City of Marion
Annual Business Plan 2026-2027

A great place to *live*

CITY OF MARION



Kaurna Acknowledgement

Ngadiu tampendi Kaurna meyunna yaitya mattanya yaintya yerta

This Kaurna acknowledgement was prepared in consultation with traditional custodians.

Acknowledgement of Country

The City of Marion acknowledges we are situated on the traditional lands of the Kaurna people and recognises the Kaurna people as the traditional custodians of the land.

Gavin Malone, Sherry Rankin, and Margaret Worth, 'Tjilbruke Gateway'

Welcome

Here is the Council budget for the year ahead. Over the last 11 years, Marion Council has aimed at keeping rate rises to no more than the general rate of inflation. We are aware that times are tough for many residents as prices rise, and Council also faces rising costs. The Israel/ US attack on Iran is already having an impact on the cost of fuel and construction costs, which are integral to council operations. Offsetting this, we are negotiating joint procurement with the Charles Sturt and Port Adelaide Enfield councils, to get a better deal when we replace ageing sports facilities.

Even while we are proposing capital investment of nearly $100 million over the next two years, to meet community expectations for a high standard of service and facilities, we are proposing an average residential rate rise of 4.8 per cent this year; which compares well with most councils in metropolitan Adelaide.

Cost pressures faced by your council include:

1. Wage increases: Staff costs make up about 40 per cent of our budget. Our hard-working staff will receive pay rises of between 3 and 4 per cent this year.
2. Irrigation: There was a proposal to add 41 irrigation projects and 8 natural landscaping projects to our Open Space Plan, which would add .3 per cent to the rates next financial year, and ultimately an extra 1 per cent in extra rates every year ongoing, once the whole project is rolled out.
3. A new 4-court Marion Basketball Stadium has been approved to meet the needs of the huge South Adelaide Basketball Club; after bringing down debt to almost nothing in recent years, we can afford to borrow to build it.

We will continue to provide a high standard of service, with “something for everyone“, which I hope you will appreciate even if there are many services you personally do not use; at the same time, we continue to encourage a prudent, common sense approach in the way council operates.

Yours faithfully,

KRIS HANNA

Mayor Kris Hanna



From the foothills to the coast, our city's reach boasts one of the largest in South Australia.

Bringing together a diverse and vibrant mix of people and cultures, thriving and innovative businesses and millions of visitors every year, our city is like no other.

Lively and energetic, innovative and progressive, relaxing and welcoming, thriving and growing.

Life can be lived here, life can be enjoyed here, life can thrive here.



Image credit: Stellar Momentum

Contents

Welcome ---- 3
Your rates at a glance ---- 6
Major projects overview ---- 8
Our Vision ---- 12
Strategic Management Framework ---- 13
Our Values ---- 13
Significant influences ---- 14
Climate response ---- 16
Framework of the Annual Business Plan ---- 18
Continuing and improving service delivery ---- 20
Project priorities ---- 21
Asset Management ---- 23
Measuring our success ---- 24
Funding the Annual Business Plan ---- 26
Comparative rating data ---- 27
Differential rating ---- 28
Budgeted income statement ---- 29
Operating revenue ---- 30
Operating expenditure ---- 31
Capital revenue ---- 31
Budgeted capital expenditure ---- 32
Financing the budget ---- 33
Financial ratios ---- 35
Appendix 01 Capital works program ---- 36
Appendix 02 Budgeted Income Statement ---- 39
Appendix 03 Budgeted Statement of Financial Position ---- 40
Appendix 04 Budgeted Statement of Changes in Equity ---- 41
Appendix 05 Budgeted Statement of Cash Flow ---- 42
Appendix 06 Budgeted Funding Statement ---- 43
Appendix 07 How your rates are calculated ---- 44
Appendix 08 Rating policy ---- 45
Response to ESCOSA advice report ---- 55
Attachment 1 - ESCOSA - Local Government Advice to the City of Marion ---- 59

Your rates at a glance

Operational costs per one hundred dollars ($100)



Infrastructure Management

- Civil infrastructure maintenance
- Asset management
- Stormwater drainage network
- Traffic management



Community Facilities

- Marion Outdoor Pool
- Sporting facilities
- Property management
- Facilities hire (casual and long term)



Open Space, Parks and Gardens

- Reserve maintenance
- Playgrounds
- Public toilets
- Playground maintenance



Waste collection and Management Services

- Kerbside waste collection and management
- Household waste, recyclables, green organics
- Hard rubbish collection and illegal dumping
- Recycling facility for waste management



$8.19

Library Services

- Marion Cultural Centre Library
- Parkholme Library
- Cove Civic Centre Library
- Library programs/events



$8.11

Urban Development, Inspection, Regulation and Control

- Parking control
- Development services
- Dog and cat control
- Food safety



$4.55

Community Development and Capacity Building

- Youth services
- Neighbourhood centre operations and programs
- Community grant programs



$5.19

Environmental Sustainability

- Street tree management
- Environmental regulation
- Native vegetation



$4.63

Culture and Recreation

- Cultural heritage
- Community events



$1.00

Health and Community Care

- Aged care services
- Community buses
- Emergency response



Major projects overview

The Annual Business Plan for 2026-2027 outlines proposed key projects, services, and programs aligned with Council's Strategic Plan 2024-2034 and its Four Year Business Plan 2023-2027.

Our focus is on responsible decision-making, financial management, and securing external funding through partnerships with State and Federal Governments. Council's business plan is based on a 4.8% rate increase in 2026-2027. Council will continue enhancing the City of Marion as a great place to live, work, and play through ongoing capital works, core services, and targeted initiatives that add value to the community.



Image courtesy of Studio Nine Architects

Marion Basketball Stadium

Council is set to construct a new four court indoor basketball facility at the current Norfolk Road site at Marion.

The new facility will provide a much-needed boost to local indoor sports infrastructure and meet growing community demand. The $25m plus project has been made possible thanks to the Federal Government committing $6m of funding under the Priority Community Infrastructure Program.



Glandore Oval | Upgrade

Council is set to complete major upgrades at Glandore Oval.

The project will transform the site into a modern, multi-functional community and sporting hub. The project has been co-funded with the State Government contributing $5m for this $9m plus project through a 2022 State Election commitment.



Events

The City of Marion events program for 2026-2027 includes a vibrant calendar of community events and civic ceremonies across the City.

The program will focus on shared experiences that bring people together to celebrate community pride and culture.

Major events will include Touch a Truck, Concert at the Cove, Many Cultures One Earth, A Winter's Night in Tonsley, and Woofstock (dog- friendly festival), each offering unique opportunities for residents and visitors to come together and enjoy local entertainment, diverse food and activities.

Council will also continue to support the ANZAC Youth Vigil and host Citizenship Ceremonies, recognising important moments of community reflection and welcoming new citizens.



Marion Outdoor Pool | Upgrade

Council will explore options to address ageing infrastructure at Marion Outdoor Pool.

Improvements to this highly valued community facility will be considered, including a new plant room, replacement of the main plant infrastructure, upgrades to the main and junior pools through the removal of pool lips, re-tiling and installation of new water flow inlets, and construction of an inclusive accessible ramp into the main pool.



Hazelmere Reserve | Upgrades

Council is set to invest over $1m to redevelop Hazelmere Reserve Netball facilities.

The project will deliver three compliant netball courts that meet modern safety, performance, and accessibility standards. The redevelopment aims to enhance player experience, support increased participation, and align with the City of Marion's commitment to sustainable and community focused sports facilities. The State Government also pledged $770k toward upgrades at Hazelmere Reserve in the 2026 State Government election.



Cove Sports | Upgrade Stage 2*

Council has committed to a significant upgrade of the Cove Sports ground and its ageing clubrooms.

The proposed redevelopment includes a new function space, compliant football and cricket changerooms, upgraded amenities and improvements to parking and oval access. The project is set to receive government funding from the State and Federal Governments. Planning and concept design work will be undertaken in 2026-2027 with construction scheduled to commence in 2027-2028.

**Subject to grant funding being received*



Fleet vehicle Replacement program

Council proposes to invest $1.6m in its vehicle replacement program to support the continued delivery of important services to the community.

This includes replacing key vehicles that help keep streets clean, green and well maintained. Council will also continue the transition of its passenger vehicle fleet to battery electric vehicles, with most of this transition expected to be complete by 2028.



Morphettville Park | Tennis Club

The ageing Morphettville Park Tennis Clubroom is set to be replaced in 2026-2027.

The rebuild will deliver a modern facility with a slightly larger footprint than the existing building, incorporating accessible and compliant toilets and shower areas, along with increased storage. The State Government also pledged $150k for an electronic scoreboard at Morphettville Park Sports club.

Reserves and playground redevelopments across Council

Council proposes to invest over $2.3m to improve reserves and playgrounds across the council area.

Upgrades include new playgrounds, greener landscaping, pathways, shelters, community facilities and more. To encourage more outdoor play and connection, the Activating our Reserve initiative will bring many opportunities to enjoy our local parks and reserves. Program highlights include fitness and wellbeing activities, Treasure Trail, Parks Week activities and school holiday events such as Cardboard Castles, where families can build creative structures using recycled materials in partnership with neighbourhood centres.

Footpath upgrades

The City of Marion proposes to spend over $1m on footpath improvements across the city in 2026-2027.

The works include 600m of upgrades and will support the continued enhancement of the city's footpath network following the 2025–2026 budget boost of $1.165m.







The strategic directions of Liveable, Sustainable, and Community reflect the aspirations of the community for the City of Marion's future.

A fourth strategic direction, Our Organisation, sets the focus for council and its staff toward fulfilling the 10 Year Community Vision and Strategic Directions. These interconnected directions emphasise a commitment to achieving holistic outcomes for the council area.

Our Vision

Community Vision: A liveable, sustainable community.

Liveable

We will create and maintain safe, attractive and accessible public places and facilities.

Sustainable

We protect, restore and connect to the natural environment, building resilience to climate change.

Community

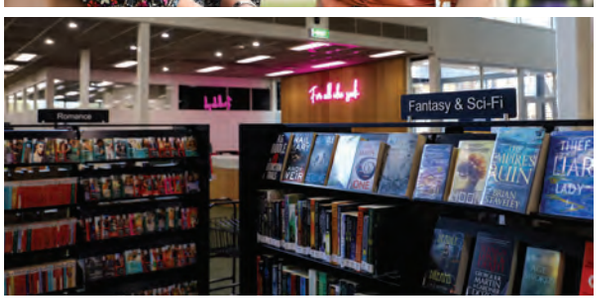
We are a friendly, inclusive and connected community, where everyone belongs.

Our Organisation

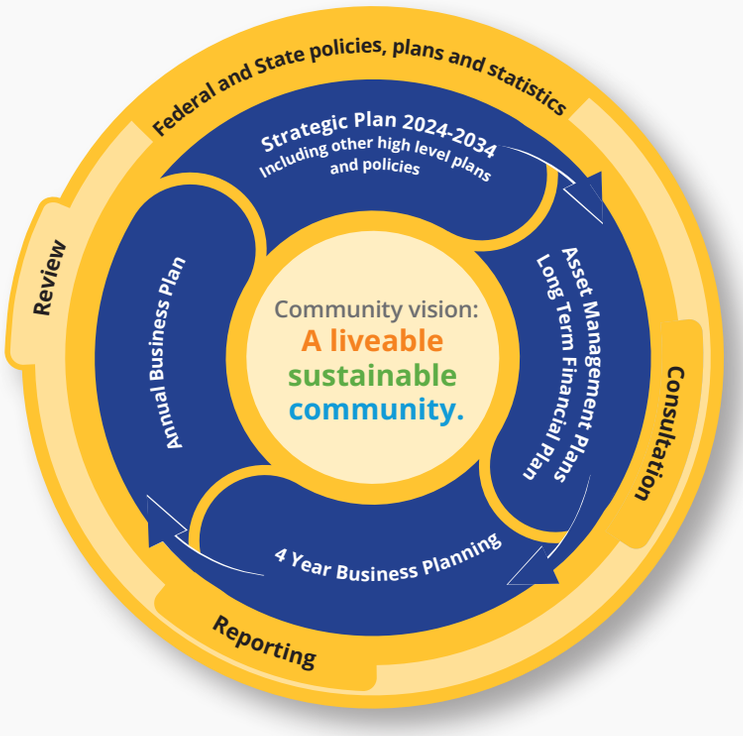
We listen to our community and partner for the benefit of our community. We deliver high quality, cost-effective services, reliably and innovatively.











Strategic Management Framework

This Annual Business Plan 2026-2027 is an integral part of Council's Strategic Management Framework that will enable strategic and operational plans, management systems and processes to work together to effectively deliver the Community Vision.

Our Values



Embrace excellence | We are:

- Adaptable, driven and continuously improve
- Accountable for our decisions and actions
- Proactive in sustainability and support the environment

Focus on the customer | We are:

- Engaged with our diverse community
- Responsive and proactive
- Dedicated to a great customer experience

Engage with respect | We are:

- Committed to a safe and inclusive workplace
- Connected, caring and professional
- Honest, transparent and act with integrity

Significant influences

The following external issues and opportunities have influenced the development of Council's budget for 2026-2027:

Local Government Elections

Local residents have the opportunity to vote for their Council Members every four years. The next Council Elections are scheduled to take place in 2026-2027.

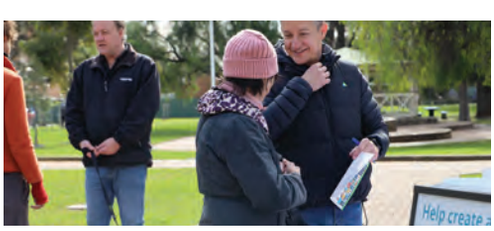
These elections allow the community to choose representatives who will help shape local government by making decisions on behalf of residents.

To participate, you must be enrolled to vote. Voting is conducted by post. Eligible voters will receive a voting pack in the mail and must return their completed ballot using the reply-paid envelope provided. For details on eligibility and how to enrol, please visit our Enrol to vote page. Council elections are conducted in accordance with the *Local Government (Elections) Act 1999 (SA)*.

Climate Resilience

Council is committed to building climate resilience through a range of initiatives. These include enhancing the energy efficiency of Council buildings, increasing the use of renewable energy, planting thousands of trees each year, and implementing sustainable waste and water management practices across the council area.

These actions are designed to strengthen the city's resilience to climate-related challenges, with ongoing monitoring through a climate risk register to ensure proactive management of potential threats. The impact of the Algal Bloom on council resources was unforeseen last year and may require continued support by Council should the Algal Bloom impacts continue.





