

CITY OF WEST TORRENS



Notice of Committee Meeting

NOTICE IS HEREBY GIVEN in accordance with Sections 87 and 88 of the
Local Government Act 1999, that a meeting of the

AUDIT GENERAL COMMITTEE

Members: Councillor J Woodward (Presiding Member),
Councillor J Wood, D Huggett
Independent Members: E Moran, A Rushbrook

of the

CITY OF WEST TORRENS

will be held in the Mayor's Reception Room, Civic Centre
165 Sir Donald Bradman Drive, Hilton

on

TUESDAY, 13 AUGUST 2019
at 6.00pm

Angelo Catinari
Chief Executive Officer (Acting)

City of West Torrens Disclaimer

Please note that the contents of this Committee Agenda have yet to be considered by Council and Committee recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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1 MEETING OPENED**1.1 Evacuation Procedures****2 PRESENT****3 APOLOGIES****4 DISCLOSURE STATEMENTS**

Committee Members are required to:

1. Consider Section 73 and 75 of the *Local Government Act 1999* and determine whether they have a conflict of interest in any matter to be considered in this Agenda; and
2. Disclose these interests in accordance with the requirements of Sections 74 and 75A of the *Local Government Act 1999*.

5 CONFIRMATION OF MINUTES**RECOMMENDATION**

That the Minutes of the meeting of the Audit General Committee held on 11 June 2019 be confirmed as a true and correct record.

6 COMMUNICATION BY THE CHAIRPERSON**7 PRESENTATIONS**

Mr Chris James, Manager of Information Services for the City of West Torrens will be attending to present on the current cyber security arrangements at the City of West Torrens.

8 OUTSTANDING REPORTS/ACTIONS

8.1 Open Actions Update

Brief

This report presents an update on the current status of open actions from previous meetings of the Audit General Committee.

RECOMMENDATION

It is recommended to the Committee that it notes two open actions which are currently in progress.

Introduction

A report is presented to each ordinary meeting of the Audit General Committee (Committee) detailing the status of open actions from previous Committee meetings.

Discussion

Two (2) actions arose from the 17 April 2019 meeting (**Attachment 1**). These actions are in progress and developments will be reported to future Committee meetings.

Conclusion

This report advises that there are two (2) open actions still in progress.

Attachments

1. Open Actions Report as at 22 July 2019

Audit General Committee Open Actions

August 2019

EMT = Executive Management Team
 CEO = Chief Executive Officer
 GMB&CS = General Manager Business & Community Services
 GMCR = General Manager Corporate & Regulatory
 GMUS = General Manager Urban Services
 PLSR = Program Leader Strategic Resilience

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
OPEN ACTIONS					
1	Arrange for the Manager Information Services to provide a presentation at a future meeting of the Audit General Committee on the current cyber security arrangements at the City of West Torrens.	August 2019	GMCR	A presentation will be provided by the Manager Information Services to the August 2019 Committee meeting.	In progress April 2019
2	Consider bringing the planned Cyber Security Audit forward in the 2018-2022 Internal Audit Plan.	October 2019	PLSR	Rescheduling is under consideration. To be finalised after presentation from Manager Information Services to August 2019 Committee meeting.	In progress April 2019

9 REPORTS OF THE CHIEF EXECUTIVE OFFICER

9.1 FINANCIAL REPORTING AND SUSTAINABILITY

9.1.1 Annual Budget and Business Plan

Brief

This report presents Council's Adopted Budget and Annual Business Plan 2019-20 for information.

RECOMMENDATION

It is recommended to the Committee that the Adopted Budget and Annual Business Plan 2019-20 report be noted.

Introduction

The *Budget and Annual Business Plan 2019-20* was adopted by Council at its 2 July 2019 meeting and is presented to the Committee for its information.

Discussion

Pursuant to and in accordance with s123 of the *Local Government Act 1999* (Act) and regulation 6 of the *Local Government (Financial Management) Regulations 2011*, having considered all submissions in accordance with s123(6) of the Act, the Annual Business Plan for 2019/20, included as a part of the Budget and Annual Business Plan 2019/20, was adopted at the 2 July 2019 meeting of Council following the required public consultation as prescribed by s123(3)(b) of the Act.

The budget for 2019/20, as a part of the Budget and Annual Business Plan 2019/20 includes:

- the budgeted statement of comprehensive income;
- the budgeted statement of financial position;
- the budgeted statement of cash flows; and
- the budgeted statement of changes in equity.

Conclusion

The Adopted Budget and Annual Business Plan 2019-20 is presented to the Committee for its information.

Attachments

- 1. Adopted Budget and Annual Business Plan 2019-20 (under separate cover)**

9.1.2 Financial Reporting

Brief

This report lists those finance related reports which were considered by Council between 5 June 2019 and 7 August 2019.

RECOMMENDATION

It is recommended to the Committee that the Financial Reporting report be received.

Introduction

The Audit General Committee (Committee) is presented with a list, at each of its ordinary meetings, of those finance related reports considered by Council since the Committee's last ordinary meeting. These reports and associated minutes, which are detailed below, are available on Council's website at www.westtorrens.sa.gov.au.

Discussion

The following reports were considered by Council/Council Committee between 5 June 2019 and 7 August 2019:

18 June 2019 - Council and Standing Committees

- Creditor Payments
- Council Budget Report - ELEVEN Months to 31 May 2019
- Public Consultation on the Draft Budget and Annual Business Plan 2019/20

2 July 2019 - Council and Standing Committees

- Adoption of the Budget and Annual Business Plan and Declaration of the Rates for 2019/20

16 July 2019 - Council and Standing Committees

- Creditor Payments
- Property Leases

23 July 2019 - City Facilities and Waste Recovery General Committee

- Nil

6 August 2019 - Council and Standing Committees

- Nil

Conclusion

This report lists finance related reports which were considered by Council between 5 June 2019 and 7 August 2019

Attachments

Nil

9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

Nil

9.3 INTERNAL AUDIT

9.3.1 Building Rules Assessment Audit

Brief

This report presents the results of the Department of Planning, Transport and Infrastructure Building Rules Assessment Audit.

RECOMMENDATION

It is recommended to the Committee that the Department of Planning, Transport and Infrastructure Building Rules Assessment Audit be received.

Introduction

The Department of Planning, Transport and Infrastructure (DPTI) can, under s56B of the *Development Act 1993* (Act), undertake an audit on any council or private certifier who undertakes Building Rules assessments. Section 56B of the Act sets out the purpose and nature of the audits.

As such, DPTI recently completed a Building Rules Assessment Audit (Audit) of the City of West Torrens (CWT) in accordance with s56B of the Act. The first of such audits undertaken at the CWT.

This report presents the outcomes of that audit with subsequent audits to be undertaken every five years.

Discussion

The Audit confirmed that the CWT is fulfilling its obligations regarding Building Rules assessments and the final report from DPTI is presented to the Committee for its information (**Attachment 1**).

The next stage of the Audit requires the Administration to take action in areas where non-compliances were evident as stated in the report. As such, a Corrective Actions Plan detailing the actions required in order to rectify non-compliances has been established and copied from the final report from DPTI (**Attachment 2**). It should be noted that in all instances where non-compliances were observed, plans, projects and structures were in place to work towards this as the Audit was being conducted.

Conclusion

DPTI recently completed a Building Rules Assessment Audit of the CWT in accordance with section 56B of the *Development Act 1993* (SA). The Corrective Actions will be actioned accordingly and reported back to the Committee in line with current audit recommendation reporting requirements.

Attachments

1. **Building Rules Assessment Audit Report**
2. **Building Rules Assessment Audit Corrective Actions**



BUILDING RULES ASSESSMENT AUDIT REPORT

CITY OF WEST TORRENS

Third Party Audit Services, Risk and Assurance
Department of Planning, Transport and Infrastructure

Final Report: 15 July 2019

Building Rules Assessment Audit Report

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Document History

Version	Date	Author	Comment
1.0	27/5/19	Senior Auditor, TPAS	Draft report
2.0	4/7/19	Senior Auditor, TPAS	Updated following audit exit meeting 3/7/19
2.0	12/7/19	Manager City Development	Proposed corrective actions and timeframes for completion
3.0	12/7/19	Senior Auditor, TPAS	Update of management actions
3.0	15/7/19	Team Leader, TPAS	Final report issued

Audit limitations

Audit testing procedures are based on a sample basis, enabling the auditor to reach conclusions about large data sets without examining each individual building rules consent. There is the potential that audit evidence collected using the sampling technique does not identify good practices, errors, non-conformances or fraud.

A reasonable assurance engagement for the period 1 July 2017 to 30 June 2018 does not provide assurance on whether compliance with the Act and Development Regulations 2008 (the Regulations) and associated requirements will continue in the future.

Disclaimer

This report is confidential and only for distribution and viewing by the council and authorised staff within the Department of Planning, Transport and Infrastructure. The report has been prepared for the purpose of reporting on compliance with the Act and the Regulations. We disclaim any assumption of responsibility for any reliance on this report to any person, or for any other purpose other than that for which it was prepared.

Building Rules Assessment Audit Report - Summary



Section 56B of the Development Act 1993 (the Act) requires a building rules assessment audit of councils and private certifiers undertaking the assessment of proposed developments against the provisions of the Building Rules.

We have conducted the building rules assessment audit of City of West Torrens in accordance with the engagement letter and terms of engagement dated 1st May 2019.

What was audited?

Auditors randomly selected a total of 32 development applications commenced by the council between 1 April 2018 and 10 May 2019.

Processes and procedures for the assessment of the proposed developments against the provisions of the Building Rules were reviewed to evidence compliance with legislative requirements, including:

- Application of up-to-date legislation, codes and standards;
- Records management;
- Delegation(s), authorisation(s) and accreditation(s);
- Ethical and professional conduct;
- Third party advice and certification;
- Mandatory reporting; and
- Fees, insurance and levies.

A summary of the key procedures performed as part of the audit is included in Appendix 2.

How was the audit conducted?

The audit consisted of observations of work procedures, discussions with staff and management, and checking of documentation.

Pathways workflows along with documentation retention and linking capabilities allows council to consistently perform building rules assessment procedures. The level of documentation readily available was for the most part exemplary with some minor exceptions as noted within the detailed findings section.

The majority of non-compliances resulted from what appeared to be oversights of collection of standard details that hadn't been included within the applicants supporting documentation. These errors could easily be avoided by ensuring staff are correctly validating documentation via a peer review process. Administrative tasks have also impacted on the audit result, with some findings the result of the reliance placed on incorrectly designed IT system internal controls and report generation functionality.

Next steps

Management at City of West Torrens have identified actions to address non-compliances detailed within the report. These actions should be implemented within the timeframes identified within the report.

Should the council wish to, they may contact Third Party Audit Services to schedule a follow up audit per 56B(5) of the Act.

Building Rules Assessment Audit Report - Summary

MAINTAIN LEGISLATIVE
KNOWLEDGE



COMPETENCY



ETHICAL & PROFESSIONAL
CONDUCT



AUTHORITY &
RESPONSIBILITY



THIRD PARTY ADVICE &
CERTIFICATION



MANDATORY
REPORTING



PRIVATE CERTIFIER
MANAGEMENT



BUILDING RULES ASSESSMENT
APPLICATION



BUILDING RULES ASSESSMENT
REFERRALS



VARIANCE WITH THE
BUILDING RULES



RECORDS
MANAGEMENT




These 11 compliance ratings provide a snapshot of the results for each audit area assessed as part of our building rules assessment process review.

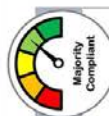
Further information can be found within the attached detailed audit findings, along with our ratings guide (Appendix 1) and audit testing procedures (Appendix 2).

Audit Results – Detailed Audit Findings

Details of non-compliances with the Development Act 1993, Development Regulations 2008 and associated code of practices and requirements are provided below.

Mandatory reporting		Audit Criteria: Accurately and timely quarterly and system indicator reporting.	
Ref #	Audit Finding	Requirement	
1.1	<p>Untimely quarterly levy reporting</p> <p>Quarterly fee reporting and disbursements were completed outside of legislated timeframes. For the period under review (1/4/2018 to 31/5/2019), 2 out of 4 quarterly reports were 12 and 61 days overdue.</p> <p><i>Council response / corrective action and timeframe for implementation</i></p> <p>Quarterly fee reporting and disbursements will be aimed to be completed within the legislated timeframes from this quarter onwards. It is noted that statutory disbursements received by Council from the Department of Planning, Transport and Infrastructure have been consistently at least one quarter overdue in recent years.</p>	<p>Development Regulations Schedule 7 Item 2 - Distribution of fees between a council and other authorities</p>	
1.2	<p>Inaccurate quarterly levy reporting</p> <p>Inaccuracies were identified in the quarterly reporting data for the period under review, resulting in immaterial under and over payments on the quarterly levy disbursements. This included:</p> <ul style="list-style-type: none"> - 2 quarterly reports incorrectly stated the number of applications received when compared with source data; and - GST was incorrectly included in the Building Rules Fee disbursement for all 4 quarters. <p><i>Council response / corrective action and timeframe for implementation</i></p> <p>The discrepancy in the dataset appears to have related to an application that was later withdrawn and/or refunded after the quarterly report had been generated. Council's current practice is not to retain the point-in-time data used to calculate the fee distributions, rather if the information is needed in the future reports are regenerated for a specific time period. From now onwards copies of point-in-time data used to calculate the fee distributions will be retained. Council's internal reporting systems used to calculate fee distributions will be reviewed to ensure accuracy in relation to any fees refunded within 6 months. The process for calculating the Building Rules Fee disbursement to exclude GST has been updated. The most recent disbursement for the April-June 2019 quarter that was sent to the Department of Planning, Transport and Infrastructure was GST exclusive.</p>	<p>Development Regulations Schedule 7 Item 2(d) - Distribution of fees between a council and other authorities</p>	

Audit Results – Detailed Audit Findings



Private certifier management		Audit Criteria: Private certifier documentation has been received and reviewed for completeness (where relevant).	
Ref #	Audit Finding		Requirement
2.1	<p>Retention of private certifier documentation</p> <p>A council is required to retain prescribed documentation relating to development applications for at least 10 years, including where a private certifier is the relevant authority. Our review of building rules assessment applications included documentation relating to building rules consents completed by a private certifier. The following documentation was missing from council records:</p> <ul style="list-style-type: none">- 2 instances where there was no 93(a) - Notification of engagement available- 1 instance where the CITB receipt provided by the private certifier was for a different development; and- 1 instance where the prescribed documentation relevant to the building rules consent had not been provided, specifically, there was no written demolition procedure. <p><i>Council response / corrective action and timeframe for implementation</i></p> <p>The existing Private Certification Consistency Checklist template will be updated to identify missing or incorrect documentation from the private certifier, including:</p> <ul style="list-style-type: none">• Section 93(a) - Notification of engagement;• CITB receipt; and• Prescribed documentation. <p>The checklist will be updated and appropriate training provided to APPS team staff within 3 months.</p>		<p>Development Regulations 92 – Provision of information</p> <p>Development Regulations 101 – Documents to be preserved by a council</p> <p>Development Regulation Schedule 5 Item 1(2) – Building rules consent involving demolition</p> <p>Development Regulation 79(2) – Construction industry training fund</p> <p>Development Act 93(1)(b) Authority to be advised of certain matters – engagement</p>
2.2	<p>Acceptance of Incorrect Schedule 1a Building Rules Consent</p> <p>Review of building rules consents completed by a private certifier identified 1 instance where the council had accepted the private certifiers building rules consent without the relevant development plan consent being granted.</p> <p>In this instance the private certifier had completed the building rules consent under Schedule 1A – Development that does not require development plan consent.</p> <p>Review of the supporting documentation identified that the total floor area for the application exceeded 40sqm (2 @ 13.77sqm and 2 @ 12.57sqm = 52.68sqm) and did not fall within the ambit of the Schedule.</p> <p><i>Council response / corrective action and timeframe for implementation</i></p> <p>Appropriate training on Schedule 1A(4)(1)(d) will be provided to APPS and Building team staff within 3 months.</p>		<p>Development Regulations Schedule 1a</p> <p>Specifically: 4(1)(d)(i) – Carports & Verandahs</p>


Audit Results – Detailed Audit Findings



Building rules assessment application		Audit Criteria: Complete deemed-to-satisfy or alternative solution / performance solution applications are received.	
Ref #	Audit Finding	Requirement	
3.1	<p>Retention of prescribed documentation</p> <p>Our review identified 11 of 27 applications assessed by council were supported by incomplete documentation that did not demonstrate all of the prescribed components. This included:</p> <ul style="list-style-type: none"> - 7 applications where the site plan did not include one of the following requirements: <ul style="list-style-type: none"> o North point indicator; o Measurements of the proposed development; o Distances from the boundary for the proposed development; or o Specifics of the proposed development (gate location on pool safety fence). - 2 applications where the detailed drawings did not provide all of prescribed components: <ul style="list-style-type: none"> o Measurements relevant to the detailed drawing; or o Each floor level included within the proposed development. - 1 application where the materials comprising the pool safety fence were not included; - 2 applications where the full details of the pool safety fence and/or safety gate locking mechanism had not been included with the application documentation; and <p>Further, for 8 applications where demolition was included as part of the application, 3 applications were found to not include the prescribed demolition documentation, namely:</p> <ul style="list-style-type: none"> o No description in writing of the construction of the building to be demolished; o No site plan showing the building to be demolished, boundaries, trees and other structures; or o No written demolition procedure, including measures for safety. 	<p><i>Development Regulations Schedule 5 – Plans accompanying an application</i></p>	
	<p><i>Council response / corrective action and timeframe for implementation:</i></p> <p>Officers use computer software include GIS mapping and Trapeze to identify directions and measurements on scaled plans provided by applicants. Where this cannot be identified, updated/amended plans are requested from the applicant. For this reason officers often accept plans which have minor departures from the information requirements listed in Schedule 5.</p> <p>The existing Building Assessment templates will be updated to include a section documenting where plans do not meet Schedule 5 requirements and whether the officer gives dispensation from providing the information specified in Schedule 5 in accordance with Regulation 15(12).</p> <p>The existing Demolition Application Form aims to ensure applicants provide the required information in accordance with Schedule 5.</p> <p>Appropriate training on Schedule 5 information requirements, the use of the demolition application form for replacement structures and the updated templates will be provided to APPS and Building staff within 3 months.</p>		

Audit Results – Detailed Audit Findings

3.2	<p>Calculation of prescribed fees</p> <p>Calculation of prescribed fees for the sampled building rules assessment applications were not consistently undertaken in accordance with Development Regulations Schedule 6 – Fees, including</p> <ul style="list-style-type: none"> - Charging demolition fees as the 1a building classification where an application is comprised of demolition of different classification types (e.g. 1a and 10a); and - Failing to include the total area of development (reliance upon applicant provided figures, not incorporating all new developments into the calculations). 	<p><i>Development Regulations Schedule 6 – Fees</i></p> <p><i>Development Regulations Schedule 6 Item 10(a)</i></p>
3.3	<p>Approved plans</p> <p>Review of applications collected by the council identified 1 instance where a set of amended plans had been submitted by the applicant seeking approval. Review of the plans stamped “Approved” for the building rules consent identified that the approved plans were the original plans and not the amended plans.</p> <p>Council response / corrective action and timeframe for implementation</p> <p>The electronic DA file structure and naming conventions will be updated to more clearly identify amended plans to reduce the risk of incorrect plans being used within 6 months.</p> <p>Appropriate training on the new DA file structure and naming conventions and the stamping of plans will be provided to APPS and Building staff within 6 months.</p>	<p><i>Development Regulations Schedule 6 – Fees</i></p> <p><i>Development Regulations Schedule 6 Item 10(a)</i></p>

Records management	Audit Criteria: Records management practices are in place to ensure appropriate retention of supporting documentation.	
Ref #	Audit Finding	Requirement
4.1	<p>Register of applications</p> <p>Council maintains a database of development application information, accessible via their online development status tracking portal. The portal allows a variety of advance search functions, however, while individual development applications can be reviewed to obtain the information required by the regulations there is no functionality to generate a register to effectively summarise development application activities in accordance with the regulations.</p> <p>Council provided a report from the system which included some information required of the register, however did not include all the information required of a register under the regulations.</p> <p>Council response / corrective action and timeframe for implementation</p> <p>The Development Applications Register has been updated to include the following statutory information fields:</p>	<p><i>Development Regulation 98 – Register of applications</i></p>

Audit Results – Detailed Audit Findings

	<ul style="list-style-type: none"> • Referral and concurrence details; • Decision making body; • Work commenced; • Work completed; and • Whether the application is under appeal. <p>There are a number of statutory information requirements, including conditions imposed on any consents and the ability to generate a register for a specific time period, which require substantial changes to the register IT software to facilitate implementation.</p> <p>It is noted that the <i>Development Act 1993</i> will be replaced by the <i>Planning, Development and Infrastructure Act 2016</i>, within the next 12 months and there will be no ongoing requirement for Councils to have an equivalent register (as this information will be uploaded to the ePlanning Portal). Therefore it is suggested that Council instead focus on implementing IT upgrades that will facilitate the transition to electronic assessment and records management consistent with the future requirements of the ePlanning Portal under the <i>Planning, Development and Infrastructure Act 2016</i>.</p>	<p>Decision notification form</p> <p>Review of the councils building rules consent applications identified 1 instance where the number of conditions listed in the table on the cover page of the decision notification form was inconsistent with the number of conditions described in the attachments accompanying the decision.</p>	<p>Development Regulations 2008 42 Notification of decision to applicant</p> <p><i>Council response / corrective action and timeframe for implementation</i></p> <p>Officers use a Decision Notification Form template generated through Pathway to create a final Decision Notification Form. The ability to edit this document outside of the Pathway environment was disabled on 1 July 2019 which will minimise the risk of this type of human error in the future.</p> <p>Appropriate training on generating Decision Notification Forms and the numbering of conditions will be provided to APPS and Building team staff within 3 months.</p>
4.2			

Appendix 1 – Definitions and Rating Guide

Definitions

Audit area and criteria – the overarching audit objectives per the Development Act 1993, Development Regulations 2008, Code of Practice for Private Certifiers and the Building Rules Assessment Function of Councils (August 1998) and Minister's Specifications.

Compliance level – auditor assessment of documentation and procedures provided, observations, and discussions with the council officers in meeting the audit criteria.

Rating Guide



Fully Compliant - the council has been fully compliant across the period reviewed.



Majority Compliant - The council has been compliant in a significant majority of cases across the period reviewed. Requires minor adjustments to address compliance deficiencies.



Partially Compliant - Some compliant deficiencies have been identified across the period reviewed. Requires moderate considerations and action by the council to address compliance deficiencies.



Significant Improvement Required - Very little in practice is in compliance. During the period, significant compliance deficiencies have been identified. Significant management intervention is required to improve compliance to an acceptable level.









Non-Compliant - Total failure to comply. During the period, compliant activities were not in place, or were in place but not effective. Urgent management attention is required to improve compliance to an acceptable level.








Unable to be Tested - Audit testing could not be performed, therefore compliance could not be determined.

Appendix 2 – Summary of Audit Procedures

The following summarises the key procedures performed as part of the audit.

Maintain legislative knowledge 	Audit Criteria: Mechanisms are in place to keep up to date with legislative requirements. Key audit procedures: Confirm adequate awareness, training and development activities are undertaken by the building officers and management to remain up to date with legislative and compliance requirements.
Competency 	Audit Criteria: Individuals issuing building rules consents are appropriately experienced, accredited and registered. Key audit procedures: Confirm building officers providing building rules consents holds appropriate accreditation and experience.
Ethical & professional conduct 	Audit Criteria: Conflicts between public duty and personal interests are identified and managed. Key audit procedures: Review processes for identifying and disclosing conflicts of interest, and assess their adequacy. Confirm adequacy of segregation of duty practices where a Building Officer is also a registered private certifier.
Authority & responsibility 	Audit Criteria: Individuals issuing building rules consents hold relevant sub-delegation and authorisation. Key audit procedures: Confirm consistency and currency of sub-delegations and authorisations in place for building officers to perform their functions.
Third party advice & certification 	Audit Criteria: Verification of expertise and suitability of third party documentation relied on is undertaken. Key audit procedures: Verify the building officers validate the authenticity of applicant documentation. Confirm practices undertaken to ensure third party advice and/or certification is from a suitably qualified and independent expert.
Mandatory reporting 	Audit Criteria: Accurate and timely quarterly and system indicator reporting. Key audit procedures: Confirm quarterly reporting and system indicator reporting is in the prescribed format, accurate, and submitted within legislated timeframes.

Appendix 2 – Summary of Audit Procedures

Private certifier management	 <p>Audit Criteria: Private certifier documentation has been received and reviewed for completeness (where relevant).</p>	<p>Key audit procedures: Verify all application, engagement and decision documentation has been collected from the private certifier. Determine that quality assurance reviews are completed to ensure correctness and completeness.</p>
Building rules assessment application	 <p>Audit Criteria: Complete deemed-to-satisfy or alternative solution / performance solution applications are received.</p>	<p>Key audit procedures: Confirm application processes allow for collection of all relevant information and the appropriate fee at lodgement.</p>
Building rules assessment referrals	 <p>Audit Criteria: Appropriate referrals are made (where required), and are accompanied by relevant fee(s).</p>	<p>Key audit procedures: Ensure building officers are knowledgeable of, and can describe/demonstrate activities required for, referrals to different relevant authorities.</p>
Variance with the building rules	 <p>Audit Criteria: The decision to grant building rules consent where a development is at variance with the Building Rules is justifiable.</p>	<p>Key audit procedures: Verify the building officers are knowledgeable of, and can describe/demonstrate activities required for, granting of building rules consent where a development is at variance with the building rules, and seeking concurrence.</p>
Records management	 <p>Audit Criteria: Records management practices are in place to ensure appropriate retention of supporting documentation.</p>	<p>Key audit procedures: Confirm a register of applications is maintained detailing the information as required under the Development Regulations 2008. Review a sample of applications and verify:</p> <ul style="list-style-type: none"> • Authentic and relevant documents are retained by the council. • Applicable legislative requirements have been correctly followed. • Information included is consistent with the final decision and the register of applications. • All relevant charges and levies have been paid prior to issuing consent.

