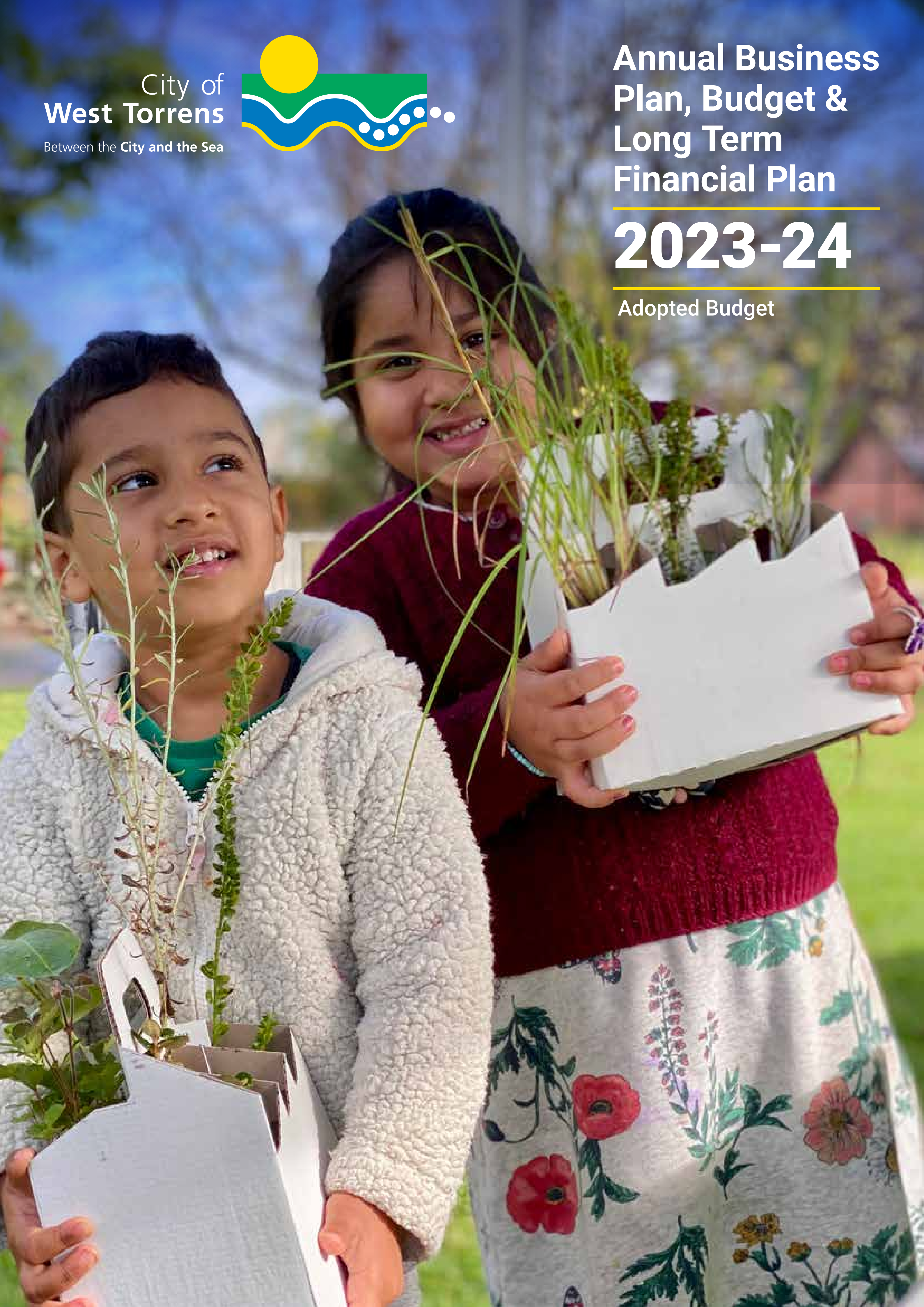
City of
West Torrens
Between the City and the Sea

Annual Business Plan, Budget & Long Term Financial Plan

2023-24

Adopted Budget



Kaurna Acknowledgement

The City of West Torrens is located on the Traditional Homelands of the Kaurna Nation of People, the first Traditional Owners and Custodians of the Adelaide Region.

It is important to recognise that, while colonisation has resulted in the dispossession and dislocation of the Kaurna Meyunna, their Spiritual, Cultural Heritage and relationship with their Country is enduring. Kaurna's Connection and obligation to their Ancestral Lands the (Yarta) is still as important to the living Kaurna people today.

The Kaurna people have lived on their lands for more than 50,000 years and developed strong and enduring spiritual, social, economic and governance systems that are still relevant for Aboriginal Title and are recognised within the 1836 Letters Patent.

Access to document

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Disclaimer

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Document history

Version	Date	Details
1.0	April 2023	Draft for review by Elected Council
2.0	May 2023	Draft for review by Elected Council
3.0	May 2023	Draft for community consultation
4.0	July 2023	Recommended Budget for adoption by Elected Council.
4.0	18 July 2023	Final Budget adopted by Council.

Variations to the draft Annual Business Plan, Budget and Long Term Financial Plan.

Pursuant to Section 123(6a) of the *Local Government Act 1999* (commenced 6 January 2022) councils are now required to include any significant changes from the draft document and explain the reasons for these changes.

The changes are as follows:

- Inclusion of the Statement on Expected Rate Revenue as tabled on 18 July 2023.
- Inclusion of the CEO Sustainability Statement per requirements under Section 122 (4a) (a) of the *Local Government Act 1999.*

Contents

Message from the Mayor and CEO

Welcome to the 2023-24 Annual Business Plan, Budget and Long Term Financial Plan for the City of West Torrens.

Most of the projects and services we have planned for our community this coming financial year are continuations of projects from previous years, which we have been delivering in staged approaches (due to financial limitation).

As with preparing a household budget, preparing Council's budget is a fine balance between allocating funds to what are essential services and what are 'nice to haves', and with rising costs due to both inflation and interest rate rises, we have had to carefully consider where our public dollars will be allocated.

It is also important to mention that this year (2022-23) we were required to pay the Essential Services Commission of South Australia (ESCOSA) an unplanned amount of $40,000 to cover the cost for 'advice' relating to the appropriateness of Council's long-term financial plans, infrastructure and asset management plans and revenue sources as outlined in the council's funding plan. As part of that advice, we have been required to provide a copy of ESCOSA's findings in the 2023-24 Plan together with Councils response to this 'advice'.

Council has experienced significant increases in electricity, depreciation and material costs and each year we need to allocate funds for the upgrade and maintenance of capital works in West Torrens; assets such as roads, footpaths and stormwater are essential in keeping our city safe and functioning. Public amenities too, such as playgrounds, reserves, sporting precincts and lighting, are always important for our ever-growing community and it is our role to ensure that as many people as possible have access to places which help provide a safe and healthy lifestyle.

This year we are earmarking more than $30 million for capital and capital works, which will incorporate stormwater drainage upgrades, playground upgrades, development of reserves and some pedestrian lighting and path reconstructions along the River Torrens Linear Park. We're allocating more than $13 million for road and kerb upgrades and maintenance, with some funding being provided by the State Government's Roads to Recovery program.

In terms of larger-scale projects, both Thebarton Theatre and Apex Park will be a focus this coming year as we continue upgrades and developments and we are allocating a further $2.1 million to the Brown Hill and Keswick Creeks project which will help mitigate potential flooding in the West Torrens area.

We are budgeting $100,000 towards a concept design for an upgrade of the Lockleys Bowling Club, which is expected to accommodate a potential co-location with Grange Bowling Club. Also as a result of community feedback and numerous requests, we're budgeting around $200,000 for a new public toilet along the Westside Bikeway. Bikeways and shared paths in West Torrens are highly utilised by our community, visitors and commuters and serve not just as a recreational pursuit, but as an alternative transit corridor to the CBD and beyond.

In preparing this year's Plan, we have carefully considered the needs of everyone in our diverse community and how they impact our 2030 Community Plan, which captures our key priorities for West Torrens for the next decade.

A rate increase is needed to cover Council's operating expenditure. The cost of our capital works program has increased significantly as a result of the factors outlined above. Accordingly, the average rate increase for 2023-24 is 7.84%. This increase is higher than what was generally expected, but is below current inflation figures (CPI). It will enable us to continue to provide the expected level of services for local residents and visitors, provide capital investment for the future of our city and, importantly, remain financially sustainable now and into the future.

We acknowledge everyone involved in preparing this year's Annual Business Plan, Budget and Long Term Financial Plan and look forward to a positive and productive 2023-24 financial year.

Michael S. Coxon
Mayor

Terry Buss PSM
Chief Executive Officer

Concept plan image: JPE Design Studio.

"Both Thebarton Theatre and Apex Park will be a focus this coming year as we continue upgrades and developments."

Our city

West Torrens is an appealing metropolitan location as it is close to the Adelaide Central Business District (CBD) and the city's coastline. It provides retail, industrial and service opportunities that contribute to a vibrant employment sector.

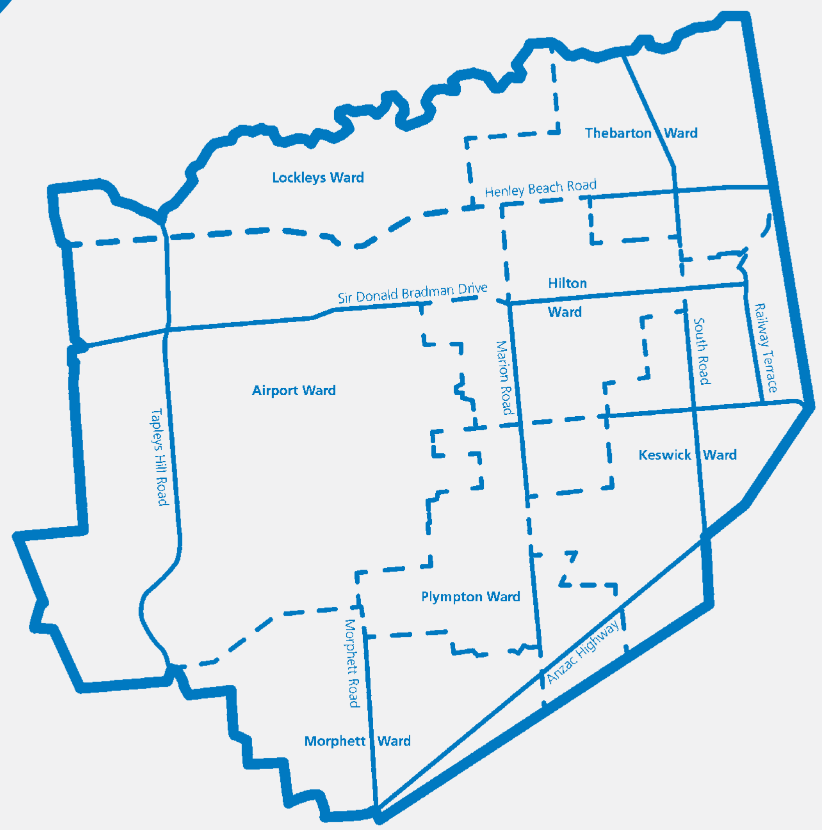
With a population of around 62,000 residents, housing needs are increasing and new residential developments are being established each year. It also means that there is a greater need for public amenities and, as such, our Council has focussed its efforts on providing these either by way of new facilities, redeveloped or upgraded amenities.

In recent years, we have earmarked millions of dollars for upgrading recreational and sporting facilities to better cater for our community's needs; these facilities often serve more than one purpose.

West Torrens is well-known for its larger shopping precincts which attract visitors from further afield. Places such as Ikea, Harbour Town, the Brickworks Marketplace and HomeCo. Mile End all help keep the local economy flourishing. Adelaide Airport is a major employment hub for West Torrens with the Airport Business District employing around 8,000 employees, who are further supported by an additional workforce of 22,000 off-site. Our bioscience precinct in Thebarton is also a drawcard for the area, as this technology hub comprises a range bioscience-related enterprises.

> "With a population of around 62,000 residents, housing needs are increasing and new residential developments are being established each year."

City of West Torrens ward map



Our Elected Council

Mayor


Michael Coxon

Airport Ward


Sara Comrie


Jassmine Wood

Hilton Ward


Cindy O'Rielley


Sam Whiting

Keswick Ward


Elisabeth Papanikolaou


John Woodward

Lockleys Ward


Daniel Huggett


Kym McKay

Morphett Ward


George Demetriou


Anne McKay

Plympton Ward


Lana Gelonese


Surender Pal

Thebarton Ward


Graham Nitschke


Zoi Papafilopoulos

Climate Impact Statement

The City of West Torrens acknowledges the scientific consensus regarding the existence of climate change and the substantial contribution the human population makes via greenhouse gas emissions.

We are therefore committed to reducing climate change and adapting to its impact by:

- Considering climate adaptation in our decision-making processes.
- Regularly reviewing and responding to the risks associated with climate change.
- Participating in the AdaptWest Climate Adaptation Program.
- Participating in the Western Adelaide Zone Emergency Management Committee.
- Decreasing our carbon footprint by reducing energy and fossil fuel usage.
- Increasing the use of renewable energy and sustainable fuel sources.

We will help increase the resilience of our community by providing community programs and grants, responsive infrastructure and greening programs which reduce urban heat. We will further encourage active transport and outdoor activities and seek to protect the community from the consequences of severe weather events and heatwaves.

We have undertaken a significant number of initiatives to mitigate against climate change across a broad range of Council programs and projects, many of which are ongoing.

Climate adaptation involves developing high level strategies that drive the operations of Council in a coordinated manner and provide long-term benefits. Some of these strategies include:

- The City of West Torrens Public Realm Design Manual.
- The City of West Torrens Local Drainage Stormwater Management Plan.
- The City of West Torrens Emergency Management Framework and Business Continuity Plan.
- The City of West Torrens Carbon Management Plan.
- Participating in the AdaptWest Climate Adaptation Program.
- Being a pioneer council in International Council for Local Environmental Initiatives' (ICLEI) Cities with Nature Program.
- Membership of ICLEI.

Our **climate adaptation activities** seek to maximise the greening of our city and include:

- raingardens
- growing trees in challenging spaces
- the implementation of a Tree Strategy
- greening Council's shared path network
- street tree audits and planting programs
- appropriate plant/tree choices
- streetscape designs
- native plant giveaways and community planting events.

In addition, our **stormwater initiatives** provide maximum access to sustainable water sources for trees to improve soil moisture and encourage deep root growth. This includes the use of:

- permeable paving
- tree inlets and water wells
- footpath brick paving.

Waste reduction initiatives focus on reducing waste and increased recycling at both a council and community level. These include:

- waste education
- community workshops
- resources for schools
- a household chemical and paint drop-off facility
- waste separation in Council buildings
- reduction in single use plastics at Council events.

We encourage the community to adopt a sustainability position and seek out available environment grants and rainwater tank rebates.

All at the City of West Torrens are working diligently to increasing the use of **recycled products and reduce emissions, energy and water consumption**. Actions include:

- recycled printer cartridge and road pavement trials
- LED lighting in streets, linear parks, pathways and reserves Building design and retrofit incorporating solar and battery storage and rainwater tanks
- ensuring that vehicle replacements consider environmental standards and increasing the number of electric and hybrid vehicles in the fleet.

Towards 2030 - Our Vision

Towards 2030 is the City of West Torrens' bold statement of what we will do to help achieve the community's vision of **West Torrens being the best place to live, work and enjoy life.**

We will deliver the vision by focusing on five key areas – community life, built environment, organisational strength, environment and sustainability, and prosperity.

The five focus areas for the delivery of our vision are:

Community life
We support diversity, health and well-being, community cohesion and connections, and create opportunities to learn and enjoy the local area.

Built environment
We ensure housing, urban development and infrastructure contribute to attractive and safe neighbourhoods, and how we travel in and beyond our area.

Organisational strength
Council ensures its services lead to quality outcomes and exceptional experiences for our community.

Environment and sustainability
We protect and conserve the natural environment, reuse and recycle resources, support biodiversity and respond to climate change.

Prosperity
We support jobs, businesses and industries to generate local economic growth and activity.

A snapshot of West Torrens

70+
playgrounds and fitness sites

7,000+
tonnes of green waste collected each year

61,000+
people live in West Torrens

18%
of West Torrens residents are aged 65 or over

31%
of West Torrens residents were born overseas

77%
of West Torrens residents are digitally connected

12%
of West Torrens residents use public transport to travel to work

18%
volunteer their time to others

37km²
Council area

13%
of the area has tree canopy cover

15%
of residents live and work in West Torrens

24%
are employed in a professional capacity

6,133
local businesses in West Torrens

26%
of people are couples with children

10%
of residents arrived in past 5 years

84%
of Council's customers are satisfied with services provided

174
hectares of public open spaces

54,000+
local jobs

31%
Speak a language other than English at home

4.5%
of residents are from India

37%
of West Torrens is medium and high density housing

26%
have a university qualification

Our strategic planning framework

Council's Community Plan 2030 is the lead document in our suite of strategic plans and is an aspirational document that guides our actions over the next 5 to 10 years. Developed in consultation with the community, it reflects the priorities of all who live, work, study and play in West Torrens and those who visit.

Our Community Plan 2030 is supported by several strategic and corporate plans which target specific areas of the Community Plan, while operational plans provide the steps to achieving the aims of our strategic and corporate plans and, ultimately, our Community Plan 2030.

The operational plans drive the Annual Business Plan, Service Plan and Budget. Progress is monitored and reported to Council regularly and Council's Annual Report identifies the key activities and achievements in delivering its vision.

Our vision, values and mission

VISION

Committed to being the best place to live, work and enjoy life.

MISSION

To strive for excellence in serving our diverse community.

VALUES

Accountability
Advocacy
Community Capacity
Community Involvement
Healthy Communities
Inclusivity
Quality
Supportive Working Environment

Strategic and Corporate Plans and their alignment to our Community Plan 2030

Community Plan 2030

	Community life	Built environment	Prosperity	Environment & sustainability	organisational strength
Strategic Plans		Infrastructure and asset management plans	10-Year Financial Management Plan	Infrastructure and asset management plans	10-Year Financial Management Plan
Corporate Plans	Public Health Plan Community land management plans Transport Strategy Tree Strategy Disability Access and Inclusion Plan Open Space and Public Place Plan Dog and Cat Management Plan	Community land management plans Transport Strategy Tree Strategy Disability Access and Inclusion Plan Open Space and Public Place Plan Brown Hill Keswick Creek Stormwater Management Plan	Disability Access and Inclusion Plan Economic Development Plan Western Region Tourism Destination Action Plan	Community land management plans Transport Strategy Tree Strategy Open Space and Public Place Plan Water Management Action Plan AdaptWest Climate Change Adaptation Plan	Strategic WHS and IM Improvement Plan

Operational Plans

Action Plans

Technical and Master Plans

Annual Plans

Annual Business Plan, Budget and Long Term Financial Plan

Annual Service Plans

Annual Capital Works Program

Annual Asset Maintenance Plans

What we do

What does Council do?

That's a question we're often asked – and the general answer is an enormous amount that touches your lives as ratepayers and residents in so many ways.

More specifically, our contribution to community life can best be seen at work in the following key areas:

- community life
- lifestyle and inclusion
- care and support
- community arts
- prosperity through community funding
- organisational strength
- built environment
- environment and sustainability.

Community life

Among the services provided is the comprehensive Library Services program that includes a Mobile Library and school holiday activities.

Community life is further enhanced through annual events such as our Summer Festival and Fire and Spice. We also support a large range of events organised by parties external to Council by way of funding and sponsorship.

On a smaller scale, we offer English language classes and digital literacy programs and, in partnership with United Care Wesley, provide financial counselling in the form of free information, support and advocacy for people in financial difficulty.

Lifestyle and inclusion

Just some of the offerings in this area are lifestyle programs, such as walking, sewing and knitting, art and craft and the West Torrens Chess Club, which operates from Kandahar House, North Plympton. We also offer an Active Ageing Program, which provides activities and social opportunities for our older population, a mosaic of community gardens where residents can cultivate their own plants and a Disability Access and Inclusion Plan that provides guidance on how we can improve access for residents to our facilities and services.

For those who like to be active or look at alternate methods of travel, we have an extensive network of cycling paths and this year we're earmarking $250,000 for the redevelopment of the bikeway/shared path between Barcoo Road and Anderson Avenue (West Beach to Glenelg North). We're also allocating a further $100,000 for upgrades to other well utilised paths and $10,000 for the installation of new bike racks in public spaces.

Care and support

We continue to support our community in numerous ways, key among them a community transport service that includes a community bus; a program to provide food hampers for the vulnerable; an initiative to assist those sleeping rough and home visits to those facing isolation.

As a result of transition of the Commonwealth Home Support Programme (CHSP) from the City of West Torrens to an aged care agency, we will no longer provide these essential services that help eligible residents to live independently in their own homes for as long as they wish to.

However, we will help link residents with aged care services offered by specialist agencies within our Council area and will look to provide some Council-funded services not available through CHSP.

Community arts

We see the arts as a valuable component of a healthy community and have, for the past 6 years, hosted the West Torrens Art Prize, which encourages South Australian artists to submit works around various themes. It offers substantial prize money to the winning artist, plus other amounts in various categories.

Our Westside Stories project has established miniature art galleries around West Torrens, where small art, created by local artists, is exhibited and our Stobie Pole Art continues to add colour and creativity to the neighbourhood.

Prosperity

The City of West Torrens has a suite of programs designed to support jobs, businesses and industries and so generate local economic growth and stimulate activity. There are also several initiatives to assist and create education and learning opportunities.

Furthermore, through community funding, we offer junior development grants for residents under 18 years of age to support sport, science and technology, as well as history, arts and culture; sponsorship grants that provide financial support to community organisations and groups and assist them with staging events and activities that benefit the local community. Council also provides academic scholarships worth $4,000 each to university students under the Mendelson Scholarship Program.

Organisational strength

Keeping in touch with our community, listening to them and helping to deliver on their needs gives our organisation strength as we continue to build robust relationships.

We engage with our community using a variety of consultation techniques, including public meetings, surveys and information distribution and we encourage our community to provide feedback on customer experiences using channels such as phone, email, SMS, online chat and social media. Our quarterly magazine, Talking Points, is distributed seasonally and provides updates on projects, services, Council spending and initiatives and our website continues to help keep our community informed.

We are committed to developing strong partnerships and working relationships with our community, other organisations and spheres of Government, while ensuring high levels of governance, transparency and integrity. As a resilient organisation, we are able to effectively respond to emergency incidents and events and we are committed to continuous improvement of processes and customer service.

Built environment

Our built environment comprises roads, buildings, stormwater infrastructure and parks and open spaces.

Roads

We maintain around 298 kilometres of roads and 565 kilometres of footpaths, with $13.3 million budgeted in 2023-24 in line with our asset management plan.

Buildings

We maintain more than 130 Council-owned buildings worth $210 million and have earmarked $5.6 million in the 2023-24 budget for the continuing staged upgrades of the heritage-listed Thebarton Theatre, Apex Park and Frank Norton reserves.

Stormwater

With 149 kilometres of stormwater pipes to maintain, we have budgeted $6.1 million for our 2023-24 Stormwater and Drainage program that includes an additional $2.1 million for the Brown Hill Keswick Creek Flood Mitigation Project.

Parks and open spaces

Open space is a valuable commodity, especially as urban infill becomes more prevalent. We currently have 174 hectares of open spaces available to the community, within the city limits, and in 2023-24 we have set aside $690,000 for playground upgrades, $405,000 for various reserve redevelopments and $1.25 million to upgrade and renew reserve irrigation, bikeway paths, tennis courts, sports ovals and car parking.

Environment and sustainability

Our commitment to the environment and sustainable practices is evident through a range of projects and programs ranging from food waste recycling, organics bins, a kitchen caddy program and worm farms, to rainwater tank and raingarden rebates and the 'Bindy the Waste and Recycling Chat Bot'. We are a partner in the AdaptWest program, a joint initiative with Western Adelaide councils to help ready our communities for the impacts of climate change.

We provide environment grants to eligible groups and organisations that support the aspirations outlined in our 'Towards 2030 Community Plan' and have budgeted $310,000 in our Recreation Program that will go towards the maintenance of the River Torrens. Subsidised by the River Torrens Linear Park Grant from Green Adelaide, it will be used for lighting, fencing, path re-sealing, revegetation and weed removal.

We have also allocated $400,000 towards the ongoing upgrade of lighting to LED. To date we have achieved in excess of $100,000 of savings as a result of this environmental initiative and this is expected to continue into future years.

Our commitment to the environment is supported financially through operational grants made available to the community each year. In 2023-24 our green initiatives programs are continuing and these include the allocation of $10,000 for a tree incentive program and $10,000 for rebates relating to significant and regulated trees on private property.