Domestic and global economic conditions - service delivery impacts

Recent changes in domestic inflation and broader global conditions have increased cost pressures across many sectors, including local government.

Ongoing inflation and volatility in energy, insurance, fuel and construction costs may place additional pressure on Council's operating budgets in the year and affect the delivery of capital projects and services.

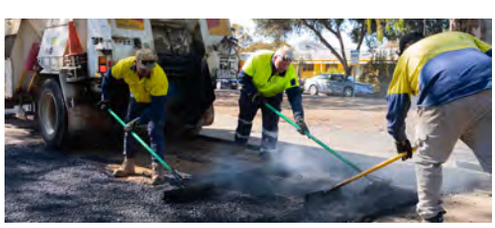
If these conditions continue, Council may need to remain responsive and adapt throughout the year.

Financial sustainability and budget pressure

Council continues to manage increasing financial pressures while maintaining essential services and infrastructure for the community. The 2026–2027 budget includes a significant capital works program to upgrade and renew community infrastructure, alongside ongoing commitments to maintain Council assets throughout their lifecycle.

Limited and uncertain grant funding requires careful prioritisation of projects and continued advocacy for partnership funding. At the same time, recent changes in domestic inflation and broader global conditions have increased cost pressures across many sectors, including local government.

These challenges occur alongside growing community expectations and limited appetite for rate increases due to cost-of-living pressures, requiring Council to carefully balance financial sustainability with continued investment in community services and infrastructure.





Climate response

How council is preparing for climate impacts

The City of Marion is embedding climate resilience in long-term planning and financial decision-making. The City uses state and national climate projections to plan for physical and transition risks and to guide delivery of the Environmental Sustainability Plan 2026–2030. The City is reducing emissions, preparing for climate impacts and working with Resilient South partners. This work supports the Community Vision for a liveable, sustainable community.



Drought conditions

Less rainfall overall

Longer and more frequent droughts

Declining spring rainfall



Heat

Warmer temperatures overall

Longer, hotter and more frequent heatwaves



Rainfall and storms

More intense heavy rainfall

Increased frequency and severity of storms

Increased risk of flooding and storm damage



Fire weather

Longer fire danger seasons

More days of extreme and catastrophic fire danger



Emissions reduction

Increased requirements to reduce emissions to mitigate climate change



Coastal

Sea level rise

More frequent and higher storm surges

Increased coastal erosion

Key climate action initiatives for 2026-2027

Governance and coordination

- Deliver the Environmental Sustainability Plan 2026–2030 and embed climate resilience in long-term planning, infrastructure and services.
- Improve climate resilience through stormwater planning, updated flood mapping and the Coastal Hazard Adaptation Plan.
- Partner with Resilient South to coordinate regional climate action and pursue external funding.

Sustainable resources and emissions reduction

Strengthen emissions reporting and set a clear path to reduce corporate greenhouse gas emissions by 50 per cent by 2035 (from a 2022-2023 baseline).

Cut emissions from council buildings and sites through updated sustainable design guidelines, more solar and batteries, and a phased move away from gas.

Deliver Council's new community initiatives that support households and neighbourhoods to reduce emissions and increase greening and cooling:

- Sustainable Living Rebates for households
- Leaf It Better residential tree planting program
- Wildlife Friendly Gardening program
- Community Waste Hubs for hard-to-recycle materials

Algal bloom

A harmful algal bloom has affected South Australian waters since March 2025. The City of Marion is working with the State Government to respond to local impacts and support the community. Measures include:

- Support for beach clean-up operations
- Share timely and accurate information to keep the community informed
- Deliver initiatives that support community understanding, resilience and wellbeing in response and recovery to impacts of the bloom.



Framework of the Annual Business Plan

The Annual Business Plan 2026-2027 has been prepared on the basis of a framework that aims to inform the community and hold the City of Marion accountable to its stakeholders. The key items in this framework are as follows:

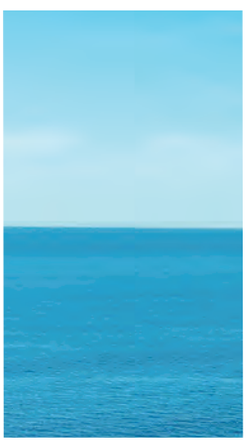
Support the achievement of the City of Marion's strategic directions.

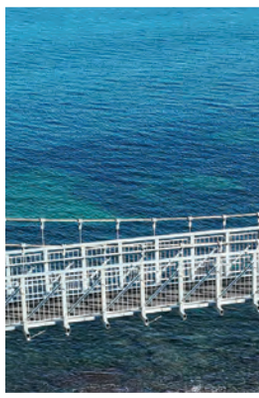
This Annual Business Plan has been reviewed against the Strategic Plan 2024-2034 to ensure that Council's activities over the next 12 months make the best possible progress towards achieving the Community Vision for the future City of Marion.



Address issues arising and opportunities identified from internal audit reviews, and business excellence assessments.

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





Maintain, on average, a break-even or positive funding (cash) position over the long term financial plan.

With a primary focus on cash flow and ensuring the council's asset renewal and upgrades are fully funded, this target is currently being met. To ensure ongoing financial sustainability, the council monitors and reviews all its financial indicators together.





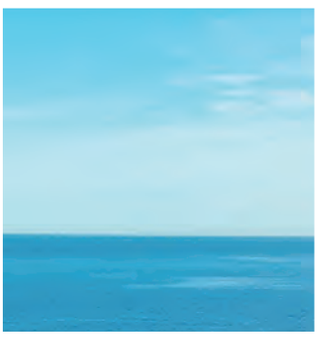
Continue to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new, when it is cost effective to do so.

The Annual Business Plan has been prepared taking into consideration individual Asset Management Plan requirements and outcomes of recent infrastructure audits. The City of Marion has a target of 90-110 per cent for the Annual Asset Renewal Funding Ratio.











Council only approves new major projects where it has the identified funding capacity to do so.

With consideration given to key financial indicators, Council has continued to retain the funding capacity to consider additional strategic Major Projects and is currently investigating partnerships to aid the development of several initiatives. Council debt is forecast to increase to $38.040m by 30 June 2027, and peak at $43.761m in 2027-2028.

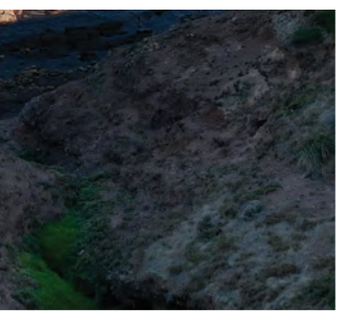
These additional forecast borrowings after 2026-2027 relate to Council's contribution towards new initiatives in the Capital Works Program. Any changes to the timing and scope of the capital projects may impact the funding required, and in turn the total requirement for borrowings currently factored into the Annual Business Plan 2026-2027.



Review existing services and assets to ensure they meet prioritised community needs.

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

Collaboration with other councils will continue to assist capacity building for shared strategic opportunities, innovation and cost efficiencies and enables the ability to align processes and reduce duplication.



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

Comparative 2025-2026 data shows that council's average residential rate continues to remain among the lower rating metropolitan councils, with its current position ranking being the 5th lowest of 18 metropolitan councils.

Continuing and improving service delivery

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

Enabling services

- Financial management
- Governance support
- Strategic planning
- Operational support
- Continuous Improvement
- Risk management
- Strategic partnerships
- Innovation
- Strategic Asset Management
- Communication, marketing, and engagement
- People Management
- ICT and knowledge management
- Strategic procurement and contracts management
- Disability Access and Inclusion Planning

Ongoing services

- Reserves, parks and gardens management
- Community facilities management
- Infrastructure management
- Waste and recycling services
- Library services
- Environmental sustainability
- Business support services
- Development and building assessments
- Land use and development planning
- Emergency planning and response
- Community grants and partnerships
- Sport and recreation promotion and support
- Community health and safety
- Tree planting
- Public health planning
- Community transport
- Dog and cat registration
- Arts and cultural promotion and support
- Citizenship ceremonies
- Supporting community gardens
- Community Leadership Program
- Graffiti removal
- Justice of the Peace (JP)
- Community centres
- Parking and traffic management

Project priorities

In 2026-2027 the council plans to commence or continue working on the following strategic initiatives, as outlined in our 4 Year 2023-2027 Business Plan, or through council resolutions:

Continuing initiatives from prior years	Key strategic theme
Continue to deliver footpath upgrades and improvements across the city.	Liveable L2.2
Progress construction of Marion Basketball Stadium	Liveable L2.2
Complete Glandore Oval Upgrades	Liveable L3.3
Continue annual tree planting across council	Sustainable S1.2
Implement the Biodiversity Plan	Sustainable S1.3
Complete the co-funded Sturt River Biodiversity Corridor Project	Sustainable S1.3
Continue to partner with neighboring councils to develop Stormwater Management Plans for East of the Sturt and Coastal catchments	Sustainable S1.4
Deliver Council's Open Space Plan (reserve upgrades and playgrounds) and implement Activating our Reserves initiatives to provide more opportunities for community to connect in our local parks and reserves	Sustainable S2.2
Deliver community events including Australia Day events, Touch a Truck, Concert at the Cove, citizenship ceremonies, opening events, Reconciliation Week event and civic events	Community C1.1
Deliver Council's Reconciliation Action Plan	Community C2.3
Support the National Reconciliation week event at the Living Kaurna Cultural Centre (delivered by Southern Cultural Immersion)	Community C2.3
Deliver an annual program of business events and engagement	Community C2.4
Support the Youth Collective Committee and initiatives	Community C3.2
Provide the community bus to support residents to remain connected	Community C3.3
Continue focus groups with Marion 100	Community C4.1
Continue to deliver Volunteer Programs	Community C4.4
Continue to support the Gap Year and Inclusive Traineeships Programs	Our Organisation O3.1
Implement the Information Services Strategy	Our Organisation O5.1

New projects commencing in 2026-2027

	Key strategic theme
Deliver Stage 3 of the co-funded Flinders Greenway Project to improve cycling links between Tonsley, the Marino Rocks Greenway and the wider statewide bikeway network.	Liveable L1.1
Expand irrigation across council reserves to maintain vibrant and green open spaces	Liveable L2.2
Commence planning and concept design work for Cove Sports - Stage 2	Liveable L2.2
Consider options to upgrade Marion Outdoor Pool infrastructure	Liveable L2.2
Design and consult with community to develop a Liveable Growth Plan	Liveable L3.2
Upgrade Hazelmere Reserve netball facilities*	Liveable L3.3
Start construction of 6 new tennis courts and a pavilion for Marion Tennis Club, as well as a new junior soccer pitch for Sturt Marion Thunder Soccer Club.	Liveable L3.3
Support the State Government and local communities to respond and recover from the harmful Algal Bloom impacting South Australia's coastline*	Sustainable S3.1
Implement the Environmental Sustainability Plan	Sustainable S3.2
Implement Social Plan programs and actions (including the Regional Public Health Plan, Disability Access and Inclusion Plan, Multicultural Inclusion Plan)	Community C1.1
Pilot after-hours library access to provide more flexible use of our community spaces.	Community C2.1
Implement an Ageing Well Information Service for 12 months to better support older residents to live well in City of Marion.	Community C3.3

**Subject to grant funding*

Asset Management

The City of Marion owns and manages a large and diverse asset portfolio valued at over one billion dollars:

- Artworks Culture and Heritage
- Buildings and Structures
- Coastal Walkway
- Fleet, Plant and Equipment
- Open Space
- Stormwater
- Trees
- Transport
- Water Treatment and Resources

The City of Marion's Asset Management vision is to maintain community assets at agreed service levels, maximising value throughout their lifespan. These assets, including roads, buildings, playgrounds, and stormwater infrastructure support current and future generations. Council prioritises best practice in asset management, considering performance, risks, funding, and compliance with legislative and policy requirements.

Assets must be resilient and adaptable to future needs and climate impacts, such as increased bushfires, heatwaves, and flooding. Asset management plans focus on climate resilience, transitioning to a low-carbon future, and addressing risks cost-effectively. The council aims to optimise spending on asset maintenance, renewal, and creation, balancing affordability and technological advancements to enhance community quality of life.



Measuring our success

Monitoring performance is a critical element of strategic management. It is the mechanism for critically ensuring that the Council is contributing to the achievement of its objectives in both the Strategic Plan and the 4-Year Business Plan. Our Key Performance Indicator (KPI) dashboard (provided in the table below) takes account of these objectives.

Financial

Key Performance Indicator		Core target	Stretch target
1	**Financial Sustainability**	Council maintains, on average, a break-even or positive funding (cash) position over the Long Term Financial Plan	Council maintains a break-even or positive funding (cash) position in delivering its annual budget
2	**Asset Renewal Funding ratio** (A measure to assess that we are renewing or replacing non-financial assets in accordance with our future Asset Management renewal requirements)	Asset Renewal Funding Ratio between 90 and 110%	No stretch target
3	**Total employee costs** (including agency staff)	Less than or equal to 4.5% increase in actual employee costs (including agency staff) against prior year's actual costs- adjusted for Council endorsed changes to meet resourcing requirements	Less than or equal to 4% increase in actual employee costs (including agency staff) against prior year's actual costs - adjusted for Council endorsed changes to meet resourcing requirements

Organisational

Key Performance Indicator		Core target	Stretch target
4	**Staff engagement**	Achievement of an overall employee pulse survey result of 70%, with at least 50% employee participation per SLT department	Achievement of an overall employee pulse survey result of 75%, with at least 50% employee participation per SLT department
5	**Delivery of agreed projects identified in the Annual Business Plan and the final year targets in the 4-Year Business Plan**	Greater than or equal to 95%	No stretch target
6	**Delivery of council's capital works program**	Greater than or equal to 85% delivery of council's planned capital works program (adjusted for extraordinary items)	Greater than or equal to 90% delivery of council's planned capital works program (adjusted for extraordinary items)

Environment

Key Performance Indicator		Core target	Stretch target
7	**Corporate emissions reduction target as set out in the endorsed Environmental Sustainability Plan.**	Reduce corporate greenhouse gas emissions by 50%, by 2035 (from FY 2022/23 baseline)	No stretch target

Customer

Key Performance Indicator		Core target	Stretch target
8	**Overall satisfaction with Council's performance**	Greater than or equal to 75% rated as satisfied or above	Greater than or equal to 85% rated as satisfied or above
9	**Customer experience**		
9a	**Ease of lodging requests**	75% satisfied or more	80% satisfied or more
9b	**Time taken to address and action requests**	65% satisfied or more	70% satisfied or more
9c	**Satisfaction with requests handling**	55% satisfied or more	60% satisfied or more

Funding the Annual Business Plan

Your rates in 2026-2027

The Annual Business Plan is based on a 4.8 per cent increase in the average rate for the coming year. In setting rates for 2026-2027, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2026-2027.