CWT Building Assessment Audit - Council Corrective Actions

Ref #	Corrective Action	Due date	Status
1.1	Quarterly fee reporting and disbursements will be aimed to be completed within the legislated timeframes from this quarter onwards.	Ongoing	Completed
1.2	From now onwards copies of point-in-time data used to calculate the fee distributions will be retained.	Ongoing	Completed
1.2	Council's internal reporting systems used to calculate fee distributions will be reviewed to ensure accuracy in relation to any fees refunded	6 months	
1.2	The process for calculating the Building Rules Fee disbursement to exclude GST has been updated.	Ongoing	Completed
2.1	The existing Private Certification Consistency Checklist template will be updated to identify missing or incorrect documentation from the private certifier, including: Section 93(a) - Notification of engagement; CITB receipt; and Prescribed documentation.	3 months	
2.1	Appropriate training on the Private Certification Consistency Checklist template provided to APPS team staff	3 months	
2.2	Appropriate training on Schedule 1A(4)(1)(d) will be provided to APPS and Building team staff.	3 months	
3.1	The existing Building Assessment templates will be updated to include a section documenting where plans do not meet Schedule 5 requirements and whether the officer gives dispensation from providing the information specified in Schedule 5 in accordance with Regulation 15(12).	3 months	
3.1	Appropriate training on Schedule 5 information requirements, the use of the demolition application form for replacement structures and the updated templates will be provided to APPS and Building staff.	3 months	
3.2	Appropriate training on the correct calculation of fees will be provided to APPS and Building staff.	3 months	
3.3	The electronic DA file structure and naming conventions will be updated to more clearly identify amended plans to reduce the risk of incorrect plans being used.	6 months	
3.3	Appropriate training on the new DA file structure and naming conventions and the stamping of plans will be provided to APPS and Building staff.	6 months	
4.1	The Development Applications Register has been updated to include the following statutory information fields: Referral and concurrence details; Decision making body; Work commenced; Work completed; and Whether the application is under appeal.	-	Completed
4.2	Officers use a Decision Notification Form template generated through Pathway to create a final Decision Notification Form. The ability to edit this document outside of the Pathway environment was disabled on 1 July 2019 which will minimise the risk of this type of human error in the future.	-	Completed
4.2	Appropriate training on generating Decision Notification Forms and the numbering of conditions will be provided to APPS and Building team staff.	3 months	

12 July 2019

9.3.2 2019 - 2020 Internal Audit Program Update

Brief

This report presents the 2019-2020 Internal Audit Program Update.

RECOMMENDATION

It is recommended to the Committee that the 2019-2020 Internal Audit Program Update report be received

Introduction

An update report is provided to each ordinary meeting of Committee on the status of current Internal Audit Program.

Discussion

This report summarises the status of all planned audits contained in the 2019-2020 *Internal Audit Program* (Program) as at 22 July 2019. The full internal audit program update is attached with further details (**Attachment 1**).

Audit Status	Number
In Progress	7
Completed	0
Not Started	3
Total Audits Programmed (excluding staged audits)	10
Audit Status (Staged Audits)	Number
Staged Audits Complete	0
Staged Audits in Progress or Next Stage Not Started	2
Not yet commenced	1
Total Staged Audits	3
Total Audits	13

Audit Scopes

1. The *Volunteers Management* audit is currently underway. A scope has been approved and attached to this report for information (**Attachment 2**).
2. The *Fulham Community Centre and Western Youth Centre* audit is currently underway. A scope has been approved and attached to this report for information (**Attachment 3**).

Conclusion

Overall nine (9) of the thirteen (13) remaining planned audits (69%) are in progress.

Attachments

1. **2019-2020 Internal Audit Plan Update as at 22 July 2019**
2. **Volunteer Management Internal Audit Scope**
3. **Western Youth Centre and Fulham Community Centre Internal Audit Scope**

2019/20 Internal Audit Program

Report as at 22 July 2019

Audit No.	Internal Audit	Audit Objectives	Quarter	Status	Comments
Status of 2018/19 Internal Audits (Carry Overs)					
Assurance Audits					
1	Fraud and Corruption	This audit will review the adequacy and effectiveness of Council's control framework to prevent and detect fraud, the existence and effectiveness of methods for promoting awareness and educating employees and Elected Members on their duties to report any suspicions of fraud and corruption, the identification of areas within CWT potentially exposed to a high or moderate risk of fraud and corruption, the organisation's compliance with CWT policies as well as the sufficiency and adequacy of information reporting to Management.	4	In progress	<ul style="list-style-type: none"> • Scope drafted and presented to the April 2019 Committee meeting. • Opening meeting was held in April 2019. • Interviews concluded • Completed Draft report not yet received from Galpins • Closing meeting scheduled 22 August 2019
2	Information technology disaster recovery plans	A test whether the Information technology disaster recovery plans is an effective tool/control to mitigate the effects of an unknown event and/or disaster. The nature of the event and timing will be in consultation with the Executive. This review will also seek to review the plan and make continuous improvement recommendations.	4	In progress	<ul style="list-style-type: none"> • Scope drafted and presented to the June 2019 Committee meeting. • Opening meeting was held in July 2019. • Interviews commenced
3	Fulham Community Centre and Western Youth Centre	This audit seeks to provide assurance to Council that the financial positions of these two Centres are strong and sustainable as partnership agreement re-negotiations commence.	4	In progress	<ul style="list-style-type: none"> • Scope drafted and presented to the August 2019 Committee meeting.
Third Party Audits (External)					
3	WHS/IM KPI Audit against PSSI	An annual audit mandated by the Scheme.	4	In progress	To be completed with WHS

	Not Started	In Progress	Complete	Deferred	Cancelled
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2019/20 Internal Audit Program

Report as at 22 July 2019

Audit No.	Internal Audit	Audit Objectives	Quarter	Status	Comments
4	Vic Roads Annual Audit	An annual Internal Audit which is mandated as part of the agreement with Vic Roads.	4	In progress	<ul style="list-style-type: none"> In progress Due for completion by 31 July 2019
Facilitative Audits (Long term duration).					
5	Maintenance Plant and Equipment - Operational Sites	Stage 1 - Develop Solution Action Plan <ul style="list-style-type: none"> Completed in 2016 	3	Stage 1 Complete Stage 2 Not Started	<ul style="list-style-type: none"> Stage 1 complete. The gap-analysis was presented to the July 2016 meeting of the Committee. Stage 2 of this Audit is currently being re-scoped to be more valuable and relevant to the organisation
6	Procurement Roadmap (Stage 5)	This Stage of the Audit seeks to review implementation of the previous audit recommendations as well as focus on the effectiveness of procurement processes throughout organisation.	3	In progress	<ul style="list-style-type: none"> Scope drafted and presented to the April 2019 Committee meeting. Opening meeting was held in April 2019. Interviews concluded Draft report received from Galpins on 15 July 2019 Working with Galpins and stakeholders regarding report Closing meeting scheduled 30 July 2019
Status of 2019/20 Internal Audits					
Staged Audits					
1	PDI Act and Regulations Implementation	This audit will review the legislative compliance of the CWT development processes as well as provide an assurance audit on the supporting frameworks in	4	Not Started	<ul style="list-style-type: none"> Delay in the implementation of the PDI Act and associated regulations and documents means the timing of this audit will need to be reviewed to ensure maximum value. At this

	Not Started	In Progress	Complete	Deferred	Cancelled
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2019/20 Internal Audit Program

Report as at 22 July 2019

Audit No.	Internal Audit	Audit Objectives	Quarter	Status	Comments
Assurance Audits					
2	Complaints Processes	This audit seeks to review the current complaints management systems and processes. The audit will also allow for continuous improvement identification and initiatives for implementation.	2	Not Started	<ul style="list-style-type: none"> The commencement of the PID Act (replacing the Whistleblowers Act) has meant some changes to processes and procedures. This audit will be scoped after the audit team have participated in upcoming training to ensure the scope adequately reflects and acknowledges this Act.
Spot Audits					
3	Work Zone Traffic Management	A spot audit to assess whether City Operations work zone traffic management activities occur in line with legislation to ensure the safe movement of people throughout the city.	2	In Progress	<ul style="list-style-type: none"> Currently being scoped with the WHS team
Third Party Audits (External)					
4	Vic Roads Annual Audit	An annual Internal Audit which is mandated as part of the agreement with Vic Roads.	4	Not Started	<ul style="list-style-type: none"> CWT will only be advised of this Audit in June of each year. Conclusion is generally 31 July of each year.
5	WHS/IM KPI Audit against PSSI	An annual audit mandated by the Scheme.	4	Not Started	<ul style="list-style-type: none"> Have not yet been advised of start date
Facilitative Audits					
6	Volunteers Program	This audit will review the program procedures and infrastructures in place for ongoing, direct service volunteer programs across the CWT including compliance with relevant processes, procedures, documentation and human resources systems.	2	In Progress	<ul style="list-style-type: none"> Scope drafted and presented to the August 2019 Committee meeting. Opening meeting to be scheduled.

Not Started	In Progress	Complete	Deferred	Cancelled
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Internal Audit Scope

Volunteer Management

Introduction

Volunteers add significant value to our city by contributing time and energy to enhance existing services and programs. There are a variety of volunteering opportunities available at CWT and the organisation appreciates and values the efforts of its volunteers, recognising the unique role that they play in forging strong links in the local community.

The effective management of volunteers plays a role in allowing CWT to achieve objectives, maintain a strong reputation, and provide enhanced and supportive services within the community. Thus, it is essential that volunteers are managed in a consistent, compliant and appropriate manner to ensure the most beneficial outcomes for the organisation as well as providing appropriate developmental opportunities for the volunteer.

CWT as an organisation has a number of responsibilities to its volunteer community including the requirement to ensure they are appropriately trained and inducted, work in a safe supportive environment, are appropriately supervised and act appropriately within agreed requirements when representing Council.

The recently updated CWT *Volunteer Handbook (2019)*, *Volunteering in West Torrens (2019)*, as well as the *Administration Policy: Volunteers Policy (2012)* provides guidance on process and procedure in regard to working with volunteers.

The approved Audit Program 2019-22 provides for an internal audit of the Volunteer program that allows for an opportunity to perform a health check on current processes and to identify, develop and implement improvement opportunities.

Audit Scope and Objectives

The objectives of the audit are to evaluate and report on the adequacy and effectiveness of Council's approach to its Volunteering Program. This may include, but is not limited to, volunteer recruitment, induction, and training, information and support for the volunteer and volunteer coordinator, management of difficulties or issues that may arise as a result of the volunteer placement, and the management of record keeping relating to volunteer management;

This audit will review the program procedures and infrastructures in place for ongoing direct service volunteer programs across the organisation, specifically relating to compliance with relevant policies, processes, procedures, documentation and human resources systems and processes.

Scope Exclusions

This audit does not focus on findings detailed in Council's recent Fraud and Corruption Audit unless specified and agreed prior to the commencement of the audit.

Approach

In performing this audit, the following will be undertaken:

1. An opening meeting will be held with relevant managers where the Auditor will discuss the scope and overview of work to be performed prior to the commencement of testing.
2. Interviews will be conducted with managers and staff with the responsibility of Volunteer Management/Coordination, to establish any issues, concerns or opportunities for improvements.
3. Testing for compliance with policies, procedures, plans, and other relevant documentation to ensure the effectiveness of the Volunteering program.

The Audit is to be informed by relevant best industry documentation, better practice models and guidelines in relation to volunteering management including but not limited to the relevant ISO's and Standards.

The audit is to be assessed and findings/issues must be clarified in accordance with a risk rating consistent with Council's Enterprise Risk Management Framework so that recommendations are reported as:

- Extreme risk recommendations
- High risk recommendations
- Moderate risk recommendations
- Low risk recommendations
- Better practice or improvement recommendations

Risks

Potential risks associated with a failure to manage risk effectively as identified by Internal Audit include, but are not limited to:

- Non-compliance or adherence to legislative, or governance requirements
- Inadequate monitoring, follow-up, review and consultation
- Failure to implement better practice
- Failure to capture the development and/or innovation opportunities resulting from volunteer suggestions.

General Administration

This audit will be performed by Galpins.

Opening meeting	TBA
Commence fieldwork	TBA
Draft report to Management	TBA
Closing meeting and final report	TBA

Sign Off

I have read the above Internal Audit Assignment Plan and I am satisfied the objectives and scope meet the expectations for this audit.

Signed



General Manager Business and
Community Services

Date



Internal Audit Scope

Western Youth Centre Fulham Community Centre

Introduction

Fulham Community Centre and the Western Youth Centre are independently operated, not for profit community centres located in the City of West Torrens. The City of West Torrens (CWT) owns the buildings from which the centres operate from and provide a range of support such as financial assistance and maintenance of building and grounds through partnership agreements inclusive of service outcomes.

Western Youth Centre

The Western Youth Centre commenced operations in 1956 when a group of local citizens became concerned at the lack of sporting, cultural and recreational facilities for youth in the West Torrens area. The Centre now hosts a range of sporting disciplines including gymnastics, judo, table tennis and cricket. More information is available at: <http://wycinc.com.au/>.

Fulham Community Centre

Built in 1971, the Fulham Community Centre offers an increasing variety of activities for the local community. The Centre provides a range of community services and programs and is a popular venue for groups to hire, providing an active and social meeting place. More information is available at: <http://www.fulhamcc.com.au>

Audit Scope and Objectives

Both Centres are currently in the process of renegotiating their respective partnership agreements with Council. Therefore, Council is undertaking a due diligence process to ensure each Centre's financial position and sustainability are sound and that service outcomes are achievable.

Given the City of West Torrens (CWT) provides financial and in-kind assistance to each centre, there is a need to ensure the appropriate allocation and use of public funds and strong governance structures place. Galpins have been engaged to undertake an audit as detailed below.

- Undertake an audit of the financial position (assets and liabilities) of each Centre as at 30 June 2019; and of the financial performance of each Centre for the period 1 July 2017 to 30 June 2019.

- Determine how Council funding has been expended and on what goods and services has it been expended.
- Determine the accuracy of the financial information and associated projections of each Centre.
- Consider the service levels required of the partnership agreements and assess each Centre's achievement of these outcomes and ability to achieve future agreed outcomes.
- Consider the overall future viability and sustainability of each Centre.
- Determine if either of the Centre's are indebted to the ATO.
- Determine the capacity of each Centre to meet the terms and conditions detailed in any applicable loan agreements, including its capacity to turn its financial performance.

Approach

The audit may require the auditor to interview people who are currently employed at each centre including members of the board of management

- The CEO/Chairperson/President of each Centre have been alerted to the audit and the audit firm
- The auditor will report to the General Manager Business and Community Services, Ms Pauline Koritsa, throughout the audit
- The auditor understands that they are a public officer throughout the audit for the purpose of the ICAC Act and Public Interest Disclosure Act and, as such, confidentiality is incumbent on them to ensure the reporter's name and details are not disclosed

Sign Off

I have read the above Internal Audit Assignment Plan and I am satisfied the objectives and scope meet the expectations for this audit.

Signed



General Manager Business and Community Services

Date

9.3.3 Bi-Annual Internal Audit Recommendations and Actions Progress Report

Brief

This report presents progress against those internal audit recommendations that have been approved for actioning, as at 22 July 2019.

RECOMMENDATION

It is recommended to the Committee that the Internal Audit Recommendations and Actions Progress Report be received.

Introduction

The *Internal Audit Recommendation and Action Progress Report* (Report) is presented to the Committee bi-annually, subject to the Committee's meeting schedule. This Report details the status of all internal audit recommendations that have been assessed and that have been approved by the Executive. Those actions which were assessed as being within residual risk tolerance level of moderate or below are considered non-priority actions for monitoring purposes. Those actions which fall outside CWT tolerance level (those findings noted as High or Extreme) are considered priority actions.

Discussion

The summary table describing the status of approved actions is provided below.

		Internal Audit Ratings - Level of Risk				
		Priority Actioning		Non Priority Actioning		
Status	Number	Extreme	High	Moderate	Low	Better Practice
Not Started	3	0	1	1	1	0
In Progress	48	0	10	22	7	9
Complete	17	0	2	10	0	5
Total Actions	68	0	13	33	8	14
Outstanding Actions	51	0	11	23	8	9

At the commencement of this review period, there were a total of sixty eight (68) actions approved with 55 of these actions deemed for non-priority actioning.

Of the sixty eight (68) open actions:

- Seventeen (17) were completed;
- Forty Eight (48) are in progress; and
- Three (3) actions were not started with one of those relating to long term actions being aligned to the next policy review date (which could be within the next five years), another awaiting formulation of an internal process framework and the final recommendation awaiting review/release of state government documentation/plans.

Priority Actions

At the meeting of 13 August 2019, thirteen (13) findings across four (4) separate audits were noted to be of a High Risk Level (outside of CWT tolerance level).

A summary of the current progress against these findings is noted below. It is important to note that no actions associated with these high risk recommendations are overdue.

Procurement Roadmap Continuous Audit - Stage 4

Findings	Due Date	Status/Update
1 Strengthen the required planning steps in relation to high value/risk procurement activities	31/01/2020	Complete

Community Consultation Internal Audit

Findings	Due Date	Status/Update
2.4 Non Compliance with Legislative requirements	31/08/2019	Not Started - On Track
2.7 Consultation on Asset Performance standards	30/09/2019	In Progress - On Track

Contractor Management Internal Audit

Findings	Due Date	Status/Update
3.1.5 Policy Compliance - External Superintendent Activity 1	31/10/2019	Complete
3.1.6 Policy Compliance - External Superintendent Activity 2	31/10/2019	In Progress - On Track

Workzone Traffic Management Internal Audit

Findings	Due Date	Status/Update
2.1.1 Legal Requirements	31/10/2019	In Progress - On Track
2.1.2 Roles and Responsibilities	31/10/2019	In Progress - On Track
2.1.3 Risk Management	31/10/2019	In Progress - On Track
2.1.4 Reporting and Record Requirements	31/10/2019	In Progress - On Track
2.2.1 Internal Site - Trees	31/10/2019	In Progress - On Track
2.2.2 Internal Site - Horticulture Sir Donald Bradman Drive	31/10/2019	In Progress - On Track
2.2.3 External Contractor - Contractor 1	31/10/2019	In Progress - On Track
2.2.4 External Contractor - Contractor 2	31/10/2019	In Progress - On Track

Conclusion

The bi-annual *Internal Audit Recommendation Action Progress Report* details the status of those sixty eight (68) internal audit recommendations that were approved for actioning of which sixty five (95.59%) are either complete or in progress.

The information is presented in a summary table format as per the decision of the Audit Committee at its 8 August 2017 meeting.

Attachments

Nil

9.4 EXTERNAL AUDIT

Nil

9.5 COMMITTEE PERFORMANCE AND REPORTING

Nil

10 OTHER BUSINESS

11 CONFIDENTIAL

Nil

12 NEXT MEETING

8 October 2019, 6.00pm in the Mayor's Reception Room.

13 MEETING CLOSE

CITY OF WEST TORRENS



ATTACHMENTS

UNDER SEPARATE COVER

Audit General Committee

13 August 2019

Item 9.1.1 Annual Budget and Business Plan

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9.1.1 Annual Budget and Business Plan

Attachment 1 Adopted Budget and Annual Business Plan 2019-20..... 1



2019/20

Adopted budget and annual business plan

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Executive Summary

Introduction

This Budget and Annual Business Plan for 2019/20 is in a form adopted by Council on 11 December 2018. Key aspects of the combined budget and annual business plan include:

- An 'executive summary' to explain key aspects of the document and a 'glossary of terms';
- Strategic fundamentals that underpin the budget, including information from Council's community plan;
- Forward estimates and the ten year financial plan of the Council;
- A capital budget, including commentary and detailed information on the full capital works program;
- Operational budget information, including divisional level commentary, financial details and information on objectives, key activities, performance measures and budget highlights;
- Information on rates and rate modelling;
- Summary financial statements, including those specified in Regulation 5 of the Local Government (Financial Management) Regulations 2011.

The document is based on the divisional structure of the Council and meets all requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Strategic Fundamentals

The *Towards 2025 Community Plan* was adopted in September 2014, and subsequently updated in May 2017, it provides the strategic focus for the budget, annual business plan and long term financial plan of the Council. It has six broad themes, as follows:

- Community life;
- Natural environment;
- Built environment;
- City prosperity;
- Financial sustainability;
- Organisational strength.

Key influences on this budget and annual business plan of the Council are the themes of financial sustainability and the built environment, in particular:

- Sustainability;
- Asset management;
- Stormwater flood mitigation.

These strategic fundamentals provide the basis for forward estimates and Council's long term financial management plan which show:

- An ongoing operating surplus and a positive operating surplus ratio;
- A projected sustainability ratio which is favourable;
- A manageable level of debt;
- Favourable cash and cash reserve projections.

Budget and Annual Business Plan

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Rate increases of 2.4 per cent in 2020/21, and 2.4 per cent subsequently, are projected to address Council's strategic priorities, in particular sustainability, asset management and stormwater flood mitigation.

An increasing but manageable level of indebtedness is projected in the forward estimates of the Council.

A Balanced Budget

Council's operating statement in the proposed 2019/20 budget projects a surplus from operations of \$8,513,937 as follows, based on a 2.9 per cent rate increase:

	\$
Income	68,691,870
Expenditure	60,177,933
	<hr/>
Operating Surplus	8,513,937
	<hr/>

Note that the surplus above is an indicator of operating performance, including the funding of asset depreciation, not an indicator of the cash surplus of the Council. Capital expenditure referred to on the next page is not included in the expenditure above.

The proposed rate increase is 0.5 per cent higher than that projected in last year's budget, due entirely to an unprecedented 40.0 per cent increase in the waste levy imposed by the state government, and is proposed on the basis of forward estimates and the strategic fundamentals of the Council.

After adjusting for reserve movements, a nominal cash surplus of \$20,842 is also projected.

Operational Expenditure

Operational costs across all areas of the Council are increasing by \$3,491,595 or 6.2 per cent, the key increases being:

- Employment costs have increased by \$1,243,103 or 5.4 per cent over the original budget estimates for 2018/19 (\$175,554 or 0.8 per cent last budget), with FTEs increasing net by 4.7 (0.5 FTEs in 2018/19). This is further explained later in this commentary under the heading "Employment Costs";
- An interest cost associated with new loans of \$518,976 is budgeted, as approved by Council, up \$261,750 on 2018/19;
- Waste collection and disposal costs have increased by \$532,000 or 10.25 per cent to \$5,722,000, reflecting an unprecedented 40.0 per cent increase in the waste levy imposed by the state government along with a higher cost structure when new contractual arrangements are in place from 1 May 2019;
- Professional fees have increased by \$220,480 or 14.1 per cent to \$1,783,880, with funding provided for a range of initiatives including the community plan review (\$70,000), an open space plan review (\$50,000), environmental monitoring / reporting at Deeds Road (\$80,000) and the position of Assessment Manager (\$60,000);

Budget and Annual Business Plan

Executive Summary

- The contractor budget has increased by \$483,860 or 18.6 per cent \$3,083,700, largely in support of verge upgrades (\$250,000) and horticultural maintenance (\$216,000);
- Depreciation is set to increase by \$241,380 or 2.1 per cent based on current asset values and the impact of ongoing capital expenditure programs;
- Levies and charges are increasing by \$111,910 or 7.0 per cent to \$1,717,350. This includes the NRM levy which is up \$70,070 or 4.8 per cent to \$1,542,510;
- Changes to Council's Revaluation of Asset Policy have resulted in costs associated with the purchase of library resources totalling \$325,516 being expensed for the first time, rather than being capitalised.

Capital Expenditure

Key aspects of the budget include:

- The capital budget for 2019/20 totals \$24,940,519, with rate funded capital expenditure decreasing by \$425,849 or 2.1 per cent to \$19,688,552. This reduction includes a capital budget increase of \$231,618 or 4.0 per cent to \$6,087,568, offset by a rate funded capital works decrease of \$657,467, or 4.6 per cent, to \$13,600,984;
- \$3.65 million is being budgeted to complete funding for the upgrades of Weigall Oval / Lockleys Oval / Apex Park / Mellor Park;
- An amount of \$4.121 million is being committed to drainage and related construction, with \$1.359 million allocated for the Brown Hill Keswick Creek project, \$2.212 million for the Stirling Street Thebarton stormwater upgrade and \$200,000 budgeted for the Sheriff Street stormwater upgrade;
- \$1.570 million is budgeted for the recreation program (\$2.015 million in 2018/19), including \$490,000 for the ongoing playground upgrade program, \$320,000 for reserve irrigation, \$400,000 for reserve development and \$235,000 for the Linear Park;
- \$12.736 million for the transport program is budgeted, which includes expenditure on roads and footpaths (\$12.0 million in 2018/19);
- An amount of \$655,307 is included for the replacement, remediation and construction of footpaths and pathways (\$557,486 in 2018/19);
- Rate funded expenditure on plant, equipment and furniture totals \$1.534 million (\$1.721 million in 2018/19);
- Capital expenditure funded by grants of \$1.255 million is budgeted (\$1.381 million in 2018/19).

Rating in 2019/20

An overall average rate increase of 2.9 per cent excluding growth is proposed for 2019/20, 0.5 per cent higher than that foreshadowed in the forward estimates of last year's budget following an unprecedented 40.0 per cent increase in the waste levy imposed by the state government. It is not proposed that more of the rate burden be moved to minimum rated and non-residential ratepayers this year, with the following movements recommended:

Residential	:	Up 2.9%
Non-Residential	:	Up 2.9%
Minimum Rate	:	Up 2.9%
Overall Increase	:	Up 2.9%

Valuation volatility is lower this year than last year, reflecting current economic circumstances. Rate rebate and remission policies are in place to assist ratepayers affected by hardship or disproportionate rate increases, and rate postponement for seniors is now mandatory in certain circumstances under Local Government Act provisions.

Budget and Annual Business Plan

Executive Summary

Strategic Fundamentals

Introduction

The *Towards 2025 Community Plan* was adopted in September 2014, and subsequently updated in May 2017, it provides the strategic focus for the budget, annual business plan and long term financial plan of the Council.

The community plan is structured into six broad themes, four community focused and two corporate focused, as follows:

- Community life;
- Natural environment;
- Built environment;
- City prosperity;
- Financial sustainability;
- Organisational strength.

Community Life

Long term strategies for community life are as follows:

- Aspiration: A community that embraces diversity
 - Recognise and celebrate our diverse community and facilitate opportunities for community connection.
 - Instil a sense of identity and pride within the West Torrens community.
- Aspiration: Active, healthy and learning communities
 - Encourage all members of the community to pursue active and creative lifestyles.
 - Facilitate life-long learning.
 - Encourage community awareness of services and resources so they can make informed life choices.
 - Foster health, wellbeing and safety within the community.
- Aspiration: An engaged community
 - Encourage the community to participate in opportunities to influence Council's decision making.

Natural Environment

Long term strategies for the natural environment are as follows:

- Aspiration: Reduction of our ecological footprint
 - Facilitate the minimisation of waste production and maximise resource recovery.
 - Progress towards a water-sensitive city.
 - Prepare for and respond to the challenges of a changing climate.

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Strategic Fundamentals

- Aspiration: Enhanced natural environment
 - Protect and enrich local biodiversity, waterways and the coast.

Built Environment

Long term strategies for the built environment are as follows:

- Aspiration: A well-designed built environment
 - Facilitate development that meets the needs of the community.
 - Facilitate retail, commercial and industrial activity that is compatible with neighbouring land uses.
 - Foster well-being and safety within the built form.
 - Minimise the risk of flooding to existing communities and future developments.
- Aspiration: An appealing and valued open space network
 - Develop a network of open spaces across the city, based on a balance of environmental, social and economic factors.
- Aspiration: Accessible and reliable transport infrastructure
 - Facilitate the healthy, safe and effective movement of people through the city.

City Prosperity

Long term strategies for city prosperity are as follows:

- Aspiration: A thriving business environment
 - Encourage economic growth and productivity.
- Aspiration: A vibrant city
 - Foster a vibrant and inviting city.

