

## SUMMARY BUSINESS PLAN AND BUDGET 2016/2017

Council's Annual Business Plan is a statement of the City's intended program and outcomes for the financial year and has been developed with reference to our Strategic Plan, Long Term Financial and Asset Management Frameworks.

The Business Plan defines our objectives for the year, the activities required to deliver those objectives along with the methods used to monitor and measure our Performance.

In addition, it contains a summary of revenue and expenditure required to deliver our programs, developed within the context of our commitment to financial sustainability and longer term financial planning. Importantly, it also describes the impact on rates and implications for our ratepayers.

The City of Mount Gambier is responsible for providing a diverse range of facilities and services that contribute significantly to the quality of life of the community. In achieving this the Council is supported by a very active and committed community, sporting and interest groups that all contribute to our quality of life.

Key elements of the Long Term Financial Plan reflected in the 2016/2017 Business Plan and Budget include capital projects to be completed and required rate revenue to fund those capital projects (in addition to annual operating). Importantly Council's 2016/2017 Budget is delivered without the need for any new borrowings.

Other key influences on the 2016/2017 Business Plan and Budget include:

- continued focus on achieving the vision expressed in Council's adopted Strategic Plan;
- a major focus on Economic Development (including Tourism) and employment opportunities for the City
- continued investment to promote Mount Gambier as a visitor destination, a regional retail and commercial hub as well as a quality destination for the hosting of specialist events and conferences;
- continuing the development of Council's infrastructure and asset management framework;
- capital infrastructure program of approximately \$6.661m (new and renewal);
- maintaining our extensive public realm assets and infrastructure and the programs that directly support our community;
- maintaining support for community based programs and initiatives;
- retaining and developing Council's workforce to ensure capacity in service delivery.



## WHY DO WE PAY COUNCIL RATES?

The City of Mount Gambier is responsible for maintaining the community's assets with a current value of over \$230m which includes land and buildings, roads and footpaths, stormwater drainage, parks, community and sporting facilities.

In addition, Council provides other services for the benefit of residents such as street lighting, waste management, libraries and community services as well as a range of regulatory services required under legislation.

The 2016/2017 Budget proposes to spend a total of \$32,662m on the delivery of services and programs, maintenance of assets and development of new or upgraded assets (operating and capital expenditure). This is funded from a variety of sources, predominantly rates, but also grants, statutory and user charges.

Of that total budget expenditure, \$26.001m will be required to deliver the core services (operating expenditure) of Council and \$6.661m will be invested in capital projects (new and renewal).



## HOW ARE RATES CALCULATED?

In 2016/2017 it is anticipated that 73% of Council's operating revenue will come from rate revenue. As a result Council's rating policies and strategies are key components of our financial planning.

Council's rating strategy uses a combination of a fixed charge on every rateable property and a differential or variable rating system, based on land use, when calculating general rates.

The fixed charge component, increases from \$585.80 to \$606.90 (+3.6%) in 2016/2017, applies to every rateable property and will continue to raise just under one half (45%) of Council's gross general rate revenue.

The differential or variable rating component that raises the remainder (55%) of Council's required gross general rate revenue is determined by multiplying the individual property value (capital value provided by State Valuation Office) by the differential rate in the dollar adopted for each separate land use category i.e. residential, commercial, industrial, primary production, vacant land or other land use.



## IMPLICATIONS FOR RATES

In order to deliver services and programs in 2016/2017, Council has determined that it will require an increase in the overall general rate revenue equivalent to 4.5% over the previous year.

This overall percentage increase is offset by the effect of 'growth' i.e. new assessments that have occurred during the past year. This 'growth' is equivalent to a 0.66% benefit in general rate revenue resulting in an overall average rate increase of approximately 3-4% depending on your assessment details.

In terms of residential rates in particular, the average residential ratepayer will pay \$1,101, an increase over last year of 3.2% or \$40 per annum or \$0.77 cents per week, well below that of the State Average (\$1,424 last year).