Rates account for 85 per cent of council's operating revenue with other sources including fees, charges and grants. These revenues contribute to the necessary funding for planned operating and capital renewal programs in 2026-2027.

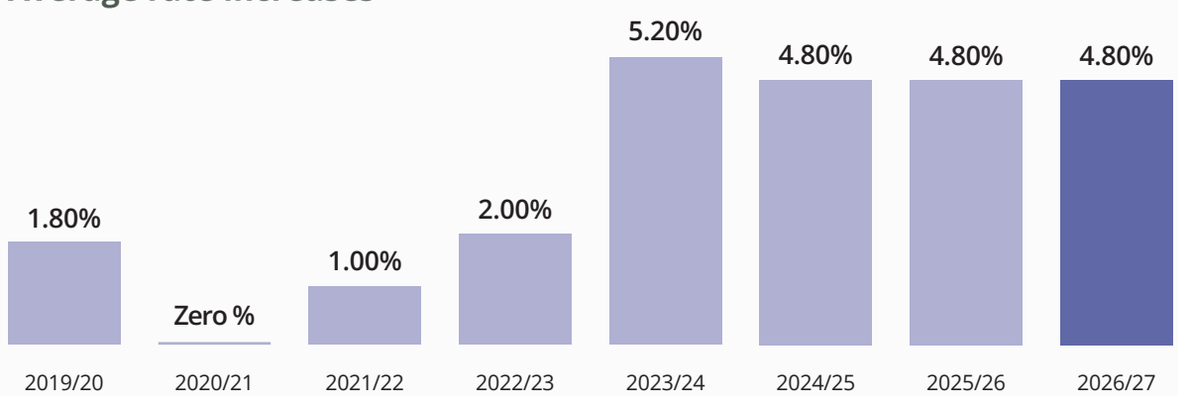
While the average rate increase is 4.8 per cent, it is to be noted that actual rates payable by a rate payer will vary according to individual property valuations, the attributed land use, and whether there has been any new development or capital improvement on the land.

Council is aware of the impact rate increases have on the community. We are continually looking for opportunities that allow this cost to be minimised, support our community during uncertain times, and maintain the fiscal responsibility required of council.

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

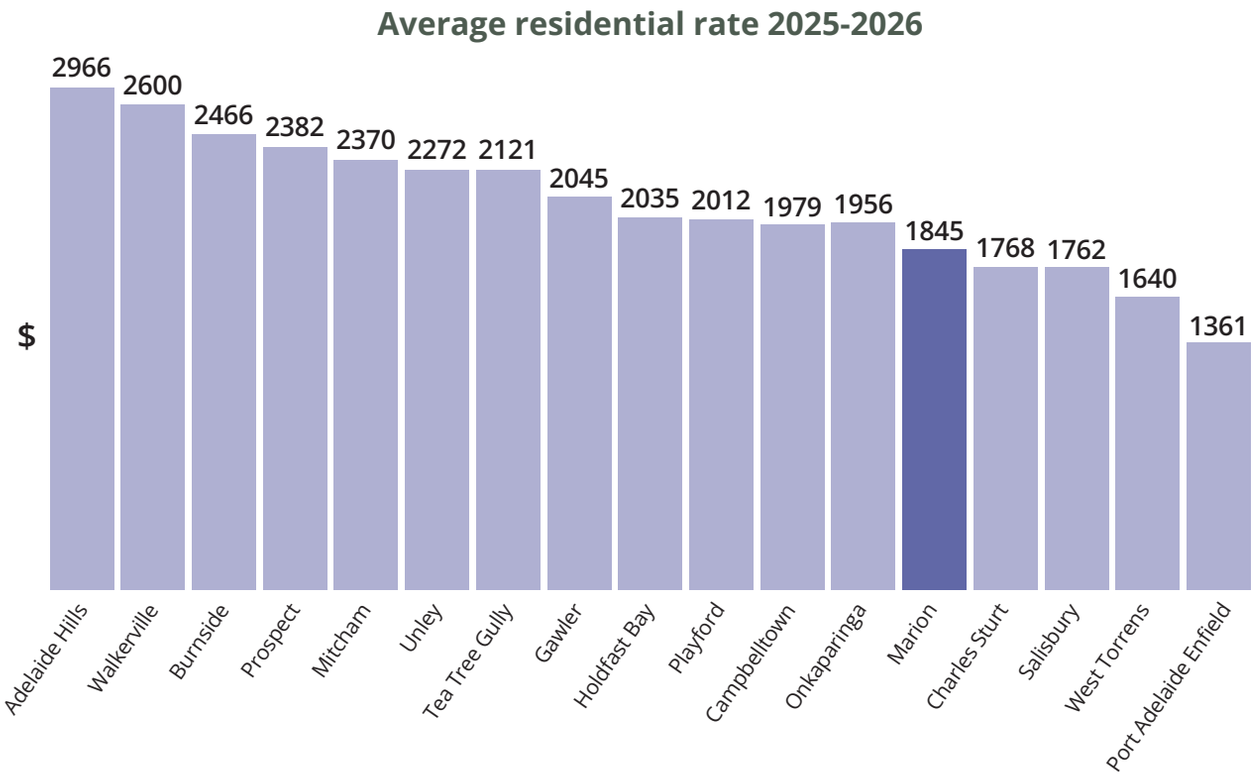
The outcomes of the community consultation, as well as a balance between achieving the strategic directions, maintaining services and assets, ensuring financial and environmental sustainability, supporting intergenerational equity and making provision for those in the community who are experiencing hardship, have been considered in setting the rate increase for the Annual Business Plan 2026-2027.

Average rate increases



Comparative rating data

With a 4.8% increase, the City of Marion's average residential rate is in line with Council's Annual Business Plan framework and set to remain among the lower rating metropolitan councils. In 2025-2026 the City of Marion had the 5th lowest average metropolitan residential rate.





Differential rating

Council currently derives 17.3 per cent of its rate revenue from the Commercial and Industrial sectors – Commercial (15.7 per cent) and Industrial (1.6 per cent).

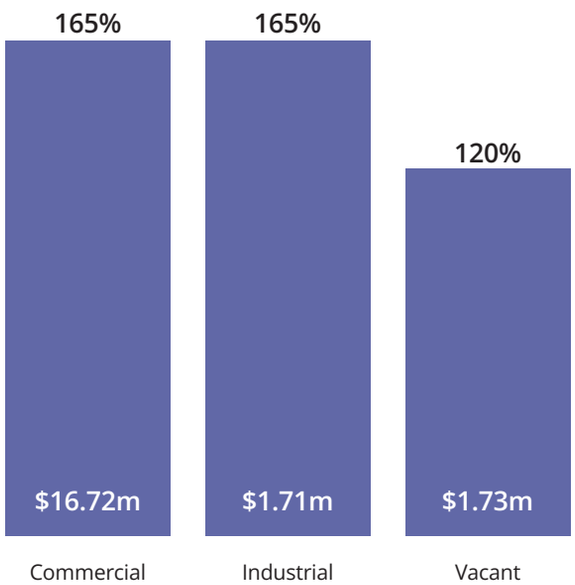
Commercial and Industrial users consume a greater proportion of council resources than residential properties, particularly in regard to the use of roads, footpaths, traffic, parking, storm water drainage, public health and environment.

Council uses a differential rating system to raise revenue based on its Land Use to ensure a fair and equitable distribution of rates within the City of Marion.

The differential rate is charged in addition to the normal rate. In applying this approach, council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

Council has changed the way we charge rates for homes used for commercial benefit as short term accommodation. Properties that meet certain criteria are considered as having a commercial predominant land use.

Differential rates to apply to land use are as follows:



The average increase in rates for 2026-2027 by land use category is outlined on the right:

Land use category	Expected revenue 2026-2027	Average increase 2026-2027
Residential	$84,974,357	$91
Commercial - Shop	$7,561,452	$451
Commercial - Office	$1,099,188	$164
Commercial - Other	$8,055,914	$771
Industrial - Light	$610,541	$464
Industrial - Other	$1,104,056	$666
Primary production	$56,697	$1,479
Vacant land	$1,728,778	$806
Other	$989,709	$182

Budgeted income statement

An operating deficit of $0.841m before capital revenues is forecast for 2026-2027. While a minor operating deficit is forecast in 2026-2027 all future years of council's long term financial plan forecast an operating surplus. Operating surpluses are required to support the renewal of existing infrastructure in accordance with council's Asset Management Plans and to support construction of new assets to deliver services.

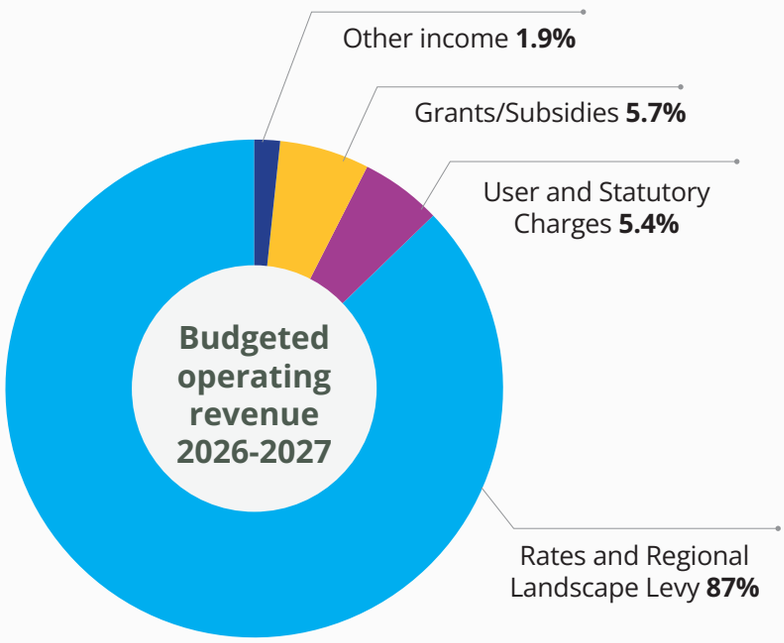
All figures shown in $'000.

Budgeted Income Statement	3rd Review 2025/26	Budget 2026/27	Variance
Operating Revenue			
Rates - General	98,014	103,728	5,714
Rates - Regional Landscape Levy *	2,493	2,576	83
Statutory Charges	2,849	3,016	167
User Charges	5,218	3,541	(1,677)
Grants/Subsidies	9,969	7,002	(2,967)
Investment Income	655	250	(405)
Reimbursements	492	764	272
Other Revenue	613	493	(120)
Share of Profit/(Loss) Regional Subsidiaries	793	817	24
Total Operating Revenue	**121,096**	**122,187**	**1,091**
Operating Expenditure			
Employee Costs	51,223	50,313	(910)
Contractor Services	35,949	31,022	(4,927)
Materials	7,634	6,416	(1,218)
Finance Charges	752	1,114	362
Depreciation	25,150	26,116	966
Other Expenses	8,636	8,046	(590)
Total Operating Expenditure	**129,344**	**123,028**	**(6,317)**
Operating Surplus/(Deficit) before Capital Revenues	**(8,248)**	**(841)**	**7,408**
Capital Grants and Contributions	7,512	7,728	216
Net Surplus/(Deficit)	**(736)**	**6,887**	**7,624**
Other comprehensive income	-	15,231	15,231
Total comprehensive income	**(736)**	**22,118**	**22,854**

** Note: The Regional Landscape Levy is collected by council on behalf of the Green Adelaide Board.*

Operating revenue

The main source of income for council is rate revenue; making up just under 85 per cent (87 per cent including Regional Landscape Levy) of total revenue in 2026-2027, with other sources being government regulated fees for statutory services, untied federal grant monies, as well as other grants from the State and Federal government.



General rates

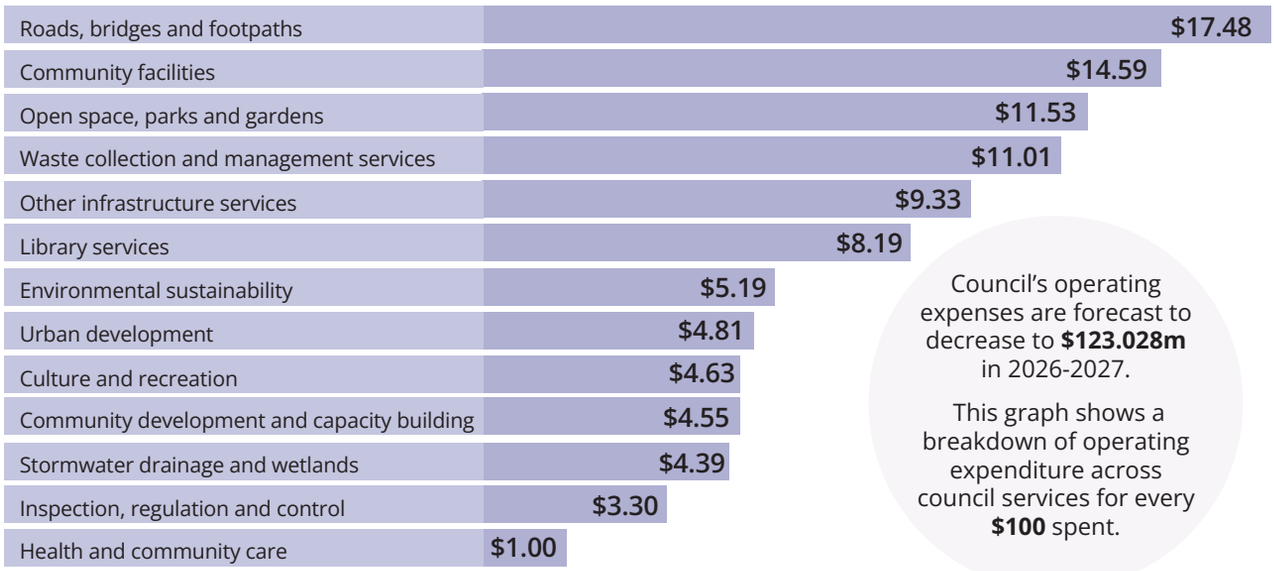
Council's revenue in 2026-2027 includes $103.728m ($98.014m in 2025-2026) to be raised in general rates. The budget has been developed on the basis of a 4.8% average rate increase (excluding new developments and capital improvements). In setting rates for 2026-2027, council has forecast the revenue required to meet the costs of delivering the services and projects to be provided to the community in 2026-2027.