Financial Sustainability

Long term strategies for financial sustainability are as follows:

- Aspiration: Sustainable financial management
 - Employ sustainable financial management principles.
- Aspiration: Proactive asset management
 - Ensure assets are utilised and maintained at their optimum.

Organisational Strength

Long term strategies for organisational strength are as follows:

- Aspiration: Strong partnerships and working relationships
 - Foster strong partnerships and working relationships with other organisations.
- Aspiration: Leading governance and technology
 - Adopt leading governance and information technology systems and practices.

Key Influences

Key influences on the budget and annual business plan of the Council are the themes of financial sustainability and the built environment, in particular:

- Sustainability;
- Asset Management;
- Stormwater Flood Mitigation.

Sustainability refers to Council's ability to manage its finances so it can meet spending commitments, both now and in the future, and ensure future generations of taxpayers do not face an unmanageable bill for services provided to the current generation.

Asset management refers to a systematic, structured approach to the maintenance, upgrade and operation of assets, on a whole of life basis, combining engineering principles with sound business practice and economic rationale, and providing the tools to facilitate a more organised and flexible approach to making decisions necessary to meet community expectations.

Stormwater flood mitigation refers to measures aimed at minimising the impact of floods in the West Torrens' community, including mitigation works associated with Brown Hill and Keswick Creeks.

Rationale for the Focus on Asset Management and Sustainability

Concerns continue to be raised in local government circles about the capacity of councils to be financially sustainable. It has been reported that:

- The financial sustainability of councils is vital to the interests of ratepayers, the community and the state, and is an important pillar of efficient and effective local government;
- Not all councils have the types of policies and practices in place that lock-in their financial sustainability;
- Not all councils in South Australia are financially sustainable, as evidenced by their high operating deficits and substantial infrastructure renewal and replacement backlogs;

Budget and Annual Business Plan

Strategic Fundamentals

- Unless the spending of unsustainable councils is cut or other governments come to the rescue, substantial rates increases are inevitable. The current or prospective financial performance and position of councils has been assessed as being not strong enough to absorb likely future developments and unanticipated financial shocks;
- More strategic expenditure decisions by local government – and more rigorous funding policies – must be pursued by local government.

Being a financially viable and sustainable Council received the strongest of all responses in a budget related Community Panel survey in December 2012 involving 181 respondents.

Rationale for the Focus on Flood Mitigation

The 2016 Stormwater Management Plan (SMP) for the Brown Hill Keswick Creek (BHKC) catchment was approved by the Stormwater Management Authority (SMA) and subsequently gazetted on 7 March 2017. Based on the current modelling associated with this plan, it is estimated that damage across the whole catchment from a 100 year average recurrence interval flood will cost \$122 million and affect 2,077 properties in the absence of flood mitigation action being taken.

Cost estimates associated with the flood mitigation required were reduced following a revision of the hydrology in 2013 from an estimate of \$160 million to \$140 million, with the City of West Torrens' share now being in the vicinity of \$22.9 million, based on both federal and state funding being provided. A commitment by the commonwealth has yet to be secured for the project.

There are a number of other flooding risks that exist within the city that are not associated with the BHKC catchment. These are the subject of ongoing assessment, with the implementation of flood mitigation systems intended.

Implications for the City of West Torrens

The key influences of sustainability, asset management and stormwater flood mitigation need to be viewed in terms of the following:

- Council has management responsibility for community assets valued at \$987 million;
- Accumulated depreciation on Council assets totals \$297 million, being 38.7 per cent of all depreciable assets, and it is not funded by specific cash reserves;
- West Torrens has asset renewal and maintenance backlogs, most recently demonstrated to Council in reports on the condition of Council owned buildings;
- West Torrens Council has significant ongoing capital expenditure needs, particularly in relation to drainage infrastructure;
- The most recent cost estimates associated with the BHKC system mitigation works are in the region of \$140 million;
- A capital renewal expenditure spike could occur sometime into the future, possibly around the year 2050.

Budget and Annual Business Plan

Strategic Fundamentals

Legislative Changes

Legislative changes followed reports on financial sustainability in local government, and they incorporated the need for councils to:

- Address issues of sustainability, and prepare long-term asset and financial management plans;
- Prepare annual business plans that report on budget parameters, rating structures and policies, strategic plans, and Council's long-term asset and financial management plans;
- Report on financial indicators, including indicators of financial sustainability;
- Establish Audit Committees, and more rigorous and transparent processes of internal review;
- Consult with the community on budget and rating proposals prior to budgets being adopted and rates being declared.

The Local Government (Stormwater Management) Amendment Act 2007 has also passed through the parliament, and it has established a Stormwater Management Authority with responsibilities that include planning and undertaking stormwater management works on behalf of councils.

Emerging Financial Issues

Council has responded strongly to the asset management and sustainability agenda, with work undertaken to revisit and update asset data, including condition assessment information, particularly in relation to infrastructure assets. This work is substantially completed for Council's road and footpath network, and building assets, with work in progress on drainage and land improvements.

Emerging issues for Council to consider from this and other work undertaken include:

- Drainage mitigation, including the need to commit at least \$22.9 million to BHKC drainage works, most of which is in the next 15 years;
- Projections in the asset management plans of the Council that \$109.2 million needs to be committed over the next ten years to road, kerbing and footpath maintenance and remediation works;
- Projections that up to \$26.2 million needs to be committed by Council to building maintenance and remediation works over the next ten years, based on current property holdings;
- Local drainage works, still being assessed by Council's asset management staff, may require expenditure totalling \$80 million over the next 30 years;
- The need to commit increasingly to initiatives associated with water management, renewable energy, energy efficiency and reducing carbon emissions.

Forward Estimates

Budget and Annual Business Plan

Forward Estimates

Introduction

The strategic fundamentals described in this document provide the basis for the forward estimates and Council's long term financial plan. They are prepared pursuant to the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Key assumptions made in compiling these forward estimates and Council's long term financial plan are discussed in this section, along with summary projections and key financial indicators.

Detailed information, including long term financial statements, is provided in the 'Ten Year Financial Plan' section of this document.

Forward Capital Expenditure Estimates

Key assumptions made in relation to capital budget estimates include the following:

- \$14.5 million is committed to drainage works for the Brown Hill Keswick Creek (BHKC) project over a ten year period from the 2019/20 financial year, in addition to funds already committed, all of which is to be funded from the loan program;
- Council commits to rate funded capital works totalling \$109.2 million over a ten year period commencing in 2019/20 to fund road and footpath works identified in the infrastructure and asset management plans of the Council;
- Council commits to rate funded capital works for road construction and other capital works, totalling \$4.7 million in the 2019/20 budget, and that a level of funding is to be continued into the future;
- Council has rate funded local drainage commitments of \$550,000 from the 2019/20 financial year, with indexed increases annually thereafter;
- Loan funded capital drainage works, excluding BHKC, will be \$2.2 million in the 2019/20 budget, with indexed increases annually thereafter;
- Roads to recovery funding will end with a grant of \$617,418 in 2023/24;
- Capital expenditure on Council owned buildings, excluding hub and related developments, will be \$1.3 million in the 2019/20 budget, with indexed increases per annum thereafter;
- The capital budget for the replacement of plant, furniture and equipment will be \$1.5 million in 2019/20, and it has been indexed to cover estimated depreciation levels into the future.

Budget and Annual Business Plan

Forward Estimates

Expenditure projections for 2019/20 and each of the next three years based on these assumptions are as follows:

	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$
Rate Funded Infrastructure	13,050,984	15,702,531	15,131,931	15,369,118
Rate Funded Local Drainage	550,000	562,650	575,591	588,830
Loan - Local Drainage / Bridges	2,212,151	2,256,394	2,301,522	2,347,552
Loan - BHKC	1,358,774	1,345,711	1,372,625	1,400,078
Grants	1,254,860	1,268,884	1,283,216	1,297,864
Facility Developments	3,650,000	1,500,000	1,500,000	1,500,000
Building Other	1,330,000	2,940,254	3,003,237	1,519,074
Plant, Furniture & Equipment	1,533,750	1,569,026	1,605,114	1,642,031
Total	24,940,519	27,145,450	26,773,236	25,664,547

Forward Revenue Estimates

Forward revenue estimates have been extrapolated from an assessment of historical revenue movements, and what is expected to arise into the future. Key assumptions include the following:

- Council is prepared to increase rate revenue by 2.9 per cent plus growth in 2019/20 and 2.4 per cent plus growth annually thereafter;
- Rate equivalent payments by Adelaide Airport Limited will increase in line with the above rate increases;
- Statutory charges, which include parking, animal management and Development Act income, will increase by 2.2 per cent each year;
- User charges, which include property related income and transfer station royalties, will increase by 2.2 per cent each year;
- Grant income (roads to recovery grants excepted) will increase by 2.2 per cent per annum over the forecast period from 2019/20;
- Other income, excluding insurance premium refunds, will increase by 2.2 per cent over the forecast period from 2019/20.

Council's forward estimates will need to be adjusted if rate capping is introduced over the forecast period, although that appears unlikely at this stage.

Budget and Annual Business Plan

Forward Estimates

Forward revenue estimates are as follows:

	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$
Rates	54,827,510	56,930,311	59,114,465	61,381,748
Rate Equivalents	5,480,000	5,667,635	5,861,695	6,062,399
Statutory Charges	2,449,400	2,503,287	2,558,359	2,614,643
User Charges	1,735,606	1,773,789	1,812,813	1,852,695
Grant & Subsidies	3,449,469	3,511,774	3,575,450	3,640,527
Other Income	749,885	765,332	781,104	797,207
Total	68,691,870	71,152,128	73,703,886	76,349,218

Forward Operational Expenditure Estimates

Operational expenditure increases have been extrapolated from an assessment of historical cost movements, and what is expected to arise into the future. Key assumptions include:

- Employee cost increases of 5.4 per cent in 2019/20 and 3.5 per cent thereafter, with a modest allowance for the addition of new staff.
- Contract and material expenditure increases of 3.2 per cent each year in support of Council's maintenance works program, including building and infrastructure maintenance. This includes an allowance for an increase in waste related charges.
- A depreciation expense increase of up to 3.0 per cent based on projected asset value movements.
- Finance charges include interest repayments on loans taken, and are estimated on the basis of loans projected to be taken using borrowing rates ranging between 3.8 and 4.3 per cent.

Forward operational expenditure estimates are as follows:

	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$
Employee Costs	24,406,957	25,261,200	26,145,343	27,060,430
Contractual Services	8,904,700	9,690,782	9,958,714	10,234,160
Materials	1,052,180	1,076,380	1,101,137	1,126,463
Finance Charges	667,376	728,312	964,315	1,188,003
Depreciation	11,711,380	12,060,333	12,419,832	12,790,198
Other Expenses	13,435,340	13,830,483	14,238,236	14,659,032
Total	60,177,933	62,647,491	64,827,576	67,058,286

Budget and Annual Business Plan

Forward Estimates

Forward Loan Estimates

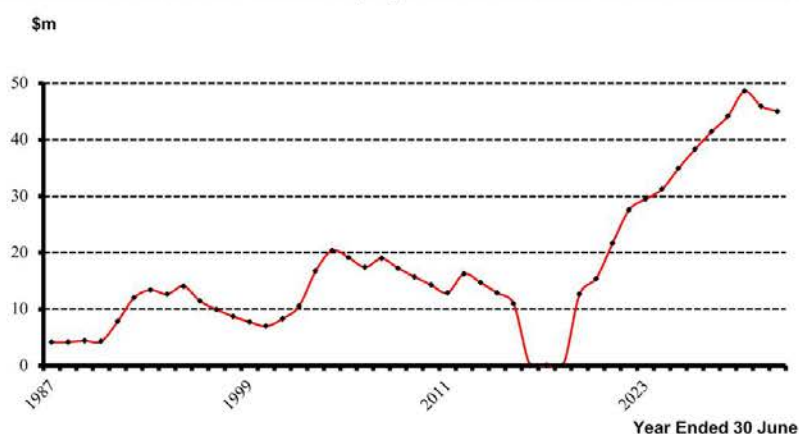
A loan program of \$54.84 million is projected in future dollar terms over the next ten years (up from \$43.36 million last budget), as follows:

	\$m
Local drainage	26.98
BHKC project	14.87
Weigall / Camden / Lockleys	9.42
RSL / WAFC / Peake Gardens	3.55
West Beach Road	2.47
Works overhead	(2.45)
Total	54.84

This comprises the following:

Financial Year	Local Drainage \$	Brown Hill Keswick Drainage \$	Various Other	Works Overhead \$	Total Loans \$
2019/20	2,212,151	1,358,774	426,182	(201,105)	3,796,002
2020/21	2,256,394	1,345,711	3,665,172	(205,127)	7,062,150
2021/22	2,301,522	1,757,453	3,280,344	(209,229)	7,130,090
2022/23	2,347,552	1,400,078	0	(213,414)	3,534,216
2023/24	2,394,503	1,428,080	0	(217,682)	3,604,901
2024/25	2,442,393	1,456,641	2,115,172	(222,036)	5,792,171
2025/26	2,491,241	1,485,774	2,115,172	(226,476)	5,865,711
2026/27	3,361,134	1,515,489	1,369,656	(305,558)	5,940,722
2027/28	4,531,525	1,545,799	351,865	(411,957)	6,017,233
2028/29	2,643,725	1,576,715	2,115,172	(240,339)	6,095,274
Total	26,982,142	14,870,515	15,438,735	(2,452,922)	54,838,468

The indebtedness trend of the Council is projected on the basis of this information as follows:



Budget and Annual Business Plan

Forward Estimates

Asset sales, including the sale of the Marion Road depot, can be used to offset this predicted level of borrowing.

Council was debt free for almost three years from the end of the 2015/16 financial year, but a resumption of borrowing is expected to result in indebtedness increasing to peak at almost 47.0 million in the late 2020's.

Loan Repayments

Loan repayments to service projected loans, based on borrowing rates of 3.8 per cent until 2023/24 and 4.3 per cent thereafter, will be as follows:

Year	Projected Repayments \$	Increase/ (Decrease) \$
2019/20	1,142,196	592,570
2020/21	1,411,822	269,626
2021/22	2,033,832	622,011
2022/23	2,661,827	627,994
2023/24	2,973,109	311,282
2024/25	3,301,703	328,595
2025/26	3,829,672	527,969
2026/27	4,364,344	534,672
2027/28	4,905,854	541,510
2028/29	5,454,338	548,484

Council's current and projected loan program will impact loan repayments consistently over the forecast period, but these increases are manageable within the framework of the ten year financial plan.

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

Year	Loans % of Rates
2019/20	2.0
2020/21	2.5
2021/22	3.4
2022/23	4.3
2023/24	4.7
2024/25	5.0
2025/26	5.6
2026/27	6.1
2027/28	6.6
2028/29	7.1

These percentages are extremely low by local government standards, with up to 25 per cent considered manageable.

Budget and Annual Business Plan

Forward Estimates

Key Financial Indicators

The forward financial estimates of the Council have provided the basis of key financial indicator projections in relation to Council's:

- Operating result;
- Sustainability;
- Loan servicing capacity;
- Liquidity.

(a) Operating Result

An operating surplus represents the extent to which operating income exceeds operating expenditure, including depreciation, and is projected each year, as follows:

Financial Year	Operating Surplus \$	Operating Surplus Ratio %
2019/20	8,513,937	12.4
2020/21	8,504,638	12.0
2021/22	8,876,309	12.0
2022/23	9,290,932	12.2
2023/24	9,889,479	12.5
2024/25	9,892,822	12.2
2025/26	10,467,498	12.4
2026/27	11,091,149	12.7
2027/28	11,767,687	13.0
2028/29	12,498,186	13.3

A strong ongoing operating result is a positive indicator of financial viability for the City of West Torrens. LGA 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 per cent on average. It is a positive that West Torrens is projected to operate beyond this range, demonstrating a strength in capital expenditure programs.

Note that the surpluses above are not cash surpluses and do not take capital expenditure programs into account.

(b) Sustainability

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, with the amount spent divided by the total depreciation expense. Achieving a break even result of 100 per cent or better demonstrates that the cost of consumption of assets in any one year is being met by current rates and current ratepayers.

Budget and Annual Business Plan

Forward Estimates

Financial Year	Capital Expenditure \$	Depreciation Expense \$	Sustainability Ratio %
2019/20	12,101,508	11,711,380	103.3
2020/21	12,391,561	12,060,333	102.7
2021/22	12,659,301	12,419,832	101.9
2022/23	12,908,908	12,790,198	100.9
2023/24	13,786,887	13,171,762	104.7
2024/25	13,572,230	13,564,867	100.1
2025/26	13,970,621	13,969,865	100.0
2026/27	14,572,152	14,387,120	101.3
2027/28	14,951,474	14,817,004	100.9
2028/29	15,274,900	15,259,905	100.1

A sustainability ratio which is greater than 90 per cent but less than 110 per cent is the benchmark used in local government. This was achieved or is projected to be achieved in all years.

LGA Information Paper 9 suggests the same ratio range when benchmarking capital expenditure incurred against capital expenditure outlays in Infrastructure and Asset Management Plans (IAMP's), rather than depreciation. Forward capital estimates are matched over the ten year forecast period to the IAMP's adopted by Council, as shown in the table that follows.

Program	IAMP Amount \$m	10 Year Plan \$m	Met %
Roads Program			
Reseal / Maintenance	30.176	30.176	100
Reconstruction Renewal	31.505	31.505	100
Kerb & Gutter	32.725	32.725	100
Footpath Program			
Renewal	4.042	4.042	100
Construction	10.716	10.716	100
Building Program			
Renewal Expenditure	26.210	26.210	100

Additional amounts are included in the ten year financial plan to cover drainage and other infrastructure renewal works, along with new capital works. There is little need for renewal expenditure on stormwater assets over the next ten years, although Council is currently developing a stormwater masterplan that will clarify future capital expenditure requirements. Throughout the 2019/20 financial year Council staff continued to develop a more detailed assessment of the assets covered by the recreation program.

Budget and Annual Business Plan

Forward Estimates

(c) Loan Servicing Capacity

To meet a structured long term asset renewal and replacement program, Council will need to commit to a loan program that will result in loan liabilities increasing from zero to \$46.4 million in 2028/29 - a sizeable but manageable increase as demonstrated below. Borrowing interest rates ranging from 3.8 to 4.3 per cent have been estimated, along with a 15 year borrowing term.

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

Financial Year	Projected Loan Repayments	Loans to Rates
	\$	%
2019/20	1,142,196	2.0
2020/21	1,411,822	2.5
2021/22	2,033,832	3.4
2022/23	2,661,827	4.3
2023/24	2,973,109	4.7
2024/25	3,301,703	5.0
2025/26	3,829,672	5.6
2026/27	4,364,344	6.1
2027/28	4,905,854	6.6
2028/29	5,454,338	7.1

A percentage between zero and 25 per cent would normally be considered as being reasonable.

Budget and Annual Business Plan

Forward Estimates

(d) Liquidity

Based on the assumptions used, a relatively balanced budget is achieved in each year for the next ten years in terms of the projected cash flow of the Council, net of cash reserves, as follows:

Financial Year	EOY Cash Estimate	Net Reserves	Surplus/ (Deficit)
2019/20	1,120,410	1,099,565	20,842
2020/21	2,680,165	2,683,303	(3,138)
2021/22	1,980,901	1,975,695	5,206
2022/23	2,204,454	2,196,922	7,532
2023/24	2,431,163	2,386,764	44,399
2024/25	2,789,318	2,737,172	52,145
2025/26	5,124,548	5,055,708	68,840
2026/27	7,466,090	7,421,080	45,010
2027/28	9,726,772	9,754,100	(27,328)
2028/29	12,119,458	12,135,457	(15,999)

Capital Budget

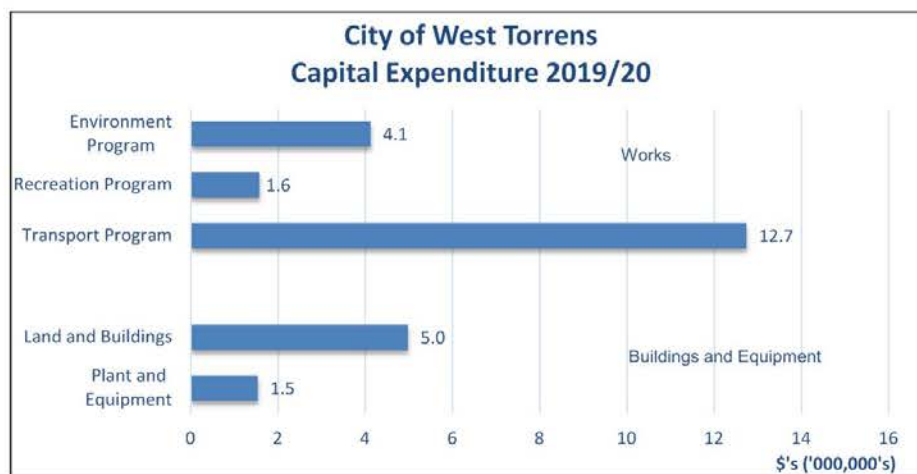
Budget and Annual Business Plan

Capital Budget

Introduction

The capital budget for 2019/20 totals \$24,940,519 as follows:

	\$
Capital Works	
Environmental Program	4,120,925
Recreation Program	1,570,000
Transport Program	12,735,844
Sub Total	18,426,769
Capital	
Land and Building Works	4,980,000
Plant, Equipment & Furniture	1,533,750
Sub Total	6,513,750
Total	24,940,519



Rate funded capital expenditure is budgeted to decrease by \$425,849 to \$19,688,552 as shown in the table that follows. This change includes a capital works decrease of \$657,467 or 4.6 per cent, to \$13,600,984.

	Budget 2018/19 \$	Budget 2019/20 \$	Variance \$
Rate funded			
City works funds	14,258,451	13,600,984	-657,467
Plant & Equipment	1,720,950	1,533,750	-187,200
Land and Buildings	4,135,000	4,553,818	418,818
Sub Total	20,114,401	19,688,552	-425,849

Budget and Annual Business Plan

Capital Budget

	Budget 2018/19 \$	Budget 2019/20 \$	Variance \$
Other funded			
Grants	1,380,711	1,254,860	-125,851
Reserves / Assets Sales	500,000	0	-500,000
Loans	4,354,168	3,997,107	-357,061
Sub Total	6,234,879	5,251,967	-982,912
Total Capital Expenditure Budget	26,349,280	24,940,519	-1,408,761

Capital funding from other than rates totals \$5,251,967, as shown in the following table:

	\$
Brown Hill and Keswick Creeks (Loan)	1,358,774
Stormwater Upgrade - Stirling Street, Thebarton (Loan)	2,212,151
Weigall Oval Development (Loan)	426,182
Roads to recovery grant	617,418
Urban local road grant	637,442
Total	5,251,967

Environment Program

The drainage budget comprises the following:

- \$350,000 for minor drainage upgrades and replacement works, including the following:
 - Replacement / upgrade of side entry pits and junction boxes, minor pipe replacements and upgrades due to damage and/or failure;
 - Stormwater pump station improvements;
 - Asset conditioning and minor investigations and planning into the current drainage network;
 - Refurbishment of existing rain gardens sites.
- \$2,212,151 in loan funding to undertake detailed design / documentation and construction for a stormwater upgrade in Stirling Street, Thebarton;
- \$200,000 for a stormwater upgrade in Sheriff Street, Underdale;

Budget and Annual Business Plan

Capital Budget

- \$1,358,774 in loan funding as Council's contribution toward various works associated with the Brown Hill Keswick Creek project.

Recreation Program

Recreation works include the following:

- \$490,000 for new, replacement and upgraded playgrounds, based on a program developed in response to an audit report on playground safety undertaken in 2018. Nominated playgrounds for 2019/20 are:
 - Lockleys Oval, Lockleys - playground / gym equipment;
 - Swan Ave Reserve, West Beach;
 - Camden Oval, Novar Gardens;
 - Shade sail shelters (sites to be confirmed);
 - Additional gym equipment, selected locations;
 - Minor playground equipment;
 - Playground safety barrier fencing.
- \$400,000 for reserve upgrades, including:
 - Lockleys Oval, Lockleys;
 - Moss Avenue Dog Park, Marlestone;
 - Streetscape upgrade - Henley Beach Road (staged);
 - Streetscape upgrade - Sir Donald Bradman Drive (staged);
 - Streetscape upgrade - James Congdon Drive (staged);
 - Upgrades to pedestrian lighting on reserves;
 - Minor reserves upgrades;
 - Ongoing gazebo upgrades and replacements;
 - Various fencing and bollard replacements on reserves;
 - Turf replacement and sundry reserve pathway upgrades;
 - Staged annual program to install new surrounds for litter bins.
- \$210,000 for projects along the River Torrens Linear Park, including:
 - Continuation of a staged pedestrian upgrade / replacement lighting project (LED) to meet Australian standards and improve safety for users;
 - Selected areas of re-vegetation;
 - Path upgrades / reconstruction;
 - General fencing and the installation of retaining walls and barrier protection.
- \$25,000 for the ongoing reseal of various pathway sections along the River Torrens Linear Park in order to meet the current path width standard;
- \$320,000 for irrigation system upgrades for the following reserves:
 - Westside Bikeway, Marlestone / Plympton (staged project, selected areas within the linear park);
 - Lindfield Reserve, Novar Gardens;
 - Swan Avenue Reserve, West Beach;
 - Coast Watchers Reserve, Fulham;
 - Pine Avenue verge, Novar Gardens;
 - General irrigation equipment, including controllers, with upgrade to network and backflow meter equipment.

Budget and Annual Business Plan

Capital Budget

- \$50,000 for the staged resealing and reconstruction of various sections of city bikeways, a program that will be ongoing, subject to annual funding provision;
- \$75,000 for the general upgrade of tennis courts, including fencing (Novar Gardens and Thebarton).

Transport Program

Funding totals \$12,735,844 (\$12,000,220 in 2018/19) as follows:

	\$
Road maintenance program	5,759,143
Road reconstruction program	4,581,394
Other road works	1,740,000
Footpath program	655,307
Total	12,735,844

Road Maintenance Program

In order to ensure that the Council manages its road assets (surface, pavement and kerb and gutter) in a manner most appropriate for the community, a commitment has been made to a road Infrastructure Asset Management Plan, which ensures adequate provision is made for existing and future infrastructure so that assets are fully utilised, i.e. their design life is achieved in a cost effective manner.

This year's capital works program for roads has been based on an updated and Council adopted Infrastructure and Asset Management Plan, which has taken into consideration the strategic report *City of West Torrens Transport Strategy - Transportation for the Next Generation 2025*. The schedule of capital works for roads is based on the principles / methodologies developed in the implementation of a ten year capital works program following a condition audit of Council's network undertaken in 2015 upon which Council's current long term financial plan is based. The schedule of works also considers customer requests.

This year Council has modelled a 10 year renewal program that includes road surface rejuvenation treatments and a kerbing program that provides for kerb and gutter work to be undertaken the year prior to the seal resurfacing.

This year's capital works program for road maintenance totals \$5,759,143 as follows:

	\$
Reseal / road maintenance program	2,335,511
Kerb and gutter program	3,423,632
Total	5,759,143

Budget and Annual Business Plan

Capital Budget

Details are provided later in this section, and include works from customer requests and a recent reconditioning audit of the road network.

