuring that council is contributing to the achievement of both the Strategic Plan and the 3-year Business Plan 2016-19.

Our Key Performance Indicator (KPI) dashboard for 2016/17 (provided in the table below) takes account of council's objectives over the next three years.

	Key Performance Indicator	**Measure/Range 2016/17**
A	Delivery within 5% parameters of agreed annual budget	(95% - 105%)
B	Delivery of agreed projects identified in the Annual Business Plan and the first year targets in the 3-year plan	95% or greater
C	Lost Time Injury Frequency Rate	Reduction of 25% in the LTIFR from the previous year's result
D	Staff net numbers (full time equivalent, employee and agency)	A reduction
E	Retention of key staff	Equal to or greater than 95%
F	Community Satisfaction. Overall satisfaction with each of (1) community facilities (2) sports facilities (3) events	Greater than 75%

We will report on our progress against our 2016/17 KPI dashboard in our 2016/17 Annual Report.

6. Funding the Annual Business Plan

An operating surplus of $7.653m before capital revenues is forecast for 2016/17. An operating surplus is required to fund the renewal of existing infrastructure in accordance with council's asset management plans.

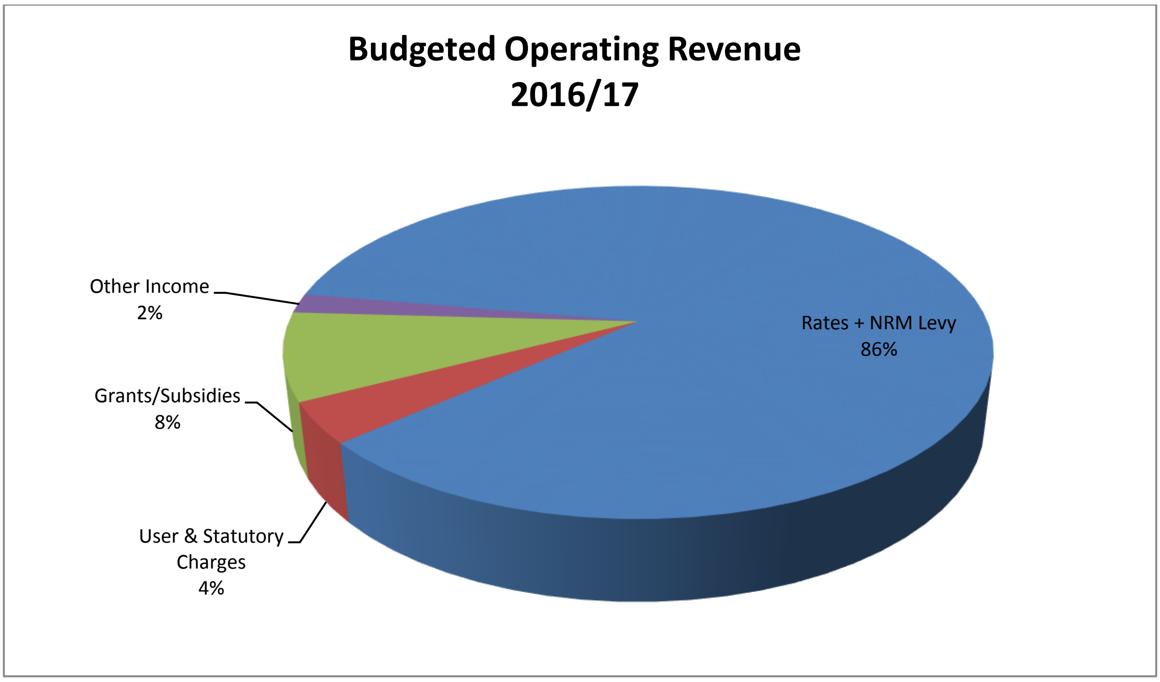
6.1 Budgeted Income Statement

Budgeted Income Statement	Budget 2015/16 $'000	Budget 2016/17 $'000	Variance $'000
Operating Revenue			
Rates - General	68,489	70,829	2,340
Rates - NRM Levy *	1,569	1,628	59
Statutory Charges	1,630	1,751	121
User Charges	1,633	1,599	(34)
Grants/Subsidies	6,324	7,211	887
Investment Income	270	265	(5)
Reimbursements	770	619	(151)
Other Revenue	536	384	(152)
Share of Profit/(Loss) SRWRA	315	324	9
Total Operating Revenue	**81,536**	**84,610**	**3,074**
Operating Expenditure			
Employee Costs	32,139	33,021	882
Contractor Services	14,561	16,886	2,325
Materials	4,668	5,193	525
Finance Charges	1,343	948	(395)
Depreciation	13,821	14,020	199
Other Expenses	6,104	6,889	785
Total Operating Expenditure	**72,636**	**76,957**	**4,321**
Operating Surplus/(Deficit) before Capital Revenues	**8,900**	**7,653**	**(1,247)**
Capital Grants and Contributions	-	-	-
Physical resources received free of charge	1,500	1,500	-
Net Surplus/(Deficit) resulting from Operations	**10,400**	**9,153**	**(1,247)**

* Note: The NRM Levy is collected by Council on behalf of the Adelaide and Mt Lofty Ranges Natural Resources Management Board.

6.2 Operating Revenue

The main source of income for council is rate revenue; making up 84% of total council revenue in 2016/17, with other sources being government regulated fees for statutory services, an environment of diminishing levels of untied federal grant monies, as well as other grants from State and Federal government.



General Rates

Council's revenue in 2016/17 includes $70.8m to be raised in general rates. The budget has been developed on the basis of an average rate increase of 2.5% (excluding new developments and capital improvements). This rate is based upon forecast CPI of 1.75% + 0.75% to fund infrastructure renewal and upgrade works. In setting rates for 2016/17, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2016/17.

Growth for new developments and capital improvements is forecast at 1% for 2016/17. This predominantly is the result of new housing in Marion and property improvements as reported by the Valuer General. The revenue created by this growth will cover the increased costs of servicing a growing community which includes the requirement to maintain and provide for the replacement of infrastructure such as stormwater drainage and transport networks.

Other Sources of Revenue

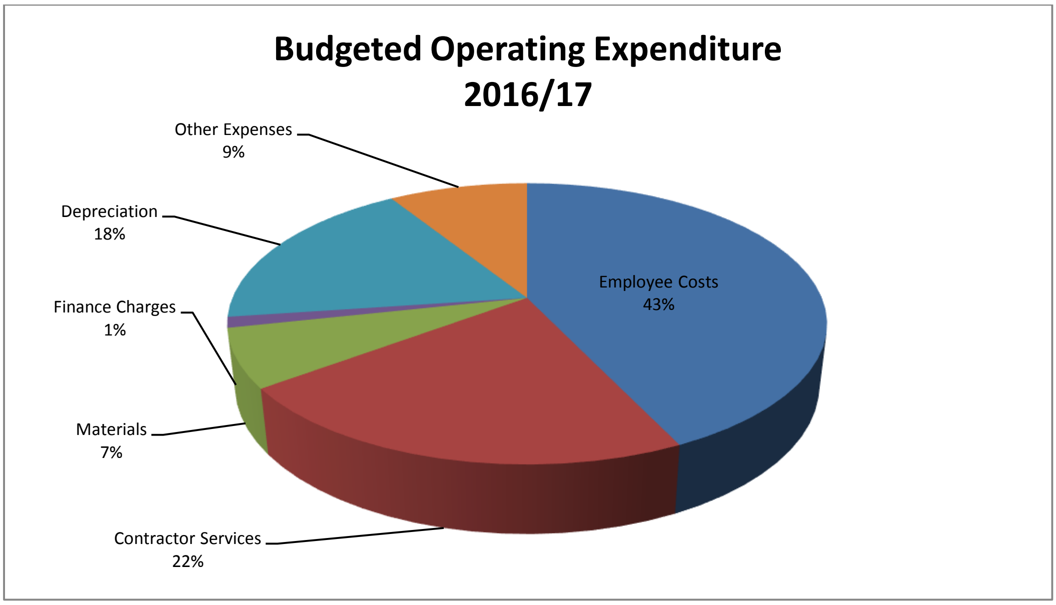
- **User Charges set by council** – Relate mainly to the recovery of service delivery costs through the charging of fees to users of council's services. These include charges for the use of council's community facilities, swimming pool admission and the like.

- **Statutory Charges set by State Government** – Relate mainly to fees and fines levied in accordance with legislation and include development application fees, health act registrations and parking fines.

- **Grants and Subsidies** – Grants include all monies received from State and Federal sources for the purpose of funding the delivery of council's services to ratepayers and for the funding of the capital works program.

6.3 Operating Expenditure

Council's operating expenses are forecast to increase to $76.96m in 2016/17.



Employee Costs

Employee Costs are forecast to increase by 1.2% after fully allowing for increases included in existing staff Enterprise Agreements and recognising on-going gross savings in the order of $447k realised through an organisational restructure. With the inclusion of additional temporary resources to the Open Space team ($335k) to progress the Open Space works program and additional grant funded positions ($151k) this brings the overall increase to 2.74% ($882k). Employee costs include all labour related expenditure such as wages, salaries and "on-costs" such as allowances, leave entitlements, employer superannuation, workers compensation and agency staff. The Long Term Financial Plan, of which this budget is the first year, forecasts growth in Total Employee Costs to be capped at a rate of 2% per annum.

Contractor Services

Contractor services relate mainly to the provision of council services by external providers. This expenditure is forecast to increase by $2.3m primarily as a result of the provision of additional funding in 2016/17 for the upgrade of council's aging core IT infrastructure and associated maintenance agreements ($380k), funding for new grant funded projects ($138k), funding for a new council energy efficiency project ($125k), increased funding for the maintenance of community occupied facilities ($350k), open space resourcing ($205k), increased waste dumping levy ($300k) and other new initiatives in the order of $178k.

Materials

The forecast increase of $525k in materials costs predominantly relates to the increase in water and other utility costs, coupled with an increased funding level required for an improved service level in relation to reserve irrigation.

6.4 Capital Revenue

Capital Grants and Contributions

Council does not currently expect to receive any capital grants in 2016/17; however, any grant funding opportunities will be actively pursued as they arise as this is an important source of revenue for council.

6.5 Budgeted Capital Expenditure

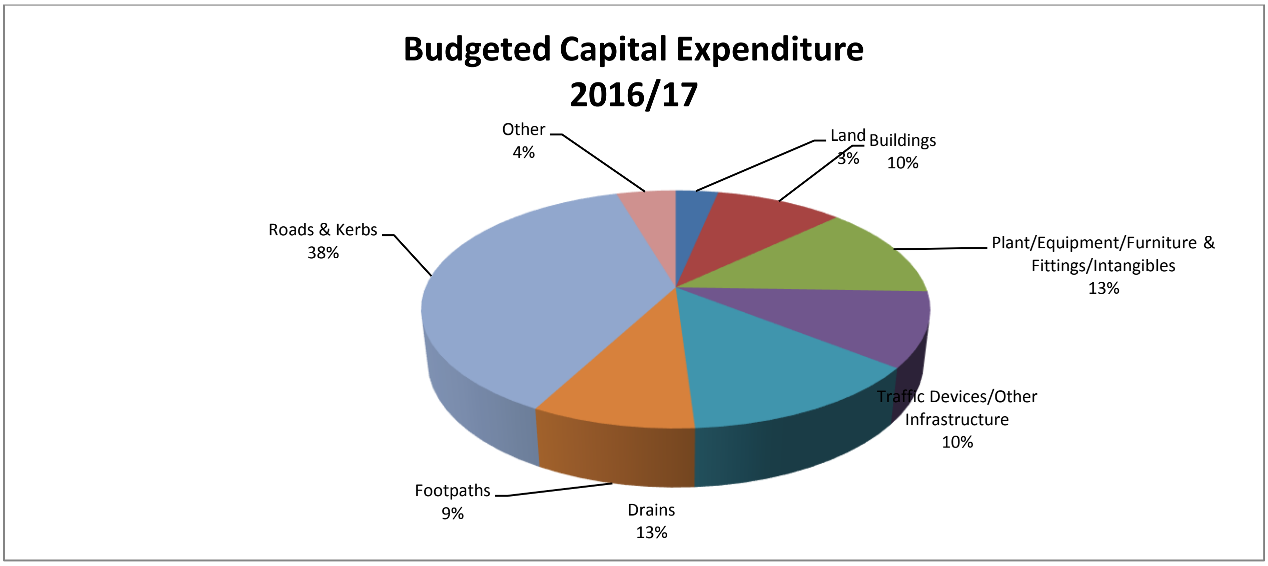
The 2016/17 Budgeted Statement of Capital Expenditure forecasts total capital expenditure of $18.598m including $13.673m renewal and $4.925m new and upgrade.