Growth from new property development is forecast at 1 per cent for 2026-2027. This predominantly is the result of new housing in Marion, as reported by the Valuer General. The revenue created by this growth will cover the increased costs of servicing a growing community, which includes the requirement to maintain and provide for the replacement of infrastructure such as stormwater drainage and transport networks.

User charges set by Council - these relate mainly to the recovery of service delivery costs through the charging of fees to users of council's services. These include charges for the use of council's community facilities. Statutory Charges set by State Government relate mainly to fees and fines levied in accordance with legislation and include development application fees, health act registrations and parking fines.

Grants and subsidies - these include all monies received from State and Federal sources for the purpose of funding the delivery of council's services to ratepayers and for the funding of the capital works program. Operating grants are forecast at $7.002m for 2026-2027, a decrease of $2.967m on grants received in 2025-2026. The reduction in grant funding primarily reflects changes to Council's service delivery model and associated funding arrangements for the Commonwealth Home Support Program.

Operating expenditure



Council's operating expenses are forecast to decrease to **$123.028m** in 2026-2027.

This graph shows a breakdown of operating expenditure across council services for every **$100** spent.

Employee costs

Employees are responsible for the provision of council's key services, including the ongoing maintenance of open space areas, libraries, neighbourhood centres, the Marion Outdoor Pool, urban development, health and community care. Employees are either directly employed by council, or indirectly through an employment agency (i.e. agency staff) where temporary workforce requirements have arisen through seasonal demand or short-term vacancies of existing positions.

Employee costs are forecast to decrease by $0.910m, primarily reflecting changes to Council's service delivery model and associated funding arrangements for the Commonwealth Home Support Program. This reduction is partially offset by increases arising from Enterprise Agreement provisions.

Contractor services

Contractor services relate mainly to the provision of council services by external providers. Council uses contractors to assist in the provision of major services such as waste collection and management, and also where specialist services or advice is required, where it is not warranted for council to have permanent in-house resources. A decrease of $4.927m is forecast in the 2026–2027 budget, reflecting the progression of Information Services (IS) Strategy initiatives in 2025–2026 and the conclusion of several one-off investment programs, including targeted Footpath Maintenance works. The reduction also incorporates efficiencies from revised service delivery arrangements and previously endorsed savings, with contractor costs returning to reduced levels following the delivery of these projects.

Materials

Council's Materials budget includes utilities, products utilised in the delivery of community services and maintenance of council's infrastructure, open space, and other assets, as well as fuel for the fleet of vehicles used to deliver services. A decrease of $1.218m in materials is forecast in the 2026-2027 budget primarily relating to one-off equipment purchases and project expenditure made in 2025-2026 which are not required in 2026-2027.

Other expenses

Other expenses have also been tightly managed and forecast to decrease by $0.590m in 2026-2027.

Capital revenue

Capital grants and contributions

Council has incorporated $7.728m in capital grants and contributions towards new capital works planned in 2026-2027. Funding includes Federal and State Government grant funding contributions towards council's prioritised new initiatives/projects.

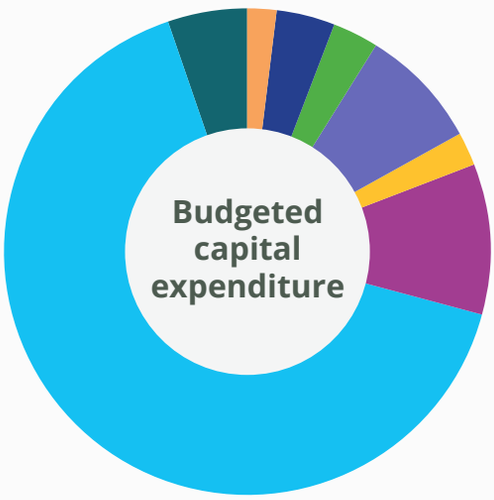
Budgeted capital expenditure

The 2026-2027 Budgeted Statement of Capital Expenditure forecasts a total capital funding requirement of $47.902m including $16.811m renewal and $31.091m new and upgrade.

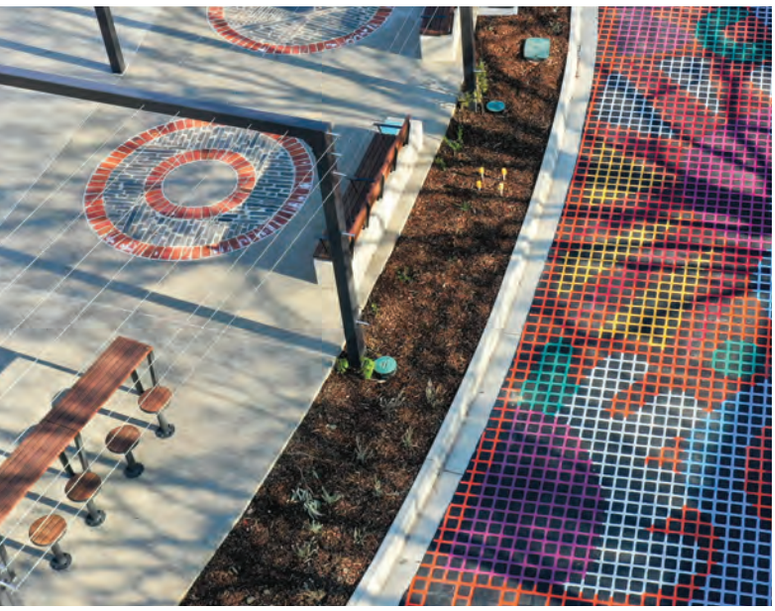
All figures shown in $'000.

Capital Expenditure	3rd Review 2025-26	Budget 2026-27
Land, Buildings and Major Projects	24,591	32,504
Infrastructure:		
Roads & Kerbs	3,606	4,936
Stormwater	5,608	3,820
Footpaths	782	1,719
Traffic Control Devices	496	890
Other Infrastructure	1,636	514
Plant and Equipment	1,958	1,778
Furniture and Fittings	123	100
Streetscapes	799	-
Other	2,527	1,641
Total Capital Expenditure	**42,126**	**47,902**
Represented By:		
Capital Expenditure		
Assets - Renewal	19,141	16,811
Assets - New	22,985	31,091
	42,126	**47,902**

The chart below summarises council's planned Capital Works Program and forecast funding for key capital projects in the 2026-2027 budget:



- Major projects **64%**
  - Commence Marion Basketball Stadium works 38%
  - Complete Glandore Sports Club redevelopment 5%
  - Planning for Cove Sports Stage 2 upgrade 1%
  - Marion Outdoor Pool renewal works 18%
  - Hazelmere Reserve netball courts upgrade 2%
- Open Space development **5%**
- Buildings **2%**
- Plant/equipment/furniture and fittings **4%**
- Traffic devices/other infrastructure **3%**
- Stormwater **8%**
- Footpaths **4%**
- Roads and kerbs **10%**







Financing the budget

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

The table on the following page identifies the council's net funding result. Council's budget for 2026-2027 is expected to result in a net decrease in funding of $15.295m.

Financing transactions associated with accommodating the expected net lending result in 2026-2027 are found in the second table on the following page. Council's Long Term Financial Plan includes an allowance for borrowings of up to $16.950m in 2026-2027 to support the funding requirements of council's Capital Works Program.

Council's borrowings are forecast to reach $38.040m by June 2027. Over the Long Term Financial Plan, they are projected to peak at $43.761m in 2027-2028 with its Debt Servicing Ratio peaking at 4.35% in 2028-2029 against a maximum target of 10.0% and its Net Financial Liabilities ratio peaking at 35% in 2027-2028 and staying well within the targeted range of 0 - 65% over the remainder of the LTFP.

All figures shown in $'000.

Net Lending/(Borrowing)	**3rd Review 2025-26**	**Budget 2026-27**
Operating Surplus/Deficit before Capital Amounts	(8,248)	(841)
less: Net Outlay on Existing Assets		
Capital expenditure on asset renewal/replacement	19,141	16,811
less Depreciation/Ammortisation	(25,150)	(26,116)
	(6,009)	**(9,305)**
less: Net Outlay on New/Upgrade Assets		
Capital expenditure on New & Upgrade Assets	22,985	31,091
less Capital Grants	(7,512)	(7,728)
	15,473	**23,363**
Adjustments		
Proceeds from asset disposal	3,722	421
Share of Equity - Regional Subsidiaries	(793)	(817)
	2,929	**(396)**
Net funding increase/(decrease)	**(14,783)**	**(15,295)**

All figures shown in $'000.

Financing Transactions	**3rd Review 2025-26**	**Budget 2026-27**
New Borrowings	14,000	16,950
less: Repayment of Principal on Borrowings	(3,331)	(1,558)
less: Increase/(Decrease) in Cash & Investments		
- Transfers from/(to) Reserves	13,101	(42)
- Cash Deficit/(Surplus)	(1,422)	(55)
Funds used to defer borrowings in prior years	(9,882)	-
Savings used to offset borrowings	2,317	-
Equals: Financing Transactions	**14,783**	**15,295**

Financial ratios

To assist council in meeting its objective of financial sustainability, a series of financial indicators endorsed by the Local Government Association (LGA) are provided. Where a council target has not been adopted, the recommended LGA target has been used.

The table below details these financial indicators and whether or not the prescribed target will be achieved over the next five year period. All key financial ratios are forecast to remain within Council's target ranges over the coming 5 year period and across the longer term horizon of the Long Term Financial Plan.

Operating Surplus

This ratio expresses the operating surplus as a percentage of total operating revenue. While a minor deficit is forecast in 2026-2027, this is temporary, with the ratio expected to meet Council's target range across the five years.

Asset Renewal Funding Ratio

This ratio indicates whether council is renewing or replacing assets at the rate of consumption. Council's long term target of 100 per cent ensures that council aims to invest adequately in maintaining its asset base.

Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio measures the extent to which Council's net financial liabilities can be supported by its operating revenue. With the planned use of available cash reserves for significant capital works and major projects, along with the utilisation of loan funding of up to $16.95m in 2026–2027, the ratio is expected to remain well within Council's target range.

Debt Servicing Ratio

Reflects annual loan principal and interest repayments as a proportion of total revenue, indicates Council's capacity to meet its debt obligations from operating income. While the ratio is projected to increase slightly with the commencement of new loan repayments in 2026–2027, it is expected to remain at the lower end of Council's target range.

Ratio	Council target	2026-27 budget	5 year average
Operating Surplus	0% - 10%	-0.69%	0.55%
Asset Renewal Funding Ratio	90% - 110%	100.00%	100.00%
Net Financial Liablities	0% - 65%	31.60%	30.56%
Debt Servicing	0% - 10%	2.19%	3.60%

Appendix 01
Capital works program

01

Open space and recreation works

Location	Suburb	Ward	Description
Bandon Terrace Reserve	Marino	Coastal	Minor Open Space Upgrade
Manoora Drive Reserve	Hallett Cove	Coastal	Local Playground
Stanley Street Reserve Toilet	Glengowrie	Mullawirra	New Public Toilet
Teesdale Crescent Reserve	Plympton Park	Mullawirra	Irrigation and natural landscaping upgrade
Matthew Street Reserve	O'Halloran Hill	Southern Hills	Irrigation and natural landscaping upgrade
Mitchell Street Reserve	Seaview Downs	Southern Hills	Open Space Upgrade
Cove Oval	Hallett Cove	Southern Hills	Neighbourhood Playground
Branksome Terrace Reserve	Dovar Gardens	Warracowie	Irrigation and natural landscaping upgrade
Marion Oval	Marion	Warriparinga	Neighbourhood Playground
Daws Road Reserve	Ascot Park	Woodlands	Irrigation and natural landscaping upgrade
Ascot Park Bowling Club	Ascot Park	Woodlands	Irrigation Upgrade

Property building works program

Location	Suburb	Ward	Description
Capella Oval	Hallett Cove	Coastal	cricket nets
Seacliff Golf Club	Seacliff	Coastal	hit up cages
Hazelmere Reserve	Morphettville	Mullawirra	courts upgrade, lighting and pavillion
Marion Outdoor Pool	Park Holme	Mullawirra	renewal works
Plympton Sports Club	Plympton Park	Mullawirra	cricket nets
Cove Sports Club	Hallett Cove	Southern Hills	clubroom upgrade
Trott Park Neighbourhood Centre	Trott Park	Southern Hills	reception upgrade
Marion Cultural Centre	Oaklands Park	Warracowie	internal building upgrade
Marion Basketball Stadium	Marion	Warriparinga	stadium redevelopment
Marion Bowling Club	Marion	Warriparinga	shelter renewal
Marion Sports Club	Marion	Warriparinga	lift renewal
City Services	Marion	Warriparinga	washdown shed
Glandore Oval	Glandore	Woodlands	new clubhouse and carparking
Various	Various	Various	building and heritage signage upgrades

**Please note Capital Works Programs are subject to change.*

Appendix 01
Capital works list

Roads program

Road Name	Suburb	Ward	From	To
Constellation Street	Hallett Cove	Coastal	Sovereign Street	Valkyrie Street
Gledsdale Road	Hallett Cove	Coastal	Freya Avenue	Sandison Road
Larnoo Street	Hallett Cove	Coastal	Kooraweera Street	End
Ranger Street	Hallett Cove	Coastal	Grand Central Avenue	Intrepid Crescent
Shakes Crescent	Hallett Cove	Coastal	Eloise Avenue	End
Bundarra Road	Marino	Coastal	Caralue Road	Cul-De-Sac
Paringa Avenue	Marino	Coastal	Jervois Terrace	Trumara Road
Copley Street	Park Holme	Mullawirra	Parsons Grove	Western Avenue
Mulcra Avenue	Park Holme	Mullawirra	Tarranna Avenue	Weroona Avenue
Parsons Grove	Park Holme	Mullawirra	Burton Avenue	Duncan Avenue
Rotorua Avenue	Park Holme	Mullawirra	Weroona Avenue	Nilpena Avenue
Jackson Street	Plympton Park	Mullawirra	Bray Street	Tarranna Avenue
Park Terrace	Plympton Park	Mullawirra	Bray Street	South Terrace
Shakespeare Avenue	Plympton Park	Mullawirra	Blackler Avenue	Byron Avenue
Wattle Terrace	Plympton Park	Mullawirra	Wattle Terrace	Cross Road
Christopher Grove	O'Halloran Hill	Southern Hills	Ella Crescent	End
Lincoln Avenue	Seacombe Gardens	Warracowie	Torquay Road	Miller Street
Laurence Street	South Plympton	Warracowie	Kathleen Street	Clacton Road
Keynes Avenue	Warradale	Warracowie	Diagonal Road	Soho Street
Maple Avenue	Tonsley	Warriparinga	Sturt Road	Oak Avenue
Kenilworth Avenue	Edwardstown	Woodlands	Weaver Street	Woodlands Terrace
Stanton Street	Edwardstown	Woodlands	Dumbarton Avenue	Johnson Street
Talisman Avenue	Edwardstown	Woodlands	Weaver Street	Woodlands Terrace
Skinner Street	South Plympton	Woodlands	Wood Street	Beaconsfield Terrace

Council is reviewing its road reseal program in response to recent changes to bitumen standards and supply pressures affecting the Australian road construction sector, as such, the proposed schedule of works may be revised.