Road Reconstruction Program

Council's road reconstruction program totals \$4,581,394 and comprises the following:

- Herbert Road, Ashford (Farnham Road to property No 17);
- Marleston Avenue, Ashford (Alexander Avenue to South Road);
- Albert Avenue, Camden Park (Morphett Road to Inkerman Avenue);
- Halsey Road, Fulham (Coral Sea Road to Dewey Street);
- Bagot Avenue, Hilton (Hounslow Avenue to Sir Donald Bradman Drive);
- Starr Avenue, North Plympton (Morphett Road to Deeds Road);
- Admella Street, Thebarton (George Street to Light Terrace);
- Ballantyne Street, Thebarton (South Road to Dew Street) (detailed design);
- Holland Street, Thebarton (Anderson Street to Philips Street).

This schedule of works provides a balanced approach to assist renewal and maintain strategic roads to an acceptable level whilst managing the expectations of the community and road users.

This program is subject to change, but details will be provided to Council if this occurs.

Other Road Works

Other road works total \$1,740,000 and comprises:

- \$250,000 for the ongoing installation and upgrade of public bus shelters at identified sites;
- \$555,000 for the implementation of local area traffic management in Novar Gardens, installation of two new roundabouts at the intersections of Daly Street and Garfield Avenue, Kurralta Park and Farnham Road and Marleston Avenue, Ashford, the installation of traffic calming devices along Rutland Avenue, Lockleys and minor traffic management work at identified locations, including pavement bar layouts, pedestrian kerb ramps, stop and give way signage and line marking;
- \$240,000 for bicycle management schemes, including the upgrade and renewal of the Rivers Torrens shared path, east of Hardy's Road, and detailed concept design for the airport east shared path;
- \$250,000 to continue the staged upgrade of pedestrian lighting of the Westside Bikeway through Marleston / Plympton / North Plympton;
- \$250,000 for the staged upgrade of pedestrian lighting for the Captain McKenna shared pathway (Watson Avenue to Tapleys Hill Road);
- \$95,000 for minor street lighting upgrades throughout the city;
- \$100,000 for city wide LED lighting upgrades.

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Capital Budget

Footpath Program

A condition assessment of Council's 553 kilometres of footpaths was undertaken in mid-2017 and it provided the basis for the forward renewal and maintenance program.

Concurrently with this assessment, Council developed an *Installation of New Footpath Priority System* report to determine the order in which new footpaths are installed within Council. The installation of new footpaths applies to:

- Local roads that do not have a footpath on either side of the road;
- Collector and arterial roads that do not have footpaths on both sides of the road; and
- Local roads when a footpath is required on both sides of the road due to high pedestrian demand, such as occurs in areas adjacent to bus routes, schools, shopping centres and nursing homes.

It is a Disability Discrimination Act requirement that there be a footpath on one side of all roads, for the safety and accessibility of pedestrians. Local and major collector roads which carry over 3,000 vehicles per day and are defined in Council's transport's strategy should have a footpath on both sides of the road for the safety of pedestrians, along with areas that have high pedestrian demand.

The findings of the above formed the basis of the updated *Footpath Infrastructure and Asset Management Plan* that was last adopted in December 2017. The objective of the plan is to provide a safe and practically manageable footpath and cycle / shared path network with an emphasis on the reduction in risk as opposed to aesthetics, and set priorities for the renewal and provision of new footpaths and cycle / shared paths. The functional level of service for footpaths has and will continue to consider community expectations, legislative compliance and future demand needs.

A review of the risks associated with our footpath assets was undertaken in 2013/14 and confirmed a high risk along arterial roads. Council in past budgets has allocated funds to commence risk mitigation works, and it is proposed that this be continued with a budget allocation to city wide footpaths for upgrades to occur at various locations.

The footpath schedule of works this year is made up of \$178,140 for footpath renewal, \$277,167 for new footpath construction and \$200,000 for footpath remediation. The following work is proposed:

Footpath Renewal Program \$178,140

- Spencer Street, Cowandilla (Sir Donald Bradman Drive to Jenkins Street);
- Hampton Road, Keswick (Croydon Road to Marlow Road);
- Anstey Crescent, Kurralta Park (Kimber Terrace to Broughton Avenue);
- Retallack Avenue, Marleston (Grove Avenue to end);
- Richmond Road, Marleston (Sutton Terrace to Marion Road);
- William Street, Mile End South (Sir Donald Bradman Drive to Rosslyn Street).

New Footpath Construction Program \$277,167

- James Avenue, Brooklyn Park (Western Parade to Sir Donald Bradman Drive);
- Harvey Terrace, Glenelg North (Bonython Avenue to Fairway Avenue);
- Scotland Road, Mile End South (South Road to Railway Terrace);
- Cygnet Street, Novar Gardens (Old Drive to Saratoga Drive);
- Jacklin Road, Novar Gardens (Oakmont Crescent to Links Road);
- Old Drive, Novar Gardens (Cygnet Street to end);

Budget and Annual Business Plan

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- Saratoga Drive, Novar Gardens (Pine Avenue to Cygnet Street);
- Tapleys Hill Road, West Beach (Ingerson Street to Weston Street);
- Weston Street, West Beach (Tapleys Hill Road to Burbridge Road).

Footpath Remediation Program \$200,000

- City wide footpath remediation - upgrade to arterial road footpaths at street tree locations.

This footpath program is subject to change, but details will be provided to Council if this occurs.

Land and Buildings

The capital expenditure budget for land and buildings totals \$4,980,000 (\$5,085,000 in 2018/19) and comprises:

- \$25,000 for upgrades of Council owned facilities to meet Disability Discrimination Act (DDA) requirements, as identified in Council's Building Asset Management Plan (2017);
- \$25,000 for asbestos removal as part of an on-going program of minor works involving Council owned buildings that have been identified in Council's Building Asset Management Plan (2017);
- \$25,000 for fire system upgrades, as part of an on-going program of minor works to bring Council owned buildings up to current building rules standards, as identified in Council's Building Asset Management Plan (2017);
- \$30,000 for on-going electrical compliance minor upgrades of Council owned facilities in accordance with current electrical compliance regulations, as identified in Council's Building Asset Management Plan (2017);
- \$200,000 for on-going building compliance upgrades of Council owned facilities as identified in Council's Building Asset Management Plan (2017), with projects to include:
 - Civic Centre Complex - upgrades to mechanical services;
 - Public toilet facilities - upgrades to existing toilet facilities located on reserves;
 - Kesmond Reserve - minor upgrades;
 - Camden Oval - minor upgrades;
 - Thebarton Oval - minor upgrades;
 - Other building and compliance works as identified.
- \$200,000 to fund the continuing upgrade (fourth stage), of the Star Theatre complex, as identified in the Forward Maintenance Plan report presented to Council on 2 February 2016. Works are as detailed in the ten year maintenance plan;
- \$250,000 to fund further upgrade work at Thebarton Theatre, which includes electrical wiring and power supply replacements over a four year staged program, which commenced in 2017/18. These are essential works that have been identified as part of the fire compliance upgrade building works;

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- \$400,000 to fund work associated with the upgrade of the workshop facilities at the Morphett Road Depot;
- \$50,000 to begin a staged upgrade and improvements of Plympton Community Centre, Plympton;
- \$3,000,000 for the upgrade of facilities at Weigall Oval (stage 2);
- \$650,000 to fund work associated with the ongoing upgrade of facilities at Lockleys Oval, Apex Park and Mellor Park;
- \$125,000 to begin a staged upgrade of the Civic Centre air-conditioning.

Plant, Equipment and Furniture

The capital budget for plant, equipment and furniture totals \$1,533,750 (\$1,720,950 in 2018/19) and comprises:

- \$156,000 for the replacement of 16 motor vehicles in the Council fleet;
- \$37,750 for furniture and equipment, including minor library items (\$21,750) and the replacement of a folding machine (\$16,000);
- \$300,000 for IT hardware and infrastructure replacements (\$470,000 in 2018/19), including PC's, MFDs, printers and laptops (\$215,000), the upgrade of firewall and IT security (\$33,000) and the replacement of Council's scanning solution (\$45,000);
- \$176,000 for the programmed replacement of three specialised turf ride-on mowers. These are high use operational machines that require regular replacement to ensure a suitable residual value and low yearly maintenance costs;
- \$428,500 to replace / upgrade / purchase five tipper trucks, all of which are used in the general civil, horticultural and city clean maintenance areas. The trucks being replaced range in loading capacity from three to ten tonne and age from eight to ten years;
- \$98,500 for various items of City Operations' plant and equipment, including 6 new truck scales to be fitted to existing vehicles (\$51,000), replacement of one trailer (\$22,500) and minor plant and equipment (\$25,000);
- \$165,000 for the replacement of one footpath sweeper;
- \$95,000 for the replacement of one chipper truck (based on kilometres and age);
- \$51,000 for the replacement of the community bus;
- \$6,000 to upgrade the digital art gallery at Thebarton Community Centre;
- \$20,000 to upgrade / fit-out the Lockleys Community Hub for community programs and hire.

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Capital Budget

Road Reseal / Rehabilitation and Kerb and Gutter Program

Farnham Rd - (Anzac Hwy to Herbert Rd)	Ashford
Waltham St - (Anzac Hwy to Tyson St)	Ashford
Hampton St - (Henley Beach Rd to Marshall Tce)	Brooklyn Park
Lewis St - (Lipsett Ter to Marshall Ter)	Brooklyn Park
Lyons St - (Carnarvon Av to Property No 29)	Brooklyn Park
Reynolds Av - (Jeffrey St to Lipsett Ter)	Brooklyn Park
Everett St - (Press Rd to Lyons St)	Brooklyn Park
Lipsett Ter - (May Ter to Elston St)	Brooklyn Park
Oscar St - (Clifford St to Airport Rd)	Brooklyn Park
Wakefield Pl - (Bedford St to End)	Brooklyn Park
Colin St - (Creslin Ter to Stonehouse Av)	Camden Park
Curzon St - (Victoria Av to Stonehouse Av)	Camden Park
Inkerman Av - (Albert Av to Patricia Av)	Camden Park
Victoria Av - (Capper St to Curzon St)	Camden Park
Spencer St - (Jenkins St to End)	Cowandilla
Wilson St - (Hounslow Av to Sir Donald Bradman Dr)	Cowandilla
Crace Rd - (Good St to Coral Sea Rd)	Fulham
East Pkwy - (Hughes Av to Gault Av)	Fulham
Eltham Ct - (Henley Beach Rd to Henley Beach Rd)	Fulham
Kandy St - (Raikoff Crt to Chippendale Av)	Fulham
Fairway Av - (Harvey Ter to Mattner Av)	Glenelg North
Ulinga St - (Property No 12 to Wongala Av)	Glenelg North
Warren Av - (Property No 34 to Harvey Ter)	Glenelg North
Clarence St - (Liley St to Sir Donald Bradman Dr)	Hilton
Formby St - (Milner Rd to Pearson St)	Hilton
Selby St - (End to Garfield Av)	Kurralt Park
Selby St - (Tennyson St to Broughton Av)	Kurralt Park
Carlow Av - (Rowells Rd to Chester St)	Lockleys
Castlebar Rd - (Franciscan Av to Durham Ave)	Lockleys
Fulham Park Dr - (Corona Av to Property No 47)	Lockleys
Horsley St - (Frontage Rd to Corona Av)	Lockleys
Azalea Dr - (Pierson St to End)	Lockleys
Cross St - (Torrens Av to Broughton St)	Lockleys
Rutland Av - (Henley Beach Rd to Sir Donald Bradman Dr)	Lockleys
Tracey Cres - (White Av to End)	Lockleys
Sarah St - (Stirling St to Richmond Rd)	Marleston

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Road Reseal / Rehabilitation and Kerb and Gutter Program

Cuming St - (South Rd to Property No 43)	Mile End
Dew St - (Henley Beach Rd to Rose St)	Mile End
Falcon Av - (Norma St to Henley Beach Rd)	Mile End
Lurline St - (Ebor Av to Falcon Av)	Mile End
Pam St - (Harvey Av to Ramsey St)	Netley
Birdwood Cl - (Birdwood Ter to Birdwood Ter)	North Plympton
Speed Av - (Dingera Av to Mooringe Av)	North Plympton
Gray St - (Tilden St to Durant St)	Plympton
Kingston Av - (Brooker Ter to Deacon Av)	Richmond
Richmond Oval Access Rd (From South Rd)	Richmond
Sanders St - (Bickford St to Shierlaw St)	Richmond
Dew St - (End to Randolph St)	Thebarton
August St - (Neville Rd to South Rd)	Thebarton
Light Tce - (Dew St to Albert St)	Thebarton
Howard St - 4910 (Property No 12 to Holbrooks Rd)	Underdale
Pearse St - (Henley Beach Rd to Norman St)	Underdale
Stuckey Av - (Hardy's Rd to Sherriff St)	Underdale
Arctic Av - 0245 (Windsor Ter to Dennis Dr)	West Beach
Dennis Dr - (West Beach Rd to Artic Av)	West Beach
Foreman St - (Davis St to End)	West Beach
Joseph Ct - (Dennis Dr to Dennis Dr)	West Beach
Miami Av - (Rio Vista Av to City Boundary)	West Beach
Woodhead St - (Property No 10 to Davis St)	West Beach
Morley St - (Leicester St to Britton St)	West Richmond
Passmore St - (Norwich St to Morley St)	West Richmond
Road Rejuvenation	Various Locations

Note: This schedule may change, but details on any changes will be provided to Council.

Budget and Annual Business Plan

Capital Budget

ORIGINAL BUDGET 2018/19	REVISED BUDGET 2018/19	DESCRIPTION	2019/20 BUDGET
<u>CAPITAL WORKS</u>			
<u>Environment Program</u>			
<i>Stormwater & Drainage</i>			
400,000	400,000	Minor Drainage Upgrades and Replacement Work	350,000
0	0	Stormwater Upgrade - Stirling Street, Thebarton	2,212,151
1,404,168	4,611,713	Lockleys Catchment	0
0	96,502	Ashley St (West St to Hayward Ave)	0
0	148,875	BHKC - Down Stream South Rd and Gray St Bend	0
0	50,000	Plympton Green	0
900,000	900,000	Shannon Ave Pump Station	0
0	0	Stormwater Upgrade - Sheriff Street, Underdale	200,000
<i>Other Environment</i>			
2,500,000	2,575,000	Brown Hill and Keswick Creeks	1,358,774
0	56,932	Glenelg Adelaide Pipeline (GAP)	0
5,204,168	8,839,022	Program Total	4,120,925
<u>Recreation Program</u>			
<i>Parks & Gardens</i>			
445,000	1,082,642	Playground Upgrade	490,000
500,000	624,272	Reserve Developments - Various	400,000
310,000	467,809	River Torrens Upgrade	210,000
30,000	48,664	River Torrens Path Upgrades	25,000
595,000	1,224,918	Reserve Irrigation Upgrades	320,000
0	19,449	Additional Open Space Amenity Initiatives	0
60,000	113,329	Bikeway Path Upgrade and Reseal	50,000
<i>Sports Facilities</i>			
75,000	206,704	Tennis Court Upgrades	75,000
0	30,014	Thebarton Oval / Kings Reserve	0
0	45,600	Airport Rd	0
2,015,000	3,863,401	Program Total	1,570,000

Budget and Annual Business Plan			Capital Budget
ORIGINAL BUDGET 2018/19	REVISED BUDGET 2018/19	DESCRIPTION	2019/20 BUDGET
<u>Transport Program</u>			
		<i>Roads Sealed</i>	
9,949,358	23,140,753	City Funds/ULRG Funds/Carryovers	9,723,119
873,376	873,376	Roads to Recovery Grant Funds	617,418
		<i>Other Transport</i>	
300,000	366,280	Bus Shelters	250,000
440,000	530,071	Traffic Management	555,000
200,000	200,000	Bicycle Management Schemes	240,000
580,000	663,756	Public Lighting	595,000
0	0	LED Lighting Upgrade	100,000
0	107,489	Bio-Science Precinct Works	0
		<i>Bridges</i>	
0	61,462	Bridge Ancillary Works (as per Bridge Audit)	0
		<i>Footpaths</i>	
147,964	147,964	Footpath Renewal Program	178,140
209,522	209,522	Footpath Construction Program	277,167
200,000	200,000	Footpath Remediation Program	200,000
12,000,220	26,500,673	Program Total	12,735,844
19,219,388	39,203,096	TOTAL - CAPITAL WORKS	18,426,769

Budget and Annual Business Plan

Capital Budget

ORIGINAL BUDGET 2018/19	REVISED BUDGET 2018/19	DESCRIPTION	2019/20 BUDGET
<u>OTHER CAPITAL EXPENDITURE</u>			
<u>Land and Buildings</u>			
25,000	25,000	DDA Upgrade Program	25,000
30,000	57,000	Asbestos Removal Program	25,000
25,000	25,000	Fire Systems Upgrades	25,000
25,000	25,000	Electrical Compliance Upgrades	30,000
200,000	260,000	Building Compliance Upgrade	200,000
200,000	512,417	Star Theatre - Building Compliance Works (Staged)	200,000
0	103,035	DDA Golflands Complex Building	0
0	16,318	Richmond Oval - DDA Shelter (Grant)	0
250,000	303,646	Thebarton Theatre Complex - Structural /Electrical Works	250,000
450,000	50,000	Peake Gardens Riverside Tennis Clubrooms	0
0	468,149	Thebarton Community Centre U/G Stage 2	0
0	9,293	Kings Reserve - U/G Stage 1	0
0	50,000	Bluestone Cottage - Sir Donald Bradman Dr	0
0	-68,378	New depot - adjustment / refund on LTO fees paid to Normans	0
0	500,000	Depot - 240/280 Morphett Rd - Upgrade Building Workshop	400,000
0	613,023	Depot - 240/280 Morphett Rd - Upgrade of Building Office	0
0	420,000	Depot - 112 Marion Rd - Decommission of Site	0
0	15,000	Elm Ave Right of Way Acquisition	0
50,000	50,000	Plympton CC& Building Upgrade and Staged Works	50,000
100,000	126,091	Torrensville Bowling Club- Roof Structure& Replacement	0
200,000	200,000	Civic Centre Complex, Painting of External Building	0
30,000	23,742	Upgrade Girl Guides Building& Kurralta Park	0
0	40,000	Compliance Pound / Kennel Facilities	0
0	18,000	Replacement of Hamra Library AC (Training Room)	0
0	250,000	Camden Oval - Public Toilet Facilities (DDA)	0
0	5,130,555	Weigall Oval	3,000,000
3,000,000	10,780,240	Upgrade Lockleys Oval/Apex Park/ Mellor	650,000
0	1,168,606	Torrensville Bowling Club	0
0	250,000	WT Birkalla Soccer Club (Camden Oval) Financial Support	0
500,000	6,397,580	Camden Oval Community Facility-Other Consultant Fees	0
0	49,147	Office modifications to accommodate Waste Coordinator	0
0	0	Civic Centre Complex Air-Conditioning	125,000
5,085,000	27,868,464	Total Land and Buildings	4,980,000

Budget and Annual Business Plan			Capital Budget
ORIGINAL BUDGET 2018/19	REVISED BUDGET 2018/19	DESCRIPTION	2019/20 BUDGET
<u>Plant, Equipment and Furniture</u>			
111,500	123,956	Motor Vehicle Replacements	156,000
132,500	187,573	Furniture and Equipment	37,750
470,000	532,000	IT Hardware & Infrastructure Replacement	300,000
0	0	Fit out for community programs and hire at Lockleys Community Hub	20,000
57,500	69,453	Minor Depot Plant and Equipment	25,000
186,500	217,000	Replace Mowers (2018/19 x 5; 2019/20 x 3)	176,000
505,000	697,702	Replace Trucks/Tippers (2018/19 x 6; 2019/20 x 5)	428,500
0	37,500	Replace Front End Loader	0
0	72,000	Replace Woodchipper	0
86,500	110,000	Replace Trailers	22,500
0	0	Replace Chipper Truck	95,000
0	0	Replace Footpath Sweeper	165,000
33,500	33,500	Replace Electronic Message Board	0
36,500	36,500	Replace Mini Loader	0
73,000	73,000	Replace Forklifts	0
0	0	Truck scales x 6 - Chain of responsibility requirement	51,000
0	105,500	Replace Bobcat Loader	0
0	0	Replace Community Bus	51,000
20,000	20,000	Audio visual upgrades at Auditorium	0
8,450	8,450	Audio visual upgrades at Plympton and Thebarton Community Centre	0
0	7,303	Community Bus Trailer / PA Systems	0
0	0	Thebarton Community Centre Digital Art Gallery	6,000
1,720,950	2,331,437	Total Plant, Equipment and Furniture	1,533,750
<u>Library Resources</u>			
207,742	207,742	Library Resources - Central	0
116,200	116,200	Library Resources - Local	0
323,942	323,942	Total Library Resources	0
7,129,892	30,248,624	TOTAL - OTHER CAPITAL	6,513,750
26,349,280	69,726,939	TOTAL ALL CAPITAL EXPENDITURE	24,940,519

Budget and Annual Business Plan			Capital Budget
ORIGINAL BUDGET 2018/19	REVISED BUDGET 2018/19	DESCRIPTION	2019/20 BUDGET
<u>CAPITAL INCOME</u>			
<u>Land and Buildings</u>			
-4,000,000	-4,000,000	Sale of Marion Road Council depot	0
-4,000,000	-4,000,000	Total Land and Buildings	0
-4,000,000	-4,000,000	TOTAL ALL CAPITAL INCOME	0

Operational Budget

Budget and Annual Business Plan

Operational Budget

Summary

Council's operating statement in the 2019/20 budget projects a surplus from operations of \$8,513,937, as shown below, based on a 2.9 per cent rate increase. This rate increase is 0.5 per cent higher than that projected in last year's budget, due entirely to an unprecedented 40.0 per cent increase in the waste levy imposed by the state government, but is otherwise in line with the increase endorsed in the long term financial plan of the Council in 2018/19.

Income	\$
Rates and Rate Equivalents	60,307,510
Statutory Charges	2,449,400
User Charges	1,735,606
Grants and Subsidies	3,449,469
Sundry Income	749,885
Total Income	68,691,870
Expenditure	
Employee and Related	24,406,957
Material and Contract	9,857,880
Finance Costs	667,376
NRM Levy	1,542,510
Depreciation	11,711,380
Other	11,991,830
Total Expenditure	60,177,933
Operating Surplus	8,513,937

Note that the surplus above is an indicator of operating performance, including the funding of asset depreciation, but is not an indicator of the cash surplus of the Council. Capital expenditure covered in the previous section of this document is not included in the expenditure above.

After adjusting for reserve movements, a small cash surplus of \$20,842 is projected.

Operational Expenditure

Operational expenditure has increased by \$3,491,595 or 6.2 per cent, relative to the original 2018/19 budget.

All operational expenditure, before depreciation, has increased by \$3,250,215 or 7.2 per cent, relative to the original 2018/19 budget (\$2,715,509 or 6.4 per cent last budget), as follows:

Budget and Annual Business Plan

Operational Budget

	Budget 2018/19	Budget 2019/20	Variance	Variance
	\$	\$	\$	%
Employee Costs	23,163,854	24,406,957	1,243,103	5.4%
Building, Equipment and Related	1,997,750	2,180,579	182,829	9.2%
General Expenses	4,550,037	4,959,910	409,873	9.0%
Bank and Finance Charges	403,726	667,376	263,650	65.3%
Council Related Expenses	2,362,578	2,328,747	-33,831	-1.4%
Contract and Material Expenses	8,870,840	9,956,880	1,086,040	12.2%
NRM Levy	1,472,440	1,542,510	70,070	4.8%
Occupancy and Property Costs	2,601,113	2,600,594	-519	0.0%
Internal Charges / Recoveries	-206,000	-177,000	29,000	-14.1%
Sub Total	45,216,338	48,466,553	3,250,215	7.2%
Depreciation	11,470,000	11,711,380	241,380	2.1%
Total	56,686,338	60,177,933	3,491,595	6.2%

Key Expenditure Movements

Operational costs across all areas of the Council are increasing by \$3,491,595 or 6.2 per cent, as shown above, the key increases being:

- Employment costs have increased by \$1,243,103 or 5.4 per cent over the original budget estimates for 2018/19 (\$175,554 or 0.8 per cent last budget), with FTEs increasing net by 4.7 (0.5 FTEs in 2018/19). This is further explained later in this commentary under the heading "Employment Costs";
- An interest cost associated with new loans of \$518,976 is budgeted, as approved by Council, up \$261,750 on 2018/19;
- Waste collection and disposal costs have increased by \$532,000 or 10.25 per cent to \$5,722,000, reflecting an unprecedented 40.0 per cent increase in the waste levy imposed by the state government along with a higher cost structure when new contractual arrangements are in place from 1 May 2019;
- Professional fees have increased by \$220,480 or 14.1 per cent to \$1,783,880, with funding provided for a range of initiatives including the community plan review (\$70,000), an open space plan review (\$50,000), environmental monitoring / reporting at Deeds Road (\$80,000) and the position of Assessment Manager (\$60,000);
- The contractor budget has increased by \$483,860 or 18.6 per cent \$3,083,700, largely in support of verge upgrades (\$250,000) and horticultural maintenance (\$216,000);
- Depreciation is set to increase by \$241,380 or 2.1 per cent based on current asset values and the impact of ongoing capital expenditure programs;
- Levies and charges are increasing by \$111,910 or 7.0 per cent to \$1,717,350. This includes the NRM levy which is up \$70,070 or 4.8 per cent to \$1,542,510;

Budget and Annual Business Plan

Operational Budget

- Changes to Council's Revaluation of Asset Policy have resulted in costs associated with the purchase of library resources totalling \$325,516 being expensed for the first time, rather than being capitalised.

Operational expenditure, based on business functions of the Council, is as follows:



Employment Costs

Employment costs have increased by \$1,243,103 or 5.4 per cent over the original budget estimates for 2018/19 (\$175,554 or 0.8 per cent per cent last budget), with this increase impacted by the following:

- Negotiated enterprise bargaining increases in excess of \$480,000 being budgeted;
- FTE numbers being increased by 4.7 net over what was budgeted in 2018/19, an increase that includes a position of Waste Coordinator (Council approved 21 August 2018) and two traineeships (Council approved 16 April 2019);
- A vacancy allowance of \$250,000 being factored into salary budgets.

Budget and Annual Business Plan

Operational Budget

The replacement of staff on leave is largely unfunded in the budget, apart from direct service providers such as the library and the Service Centre. A sufficient level of saving during the course of the year is expected to occur within the budget to fund any staff replacements that may be required.