## IMPLICATIONS FOR RATES ... cont

The South Australian Local Government Association comparative rates data report (2015/2016) provides the following information on the average residential rates for South Australian Councils:

- Average for all Metro Councils \$1,424
- Average for all Regional Councils \$1,308
- **Average for City of Mount Gambier \$1,061**

Councils average residential rates for the forthcoming 2016/2017 financial year \$1,101 continues to be well below the previous years State averages.

As part of Council's rating strategy a range of rate relief measures or assistance are provided which include:

- Residential (Principal Place of Residence) rate cap
- Vacant Land rate rebates
- Postponement of rates for seniors
- Hardship
- Mandatory and Discretionary rate rebates

For further details, Council's Rate Rebate Policy can be viewed from the Council website or contact Council's Rates Office for assistance.



## FUNDING THE BUSINESS PLAN AND BUDGET

The 2016/2017 Budget provides for a total of \$6.661m in capital expenditure projects, which are drawn from Council's detailed ten (10) year Long Term Financial Plan, and provides essentially for a balanced Budget result (minor operating and cash deficits). Council continues to manage the impact of the Federal Government's decision to 'freeze' local government financial assistance grant allocations for a period of three years (estimated revenue loss of \$1.5m over 3 years).

Importantly as Council's recent major capital works projects are substantially completed no new loan borrowings are required or provided for in the 2016/2017 Budget.

Council's overall general rate increase of 4.5 % includes "new growth" of approximately 0.66% in the rate assessment base which benefit all rateable assessments, as this revenue is spread over the entire rate assessment base. Ratepayers can therefore expect to experience increase in rates payable in the range of 3 - 4% depending on your assessment details.

Council's operations are driven by the directions set out in the adopted Strategic Planning Framework. The back page provides further information on the changes Council is making in terms of its strategic directions as well as identifying some of the key components incorporated in the 2016/2017 Business Plan and Budget.



Full details of Council's expenditure and revenue functions are contained in the 2015/16 Business Plan and Budget.

- Council's Strategic Plan, Long Term Financial Plan, Business Plan and Budget can be viewed at [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au).



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Council has recently adopted a new Strategic Plan 'The Community Plan' which has been based on the operations of the community as identified in the Futures Paper.

The Community Plan will guide Council over the next four years and serve as a blueprint to build a progressive, knowledge based city that embraces new technologies, culture and sustainable living.

Council is currently undertaking a comprehensive review involving the implementation of the Community Plan to ensure it's delivery is undertaken effectively and efficiently with the final service delivery model yet to be finalised.

### GOAL 1

#### OUR PEOPLE

A safe, inclusive city where access to quality service and facilities supports a socially connected, vibrant and healthy community.

### GOAL 2

#### OUR LOCATION

A perfectly centered place where people aspire to live, work, visit and invest.

### GOAL 3

#### OUR DIVERSE ECONOMY

A diversified, innovative and resilient economy that generates jobs and services.

### GOAL 4

#### OUR CLIMATE, NATURAL RESOURCES, ARTS, CULTURE AND HERITAGE

A culturally-inspired city that strives to minimize its ecological footprint.

Key components within Council's 2016/2017 Business Plan and Budget include;

• Waste Management Operations (net)	\$1,214,000
• Recreation (Parks, Gardens, Sporting etc.)	\$2,527,000
• Library Operating (net)	\$1,398,000
• Economic Development (Inc. Tourism Services) (net)	\$1,750,000
• CBD Renewal	\$500,000
• Annual Infrastructure Capital Renewal Programs (roads, footways etc.)	\$3,172,000
• Plant and Machinery Replacement Capital Renewal Program	\$1,567,000

More detailed information on Council's 2016/2017 estimates can be found in the 2016/2017 Business Plan and Budget available from the Council Office or from the Council website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au).