Kerb program

Road Name	Suburb	Ward
Kerb and Channel Program	Various	Various
Kerb Ramp DDA Upgrade Program	Various	Various
Kerb Ramp Creation Program	Various	Various

Stormwater program

Road Name	Suburb	Ward
Browning Avenue	Plympton Park	Mullawirra
Kildonan Road and Sunshine Avenue	Warradale	Warracowie Ward

**Please note Capital Works Programs are subject to change.*

Appendix 01
Capital works list

Pathways program

Road Name	Suburb	Ward
Manoora Drive Reserve Footpath	Hallett Cove	Coastal
Finniss Street to Osmond Road Footpath	Marion	Warriparinga
Hallett Close Footpath	Sheidow Park	Southern Hills
Mitchell Street Reserve Footpath	Seaview Downs	Southern Hills
Darlington Primary School Footpath	Seacombe Gardens	Warracowie
Warradale Primary School Footpath	Warradale	Warracowie
Flinders Greenway Walking and Cycling Path	Various	Warriparinga

Transport program

Road Name	Suburb	Ward	Description
Gretel Crescent	Hallett Cove	Coastal	Speed Cushions
Westcliff Court	Marino	Coastal	Retaining wall
Park Terrace	Plympton Park	Mullawirra	Speed Cushions
Plympton Park Reserves	Plympton Park	Mullawirra	Intersection Improvements
Herbert Street	Plympton Park	Mullawirra	Concrete Island
South Terrace - Stop 15 (North Side)	Plympton Park	Mullawirra	Bus Stop renewal program
Hendrie Street - Stop 22 (East Side)	Morphettville	Mullawirra	Bus Stop renewal program
Maxwell Terrace	Glengowrie	Mullawirra	Bridge upgrade
Lonsdale Road - Stop 53A (South East Side)	Hallett Cove	Southern Hills	Bus Stop renewal program
Warradale Primary School	Warradale	Warracowie	Koala Crossing
Darlington Primary School	Seacombe Gardens	Warracowie	Emu Crossing Alteration
Emmaus Christian College	South Plympton	Woodlands	Koala Crossing
Raglan Avenue - Stop 15B (South Side)	South Plympton	Woodlands	Bus Stop renewal program
South Road - Stop 10 (West Side)	Glandore	Woodlands	Bus Stop renewal program
Various	Various	Various	LED public lighting upgrade

Water treatment and resources

Road Name	Suburb	Ward
Waterfall Creek Catchment Improvement	Hallett Cove	Coastal
Upper Field River Catchment Improvement	Shiedow Park	Southern Hills

**Please note Capital Works Programs are subject to change.*

Appendix 02

Budgeted Income Statement

02

All figures shown in $'000.

Budget 2025-26	3rd Review 2025-26		Budget 2026-27
		Operating Revenue	
97,937	98,014	Rates - General	103,728
2,458	2,493	Rates - Regional Landsacape Levy	2,576
2,820	2,849	Statutory Charges	3,016
4,732	5,218	User Charges	3,541
11,661	9,969	Grants/Subsidies	7,002
350	655	Investment Income	250
751	492	Reimbursements	764
393	613	Other Revenue	493
793	793	Share of Profit/(Loss) SRWRA	817
121,895	**121,096**	**Total Operating Revenue**	**122,187**
		Operating Expenditure	
50,243	51,223	Employee Costs	50,313
31,480	35,949	Contractor Services	31,022
6,543	7,634	Materials	6,416
850	752	Finance Charges	1,114
24,921	25,150	Depreciation	26,116
8,480	8,636	Other Expenses	8,046
122,516	**129,344**	**Total Operating Expenditure**	**123,028**
(621)	(8,248)	**Operating Surplus/(Deficit) before Capital Revenues**	**(841)**
5,105	7,512	Capital Grants and Contributions	7,728
4,484	**(736)**	**Net Surplus/(Deficit) resulting from Operations**	**6,887**
-	-	Other comprehensive income	15,231
4,484	**(736)**	**Total comprehensive income**	**22,118**

Appendix 03

Budgeted Statement of Financial Position

03

All figures shown in $'000.

Budget 2025-26	3rd Review 2025-26		Budget 2026-27
		Current Assets	
11,302	13,139	Cash	11,175
5,482	7,346	Receivables	5,365
540	466	Inventory	555
17,325	**20,951**	**Total Current Assets**	**17,095**
		Current Liabilities	
15,803	13,850	Creditors	8,868
7,123	7,266	Provisions	7,457
1,653	3,331	Loans	2,400
24,579	**24,447**	**Total Current Liabilities**	**18,725**
(7,254)	(3,496)	Net Current Assets/(Liabilities)	(1,630)
		Non-Current Assets	
10,709	11,709	Investment in Regional Subsidiaries	12,526
1,354,619	1,367,063	Infrastructure, Property, Plant & Equipment	1,403,659
23,080	14,859	Other Non-Current Assets	14,859
1,388,408	**1,393,631**	**Total Non-Current Assets**	**1,431,044**
		Non-Current Liabilities	
22,350	18,289	Loans	35,640
711	982	Provisions	791
23,061	19,271	**Total Non-Current Liabilities**	**36,431**
1,358,092	**1,370,864**	**Net Assets**	**1,392,982**
		Equity	
457,298	449,692	Accumulated Surplus	456,537
900,794	921,172	Reserves	936,445
1,358,092	**1,370,864**	**Total Equity**	**1,392,982**

Appendix 04

Budgeted Statement of Changes in Equity

All figures shown in $'000.

Budget 2025-26	3rd Review 2025-26		Budget 2026-27
		Accumulated Surplus	
447,974	437,327	Balance at beginning of period	449,692
4,484	(736)	Net Surplus/(Deficit)	6,887
4,939	22,541	Transfers from Reserves	70
(99)	(9,440)	Transfers to Reserves	(112)
457,298	**449,692**	**Balance at end of period**	**456,537**
		Asset Revaluation Reserve	
893,903	909,264	Balance at beginning of period	909,264
-	-	Net change	15,231
893,903	**909,264**	**Balance at end of period**	**924,495**
		Other Reserves	
11,731	25,009	Balance at beginning of period	11,908
(4,840)	(13,101)	Net change	42
6,891	**11,908**	**Balance at end of period**	**11,950**
900,794	**921,172**	**Total Reserves**	**936,446**
1,358,092	**1,370,864**	**Total Equity**	**1,392,982**

Appendix 05

Budgeted Statement of Cash Flow

All figures shown in $'000.

Budget 2025-26	3rd Review 2025-26		Budget 2026-27
		Cash Flows from Operating Activities	
121,117	120,303	***Receipts***	120,094
(98,011)	(104,194)	***Payments***	(97,707)
23,107	**16,109**	**Net Cash Provided by Operating Activities**	**22,387**
		Cash Flows from Financing Activities	
		Receipts	
11,900	14,000	Loans Received	16,950
		Payments	
(3,331)	(3,331)	Principal	(1,558)
8,569	**10,669**	**Net Cash (Used In) Financing Activities**	**15,392**
		Cash Flows from Investing Activities	
		Receipts	
5,112	7,512	Capital Grants/Subsidies & Contributions/Investments	7,738
17	396	Sale of replaced assets	421
2,500	3,329	Sale of surplus assets	-
		Payments	
(34,826)	(42,126)	Purchase of IPP&E	(47,902)
(27,197)	**(30,889)**	**Net Cash (Used In) Investing Activities**	**(39,743)**
4,478	(4,111)	Net Increase/(Decrease) in Cash Held	(1,964)
6,824	17,250	Cash at Beginning of Reporting Period	13,139
11,302	**13,139**	**Cash at End of Reporting Period**	**11,175**

Appendix 06

Budgeted Funding Statement

All figures shown in $'000.

Budget 2025-26	3rd Review 2025-26		Budget 2026-27
		Operating Revenue	
100,395	100,507	Rates	106,304
2,820	2,849	Statutory Charges	3,016
4,732	5,218	User Charges	3,541
11,661	9,969	Operating Grants & Subsidies	7,002
350	655	Investment Income	250
751	492	Reimbursements	764
393	613	Other	493
793	793	Net gain - SRWRA	817
121,895	**121,096**		**122,187**
		Operating Expenses	
50,243	51,223	Employee Costs	50,313
31,480	35,949	Contractual Services	31,022
6,543	7,634	Materials	6,416
850	752	Finance charges	1,114
24,921	25,150	Depreciation	26,116
8,480	8,636	Other	8,046
122,516	**129,344**		**123,028**
(621)	**(8,248)**	**Operating Surplus/(Deficit) before Capital Revenues**	**(841)**
		Capital Revenue	
5,105	7,512	Capital Grants & Subsidies	7,728
4,484	**(736)**	**Net Surplus/(Deficit)**	**6,887**
24,921	25,150	**Depreciation**	26,116
(793)	(793)	Share of Profit SRWRA	(817)
28,612	**23,621**	**Funding available for Capital Investment**	**32,186**
		Capital	
16,390	19,141	less Capital Expenditure - Renewal	16,811
18,208	22,985	less Capital Expenditure - New	31,091
17	396	add Proceeds from Sale of Replaced Assets	421
2,500	3,326	add Proceeds from Sale of Surplus Assets	-
(3,469)	**(14,783)**	**Net funding increase/(decrease)**	**(15,295)**
		Funded by;	
		Loans	
11,900	14,000	Loan Principal Receipts (Net)	16,950
(3,331)	(3,331)	less Loan Principal Repayments	(1,558)
8,569	**10,669**	**Loan Funding (Net)**	**15,392**
		Movement in level of cash, investments and accruals	
59	1,422	Cash Surplus/(Deficit) funding requirements	55
(4,840)	(13,101)	Reserves Net transfer to/(transfer from)	42
9,882	9,882	Funds used to defer borrowings in prior years	-
-	(2,317)	Savings used to offset borrowings	-
5,101	**(4,114)**	**Cash/Investments/Accruals Funding**	**97**
3,469	**14,783**	**Funding Transactions**	**15,295**

Appendix 07

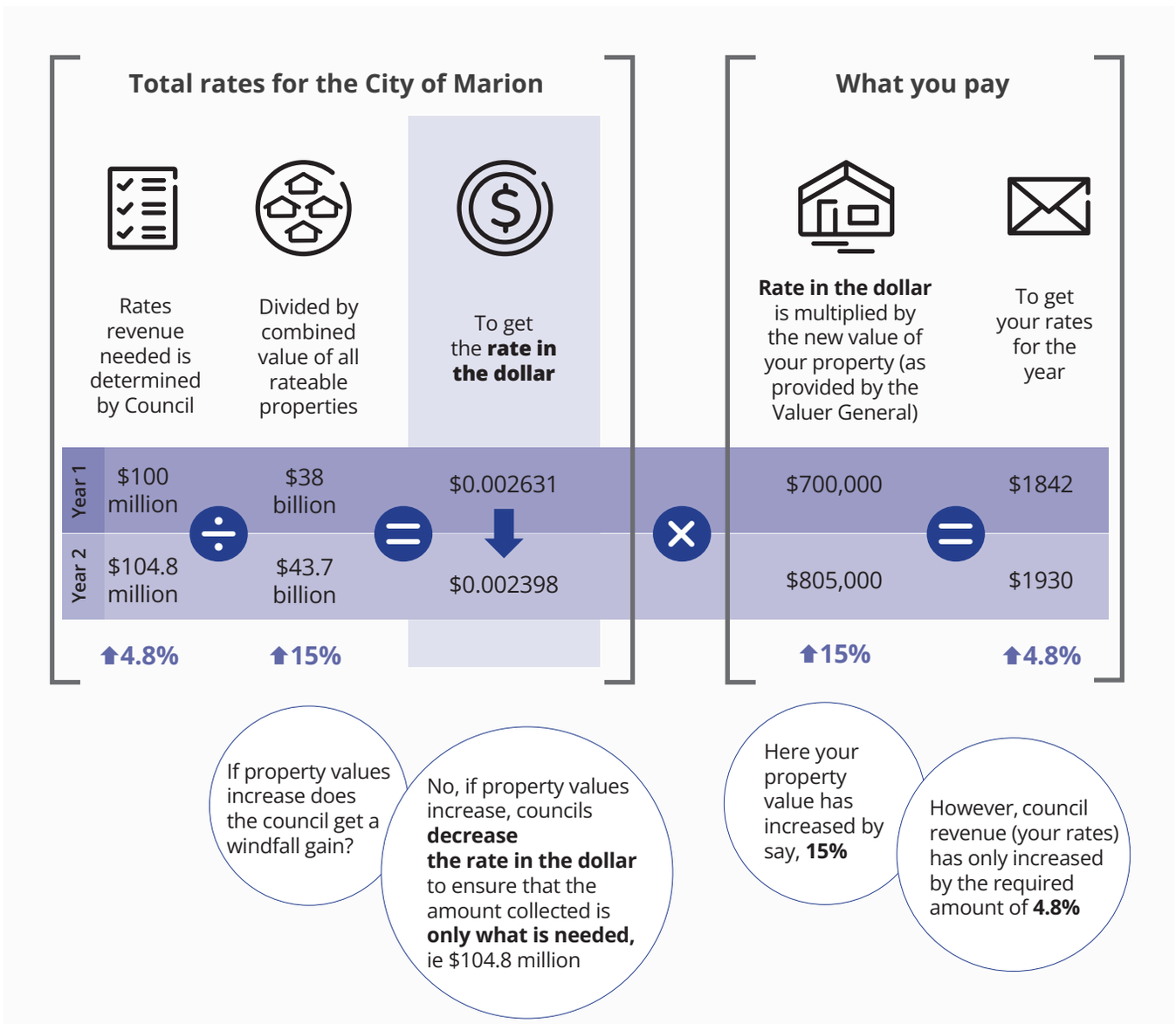
How your rates are calculated

07

Property values do not determine the rates income of a council. Property values are used to determine the share of the total budgeted rates that one property pays relative to other properties in the council area.