The significant decrease in 'Buildings' relates predominantly to the completion of construction of council's two major projects in 2015/16, being the Cove Civic Centre and the City Services Redevelopment.

Note: Maintenance of existing infrastructure assets is appropriately included in operating expenditure.

The following table summarises council's planned Capital Works Program for 2016/17.

Capital Expenditure	Budget 2015/16 $'000	Budget 2016/17 $'000	Variance $'000
Land	1,151	601	(550)
Buildings	6,075	1,805	(4,270)
Infrastructure:			
Roads & Kerbs	5,504	7,016	1,512
Drains	2,372	2,474	102
Footpaths	1,721	1,631	(90)
Traffic Control Devices	178	331	153
Other	479	1,557	1,078
Plant and Equipment	1,333	2,164	831
Furniture and Fittings	175	180	5
Other	873	839	(34)
Total Capital expenditure	**19,861**	**18,598**	**(1,263)**
Represented By:			
Capital Expenditure			
Assets - New	6,504	4,925	(1,579)
Assets - Renewal	13,357	13,673	316
	19,861	**18,598**	**(1,263)**



6.6 Financing the Budget

Financing the budget refers to the use of borrowings or available cash balances to meet any shortfall between expenditure (both operating and capital) and revenue.

Net Lending/(Borrowing)	Budget 2015/16 $'000	Budget 2016/17 $'000
Operating Surplus/Deficit before Capital Amounts	8,900	7,653
less: Net Outlay on Existing Assets		
Capital expenditure on asset renewal/replacement	13,357	13,673
less Depreciation/Ammortisation	(13,821)	(14,020)
	(464)	**(347)**
less: Net Outlay on New/Upgrade Assets		
Capital expenditure on New & Upgrade Assets	6,504	4,925
less Capital Grants	0	0
	6,504	**4,925**
Adjustments		
Share of Equity - Southern Region Waste Resource Authority	(315)	(324)
	(315)	**(324)**
Net Lending/(Borrowing)	**2,545**	**2,751**

The table above identifies the council's net lending/(borrowing) result. Council's budget for 2016/17 is expected to result in a net lending position of $2.751m, which will lead to a decrease in the level of net financial liabilities in 2016/17 of the equivalent amount.

Financing transactions associated with accommodating the expected net lending result in 2016/17 are as follows:

Financing Transactions		Budget 2015/16 $'000	Budget 2016/17 $'000
New Borrowings		5,388	0
less: Repayment of Principal on Borrowings		(2,314)	(1,400)
less: Increase/(Decrease) in Cash & Investments			
	Transfers from/(to) Reserves	(5,619)	(2,031)
	Cash Drawdowns/(Investment)	0	680
Equals: Financing Transactions		**(2,545)**	**(2,751)**

6.7 Borrowings

No additional borrowings are forecast in 2016/17, and as such principal repayments of existing loans will result in a forecast balance outstanding as at 30 June 2017 of $14.1m.

6.8 Financial Ratios

To assist council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. Where a council target has not been adopted, the recommended Local Government Association (LGA) target has been used. The following table details these financial indicators and whether or not the prescribed target has been achieved over the five years up to the end of 2016/17.

Ratio	Target	2016/17 Budget	5 Year Average	On Track
Operating Surplus	0% - 5%	10.8%	10.1%	*
Asset Sustainability	95% - 100%	97.5%	79.9%	*
Asset Consumption	80% - 100%	89.2%	84.1%	✓
Net Financial Liabilities	0% - 50%	1.9%	N/A	✓
Debt Servicing	0% - 5%	3.3%	N/A	✓

* The Operating Surplus Ratio is forecast to exceed the currently adopted target of 0–5%. This is primarily due to substantial on-going gross savings in operational expenditure achieved in 2015/16 in the order of $3.2m now embedded in councils cost structures. Additionally, further forecast on-going gross savings in the order of $447k achieved by organisational restructuring have been incorporated into the 2016/17 budget. These savings have had a significant impact on the operating surplus ratio, bringing the current year figure to 10.8% and the 5 year rolling average to 10.1%. The forecast surplus is required to provide the funding necessary to meet the costs of delivering services and projects to the community in 2016/17 including the renewal and upgrade of existing community assets over time to maintain community service standards and expectations.

Council's recently adopted Asset Management Plans (AMP's) are progressively being integrated within the LTFP, when this integration is fully complete it will provide a greater degree of clarity as to Council's capital renewal funding requirements.

The 5-year average Asset Sustainability ratio of 79.9% falls outside of the target range of 95 – 100%. The 5-year average has been impacted by the actual 2013/14 Asset Sustainability Ratio of 57%, as reported in council's audited Annual Financial Statements. This has caused a considerable reduction in the 5-year average. The 2013/14 result was negatively impacted by a significant amount of capital renewal expenditure ($3.65m) being carried over into 2014/15. In preparing the 2016/17 Annual Business Plan & Budget, the assumption has been made that the capital renewal program for 2015/16 will be fully completed and the forecast ratio over the LTFP is 103.7%.

All other ratios are within their targeted ranges. Meeting these targeted ranges is consistent with Council meeting its objective of long-term financial sustainability.

7. What it means for your rates

7.1 Your rates in 2016/17

Rates account for 84 per cent of council's operating revenue. They are essential for providing community services and infrastructure.

Council strategic and financial plan parameters include a commitment to maintain its position for an average residential rate which remains among the lower rating metropolitan councils. Comparative 2015/16 data shows that council's average residential rate continues to remain among the lower rating metropolitan councils position ranking 5th lowest of 18 metropolitan councils.

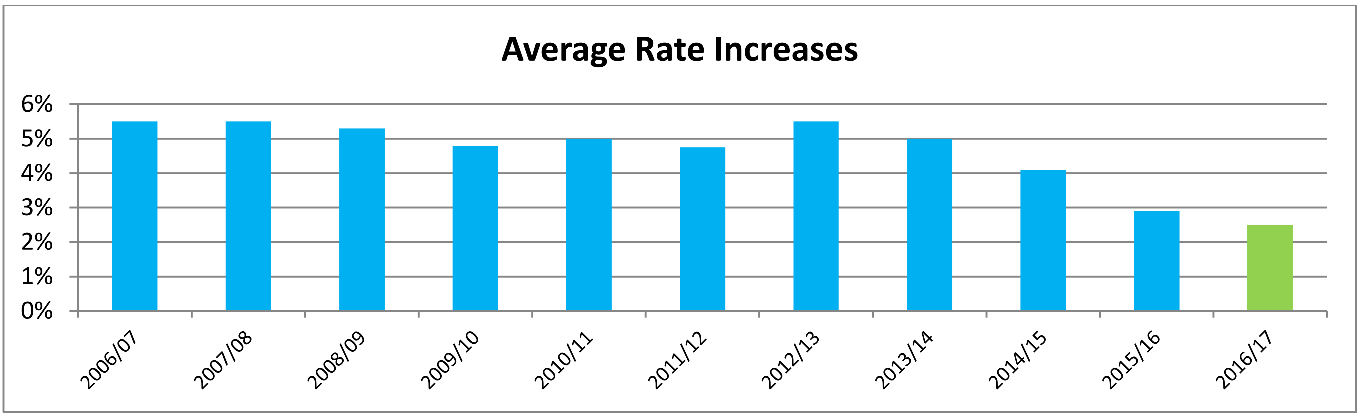
With changing community needs and other external influences impacting on the community, there is a need for council to consider how to plan more effectively, both for the longer term and more immediate community benefit. The rate increase is set at a level that provides confidence that services will be maintained and that a significant capital expenditure program is planned to maintain council's assets.

Since the introduction of mandatory long-term financial planning obligations, council has acted to return its financial position from a large operating deficit to an operating surplus. This approach has been further supplemented by an annual budget review process aimed at reducing service delivery costs to a minimum.

Following considerable budget deliberation and public consultation, Council has determined the total amount of rate revenue required to deliver quality services to the community in addition to funding the projects that will be provided in 2016/17. The Annual Business Plan is based on an average rate increase of 2.5%, (based upon a forecast CPI of 1.75% + 0.75% to fund infrastructure renewal and upgrade works). This is after taking into account any other revenue sources such as fees, charges, grants and other income that will be received. This will also contribute to the necessary funding for planned capital renewal programs in 2016/17. However, it is to be noted that actual rates payable by a rate payer will, in fact, vary according to individual property valuations, according to the attributed land use, and whether there has been any new development or capital improvement at the land. Council is aware of the impact of rate increases on sections of the community and will review is Rating Policy on an on-going basis with regard to a fair and equitable distribution of rates.

The outcomes of community consultation, as well as a balance between achieving the strategic directions, maintaining services and assets, ensuring financial and environmental sustainability, supporting intergenerational equity and making provision for those in the community who are experiencing hardship, have been considered in setting the rate increase, which will form the basis of the Annual Business Plan.

The following average rate increases have applied since 2006/07:

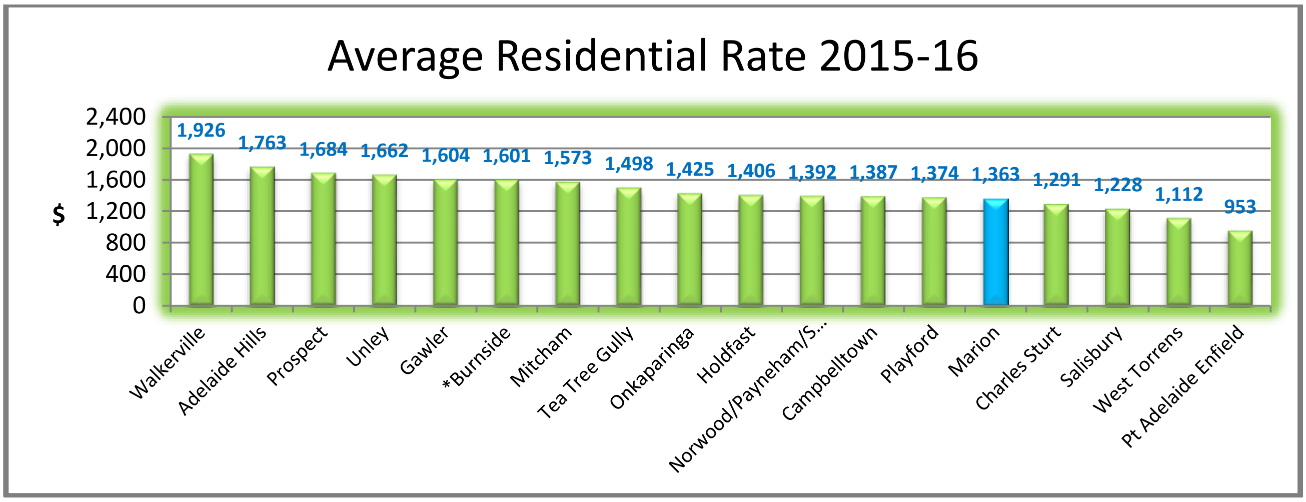


	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	**2016/ 2017**
Ave Rate Increase	5.2	5.5	5.3	4.8	5.0	4.75	5.5	5.0	4.1	2.9	**2.5**
Growth	1.2	1.4	2.0	1.8	1.4	1.6	1.3	1.0	1.0	1.18	**1.48**
Total	**6.4**	**6.9**	**7.3**	**6.6**	**6.4**	**6.35**	**6.8**	**6.0**	**5.1**	**4.08**	**3.98**

Note: Growth is predominantly the result of new housing in Marion and property improvements as reported by the Valuer General.

7.2 Rating Impact Analysis - Residential

The graph presented below illustrates council's relative rating effort compared to other Adelaide metropolitan councils. In 2001/02 council's relative rating position compared with other Adelaide metropolitan councils was 9th lowest. Council has consistently remained at or below this level since this time and was ranked at 6th lowest in 2014/15 and moved to 5th lowest in 2015/16.



Note: Comparative data for the 2016/17 year will be available following the release of the LGA Council Rates Survey which is typically released in the first quarter of the next calendar year.