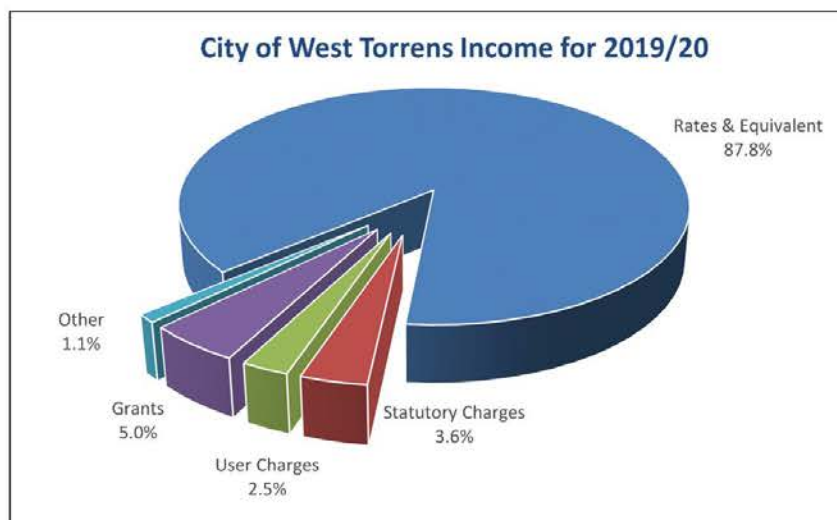
Income

All income is budgeted to increase by \$3,192,301 or 4.9 per cent over 2018/19 budget as follows:

	Budget 2018/19 \$	Budget 2019/20 \$	Variance \$
Rates & Rate Equivalents Payments	57,402,440	60,307,510	2,905,070
Statutory Charges	2,345,500	2,449,400	103,900
User Charges	1,588,001	1,735,606	147,605
Grants - General Purpose Grant	1,238,200	1,263,500	25,300
Grants - Other	1,987,929	2,185,969	198,040
Sundry Income	937,499	749,885	-187,614
Total	65,499,569	68,691,870	3,192,301

Rate Income

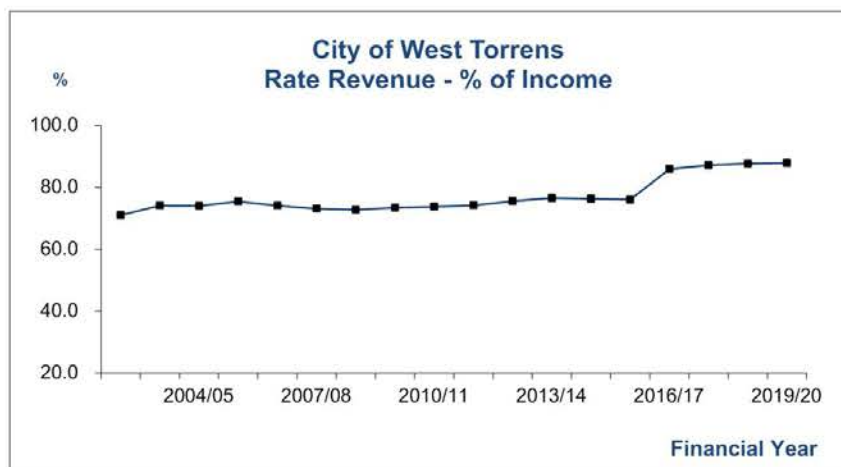
87.8 per cent of the income budgeted by Council is derived from rates and rate equivalent payments, as follows:



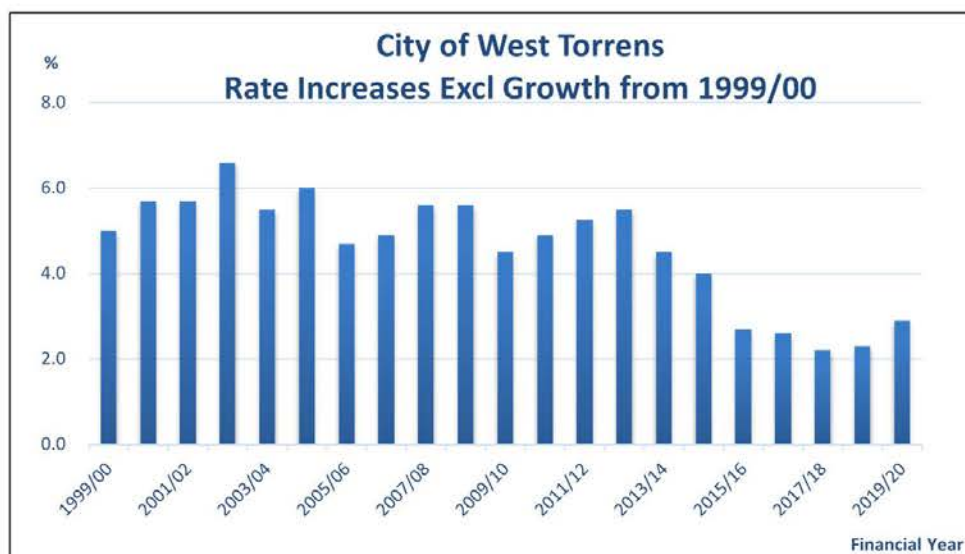
Budget and Annual Business Plan

Operational Budget

As can be seen in the following graph, Council's dependency on rate revenue continues to be significant, with no major growth in other income areas.



Council has endeavoured to limit increases in rates and since 1999/00 has achieved an average increase of 4.6 per cent (excluding natural growth), as shown in the chart below. Much lower increases are evident in recent years.



Budget and Annual Business Plan

Operational Budget

Rate Calculation

Rates in 2019/20 are determined on the following basis:

	\$
Rate Income 2018/19	51,692,891
Add Natural Growth @ Net 1.4%	723,700
	<hr/>
Rates Prior to Rate Increase	52,416,591
	<hr/>
Add Net Rate Increase @ 2.9%	1,523,409
	<hr/>
Rates Raised (excluding fines)	53,940,000
	<hr/>

Rate equivalent payments by Adelaide Airport Limited are excluded from the above rate calculations, along with NRM levies, rebates and remissions.

Minimum Rates

A minimum rate of \$935 is proposed for 2019/20 (\$909 in 2018/19), an increase of \$26 or 2.9 per cent.

This rate is expected to result in substantially less than 35 per cent of West Torrens Council properties being minimum rated and ensure compliance with Section 158 of the Local Government Act 1999.

West Torrens had the fourth lowest minimum rate in metropolitan Adelaide in 2018/19 at \$909. Minimum rates in metropolitan Adelaide average \$1,002 and range between \$805 (Unley) and \$1,200 (Prospect).

Rate Movements

It is proposed that rates be increased as follows:

Minimum Rate	:	Up 2.9%
Non-Residential	:	Up 2.9%
Residential	:	Up 2.9%
Overall Increase	:	Up 2.9%

Budget and Annual Business Plan

Operational Budget

Rates Comparison with Other Councils

A comparison of rates with other metropolitan councils reveals that West Torrens Council's average rates of \$1,697 are low. The information is based on an LGA survey and is considered a reliable indicator of Council's rating effort.

Using West Torrens as the base, the ratio indicates the factor by which other council rates compare. For example, the average rates of Walkerville Council are 1.3 times higher than those of West Torrens.

Rates per Rateable Assessment 2018/19

Council	Average	Ratio
	Rates	
	\$	%
Walkerville	2,233	1.3
Unley	2,161	1.3
Prospect	2,078	1.2
Playford	2,015	1.2
Tea Tree Gully	1,855	1.1
Mitcham	1,853	1.1
Charles Sturt	1,839	1.1
Marion	1,783	1.0
Norwood, Payneham	1,712	1.0
West Torrens	1,697	1.0
Holdfast Bay	1,679	1.0
Onkaparinga	1,633	1.0
Pt Adelaide Enfield	1,626	0.9
Salisbury	1,618	0.9
Campbelltown	1,581	0.9
Average	1,824	1.1

Source: LGA Survey

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Another view of Council's rating is based on average residential rates, details on which follow. With the help of differential rating, West Torrens is able to offer the second lowest average residential rates in metropolitan Adelaide.

Council	Average Rates	Ratio
	\$	%
Walkerville	2,073	1.7
Prospect	1,839	1.5
Unley	1,813	1.5
Mitcham	1,705	1.4
Tea Tree Gully	1,623	1.3
Norwood, Payneham	1,562	1.3
Campbelltown	1,550	1.3
Onkaparinga	1,539	1.3
Playford	1,514	1.2
Holdfast Bay	1,500	1.2
Marion	1,453	1.2
Charles Sturt	1,387	1.1
Salisbury	1,337	1.1
West Torrens	1,218	1.0
Pt Adelaide Enfield	1,046	0.9
Average	1,544	1.3

Source: LGA Survey

Rate Modelling

More detailed rate modelling information, prepared pursuant to the requirements of Section 123 of the Local Government Act 1999, is included in section 7 of this document.

Budget and Annual Business Plan

Operational Budget

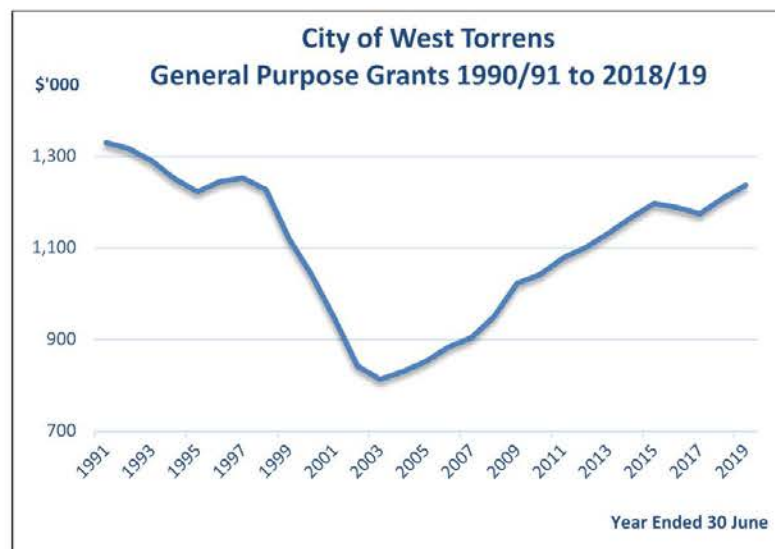
Grant Income

Grant income budgeted in 2019/20 totals \$3,449,469 (\$3,226,129 in 2018/19) up 6.9 per cent as follows:

	Budget 2018/19	Budget 2019/20	Variance
	\$	\$	\$
General Purpose Grant	1,238,200	1,263,500	25,300
Road Grants	623,720	637,442	13,722
Library	425,416	430,169	4,753
HACC / CHSP	468,744	465,400	-3,304
Special Road Grants	433,049	617,418	184,369
Sundry Grants	37,000	35,500	-1,500
Total	3,226,129	3,449,469	223,340

General Purpose Grant

The following table shows Council's general purpose grants from the South Australian Grants Commission since 1997/98. The decline reflects the impact of a methodology review by the Commission.



Budget and Annual Business Plan

Operational Budget

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 local government provides to its community. However, there are certain goods and services that the Council provides which are available specifically to individuals or groups and for which a user charge is appropriate. Councils already have a number of user charges e.g. library charges, hall hire, tennis court hire, community centre fees, etc.

User charges can help to reduce the rate burden on ratepayers.

User charges budgeted in the 2019/20 financial year totals \$1,735,606 (or 2.5 per cent of all Council's operating income). They comprise of the following:

	Budget 2018/19	Budget 2019/20	Variance
	\$	\$	\$
Waste Royalties / Lease Fees	176,278	190,000	13,722
Hall and Theatre Hire / Rent	345,851	384,500	38,649
Library Income	31,000	28,900	-2,100
Ovals Rents, Fees & Related	108,673	75,000	-33,673
Home Support Charges	135,000	135,000	0
House Rent & Related	39,780	35,800	-3,980
Sundry User Charges	340,000	460,000	120,000
Total	1,588,001	1,735,606	147,605

Commercial lease fees of \$460,000 are for the new depot facility. All user charges are reviewed annually by Council.

Statutory Charges

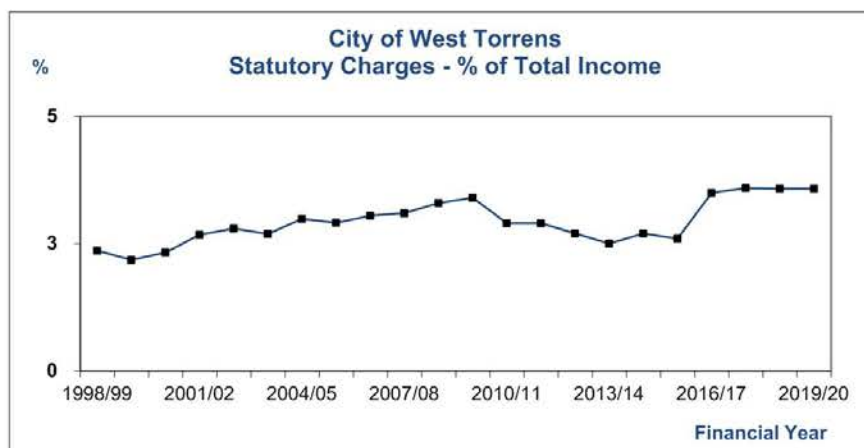
Statutory charges are substantially set by the State Government on regulatory services provided by local government, such as dog registration fees, building and planning fees, and parking fines. They comprise of the following:

	Budget 2018/19	Budget 2019/20	Variance
	\$	\$	\$
Parking Income	1,100,000	1,170,000	70,000
Development Act Fees	690,000	670,000	-20,000
Animal Control Income	330,900	395,000	64,100
Property Search Fees	115,000	115,000	0
Sundry Statutory Charges	109,600	99,400	-10,200
Total	2,345,500	2,449,400	103,900

Budget and Annual Business Plan

Operational Budget

Statutory fees 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 2019/20 budget, statutory charges total \$2,449,400 or 3.6 per cent of all Council income (excluding capital revenues). The trend since 1997/98 has been as follows:



Other Income

Other income of the Council includes investment income, insurance returns and reimbursements, and comprises 1.1 per cent of all income budgeted in 2019/20 (excluding capital revenues).

	Budget 2018/19 \$	Budget 2019/20 \$	Variance \$
Investment & Related Income	324,000	216,000	-108,000
Reimbursement Income	251,999	251,800	-199
Insurance Bonus	150,000	150,000	0
Sundry Income	211,500	132,085	-79,415
Total	937,499	749,885	-187,614

Budget and Annual Business Plan

Operational Budget

Loan Program 2019/20

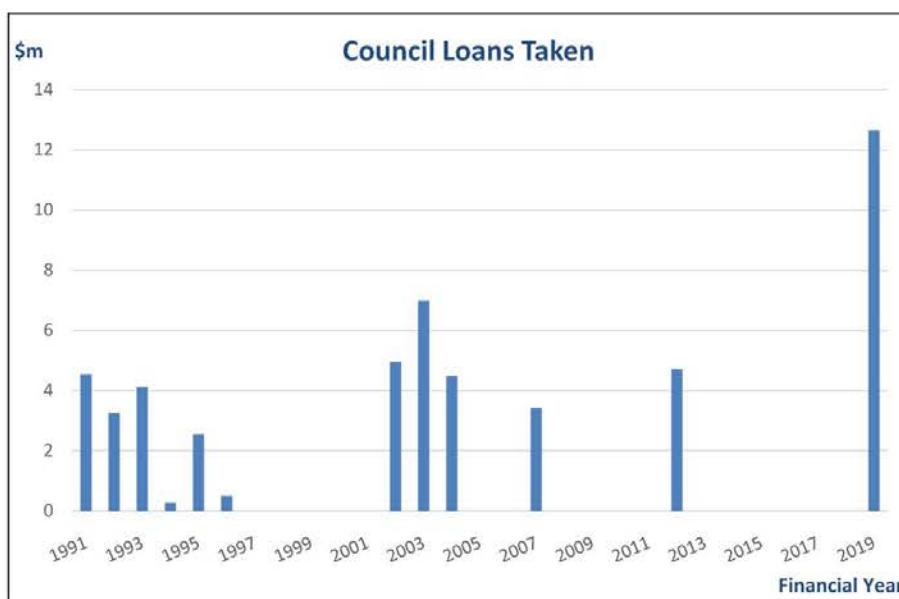
Council's loan program for 2019/20 totals \$3,796,002 (\$4,647,203 in the 2018/19 original budget). Details of the loan program can be seen below:

**City of West Torrens
Loan Program 2019/20**

Project	\$
BHKC Project (no overhead)	1,358,774
Stirling Street Stormwater Upgrade	2,212,151
Weigall Oval Development	426,182
Overhead	-201,105
	<hr/>
Balance	3,796,002
	<hr/>

Historical Perspective on Loans

The following graphic shows new loans taken by Council since 1 July 1990, including those of both Thebarton and West Torrens Councils prior to amalgamation in 1997.

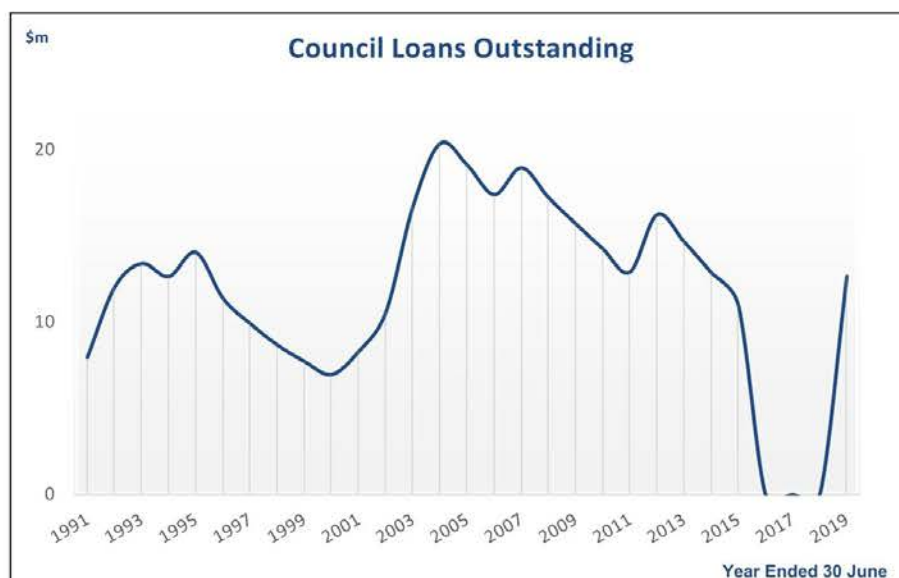


A new loan of \$12,659,646 was taken out during 2019 to fund major capital works projects currently in progress. This is the first loan Council has taken since January 2012.

Budget and Annual Business Plan

Operational Budget

The next graph shows the balance of council loans outstanding at the end of each financial year.



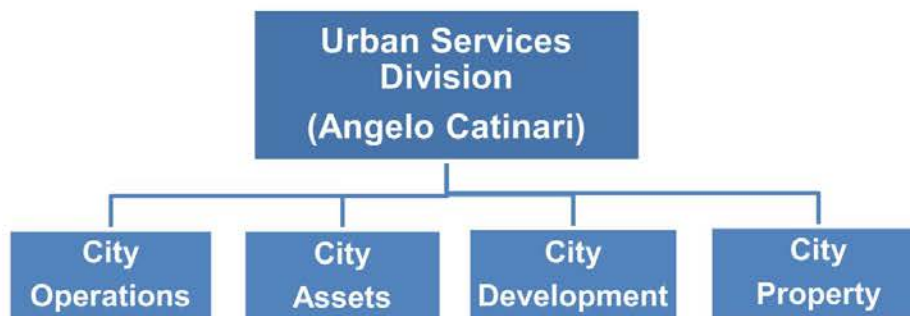
Increased borrowings in the 1991 to 1993 period were largely due to the redevelopment of the Hilton Civic Centre and property acquisitions associated with the Hilton Shopping Centre site.

A sizeable reduction of Council's indebtedness in the 1995 to 2001 period occurred because Council elected to use cash reserves rather than borrowings to fund the budgeted loan program. This has resulted in interest and principle repayments being avoided.

No loan liability in 2016, 2017 and 2018 reflect action taken to pay out loans using proceeds from the sale of St Martins aged care facility. The surplus funds from the sale allowed council to avoid borrowing until the 2019 financial year.

Operational Budgets by Division

Urban Services Division



The Urban Services Division covers a range of service areas responsible for the city's infrastructure as well as the built and natural environment. The division is responsible for the provision of services and resources that enhance life in the city and it plans, manages and reviews the delivery of Council's works, infrastructure, property, land use and planning services.

The Urban Services Division comprises the following:

- City Operations;
- City Assets;
- City Development;
- City Property.

Budget and Annual Business Plan

Operational Budgets by Division

Urban Services Division 2019/20 Business Plan and Budget Statement

Objective(s)

Support Council with the provision of a range of urban services, which aim to maintain and improve the city's public infrastructure, amenity and built environment.

Key Activities 2019/20

Key activities include the following:

- Discharge functions and duties under the Development Act 1993 and the Development Regulations 2008;
- Civil construction and maintenance;
- Building and property administration, construction and maintenance;
- Asset management;
- Stormwater management;
- Horticultural services;
- Fleet management;
- Traffic management.

Performance Measures

Performance measures, both financial and non-financial, against which the Urban Services Division will be assessed, are:

- Legal planning obligations are met in an efficient and timely fashion, consistent with the planning framework and policies of the Council;
- Projects are completed on time, on budget and with quality outcomes;
- Stormwater flood mitigation measures are effective throughout the city and meet community expectations;
- Asset management plans are in place and support asset maintenance requirements of the city;
- Traffic management measures that demonstrate safety improvements while providing increased levels of community satisfaction;
- Asset maintenance is timely, cost effective, of a high quality and meets community expectations;
- Service frequencies that meet community expectations, including street sweeping and parks and landscape maintenance;
- High service levels are maintained and key performance indicators are met.

2019/20 Budget Highlights

1. Income

- Urban Services' income is budgeted to increase by \$281,157 or 8.7 per cent to \$3,519,066;
- Roads to recovery funding of \$617,418 is budgeted in 2019/20, up from \$433,049 originally budgeted in 2018/19;
- Council's identified local road grant is budgeted at \$637,442, (\$623,720 budgeted originally in 2018/19);

Budget and Annual Business Plan

Operational Budgets by Division

- Royalty payments and lease income associated with the waste transfer station totalling \$190,000 are budgeted, up \$13,722 or 7.8 per cent in 2019/20;
- Income from sporting facilities have decreased by \$32,662 to \$85,500 (\$118,162 in 2018/19) due to facility upgrades currently underway;
- Thebarton Theatre income of \$85,000 is budgeted (\$69,309 in 2018/19);
- Property related reimbursements for utility and related charges (such as water and electricity) of \$198,000 are budgeted (\$197,799 in 2018/19);
- Lease income of \$460,000 from the new depot is budgeted (\$340,000 in 2018/19);
- City Operations' income of \$144,500 is budgeted (\$147,500 in 2018/19) which includes \$35,000 for maintaining selected highway medians on Sir Donald Bradman Drive, Airport Road and Henley Beach Road for the Department of Planning, Transport and Infrastructure;
- Development application fees of \$670,000 are budgeted (down 2.9 per cent from \$690,000 in 2018/19);
- Property search fees are budgeted at \$115,000 (unchanged from 2018/19).

2. Operational Expenditure

- Operational expenditure (excluding depreciation) has increased by \$1,650,734 or 8.4 per cent to \$21,259,471 (\$19,608,737 in 2018/19);
- Employment expenses have increased by \$569,577 or 5.4 per cent, to \$11,095,213, reflecting in part that a new development technician has been budgeted in City Development;
- Street lighting expenditure has decreased by \$40,000 or 3.9 per cent to \$995,000 (\$1,035,000 in 2018/19);
- Professional fees have increased by \$180,000 or 30.0 per cent to \$780,000, to fund the following:
 - \$100,000 for specialist engineering advice;
 - \$90,000 for tree data collection;
 - \$80,000 for arboriculture, heritage, engineering and specialist planning advice;
 - \$80,000 for the Deeds Road depot - environmental monitoring and reporting;
 - \$65,000 for the ongoing development of tree strategy and policy, including a partial tree survey;
 - \$60,000 for the funding of an Assessment Manager based on a 12 month requirement;
 - \$110,000 for general consultancy advice;
 - \$50,000 for rolling stormwater audit work to be undertaken;
 - \$45,000 for Lands Titles Office and topographical surveys;
 - \$40,000 for bridge condition audit;
 - \$20,000 for transport strategy implementation;
 - \$20,000 for asset management development;
 - \$10,000 for geotechnical testing.
 - \$10,000 for risk assessments, auditing and compliance work for projects and operational activities.
- Depreciation costs are budgeted to increase by \$546,757 or 5.2 per cent to \$11,101,280;
- Contract maintenance expenditure has increased by \$481,200 or 20.1 per cent to \$2,870,200 and includes:
 - \$890,000 for road, road reserve and footpath maintenance;
 - \$437,000 for horticulture and landscape maintenance;
 - \$270,000 for tree pruning;

Budget and Annual Business Plan

Operational Budgets by Division

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- \$270,200 for inspection, cleaning and maintaining the street and drainage network and stormwater pump stations;
 - \$220,000 for weed control;
 - \$135,000 in waste disposal costs, which includes illegally dumped rubbish;
 - \$85,000 for graffiti removal;
 - \$51,000 for turf / irrigation maintenance and compliance testing;
 - \$10,000 for sundry operational expenditure.
- Material costs for maintenance works have increased by \$62,180 or 6.5 per cent to \$1,021,180, and include:
 - \$235,000 for road maintenance and concrete material;
 - \$250,000 for the greening program (tree replacement, plantings and biodiversity WSUD plantings);
 - \$145,000 for line marking and signage / furniture;
 - \$43,400 for greening program.
 - Interest expense of \$518,976 in budgeted (\$257,226 in 2018/19) as Council resumes borrowing for major capital projects;
 - Rental, sundry and land tax equivalent payments to Adelaide Airport Limited totalling \$765,000 are budgeted (\$734,500 in the original 2018/19 budget);
 - Levies and charges have increased by \$22,000 or 26.5 per cent to \$105,000 and cover EPA licence fees for Deeds Road / Waste Transfer Station (\$60,000) and building and planning fees payable to the SA Government (\$40,000);
 - Plant and equipment costs (excluding plant hire and depreciation) are budgeted to increase by \$32,790 or 4.6 per cent to \$739,140;
 - Water rates have increased by \$21,960 or 3.4 per cent to \$677,000;
 - Sitting fees for independent members of the Council Assessment Panel of \$30,200 is factored into the budget, based on allowances set by the SA Remuneration Tribunal (\$28,202 in 2018/19).

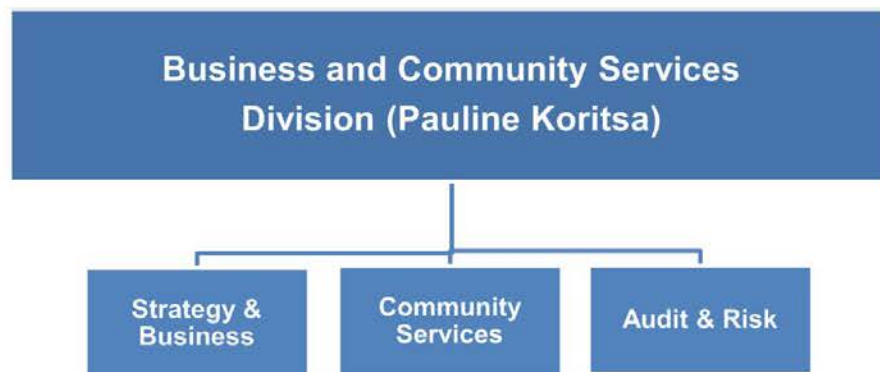
Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2019/20 URBAN SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME
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2018/19 BUDGET		DESCRIPTION	2019/20 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2018/19 ORIGINAL	
Income					
805,000	735,000	Statutory Charges	785,000	(20,000)	-2.5%
1,053,341	966,379	User Charges	1,156,206	102,865	9.8%
1,092,269	1,025,751	Grants & Subsidies	1,290,360	198,091	18.1%
220,299	222,017	Reimbursements	220,500	201	0.1%
67,000	90,378	Other Income	67,000	0	0.0%
3,237,909	3,039,525	Total Income	3,519,066	281,157	8.7%
Less					
Operational Expenditure					
9,975,626	9,893,166	Staff Costs	10,523,275	547,649	5.5%
550,010	531,887	Staff Related Costs	571,938	21,928	4.0%
1,847,448	2,061,471	Buildings Furniture & Fittings	2,148,190	300,742	16.3%
1,355,941	1,353,619	Plant & Equipment	1,406,470	50,529	3.7%
6,284	6,284	Computer Expenditure	6,910	626	10.0%
8,160,000	8,160,000	Community Assets	8,391,900	231,900	2.8%
1,608,887	1,814,263	General	1,773,337	164,450	10.2%
257,226	257,226	Bank & Finance	518,976	261,750	101.8%
1,167,060	1,167,850	Council Expenditure	1,151,475	(15,585)	-1.3%
2,389,000	2,514,000	Contract Expenditure	2,870,200	481,200	20.1%
959,000	959,000	Materials	1,021,180	62,180	6.5%
2,092,778	2,187,373	Occupancy & Property	2,176,900	84,122	4.0%
(206,000)	(194,460)	Internal - Expenditure Recovered	(200,000)	6,000	-2.9%
30,163,260	30,711,679	Total Operational Costs	32,360,751	2,197,491	7.3%
(26,925,351)	(27,672,154)	Operational Surplus/(Deficit)	(28,841,685)	(1,916,334)	7.1%

Business and Community Services Division



The Business and Community Services Division is primarily responsible for governance and risk management, media and events, procurement, internal audit, strategic planning, the development of policy and the provision of services to the community as approved in Council's strategic directions and annual budget.

The Business and Community Services Division comprises the following:

- Strategy and Business;
- Community Services;
- Audit and Risk.

Budget and Annual Business Plan

Operational Budgets by Division

Business and Community Services Division 2019/20 Business Plan and Budget Statement

Objective(s)

- Influence the implementation of departmental strategies that are consistent with the aspirations and principles detailed in Council's Community Plan;
- Coordinate high level strategic land use planning policy, corporate planning and environmental services;
- Build stronger relationships and partnerships between Council, the community and state and other local governments, to build the social capital of the local community;
- Deliver responsive services that address health and wellbeing, and the social and educational needs of people of all ages;
- Promote literacy by making it easy for people of all ages, cultures and interests to get into reading at all levels. Reading plays a crucial role in creating independent learners, underpins literacy skills and educational attainment and helps people understand themselves and others;
- Deliver the provision of community based support and services for older people, people with disabilities and their carers, and other specifically funded (external and council) target groups;
- Achieve excellence in governance, internal audit, risk management and procurement;
- Deliver high quality media, communication, events and community engagement programs.

Key Activities 2019/20

Key divisional activities include:

- City Strategy, including the coordination of land use planning policy, corporate and strategic planning and performance of the Community Plan;
- Community Services, including the provision of centre and outside based programs and services to people of all ages, mobile and home library services, volunteer, community bus, children and youth programs, and aged support programs;
- Business Services, which includes procurement, internal audit, risk management, governance, and creative services.

Performance Measures

Performance measures, both financial and non-financial, against which the Business and Community Services Division will be assessed, include:

- The degree to which Council implements policies, plans, programs, activities and procedures recommended by the division;
- Successful performance within the procurement program, emergency management, business and continuity plans, and community engagement framework;
- The degree to which the organisation achieves the objectives and targets set in its key climate change adaptation programs;
- The performance of Council's aged services program against the independently assessed Commonwealth accreditation, validation and certification standards;
- Financial management of all programs within the budgets set and to the standards required by the funding bodies, including Council itself;
- Community participation in the summer festival program.

Budget and Annual Business Plan

Operational Budgets by Division

2019/20 Budget Highlights**1. Income**

- Divisional income is budgeted to increase by \$16,349 or 1.2 per cent to \$1,371,529;
- Income from library users of \$41,100 is budgeted (\$43,000 in 2018/19);
- A component of the library budget is externally funded by the State Government (total of \$430,169), and represents 14.8 per cent of the total operational budget of the library (\$425,416 in 2018/19);
- User charges for the Commonwealth Home Support program (CHSP) have remained the same at \$110,000;
- Grant income for CHSP is expected to be \$465,440 (\$468,744 in 2018/19);
- Income for Community Development includes transport fees and charges of \$14,000, Thebarton Community Centre hire charges of \$271,000 and fees from home advantage services of \$25,000;

2. Operational Expenditure

- Operational expenditure for the Business and Community Services Division is budgeted to increase by \$171,024 or 2.0 per cent to \$8,748,327;
- Employment expenses have increased by \$342,390 or 6.5 per cent, to \$5,580,296, in part due to Hamra library increases in casual staff hours of 0.2 FTE and part time staff hours of 0.4 FTE;
- \$340,500 has been budgeted for professional fees, down \$12,250 or 3.5 per cent on what was funded in 2018/19. The budget amount includes:
 - \$70,000 for a Community Plan review;
 - \$50,000 for an Open Space Plan review;
 - \$50,000 for internal audit support;
 - \$40,000 for Adapt West programs;
 - \$30,500 for the annual report and related support;
 - \$30,000 for planning reform projects;
 - \$20,000 for development plan amendments;
 - \$20,000 for a public art strategy;
 - \$10,000 for the western alliance tourism program;
 - \$10,000 for other sundry support;
 - \$10,000 for vendor panel training.
- Community Development expenditure has decreased by \$86,964 (down 3.8 per cent) to \$2,178,929 and this includes funding for:
 - School holiday events, such as "Little Day Out" activities;
 - Community and celebratory activities and projects e.g. volunteer thank you Christmas lunch, community gardens, and walking and sewing groups;
 - Youth initiatives e.g. after school and school holiday activities, and youth expo;
 - Community participation and engagement, including disability and volunteer expos, training and support, anti-poverty week, harmony day and cultural evenings;
 - Active ageing initiatives to facilitate opportunities for older people to be active in the community;
 - Arts and cultural activities and events.
- An amount of \$99,000 is budgeted for the provision of contracted services to the aged and disabled (\$99,000 in 2018/19);

Budget and Annual Business Plan

Operational Budgets by Division

-
- Partnership grants of \$128,082 and community grants of \$121,000 are budgeted (\$173,518 and \$121,000 respectively in 2018/19, incorporating a reduction on account of the Camden Community Centre no longer being funded);
 - Changes to Council's Revaluation of Asset Policy has resulted in costs associated with the purchase of library resources totalling \$325,516 being expensed for the first time, rather than being capitalised, and the practice of depreciating these assets, which involved an expense of \$320,000 in 2018/29, being discontinued;
 - \$88,000 has been budgeted for grants and rebates (\$70,000 in 2018/19) consisting of the following:
 - \$30,000 for solar PV battery storage rebates;
 - \$28,000 for solar panel rebates;
 - \$10,000 in heritage conservation grants;
 - \$10,000 for community environment grants;
 - \$10,000 for rainwater tanks and rain garden rebates.
 - \$103,000 has been budgeted for environment and heritage grants (\$100,000 in 2018/19);
 - The operational bottom line for CHSP is budgeted to be substantially break-even in 2019/20, with contractor support budgeted at \$185,000 (\$196,000 in 2018/19);
 - Promotional costs of \$154,900 are budgeted (\$103,800 in 2018/19), including \$120,000 for the summer festival program;
 - Publications and printing costs of \$88,775 are proposed (\$132,500 in 2018/19), largely for Talking Points;
 - Advertising and publicity costs of \$47,300 are budgeted (\$103,800 in 2018/19), largely for the Messenger column;
 - An additional \$29,000 is budgeted for YourSay community engagement software.

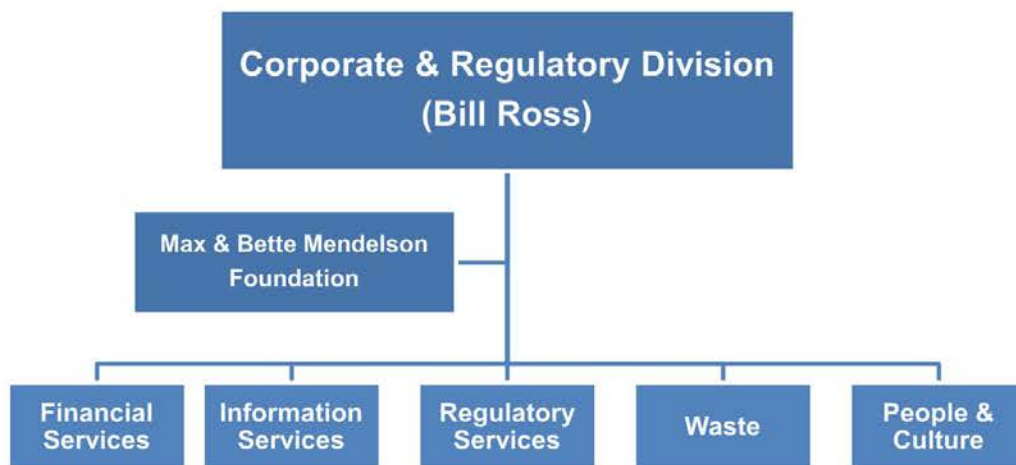
Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2019/20 BUSINESS & COMMUNITY SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME

2018/19 BUDGET		DESCRIPTION	2019/20	VARIATION TO	
ORIGINAL	REVISED		BUDGET	2018/19	ORIGINAL
		Income			
3,000	3,000	Statutory Charges	1,000	(2,000)	-66.7%
456,020	485,405	User Charges	472,920	16,900	3.7%
895,660	898,964	Grants & Subsidies	895,609	(51)	0.0%
0	1,686	Reimbursements	0	0	N/A
500	42,930	Other Income	2,000	1,500	300.0%
1,355,180	1,431,985	Total Income	1,371,529	16,349	1.2%
		Operational Expenditure			
4,998,244	5,035,146	Staff Costs	5,335,887	337,643	6.8%
239,662	213,158	Staff Related Costs	244,409	4,747	2.0%
165,494	165,494	Buildings Furniture & Fittings	171,200	171,200	5,706
152,495	135,495	Plant & Equipment	145,710	(6,785)	-4.4%
131,783	122,783	Computer Expenditure	156,619	24,836	18.8%
320,000	320,000	Community Assets	0	(320,000)	-100.0%
1,390,099	1,458,048	General	1,615,424	225,325	16.2%
0	0	Bank & Finance	2,400	2,400	N/A
436,518	481,418	Council Expenditure	380,684	(55,834)	-12.8%
301,000	312,335	Contract Expenditure	290,000	(11,000)	-3.7%
23,000	23,000	Materials	31,000	8,000	34.8%
419,008	330,008	Occupancy & Property	351,994	(67,014)	-16.0%
0	48,897	Internal - Expenditure Recovered	23,000	23,000	N/A
8,577,303	8,645,782	Total Operational Costs	8,748,327	171,024	2.0%
(7,222,123)	(7,213,797)	Operational Surplus/(Deficit)	(7,376,798)	(154,675)	2.1%

Corporate and Regulatory Division



The Corporate and Regulatory Division is responsible for the provision of a range of support services across Council and the provision of operational support to the Chief Executive Officer.

The Corporate and Regulatory Division comprises the following:

- The Mendelson Foundation;
- Financial Services;
- Information Services;
- Regulatory Services;
- Waste;
- People and Culture.

Budget and Annual Business Plan

Operational Budgets by Division

Corporate and Regulatory Division 2019/20 Business Plan and Budget Statement

Objective(s)

Support Council with the provision of corporate services, including financial, human resource management and information services, and deliver effective and efficient waste, environmental health, compliance, call centre services to the community.

Key Activities 2019/20

Key activities include the following:

- Finance;
- Human resource management;
- Counter and call centre services;
- Information technology (IT);
- Information management;
- Compliance and environmental health services;
- Waste management;
- Mendelson Foundation administration.

Performance Measures

Performance measures, both financial and non-financial, against which the Corporate and Regulatory Division will be assessed, are:

- The achievement of quality outcomes for the benefit of both Council and the West Torrens' community;
- City of West Torrens remains financially sustainable as an entity;
- The delivery of a high level of financial accountability;
- Compliance with all relevant legislation and regulations;
- High level support in human resource management is provided;
- Quality work health and safety outcomes are achieved;
- High standards of call centre service are maintained;
- A high level of IT network and application availability occurs;
- A policing presence is maintained within the community in parking administration, animal management and general compliance operations;
- Quality immunisation outcomes are achieved;
- Waste to landfill is reduced and recycling increased;
- Ongoing success is achieved with food waste recycling and illegal dumping programs;
- Prudent management of Mendelson Foundation investments occurs.

2019/20 Budget Highlights

1. Income

- Corporate and Regulatory income, which includes rates and rate equivalent payments, has increase by \$2,894,795 or 4.8 per cent, to \$63,798,775;

Budget and Annual Business Plan

Operational Budgets by Division

- Rates have been budgeted to increase by 2.9 per cent, based on the calculation that follows. This represents an increase in income from rates of \$2,247,109 over what was raised in 2018/19.

	\$
Rate Income 2018/19	51,692,891
Add Natural Growth at 1.4%	723,700
Sub Total	52,416,591
Add Rate Increase at 2.9%	1,523,409
Total	53,940,000

- Rate equivalent payments for Adelaide Airport have increased to \$5,510,000, based on growth of 1.2 per cent and a 2.9 per cent increase, as follows:

	\$
Net REP's in 2018/19	5,287,546
Add growth at 1.2%	63,451
Add increase at 2.9%	159,003
Total	5,510,000

- Income from investments has decreased by \$108,000 or 33.3 per cent to \$216,000, based on an assessment of Mendelson investment performance and Council's future cash flow position;
- An amount of \$1.264 million is budgeted for Council's financial assistance grant in 2019/20 (\$1.238 million in 2018/19);
- Environmental Health income is budgeted to increase by \$23,500 or 28.0 per cent to \$107,400, reflecting changes to immunisation service provision;
- Parking and related income is to increase by \$70,000 or 6.4 per cent to \$1,170,000, based on an assessment of both current enforcement activity and the impact of expiation fee increases determined by the state government;
- Dog registration and related fees have increased from the original 2018/19 budget by \$64,100 or 19.4 per cent to \$395,000, being impacted by fees and charges adopted by Council in February 2019 the receipt of collections by the Fines Enforcement Recovery Unit (FERU).

2. Operational Expenditure

- Operational costs for the Corporate and Regulatory Division have increased by \$1,130,148 or 7.2 per cent to \$16,780,819;
- Employment and related costs have increased by \$362,027 or 5.8 per cent, to \$6,585,918, incorporating an increase for a new position of Waste Coordinator (Council approved on 21 August 2018) and two traineeships (Council approved 16 April 2019);
- An amount of \$1,542,510 is budgeted for the NRM levy, up \$70,070 or 4.8 per cent on 2018/19;
- The budget for rate rebates and remissions for 2019/20 totals \$910,000, an increase of \$65,000 or 7.7 per cent compared to the 2018/19 original budget;
- Valuation charges of the Valuer-General are budgeted to increase by \$5,000 to \$215,000;

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Operational Budgets by Division

- The waste collection budget has increased by \$197,000 or 5.9 per cent to \$3,517,000;
- The collection budget amount of \$3,517,000 includes an allowance of \$484,455 for the following items (\$512,000 in 2018/19):

	\$
Hard waste	357,207
Mattresses	19,248
E-waste collection	8,000
Vouchers - 6 x 4 trailer	100,000
Total	484,455

- Waste collection and disposal costs have increased by \$517,000 or 10.2 per cent to \$5,587,000, reflecting an unprecedented 40.0 per cent increase in the waste levy imposed by the state government along with a higher cost structure when new contractual arrangements are in place from 1 May 2019;
- The corporate software budget has increased by \$105,500 or 12.3 per cent to \$960,600, an increase impacted by:
 - A compulsory subscription to the e-Planning service (\$58,000);
 - The volume of application release upgrades (\$30,000);
 - An increase in software licensing requirements.
- The professional fees budget has increased by \$14,730 or 4.7 per cent to \$326,380 and includes:
 - \$100,000 in debtor management and debt recovery support (offset by income recoveries);
 - \$88,400 to fund software support, including the upgrade of our corporate databases from SQL2008 to SQL2016 platforms;
 - \$75,000 in HR related professional support, including the provision for pre-employment medicals, security checks, counselling support, WHS and workers compensation assistance and cultural program support;
 - \$25,500 for statutory auditing;
 - \$25,000 to assist with policy and service level assessment work (\$40,000 in 2018/19);
 - \$12,480 for investment advice for the Mendelson Foundation.
- Training and development costs have fallen by \$11,500 or 9.3 per cent to \$112,590, an amount that includes corporate training and an ongoing focus in 2019/20 on building organisational capability through skill and knowledge development, to improve performance, customer service delivery and information technology outcomes.
- Contractor expenses have increased by \$28,660 to \$157,500 for the following to be provided:
 - Out-of-hours and backup parking enforcement support (\$44,000);
 - Contracted immunisation service delivery (\$92,000);
 - European wasp eradication program support (\$16,000);
 - Waste support (\$5,500).

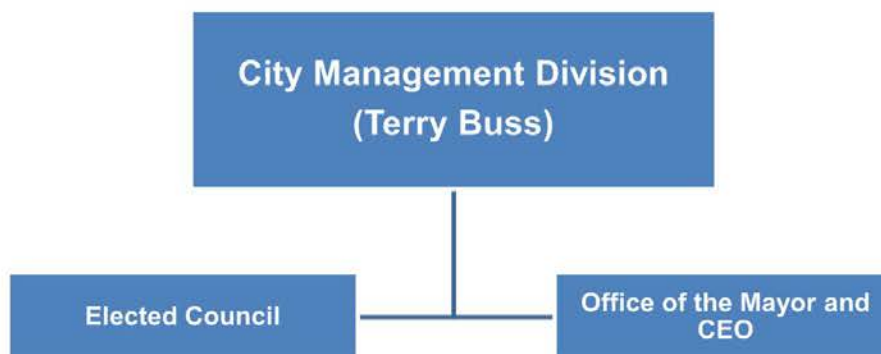
Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2019/20 CORPORATE & REGULATORY DIVISION OPERATIONAL EXPENDITURE & INCOME
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2018/19 BUDGET		DESCRIPTION	2019/20 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2018/19 ORIGINAL	
Income					
57,312,440	57,764,067	Rates	60,307,510	2,905,070	5.1%
1,537,500	1,686,500	Statutory Charges	1,663,400	125,900	8.2%
78,640	108,640	User Charges	106,480	27,840	35.4%
1,238,200	620,245	Grants & Subsidies	1,263,500	25,300	2.0%
119,200	11,558	Reimbursements	28,800	(400)	-1.4%
618,000	656,748	Other Income	429,085	(188,915)	-30.6%
60,903,980	60,847,758	Total Income	63,798,775	2,894,795	4.8%
Operational Expenditure					
5,802,399	5,892,545	Staff Costs	6,163,370	360,971	6.2%
421,492	359,581	Staff Related Costs	422,548	1,056	0.3%
13,949	13,949	Buildings Furniture & Fittings	15,230	1,281	9.2%
121,892	124,892	Plant & Equipment	128,200	6,308	5.2%
1,163,271	1,220,586	Computer Expenditure	1,288,340	125,069	10.8%
902,860	1,047,151	General	912,941	10,081	1.1%
146,500	137,500	Bank & Finance	146,000	(500)	-0.3%
1,800,440	1,851,848	Council Expenditure	1,896,190	95,750	5.3%
5,198,840	5,280,400	Contract Expenditure	5,744,500	545,660	10.5%
79,028	63,028	Occupancy & Property	63,500	(15,528)	-19.6%
15,650,671	15,991,480	Total Operational Costs	16,780,819	1,130,148	7.2%
45,253,309	44,856,278	Operational Surplus/(Deficit)	47,017,956	1,764,647	3.9%

City Management Division



The City Management Division is responsible for the provision of a range of services to elected representatives, the community and the Council.

The City Management Division comprises the following:

- Elected Council;
- Office of the Mayor and CEO.

Budget and Annual Business Plan

Operational Budgets by Division

City Management Division 2019/20 Business Plan and Budget Statement

Objective(s)

The objectives of the City Management Division are to:

- Make responsible and informed decisions in the interests of the community;
- Manage Council operations and the provision of public services and facilities;
- Exercise, perform and discharge the powers, functions and duties of local government under the Local Government Act and other related legislation;
- Represent the interests of the West Torrens' community to the wider community;
- Encourage and develop community initiatives in order to improve the quality of life for residents;
- Drive innovation and efficiency across the organisation through the lean thinking program;
- Promote and support economic development within the city including the provision of a supportive environment for developing sustainable business opportunities;
- Research and coordinate applications for external grant funding and industry related awards.

Key Activities 2019/20

Key activities include the following:

- Office of the Mayor and CEO;
- Business of the Elected Council;
- Delivery of continuous improvement and economic development initiatives.

Performance Measures

Performance measures, both financial and non-financial, against which the Office of the CEO and Council will be assessed, are:

- Compliance with legislative and good governance responsibilities and obligations;
- Observance of Council policy;
- Evidence of the Council working within a strategic planning framework;
- Proper discharge of powers, functions and duties under the Local Government Act and other related legislation;
- Evidence of timely and responsible decision making;
- Evidence that Council decisions are implemented without undue delay;
- Evidence of open, responsible and accountable government;
- Evidence that the assets and resources of the Council are properly managed and maintained;
- Evidence that an appropriate organisational structure for the Council is established and maintained and contemporary human resource management principles are given effect;
- Attendance at Council meetings, workshops and community forums;
- Active representation of community interests;
- Positive feedback from the community;
- Positive media;
- Responsible management of Council services to the community;

Budget and Annual Business Plan

Operational Budgets by Division

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- Unqualified audit report;
 - Evidence of steps being taken in relation to sustainable development and the protection of the environment;
 - Lean thinking program delivers meaningful and sustainable continuous improvement;
 - Activities undertaken in support of economic development within the Council area.

2019/20 Budget Highlights**1. Income**

- Income of \$2,500 is budgeted in 2019/20 (\$2,500 in 2018/19).

2. Operational Expenditure

- Operational expenditure has decreased by \$7,068 or 0.3 per cent to \$2,288,036;
- Employment costs have decreased by \$30,891 or 2.6 per cent to \$1,145,530, with the Assessment Manager now budgeted in City Development;
- Donations, awards and contributions include \$20,000 for Mendelson Foundation scholarships (\$20,000 in 2018/19);
- Allowances for Elected Members of \$417,908 have been budgeted, based on allowances adopted by Council and increases anticipated in November 2019 (\$406,000 in 2018/19);
- An amount of \$40,000 has been budgeted for Elected Member training and travel (\$40,000 in 2018/19);
- Annual subscription payments to the LGA, AMAC, GAROC and the Murray Darling Association totalling \$98,000 have been budgeted (\$97,000 in 2018/19);
- Legal costs of Council are substantially budgeted in the City Management Division, and an amount of \$260,000 has been budgeted (\$250,000 in 2018/19);
- Professional fees of \$55,000 have been budgeted (\$25,000 in 2018/19), with provision made for advice on property and other strategic initiatives (\$25,000) and an allowance made for the implementation of an economic development strategy (\$30,000).

Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2019/20 CITY MANAGEMENT DIVISION OPERATIONAL EXPENDITURE & INCOME

2018/19 BUDGET		DESCRIPTION	2019/20 BUDGET	VARIATION TO 2018/19 ORIGINAL	
ORIGINAL	REVISED				
Income					
2,500	2,500	Reimbursements	2,500	0	0.0%
2,500	2,500	Total Income	2,500	0	0.0%
Operational Expenditure					
1,091,932	1,008,652	Staff Costs	1,066,517	(25,415)	-2.3%
84,489	87,758	Staff Related Costs	79,013	(5,476)	-6.5%
8,209	8,209	Buildings Furniture & Fittings	8,360	151	1.8%
18,052	26,302	Plant & Equipment	21,840	3,788	21.0%
2,932	2,932	Computer Expenditure	2,990	58	2.0%
648,191	680,691	General	658,208	10,017	1.5%
431,000	437,000	Council Expenditure	442,908	11,908	2.8%
10,299	7,299	Occupancy & Property	8,200	(2,099)	-20.4%
2,295,104	2,258,843	Total Operational Costs	2,288,036	(7,068)	-0.3%
(2,292,604)	(2,256,343)	Operational Surplus/(Deficit)	(2,285,536)	7,068	-0.3%

Rating

Introduction

The City of West Torrens uses capital values as the basis for valuing land within its Council area, with valuations purchased from the Valuer-General on an annual basis and adopted by Council for its use. Council currently adopts a rate in the dollar to apply against each separate valuation to arrive at a property levy (rate).

This simple formula is adjusted by the application of a minimum rate set by Council each year to ensure that all property owners contribute to the cost of services and the maintenance of infrastructure that supports each property. It should be noted that a council cannot apply the minimum rate to more than 35 per cent of properties within its area.

Rate in the Dollar

To determine the amount of rates paid, and in order to share the costs, Council uses a formula that is based on property values as required under the Local Government Act. This formula divides the total amount the Council needs to raise from rates by the total value of all properties in the Council area:

$$\frac{\text{Total rate revenue required}}{\text{Total value of rateable properties}} = \text{rate in the dollar}$$

The determination of a rate in the dollar provides a mechanism to avoid a windfall gain from changes in property values.

The Amount of Rates Levied

Council uses the following formula to determine the amount of rates levied on each property.

Capital value of property multiplied by the rate in \$ = rate levied (subject to minimum rate).

Example 1 - Residential (based on previous year data)

Capital Value = \$450,000
 Rate in the Dollar = 0.00243890
 Minimum Rate = \$909.00
 Rates = Capital Value * Rate in the Dollar

 Rates = \$450,000 * 0.00243890
 = \$1,097.50

As this amount is greater than the minimum rate, the rate applied by Council remains at \$1,097.50.

Example 2 - Residential with an Adjustment for the Minimum Rate

Capital Value = \$300,000
 Rate in the Dollar = 0.00243890
 Minimum Rate = \$909.00
 Rates = Capital Value * Rate in the Dollar

 Rates = \$300,000 * 0.00243890 = \$731.65

Budget and Annual Business Plan

Rating

This is below the minimum rate (of \$909.00) and must therefore be adjusted:

$$\begin{aligned}\text{Rates} &= \$731.65 + \text{Adjustment} \\ &= \$731.65 + \$177.35 \\ &= \$909.00\end{aligned}$$

The rates are adjusted up by \$177.35 and set by Council at the minimum rate of \$909.00.

Council set the minimum rate on 29.3 per cent of all residential properties in 2018/19 and all were valued at less than \$373,000.

Rating Principles

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

- Equity - taxpayers with the same income should pay the same tax (*horizontal equity*), while wealthier taxpayers pay more (*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 taken into account;
- Efficiency - if a tax is designed to change consumers' behaviour and that behaviour changes, then the tax is efficient (eg: tobacco taxes). If the tax is designed to be neutral in its effect on taxpayers, but it changes that behaviour, then the tax is inefficient;
- Simplicity - the tax must be understandable, hard to avoid and easy to collect.

To some extent these principles are in conflict with each other. 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 has considered each principle when reviewing the various rating options available.

Alternative Options

There are a number of alternative rating options available under the Local Government Act 1999, including:

- Capital versus site valuation;
- Differential rating;
- Rating without a minimum rate;
- Application and impact of the minimum rate;
- Impact of reducing the minimum rate;
- Fixed charges;
- Service rate or charge;
- Rate capping.

Capital Versus Site Valuation

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

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

Capital values have been adopted by Council as its valuation method for rating purposes because this is considered the fairest approach, based on the ability-to-pay principle, with the owners of higher value properties paying higher rates and the owners of lower value properties paying lower rates.

How might this work in practice?

Consider two adjoining properties in a particular council area. Property A is a quarter acre block with a four bedroom house, in ground pool and well developed garden. Property B is a quarter acre block with a three bedroom house and average garden. The following valuations might apply to the two properties:

	Property A	Property B
Capital Value	\$600,000	\$400,000
Site Value	\$200,000	\$200,000
Annual Value	\$36,000	\$30,000

What rates would be paid by the two property owners under the different valuations? Excluding minimum rates or a fixed charge, the tax burden would fall as follows:

- Under *Capital Value*, the owner of Property A would pay 50 per cent more than the owner of Property B;
- Under *Site Value*, the two property owners would pay the same;
- Under *Annual Value*, the owner of Property A would pay 20 per cent more than the owner of Property B.

Which is the fairer valuation system?

In the local government rating context, the high level assumption is that people with more expensive homes are better off than people with less expensive homes and that they have the capacity to shoulder more of the rate burden. However, rebate and remission provisions and the ability of councils to tailor payments and make other administrative arrangements, recognises that some ratepayers need special consideration.

Council is also mindful of the impact and implications of changing to an alternative valuation method.

Budget and Annual Business Plan

Rating

Differential Rating

The Local Government Act allows councils to differentiate rates based on the use of the land, the locality of the land, or the use and locality of the land. Definitions of the use of the land are prescribed by regulation and the current definitions are:

- Residential
- Commercial – Shops
- Commercial – Office
- Commercial – Other
- Industrial – Light
- Industrial – Other
- Primary Production
- Vacant Land
- Other

A significant majority of South Australian councils use differential rates.

West Torrens Council uses two different rates with expected income compared to last year being as follows:

Land Use	Budgeted Income 2018/19	Budgeted Income 2019/20
	\$m	\$m
Residential	33.58	35.19
Non-residential	17.89	18.75

In 2018/19 West Torrens Council had the third highest differential between residential and commercial / industrial properties in the metropolitan area, as follows:

Council	Commercial	Industrial
Playford	6.0	6.0
Charles Sturt	3.1	4.2
West Torrens	2.6	2.6
Pt Adelaide Enfield	2.3	2.3
Prospect	2.1	2.1
Mitcham	2.0	2.0
Unley	2.0	2.0
Marion	1.9	1.7
Walkerville	1.6	1.6
Holdfast Bay	1.6	1.6
Tea Tree Gully	1.5	1.5
Salisbury	1.5	1.5
Onkaparinga	1.4	1.4
Norwood, Payneham	1.2	1.2
Campbelltown	1.0	1.0
Average	2.1	2.2

Source: LGA Survey

Budget and Annual Business Plan

Rating

This differential is a measure of the extent to which the commercial and industrial rates in the dollar for each council exceed their rates for residential properties.

Charging a differential rate can be justified on the grounds that commercial and industrial users consume a greater proportion of council resources than residential properties, particularly in regard to the use of roads, traffic, parking, stormwater, etc.

The maintenance of city roads, bridges and kerbing infrastructure requires significant planning time and funding from Council. Heavy vehicle movements e.g. semi-trailers, trucks, vans and light commercial vehicles impact on the life of road infrastructure placing an increased burden on the community (ratepayers). Footpaths and walkways are another area, which require ongoing improvement and maintenance by Council, concentrating on high pedestrian traffic areas such as retail and commercial zones. In addition many of the studies and installations required for effective traffic management and control, result from heavy traffic load generated by commercial and industrial zones.

Commercial and industrial properties, because of large buildings and covered ground for car parking, generate a high percentage of the stormwater volume carried by the West Torrens drainage system. Businesses, and in particular industries, are also responsible for many of the gross pollutants that contaminate stormwater and degrade our environment. Council both maintains the stormwater drainage network and works with businesses to lessen the negative environmental effects of their activities.

A differential rating system provides Council with more tools to moderate large movements in valuations that occur periodically in the market.

Without a Minimum Rate

This system is based on the premise of a single rate in the dollar, with all properties paying a rate based directly on the capital value of the property.

The City of West Torrens has one of the lowest minimum rates in metropolitan Adelaide and it would be difficult to justify its removal. 93 per cent of minimum rated properties are flats or units, and a majority, possibly up to 80 per cent, are not owner-occupied.

Application and Impact of the Minimum Rate

The Local Government Act allows councils to impose a minimum rate, which must not apply to more than 35 per cent of rateable properties. Only one minimum rate can be imposed on two or more adjoining properties with the same owner. A minimum rate cannot be used in conjunction with a fixed charge.

The argument in favour of the minimum rate is that in terms of the benefits received by all ratepayers it is appropriate that every ratepayer make a minimum contribution to the cost of the services provided.

Fixed Charge

Under this system a fixed amount is first applied evenly against all ratepayers and the minimum rate is abolished. The only restriction under new Local Government Act provisions is that the rates generated by a fixed charge cannot exceed 50 per cent of all rates revenue raised.

Budget and Annual Business Plan

Rating

The fixed charge may be set at a level designed to ensure everyone pays a fair share of services, with the remaining amount of rate revenue based on the valuation of the property. The introduction of a fixed charge is not favoured as it benefits owners of higher valued property, arguably the more fortunate within our community, and its adverse impacts on large numbers of owners of lower valued property.

Service Rate or Charge

Council could apply a service rate, say \$150.00 for waste management, in addition to raising general rates. Unlike fixed charge arrangements, the minimum rate is not abolished and the rate can only be based on the nature of the service, the level of usage of the service or a combination of the two.

The introduction of a service rate or charge is not favoured because of its adverse impact on the owners of low valued property and the less fortunate within our community.

Rate Capping

Rate capping can not only be used to limit the magnitude of rate increases, as proposed by the newly elected South Australian government, but it can also be used to moderate irregular rate increases brought about by irregular valuation movements. Initial valuations provided for 2019 by the Valuer-General indicate residential property value movements within the West Torrens Council area are as follows:

Suburb	No. of Assessments	Average CV	Increase \$	Increase %
Netley	760	501,866	37,368	8.0
Thebarton	656	518,831	37,347	7.8
Plympton	2328	438,855	25,862	6.3
North Plympton	1378	485,880	27,470	6.0
Glenelg North	431	614,603	34,568	6.0
Mile End South	12	455,833	24,167	5.6
Camden Park	1520	419,276	21,262	5.3
Fulham	1181	637,816	31,979	5.3
Brooklyn Park	2071	453,099	20,089	4.6
West Beach	753	674,661	28,478	4.4
Glandore	524	565,716	23,518	4.3
Mile End	1993	562,096	21,751	4.0
Marleston	846	428,322	16,243	3.9
Richmond	1488	479,853	17,968	3.9
Kurralt Park	1378	415,689	14,976	3.7
West Richmond	435	406,678	13,477	3.4
Lockleys	2333	671,584	19,390	3.0
Novar Gardens	880	615,625	14,944	2.5
Torrensville	1764	557,163	12,202	2.2

Budget and Annual Business Plan				Rating
Keswick	343	429,554	9,058	2.2
Cowandilla	550	517,553	5,742	1.1
Hilton	375	488,453	3,639	0.8
Ashford	493	462,252	-581	-0.1
Underdale	1035	524,317	-3,302	-0.6
Total	25,527	518,674	19,397	3.9

Valuations increased by 3.9 per cent on average in 2019, ranging from a decrease of 0.6 per cent in Underdale to an increase of 8.0 per cent Netley. Movements in prior years ranged from:

- An increase of 3.6 per cent in Plympton to an increase of 19.8 per cent in Cowandilla (2018);
- An increase of 1.1 per cent in West Richmond to an increase of 9.7 per cent in Mile End South (2017);
- An increase of 0.8 per cent in Ashford to an increase of 4.0 per cent in Torresville (2016).

Capping makes the tax system more complex and less understandable for ratepayers, and this has some effect on the *simplicity* principle. Rate capping has not enjoyed much favour in past years, for a number of reasons including that it compromises the rating process, and there is not a great deal of support for it currently in the local government industry.

Postponement of Rates for Seniors

Rate postponement for seniors is now mandatory in certain circumstances following amendments to the Local Government Act 1999 and the Local Government (General) Regulations 1999. These changes mandate an entitlement to postponement where:

- The ratepayer holds a state seniors card or has an application pending where an entitlement exists;
- The property in question is the principal place of residence;
- The property is owned by the principal ratepayer or the principal ratepayer and their spouse.

This legislation is available at www.legislation.sa.gov.au. Information can be obtained about Council's administration of these provisions by contacting Council's Service Centre on 8416 6333 or by emailing csu@wtcc.sa.gov.au.

Rate postponement has been available to senior West Torrens Council residents since July 2007, but only three applications have been received, despite publicity about its availability. Other councils that offer policy support for the postponement of rates have likewise experienced few applications for support.

Rate Rebates and Remissions

Chapter 10 of the Local Government Act 1999 (the Act) provides Council with authority to grant the following:

- Mandatory and discretionary rebates of rates to a person or body (Division 5, Sections 159 to 166 of the Act);
- Rate remissions (Division 9, Section 182 of the Act).

Council policy [Rate Rebates and Remissions](#) clarifies requirements in the administration of these provisions. It is available on Council's web-site at www.westtorrens.sa.gov.au, or a copy can be obtained by contacting Council's Service Centre on 8416 6333 or by emailing csu@wtcc.sa.gov.au. It deals in detail with:

- Discretionary rebates, in particular what is taken into account in determining applications and rebate amounts;
- The approach taken in deciding vacant land rebates, including rebate amounts;
- Rate remissions available when Council is satisfied on the application of a ratepayer that payment would cause hardship;
- The approach taken in deciding mandatory rebates;
- How to go about applying for a rebate or remission.

Proposed Rate Model

The proposed rate model for 2019/20 is shown on the page following.

Budget and Annual Business Plan

Rating

MODELLING RESULTS 2019-2020

Capital Value @ 2.9% Increase

MINIMUM = \$935.00

2 RATES

CODE	No. PROP 2019/2020	INCOME 2018/2019	PROP ON MIN	NATURAL INCREASE + REDISTRIB	RATE IN DOLLAR	ACTUAL INCOME PER MODEL	VARIATION PERCENT
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RESIDENTIAL

1	27,678	\$33,367,804	7980	\$33,975,191.79	0.00243017	\$34,977,371.45	
	27678	\$33,367,804	7980	\$33,975,191.79		\$34,977,371.45	2.9%

NON-RESIDENTIAL

2	864	\$4,540,119	83	\$4,487,078.80	0.00617258	\$4,583,166.60	
3	349	\$2,067,434	88	\$2,098,577.48	0.00617258	\$2,137,840.70	
4	985	\$6,347,116	62	\$6,536,958.36	0.00617258	\$6,761,724.45	
5	108	\$494,524	5	\$486,970.35	0.00617258	\$405,136.10	
6	212	\$2,341,489	3	\$2,262,280.10	0.00617258	\$2,351,772.65	
7	2	\$8,655	0	\$8,654.75	0.00617258	\$8,857.60	
8	397	\$988,091	6	\$957,081.72	0.00617258	\$1,069,334.00	
9	147	\$1,519,851	2	\$1,591,363.43	0.00617258	\$1,654,744.50	
	3,064	\$18,307,278	249	\$18,428,964.99		\$18,972,576.60	2.9%

Allowance for objections

(\$9,948.05)

TOTAL	30,742	\$51,675,082	8,229	\$52,404,156.78		\$53,940,000.00	
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MINIMUM % 26.8%

Natural Resources Management Levy**Required****Actual**

NRML	\$1,274,185.40	\$1,557,910.00	0.00009510	\$1,558,106.10
Less rebates	(\$14,000.00)	(\$15,400.00)		(\$15,400.00)
	\$1,260,185.40	\$1,542,510.00		\$1,542,706.10

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Summary Financial Statements

City of West Torrens

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Original Budget 2018/19	Original Budget 2019/20
Income		
Rates Revenues	57,402	60,308
Statutory Charges	2,346	2,449
User Charges	1,588	1,736
Grants, Subsidies and Contributions	3,226	3,449
Investment Income	324	216
Reimbursements	222	228
Other Income	392	306
Total Income	65,500	68,692
Expenses		
Employee Costs	23,164	24,407
Materials, Contracts & Other Expenses	21,649	23,392
Depreciation, Amortisation & Impairment	11,470	11,711
Finance Costs	404	667
Total Expenses	56,686	60,178
Operating Surplus / (Deficit)	8,813	8,514
Asset Disposal & Fair Value Adjustments	-	-
Amounts Received Specifically for New or Upgraded Assets	-	-
Physical Resources Received Free of Charge	-	-
Net Surplus / (Deficit) ¹	8,813	8,514
Other Comprehensive Income		
<i>Amounts which will not be reclassified subsequently to operating result</i>		
Changes in Revaluation Surplus - I, PP&E	-	-
<i>Amounts which will be reclassified subsequently to operating result</i>		
Total Other Comprehensive Income	-	-
Total Comprehensive Income	8,813	8,514

¹ Transferred to Equity Statement

Budget and Annual Business Plan

Summary Financial Statements

City of West Torrens

Statement of Financial Position

as at 30 June 2020

\$ '000	Original Budget 2018/19	Original Budget 2019/20
ASSETS		
Current Assets		
Cash and Cash Equivalents	-	-
Trade & Other Receivables	2,241	2,266
Other Financial Assets	1,317	1,240
Inventories	11	16
Subtotal	3,569	3,522
Non-Current Assets Held for Sale	-	-
Total Current Assets	3,569	3,522
Non-Current Assets		
Infrastructure, Property, Plant & Equipment	723,134	752,259
Other Non-Current Assets	3,720	5,739
Total Non-Current Assets	726,854	757,998
TOTAL ASSETS	730,423	761,520
LIABILITIES		
Current Liabilities		
Cash Advance Debenture	-	4,401
Trade & Other Payables	4,215	5,831
Borrowings	5,750	835
Provisions	4,344	4,888
Other Current Liabilities	-	-
Subtotal	14,309	15,955
Liabilities relating to Non-Current Assets Held for Sale	-	-
Total Current Liabilities	14,309	15,955
Non-Current Liabilities		
Borrowings	3,737	14,555
Provisions	300	427
Total Non-Current Liabilities	4,037	14,982
TOTAL LIABILITIES	18,346	30,937
Net Assets	712,077	730,583
EQUITY		
Accumulated Surplus	107,826	96,374
Asset Revaluation Reserves	597,227	594,020
Other Reserves	7,024	40,189
Total Council Equity	712,077	730,583

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City of West Torrens

Statement of Cash Flows

for the year ended 30 June 2020

\$ '000	Original Budget 2018/19	Original Budget 2019/20
Cash Flows from Operating Activities		
Receipts		
Rates Receipts	57,402	60,308
Statutory Charges	2,346	2,449
User Charges	1,588	1,736
Grants, Subsidies and Contributions (operating purpose)	3,226	3,449
Investment Receipts	324	216
Reimbursements	222	228
Other Receipts	392	306
Payments		
Payments to Employees	(23,073)	(24,297)
Payments for Materials, Contracts & Other Expenses	(21,649)	(23,392)
Finance Payments	(404)	(667)
Net Cash provided by (or used in) Operating Activities	20,374	20,335
Cash Flows from Investing Activities		
Receipts		
Amounts Received Specifically for New/Upgraded Assets	-	-
Sale of Replaced Assets	521	630
Sale of Surplus Assets	4,000	-
Repayments of Loans by Community Groups	-	147
Payments		
Expenditure on Renewal/Replacement of Assets	(12,206)	(12,608)
Expenditure on New/Upgraded Assets	(13,144)	(11,411)
Net Cash provided by (or used in) Investing Activities	(20,829)	(23,242)
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	4,647	3,796
Payments		
Repayments of Borrowings	(265)	(623)
Net Cash provided by (or used in) Financing Activities	4,381	3,173
Net Increase (Decrease) in Cash Held	3,926	266
plus: Cash & Cash Equivalents at beginning of period	(9,031)	(5,999)
Cash & Cash Equivalents at end of period	(5,105)	(5,733)
Total Cash, Cash Equivalents & Investments	(5,105)	(5,733)

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City of West Torrens

Statement of Changes in Equity
for the year ended 30 June 2020

\$ '000	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
Original Budget 2018/19				
Balance at the end of previous reporting period	68,297	585,311	37,740	691,348
Restated Opening Balance	68,297	585,311	37,740	691,348
a. Net Surplus / (Deficit) for Year	8,813	-	-	8,813
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I, PP&E	-	11,916	-	11,916
Other Comprehensive Income	-	11,916	-	11,916
Total Comprehensive Income	8,813	11,916	-	20,729
c. Transfers between Reserves	30,716	-	(30,716)	-
Balance at the end of period	107,826	597,227	7,024	712,077
Original Budget 2019/20				
Balance at the end of previous reporting period	87,860	594,020	40,189	722,069
Restated Opening Balance	87,860	594,020	40,189	722,069
a. Net Surplus / (Deficit) for Year	8,514	-	-	8,514
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I, PP&E	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,514	-	-	8,514
c. Transfers between Reserves	-	-	-	-
Balance at the end of period	96,374	594,020	40,189	730,583

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City of West Torrens

Financial Indicators

for the year ended 30 June 2020

	Original Budget 2018/19	Original Budget 2019/20
\$ '000		

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	13%	12%

This ratio expresses the operating surplus as a percentage of total operating revenue.

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.	13%	12%
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2. Net Financial Liabilities Ratio

Net Financial Liabilities		
Total Operating Revenue	24%	40%

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.

3. Asset Renewal Funding Ratio

Net Asset Renewals		
Infrastructure & Asset Management Plan required expenditure	102%	103%

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.

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City of West Torrens

Uniform Presentation of Finances

for the year ended 30 June 2020

	Original Budget 2018/19	Original Budget 2019/20
\$ '000		
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	65,500	68,692
less Expenses	(56,686)	(60,178)
Operating Surplus / (Deficit)	8,813	8,514
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	12,206	12,608
less Depreciation, Amortisation and Impairment	(11,470)	(11,711)
less Proceeds from Sale of Replaced Assets	(521)	(630)
Subtotal	215	267
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	13,144	11,411
less Amounts Received Specifically for New and Upgraded Assets	-	-
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	(4,000)	-
Subtotal	9,144	11,411
Net Lending / (Borrowing) for Financial Year	(546)	(3,164)

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Ten Year Financial Plan

CITY OF WEST TORRENS FORWARD ESTIMATES FOR 10 YEARS TO 2028/29 KEY ASSUMPTIONS					
Income			Expenditure - Operational & Maintenance		
Rate Increase 2019/20	2.9%	+ growth	Wages Growth	5.4%	Based on proposed budget 2019/20
REP Increase 2019/20	2.9%		Wages Growth	3.5%	Based on expectation - 2020/21 to 2021/22
Rate Growth - 2019/20	1.4%		Wages Growth	3.5%	Based on expectation - from 2022/23
REP Growth - 2019/20	1.2%		Waste Contract - Solo 2019/20	5.9%	New contract impact from 1 May 2020.
Rate Increases 2020/21	2.4%	+ growth	Waste Contract - Solo 2020/21	14.0%	Full year impact of new contract arrangements.
Rate Growth - All Other Years	1.4%		Waste Contract - Solo From 2021/22	3.0%	
REP Increases 2020/21	2.4%	Same as rate increases	Waste Disposal 2020/21	10.0%	Includes allowance for solid waste levy increases, incl \$140 flow-on.
Rate Equivalent Growth	1.0%	Cumulative increase	Waste Disposal Otherwise	3.0%	Allowance for modest levy increases
Rate Increases from 2021/22	2.4%	+ growth	Contract Works	2.3%	
Revenue Growth - Parking	2.2%		Works Materials	2.3%	
Revenue Growth - Animals	2.2%		Other Finance Charges	2.0%	Includes banking charges
Revenue Growth - Dev Apps	2.2%		Depreciation - Buildings	3.0%	Allowance for new assets
Revenue Growth - Waste	2.2%		Depreciation - Infrastructure	3.0%	Allowance made for new assets
W/Comp Refund	1.5%		Depreciation Other	2.0%	
Revenue Growth - Other	2.2%	Other - cumulative increase	Plant Costs	2.3%	
NRM Levy from 2020/21	4.0%		Computer Expenses	2.0%	
Roads to Recovery	-	Funding expected to end in 2023/24	Computer Licensing	2.3%	
			General Insurance Premium	3.0%	Competitive market
			Professional Fees	2.0%	
			Street Lighting	4.0%	
Capital Expenditure			Property Costs	4.0%	Utility cost pressures
Plant, Furniture & Equip	2.3%	Cumulative increase	Other Operating Costs	2.3%	
Building Expenditure	-	Based on asset management plan			
Asset Sale Development	-				
Building Escalation	2.3%	Cumulative increase thereafter			
Capital Works Expenditure			Sundry		
				\$m	
Brown Hill / Keswick Drnge	-	Based on one-third of 50% of the cost split over 15 years	Asset Sales	N/A	
Brown Hill / Keswick Drnge	2.0%	Cumulative increase			
Road Reseal / Maintenance	-	To match AM Plan over 10 years	Debenture Loan Interest Rates	3.80%	From 2019/20
Footpath Constrn / Recon	-	To match AM Plan over 10 years		4.30%	From 2024/25
Kerb & Gutter	-	To match AM Plan over 10 years			
Grant Funded Works	-	Indexed to match grant income			
Roads to Recovery	-	Funding to conclude in 2023/24.			
Drainage Loan (incl BHKC)	-	\$1.359 million pa from 2019/20 indexed			
Local Drainage Works	-	\$0.55 million from 2019/20 indexed			

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CITY OF WEST TORRENS SUMMARY - ACTUAL & PROJECTED FORWARD ESTIMATES FOR 10 YEARS TO 2028/29														
ACTIVITIES	NOTE	BUDGET 2018/19 ORIGINAL	BUDGET 2018/19 REVISED	BUDGET 2019/20 ORIGINAL	BUDGET 2019/20 REVISED	ESTIMATES 2020/21	ESTIMATES 2021/22	ESTIMATES 2022/23	ESTIMATES 2023/24	ESTIMATES 2024/25	ESTIMATES 2025/26	ESTIMATES 2026/27	ESTIMATES 2027/28	ESTIMATES 2028/29
OPERATING														
Receipts	1	65,499,569	69,145,833	68,691,870	68,691,870	71,152,128	73,703,886	76,349,218	79,093,001	81,320,102	84,270,557	87,329,460	90,502,358	93,792,011
Payments	2	44,740,782	45,451,205	47,961,574	47,961,574	50,064,504	51,866,798	53,708,209	55,452,285	57,262,656	59,212,446	61,208,717	63,252,706	65,345,685
Net Operating		20,758,787	23,694,628	20,730,296	20,730,296	21,087,624	21,837,087	22,641,009	23,640,716	24,057,446	25,058,111	26,120,743	27,249,652	28,446,326
FINANCING														
Principal Receipts - Loan		4,226,516	12,659,646	3,796,002	3,796,002	7,062,150	7,130,090	3,534,216	3,604,901	5,792,171	5,865,711	5,940,721	6,017,232	6,095,274
Principal Receipts - Overdraft		0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Payments		265,223	265,223	623,220	623,220	834,878	1,223,913	1,631,306	1,872,548	2,119,831	2,483,948	2,867,090	3,270,140	3,694,020
Net Financing		3,961,293	12,394,423	3,172,782	3,172,782	6,227,273	5,906,177	1,902,910	1,732,353	3,672,340	3,381,762	3,073,631	2,747,093	2,401,253
OTHER														
Asset Sales		4,000,000	4,000,000	0	0	0	0	0	0	0	0	0	0	0
Receipts - Other		0	0	146,675	146,675	0	0	0	0	0	0	0	0	0
Capital Expenditure	3	24,829,336	66,661,655	23,388,883	23,388,883	25,346,317	25,019,394	23,882,423	24,693,088	24,902,496	25,619,087	26,350,282	27,215,923	27,916,549
Net Unspent Funds		0	9,000,000	0	0	0	-3,000,000	0	0	-2,000,000	0	0	0	0
Payments - Other		385,000	531,675	395,000	395,000	408,825	423,134	437,944	453,272	469,136	485,556	502,550	520,140	538,344
Net Other		-21,214,336	-54,193,330	-23,637,208	-23,637,208	-25,755,142	-28,442,528	-24,320,366	-25,146,360	-27,371,632	-26,104,643	-26,852,832	-27,736,062	-28,454,894
NET INCREASE/(DECREASE)														
IN CASH		3,505,744	-18,104,279	265,870	265,870	1,559,754	-699,264	223,553	226,709	358,154	2,335,231	2,341,542	2,260,682	2,392,685
<i>Add</i>														
OPENING CASH		-9,031,450	18,958,819	854,540	854,540	1,120,410	2,680,165	1,980,901	2,204,454	2,431,163	2,789,318	5,124,548	7,466,090	9,726,772
CLOSING CASH		-5,525,706	854,540	1,120,410	1,120,410	2,680,165	1,980,901	2,204,454	2,431,163	2,789,318	5,124,548	7,466,090	9,726,772	12,119,458
CASH RESERVES:														
Committed		13,673,043	23,702,212	23,954,871	23,954,871	23,423,435	20,600,655	20,821,882	21,011,725	19,246,961	19,450,325	19,700,525	19,918,373	20,184,558
Less Used		19,228,474	22,855,303	22,855,303	22,855,304	20,740,132	18,624,960	18,624,960	18,624,960	16,509,788	14,394,617	12,279,445	10,164,273	8,049,101
Net Cash Reserves		-5,555,432	846,909	1,099,568	1,099,567	2,683,303	1,975,695	2,196,922	2,386,764	2,737,172	5,055,708	7,421,080	9,754,100	12,135,457
SURPLUS/(DEFICIT)		29,725	7,630	20,842	20,842	-3,138	5,206	7,532	44,399	52,145	68,840	45,010	-27,328	-15,999

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NOTE 1
CITY OF WEST TORRENS
REVENUE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2028/29

DESCRIPTION	BUDGET 2018/19 ORIGINAL	BUDGET 2018/19 REVISED	BUDGET 2019/20 ORIGINAL	BUDGET 2019/20 REVISED	ESTIMATES 2020/21	ESTIMATES 2021/22	ESTIMATES 2022/23	ESTIMATES 2023/24	ESTIMATES 2024/25	ESTIMATES 2025/26	ESTIMATES 2026/27	ESTIMATES 2027/28	ESTIMATES 2028/29
Rates													
Rate Revenue	52,332,440	52,476,521	54,827,510	54,827,510	56,930,311	59,114,465	61,381,748	63,736,724	66,181,358	68,720,519	71,356,379	74,094,135	76,936,181
Rate Equivalent Payments	5,070,000	5,287,546	5,480,000	5,480,000	5,667,635	5,861,695	6,062,399	6,269,976	6,484,660	6,706,695	6,936,332	7,173,832	7,419,464
Statutory Charges													
Development Act Fees	690,000	610,000	670,000	670,000	684,740	699,804	715,200	730,934	747,015	763,449	780,245	797,411	814,954
Parking Fines	1,123,000	1,273,000	1,191,000	1,191,000	1,217,202	1,243,980	1,271,348	1,299,318	1,327,903	1,357,117	1,386,973	1,417,486	1,448,671
Dog Fees & Fines	330,900	338,900	395,000	395,000	403,690	412,571	421,648	430,924	440,404	450,093	459,995	470,115	480,458
Other	201,600	202,600	193,400	193,400	197,655	202,003	206,447	210,989	215,631	220,375	225,223	230,178	235,242
User Charges													
Waste Income	176,278	176,278	190,000	190,000	194,180	198,452	202,818	207,280	211,840	216,501	221,264	226,131	231,106
Other	1,411,723	1,384,146	1,545,606	1,545,606	1,579,609	1,614,361	1,649,877	1,686,174	1,723,270	1,761,182	1,799,928	1,839,526	1,879,996
Grants & Subsidies													
FA Grant	1,238,200	620,245	1,263,500	1,263,500	1,291,297	1,319,706	1,348,739	1,378,411	1,408,736	1,439,729	1,471,403	1,503,773	1,536,856
UL Road Grants	623,720	250,047	637,442	637,442	651,466	665,798	680,446	695,415	710,714	726,350	742,330	758,661	775,352
Special Road Funding	0	304,655	0	0	0	0	0	0	0	0	0	0	0
Roads to Recovery	433,049	433,049	617,418	617,418	617,418	617,418	617,418	617,418	0	0	0	0	0
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0
Home Assist	468,744	472,048	465,440	465,440	475,680	486,145	496,840	507,770	518,941	530,358	542,026	553,950	566,137
Library	425,416	425,416	430,169	430,169	439,633	449,305	459,189	469,292	479,616	490,167	500,951	511,972	523,235
Other	37,000	39,500	35,500	35,500	36,281	37,079	37,895	38,729	39,581	40,451	41,341	42,251	43,180
Other Income													
Investment Income	324,000	309,000	216,000	216,000	220,752	225,609	230,572	235,645	240,829	246,127	251,542	257,076	262,731
Reimbursements	251,999	246,973	251,800	251,800	257,340	263,001	268,787	274,700	280,744	286,920	293,232	299,684	306,277
Insurance Premium Refund	150,000	150,000	150,000	150,000	152,250	154,534	156,852	159,205	161,593	164,016	166,477	168,974	171,508
Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry	211,500	321,344	132,085	132,085	134,991	137,961	140,996	144,098	147,268	150,508	153,819	157,203	160,661
Sub Total	65,499,569	65,321,268	68,691,870	68,691,870	71,152,128	73,703,886	76,349,218	79,093,001	81,320,102	84,270,557	87,329,460	90,502,358	93,792,011
Less Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Add Capital Income	0	3,824,565	0	0	0	0	0	0	0	0	0	0	0
TOTAL	65,499,569	69,145,833	68,691,870	68,691,870	71,152,128	73,703,886	76,349,218	79,093,001	81,320,102	84,270,557	87,329,460	90,502,358	93,792,011

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NOTE 2
CITY OF WEST TORRENS
OPERATIONAL & MAINTENANCE EXPENDITURE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2028/29

DESCRIPTION	BUDGET 2018/19 ORIGINAL	BUDGET 2018/19 REVISED	BUDGET 2019/20 ORIGINAL	BUDGET 2019/20 REVISED	ESTIMATES 2020/21	ESTIMATES 2021/22	ESTIMATES 2022/23	ESTIMATES 2023/24	ESTIMATES 2024/25	ESTIMATES 2025/26	ESTIMATES 2026/27	ESTIMATES 2027/28	ESTIMATES 2028/29
Employee Costs			2.110817942										
Employee Costs	23,163,854	23,021,893	24,406,957	24,406,957	25,261,200	26,145,343	27,060,430	28,007,545	28,987,809	30,002,382	31,052,465	32,139,302	33,264,177
Contractual Services													
Waste Management - Solo	3,320,000	3,320,000	3,517,000	3,517,000	4,009,380	4,129,661	4,253,551	4,381,158	4,512,593	4,647,970	4,787,409	4,931,032	5,078,963
Waste Management - Disposal	1,870,000	1,895,000	2,205,000	2,205,000	2,425,500	2,498,265	2,573,213	2,650,409	2,729,922	2,811,819	2,896,174	2,983,059	3,072,551
Other Contract	2,698,840	2,891,735	3,182,700	3,182,700	3,255,902	3,330,788	3,407,396	3,485,766	3,565,939	3,647,955	3,731,858	3,817,691	3,905,498
Materials													
Materials	982,000	982,000	1,052,180	1,052,180	1,076,380	1,101,137	1,126,463	1,152,372	1,178,876	1,205,990	1,233,728	1,262,104	1,291,132
Finance Charges													
Interest	257,226	257,226	518,976	518,976	576,944	809,919	1,030,520	1,100,560	1,181,872	1,345,724	1,497,254	1,635,714	1,760,317
Other Finance Charges	146,500	137,500	148,400	148,400	151,368	154,395	157,483	160,633	163,846	167,123	170,465	173,874	177,352
Depreciation													
Buildings	1,675,000	1,886,023	1,980,500	1,980,500	2,039,915	2,101,112	2,164,146	2,229,070	2,295,942	2,364,821	2,435,765	2,508,838	2,584,103
Plant, Furniture & Equipment	1,315,000	1,315,000	1,338,980	1,338,980	1,365,760	1,393,075	1,420,936	1,449,355	1,478,342	1,507,909	1,538,067	1,568,828	1,600,205
Library Resources	320,000	320,000	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	8,160,000	8,160,000	8,391,900	8,391,900	8,654,659	8,925,645	9,205,116	9,493,337	9,790,583	10,097,136	10,413,287	10,739,338	11,075,597
Other Expenses													
Plant Related	758,380	750,308	795,820	795,820	814,124	832,849	852,004	871,600	891,647	912,155	933,135	954,597	976,552
Computer Maint & Support	999,270	1,047,585	1,144,259	1,144,259	1,169,204	1,194,692	1,220,737	1,247,349	1,274,541	1,302,326	1,330,717	1,359,726	1,389,368
General Insurance Premium	780,942	780,942	786,717	786,717	810,319	834,628	859,667	885,457	912,021	939,381	967,563	996,590	1,026,487
Professional Fees	1,563,400	2,104,576	1,783,880	1,783,880	1,819,558	1,855,949	1,893,068	1,930,929	1,969,548	2,008,939	2,049,117	2,090,100	2,131,902
Street Lighting	1,035,000	1,035,000	995,000	995,000	1,034,800	1,076,192	1,119,240	1,164,009	1,210,570	1,258,992	1,309,352	1,361,726	1,416,195
Rates, Power & Property	2,601,113	2,587,708	2,600,594	2,600,594	2,704,618	2,812,802	2,925,315	3,042,327	3,164,020	3,290,581	3,422,204	3,559,092	3,701,456
NRM Levy	1,472,440	1,472,440	1,542,510	1,542,510	1,604,210	1,668,379	1,735,114	1,804,519	1,876,699	1,951,767	2,029,838	2,111,031	2,195,473
General Operating Costs	3,567,373	3,642,848	3,786,560	3,786,560	3,873,651	3,962,745	4,053,888	4,147,127	4,242,511	4,340,089	4,439,911	4,542,029	4,646,496
Sub Total	56,686,338	57,607,784	60,177,933	60,177,933	62,647,491	64,827,576	67,058,286	69,203,523	71,427,280	73,803,059	76,238,311	78,734,672	81,293,825
Less Depreciation	11,470,000	11,681,023	11,711,380	11,711,380	12,060,333	12,419,832	12,790,198	13,171,762	13,564,867	13,969,865	14,387,120	14,817,004	15,259,905
Leave Provisions	475,556	475,556	504,979	504,979	522,653	540,946	559,879	579,475	599,757	620,748	642,474	664,961	688,235
TOTAL	44,740,782	45,451,205	47,961,574	47,961,574	50,064,504	51,866,798	53,708,209	55,452,285	57,262,656	59,212,446	61,208,717	63,252,706	65,345,685

Budget and Annual Business Plan

Ten Year Financial Plan

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NOTE 3 CITY OF WEST TORRENS CAPITAL EXPENDITURE PROJECTIONS FORWARD ESTIMATES FOR 10 YEARS TO 2028/29													
21-Jun-19													
ACTIVITIES	BUDGET 2018/19		BUDGET 2019/20		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Road Program													
Reseal / Maintenance	2,190,169	4,962,838	2,335,511	2,335,511	2,465,706	2,603,158	2,748,273	2,901,477	3,063,222	3,233,983	3,414,264	3,604,594	3,805,535
Reconstruction - Renewal	2,702,382	6,451,690	2,773,490	2,773,490	2,851,181	2,931,048	3,013,152	3,097,556	3,184,325	3,273,524	3,365,222	3,459,488	3,556,395
Reconstruction - Upgrade	1,784,116	2,979,608	1,827,928	1,827,928	1,874,933	1,923,160	1,972,641	2,023,410	2,075,500	2,128,946	2,183,783	2,240,048	2,297,779
Roads to Recovery	433,049	433,049	617,418	617,418	617,418	617,418	617,418	617,418	0	0	0	0	0
Kerb & Gutter	3,436,737	8,684,967	3,423,632	3,423,632	3,389,137	3,354,990	3,321,187	3,287,725	3,254,600	3,221,808	3,189,347	3,157,213	3,125,403
ULRG included Above	-623,720	-250,047	-637,442	-637,442	-651,466	-665,798	-680,446	-695,415	-710,714	-726,350	-742,330	-758,661	-775,352
Footpath / Bikeway Program													
Reconstruction	147,964	147,964	178,140	178,140	208,898	244,966	287,262	336,860	395,023	463,227	543,208	636,998	746,983
Construction	209,523	209,523	277,167	277,167	354,878	454,378	581,774	744,890	953,740	1,221,146	1,563,527	2,001,903	2,563,189
Drainage Program													
Local Drainage Works	2,704,168	6,264,022	2,762,151	2,762,151	2,819,044	2,877,113	2,936,382	2,996,876	3,058,621	3,121,642	3,185,966	3,251,620	3,318,631
Brown Hill / Keswick Drainage	2,500,000	2,500,000	1,358,774	1,358,774	1,345,711	1,372,625	1,400,078	1,428,080	1,456,641	1,485,774	1,515,489	1,545,799	1,576,715
Other Capital Works													
Other Works	3,735,000	6,517,535	3,510,000	3,510,000	5,860,730	4,951,827	4,805,719	6,686,250	6,800,034	6,766,435	6,642,063	6,534,830	6,085,131
Building Program													
Land & Buildings	4,585,000	27,868,464	4,980,000	4,980,000	2,890,254	2,953,237	3,019,074	1,587,894	1,659,831	1,735,027	1,813,630	1,895,794	1,981,680
Land & Buildings - Loan	500,000	0	0	0	1,550,000	1,550,000	0	0	0	0	0	0	0
Other Capital Expenditure													
Plant, Furn & Equipment	1,720,950	2,331,437	1,533,750	1,533,750	1,569,026	1,605,114	1,642,031	1,679,798	1,718,434	1,757,958	1,798,391	1,839,754	1,882,068
Library Resources	323,942	323,942	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditure	26,349,280	69,424,992	24,940,519	24,940,519	27,145,450	26,773,236	25,664,547	26,692,820	26,909,255	27,683,120	28,472,559	29,409,380	30,164,158
Less Overheads	1,519,944	2,763,337	1,551,636	1,551,636	1,799,133	1,753,842	1,782,124	1,999,732	2,006,759	2,064,033	2,122,277	2,193,458	2,247,609
TOTAL EXPENDITURE	24,829,336	66,661,655	23,388,883	23,388,883	25,346,317	25,019,394	23,882,423	24,693,088	24,902,496	25,619,087	26,350,282	27,215,923	27,916,549

Budget and Annual Business Plan

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City of West Torrens - Long Term Financial Planning ModelForecast Statement of Comprehensive Income

	Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
		\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Income											
Rates Revenues		54,828	56,930	59,114	61,382	63,737	66,181	68,720	71,357	74,094	76,937
Rates Equivalent - AAL		5,480	5,688	5,862	6,062	6,270	6,485	6,707	6,936	7,174	7,419
Statutory Charges		2,449	2,503	2,558	2,615	2,672	2,731	2,791	2,852	2,915	2,979
User Charges		1,736	1,774	1,813	1,853	1,893	1,935	1,978	2,021	2,066	2,111
Grants, Subsidies and Contributions		3,449	3,512	3,575	3,641	3,707	3,158	3,227	3,298	3,371	3,445
Investment Income		216	221	226	231	236	241	246	252	257	263
Reimbursements		252	257	263	269	275	281	287	293	300	306
Other Income		282	287	292	298	303	309	315	320	326	332
Total Income		68,692	71,152	73,703	76,351	79,093	81,321	84,271	87,329	90,503	93,792
Expenses											
Employee Costs		24,407	25,261	26,145	27,060	28,008	28,988	30,002	31,052	32,139	33,264
Materials, Contracts & Other Expenses		23,393	24,598	25,298	26,020	26,763	27,529	28,318	29,131	29,969	30,832
Depreciation, Amortisation & Impairment		11,711	12,060	12,420	12,790	13,172	13,565	13,970	14,387	14,817	15,260
Finance Costs		667	728	964	1,188	1,291	1,346	1,513	1,668	1,810	1,938
Total Expenses		60,178	62,647	64,827	67,058	69,204	71,428	73,803	76,238	78,735	81,294
Operating Surplus / (Deficit)		8,514	8,505	8,876	9,293	9,889	9,893	10,468	11,091	11,768	12,498
Asset Disposal & Fair Value Adjustments		0	0	0	0	0	0	0	0	0	0
Amounts Received Specifically for New or Upgraded Assets		0	0	0	0	0	0	0	0	0	0
Physical Resources Received Free of Charge		0	0	0	0	0	0	0	0	0	0
Net Surplus / (Deficit) ¹		0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income		8,514	8,505	8,876	9,293	9,889	9,893	10,468	11,091	11,768	12,498

Budget and Annual Business Plan

Ten Year Financial Plan

City of West Torrens - Long Term Financial Planning Model
Forecast Statement of Financial Position

Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Current Assets										
Cash and Cash Equivalents	0	0	0	0	0	541	2,474	4,492	6,420	8,380
Trade & Other Receivables	2,266	2,330	2,396	2,463	2,533	2,516	2,591	2,668	2,747	2,828
Other Financial Assets	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
Inventories	16	17	18	18	19	19	20	20	21	21
Total Current Assets	3,522	3,587	3,654	3,721	3,792	4,316	6,325	8,420	10,428	12,469
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	752,259	785,682	778,421	789,747	801,462	812,997	824,849	836,928	849,446	862,316
Other Non-Current Assets	5,739	6,035	6,207	6,384	6,566	6,754	6,947	7,147	7,352	7,564
Total Non-Current Assets	757,998	771,717	784,628	796,131	808,028	819,751	831,796	844,075	856,798	869,880
TOTAL ASSETS	761,520	775,304	788,282	799,852	811,820	824,067	838,121	852,495	867,226	882,349
Current Liabilities										
Cash Advance Debiture	4,401	3,153	1,168	1,359	1,514	0	0	0	0	0
Trade & Other Payables	5,831	6,130	6,310	6,495	6,686	6,884	7,087	7,297	7,513	7,737
Borrowings	835	1,224	1,631	1,873	2,120	2,484	2,867	3,270	3,694	4,140
Provisions	4,888	4,888	4,888	4,888	4,888	4,888	4,888	4,888	4,888	4,888
Total Current Liabilities	15,955	15,395	13,997	14,615	15,208	14,256	14,842	15,455	16,095	16,765
Non-Current Liabilities										
Borrowings	14,555	20,393	25,892	27,553	29,038	32,347	35,345	38,016	40,339	42,295
Provisions	427	428	429	429	429	428	429	428	428	427
Total Non-Current Liabilities	14,982	20,821	26,321	27,982	29,467	32,773	35,774	38,444	40,767	42,722
TOTAL LIABILITIES	30,937	36,216	40,318	42,597	44,675	47,029	50,616	53,899	56,862	59,487
Net Assets	730,583	739,088	747,964	757,255	767,145	777,038	787,505	798,596	810,364	822,862
EQUITY										
Accumulated Surplus	96,374	104,879	113,755	123,046	132,936	142,829	153,296	164,387	176,155	188,653
Asset Revaluation Reserves	594,020	594,020	594,020	594,020	594,020	594,020	594,020	594,020	594,020	594,020
Other Reserves	40,189	40,189	40,189	40,189	40,189	40,189	40,189	40,189	40,189	40,189
Total Council Equity	730,583	739,088	747,964	757,255	767,145	777,038	787,505	798,596	810,364	822,862

Budget and Annual Business Plan

Ten Year Financial Plan

City of West Torrens - Long Term Financial Planning ModelForecast Financial Indicators

Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Surplus Ratio	12.39%	11.95%	12.04%	12.17%	12.50%	12.17%	12.42%	12.70%	13.00%	13.33%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>										
Adjusted Operating Surplus Ratio	12.39%	11.95%	12.04%	12.17%	12.50%	12.17%	12.42%	12.70%	13.00%	13.33%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue (excluding Federal Government advance payments).</i>										
Net Financial Liabilities Ratio	39.93%	45.88%	49.77%	50.94%	51.71%	52.55%	52.58%	52.10%	51.33%	50.15%
<i>This ratio expresses net financial liabilities as a percentage of total operating revenue.</i>										
Asset Renewal Funding Ratio	103.29%	103.82%	104.46%	103.70%	107.34%	102.48%	102.10%	103.80%	103.43%	102.65%
<i>This ratio expresses net asset renewal expenditure as a percentage of Asset Management Plan required expenditure.</i>										

Budget and Annual Business Plan

Ten Year Financial Plan

City of West Torrens - Long Term Financial Planning Model**Forecast Uniform Presentation of Finances**

	Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
		\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Revenue		68,692	71,152	73,704	76,349	79,093	81,320	84,271	87,329	90,502	93,792
Less:											
Operating Expenses		(60,178)	(62,647)	(64,828)	(67,058)	(69,204)	(71,427)	(73,803)	(76,238)	(78,735)	(81,294)
Operating Surplus / (Deficit)		8,514	8,505	8,876	9,291	9,889	9,893	10,468	11,091	11,767	12,498
<i>less Net Outlays on Existing Assets</i>											
Capital Expenditure on the Renewal and Replacement of Existing Assets		(12,608)	(11,502)	(11,795)	(12,058)	(12,853)	(12,638)	(12,967)	(13,577)	(13,932)	(14,241)
Less Depreciation, Amortisation and Impairment		11,711	12,080	12,420	12,790	13,172	13,565	13,970	14,387	14,817	15,260
Less Proceeds from the Sale of Replaced Assets		630	0	0	0	0	0	0	0	0	0
		(267)	558	625	732	319	927	1,003	810	885	1,019
<i>less Net Outlays on New and Upgraded Assets</i>											
Capital Expenditure on New and Upgraded Assets		(11,411)	(13,981)	(13,364)	(12,058)	(12,034)	(12,462)	(12,855)	(12,890)	(13,403)	(13,888)
Less Grants and Contributions Specifically for New and Upgraded Assets		0	0	0	0	0	0	0	0	0	0
Less Proceeds from the Sale of Surplus Assets		0	0	0	0	0	0	0	0	0	0
		(11,411)	(13,981)	(13,364)	(12,058)	(12,034)	(12,462)	(12,855)	(12,890)	(13,403)	(13,888)
Net Lending / (Borrowing) for Financial Year		(3,164)	(4,918)	(3,863)	(2,035)	(1,826)	(1,642)	(1,384)	(989)	(751)	(371)

Budget and Annual Business Plan

Glossary

Glossary of Terms

Glossary of Terms

Amortisation refers to the systematic allocation of the depreciable amount of an asset over its useful life.

Annual business plan refers to a document Council must adopt each year as part of or in conjunction with its budget, pursuant to the requirements of Section 123 of the Local Government Act 1999.

Asset refers to a resource controlled by the City of West Torrens from which future economic benefits, including service potential, are expected to flow.

Asset impairment refers to the situation that occurs when the carrying amount of an asset exceeds its recoverable amount.

Asset management refers to a systematic, structured approach to the maintenance, upgrade and operation of assets, on a whole of life basis, combining engineering principles with sound business practice and economic rationale, and providing the tools to facilitate a more organised and flexible approach to making decisions necessary to meet community expectations.

Asset renewal expenditure refers to expenditure that restores or improves the condition of existing Council assets.

Asset revaluation reserve is the reserve created when Council revalues its assets.

Asset renewal funding ratio measures capital expenditure on the renewal and replacement of assets relative to the level of expenditure proposed in Council's infrastructure and asset management plans.

Audit Committee refers to a committee of Council established under Section 126 of the Local Government Act 1999.

Budget refers to a financial document prepared by Council under Section 123 of the Local Government Act 1999.

Capital expenditure refers to expenditure recognised as an asset in the accounts of the Council, rather than being treated as an operating expense, and includes:

- Office furniture and equipment in excess of \$2,000 in value;
- Other plant and equipment in excess of \$2,000;
- Buildings - new construction / extensions - in excess of \$10,000; and
- Infrastructure assets in excess of \$10,000.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flow statement refers to a financial statement that shows inflows and outflows of cash and cash equivalents in terms of operating, investing and financing activities.

Comprehensive income statement sometimes referred to as a profit and loss statement, is a financial statement that shows the income and expenditure of the Council, and in turn the operating result, being the difference between the two.

Depreciable amount refers to the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation refers to the systematic allocation of the depreciable amount of an asset over its useful life.

Differential rating refers to the power of Council under Section 156 of the Local Government Act 1999 to declare different rates according to use and / or locality of land.

Employee costs refers to staff and related costs, including salaries and wages, superannuation, leave provisioning, fringe benefits tax, training and WHS expenses.

Equity refers to the residual interest in the assets of the Council after the deduction of its liabilities. Often referred to as net assets, it is the difference between total assets and total liabilities.

Expenses refers to a decrease in future economic benefits, effectively meaning the costs incurred by Council in the normal course of its business operations. They include employee costs, material and contractor expenses, finance costs and depreciation.

Finance costs refers to expenses associated with Council's financing activities, including interest on loans and revenue collection charges.

Financial statements comprise a statement of comprehensive income, a statement of financial position, a statement of changes in equity and a statement of cash flows.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Grants, subsidies and contributions refers to assistance from state and commonwealth governments and other institutions where resources are transferred to Council generally in return for past or future compliance with certain conditions.

Income refers to the gross inflow of economic benefits arising from the ordinary activities of Council when those inflows result in increases in equity. It includes rates, statutory charges, grants, user charges, investment income and reimbursements.

Income statement, sometimes referred to as a profit and loss statement, is a financial statement that shows the income and expenditure of the Council, and in turn the operating result, being the difference between the two.

Infrastructure and Asset Management Plan (IAMP) refers to a plan for the management and development of infrastructure and major assets of the Council that must be developed and adopted for a period of at least 10 years.

Infrastructure asset refers to roads, kerbing, drains, footpaths, cycle paths, land improvements and related assets.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in operating activities.

Investment income refers to income generated by Council from investment activities.

Budget and Annual Business Plan

Glossary

Liability is an obligation of the Council arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Liabilities include provisions and trade and other payables.

Liquidity is a measure of the ability of the Council to pay its debts as and when they fall due.

Loan repayments refers to interest and principal payments made to service Council loans.

Long term financial plan refers to a plan that must be developed and adopted by Council for a period of at least 10 years under Section 122(1a) of the Local Government Act 1999.

Minimum rate refers to the minimum amount payable by a ratepayer which is determined by the Council pursuant to Section 158 of the Local Government Act 1999.

Natural resources management levy (NRM levy) is a separate rate imposed on ratepayers by the state government under Section 95 of the Natural Resources Management Act 2004 and Section 154 of the Local Government Act 1999.

Operating activities are the principal expenditure and revenue-producing activities of the Council and other activities that are not investing or financing activities.

Operating surplus refers to the amount by which operating income exceeds operating expenses, before capital items, the net gain or loss on the disposal or revaluation of assets, and physical resources received free of charge.

Postponement of rates refers to the availability to seniors of an option to delay the payment of rates in certain circumstances under Section 182A of the Local Government Act 1999.

Rate rebates refers to mandatory and discretionary rebates on rates that are available to ratepayers under Sections 159 to 166 of the Local Government Act 1999.

Rate remissions are discretionary concessions available to ratepayers where payment of rates causes hardship.

Rates are a charge against the land levied on ratepayers under provisions of the Local Government Act 1999.

Reserves are a credit balance account forming part of Council equity.

Residual value refers to the value of an asset at the end of its useful life.

Revenue refers to the gross inflow of economic benefits arising from the ordinary activities of Council when those inflows result in increases in equity. It includes rates, statutory charges, grants, user charges, investment income and reimbursements.

Separate rates refer to a rate that may be declared by Council for specific purposes under Section 154 of the Local Government Act 1999.

Service rates or charges may be applied to services such as the collection and disposal of waste under Section 155 of the Local Government Act 1999.

Statement of financial position, sometimes referred to as the balance sheet, is a summary of Council's assets, liabilities and equity at a particular point in time, and provides a snapshot of Council's financial position.

Budget and Annual Business Plan

Glossary

Statutory charges refers substantially to fees set by the state government on regulatory services provided by local government, such as dog registration fees, building and planning fees, and parking fines.

Stormwater flood mitigation refers to measures aimed at minimising the impact of floods in the West Torrens community, including mitigation works associated with Brown Hill and Keswick Creeks.

Sustainability refers to Council's ability to manage its finances so it can meet spending commitments, both now and in the future, and ensure future generations of taxpayers do not face an unmanageable bill for services provided to the current generation.

User charges refers to fees set by Council for certain goods and services provided, such as library charges, hall hire, tennis court hire and community centre fees.