Property valuations are used by councils to determine the rate in the dollar to generate the total amount of rate revenue that councils need. Councils review the rate in the dollar annually making sure they only raise the required budgeted rate revenue.

The following example illustrates how your rates are calculated using the rate in the dollar.



Appendix 08
Rating policy

08

1. RATIONALE
The Rating policy exists to outline the methodology for setting and collecting rates from the community.

2. POLICY SCOPE AND IMPLEMENTATION

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

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

The differential general rate Land Use categories are as follows:

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

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

2.3 Short Term Accommodation
From 1 July 2025, property which is available for short-term rental accommodation is deemed as having predominant land use of 'Commercial – Other' if the following criteria are met:

- The property is available for short-term accommodation for 183 or more nights in the preceding financial year; and
- The property is available for short-term accommodation, defined as being available to rent for a period of 30 days or less; and
- More than 50% of the property is available for short-term accommodation.

A property meeting the criteria will be assigned a property classification of Commercial – Other and will attract the Category 4 Differential Rate in the dollar in accordance with Section 2.2 of this policy.

A property owner may submit an objection to land use to Council within 60 days of receiving their first quarter rate notice. The objection must include supporting evidence that the property does not meet Council's short-term accommodation criteria (see section 2.4 of this policy).

In assessing the objection, Council is required to consider the above-mentioned criteria. Council may, at its discretion, also consider whether the property is offered for short-term accommodation on a consistent basis.

2.4 Objection to Land Use Classification

If a ratepayer believes the land use classification assigned to their property is incorrect, they may lodge a written objection using Council's Objection to Land Use form. Objection to Land Use forms are available at: www.marion.sa.gov.au or at City of Marion Admin Centre, 245 Sturt Road, Sturt.

The objection to land use must be in writing using Council's 'Objection to Land Use' form and:

- must set out the grounds of the objection; and
- state the land use (see section 2.2 of this policy for the nine acceptable land use categories) that should, in the objector's opinion, have been attributed to the land; and
- must be made within 60 days after the objector receives notice of the particular land use to which the objection relates (unless the council, in its discretion, allows an extension of time for making the objection).

Lodging an objection does not alter rate payment obligations or due dates.

Objections can be submitted to Council by one of the following methods:

- Email: council@marion.sa.gov.au
- Post: PO Box 21 Park Holme SA 5043
- In person: City of Marion Administration Centre - 245 Sturt Road Sturt SA 5047

Council will determine the objection and notify the ratepayer. Application can be made to SACAT (SA Civil and Administration Tribunal) to review your objection to the land use classification under s156 of the Act. This needs to be submitted to SACAT within 21 days of receipt of Council's decision on the objection.

SACAT can be contacted via phone on 1800 723 767 to provide further information on this process.

2.5 Minimum Rate

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

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

2.6 Service Charge

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

2.7 Regional Landscape Levy

The council, under the *Landscape South Australia Act 2019*, is required to collect this levy. It does so by imposing a separate rate for all rateable properties within the council area.

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

- Total Capital Value divided by the Total Amount Required, (set for the financial year by the Green Adelaide Board) determines an appropriate rate in the dollar, this rate in the dollar will then be applied to each property.
  (See Annexure 1)

2.8 Payment of Rates

The Council has determined that payment of rates for the 2026-2027 financial year will be by four instalments, due on 1 September 2026, 1 December 2026, 1 March 2027 and 1 June 2027. However, the total amount of rates may be paid in full at any time.

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

- Payrix – Direct via Council's Rating Portal
- Australia Post – Post Office, Telephone or Internet
- Bpay – Telephone or internet payments
- Centrepay – Deductions directly from Centrelink deductions
- Direct Debit – Direct from either a cheque or savings account
- Eservices – Direct through the Council's Internet system
- In person - At council Offices
- By Mail – PO Box 21 Park Holme SA 5043

2.9 Late Payment of Rates

Council imposes an initial penalty (a fine) of 2% as prescribed under the Act on any instalment that is received late. A prescribed interest rate (which includes the amount of any previous unpaid fine and interest) will apply on the expiration of each month that a balance remains unpaid.

When the council receives a payment in respect of overdue rates the money received is applied in the order set out below in accordance with Section 183 of the Act:

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

(See Annexure 1)

2.10 Rebates and Postponement of Rates

2.10.1 Rate Rebate Policy

Refer to the Rate Rebate Policy attached.

2.10.2 Residential Rate Rebate

Section 166 (1) (l) (ii) of the Act provides for the discretionary rebate of rates where, among other things, there has been a rapid change in valuations.

Council will provide relief against a substantial increase in rates payable on residential land due to large increases in capital value by applying a rebate of general rates to eligible ratepayers.

For the current financial year, a rebate will apply where the increase in rates exceeds 10 per cent subject to meeting the qualifying criteria set out below. The rebate will be the difference between the previous year's rates plus 10 per cent, and the current year's rates. This is subject to a minimum variance of $20 and capped at a maximum of $200.

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

The Residential Rate Rebate will be applied automatically to properties that can be readily identified as being eligible. Where the rebate is not applied automatically, ratepayers who consider they could be eligible for a residential rate rebate may apply in writing to council. Applications will be assessed against the eligible criteria. Only applications for the current financial year will be accepted and must be received in the current financial year.

2.10.3 Residential Construction on Vacant Land

Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a discretionary rebate of general rates for the 2026-2027 financial year will be granted in respect of an assessment classed as vacant land by the council, where:

- The principal ratepayer of the assessment applies to the council for the rebate prior to 30 June 2027, and
- The footings have been poured on the property by 30 June 2027.

The amount of the rebate will be the difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential land. This is calculated by the number of days remaining between 1 July 2026 and 30 June 2027 from the date footings are poured for a residence on the land. Minimum Rate is still applicable.

2.10.4 Postponement of Rates – Hardship

Section 182 of The Act permits the council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates, they may submit an application in writing to the Council. The Council treats such inquiries confidentially.

2.10.5 Postponement of Rates – Seniors

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

2.11 Sale of Land for Non-Payment of Rates

The Act provides that a council may sell any property where the rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land, provide the owners with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. Except in extraordinary circumstances, the council enforces the sale of land for arrears of rates.

2.12 Cost of Living Concession

Pensioners, low-income earners and self-funded retirees holding a Commonwealth Seniors Health Card can receive a Cost-of-Living Concession. Eligibility includes pensioners and low-income earners who are tenants.

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

3. RATE REBATES

3.1 Policy Statement

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

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

3.2 Mandatory Rebates

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

S160 – Health Services 100% Rebate

S161 – Community Services (Including Housing Associations) 75% Rebate

S162 – Religious Purposes 100% Rebate

S163 – Public Cemeteries 100% Rebate

S164 – Royal Zoological Society of SA 100% Rebate

S165 – Educational Purposes 75% Rebate

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

3.3 Discretionary Rebates

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

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

Please note that, following a recent review, the City of Marion has resolved to gradually phase out all discretionary rate rebates over the next three financial years. This decision aligns with Council's broader financial sustainability objectives and ensures consistency across the rating system.

The phasing out will occur as follows:

- 2026-2027 (Year 1) – Organisations receiving a mandatory rebate under the *Local Government Act* will no longer be eligible for any additional discretionary rebate. These discretionary rebates will be removed.
- 2027-2028 (Year 2) – remaining discretionary rebates will be reduced to a maximum of 50%.
- 2028-2029 (Year 3) – all remaining discretionary rebates will be fully removed.

3.4 Application

Application forms may be obtained online at www.marion.com.au or from the council office located at 245 Sturt Road, Sturt.

The council will advise an applicant for a rebate of its determination of that application in due course, after receiving the application and receiving all information requested by the council. The advice will state:

- if the application has been granted, the amount of the rebate; or
- if the application has not been granted, the reasons why.

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

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

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

- Why there is a need for financial assistance through a rebate;
- The level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- Whether the applicant is entitled to a mandatory rebate of rates in accordance with Sections 159 to 165 of the Act;
- Whether the applicant has made/ intends to make applications to another council;
- Whether, and if so to what extent, the applicant is or will be providing a service within the council area;
- Whether the applicant is a public sector body, a private not for profit body or a private for profit body;
- Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- The desirability of granting a rebate for more than one year;
- Consideration of the full financial consequences of the rebate for the council;
- The time the application is received;
- The availability of any community grant to the person or body making the application;
- Whether the applicant is in receipt of a community grant; and
- Any other matters and policies of the council, which the Council considers relevant.

All persons or bodies wishing to apply to the Council for a discretionary rebate of rates must do so on or before 1 May in that financial year for the following financial year.

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

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

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

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

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

3.7 Delegation

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

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

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

3.8 Review of Rebate

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

3.9 Community Grants

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

3.10 Availability of Policy Documents

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

DISCLAIMER

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

Where a ratepayer believes that the council has failed to properly apply this Policy, they should raise the matter with the council. In the first instance contact the council's Senior Rating Officer – Rating Services on 8375 6651 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Marion, PO Box 21, Park Holme, SA 5043.

Annexure 1

1. Valuation Methodology and Adoption

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

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

The Council considers that the Capital Value method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

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

Any ratepayer dissatisfied with the valuation made by the Valuer General may object in writing to the Valuer General within 60 days of receiving a rate notice, explaining the basis for the objection. This is provided that ratepayer has not(a) previously received a notice of this valuation under the Act, in which case the objection period is 60 days from the receipt of the first notice; or (b) previously raised an objection to that valuation.

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

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

2. Differential General Rates

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

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

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

provide, on request, a copy of Section 156 of the Act which sets out the rights and obligations of ratepayers in respect of objections to a land use.

An objection to the land use:

- must be in writing
- must set out
  - the grounds of the objection (taking into consideration the criteria within section 2.3 of this Policy); and
  - the land use (being a land use being used by the council as a differentiating factor) that should, in the objector's opinion, have been attributed to the land; and
- must be made within 60 days after the objector receives notice of the particular land use to which the objection relates.
- this 60 day objection period may be extended where it can be shown there is reasonable cause to do so.

The council may then decide the objection as it sees fit and notify the ratepayer. A ratepayer also has the right to appeal against the council's decision to SACAT (SA Civil and Administration Tribunal). It is important to note that the lodgement of an objection does not change payment of rates or the due date.

3. Minimum Rate

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

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

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

4. Regional Landscape Levy

It is important to note that council is required to collect this levy under the *Landscape South Australia Act 2019* and operates as a revenue collector for the Green Adelaide Board in this regard. It does not retain this revenue or determine how the revenue is spent.

For further information visit https://landscape.sa.gov.au/

5. Late Payment of Rates

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

The council offers assistance to ratepayers experiencing difficulty in making their rate payment by the due date. The council will consider approving extended payment provisions or, in circumstances where hardship can be demonstrated, deferring the payment of rates.

The council may be prepared to remit penalties (fines and interest) for late payment of rates where ratepayers can demonstrate hardship or sufficient other reason for late payment.

All applications for remissions must be submitted to Rating Services, City of Marion at council@marion.sa.gov.au.

6. Discretionary Rebate

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

7. Postponement of Rates – Seniors

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

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

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

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

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

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

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

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

REFERENCES

- *Local Government Act (1999) South Australia*
- Annual Business Plan

REVIEW AND EVALUATION

This policy will be reviewed annually as part of the Annual Business Planning process.

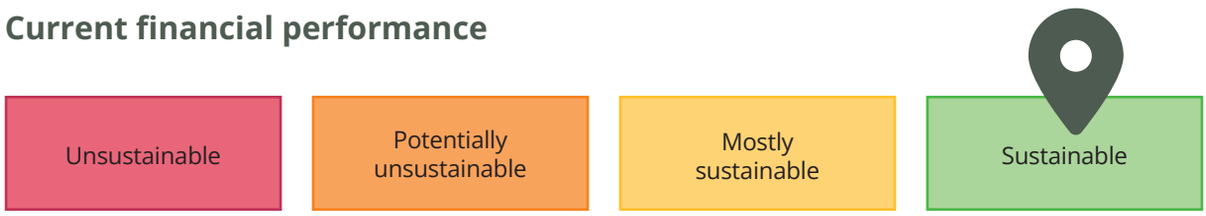
Response to ESCOSA advice report

On 30 April 2022, amendments to the *Local Government Act 1999* came into operation resulting in the implementation of the Local Government Advisory Scheme. The purpose of this advisory scheme is to provide ratepayers confidence that the rates they pay are set at the level necessary for their council to provide the services they value. The Essential Services Commission (Commission) of South Australia is the advisory body. The State's 68 councils are subject to the scheme.

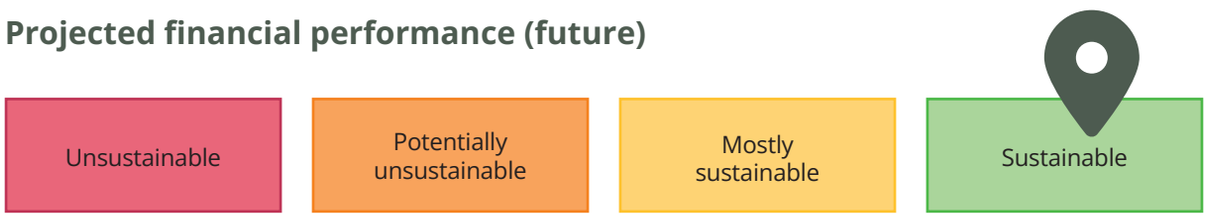
The Commission reviewed the City of Marion's financial performance during the 2023-24 financial year. The review has been in addition to the existing program of review of financial sustainability by City of Marion's internal auditor, external auditor and independent scrutiny from our Finance, Audit and Risk Committee.

The City of Marion has been assessed by the Commission at the higher end of sustainable for past, current and future projections.