* Burnside Council's rate is 2014-15 data (no data available for 2015-16)

7.3 Rating Impact Analysis - Commercial

Council currently derives 18% (2015/16: 18%) of its rate revenue from the Commercial and Industrial sectors. Commercial and Industrial users consume a greater proportion of council resources than residential properties, particularly in regard to the use of roads, footpaths, traffic, parking, storm water drainage, public health and environment.

Council uses a differential rating system to raise revenue based upon its Land Use and will continue to do so to ensure a fair and equitable distribution of rates within the City of Marion. The differential rate is charged in addition to the normal rate. In applying this approach, council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories. Differential rates to apply to land use are as follows:

Commercial	85%	(2015/16: 85%)
Industrial	70%	(2015/16: 65%)
Vacant Land	100%	(2015/16: 90%)

The following table shows a comparison of differential rating percentage applied to commercial and industrial properties by a number of Adelaide metropolitan councils in 2015/16.

2015/16 Comparison Differential Percentage			
Council	Commercial	Industrial	Vacant Land
Playford	513%	513%	No differential
Charles Sturt	211%	299%	202%
West Torrens	136%	136%	136%
Unley	125%	89%	89%
Port Adelaide Enfield	116%	116%	116%
Prospect	112%	112%	25%
Gawler	108%	108%	50%
Mitcham	101%	101%	101%
Marion	85%	65%	90%
Walkerville	55%	55%	55%
Tea Tree Gully	50%	50%	100%
Holdfast	50%	50%	50%
Salisbury	47%	47%	30%
Onkaparinga	31%	31%	58%
Norwood Payneham St Peters	20%	20%	20%
Average	117%	119%	80%

7.4 Valuation Method

Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all of the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity or use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

Capital value has continued to be used as the basis for valuing land within the council area. This method of valuing land provides the fairest method of distributing the rate responsibility 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, 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 significantly more than the average rate per property.

7.5 Separate Rates

The City of Marion is in the Adelaide and Mount Lofty Ranges Natural Resources Management Board area and is required under the Natural Resources Management Act 2004 to fund the operations of the Board. It does so by imposing a separate rate for all properties within the city.

Council is operating as a revenue collector for the Natural Resources Management Board in this regard. It does not retain this revenue or determine how the revenue is spent.

7.6 Minimum Amount

A minimum amount is levied against the whole of an allotment (including land under a separate lease or licence) and only one minimum amount is levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. The reasons for imposing a minimum amount are:

- the council considers it appropriate that all rateable properties make a contribution to the cost of administering the council's activities;
- the council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.
- no more than 35% of properties will be subject to the minimum amount.

No maximum amount of rates is applied against an allotment.

7.7 What Assistance is available?

Rebate of Rates

The Local Government Act 1999 requires councils to rebate the rates payable for certain land uses. This includes land used for health and community services, religious purposes, cemeteries, educational institutions and housing associations.

The mandatory rebates vary from 75% to 100%. People or bodies seeking a rebate must make a written application to Council. Information and application forms can be obtained from the Council office at 245 Sturt Rd, Sturt. Applications for Discretionary Rebates must be received by 31 May 2016 for consideration in the following financial year.

Rate Capping (Discretionary Rebate)

Section 166 (1) (l) of the Local Government Act provides for the discretionary rebate of rates.

Council will provide relief against a substantial increase in rates payable on residential properties by applying a rebate (capping) of general rates to eligible ratepayers.

Council has set a two tiered rate capping policy for the 2016/17 financial year.

Tier 1 – Rate Capping for Qualifying Residential Ratepayers

A rebate of general rates is to be granted to Residential ratepayers on their principal place of residence within the category of residential land use, under the above Act.

The Annual Business Plan 2016/17 sets a 12% rate-cap with a $20 minimum and a $200 maximum (excluding new or improved properties) for ratepayers who meet the Qualifying Criteria set out below.

Tier 2 – Rate Capping for Qualifying Pensioners and Self-Funded Retirees

A rebate of general rates is to be granted to qualifying Pensioners and Self-Funded Retirees, who are residential ratepayers on their principal place of residence within the category of residential land use under the above Act and do not own any other property and meet the Qualifying Criteria set out below.

The Annual Business Plan 2016/17 sets a 9% rate-cap with a $10 minimum and a $300 maximum for those Pensioners and Self-Funded Retirees who meet the qualifying criteria set out below.

Qualifying Criteria:

- The property is the owner's principal place of residence.
- The property has not had more than $20,000 of improvements.
- The property value has not increased due to a zoning change.
- The land use for rating purposes has not changed since 1st July of the previous financial year.
- The property has not sold since the 1st January of the previous financial year.

Rate Capping 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 Rate Capping may lodge an application which will be assessed against the eligible criteria. The application must be lodged by 30 June 2017.

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 rebate of general rates for the 2016/17 financial year will be granted in respect of an Assessment classed as vacant land in the council's Assessment Book where the:

- Principal Ratepayer of the Assessment applies to the council in writing for the rebate prior to 30 June 2017, and

- Dwelling's footings have been poured on the property by 30 June 2017

The amount of the rebate will be the difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential property. This is calculated by the number of days remaining between 1 July 2016 and 30 June 2017 from the date footings are poured for a residence on the land. However, if the calculated rebate reduces the rates payable to less than the amount fixed as the minimum amount payable by way of rates, then the rebate shall be reduced so that the rates payable are equal to the amount of the minimum.

Postponement of Rates – Hardship

Section 182 of the Act permits the council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates they are invited to submit an application in writing to the council's Team Leader Rating Services. The council treats such inquiries confidentially.

Postponement of Rates - Seniors

The following criteria must be satisfied before the postponement is granted.

- The person is a prescribed ratepayer, or the spouse of a prescribed ratepayer.
- A prescribed ratepayer means the holder of a current State Seniors Card or a person eligible to hold such a card who has applied but is yet to be issued with a card.
- Rates are payable on the principal place of residence.
- 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 current mortgage over the property which was registered prior to 25 January 2007 will be no more than 50% of the Valuer-General's capital value of the property.

An application must be made in the prescribed manner and form and be accompanied by such information as the council may require. Any rates which are postponed will become due and payable when:

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

A minimum amount of $500 of the annual rates must be paid.

An entitlement to a concession or remission will be applied to the proportion of the rates that has not been postponed, unless notice to the contrary is received in writing from the owner.

Interest will accrue on the amount postponed at the prescribed rate per month, under the Act until the amount is paid.

Should the entitlement to a postponement cease to exist, the owner of the land must inform council in writing, unless the rates and any interest have been paid in full.

8. Financial Sustainability and Annual Savings

Since 2000, council has continuously improved its strategic and financial planning. This has overturned an operating deficit of $3.6m in 1998/99 to moderate operating surpluses since 2005-2006. In February 2005, following consultation with all SA councils, the public and State Government, the Local Government Association commissioned an Independent Inquiry into the Financial Sustainability of Local Government. The Inquiry's independent advisers, using Grants Commission data, rated the City of Marion as Category 3 – sustainable with a moderate margin of comfort. The framework for preparation of the Annual Business Plan 2016/17 includes commitment to maintaining this Category 3 Financial Sustainability rating on average over each five-year period, with a primary focus being on Cash Flow and Funding.

The Long Term Financial Plan takes account of inflation by assuming an annual inflation rate of 2.5%.

In June 2006 council resolved to adopt a savings target of 2% per annum of operating expenditures from the original adopted budget.

Following the adoption of the 2014/15 budget there was a concerted effort and strong focus on achieving efficiency and effectiveness savings across the organisation, with the intention that identified on-going savings can be passed onto rate payers to reduce their financial burden. As a result of this effort, the 2015/16 Budget was developed based upon gross ongoing savings in the order of $3.2m. These savings have been achieved without affecting any of Council's key services and have been carried over into the 2016/17 Budget.

Since 2003 Council's savings program has identified the level of annual savings (cost reduction/productivity) achieved by the organisation each financial year. Guidelines have been prepared to ensure that confirmed savings identified are allocated to provide a balance between funding new service improvements from the Strategic Plan and improving council's financial position. This reduces the reliance on rate revenue to achieve community objectives. Savings of $12.0m have been identified to date through council's savings program to the end of 2014/15.

The savings in each case were not at the expense of service delivery. Some examples of work that have resulted in these improvements are as follows:

- Successful contract negotiations.
- Process improvement.
- Partnership with State and Federal Government (i.e. Grants which minimise Council's costs).
- Auditing and review of existing expenditures.
- Improved methods of service delivery.

APPENDICES

Budget 2016/17

Policies

Appendix 1. Budgeted Income Statement

Budget 2015/16 $'000	3rd Review 2015/16 $'000	CITY OF MARION Budgeted Income Statement	Budget 2016/17 $'000
		Operating Revenue	
68,489	68,386	Rates - General	70,829
1,569	1,573	Rates - NRM Levy	1,628
1,630	1,741	Statutory Charges	1,751
1,633	1,796	User Charges	1,599
6,324	5,839	Grants/Subsidies	7,211
270	702	Investment Income	265
770	843	Reimbursements	619
536	553	Other Revenue	384
315	315	Share of Profit/(Loss) SRWRA	324
81,536	**81,748**	**Total Operating Revenue**	**84,610**
		Operating Expenditure	
32,139	31,833	Employee Costs	33,021
14,561	17,705	Contractor Services	16,886
4,668	4,727	Materials	5,193
1,343	700	Finance Charges	948
13,821	13,877	Depreciation	14,020
6,104	6,278	Other Expenses	6,889
72,636	**75,120**	**Total Operating Expenditure**	**76,957**
8,900	**6,628**	**Operating Surplus/(Deficit) before Capital Revenues**	**7,653**
-	-	Capital Grants and Contributions	-
1,500	1,500	Physical resources received free of charge	1,500
10,400	**8,128**	**Net Surplus/(Deficit) resulting from Operations**	**9,153**

Appendix 2. Budgeted Statement of Financial Position

Budget 2015/16 $'000	3rd Review 2015/16 $'000	CITY OF MARION Budgeted Statement of Financial Position	Budget 2016/17 $'000
		Current Assets	
18,421	20,397	Cash	21,747
3,545	4,036	Receivables	4,036
172	166	Inventory	166
22,138	**24,599**	**Total Current Assets**	**25,949**
		Current Liabilities	
9,049	10,142	Creditors	10,142
2,291	2,291	Provisions	2,291
1,839	1,360	Loans	1,444
13,179	**13,793**	**Total Current Liabilities**	**13,877**
8,959	**10,806**	**Net Current Assets/(Liabilities)**	**12,072**
		Non-Current Assets	
4,924	5,435	Investment in Regional Subsidiaries	5,759
345,093	344,715	Land	345,336
111,157	94,684	Buildings	91,892
649,492	660,262	Infrastructure	667,706
7,696	6,821	Equipment	7,716
441	539	Furniture & Fittings	685
10,576	20,320	Other	20,085
1,129,379	**1,132,776**	**Total Non-Current Assets**	**1,139,179**
		Non-Current Liabilities	
527	857	Provisions	857
23,251	14,129	Loans	12,645
23,778	**14,986**	**Total Non-Current Liabilities**	**13,502**
1,114,560	**1,128,596**	**Net Assets**	**1,137,749**
		Equity	
368,320	372,074	Accumulated Surplus	379,196
746,240	756,522	Reserves	758,553
1,114,560	**1,128,596**	**Total Equity**	**1,137,749**

Appendix 3. Budgeted Statement of Changes in Equity

CITY OF MARION Budgeted Statement of Changes in Equity			
Budget 2015/16 $'000	3rd Review 2015/16 $'000		Budget 2016/17 $'000
		Accumulated Surplus	
363,539	360,929	Balance at beginning of period	372,074
10,400	8,128	Net Surplus/(Deficit)	9,153
0	13,601	Transfers from Reserves	127
(5,619)	(10,584)	Transfers to Reserves	(2,158)
368,320	**372,074**	**Balance at end of period**	**379,196**
		Asset Revaluation Reserve	
736,479	740,335	Balance at beginning of period	740,335
736,479	**740,335**	**Balance at end of period**	**740,335**
		Open Space Reserve	
888	857	Balance at beginning of period	867
22	10	Net change	18
910	**867**	**Balance at end of period**	**885**
		Other Reserves	
3,254	18,347	Balance at beginning of period	15,320
5,597	(3,027)	Net change	2,013
8,851	**15,320**	**Balance at end of period**	**17,333**
746,240	756,522	**Total Reserves**	758,553
1,114,560	**1,128,596**	**Total Equity**	**1,137,749**

