

THE RURAL CITY OF MURRAY BRIDGE

**DRAFT ANNUAL BUSINESS
PLAN AND BUDGET**

2024-2025



GROWING. THRIVING. STRONG.



We acknowledge the Ngarrindjeri people as the traditional owners of this land on which we meet and work. We respect and acknowledge their spiritual connection as the custodians of this land and that their cultural heritage beliefs are still important to the living people today.

We recognise the living culture and combined energies of the Ngarrindjeri people, our global pioneers and community members today for their unique contribution to the life of our region.

INTRODUCTION	4
Mayor and CEO Message	5
Current Economic Climate	6
Provide your feedback on the Draft Annual Business Plan	7
OUR RURAL CITY	9
Rural City Snapshot	10
Your Elected Members	11
STRATEGIC PLANNING.....	13
Strategic Planning Framework	14
Community Plan 2016 - 2032	15
Strategic Plan 2024 - 2028	16
BUDGET SUMMARY	17
Budget Snapshot	18
DELIVERING FOR OUR THRIVING COMMUNITIES	24
Headline Projects	25
Our Services	28
Key Projects	30
Capital Projects	31
RATES, LEVIES AND OTHER CHARGES	33
Rates and Rebate Policies	34
Separate Rates, Service Charges and Rates	36
Other Levies and Charges	37
MEASURING OUR PERFORMANCE	38
Our Commitment to Tracking Progress	39
Performance Indicators	40
Key Financial Indicators	43
Progress Update Essential Services Commission of South Australia	44
APPENDICES	47
APPENDIX 1. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2025	48
APPENDIX 2. BALANCE SHEET AS AT 30 JUNE 2025	49
APPENDIX 3. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2025	50
APPENDIX 4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2025	51
APPENDIX 5. UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDING 30 JUNE 2024	52
APPENDIX 6. FINANCIAL INDICATORS FOR THE YEAR ENDED 30 JUNE 2025.....	53
APPENDIX 7. ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA REPORT	54

Introduction





Mayor and CEO Message

Our community is at the heart of our decisions and actions every day.

As we actively prepare for the growth of our rural city, we're focused on supporting our community to have access to the opportunities and benefits that growth brings. This Draft Annual Business Plan and Budget 2024/25 is the first year toward delivery of our new Strategic Plan 2024 – 2028. It identifies the proposed services, activities and projects that will be delivered this year in our journey toward the shared vision of Thriving Communities.

The plan focuses on the core services you have told us are important to you – from looking after our public realm and natural environment, recreational and leisure opportunities to community events, programs and services. Our capital works program will invest in the renewal and care of existing infrastructure that provides for access and recreation, such as our roads and open spaces.

Council recognises the cost-of-living pressures facing our communities. Just like many households, Council continues to experience rising costs in delivering our core services. We have made significant efforts to fund these costs through internal efficiency savings. By doing so we have been able to propose a budget with a 4.3% average rate increase for existing rate payers for 2024/25, which is in line with the March 2024 (Adelaide) Consumer Price Index rate of 4.3%. We are also proposing to reduce the rate in the dollar by 8%. This is the third consecutive year a decrease has been delivered, with an average of 8.3% per year and a total reduction of 23% over three years.

This plan reinforces our commitment to financial sustainability while providing value and quality services to our community. We will continue to be flexible and reflect on our approach to service delivery to ensure we're meeting the needs of our growing communities. Importantly, we will continue to listen to your experiences and work with you toward our shared vision of Thriving Communities.

We welcome your feedback on the Draft Annual Business Plan and Budget 2024/25.

Wayne Thorley
Mayor

Heather Barclay
Chief Executive Officer

Current Economic Climate

In its December 2023 Economic Briefing, the South Australian Centre for Economic Studies noted the slowing of global growth due to policy makers efforts to control inflation through stricter monetary policies and reduced fiscal support – that is reducing government spending and investment of public money. Despite these efforts inflation remains high globally, suggesting that policy interest rates are unlikely to decrease soon.

The global economic environment is also affected by high interest rates, sharp rises in living costs over recent years, and the possibility of surges in global commodity prices due to climate change intensifying geopolitical conflicts, as seen in the recent Middle East tensions. The real estate crisis in China may pose a particular threat to Australia given China's role as a key market for Australian commodities.

SA Centre For Economic Studies | Economic Briefing Dec 2023

"Whilst Australian Gross Domestic Product (GDP) grew by 2.1% to September 2023.....there has been a deceleration across recent quarters with growth running at a sub par annualised rate of 1.25%...and the population has increased by 2.4% over the last year, GDP on a per capita basis has actually decreased."

"The Australian labour market has been very strong during 2023....However, this strong wages growth was insufficient to offset the large rise in consumer prices that occurred over recent years, substantially reducing the purchasing power of many households....leading to significant strains in many households budgets but also limiting consumer spending....a key driver of economic activity."

All these factors pose serious challenges for both governments and households.

Even with global influences driving persistent inflation, Australia's economy slowing down through 2023 and despite strong government expenditure and business investment, South Australia has still experienced very solid growth since the start of the pandemic, eclipsing Australian GDP growth trend buckling three years in a row. As a result, several new challenges across the diverse macro-economic environment present in the ever-evolving complex inflationary environment.

As these financial and economic impacts materialise in front of our eyes, forecasting the economic outlook is difficult at best because of this divergence of monetary policy. Many believe the Consumer Price Index (CPI) will continue to reduce, albeit not fast enough to see immediate rate relief, anticipating weakness in consumption spending because of cost of living and infrastructure price pressures.

While the economic environment will affect everyone, there are several groups within our communities that will be impacted to a greater extent such as newly unemployed, low-income earners and many businesses.

Council will continue to monitor and identify economic impacts on our financial performance and budgeting and account for these through our financial planning strategies while ensuring we continue to deliver core services to our communities.

Provide your feedback on the Draft Annual Business Plan and Budget

Having considered the long term, our Draft Annual Business Plan and Budget has been prepared to ensure that the mix of services, programs and projects for the budget year meets the needs of our communities balanced with their ability to pay rates. It's important to us that our community shares their views on the proposed services, projects and budget contained in this plan.

We invite our community to provide their feedback on the Draft Annual Business Plan and Budget during the community engagement period between 14 May – 13 June 2024.

Feedback can be provided online at www.letstalk.murraybridge.sa.gov.au or via a hardcopy form available from our Customer Service team at the Local Government Centre.

The following activities will occur as part of the community engagement process:

- The Draft Annual Business Plan and Budget is available on murraybridge.sa.gov.au and letstalk.murraybridge.sa.gov.au between 14 May – 13 June 2024
- Hard copies of the Draft Annual Business Plan and Budget are available at the Local Government Centre and the Murray Bridge Library
- Public notice in the Murray Valley Standard
- Article in the Murray Bridge News
- Articles communicated on the Rural City of Murray Bridge Facebook page and social media sites
- Electronic communication sent out broadly to all identified networks
- Verbal submissions can be made at Council's Special Meeting on 12 June 2024.

Council will consider community feedback on the Draft Plan and Budget at its Special Meeting on 12 June 2024 prior to adoption of the Annual Business Plan and Budget in late June 2024.

The community engagement approach is delivered in accordance with Sections 122 and 123 of the *Local Government Act 1999* and Council's Community Engagement Policy.



Our Rural City



Rural City Snapshot

A population of 22,901 people expected to grow to 31,935 by 2041.

Our rural city covers an area of approximately
1,832 sq/km

That includes:

1,001 km Roads

Sealed roads 495 km

Unsealed roads 506 km

Footpaths 350 km

Parks, reserves, and playgrounds 162

Local business

1,399

Local jobs

10,382

We work in health care and social assistance, retail trade, manufacturing and agriculture, forestry and fishing



Median Age

43 years old



Household type

Couples with children **22%**

Couples without children **27%**

One parent families **12%**

Lone person households **30%**



5.6% of our community are first nations people



13% of our community were born overseas

Top 5 birthplaces (other than Australia) are the UK, Philippines, China, New Zealand and Vietnam



25% have a trade qualification

Your Elected Members



Council includes a Mayor and nine Councillors who are responsible for a variety of functions in accordance with the *Local Government Act 1999* and other legislation.



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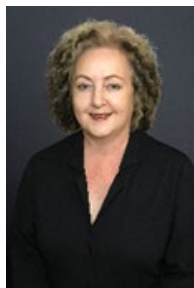
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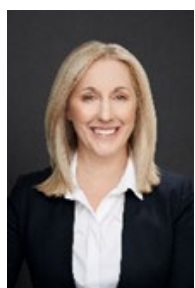
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Council Meetings

Council meetings are held each month, generally on the second Monday, at 7 pm in the Council Chamber, Local Government Centre, 2 Seventh Street, Murray Bridge. Meetings dates can be found on Council's website www.murraybridge.sa.gov.au

Council and Committee agendas are posted online three clear days prior to the scheduled meeting.

Minutes from the Council and Committee meetings are posted online five days following the meeting.

A register of items considered in confidence is updated following each Council meeting and is posted online within five days following the meetings.

Youth Council

The Rural City of Murray Bridge Youth Council was established to work proactively and in partnership with Council and other agencies to raise and address issues of concern around youth in the Rural City of Murray Bridge Local Government Area (LGA) through a consultative, collaborative and action-oriented approach.

The purpose of the Youth Council is to provide young people with the opportunity to participate engage and be active citizens in their local community. The Youth Council seeks and represents the ideas, aspirations and views of Rural City of Murray Bridge young people, providing a local youth voice' to Council. The group also provide recommendations and advice to Council on matters and decisions that affect or are relevant to Murray Bridge young people.

The Youth Council increases communication exchange between young people, Council and the local community as well as encouraging youth participation in Council initiatives and strategies. The Youth Council also seeks to provide young people with the opportunity to participate in formal meeting and Youth Council processes to increase their communication and public relations skills. Further to this, the Youth Council assists in promoting a positive image of young people of the Rural City of Murray Bridge.

Community Engagement

Let's Talk is an easy, safe and convenient online platform and way for you to contribute your ideas and opinions about key projects being considered by Council throughout the year. Shape your community and share your thoughts at anytime from anywhere.

Visit the Let's Talk website letstalk.murraybridge.sa.gov.au and register your details to join the conversation and view the range of projects Council is consulting on. We will keep you in the loop and update you on projects and community engagement activities throughout the year.

Strategic Planning



Strategic Planning Framework

Council's Strategic Planning Framework sets out how our suite of Strategic Management Plans together provide direction, key moves, data and resources to deliver the vision of Thriving Communities.

STRATEGIC PLAN 4-YEAR TIMEFRAME

Identifies our **strategic focus** for the next four years and **provides direction** for decision making and how we prioritise our resources and effort.

LONG TERM FINANCIAL PLAN 10-YEAR TIMEFRAME

Ensures we can **deliver** services, maintain our assets and achieve our strategic focus in a **financially sustainable manner**.

ASSET MANAGEMENT PLANS 10-YEAR TIMEFRAME

Supports effective and data driven **management and care** of our **community assets**.

ANNUAL BUSINESS PLAN AND BUDGET 1-YEAR TIMEFRAME

Secures **resources and identifies the work** to deliver the Strategic Plan over a 12-month period.

Our suite of strategic management plans is supported by a range of plans and strategies focused on specific areas ranging from economic development, open space to events. These plans are adjusted over time to reflect the direction of the Strategic Plan. They identify and prioritise projects, actions or initiatives including those to be considered as part of the Annual Business Plan and Budget process.

Council is preparing a Structure Plan to help guide the future growth and development of our regional city. It will identify what land, services and infrastructure will be required to support this growth and help to prioritise projects for funding and advocacy actions.

Under the *Local Government Act 1999*, Council is required to undertake public consultation on its Draft Strategic Management Plans. Council's Community Engagement Policy and Framework provides guidance for and principles of open and effective engagement.

Community Plan 2016 - 2032

The Community Plan 2016 – 2032 reflects our community's aspirations and sets out a shared vision of **Thriving Communities**.

The Plan was developed through an extensive community engagement process in 2015 where over 3,500 comments and ideas were shared culminating in the vision. Council is committed to the delivery of this Plan over 16 years, through four strategic plans and 16 Annual Business Plans and Budgets.

The four Community Plan themes define what our Thriving Communities will see and experience. They are:



GREAT PEOPLE AND LIFESTYLE

Where people are friendly, living well and enjoying all the region has to offer.

People thrive when they experience great people and lifestyle.

DYNAMIC ECONOMY

Where people, business and industry are seizing opportunities to learn, earn and grow.

People thrive when they participate in a dynamic economy.

VALUED ENVIRONMENT

Well cared for river, green spaces and built and natural environment that people value and love.

People thrive when they spend time in a valued environment.

CONNECTED COMMUNITY

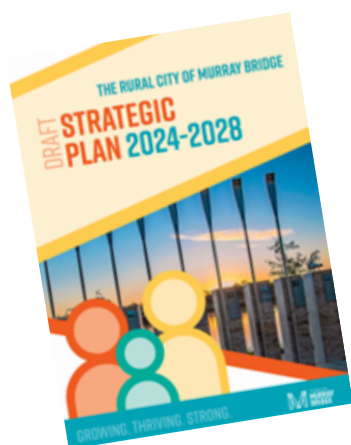
Where people get involved, contribute to, and are supported by the community around them.

People thrive when they belong to connected communities.

Draft Strategic Plan 2024 - 2028

Our Strategic Plan identifies Council's strategic focus for the next four years and provides direction for decision making and how we prioritise our resources and effort.

The Draft Strategic Plan 2024-2028 sets out how Council will actively prepare for the growth of our rural city, a critical phase toward our shared vision of Thriving Communities.



The Draft Plan was shaped by an extensive community engagement process involving over 900 people. We clearly heard our community say they want well planned growth that complements our rural and river lifestyle.

The direction of the Draft Plan reflects the community's ideas and spirit. As we actively manage growth over this four-year period, we will strive to maximise opportunities for our community and economy and ensure our built and natural environment and lifestyle is enhanced.

The Draft Plan includes four focus areas, each describing what our community will experience, our broad direction to guide effort and decisions and the key moves we know we will make.

Over the next four years we will focus on:

1 **ACTIVATING OUR RURAL CITY AND ATTRACTING PEOPLE AND INDUSTRY**

3 **ENHANCING OUR PLACES AND SPACES**

2 **CONNECTING PEOPLE AND PLACES**

4 **SUPPORTING OUR COMMUNITIES**

PUBLIC CONSULTATION ON DRAFT STRATEGIC PLAN 2024-2028

Public consultation on the Draft Strategic Plan 2024 – 2028 will take place alongside the Draft Annual Business Plan and Budget 2024/25 and Draft Long Term Financial Plan between 14 May – 4 June 2024.

Budget Summary



Budget Snapshot

Council is proposing an overall operating budget of \$58.3m to deliver our core services and \$7.7m on a capital renewal program to look after our community assets.

Council is deferring additional capital enhancement expenditure of \$1.4m to maximise strategic opportunities in future years.

Council intends to raise a net sum of \$35.8m from rates. Following the return of property valuations by the Valuer-General, Council has determined to decrease rates in the dollar by 8.0%. The resultant average residential rate for existing rate payers will be \$2,149 with combined average impacts across all rate differentials an increase of 4.3% in line with March 2024 (Adelaide) CPI.

Depreciation as a result of global and national price pressures, factored into the replacement cost revaluations, has significantly increased (approximately \$2.5m p/a) from historical levels, directly impacts the Operating Result. However continued maturity in the Asset Management Portfolio, moving to data informed condition based decision making and planning, the impact is cash flow neutral, and does not result in any requirement to finance the unfavourable operating result. \$1.1m of the operational savings achieved in the 2023/24 financial year to cover significant cost pressures from Waste, Energy and other operations, will be built on in 2024/25 with administration working to identify further budget savings of \$0.2m. These savings are a result of forward planning and continuous improvements.

After taking into account all these budget adjustments, the 2024/25 Annual Business Plan and Budget delivers an Operating Deficit of \$2.5m.

Rate in the Dollar Decrease

The Annual Business Plan and Budget 2024/25 is based on a 8.0% decrease in the rate in the dollar and still results in a balanced Cash Funding Statement, reflecting:

- A 2024/25 indexation forecast appropriate for Council.
- Cash flow requirements for maintaining Council's current Asset Portfolio.
- Focus on planning, capturing and capitalising on the growth and strategic opportunities as they present for the Rural City of Murray Bridge.

Key Budget Outcomes

In the development of the Draft Budget 2024/25, consistent with our financial planning strategies we have reviewed asset funding levels to ensure cost increases and asset renewal pressures are appropriately considered. As a result of the review we are proposing to budget for a total of \$7.7m in expenditure on asset renewal. An allocation of \$1.4m for new assets and significant upgrades has been ring fenced to take advantage of any future strategic opportunities or immediate requirements as they evolve.

Furthermore, we have identified a range of additional budget variations for 2024/25 which Council have accommodated in the budget including:

- Increases in open space and building maintenance due to past and current enhancement projects and operating model adjustments
- Increases in Lerwin Aged Care costs due to compliance requirements
- Increase in Technology costs to implement future efficiencies and increase in services
- Increases in Waste collection and disposal costs

In order to help address these items, our ongoing commitment to realise savings, efficiencies and reductions across the organisation has resulted in approximately \$200k of permanent savings being incorporated into the Draft Budget 2024/25.

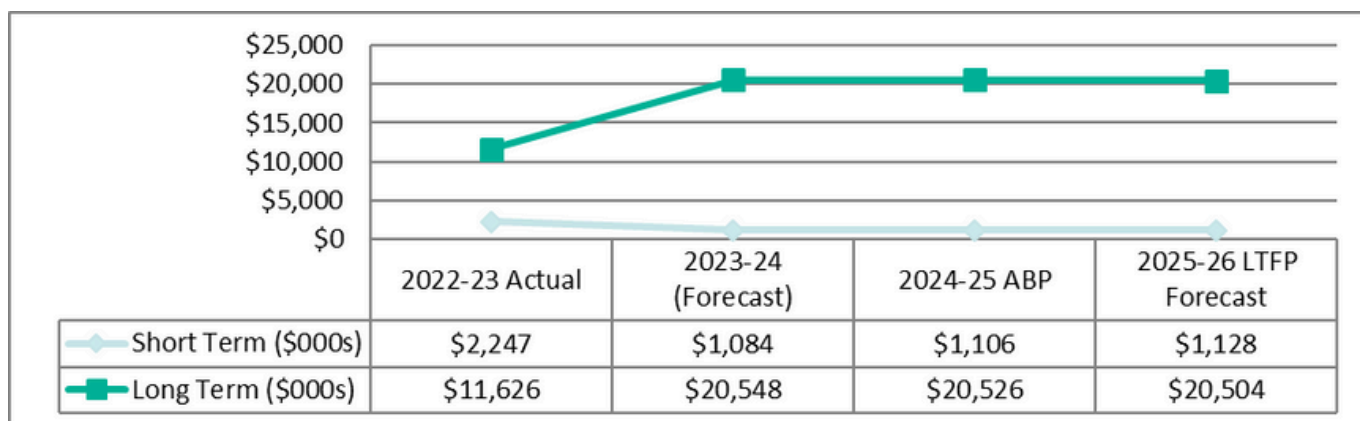
Further information in relation to key activities for 2024/25 and how they help deliver the Community Plan is presented in the sections that follow.

Long Term Financial Plan

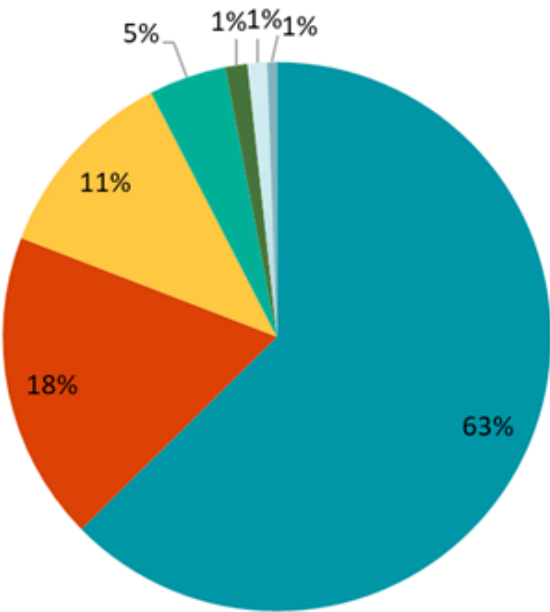
As part of our financial planning process and the development of the Draft Annual Business Plan and Budget 2024/25, we review and update our Long Term Financial Plan.

This review helps provide a high level of certainty in our ability to meet the ongoing costs of services and capital works whilst ensuring our financial sustainability is maintained over a 10-year planning horizon. This review also considers our funding approaches for asset renewals, new assets and significant upgrades including our approach to borrowings.

The graph below shows Council’s level of forecast debt, which is held constant over the life of the plan on the back of condition assessment asset management, a strategic approach to enhancement and growth & efficiency focused operations across the early years of the plan spanning 2023/24 to 2026/27.



WHERE DOES THE INCOME COME FROM?

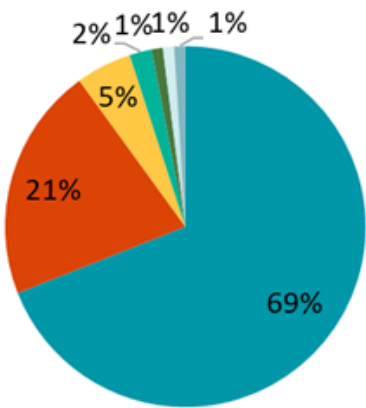


2024-25 BUDGET

- Rates
- Lerwin
- Grants, subsidies and contributions
- User charges
- Statutory charges
- Other income
- Reimbursements & Investments

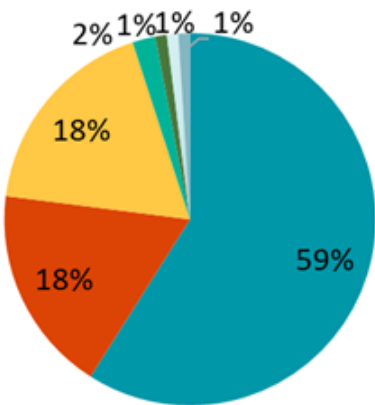
2023-24 FORECAST

- Rates
- Lerwin
- Grants, subsidies and contributions
- User charges
- Statutory charges
- Other income
- Reimbursements & Investments



2022-23 ACTUAL

- Rates
- Lerwin
- Grants, subsidies and contributions
- User charges
- Statutory charges
- Other income
- Reimbursements & Investments



HOW IS YOUR MONEY SPENT?

As per Council’s Comprehensive Statement of Income, expenditure for 2024/25 is budgeted at \$58.3m.

This is inclusive of:

- \$28.2m on Employee Costs to deliver Services
- \$17m on Materials and Contractors to deliver Services (this includes \$1.7 million on Key Projects (nett \$1.4m)
- \$1m on Financing Costs
- \$12.1m of Depreciation

As an outcome of significant work in the asset management of Council’s assets, moving to a condition-based renewal programs and updated Draft Asset Management Plans, Council has budgeted to spend \$7.7 million on the renewal and replacement of existing assets, ensuring an Asset Renewal Funding Ratio of 100%.

The impact of actual Renewal Expenditure vs Depreciation, combined with a conscious preference to defer Capital Expansion works of \$1.4m to allow Council to take full advantage of future strategic opportunities as they materialise, means that Council’s actual spend on expenditure in 2024/25 will be \$53.9 million.

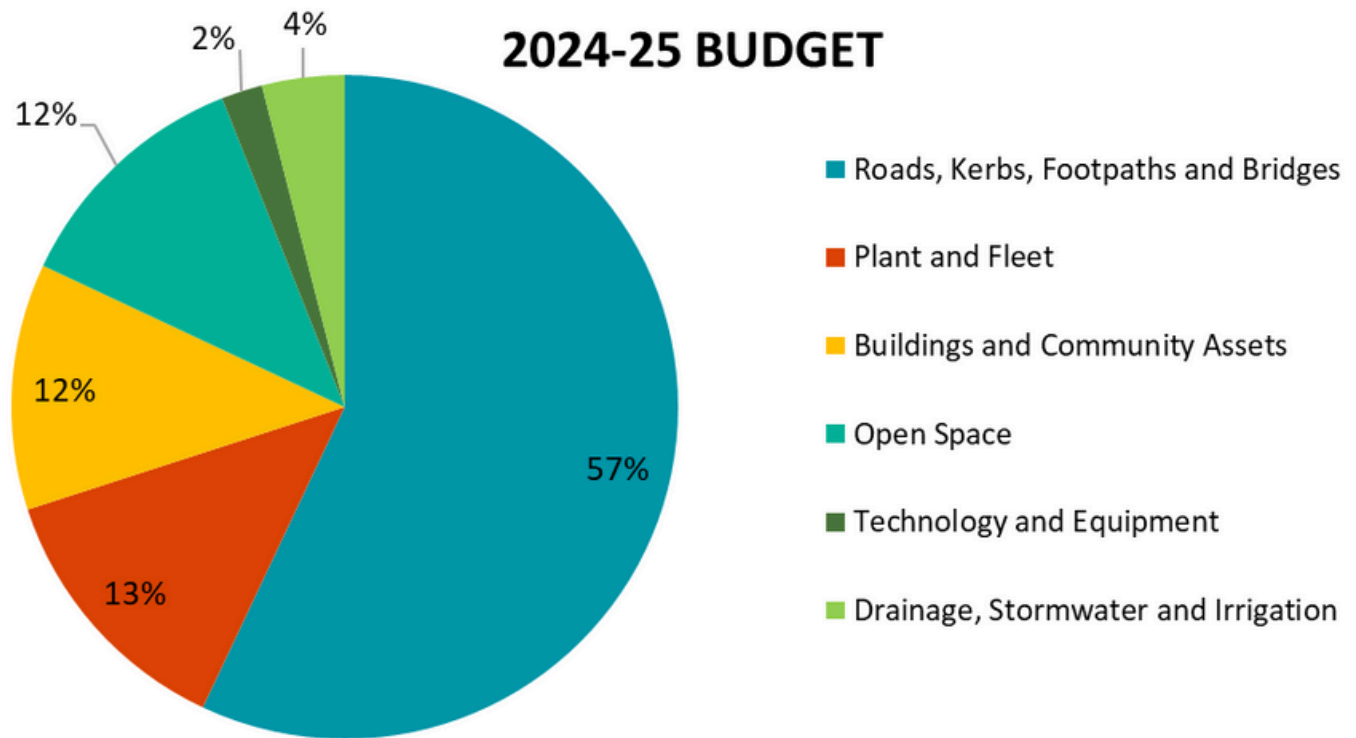
The difference between Asset Expenditure and Depreciation (\$4.4m) effectively ensures the operating deficit is limited to a reporting number and does not transform into a cash-flow deficit.

Operating Expenditure

For every \$100 of expenditure, the following amounts will be spent on the services provided:

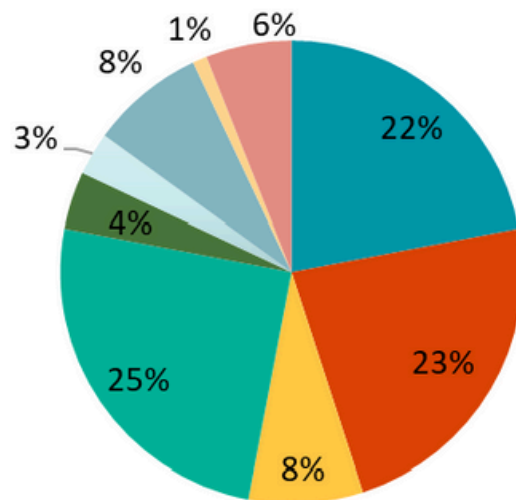


CAPITAL PROJECTS (NET EXPENDITURE)



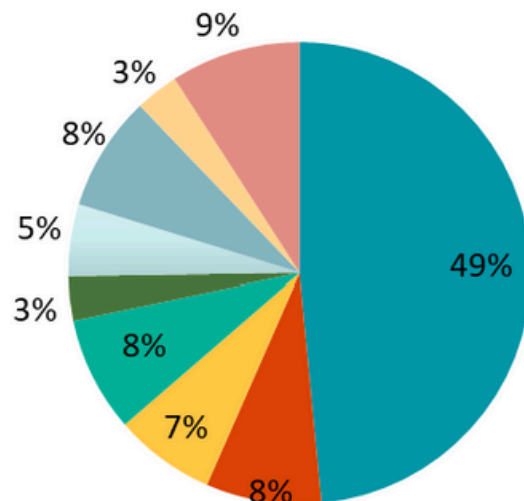
2023-24 FORECAST

- Roads, Kerbs, Footpaths and Bridges
- Riverfront
- Plant and Fleet
- Buildings and Community Assets
- Open Space
- Technology and Equipment
- The Great Outdoors
- Town Entrances
- Drainage, Stormwater and Irrigation



2022-23 ACTUAL

- Roads, Kerbs, Footpaths and Bridges
- Riverfront
- Plant and Fleet
- Buildings and Community Assets
- Open Space
- Technology and Equipment
- The Great Outdoors
- Town Entrances
- Drainage, Stormwater and Irrigation





Delivering for our Thriving Communities



Headline Projects

Future City Program

The Why

Our community has told us that it wants well planned growth that enhances our rural and river lifestyle. As part of our strategy of actively preparing for the growth of our rural city, Council is focused on ensuring development is undertaken in the right locations and right form, with the required level of infrastructure to support this growth.

1 **ACTIVATING OUR RURAL CITY AND ATTRACTING PEOPLE AND INDUSTRY**

What is the Future City Program?

The Future City Program encompasses a suite of projects aimed at ensuring future growth across our communities provides for development that is well managed, deliverable and supports our shared vision of *Thriving Communities*. A program approach will ensure that the right policies, strategies and mechanisms are in place to assist and facilitate future planning policy and development opportunities for the Rural City of Murray Bridge in consultation with Council, the community and our partners.

Project Outcomes

In 2024/25 the Future City Program will pursue key strategic planning priorities and put in place the framework to sustain growth through:

- Implementation of the Murray Bridge Structure Plan outcomes which may include Code Amendments, Precinct Structure or Strategic Plans.
- Preparation of an Open Space Masterplan.
- Commencing investigations for Township Masterplans.
- Preparing responses to Government led Code Amendments and Strategic documents such as Regional Plans.
- Responding to any privately funded/led Code Amendments.
- Involvement with the development of the Community Infrastructure Model 2.0, an evidence-based tool to support Council, Government and the private sector in planning for growth.
- Partnering with SA Government departments to progress Infrastructure Schemes.

Headline Projects

Murraylands Skills Centre - Co-Working Business Hub and Murray River Study Hub

The Why

Our community has told us that it wants to have access to the services, opportunities and benefits that a growing community brings. As part of our strategy of actively preparing for the growth of our rural city, we are focused on pursuing the right balance of services, education and training to support our communities to live well.



4 SUPPORTING
OUR COMMUNITIES

What is the Murraylands Skills Centre - Co-Working Business Hub and Murray River Study Hub?

The Murraylands Skills Centre (MSC) inclusive of the Co-Working Business Hub and along with the Murray River Study Hub are strongly aligned initiatives co-located on Bridge Street in the Murray Bridge CBD. Managed by Council, the site provides an integrated and supportive learning environment and space for our community.

The MSC supports people to enter vocational education and training and provides a free, physical space they can utilise during their study journey while the Co-Working Business Hub, provides access to temporary or semi-permanent office space, training and networking opportunities for small business. The co-located Murray River Study Hub, its second site within Murray Bridge, provides opportunities for students to pursue tertiary education and VET alternatives without having to travel or relocate outside the region.

Project Outcomes

The continuation of the Murraylands Skills Centre and Co-Working Business Hub will deliver:

- An integrated learning and business hub.
- Continued support of our small business community in accessing co-working office space, building connections and accessing training opportunities.
- Professional development learning environment and opportunities.
- Community access to Council employees on the main street.
- Activation of the CBD main street.
- A second campus in Murray Bridge for students studying tertiary education or seeking support to enter higher education.
- Income generation through hot desk, office and training room hire.

Headline Projects

Asset Management

The Why

Our community has told us that it wants to see a well-cared for public realm and an attractive and welcoming environment for visitors and residents. As we actively prepare for the growth of our city, we are focused on looking after and improving our public realm and infrastructure, so it looks and feels great.

3 ENHANCING OUR
PLACES AND SPACES

What is Asset Management?

The responsible management of community assets is vital to realising our vision of Thriving Communities and focus on enhancing our places and spaces. Asset Management includes maintaining the many facilities that support community connection, as well as open space, transport infrastructure and preserving the outdoor artworks that add colour and life to our streets. It also includes assessing the need for and the performance of community assets including ageing assets in need of renewal and maintenance. By carefully managing our built environment, we can ensure that we meet the needs of our community and develop our community investments in a sustainable manner.

Our Asset Portfolio Plan recognises the challenges of accessibility, inclusivity, and climate change, and we are dedicated to evolving and meeting the changing and growing needs of our community and rural city. Our assets, including land, roads, buildings, and footpaths, have grown to more than \$420m in value over the past five years, and we recognise the importance of balancing the operational and maintenance costs of these assets while meeting community expectations.

Project Outcomes

As part of our continued commitment to looking after and managing our community assets, we are making a Capital Renewal investment of \$7.7m across the following Asset Classes:





- Civil & Transport Infrastructure \$4,381k
- Open Space Assets \$882k
- Buildings \$539k
- Plant and Fleet Assets \$1,023k
- Water Assets \$265k
- Lerwin Aged Care Facility \$392k
- IT \$168k

The Annual Business Plan and Budget 2024/25 also includes two asset related projects that will assist in further developing the Rural City of Murray Bridge Asset Management operations. These projects are:

- Strategic Property Review \$50k
- Storm Water Management Plan \$60k

Our Services

Operating Expenditure

Services						Annual Budget (000s)
Business Undertakings	Business Undertakings	✓	✓	✓	✓	400
	Business Undertakings Total					400
Community Support and Services	Aged Care Services	✓	✓	✓	✓	16,357
	Community Support		✓		✓	1,938
	Public Order and Safety	✓	✓			802
	Services to Family and Children		✓		✓	524
	Community Services Other	✓	✓	✓	✓	2,249
	Community Support and Services Total					21,870
Cultural Services	Cultural Services	✓	✓	✓	✓	979
	Cultural Services Total					979
Economic Development	Economic Development		✓	✓	✓	1,559
	Economic Development Total					1,559
Environment	Agricultural Services	✓	✓		✓	23
	Environment and Coastal Protection		✓	✓	✓	503
	Stormwater Management	✓				395
	Street Maintenance		✓	✓	✓	1,023
	Environment Total					1,944
Libraries	Libraries	✓	✓	✓	✓	2,179
	Libraries Total					2,179
Other Expenses	Other Expenses					388
	Other Expenses Total					388
Recreation	Recreation Other		✓		✓	4,346
	Parks and Gardens	✓	✓	✓	✓	103
	Sports and Recreation	✓	✓	✓	✓	1,435
	Recreation Total					5,884
Regulatory Services	Other Regulatory Services		✓	✓	✓	1,045
	Planning and Building	✓	✓	✓	✓	2,469
	Regulatory Services Total					3,514
	Bridges and Culverts	✓	✓	✓	✓	7

Services						Annual Budget (000s)
Roads and Transport	Footpath and Kerbing	✓	✓	✓	✓	135
	Roads - Formed			✓		748
	Roads - Sealed			✓		12,138
	Traffic Management			✓		163
Roads and Transport Total						13,191
Waste Management	Green Waste Collection and Disposal	✓				751
	Ordinary Solid Waste Collection and Disposal	✓				2,165
	Other Waste Management	✓				290
	Recycling Collection and Disposal	✓				1,308
	Waste Disposal Facilities	✓	✓		✓	190
Waste Management Total						4,704
TOTAL 2024-25 SERVICE EXPENDITURE						56,612
Key Projects		✓	✓	✓	✓	1,701
TOTAL 2024-25 OPERATING EXPENDITURE						58,313

*Note: Services Operating Expenditure is inclusive of Depreciation of \$12,082k.

Key Projects

Project Name					Income	Budget	Net
Callington Recreation Grounds Contribution	✓	✓			\$0	\$20,000	\$20,000
Community Infrastructure and Transport/Freight Model	✓	✓	✓	✓	\$0	\$75,000	\$75,000
Stormwater Management Plan	✓				\$60,000	\$120,000	\$60,000
Regional Public Health & Wellbeing Co-Ordinator		✓			\$0	\$5,000	\$5,000
GIS – Aerial Photography Update	✓	✓	✓	✓	\$0	\$50,000	\$50,000
Animal Detention Feasibility Study	✓	✓			\$0	\$10,000	\$10,000
Wellbeing Hub		✓	✓	✓	\$0	\$20,000	\$20,000
Governance Legislative Compliance	✓	✓	✓	✓	\$0	\$51,000	\$51,000
Planet Youth Program		✓		✓	\$20,000	\$59,000	\$39,000
Discounted Desexing and Microchipping Program		✓			\$0	\$10,000	\$10,000
Future City Program	✓	✓	✓	✓	\$0	\$170,000	\$170,000
Murray River Study Hub		✓	✓	✓	\$250,000	\$250,000	\$0
Strategic Property Review	✓	✓	✓	✓	\$0	\$50,000	\$50,000
Events and Grants	✓	✓	✓	✓	\$0	\$525,000	\$525,000
Murray Bridge Business and Skills Centre	✓	✓	✓	✓	\$53,040	\$286,000	\$232,960
					\$383,040	\$1,701,000	\$1,317,960

Capital Projects

					Income	Budget	Renewal/ AMP	Enhance
Sealed Road Renewal Program			✓		\$0	\$2,102,916	\$2,102,916	\$0
Unsealed Roads Renewal Program			✓		\$0	\$1,504,840	\$1,504,840	\$0
Plant and Fleet Renewal Program		✓			\$0	\$1,023,000	\$1,023,000	\$0
Sport and Recreation Facilities Renewal Program	✓				\$0	\$546,977	\$546,977	\$0
IT Assets Renewal Program				✓	\$0	\$168,461	\$168,461	\$0
Kerb Renewal Program			✓		\$0	\$468,447	\$468,447	\$0
Lerwin Plant Renewal		✓			\$0	\$392,000	\$392,000	\$0
Building Renewal Program		✓			\$0	\$539,000	\$539,000	\$0
Stormwater Renewal Program	✓				\$0	\$237,703	\$237,703	\$0
Playspace Renewal Program		✓			\$0	\$200,000	\$200,000	\$0
Public Toilet Renewal Program		✓			\$0	\$55,000	\$55,000	\$0
Footpath Renewal Program	✓				\$0	\$113,432	\$113,432	\$0
Bridge, Culvert and Ford Renewal Program			✓		\$0	\$119,430	\$119,430	\$0
Tim Overall Off- Leash Park Improvements	✓				\$0	\$50,000	\$50,000	\$0
Sign Renewal Program			✓		\$0	\$37,359	\$37,359	\$0
Car Park Renewal Program			✓		\$0	\$34,357	\$34,357	\$0

					Income	Budget	Renewal/ AMP	Enhance
Water Supply and Waste Water Renewal Program	✓				\$0	\$27,225	\$27,225	\$0
Sport and Recreation Facilities Grants - Capital		✓			\$0	\$30,000	\$30,000	\$0
Total					\$0	\$7,650,147	\$7,650,147	\$0

Rates, Levies and Other Charges



Rates and Rebate Policies

Council intends to raise a net sum of **\$35.8m** from rates in 2024/25. The increase in rates income is made up of growth of 2.95%, property value increases of 15.1% and a rate in the dollar decrease of 8.0%. The resultant impact is an average rate increase for existing rate payers of 4.3%, aligned to the March 2024 (Adelaide) CPI of 4.3%.

The Rural City of Murray Bridge owns infrastructure and assets (such as roads, drains, footpaths and buildings) with a current written down value of approximately \$373m. This includes all capitalisation assets excluding land. These assets deteriorate over time through wear and tear and must be replaced or renewed at appropriate intervals in order to prolong their useful lives and continue delivering services to our community.

The rate revenue will provide necessary funding to maintain the infrastructure and assets and ensure existing services are continued. Council is mindful of the impact on ratepayers and is committed to developing options to ease the rate burden through increased funding from other sources and introducing operational efficiencies.

What are rates?

Rates are a principal source of funding for Council services representing approximately 65% of the total operating revenue. Rates are levied as a tax on property in accordance with the provision of the *Local Government Act 1999*. They are not a service or user charge, but a tax based on property value. As rates are levied on the value of property, those with higher valued properties pay more than those with lower valued property.

How your rates are calculated

The amount of rates paid is determined by the valuation of each property in the Council area. The Council apportions the rates across the community by applying different rates in the dollar to each category of property, the largest category being residential property.

Council endeavours to apportion the rate across the community in an equitable fashion. Rates are calculated by multiplying the value of a property (as assessed by the Valuer-General), by the 'rate in the dollar', which is calculated by dividing the sum of rates required by the Council, by the total valuation of properties in the Council area. In the Draft Annual Business Plan and Budget 2024/25, it is proposed to decrease the rate in the dollar for all categories of land use.

DIFFERENTIAL RATE (CENTS IN THE DOLLAR)

In the Draft Annual Business Plan 2024/25 and financial statements, there is a proposed decrease of 8% in the rate in the dollar for all land use categories. As a result the differential rates for land use categories will be as follows:

- Residential 0.52574
- Commercial 0.84119
- Industrial 0.73605
- Primary Production 0.47317
- Vacant Land 0.68347
- Other 0.52574

Rate comparisons

The average (mean) residential rate for existing ratepayers of the Rural City of Murray Bridge in 2024/25 will be \$2,149 with combined average impacts across all rate differentials an increase of 4.3% inline with March 2024 (Adelaide) CPI.

Rating policy

Section 147 of the *Local Government Act 1999* provides Council with the delegation to rate all land within the Rural City of Murray Bridge, except for land specifically exempt, such as crown land and land occupied by Council. Council reviews its Rating Policy annually to ensure that it is fair and equitable to all.

You can access a copy of the Rating Policy in person from the Local Government Centre or alternatively you can access it online at

<https://www.murraybridge.sa.gov.au/council/administration/rates-fees-and-charges/ratespolicy>

How land is valued

Council uses the capital value determined by the State Valuation Office as the basis for valuing land and calculating rates.

Property valuations in the Rural City of Murray Bridge have increased during the 2023/24 year by an average of 15.1% which when coupled with growth of 2.95% enables Council to decrease the rate in the dollar for all land use categories by 8.0%. The amount each ratepayer contributes is based on their property valuation as assessed by the Valuer-General.

If you do not agree with the Valuer-General's valuation assessment of your property on which your rates are calculated, you may object to the State Valuation Office within 60 days of service of your annual rates notice. You can contact them via:

Website | www.landservices.sa.gov.au

Post | GPO Box 1354, Adelaide, SA 5001

Phone | 1300 653 345

Email | LsgObjections@sa.gov.au

Separate Rates, Service Charges and Rebate of Rates

Minimum rate

Council considers it equitable for all rateable properties to make a contribution to the cost of administering the Council's activities and maintaining the physical infrastructure that supports each property.

Council therefore sets a minimum rate each year. This minimum rate will increase by 4.3% in 2024/25 to \$1,151 per annum compared to \$1,104 in 2023/24, an increase of \$47.

Rebates

Council is required to provide mandatory rebate of rebates under sections 160 to 165 of the *Local Government Act 1999* in relation to land used for:

- Health services
- Community services
- Religious purposes
- Public cemeteries
- Educational institutions

In addition, Council may provide discretionary rebates of rates under Section 166.

Rate remissions, rate postponements, rate rebates and rate capping

Sections 159 to 166 and Section 182 of the *Local Government Act 1999* permits Council, upon written application from the ratepayer and/or various community groups, to consider rebate remissions, rate postponements, rate rebates or rate capping on land use for specific purposes. Each of these are subject to specific terms and conditions.

Postponement of rates for seniors

Ratepayers who have a State Seniors Card (or ratepayers who have applied and are eligible for a State Seniors Card) may apply to postpone payment of their rates on their principal place of residence.

Seniors must pay the first \$500 rates charged each year but can postpone payment of any amount above this. Pensioners or self-funded retiree concessions can further reduce the amount required to be paid each year.

You can access a copy of the Rates Financial Hardship Policy in person from the Local Government Centre or alternatively you can access it online at <https://www.murraybridge.sa.gov.au/council/administration/council-documents/councilpolicy>

For more information please contact:

Rates Officer
08 8539 1100

Other Levies and Charges

Community Water & Wastewater Management Systems (CWMS)

The CWMS Schemes at Riverglen and Woodlane are funded separately and the cost of running these schemes has been examined with the view to arriving at a sustainable charge that when applied, not only funds the day to day operations of the schemes, but also provides the ability to fund the whole of life costs. Council recovers the cost of operating and maintaining water and sewerage schemes at Riverglen and Woodlane.

For 2024/25 the service rates and charges for CWMS will be:

- Riverglen Commercial \$728 + 0.2839 cents in the dollar
- Riverglen Allotments \$728 + 0.0581 cents in the dollar
- Woodlane \$930 + 0.1435 cents in the dollar

For 2024/25 the annual water usage rates and charges for potable water will be:

- Riverglen
 - <140kL \$2.126 per kL
 - 140kL - 520 kL \$3.035 per kL
 - >520 kL \$3.288 per kL
- Woodlane
 - <130kL \$0.00 per kL
 - >130kL \$3.288 per kL

Solid Waste Management

NEW GARBAGE COLLECTION SERVICE

The supply of household garbage bins to new properties will incur a one off charge of \$98 per bin in 2024/25 (\$94 in 2023/24).

REPLACEMENT BINS

Replacement of lost, damaged or stolen bins will incur a service charge of \$98 per bin in 2024/25 (\$94 in 2023/24).

ADDITIONAL GARBAGE COLLECTION SERVICE

The supply of an additional garbage bin to a property in which a service is provided will incur a service charge of \$162 per bin in 2024/25 (\$156 in 2023/24).

KERBSIDE RECYCLING AND GREEN WASTE SERVICE

A service charge of \$103 will be applied in 2024/25 (\$99 in 2023/24) for the provision of a kerbside recycling service. An additional \$65 (\$63 in 2023/24) will be applied to Murray Bridge properties that receive the green waste service.

Regional landscape (formally NRM) levy

Included on your rates notice is a separate levy that Council collects on behalf of the Murraylands and Riverland Landscape Board. Council does not set the levy, retain this income nor determine how it is spent.

For information about how the levy is used please go to: www.landscape.sa.gov.au/mr/home

The Regional landscape levy, set by the Landscape Board, is a SA Government tax imposed under the *Landscape South Australia Act 2019*. Council is obliged to collect the levy on behalf of the SA Government with no net gain to Council. The levy is based on the capital value of land and is shown as a separate line on the rates notice. The Landscape Board have proposed that the levy applicable to the Rural City of Murray Bridge will increase from \$812k to \$918k, an increase of 13.1%. To recover this amount a charge of 0.0157841 cents in the dollar will be applied.

Measuring our Performance



Our Commitment to Tracking Progress

We are committed to tracking and reporting on our progress against the Strategic Plan.

We will use our established reporting framework to inform the community and stakeholders of our performance in delivering services, projects and other initiatives to meet the needs of our growing communities.

This framework provides for financial and non-financial performance measurement and aims to align reporting with delivery of strategic outcomes, encourage continuous improvement, support financial sustainability and comply with legislative requirements.

The main reports include:

ANNUAL REPORT

A comprehensive report of the projects, services and activities that Council has delivered across the rural city throughout the preceding year.

QUARTERLY PROGRESS REPORTS

A quarterly report that updates progress against the services and projects funded in the Annual Business Plan toward the delivery of the Strategic Plan.

QUARTERLY FINANCIAL REVIEW

A quarterly review that provides analysis of our actual financial performance over the previous quarter and impacts of this performance and other financial decisions made during the quarter.

COMMUNITY ENGAGEMENT AND EXPERIENCE REPORTS





Reports and activities that measure, track and gain reliable information about community needs, attitudes, expectations and experience of service delivery, facilities and the organisation's strategic direction.

We will continue to reflect on and adjust the way we report and share information to support effective and open communication with our community.

Performance Indicators

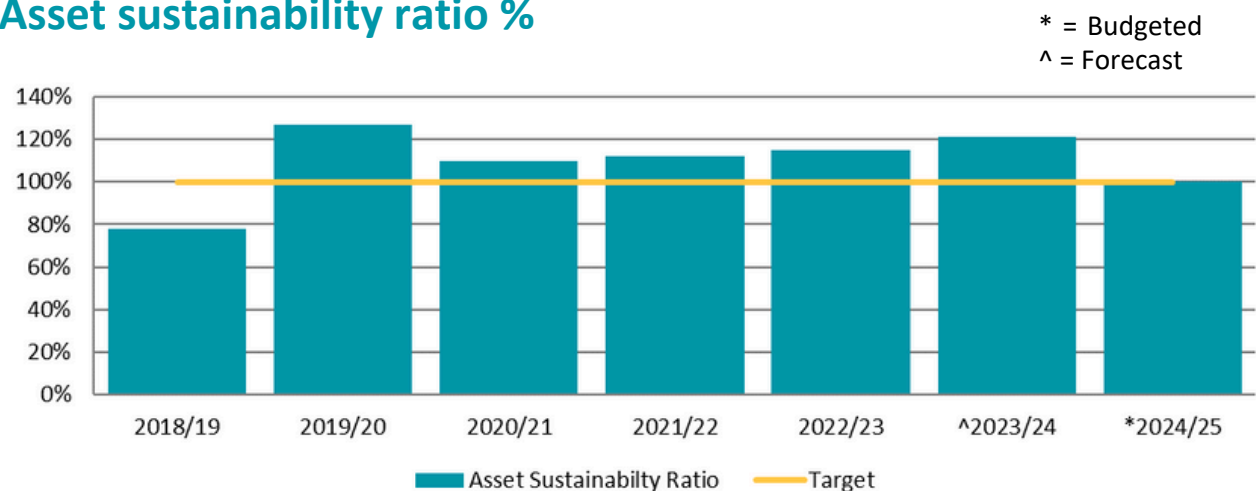
Project Name	Measure	Annual Target				
Waste to landfill	tonnes	<4,200	✓			
Green organics for compost	tonnes	>1,800	✓			
Recycled waste	tonnes	>1,600	✓			
Storm-water harvested	Megalitres	>80	✓			
Number of KW generated (LGC)	number	>110,000	✓			
Number of KW generated (Lerwin)	number	>130,000	✓			
Assessments Commenced	number	>400			✓	
Consents Granted	number	>400			✓	
Percentage of decisions within timeframe	%	>80%			✓	
Value of Development having received approval	\$	\$35M			✓	
Community/Organisation interest group meetings attended representing Council	number	>100		✓		✓
Number of hours volunteers are undertaking as a dollar value calculated at \$45.10 per hour (rate from ABS)	dollars	>\$700,000		✓		✓
Number of Food Hygiene Inspections	number	>100		✓		
Number of Immunisations	number	>1200		✓		
Hours spent removing graffiti	hours	<300			✓	✓
No. of Over 65 people supported to live independently within the community	number	>250		✓		✓
Visitors to the Gallery Exhibitions	number	>12,500		✓	✓	✓
Value increase of Public Art assets	number	>\$50,000		✓	✓	

Project Name	Measure	Annual Target				
Number of Public Art Projects that engage/commission professional contemporary artists	number	>2		✓	✓	
Number of Gallery exhibition programs presented in partnerships with major festivals and cultural institutions	number	>3		✓	✓	
Gallery exhibitions that presented local artists and makers	number	>4		✓	✓	
Gallery exhibitions that presented professional State or National artists	number	>8		✓		✓
Gallery's Public Program Activities	number	>16		✓		✓
Performing Arts and Function Centre Patrons	number	>15,000		✓	✓	✓
Performing Arts and Function Centre Programs by State and National producers and presenters	number	>12		✓	✓	
Performing Arts and Function Centre bookings or programs that present and/or engage with local performers and companies	number	>80		✓		✓
Performing Arts and Function Centre bookings	number	>100		✓		✓
Library Visitation	number	>56,000		✓	✓	✓
Number of items loaned from the Library	number	>100,000		✓	✓	✓
Number of Visitors to Visitor Information Centre	number	>10,000		✓	✓	✓
Visitor Information Centre revenue	\$	>\$16,000			✓	
Rural City of Murray Bridge Labour Force	number	>11,000		✓	✓	✓
Number of Events	number	>20	✓	✓	✓	✓
Website Analytics - Page Views	number	>362,500		✓		✓
Website Analytics - Total Audience	number	>130,500		✓		✓
You Tube Analytics - Number of Total Subscribers	number	>1,200		✓		✓
You Tube Analytics - Total Views	number	>50,000		✓		✓

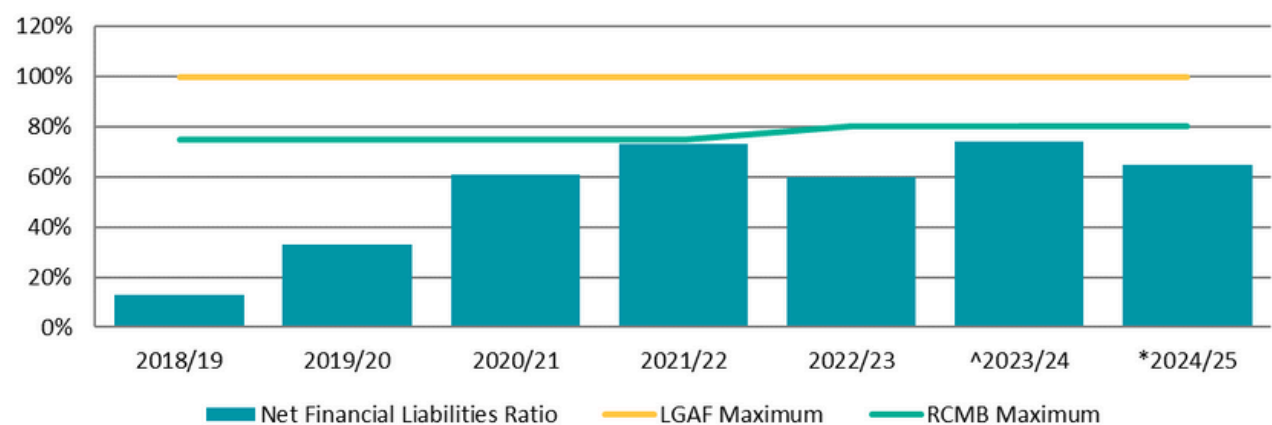
Project Name	Measure	Annual Target				
Social Media Analytics - Facebook Followers	number	>29,900		✓		✓
Social Media Analytics - Page Reach	number	>390,000		✓		✓
Social Media Analytics - Instagram Followers	number	>5,800		✓		✓
Social Media Analytics - Instagram Reach	number	>7,400		✓		✓
My Local Services App Analytics - Total Downloads	number	>8,220		✓		✓
My Local Services App Analytics - Percentage Increase	%	>10		✓		✓
Let's Talk - Number of Projects	number	>20		✓		✓
Let's Talk - Number of Visits (Aware)	number	>2,000		✓		✓

Key Financial Indicators

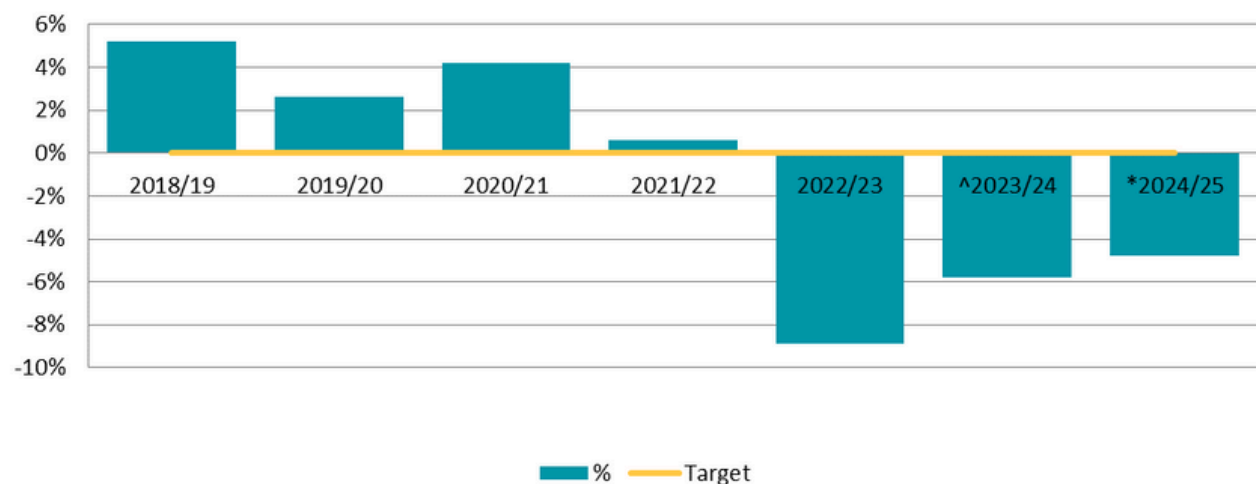
Asset sustainability ratio %



Adjusted Net financial liabilities



Underlying operating surplus/(deficit) %



Progress Update | Essential Services Commission of South Australia

The Commission finds the Rural City of Murray Bridge's current and projected financial performance is sustainable as it anticipates population growth. The Council demonstrates sound operating performance, reasonable use of borrowings and a measured focus on the renewal of its assets, following significant infrastructure and service expansion, leveraged by substantial grant funding.

Under the new Local Government Advice Scheme established through the *Local Government Act 1999*, the Essential Services Commission has released advice for the first 15 of SA's 68 councils. Under the Scheme, the Commission is an advisory body, providing advice to all Councils across a four-year cycle.

Councils are long-term businesses with ongoing service provision obligations and long-lived assets. From an overall community perspective, it is important that Council rates be set at levels as low as sustainably possible while:

- providing the standard and breadth of services that ratepayers value, and
- ensuring that Councils have robust, long-term asset management, financing and operational plans which allow them to manage their assets efficiently and effectively over the long term, so as to sustain the delivery of those services and minimise their lifetime cost

The advice is based on information available to the Commission as at 15 February 2023.

The Commission finds the Rural City of Murray Bridge's current and projected financial performance is sustainable as it anticipates population growth. The Council demonstrates sound operating performance, reasonable use of borrowings and a measured focus on the renewal of its assets, following significant infrastructure and service expansion, leveraged by substantial grant funding.

The Commission recommends the Rural City of Murray Bridge make 11 changes to its Strategic Management Plans to ensure its financial sustainability and provide confidence to ratepayers that they are paying the right level of rates for Council services.

The advice comes in response to April 2022 changes to the *Local Government Act* giving the Commission advisory powers to SA's 68 Councils which inform their decisions on rates and give ratepayers and other stakeholders an independent assessment of Council's plans. The scheme provides advice only and is expected to add value across communities.

Recommendations for the Rural City of Murray Bridge, one of 15 Councils reviewed in 2022/23 and to be reassessed in four years' time are:

- Continue to review its inflation forecasts in its budget and forward projections each year.
- Review employee expense projections and better explain the need for a projected peak in costs in 2026/27 in its updated Long Term Financial Plan.
- Consider coordinating annual updates of its budget and business plans for annual updates to its Long-term Financial Plan to provide more transparency to the community on the longer-term impacts of its short-term decisions.
- Continue to report cost savings and efficiencies in its future budgets, to show efficiencies across its operations and service delivery. Review its Asset Management Plans, particularly plant and fleet assets, to ensure they cover a period of 10 years.
- Update its asset condition assessments, valuations, and useful life estimates in its asset management plans, to ensure they contain the most current information available.

- Include more detail about the renewed, new, or upgraded capital spending on infrastructure to better align and provide transparency between Asset Management and Long-Term Financial Plans.
- Continue to update existing and complete new Asset Management Plans with a focus on considering the community's desired service levels, capital spending requirements, and alignment with Long-Term Financial Plan projections.
- Report estimated average annual change for rates and other charges, together with how much of annual revenue it expects to collect, in its Annual Business Plan, to provide greater clarity and transparency to its ratepayers.
- Review the rateable property growth forecasts in its budget each year to ensure they do not create a need for additional rate increases to generate the same level of projected revenue.
- Review and consider limiting further rate increases to reduce cost-of-living pressure on the community.

Progress on the recommendations for the Rural City of Murray Bridge

- Continue to review its inflation forecasts in its budget and forward projections each year.

This is in line with our annual Long Term Financial Plan review and formulation of the Annual Business Plan and Budget. The Draft 2024/25 budget is predicated on a 4.3% CPI assumption, matching the March 2024 (Adelaide) CPI. The Long Term Financial Plan aligns CPI forecast to that of the South Australian Centre for Economic Studies.

- Review employee expense projections and better explain the need for a projected peak in costs in 2026/27 in its updated long-term financial plan.

This is in line with our annual Long Term Financial Plan review and formulation of the Annual Business Plan and Budget. The employee expense peak is in reference to the currently legislated compulsory superannuation guarantee peaking at 12% in 2026/27.

- Consider coordinating annual updates of its budget and business plans for annual updates to its long-term financial plan to provide more transparency to the community on the longer-term impacts of its short-term decisions.

Consultation on the Long Term Financial Plan and Draft Annual Business Plan and Budget 2024/25 are implemented concurrently following ESCOSA's advice.

- Continue to report cost savings and efficiencies in its future budgets, to show efficiencies across its operations and service delivery.

Savings of \$1.1m were achieved and reported in the 2023/24 financial year, and there is an ongoing commitment not only in the Annual Business Plan and Budget 2024/25, but also included and reported within the Long Term Financial Plan.

- Review its asset management plans, particularly plant and fleet assets, to ensure they cover a period of 10 years.

A fulsome review and update of all the Infrastructure and Asset Management Plans have been conducted, together with a Facilities Asset Management Plan for the more complex Lerwin Aged Care Facility.

- Update its asset condition assessments, valuations, and useful life estimates in its asset management plans, to ensure they contain the most current information available.

The asset conditions and valuations are captured during the revaluation cycles of assets as per legislated guidelines and accounting standards. These have been performed and valuations adopted during the 2021/22 and 2022/23 financial years for the majority of asset classes. These condition assessments and valuations feed into the review and update of all the Infrastructure and Asset Management Plans and the Facilities Asset Management Plan for the Lerwin Aged Care Facility.

- Include more detail about the renewed, new, or upgraded capital spending on infrastructure to better align and provide transparency between asset management and long-term financial plans.

Greater project detail is included in the Annual Business Plan and Budget and Long Term Financial Plan with both renewal and enhancement assumptions and allocations reported for the life of the Plan.

- Continue to update existing and complete new asset management plans with a focus on considering the community's desired service levels, capital spending requirements, and alignment with long-term financial plan projections.

A fulsome review and update of all the Infrastructure and Asset Management Plans have been conducted, together with a Facilities Asset Management Plan for the more complex Lerwin Aged Care Facility.

- Report estimated average annual change for rates and other charges, together with how much of annual revenue it expects to collect, in its annual business plan, to provide greater clarity and transparency to its ratepayers.

The average change for rates and separate charges are all aligned to changes aligned to CPI and this is depicted in the Annual Business Plan and Budget document with the clear intent to limit the rate burden on the ratepayers. The 2024/25 budget is predicated on a 4.3% CPI assumption, matching the March 2024 (Adelaide) CPI. The Long Term Financial Plan aligns CPI forecast to that of the South Australian Centre for Economic Studies.

- Review the rateable property growth forecasts in its budget each year to ensure they do not create a need for additional rate increases to generate the same level of projected revenue.

The Rural City of Murray Bridge is a growth Council and although we feel the growth estimates in the Long Term Financial Plan are conservative, they are reviewed annually with the most recent data available. Within the Annual Business Plan and Budget 2024/25 there is a focus on projects that harness growth opportunities, further justifying all growth assumptions in forecasts. This has been further demonstrated with a realignment of services to include a fourth portfolio "Growth & Economic Development" who provide expert insight to inform these forecast assumptions.

- Review and consider limiting further rate increases to reduce cost-of-living pressure on the community.

This is apparent with our continual reduction of the rate in the dollar over the last several years to limit the average increase of rates across all differentials to be at worst equal to the latest March (Adelaide) CPI reading. This is demonstrated by the fact over the past three years (including the 2024/25 Annual Business Plan and Budget) the overall cumulative impact has been less than that of CPI in the order of 2.5% (14.4% total impact v actual CPI indicator total of 16.9%)

Appendices



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Actual 2022/23 Audited	2023/24 Forecast	2024/25 Proposed Budget	Variance
	\$'000	\$'000	\$'000	\$'000
INCOME				
Rates	29,776	33,405	35,879	2,474
Statutory Charges	699	716	747	31
User Charges	2,838	2,725	2,617	(108)
Grants, Subsidies and Contributions	16,261	10,409	15,496	5,087
Investment Income	84	163	181	18
Reimbursements	513	184	192	8
Other Income	526	613	639	26
Net gain - joint ventures & associates	85	28	30	2
Total Income	50,782	48,243	55,781	7,536
EXPENSES				
Employee costs	22,896	26,299	28,158	(1,859)
Materials, contracts and other expenses	18,613	16,412	17,095	(683)
Depreciation, amortisation and impairment	11,728	11,883	12,082	(199)
Finance costs	494	782	978	(196)
Net loss - joint ventures & associates	-	-	-	-
Total Expenses	53,731	55,376	58,313	(2,937)
OPERATING SURPLUS / (DEFICIT)	(2,949)	(7,133)	(2,532)	4,601
Amts received spec for new or upgraded assets	1,155	7,770	-	(7,770)
Physical resources received free of charge	1,000	60	-	(60)
Net Gain/Loss on Disposal or Revaluation of Assets	(2,425)	-	-	-
NET SURPLUS/(DEFICIT)	(3,219)	697	(2,532)	(3,229)
Revaluation reserve Adjustments	67,964	-	8,595	8,595
Total Other Comprehensive Income	67,964	0	8,595	8,595
TOTAL COMPREHENSIVE INCOME	64,745	697	6,063	5,366
Underlying Operating Result	(4,531)	(2,318)	(2,532)	(214)

BALANCE SHEET

AS AT 30 JUNE 2025

	Actual 2022/23 Audited	Revised Budget	Proposed Budget	Variance
ASSETS	\$'000	\$'000	\$'000	\$'000
Current Assets				
Cash and cash equivalents	91	1,238	2,054	816
Cash and cash equivalents - Restricted	1,995	2,014	2,663	649
Rates Receivable	1,396	803	818	15
General Debtors & Other Receivables	1,804	215	220	5
Prepayments & Accrued Revenue	1,371	202	206	4
Inventories	752	584	596	12
Non-Current Assets Held for Sale	284	-	-	-
Total Current Assets	7,693	5,056	6,557	1,501
Non Current Assets				
Equity Accounted Investments	690	664	694	30
Fixed Assets	418,410	429,251	432,152	2,901
Work in Progress	2,808	1,720	1,754	34
Total Non Current Assets	421,908	431,635	434,600	2,965
Total Asset	429,601	436,691	441,157	4,466
LIABILITIES				
Current liabilities				
Trade Payables	1,748	5,301	2,117	(3,184)
Deposits/Trusts/Payments Rec'd in Advance	14,622	10,580	11,542	962
Current Loan Liabilities	2,247	1,084	1,106	22
Employee Entitlements (LSL)	1,982	2,304	2,345	41
Employee Entitlements (AL)	2,379	2,001	2,052	51
Other Employer Entitlements	364	525	530	5
Other Current Liabilities (accruals)	1,218	578	589	11
Total Current Liabilities	24,560	22,373	20,281	(2,092)
Non Current Liabilities				
Non Current Loan Liabilities	11,626	20,048	20,526	478
Employee Entitlements (LSL)	691	849	866	17
Total Non Current Liabilities	12,317	20,897	21,392	495
Total Liabilities	36,877	43,270	41,673	(1,597)
NET ASSETS	392,724	393,421	399,484	6,063
EQUITY				
Accumulated Surplus / (Deficit)	117,075	113,856	114,553	697
Asset Revaluation Reserves	278,868	278,868	287,463	8,595
Surplus/(Deficit)	(3,219)	697	(2,532)	(3,229)
TOTAL EQUITY	392,724	393,421	399,484	6,063

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Accumulated Surplus	Asset Revaluation Reserve	Total Equity
Actual 2022/23 Audited	\$'000	\$'000	\$'000
Balance at end of previous reporting period	117,075	210,904	327,979
Net Surplus/(Deficit)	(3,219)		(3,219)
Transfer to Reserves		67,964	67,964
Transfer between reserves			-
Balance at end of the reporting period	113,856	278,868	392,724
2023/24 Forecast Budget			
Balance at end of previous reporting period	113,856	278,868	392,724
Net Surplus/(Deficit)	697	-	697
Transfer to Reserves	-	-	-
Transfer between reserves	-	-	-
Balance at end of the reporting period	114,553	278,868	393,421
2024/25 Proposed Budget			
Balance at end of previous reporting period	114,553	278,868	393,421
Net Surplus/(Deficit)	(2,532)	-	(2,532)
Transfer to Reserves	-	8,595	8,595
Transfer between reserves	-	-	-
Balance at end of the reporting period	112,021	287,463	399,484

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2025

	Actual 2022/23 Audited	Revised Budget	Proposed Budget	Variance
	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities				
Receipts				
Operating Receipts	53,031	48,160	56,620	8,460
Investment Receipts	78	163	181	18
Payments				
Operating Payments to Suppliers and Employees	(45,774)	(42,956)	(47,807)	(4,851)
Finance Payments	(338)	(832)	(1,028)	(196)
Net Cash provided by (or used in) Operating Activities	6,997	4,535	7,966	3,431
Cash Flows From Investing Activities				
Receipts				
Amounts Received Specifically for New/Upgraded Assets	1,158	7,770	-	(7,770)
Sale of replaced Assets	174	-	-	-
Sale of Surplus Assets	804	284	-	(284)
Distributions Received from Equity Accounted Council Businesses	85	-	-	-
Payments				
Expenditure on Renewal/Replacement of Assets	(7,393)	(10,903)	(7,650)	3,253
Expenditure on New/Upgraded Assets	(3,755)	(10,732)	(0)	10,732
Capital Contributed to Equity Accounted Council Businesses	(85)	-	-	-
Net cash provided by (or used in) Investing Activities	(9,012)	(13,582)	(7,651)	5,931
Cash Flows from Financing Activities				
Receipts				
Proceeds from Borrowings	3,939	8,343	1,584	(6,759)
Proceeds from Aged Care Facility Deposits	5,014	3,660	2,809	(851)
Payments				
Repayments of Borrowings	(881)	(1,084)	(1,084)	-
Repayment of Aged Care Facility Deposits	(3,593)	(2,160)	(2,160)	-
Net Cash provided by (or used in) Investing Activities	4,479	8,759	1,149	(7,610)
Net Increase (Decrease) in Cash Held	2,464	(288)	1,464	1,752
Cash & Cash Equivalents at beginning of period	1,076	3,540	3,252	(288)
Cash & Cash equivalents at end of period	3,540	3,252	4,717	1,464

UNIFORM PRESENTATION OF FINANCES

FOR THE YEAR ENDED 30 JUNE 2025

	Actual 2022/23 Audited	2023/24 Forecast	2024/25 Proposed Budget	Variance
Operating Activities	\$'000	\$'000	\$'000	\$'000
Operating income	50,782	48,243	55,781	7,538
less: Operating expenses	53,731	55,376	58,313	(2,937)
a - Operating Surplus/(Deficit)	(2,948)	(7,133)	(2,532)	4,601
Capital Activities				
Net Outlays on Existing Assets				
Capital Expenditure on renewal and replacement of existing Assets	7,393	10,903	7,650	3,253
less: Depreciation, Amortisation and impairment	11,728	11,883	12,082	199
less: Proceeds from Sale of Replaced Assets	174	-	-	-
b - Net Outlays on Existing Assets	(4,509)	(980)	(4,432)	3,452
Net Outlays on New and Upgraded Assets				
Capital Expenditure on New and Upgraded Assets	3,755	10,732	-	10,732
less: Amounts received specifically for New and Upgraded Assets	1,158	7,830	-	7,830
less: Proceeds from Sale of Surplus Assets	174	(284)	-	(284)
c - Net Outlays on New and Upgraded Assets	2,423	3,186	-	3,186
Net Lending/(Borrowing) = a - b - c	(862)	(9,340)	1,900	11,239

FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE 2025

	Actual 2022/23 Audited	2023/24 Forecast	2024/25 Proposed Budget	Variance
Operating Surplus Ratio	(5.8%)	(14.8%)	(4.5%)	10.2%
<i>Operating Surplus</i>				
Operating surplus before capital revenues/total income				
Adjusted Operating Surplus Ratio	(8.9%)	(4.4%)	(4.5%)	(0.2%)
Operating Surplus adjusted by advance payments made by the Federal Government				
Adjusted Operating Surplus before capital revenue/total income				
Net Financial Liabilities Ratio	60.0%	73.1%	64.0%	(9.1%)
<i>Net Financial Liabilities</i>				
(Total Liabilities - Financial Assets)/Total Income				
Asset Renewal Funding Ratio	115.0%	137.8%	100.0%	(37.8%)
<i>Net Assets Renewal</i>				
Net Assets renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.				
Net Interest Ratio	1.0%	1.6%	1.8%	0.1%
Net Interest Costs as a % of Total Operating Revenue				

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Advice

Local Government Advice

Rural City of Murray Bridge

February 2023

OFFICIAL

Enquiries concerning this advice should be addressed to:

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Table of contents

Glossary of terms	ii
1 The Commission's key advice findings for the Rural City of Murray Bridge.....	3
2 About the advice.....	5
2.1 Summary of advice	5
2.2 Detailed advice findings	7
2.2.1 Advice on material plan amendments in 2022-23	8
2.2.2 Advice on financial sustainability	9
2.2.3 Advice on current and projected rate levels	12
2.3 The Commission's next advice and focus areas	13

Glossary of terms

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

1 The Commission's key advice findings for the Rural City of Murray Bridge

The Essential Services Commission (**Commission**) finds the Rural City of Murray Bridge's (**Council's**) current and projected financial performance sustainable as it gears up for high levels of projected population growth. After a period of significant infrastructure and service expansion, leveraged by substantial grant funding, the Council appears to demonstrate sound operating performance, reasonable use of borrowings and a measured focus on the renewal of its assets.

Noting the Council's projections are somewhat reliant on its high growth assumptions and the Commission's broader observations regarding its planning and current rate levels, it is important for the Council to undertake the following steps to ensure that it budgets transparently and prudently, manages its cost base efficiently, plans its asset management needs appropriately, sets rate levels more transparently and reduces affordability risk for higher rate levels among its ratepayers.

Budgeting considerations

1. **Continue** to review its inflation forecasts in its budget and forward projections each year.
2. **Review** its employee expense projections and better explain the need for a projected peak in costs in 2026-27 in its long-term financial plan.
3. **Consider** coordination of annual updates to long-term financial plan projections with annual business plan and budget preparation to provide more transparency to the community about changes to forward projections, including rate projections, and the longer-term impacts of its short-term decisions.

Providing evidence of ongoing cost efficiencies

4. **Continue** to report its cost savings and efficiencies in its future budgets, to demonstrate its commitment to achieving cost constraint and efficiency across its operations and service delivery.

Improvements to asset management planning

5. **Review** its asset management plans (in particular, for plant and fleet assets) to ensure they cover a period of 10 years.
6. **Update** its asset condition assessments, valuations and useful life estimates where necessary in its asset management plans (noting its carpark and bridge condition assessments and recreation facility valuations are dated 2019 and 2015).
7. **Include** more detail in updates to long-term financial plan projections about the renewal and new or upgraded capital expenditure by infrastructure category (including for key projects), to provide better alignment and transparency between its asset management plans and long-term financial plan projections.
8. **Continue** to update existing asset management plans and to complete new asset management plans as indicated in the forward program (and in accordance with **Finding 5**), with a focus on consideration of the community's desired service levels, the resultant capital expenditure requirements, and alignment with long-term financial plan projections.

Reporting and containing rate levels

9. **Report** in its annual business plan the estimated average annual change for all categories of rates and other charges, together with the quantum of annual revenue it expects to collect the different categories of rates and charges, providing greater clarity and transparency to its ratepayers.
10. **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.
11. **Review** and **consider** limiting further average and minimum rate increases where possible, to reduce the affordability risk of higher rate from levels in the community.

2 About the advice

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

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

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

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

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

2.1 Summary of advice

In general, the Commission finds the Rural City of Murray Bridge's current and projected financial position sustainable as it gears up for high levels of projected population growth. After a period of significant infrastructure and service expansion, leveraged by substantial grant funding, the Council

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

² Commonly referred to as asset management plans.

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

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

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

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

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

continues to demonstrate a sound operating performance, prudent use of borrowings and a measured focus on the renewal of its assets.

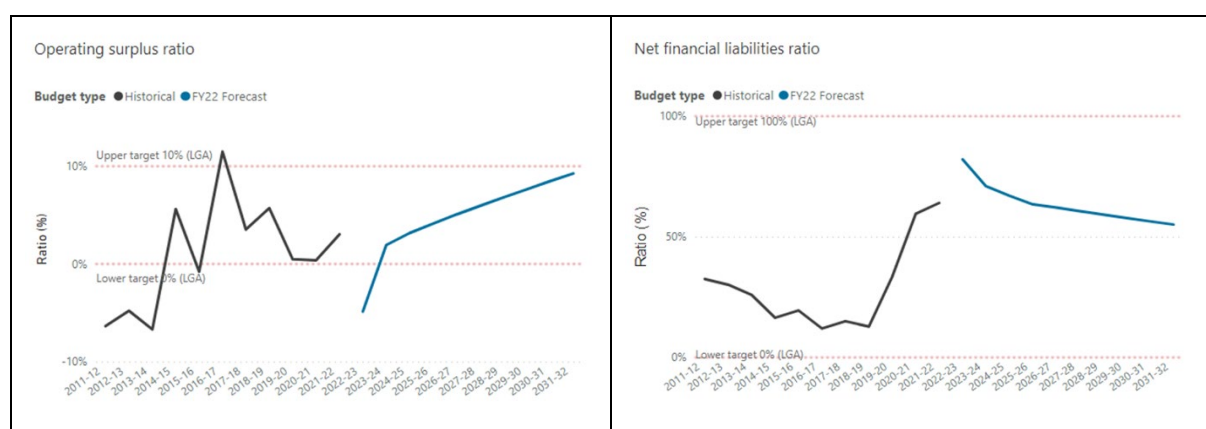
The Commission encourages the Council to continue to identify and report efficiencies and recurrent savings in its annual business plan, as it has been doing, to ensure that it continues to perform sustainably.

Large increases to rate levels in the past have resulted in comparatively higher rate levels for the Rural City of Murray Bridge¹⁰ and affordability risk for the community at these levels is apparent. The Council has planned for rate increases more aligned with inflation (with accompanying high property growth) from 2022-23, which should help to reduce this risk over time. Higher projected operating surpluses might provide the Council with the opportunity to reduce rate levels further than those it has estimated in future years (noting it is still forecasting inflation-based rate increases).

Its projections for lower capital spending on new and upgraded assets will help to reduce the chances of higher than projected rate increases for its community and support its ongoing asset and service sustainability.

The Commission has also observed several opportunities for governance improvements by the Rural City of Murray Bridge regarding the timing of its asset management plans, the transparency and integration of the annual updates to its LTFP and the rates information in its annual business plan and budget.

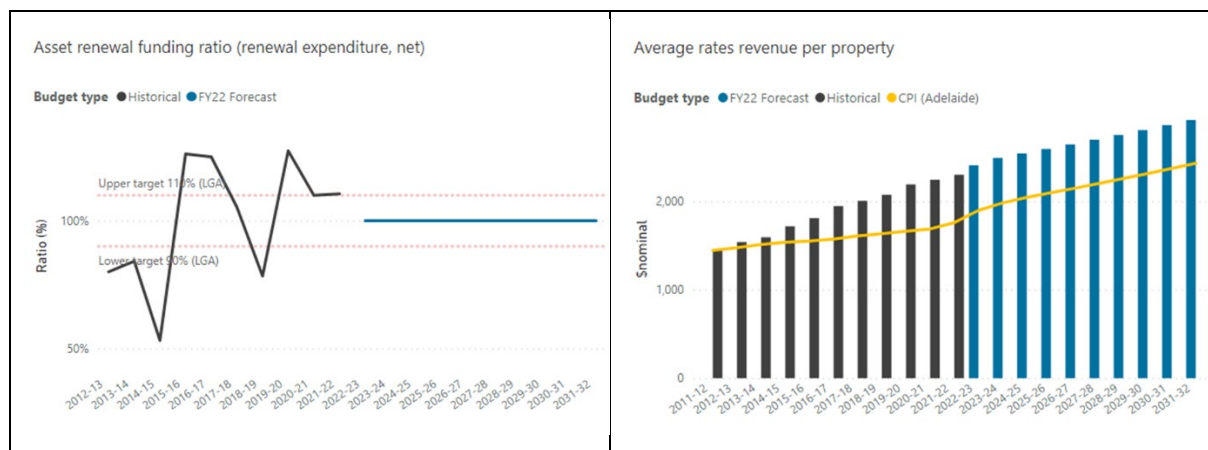
The charts below of the Rural City of Murray Bridge's past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio¹¹ and average rate revenue per property, together support several the findings. The 'heat map' diagram over the page summarises the Commission's findings with reference to whether the Council has met the suggested LGA target ranges for the three main financial sustainability indicators¹² and the level of cost control and affordability risk identified for the Council over time.



¹⁰ Refer to Councils in Focus rates data for 2019-20 available at https://councilsinfocus.sa.gov.au/councils/the_rural_city_of_murray_bridge.

¹¹ Calculated net of asset sales.

¹² The suggested LGA target range for the ratios are discussed in more detail in the attachment.



Summary of the Rural City of Murray Bridge's financial sustainability performance and the Commission's risk assessment

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)		2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0-10%)		Generally operating surpluses —>		Ratio forecast within target range —>
Net financial liabilities ratio (target 0-100%)	Ratio met historically and in forecast period —>			
Asset renewal funding ratio (target 90-110%)	Annual ratio volatility but target range met on average —>		Asset renewal spending performance and projections within target range for ratio —>	
Identified Risks:				
Cost control risk	Low risk with cost control (average opex growth per property 0.4% p.a. 11-12 to 16-17)	Increasing operating costs with infrastructure projects (average opex growth per property 2.8% p.a. 17-18 to 25-26) —>		Lower cost growth projected (average opex per property growth 0.6% p.a. 26-27 to 31-32) —>
Affordability risk	Increasing average rate levels (average per property growth 5.0% p.a. from 11- 12 to 20-21) (CPI 1.7%) —>	Moderately high rates (but lower average rate increases) —>		Lower average rate increases per property projected (average 2.2% p.a. growth from 22-23 to 31-32) (CPI 2.8%) —>

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

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed advice findings regarding the Rural City of Murray Bridge's material changes to its 2022-23 plans (compared with the previous year's plans), its

financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

In providing this Advice, the Commission has followed the approach it previously explained in the *Framework and Approach – Final Report* (August 2022) (F&A). The attachment explores these matters further.¹³

2.2.1 Advice on material plan amendments in 2022-23

The Council updated its inflation assumptions in its LTFP to account for higher inflation, which results in an aggregate increase of around 6 percent to its 2021-22 LTFP forecasts for these revisions.¹⁴ The Commission notes that the Council's stated assumptions for indexation in its 2022-23 LTFP are reasonable, albeit low in the current inflationary environment,¹⁵ but that there is associated uncertainty around the forecasts. Notwithstanding the need for the Council to endeavour to find savings in real terms to reduce any inflationary impact on its community, it would be appropriate for it to:

1. **Continue** to review its inflation forecasts in its budget and forward projections each year.

The Council increased its forecast operating income (in nominal terms) by a total by \$33.0 million or 7.5 percent, and its operating expense estimates by \$35.9 million or 8.6 percent in its 2022-23 LTFP estimates.¹⁶ These updates reflect inflation revisions and other adjustments.

Much of the increase to operating expense forecasts is due to the additional \$21.3 million or 11.5 percent in 'employee expenses' projected over this period (including an 11 percent year-on-year increase in 2026-27). The Council identified that it has experienced service cost increases due to the growth of open space facilities over the previous two years, as well as additional waste collection and disposal costs.¹⁷ It has also needed to take on extra staff to meet the workload associated with the significant infrastructure works program. The higher operating expense estimates also incorporate revisions to finance costs associated with borrowings for the timing of infrastructure projects and higher interest costs.

The adjustments appear generally reasonable but the extent of the increase in 'employee expenses' projections do warrant further review and explanation, and therefore, the Commission considers that it would be appropriate for the Rural City of Murray Bridge to:

2. **Review** its employee expense projections in its long-term financial plan and better explain the need for higher costs, including a projected peak in costs in 2026-27 in its long-term financial plan.

For the past two years, the Council has updated its LTFP in September after its adoption of its annual business plan and budget in July for the coming financial year. The updates to the LTFP form a Council agenda item (in an ordinary public meeting) and the Council then provides a link to the agenda item on its website after its consideration and endorsement.¹⁸

¹³ The attachment will be available on the Commission's website with the main body of the advice.

¹⁴ Based on the overlapping forecast period in both LTFPs (2022-23 to 2030-31).

¹⁵ The Council is estimating an average annual increase in the Consumer Price Index (CPI) of 2.1 percent to 2031-32, compared with 2.8 percent based on Reserve Bank of Australia (RBA) forecasts to 2024-25 (see the RBA, Forecast Table - February 2023, available at <https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html>) and a return to long run averages from 2025-26 (2.5 percent).

¹⁶ As per footnote 14.

¹⁷ Rural City of Murray Bridge, *Annual Business Plan 2022-23*, June 2022, p. 14, available at https://www.murraybridge.sa.gov.au/_data/assets/pdf_file/0023/1161518/2022-23-ABP.pdf.

¹⁸ Noting, at the time of preparing this advice, this had not occurred for the September 2022 LTFP update.

The projections over forward years include assumptions about future rate contributions, and the Commission notes that these are not consulted on by the Council (in LTFP updates), given their exclusion from its annual business plan.¹⁹ Although it is not a legislative requirement for the Council to include its long-term financial projections with its annual business plan, nor consult annually on the projections, the Commission notes that some councils still approach their budgeting in this manner. Such steps could allow the Rural City of Murray Bridge Council to consult with its community more effectively about the long-term impacts of its annual financial decisions. For this reason, the Commission considers that it would be appropriate for the Council to:

3. **Consider** coordination of annual updates to long-term financial plan projections with annual business plan and budget preparation to provide more transparency to the community about changes to forward projections, including rate projections, and the longer-term impacts of its short-term decisions.

2.2.2 Advice on financial sustainability

Operating performance

The Rural City of Murray Bridge has been in a financially sustainable position with operating surpluses since 2014-15. Accordingly, the operating surplus ratio²⁰ has generally been within the suggested LGA target range (of between zero and 10 percent) to 2021-22.

The financially sustainable position for the Council has been the result of average operating income growth of 4.4 percent per annum²¹ exceeding average operating expense growth of 3.6 percent over 2011-12 to 2020-21. Rate contributions have led the income growth, increasing by an average of 5.7 percent per annum over this period, compared with 1.7 percent in the CPI²² and 0.6 percent growth in property numbers. The associated affordability risks for the community are discussed in section 2.2.3 below. 'Grants, subsidies and contributions' income, which forms another important source of income for the Rural City of Murray Bridge, was relatively flat over this period (declining by 0.3 percent).²³

On the other side of the equation, operating expense growth in the 10 years to 2020-21 was largely concentrated in 'employee' and 'materials, contracts and other' expense growth of an average of 4.6 and 4.1 percent per annum, more than double the pace of average CPI growth (1.7 percent).²⁴

The Council has forecast increasing operating surpluses in its LTFP with the operating surplus ratio projected to reach 9.3 percent at 2031-32. The increasing surpluses are the result of operating income again exceeding operating expense growth over the forward estimates (that is, average annual growth of 4.7 percent compared with 3.0 percent from 2022-23 to 2031-32). Expenses per property are forecast to increase by 1.0 percent per annum as the Council appears to be projecting scale efficiencies

¹⁹ The draft annual business plan must be consulted on in accordance with LG Act s123 (3)(b) and (4).

²⁰ The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The suggested LGA target for councils is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019 (LGA SA Financial Indicators Paper)*, p. 6).

²¹ Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

²² Average annual growth in the local government price index published by the South Australian Centre for Economic Studies was similar (at 1.9 percent) as the Commission's estimated average annual CPI growth over this period. Available at <https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index>.

²³ Noting grants income can be volatile from year to year.

²⁴ The Commission notes the impact of the increase in the solid waste levy on councils' waste management costs, and in particular the 'materials, contracts and other' expenses over this period.

in its operations. By comparison, CPI growth is forecast (based on RBA estimates) to average 2.8 percent over this period.²⁵ The extent of the revenue growth is predicated on strong growth in property numbers forecast by the Council of an average of 2.0 percent per annum (or an average of 267 new properties each year) and the continued co-funding of infrastructure projects by grants and contributions.

The Council also indicated that it has incorporated \$0.2 million in savings into its recurrent budget from forward planning and continuous improvements.²⁶ In addition, the Adelaide Hills Region Waste Management Authority, for which the Rural City of Murray Bridge is a constituent council, will also continue to explore further opportunities for council savings through the implementation of approved shared services.²⁷ Continued operating sustainability for the Rural City of Murray Bridge relies on fiscal constraint and greater cost efficiency than the Council has achieved in the past, and the Commission encourages the it to:

4. **Continue** to report its cost savings and efficiencies in its future budgets, to demonstrate its commitment to achieving cost constraint and efficiency across its operations and service delivery.

Net financial liabilities

The Council's net financial liabilities ratio²⁸ has comfortably met the sector benchmark (between zero and 100 percent)²⁹ over the past 10 years, demonstrating that the Council has been incurring borrowings and other liabilities that its operating income can reasonably service.

The ratio trended between 12 and 34 percent between 2011-12 and 2019-20, and is estimated to increase to 82 percent in 2022-23, with much higher borrowing levels for major infrastructure projects from 2020-21. However, the Council has already expanded its operating capacity quite considerably (to fund higher borrowing levels) through relatively significant rate increases in the past.

The Rural City of Murray Bridge has forecast relatively stable borrowings of \$19.2 million over the forecast period. Over the next 10 years, the Council has forecast its net financial liabilities ratio to average 64 percent, with a slight downward trend, reflective of stable net liabilities and higher operating income growth.

Asset renewals expenditure

The Rural City of Murray Bridge has been meeting its asset renewal needs in line with its AMPs over the past 10 years with its asset renewal funding ratio³⁰ averaging 103 percent; and 110 percent in the

²⁵ Based on the RBA forecasts for the CPI (Australia-wide) to the June quarter 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26 (and not the Council's CPI forecasts which produce an average of 2.1 percent). See footnote 15.

²⁶ Rural City of Murray Bridge, *Annual Business Plan 2022-23*, June 2022, pp. 14 and 20.

²⁷ Rural City of Murray Bridge, *Annual Report 2021-22*, p. 25, available at https://www.murraybridge.sa.gov.au/_data/assets/pdf_file/0025/1244347/Annual-Report-Final-including-Attachment.pdf.

²⁸ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The Council's target range for the ratio of below 90 percent is not too dissimilar from the suggested LGA target range for the sector (between zero and 100 percent).

²⁹ The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

³⁰ The IAMP-based method is the current industry standard whereby net asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the

five-years to 2021-22. The Council is forecast to continue to meet the ratio consistently in its projections to 2031-32 (noting that its AMPs do not actually extend over 10 years).

The Council's spending on the renewal of assets averaged \$6.4 million between 2011-12 and 2020-21 and peaked at \$9.8 million in 2019-20. Average annual spending is projected to increase to an average of \$9.8 million per annum (in nominal terms) from 2022-23 to 2031-32, following significant growth in the value of the Council's asset stock per property in recent years (and higher renewal requirements identified in its AMPs).

Under the depreciation-based asset renewal funding ratio,³¹ the Council's performance has been relatively volatile but has demonstrated average renewal spending in line with asset consumption (with the ratio averaging 93 percent from 2011-12 to 2019-20). It is also forecast to be 100 percent over the forecast period.

Its spending on new or upgraded assets averaged \$5.0 million in the 10 years to 2019-20 but spiked at \$22.8 million in 2020-21 with various significant infrastructure projects (including those co-funded with grants), either completed or underway. Expenditure on new or upgraded assets is forecast to be much lower in the forward estimates, estimated to average \$3.1 million per annum from 2022-23 to 2031-32 (in nominal terms).

In general, the Council's AMPs provide reasonable coverage of asset conditions and service level determination, which feed into the expenditure needs for renewal of assets. However, not all the AMPs cover the management and development of its infrastructure and major assets for a period of at least 10 years.³² The Council's AMPs are dated over four years only (consistent with the Council's SMP time period) although they generally still provide projections for 10 years of funding requirements for asset renewals. The exception is the *Plant and Fleet Asset Management Plan 2019-2024*, which does not include 10 years of funding projections. The Commission has also identified other areas for continuous improvement, mainly to ensure robust and accurate asset management approaches and better alignment between its asset management and financial planning outputs. Specifically, it would be appropriate for the Council to:

5. **Review** its asset management plans (in particular, for plant and fleet assets) to ensure they cover a period of 10 years.
6. **Update** its asset condition assessments, valuations and useful life estimates where necessary in its asset management plans (noting its carpark and bridge condition assessments and recreation facility valuations are dated 2019 and 2015).
7. **Include** more detail in updates to long-term financial plan projections about the renewal and new or upgraded capital expenditure by infrastructure category (including for key projects), to provide better alignment and transparency between its asset management plans and long-term financial plan projections.
8. **Continue** to update existing asset management plans and to complete new asset management plans as indicated in the forward program (and in accordance with **Finding 5**), with a focus on consideration of the community's desired service levels, the resultant capital expenditure requirements, and alignment with long-term financial plan projections.

plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

³¹ Where asset renewal or replacement expenditure is divided by depreciation expenses.

³² As required under LG Act s122(1a)(b). See Rural City of Murray Bridge, *Plant and Fleet Asset Management Plan 2019-2024*, December 2020, pp. 17-18, available at https://www.murraybridge.sa.gov.au/_data/assets/pdf_file/0021/534414/RCMB-2019-24-Plant-and-Fleet-AMP-2020-Annual-Review-v2.pdf.

2.2.3 Advice on current and projected rate levels

The Rural City of Murray Bridge has implemented an increase of 3.5 percent to its average rates per property in 2022-23, including a 3.2 percent or \$55 increase in average residential rates and a 3.5 percent or \$35 increase in minimum rates.

The Commission could not assess the Rural City of Murray Bridge's average rate changes by other categories in 2022-23 because the annual business plan does not show the proportion of revenue it collects from each category of ratepayers, nor the average impact of the proposed changes on all categories of rates and charges. The *Local Government (Financial Management) Regulations 2011 (Regulations)* requires that, at a minimum, the annual business plan provides a statement on the average change in the expected rates for each land use category.³³ Therefore, it would be appropriate for it to:

9. **Report** in its annual business plan the estimated average annual change for all categories of rates and other charges, together with the quantum of annual revenue it expects to collect from the different categories of rates and charges, providing greater clarity and transparency to its ratepayers.

The Council's current rates are comparatively high.³⁴ Its rates revenue increased by an average of 5.7 percent per annum in the 10 years to 2020-21, which amounted to average growth in rates of 5.0 percent per property. This compares with CPI growth of an average of 1.7 percent per annum over this period.

Affordability risk at higher rate levels is apparent in the Rural City of Murray Bridge, particularly when considering the community's relatively low socio-economic indexes for areas (SEIFA) ranking regarding the community's access to economic resources.³⁵ The Council also received some concerns from the community about rate increase impacts when consulting on its annual business plan, including related to minimum rate increases.³⁶

The Commission notes that the Council appears to have considered the impact on its community from rate rises in its annual business plan³⁷ and at this stage, its LTFP does not appear to have proposed any increases to existing average rate levels in real terms. To 2031-32, the Council has planned for rates per property to increase by an average of 2.2 percent per annum. This is lower than RBA-based forecast inflation growth of 2.8 percent per annum.³⁸ Around half of the Council's projected rates revenue growth is anticipated to be due to property growth (with the Council's assumption for average annual growth of 2.0 percent to 2031-32) and the remainder is due to projected inflation impacts.

³³ Under s6(ec).

³⁴ Refer to Councils in Focus rates data by rate category and property numbers for 2019-20 available at <https://councilsinfocus.sa.gov.au/councils/council>.

³⁵ The Rural City of Murray Bridge area is ranked 12 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA of Economic Resources (2016), where a lower ranking (eg, 1) denotes relatively lower access to resources in general, compared with other areas, available at <https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest>.

³⁶ Rural City of Murray Bridge, *Special Council Meeting Agenda - 30 May 2022, Item S95.1 - Summary of Responses to Draft 2022-23 Annual Business Plan & Budget*, Attachment 1, pp. 8-17, available at https://www.murraybridge.sa.gov.au/_data/assets/pdf_file/0025/1153582/Special-Council-Meeting-Agenda-30-May-2022.pdf.

³⁷ Rural City of Murray Bridge, *Annual Business Plan 2022-23*, June 2022, pp. 7 and 22.

³⁸ See footnote 15.

Should lower growth eventuate, this might be a catalyst for the Council to increase average rate levels by more than it has forecast. Therefore, it would be appropriate for it to:

10. **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.

The strong projected operating performance does provide some flexibility for the Council to maintain a surplus position even if property growth and the associated additional rates revenue does not eventuate, as forecast. It might also provide the Council with the opportunity to reduce rate levels further than estimated. Given the Rural City of Murray Bridge's rate history and the likely sensitivity of the community to further rate increases, it would be appropriate for it to:

11. **Review** and consider limiting further average and minimum rate increases where possible, to reduce the affordability risk of higher rate levels in the community.

2.3 The Commission's next advice and focus areas

In the next cycle of the Scheme, the Commission will review and report upon the Rural City of Murray Bridge's:

- ▶ potential integration of its annual updates to its LTFP projections with its annual business plan process
- ▶ ongoing performance against its LTFP estimates and the transparency of any significant revisions it makes to its forward estimates in its LTFP, including regarding employee expenses
- ▶ achievement of cost savings and efficiencies, and its reporting of these achievements
- ▶ revisions of existing AMPs and adoption of new AMPs, to meet the 10-year requirement and its intended program, and actions to identify desired service levels and to address the need to update outdated condition assessments and valuations in certain AMPs
- ▶ presentation of proposed rates and charges increases, including estimated revenue and average rate changes by land use category, in its annual business plan, and
- ▶ ongoing management of the affordability risks identified and the quantum of further rate increases.



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A photograph of the Murray Bridge in South Australia, silhouetted against a bright sunset sky. The bridge's steel truss structure is prominent, with a sun flare visible on the right side. The lower half of the image is overlaid with a diagonal orange-to-blue gradient.

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