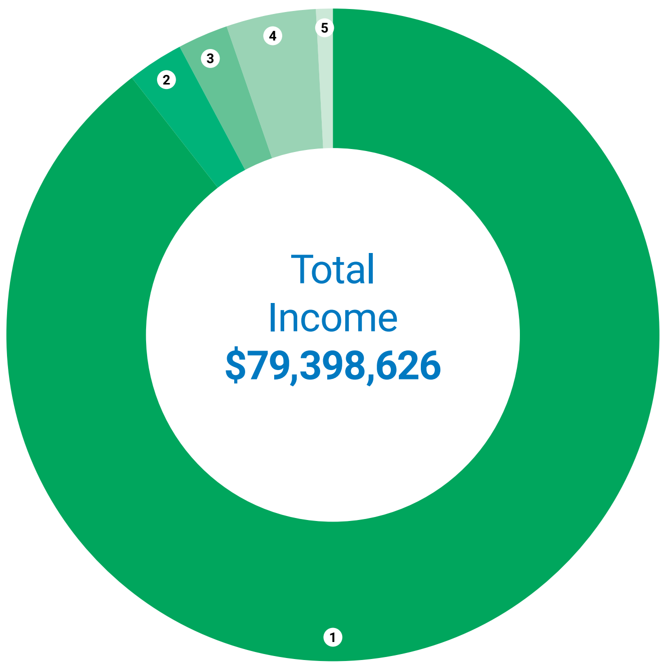
Our budget at a glance

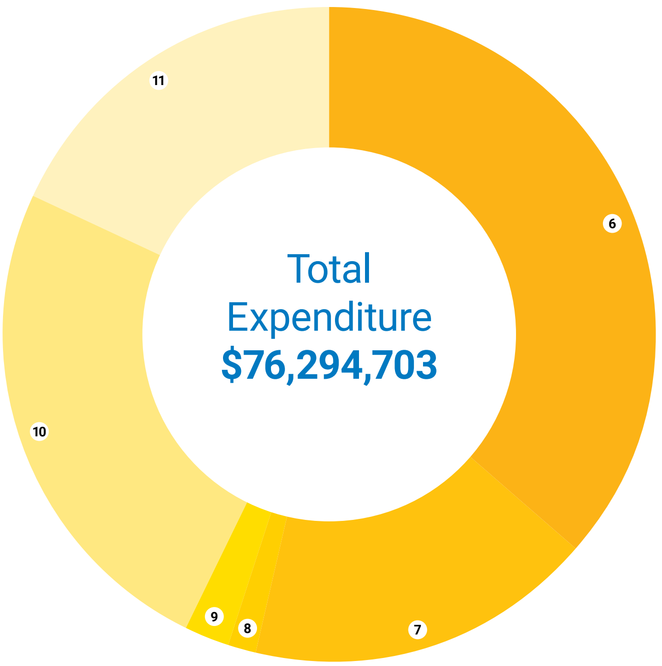
The 2023-24 Annual Business Plan and Budget was prepared in accordance with the priorities of our Strategic Community Plan, our Long-Term Financial Plan and our Asset Management Plan. Before it was finalised, the draft budget was provided to our community for consultation and further refining.

The key financial highlights of the 2023-24 Annual Business Plan are:

- an average rate increase of **7.84%**
- an operating surplus of **$3.10 million**
- capital expenditure of **$30.85 million**
- loan funding of **$5.52 million**
- total Council expenditure of **$88.39 million** (excludes depreciation but includes capital).

Operational Profit & Loss	2023/24
Income	**$**
1 Rates and Rate Equivalents	71,053,519
2 Statutory Charges	2,379,120
3 User Charges	1,946,763
4 Grants and Subsidies	3,371,274
5 Sundry Income	647,950
Total Income	**79,398,626**
Expenditure	**$**
6 Employee and Related	27,846,333
7 Material and Contract	13,239,224
8 Finance Costs	976,899
9 Regional Landscape Levy (RL Levy)	1,794,519
10 Depreciation	18,750,557
11 Other	13,687,171
Total Expenditure	**76,294,703**
Operating Surplus	**3,103,923**





Our major projects

With some $5.60 million allocated to the upgrade and renewal of land and buildings assets during 2023-24, our major projects comprise:


Concept image: JPE Design Studio.

Thebarton Theatre redevelopment (staged)

The staged Thebarton Theatre redevelopment will continue, at a total project cost of $8 million. The project includes preservation and various facility improvement works to the functionality of the state heritage theatre and adjoining buildings. Council will contribute $4 million, with the balance coming from a grant under the Local Government Infrastructure Partnership Program (LGIPP) that aims to help with the economic recovery from COVID-19.

$750,000 fund is budgeted for this year for upgrading structural and electrical works at the theatre.

Apex Park Reserve Upgrade (staged) - car park

Apex Park is one of the most visited sites in West Torrens and a significant upgrade of the site was completed in 2019 with support from the Australian Government Department of Infrastructure and Regional Development through the Community Development Grants program.

This grant is continuing to fund elements of the masterplan, with focus on additional recreational elements such as a BMX area, event lawns, landscaping of the northern wetland area and additional car parking. $750,000 has been allocated for this project.

Brown Hill Keswick Creek Stormwater Project

The Brown Hill Keswick Creek Stormwater Project is a collaborative undertaking by 5 South Australian metropolitan councils to develop and implement a stormwater management plan to mitigate significant flood risk arising from 4 major watercourses in metropolitan Adelaide. The Brown Hill Keswick Creek catchment is a crucial watercourse in metropolitan Adelaide, with the creeks having a long history of flooding.

For 2023-24, Council has budgeted $2.1 million towards continuing this project. Delivery of the full project is scheduled for completion by 2036.

Wetland images courtesy Brown Hill Keswick Creek Stormwater Project.

Kesmond Reserve upgrade

The grant funded redevelopment of Kesmond Reserve, at a total project cost of $2 million, will continue in 2023-24. This will result in improvements to recreation features available for community use while retaining quality open space and the character of the site.

Plympton stormwater upgrade

The North Plympton/ Plympton investigations Stage 3 stormwater upgrade will begin this year, building on the achievements of Stage 1 and 2 in recent times. With a $1.62 million budget in 2023-24, the project will upgrade drainage and improve the stormwater systems to reduce the frequency and impact of flooding of various streets, and water entry onto and through private land.

Rates at a glance

Total rates for the Council

Council determines **rates revenue needed** ÷ Divided by **combined value of all rateable properties** = To get the **rate in the dollar**

What you pay

Multiply the **value of your property** × By the **rate in the dollar** = To calculate **your rates for the year**

The Valuer General is the State's independent authority on property valuations. Council is not involved in the setting of property values. You can find more information on valuations by visiting **valuergeneral.sa.gov.au**

Rates income is used to provide a range of infrastructure, facilities and services, most of which you have already read about in this Annual Business Plan and Budget.

By contributing your rates, you help to support your community, the community you live or invest in. As rates form Council's primary source of income, paying rates today can be seen as an investment in the future. And while you may not use all the services provided by Council all the time, the chances are that during your lifecycle of paying rates, you will help support programs, services, facilities and infrastructure that will be there for your use when you need them.

While Council will achieve an average rate increase of 7.84%, capital value fluctuations by the Valuer General may result in individual properties receiving a different percentage increase or decrease in rates for the 2023-24 financial year.

A 0.7% growth factor has been applied to rates revenue for the 2023-24 financial year. This is additional to the average rate increase of 7.84% and represents income from new developments.

Method used to value land

We have the option of adopting one of 3 valuation methodologies to assess the properties for rating purposes:

Capital value

The value of the land and all improvements on the land.

Site value

The value of the land and any improvements which predominantly affect the amenity of use for the land, such as drainage works, but excluding the value of buildings and other improvements. (note: site value will cease to be an option from 1 Sept 2023)

Annual value

A valuation of the rental potential of the property.

Council continues to use Capital Value as the basis for valuing land within West Torrens as we believe this is the fairest method of distributing the rate burden across all ratepayers on the following basis:

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

Early indications are that properties will see an increase in the capital value. Changes to the capital value of your property from one year to the next may be influenced by:

- Recent sales in the area.
- Property location.
- The building itself - renovations, additions or alterations.
- External factors - such as trends or nearby area rezonings.

Differential rating system

Councils use a differential rating system, using land use codes as the factor to apply such differential rates. In applying differential general rates, Council has considered, and is satisfied, that the rating system addresses the issue of consistency and comparability across all areas, particularly as it relates to the various sectors of business and wider community.

Minimum rates

The minimum rate provides a mechanism where lower valued properties do not pay less than a minimum amount as determined by the Council. Typically, only a small number of all properties (with no more than 35%) pay a minimum amount. Council set a minimum of $1,066 which shall be applied to all rateable properties. This will affect less than 35 percent of rateable properties.

Separate rate – Regional Landscape Levy

The Regional Landscape Levy is not retained by Council. Under the *Landscape South Australia Act 2019*, councils are required to collect the levy on all rateable properties on behalf of the State Government.

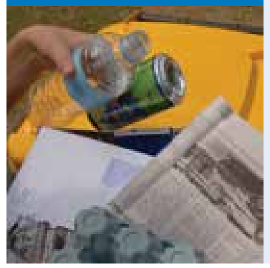
More information regarding the programs and activities funded by Green Adelaide from the Regional Landscape Levy can be found at greenadelaide.sa.gov.au

Council at Work

How $100 of Council Expenditure will be spent

The following provides a breakdown of how each $100 of Council funds are spent in providing services and assets to our community. Note: some areas also receive grant funding, thereby decreasing the amount of ratepayer funding needed.

$7.18



Waste & Recycling Services

Kerbside collection of:
- – Household waste
- – Recyclables
- – green organics

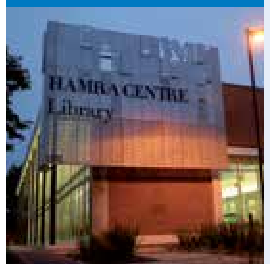
- Hard waste collection
- Public litter bins
- Illegal dumping

$28.02

Infrastructure Management

- Asset management
- Project design
- Roads, kerbs and footpaths
- Traffic management
- Flood mitigation
- Public Lighting

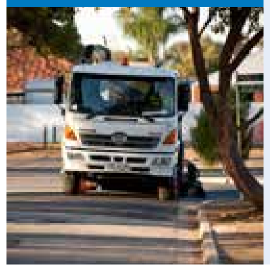
$4.54



Libraries & Customer Service

- Library Services
- Customer Service
- Language Classes
- Story Time and Book Club
- Front of house
- Literacy Programs

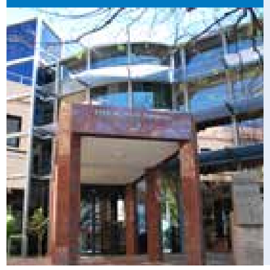
$17.30



Depot, Fleet & Horticultural Services

- Horticultural services
- Fleet services incl sweeping
- Civil maintenance & construction
- Road maintenance

$13.79



Governance, Communication & Administration

- Corporate Governance
- Financial management
- Information management
- Marketing
- People & culture
- Communications
- Media Liaison
- Elections

$6.67

Regulatory Services, Environment & Planning

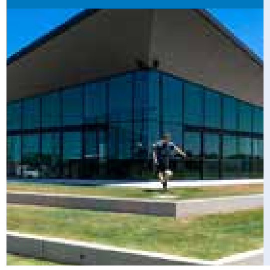
- City Planning
- Building inspections
- Parking management
- Animal management
- Abandoned Vehicles
- Economic development
- Environmental sustainability initiatives

$3.37

Community, Health, Aged & Youth Services

- Youth services
- Community programs
- Thebarton Community Centre
- Environmental health & services
- Home care assist
- Facility Hire

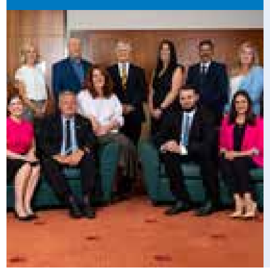
$13.14



Recreation, Sports & Community Facilities

- Parks & Gardens
- Playgrounds & Reserves
- Heritage Buildings
- Sporting Hubs & recreational facilities
- Open spaces
- Facility maintenance

$0.84



Elected members

Includes member allowances, travel costs and subscriptions.

$5.15

State Government Levies and Charges

Includes all state government levies and charges.

Operational income

Council's total revenue is budgeted to increase by **8.73%**, or **$6,376,765**, compared with the 2022-23 budget.

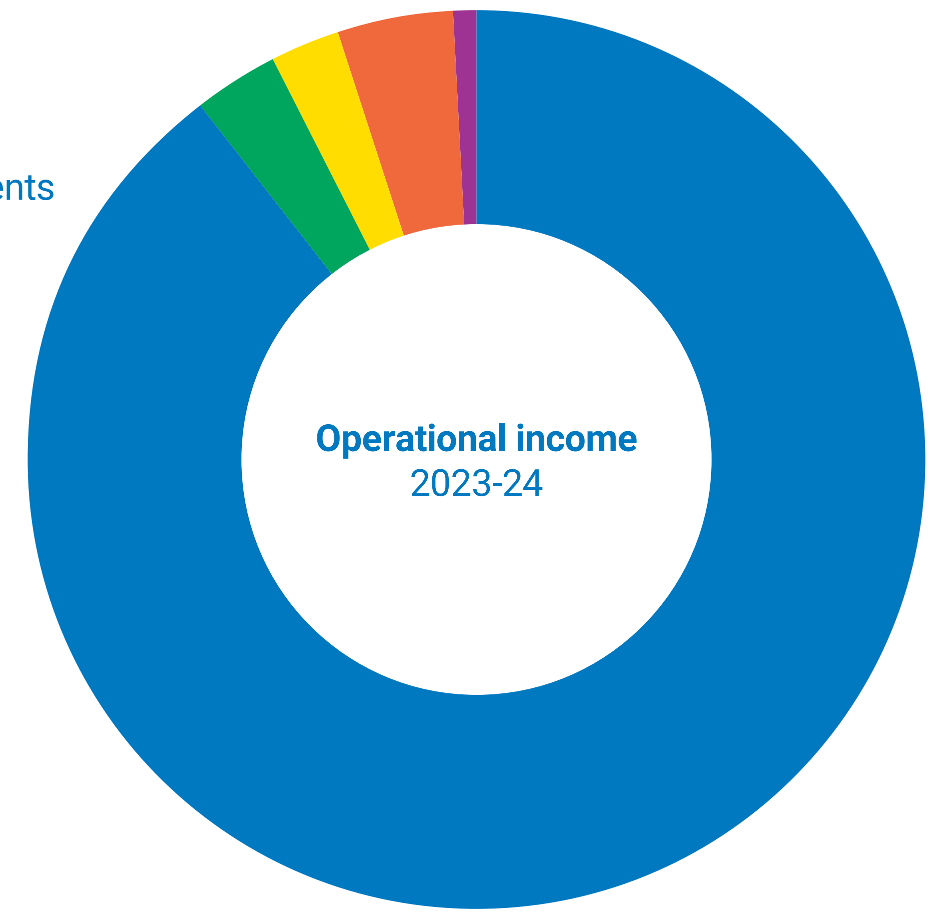
Rates and Rate Equivalents **89.5%**

Statutory Charges **3.0%**

User Charges **2.5%**

Grants and Subsidies **4.2%**

Sundry Income **0.8%**



Rates and rate equivalent income

A total of 89.5% of the income budgeted by Council is derived from rates and rate equivalent payments. This amounts to $71.05 million for 2023-24.

Council's dependency on rate revenue continues to be significant, with no major growth in other income areas. We have endeavoured to limit increases in rates and since 2003 have, excluding natural growth, achieved an average increase of 4.2%.

Statutory charges

Statutory charges are substantially set by the State Government on regulatory services provided by Local Government, such as dog registration fees, building and planning fees and parking fines.

Statutory charges play an important role in enabling Council to provide a range of specific services and community facilities. However, these fees and charges make a relatively modest contribution to the overall budget. In the 2023-24 budget, statutory charges total $2,379,120 or 3.0%, of all Council income, excluding capital revenues.

User charges

User charges can be distinguished from taxes because they can be avoided by a ratepayer's decision not to use the good or service in question. The basis for raising general rates from ratepayers is to pay for the goods and services that a council provides to its community. However, there are certain goods and services that our Council provides which are available specifically to individuals or groups and for which a user charge is appropriate. These include library charges, hall hire, tennis court hire, community centre fees and the like.

User charges – which can help to reduce the rate burden on ratepayers – budgeted in the 2023-24 financial year total $1,946,763, or 2.5% of all Council's operating income.

Grants and subsidies

Grant income budgeted in 2023-24 totals $3,371,274, reflecting an increase of 2.7% from the $3,281,577 in 2022-23. Major operating grants included in the budget comprise the General Purpose Grant, Local Road Grants, Roads to Recovery Grant and Library Operating Grant.

Council acknowledges the State and Federal Governments for the grants and contributions they provide which helps us fund essential services and infrastructure.

Other income

Other Council income includes investment income, insurance returns and reimbursements and comprises 0.8% of all income budgeted in 2023-24, excluding capital revenues, totalling $647,950.

Operational expenditure

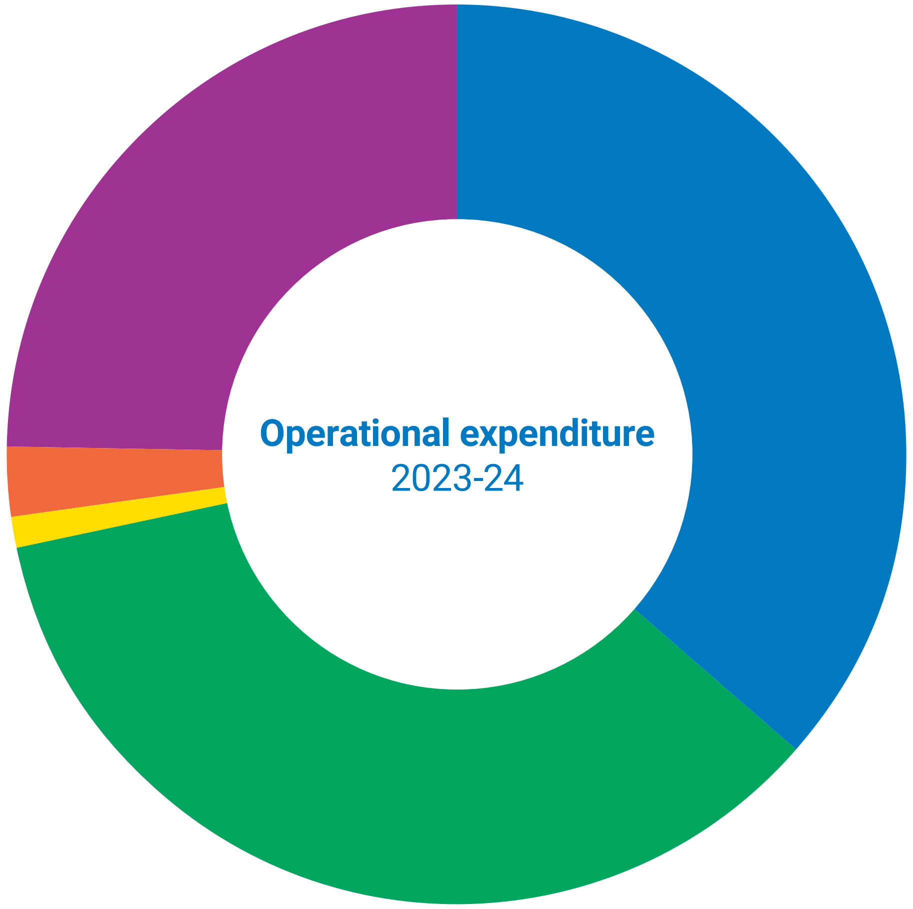
Employee and Related
36.4%

Material and Contract
35.3%

Finance Costs
1.3%

Regional Landscape Levy (RL Levy)
2.4%

Depreciation
24.6%



Operational expenditure is the day-to-day expenses Council makes on continuing to provide existing services and on maintaining assets. It differs from capital expenditure, which is spending funds on new assets, upgrading or renewing existing assets.

For 2023-24, operational expenditure has increased by **$5,449,407, or 7.7%**, relative to the original 2022-23 budget. This is mainly due to additional depreciation associated with recent capital development and unit rate changes, the enterprise agreement wage increase and inflationary pressure on materials and contracts.

Employee and related costs

Employment costs include direct salaries and on-costs such as superannuation, workers compensation insurance and leave provisions. They also include indirect costs such as staff uniforms, training, protective clothing and study assistance.

Employment costs have increased by **$1,762,979, or 6.8%** from 2022-23 to a total of $27,846,333, impacted by the following:

- negotiated enterprise bargaining increase of **2.75%**
- **full time equivalent staff numbers increasing by 3.1 net** over what was budgeted in 2022-23, to allow for an additional accountant, a new Business Partner for recruitment and staff retention, a new Community Safety Officer and a new Business and Tourism Officer, funded from savings mainly in contract positions and the cessation of the CHSP program
- a superannuation guarantee increase to **11%**.

Materials, contracts and other

Materials, contracts and other expenditure covers payments for physical goods and includes the purchase of consumables, utility payments, building costs and repairs and maintenance. Also included in this category are contract services, which includes payments for the external provision of services.

The 2023-24 budget shows this area increasing by **$2,105,650, or 8.48%**, to a total of $26,926,395 over the 2022-23 budget. Key movements include:

- a **49.7% increase in utility costs** including electricity, gas and fuel, largely driven by contracted rate increases
- a **19% increase in valuation charges** provided by the Valuer General
- A **11% increase in insurance premiums** reflecting the general trend resulting from natural disasters and an increase in replacement costs
- A **13% increase in computer software costs** as we continue to switch from analogue to digital platforms.

Depreciation

Depreciation is an accounting method used to allocate the costs of an asset over its useful life. It represents how much of an asset's value has been used. Depreciation for 2023-24 has been budgeted to increase by **8.50%, totalling $18,750,557**. This is largely attributable to an increase in the unit rate used for asset valuations, as replacement costs have significantly increased in line with Local Government Price Index.

Finance costs

Finance costs include the costs of financing Council activities through borrowings and any other bank related charges. In 2023-24, finance costs are budgeted to be **$976,899, or 1.28%**, of total operating expenditure.

Regional Landscape Levy

The Regional Landscape Levy, previous known as the NRM Levy, is a State Government imposed tax which councils are required to collect on behalf of the State Government. An amount of $1,794,519 is budgeted for 2023-24 and sits within the Materials, Contracts and Other expenses total. This is an **increase of 12.10%** over 2022/23.

State Government levies and charges

Council is required to pay the following State Government levies and charges in 2023-24.

State Government Levies and Charges Include:	2022/23 Budget	2023/24 Budget	% Change
Dog and Cat Management Board	75,000	79,000	5.3%
Electoral Commission	170,000	-	(100.0%)
Emergency Services Levy	71,000	74,000	4.2%
EPA Licence (Depot)	60,000	60,000	0.0%
e-Planning Service	60,000	62,000	3.3%
Land Services Group Search Fees	12,000	10,000	(16.7%)
Motor Vehicle Registration	107,000	107,162	0.2%
Regional Landscape Levy	1,600,852	1,794,519	12.1%
Street Lighting	206,000	210,000	1.9%
Valuer General	240,000	285,000	18.8%
Waste Levy	1,918,095	1,873,165	(2.3%)
Total Income	**4,519,947**	**4,554,846**	**0.8%**

Funding what we do

City Management

Our City Management Division comprises the Office of the Mayor and Chief Executive Officer, Elected Members, Organisational Change and Improvement and Community Partnerships.

Our focus is to enhance the customer experience and use technology as a tool to help innovate how we interact with our customers, in alignment with our 2030 Community Plan.

As we move into the new financial year, we will be dealing with numerous ongoing projects and issues from previous years including the impact of the North-South Corridor (Torrens to Darlington) on the lives of all who live, work and play in West Torrens, as well as the many visitors we welcome each year.

You will also read that the upgrading of the historical Thebarton Theatre will continue, and this coming year our community will see some major physical works to the landscape as we propose to improve the functionality and amenity of the Theatre with a new lobby, bar and lounge area.

On a day-to-day level, we will retain our focus on providing networking opportunities for local businesses and we'll be working towards improving tourism opportunities for West Torrens as part of the larger Western Adelaide 'Adelaide Beaches' program. We have also partnered with Business SA to provide a range of free or very low cost professional services for business in West Torrens, including training courses, workshops and entrepreneur programs, all of which are designed to help keep local businesses financial viable.

We will continue to work on developing a Main Street Masterplan for Henley Beach Road and have set aside budgets for competency training and improvements to the customer relationship management system.