Appendix 4. Budgeted Statement of Cash Flows

Budget 2015/16 $'000	3rd Review 2015/16 $'000	CITY OF MARION Budgeted Statement of Cash Flows	Budget 2016/17 $'000
		Cash Flows from Operating Activities	
80,921	81,133	*Receipts*	84,286
(58,815)	(61,243)	*Payments*	(62,937)
22,106	**19,890**	**Net Cash Provided by Operating Activities**	**21,349**
		Cash Flows from Financing Activities	
		Receipts	
5,388	5,260	Loans Received	0
		Payments	
(2,314)	(1,671)	Principal	(1,400)
3,074	**3,589**	**Net Cash (Used In) Financing Activities**	**(1,400)**
		Cash Flows from Investing Activities	
		Receipts	
0	0	Capital Grants/Subsidies & Contributions/Investments	0
		Payments	
(19,560)	(25,520)	Purchase of IPP&E	(18,599)
(19,560)	**(25,520)**	**Net Cash (Used In) Investing Activities**	**(18,599)**
5,619	(2,041)	**Net Increase/(Decrease) in Cash Held**	1,350
12,801	22,438	**Cash at Beginning of Reporting Period**	20,397
18,421	**20,397**	**Cash at End of Reporting Period**	**21,747**

Appendix 5. Budgeted Funding Statement

Budget 2015/16 $'000	3rd Review 2015/16 $'000	CITY OF MARION Budgeted Funding Statement Budget	Budget 2016/17 $'000
		Operating Revenue	
70,058	69,959	**Rates**	72,457
1,630	1,741	**Statutory Charges**	1,751
1,633	1,796	**User Charges**	1,599
6,024	5,839	**Operating Grants & Subsidies**	7,211
270	702	**Investment Income**	265
770	843	**Reimbursements**	619
536	553	**Other**	384
315	315	**Net gain - SRWRA**	324
81,236	**81,748**		**84,610**
		Operating Expenses	
32,139	31,833	**Employee Costs**	33,021
14,561	17,705	**Contractual Services**	16,886
4,668	4,727	**Materials**	5,193
1,343	700	**Finance Charges**	948
13,821	13,877	**Depreciation**	14,020
6,104	6,278	**Other**	6,889
72,636	**75,120**		**76,957**
8,600	**6,628**	**Operating Surplus/(Deficit) before Capital Revenues**	**7,653**
		Capital Revenue	**-**
-	-	**Capital Grants & Subsidies**	-
1,500	1,500	**Contributed Assets**	1,500
-	-	**Gain/(Loss) on Asset Disposal**	-
1,500	**1,500**		**1,500**
10,100	**8,128**	**Net Surplus/(Deficit) resulting from operations**	**9,153**
13,821	13,877	***add* Depreciation**	**14,020**
315	315	***less* Share of Profit SRWRA (excluding dividend)**	324
23,606	**21,690**	**Funding available for Capital Investment**	**22,849**
		Capital	
13,057	12,382	***less* Capital Expenditure - Renewal**	13,673
6,504	13,439	***less* Capital Expenditure - New**	4,925
1,500	1,500	***less* Capital - contributed assets**	1,500
2,545	**(5,631)**	**Net Overall lending/(borrowing)**	**2,751**

Budget 2015/16 $'000	3rd Review 2015/16 $'000	Budgeted Funding Statement	Budget 2016/17 $'000
		Funded by;	
		Loans	
5,388	5,260	**Loan Principal Receipts (Net)**	-
-	-	**Loan Receipts/(Payments) from Sporting Clubs (Net)**	-
2,314	1,671	**less Loan Principal Repayments**	1,400
3,074	**3,589**	**Loan Funding (Net)**	**(1,400)**
		Movement in level of cash, investments and accruals	
-	975	**Cash Surplus/(Deficit) funding requirements**	(680)
(5,619)	3,017	***less* Reserves (Net)**	(2,031)
5,619	**(2,042)**	**Cash/Investments/Accruals Funding**	**1,351**
(2,545)	**5,631**	**Funding Transactions**	**(2,751)**

Appendix 6. Capital Works Program

ROAD RESEAL PROGRAM 2016/17				
Road Name	**Suburb**	**Ward**	**From Street**	**To Street**
John Street	Ascot Park	Woodlands	Wood Street	Fourth Avenue
Chestnut Court	Clovelly Park	Warriparinga	Ash Avenue	Cul-De-Sac
English Avenue	Clovelly Park	Woodlands	Beaumont Street	Percy Avenue
Newton Avenue	Clovelly Park	Woodlands	Wingfield Avenue	Beverley Street
Percy Avenue	Clovelly Park	Woodlands	Daws Road	Thirza Avenue
Thirza Avenue	Clovelly Park	Woodlands	Rail Line	Beaumont Street
Windsor Avenue	Clovelly Park	Woodlands	English Avenue	Celtic Avenue
York Avenue	Clovelly Park	Woodlands	Princes Parade	English Avenue
Dumbarton Avenue	Edwardstown	Woodlands	Towers Terrace	Railway Terrace
Gilpipi Avenue	Edwardstown	Woodlands	Kordando Terrace	Service Lane
Konando Terrace	Edwardstown	Woodlands	South Road	Allambee Avenue
Glandore Laneway	Glandore	Woodlands	Maude Street	Pleasant Avenue
Rellum Street	Glengowrie	Mullawirra	Alfred Street	William Street
Central Avenue	Hallett Cove	Coastal	Second Street	Clifftop Crescent
Clifftop Crescent	Hallett Cove	Coastal	Fryer Street	Central Avenue
Glenway Road	Hallett Cove	Coastal	Nalimba Street	Cul-De-Sac
Hedgerow Crescent	Hallett Cove	Coastal	Quinvale Road South	Quinvale Road North
Jupiter Street	Hallett Cove	Coastal	Vennachar Drive	Arachne Drive
Karatta Court	Hallett Cove	Coastal	Manoora Drive	Cul-De-Sac
Karen Court	Hallett Cove	Coastal	Arachne Drive	Cul-De-Sac
Kooraka Court	Hallett Cove	Coastal	Manunda Way	Cul-De-Sac
Kurnabinna Terrace	Hallett Cove	Coastal	The Cove Road	Cul-De-Suc
Lerunna Avenue	Hallett Cove	Coastal	Capella Drive	Berringa Street
Mema Court	Hallett Cove	Coastal	Yarromie Street	Cul-De-Sac
Mirrabooka Court	Hallett Cove	Coastal	Mirrabooka Crescent East	End Of Loop
Mirrabooka Crescent	Hallett Cove	Coastal	Kanowm Street	Mirrabooka Crescent
Mistral Court	Hallett Cove	Coastal	Constellation Street	Cul-De-Sac
Nannigai Drive	Hallett Cove	Coastal	Capella Drive	Mirrabooka Crscent
Omeo Close	Hallett Cove	Coastal	The Cove Road	Cul-De-Sac
Osmanli Drive	Hallett Cove	Coastal	Parsee Court	Dart Street
Peera Street	Hallett Cove	Coastal	Boonga Street	Pennayoona Street
Pennayoona Street	Hallett Cove	Coastal	Peera Street	End
Prescott Court	Hallett Cove	Coastal	Arachne Drive	Cul-De-Sac
South Avenue	Hallett Cove	Coastal	First Street	Third Street
Thermopylae Crescent	Hallett Cove	Coastal	Thermopylae Court	Narida Street
Angas Crescent	Marino	Coastal	Dring Crescent	Newland Avenue
Bundarra Road	Marino	Coastal	Caralue Road	Trumara Road
Kulanda Road	Marino	Coastal	Yomara Road	Kulanda Road East
Marine Parade	Marino	Coastal	Allan Street	Murto
Mcconnell Avenue	Marino	Coastal	Jervios Terrace	Ronald Crescent
Robertson Place	Marino	Coastal	Jervios Terrace	Rockford Place
Shaftesbury Terrace	Marino	Coastal	Shaftesbury Terrace Row	Jervois Terrace
Sheidow Place	Marino	Coastal	Sheidow Terrace	Dead End
Sheidow Terrace	Marino	Coastal	Bundarra Road	Yomara Road
Beauford Avenue	Marion	Warriparinga	Oaklands Road	Coolah Terrace
Betty Street	Marion	Warriparinga	Avalon Road	Perry Avenue
Chapel Lane	Marion	Warriparinga	Oliphant Avenue	Nixon Street
Farne Terrace	Marion	Warriparinga	Avalon Road	Cutting Road
Finniss Street	Marion	Warriparinga	Secafien Avenue	Larkdale Avenue
Jacob Street	Marion	Warriparinga	Finniss Street	Alison Avenue
Joseph Street	Marion	Warriparinga	Finniss Street	Seccafien Avenue
Tait Avenue Laneways	Marion	Warriparinga	Tait Avenue	Tait Avenue
Arnold Drive	Mitchell Park	Warriparinga	Bruce Avenue	Cul-De-Sac
Bruce Avenue	Mitchell Park	Warriparinga	David Avenue	Cul-De-Sac
Burnley Court	Mitchell Park	Warriparinga	Burnley Grove	Cul-De-Sac
Burnley Grove	Mitchell Park	Warriparinga	Mcinerney Avenue	Burnley Court
Kirra Avenue	Mitchell Park	Warriparinga	Bradley Grove	Cul-De-Sac
Timothy Court	Mitchell Park	Warriparinga	Bradley Grove	Timothy Court End
Trowbridge Avenue	Mitchell Park	Warriparinga	Trowbridge Court	Harkin Avenue
Trowbridge Court	Mitchell Park	Warriparinga	Trowbridge Avenue	Cul-De-Sac

ROAD RESEAL PROGRAM 2016/17 (Continued)				
Road Name	**Suburb**	**Ward**	**From Street**	**To Street**
Ellis Avenue	Morphettville	Mullawirra	Bray Street	Austral Terrace
Empire Rose Court	Morphettville	Mullawirra	Nabotto Court	Cul-De-Sac
Hurst Street	Morphettville	Mullawirra	Hendrie Street	Owen Street
Quirke Street	Morphettville	Mullawirra	Hendrie Street	Everest Street
Tensing Street	Morphettville	Mullawirra	Hendrie Street	Everest Street
Barry Road	Oaklands Park	Warracowie	Shearing Street	Doreen Street
Crew Street	Oaklands Park	Warracowie	Diagonal	No.1 Crew Street
Frank Street	Oaklands Park	Warracowie	Parsons Street	Bowden Grove
Johnstone Road	Oaklands Park	Warracowie	Masters Avenue	Perrin Street
Mark Place	Oaklands Park	Warracowie	Oliphant Avenue	Cul-De-Sac
Osborne Street	Oaklands Park	Warracowie	Morphett Road	Barry Road
Parsons Loop	Oaklands Park	Warracowie	Parsons Street	Frank Street
Pemberton Avenue	Oaklands Park	Warracowie	Pemberton Street	End
Brightman Avenue	Park Holme	Mullawirra	Edwards Avenue	Sandison Avenue
Western Avenue	Park Holme	Mullawirra	Copley Street	Duncan Avenue
Aldridge Avenue	Plympton Park	Mullawirra	Ferry Avenue	Park Terrace
Hawker Street	Plympton Park	Mullawirra	Wilson Street	Blackler Avenue
Park Terrace	Plympton Park	Mullawirra	South Terrace	Milton Avenue
Shakespeare Avenue	Plympton Park	Mullawirra	Ferry Avenue	Park Terrace
Gorda Place	Seacombe Gardens	Warracowie	Morphett Road	Greenasche Grove
Sandery Avenue	Seacombe Gardens	Warracowie	Alderman Avenue	Glamis Avenue
Wilga Street	Seacombe Gardens	Warracowie	Harbrow Grove	Russell Avenue
Wookata Crescent	Seaview Downs	Southern Hills	Hanson Aveune	End
Charles Tank Drive	Sheidow Park	Southern Hills	Great Eastern Avenue	Woodend Road
Currie Court	Sheidow Park	Southern Hills	Oakbank Crescent	Dead End
Eaton Court	Sheidow Park	Southern Hills	Hugh Johnson Drive	End
Elura Avenue	Sheidow Park	Southern Hills	Elura Court	Coolalie Road
Eurelia Road	Sheidow Park	Southern Hills	Adams Road	Merriwa Road
Kew Court	Sheidow Park	Southern Hills	Pryor Loop	End
Nari Drive	Sheidow Park	Southern Hills	Mathoura Drive	Caroline Close
Werlinga Road	Sheidow Park	Southern Hills	Lander Road	Berrima Road
John Street	South Plympton	Woodlands	Raglan Avenue	Wood Street
Lynton Avenue	South Plympton	Woodlands	Ayre Street	Cross Road
Grandview Grove	Sturt	Warriparinga	Sturt Road	Myer Road
Marion Side Road	Sturt	Warriparinga	Travers Street	Briardale Road
Rosefield Lane	Sturt	Warriparinga	Parkmore Avenue North	Parkmore Avenue South
Deakin Court	Trott Park	Southern Hills	Lyons Circuit	Cul-De-Sac
Hele Court	Trott Park	Southern Hills	Grieve Court	Cul-De-Sac
Lanceley Court	Trott Park	Southern Hills	Drysdale Drive	Cul-De-Sac
Laser Court	Trott Park	Southern Hills	Scarvell Avenue	Cul-De-Sac
Ludgate Avenue	Trott Park	Southern Hills	Ludgate Loop	Woodend Road
Ludgate Loop	Trott Park	Southern Hills	Ludgate Avenue North	Ludgate Avenue South
Meldrum Street	Trott Park	Southern Hills	Heysen Drive	Boyd Court
Nolan Crescent	Trott Park	Southern Hills	Latimer Crescent	Cul-De-Sac
Streeton Court	Trott Park	Southern Hills	Hessing Crescent	Cul-De-Sac
Balmoral Avenue	Warradale	Warracowie	Lindley Avenue	Macarthur Avenue
Cook Crescent	Warradale	Warracowie	Morphett Rd	Dead End
Eucla Avenue	Warradale	Warracowie	Gardiner Avenue	Sunshine Avenue
Hamilton Court	Warradale	Warracowie	Hamilton Avenue	Cul-De-Sac
Mclaughlan Avenue	Warradale	Warracowie	Macarthur Avenue	Lindley Avenue