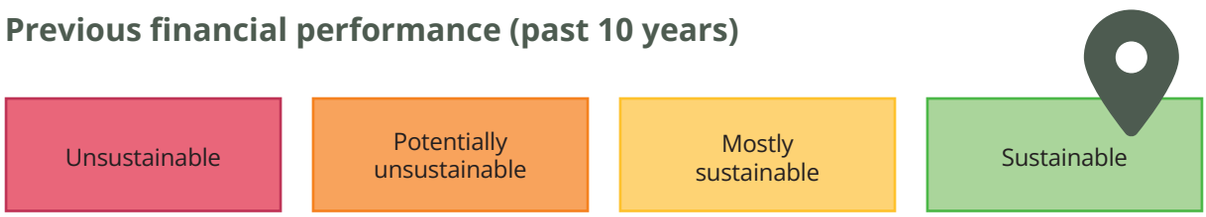
Current financial performance



Projected financial performance (future)



Previous financial performance (past 10 years)



With a key focus on maintaining rates at or under inflation, even in the face of high and unprecedented construction costs well above inflation, incurring borrowings only when prudent to do so for new capital works, the City of Marion is in an enviable position in relation to financial performance.

Notwithstanding the work by the Commission as an advisory scheme, rather than a compulsory one in that the Commission cannot require councils to follow that advice, the City of Marion has provided a response to the recommendations below.

ESCOSA recommendation	City of Marion response
Continue to review its inflation forecasts in its budget and forward projections from 2024-25, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.	Continually reviewing and assessing inflationary forecasts are already a key element of analysis undertaken by the City of Marion included in the annual and long-term budget setting process. The City of Marion will continue to review economic indicators, inflation results and forecasts including those published by the Reserve Bank. The City of Marion appreciate a dynamic and data driven approach to inflation forecasting enhances the accuracy and robustness of our forecasts and fosters greater confidence in our budgetary decision-making processes.

ESCOSA recommendation	City of Marion response
Consider better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates	The City of Marion will continue to use robust analysis in developing the cost and revenue assumptions. Key assumptions used in the development of Council's Annual Business Plan and Long-Term Financial Plan are already published as part of the budget development process contained within council agendas.

ESCOSA recommendation	City of Marion response
Report any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	The City of Marion uses a conservative approach to expenditure budgeting and forecasts with minimal discretionary funding factored into the annual business plan. However, the City of Marion does explore opportunities for efficiencies which look to free up capacity to meet demand for the 1,000 new residents per year rather than continually seek new resources. Where these efficiencies result in direct savings these will be published in Council's Annual Report.

ESCOSA recommendation	City of Marion response
Consider undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.	The City of Marion appreciates that the COVID-19 period did result in unusually high asset valuation fluctuations. With the post COVID economy returning to more moderate inflationary measures it is not considered necessary to increase the frequency of asset valuations to 4 years.

ESCOSA recommendation	City of Marion response
Report in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates (with minimum rate revenue reported separately), providing greater clarity and transparency to its ratepayers.	The City of Marion will review the publication of this information in future Annual Business Plans to provide clarity and meaningful information to our ratepayers.

Advice

Local Government Advice

City of Marion

February 2024

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

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

City of Marion

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the City of Marion's current and projected financial performance **sustainable** taking into account the council's forecast moderate expense growth increase over the next 10 years and the planned average rate increases of 3.3% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

- ⚠ If moderate growth in forecasted expenses is not realised and the Council maintains the current cost trajectory, ratepayers risk shouldering the burden through unexpected higher rate increases
- ⚠ Asset renewal expenditure in line with the LGA target range of between 90% and 110% is not met

CONTINUE

- ✓ Reviewing inflation forecasts in the budget and forward projections from 2024-25
- ✓ Adhering to a robust strategic planning process

COMMISSION'S RECOMMENDATIONS

- Consider better clarity concerning assumptions for the cost and revenue estimates
- Report any actual and projected cost savings in the annual budget and long-term financial plan
- Report in the annual business plan the estimated average annual change for all of the nine categories of general rates
- Consider a comprehensive revaluation of the depreciable assets by an external valuer at least every four years.

KEY FACTS

- Population in 2021 was **94,721**
- Council covers **55 square kilometres**
- **44,902** rateable properties in 2022-23
- **$84.3 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$1.20 billion**



Table of contents

Glossary of terms....2
1 The Commission's key advice findings for the City of Marion....3
2 About the advice....5
2.1 Summary of advice....5
2.2 Detailed advice findings....6
2.2.1 Advice on material plan amendments in 2023-24....6
2.2.2 Advice on financial sustainability....7
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

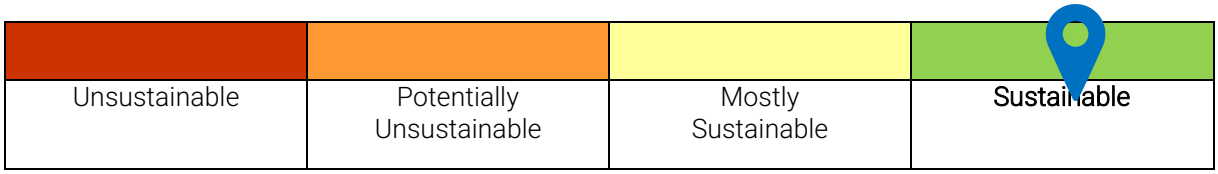
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Marion
CWMS	Community Wastewater Management System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

Legend: Low-risk Moderate-risk High-risk

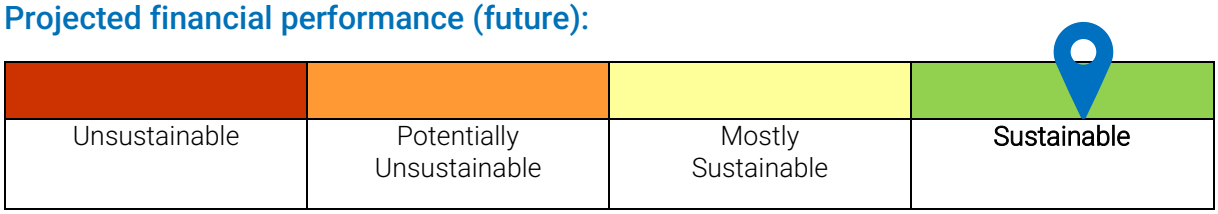
1 The Commission's key advice findings for the City of Marion

The Essential Services Commission (**Commission**) considers the City of Marion (**Council**) to be in a **sustainable** financial position with historical and projected operating surpluses. The projected strong ongoing financial performance should enable it to accommodate asset renewal as required to maintain service levels without the need for further significant rate increases.

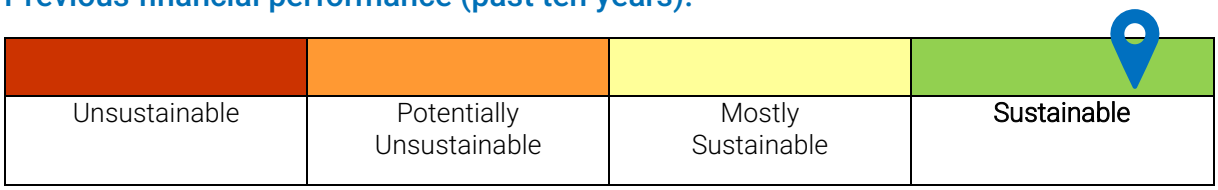
Current financial performance:



Projected financial performance (future):



Previous financial performance (past ten years):



Looking ahead, the Commission suggests the following steps to help ensure the Council budgets transparently, reports its cost savings and efficiencies, ensures the assumptions underpinning its financial and asset management planning are clear and sets rate levels more transparently.

Budgeting considerations

1. **Continue** to review its inflation forecasts in its budget and forward projections from 2024-25, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates.

Continuing to provide evidence of ongoing cost efficiencies

3. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

4. **Consider** undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.

Reporting and containing rate levels

5. **Report** in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates (with minimum rate revenue reported separately), providing greater clarity and transparency to its ratepayers.

2 About the advice

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

One of the main purposes of the Local Government Advice Scheme (**advice** or **the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**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 17 councils for advice in the second scheme year (2023-24), including the Council (**Council**).

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

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

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

2.1 Summary of advice

In general, the Commission finds the Council's current and projected financial position and outlook strong and sustainable with operating surpluses achieved historically, and continued surpluses forecast in the medium to longer term.

The Council will continue to rely on rate contributions, as well as grants income growth, to achieve this performance, but the Commission notes that historically the Council's rate levels were relatively low.[10]

---

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

2 Commonly referred to as asset management plans.

3 The objectives of the advice with reference to a council's LTFP and IAMPs are 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).

10 Refer to council rates data for 2021-22 available at https://councilsinfocus.sa.gov.au/home. The Commission is not relying on these rate comparisons for its advice: the data source provides just one indicator, among many, which has informed its advice on the appropriateness of the rate levels.

Looking ahead, the Council has forecast an increase in its borrowings to finance infrastructure projects drawn from its City of Marion Building Asset Strategy (CoMBAS). As a result, its level of net financial liabilities is forecast to increase from $18.7 million in 2023-24 to $41.0 million in 2032-33 (within acceptable limits for a council of its size). This reduces the pressure on its rates base to fund the annual capital spending as it occurs, which in turn supports intergenerational equity.

Although the Council has forecast higher expenditure on new assets and asset renewals than what it has achieved historically, its forward projections indicate a slight decrease in the value of assets per property (to $27,829 in 2032-33 from $27,843 in 2023-24). These projections (in asset values per property), as they stand, would contribute to the Council's sustainability into the future and reflect a period of asset and service consolidation. By implication, this also indicates the Council's asset stock will decline in real terms. At the same time, the Council's LTFP also shows its continued commitment to maintaining community service levels by spending adequately on the renewal of its existing asset base.

In recent years, the Council has run small operating surpluses, indicating that the operating income it collects is generally exceeding its operating expenses by a small margin. The Commission notes that the Council is continuing to forecast small operating surpluses in the short term. If its total operating expenses (including deprecation) do not reflect current macro-economic conditions, the Council risks understating its total operating expenses and overstating its operating surplus ratio.

The Commission also considers that there may be opportunities to achieve greater savings and efficiencies in the Council's recurrent budget and encourages it to review and report on this. In general, a focus on managing its growth-related assumptions and consulting with its community about rate contributions and service levels should help the Council to identify and act upon opportunities to reduce affordability risk to the community.

2.2 Detailed advice findings

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

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

2.2.1 Advice on material plan amendments in 2023-24

Key Points:

- An additional improvement of $104.4 million or 10.3 percent in total operating income on the 2022-23 estimates (for the period 2023-24 to 2031-32) mostly driven by higher rates, grants and subsidies and user charges.
- An additional $102.8 million or 10.6 percent in total operating expenses on the 2022-23 estimates (for the period 2023-24 to 2031-32) mostly driven by 'materials, contracts and other' expenses, finance costs and depreciation expenses.
- The long-term financial plan is based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs, factoring indexation at the higher end of the RBA target over the coming two years before reverting to a longer-term forecast of 2.5 percent from 2025-26 onwards.

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

The Council's 2023-24 LTFP includes an improvement to its projected operating performance and increases to its projected capital expenditure estimates, compared with the 2022-23 forecasts,[12] as follows:

- An additional improvement of $104.4 million or 10.3 percent in total operating income. Most of this increase is due to higher rates, which increased by $87 million or 9.9 percent on the 2022-23 estimates (for the period 2023-24 to 2031-32). Grants, subsidies and contributions have also increased by $7.6 million or 12.5 percent, and user charges have increased by $7.9 million or 31.8 percent.
- An additional $102.8 million or 10.6 percent in total operating expenses. This includes an additional $71.9 million or 20.5 percent for 'materials, contracts and other' expenses, and an additional $13 million or 309 percent in 'finance costs'. Depreciation has also increased by $8.2 million or 4.5 percent.

The Council's LTFP is based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs.[13] The Council's LTFP has factored indexation at the higher end of the RBA target over the coming two years before reverting to a longer-term forecast of 2.5 percent from 2025-26 onwards. Given the current high inflationary environment and the degree of uncertainty in future events that may impact inflation, the Commission considers that it would be appropriate for the Council to:

1. **Continue** to review its inflation forecasts in its budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

Based on updated inflation assumptions in its 2023-24 LTFP, an increase in its cost and revenue estimates (excluding employee costs) by up to 10 percent over the 2023-24 to 2031-32 forecast period,[14] compared with the same estimates in its 2022-23 LTFP, could be accounted for by higher inflation forecasts. The Council has not adjusted its operating income and expense forecasts by higher amounts than its adjusted inflation forecasts (both with increases of 10.3 percent and 10.6 percent on 2022-23 estimates[15]). This suggests that there are not higher forecasts in real terms.

The Commission notes that the Council's stated assumptions for indexation in its 2023-24 LTFP are based on its annual review of these forecasts. Notwithstanding the need for the Council to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

2. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates.

2.2.2 Advice on financial sustainability

Operating performance

Key Points:

- Operating surpluses consistently achieved between 2012-13 and 2021-22, with the operating surplus ratio averaging 8.1 percent in that time.
- The operating surplus ratio is forecast to average 4 percent per annum between 2023-24 and 2032-33.

12 The overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).
13 City of Marion, *2023-2033 long-term financial plan*, June 2023, p. 6.
14 The set of nine years forecast in both the 2022-23 and 2023-24 LTFP projections.
15 Based on the overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).

Over the past 10 years, operating expenses increased annually on average by 4.5 percent (compared with CPI of 2 percent) primarily driven by increases in 'Materials, contracts and other' expenses (6.3 percent), and employee costs (3.2 percent).

'Materials, contracts and other' projected expenses and costs for depreciation are forecast to increase by an average of 2.6 percent and 4.0 percent per annum respectively, from 2022-23 to 2031-32.

Forecast modest expenses growth over the next 10 years, combined with higher rate increases, will likely assist the Council's operating performance to remain in surplus. Nonetheless, should the Council not achieve the moderate expense projections it could result in further rate increases.

For the past 10 years, the Council's operating surplus ratio[16] generally displayed an underlying decreasing trend from 7.1 percent in 2012-13, to 0.5 percent in 2021-22 (8.1 percent on average). Looking ahead, it is forecast to meet the lower end of the suggested target range in each year to 203233 (4 percent on average).

The Commission notes that the Council's operating surplus ratio decreased sharply in the three years to 2021-22. The decrease largely coincided with the average rate revenue per property growing at only 0.8% over the same period as the Council sought to minimise rate increases on its community. At the same time the Council's operating expenses grew at 6.8 percent in the three years to 2021-22 which is mostly attributable to materials, contracts and other expenses increasing at 10.8 percent for the same period. The operating surplus ratio is forecast to gradually improve as operating income grows at a faster rate than operating expenses in the ten years to 2032-33.

The Council's operating expense growth (from 2012-13 to 2021-22) was primarily due to an average annual increase in 'Materials, contracts and other' expenses of 6.3 percent and a 3.2 percent increase in employee costs.[17]

The depreciation expense measured as a percentage of the Council's total expense was around 17 percent in 2012-13 and in 2022-23. The Commission notes that typically the depreciation expense when measured as a percentage of total expenses is around 20 percent for Councils in South Australia suggesting the Council's depreciation expense could be lower than what is required to reflect the current cost of the Council's assets. This could also cause an overstatement of the Council's operating surplus ratio. The depreciation expense is discussed in further in the asset renewal expenditure section.

Looking forward, the Council is projecting average annual rates revenue growth of 3.3 percent to 2032-33, which is above the forecast long-term inflation[18] and represents a real term increase in rates. This average growth in annual rates revenue is also higher than expected expense growth (rates are discussed in more detail in section D).

Higher forecast average expense growth of 3.1 percent per annum is slightly above the RBA-based forecast inflation growth and is also lower than the Council's past performance (with average annual growth of 4.5 percent in the 10 years to 2021-22).

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

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

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

The Council's data (provided to the Commission) shows that employee numbers increase negligibly (to 363 FTEs in 2032-33 from 362 in 2023-24), and its employee expenses are forecast to increase by an average of 2.7 percent per annum from 2023-24 to 2032-33. In addition, 'Materials, contracts and other' expenses and costs for depreciation are forecast to increase by an average of 2.6 percent and 4.0 percent per annum respectively, from 2022-23 to 2031-32. The estimated rate of growth in these expenses over the next 10 years, combined with higher rate increases, will likely assist the Council's operating performance to remain in surplus. Nonetheless, the Commission notes that, should the Council not be able to achieve these moderate expense projections (i.e., these assumptions are understated), it could result in further rate increases as a result of operating expenses growth outgrowing operating income growth.

To assist the Council in achieving its forecast operating surpluses, the Council may need to find more savings and efficiencies in its budgets. To this end, the Commission has found that it would be appropriate for the Council to:

3. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

Key Points:

- ⚠ The net financial liabilities ratio has been negative each year from 2012-13 to 2021-22 averaging negative 20 percent, which is below the suggested LGA target range, however noting that borrowing levels were relatively low over this time.
- ✓ The annual average forecast for the net financial liabilities ratio from 2022-23 to 2031-32 is 30 percent.
- ⚠ Total borrowings are forecast to increase from $21.1 million in 2023-24 to a peak in 2031-32 of $57.6 million. These additional forecast borrowings after 2023-24 relate to the Council's capital forecast expenditure to 2032-33 and its strategy to finance infrastructure projects.

The Council's net financial liabilities ratio[19] result was negative each year from 2012-13 to 2021-22, which is below the suggested LGA target range. Looking ahead, the Council has forecast that its net financial liabilities ratio will be positive throughout the forecast period to 2031-32 and remain within the suggested LGA target range. The annual average forecast for the net financial liabilities ratio from 2022-23 to 2031-32 is 30 percent.

The Council's borrowing levels were relatively low from 2012-13 to 2021-22 and its net financial liabilities ratio was negative (averaging negative 20 percent over these years). The Council's net financial liability is forecast to increase from $18.7 million in 2023-24 to $41.0 million in 2032-33. Accordingly, the net financial liabilities ratio is also forecast to increase from 18 percent in 2023-24 to 27 percent in 2032-33. The level of net financial liabilities and the ratio are driven by the total borrowings, which are forecast to increase from $21.1 million in 2023-24 to a peak in 2031-32 of $57.6 million. These additional forecast borrowings after 2023-24 relate to the Council's capital forecast expenditure to 2032-33[20] and its strategy to finance infrastructure projects articulated in its City of Marion Building asset Strategy report (CoMBAS).

[19] The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

[20] City of Marion, *2023-24 annual business plan*, June 2023, p. 15.

The Council stated in its 2023-33 LTFP that it has a desirable target range is between zero and 50 percent for its net financial liabilities ratio.[21] Community concerns about the Council's level of debt also appear small, with the Commission noting that only one out of the 78 submissions received expressed concern about the forecast level of debt in 2032-33.[22]

Asset renewals expenditure

Key Points:

- ✓ Between 2012-13 and 2021-22 total capital expenditure averaged $25.3 million per annum including $14.7 million per annum on new or upgraded assets.
- ✓ From 2023-24 to 2032-33, the Council's asset renewal funding ratio (under the 'IAMP-based' approach) is forecast to be within the suggested LGA target range, with an average of 100 percent.
- ⚠ Asset stock per property rose by 0.6 percent for each year over the 10 years to 2021-22, implying that the value of Council's asset stock, has declined in real terms (the increase is lower than historical inflation).
- ✗ The depreciation-based asset renewal ratio from 2012-13 to 2021-22 averaged 66 percent which is below the suggested LGA target range.
- ⚠ The depreciation-based asset renewal ratio is forecast from 2023-24 to 2032-33 to be 85 percent which is slightly below the LGA target range lower band.
- ✓ Comprehensive asset management plans for all asset classes and condition assessments have been carried out on all assets within the last four years.

The Commission notes that prior to 2020-21, the Council reported the asset renewal funding ratio in its annual report using the depreciation based method.[23] While the Council had renewal expenditure targets in place prior to this, the depreciation-based method was considered the more reliable and suitable measure and retained comparability to previous years. Looking ahead, from 2023-24 to 2032-33, the Council's asset renewal funding ratio[24] (under the 'IAMP-based' approach) is forecast to be within the suggested LGA target range, with an average of 100 percent.

In the 10 years to 2021-22, the Council marginally grew its asset base with total capital expenditure averaging $25.3 million per annum (including $14.7 million per annum on new or upgraded assets). This has led to a small average increase in the value of the asset stock per property of $133 or 0.6 percent for each year over the 10 years to 2021-22. This implies that the value of Council's asset stock has declined in real terms (the increase is lower than historical inflation).

The Council's forward projections indicate that the value of assets per property will decrease slightly to $27,829 per property in 2032-33 (from $27,843 in 2023-24) – this represents a fall in real terms of 2.7 percent (the RBA-based forecast rate of inflation is 2.6 percent per annum). These projections, as they stand, would contribute to the Council's sustainability into the future and reflect a period of asset and service consolidation.

---

21 City of Marion, *2023-33 long-term financial plan*, June 2023, p. 11.

22 City of Marion, *General Council Meeting Agenda -13 June 2023, Attachment 11.5.4 Draft 2023/2024 annual business plan, Making Marion– Public Consultation,* available at https://cdn.marion.sa.gov.au/meetings/agendas/GC230613-Final-AgendaV2_2023-06-08-050047_lpcj.pdf

23 City of Marion, *2020 annual report*, October 2021, p. 82.

24 The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

The Commission notes that the small growth in asset stock per property could also be a result of the frequency of asset valuations undertaken by the Council. For all infrastructure assets the council has a program to undertake an independent desktop revaluation process annually and a full comprehensive revaluation for infrastructure (81 percent of its depreciable assets) every 5 years.[25]

For land, buildings, site improvements and other assets (19 percent of depreciable assets) a comprehensive external valuation is undertaken every 5 years. For interim years additions and adjustments are recorded at cost and not indexed.[26]

Notwithstanding the Council's annual desktop revaluation and the indexing of depreciation,[27] the Commission notes that undertaking a comprehensive revaluation every five years could present a risk in the current macroeconomic environment. Inflation and the upward impact to asset prices could result in depreciation charges not reflecting recent asset valuations. As previously mentioned in the operating performance section this could cause the Council's depreciation expense to be lower than what is required to reflect the current cost of the Council's assets. In addition, it could also cause an overstatement of the Council's operating surplus ratio. For these reasons the Commission considers it appropriate for the Council to:

4. **Consider** undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.

When the asset renewal funding ratio is instead calculated by the depreciation-based method,[28] it is forecast to average 85 percent over the forecast period (2023-24 to 2032-33). This is slightly below the suggested LGA target range and follows an average performance of 66 percent for the ratio from 2012-13 to 2021-22. Nevertheless, this could indicate the total depreciation expenses is higher than the required expenditure on capital renewals under its various AMPs. Alternatively, it could also indicate that the Council's capital renewal expenditure is below the appropriate level.

According to the Council's 2022-23 annual report a comprehensive revaluation was carried out by independent valuation for the period ending 30 June 2023 for the Council's infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) and its buildings and other structures.[29]

Other infrastructure assets such as car parks, lighting, walking trails and reserve pathways as well as land and land improvements and all other assets (excluding plant, equipment that are recognised at cost) had a comprehensive revaluation carried out by independent valuation for the reporting period, 30 June 2018.[30]

The Council currently has individual AMPs for transport, buildings, water resources, open space, coastal walkway, fleet and technology. It also undertakes an annual review of its forecast asset management expenditure. The revised forecast annual funding requirements are updated in Appendix A of each asset management plan and incorporated into the Council's adopted ABP and LTFP.[31] The Council's 'Refresh of Budgeted Expenditures Accommodated in the LTFP' document outlines the revised forecast expenditure for each AMP.

In addition the Commission also notes that the Council's annual 'state of the assets' report that covers

25 Submissions to the Essential Services Commission of South Australia – Response to follow up questions – City of Marion. November 2023, p. 3.
26 Submissions to the Essential Services Commission of South Australia – Response to follow up questions – City of Marion. November 2023, p. 3.
27 Based on the Council's Excel template (with material amendment reasons) it provided to the Commission.
28 Where asset renewal/replacement expenditure is divided by depreciation expenses.
29 City of Marion, *2022-23 annual report*, June 2023, p. 24.
30 City of Marion, *2022-23 annual report*, June 2023, p. 24.
31 City of Marion, *refresh of budgeted expenditures accommodated in the LTFP,* August 2023, p. 1

asset valuation, condition, asset performance, risk, intervention levels, level of service monitoring and future financial sustainability options and consequences.[32]

These matters (among others) have informed the Council's planned operating and maintenance budgets, and asset renewal needs. The Commission's review of the AMPs has found that, on balance, the Council's strategic planning processes aligns with good practice for a council of its size and complexity.

2.2.3 Advice on current and projected rate levels

Key Points:

- ⚠ Rate revenue per property growth has averaged 2.4 percent or $39 per annum for each property in the period between 2012-13 and 2021-22 which is 0.4 percent above CPI for the same period.
- ✓ Budgeted for an average rate increase of 5.2 percent or $100 per property for its existing ratepayers in 2023-24 and represents a fall in real terms as the increase is below CPI for the same period.
- ⚠ Between 2023-24 and 2032-33 the average rate increase across all categories is forecast to be 3.3 percent, from $1,980 to $2,645 per property, and is 0.8 percent above the RBA-based forecast average inflation of 2.6 percent per annum in the same period.

The Council's rate revenue per property growth has averaged 2.4 percent or $39 per annum for each property over the past 10 years,[33] to reach an estimated $1,834 per property in 2021-22. This has slightly exceeded CPI growth of an average of 2.0 percent per annum over this period, but also encompasses 1.0 percent average annual growth in rateable property numbers.[34] Current rate levels partially reflect its recent history of constrained spending growth, predominantly on capital expenditure (on renewals, and new and upgraded assets), material costs, and employee related costs.

The Council has budgeted for an average rate increase of 5.2 percent or $100 per property for its existing ratepayers in 2023-24,[35] representing a reduction in real terms as the increase is below the level of inflation.[36] This was higher than it had anticipated charging for this year in its 2022-23 long-term financial plan projections (2.4 percent for existing rateable properties). The rate increase reflects higher short-term inflation (anticipated by the Council through its indexation of rates in its long-term financial plan). In 2022-23, the Council had 44,902 rateable properties and expects this to increase to 49,401 in 2032-33, representing modest growth of 1 percent per annum in rateable properties.[37]

Looking forward, between 2023-24 and 2032-33 the average rate across all categories is forecast to increase from $1,980 to $2,645[38], a cumulative increase of $665 per property. This equates to a 3.3 percent average annual increase (between 2023-24 and 2032-33), above the RBA-based forecast

---

32 City of Marion, *2019-28 asset management strategy*, March 2019, p. 6.
33 From 2012-13 to 2021-22.
34 CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.0 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.
35 Based on the Council's 2023-24 annual business plan and its Excel template (with the 2023-24 forecasts) provided to the Commission. The Commission has used $89.438 million (in 2023-24 budgeted rates revenue) compared to unaudited 2022-23 estimates. Individual rate level changes may be higher or lower depending on the rates category and property value.
36 CPI Adelaide (all groups) increased by 7.9 percent in the year to March 2023 quarter and has reduced in the year to June 2023 and September 2023 quarters to 6.9 percent and 5.9 percent, respectively. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023.
37 Based on the Council's 2023-24 annual business plan and its Excel template (with the 2023-24 forecasts) provided to the Commission
38 This includes rates growth of 4.3 percent expected each year of which 1 percent is for property growth.

average inflation of 2.6 percent per annum and representing a real increase in rates over that period.[39]

The Council uses a differential rating system to raise revenue based upon land use. This option was adopted following a review of the rating options in 2002-03, which involved the Council consulting extensively with the community and concluding that the differential rating system would ensure a fair and equitable distribution of rates within the Council.[40] As a result, different rate categories are subject to varying changes, with residential ratepayers to pay an average increase of $80 per property on 2022-23 levels. Vacant land, commercial and industrial are subject to average increases of $262, $755 and $862 per property, respectively.[41]

The *Local Government (Financial Management) Regulations 2011* (Regulations) require, at a minimum, that the annual business plan provides a statement on the average change in the expected rates for each land use category.[42] While the Council has complied with this obligation,[43] the Commission considers that it would be appropriate for the Council to also:

5. **Report** in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates, providing greater clarity and transparency to its ratepayers.

2.3 The Commission's next advice and focus areas

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

- ongoing performance against its LTFP estimates (including depreciation), and
- achievement of cost savings and efficiencies and its continued reporting of these in its plans.

39 The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on Reserve Bank of Australia (RBA) forecasts for the CPI (Australia wide) to June 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.

40 City of Marion, *2023-24 annual business plan*, June 2023, p. 44

41 City of Marion, *2023-24 annual business plan*, June 2023, p. 23

42 Under Regulations s6(ec) Local Government (Financial Management) Regulations 2011.

43 City of Marion, *2023-24 annual business plan*, June 2023, p. 23



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444
E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au

8375 6600

council@marion.sa.gov.au

@CityofMarion

@CityofMarion

City of Marion

marion.sa.gov.au

CITY OF MARION

Designed by CoM Marketing and Communications 2026