These strategically driven programs, all of which are scheduled to begin during the new financial year, and some of which will unfold over the next 2 to 3 years, will ultimately benefit all who live, work and undertake business in West Torrens.

An important component of City Management's operations is Organisational Change and Improvement, which drives improvement initiatives and assists in the delivery of our customer experience framework. The team's objective is to support the organisation in process improvement, build the culture and capability in customer centricity and apply lean-thinking concepts that deliver maximum value for our community through value creation, efficiency, cost savings and improved service delivery. The result is improved customer satisfaction.

As part of the Organisational Change and Improvement team's commitment to support Council in strengthening our customer-centricity and delivering efficiencies to the community, they work closely with staff to ensure that processes are implemented to improve and develop the organisational culture to meet the current and future needs of our customers.

Automated customer satisfaction surveying is used to help monitor how we are performing as an organisation and where poor customer feedback is provided, this receives our attention. Our customer feedback plays an integral role in identifying and driving continuous improvement activities across the organisation and, over the next financial year, we will continue to monitor and measure satisfaction to ensure feedback loops are closed.

City Management Division / Operational Income and Expenditure

2022-23 budget		Description	2023-24 Budget	Variation To 2022-23 Original	
Original	Revised (DBR)				
		Income	$	$	%
500	500	Reimbursements	500	0	0.0%
500	**500**	**Total Income**	**500**	**0**	**0.0%**
		Operational Expenditure	$	$	%
1,088,875	1,165,875	Staff Costs	1,254,281	165,406	15.2%
56,494	56,494	Staff Related Costs	58,205	1,711	3.0%
4,740	4,740	Buildings Furniture & Fittings	4,740	0	0.0%
22,530	22,530	Plant & Equipment	22,430	(100)	(0.4%)
7,560	7,560	Computer Expenditure	4,630	(2,930)	(38.8%)
512,400	603,263	General	595,100	82,700	16.1%
488,359	520,272	Council Expenditure	616,160	127,801	26.2%
5,000	5,000	Occupancy & Property	10,000	5,000	100.0%
2,185,958	**2,385,734**	**Total Operational Costs**	**2,565,546**	**379,588**	**17.4%**
(2,185,458)	**(2,385,234)**	**Operational Surplus/(Deficit)**	**(2,565,046)**	**(379,588)**	**17.4%**

Business and Community Services

The Business and Community Services Division comprises a Community Services Department, a Strategy and Business Department and a Governance and Risk Department.

We are tasked with responding to community needs and creating opportunities for participation and connection, to help reduce social isolation and increase people's resilience, health and wellbeing. We are also responsible for Council's corporate and strategic planning to ensure that, among other things, we are open and transparent in the work we do.

Our Strategy and Business Department works with various teams in Council to procure and manage contractors to undertake work that we do not have the capacity to undertake, and to manage and implement the changes required by the Local Government Reform. We also engage with a range of stakeholders, with community consultation remaining a sharp focus for the organisation and ensuring that information is provided to residents in a timely manner and fashion.

Our advocacy to the State Planning Commission, and the responsible minister, as it relates to the impacts of increasing infill development within West Torrens, remains a key focus this year and into the future.

Another important focus worthy of special mention is our environmental and sustainability commitment, evidenced by our many initiatives and strategies designed to update infrastructure in line with environmental best practice. We stage community planting days and plant giveaway programs, provide financial assistance to the community to plant trees and maintain Significant and Regulated trees, as well as encourage the harnessing and use of rainfall.

Some of the many services we continue to provide to keep our community connected include:

- ageing well programs
- school holiday activities
- youth programs, among them the 'Respectful Relationships' program for high school students
- community transport services for shopping and social outings, transport to activities
- craft and art space and programs, including sessions for sewing, knitting and quilting groups
- walking groups
- grants programs
- support and assistance for vulnerable and at-risk residents
- our digital literacy program
- English classes
- Little Galleries.

Highlights for the coming year in community programs include:

- 2023 Art prize
- Summer Festival and Fire and Spice Festival
- an intergenerational program linking a school and residents from our Ageing Well program
- adult Learner's Week and Youth Week activities
- review and update of our Disability Access and Inclusion Strategy and Action Plan
- the development of a new community garden in Netley.

We are implementing a new Climate Mitigation and Adaptation Strategy, which sets out Council's pathway for reducing emissions and adapting to a changing climate, such as reducing our carbon footprint, greening and cooling strategies, water and energy efficiency programs, reducing waste to landfill and promoting initiatives to create a healthier and more vibrant environment. We are continuing to partner with the Cities of Charles Sturt and Port Adelaide Enfield in the regional AdaptWest Climate Change Adaptation Program and we also partner with other councils along Adelaide's coastline to discuss and share information on coastal issues.

Our Governance and Risk team will, this coming year, focus on continuing to facilitate Local Government reforms, preparations for coordinating emergency response and ensuring a high standard of organisation integrity and legislative compliance, primarily via the internal auditing of Council's systems and processes.

In the area of community services, we will continue to grow our library services, thanks to budgeted funds as well as those received from the SA Public Library Services and once-off external funding opportunities. Our Library Services are quite extensive and include our Hamra Centre Library, Mobile Library, home library delivery service and our ever-growing Little Libraries.

We will continue to develop our range of programs and services for all our diverse community, including youth, children and seniors.

Business and Community Services Division / Operational Income and Expenditure

2022-23 budget		Description	2023-24 Budget	Variation To 2022-23 Original	
Original	Revised (DBR)				
		Income	$	$	%
1,000	1,000	Statutory Charges	1,000	0	0.0%
324,700	463,700	User Charges	450,500	125,800	38.7%
442,323	457,323	Grants & Subsidies	449,755	7,432	1.7%
1,600	1,600	Other Income	1,600	0	
769,623	**923,623**	**Total Income**	**902,855**	**133,232**	**17.3%**
		Operational Expenditure	$	$	%
5,503,474	5,422,923	Staff Costs	5,716,711	213,237	3.9%
236,921	223,169	Staff Related Costs	237,091	170	0.1%
175,340	170,340	Buildings Furniture & Fittings	183,940	8,600	4.9%
152,055	152,055	Plant & Equipment	131,787	(20,268)	(13.3%)
172,276	173,276	Computer Expenditure	114,956	(57,320)	(33.3%)
5,200	5,200	Community Assets	7,730	2,530	48.7%
1,621,451	1,606,117	General	1,237,098	(384,353)	(23.7%)
6,000	6,000	Bank & Finance	0	(6,000)	(100.0%)
391,850	521,327	Council Expenditure	333,000	(58,850)	(15.0%)
262,200	388,320	Contract Expenditure	270,000	7,800	3.0%
20,000	20,000	Materials	21,000	1,000	5.0%
200,900	200,900	Occupancy & Property	355,270	154,370	76.8%
8,747,667	**8,889,627**	**Total Operational Costs**	**8,608,583**	**(139,084)**	**(1.6%)**
(7,978,044)	**(7,966,004)**	**Operational Surplus/(Deficit)**	**(7,705,728)**	**272,316**	**(3.4%)**

Corporate and Compliance

Corporate and Compliance will continue to deliver the following essential internal and external services across the following areas in 2023-24:

- People and Safety
- Customer Contact
- Information Services, including Information Technology and Records Management.
- Compliance and Waste services including Animal Management, Environmental Health, Waste and Resource Recovery and Community Safety.
- Finance.

While not the most 'popular' areas of our operations, they remain essential if we're to provide you with infrastructure and services.

Let's take a quick look at each of these areas and what is planned for the coming year:

People and Safety

It all starts with the people we employ. If Council makes good choices with the recruitment of staff and recruits people who align with our cultural values and who have the skills or can learn the skills needed to perform their work to a high standard, we will have a productive and happy workforce delivering better work and customer service.

At the City of West Torrens we are working hard to create a culture that aligns with our values, encapsulated in the acronym FITCORE: Fun, Innovation, Trust, Care, Openness, Respect and Excellence!

People and Safety key initiatives in 2023-24 include:

- The continuation of our work towards White Ribbon Accreditation, after which we will be an accredited White Ribbon organisation for a 3-year period, allowing us to instigate anti-violence programs that educate our workforce to change attitudes towards women and behaviours that undermine gender equity.
- Further implementation of our Ageing and Work Health Program, a free program designed by Local Government Association Workers Compensation Scheme (LGAWCS) to create a positive age culture within the workplace that promotes and values the experience and skills of older employees while managing the impacts on their health and safety.
- The implementation of a Domestic Violence, Threatening and Aggressive Behaviour Campaign, to address the significant increase in Aggressive, Violent and Threating (AVT) behaviour against members of our workforce in person, via phone calls, emails and social media and equip frontline workers with strategies to deal with events of AVT.
- A review of position descriptions to ensure they are up to date and appropriately classified.
- The commencement of Enterprise Bargaining negotiations.
- The implementation of a recognition scheme for our wonderful volunteers who do so much for our local community.
- A review of our recruitment and selection processes to ensure they are modern and inclusive.

Customer Contact

That's why we are here, to serve you and assist in meeting your needs. As a front line of customer service, our Customer Contact team is passionate about providing you with the highest level of service. We'll further improve the service thanks to implementing Customer Relationship Manager (CRM) software this year, which will give our team access to more information than ever before, allowing them to answer your queries in a more timely and professional manner.

Information Services

Our Information Technology section maintains vital hardware and software that keeps our many operating and communication platforms running smoothly and allows us to improve the customer experience, help people better manage community assets and allow us all to engage in a secure digital environment.

The Information (Records) Management section of Information Services ensures all communication into and out of Council is recorded and maintained correctly in accordance with State Records guidelines and other information management standards.

While more than 96% of the Information Services budget goes to maintaining existing services, we will deliver several initiatives in 2023-24 that aim to improve the digital engagement of community members, as well as the productivity of our mobile workforce and Elected Members.

One jewel in the IT infrastructure crown is our use of Dell VxRail hyper-converged infrastructure. In lay terms, it is the foundation infrastructure that helps Council operate our on-premises applications in a resilient and efficient manner. We have extended the life of those assets for 2 years rather than replacing them, saving Council more than $100,000, as we embrace increasingly cloud based platforms.

Compliance and Waste Services

Our Compliance Department is all about helping to keep our community safe. This includes our Community Safety and Environment Health teams, which help regulate on-street parking limits, animal safety and community health. A key project for our animal management team this year will be to implement the newly adopted Dog and Cat Management Plan, which provides a framework for managing pets in West Torrens.

In Waste and Recovery, we will be developing a new 5 year plan that will supplement our recently adopted 10-year Waste and Resource Recovery Strategy. The plan will provide guidance for us to implement actions in the areas of waste reduction and resource recovery.

Financial Services

Last, but by no means least, is the Finance Department, which provides both internal and external financial related services to the City of West Torrens. Some of their responsibilities include:

- raising and collecting rate income
- ensuring staff are paid
- managing Council investments
- paying creditors
- reporting to Management and the Elected Body on Council's financial position
- preparing financial statements for audit.

Our Financial Services team undertake a lot of the behind the scenes work but like any home or business, staying on top of finances is an important task.

Corporate and Compliance / Operational Income and Expenditure

2022-23 budget		Description	2023-24 Budget	Variation To 2022-23 Original	
Original	Revised (DBR)				
		Income	$	$	%
65,003,852	65,059,952	Rates	70,948,519	5,944,667	9.1%
1,407,510	1,294,510	Statutory Charges	1,528,120	120,610	8.6%
109,470	119,970	User Charges	119,150	9,680	8.8%
1,406,890	1,426,890	Grants & Subsidies	1,532,498	125,608	8.9%
111,500	116,822	Reimbursements	106,500	(5,000)	(4.5%)
224,000	494,362	Other Income	271,350	47,350	21.1%
68,263,222	**68,512,506**	**Total Income**	**74,506,137**	**6,242,915**	**9.1%**
		Operational Expenditure	$	$	%
6,582,548	6,438,650	Staff Costs	7,302,777	720,229	10.9%
396,230	425,480	Staff Related Costs	457,078	60,848	15.4%
21,450	21,450	Buildings Furniture & Fittings	15,320	(6,130)	(28.6%)
156,790	156,790	Plant & Equipment	156,297	(493)	(0.3%)
1,556,280	1,630,010	Computer Expenditure	1,868,659	312,379	20.1%
910,669	926,807	General	1,031,440	120,771	13.3%
325,000	242,500	Bank & Finance	304,000	(21,000)	(6.5%)
1,986,852	2,006,352	Council Expenditure	2,234,347	247,495	12.5%
7,268,285	7,282,285	Contract Expenditure	7,671,224	402,939	5.5%
55,400	55,400	Occupancy & Property	100,400	45,000	81.2%
19,259,504	**19,185,724**	**Total Operational Costs**	**21,141,542**	**1,882,038**	**9.8%**
49,003,718	**49,326,782**	**Operational Surplus/(Deficit)**	**53,364,595**	**4,360,877**	**8.9%**

Urban Services

The Urban Services Division comprises City Assets, City Development, City Operations and City Property and is responsible for the development, maintenance and upgrading of the built environment and Council's infrastructure assets.

Collectively, the Division is the custodian of almost $1 billion of community assets, from the many buildings, roads and footpaths that dot the landscape, to stormwater infrastructure, community facilities and playgrounds and open recreational space. On top of that, teams also responsible for the general upkeep and maintenance of these assets, as well as retaining the beauty of our city through cleaning programs, the cutting of lawns and the tending of flower gardens, trees and shrubs.

Among the many areas to demand attention in the coming years is that of planning and building applications, where we are settling into a new legislative framework following the State Government's major legislative reform.

Indeed, the new financial year of 2023-24 promises much across many areas, with a budget of some $31 million earmarked for projects ranging from stormwater and playground upgrades to new sporting facilities, new and improved roads and footpaths and a raft of reserve upgrades.

Perhaps the most significant project during this period – and certainly one closest to the hearts of many residents – is the redevelopment of our iconic and much-loved Thebarton Theatre on Henley Beach Road.

The redevelopment, valued at some $8 million, includes the preservation and various facility improvements to the functionality of the state heritage theatre and its adjoining buildings. Council has contributed $4 million to the project, with another $4 million in grant funding coming via the Local Government Infrastructure Partnership Program (LGIPP).

Some of the more notable projects to be tackled – and designed to improve the amenity and enhance the quality of life of our residents and ratepayers – include:

- Continuation of **new and upgraded stormwater infrastructure** and drainage in the Kurralta Park stormwater catchment area at cost of $750,000; Underdale/Torrensville catchment upgrade $850,000; and at a cost of $1.6 million for the continuation stormwater upgrade for the North Plympton and Plympton stormwater catchment area.
- A contribution of $2.1 million from Council towards the continuation of the multi-council **Brown Hill Keswick Creeks Stormwater Management project**.
- The **replacement of playground equipment**, at, among others, Lindfield Reserve, Novar Gardens; Nobel Avenue, Lockleys; and Joe Wells Reserve, Netley, at a cost of $690,000, as the existing equipment has come of the end of its life;
- A $405,000 **reserve upgrade program** targeting Westside Bikeway, Camden Park; West Torrens Memorial Gardens, Hilton and various other reserves.
- **Upgrade of sections of the River Torrens Linear Park**, valued at $310,000 and including re-vegetation works, upgrades to and reconstruction of paths, and the upgrade of pedestrian lighting.
- **Irrigation system upgrades**, at a cost of $375,000 at Westside Bikeway, Plympton/Camden Park; Airport Road Median, Brooklyn Park and along the River Torrens Linear Park.
- **Maintenance and reconstruction of Council's road and footpath network**, at a cost of $14.6 million - comprising $7.4 million for road maintenance, $4.0 million for road reconstruction (including $617,418 in Roads to Recovery funding), $1.3 million for our footpath program. Key projects will include - reconstruction of a section of North Parade, Torrensville ($1.9m); reconstruction of Ashburn Avenue, Fulham ($1.15m); footpath renewal works for parts of Railway Terrace, Mile End South and Allchurch Avenue, North Plympton, totalling $650,000.
- A $1.2 million allocation to **traffic management** including $800,000 for the installation of traffic calming devices in Hounslow Avenue, between Marion Road and Bagot Avenue and $300,000 for a new indented parking bay in Jenkins Street fronting Cowandilla Primary School.
- Continuation of our **street lighting LED transition project** which will see the upgrade of street lights within the Novar Gardens area at a cost of $450,000.
- The continuation of **compliance and safety works at Thebarton Theatre** with structural and electrical upgrades totalling $750,000, which will complement the proposed redevelopment works and are required due to the Heritage status of the building and its current condition.
- $750,000 towards the completion of the **Stage 2 redevelopment of Apex Park Reserve**, West Beach, which focuses on additional recreation elements such as BMX area, event lawn, and shaping of the northern side of the wetland, for which Grant Funding has also been received.
- An allocation of $100,000 to assist with the concept design for a potential redevelopment of the existing **Lockleys Bowling Club precinct**.
- $200,000 towards the construction of a new toilet facility along the **West Side Bikeway** which is the result of community requests and feedback.

Urban Services / Operational Income and Expenditure

2022-23 budget		Description	2023-24 Budget	Variation To 2022-23 Original	
Original	Revised (DBR)				
		Income	$	$	%
770,000	836,680	Statutory Charges	850,000	80,000	10.4%
1,504,652	1,507,337	User Charges	1,377,113	(127,539)	(8.5%)
1,432,364	1,869,219	Grants & Subsidies	1,389,021	(43,343)	(3.0%)
210,500	277,652	Reimbursements	292,000	81,500	38.7%
71,000	83,500	Other Income	81,000	10,000	
3,988,516	**4,574,388**	**Total Income**	**3,989,134**	**618**	**0.0%**
		Operational Expenditure	$	$	%
11,636,693	11,094,615	Staff Costs	12,210,865	574,172	4.9%
582,119	612,269	Staff Related Costs	609,325	27,206	4.7%
3,572,640	3,577,640	Buildings Furniture & Fittings	3,586,320	13,680	0.4%
1,703,595	1,703,595	Plant & Equipment	1,730,403	26,808	1.6%
9,370	9,370	Computer Expenditure	12,730	3,360	35.9%
12,278,300	12,278,300	Community Assets	13,679,290	1,400,990	11.4%
1,897,715	2,328,631	General	1,983,800	86,085	4.5%
728,035	728,035	Bank & Finance	672,899	(55,136)	(7.6%)
936,000	1,007,500	Council Expenditure	1,204,000	268,000	28.6%
3,896,000	3,851,000	Contract Expenditure	4,177,000	281,000	7.2%
1,096,000	1,096,000	Materials	1,100,000	4,000	0.4%
2,505,700	2,525,700	Occupancy & Property	3,012,400	506,700	20.2%
40,842,167	**40,812,655**	**Total Operational Costs**	**43,979,032**	**3,136,865**	**7.7%**
(36,853,651)	**(36,238,267)**	**Operational Surplus/(Deficit)**	**(39,989,898)**	**(3,136,247)**	**8.5%**

Capital program

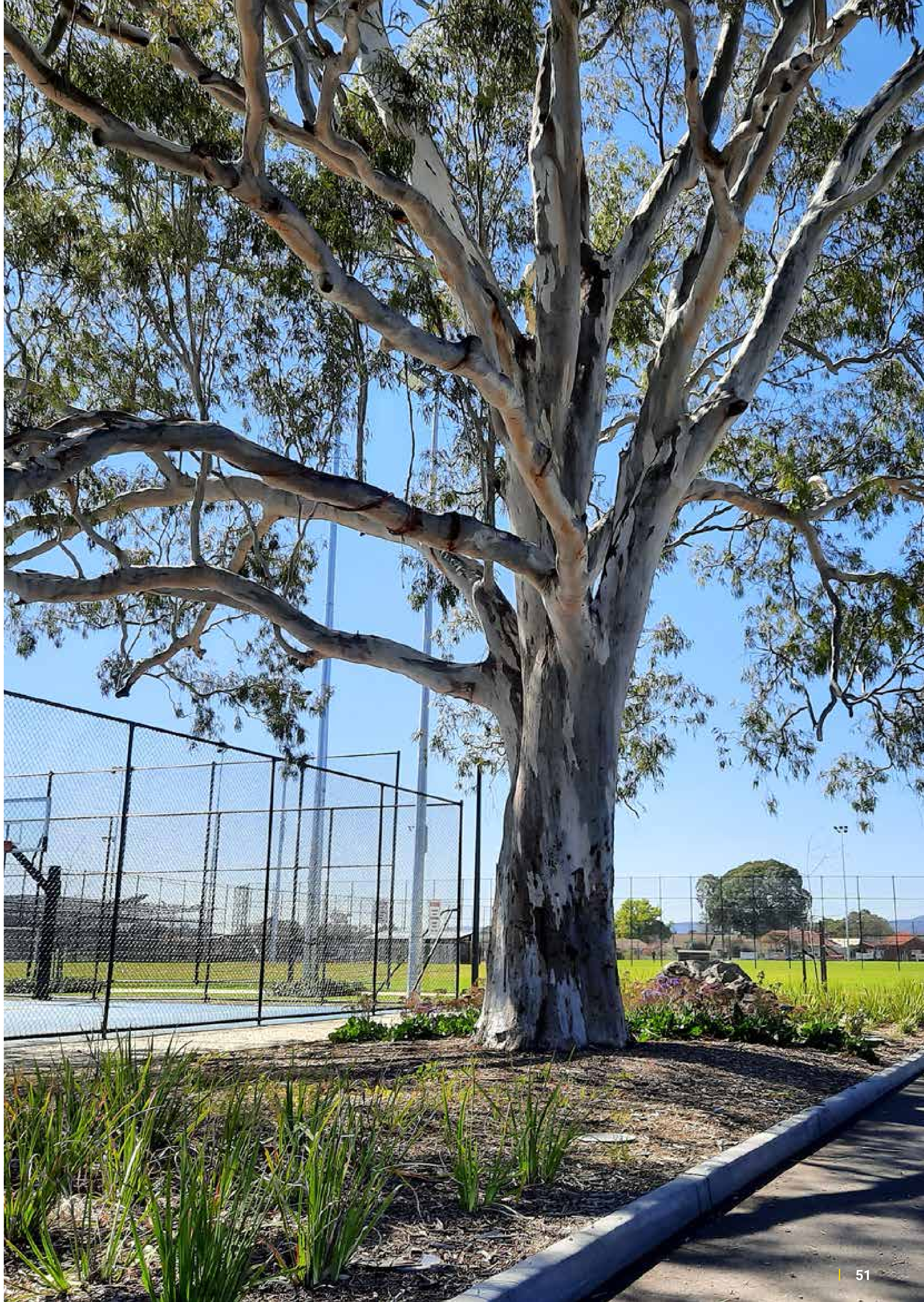
The table below shows Council's expenditure on capital and capital works during 2023-24, totalling $30.8 million.

Capital expenditure 2023-24 $('000)	Land & buildings	Plant & equipment	Stormwater & drainage	Other environment	Parks, gardens & sports facilities	Road sealed & other transport	Bridges	Footways & cycle tracks	Total
New/ Upgraded assets	3,875	312	3,150	2,100	1,365	2,986	50	339	**14,177**
Asset renewal/ replacement	1,725	1,854	822	-	975	10,357	-	938	**16,670**
Total	**5,600**	**2,166**	**3,972**	**2,100**	**2,340**	**13,343**	**50**	**1,277**	**30,848**

Expanding on the line items, expenditure on new/upgraded assets includes funds to upgrade or expand Council's infrastructure to meet increasing demand and capacity requirements, as well as allocations for major projects, while asset renewal/replacement is required to maintain our infrastructure networks to their current standard and service levels.

Our asset renewal funding ratio is 100% for the 2023-24 financial year, and the average 5-year ratio is 100%, a percentage within the target range as reflected in the Long-Term Financial Plan.

Based on Council's Asset Management Plans, this ratio indicates the predicted expenditure on the renewal of assets against what we propose to spend on these assets – in other words, our budgeted expenditure.



Capital Budget allocation 2023-24

The information below reflects some of the major areas of expenditure and highlights several significant projects and allocations.


Concept image: JPE Design Studio.

Land & buildings

$5.6 million will be allocated to the upgrade and renewal of land and buildings assets.

Major projects include:

- Thebarton Theatre redevelopment (staged)
- Apex Park Reserve upgrade (staged) car parking
- Kings Reserve Masterplan
- Frank Norton Reserve.

Road sealing & other transport

$14.6 million will be allocated to the road infrastructure, including $7.4 million on sealed road, kerb and gutter upgrades, $1.2 million for footpath upgrades, while a further $4.0 million will be funded for the road reconstruction program. Other transport road works include:

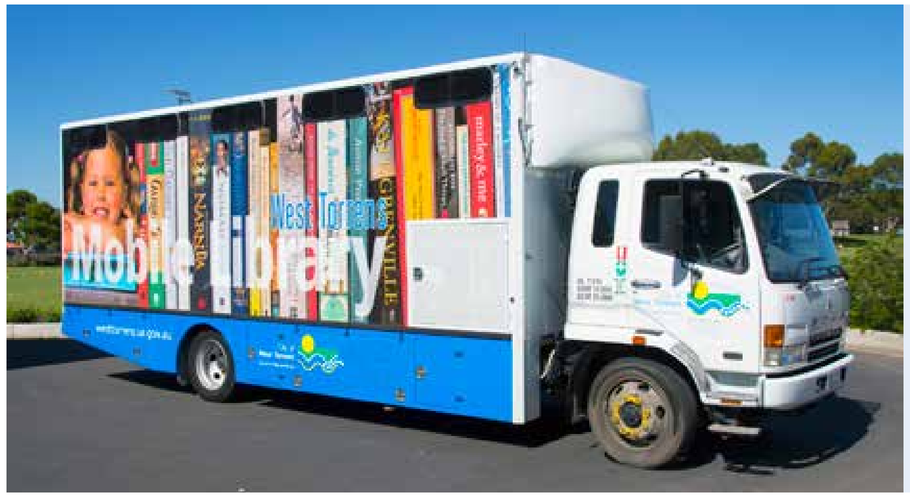
- Upgrade of bus shelters
- Bicycle management schemes
- Upgrade of public lightings
- Traffic management.

Stormwater & drainage

$4.0 million will be allocated to the upgrade and renewal of our Stormwater Management Plan.

Major projects include:

- Staged 3 stormwater upgrade at North Plympton
- Stage 2 drainage upgrade at Gray Street, Daly Street, Warwick Avenue and Cross Terrace in Kurralta Park
- Minor drainage upgrade at various locations
- Clayton Avenue stormwater upgrade.



Plant & equipment

$2.2 million will be set aside for the renewal and expansion of our plant and equipment, including IT and Library equipment. These assets are used both in the delivery of services and in the construction of other assets.

Bridges

$50,000 will be used for ancillary works for bridge structures in West Torrens.

Other environment

$2.1 million will be allocated to the continuing works on the Brown Hill Keswick Creeks project.

Footpaths and cycle tracks

$1.3 million will be allocated to continue the footpath/kerb upgrade and renewal program across West Torrens, delivering enhanced and dedicated pedestrian networks within our communities. The works are in line with the Footpath Infrastructure and Asset Management Plan 2020.

Ready for the future

How to measure Council performance

The measure of the Council's success is driven by the achievement of the strategic objectives, outline in the Community Plan 2023, and, more specifically, Council's Organisational Service Plan, which also identifies the desired outcome expected from the strategic objectives.

In addition to this, the Council also measures its achievements through the following financial and non-financial indicators.

Financial indicators

	2021/22 Result	2022/23 Revised Budget	Target	2023/24 Budget
Operating Performance				
Operating Surplus Ratio	10%	4%	0 - 10 %	4%
Financial Flexibility				
Net Financial Liabilities Ratio	36%	91%	Less than 100%	92%
Adjusted Net Financial Liabilities Ratio	20%	77%	Less than 100%	78%
Asset Sustainability				
Asset Renewal Funding Ratio	59%	169%	Between 90% and 110%	100%

In the above table, the Operating Surplus Ratio measures the extent to which operating revenues raised cover operational expenses or are available for capital funding, debt repayment or the provision of new services. Operating Surplus, excluding capital revenue, is calculated as a percentage of operating revenue, with the target between zero % and 10%.

The Net Financial Liabilities Ratio measures the extent to which the net financial liabilities of Council can be repaid from operating revenues. An increase in this ratio indicates that more operating income is required to fund the financial obligations. Net Financial Liabilities Ratio is calculated as a percentage of operating revenue (Total liabilities – current assets)/Total operating revenue, with the target less than 100%.

The Adjusted Net Financial Liabilities Ratio excludes the long term lease arrangements held by Council, the most significant of which is a long term lease over the land leased from Adelaide Airport Limited for the depot facility.

Lastly, the Asset Renewal Funding Ratio reflects the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. The ratio is calculated on capital expenditure on renewal or replacement assets as a percentage of capital expenditure in our asset management plan and the target is in the 90% and 110% range.

Non-financial indicators

To ensure that the Council delivers on the strategic objectives set out in the Community Plan 2030, Council's Organisational Service Plan and Annual Business Plan, Budget and Long Term Financial Plan 2023-24, it is paramount that annual budget activities and projects are completed on time, while delivering outcomes as planned. This will be monitored regularly throughout the year via reports to Council, including capital expenditure updates, as well as quarterly updates on meeting the objectives and targets within the Council's Organisation Service Plan.

Funding the Annual Business Plan

To support Council's objectives in the 2030 Community Plan, our Long-Term Financial Plan (LTFP) needs to be financially sustainable over the 10 years of the plan.

The purpose of the LTFP is to ensure that financial decisions are made with consideration given to impacts on what the future finances of the Council may look like. At the same time, it must ensure that long-term service and infrastructure levels and standards continue to be met. Planning for the future is important, even though reality may turn out to be different.

As the LTFP is updated annually, key considerations that have been included are:

- Ensuring financial targets are met.
- Council's Treasury Management Policy.
- Alignment to the Infrastructure and Asset Management Plans and continued maintenance of assets.
- Review of current and future possible economic conditions, Consumer Price Index (CPI) movement, Local Government Price Index (LGPI) and interest rates.
- Climate change impacts.
- Loan repayments.
- The amount of cash in the bank is sufficient to ensure that Council continue to meet all payment obligations, including but not limited to supplier payments, payroll obligations, repayment of loans and payment of interest expenses. Borrowings levels throughout the long term financial plan, to ensure that Council continues to meet the financial sustainability ratio targets.
- Use of a cash advance debenture facility.
- Enterprise Bargaining Agreements currently in place (due to expire for 2024-25) and Superannuation Guarantee increase from 10.5% to 11% for 2023-24 (also 11.5% for 2024-25, 12% from 2025-26 onwards).
- Depreciation movements, particularly increases due to costs of completing replacement and new asset work.
- Waste costs, including collecting and disposing of waste. This continues to be a large part of Council's budget and is continually being monitored to ease cost pressures.
- State government dictated charges.
- Fuel, water, electricity and gas, which continue to be a cost pressure.
- Grant funding possibilities.
- Possible legislative changes, including reform of the Local Government Act.
- No consideration given to any proposed rate capping
- Minimum rate amount is reviewed for affordability risk but also taking into consideration the legislative requirement that the minimum rate cannot apply to more than 35% of properties (S158(2)(da) of the Local Government Act, 1999).
- Projected amount of growth for the Council.
- State Government policies and changes made as result of a change in Government leaders.
- The continuation of impacts from COVID-19, both economic and social.
- Capital valuations provided to Council by the Valuer General which takes into account property market movements.
- Any known asset surplus disposals, but noting that these type of transactions are generally not planned ahead enough be included and require a Council resolution.
- Maintaining service delivery levels where appropriate.
- Brown Hill Keswick Creek Stormwater Board (Subsidiary), the operating and capital project plans.

In conjunction with these considerations, it has been determined that the Long Term Financial Plan will incorporate differing percentage increases in regards to income and expenditure classifications. A summary of these are overleaf.

It has been determined that the Long Term Financial Plan will incorporate differing percentage increases in regards to income and expenditure classifications. A summary of these are:

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30 - 2032-33
Income							
General Rates	7.84%	6.00%	5.00%	5.00%	5.00%	5.00%	4.25%*
Growth	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Grants	2.73%	3.60%	3.00%	2.70%	2.70%	2.70%	2.70%
Other Income	4.57%	3.60%	3.00%	2.70%	2.70%	2.70%	2.70%
Expenditure							
Employee Costs (EB)	2.75%	8.00%	8.00%	8.00%	2.70%	2.70%	2.70%
Contracts, Materials & Other	8.48%	3.60%	3.00%	2.70%	2.70%	2.70%	2.70%
Borrowings	3.60%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%

* Average over 4 years

Strategic risks for Council

The City of West Torrens has a robust and comprehensive enterprise risk management program that incorporates both strategic and operational risks.

Strategic risks arise in pursuit of our objectives, strategy and/or work activity. We have identified 9 strategic risks which are reviewed by the organisation a minimum of every 6 months; more frequently if required. Each risk has a number of controls to ensure it is managed effectively and these controls are also reviewed annually.

The annual budget process considers all of the strategic risks of Council but, specifically, in the current environment, the strategic risks of financial sustainability and IT management and cyber security are at the forefront.

Financial sustainability

This risk considers variations in income and general cost management (or resulting increases in expenditure) caused through longer term societal/community trends, changes to State Government policy, or emergency events and the potential impacts on Council and services.

Recent economic shocks including the COVID-19 pandemic, increasing inflation and current interest rate increases have impacted on the ability of the Council to sustainably manage its financial performance. However, we will continue to deliver strong service standards through focussing on long term efficiencies and capital investment.

Other factors impacting this risk include:

- Supply chain issues caused by the COVID-19 pandemic.
- State Government funding changes.
- Infill development.
- Population growth.
- Rising costs associated with maintenance and renewal of infrastructure.

Such considerations are built into the Long Term Financial Plan by way of the assumptions made in income and expenditure projections. The Long Term Financial Plan and the assumptions behind it are reviewed each year.

IT management and cyber security

This risk identifies with all things information technology (IT), focusing on IT damage, long-term interruption, losses of key business information/systems and/or associate stored data. It also represents cyber security and associated threats to Council information, resources and/or assets and the ability for the organisation to capitalising on technological capabilities or opportunities. Cybercrime is a continuing and increasingly complex occurrence, with attacks becoming sophisticated and targeted in recent years. The cost of IT systems has increased as a result of the COVID-19 pandemic, due to supply and demand factors within all sectors. However, the increasing reliance on external systems for Council, such as the Plan SA portal for development applications where the Council has no or limited control over security or data, has also created uncertainty with regards to this risk.

Cyber-attacks are increasing and there are a number of different facets to mitigating the risk of a cyber-attack occurring. Cyber security to defend against cyber threats has been necessary for our business for more than 20 years. Prior to the eastern state floods and the Ukraine war, our insurance brokers considered cyber security as the second most important concern for Local Government. We vigorously address cyber security to ensure information is protected, to keep our business operational and to continue to provide services for our community.

In 2021 we undertook a self-assessment and have addressed additional NIST (National Institute of Standards and Technology) governance framework elements such as awareness and response. We have recently undertaken the LGRS (Local Government Risk Services) 'Cyber Uplift Program' and will recommend initiatives to improve our approach to cyber security.

Capital expenditure

Council commits to rate funding capital works totalling $368 million over a 10-year period, including both replacement and new asset expenditure. This will be funded through a combination of rates, borrowings and grant funding where appropriate.

A breakdown of the areas of the capital expenditure is as follows:

Capital Expenditure	BUDGET 2023-24	ESTIMATES 2024-25	ESTIMATES 2025-26	ESTIMATES 2026-27	ESTIMATES 2027-28	ESTIMATES 2028-29	ESTIMATES 2029-30	ESTIMATES 2030-31	ESTIMATES 2031-32	ESTIMATES 2032-33	Total
Brown Hill Keswick Creeks	2,100,000	2,109,000	2,119,000	2,126,000	2,138,000	2,268,000	2,151,000	2,161,000	2,165,000	2,171,000	**21,508,000**
Drainage/Bridges/Lighting	4,371,734	5,188,751	5,182,160	5,285,646	5,389,131	5,492,617	5,596,103	5,699,589	5,888,793	5,953,598	**54,048,122**
Infrastructure	13,034,715	12,549,520	13,608,960	13,843,531	14,036,793	14,254,937	14,515,968	14,776,889	15,040,001	15,491,201	**141,052,515**
Land & Buildings	5,600,000	59,135,479	7,102,932	3,753,717	1,453,945	2,234,925	2,234,925	1,533,794	1,821,265	11,768,082	**96,639,065**
Open Space & Recreation	2,340,000	2,508,834	3,659,398	2,392,585	4,692,967	3,596,747	3,429,558	3,140,522	3,301,216	3,400,252	**32,562,080**
Plant, Furniture & Equipment	2,166,400	1,643,579	699,062	1,584,805	2,111,016	988,753	1,986,850	1,509,513	1,523,355	1,569,056	**15,782,388**
Traffic Management	1,235,500	718,552	550,542	550,542	550,542	550,542	550,542	550,542	550,542	567,059	**6,374,905**
Total	**30,848,349**	**83,853,715**	**32,922,054**	**29,536,826**	**30,372,394**	**29,386,521**	**30,464,946**	**29,371,850**	**30,290,172**	**40,920,248**	**367,967,075**

As part of this capital expenditure, Council has committed $21.5 million to drainage works for the Brown Hill Keswick Creeks project over a 10-year period from the 2023-24 financial year, in addition to funds already committed, all of which is to be funded through the loan program.

As a result of a Council decision made at the 21 March 2023 Council meeting, it was proposed that the remaining approved Council contribution, budgeted for in 2022/23 over 10 years, be fast tracked to be contributed over the next 5 years in order to give the Brown Hill Keswick Creek Stormwater Board some certainty over this period, particular in relation to seeking matching contributions from the State Government. After the 5 years, any remaining contributions will need to be renegotiated. The LTFP has reflected these fast tracked payments but also included continuing contributions for the remaining 5 years of the plan.

Note: We have assumed that our share is 50% of the Local Government total share, which is one-third of the total project, to be shared with State and Federal Government.

Grant funding opportunities

Grant funding opportunities are not always known at the time of updating the long-term financial plan and where any opportunities arise during the financial year, budget consideration will be included as part of the three budget reviews that will be undertaken during the 2023-24 year. Due to the uncertainty of receiving grant funding, we have taken the conservative approach to only include grant funding that has been confirmed through the receipt of a grant agreement.

A portion of grant funding received is a yearly allocation from the Grants Commission. This allocation has involved an advance payment of the following year's funds in the current year, since 2017/18. There is currently no indication as to when this timing adjustment may cease. The LTFP includes the grant figure due to be received for that particular year. These grants are deemed to be 'untied' so the Australian Accounting Standards require that the payments be recognised upon receipt which could result in a timing difference to when the grants are received compared to when Council has included them in the LTFP should the payment in advance arrangement be varied.

Key financial indicators

The financial indicators are used to measure how Council is performing in terms of financial sustainability.

The measures are used to ensure that we are staying within the targets over the life of the LTFP. It also provides a guide that Council is able meet its strategic goals as referenced in the Community Plan in a financial sustainable way.

Operating surplus ratio

An operating surplus is the extent to which operating income exceeds operating expenditure, including depreciation, and is projected each year. A strong ongoing operating result is a positive indicator of our financial viability.

The LGA's Information Paper 9, Financial Indicators (May 2015) suggests an operating break-even position, or better, over time and an operating surplus ratio of between zero % and 10% on average. It is positive that we at the City of West Torrens project to operate within this range, as it demonstrates a strength in our capital expenditure programs.

Asset renewal funding ratio

The asset renewal funding ratio, commonly referred to as the sustainability ratio, shows the extent to which capital expenditure on the renewal and replacement of assets matches the rate at which these assets are used or consumed. The amount spent is divided by the optimum level of expenditure in the infrastructure and asset management plan. A break-even result of 100% or better demonstrates that the cost of consumption of assets in any one year is being met by current rates and current ratepayers.

A sustainability ratio greater than 90%, but less than 110%, is the benchmark we use in local government and we are forecasting a ratio of 100% in 2023-24.

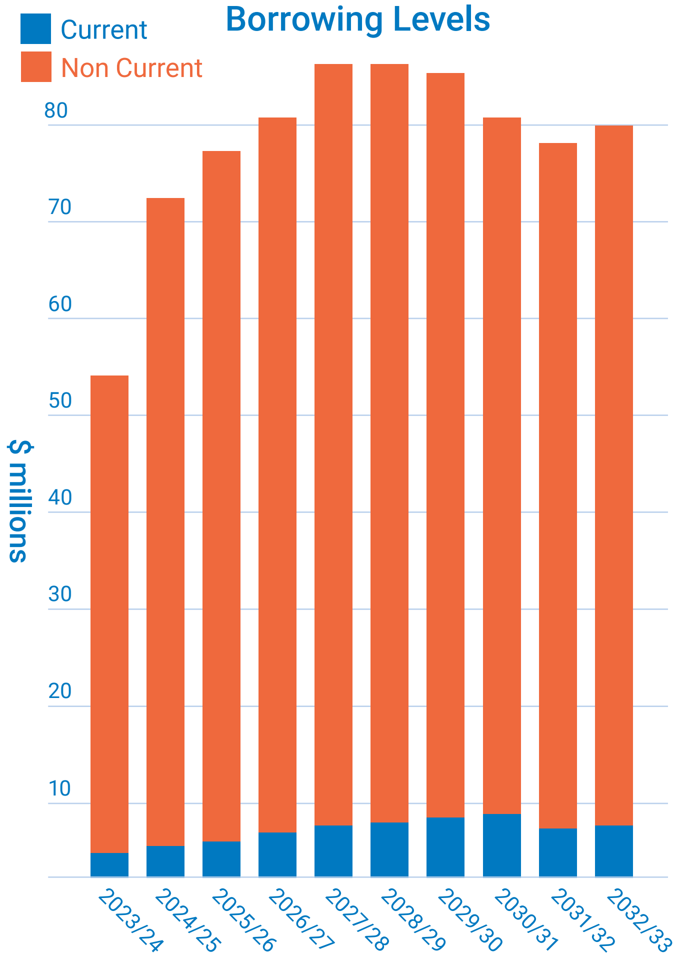
LGA Information Paper 9 Financial Indicators (May 2015) suggests the same ratio range when benchmarking capital expenditure incurred against capital expenditure outlays in Infrastructure and Asset Management (IAMPs), rather than depreciation.

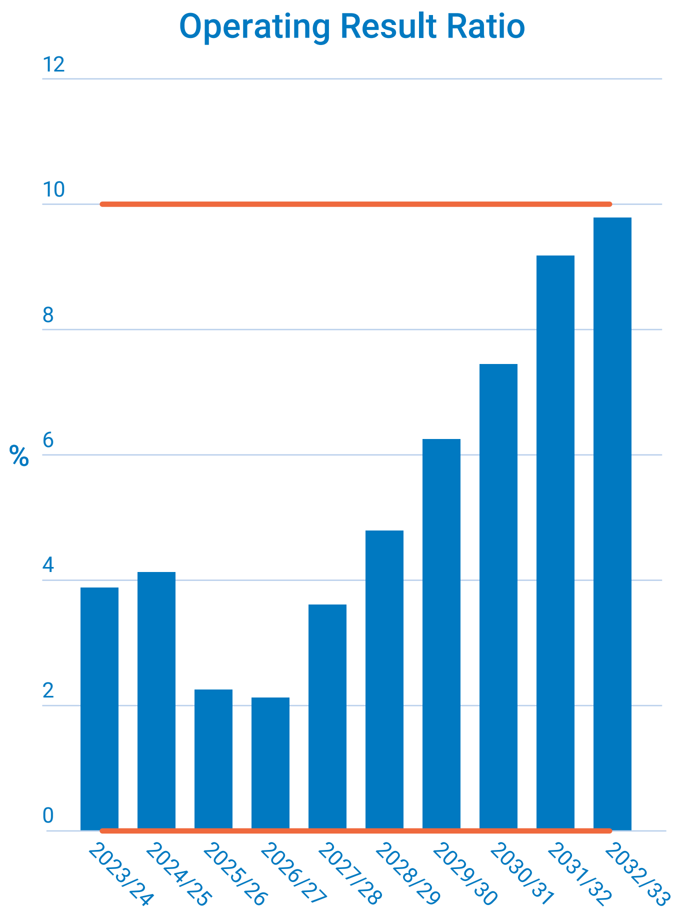
Loan servicing capacity

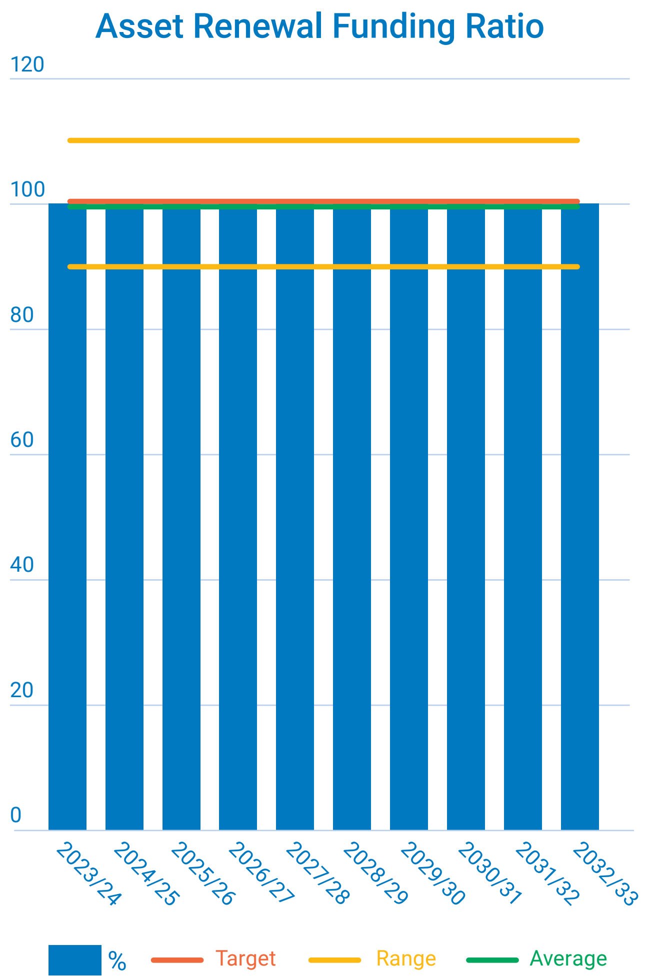
To meet a structured long-term asset renewal and replacement program, we will need to commit to a loan program that will result in loan liabilities peaking at $88.0 million in 2028-29. Average borrowing interest rates of 3.5% for 2024-25 and 2025-26, then 3.0% for the remainder of the life of the plan has been estimated and averaged across the loan portfolio, and future 15-year fixed borrowing terms have been used.

Loan repayments as a percentage of rates is the industry-accepted benchmark to assess a council's relative indebtedness. The percentages for the City of West Torrens, based on the actual and projected loan program, are as follows:

A percentage between 0% and 25% would normally be considered reasonable as per the LGA information paper.

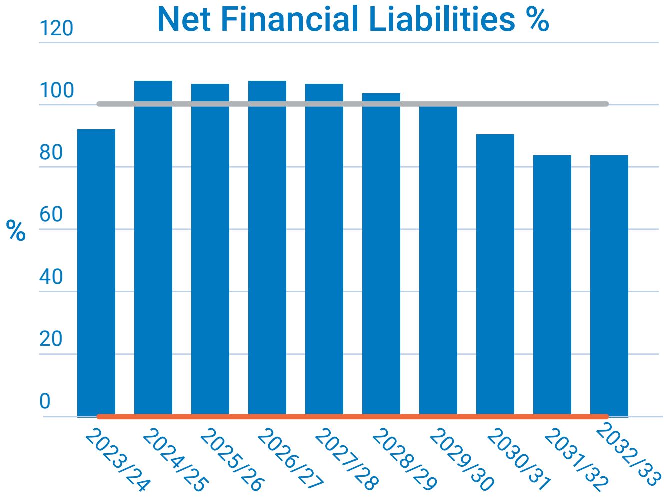




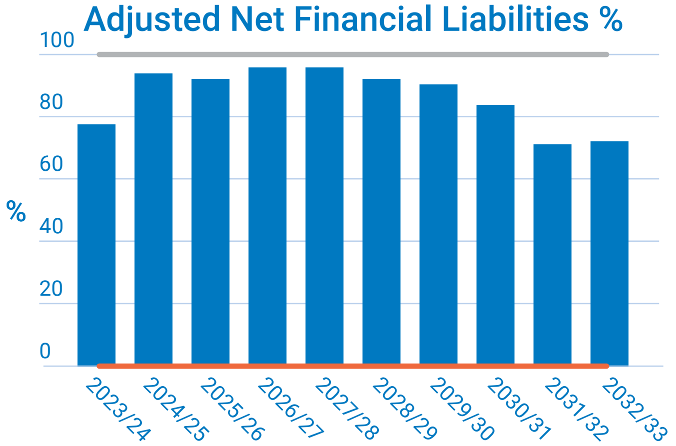


Net financial liabilities

The net financial liabilities ratio indicates the extent to which the net financial liabilities of a council can be met by a single year's operating revenue. A ratio increasing over time indicates that a council's ability to meet its financial obligations from operating revenues is weakening. The desirable range for this ratio is between zero % and 100%.



In 2019, there was an update to AASB (Australian Accounting Standards Board) 16 Leases which has meant a change in the way that Council treats leases and, in particular, for leases that contain right of use assets. The updated accounting treatment now indicates that for leases that meet the definition, they must be treated as an asset and a liability on the statement of financial position. As a consequence, the amount of liabilities that are included on the statement of financial position has increased significantly by approximately $10 million (with on offset of an additional asset of the same amount). As the net financial liabilities ratio includes liabilities as part of the calculation, this has now had a substantial effect on the amount of the ratio. We have decided to also include the ratio that excludes the lease liability. The result is:



Long Term Financial Plan (LTFP) - Financial Sustainability Statement

The Long Term Financial Plan (LTFP) is a modelling tool that is used to ensure that assumptions and key considerations are included to help protect the financial sustainability of Council. The LTFP helps us make decisions about future spending as well as future possible rate increases, while ensuring that we are projecting a strong financial position into the future, meeting our set financial targets.

The amount of borrowings continues to be closely monitored as we move towards increasing the requirement to access borrowings. Consideration is given to the amount of borrowings required and the level of expenditure is possible without putting Council in an unsustainable financial position.

We closely monitor the key financial indicator ratios that are being used. All remain within the targets set, with the exception of the Net Financial Liabilities Ratio. While this ratio does exceed the upper limit of 100% during the life of the plan, it is a result of the calculation used, which includes the liability for the right of use leases. With the modification to the calculation, as explained above, the net financial liabilities ratio now falls within the target range.

We expect to be financially sustainable for the life of this current plan and to continue to ensure that financial decision making takes into consideration the possible long-term effect on the Council.

The LTFP has been included as an Appendix to this document.

ESCOSA Local Government advice

In 2022 a new 'strategic management plan advice scheme' was established as a result of changes to section 122 of the *Local Government Act 1999* (the Local Government Act).

This scheme required the designated authority, the Essential Services Commission of SA (ESCOSA), on a 4 yearly rotating schedule, to review a range of council strategic management planning documents and provide advice to the council. The councils to be reviewed in each year of the cycle are determined by ESCOSA.

The City of West Torrens was included in the first tranche of the councils to be reviewed in 2022-23. The ESCOSA advice to councils and each councils response must be published in both the draft and adopted Annual Business Plan.

The scheme's scope, as established in section 122 of the *Local Government Act*, focussed ESCOSA on the Long Term Financial Plan (LTFP) and Infrastructure and Asset Management Plan (IAMP), in particular changes to these documents and sources of revenue.

The initial information requests from ESCOSA extended well beyond the minimum requirements as per the Local Government (Financial Management) Regulations 2011 to the full suite of information available in the Model Financial Statements and sought historical data dating back to 2007/08.

ESCOSA provided City of West Torrens with draft embargoed advice and allowed council one week to review to "check for any errors of fact".

In response, Council staff provided a number of examples of errors of fact and made some suggested edits to the advice to in order for fair representation. Some minor changes were accommodated however not all were despite contrary evidence being provided to the scheme.

As such the Introduction stated that: "The Essential Services Commission (Commission) considers the City of West Torrens (Council) to be in a sustainable financial position with projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases".

In accordance with legislation outlined above, the following pages contain the publication of the ESCOSA advice and our Council's response.

OFFICIAL

ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA

Advice

Local Government Advice

City of West Torrens

February 2023

OFFICIAL

OFFICIAL

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

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

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OFFICIAL

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 West Torrens
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

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

The Essential Services Commission (**Commission**) considers the City of West Torrens (**Council**) to be in a sustainable financial position with projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases.

However, the Commission suggests the following steps for the City of West Torrens to ensure that it budgets transparently, reports its cost savings and efficiencies, manages its borrowing risk prudently, plans its asset needs appropriately and continues to limit the extent of further rate increases.

Budgeting considerations

1. **Provide** greater transparency in its long-term financial plan (and as necessary, its annual business plan and budget) by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and spending.
2. **Continue** to review its inflation assumptions in its forward projections from 2023-24 (but more transparently, as per **Finding 1**), given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

Providing evidence of ongoing cost efficiencies

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

Continuing to manage borrowing risk

4. **Continue** to monitor its borrowing liabilities, including the impact of any interest rate increases, to ensure that levels are sustainable with reference to the operating income (including rates income) and any grants for capital projects that it receives.

Refinements to asset management planning

5. **Review** the estimates of asset lives and valuations informing its forecast rate of asset consumption (and depreciation expenses) in its long-term financial plan and asset management plans, with a particular focus on the appropriateness of the estimated value of the depreciation expenses in the context of asset renewal expenditure requirements.

Containing rate levels

6. **Continue** to limit future increases on its average and minimum rates to help reduce any potential emerging affordability risk, in consultation with the community with reference to service levels and differential rate levels, as appropriate.

2 About the advice

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

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

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

This report provides the Local Government Advice for the City of West Torrens in 2022-23.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2023-24 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.[8] It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website[9]), nor is it compelled under the LG Act to follow the advice. The Commission thanks the City of West Torrens for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

The City of West Torrens has been in a strong and sustainable financial position with consistent operating surpluses funding a large share of its capital enhancement programs over the past 10 years.

The growth in its rates revenue, more than double the pace of infl accounting for a large share of the revenue growth (representing 35 percent of projected rates revenue in 2022-23).[10]

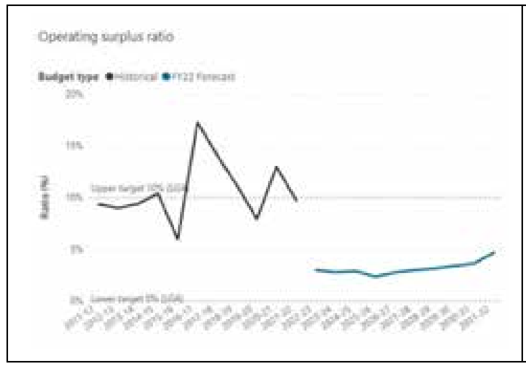
Looking ahead, the Council is projecting much higher borrowings and more conservative operating surplus levels. This reduces the pressure on its rates base to fund the annual capital spending as it occurs and better supports intergenerational equity. However, the extent of its borrowing needs to be managed prudently.

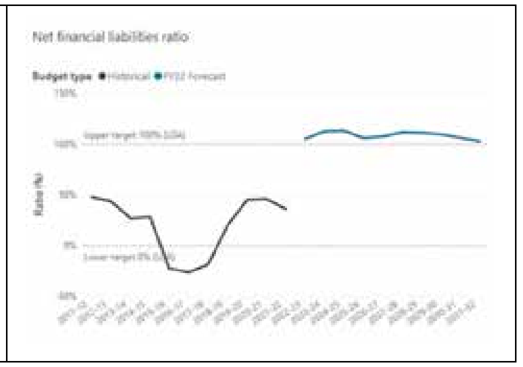
The Council's LTFP projections from 2022-23 forecast:

- lower average cost increases than it has experienced over the past 10 years (but still higher than it had forecast in 2021-22, primarily due to the impact of higher inflation)
- the continued prioritisation of its asset expenditure on renewal and rehabilitation works, and
- continued rate increases on the community, similar to the rate of inflation.

The Commission considers that there may be opportunities to continue to achieve savings and efficiencies in its recurrent budget and encourages the Council to review and report on this. This includes a review of the asset-related assumptions feeding into its estimated depreciation expenses. There are also opportunities for the Council to be more transparent about its price, service level and efficiency-related assumptions in its forward cost projections. In general, a transparent focus on cost constraint should help the Council to identify opportunities to reduce any affordability risk emerging for its ratepayers.

The charts below of the City of West Torrens' past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio and rate revenue per property, together support these findings. The 'heat map' diagram over the page summarises the Commission's findings with reference to whether the Council has met the suggested Local Government Association (LGA) target ranges for the three main financial sustainability indicators[11] and the level of cost control and affordability risk identified for the Council over time.





[10] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 74, available at https://indd.adobe.com/view/170eba19-6f8d-4794-8a04-31e11d443557 and the Commission's calculations.

[11] The suggested LGA target range for the ratios are discussed in more detail in the attachment.

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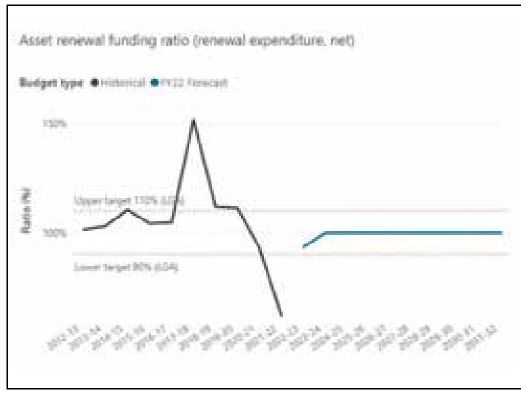

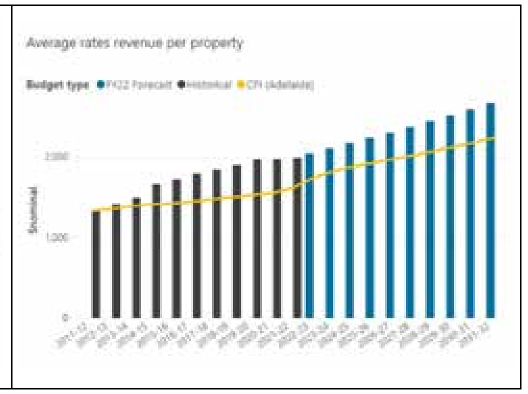

Summary of the City of West Torrens' financial sustainability performance and the Commission's risk assessment

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)		2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0-10%)	Operating surpluses within ratio target range -->	Excessive surpluses from 2016-17	Conservative surpluses forecast within ratio target range from 2021-22 ——>	
Net financial liabilities ratio (target 0-100%)	Ratio met to 2014-15 ——>	Negative ratio following asset sale	Ratio met next 4 years	Ratio forecast to exceed 100% for forecast period (inc. lease liabilities) ——>
Asset renewal funding ratio (target 90-110%)	Spending on renewal works just above target range, on average		Low ratio reduces 10-year average	Projected asset renewal in LTFP to perfectly align with AMP-required spending (ratio 100%) ——>
Identified Risks:				
Cost control risk	Operating expenses per property average growth 2.5% p.a. to 2021-22 (CPI 2.0% p.a.)			Operating expense per property forecast average growth 2.6% p.a., lower than projected CPI
Affordability risk	Rates revenue growth average 4.4% p.a. to 2021-22 but with relatively low residential rates & higher contributions from 'other' commercial ratepayers ——>			Projected rate revenue increases to average 3.7% p.a. but 3.0% per property, marginally above forecast average CPI (2.8%) ——>

Ratio outside suggested LGA target range or higher risk

Ratio close to suggested LGA target range or medium risk

Ratio within suggested LGA target range or lower risk

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the City of West Torrens' material changes to its 2022-23 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**). The attachment explores these matters further.[12]

2.2.1 Advice on material plan amendments in 2022-23

The Commission has compared the City of West Torrens' projections in its 2022-23 LTFP with those from its 2021-22 LTFP and focused on the aggregate of the nine overlapping years' statistics: 2022-23 to 2030-31 to ensure a comparable analysis of material amendments.

The City of West Torrens has forecast small increases to its operating income projections in its 2022-23 LTFP, which have increased by 2 percent in aggregate compared with the 2021-22 LTFP estimates. Rates revenue projections have increased similarly by 2 percent in aggregate, which is partially offset by a forecast decline in revenue from grants. In 2022-23, the Council discontinued its participation in the Commonwealth Home Support Programme, which resulted in a reduction of around $500,000 of grant funding and otherwise has only included grant funding in its projections that has been confirmed through the receipt of a grant agreement.

The Council's projections for its operating expenses from 2022-23 to 2030-31 have increased by more than its income forecasts – by a total of $39.8 million or 6 percent, compared with its 2021-22 LTFP estimates. This includes a 6 percent increase in both its employee expenses and 'materials, contracts and other' expenses for various offsetting cost impacts, and a 9 percent increase in 'depreciation, amortisation and impairment' expenses, largely due to new sporting facilities and community hubs coming online throughout 2021-22.

The Council stated that its budget for 2022-23 and forward projections incorporate a review of current economic conditions, including movements to the Consumer Price Index (**CPI**), Local Government Price Index (**LGPI**) and interest rates. Its revisions to its expense forecasts do appear to incorporate additional inflation impacts. However, the Council does not identify the specific assumptions for inflation (as annual percentages) in its forward projections, which means that the inflationary impacts, distinct from any real impacts for efficiency or service-level related changes, are not shown.[13]

For these reasons, the Commission has found that it would be appropriate for the City of West Torrens to:

1. **Provide** greater transparency in its long-term financial plan (and as necessary, its annual business plan and budget) by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and spending.

[12] The attachment will be available on the Commission's website with the advice.
[13] The Commission cannot estimate the components of the amendments for additional inflation only, without the Council's annual inflation assumptions stated in either LTFP update. As referenced in section C.1, the Commission's assumed average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on Reserve Bank of Australia (**RBA**) forecasts for the CPI (Australia-wide) to June 2025 and the midpoint of the RBA's target range (2.5 percent) from 2025-26 (RBA, Forecast Table – February 2023, available at https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html)

2. **Continue** to review its inflation assumptions in its forward projections from 2023-24 (but more transparently, as per **Finding 1**), given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

2.2.2 Advice on financial sustainability

Operating performance

The City of West Torrens has run consistent operating surpluses since 2011-12. The operating surplus ratio[14] averaged 10.8 percent in the 10 years to 2020-21, which exceeds the upper limit of the suggested LGA target range (of between zero and 10 percent). The community, through its rate contributions, has effectively been funding a combination of cash surpluses and capital enhancement programs over this period (as well as regular service delivery).

From 2011-12 to 2020-21, operating income growth averaged 3.1 percent per annum,[15] exceeding average annual operating expense growth of 2.6 percent. These trends compare with a period of low inflation (annual growth in the CPI averaged 1.7 percent over this period[16]), and against a backdrop of relatively static property numbers (annual growth in property assessments averaged 0.1 percent). Rates and statutory charges revenue led the income growth and increased by an average of 4.6 percent per annum. This growth was partially offset by a decline in user charges income and grants.

Operating expense growth included growth in 'depreciation, amortisation and impairment' expenses (which averaged 5.2 percent per annum, reflecting the growth in the value of the asset stock) and in 'materials, contracts and other' expenses (which averaged 4.1 percent per annum).[17] In contrast, employee expenses growth was relatively flat (with employee expenses in fact declining by an average of 0.2 percent per annum in nominal terms).

The Council has projected smaller operating surpluses to 2031-32, averaging 3.2 percent. Growth in operating expenses per property is forecast to be relatively flat in real terms over the forecast period (an average of 2.6 percent between 2022-23 and 2031-32, compared with 2.8 percent RBA-based forecast inflation[18]), while operating income per property is forecast to increase by an average of 2.8 percent per annum.

The Council noted that it had achieved more than $100,000 in energy-related savings in its 2022-23 budget[19] and its Customer Improvement team has now developed a three-year plan to support it to deliver efficiencies to the community.[20] The Commission supports the City of West Torrens in its

[14] The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target for councils is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 – Financial Indicators Revised May 2019* (**LGA SA Financial Indicators Paper**), p. 6).
[15] 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).
[16] CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was 1.9 percent over this period. Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.
[17] The Commission notes the impact of the increase in the solid waste levy on councils' waste management costs over this period.
[18] The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on RBA forecasts for the CPI (Australia-wide) to June 2025 and the midpoint of the RBA's target range (2.5 percent) from 2025-26. See footnote 13.
[19] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 26. The Commission notes that this result would likely exclude the impact of recent bulk purchasing arrangements for local councils in South Australia for electricity.
[20] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 43.

efforts to continually find savings and restrain cost growth, consistent with its forecasts, and encourages it to:

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

Net financial liabilities

With such a strong operating position over the past 10 years, the Council has not needed to rely on external financing and its net financial liabilities ratio[21] has averaged a relatively low level of 19 percent.[22] This is within the suggested sector benchmark (between zero and 100 percent).[23]

In the three years to 2017-18, the net financial liabilities ratio was negative (averaging negative 23 percent) owing to the strong cash position of the Council with zero borrowings. The Council sold St Martins aged care facility in late 2014-15, which provided a significant injection of funds.[24] However, the extent of rate increases during this period (averaging 5.6 percent or $85 per property per annum from 2011-12 to 2017-18) contributed to the build-up of cash holdings and did not appear to be essential for financial sustainability for the Council at this time.

The Council has since taken on substantially higher borrowing levels to meet a '*structured long-term asset renewal and replacement program*.'[25] As a result, its net financial liabilities ratio is forecast to average 109 percent from 2022-23 to 2031-32, marginally above the suggested LGA target range.

The Council noted that one of the reasons that its ratio will exceed the target range is because it must now include certain leases with 'right of use' assets in the liabilities aggregate.[26] The Council calculated an adjusted ratio, without the lease liabilities, and this is forecast to be generally between 90 and 100 percent.[27]

The Commission notes that the suggested target range for the net financial liabilities ratio is a guide only and that there can be reasonable circumstances where the upper limit is exceeded and borrowing levels are still managed prudently, particularly if the ratio is only exceeded by a relatively small margin.

The Council stated in its Annual Business Plan that its loan program will be closely monitored so as not to put the Council in an unsustainable financial position.[28] The Commission acknowledges the importance of managing the borrowing risk prudently to prevent any need for additional rate contributions for higher loan repayments, and supports the City of West Torrens efforts to:

4. **Continue** to monitor its borrowing liabilities, including the impact of any interest rate increases, to ensure that levels are sustainable with reference to the operating income (including rates income) and any grants for capital projects that it receives.

[21] 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.
[22] 2011-12 to 2020-21.
[23] 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).
[24] City of West Torrens, *Annual Report 2015-16*, available at www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalpublications/external-website/publications/annual-report-2015-16.pdf.
[25] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 64.
[26] Based on a 2019 update to Australian Accounting Standards Board (AASB) standard for leases (AASB 16).
[27] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 66.
[28] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 66.

Asset renewals expenditure

The City of West Torrens has been meeting its asset renewal needs in line with its AMPs over the past 10 years with its asset renewal funding ratio[29] averaging 111 percent (to 2021-22). It was otherwise 117 percent until 2020-21 but declined to 62 percent in 2021-22. The Council is forecast to consistently meet the suggested target for the ratio in the 10 years to 2031-32 (averaging 100 percent).

Its spending on the renewal of assets averaged $13.5 million per annum between 2012-13 and 2021-22. Average annual spending is projected to increase to $14.9 million (in nominal terms) to 2031-32 with a peak in spending of $16.8 million in 2023-24. This compares with projected capital spending on new and upgraded assets averaging $13.0 million annually to 2031-32, and a projected decline in the value of assets per property over this period.[30]

The Council has a comprehensive suite of AMPs covering most of its assets, dated 2020 and adopted in March 2021. The recommended asset priorities in the plans are informed by the Council's *2019 Community Needs Analysis Community Survey* which asked respondents (numbering 410) about the importance of services in addressing its future needs.[31] Its AMPs also identify areas for continuous improvement, including the need for the Council to undertake a review of the current method for determining useful lives of assets, and to undertake further investigations to allow asset renewal forecasting over a longer period. The Council further proposes a review of plans at least every four years.[32]

When the asset renewal funding ratio is instead calculated by the depreciation-based method,[33] it is forecast to average 75 percent over the forecast period (2022-23 to 2031-32). This projected performance would suggest that the Council's forecast renewal expenditure, while consistent with the level of spending recommended by the AMPs, would not meet the average rate of asset consumption (incorporating asset valuations and useful live assumptions) based on its projected depreciation expenses.

One area that might be leading to higher depreciation expense forecasts, relative to annual asset renewal expenditure needs, is the Council's growth in the value of its asset stock following its capital expenditure projects. Another risk that arises when depreciation expenses exceed spending on asset renewals is that the asset lives are assumed to be shorter (in the depreciation calculation) than occurs in practice. The implication of projecting higher than necessary depreciation expenses is that higher operating income (and potentially higher rates revenue) is required to generate an operating surplus for the Council. Therefore, in accordance with the Council's planned reviews, it would be appropriate for it to:

[29] The IAMP-based method is the current industry standard whereby net asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). The suggested LGA target range for local councils is between 90 and 110 percent (LGA SA Financial Indicators Paper, p. 9).
[30] This assumes that the Council's projected value of 'infrastructure, property, plant and equipment' does not require further revision by the Council (see section C.3 of the attachment for more information).
[31] City of West Torrens, *Roads Asset Management Plan 2020*, March 2021, p. 12, available at https://www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalpublications/external-website/management-plans/cwt-roads-asset-management-plan-2021.pdf. The survey is also mentioned in the Council's other AMPs.
[32] City of West Torrens, *Asset Management Plans 2020-2030 Overview*, December 2020, pp. 3-8, available at https://www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalpublications/external-website/management-plans/asset-management-plans-2021-overview.pdf.
[33] Where asset renewal/replacement expenditure is divided by depreciation expenses.

5. **Review** the estimates of asset lives and valuations informing its forecast rate of asset consumption (and depreciation expenses) in its long-term financial plan and asset management plans, with a particular focus on the appropriateness of the estimated value of the depreciation expenses in the context of asset renewal expenditure requirements.

2.2.3 Advice on current and projected rate levels

The City of West Torrens' rate revenue growth averaged 4.5 percent or $72 per annum per property over the past 10 years,[34] to reach an estimated $1,975 in 2020-21. This was more than double average CPI growth of 1.7 percent per annum over this period[35] and coincided with relatively static property growth (with 0.1 percent average annual growth in property numbers).[36]

The Council budgeted for an average rate increase of 3.1 percent or $57 for its existing ratepayers in 2022-23.[37] Ratepayers, other than residential, are being charged an average range of varied percentage increases from 0.6 to 6.0 percent, depending on the sub-category. In total, the Council projected total 'general rates' revenue growth of 4.1 percent in 2022-23, including growth of 0.9 percent in property numbers, as well as mandatory rebate adjustments.[38]

Over the forward years of its LTFP, the Council is projecting average rates increases for its existing ratepayers of 3.0 percent per annum from 2023-24 to 2031-32, compared with RBA-based forecast CPI inflation averaging 2.8 percent annually over this period.[39] In total, the LTFP effectively projects a cumulative increase of $625 per ratepayer (to $2,671) by 2031-32, an increase of $48 above assumed inflation growth over this period.[40]

The Commission notes the relatively low economic resources ranking for the area[41] and that in the current economic environment, there can be potentially less capacity to pay for higher rates for many communities, including the City of West Torrens. The City of West Torrens levies higher differential rates on non-residential ratepayers (compared with the rate in the dollar for residential ratepayers).[42] The Council does levy relatively low residential rates,[43] and there was only a minimal response to the

34 From 2011-12 to 2020-21.
35 See footnote 16.
36 CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 1.9 percent) as the Commission's estimated average annual CPI growth over this period. Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.
37 Individual rate level changes may be higher or lower depending on the rates category and property value.
38 City of West Torrens, *Budget and Annual Business Plan 2022-23*, p. 74 and the Commission's calculations.
39 See footnote 13.
40 The CPI forecasts in the chart are based on RBA forecasts and then a return to long term averages (2.5 percent per annum), which are different to the Council's inflation forecasts (as was discussed in section B1).
41 The City of West Torrens area is ranked 18 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics Socio-Economic Indexes for Areas) Index of Economic Resources (2016), where a lower score (eg, 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest.
42 City of West Torrens, *Budget and Annual Business Plan 2022-23*, p. 69 and the Council's rate calculation information available at https://www.westtorrens.sa.gov.au/Council/Rates-and-charges/Rate-calculations.
43 As indicated by the low differential rates. Refer also to Councils in Focus rates data by rate category and property numbers for 2019-20 available at: https://councilsinfocus.sa.gov.au/councils/city_of_west_torrens. The Commission is not relying on these rate comparisons for its advice.

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Council's draft budget (for 2022-23), incorporating rate contributions. The Council received only one submission on the budget, 'somewhat supporting' it.[44]

Nonetheless, to ensure that the Council minimises the potential for any emerging affordability risk for its ratepayers, it would be appropriate for it to:

6. **Continue** to limit future increases on its average and minimum rates to help reduce any potential emerging affordability risk, in consultation with the community with reference to service levels and differential rate levels, as appropriate.

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 City of West Torrens':

- ongoing performance against its LTFP estimates, and transparency of its inflation assumptions in its LTFP and Annual Business Plan
- achievement of cost savings and efficiencies (including operational savings and any asset disposal or rationalisation savings), and its reporting of these achievements
- continued management of borrowing risk
- actions to address any misalignment between the capital expenditure, asset live assumptions and depreciation estimates in its LTFP and various AMPs, and
- how it has sought to limit any affordability risks emerging among its rates base.

44 City of West Torrens, *Council and City Services and Climate Adaptation Standing Committee Meeting Agenda – 5 July 2022, Item 17.5 Adoption of the Budget and Annual Business Plan and Declaration of the Rates for 2022/23*, available at https://www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalmeetings/2022/agendas-2022/agenda-council-and-standing-committee-5-july-2022.pdf.

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City of West Torrens
Between the City and the Sea

CITY OF WEST TORRENS

RESPONSE TO LOCAL GOVERNMENT ADVICE

The advice received from the Essential Services Commission of South Australia (ESCOSA) came at a cost to the City of West Torrens ratepayers of $40,000.

The City of West Torrens believes the above cost is unjustified and adds to the financial burden imposed by other levels of Government on its ratepayers.

The irony is not lost on us that a scheme with the aim of limiting rate increases has actually added to the rates burden on Councils.

Prepared by General Manager Corporate and Compliance

Specific Advice Received from ESCOSA and Council's Comments on that advice:

ADVICE	CWT COMMENTS
1. **Provide** greater transparency in its long-term financial plan (and as necessary its annual business plan and budget) by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and spending.	**Assumptions are already clearly articulated as was evidenced to ESCOSA. No advice given by ESCOSA as to how to achieve this.**
2. **Continue to Review** its inflation assumptions in its forward projections from 2023-24 (but more transparently as per **Finding 1**, given the potential for higher short-term inflation outcomes followed by a return to long-term averages.	**Noted**
3. **Continue** to report its cost savings and efficiencies in its future budget, to demonstrate its commitment to achieving cost control and efficiency across its operations and service delivery.	**Noted**
4. **Continue** to monitor its borrowing liabilities, including the impact of any interest rate increases, to ensure that levels are sustainable with reference to the operating income (including rates income) and any grants for capital projects it receives.	**Noted**
5. **Review** the estimates of asset lives and valuations informing its forecast rate of asset consumption (and depreciation expenses) in its long-term financial plan and asset management plans, with a particular focus on the appropriateness of the estimated value of the depreciation expense in the context of asset renewal expenditure requirements.	**Estimates of asset lives and valuations are reviewed regularly as was evidenced to ESOCSA.**
6. **Continue** to limit future increases on its average and minimum rates to help reduce any potential emerging affordability risk, in consultation with the community with reference to service levels and differential rate levels, as appropriate	**Noted**

GENERAL COMMENTS

In ESCOSA"s Local Government Advice to the City of West Torrens, the comment is made that:

> *"The Essential Services Commission (**Commission**) considers the City of West Torrens (**Council**) to be in a sustainable financial position with projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases."*
>
> A look at Council's audited financial statements and the financial performance ratios shows that the City of West Torrens is in a sustainable financial position. Further, other external bodies such as the Local Government Finance Authority have also told us we are financially sustainable. So a review by another independent body was not required to tell us what we already knew.
>
> The key words in the above sentence however are "….without the need for further significant rate increases."

In other words, you are doing well, so no need to increase rates too much - but adjust your assumptions around inflation and interest rate rises and don't plan for any new works or services.

Not that the City of West Torrens wants to increase rates unnecessarily, but a third party with a limited understanding of how Councils operate offering such contradictory advice is beyond the pale.

Further, CPI is being used as the measuring stick by which historical rate increases have been compared. CPI is currently 8.6% but certainly CWT does not intend to have a rate increase of this magnitude for 2023-24 but the ESCOSA advice seems to be implying we should.

In our letter to Minister Brock, the Minister for Local Government, we commented that we believed the Scheme to be:

- Ill conceived
- A waste of ratepayers money; and
- A waste of our council staff time and resources.

If anything our views in relation to the above are only strengthened as a result of receiving the ESCOSA Advice and reasons for this are outlined below:-

- **Ill Conceived**

We consider the Scheme has been ill conceived, because information in Council's Long Term Financial Plan and Infrastructure Asset Management Plans are already publicly available and councils can already be compared with each other across a range of indicators using the 'Councils in Focus' website. It is our view that another costly, bureaucratic process that ratepayers are required to fund is completely unnecessary.

Further, the notion of looking back through the last ten years of a council's plans and documents looking for trends is incredibly futile without knowing the full context of decisions of council and changes that may have happened in a council during that time period. Understanding such nuances are vital to interpreting financial information correctly.

Examples of such nuances are that a few years ago the City of West Torrens had an aged care facility which we no longer operate and we used to run HACC funded programs which have now ceased.

Costs and revenues will fluctuate due to these service level shifts and also because of economic conditions relevant at any point in time and the prevailing priorities of a council during any particular term of office as outlined in the council's Community Strategic Plan.

Comparing average rates across different councils is already something the media reports on each year, but once again this doesn't tell the full story as each council has different community needs and expectations.

One way council rates can be kept down is for other tiers of Government to look at the cost imposts they impose on councils.

In the development of the City of West Torrens budget for 2022-23, it was noted that a total of $2.919M was expected to be paid by the City of West Torrens to various State Government Agencies during the financial year.

This represents approximately 5% of Council's rate income being spent on State Government related expenditure.

If ESCOSA were to examine what State Government agencies are charging councils and provided advice to the State Government on that, there could potentially be some benefit for the council (and the ratepayer) but this is unlikely to occur.

As it stands, the ratepayers determine if rates are too high via the democratic process of council elections, whereby councillors are held to account for rate increases and the level of service provided by their council during their term of office. Ratepayers also have an opportunity to have their say each year on the proposed rate increase when the Annual Budget and Business Plan is put out for community consultation.

These seem to us to be the best mechanisms for ensuring rates are maintained at a relatively low level, noting that the City of West Torrens has consistently had one of the lowest, if not the lowest average residential rates of all councils in South Australia.

- **A Waste of Ratepayers Money**

It was noted that ESCOSA engaged two local government finance experts to assist them in providing advice back to councils on the Infrastructure Asset Management Plans and their Long Term Financial Plans. A large proportion of the cost of the scheme will no doubt be going to these consultants.

It is entirely unacceptable that it was only after receiving the Local Government Advice, Councils were told what the cost would be. Once again the irony of being told how to budget when not even knowing the cost of this scheme beggar's belief.

The final figure of $40K was less than some of the estimates being bandied around of $100K or more for some councils, but once again, the irony is not lost on us that this 'Advice Scheme' which ostensibly is about curbing council expenditure to keep costs in check and limit rate rises, will have the opposite effect. The $40K cost achieves nothing but takes funds from Council's bottom line that should be directed to our programs and services for ratepayers. The cost is 25% higher than our annual audit costs where we have two onsite visits a year by a team of auditing professionals compared with this being a desktop review with no onsite visits from ESCOSA staff.

Of the 6 points of advice, four of them are telling us to keep doing what we are already doing and we maintain that we are doing the other two anyway. We don't believe this is value adding to our ratepayers or ourselves.

A Waste of Staff Time and Resources

Council staff had had to troll through the advice provided only to find a number of errors of fact, some of which were not corrected for the final advice. There was only a week between us receiving the draft embargoed advice and the Final advice to make comment and this took a considerable amount of staff time and resources. It is difficult to comprehend that at a cost of $40K ESCOSA would really provide such basic advice to Council. Council's external auditors already comment on the state of a council's Infrastructure and Asset Management plans and it is blatantly obvious in the current economic climate that assumptions around CPI need to be updated in the Long Term Financial Plans.

Given the City of West Torrens already knew we were in a sustainable financial position and already endeavour to keep our rate increases as low as possible, the question must again be asked **"Why do we need to be spending ratepayers funds on such basic advice?"**

Errors of Fact

A number of errors of fact were identified by Council staff between the time of receiving the draft embargoed copy of ESCOSA's advice and the final published version of the advice. Some of the errors of fact were corrected, however others weren't, as identified above.

CONCLUSION

While it is great to be told by another organisation that the City of West Torrens is financially sustainable, clearly the agenda here is for all Councils to be told, as we were told, "to limit the extent of further rate increases" with scant regard to the services and infrastructure our ratepayers expect and in spite of the increased cost burdens from such things as inflation, interest rate increases and cost shifting from the State and Federal Governments.

The City of West Torrens will comply with the legislative requirement to include the Local Government Advice and our response to it in our Annual Budget and Business Plan but we do not believe it adds any value to either us or our residents and ratepayers.

The CWT view is that the Government should reconsider the requirement for councils to be provided with "advice" from ESCOSA before more ratepayers funds are wasted on something that by ESCOSA's own admission, it can't compel councils to follow.

Appendices

Rating Structure and Policy

(1) Rating

Council's position is that, as all rating options available are defined under Chapter 10 of the *Local Government Act 1999* (the Act), a Rating Policy is not required.

There are five principles that apply to the imposition of taxes on communities:

- **Equity** – taxpayers with the same income should pay the same tax – known as horizontal equity – while wealthier taxpayers pay more – that is, vertical equity
- **Benefit** – taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid
- **Ability-to-pay** – in levying taxes, the ability of the taxpayer to pay the tax must be considered
- **Efficiency** – if a tax is designed to change consumers' behaviour and it achieves its goal, the tax is deemed efficient, for example, tobacco taxes. If the tax is designed to be neutral in its effect on taxpayers, but changes that behaviour, the tax is inefficient
- **Simplicity** – the tax must be understandable, hard to avoid and easy to collect

The principle of 'benefit' supports the notion that rates are a tax and not a user pays system. Therefore, the benefits provided by the rate revenue raised will be consumed differently over the lifecycle of the ratepayer.

To some extent, these principles conflict each other, and governments must therefore strike a balance between the:

- Application of the principles
- Policy objectives of taxation
- Need to raise revenue
- Effects of the tax on the community

Council considers each principle when reviewing the various rating options available.

(2) Valuation

Council continues to adopt the capital value, as defined in the *Valuation of Land Act 1971*, as the basis for calculating rates. To provide fair and equitable valuations, we use the valuations provided by the State's independent authority on property valuations, the Valuer General. The use of capital value means property values are based on the land itself, being size and location of the property, but also takes into consideration all improvements to the land, such as building and structures. Factors which may influence the capital value assigned by the Valuer General from one year to the next may include recent sales in the area, location of the property, improvements such as additions, renovations or alterations and external factors such as trends or nearby area rezonings. More information on property valuations can be found at **www.valuergeneral.sa.gov.au**

If a ratepayer believes the capital value applied to their assessment is incorrect, an objection can be lodged with the Valuer General. The objection must set out the grounds for objection and is to be lodged within the objection period of sixty (60) days after the service of the first rates notice. Rates are still due and payable by the due date even if an objection has been lodged.

(3) Differential Rates

All land within a council area, with except land with a specific exemption under the provisions of Section 147 (2) of the *Local Government Act 1999* (the Act), is rateable. Council can declare a general rate for the purpose of rating, which applies to all rateable land, or through differential rates based on the use of the land subject to the rate. Permissible differentiating factors for differential rates are defined under 14 (1) of the Local Government (General) Regulations 2013 and are as follows:

(a) Residential

(b) Commercial – shop

(c) Commercial – office

(d) Commercial – other

(e) Industry – light

(f) Industry – other

(g) Primary Production

(h) Vacant Land

(i) Other

Council continues to apply differential general rates for all rateable properties within the City of West Torrens. These differentiating factors will decide the rate in the dollar applied to assessment for the purpose of levying rates. We continue to apply two rates in the dollar – the first for residential properties and the second for all non-residential properties.

Differential general rates imposed by Council are based on various land use categories, with the Valuer General provides their predominant use of the land. While this land use is generally applied by Council in the valuation process, we remain the relevant authority that determines land use for rating purposes. Where a ratepayer believes the land use category applied to their assessment is incorrect, a written objection can be lodged with Council. It must outline the grounds upon which the objection is based and be submitted within sixty (60) days of receiving the first instalment rate notice. Rates are still due and payable by the due date even if an objection has been lodged.

(4) Rating Options and Minimum Rates

Rating options available under the Act include Separate Rates, Service Rates, Service Charges, Fixed Charges and Minimum Rates. Council continues to apply minimum rates and a separate rate for the Regional Landscape Levy.

Section 158 of the Act permits Council to apply a minimum amount payable for rates and is based on the principle that all property owners contribute to the cost of services and the maintenance of infrastructure that supports each property. Minimum rates apply when the capital value calculates a rate below the minimum amount set. Where the amount is less than the minimum, the minimum amount will apply. Minimum rates cannot apply to more than 35 percent of properties.

Where two or more adjoining properties are owned and occupied by the same occupier, only one minimum rate is payable. The number of properties and the minimum rate will be provided in the annual rates declaration.

(5) Separate Rates - Regional Landscape Levy

Each year and under the *Landscape South Australia Act 2019*, Council is required to collect the Regional Landscape Levy (RL) on behalf of the State Government. The funds go to the State Government and do not form part of the City of West Torrens' revenue. Furthermore, as we and other councils fall under the Green Adelaide Board, it determines the individual amount payable by specific councils. A separate rate is set for all rateable properties to calculate the individual assessments liability.

The calculation method divides the total capital value by the total amount required, as set by Green Adelaide, to establish the rate in the dollar. This is then multiplied by the individual properties' capital value to establish their liability.

For more information regarding the programs and activities funded by Green Adelaide from the Regional Landscape Levy, please go to **www.greenadelaide.sa.gov.au**

(6) Rate Rebates - Mandatory and Discretionary

Chapter 10 of the *Local Government Act 1999* provides Council with authority to grant:

- Mandatory and discretionary rebates of rates under Sections 159 to 166 of the Act; and
- Rate postponement and remissions under Sections 182 and 182A of the Act

In considering application for rate rebates, remissions and postponement, Council has adopted a Rate Rebate, Remission and Postponement Policy, with the purpose of:

- Providing guidance to the community regarding the matters Council will take into account in deciding an application for a rebate or remission of rates
- Assisting staff with delegated authority to determine rebates, remissions and postponement pursuant to both the Act and the requirements of the policy
- Providing a consistent framework under which applications will be considered

A rebate, remissions or postponement of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Act, and where appropriate, the policy.

The full Rate Rebate, Remissions and Postponement Policy and application form can be found at: **www.westtorrens.sa.gov.au/Council/Rates-and-charges/Rate-rebates**

Moreover, and under the Local Government Act, we are required to provide a mandatory rebate to qualifying properties under the following categories:

Section 160 – Health Services – 100%

Section 161 – Community Services – 75%

Section 162 – Religious Purposes – 100%

Section 163 – Public Cemeteries – 100%

Section 164 – Royal Zoological Society of SA – 100%

Section 165 – Educational Purposes – 75%

Council also has the power to grant a discretionary rebate of rates in certain circumstances, as per Section 166 of the Act which is granted at its absolute discretion. Discretionary rebates may be approved for 1 year or may be ongoing. Council provides ongoing discretionary rebates, approved annually, spanning more than 1 year:

(a) Where the rebate is desirable for the purpose of securing the proper development of the area or part of the area

(b) Where the rebate will contribute to the preservation of buildings or places of historic significance

(c) Where the land is being used for educational purposes

(d) Where the land is being used to provide facilities or services for children or young persons

(e) Where the land is being used by an organisation which, in the opinion of Council, provides a benefit or service to the local community

Properties receiving the ongoing discretionary rebates provide services to our community not provided by other businesses in the area or by Council. Relief by way of a discretionary rebate allows these groups to continue to operate and to provide valuable benefit to our wider community.

To be considered for a discretionary rebate, you must apply, with supporting information or supporting documentation as requested, to Council.

Discretionary rebates lodged under section 166 of the Act will be considered in conjunction with the Rate Rebates, Remissions and Postponement Policy.

Vacant Land Rebates under Section 166 (1)(a) of the Act are desirable for the purpose of securing the proper development of the area and are considered where:

- The land is in a residential zone, a dwelling has been substantially commenced by 30 June of the current financial year and the ratepayer intends to live at the property once completed
- The amount of the rebate will be the difference between the rates as vacant land and what it would have been if the property was considered residential

(7) Hardship – Remission and Postponement

Council has absolute discretion to grant or decline postponement or a remission of rates and determine the amount of any such postponement or remission. The ratepayer has the discretion to decide between rate postponement and rate remission whenever it is established on the application of a ratepayer that the payment of rates would cause hardship.

Hardship refers to a situation where a ratepayer is unable, because of illness, unemployment or any other reasonable cause, to pay their rates when due. It can be of limited or long-term duration and essentially involves an inability of the ratepayer to pay bills, rather than an unwillingness to do so.

Council assesses hardship against the expected income and expenditure of the ratepayer, with supporting documentation required to substantiate the hardship.

For more details, download the Rates Rebates, Remission and Postponement Policy at **www.westtorrens.sa.gov.au/Council/Rates-and-charges/Rate-rebates.**

(8) Postponement for Seniors

Postponement of rates for seniors was implemented to assist ratepayers with properties where there has been significant movement in property value, leaving them 'asset rich' but with a low income, 'cash poor'.

State Seniors cardholders can apply to postpone part of their rates, on a long-term basis. However, the deferred amount is subject to a monthly interest charge, with the accrued debt payable on the disposal or sale of the property.

At least $500.00 of the total yearly Council rates must be paid, which may be by quarterly payments of $125.00, with the remaining annual rates postponed.

(9) Payment of Rates

The payment of rates for the 2023-24 financial year will be by four quarterly instalments falling due on 1 September 2023, 1 December 2023, 1 March 2024 and 3 June 2024. The amount, however, can be paid in full at any time.

(10) Late Payment of Rates

Where a payment of rates is not received on or before the due date, n instalment fine of 2% applies under the requirements of the Local Government Act. Further interest will be applied monthly on outstanding amounts, and fines and interest still apply where a payment arrangement is in place. Ratepayers having trouble paying their rates are encouraged to contact Council to discuss the many flexible payment options available.

Payment received for overdue rates will be applied in accordance with Section 183 of the Act, as set out below:

- **Firstly** – in payment of any costs awarded to, or recoverable by, the council in any court proceedings for the recovery of the rates
- **Secondly** – in satisfaction of any liability for interest
- **Thirdly** – in payment of any fine
- **Fourthly** – in satisfaction of liabilities for rates in the order in which those liabilities arose

(11) Expected Rates Revenue

Statement on Expected Rate Revenue

Please note: These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the DRAFT Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the ABP&B.

Expected Rates Revenue

	2022/23 (as adopted)	2023/24 (as adopted)		Change	Comments
General Rates Revenue					
General Rates (existing properties)		$64,099,832	*(a)*		Nil
General Rates (new properties)		$450,207.62	*(b)*		
General Rates (GROSS)	**$59,443,868**	**$64,550,039**	*(c)*		
Less: Mandatory Rebates	($1,065,000)	($1,097,000)	*(d)*		
General Rates (NET)	**$58,378,868**	**$63,453,039**	*(e)*	**8.7%**	
		(e)=(c)+(d)			
Other Rates (inc. service charges)					
Regional Landscape Levy	$1,620,352	$1,794,737	*(f)*		The Regional Landscape Levy is a State tax, it is **not retained** by council.
	$59,999,220	$65,247,777			
Less: Discretionary Rebates	($108,000)	($75,000)	*(l)*		
Expected Total Rates Revenue	**$58,270,868**	**$63,378,039**	*(m)*	**8.8%**	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
		(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)			

Estimated growth in number of rateable properties

Number of rateable properties	**31,608**	**31,830**	*(n)*	**0.7%**	Nil
	Actual	*Estimate*			

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

Estimated average General Rates per rateable property

Average per rateable property	**$1,881**	**$2,028**	*(o)*	**7.8%**	Nil
		(o)=(c)/(n)			

Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).
The total General Rates paid by all rateable properties will equal the amount adopted in the budget.

Notes

(d) Councils are **required** under the Local Government Act to provide a rebate to qualifying properties under a number of categories:

Health Services - 100 per cent	Religious purposes - 100 per cent	Royal Zoological Society of SA - 100 per cent
Community Services - 75 per cent	Public Cemeteries - 100 per cent	Educational purposes - 75 per cent

The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(e) Presented as required by the *Local Government (Financial Management) Regulations 2011* reg 6(1)(ea)

Please Note: The percentage figure in *(e)* relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).

(f) Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources.

(i) Community Wastewater Management Systems

(l) A council **may** grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.

(n) 'Growth' as defined in the *Local Government (Financial Management) Regulations 2011* reg 6(2)

Statement on Expected Rate Revenue

Expected Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the $
	2022/23	**2023/24**	**Change**	2022/23	**2023/24**	2022/23	**2023/24**		**Change**	**2023/24**
Land Use (General Rates - GROSS)										
Residential	$38,699,222	**$42,008,992**	**8.6%**	28499	**28734**	$1,357.92	$1,462.00	*(p)*	**$104**	**0.196158**
Commercial - Shop	$4,757,313	**$5,000,856**	**5.1%**	870	**865**	$5,468.18	$5,781	*(p)*	**$313**	**0.510026**
Commercial - Office	$2,295,835	**$2,364,033**	**3.0%**	354	**360**	$6,485	$6,567	*(p)*	**$81**	**0.510026**
Commercial - Other	$7,870,746	**$8,984,764**	**14.2%**	1032	**1091**	$7,627	$8,235	*(p)*	**$609**	**0.510026**
Industry - Light	$496,939	**$567,754**	**14.3%**	111	**112**	$4,477	$5,069	*(p)*	**$592**	**0.510026**
Industry - Other	$2,342,310	**$2,307,887**	**-1.5%**	203	**196**	$11,538	$11,775	*(p)*	**$236**	**0.510026**
Primary Production	$2,882	**$3,366**	**16.8%**	1	**1**	$2,882	$3,366	*(p)*	**$484**	**0.510026**
Vacant Land	$1,074,073	**$1,311,846**	**22.1%**	383	**319**	$2,804.37	$4,112.37	*(p)*	**$1,308**	**0.510026**
Other	$1,904,548	**$2,000,542**	**5.0%**	155	**152**	$12,287	$13,161	*(p)*	**$874**	**0.510026**
Total Land Use	**$59,443,868**	**$64,550,039**	**8.6%**	**31,608**	**31,830**	**$1,881**	**$2,028**	*(p)*	**$147**	
GRAND TOTAL (GROSS)	**$59,443,868**	**$64,550,039**	**8.6%**	**31,608**	**31,830**	**$1,881**	**$2,028**	*(p)*	**$147**	

Minimum Rate

	No. of properties to which rate will apply		Rate			
	2023/24	**% of total rateable properties**	2022/23	**2023/24**		**Change**
Minimum Rate	**8,877**	**27.9%**	$989	**$1,066**	*(r)*	**$77**

Council has applied 7.84% to 2022-23 minimum rate (rounded down to the nearest whole dollar)

Adopted valuation method

Capital Value/Site Value/Annual Value

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:
Capital Value – the value of the land and all improvements on the land;
Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or
Annual Value – a valuation of the rental potential of the property.

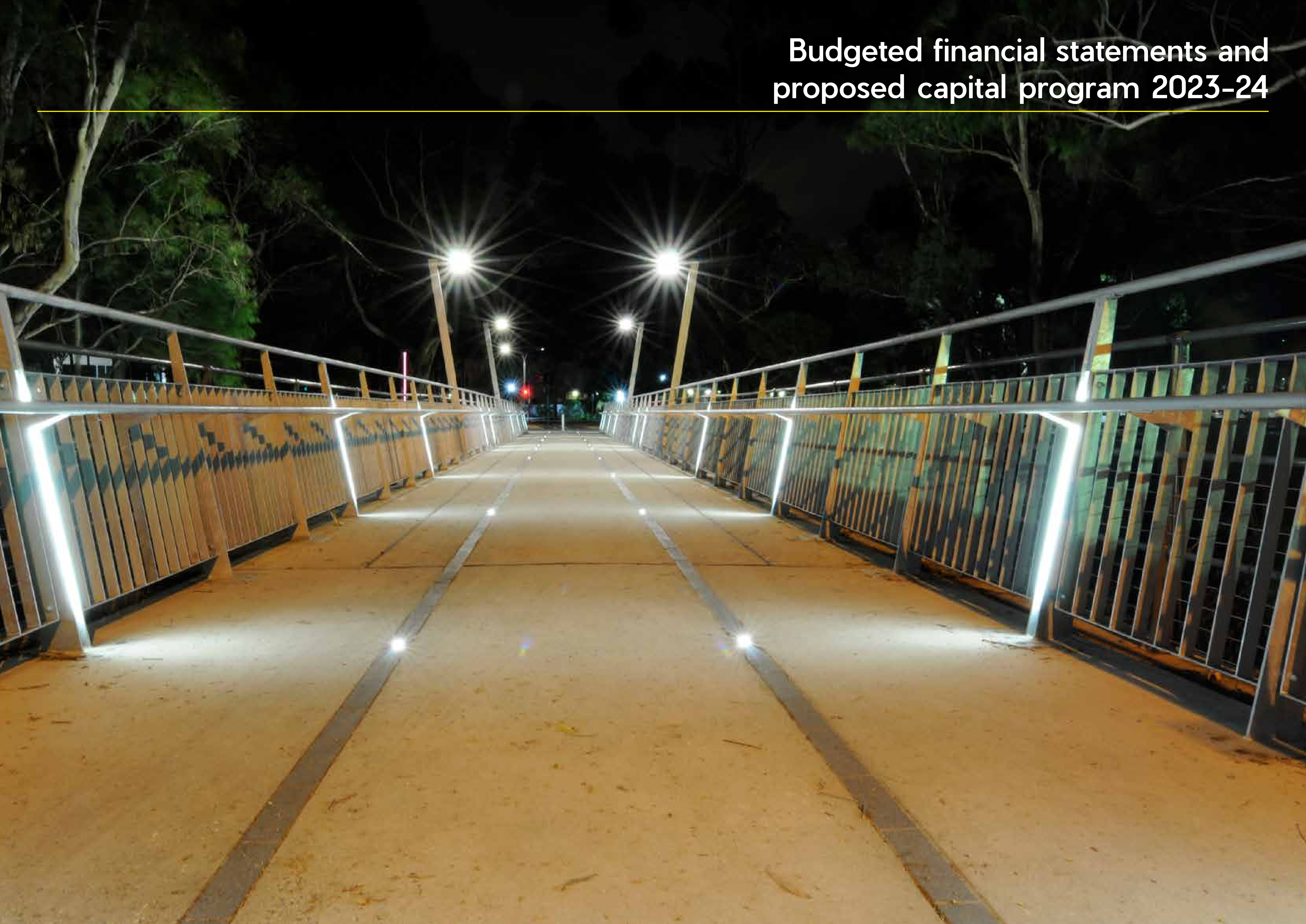
Council continues to adopt the capital value as the basis for calculating rates. To provide fair and equitable valuations, we use the valuations provided by the State's independent authority of property valuations, the Valuer General.
The use of capital values means property values are based on the land itself, being size and location of the property, but also takes in to consideration all improvements on the land, such as buildings and structures.

Notes

(p) Average per rateable property calculated as General Rates for category, including any fixed charge or minimum rate (if applicable) but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(q) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

Budgeted financial statements and proposed capital program 2023-24



Statement of Comprehensive Income

for the year ended 30 June 2024

	Original Budget 2022/23	**Original Budget 2023/24**
Income	$ '000	**$ '000**
Rates Revenues	65,114	**71,054**
Statutory Charges	2,179	**2,379**
User Charges	1,939	**1,947**
Grants, Subsidies and Contributions	3,282	**3,371**
Investment Income	106	**150**
Reimbursements	205	**294**
Other Income	199	**204**
Net Gain - Equity Accounted Council Businesses	-	**-**
Total Income	73,022	**79,399**
Expenses		
Employee Costs	26,083	**27,846**
Materials, Contracts & Other Expenses	26,422	**28,721**
Depreciation, Amortisation & Impairment	17,281	**18,751**
Finance Costs	1,059	**977**
Net loss - Equity Accounted Council Businesses	-	**-**
Total Expenses	70,845	**76,295**
Operating Surplus / (Deficit)	2,177	**3,104**
Asset Disposal & Fair Value Adjustments	-	**-**
Amounts Received Specifically for New or Upgraded Assets	1,200	**700**
Physical Resources Received Free of Charge	-	**-**
Net Surplus / (Deficit) [1]	3,377	**3,803**
Other Comprehensive Income		
Amounts which will not be reclassified subsequently to operating result		
Changes in Revaluation Surplus - I,PP&E	-	**-**
Amounts which will be reclassified subsequently to operating result		
Total Other Comprehensive Income	-	**-**
Total Comprehensive Income	3,377	**3,803**

[1] Transferred to Equity Statement

Statement of Financial Position

as at 30 June 2024

	Original Budget 2022/23	**Original Budget 2023/24**
Assets	$ '000	**$ '000**
Current Assets		
Cash and Cash Equivalents	4,752	**1,462**
Trade & Other Receivables	2,439	**2,606**
Other Financial Assets	1,684	**1,765**
Inventories	18	**18**
Subtotal	8,894	**5,851**
Non-Current Assets Held for Sale	-	**-**
Total Current Assets	8,894	**5,851**
Non-Current Assets		
Financial Assets	-	**263**
Equity Accounted Investments in Council Businesses	12,693	**17,232**
Infrastructure, Property, Plant & Equipment	854,907	**877,615**
Other Non-Current Assets	9,374	**9,344**
Total Non-Current Assets	876,974	**904,454**
Total Assets	885,867	**910,305**
Liabilities	$ '000	**$ '000**
Current Liabilities		
Cash Advance Debenture	-	-
Trade & Other Payables	5,502	6,140
Borrowings	3,737	3,068
Provisions	5,638	5,309
Other Current Liabilities	6,372	11,882
Subtotal	21,249	**26,399**
Liabilities relating to Non-Current Assets Held for Sale	-	**-**
Total Current Liabilities	21,249	**26,399**
Non-Current Liabilities		
Borrowings	64,222	**52,310**
Provisions	291	**275**
Total Non-Current Liabilities	64,513	**52,585**
Total Liabilities	85,762	**78,984**
Net Assets	800,105	**831,321**
Equity		
Accumulated Surplus	127,919	**127,930**
Asset Revaluation Reserves	648,878	**661,650**
Other Reserves	23,308	**41,741**
Total Council Equity	800,105	**831,321**

Statement of Cash Flows
for the year ended 30 June 2024

	Original Budget 2022/23	Original Budget 2023/24
Cash Flows from Operating Activities	$ '000	$ '000
Receipts		
Rates Receipts	65,066	**70,930**
Statutory Charges	2,177	**2,351**
User Charges	1,930	**1,963**
Grants, Subsidies and Contributions (operating purpose)	3,823	**3,443**
Investment Receipts	106	**157**
Reimbursements	211	**294**
Other Receipts	199	**208**
Payments		
Payments to Employees	(26,042)	**(27,775)**
Payments for Materials, Contracts & Other Expenses	(26,289)	**(28,484)**
Finance Payments	(1,059)	**(977)**
Net Cash provided by (or used in) Operating Activities	20,121	**22,109**
Cash Flows from Investing Activities		
Receipts		
Amounts Received Specifically for New/Upgraded Assets	1,200	**700**
Sale of Replaced Assets	676	**922**
Sale of Surplus Assets	-	**-**
Payments		
Expenditure on Renewal/Replacement of Assets	(12,443)	**(16,404)**
Expenditure on New/Upgraded Assets	(24,321)	**(13,434)**
Net Cash provided by (or used in) Investing Activities	(34,888)	**(28,216)**
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	20,250	**5,522**
Payments		
Repayments of Borrowings	(1,531)	**(2,706)**
Net Cash provided by (or used in) Financing Activities	18,719	**2,816**
Net Increase (Decrease) in Cash Held	3,952	**(3,290)**
plus: **Cash & Cash Equivalents at beginning of periods**	799	**4,753**
Cash & Cash Equivalents at end of period	4,752	**1,462**
Total Cash, Cash Equivalents & Investments	4,752	**1,462**

Statement of Changes in Equity
for the year ended 30 June 2024

	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
Original Budget 2022/23	$ '000	$ '000	$ '000	$ '000
Balance at the end of previous reporting period	124,542	648,878	23,308	**796,728**
a. Net Surplus / (Deficit) for Year	3,377	-	-	3,377
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,377	-	-	3,377
c. Transfers between Reserves	-	-	-	-
Balance at the end of period	127,919	648,878	23,308	800,105
Original Budget 2023/24	$ '000	$ '000	$ '000	$ '000
Balance at the end of previous reporting period	124,127	661,650	41,741	**827,518**
a. Net Surplus / (Deficit) for Year	3,803	-	-	3,803
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,803	-	-	3,803
c. Transfers between Reserves	-	-	-	-
Balance at the end of period	127,930	661,650	41,741	831,321

Financial Indicators
for the year ended 30 June 2024

	Original Budget 2022/23	**Original Budget 2023/24**
These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.		
1. Operating Surplus Ratio Operating Surplus **Total Operating Revenue** This ratio expresses the operating surplus as a percentage of total operating revenue.	3%	**4%**
1a. Adjusted Operating Surplus Ratio In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	3%	**4%**
2. Net Financial Liabilities Ratio Net Financial Liabilities **Total Operating Revenue** Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.	105%	**92%**
3. Asset Renewal Funding Ratio Net Asset Renewals **Infrastructure & Asset Management Plan required expenditure** Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.	93%	**100%**

Uniform Presentation of Finances
for the year ended 30 June 2024

	Original Budget 2022/23 $ '000	**Original Budget 2023/24 $ '000**
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis. The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	73,022	**79,399**
less Expenses	(70,845)	**(76,295)**
Operating Surplus / (Deficit)	2,177	**3,104**
***less* Net Outlays on Existing Assets**		
Capital Expenditure on Renewal and Replacement of Existing Assets	12,442	**16,404**
less Depreciation, Amortisation and Impairment	(17,282)	**(18,751)**
less Proceeds from Sale of Replaced Assets	(676)	**(922)**
Subtotal	(5,515)	**(3,269)**
***less* Net Outlays on New and Upgraded Assets**		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	24,321	13,434
less Amounts Received Specifically for New and Upgraded Assets	(1,200)	(700)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	23,121	**12,735**
Net Lending / (Borrowing) for Financial Year	(15,429)	**(6,362)**

Proposed capital program 2023-24

	Total $	New / Upgrade $	Renewal / Replacement $
Land & Buildings			
Disability Access & Inclusion Plan	50,000	-	50,000
Asbestos Removal Program	50,000	-	50,000
Fire Systems Upgrades	50,000	-	50,000
Electrical Compliance Upgrades	50,000	-	50,000
Depot - Upgrade Building Workshop	50,000	50,000	-
Lockleys & Grange Bowling Clubs (Co-Location @ Lockleys Oval)	100,000	100,000	-
Westside Bikeway (Creslin Tce Camden Park) New Toilet Facility	200,000	200,000	-
Building Compliance Upgrade	200,000	-	200,000
Civic Centre Air-Conditioning - Staged	150,000	-	150,000
Star Theatre - Building Compliance Works (Staged)	175,000	-	175,000
Civic Centre Office Refurbishment (Ground Floor)	250,000	-	250,000
Thebarton Theatre Complex - Structural /Electrical Works	750,000	-	750,000
Apex Park Reserve Upgrade (Staged) - Car Park	750,000	750,000	-
Frank Norton Reserve	775,000	775,000	-
Kings Reserve Masterplan	2,000,000	2,000,000	-
Total Land & Buildings	**5,600,000**	**3,875,000**	**1,725,000**
Plant & Equipment			
IT Equipment	270,000	-	270,000
Furniture & Fittings	30,000	-	30,000
Library Furniture & Fittings	60,400	-	60,400
Fleet Vehicles	382,000	49,000	333,000
Major Plant	1,359,000	197,900	1,161,100
Minor Plant & Equipment	65,000	65,000	-
Total Plant & Equipment	**2,166,400**	**311,900**	**1,854,500**
Stormwater & Drainage			
Minor Drainage Upgrade and Replacement Works	500,000	-	500,000
Clayton Avenue Stormwater Upgrade	250,000	250,000	-
Gray St, Daly St, Warwick St, Cross Tce - Drainage (Stage 2)	750,000	675,000	75,000
North Plympton/Plympton Stage 3 works	1,621,734	1,374,561	247,173
Underdale/Torrensville catchment upgrade	850,000	850,000	-
Total Stormwater & Drainage	**3,971,734**	**3,149,561**	**822,173**
Other Environment			
Brown Hill and Keswick Creeks	2,100,000	2,100,000	-
Total Other Environment	**2,100,000**	**2,100,000**	**-**

Proposed capital program 2023-24

	Total $	New / Upgrade $	Renewal / Replacement $
Parks, Gardens & Sports Facilities			
Playground Upgrade	690,000	347,500	342,500
Reserve Developments - Various	405,000	320,000	85,000
River Torrens Upgrade	260,000	75,000	185,000
River Torrens Path Upgrades	50,000	-	50,000
Reserve Irrigation Upgrades	375,000	375,000	-
Bikeway Path Upgrade and Reseal	100,000	50,000	50,000
Tennis Court Upgrades	175,000	87,500	87,500
Sports Ovals Renewal & Upgrades	160,000	80,000	80,000
Car Parking Upgrade	125,000	30,000	95,000
Total Parks, Gardens & Sports Facilities	**2,340,000**	**1,365,000**	**975,000**
Road Sealed & Other Transport			
Kerb and Gutter Program	3,498,984	-	3,498,984
Road Maintenance / Resealing Program	3,885,109	-	3,885,109
Road Reconstruction Program **Ashburn Avenue, Fulham** (Henley Beach Road to Burnley Street) **Barwell Avenue, Marleston** (Grove Avenue to Anstey Crst) **Wheaton Road, Plympton** (Charles Street to Beckman Street) **Reid Street, Thebarton** (Stirling Street to Queen Street) **North Parade, Torrensville** (South Road to Property 52)	3,146,325	1,024,081	2,122,244
Roads to Recovery Funding annual contribution	617,418	154,355	463,064
City Wide Pavement Rehab / Minor Road Works & Reinstatement	250,000	-	250,000
Installation of Linemarking, signs, Pavement Bars and Investigation	55,500	27,750	27,750
Series of speed humps at Hounslow Avenue	800,000	800,000	-
Indented parking bay fronting Cowandilla Primary School along Jenkins Street	300,000	300,000	-
Brooker Terrace delineation improvement	50,000	-	50,000
Bagot Ave half road closure	30,000	30,000	-
Shared pathway redevelopment - Barcoo Rd to Anderson Ave	250,000	250,000	-
New bike racks / stands facilities	10,000	10,000	-
Street Lighting upgrade - Novar Gardens, Plympton & Underdale	300,000	300,000	-
Misc Reserve / Open Space Facilities & Car Parks - Lighting Upgrades	100,000	60,000	40,000
Various Street Lighting Upgrades	50,000	30,000	20,000
Total Road Sealed & Other Transport	**13,343,336**	**2,986,186**	**10,357,150**

Proposed capital program 2023-24

Proposed capital program 2023-24	Total $	New / Upgrade $	Renewal / Replacement $
Bridges			
London Road Bridge investigation and design	50,000	50,000	-
Total Bridges	**50,000**	**50,000**	**-**
Footways & Cycle Tracks			
Footpath Reconstruction			
Clifford Street, Adelaide Airport (End to Sir Donald Bradman Drive) **Francis Street, Cowandilla** (Augusta Street to Winifred Street) **Spencer Street , Cowandilla** (Sir Donald Bradman Drive to Jenkins Street) **Everard Avenue, Keswick** (Surrey Road to South Road) **Clifford Avenue, Kurralta Park** (Broughton Avenue to Kimber Terrace) **Kimber Terrace, Kurralta Park** (Beauchamp Street to Anstey Crescent) **Argyle Avenue, Marleston** (Allington Avenue to Desmond Avenue) **Bakers Road, Marleston** (Richmond Road to Major Avenue) **Desmond Avenue, Marleston** (Argyle Avenue to Boss Avenue) **Sarah Street, Marleston** (Stirling Street to George Street) **Marion Road, Marleston** (Allington Avenue to Galway Avenue) **Victoria Street, Mile End** (Victoria Lane/Junction Lane to Hughes Street) **Railway Terrace, Mile End South** (Richmond Road to Manchester Street) **Ansett Avenue, Netley** (Elsie Street to Florence Street) **Comet Avenue, Netley** (Electra Street to Streeters Road) **Hudson Court, Netley** (Richmond Road to End) **Pam Street, Netley** (Fletcher Street to Ramsey Street) **Allchurch Avenue, North Plympton** (Park Terrace to Wyatt Street) **Bickford Street, Richmond** (Chambers Avenue to Sanders Street) **Marion Road, Richmond** (Bignell Street to Lucas Street) **Torrens Street, Torrensville** (Marion Road to Ward Street) **Marion Road, West Richmond** (Leicester Street to Britton Street) **Morley Street, West Richmond** (Britton Street to Salisbury Street)	656,594	-	656,594

Proposed capital program 2023-24

Proposed capital program 2023-24	Total $	New / Upgrade $	Renewal / Replacement $
Footways & Cycle Tracks (continued)			
Footpath Construction			
Airport Road, Brooklyn Park (Median Island Lipsett Tce) **Airport Road, Brooklyn Park** (Median Island Marshall Tce) **Myer Avenue, Camden Park** (Myer Avenue to Whelan Avenue) **Warramunga Street, Fulham** (Halsey Road to End) **Barker Court, Mile End** (Daringa Street to End) **Horwood Close, Mile End** (Victoria St to End) **Transport Avenue, Netley** (Richmond Road to Property No 109) **Coorilla Avenue, Novar Gardens** (Shannon Avenue to Pine Avenue) **Chambers Avenue, Richmond** (Bickford Street to Redin Street) **Hardys Road, Torrensville** (Wilford Avenue to City Boundary) **Sherriff Street, Underdale** (Wilford Avenue to Ashley Street) **Baltic Avenue, West Beach** (Northern Avenue to Formosa Avenue) **Baltic Avenue, West Beach** (Timor Court to Pacific Parade) **Harman Avenue, West Beach** (Baltic Avenue to Northern Avenue)	338,761	338,761	-
City Wide Footpath Remediation	281,524	-	281,524
Total Footways & Cycle Tracks	**1,276,879**	**338,761**	**938,118**

Total Capital & Capital Works Expenditure 2023-2024	**30,848,349**	**14,176,408**	**16,671,941**

Proposed capital program 2023-24

Road Name	Suburb
Allen Av - (Henley Beach Rd to Pine Av)	Brooklyn Park
Byrnes St - (Lipsett Tce to Sir Donald Bradman Dr)	Brooklyn Park
Clifford St - (Marshall Tce to Oscar St)	Brooklyn Park
Everett St - (Lyons St to End)	Brooklyn Park
Fewings Av - (Clifford St to Byrnes St)	Brooklyn Park
Glengowan Av - (Lipsett Tce to Constance St)	Brooklyn Park
Hazel St - 4740 (Lipsett Tce to Marshall Tce)	Brooklyn Park
Lipsett Tce - (Clifford St to Marion Rd)	Brooklyn Park
Lyons St - (Everett St to Clivan St)	Brooklyn Park
Press Rd - (Property No 18 to Marion Rd)	Brooklyn Park
Gardner St - (Whelan Av to Fitzroy Av)	Camden Park
Mooringe Av - (Morphett Rd to Deeds Rd)	Camden Park
Victoria Av - (Carlisle St to Morphett Rd)	Camden Park
Jenkins St - (Property No 20 to Winifred St)	Cowandilla
Coral Sea Rd - 1880 (Burnley St to Halsey Rd)	Fulham
Portland Ct - (Portland St to End)	Fulham
Riverside Dr - (Emily Av to City Boundary)	Fulham
Russo Ct - (Kandy St to End)	Fulham
Barclay St - (Glengyle Tce to St Georges Av)	Glandore
Forest St - (Grosvenor St to Wellington St)	Glandore
Park St - (Grosvenor St to Anzac Hwy)	Glandore
Ruthven Av - (Anzac Hwy to St Georges Av)	Glandore
St Georges Av - (Ruthven Av to Leaney St)	Glandore
Bonython Av - (Leane Av to Mccann Av)	Glenelg North
Harvey Tce - (Bonython Av to James Melrose Rd)	Glenelg North
Mccann Av - (Bonython Av to Shannon Av)	Glenelg North
Burt Av - (South Rd to Milner Rd)	Hilton
Selby St - (Garfield Av to Tennyson St)	Kurralta Park
Kingswood Cres - (Moresby St to Moresby St)	Lockleys

Proposed capital program 2023-24

Road Name	Suburb
Lasscock Av - (Riverview Dr to Garden Tce)	Lockleys
Mawson Cres - (Rutland Av to Rutland Av)	Lockleys
Miranda Av - (Rutland Av to Netley Av)	Lockleys
Netley Av - (Miranda Av to Rutland Av)	Lockleys
Prettejohn Ct - (Garden Tce to End)	Lockleys
Sir Donald Bradman Dr (Service Road) - (Brecon St to Rutland Av)	Lockleys
Sir Donald Bradman Dr (Service Road) - (Moresby St to Brecon St)	Lockleys
Willingale Av - (Henley Beach Rd to Acacia Av)	Lockleys
Argyle Av - (Galway Av to Desmond Av)	Marleston
Barker Ct - (Daringa St to End)	Mile End
Dew St - (Rose St to Kintore St)	Mile End
Farrow Pl - (Barker Ct to End)	Mile End
Fisher Pl - (Property No 12 to Railway Tce)	Mile End
Goodenough St - (James Congdon Dr to Parker St)	Mile End
Horwood Cl - (Victoria St to End)	Mile End
Hughes St - (Property No 83 to South Rd)	Mile End
Hughes St - (Railway Tce to Property No 51)	Mile End
Manning Ln - (Victoria Ln to Henley Beach Rd)	Mile End
Victoria St - (Gladstone Rd to King St)	Mile End
Sabre St - (Streeters Rd to Convair St)	Netley
Transport Av - (Richmond Rd to User Ch 200) #10	Netley
Allchurch Av - (Packard St to Marion Rd)	North Plympton
Bransby Av - (Hawson Av to End)	North Plympton
Deeds Rd - (Property No 60-62 to Kinkaid Av)	North Plympton
Dudley Av - (Edward Davies St to Birdwood Tce)	North Plympton
Lea St - (Raymond Av to End)	North Plympton
Lewis Cres - (Bransby Av to Neston Av)	North Plympton
Mooringe Av - (Morphett Rd to Deeds Rd)	North Plympton
Packer Av - (Lewis Cres to Mooringe Av)	North Plympton
Padman St - (Streeters Rd to End)	North Plympton
Raymond Av - (Kinkaid Av to Padman St)	North Plympton
Streeters Rd - (Mooringe Av to Dingera Av)	North Plympton
Wyatt St - (End to Dudley Av)	North Plympton

Proposed capital program 2023-24

Road Name	Suburb
Allendale Av - (Troon St to Windemere Av)	Novar Gardens
Ayliffe Pl - (Standford Av to End)	Novar Gardens
Doncaster Av - (Windemere Av to Troon St)	Novar Gardens
Leander Av - (Troon St to End)	Novar Gardens
Lindfield Av - (Allendale Av to Leander Av)	Novar Gardens
Montana Dr - (Pitcairn Av to Allendale Av)	Novar Gardens
Muirfield St - (Sunningdale Av to Bonython Av)	Novar Gardens
Pitcairn Av - (Montana Dr to Lindfield Av)	Novar Gardens
St Cloud St - (St Andrews Cres to Sunningdale Av)	Novar Gardens
Sunningdale Av - (St Andrews Cres to Muirfield St)	Novar Gardens
Boswarva Av - (Emma Pl to Property No 13)	Plympton
Crews Cr - (Boswarva Ave to Osborn Tce)	Plympton
Emma Pl - (Boswarva Av to Property No 5)	Plympton
Lincoln Av - (Anzac Hwy to Mabel St)	Plympton
Michel Av - (Belgrave St to Padget St)	Plympton
Osborn Tce - (Property No 4 to Errington St)	Plympton
Osborn Tce - (Property No 63 to Boswarva Av)	Plympton
Osborn Tce - (Property No 79 to Property No 89)	Plympton
Sarah-Jay Ct - (Chapel St to End)	Plympton
Streeters Rd - (Dingera Av to Spring St)	Plympton
Turner Av - (Marion Rd to Glengyle Tce)	Plympton
Chambers Av - (Bignell St to Lucas St)	Richmond
Devon St - (Leicester St to End)	Richmond
Milner Rd - (Kingston Av to Haynes Av)	Richmond
Sanders St - (Kitson Av to Bickford St)	Richmond
Sanders St - (Lucas St to Bignell St)	Richmond
Weaver Av - (Richmond Rd to Lucas St)	Richmond
Fairfax Tce - (Elizabeth St to Property No 16)	Torrensville
Ferris St - (Torrens St to End)	Torrensville
Frasten St - (Torrens St to End)	Torrensville
Jervois St - (Meyer St to Ashwin Pde)	Torrensville
Lantana Ct - (Hopson St to End)	Torrensville
Ross St - (Marion Rd to Hopson St)	Torrensville
Ward St - (Torrens St to End)	Torrensville
Ingerson St - (Neptune Cres to Woodhead St)	West Beach
Knight St - (End to Morley St)	West Richmond
Road Rejuvenation	Various Locations

Long Term Financial Plan

The City of West Torrens Long-Term Financial Plan (LTFP) outlines our Council's financial projections for planned activities over a 10 year timeframe.

The Local Government Act 1999, requires councils to prepare a LTFP covering a period of at least 10 years.

This Plan is a key document in the Council's Strategic Planning Framework. It is the primary financial management tool which links the Council's Community Plan Towards 2030, Asset Management Plans and the Annual Business Plan and Budget.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity, rather than predicting the future financial performance and position of the Council. The Plan should be viewed as a guide to future actions or opportunities which encourages the Council to think about the future impact of decisions made today on its long-term financial sustainability.

Financial sustainability implies equity between generations. That is, each generation of ratepayers should pay for the services they consume. Future generations should not have to pay more as a result of decisions made by earlier generations to delay maintaining and renewing assets. Also, future generations should not benefit at the expense of the current generation of ratepayers.

Maintaining services implies that infrastructure assets (e.g. roads, stormwater etc.) are also appropriately maintained and renewed, and that there is investment in new assets. Two significant costs associated with infrastructure assets are depreciation, which is the decline in value of assets through their use, and borrowing costs to fund new assets. Depreciation and borrowing costs both support intergenerational equity.

Long Term Financial Plan Strategy

Year one of the LTFP is set to match the budget in the Annual Business Plan. Then, through careful consideration of changes that will occur in our asset base, changes in service provision and assumptions we project Council's financial position for a 10 year period. There have been a number of unpredictable events in recent years, including COVID-19 and more recently the increase in inflation, which potentially impacts future years. Unexpected events and other unplanned movements in the Council's financials will occur in the future and, consequently, the reality will be different from what we are currently forecasting.

Does it make sense to plan when reality often defies expectations?

The intent is to undertake a health check on the Council's financial position given the best information we have at the time. We want to ensure that there is capacity to continue to provide existing services and ensure our assets are well maintained and that new and improved assets can be funded as needed to meet community needs, and that this can be achieved within reasonable rate increases.

The LTFP is underpinned by a number of key assumptions. A range of data sources are used in forming assumptions. These assumptions are at a point in time and the future will vary, however they represent the best information at the time of preparing the plan. We refer to CPI in our plans as it is an index understood by the community, however, as it represents a basket of goods typically purchased by households it does not represent the mix of goods and services purchased by the Council.

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2033.

Statement of Comprehensive Income - General Fund

Projected Years	2023/24 $	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $
Income										
Rates	71,053,519	75,317,918	79,093,142	83,058,309	87,221,089	91,593,274	96,183,367	101,005,162	105,046,584	108,211,364
Statutory Charges	2,379,120	2,464,767	2,538,711	2,607,257	2,677,651	2,749,948	2,824,198	2,900,450	2,978,762	3,059,189
User Charges	1,946,763	2,016,846	2,077,352	2,133,440	2,191,043	2,250,201	2,310,957	2,373,354	2,437,434	2,503,245
Grants, Subsidies and Contributions	3,371,274	3,454,281	2,908,525	2,974,958	3,043,182	3,113,249	3,185,208	3,259,110	3,335,007	3,412,953
Investment Income	150,350	155,764	160,436	164,768	169,217	173,786	178,478	183,296	188,245	193,327
Reimbursements	294,000	304,585	313,722	322,193	330,891	339,826	349,001	358,425	368,102	378,041
Other Income	203,600	210,940	217,280	223,155	229,196	235,394	241,760	248,303	255,007	261,892
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**79,398,626**	**83,925,101**	**87,309,168**	**91,484,080**	**95,862,269**	**100,455,679**	**105,272,968**	**110,328,098**	**114,609,141**	**118,020,011**
Expenses										
Employee Costs	27,846,333	29,864,724	32,029,335	34,342,614	35,269,865	36,222,151	37,200,149	38,204,553	39,236,076	40,295,450
Materials, Contracts & Other Expenses	28,720,914	30,011,365	31,258,909	32,507,202	33,812,073	35,175,914	36,601,223	38,090,648	38,884,688	39,701,395
Depreciation, Amortisation & Impairment	18,750,557	19,321,102	19,909,184	20,515,343	21,140,141	21,784,154	22,447,977	23,132,199	23,828,832	24,546,444
Finance Costs	976,899	1,234,163	1,968,884	2,049,768	2,192,438	2,302,811	2,318,906	2,295,035	2,161,368	1,825,070
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**76,294,703**	**80,431,354**	**85,166,312**	**89,414,928**	**92,414,517**	**95,485,031**	**98,568,256**	**101,722,436**	**104,110,965**	**106,368,360**
Operating Surplus / (Deficit)	**3,103,923**	**3,493,747**	**2,142,856**	**2,069,153**	**3,447,752**	**4,970,648**	**6,704,712**	**8,605,662**	**10,498,176**	**11,651,652**
Asset Disposal & Fair Value Adjustments	-	-	(13,000,000)	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	700,000	41,100,000	7,500,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Physical Resources Received Free of Charge	-	-	13,000,000	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**3,803,923**	**44,593,747**	**9,642,856**	**2,769,153**	**4,147,752**	**5,670,648**	**7,404,712**	**9,305,662**	**11,198,176**	**12,351,652**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2033.

Statement of Financial Position - General Fund

Projected Years	2023/24 $	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $
ASSETS										
Current Assets										
Cash & Cash Equivalents	1,462,169	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Trade & Other Receivables	2,606,417	3,130,398	2,849,631	2,900,545	3,023,093	3,151,260	3,285,267	3,425,460	3,547,677	3,649,740
Other Financial Assets	1,764,577	1,764,577	1,764,577	1,764,577	1,764,577	1,764,577	1,764,577	1,764,577	1,764,577	1,764,577
Inventories	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Total Current Assets	**5,851,162**	**7,912,975**	**7,632,207**	**7,683,122**	**7,805,669**	**7,933,837**	**8,067,844**	**8,208,037**	**8,330,253**	**8,432,317**
Non-Current Assets										
Financial Assets	263,000	263,000	263,000	263,000	263,000	263,000	263,000	263,000	263,000	263,000
Equity Accounted Investments in Council Businesses	17,232,000	17,232,000	17,232,000	17,232,000	17,232,000	17,232,000	17,232,000	17,232,000	17,232,000	17,232,000
Infrastructure, Property, Plant & Equipment	877,615,438	941,226,051	953,316,921	961,416,404	969,726,657	976,407,025	983,501,996	988,819,646	994,358,986	1,009,810,789
Other Non-Current Assets	9,344,000	9,344,000	9,344,000	9,344,000	9,344,000	9,344,000	9,344,000	9,344,000	9,344,000	9,344,000
Total Non-Current Assets	**904,454,438**	**968,065,051**	**980,155,921**	**988,255,404**	**996,565,657**	**1003246025**	**1010340996**	**1015658646**	**1021197986**	**1036649789**
TOTAL ASSETS	**910,305,600**	**975,978,026**	**987,788,128**	**995,938,526**	**1,004,371,327**	**1,011,179,862**	**1,018,408,839**	**1,023,866,682**	**1,029,528,239**	**1,045,082,106**
LIABILITIES										
Current Liabilities										
Trade & Other Payables	6,140,072	6,439,727	6,734,836	7,035,035	7,304,549	7,585,815	7,879,318	8,185,586	8,367,174	8,551,196
Borrowings	3,068,317	4,390,655	4,849,997	5,534,368	6,219,295	6,792,471	7,342,931	7,742,159	5,973,887	6,637,956
Provisions	5,308,733	5,308,733	5,308,733	5,308,733	5,308,733	5,308,733	5,308,733	5,308,733	5,308,733	5,308,733
Other Current Liabilities	11,882,083	11,882,083	11,882,083	11,882,083	11,882,083	11,882,083	11,882,083	11,882,083	11,882,083	11,882,083
Total Current Liabilities	**26,399,204**	**28,021,198**	**28,775,649**	**29,760,218**	**30,714,659**	**31,569,101**	**32,413,064**	**33,118,561**	**31,531,877**	**32,379,967**
Non-Current Liabilities										
Borrowings	52,309,875	71,766,560	73,179,355	77,576,030	80,906,637	81,190,083	80,170,386	75,617,070	71,667,134	74,021,259
Provisions	275,267	275,267	275,267	275,267	275,267	275,267	275,267	275,267	275,267	275,267
Total Non-Current Liabilities	**52,585,143**	**72,041,827**	**73,454,623**	**77,851,298**	**81,181,905**	**81,465,351**	**80,445,653**	**75,892,338**	**71,942,402**	**74,296,527**
TOTAL LIABILITIES	**78,984,347**	**100,063,025**	**102,230,271**	**107,611,516**	**111,896,564**	**113,034,452**	**112,858,717**	**109,010,898**	**103,474,278**	**106,676,494**
Net Assets	**831,321,253**	**875,915,001**	**885,557,857**	**888,327,010**	**892,474,762**	**898,145,410**	**905,550,122**	**914,855,784**	**926,053,961**	**938,405,612**
EQUITY										
Accumulated Surplus	127,930,253	172,524,001	182,166,857	184,936,010	189,083,762	194,754,410	202,159,122	211,464,784	222,662,961	235,014,612
Asset Revaluation Reserves	661,650,000	661,650,000	661,650,000	661,650,000	661,650,000	661,650,000	661,650,000	661,650,000	661,650,000	661,650,000
Other Reserves	41,741,000	41,741,000	41,741,000	41,741,000	41,741,000	41,741,000	41,741,000	41,741,000	41,741,000	41,741,000
Total Equity	**831,321,253**	**875,915,001**	**885,557,857**	**888,327,010**	**892,474,762**	**898,145,410**	**905,550,122**	**914,855,784**	**926,053,961**	**938,405,612**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2033.

Statement of Cash Flows - General Fund

Projected Years	2023/24 $	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	70,929,579	75,228,087	79,013,615	82,974,781	87,133,398	91,501,173	96,086,675	100,903,589	104,961,450	108,144,697
Statutory Charges	2,351,018	2,455,020	2,530,296	2,599,456	2,669,640	2,741,720	2,815,748	2,891,772	2,969,850	3,050,036
User Charges	1,963,179	2,008,871	2,070,466	2,127,057	2,184,488	2,243,469	2,304,043	2,366,253	2,430,142	2,495,755
Grants, Subsidies and Contributions (operating purpose)	3,442,894	3,051,229	3,295,941	3,033,994	3,035,711	3,105,576	3,177,328	3,251,017	3,326,696	3,404,418
Investment Receipts	157,470	155,562	160,262	164,606	169,051	173,615	178,303	183,116	188,060	193,138
Reimbursements	293,536	304,041	313,252	321,758	330,445	339,367	348,529	357,941	367,605	377,530
Other	207,545	210,104	216,558	222,487	228,508	234,688	241,036	247,558	254,244	261,109
Payments:										
Payments to Employees	(27,774,583)	(29,805,570)	(31,965,783)	(34,274,624)	(35,243,132)	(36,194,697)	(37,171,954)	(38,175,596)	(39,206,337)	(40,264,909)
Payments for Materials, Contracts & Other Expenses	(28,484,402)	(29,782,658)	(31,037,806)	(32,285,967)	(33,580,810)	(34,934,201)	(36,348,616)	(37,826,678)	(38,743,961)	(39,556,650)
Finance Payments	(976,899)	(1,234,163)	(1,968,884)	(2,049,768)	(2,192,438)	(2,302,811)	(2,318,906)	(2,295,035)	(2,161,368)	(1,825,070)
Net Cash provided (or used in) Operating Activities	**22,109,338**	**22,590,523**	**22,627,917**	**22,833,780**	**24,734,860**	**26,907,900**	**29,312,185**	**31,903,936**	**34,386,380**	**36,280,054**
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	700,000	41,100,000	7,500,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Sale of Replaced Assets	922,000	922,000	922,000	922,000	922,000	922,000	922,000	922,000	922,000	922,000
Payments:										
Expenditure on Renewal/Replacement of Assets	(16,403,719)	(16,563,431)	(17,160,097)	(16,332,558)	(19,961,525)	(18,031,614)	(19,233,652)	(17,726,403)	(18,119,305)	(18,851,159)
Expenditure on New/Upgraded Assets	(13,434,408)	(67,290,284)	(15,761,957)	(13,204,268)	(10,410,869)	(11,354,908)	(11,231,295)	(11,645,446)	(12,170,867)	(22,069,089)
Net Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	**(28,216,127)**	**(41,831,715)**	**(24,500,054)**	**(27,914,826)**	**(28,750,394)**	**(27,764,522)**	**(28,842,947)**	**(27,749,849)**	**(28,668,172)**	**(39,298,248)**
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings	5,522,293	23,847,340	6,262,792	9,931,043	9,549,902	7,075,917	6,323,233	3,188,844	2,023,951	8,992,081
Payments:										
Repayments of CAD	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(2,705,914)	(3,068,317)	(4,390,655)	(4,849,997)	(5,534,368)	(6,219,295)	(6,792,471)	(7,342,931)	(7,742,159)	(5,973,887)
Net Cash Flow provided (used in) Financing Activities	**2,816,379**	**20,779,023**	**1,872,137**	**5,081,046**	**4,015,534**	**856,622**	**(469,238)**	**(4,154,087)**	**(5,718,208)**	**3,018,194**
Net Increase/(Decrease) in Cash & Cash Equivalents	**(3,290,410)**	**1,537,831**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
plus: Cash & Cash Equivalents - beginning of year	**4,752,579**	**1,462,169**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**
Cash & Cash Equivalents - end of the year	**1,462,169**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2033.

Statement of Changes In Equity - General Fund

Projected Years	2023/24 $	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $
Opening Balance	827,517,330	831,321,253	875,915,001	885,557,857	888,327,010	892,474,762	898,145,410	905,550,122	914,855,784	926,053,961
Net Surplus / (Deficit) for Year	3,803,923	44,593,747	9,642,856	2,769,153	4,147,752	5,670,648	7,404,712	9,305,662	11,198,176	12,351,652
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	**3,803,923**	**44,593,747**	**9,642,856**	**2,769,153**	**4,147,752**	**5,670,648**	**7,404,712**	**9,305,662**	**11,198,176**	**12,351,652**
Equity - Balance at end of the reporting period	**831,321,253**	**875,915,001**	**885,557,857**	**888,327,010**	**892,474,762**	**898,145,410**	**905,550,122**	**914,855,784**	**926,053,961**	**938,405,612**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2033.

Uniform Presentation Of Finances - General Fund

Projected Years	2023/24 $	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $
Operating Activities										
Income	79,398,626	83,925,101	87,309,168	91,484,080	95,862,269	100,455,679	105,272,968	110,328,098	114,609,141	118,020,011
less Expenses	(76,294,703)	(80,431,354)	(85,166,312)	(89,414,928)	(92,414,517)	(95,485,031)	(98,568,256)	(101,722,436)	(104,110,965)	(106,368,360)
Operating Surplus / (Deficit)	**3,103,923**	**3,493,747**	**2,142,856**	**2,069,153**	**3,447,752**	**4,970,648**	**6,704,712**	**8,605,662**	**10,498,176**	**11,651,652**
Capital Activities										
***less* (Net Outlays) on Existing Assets**										
Capital Expenditure on Renewal and Replacement of Existing Assets	(16,403,719)	(16,563,431)	(17,160,097)	(16,332,558)	(19,961,525)	(18,031,614)	(19,233,652)	(17,726,403)	(18,119,305)	(18,851,159)
add back Depreciation, Amortisation and Impairment	18,750,557	19,321,102	19,909,184	20,515,343	21,140,141	21,784,154	22,447,977	23,132,199	23,828,832	24,546,444
add back Proceeds from Sale of Replaced Assets	922,000	922,000	922,000	922,000	922,000	922,000	922,000	922,000	922,000	922,000
(Net Outlays) on Existing Assets	**3,268,838**	**3,679,671**	**3,671,087**	**5,104,785**	**2,100,616**	**4,674,540**	**4,136,325**	**6,327,796**	**6,631,527**	**6,617,285**
***less* (Net Outlays) on New and Upgraded Assets**										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(13,434,408)	(67,290,284)	(15,761,957)	(13,204,268)	(10,410,869)	(11,354,908)	(11,231,295)	(11,645,446)	(12,170,867)	(22,069,089)
add back Amounts Received Specifically for New and Upgraded Assets	700,000	41,100,000	7,500,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
(Net Outlays) on New and Upgraded Assets	**(12,734,408)**	**(26,190,284)**	**(8,261,957)**	**(12,504,268)**	**(9,710,869)**	**(10,654,908)**	**(10,531,295)**	**(10,945,446)**	**(11,470,867)**	**(21,369,089)**
Net Lending / (Borrowing) for Financial Year	**(6,361,647)**	**(19,016,865)**	**(2,448,014)**	**(5,330,330)**	**(4,162,501)**	**(1,009,721)**	**309,742**	**3,988,013**	**5,658,836**	**(3,100,152)**

Long Term Financial Plan (continued)

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2033.

Key Performance Indicators - General Fund

- ● Within green benchmark (green min and/or green max)
- ● Within amber benchmark (amber min and/or amber max)
- ● Not within benchmark (amber min and/or amber max)
- — Within green benchmark
- ↗ above green maximum and below amber maximum
- ↘ below green minimum and above amber minimum
- ↑ above amber maximum
- ↓ below amber minimum

Projected Years	Operating Surplus Ratio – Snapshot	Operating Surplus Ratio – Actual Ratio	Adjusted Operating Surplus Ratio – Snapshot	Adjusted Operating Surplus Ratio – Actual Ratio	Net Financial Liabilities Ratio – Snapshot	Net Financial Liabilities Ratio – Actual Ratio	Asset Renewal Funding Ratio – Snapshot	Asset Renewal Funding Ratio – Actual Ratio	Other Ratios: Net Financial Liabilities - Adjusted for Leases – Snapshot	Net Financial Liabilities - Adjusted for Leases – Actual Ratio
2023/24 $	● —	3.91%	● —	3.91%	● —	91.80%	● —	100.00%	● —	78.31%
2024/25 $	● —	4.16%	● —	4.16%	● ↑	109.51%	● —	100.00%	● —	96.74%
2025/26 $	● —	2.425%	● —	2.26%	● ↑	108.07%	● —	100.00%	● —	95.80%
2026/27 $	● —	2.26%	● —	2.23%	● ↑	108.96%	● —	100.00%	● —	97.25%
2027/28 $	● —	3.60%	● —	3.60%	● ↑	108.33%	● —	100.00%	● —	97.15%
2028/29 $	● —	4.95%	● —	4.95%	● ↑	104.38%	● —	100.00%	● —	93.71%
2029/30 $	● —	6.37%	● —	6.37%	● —	99.31%	● —	100.00%	● —	89.13%
2030/31 $	● —	7.80%	● —	7.80%	● —	91.14%	● —	100.00%	● —	81.43%
2031/32 $	● —	9.16%	● —	9.16%	● —	82.80%	● —	100.00%	● —	73.45%
2032/33 $	● —	9.87%	● —	9.87%	● —	83.04%	● —	100.00%	● —	73.96%

Council's Target Benchmarks

Note 15 Ratios

Councils are integral to the growth and prosperity of local communities as they provide a range of important services, infrastructure and assets to ensure that people have safe and attractive neighbourhoods in which to live and work.

As such, financial sustainability is imperative to ensure that councils can continue to provide for their communities into the future.

Defined by the Local Government Association (LGA), financial sustainability is where a council's long-term financial performance and position is sustainable with planned long-term service and infrastructure levels, and standards are met without unplanned increases in rates or disruptive cuts to services.

In simple terms, the principle of financial sustainability is that each generation 'pays their way' for the services and assets that they consume. By prioritising ongoing operating surpluses in our budgeting, we ensure financial sustainability, while minimising the accumulation of 'bad' debt resulting from deficit budgets. Moreover, we aim to responsibly manage 'good' debt associated with high-quality community assets throughout their lifespan. Our dedication to achieving and maintaining financial sustainability will consistently yield benefits for our community.

The City of West Torrens adopts a holistic and proactive approach to financial management. The management of operating results, debt and asset growth is integrated into strategic planning, asset management planning and long-term financial plans, as well as the day-to-day activities of Council. This ensures measured decision making, performance management and regulatory reporting for the benefit of the organisation and the community we serve.

Finance strategy

Council's finance strategy is based on achieving a long-term financial position that is able to deliver planned services, manage debt and support and promote the growth of West Torrens.

Our Long-Term Financial Plan (LTFP) modelling provides a high level budget framework to guide us when preparing budget details and ensures that we understand the future impact of decisions made today.

The modelling assumes that we will continue to use debt in the short and longer term as a mechanism for funding new or enhanced assets as a way of achieving inter-generational equity.

The finance strategy is based on key parameters regarding sustainability and is used as a guiding principle for assessing the financial impact of all decisions. These key parameters are:

- Generating a responsible operating surplus ratio as defined by the LGA

The LGA uses a benchmark of a council having an average operating ratio surplus over time between 0% and 10%.

This indicator is by far the most important financial indicator for councils. If a council consistently achieves a modest positive operating surplus ratio, and has soundly based projections showing that it can continue to do so in future, having regard to asset management and its community's service level needs, then it is financially sustainable.

- Debt management strategy

Effective debt management provides security for councils' financial sustainability. The LGA prescribes debt as a suitable way to provide intergenerational equity to ensure that all generations share the responsibility for the assets and services they consume. Debt management, therefore, requires an understanding of debt purpose, debt profile (e.g. fixed or variable) and a clear repayment strategy. Management of these key areas ensures that debt is sustainable regardless of the level.

The LGA recommends that the net financial liabilities ratio is between zero and 100% of total operating income, but possibly higher in some circumstances. It should be noted that our Council also provides an adjusted net liabilities ratio in addition to the standard ratio to recognise the high level of lease liability, which in our view should not be included in the standard ratio.

Before considering an increase in its indebtedness, a council needs to recognise that interest associated with borrowings will impact negatively on its operating result. However, councils with significant asset rehabilitation and replacement backlogs may find that their financial sustainability is improved if they raise borrowings to finance the works needed to address these backlogs, i.e. if the operational savings achieved from addressing these backlogs exceed the additional interest costs resulting from the borrowings raised, financial sustainability would be improved. For example, it may be a financially better option for a council to borrow money to undertake the reseal of a deteriorating road sooner than originally planned and thus avoid having to fully reconstruct the road within a few years at a cost two or three times the cost of the timely reseal.

There is no right or wrong target range for the net financial liabilities ratio. Different councils (or the same council at various stages in time in its long-term financial plan) could appropriately have very different target ranges and each could be equally responsible and financially sustainable, depending upon their circumstances. A target range should be set by a council having regard to the target for its operating surplus ratio and the needs that are identified in its long-term financial plan and its infrastructure and asset management plan. The target ratio should normally be (especially over the medium to longer–term) greater than zero. If not, that is likely to imply that a council places a higher priority on accumulating financial assets than applying funds generated from ratepayers to the provision of services including infrastructure renewal. It is suggested that in 'normal' circumstances the target ceiling for a net financial liabilities ratio be generally no more than 100% of operating income to ensure the ratio remains within conventionally prudent limits. However, a well-managed council committed to sound financial strategies (particularly during a time of significant development) could comfortably allow a higher net financial liabilities ratio. Also, while any target ratio should effectively provide a guide to influence income and expenditure decisions and to constrain borrowings, it would make sense to borrow to fund the replacement of an asset at the end of its 'economic life' if funds were not available from other sources (and assuming that existing service levels were considered affordable).

- Asset growth management

Council accepts responsibility for providing a high standard of assets and services to the community and this is also what the community expect. In doing so, it is essential to have strong financial management surrounding asset growth and renewal. In order to provide assets, Council must ensure that assets can be funded.

The asset renewal ratio shows whether assets are being renewed and replaced in an optimal way, compared with the asset renewal and replacement expenditure identified as warranted in a council's Infrastructure and Asset Management Plan (IAMP).

In terms of funding asset growth, options include:

1) increasing rates

2) additional loan funding

3) asset sales.

Obtaining the right mix of these options is important for maintaining intergenerational equity.

Overall the finance strategy underpins the council's ability to deliver on financial sustainability. This LTFP indicates that our Council is well equipped to manage the demands of our asset management growth for years to come.

Long Term Financial Plan (LTFP) results

The LTFP forecasts on the preceding pages indicate that Council's financial position and performance during the course of the next 10 years is both responsible and sustainable.

Council is forecasting budgeted financial ratios within the ranges recommended by the LGA over the 10 year life of the plan and anticipates borrowings to decrease from the 2022-23 LTFP projection.

Terry Buss PSM
Chief Executive Officer

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