KERB & WATER TABLE PROGRAM 2016/17				
Road Name	**Suburb**	**Ward**	**From Street**	**To Street**
Allison Street	Ascot Park	Woodlands	John Street	Robert Street
Beaconsfield Terrace	Ascot Park	Woodlands	Marion Road	Linda Street
Charles Street	Ascot Park	Woodlands	Daws Road	Albert Street
Wolseley Terrace	Ascot Park	Woodlands	John Street	Robert Street
Harrow Street	Dover Gardens	Warracowie	Crown Street	Clacton Road
Joyner Street	Dover Gardens	Warracowie	Morphett Rd	Branksome Terrace
Erudina Avenue	Edwardstown	Woodlands	Conmurra Avenue	Konando Terrace
Gilpipi Avenue	Edwardstown	Woodlands	Konando Terrace	Conmura Avenue
Harris Street	Edwardstown	Woodlands	De Laine Avenue	Angus Avenue
Nottingham Crescent	Glandore	Woodlands	Maud Street	South Road
Elder Terrace	Glengowrie	Mullawirra	Gowrie Avenue	Fisk Avenue
Glenway Road	Hallett Cove	Coastal	Nalimba Street	Cul-De-Sac
Karatta Court	Hallett Cove	Coastal	Manoora Drive	Cul-De-Sac
Weerab Drive	Hallett Cove	Coastal	Capella Drive	The End
Lifford Parade	Marino	Coastal	Jervois Terrace	Kinsale Crescent
Fetlar Avenue	Marion	Warriparinga	Rathlin Avenue	Stroma Road
Tait Avenue	Marion	Warriparinga	Minchinbury Terrace	Abbeville Terrace
Cummings Crescent	Mitchell Park	Warriparinga	Lutana Crescent	Mary Street
David Avenue	Mitchell Park	Warriparinga	Daws Road	Brick Paving
Richard Avenue	Mitchell Park	Warriparinga	Daws Road	The End
Trowbridge Court	Mitchell Park	Warriparinga	Trowbridge Avenue	Cul-De-Sac
Rotorua Avenue	Park Holme	Mullawirra	Nilpena Avenue	Tiparra Avenue
Kurrajong Place	Seacombe Gardens	Warracowie	Pitt Street	Kent Avenue
Ramsay Avenue	Seacombe Gardens	Warracowie	Morphett Road	Kurrajong Place
Wentworth Street	Seacombe Gardens	Warracowie	Miller Street	Kent Avenue
Seacombe Crescent	Seacombe Heights	Warracowie	Waite Avenue	Grandview Drive
Tarnham Road	Seacombe Heights	Warracowie	Morphett Road	Galway Avenue
Clare Avenue	Sheidow Park	Southern Hills	Clare Court	Westall Way
Darling Street	Sturt	Warriparinga	Diagonal Road	Bradman Street
Embert Street	Sturt	Warriparinga	Melbourne Street	Ralph Street
Rosefield Lane	Sturt	Warriparinga	Parkmore Avenue North	Parkmore Avenue South
Eucla Avenue	Warradale	Warracowie	Gardiner Avenue	Sunshine Avenue
Hamilton Avenue	Warradale	Warracowie	Hamilton Court	Sienna Avenue
Omar Avenue	Warradale	Warracowie	Macarthur Avenue	Virgo Avenue

RESIDENTIAL FOOTPATH PROGRAM 2016/17				
Road Name	**Suburb**	**Ward**	**From Street**	**To Street**
Proactive Footpath Works	Various	Various		
Perry Barr Road	Hallett Cove	Coastal	Bus Stop 49C	Laneway
The Cove Road	Hallett Cove	Coastal	South Avenue	125 The Cove Road
Newland Avenue	Marino	Coastal	Angas Crescent	No. 36
Penrith Court	Mitchell Park	Warriparinga	Bradley Grove	Cul-de-sac
Edward Beck Drive	Sheidow Park	Southern Hills	Young Street	Crossing
Young Street	Sheidow Park	Southern Hills	Edward Beck	Boundary

STORMWATER DRAINAGE PROGRAM 2016/17		
Road Name	**Suburb**	**Ward**
Railway Terrace	Edwardstown	Woodlands
Heron Way	Hallett Cove	Coastal
Glade Crescent	Hallett Cove	Coastal
Melanto Terrace	Marion	Warriparinga
Coolah Terrace	Marion	Warriparinga

TRAFFIC DEVICES PROGRAM 2016/17		
Location	**Suburb**	**Ward**
Ramrod Avenue	Hallett Cove	Coastal
Darling Street	Sturt	Warriparinga
Minor proactive traffic control treatments (eg signs, equipment, traffic islands)	Various	Various

OPEN SPACE & RECREATION WORKS PROGRAM 2016/17			
Site	**Suburb**	**Ward**	**Description**
Play Space Implementation Program			
Sixth Avenue Reserve	Ascot Park	Woodlands	Consultation, Concept and Detailed Design
Clare Avenue Reserve	Sheidow Park	Southern Hills	Consultation, Concept and Detailed Design
Breakout Creek Reserve (YMCA)	Glengowrie	Mullawirra	Consultation, Concept and Detailed Design
Gully Road Reserve	Seacliff Park	Southern Hills	Consultation, Concept and Detailed Design
Appleby Road Reserve	Morphettville	Mullawirra	Consultation, Concept and Detailed Design
Playspace removals	Multiple	Multiple	Remove 6 Playspaces without replacement
Reserve Improvements			
Jervois Street Reserve	South Plympton	Woodlands	Finalise onground construction of new reserve
Edwardstown Memorial Oval	South Plympton	Woodlands	Onground landscape construction works
Inclusive Playspace Hendrie Reserve	Park Holme	Mullawirra	Detail design and construction
Hallett Cove Beach Foreshore Masterplan	Hallett Cove	Coastal	Detail design of Stages 4 & 5
Oaklands Estate Reserve	Oaklands Park	Warracowie	Concept Plan for Reserve and Playspace
Reserve Signage	Multiple	Multiple	Replace 20 reserve signs in need of renewal
Hazelmere Reserve	Glengowrie	Mullawirra	Install shade sails
Public Toilets			
Reserve Street Reserve	Trott Park	Southern Hills	Install new facility
Inclusive Playspace Hendrie Reserve	Park Holme	Mullawirra	Install new facility
Oaklands Estate Reserve	Oaklands Park	Warracowie	Relocate existing facility to reserve
Nannagai Reserve	Hallett Cove	Coastal	Demolish existing toilet facility

Appendix 7. Rating Policy

This document sets out the policy of the City of Marion for the setting and collection of rates from its community. The policy has been prepared to ensure transparency and accountability under the Local Government Act 1999 (the Act) and it is the Council's intent when imposing rates to do so in a fair and equitable manner.

RATING POLICY

(1) Valuation Methodology and Adoption

Council uses Capital Value as the basis for valuing land within the Council area. Capital Value is the value of the land and all of the improvements on the land. The Council also continues to adopt the capital valuations distributed by the Valuer-General.
(See Annexure 1)

(2) Differential General Rates

All land within a council area, except for land specifically exempt under section 147 (2) of the Act is rateable. The Act provides for a council to raise revenue through a general rate, which applies to all rateable land, or through differential general rates, which differentially apply to classes of rateable land. Council uses a differential rating system to raise revenue based upon Land Use and will continue to do so to ensure a fair and equitable distribution of rates within the City of Marion. In applying this approach Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

The differential general rate Land Use categories are as follows

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

These differential rates will be used to determine the rates in the dollar for all properties within the City of Marion area for the financial year. These rates will be specified in Council's rate declaration for each financial year.
(See Annexure 1)

(3) Minimum Rate

A minimum amount payable by way of general rates is determined to apply to the whole of an allotment (including land under a separate lease or licence) and only one minimum amount is payable in respect of two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier.

The Minimum Rate to apply to properties within the City of Marion will be detailed in Councils rate declaration for each financial year.
(See Annexure 1)

(4) Service Charge

The Council has decided not to impose any service charges for this financial year.

(5) Natural Resources Management (NRM) levy

The Council, under the Natural Resource Management Act 2004, is required to collect this levy. It does so by imposing a separate rate for all rateable properties within the Council area.

For each financial year, the levy for each property will be determined by the total capital valuation within the City of Marion. The calculation is as follows;

- Total Capital Value divided by the Total Amount Required, (set for the financial year by the NRM Board) determines an appropriate rate in the dollar, this rate in the dollar will then be adopted to each property.

(See Annexure 1)

(6) Payment of Rates

The Council has determined that payment of rates for the 2016/17 financial year will be by four instalments, due on 1 September 2016, 1 December 2016, 1 March 2017 and 1 June 2017. However, the total amount of rates may be paid in full at any time.

Council has determined that rates may be paid by the following methods;

- Australia Post – Post Office, Telephone or Internet
- Bpay – Telephone or internet payments
- Centrepay – Deductions directly from Centrelink deductions
- Direct Debit – Direct from either a Cheque or Savings account
- Eservices – Direct through the Councils Internet system
- In person - At Council Offices
- By Mail - Locked Bag 1 Oaklands Park SA 5046

(7) Late Payment of Rates

Council imposes an initial penalty (a fine) of 2% as prescribed under the Act on any payment for rates, whether by instalment or otherwise, that is received late. A payment that continues to be late is then charged a prescribed interest rate (which includes the amount of any previous unpaid fine and interest) on the expiration of each month that it continues to be late.

When the Council receives a payment in respect of overdue rates the Council applies the money received in the order set out below in accordance with Section 183 of the Act,

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

(See Annexure 1)

(8) Rebates and Postponement of Rates

(8.1) Rate Rebate Policy

Refer to the Rate Rebate Policy attached.

(8.2) Rate Capping

Section 166(1)(I)(ii) of the Local Government Act 1999 provides the power to grant a discretionary rebate of rates where, amongst other things, there has been a rapid change in valuations.

The Council has determined to provide relief against a substantial increase in rates payable on residential land due to large increases in valuations by applying a rebate (capping) of general rates for eligible ratepayers.

Further information about this relief may be found in the Annual Business Plan and Budget (Section 7.7), including the qualifying criteria.

(8.3) Residential Construction on Vacant Land

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 2016/17 financial year will be granted in respect of an Assessment classed as vacant land by the Council, where:

- The Principal Ratepayer of the Assessment applies to the Council for the rebate prior to 30 June 2017, and
- The footings have been poured on the property by 30 June 2017

The amount of the rebate will be the difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential land. This is calculated by the number of days remaining between 1 July 2016 and 30 June 2017 from the date footings are poured for a residence on the land. Minimum Rate is still applicable.

(8.4) Postponement of Rates – Hardship

Section 182 of The Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates he/she is invited to submit an application in writing to the Council's Team Leader Rating Services. The Council treats such inquiries confidentially.

(8.5) Postponement of Rates – Seniors

An Application may be made to Council by ratepayers who meet the criteria required for qualification for the postponement under Section 182A of The Act. (see Annexure 1 for criteria)

(9) Sale of Land for Non-Payment of Rates

The Act provides that a council may sell any land where the rates have been in arrears for three years or more. Except in extraordinary circumstances, the Council enforces the sale of land for arrears of rates.

(10) Concessions

Cost of Living Concession

Pensioners, low-income earners and self-funded retirees holding a Commonwealth Seniors Health Card can receive up to $200 per year. Eligibility includes pensioners and low-income earners who are tenants.

For further information contact the Concessions Hotline on 1800 307 758.

Rate Rebate Policy

(1) Policy Statement

Council has decided to adopt a Rate Rebate Policy for all rateable land within the Council's area which is applied in accordance with Sections 159 to 166 of the Act. This Policy will assist the Council as a decision making function and is intended to provide guidance to the community as to the matters that the Council will take into account in deciding an application for a rebate.

The Policy also sets out the type of land use for which the Council must grant a mandatory rebate of rates and the percentage amount applicable, and those types of land use where the 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.

(2) Mandatory Rebates

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

S160 – Health Services	100% Rebate
S161 – Community Services (Including Housing Associations)	75% Rebate
S162 – Religious Purposes	100% Rebate
S163 – Public Cemeteries	100% Rebate
S164 – Royal Zoological Society of SA	100% Rebate
S165 – Educational Purposes	75% Rebate

Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly. Where the Council is not satisfied based upon the information in its possession or otherwise does not hold relevant information it will require the person or body to lodge an application in accordance with this Policy.

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

Where an application is made to the Council for a rebate of up to a further 25% the application will be determined and written notice will be provided to the applicant of its determination of that application.

(3) Discretionary Rebates

A discretionary rate rebate may be granted by the Council at its absolute discretion up to and including 100% relief to any cases pursuant to Section 166 of the Act.

Any persons or bodies seeking a discretionary rebate, will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any other information that the Council may reasonably require.

(4) Application

The Council will inform the community of the provisions for rate rebate under the Act by the inclusion of suitable details in the Rating Policy Summary distributed with the annual rate notice.

Application forms may be obtained from the Council office located at 245 Sturt Road, Sturt.

The 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.

(5) In regards to prescribed discretionary rate rebates the 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 area;
- The community need that is being met by activities carried out on the land for which the rebate is sought; and
- 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 the Council considers relevant.

(6) The Council may take into account other matters considered relevant by the 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/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 the 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 the Council, which the Council considers relevant.

All persons or bodies wishing to apply to the Council for a discretionary rebate of rates must do so on or before 31 May in that financial year for which the rebate is sought.

- The Council may grant a rebate of rates on such conditions as the Council thinks fit.
- The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.
- Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

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

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

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

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

(7) Delegation

The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates that meet the requirements of the Act, to the Chief Executive Officer.

The Council has delegated its power, pursuant to Section 44 of the Act to determine applications and to grant a discretionary rebate of rates, to the Chief Executive Officer subject to the following condition:

- Where the discretionary rebate is not more than $5,000.

(8) Review of Rebate

A person or a body aggrieved by a determination of the Council in respect of an application for a rebate may, within 14 days of the date of the notice of determination, seek a review of that decision in accordance with the Council's Internal Review of Council Decisions Policy.

(9) Community Grants

If an application for a rebate is unsuccessful, the Council has an absolute discretion to then treat the application as one for a community grant and to determine it in accordance with the Council's Community Grant's Policy.

(10) Availability of Policy Documents

Policy documents are available for inspection at the Council offices and on the website at www.marion.sa.gov.au. Persons may obtain a copy of any Policy document upon payment of the fee set by the Council.

DISCLAIMER

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

Where a ratepayer believes that the Council has failed to properly apply this Policy he/she/ it should raise the matter with the Council. In the first instance contact the Council's Team Leader – Rating Services on 8375 6617 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Marion, PO Box 21, Oaklands Park, SA 5046.

Annexure 1

1. Valuation Methodology and Adoption

Under the Act, the Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all of the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property

The Council considers that the Capital Value 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, 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 significantly more than the average rate per property.

Any ratepayer dissatisfied with the valuation made by the Valuer-General may object in writing to the Valuer-General, served personally or by post, within 60 days of receiving a rate notice, explaining the basis for the objection. This is provided that ratepayer has 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 raised an objection to that valuation.

The 60 day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause to do so.

It is important to note that the lodgement of an objection does not change the due date for payment of rates.

2. Differential General Rates

All land within a council area, except for land specifically exempt (e.g. crown land, council occupied land and other land prescribed under the Act – refer to Section 147), is rateable. The 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 that apply to all rateable properties within the council area.

Following a review of rating options available under the Act during the 2002/2003 financial year, the Council consulted extensively with the community on this issue and concluded that a differential rating system would improve the equity in rate distribution across the community. The review included a comparison of rating methods and rates by land use within the Adelaide metropolitan area.

Differential general rates are based on Land Use as determined in the Local Government (General) Regulations 2013 under the Act. If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then they may object (to the Council) to that land use within 60 days of being notified. A ratepayer may discuss the matter with a Rates Officer, on 8375 6600 in the first instance. The 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.

An objection to the land use:

- must be in writing
- must set out-
  - the grounds of the objection; and
  - the land use (being a land use being used by the Council as a differentiating factor) that should, in the objector's opinion, have been attributed to the land; and
- must be made within 60 days after the objector receives notice of the particular land use to which the objection relates.
- this 60 day objection period may be extended where it can be shown there is reasonable cause to do so.

The Council may then decide the objection as it sees fit and notify the ratepayer. A ratepayer also has the right to appeal against the 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.

3. Minimum Rate

The reasons for imposing a minimum amount payable by way of general rates are:

- The Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities;
- The Council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

No more than 35% of properties will be subject to the minimum amount.

4. Natural Resource Management Levy

It is important to note that Council is required to collect this levy under the Natural Resource Management Act 2004 and operates as a revenue collector for the Natural Resources Management Board in this regard. It does not retain this revenue or determine how the revenue is spent.

For further information contact the board by phone 8273 9100, email reception@adelaide.nrm.sa.gov.au

5. Late Payment of Rates

Under the Act, the Council applies penalties (fines and interest) to arrears of rates (i.e rates which are not paid on or before the due date). The Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. If rates remain unpaid more than 21 days after the issue of the final notice then the Council may refer the debt to a debt collection agency for collection. The debt collection agency may charge collection fees to the ratepayer.

The Council has adopted a policy to assist ratepayers experiencing difficulty in making their rate payment by the due date. The Council will consider approving extended payment provisions or, in circumstances where hardship can be demonstrated, deferring the payment of rates.

The Council may be prepared to remit penalties for late payment of rates where ratepayers can demonstrate hardship or sufficient other reason for late payment.

All applications for remissions must be in writing, addressed to: Rating Services Section, City of Marion, PO Box 21, Oaklands Park, SA 5046.

6. Discretionary Rebate

The Act requires the Council to rebate the rates payable on certain land ('mandatory rebates'). The Act, at section 166, also empowers the Council to grant discretionary rebates of rates of up to 100% of the rates and/or charges payable. The Council, in considering discretionary rebates, must balance the benefits of providing rebates, with the impact that such rebates have on its overall income (and hence upon the general ratepayer base). To promote the transparency of this process the Council has adopted a Rate Rebate Policy. A copy of this Policy is available at the Council offices or on Council's website at www.marion.sa.gov.au.

7. Postponement of Rates – (Seniors)

The following criteria must be satisfied before the postponement is granted.

- The person is a prescribed ratepayer, or the spouse of a prescribed ratepayer;
- A prescribed ratepayer means the holder of a current State Seniors Card or a person eligible to hold such a card who has applied but is yet to be issued with a card.
- Rates are payable on the principal place of residence.
- 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 current mortgage over the property which was registered prior to 25 January 2007 will be no more than 50% of the Valuer-General's capital value of the property.

An application must be made in the prescribed manner and form and be accompanied by such information as the Council may require. Any rates which are postponed will become due and payable when:

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

A minimum amount of $500 of the annual rates must be paid.

An entitlement to a remission will be applied to the proportion of the rates that has not been postponed, unless notice to the contrary is received in writing from the owner.

Interest will accrue on the amount postponed at the prescribed rate per month, under the Act until the amount is paid.

Should the entitlement to a postponement cease to exist, the owner of the land must inform the Council in writing, unless the rates and any interest have been paid in full.

Appendix 8. Treasury Management Policy

POLICY STATEMENT:

INTRODUCTION

This policy provides clear direction to the management, staff and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget, long-term financial plan, projected and actual cash flow receipts and outlays.

Council is committed to adopting and maintaining a long-term financial plan and operating in a financially sustainable manner.

POLICY OBJECTIVES

This Treasury Management Policy establishes a decision framework to ensure that:

- funds are available as required to support approved outlays;
- interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
- the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term

OTHER RELATED POLICIES

Reserve Funds Policy

DEFINITIONS

Financial Assets include cash, investments, receivables and prepayments. Equity held in a Council business is normally regarded as a financial asset but is excluded for the purpose of calculating Local Government published financial indicators. Also, inventories and land held for resale are not regarded as financial assets.

Financial Sustainability is achieved where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose include cash, investments, receivables and prepayments, but excludes equity held in a Council business, inventories and land held for resale.

Interest Cover Ratio indicates the extent to which a Council's operating revenues are committed to interest expenses.

Net Financial Liabilities Ratio indicates the extent to which net financial liabilities of a Council could be met by its operating revenue.

Non-financial or Physical Assets means infrastructure, land, buildings, plant, equipment, furniture, and fittings, library books and inventories.

Operating Revenues are "operating revenues" as shown in the Income Statement but exclude profit on disposal on non-financial assets and grants and contributions received specifically for new/upgraded infrastructure and other assets, e.g. from a developer. For Local Government published financial indicators calculated where the denominator specified is total operating revenue, Natural Resource Management (NRM) levy revenue is excluded. For the purpose of calculating the ***Interest Cover Ratio*** investment income also is excluded from the denominator.

Rates Revenue is general and other rates net of the impact of rate rebates and revenue from the NRM levy.

PRINCIPLES

Treasury Management Strategy

Council's operating and capital expenditure decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery; and,
- affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios)

Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- maintain target ranges for both its Net Financial Liabilities and Interest Cover ratios;

Net Financial Liabilities ratio:	Between 0 - 50%
Interest Cover ratio:	Between 0 - 5%

- borrow funds in accordance with the requirements set out in its Long-Term Financial Plan;
- not utilise borrowings to finance operating activities or recurrent expenditure;
- endeavour to fund all capital renewal projects from operating cash flow and borrow only for new/upgrade capital projects, having regard to sound financial management principles and giving consideration to inter-generational equity for the funding of long term infrastructure projects;
- not retain and quarantine money for particular future purposes unless required by legislation or contractual agreement with other parties (related policy: Reserve Funds Policy);

- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

Borrowings
All borrowings will be subject to Council approval on the recommendation of the Director responsible for Financial Services.

To ensure an adequate mix of interest rate exposures, Council will structure its portfolio of borrowings to ensure an optimal Treasury Management position, taking into account all borrowing options including fixed and variable terms. In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

Council will establish, and make extensive use of, a *long-term variable interest rate borrowing facility / LGFA's Cash Advance Debenture facility* that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

Investments
Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds could otherwise be applied to cost-effectively defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

When investing funds Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Investments fixed for a period greater than 12 months are to be approved by Council.

Council may from time to time invest surplus funds in:
- deposits with the Local Government Finance Authority;
- bank interest bearing deposits;
- bank accepted/endorsed bank bills;
- bank negotiable Certificate of Deposits;
- State/Commonwealth Government Bonds.

Investment of surplus funds outside of the above investment choices must be reported to Council for approval.

Examples of specific investment activities Council would not participate in include shares in private/public companies, listed or unlisted property trusts and derivatives.

Reporting

In accordance with Section 140 of the Local Government Act, a report will be presented to Council annually which will summarise the performance of the investment portfolio.

RELEVANT LEGISLATION

For Borrowings

- Local Government Act, 1999
    - Section 44/Section 122/Section 134
- Regulations 5 and 5B of the Financial Management Regulations under the Act

The main legislative provisions in the Local Government Act covering borrowings are:

- *Section 44 – a Council must approve all borrowings and the legislation clearly states that the power to borrow cannot be delegated (for simplicity many Councils appropriately just have all proposed borrowings for the year approved at the time the annual budget is adopted)*
- *Section 22 – a Council's strategic managements plans must include an assessment a Council's proposals with respect to debt levels*
- *Section 134 – empowers a Council to borrow and requires a Council to consider expert advice before entering into financial arrangements for the purpose of managing, hedging or protecting against interest rate movements and other risks associated with borrowing money*
- *Regulations 5 and 7 of the Financial Managements Regulations under the Act – require the preparation of Cash Flow Statements (including financing transactions) covering Councils' Long-term Financial Plans and Budgets*

For Investments

- Local Government Act, 1999
    - Section 47/Section 139/Section 140

The main Local Government Act provisions covering investments are;-

- *Section 47 – prohibits a Council from directly acquiring shares in a company*
- *Section 139 – empowers a Council to invest and requires that the power of investment be exercised with the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons. Section 139 also requires Council to avoid investments that are speculative or hazardous in nature*
- *Section 140 – requires that a Council review the performance of its investments at least annually*

Appendix 9. Asset Management Policy

POLICY STATEMENT

City of Marion owns and manages assets in order to provide services to the Community for current and future generations. This Policy supports informed and strategic decision making on the provision of assets to support services.

SCOPE

This policy applies to Council assets within the City of Marion that are owned, managed and under the care control and management of Council.

CONTEXT

The City of Marion currently owns and maintains over $1 billion worth of assets including infrastructure (e.g. roads, drainage), land, buildings, furniture and fittings, and equipment. These assets make up the social and economic infrastructure that enables the provision of services to the community and businesses, playing a vital role in the local economy and on quality of life. Asset management is a critical tool in ensuring appropriate provision is made for the long-term management of Council assets, and their impacts on all areas of service planning and delivery.

The *Local Government Act 1999* provides the highest level authorising framework for councils to conduct their business. The Act sets out the functions of a council which provides the basis for determining service provision and associated asset management. The Act makes explicit that councils have a role to play in planning, protecting, managing, developing, promoting, improving, restoring and enhancing their local communities. Asset management is a critical element in undertaking these functions.

The *Local Government Act 1999* also requires that Councils must develop and adopt plans (to be collectively called the strategic management plans) for the management of its area including the extent to which any infrastructure will need to be *maintained*, *replaced* or *developed* by the council.

The City of Marion's Strategic Management Framework provides the overarching framework that supports Council in setting strategic direction and making determinations relating to priorities and resource allocation. The Community Plan - Towards 2040 provides clarity on strategic direction and focus for the City of Marion over the next 30 years, and articulate how City of Marion will undertake its role and functions as described in the *Local Government Act 1999*. Decisions regarding asset provision and management are a critical element in the delivery of the Plans.

This policy sets the principles that govern the provision and management of assets in order to deliver services and programs that rely on those assets, and disposal of assets that are no longer required for service delivery. The strategic management framework sets out the process to determine the life cycle cost and funding requirements of each service for current and future generations. The Asset Management Plans and Long Term Financial Plans are the mechanisms by which the asset related priorities are resourced to ensure delivery of strategic outcomes.

DEFINITIONS

Asset

An individual or group of physical objects, which has value and enables services to be provided.

Asset Management

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required service level in the most cost effective manner.

Lifecycle Cost

The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

Asset Sustainability Index

Provides a measure as to whether Council's asset base is being adequately maintained. It expresses as a percentage the proportion of the total asset value consumed (depreciation) compared to the amount spent in preserving the asset (capital replacement/renewal).

*further definitions included in the Strategic Asset Management Framework presented below

PRINCIPLES

The following key principles will define Council's approach to asset management.

1. Assets exist to support the delivery of services to the service levels adopted by Council.

2. All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
3. Asset management is an integral element of Strategic Management and forms part of key strategic management plans.
4. Asset management decisions are based on Council's Strategic Asset Management Framework (as described below). The framework comprises an assessment of asset criticality, based on priority 1-critical, priority 2-important and priority 3-aspirational/discretionary; and asset action based on asset maintenance before renewal and renewal before new/upgrade (where it is cost effective to do so).

5. Asset renewal actions will consider all options and opportunities for more efficient and effective means of service delivery prior to investment.
6. Council will consider asset ownership and management model options in its strategic asset decision making.
7. Prioritisation of new asset investments and asset disposal decisions are based on an evaluation of potential public value, encompassing consideration of such criteria as asset utilisation potential, benefits, risks, ownership and management options, life cycles and costs in accordance with Council's Prudential Management Policy and Disposal of Land and Assets Policy.
8. Asset disposal will occur following a transparent process, aligned with all legislative requirements and Council's Disposal of Land and Assets Policy.
9. Systems including an effective internal control structure are established and adhered to, to provide responsibility and accountability for asset conditions, usage and performance.
10. Council will maintain Long Term Asset Management Plans that identify current and future asset management requirements within the context of the Strategic Management Framework.
11. Council's Long Term Financial Plan will align with Asset Management Plans to ensure adequate financial forecasts for asset management.
12. Council recognises the need to maintain its asset base and will target a long term asset sustainability index averaging 95-100%.
13. Council will use the Asset Management Sustainability Reserve (refer 'Reserve Fund Policy') to assist with funding Long Term Asset Management requirements.

STRATEGIC ASSET MANAGEMENT FRAMEWORK

In order for assets to be managed in a way that ensures efficient, effective and sustainable service delivery all assets are assessed using a decision-making matrix based on asset criticality and priority for action.

1. Strategic Asset Criticality

All City of Marion assets are categorised to determine their criticality, based on the definitions below.

Priority 1- Critical	• Those assets that are essential in discharging council's role and functions as set out in the LG Act 1999 eg to provide infrastructure for its community and for development within its area (including infrastructure that helps to protect any part of the local or broader community from any hazard or other event, or that assists in the management of any area); • Those assets that will result in severe consequence to community, or financial, business or service levels in event of failure, repurposing or disposal.
Priority 2- Important	• Those assets that contribute significantly to the role and function of council under the LG Act. • Those assets that are important in the delivery of identified services, with major/moderate consequence to community, or financial, business or service levels in event of failure, repurposing or disposal.
Priority 3- Aspirational/ Discretionary	• Those assets that contribute to the role and functions of council under the LG Act. • Those assets that contribute to the achievement of CoM Community aspirations and council outcomes. • Those assets that contribute to the delivery of identified services, with minor consequence to community, or financial, business or service levels in event of failure, repurposing or disposal.

2. Asset Management Actions

All actions associated with asset management are categorised to determine their priority based on the definitions provided below. Asset management will follow an approach based on maintenance before renewal and renewal before new/upgrade (where it is cost effective to do so).

Maintain	All operational actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal. Maintenance does not increase the service potential of the asset or keep it in its original condition, it slows down deterioration and delays when rehabilitation or replacement is necessary (IIMM 2011).
Renew/Replace	Restores, rehabilitates, refurbishes existing asset to its original capacity. Returns service capability of the asset up to that which it had originally (AIFM Guidelines 2009).
New/Develop/Upgrade	Enhancements to an existing asset or creation of a new asset to provide higher service levels, or new service level/output that did not exist beforehand. Also includes the extension/expansion of an existing asset to provide benefits to a new user group. May also increase the life of the asset beyond that which it had originally (AIFM Guidelines 2009).

References

International Infrastructure Management Manual 2011

Australian Infrastructure Financial Management Guidelines Version 1.0 2009

3. Strategic Asset Management Decision Making Matrix

Strategic decisions on asset management are made based on consideration of asset criticality and priority for action.

	Priority 1- Critical	**Priority 2- Important**	**Priority 3- Aspirational/ Discretionary**
Priority 1- Maintain			
Priority 2- Renew			
Priority 3- New/Develop/Upgrade			

Any decision that falls in the <u>green</u> section of the matrix is considered operational/business as usual.

- These decisions are automatically planned for and funded as part of the Annual Business Planning and Budgeting process.
- These decisions are automatically reflected in the Asset Management Plans and Long Term Financial Plan.
- Decisions made on renewal actions will consider all options and opportunities for more efficient and effective means of service delivery prior to investment.

Any decision that falls in the <u>yellow</u> section of the matrix is considered beyond operational/business as usual.

- New Develop or Upgrade decisions are automatically referred to the 'new initiatives' process to be assessed and prioritised for action. This process is a critical element of the Annual Business Plan and Budgeting process to ensure Council considers potential funding of prioritised initiatives as part of the setting of the budget.
- As maintenance and renewal of Aspirational/Discretionary Assets is required, a more detailed assessment of the asset will be undertaken and decision sought from

council as to whether the asset should be maintained, renewed or prioritized for disposal.

- Priority three expenditure decisions are not reflected in the Asset Management Plans or Long Term Financial Plan until Council has made a decision to implement the action.

Appendix 10. Fees and Charges Policy

POLICY STATEMENT:

Council will adopt a Fees and Charges Schedule on an annual basis separated between Statutory and User Charges. Where Council's Fees and Charges are not of a statutory nature, Council will apply the principle of user pays and where possible recover the full cost of operating or providing the service or goods. Where it can be demonstrated that members of the community are unable to meet the full cost, concessions may apply.

DEFINITIONS:

Statutory Charges - fees from regulatory services. They are associated with the granting of a permit/license or the regulation of an activity

User Fees/Charges - revenues from the sale of goods and services or rent of property facilities. They are discretionary charges for which the payer receives a direct benefit.

PRINCIPLES:

The Fees and Charges Schedule details the user charges to be set by Council and the current statutory charges set by the State Government in regulations.
User Charges set by Council includes:

- Swimming Pool Fees
- Land Clearing Fees
- Library Service Fees
- Halls/Community Centre Hire Fees
- Recreational Fees

Statutory Charges set by State Government in regulations includes:

- Animal Registration Fees
- Parking Infringements
- By Laws
- Development Assessment Fees

The statutory fees and charges listed may be amended at any time during the financial year. The Fees and Charges Schedule will be updated as statutory charges are amended.

Concessions can be applied for by members of the community in relation to User Charges. These applications are required to be in writing on the basis that it can be demonstrated that due to financial hardship they are unable to meet the full cost. Council will consider applications for concessions on a case by case basis.

The relevant work areas and community groups have been consulted in relation to the proposed fees and charges and the following factors have been examined when determining the proposed fees:

- the cost of providing the service, inclusive of overhead costs
- the importance of the service to the community
- market comparison of fees and pricing structures with other enterprises who offer a similar service
- the level of service/facility provided by the City of Marion
- increase in statutory charges set by regulation

Appendix 11. Reserve Funds Policy

POLICY STATEMENT:

Council will maintain Accounting Reserves as a means by which to separate monies for a particular purpose.

DEFINITIONS:
Reserve - any part of the accumulated surplus of Council or controlling authority set aside for a particular purpose.

PRINCIPLES:

Council has established the following reserves:

Asset Revaluation Reserve

Purpose - this is a statutory reserve fund required under Australian Accounting Standards. The balance of this reserve represents net increments associated with the revaluation of non-current assets.

Open Space Reserve

Purpose - this reserve has been established to account for the following:

I. set aside open space contributions provided by developers in accordance with the Development Act (conditions may apply)
II. separate net proceeds associated with Road Closures.
III. net proceeds associated with disposal of minor land holdings
IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy (pending). Interest revenues earned on contributions provided by developers are transferred to the Fund.

Grants/Carry Forward Projects Reserve

Purpose - this reserve was created to account for:

Grants received in advance - occasionally a funding body has provided Grant funds relating to the following financial year in advance. When this has occurred it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.

Unexpended Grants - when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following financial year.

Carryovers - typically represent unspent capital and service improvement budgets carried forward to the following financial year.

Use of Fund - monies are utilised in accordance with the initial transfer of funds

Asset Sustainability Reserve

Purpose - this is a reserve fund established to:

I. Primary Purpose – Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. A minimum balance of $2 million will be retained in the Asset Sustainability Reserve for this purpose.
II. Assist Council fund its Long Term Asset Management objectives.
III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowings.
IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.
V. Quarantine funds specifically set aside in the Community Facilities Partnership Program (CFPP) for the purpose of funding the renewal, upgrade and purchase of Council assets as resolved by Council. This will include encouraging organisations leasing council facilities to seek partnership funding for required renewal and upgrade of those community facilities.

The Asset Sustainability Reserve is underpinned by Council's Annual Savings Initiative that was established in June 2003 with the objective of identifying annual budget savings. Initially the target was set at $1 million per annum over a 3 year period. As of 27 June 2006 this target was revised to 2% per annum of operating expenditures from original adopted budget. This resolution came as a result of a number of discussions that raised the need for Council to have increased flexibility in setting the annual budget to more effectively respond to the changing needs of the people of Marion.

Identified savings are allocated providing a balance between funding new prioritised service improvements identified in the Strategic Plan and addressing Council's financial position.

I. Savings identified during a financial year are forecasts only and therefore will be held for consideration by Council in the 1st Budget Review in the following year.
II. Savings will be separated between recurrent (ongoing) and once off savings. This process is designed to develop a high level of trust in the organisation in the budget review process.
III. Savings of a:
    a. recurrent nature may be allocated to service improvements identified in the Strategic Plan that are of a recurrent nature.
    b. one-off nature may be applied to capital items, new or renewal, or a non recurrent service improvement (once off).
IV. Council must ensure that it continues the improvement in its financial performance. It is essential that the Annual Savings Initiative focuses on achieving that objective. In relation to the long term financial plan the Annual Savings Initiative will focus on four areas:
    a. Increase expenditure on Infrastructure/Asset replacement/renewal sustainability
    b. Reduce proposed borrowing program - debt servicing ratio improves
    c. Retain savings to improve liquidity (cash) - working capital improves
    d. Reduce reliance on rate revenue to achieve community objectives

The Asset Sustainability Reserve will be funded from planned surpluses identified in the Long Term Financial Plan (LTFP) and from funds specifically set aside for the CFPP in the LTFP.

The Asset Sustainability Reserve will benefit Council by enabling the allocation of funds for future capital expenditure for the purpose of funding major infrastructure failures, replacing, renewing and procuring significant assets, as well as utilising funds in accordance with the CFPP eligibility criteria. This will assist in minimising the impact on rates and/or debt levels.

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

Appendix 12. Asset Accounting Policy

POLICY STATEMENT:

Assets shall be recognised and accounted for in accordance with Australian Accounting Standards and the details contained in this policy.

DEFINITIONS:

Fair value - is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.
Materiality - in relation to information, that information which if omitted, misstated or not disclosed has the potential to adversely affect decisions about the allocation of scarce resources made by users of the financial report or the discharge of accountability by the management or governing body of the entity.
Consideration - in the context of this policy, shall be recognised in "monetary terms" e.g. purchase cost.

PRINCIPLES:

Acquisition of Assets
The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred in getting the assets ready for use.

Capitalisation
Assets should have a useful life of greater than one year in order for the expenditure to be capitalised and have a value above the Materiality Thresholds described below.

Any expenditure considered to be Capital must also pass a materiality test. Materiality levels are set so as not to misstate financial statements and to provide a guide whether it is practical from an Administrative perspective that expenditure is capitalised.

Materiality Levels are;

Infrastructure	$5,000
Land	$5,000
Buildings	$5,000
Furniture & Fittings	$3,000
Equipment	$3,000
Other	$3,000

Networked/Aggregate Assets - Expenditure can still be capitalised on items that fall below materiality thresholds individually but operate together as a cohesive whole to form a substantial/significant total value. Examples include the computer network, library books, and reserve furniture.

Maintenance or Capital Expenditure

Maintenance
Expenditure on a non-current asset that does not meet capitalisation criteria is considered maintenance expenditure and must be expensed as incurred. In general, maintenance expenditure will allow the asset to realise its expected service levels and estimated life.

Capital
Capital expenditure can relate to new or existing assets. Capital expenditure shall be recognised (taken into consideration materiality levels) where:

- Expenditure results in an effective increase in future economic benefits
- Expenditure results in an increase in the quality of services provided by the asset beyond that previously determined; or
- Expenditure results in an effective extension to the asset's useful life.

Asset Stocktake
A stocktake of current Inventory items will be conducted at least annually.

Revaluations of Non-current Assets
Infrastructure assets and library stock are revalued annually. Land, Buildings and Other assets are revalued with sufficient regularity to ensure the carrying amount does not differ materially from the fair value that would otherwise be determined at the reporting date.

Revaluations of Non-Current Assets are carried out by an independent professionally qualified valuer with the exception of Library Stock which is valued internally. Comprehensive independent valuations are performed every 3 years with desktop valuations performed annually between comprehensive valuations.

Plant, Equipment, Furniture and Fittings are recognised at cost less accumulated depreciation and any accumulated impairment and are not subject to revaluation.

Non-monetary assets received without charge are recognised as assets and revenues at their fair value at the date of receipt, except for land under roads. Land under roads and trees are not recognised because there is currently no reliable method of valuation.

Depreciation of Non-current Assets
All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the economic benefits provided by those assets. Land is not a depreciable asset. The Depreciation method applied shall be the straight-line basis, except for infrastructure assets where the "Advanced Straight Line Asset Management" consumption based depreciation methodology is employed. Depreciation rates shall be reviewed each year.

Appendix 13. Budget Policy

POLICY STATEMENT:

INTRODUCTION:

The City of Marion's Strategic Management Framework provides the strategic direction for the development of the Long Term Financial Plan (LTFP) and Annual Business Plan (ABP). Continually improving the integration between Marion's Strategic Plan, LTFP and ABP processes ensures Council develops and implements a robust and transparent system of financial management aligned to Marion's Strategic Plan and aimed at establishing, maintaining and assessing long term financial sustainability.

POLICY OBJECTIVES:

To develop and produce robust, flexible and leading practice long-term (LTFP) and short-term (ABP) financial plans that are directly aligned to Council's Strategic Plan, which:-

- establish clear lines of accountability;
- include the use and assessment of appropriate Key Performance Indicators as a performance measurement tool;
- enable regular monitoring, assessment and reporting of financial performance in all Work Areas across Council;
- provide a strong basis for sound decision making;
- facilitates Council's long term financial sustainability.

COMPLIANCE - LEGISLATIVE REQUIREMENTS:

On an annual basis Council is required to:-

1. Prepare and adopt a Long Term Financial Plan for a period of at least 10 years - LG Act 1999 s122 (1a)
2. Prepare an Annual Business Plan - LG Act 1999 s123 (1a)
3. Prepare a Budget - LG Act 1999 s123 (1b)
4. Prepare and consider three Budget Reviews – LG (Financial Management) Regulations 2011 s9

DEFINITIONS:

Long Term Financial Plan (LTFP) – financial planning to accomplish long term goals. Enables Council to plan for the long term financial sustainability and deliver the Strategic Plan of the organisation. It translates the objectives and strategies of the Strategic Plan into financial terms.

Budget – is a financial document used to project future income and expenses and represents the first year in the LTFP. A budget is a management tool that enables the effective ongoing management and monitoring of income and expenses (financial performance). It translates the objectives and strategies of the Annual Business Plan into financial terms.

Budget Review – is a revised forecast of the original budget or previous budget review and requires the preparation of revised Financial Statements and associated Financial Ratios.

Budget Carryovers - represent unspent capital and service improvement budgets, together with unspent grant funds that are carried forward to the following financial year.

PRINCIPLES:

Framework and Assumptions

The LTFP and Annual Business Plan (ABP) are prepared under a single framework that is reviewed annually and which links to the key objectives of Council's Strategic plan. The framework details the specific parameters under which the LTFP and ABP are set. In addition a number of assumptions and variables underpin the construction of the LTFP and Annual Budget (AB).

LTFP linked to Asset Management Plans (AMP)

The LTFP is linked to Council's established AMPs thereby identifying funding requirements and assessing the adequacy of existing funding capacity within the LTFP.

Financial Modeling and Scenarios

In preparing the LTFP and AB various financial modeling is to be conducted, including, but not limited to, a variety of:-

- Rating scenarios
- Borrowing options
- Savings targets

In addition appropriate consideration needs to be given to prevailing economic conditions nationally and on a global basis, and the potential impact that these conditions may have on the local community.

Budgeting Approach

"Zero Based" budgeting is to be employed when preparing budgets:-

- Budgets are built around what is actually needed for the upcoming budget period, regardless of the previous budget and must be based on reality.
- Sound, logical assumptions are to be used and documented to support budget items wherever required.
- All expense and revenue lines must be fully justified for each new budget period.
- Budgets are to be reviewed line by line and at transaction level, analysing each line item for its relevant needs and costs.
- Any proposed expenditure increases must be fully justified and appropriately approved by the relevant General Manager and Executive Leadership Team, prior to presentation to Council.
- In regards to Fees & Charges Council will apply the principle of user pays and where possible recover the full cost of operating or providing the service or goods. Where it can be demonstrated that members of the community are unable to meet the full cost, concessions may apply.
- General contingencies are to be eliminated.
- Where necessary budgets for major projects can include contingencies to reflect cost uncertainties, however any contingencies are to be separately identified and reported.

- Consideration should be given to:
    - Current year and prior year actual results;
    - Once-off events not to be repeated;
    - New events not previously encountered;
    - New information and data now available.

Budget Objectives

1. Maintain a financial position at an average of Category 3 (moderate level of comfort with an Operating Profit range of 0 – 5% of rates revenue), over any five consecutive years.
2. Achievement of a breakeven Funding position or better.

Budget Carryovers

Budget Carryovers should be avoided wherever possible, but where necessary (for example "Work In Progress") are limited to unspent:-

- capital budgets;
- service improvement budgets;
- grant funds and grants received in advance.

Carryovers do **not** include normal operating expenditures and Labour and Internal Charges (eg. Plant Hire) cannot be carried over under any circumstances.

Budget Reviews

Budget Reviews are required to be conducted 3 times per financial year and this will typically be at the end of September, December and March.

A Budget Review is a reforecast of the full year budget and:-

- Is an assessment of the YTD actual result plus a reforecast of the budget for the remainder of the financial year;
- Should include a thorough and rigorous review of every budget line item (income, expense and capital);
- Should identify any savings opportunities (once-off and recurrent).

Budget Approval

The Senior Leadership Team is responsible for the review and approval of all budgets within their Departmental/Work Area responsibility, as well presenting their finalised budgets to their General Manager for clearance and final approval.

Appendix 14. Glossary

Asset Consumption Ratio

The Asset Consumption Ratio highlights the potential service level remaining in Council's assets. The ratio is calculated by measuring the written down value of the assets against their replacement cost. If the Asset Consumption Ratio is high, this indicates that Council's assets are in relatively good condition - that is they are either relatively new or have been maintained in good condition. If the Asset Consumption Ratio is low, this indicates that Council's assets are in relatively poor condition - that is assets have not been renewed at a time when renewal was expected to occur.

Asset Sustainability Ratio

Asset Sustainability Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its assets are used or 'consumed'. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has a soundly based Infrastructure and Asset Management Plan, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the Budget) with the optimal level identified in the Plan.

Financial Assets

Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.

Financial Sustainability

Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.

Key Objectives

A high level expression of what Council seeks to achieve on an annual basis, the key objectives guide Council's activities in the coming year. They can be seen as steps towards achievement of the long-term Vision.

Local Government Price Index (LGPI)

The LGPI is a reliable and independent measure of the inflationary effect on price changes in the South Australian Local Government sector. It is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies. The index is similar in nature to the Consumer Price Index (CPI), however represents the movements of prices associated with the goods and services consumed by local government in South Australia as opposed to the basket of goods and services consumed by the 'average metropolitan household'. Unlike the CPI however, the LGPI is not an "official" ABS publication.

Net Financial Liabilities

Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.

Net Financial Liabilities Ratio

Net Financial Liabilities Ratio expresses Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio reduces over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.

Net Lending/ (Borrowing)

Net Lending/ (Borrowing) equals Operating Surplus / (Deficit), less net outlays on non-financial assets. The Net Lending / (Borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget on an accrual basis. Achieving a zero result on the Net Lending / (Borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's revenues.

Non-financial or Physical Assets

Non-financial or Physical Assets refer to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.

Operating Deficit

Operating Deficit is where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses).

Operating Expenses

Operating Expenses are expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets.

Operating Revenues

Operating Revenues are incomes shown in the Income Statement, but exclude profit on disposal of non–financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer). For ratios calculated where the denominator specified is total operating revenue or rate revenue, Natural Resource Management (NRM) levy revenue is excluded.

Operating Surplus

Operating Surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses).