

CITY OF WEST TORRENS



Notice of Special Committee Meeting

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

SPECIAL MEETING

of the

CITY FINANCE AND GOVERNANCE COMMITTEE

of the

CITY OF WEST TORRENS

will be held in the Council Chambers, Civic Centre
165 Sir Donald Bradman Drive, Hilton

on

TUESDAY, 6 APRIL 2021
at the conclusion of Council Meeting

Terry Buss PSM
Chief Executive Officer

City of West Torrens Disclaimer

Please note that the contents of this Committee Agenda have yet to be considered by Council and officer 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 City Finance and Governance Committee held on 16 March 2021 be confirmed as a true and correct record.

6 COMMUNICATIONS BY THE CHAIRPERSON**7 QUESTIONS WITHOUT NOTICE****8 MOTIONS WITHOUT NOTICE**

9 CITY FINANCE & GOVERNANCE REPORT

9.1 Budget and Annual Business Plan 2021/22

Brief

The first draft of the 2021/22 budget and annual business plan is tabled for Council review and consideration.

RECOMMENDATION

The Committee recommends to Council that the proposed 2021/22 budget and annual business plan be released for public consultation.

Introduction

The first draft of the budget and annual business plan for 2021/22 is included with this agenda under separate cover for review and consideration. The document has been prepared in a form adopted by Council on 8 December 2020, key aspects of which 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 at a divisional level, including 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 1999*.

Discussion

The form of the budget and annual business plan 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*. It is made up of the following sections:

- | | |
|-----------------------------------|--|
| 1. Executive Summary | Provides highlights and an overview of the draft budget and annual business plan. |
| 2. Strategic Fundamentals | Provides details on the strategic fundamentals that underpin the budget and long term financial plan. |
| 3. Forward Estimates | Provides details on Council's forward estimates and long term financial plan. |
| 4. Capital Budget | Contains detailed capital expenditure information. |
| 5. Operational Budget | Provides commentary on the operational expenditure budget, including income. An operating surplus is budgeted. |
| 6. Divisional Operational Budgets | Provides detailed financial and business plan information. |

- | | |
|---------------------------------|--|
| 7. Rating | Contains detailed information on rating arrangements. Rate modelling is still to be undertaken and results will be tabled at a future meeting. |
| 8. Summary Financial Statements | Provides financial statements required under the <i>Local Government Act 1999</i> and related regulations. |
| 9. Ten Year Financial Plan | A ten year financial plan is provided pursuant to Local Government Act requirements. Related financial statements are still to be prepared and will be tabled at a future meeting. |
| 10. Glossary of Terms | Lists definitions of key terms used. |

It is proposed that the Committee work progressively through the draft document in the order presented.

A list of items not included in the first draft of the budget is included with this agenda as **Attachment 1**.

It is anticipated that a number of meetings will be required to work through the budget fully prior to adoption being possible. Further meetings are therefore scheduled, as earlier advised, as follows:

- Tuesday 6 April 2021 (following the Council meeting)
- Wednesday 14 April 2021 (a special meeting)
- Tuesday 20 April 2021 (following the Council meeting)
- Thursday 22 April 2021 (a special meeting)
- Wednesday 28 April 2021 (a special meeting)
- Tuesday 1 June 2021 (Council meeting - community consultation)
- Tuesday 15 June 2021 (Council meeting - community feedback)
- Tuesday 6 July 2021 (Council meeting - budget adoption)

Other meeting dates will be scheduled, if required.

Time will be set aside in the Council meeting on Tuesday 1 June 2021 for members of the public to ask questions and make submissions on what is proposed in the budget and annual business plan.

The meeting on Tuesday 15 June 2021 follows a three week consultation period and provides the opportunity for Council to consider consultation feedback received and finalise its budget position.

The CEO will present a final budget document, along with an annual business plan and a long term financial plan, for adoption on Tuesday 6 July 2021. The rates will then be declared.

A rate increase of 1.85 per cent is proposed for 2021/22 and is considered appropriate by the Administration. We do not have any obvious suggestions of lower priority items that Committee members could consider for removal from the budget, however we could turn our minds to this possibility if required.

The Administration does not favour a lower rate increase, given current and planned capital expenditure commitments of the Council, however, future estimates of income movements from a movement in the proposed rate increase are as follows:

	Estimated Impact \$				
	Movement	Rate Increase	Rates	Rates Equivalents	Total
Increase	0.15	2.00	90,000	10,000	100,000
	0.10	1.95	60,000	10,000	70,000
	0.00	1.85			
Decrease	0.10	1.75	50,000	10,000	60,000
	0.20	1.65	110,000	10,000	120,000
	0.30	1.55	160,000	20,000	180,000
	0.40	1.45	220,000	20,000	240,000
	0.50	1.35	280,000	30,000	310,000
	0.60	1.25	330,000	30,000	360,000
	0.70	1.15	390,000	40,000	430,000
	0.80	1.05	440,000	50,000	490,000
	0.85	1.00	470,000	50,000	520,000

The impact on the forward estimates of a reduction in the rate increase proposed for 2021/22 also needs to be considered. It will be sizeable, estimated to total \$4.3 million for a reduction of 0.6 per cent over the 10 year forecast period. This will be much more significant if rate increases factored into the forward estimates are also reduced.

These effects would be impacted further (and significantly one would expect) if rate capping were to be imposed on local government, although this is not currently expected to occur.

Climate Impact Considerations

(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)

The COVID -19 pandemic has seen the community adapt and respond to changing circumstances, resulting in new perspectives and different approaches to how we operate and do business. People are becoming more efficient and flexible and this is likely to have an overall positive impact on the environment.

Conclusion

The budget and annual business plan first draft for 2021/22 is tabled for Council consideration.

Attachments

- 1. Draft Budget and Annual Business Plan 2020/21 (under separate cover)**
- 2. Supplementary List - Items not included in the 2021/22 Budget**

Supplementary List
Items not included in the 2021/22 Budget

Operational Budget

1	Horticulture workers (2 new full time positions)	\$ 154,000
2	Development & Utilities Compliance Officer- City Works (new full time position)	\$ 91,000
3	Professional fees - Development of a Henley Beach Road Masterplan- Subject to Grant funding	\$ 90,000
		\$ 335,000

Capital Budget

1	Peake Gardens Riverside tennis clubrooms upgrade (loan funded)	\$ 1,700,000
2	Computer Equipment- CRM	\$ 160,000
3	Lockley's Bowling Club staged upgrade	\$ 100,000
4	Mellor Park	\$ 200,000
5	Glenlea Tennis Club (Bifold Doors)	\$ 50,000
6	Thebarton Theatre Complex	\$ 4,000,000
		\$ 6,210,000

Capital Works Budget

1	Morphett Rd Catchment Drainage Stage 1 (loan funded)	\$ 1,419,044
2	Civic Centre & Hamra Library - Reserve Upgrade - Garden & Surrounds	\$ 130,000
3	Civic Centre & Hamra Library - Reserve Irrigation Upgrade	\$ 65,000
4	Brown Hill and Keswick Creeks	\$ 1,960,000
		\$ 3,574,044
	<u>Total</u>	\$ 10,119,044

10 MEETING CLOSE

CITY OF WEST TORRENS



ATTACHMENT

UNDER SEPARATE COVER

SPECIAL MEETING

of the

CITY FINANCE AND GOVERNANCE STANDING COMMITTEE

6 April 2021

Item 9.1 - Budget and Annual Business Plan 2021/22

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9.1 Budget and Annual Business Plan 2021/22

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Proposed Budget and Annual Business Plan

2021/22



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Executive Summary

Introduction

This Budget and Annual Business Plan for 2021/22 is in the form adopted by Council on the 8th December 2019. 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 *Community Plan 2030* was adopted in February 2021. It is the culmination of feedback from more than 1,000 people who participated in consultation events in 2019 and early 2020. The *Plan* provides the strategic focus for the budget, annual business plan and long term financial plan of the Council. It has five broad themes, as follows:

- Community life;
- Built environment;
- Prosperity;
- Environment and 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.

The Covid-19 Effect**(a) 2020/21 in Review**

The coronavirus (Covid-19) pandemic presented many challenges for Council. Like other businesses, Council is a complex medium-sized enterprise experiencing many of the same challenges as other small to medium businesses, however we are often the first point of contact for our community as we play a key role in supporting local businesses and many others during such challenging times.

Members of our community and many local businesses continued to face challenges and stress during this time and were increasingly looking to Council for help.

Operational Expenditure

Council's operational expenditure was reduced significantly in the wake of Covid-19, with an amount of \$2.14 million taken out of the initial draft 2020/2021 budget. All expense lines were reviewed aggressively, with most reduced. The reductions were unprecedented, as were the difficulties we faced as a Council and a community.

Key Covid-19 related changes included the following:

- A reduction in staffing related costs of \$1.3 million, which included the removal of a pay increase for all Council staff in 2020/21, the suspension of staff uniform entitlements for one year, a 50 per cent reduction of staff travel, conference and training budgets, and removal of budgeted overtime. New positions were also removed;
- The suspension of the festival / events program for 2020/21, with an amount of \$163,000 added to the supplementary list of unfunded initiatives;
- The removal of \$585,500 in professional / consultant fees across most business areas of the Council;
- A reduction of \$55,533 in the catering / entertainment budget.

Some budget lines needed to be increased, including financing costs because of budget and rate payment delays impacting Council's cash flow position.

Capital Expenditure

Council also reduced the capital budget in responding to Covid-19, but to a much lesser extent than occurred with the operational budget. A reduction of \$625,100 was made, largely to the plant and equipment budget.

Maintaining capital expenditure programs as best we could was considered a priority given the need for stimulus measures to help kick-start the local economy post Covid-19.

Income

Covid-19 impacted Council's income budget and will to a lesser extent further in time. Adjustments attributable to Covid-19 include:

- A reduction of \$250,000 following a decision by Council to offer a relief package to property leaseholders and ratepayers impacted by Covid-19;

- A reduction of \$200,000 to the parking income budget, a sizeable component of which is airport related;
- A reduction in income of \$70,000 from the closure of the Thebarton Community Centre.

Action was also taken in response to Covid-19 to reduce the proposed rate increase from an intended 2.5 per cent to 1.0 per cent, which further reduced income by \$810,000. Rate equivalent payments from Adelaide Airport Limited were also reduced.

Council remained heavily rate dependant following the changes, with 87.7 per cent of its income derived from rates and rate equivalent payments.

(b) Covid-19 Reserve Fund

In 2020/2021 a further \$651,514 was added to our Reserve for Covid-19 support measures bringing the total in the Reserve fund to \$1,751,514. Approximately \$1.2 million of the fund has been consumed or allocated against the follow categories of support measures:

- Income deferred or waived, including fees, ratepayer relief, small business support
- Stimulus grants for Art & Culture, Business Resilience, Small business
- Operational Covid-19 expenditure

(c) Ongoing Covid impact

The Covid-19 business impact of raising costs and reducing income is reducing in magnitude but it has not finished yet. The significant cost cutting that stood us in good stead last year is not sustainable and in 2021/2022 we will be returning to more like pre-Covid expenses.

Our revenue will also bounce back but given the modest rate increase, it is a modest increase in revenue of \$898,315.

Several of our support mechanisms such as deferred rates and rates equivalent arrangements have the potential to impact our cash flow by over \$1 million in 2021/2022, we will however recoup deferred payments over time.

The accelerated capital works program encouraged via Federal, State and Local Government grant funding initiatives will have a significant impact on our business and financial objectives. The initiatives bring forward capital works programs to stimulate the economy in the short-term, however many of the initiatives require matching funding from Council.

Our "Back to Work" Budget

The overarching theme of our 2021/2022 budget is that our operations and capital works programs are "getting back to work".

Council's operating statement in the proposed 2021/22 budget projects a surplus from operations of \$3,818,783 as follows, based on a 1.85 per cent rate increase:

	\$
Income	70,677,043
Expenditure	66,858,260
	<hr/>
Operating Surplus	3,818,783
	<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 0.55 per cent lower than that projected in last years' budget. A modest increase in 2021/22 is considered necessary in the face of loan repayment, accelerated capital works cost pressures and the impact on the forward estimates and strategic fundamentals of the Council.

A rate increases of 1.85 per cent is projected for 2021/22, with 2.0 per cent in 2022/23, and 2.3 per cent thereafter, 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.

After adjusting for cash reserves, including the Covid-19 reserve fund, a nominal cash surplus of \$12,662 is also projected.

Operational Expenditure

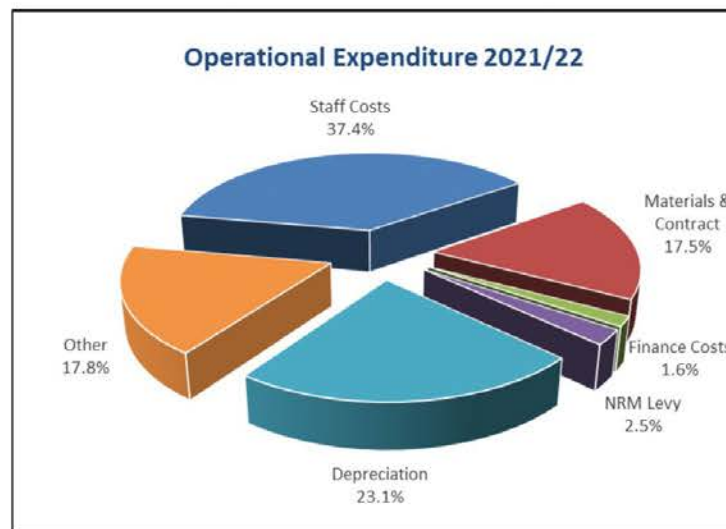
Operational costs across all areas of the Council before depreciation are increasing by \$2,549,812 or 5.2 per cent, the key movements being:

- Employment costs have increased by \$1,154,662 or 4.8 per cent over the original budget estimates for 2020/21. The increase is primarily due to the return of an annual pay increase, overtime, the uniform allowance and training which were all removed the previous year in response to Covid-19;
- Councils' waste contract budget is increasing by \$203,262 or 2.1 per cent, significantly less than the 15.8 per cent increase the previous year. This has been achieved by ongoing contract management. The budget also includes delivery of a Waste Management Strategic Plan.
- Contractor and materials budgets are otherwise increasing by \$465,007 or 10.5 per cent, with provision made for depot contractor activities resuming;

- General operating costs have increased by \$447,318 or 9.1 per cent, which includes resumption in projects or activities that Covid had restricted, including professional / consultant fees (\$325,050) and subscriptions and associations (\$86,983);
- Council related expenditure increases total \$43,455, up 1.8 per cent, and include community grants (\$40,000) and donations, awards and contributions (\$20,000);
- The Regional Landscape (RL) levy collected by Council on behalf of the SA Government is increasing by \$78,330 or 5.0 per cent.

Depreciation is set to increase by \$2,036,814 or 15.2 per cent based on current asset values and the impact of ongoing capital expenditure programs.

The following operational expenditure is budgeted in 2021/22, with more detailed information provided in the body of the budget document:



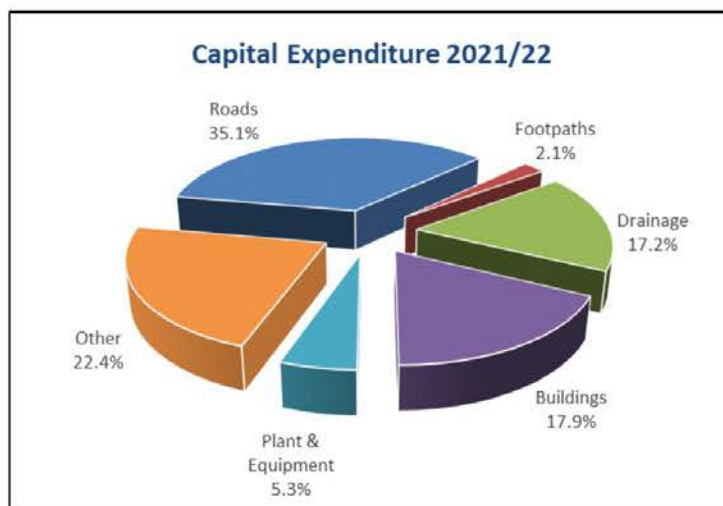
Capital Expenditure

Key aspects of the capital budget include:

- \$31.081 million is budgeted in 2021/22, an increase of \$3.8 million compared to 2020/21 budget. This includes an increase in grant and loan funded capital budget of \$3.87 million or 44.7 per cent to \$12.535 million, offset by a decrease in rate funded capital and capital works of \$70,380 or 0.38 per cent, to \$18.547 million;
- \$15.094 million is budgeted for the transport program (\$13.846 million in 2020/21), largely for roadworks, but included are amounts of \$1.12 million for street lighting (\$1.445 million in 2020/21) and \$661,170 for the replacement, remediation and construction of footpaths and pathways (\$563,776 in 2020/21);

- An amount of \$5.362 million is being committed to drainage and related construction, including \$1.384 million for the Brown Hill Keswick Creek project, \$1.298 million for the North Plympton/ Plympton staged stormwater upgrade, \$500,000 for staged stormwater upgrade in Packard Street North Plympton and \$500,000 for Westside Bikeway recycled water pipeline;
- \$3.425 million is budgeted for the recreation program (\$3.125 million in 2020/21), including \$470,000 for the ongoing playground upgrade program, \$695,000 for reserve irrigation, \$545,000 for reserve development, \$315,000 for the Linear Park and \$1 million Breakout Creek Stage 3 redevelopment;
- An amount of \$5.55 million is budgeted for land and buildings (\$6.382 million in 2020/21) including \$4.39 million in loan funding for redevelopment of various community facilities including \$1.8 million for the Kings Reserve / Thebarton Oval redevelopment and \$1 million each for Apex Park and Richmond Oval;
- Rate funded expenditure on plant, equipment and furniture totals \$1.651 million (\$1.182 million in 2020/21).

The following capital expenditure is budgeted in 2021/22, with more detailed information provided in the body of the budget document:

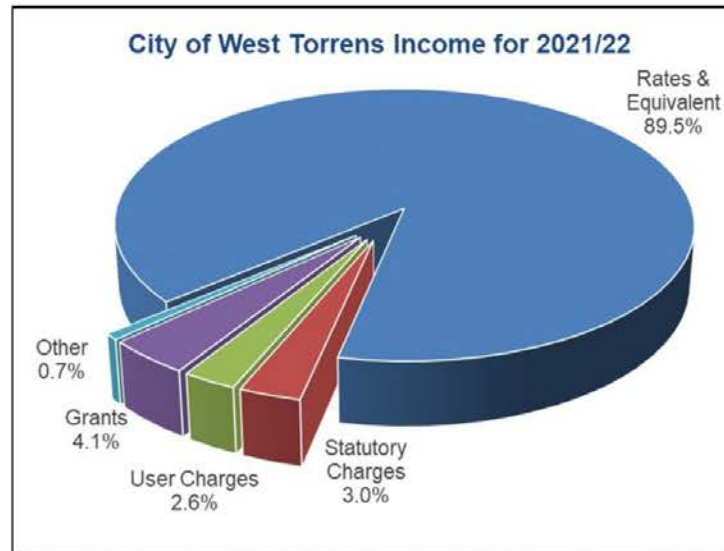


Rating in 2021/22

An overall average rate increase of 1.85 per cent excluding growth is proposed for 2021/22, 0.55 per cent lower than that foreshadowed in the forward estimates of last years' budget, given the impact of Covid-19. It is not proposed that more of the rate burden be moved from one land use to another this year, something that last occurred in the 2012/13 financial year.

The city's income has largely been generated from rates and rate equivalent payments over the years, comprising 89.5 per cent of total revenue in 2021/22, as shown in the chart below. West Torrens aims for rate revenue to be collected on an equitable basis, and for this reason has

adopted differential rates for a number of years, to take into account the level of services provided to different types of properties, to reflect the cost of providing services to those categories of properties, as well as the need to encourage specific types of activities within the city. The differential rates have proven to be effective in achieving the desired results for West Torrens, and it is proposed that the practice be continued into 2021/22. The Local Government Act 1999 allows local governments to adopt differential rates.



Valuation volatility is relatively low again this year despite valuation changes arising from the Valuer-General revaluation initiative being applied for the first time. Our general valuation is set by the Valuer-General as at 1st January of each year. 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.

Strategic Fundamentals

Introduction

The *Community Plan 2030* was adopted in February 2021. It is the culmination of feedback from more than 1,000 people who participated in consultation events in 2019 and early 2020. The *Plan* provides the strategic focus for the budget, annual business plan and long term financial plan of the Council. It has five broad themes, as follows:

- Community life;
- Built environment;
- Prosperity;
- Environment and 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.

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.

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

Environment and Sustainability

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

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;
- 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.

The recently completed Infrastructure and Asset Management Plans endeavour to set the future direction of maintaining our assets sustainably and to meet the social and recreational needs of our community. As such they are a primary focus in the development of this budget.

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 \$1.126 billion;
- Accumulated depreciation on Council assets totals \$319 million, being 28.2 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.

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;

Budget and Annual Business Plan

Strategic Fundamentals

- 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.

We also have the Local Government (Stormwater Management) Amendment Act 2007 in place which has established a Stormwater Management Authority with responsibilities that include planning and undertaking stormwater management works on behalf of councils.

Further changes to legislation are expected in the near future.

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 covering the major asset classes of the Council and detailed in the following Asset Management Plans:

- Buildings Asset Management Plan
- Stormwater Asset Management Plan
- Roads Asset Management Plan
- Footpath Asset Management Plan
- Vehicles (Fleet), Plant and Equipment Asset Management Plan
- Recreation and Open Space Asset Management Plan

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

- Drainage mitigation, including the need to commit at least at least \$20 million to BHKC drainage works, most of which is in the next 14 years;
- Projections in the asset management plans of the Council that \$121.8 million needs to be committed over the next ten years to road, kerbing and footpath maintenance and remediation works;
- Projections that up to \$28.5 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.

We will need to apply levers to reduce the impact of our asset management plans on our long term financial plan and financial sustainability.

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:

- \$15.5 million is committed to drainage works for the Brown Hill Keswick Creek (BHKC) project over a ten year period from the 2021/22 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 \$179.4 million over a ten year period commencing in 2021/22 to fund road, footpath and other works identified in the infrastructure and asset management plans of the Council;
- Council has rate funded local drainage commitments of \$800,000 from the 2021/22 financial year, with indexed increases annually thereafter;
- Loan funded capital drainage works, excluding BHKC, will be \$2,627,807 in the 2021/22 budget, then indexed annually thereafter;
- Loan funding of \$1.0 million for Breakout Creek is budgeted in both the 2021/22 and 2022/23 financial years;
- Roads to recovery funding will end with a grant of \$617,418 in 2023/24;
- Capital expenditure on Council owned buildings, excluding hub and special developments, will be \$980,000 in the 2021/22 budget, with indexed increases per annum thereafter;
- The capital budget for the replacement of plant, furniture and equipment will be \$1.7 million in 2021/22, and it has been indexed to cover estimated depreciation levels into the future.

Budget and Annual Business Plan

Forward Estimates

Expenditure projections for 2021/22 and each of the next three years based on these assumptions are as follows:

	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$
Rate Funded Infrastructure	14,487,633	15,976,287	16,377,736	16,574,246
Rate Funded Local Drainage	800,000	818,400	837,223	856,479
Loan - Drainage / Bridges / Lighting	5,925,807	4,474,649	4,510,170	3,702,689
Loan - Brown Hill / Keswick Greek	1,383,752	1,418,346	1,453,804	1,490,150
Grants	1,283,216	1,297,864	1,312,833	710,714
Community Facilities	3,000,000	1,700,000	1,500,000	0
Building Other	2,550,000	5,850,435	14,700,283	14,184,509
Plant, Furniture & Equipment	1,651,273	1,689,252	1,728,105	1,767,851
Total	31,081,681	33,225,233	42,420,155	39,286,639

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 1.85 per cent plus growth in 2021/22, 2.0 per cent in 2022/23 and 2.3 per cent 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 2021/22;
- Other income, excluding insurance premium refunds, will increase by 2.2 per cent over the forecast period from 2021/22.

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:

	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$
Rates	57,811,900	58,158,130	60,325,413	62,574,192
Rate Equivalents	5,440,000	5,626,483	5,836,475	6,054,304
Statutory Charges	2,133,498	2,180,435	2,228,405	2,277,429
User Charges	1,862,330	1,903,301	1,945,174	1,987,968
Grant & Subsidies	2,926,635	2,977,438	3,029,358	3,082,421
Other Income	502,680	513,039	523,615	534,414
Total	70,677,043	71,358,826	73,888,440	76,510,727

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 2.0 per cent in 2021/22 and subsequent years;
- Contract and material expenditure increases of 3.0 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 of 2.2 per cent.

Forward operational expenditure estimates are as follows:

	2020/21	2021/22	2022/23	2023/24
	\$	\$	\$	\$
Employee Costs	25,019,475	25,519,865	26,030,262	26,550,867
Contractual Services	10,622,647	10,920,402	11,226,567	11,541,380
Materials	1,109,939	1,143,237	1,177,534	1,212,860
Finance Charges	1,103,123	1,150,406	1,411,306	1,847,841
Depreciation	15,449,779	15,920,395	16,405,493	16,905,521
Other Expenses	13,553,297	13,966,183	14,393,397	14,835,505
Total	66,858,260	68,620,488	70,644,559	72,893,975

Forward Loan Estimates

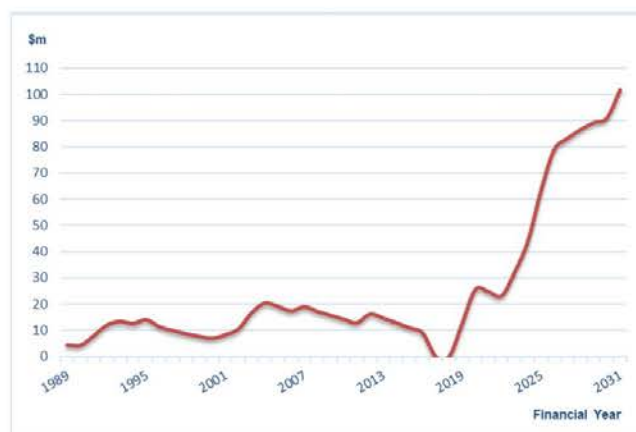
A loan program of \$135.05 million is projected in future dollar terms over the next ten years (up from \$52.12 million last budget), as follows:

	\$m
Local drainage	36.77
BHKC project	15.50
Various other	86.33
Works overhead	(3.55)
Total	135.05

This comprises the following:

Financial Year	Local Drainage \$	Brown Hill Keswick Drainage \$	Various/ Other \$	Works Overhead \$	Total Loans \$
2021/22	2,627,807	1,383,752	7,688,000	(447,801)	11,251,758
2022/23	3,422,959	1,418,346	10,319,873	(311,178)	14,850,000
2023/24	3,510,170	1,453,804	19,255,132	(319,106)	23,900,000
2024/25	3,599,599	1,490,150	16,587,488	(327,236)	21,350,000
2025/26	3,691,302	1,527,403	5,916,868	(335,573)	10,800,000
2026/27	3,785,336	1,565,588	5,743,197	(344,121)	10,750,000
2027/28	3,881,762	1,604,728	5,716,397	(352,887)	10,850,000
2028/29	3,980,640	1,644,846	5,566,390	(361,876)	10,830,000
2029/30	4,082,033	1,685,968	4,903,094	(371,094)	10,300,000
2030/31	4,186,003	1,728,117	4,636,426	(380,546)	10,170,000
Total	36,767,610	15,502,702	86,332,865	(3,551,419)	135,051,757

The indebtedness trend of the Council, with future loans structured over fixed 15 year terms, is projected 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 just over \$100 million in the early 2030's.

Loan Repayments

Loan repayments to service projected loans, based on borrowing rates of 2.20 per cent, along with 15 year fixed loan terms, will be as follows:

Year	Projected Repayments \$	Increase / (Decrease) \$
2021/22	1,482,321	617,796
2022/23	2,171,698	689,377
2023/24	3,081,787	910,089
2024/25	4,527,938	1,446,151
2025/26	5,861,471	1,333,533
2026/27	6,624,359	762,888
2027/28	7,401,920	777,561
2028/29	8,203,045	801,125
2029/30	9,021,445	818,400
2030/31	9,828,486	807,041

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:

Financial Year	Projected Loan Repayments	% of Rates
2021/22	1,482,321	2.6
2022/23	2,171,698	3.7
2023/24	3,081,787	5.1
2024/25	4,527,938	7.2
2025/26	5,861,471	9.0
2026/27	6,624,359	9.8
2027/28	7,401,920	10.6
2028/29	8,203,045	11.3

Budget and Annual Business Plan		Forward Estimates	
2029/30	9,021,445	12.0	
2030/31	9,828,486	12.6	

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
2021/22	3,818,783	5.4
2022/23	2,738,338	3.8
2023/24	3,243,881	4.4
2024/25	3,616,752	4.7
2025/26	3,503,342	4.5
2026/27	4,312,960	5.3
2027/28	5,188,285	6.2
2028/29	6,130,061	7.0
2029/30	7,141,955	7.9
2030/31	8,239,314	8.8

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

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.

Budget and Annual Business Plan

Forward Estimates

Program	IAMP Amount	10 Year Plan	Met
	\$m's	\$m's	%
Roads Program			
Reseal / Maintenance	37.826	37.826	100
Reconstruction Renewal	26.037	26.037	100
Kerb & Gutter	28.800	28.800	100
Footpath Program			
Reconstruction Renewal	10.979	10.979	100
Construction	3.978	3.978	100
Building Program			
Renewal Expenditure	23.573	23.573	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 2020/21 financial year Council staff continued to develop a more detailed assessment of the assets covered by the recreation program.

(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 to \$101.56 million in 2030/31 - a sizeable but manageable increase as demonstrated below. Borrowing interest rates of 2.20 per cent have been estimated, along with future 15 year fixed borrowing terms.

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	% of Rates
2021/22	1,482,321	2.6
2022/23	2,171,698	3.7
2023/24	3,081,787	5.1
2024/25	4,527,938	7.2
2025/26	5,861,471	9.0
2026/27	6,624,359	9.8
2027/28	7,401,920	10.6
2028/29	8,203,045	11.3
2029/30	9,021,445	12.0
2030/31	9,828,486	12.6

Budget and Annual Business Plan

Forward Estimates

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

(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:

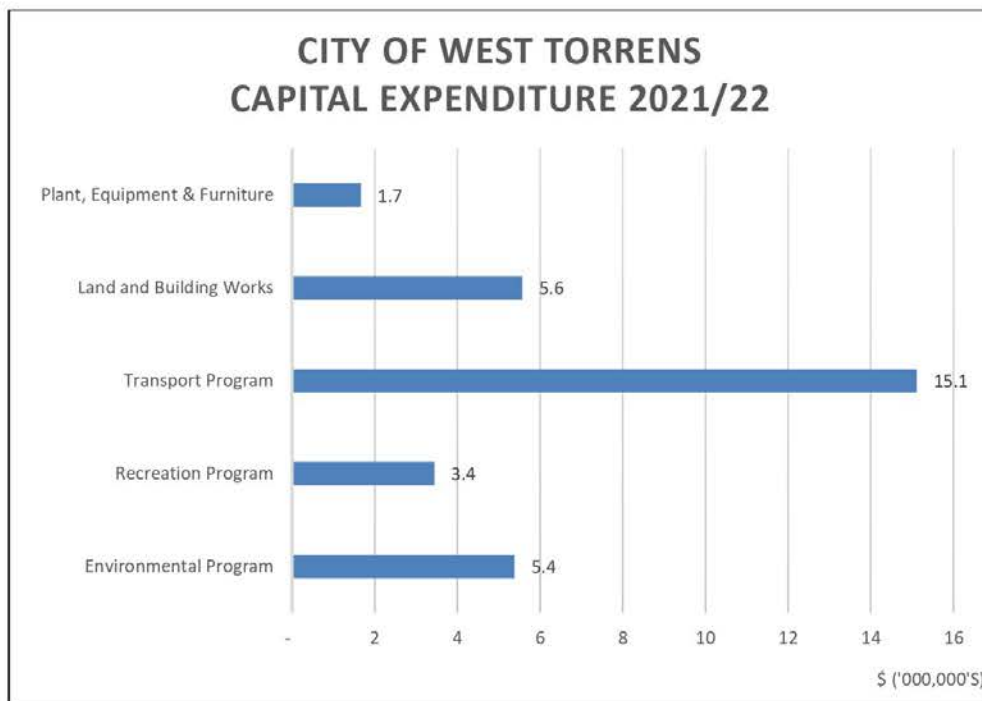
Financial Year	EOY Cash Estimate	Net Reserves	Surplus/ (Deficit)
	\$	\$	\$
2021/22	4,602,071	4,589,407	12,662
2022/23	4,769,241	4,736,924	32,317
2023/24	4,916,730	4,887,587	29,143
2024/25	5,058,796	5,041,465	17,331
2025/26	5,240,233	5,198,629	41,605
2026/27	5,367,518	5,359,148	8,370
2027/28	5,548,681	5,523,096	25,585
2028/29	5,704,486	5,690,546	13,940
2029/30	5,875,623	5,861,575	14,048
2030/31	6,056,730	6,036,258	20,472

Capital Budget

Introduction

The capital budget for 2021/22 totals \$31,081,681 as follows:

	\$
Capital Works	
Environmental Program	5,361,559
Recreation Program	3,425,000
Transport Program	15,093,849
Sub Total	23,880,408
Capital	
Land and Building Works	5,550,000
Plant, Equipment & Furniture	1,651,273
Sub Total	7,201,273
Total	31,081,681



Budget and Annual Business Plan

Capital Budget

The capital budget shows an increase in spending of \$3,800,485 or 13.9 per cent over what was budgeted in 2020/21. Rate funded capital spending has however slightly fallen by \$70,380 or 0.4 per cent.

These movements are shown in the following table:

	Budget 2020/21	Budget 2021/22	Variance	Variance
	\$	\$	\$	%
Rate funded				
City works funds	15,351,801	15,735,434	383,633	
Plant & Equipment	1,182,300	1,651,273	468,973	
Land and Buildings	2,082,986	1,160,000	(922,986)	
Sub Total	18,617,087	18,546,707	(70,380)	(0.4%)
Other funded				
Grants	1,968,398	1,283,216	(685,182)	
Reserves / Assets Sales	0	0	0	
Loans	6,695,711	11,251,758	4,556,047	
Sub Total	8,664,109	12,534,974	3,870,865	44.7%
Total Capital Expenditure Budget	27,281,196	31,081,681	3,800,485	13.9%

Budget and Annual Business Plan

Capital Budget

Capital funding from other than rates totals \$11,251,758, as shown in the following table:

City of West Torrens Loan Program 2021/22	
Project	\$
Breakout Creek - Stage 3 Redevelopment	1,000,000
Pedestrian Lighting - Captain McKenna Bikeway	250,000
Civic Centre - Lighting Upgrade	200,000
City Wide LED Lighting Upgrade Implementation	540,000
Beare Ave /Watson Ave Bridge upgrade	758,000
Fulham Park Drive Drainage upgrade	500,000
Burbridge Road Culvert Replacement	330,000
Packard St Cut-off Drain - Stage 2 (Wyatt/Allchurch)	500,000
Stormwater upgrade- North Plympton/Plympton - Stage 1	1,297,807
Recycled Water Pipeline Westside Bikeway	550,000
Brownhill Keswick Creek	1,383,752
Apex Park	1,000,000
Lockleys Oval	200,000
Kings Reserve / Thebarton Oval - Building Facilities	1,800,000
Richmond Oval - Staged Improvements	1,000,000
Kesmond Reserve, Keswick - Masterplan	100,000
River Torrens Land Acquisition	290,000
Overhead	(447,801)
Balance	11,251,758

Budget and Annual Business Plan

Capital Budget

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 and renewal;
 - Refurbishment of existing rain garden sites;
 - Asset conditioning, planning and minor investigations into the current drainage network;
- \$500,000 for the continued implementation of new stormwater drainage works in North Plympton beyond works budgeted for in 2020/2021, servicing the greater area from Marion Road (west) to Birdwood Terrace (east) and Allchurch Ave (north) to Brown Hill Creek (south), aimed at reducing the extent of frequent wide gutter flows experienced in several of the streets;
- \$500,000 for the detail design and construction of the stormwater network extension and upgrade to service Durham Ave, Castlebar Road, Fulham Park Drive, Corona Ave and Clyde Ave, aimed to reduce the frequency and impact of flooding;
- \$330,000 for the design and construction for the replacement of the existing drainage culvert along the northern side of Burbridge Road from the western council boundary to the driveway entrance of Apex Park, due to poor condition of the existing culvert;
- \$1,297,807 for investigations, concept designing and modelling of potential improvements (new and upgraded drainage) to the stormwater systems which service streets including (but not limited to) Streeters Road, Lewis Crescent, Bransby Ave, Speed Ave, Marion Road (between Hawson Ave and Lydia Street), Laverack Road and Long Street. This is aimed at reducing the frequency and impact of flooding of various streets and reducing the frequency and impact of water entry onto and through private land. This includes the detail design and construction of the first stage of the improvement works. Budget considerations over multiple future years is anticipated to be required to complete the full extent of works;
- \$200,000 for the installation of new stormwater drainage on Saratoga Drive in association with the establishment of a new traffic calming device;
- \$250,000 for the upgrade of the existing stormwater network along Ashley Street from Hardys Road to Stephens Ave which is aimed at reducing the frequency and impact of flooding of the low point in this section of road and water entry onto private land;
- \$550,000 for the extension of recycled water pipeline on Westside Bikeway (Long St / Birdwood Tce / Weigall Oval) and Captain McKenna Bikeway, Netley;
- \$1,383,752 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:

- \$470,000 for new, replacement and upgraded playgrounds, based on a program developed in response to an audit report on playground safety undertaken in 2018 and asset management plans. Nominated playgrounds for 2021/22 are:
 - Mile End Common, Mile End;
 - Weigall Oval, Cnr of Urrbrae Tce and James St, Plympton;
 - Westside Bikeway (Creslin Terrace), Camden Park;
 - Shade sail shelters (sites to be confirmed);
 - Additional gym equipment, selected locations;
 - Minor playground equipment;
 - Playground safety barrier fencing;
- \$545,000 for reserve upgrades, including:
 - Mile End Common, Mile End;
 - Weigall Oval, Cnr of Urrbrae Tce and James St, Plympton;
 - Westside Bikeway (Creslin Terrace), Camden Park;
 - Shade sail shelters (sites to be confirmed);
 - Additional gym equipment, selected locations;
 - Minor playground equipment;
 - Playground safety barrier fencing;
- \$285,000 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;
- \$30,000 for the ongoing reseal of various pathway sections along the River Torrens Linear Park in order to meet the current path width standard;
- \$695,000 for irrigation system upgrades for the following reserves:
 - Westside Bikeway, Plympton / Camden Park (staged annual project, to continue the expansion of the selected areas within the linear park);
 - Western Youth Centre / Cowandilla Reserve, Cowandilla;
 - Plympton Green, Plympton;
 - River Torrens Linear Park, staged, various locations;
 - Mellor Park, Lockleys;
 - Civic Centre Complex, Memorial Gardens and Hamra Library reserve and garden beds, Hilton;
 - General irrigation equipment, including controllers, monitoring equipment, with the upgrade of network (3G to 4G) and backflow meter equipment;
- \$75,000 for the staged resealing and reconstruction of various sections of city bikeways, a program that will be ongoing, subject to annual funding provision;
- \$1,000,000 Breakout Creek Stage 3 redevelopment;

Budget and Annual Business Plan

Capital Budget

- \$200,000 for the ongoing upgrade and renewal of existing public tennis courts (\$100,000) and renewal of tennis court lighting at Glenlea Tennis Club, includes new lights to the public courts (\$100,000);
- \$125,000 for upgrades / improvements to open space / reserves car park areas.

Transport Program

Funding totals \$15,093,849 (\$13,845,685 in 2020/21) as follows:

	\$
Road maintenance program	6,113,584
Road reconstruction program	4,789,595
Other road works	3,529,500
Footpath program	661,170
Total	15,093,849

Road Maintenance Program

In order to ensure that the Council manages its road assets (surface, pavement, 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 years' 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 \$6,113,584 as follows:

	\$
Reseal / road maintenance program	2,610,985
Kerb and gutter program	3,502,599
Total	6,113,584

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

Budget and Annual Business Plan

Capital Budget

Road Reconstruction Program

Council's road reconstruction program totals \$4,789,595 and comprises the following:

- Oscar Street, Brooklyn Park (Airport Road to Lewis Street);
- Albert Avenue, Camden Park (Morphett Road to Inkerman Avenue);
- Halsey Road, Fulham (Lowry Street to Burnley Street);
- Cross Terrace, Kurralta Park (Daly Street to Warwick Avenue);
- Mcarthur Avenue, Kurralta Park (Tennyson Street to Garfield Avenue);
- Henley Beach Rd (Service Road), Lockleys (Henley Beach Road to End);
- Torrens Avenue, Lockleys (Dartmoor Street to Duncan Street);
- Coneybeer Street, Marlestone (Anstey Crescent to Ritchie Terrace);
- Cygnet Street, Novar Gardens (Old Drive to Saratoga Drive);
- Mabel Street, Plympton (Marion Road to Clayton Avenue);
- Wheaton Road, Plympton (Clayton Avenue to Wokurna Street);
- Holland Street, Thebarton (Phillips Street to Smith Street);
- Hayward Avenue, Torrensville (End to Ashwin Parade);
- North Parade, Torrensville (Wainhouse Street to Property No 54);
- Cranbrook Avenue, Underdale (Holbrooks Road to Sherriff 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 \$3,529,500 and comprises:

- \$200,000 for the ongoing installation and upgrade of public bus shelters at identified sites;
- \$658,500 for Implementation of Novar Gardens and Camden Park LATM plan, projects include Shannon Ave/Bonython Roundabout, Coorilla Ave Speed Humps, Saratoga Drive road blister and . The construction of indent of school pick up and drop off zone on Errington Street, Plympton. Minor traffic management work at identified locations is also budgeted, including pavement bar layouts, pedestrian kerb ramps, stop and give way signage and line marking;
- \$545,000 for the construction of a roundabout at the Daly Street and Garfield Avenue intersection including road realignment and the upgrade of underground stormwater;
- \$248,000 for bicycle management schemes, including the upgrade and renewal of the Linear Park shared path, western side between Riverway and Henley Beach Road, Fulham as part of a collaboration with the City of Charles Sturt to upgrade and improve accessibility .Installation of bicycle amenities (i.e. racks / stands) on reserves;
- \$758,000 for road realignment component associated with creek channel upgrade at the junction of Beare Avenue and Watson Avenue, Netley;
- \$540,000 for the transition of the remaining street lights to LED (V Category lighting);

Budget and Annual Business Plan

Capital Budget

- \$250,000 for the third and final staged upgrade of pedestrian lighting of the Captain McKenna Shared Path between Watson Avenue and Tapleys Hill Road;
- \$200,000 for the upgrade of the pedestrian and car park lighting at the Civic Centre, Hamra Library and Memorial Gardens reserve;
- \$130,000 for minor street (\$50,000), off-street car parking and reserve / open space (\$80,000) lighting upgrades throughout the city.

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;
- 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 February 2020. 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 \$286,905 for footpath renewal and \$374,265 for footpath remediation. The following work is proposed:

Footpath Renewal Program \$286,905

- Day Avenue, Keswick (Alexander Avenue to Everard Avenue);
- Lucknow Street, Marleston (Sutton Terrace to Aldridge Terrace);
- Harvey Avenue, Netley (Marion Road to Montgomery Street);
- Packard Street, North Plympton (Packard Street to Packard Street);
- Weber Street, Thebarton (South Road to Ware Street);

Budget and Annual Business Plan

Capital Budget

- East Street, Torrensville (Meyer Street to Ashley Street);
- Rankine Road, Torrensville (Hounslow Avenue to Torrens Street);

Footpath Remediation Program \$374,265

- City wide footpath remediation - upgrade to arterial road footpaths at street tree locations including the commencement of Sir Donald Bradman Drive (Brooker Terrace to Marion Road).

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 \$5,550,000 (\$6,382,500 in 2020/21) and comprises:

- \$25,000 for upgrades of Council owned facilities to meet Disability Discrimination Act requirements, as identified in Council's Building Asset Management Plan (2020);
- \$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 (2020);
- \$60,000 for fire system upgrades, including the Hamra Library and 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 (2020);
- \$25,000 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 (2020);
- \$250,000 for on-going building compliance upgrades of Council owned facilities as identified in Council's Building Asset Management Plan (2020), with projects to include:
 - Public toilet facilities - renewal, upgrades and improvements to existing toilet facilities located on reserves;
 - Airport Over 50's facility - repairs to structural damage;
 - Sports facilities / buildings - minor improvements and renewal to existing buildings;
 - Other building and compliance improvements works as identified.
- \$150,000 to fund the continuing upgrade (sixth 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;
- \$200,000 to fund further upgrade work at Thebarton Theatre, which includes electrical wiring and power supply replacements, and building structure improvements over a staged program which commenced in 2017/18. These are essential works that have been identified as part of the fire compliance upgrade building works;
- \$200,000 for Lockleys Oval, for the installation of a new public toilet facility - including change / minor storage facilities to be located on the eastern side of Lockleys Oval;

Budget and Annual Business Plan

Capital Budget

- \$125,000 for the staged upgrade and improvement of Civic Centre air-conditioning;
- \$180,000 for the renewal of the existing services of the elevator in the Civic Centre;
- \$1,800,000 for the Kings Reserve / Thebarton Oval complex redevelopment, including improvements to the building and associated facilities as detailed in the Kings Reserve masterplan;
- \$1,000,000 for Richmond Oval for the staged commencement and implementation of the Venue Improvement Plan / Masterplan;
- \$1,000,000 to fund the next stage of redevelopment at Apex Park Reserve, West Beach;
- \$100,000 to continue the staged development of the documentation from the masterplan to detailed design for the improvement of facilities at Kesmond Reserve, Keswick;
- \$120,000 to fund work associated with the upgrade of depot and commercial tenant facilities at the Morphett Road depot - works include site stormwater improvements and recycled water connection;
- \$290,000 to fund land acquisition along the River Torrens Linear Park in Thebarton.

Plant, Equipment and Furniture

The capital budget for plant, equipment and furniture totals \$1,651,273 (\$1,182,300 in 2020/21) and comprises:

- \$191,500 for the replacement of 14 motor vehicles, (including 5 light commercial vehicles) in the Council fleet;
- \$157,673 for furniture and equipment in the Hamra library (\$60,673) and various Community Centres (\$97,000);
- \$280,000 for IT hardware and related infrastructure replacements (\$137,000 in 2020/21), including PC's, multi-function devices and printers;
- \$297,500 to replace / upgrade / purchase three 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 seven to ten years;
- \$198,600 for various items of City Operations' plant and equipment, including three new truck scales to be fitted to existing vehicles (\$25,500), the replacement of three trailers (\$50,100), the purchase of one concrete road saw (\$18,500), purchase of one 3.5 Tonne forklift (\$49,500) and minor plant and equipment purchases (\$55,000);
- \$199,500 for the replacement of three front end loaders for the civil and horticulture teams ranging from 13 tonne to mini skid steer loader;
- \$161,500 for the replacement of three ride on mowers for the maintenance of reserves and sporting oval surrounds;
- \$165,000 for a new rubbish truck compactor bucher.

Budget and Annual Business Plan

Capital Budget

Road Name	Suburb
Lipsett Ter - (Airport Rd to Paula St)	Brooklyn Park
Lipsett Ter - (Elston St to Rushworth Av)	Brooklyn Park
Bristol Av - (Property No 8 to Penong Av)	Camden Park
Capper St - (Carlton Rd to Stonehouse Av)	Camden Park
Deeds Rd - (Mooringe Av to Bristol Av)	Camden Park
Whelan Av - (Stonehouse Av to Mooringe Av)	Camden Park
Goldfinch Av - (Sir Donald Bradman Dr to Neill Rd)	Cowandilla
Ashburn Av - (Henley Beach Rd to Burnley St)	Fulham
Dewey St - (Halsey Rd to Tapleys Hill Rd)	Fulham
Farncomb Rd - (Fitch Rd to Halsey Rd)	Fulham
Riverside Dr - (Crispian St to Colwood Av)	Fulham
Weetunga St - (Tapleys Hill Rd to Murray St)	Fulham
Grosvenor St - (Property No 6 to Forest St)	Glandore
Burrupe Av - (Pine Av to Berrima St)	Glenelg North
Harvey Ter - (Mclachlan Av to Warren Av)	Glenelg North
Cross Ter - (Daly St to Warwick Av)	Kurralta Park
Daly St - (Garfield Av to Tennyson St)	Kurralta Park
Mortimer St - (Property No 37 to Warwick Av)	Kurralta Park
Mortimer St - (Selby St to South Rd)	Kurralta Park
Selby St - (Anzac Hwy to Mortimer St)	Kurralta Park
Brecon Ct - (Brecon St to Brecon St)	Lockleys
Douglas St - (Henley Beach Rd to Cornwall St)	Lockleys
Elba Av - (Rundle Av to Kent Ter)	Lockleys
Kent Ter - (End to Torrens Av)	Lockleys
Kingswood Cres - (Moresby St to Morseby St)	Lockleys
Sandilands St - (Dartmoor St to End)	Lockleys
Taylor Av - (Duncan St to Rundle Av)	Lockleys
Torrens Av - 9080 (Duncan St to Henley Beach Rd)	Lockleys
Bakers Rd - (Major Av to Stirling St)	Marleston
Barnes Av - (Richmond Rd to Galway Av)	Marleston
Cudmore Ter - (St Anton St to Richmond Rd)	Marleston
Moss Av - (Behind Property 61 Grove Av to Tennyson St)	Marleston
Henley St - (Henley Beach Rd to Property No 48)	Mile End
Parker St - (Rose St to Henley Beach Rd)	Mile End
Rankine Rd - (Henley Beach Rd to Property No 31)	Mile End
Victoria St - (Hughes St to King St)	Mile End
London Rd - 5970 (Railway Ter to South Rd)	Mile End South

Budget and Annual Business Plan

Capital Budget

Road Name	Suburb
Harvey Av - (Marion Rd to Debra Ct)	Netley
Pembroke Av - (Ramsey St to Marion Rd)	Netley
Allchurch Av - (Birdwood Ter to Park Ter)	North Plympton
Streeters Rd - (Mooringe Av to Dingera Av)	North Plympton
Bonython Av - (Interesection with Pine Av)	Novar Gardens
Coach House Dr - (Saratoga Dr to Old Dr)	Novar Gardens
Pine Av - (Bonython Av to Sturt River)	Novar Gardens
Sycamore Av - (Allendale Av to Montana Dr)	Novar Gardens
Gray St - (Durant St to Urrbrae Ter)	Plympton
Gray St - (Mcarthur Av to End)	Plympton
Keily St - (Marion Rd to Owen St)	Plympton
Long St - (Anzac Hwy to Manfred St)	Plympton
Lydia St - (Anzac Hwy to Birkalla Ter)	Plympton
Manfred St - (Long St to Glenburnie Ter)	Plympton
Netherby Av - (Urrbrae Ter to Durant St)	Plympton
Osborn Ter - (Gardener St to Errington St)	Plympton
Owen St - (Keily St to Anzac Hwy)	Plympton
Road Reserve (Osborn Ter to Birkalla Ter)	Plympton
Craig St - (Brooker Ter to Marion Rd)	Richmond
Holder Av - (Richmond Rd to Kingston Av)	Richmond
Lane St - (Brooker Ter to Chambers Av)	Richmond
Weaver Av - (Lucas St to Redin St)	Richmond
Holland St - (Smith St to Light Tce)	Thebarton
Maria St - (James Congdon Dr to Property No 9)	Thebarton
Osman Pl - (Dew St to West Thebarton Rd)	Thebarton
Reid St - (Stirling St to Queen St)	Thebarton
Chapman St - (Henley Beach Rd to Elizabeth St)	Torrensville
Fairfax Ter - (Property No 16 to End)	Torrensville
North Pde - (Clifford St to Hayward Av)	Torrensville
Stephens Av - (Ashley St to Bray Av)	Torrensville
Hardys Rd - (Ashley St to Ashwin Pd)	Underdale
Joyce Av - (Garden Ter to End)	Underdale
Norman St - (Hardy's Rd to Sherriff St)	Underdale
Primrose Ct - (Chatswood Gv to Chatswood Gv)	Underdale
Africaine Rd - (Military Rd to Tapleys Hill Rd)	West Beach
Fawnbrake Cres - (Property No 15A to Property No 72)	West Beach
Pennine St - (Burbridge Rd to Fawnbrake Cres)	West Beach
Morley St - (Britton St to Passmore St)	West Richmond
Morley St - (End to Leicester St)	West Richmond

Budget and Annual Business Plan

Capital Budget

Road Name

Road Rejuvenation

SuburbVarious
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 2020/21	REVISED BUDGET 2020/21	DESCRIPTION	2021/22 BUDGET
<u>CAPITAL WORKS</u>			
<u>Environment Program</u>			
<i>Stormwater & Drainage</i>			
350,000	545,020	Minor Drainage Upgrades and Replacement Work	350,000
0	96,502	Ashley St (West St to Hayward Ave)	0
0	1,483,898	Stormwater Upgrade - Stirling Street, Thebarton	0
0	296,350	Stormwater Upgrade - Sheriff Street, Underdale	0
250,000	250,000	Stirling Street Outfall Interface	0
150,000	150,000	Keswick Creek- Everard	0
650,000	650,000	Packard St North Plympton Cut-off Drain	500,000
0	0	Fulham Park Drive Drainage upgrade	500,000
0	0	Burbridge Road Culvert Replacement	330,000
0	0	North Plympton/Plympton Investigations and Stage 1 works stormwater upgrade	1,297,807
0	0	Saratoga Drive Blister and drainage upgrade	200,000
0	0	Ashley St Low point upgrade	250,000
<i>Other Environment</i>			
0	0	Recycled Water Pipeline	550,000
1,345,711	2,809,474	Brown Hill and Keswick Creeks	1,383,752
2,745,711	6,281,244	Program Total	5,361,559
<u>Recreation Program</u>			
<i>Parks & Gardens</i>			
485,000	1,003,288	Playground Upgrade	470,000
530,000	781,723	Reserve Developments - Various	545,000
260,000	344,966	River Torrens Upgrade	285,000
25,000	28,684	River Torrens Path Upgrades	30,000
0	562,201	Kings Reserve Playspace	0
775,000	1,249,585	Reserve Irrigation Upgrades	695,000
50,000	50,000	Bikeway Path Upgrade and Reseal	75,000
0	2,000,000	Breakout Creek Stage 3 Redevelopment	1,000,000
<i>Sports Facilities</i>			
325,000	428,559	Tennis Court Upgrades	200,000
550,000	1,472,846	Thebarton Oval/ Kings Reserve	0
125,000	125,000	Car parking Upgrade	125,000
3,125,000	8,046,852	Program Total	3,425,000

Budget and Annual Business Plan

Capital Budget

ORIGINAL BUDGET 2020/21	REVISED BUDGET 2020/21	DESCRIPTION	2021/22 BUDGET
<u>Transport Program</u>			
<i>Roads Sealed</i>			
9,679,491	14,505,509	City Funds/ULRG Funds/Carryovers	10,035,761
617,418	617,418	Roads to Recovery Grant Funds	617,418
<i>Other Transport</i>			
250,000	326,793	Roundabouts / Minor Road Rehabilitation	250,000
300,000	357,643	Bus Shelters	200,000
430,000	766,966	Traffic Management	1,203,500
560,000	740,130	Bicycle Management Schemes	248,000
1,445,000	1,583,334	Public Lighting	1,120,000
<i>Bridges</i>			
0	2,192,650	Bridge Ancillary Works (as per Bridge Audit)	758,000
<i>Footpaths</i>			
215,992	215,992	Footpath Renewal Program	286,905
49,952	85,234	Footpath Construction Program	0
297,832	361,933	Footpath Remediation Program	374,265
13,845,685	21,753,602	Program Total	15,093,849
19,716,396	36,081,698	TOTAL - CAPITAL WORKS	23,880,408

Budget and Annual Business Plan			Capital Budget
ORIGINAL BUDGET 2020/21	REVISED BUDGET 2020/21	DESCRIPTION	2021/22 BUDGET
<u>OTHER CAPITAL EXPENDITURE</u>			
<u>Land and Buildings</u>			
25,000	25,000	DDA Upgrade Program	25,000
25,000	25,000	Asbestos Removal Program	25,000
25,000	25,000	Fire Systems Upgrades	60,000
30,000	30,000	Electrical Compliance Upgrades	25,000
200,000	200,000	Building Compliance Upgrade	250,000
150,000	303,290	Star Theatre - Building Compliance Works (Staged)	150,000
200,000	250,000	Thebarton Theatre Complex - Structural /Electrical Works	200,000
0	60,000	Peake Gardens Riverside Tennis Clubrooms	0
500,000	823,470	Thebarton Community Centre Upgrade Stage 2	0
75,000	149,167	Depot - 240/280 Morphett Rd - Upgrade Building Workshop	120,000
250,000	250,000	Plympton CC& Building Upgrade and Staged Works	0
0	141,214	Dog Kennels at Depot and Regular Services	0
125,000	125,000	Civic Centre Air-Conditioning [Replacement / Upgrade] - Staged	125,000
0	21,020	Solar Panel & Battery Systems	0
0	1,600,087	Weigall Oval	0
0	451,664	Upgrade Lockleys Oval/Apex Park/ Mellor	0
0	52,884	Torrensville Bowling Club	0
0	5,556	WT Birkalla Soccer Club (Camden Oval) Financial Support	0
0	44,765	Camden Oval Community Facility-Other Consultant Fees	0
255,000	255,000	Apex Park	1,000,000
577,500	577,500	Lockleys Oval	200,000
220,000	220,000	Camden Oval Community Facility	0
1,250,000	1,250,000	Kings Reserve / Thebarton Oval - Building Facilities	1,800,000
100,000	100,000	Richmond Oval - Staged Improvements	1,000,000
2,100,000	2,100,000	Redevelopment - community facilities	0
25,000	25,000	Kesmond Reserve, Keswick - Masterplan	100,000
150,000	150,000	Civic Centre (Ground Floor - Office / Lunchroom)	0
100,000	100,000	Civic Centre & Hamra - Security & CCTV upgrade	0
0	0	Civic Centre (Renewal) Lift / Elevator	180,000
0	0	River Torrens Land Acquisition	290,000
6,382,500	9,360,617	Total Land and Buildings	5,550,000

Budget and Annual Business Plan			Capital Budget
ORIGINAL BUDGET 2020/21	REVISED BUDGET 2020/21	DESCRIPTION	2021/22 BUDGET
<u>Plant, Equipment and Furniture</u>			
174,500	172,039	Motor Vehicle Replacements	191,500
19,000	22,815	Furniture and Equipment	58,673
135,000	385,000	IT Hardware & Infrastructure Replacement	280,000
30,000	30,000	Community Centre Furniture & Equipment Replacement	97,000
2,000	2,000	Library - Digital literacy equipment	2,000
0	71,402	Mercedes Sprinter Bus & Thebarton Digital Gallery	0
23,500	49,300	Minor Depot Plant and Equipment	0
0	0	Replace Mowers (2020/21 x 1, 2021/22 x 3)	161,500
209,000	596,817	Replace Trucks/Tippers (2020/21 x 3, 2021/22 x 3)	297,500
80,800	102,673	Replace Trailers x 3	50,100
17,000	17,000	Truck scales x 3	25,500
55,000	55,000	Replace Backhoe Loader	0
50,000	50,000	Replace Tractor	0
0	0	Replace forklift	49,500
300,000	300,000	Replace Roadsweeper	0
50,000	50,000	Fleet management and diagnostic system	0
13,000	13,000	Diesel fuel trailer (Backup/generators)	0
23,500	23,500	Slop mop slurry vacuum unit	0
0	0	Large concrete cutting saw	18,500
0	0	Replace Front End Loader x 2	158,500
0	0	New - Rubbish truck compactor bucher	165,000
0	0	New - Kanga skid steer unit	41,000
0	0	Fleet Mgt Hardware and Software fitted to Depot Vehicles - Vehicle Data analysis	35,000
0	0	Signage upgrade/bollards	20,000
1,182,300	1,940,546	Total Plant, Equipment and Furniture	1,651,273
7,564,800	11,301,163	TOTAL - OTHER CAPITAL	7,201,273
27,281,196	47,382,861	TOTAL ALL CAPITAL EXPENDITURE	31,081,681

Budget and Annual Business Plan			Capital Budget
ORIGINAL BUDGET 2020/21	REVISED BUDGET 2020/21	DESCRIPTION	2021/22 BUDGET
<u>CAPITAL INCOME</u>			
<u>Land and Buildings</u>			
0	(3,500,000)	Sale of Marion Road Council depot	0
0	(3,500,000)	Total Land and Buildings	0
0	(3,500,000)	TOTAL ALL CAPITAL INCOME	0

Operational Budget

Budget and Annual Business Plan

Operational Budget

Summary

Council's operating statement in the 2021/22 budget projects a surplus from operations of \$3,818,783 as shown below, based on a 1.85 per cent rate increase. This rate increase is 0.55 per cent lower than that projected in last years' budget, due largely to the impact of Covid-19. Future rate increases from 2022/23 onwards have been budgeted to increase by 2.0 per cent.

Income	\$
Rates and Rate Equivalents	63,251,900
Statutory Charges	2,133,498
User Charges	1,862,330
Grants and Subsidies	2,926,635
Sundry Income	502,680
	<hr/>
Total Income	70,677,043
	<hr/>
Expenditure	
Employee and Related	25,019,475
Material and Contract	11,732,586
Finance Costs	1,103,123
Regional Landscape Levy (RL Levy)	1,644,900
Depreciation	15,449,779
Other	11,908,397
	<hr/>
Total Expenditure	66,858,260
	<hr/>
Operating Surplus	3,818,783
	<hr/>

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 \$12,662 is projected.

Operational Expenditure

Operational expenditure has increased by \$4,586,626 or 7.4 per cent, relative to the original 2020/21 budget.

All operational expenditure, before depreciation, has increased by \$2,549,812 or 5.2 per cent, relative to the original 2020/21 budget. Last year, due to Covid-19 we saw a modest increase before depreciation of \$392,115 or 0.8 per cent. A more detailed comparison is provided as follows:

Budget and Annual Business Plan

Operational Budget

	Budget 2020/21	Budget 2021/22	Variance	Variance
	\$	\$	\$	%
Employee Costs	23,864,808	25,019,475	1,154,667	4.8%
Building, Equipment and Related	2,194,354	2,341,948	147,594	6.7%
General Expenses	4,131,719	4,579,032	447,313	10.8%
Bank and Finance Charges	1,127,939	1,103,123	(24,816)	-2.2%
Council Related Expenses	2,433,427	2,476,882	43,455	1.8%
Contract and Material Expenses	11,064,317	11,732,586	668,269	6.0%
Regional Landscape Levy (RL Levy)	1,566,570	1,644,900	78,330	5.0%
Occupancy and Property Costs	2,650,535	2,660,535	10,000	0.4%
Internal Charges / Recoveries	(175,000)	(150,000)	25,000	-14.3%
Sub Total	48,858,669	51,408,481	2,549,812	5.2%
Depreciation	13,412,965	15,449,779	2,036,814	15.2%
Total	62,271,634	66,858,260	4,586,626	7.4%

Key Expenditure Movements

Operational costs across all areas of the Council before depreciation are increasing by \$2,549,812 or 5.2 per cent, as shown on the previous page, the key movements being:

- Employment costs have increased by \$1,154,662 or 4.8 per cent over the original budget estimates for 2020/21. The increase is primarily due to the return of an annual pay increase, overtime, the uniform allowance and training which were all removed the previous year in response to Covid-19;
- Councils' waste contract budget is increasing by \$203,262 or 2.1 per cent, significantly less than the 15.8 per cent increase the previous year. This has been achieved by ongoing contract management. The budget also includes delivery of a Waste Management Strategic Plan.
- Contractor and materials budgets are otherwise increasing by \$465,007 or 10.5 per cent, with provision made for depot contractor activities resuming;
- General operating costs have increased by \$447,318 or 9.1 per cent, which includes resumption in projects or activities that Covid had restricted, including professional / consultant fees (\$325,050) and subscriptions and associations (\$86,983);
- Council related expenditure increases total \$43,455, up 1.8 per cent, and include community grants (\$40,000) and donations, awards and contributions (\$20,000);
- The Regional Landscape (RL) levy collected by Council on behalf of the SA Government is increasing by \$78,330 or 5.0 per cent.

Depreciation is set to increase by \$2,036,814 or 15.2 per cent based on current asset values and the impact of ongoing capital expenditure programs.

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



Employment Costs

Employment costs have increased by \$1,154,667 or 5.2 per cent over the original budget estimates for 2020/21 (a decrease of \$542,145 or 2.2 per cent last budget), it being noteworthy that:

- enterprise bargaining increases in excess of \$480,000 is budgeted;
- compulsory employer contributed superannuation increase 0.5% to 10.0%;
- FTE numbers have increased by 2.3 to reflect required positions, including fulfilling statutory obligations;
- A vacancy allowance of \$250,000 is factored into salary budgets.

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 essential temporary staff replacements that may otherwise be required.

It is intended that only essential staff replacements occur in 2021/22, the expectation being that some positions will be abolished and some will not being filled during the year. All staff vacancies will required Executive sign-off before action to fill can be taken.

Budget and Annual Business Plan

Operational Budget

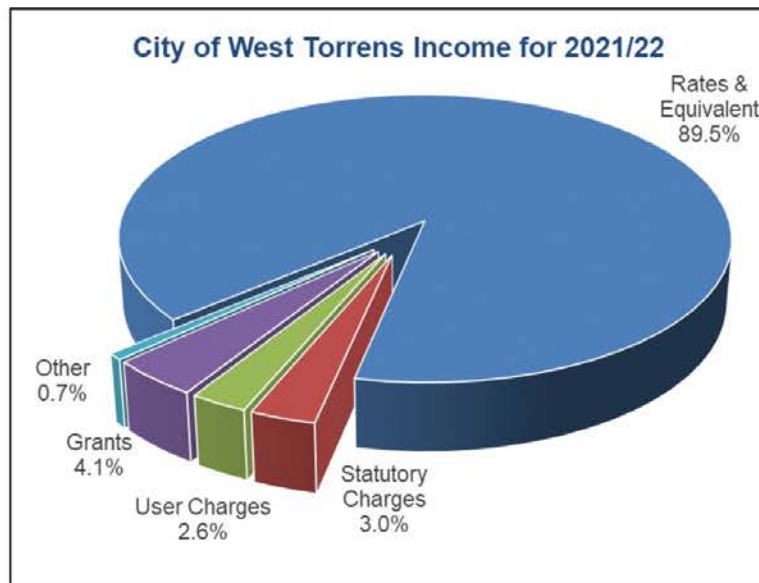
Income

All income is budgeted to increase by \$898,315 or 1.3 per cent over 2020/21 budget as follows:

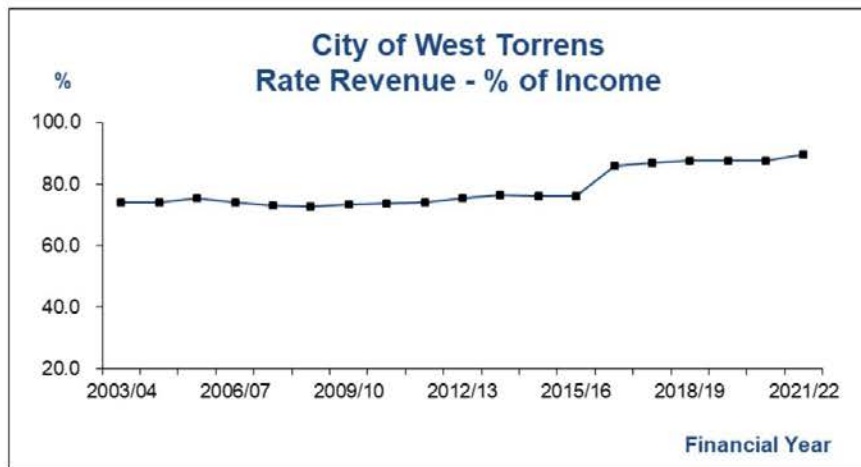
	Budget 2020/21 \$	Budget 2021/22 \$	Variance \$
Rates & Rate Equivalents Payments	61,207,820	63,251,900	2,044,080
Statutory Charges	2,071,620	2,133,498	61,878
User Charges	1,603,975	1,862,330	258,355
Grants - General Purpose Grant	1,279,936	631,233	(648,703)
Grants - Other	3,007,252	2,295,402	(711,850)
Sundry Income	608,125	502,680	(105,445)
Total	69,778,728	70,677,043	898,315

Rate Income

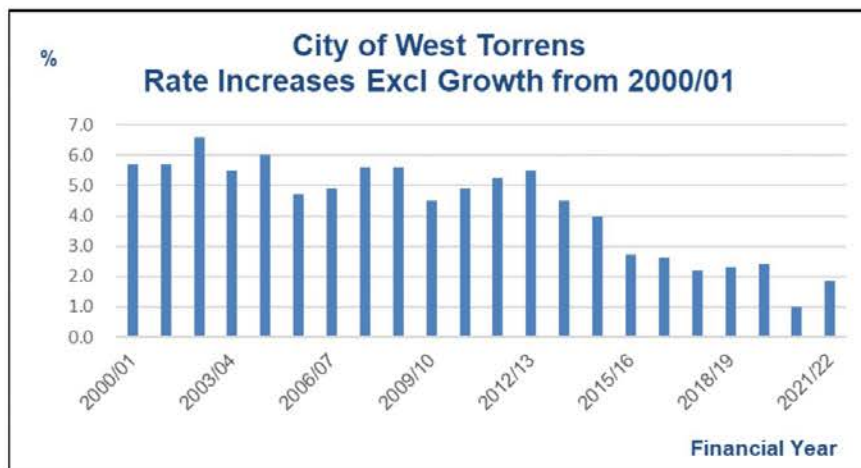
89.5 per cent of the income budgeted by Council is derived from rates and rate equivalent payments, as follows:



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 2000/01 has achieved an average increase of 4.3 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 2021/22 are determined on the following basis:

	\$
Rate Income 2020/21	55,215,052
Add Natural Growth @ Net 1.4%	773,011
	<hr/>
Rates Prior to Rate Increase	55,988,063
	<hr/>
Add Net Rate Increase @ 1.85%	1,031,937
	<hr/>
Rates Raised (excluding fines)	57,020,000
	<hr/>

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

Minimum Rates

A minimum rate of \$961 is proposed for 2021/22 (\$944 in 2020/21), an increase of \$17 or 1.85 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 2020/21 at \$944.

Rate Movements

It is proposed that rates be increased as follows:

Minimum Rate	:	Up 1.85%
Non-Residential	:	Up 1.85%
Residential	:	Up 1.85%
Overall Increase	:	Up 1.85%

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

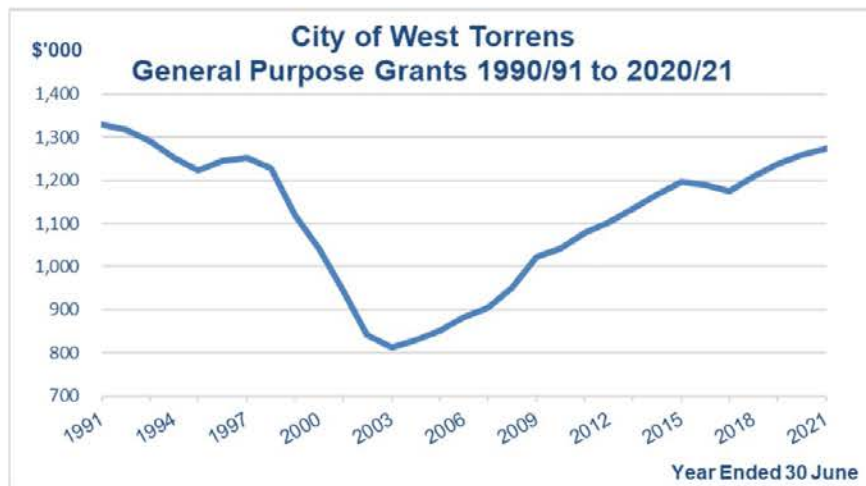
Grant Income

Grant income budgeted in 2021/22 totals \$2,926,635 (\$4,287,188 in 2020/21) a reduction of 31.7 per cent as follows:

	Budget 2020/21 \$	Budget 2021/22 \$	Variance \$
General Purpose Grant	1,279,936	631,233	(648,703)
Road Grants	651,466	665,798	14,332
Library	434,854	461,036	26,182
HACC / CHSP	502,000	517,000	15,000
Special Road Grants	617,418	617,418	-
Sundry Grants	801,514	34,150	(767,364)
Total	4,287,188	2,926,635	(1,360,553)

General Purpose Grant

The following table shows Council's general purpose grants from the South Australian Grants Commission since 1990/91. The decline reflects the impact of a methodology review by the Commission.

**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.

Budget and Annual Business Plan

Operational Budget

User charges budgeted in the 2021/22 financial year total \$1,862,330 (or 2.6 per cent of all Council's operating income). They comprise of the following:

	Budget 2020/21	Budget 2021/22	Variance
	\$	\$	\$
Waste Royalties / Lease Fee	192,000	193,800	1,800
Hall and Theatre Hire / Rent	275,625	396,700	121,075
Library Income	21,600	22,000	400
Ovals Rents, Fees & Related	90,000	161,700	71,700
Home Support Charges	110,000	110,000	-
House Rent & Related	38,000	39,700	1,700
Commercial Lease Fees	543,750	663,600	119,850
Sundry User Charges	333,000	274,830	(58,170)
Total	1,603,975	1,862,330	258,355

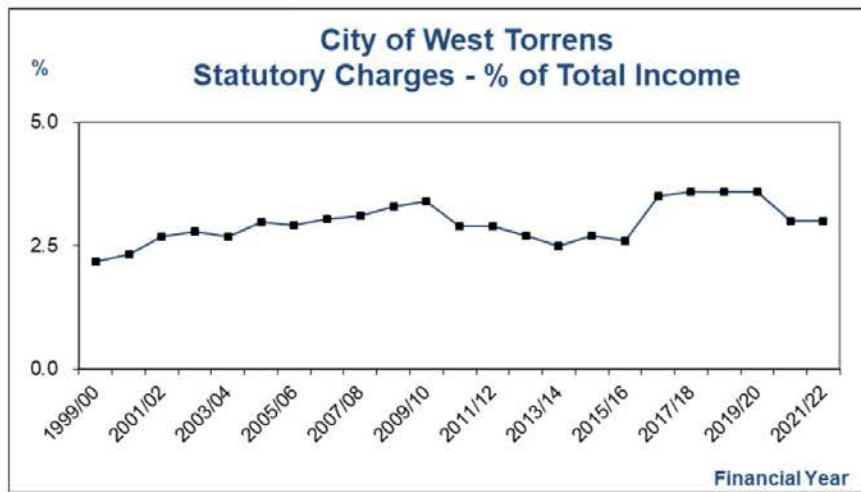
Commercial lease fees of \$663,600 are for the new depot facility. All user charges are reviewed annually by Council.

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 2020/21	Budget 2021/22	Variance
	\$	\$	\$
Parking Income	890,000	930,000	40,000
Development Act Fees	630,000	630,000	-
Animal Control Income	346,500	367,998	21,498
Property Search Fees	115,000	115,000	-
Sundry Statutory Charges	90,120	90,500	380
Total	2,071,620	2,133,498	61,878

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 2021/22 budget, statutory charges total \$2,133,498 or 3.0 per cent of all Council income (excluding capital revenues). The trend since 1999/00 has been as follows:



Other Income

Other income of the Council includes investment income, insurance returns and reimbursements, and comprises 0.7 per cent of all income budgeted in 2021/22 (excluding capital revenues).

	Budget 2020/21	Budget 2021/22	Variance
	\$	\$	\$
Investment & Related Income	144,000	116,000	(28,000)
Reimbursement Income	272,125	191,180	(80,945)
Insurance Bonus	100,000	100,000	-
Sundry Income	92,000	95,500	3,500
Total	608,125	502,680	(105,445)

Loan Program 2021/22

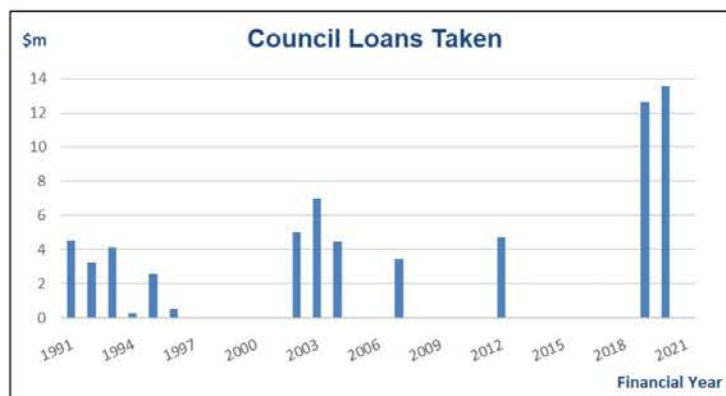
Council's loan program for 2021/22 totals \$11,251,758 (\$6,536,620 in the 2020/21 original budget). Details of the loan program can be seen below:

**City of West Torrens
Loan Program 2021/22**

Project	\$
Breakout Creek - Stage 3 Redevelopment	1,000,000
Pedestrian Lighting - Captain McKenna Bikeway	250,000
Civic Centre - Lighting Upgrade	200,000
City Wide LED Lighting Upgrade Implementation	540,000
Bear Ave /Watson Ave Bridge upgrade	758,000
Fulham Park Drive Drainage upgrade	500,000
Burbridge Road Culvert Replacement	330,000
Packard St Cut-off Drain - Stage 2 (Wyatt/Allchurch)	500,000
Stormwater upgrade- North Plympton/Plympton - Stage 1	1,297,807
Recycled Water Pipeline Westside Bikeway	550,000
Brownhill Keswick Creek	1,383,752
Apex Park	1,000,000
Lockleys Oval	200,000
Kings Reserve / Thebarton Oval - Building Facilities	1,800,000
Richmond Oval - Staged Improvements	1,000,000
Kesmond Reserve, Keswick - Masterplan	100,000
River Torrens Land Acquisition	290,000
Overhead	(447,801)
Balance	11,251,758

Historical Perspective on Loans

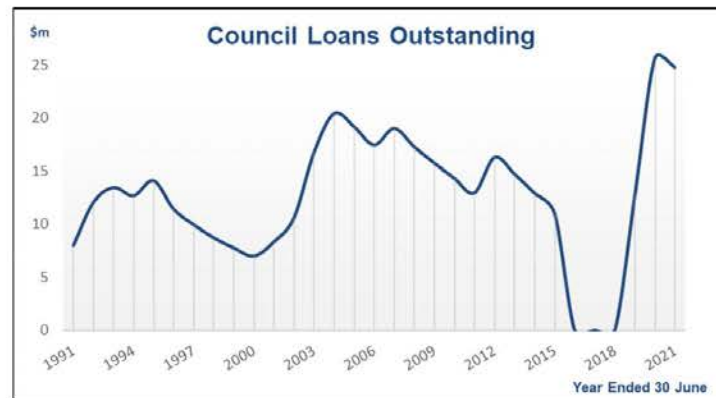
The following graphic shows new loans taken by Council since 1 July 1990, including those of both Thebarton and West Torrens Councils prior to amalgamation in 1997.



Budget and Annual Business Plan

Operational Budget

A new loan of \$13,554,958 was taken out during 2020 to fund major capital works projects currently in progress. This is the second loan Council has taken since January 2012. 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.

In 2019 the loan program was reinstated to fund infrastructure capital works such as the Brownhill Keswick Creek stormwater project, other drainage works and community hub facilities such as Weigall Oval, Lockleys Oval and Apex Park.

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.

Urban Services Division 2021/22 Business Plan and Budget Statement

Objective(s)

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

Key Activities 2021/22

Key activities include the following:

- Discharge functions and duties of Council as a planning authority pursuant to the Planning, Development and Infrastructure Act 2016 and the Planning, Development and Infrastructure (various) Regulations;
- The effective and efficient creation / maintenance of Council's infrastructure and property assets, via on-going capital/maintenance works programs, 10 year asset management plans / long term financial plans and information systems;
- Undertake the planning, design, documentation and contract management of Council's annual capital works program;
- The management of stormwater by the establishment of new and upgraded drainage systems, localised flood analysis, water quality and stormwater harvesting;
- Provide engineering technical advice and manage urban design development;
- Oversee the implementation of Council's priorities for community facilities and recreational projects;
- Provide effective management and maintenance of all Council buildings and facilities, including leasing and licencing;
- Enhance and maintain Council's open space and community land facilities;
- Provide services to support delivery of Council's internal business operations, including vehicle fleet management and plant and equipment maintenance;
- The measurement and study of traffic and parking, including activities ranging from traffic data collection and analysis, to parking signage and line marking, accident studies, travel demand management and the development of intelligent transport systems;
- Undertake works and services to provide and maintain community assets including:
 - footpaths and roads (incl. cleaning);
 - street furniture and regulatory signage;
 - drainage systems;
 - street trees; and
 - parks, gardens and playgrounds.

Performance Measures

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

- Statutory development assessment and development compliance obligations are met in an efficient and timely fashion, consistent with the planning and development statutory framework and policies of the Council;
- Effective provision of support to the Council Assessment Panel and Building Fire Safety Committee;
- Projects are completed on time, on budget and with quality outcomes;

Budget and Annual Business Plan

Operational Budgets by Division

- 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;
- Compliance with codes, policies and legislation for all properties and facilities;
- High service levels are maintained and key performance indicators are met.

2021/22 Budget Highlights**1. Income**

- Urban Services' income is budgeted to decrease by \$546,157 or 13.0 per cent in 2021/22 to \$3,659,746;
- Roads to recovery funding of \$617,418 is budgeted to continue in 2021/22;
- Council's identified local road grant is budgeted at \$665,798, (\$651,466 budgeted originally in 2020/21);
- Royalty payments and lease income associated with the waste transfer station totalling \$193,800 are budgeted, up \$1,800 or 0.9 per cent in 2021/22;
- Income from sporting facilities have increased by \$74,025 to \$171,900 (\$97,875 in 2020/21), with new income anticipated from facility upgrades;
- Thebarton Theatre complex income of \$160,000 is budgeted (\$45,000 in 2020/21);
- Property related reimbursements of utility and related charges (such as water and electricity) of \$155,000 are budgeted (\$225,000 in 2020/21);
- Lease income of \$663,600 from the new depot is budgeted (\$543,750 in 2020/21);
- City Operations' income of \$125,500 is budgeted (\$174,000 in 2020/21) which includes \$32,000 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 \$630,000 are budgeted (unchanged from 2020/21);
- Property search fees are budgeted at \$115,000 (unchanged from 2020/21).

2. Operational Expenditure

- Operational expenditure (excluding depreciation on community assets) has increased by \$1,866,705 or 8.0 per cent to \$26,322,619 (\$24,455,915 in 2020/21);
- Employment expenses have increased by \$369,357 or 3.5 per cent, to \$10,860,318;
- Street lighting expenditure has decreased by \$47,218 or 5.0 per cent to \$898,000 (\$945,218 in 2020/21). This excludes capital expenditure (refer to capital program);
- Professional fees have increased by \$140,000 or 28.6 per cent to \$630,000, to fund the following:
 - \$120,000 for Building Condition Audit;
 - \$110,000 for the provision of arboriculture, heritage, building fire safety, engineering and specialist planning advice and additional provision to facilitate the implementation of the Planning, Development and Infrastructure Act 2016;
 - \$100,000 for specialist engineering advice;
 - \$60,000 for Lands Titles Office and topographical surveys;

Budget and Annual Business Plan

Operational Budgets by Division

-
- \$50,000 for rolling stormwater audit work to be undertaken;
 - \$50,000 for the development of a masterplan for Henley Beach Road;
 - \$40,000 for asset management system development;
 - \$30,000 for the development of a tree strategy and policy;
 - \$20,000 for CAP consultants
 - \$20,000 for various consultancy advice;
 - \$20,000 for transport strategy development;
 - \$10,000 for geotechnical testing.
- Depreciation costs are budgeted to increase by \$2,023,232 or 15.8 per cent to \$14,814,827 as facility upgrades become operational;
 - Contract maintenance expenditure has increased by \$276,041 or 8.9 per cent to \$3,388,600 and includes:
 - \$960,000 for road, road reserve and footpath maintenance;
 - \$530,000 for building and contract maintenance;
 - \$368,000 for horticulture and landscape maintenance;
 - \$330,000 for tree pruning;
 - \$300,000 for inspection, cleaning and maintaining the street and drainage network and stormwater pump stations;
 - \$250,000 for weed control;
 - \$240,000 for verge maintenance/upgrades;
 - \$183,600 in waste disposal costs, which includes illegally dumped rubbish;
 - \$80,000 for graffiti removal;
 - \$60,000 for Council Assessment Panel support and the implementation of increased statutory building inspection requirements;
 - \$60,000 for turf / irrigation maintenance and compliance testing;
 - \$27,000 for sundry operational expenditure.
 - Material costs for maintenance works have increased by \$30,489 or 2.9 per cent to \$1,079,939, and includes:
 - \$484,270 for road maintenance and concrete material;
 - \$406,237 for the greening program (tree replacement, plantings and biodiversity WSUD plantings);
 - \$154,432 for line marking and signage / furniture;
 - \$35,000 for building materials and fixtures / fittings.
 - Interest expense of \$777,123 is budgeted (\$819,939 in 2020/21) as Council resumes borrowing for major capital projects;
 - Rental, sundry and land tax equivalent payments to Adelaide Airport Limited totalling \$792,000 are budgeted (\$780,000 in the original 2020/21 budget);
 - Levies and charges remained the same as the previous budget at \$65,000 and cover EPA licence fees for Deeds Road / Waste Transfer Station (\$40,000) and decreased planning fees payable to the SA Government (\$20,000);
 - Plant and equipment costs (excluding plant hire and depreciation) of \$754,746 are budgeted (\$742,703 in 2020/21);
 - Water rates have remained the same as the previous budget at \$695,000;
 - Sitting fees for independent members of the Council Assessment Panel of \$31,508 is factored into the budget, based on allowances set by the SA Remuneration Tribunal (\$31,400 in 2020/21).

Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2021/22 URBAN SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME
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2020/21 BUDGET		DESCRIPTION	2021/22 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2020/21 ORIGINAL	
Income					
745,000	745,000	Statutory Charges	745,000	0	0.0%
1,116,505	900,575	User Charges	1,372,530	256,025	22.9%
2,038,898	2,220,826	Grants & Subsidies	1,315,716	(723,182)	(35.5%)
265,000	201,598	Reimbursements	186,000	(79,000)	(29.8%)
40,500	98,150	Other Income	40,500	0	0.0%
4,205,903	4,166,149	Total Income	3,659,746	(546,157)	(13.0%)
Operational Expenditure					
10,490,961	10,481,774	Staff Costs	10,860,318	369,357	3.5%
463,465	469,965	Staff Related Costs	537,253	73,788	15.9%
2,354,185	3,076,510	Buildings Furniture & Fittings	3,126,576	772,391	32.8%
1,440,673	1,489,553	Plant & Equipment	1,476,699	36,026	2.5%
5,270	9,140	Computer Expenditure	9,204	3,934	74.6%
9,857,970	10,868,549	Community Assets	11,079,159	1,221,189	12.4%
1,599,094	1,793,418	General	1,810,499	211,405	13.2%
819,939	819,939	Bank & Finance	777,123	(42,816)	(5.2%)
1,063,618	1,063,619	Council Expenditure	1,026,508	(37,110)	(3.5%)
3,112,559	3,047,450	Contract Expenditure	3,388,600	276,041	8.9%
1,049,450	1,092,450	Materials	1,079,939	30,489	2.9%
2,231,700	2,231,700	Occupancy & Property	2,379,900	148,200	6.6%
(175,000)	(175,000)	Internal - Expenditure Recovered	(150,000)	25,000	(14.3%)
34,313,884	36,269,067	Total Operational Costs	37,401,778	3,087,894	9.0%
(30,107,981)	(32,102,918)	Operational Surplus/(Deficit)	(33,742,032)	(3,634,051)	12.1%

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.

Business and Community Services Division 2021/22 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 2021/22

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.

2021/22 Budget Highlights

1. Income

- Divisional income is budgeted to increase by \$19,632 or 1.5 per cent to \$1,361,386;
- Income from library users of \$34,200 is budgeted (\$33,800 in 2020/21);
- A component of the library budget is externally funded by the State Government (total of \$461,036), and this represents 15.9 per cent of the total operational budget of the library (\$434,854 in 2020/21);
- User charges for the Commonwealth Home Support program (CHSP) have remained the same as the previous budget period at \$90,000;
- Grant income for CHSP is expected to be \$517,000 (\$502,000 in 2020/21);
- Income for Community Development includes transport fees and charges of \$3,000, community centre hire charges of \$210,000 and fees from home advantage services of \$20,000 totalling \$233,000 (\$238,100 in 2020/21).

2. Operational Expenditure

- Operational expenditure for the Business and Community Services Division is budgeted to increase by \$579,808 or 7.2 per cent to \$8,633,040, further details of which are provided below;
- Employment expenses have increased by \$356,796 or 6.5 per cent, to \$5,813,842;
- \$253,000 has been budgeted for professional fees, up \$96,000 or 61.1 per cent on what was funded in the prior budget period (\$157,000 in 2020/21). The budget amount includes:
 - \$58,000 for Adapt West programs;
 - \$50,000 representation Review
 - \$35,000 Carbon Management Plan;
 - \$35,000 Internal Audits
 - \$25,000 AdaptWest Project Budget;
 - \$25,000 Greening Infrastructure initiatives;
 - \$10,000 Building Western Adelaide Regional Economic Development Projects;
 - \$5,000 Western Region Tourism Destination Action Plan Implementation;
 - \$10,000 for other sundry support.
- The budget for partnership grants of \$190,600 are the same as the prior budget period (\$190,600 in 2020/21). Funded items include:
 - \$168,600 for annual partnership grants to the Fulham Community Centre, Western Youth Centre and Camden Community Centre;
 - Shared oval partnership grant of \$22,000;
- The budget for community programs has increased from \$110,000 in 2020/21 to \$150,000 in 2021/22, largely due to the suspension of Council's events / summer festival program. Items being funded include the following:
 - \$100,000 for Community Development programs;
 - \$40,000 for Local Heritage Grants;
 - \$10,000 for Environmental Grants.
- The Community Development budget of \$70,000, which has increased by \$10,000 from 2020/21, and includes funding for:
 - School holiday activities;

Budget and Annual Business Plan

Operational Budgets by Division

-
- Community and celebratory activities and projects e.g. volunteer recognition, 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;
 - Initiatives and activities to implement actions in accordance with the Disability, Access and Inclusion Strategy;
 - Arts and cultural activities and events.
-
- Library resources, most of which are grant funded, have been budgeted at \$326,759 (\$293,192 in 2020/21);
 - The operational bottom line for CHSP is budgeted to be substantially break-even in 2021/22, with contractor support budgeted at \$175,185 (\$166,908 in 2020/21);
 - Subscription budgets have increased by \$53,443 or 47.7 per cent to \$165,562 and this covers library resources, such as magazines, media and music, along with survey and media monitoring tools;
 - Publications and printing costs of \$89,700 are proposed (\$80,000 in 2020/21);
 - Advertising and publicity costs of \$23,980 are budgeted (\$14,440 in 2020/21).

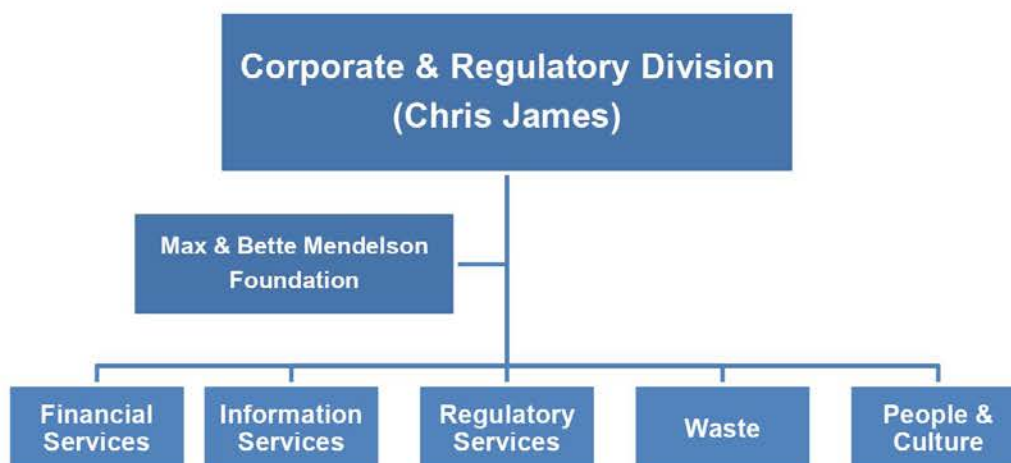
Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2021/22 BUSINESS & COMMUNITY SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME

2020/21 BUDGET		DESCRIPTION	2021/22 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2020/21 ORIGINAL	
Income					
1,000	1,000	Statutory Charges	500	(500)	(50.0%)
383,900	437,400	User Charges	379,200	(4,700)	(1.2%)
936,854	956,223	Grants & Subsidies	979,686	42,832	4.6%
1,500	2,513	Reimbursements	0	(1,500)	(100.0%)
18,500	10,500	Other Income	2,000	(16,500)	(89.2%)
1,341,754	1,407,636	Total Income	1,361,386	19,632	1.5%
Operational Expenditure					
5,254,818	5,188,650	Staff Costs	5,583,582	328,764	6.3%
202,228	199,373	Staff Related Costs	230,260	28,032	13.9%
177,380	147,050	Buildings Furniture & Fittings	169,988	(7,392)	(4.2%)
122,806	124,746	Plant & Equipment	125,172	2,366	1.9%
143,289	133,239	Computer Expenditure	133,153	(10,136)	(7.1%)
0	6,781	Community Assets	6,828	6,828	N/A
1,175,046	1,438,909	General	1,319,685	144,639	12.3%
6,000	6,000	Bank & Finance	6,000	0	0.0%
329,522	609,361	Council Expenditure	382,602	53,080	16.1%
259,908	314,408	Contract Expenditure	429,385	169,477	65.2%
30,000	30,000	Materials	30,000	0	0.0%
352,235	359,304	Occupancy & Property	216,385	(135,850)	(38.6%)
0	15,556	Internal - Expenditure Recovered	0	0	N/A
8,053,232	8,573,377	Total Operational Costs	8,633,040	579,808	7.2%
(6,711,478)	(7,165,741)	Operational Surplus/(Deficit)	(7,271,654)	(560,176)	8.3%

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.

Corporate and Regulatory Division 2021/22 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 2021/22

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.

2020/21 Budget Highlights

1. Income

- Corporate and Regulatory income, which includes rates and rate equivalent payments, has increased by \$1,425,160 or 2.2 per cent, to \$65,654,231;

Budget and Annual Business Plan

Operational Budgets by Division

- Rates are budgeted to increase by 1.85 per cent, based on the calculation that follows. This represents an increase in income from rates of \$1,804,948 over what was raised in 2020/21.

	\$
Rate Income 2020/21	55,215,052
Add Natural Growth at 1.4%	773,011
Sub Total	55,988,063
Add Rate Increase at 1.85%	1,031,937
Total	57,020,000

- Rate equivalent payments for Adelaide Airport have increased to \$5,440,000, based on growth of zero per cent and a 1.85 per cent increase, as follows:

	\$
Net REP's in 2020/21	5,340,929
Add growth at 0.0%	-
Add increase at 1.85%	99,071
Total	5,440,000

- Income from investments has decreased by \$28,000 or 19.4 per cent to \$116,000, based on an assessment of Mendelson investment performance and Council's future cash flow position;
- An amount of \$631,233 is budgeted for Council's financial assistance grant in 2021/22 (\$1.28 million in 2020/21);
- Environmental Health income is budgeted to increase by \$19,010 or 22.6 per cent to \$103,000, reflecting changes to immunisation service provision and food premises inspections;
- Parking expiation income is increasing by \$40,000 or 4.5 per cent to \$930,000, largely due to the impact of Covid-19, including an expected significant reduction associated with Adelaide Airport.

2. Operational Expenditure

- Operational costs for the Corporate and Regulatory Division have increased by \$917,203 or 5.2 per cent to \$18,472,088;
- Employment and related costs have risen by \$306,878 or 4.8 per cent, to \$6,656,155;
- An amount of \$1,644,900 is budgeted for the RL levy, up \$78,330 or 5.0 per cent on 2020/21;
- The budget for rate rebates and remissions for 2021/22 totals \$1,159,000, an increase of \$169,000 or 17.1 per cent compared to the 2020/21 original budget;
- Valuation charges of the Valuer-General are budgeted to increase by \$4,000 to \$230,000;
- Training and development costs have risen by \$6,754 or 12.9 per cent to \$59,250, replacing some reductions made in response to Covid-19, including reductions to travel and conference budgets;
- Council's waste contract budget is increasing by \$194,662 or 3.0 per cent to \$6.66 million over that budgeted in 2020/21, the key increases being:

Budget and Annual Business Plan

Operational Budgets by Division

- Waste levy increases imposed by State Government, totalling \$130,000.

- The collection budget amount of \$4,184,857 includes an allowance of \$578,000 for the following items (\$538,000 in 2020/21):

	\$
Hard waste	420,000
Mattresses	20,000
E-waste collection	8,000
Vouchers - 6 x 4 trailer	130,000
Total	578,000

- Waste to landfill costs has increased by \$130,000 or 5.5 per cent to \$2,480,000, largely because of a waste levy increase imposed by the state government;
- The corporate software budget has increased by \$143,380 or 14.7 per cent to \$1,116,980, an increase impacted by:
 - The annual spend on several products including VMware licensing is expected to be a 3-year upfront payment of \$90,000, an increase of \$60,000 on prior annual payments;
 - The upgrade or replacement of the Kofax Invoice Management System;
 - New e-mail security software (Mimecast)
 - There is also an increase in previous budget for existing software and maintenance.
- The professional fees budget has risen by \$116,050 or 45.7 per cent to \$370,050 and includes:
 - \$140,000 in debtor management and debt recovery support after lengthy suspension of no debt recovery and Covid-19 effect (offset by income recoveries);
 - \$25,000 in HR and related professional support, including the provision for pre-employment medicals, security checks, counselling support, WHS and workers compensation assistance and cultural program and team building support;
 - \$50,000 in support of new waste education programs and kerbside audit arrangements;
 - \$26,650 for statutory auditing;
 - \$20,000 in specialist support of IT operations;
 - \$20,000 for investment advice for the Mendelson Foundation.
- Contractor expenses have decreased by \$2,400 to \$140,000 for the following to be provided:
 - Out-of-hours and backup parking and related compliance support (\$45,000);
 - Contracted immunisation service delivery (\$72,000);
 - European wasp eradication program support (\$16,000).

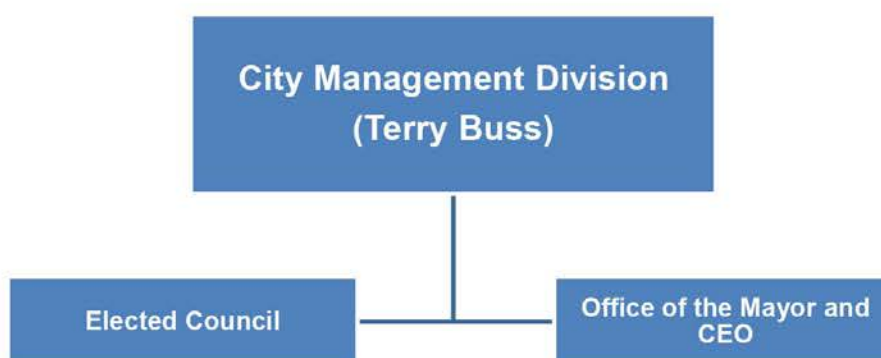
Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2021/22 CORPORATE & REGULATORY DIVISION OPERATIONAL EXPENDITURE & INCOME
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2020/21 BUDGET		DESCRIPTION	2021/22 BUDGET	VARIATION TO	
ORIGINAL	REVISED			BUDGET	2020/21 ORIGINAL
Income					
61,207,820	61,202,947	Rates	63,251,900	2,044,080	3.3%
1,325,620	1,347,620	Statutory Charges	1,387,998	62,378	4.7%
103,570	101,070	User Charges	110,600	7,030	6.8%
1,311,436	650,355	Grants & Subsidies	631,233	(680,203)	(51.9%)
3,625	8,828	Reimbursements	3,500	(125)	(3.4%)
277,000	304,944	Other Income	269,000	(8,000)	(2.9%)
64,229,071	63,615,764	Total Income	65,654,231	1,425,160	2.2%
Operational Expenditure					
6,018,390	6,158,377	Staff Costs	6,301,634	283,244	4.7%
330,887	327,602	Staff Related Costs	354,521	23,634	7.1%
15,940	18,420	Buildings Furniture & Fittings	17,523	1,583	9.9%
142,684	147,574	Plant & Equipment	149,312	6,628	4.6%
1,309,840	1,338,550	Computer Expenditure	1,461,928	152,088	11.6%
819,542	856,674	General	974,392	154,850	18.9%
302,000	202,000	Bank & Finance	320,000	18,000	6.0%
1,943,802	1,946,559	Council Expenditure	2,031,066	87,264	4.5%
6,612,400	6,667,400	Contract Expenditure	6,804,662	192,262	2.9%
59,400	59,400	Occupancy & Property	57,050	(2,350)	(4.0%)
17,554,885	17,722,556	Total Operational Costs	18,472,088	917,203	5.2%
46,674,186	45,893,208	Operational Surplus/(Deficit)	47,182,143	507,957	1.1%

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.

City Management Division 2021/22 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 2021/22

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

-
- 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.

2020/21 Budget Highlights**1. Income**

- Reimbursement income of \$1,680 is budgeted in 2021/22 (\$2,000 in 2020/21).

2. Operational Expenditure

- Operational expenditure has increased by \$1,721 or 0.1 per cent to \$2,351,354;
- Employment costs have risen by \$47,848 or 4.3 per cent to \$1,151,907;
- Council's donations budget of \$35,000 includes \$20,000 for Mendelson Foundation scholarships (\$20,000 in 2020/21);
- Allowances for Elected Members of \$446,606 are budgeted, based on allowances adopted by Council and mandatory increases anticipated in November 2021 (\$433,055 in 2020/21);
- Annual subscription payments to the LGA, GAROC and the Murray Darling Association totalling \$76,000 are budgeted (\$75,600 in 2020/21);
- Legal costs of Council are substantially budgeted in the City Management Division, and an amount of \$210,000 has been budgeted (\$230,000 in 2020/21);
- Professional fees of \$54,000 are budgeted (\$61,000 in 2020/21), with provision made for advice on property and other strategic initiatives, along with payments for electoral roll maintenance and photography.

Budget and Annual Business Plan

Operational Budgets by Division

BUDGET 2021/22 CITY MANAGEMENT DIVISION OPERATIONAL EXPENDITURE & INCOME

2020/21 BUDGET		DESCRIPTION	2021/22 BUDGET	VARIATION TO	
ORIGINAL	REVISED			BUDGET	2020/21 ORIGINAL
Income					
2,000	2,000	Reimbursements	1,680	(320)	(16.0%)
2,000	2,000	Total Income	1,680	(320)	(16.0%)
Operational Expenditure					
1,043,576	1,038,081	Staff Costs	1,089,247	45,671	4.4%
60,483	60,483	Staff Related Costs	62,660	2,177	3.6%
5,140	5,220	Buildings Furniture & Fittings	4,753	(387)	(7.5%)
23,202	22,712	Plant & Equipment	23,024	(178)	(0.8%)
8,940	10,600	Computer Expenditure	8,408	(532)	(6.0%)
538,037	495,237	General	474,456	(63,581)	(11.8%)
663,055	663,055	Council Expenditure	681,606	18,551	2.8%
7,200	7,200	Occupancy & Property	7,200	0	0.0%
2,349,633	2,302,588	Total Operational Costs	2,351,354	1,721	0.1%
(2,347,633)	(2,300,588)	Operational Surplus/(Deficit)	(2,349,674)	(2,041)	0.1%

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)

$$\begin{aligned} \text{Capital Value} &= \$550,000 \\ \text{Rate in the Dollar} &= 0.00246710 \\ \text{Minimum Rate} &= \$944.00 \\ \text{Rates} &= \text{Capital Value} * \text{Rate in the Dollar} \\ \\ \text{Rates} &= \$550,000 * 0.00246710 \\ &= \$1,356.90 \end{aligned}$$

As this amount is greater than the minimum rate, the rate applied by Council remains at \$1,356.90.

Example 2 - Residential with an Adjustment for the Minimum Rate

$$\begin{aligned} \text{Capital Value} &= \$350,000 \\ \text{Rate in the Dollar} &= 0.00246710 \\ \text{Minimum Rate} &= \$944.00 \\ \text{Rates} &= \text{Capital Value} * \text{Rate in the Dollar} \\ \\ \text{Rates} &= \$350,000 * 0.00246710 = \$863.45 \end{aligned}$$

Budget and Annual Business Plan

Rating

This is below the minimum rate (of \$944.00) and must therefore be adjusted:

$$\begin{aligned} \text{Rates} &= \$863.45 + \text{Adjustment} \\ &= \$863.45 + \$80.55 \\ &= \$944.00 \end{aligned}$$

The rates are adjusted up by \$80.55 and set by Council at the minimum rate of \$944.00.

Council set the minimum rate on 26.0 per cent of all residential properties in 2020/21 and all were valued at less than \$382,000.

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	Budgeted Income
	2020/21	2021/22
	\$m	\$m
Residential	35.90	35.90
Non-residential	19.13	19.13

In 2020/21 West Torrens Council had the third highest differential between residential and commercial / industrial properties in the metropolitan area, as follows:

Council	Commercial	Industrial
Playford	4.2	4.2
Charles Sturt	3.2	4.3
West Torrens	2.5	2.5
Pt Adelaide Enfield	2.4	2.4
Unley	2.4	2.4
Prospect	2.0	2.0
Marion	1.9	1.7
Walkerville	1.6	1.6
Holdfast Bay	1.5	1.5
Onkaparinga	1.5	1.5
Tea Tree Gully	1.5	1.5
Salisbury	1.5	1.5
Norwood Payneham & St Peters	1.2	1.2
Burnside	1.0	1.0
Campbelltown	1.0	1.0
Average	2.0	2.0

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.

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.

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 2021 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 %
Ashford	N/A	N/A	N/A	N/A
Netley	712	571,180	69,594	13.9%
Fulham	1119	708,981	70,903	11.1%
Camden Park	1493	451,878	32,781	7.8%
North Plympton	1434	516,972	33,719	7.0%
Thebarton	659	549,727	30,642	5.9%
Novar Gardens	880	651,432	34,281	5.6%
West Richmond	443	433,260	21,520	5.2%
Plympton	2436	461,476	22,399	5.1%
Torrensville	1799	581,923	28,103	5.1%
Cowandilla	548	541,916	26,107	5.1%
Underdale	1031	552,134	26,499	5.0%
Glenelg North	432	645,949	30,035	4.9%
Lockleys	2348	702,687	28,618	4.2%
Marleston	868	444,347	13,512	3.1%
West Beach	757	700,601	20,515	3.0%
Glandore	526	579,998	12,788	2.3%
Richmond	1494	494,537	10,803	2.2%
Mile End	2006	574,377	11,593	2.1%
Mile End South	11	428,636	8,636	2.1%
Keswick	347	433,893	7,696	1.8%
Kurralta Park	1447	421,388	4,521	1.1%

Budget and Annual Business Plan				Rating
Hilton	380	487,316	2,236	0.5%
Brooklyn Park	2061	451,530	-2,277	-0.5%
Total	25,649	543,573		0.015%

Valuations increased by just 4.8 per cent on average in 2021, ranging from a decrease of 0.5 per cent in Brooklyn Park to an increase of 13.9 per cent in Netley. Movements in prior years ranged from:

- An decrease of 7.9 per cent in Mile End South to an increase of 1.2 per cent in West Richmond (2020);
- A decrease of 0.6 per cent in Underdale to an increase of 8.0 per cent in Netley (2019);
- An increase of 3.6 per cent in Plympton to an increase of 19.8 per cent in Cowandilla (2018).

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 2021/22 is shown on the page following.

Rates model to be inserted here

Summary Financial Statements

Budget and Annual Business Plan

Summary Financial Statements

City of West Torrens

Statement of Comprehensive Income
for the year ended 30 June 2022

\$ '000	Original Budget 2020/21	Original Budget 2021/22
Income		
Rates Revenues	61,208	63,252
Statutory Charges	2,072	2,133
User Charges	1,604	1,862
Grants, Subsidies and Contributions	4,287	2,927
Investment Income	144	116
Reimbursements	272	191
Other Income	192	196
Net Gain - Equity Accounted Council Businesses	-	-
Total Income	69,779	70,677
Expenses		
Employee Costs	23,865	25,019
Materials, Contracts & Other Expenses	23,866	25,286
Depreciation, Amortisation & Impairment	13,413	15,450
Finance Costs	1,128	1,103
Net loss - Equity Accounted Council Businesses	-	-
Total Expenses	62,272	66,858
Operating Surplus / (Deficit)	7,507	3,819
Asset Disposal & Fair Value Adjustments	-	-
Amounts Received Specifically for New or Upgraded Assets	-	-
Physical Resources Received Free of Charge	-	-
Net Surplus / (Deficit) ¹	7,507	3,819
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	7,507	3,819

¹ Transferred to Equity Statement

Budget and Annual Business Plan

Summary Financial Statements

City of West Torrens

Statement of Financial Position

for the year ended 30 June 2022

\$ '000	Original Budget 2020/21	Original Budget 2021/22
ASSETS		
Current Assets		
Cash and Cash Equivalents	6,893	4,602
Trade & Other Receivables	2,241	1,245
Other Financial Assets	1,463	1,463
Inventories	18	18
Subtotal	10,615	7,328
Non-Current Assets Held for Sale	-	-
Total Current Assets	10,615	7,328
Non-Current Assets		
Financial Assets	-	-
Equity Accounted Investments in Council Businesses	1,964	1,964
Infrastructure, Property, Plant & Equipment	795,104	835,728
Other Non-Current Assets	6,991	4,321
Total Non-Current Assets	804,059	842,013
TOTAL ASSETS	814,674	849,341
LIABILITIES		
Current Liabilities		
Cash Advance Debenture	-	-
Trade & Other Payables	5,226	5,105
Borrowings	1,482	1,845
Provisions	4,842	5,088
Subtotal	11,551	12,038
Liabilities relating to Non-Current Assets Held for Sale	-	-
Total Current Liabilities	11,551	12,038
Non-Current Liabilities		
Borrowings	29,764	43,260
Provisions	246	0
Total Non-Current Liabilities	30,010	43,260
TOTAL LIABILITIES	41,561	55,298
Net Assets	773,113	794,043
EQUITY		
Accumulated Surplus	127,908	136,588
Asset Revaluation Reserves	638,690	651,691
Other Reserves	6,515	5,764
Total Council Equity	773,113	794,043

Budget and Annual Business Plan

Summary Financial Statements

City of West Torrens

Statement of Cash Flows

for the year ended 30 June 2022

	Original Budget 2020/21	Original Budget 2021/22
Cash Flows from Operating Activities		
<u>Receipts</u>		
Rates Receipts	61,208	63,252
Statutory Charges	2,072	2,133
User Charges	1,604	1,862
Grants, Subsidies and Contributions (operating purpose)	4,287	2,927
Investment Receipts	144	116
Reimbursements	272	191
Other Receipts	192	196
<u>Payments</u>		
Payments to Employees	(23,766)	(24,927)
Payments for Materials, Contracts & Other Expenses	(23,866)	(25,286)
Finance Payments	(1,128)	(1,103)
Net Cash provided by (or used in) Operating Activities	21,019	19,361
Cash Flows from Investing Activities		
<u>Receipts</u>		
Amounts Received Specifically for New/Upgraded Assets	-	-
Sale of Replaced Assets	775	623
Sale of Surplus Assets	-	-
Repayments of Loans by Community Groups	-	-
<u>Payments</u>		
Expenditure on Renewal/Replacement of Assets	(14,795)	(16,075)
Expenditure on New/Upgraded Assets	(11,591)	(13,676)
Net Cash provided by (or used in) Investing Activities	(25,611)	(29,127)
Cash Flows from Financing Activities		
<u>Receipts</u>		
Proceeds from Borrowings	6,537	11,252
<u>Payments</u>		
Repayments of Borrowings	(865)	(1,482)
Net Cash provided by (or used in) Financing Activities	5,672	9,769
Net Increase (Decrease) in Cash Held	1,080	3
plus: Cash & Cash Equivalents at beginning of period	5,813	4,599
Cash & Cash Equivalents at end of period	6,893	4,602
Total Cash, Cash Equivalents & Investments	6,893	4,602

Budget and Annual Business Plan

Summary Financial Statements

City of West Torrens

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Asset			Total Equity
	Accumulated Surplus	Revaluation Reserve	Other Reserves	
Original Budget 2020/21				
Balance at the end of previous reporting period	120,401	629,085	17,339	766,825
Restated Opening Balance	120,401	629,085	17,339	766,825
a. Net Surplus / (Deficit) for Year	7,507	-	-	7,507
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	(1,219)	-	(1,219)
Other Comprehensive Income	-	(1,219)	-	(1,219)
Total Comprehensive Income	7,507	(1,219)	-	6,288
c. Transfers between Reserves	-	10,824	(10,824)	-
Balance at the end of period	127,908	638,690	6,515	773,113
Original Budget 2021/22				
Balance at the end of previous reporting period	132,769	642,891	5,764	781,424
a. Net Surplus / (Deficit) for Year	3,819	-	-	3,819
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	8,800	-	8,800
Other Comprehensive Income	-	8,800	-	8,800
Total Comprehensive Income	3,819	8,800	-	12,619
c. Transfers between Reserves	-	-	-	-
Balance at the end of period	136,588	651,691	5,764	794,043

Budget and Annual Business Plan

Summary Financial Statements

City of West Torrens

Financial Indicators

for the year ended 30 June 2022

\$ '000	Original Budget 2020/21	Original Budget 2021/22
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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	11%	5%
Total Operating Revenue		

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.	11%	5%
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2. Net Financial Liabilities Ratio

Net Financial Liabilities	44%	68%
Total Operating Revenue		

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

3. Asset Renewal Funding Ratio

Net Asset Renewals	105%	92%
Infrastructure & Asset Management Plan required expenditure		

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Budget and Annual Business Plan

Summary Financial Statements

City of West Torrens

Uniform Presentation of Finances

for the year ended 30 June 2022

\$ '000	Original Budget 2020/21	Original Budget 2021/22
<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	69,779	70,677
less Expenses	(82,272)	(66,858)
Operating Surplus / (Deficit)	7,507	3,819
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	14,795	16,075
less Depreciation, Amortisation and Impairment	(13,413)	(15,460)
less Proceeds from Sale of Replaced Assets	(775)	(623)
Subtotal	607	2
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	11,591	13,676
less Amounts Received Specifically for New and Upgraded Assets	-	-
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	11,591	13,676
Net Lending / (Borrowing) for Financial Year	(4,691)	(9,859)

Ten Year Financial Plan

CITY OF WEST TORRENS
FORWARD ESTIMATES FOR 10 YEARS TO 2030/31
KEY ASSUMPTIONS

Income			Expenditure - Operational & Maintenance		
Rate Increase 2021/22	1.85%	+ growth	Wages Growth	2.00%	Based on proposed budget 2021/22
REP Increase 2021/22	1.85%		Wages Growth	2.00%	Based on expectation - 2022/23 to 2023/24
Rate Growth - 2021/22	1.40%		Wages Growth	2.00%	Based on expectation - from 2023/24
REP Growth - 2021/22	0.00%		Waste Contract - Solo 2022/23	2.50%	
Rate Increases 2022/23	2.00%	+ growth	Waste Contract - Solo From 2023/24	2.50%	
Rate Growth - All Other Years	1.40%		Waste Disposal 2022/23	3.00%	Includes allowance for solid waste levy increases.
REP Increases 2022/23	2.00%	Same as rate increases	Waste Disposal Otherwise	3.00%	Allowance for modest levy increases
Rate Equivalent Growth	1.40%	Cumulative increase	Contract Works	3.00%	
Rate Increases from 2023/24	2.30%	+ growth	Works Materials	3.00%	
Revenue Growth - Parking	2.20%		Other Finance Charges	2.00%	Includes banking charges
Revenue Growth - Animals	2.20%		Depreciation - Buildings	3.20%	Allowance for new assets
Revenue Growth - Dev Apps	2.20%		Depreciation - Infrastructure	3.20%	Allowance made for new assets
Revenue Growth - Waste	2.20%		Depreciation Other	2.10%	
W/Comp Refund	1.50%		Plant Costs	2.30%	
Revenue Growth - Other	2.20%	Other - cumulative increase	Computer Expenses	2.30%	
NRM Levy from 2022/23	4.00%		Computer Licensing	2.30%	
Roads to Recovery	-	Funding expected to end in 2023/24	General Insurance Premium	6.00%	Volume and disasters impacting premiums.
			Professional Fees	2.10%	
			Street Lighting	2.00%	
			Property Costs	4.00%	Utility cost pressures
			Other Operating Costs	2.30%	
Capital Expenditure			Sundry		
Plant, Furniture & Equip	2.30%	Cumulative increase		\$m	
Building Expenditure	-	Based on asset management plan	Asset Sales	N/A	
Asset Sale Development	-				
Building Escalation	2.30%	Cumulative increase thereafter	Debenture Loan Interest Rates	2.20%	From 2020/21
				2.20%	From 2025/26
Capital Works Expenditure					
Brown Hill / Keswick Drnge	-	Based on one-third of 50% of the cost split over 15 years			
Brown Hill / Keswick Drnge	2.10%	Cumulative increase			
Road Reseal / Maintenance	-	To match AM Plan over 10 years			
Footpath Constn / Recon	-	To match AM Plan over 10 years			
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)	-	\$4.045 million pa from 2021/22 indexed			
Local Drainage Works	-	\$0.75 million from 2020/21 indexed			

Budget and Annual Business Plan

Ten Year Financial Plan

CITY OF WEST TORRENS														
SUMMARY - ACTUAL & PROJECTED														
FORWARD ESTIMATES FOR 10 YEARS TO 2030/31														
ACTIVITIES	NOTE	BUDGET 2020/21		BUDGET 2021/22		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
		ORIGINAL	REVISED	ORIGINAL	REVISED	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
OPERATING														
Receipts	1	71,009,004	69,194,564	70,677,043	70,677,043	71,358,826	73,888,440	76,510,727	78,610,146	81,426,558	84,344,613	87,369,660	90,503,979	93,753,267
Payments	2	50,136,402	49,157,936	50,885,625	50,885,625	52,166,780	53,695,087	55,433,595	57,119,906	58,584,089	60,067,619	61,574,590	63,103,086	64,642,913
Net Operating		20,872,602	20,036,628	19,791,418	19,791,418	19,192,046	20,193,353	21,077,132	21,490,240	22,842,469	24,276,994	25,795,070	27,400,893	29,110,354
FINANCING														
Principal Receipts - Loan		6,036,620	8,790,465	11,251,758	11,251,758	14,850,000	23,900,000	21,350,000	10,800,000	10,750,000	10,850,000	10,830,000	10,300,000	10,170,000
Principal Receipts - Overdraft		0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Payments		864,525	864,525	1,482,321	1,482,321	2,171,698	3,081,787	4,527,938	5,861,471	6,624,359	7,401,920	8,203,045	9,021,445	9,828,486
Net Financing		5,172,095	7,925,940	9,769,437	9,769,437	12,678,302	20,818,213	16,822,062	4,938,529	4,125,641	3,448,080	2,626,955	1,278,555	341,514
OTHER														
Asset Sales		0	3,500,000	0	0	0	0	0	0	0	0	0	0	0
Receipts - Other		0	4,544,234	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	3	25,522,597	44,558,311	29,127,440	29,127,440	31,264,578	40,416,704	37,300,809	25,781,886	26,366,071	27,059,661	27,772,285	28,004,498	28,756,871
Net Unspent Funds		0	0	0	0	0	0	0	0	0	0	0	0	0
Payments - Other		405,000	505,000	430,000	430,000	438,600	447,372	456,319	465,446	474,755	484,250	493,935	503,814	513,890
Net Other		-25,927,597	-37,019,077	-29,557,440	-29,557,440	-31,703,178	-40,864,076	-37,757,128	-26,247,332	-26,840,825	-27,543,911	-28,266,220	-28,508,311	-29,270,761
NET INCREASE/(DECREASE)														
IN CASH		117,100	-9,056,509	3,416	3,416	167,170	147,489	142,066	181,438	127,285	181,163	155,805	171,137	181,107
<i>Add</i>														
OPENING CASH		4,973,894	13,655,164	4,598,655	4,598,655	4,602,071	4,769,241	4,916,730	5,058,796	5,240,233	5,367,518	5,548,681	5,704,486	5,875,623
CLOSING CASH		5,090,994	4,598,655	4,602,071	4,602,071	4,769,241	4,916,730	5,058,796	5,240,233	5,367,518	5,548,681	5,704,486	5,875,623	6,056,730
CASH RESERVES:														
Committed		12,720,788	15,397,856	15,397,857	15,397,857	15,545,372	15,696,035	15,849,913	16,007,077	16,167,596	16,331,544	16,498,994	16,670,023	16,844,706
Less Used		7,638,862	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448	10,808,448
Net Cash Reserves		5,081,925	4,589,409	4,589,409	4,589,409	4,736,924	4,887,587	5,041,465	5,198,629	5,359,148	5,523,096	5,690,546	5,861,575	6,036,258
SURPLUS/(DEFICIT)		9,067	9,246	12,662	12,662	32,317	29,143	17,331	41,605	8,370	25,585	13,940	14,048	20,472

Budget and Annual Business Plan

Ten Year Financial Plan

**NOTE 1
CITY OF WEST TORRENS
REVENUE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2030/31**

DESCRIPTION	BUDGET 2020/21		BUDGET 2021/22		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rates													
Rate Revenue	56,948,360	55,865,033	57,811,900	57,811,900	58,158,130	60,325,413	62,574,192	64,905,976	67,325,413	69,834,179	72,437,219	75,136,395	77,936,968
Rate Equivalent Payments	5,700,000	5,340,929	5,440,000	5,440,000	5,626,483	5,836,475	6,054,304	6,280,262	6,514,654	6,757,794	7,010,009	7,271,636	7,543,028
Statutory Charges													
Development Act Fees	630,000	630,000	630,000	630,000	643,860	658,025	672,501	687,297	702,417	717,870	733,663	749,804	766,300
Parking Fines	1,111,000	951,000	946,500	946,500	967,323	988,604	1,010,353	1,032,581	1,055,298	1,078,515	1,102,242	1,126,491	1,151,274
Dog Fees & Fines	346,500	346,500	367,998	367,998	376,094	384,368	392,824	401,466	410,299	419,325	428,550	437,978	447,614
Other Statutory Charges	198,120	166,120	189,000	189,000	193,158	197,407	201,750	206,189	210,725	215,361	220,099	224,941	229,890
User Charges													
Waste Income	192,000	132,000	193,800	193,800	198,064	202,421	206,874	211,425	216,077	220,831	225,689	230,654	235,728
Other User Charges	1,607,350	1,307,045	1,668,530	1,668,530	1,705,238	1,742,753	1,781,093	1,820,278	1,860,324	1,901,251	1,943,078	1,985,826	2,029,514
Grants & Subsidies													
FA Grant	1,279,936	618,855	631,233	631,233	645,120	659,313	673,818	688,642	703,792	719,275	735,099	751,271	767,799
UL Road Grants	651,466	255,394	665,798	665,798	680,446	695,415	710,714	726,350	742,330	758,661	775,352	792,409	809,842
Special Road Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
Roads to Recovery	617,418	617,418	617,418	617,418	617,418	617,418	617,418	0	0	0	0	0	0
Capital Infrastructure	0	699,514	0	0	0	0	0	0	0	0	0	0	0
Home Assist	502,000	502,000	517,000	517,000	528,374	539,998	551,878	564,020	576,428	589,109	602,070	615,315	628,852
Library	434,854	454,223	461,036	461,036	471,179	481,545	492,139	502,966	514,031	525,340	536,897	548,709	560,780
Other Grants & Subs	102,000	680,000	34,150	34,150	34,901	35,669	36,454	37,256	38,075	38,913	39,769	40,644	41,538
Other Income													
Investment Income	144,000	144,000	116,000	116,000	118,552	121,160	123,826	126,550	129,334	132,179	135,087	138,059	141,096
Reimbursements	352,000	214,939	191,180	191,180	195,386	199,684	204,078	208,567	213,156	217,845	222,638	227,536	232,542
Insurance Premium Refund	100,000	100,000	100,000	100,000	101,500	103,023	104,568	106,136	107,728	109,344	110,984	112,649	114,339
Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry	92,000	169,594	95,500	95,500	97,601	99,748	101,943	104,185	106,478	108,820	111,214	113,661	116,161
Sub Total	71,009,004	69,194,564	70,677,043	70,677,043	71,358,826	73,888,440	76,510,727	78,610,146	81,426,558	84,344,613	87,369,660	90,503,979	93,753,267
Less Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Add Capital Income	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	71,009,004	69,194,564	70,677,043	70,677,043	71,358,826	73,888,440	76,510,727	78,610,146	81,426,558	84,344,613	87,369,660	90,503,979	93,753,267

Budget and Annual Business Plan

Ten Year Financial Plan

**NOTE 2
CITY OF WEST TORRENS
OPERATIONAL & MAINTENANCE EXPENDITURE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2030/31**

DESCRIPTION	BUDGET 2020/21		BUDGET 2021/22		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Employee Costs													
Employee Costs	25,163,520	23,924,305	25,019,475	25,019,475	25,519,865	26,030,262	26,550,867	27,081,884	27,623,522	28,175,992	28,739,512	29,314,303	29,900,589
Contractual Services													
Waste Management - Solo	3,817,000	4,117,000	4,184,857	4,184,857	4,289,478	4,396,715	4,506,633	4,619,299	4,734,782	4,853,151	4,974,480	5,098,842	5,226,313
Waste Management - Disposal	2,350,000	2,530,000	2,479,805	2,479,805	2,554,199	2,630,825	2,709,750	2,791,042	2,874,774	2,961,017	3,049,847	3,141,343	3,235,583
Other Contract	3,714,667	3,382,258	3,957,985	3,957,985	4,076,725	4,199,026	4,324,997	4,454,747	4,588,389	4,726,041	4,867,822	5,013,857	5,164,273
Materials													
Materials	1,079,450	1,122,450	1,109,939	1,109,939	1,143,237	1,177,534	1,212,860	1,249,246	1,286,724	1,325,325	1,365,085	1,406,038	1,448,219
Finance Charges													
Interest	819,939	884,939	942,123	942,123	986,186	1,243,802	1,676,987	2,022,274	2,108,626	2,176,372	2,228,418	2,261,617	2,264,499
Other Finance Charges	143,000	143,000	161,000	161,000	164,220	167,504	170,854	174,272	177,757	181,312	184,938	188,637	192,410
Depreciation													
Buildings	2,183,245	2,876,500	2,896,636	2,896,636	2,989,328	3,084,987	3,183,706	3,285,585	3,390,724	3,499,227	3,611,202	3,726,761	3,846,017
Plant, Furniture & Equipment	1,371,750	1,456,960	1,467,156	1,467,156	1,497,966	1,529,424	1,561,541	1,594,334	1,627,815	1,661,999	1,696,901	1,732,536	1,768,919
Library Resources	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	9,857,970	10,875,330	11,085,987	11,085,987	11,433,100	11,791,082	12,160,273	12,541,023	12,933,695	13,338,662	13,756,309	14,187,033	14,631,243
Other Expenses													
Plant Related	800,505	812,505	802,472	802,472	820,929	839,810	859,126	878,886	899,100	919,779	940,934	962,576	984,715
Computer Maint & Support	1,173,749	1,150,349	1,269,126	1,269,126	1,298,316	1,328,177	1,358,725	1,389,976	1,421,945	1,454,650	1,488,107	1,522,334	1,557,347
General Insurance Premium	867,400	867,400	910,700	910,700	965,342	1,023,263	1,084,658	1,149,738	1,218,722	1,291,845	1,369,356	1,451,517	1,538,608
Professional Fees	1,777,500	1,557,541	1,517,050	1,517,050	1,548,908	1,581,435	1,614,645	1,648,553	1,683,172	1,718,519	1,754,608	1,791,455	1,829,075
Street Lighting	945,218	945,218	898,000	898,000	915,960	934,279	952,965	972,024	991,465	1,011,294	1,031,520	1,052,150	1,073,193
Rates, Power & Property	2,700,535	2,657,604	2,660,535	2,660,535	2,766,956	2,877,635	2,992,740	3,112,450	3,236,948	3,366,426	3,501,083	3,641,126	3,786,771
NRM Levy	1,573,360	1,566,570	1,644,900	1,644,900	1,710,696	1,779,124	1,850,289	1,924,300	2,001,272	2,081,323	2,164,576	2,251,159	2,341,206
General Operating Costs	3,728,105	3,997,659	3,850,514	3,850,514	3,939,076	4,029,675	4,122,357	4,217,171	4,314,166	4,413,392	4,514,900	4,618,743	4,724,974
Sub Total	64,066,913	64,867,588	66,858,260	66,858,260	68,620,488	70,644,559	72,893,975	75,106,804	77,113,598	79,156,327	81,239,599	83,362,024	85,513,953
Less Depreciation	13,412,965	15,208,790	15,449,779	15,449,779	15,920,395	16,405,493	16,905,521	17,420,942	17,952,234	18,499,888	19,064,412	19,646,329	20,246,179
Leave Provisions	517,546	505,000	522,856	522,856	533,313	543,979	554,859	565,956	577,275	588,821	600,597	612,609	624,861
TOTAL	50,136,402	49,153,798	50,885,625	50,885,625	52,166,780	53,695,087	55,433,595	57,119,906	58,584,089	60,067,619	61,574,590	63,103,086	64,642,913

Budget and Annual Business Plan

Ten Year Financial Plan

NOTE 3
CITY OF WEST TORRENS
CAPITAL EXPENDITURE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2030/31

ACTIVITIES	BUDGET 2020/21		BUDGET 2021/22		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Road Program													
Reseal / Maintenance	2,465,706	3,602,030	2,610,985	2,610,985	3,537,631	3,626,072	3,716,724	3,809,642	3,904,883	4,002,505	4,102,568	4,205,132	4,310,260
Reconstruction - Renewal	2,852,254	4,166,719	2,256,235	2,256,235	2,388,908	2,448,631	2,509,847	2,572,593	2,636,908	2,702,831	2,770,401	2,839,661	2,910,653
Reconstruction - Upgrade	1,873,860	2,437,202	2,581,740	2,581,740	3,233,708	3,312,509	3,393,236	3,475,934	3,560,654	3,647,443	3,736,353	3,827,436	3,920,744
Roads to Recovery	617,418	617,418	617,418	617,418	617,418	617,418	0	0	0	0	0	0	0
Kerb & Gutter	3,389,137	4,951,025	3,502,599	3,502,599	2,541,258	2,604,789	2,669,909	2,736,656	2,805,073	2,875,200	2,947,080	3,020,757	3,096,276
ULRG included Above	-651,466	-651,466	-665,798	-665,798	-680,446	-695,415	-710,714	-726,350	-742,330	-758,661	-775,352	-792,409	-809,842
Footpath / Bikeway Program													
Reconstruction	208,898	215,992	286,905	286,905	1,074,058	1,100,909	1,128,432	1,156,643	1,185,559	1,215,198	1,245,578	1,276,717	1,308,635
Construction	354,878	447,167	374,265	374,265	362,136	371,189	380,469	389,980	399,730	409,723	419,966	430,465	441,227
Drainage Program													
Local Drainage Works	1,400,000	3,471,770	3,427,807	3,427,807	4,241,359	4,347,393	4,456,078	4,567,480	4,681,667	4,798,709	4,918,676	5,041,643	5,167,684
Brown Hill / Keswick Drainage	1,345,711	2,809,474	1,383,752	1,383,752	1,418,346	1,453,804	1,490,150	1,527,403	1,565,588	1,604,728	1,644,846	1,685,968	1,728,117
Other Capital Works													
Other Works	6,560,000	11,821,718	7,504,500	7,504,500	5,251,170	5,304,467	4,300,149	4,122,381	4,135,440	4,251,327	4,370,110	4,491,862	4,616,659
Building Program													
Land & Buildings	2,032,500	2,260,617	1,160,000	1,160,000	1,620,221	1,693,622	1,770,350	2,350,553	2,434,389	2,522,024	2,613,629	2,209,384	2,309,477
Land & Buildings - Loan	3,100,000	3,600,000	4,390,000	4,390,000	5,930,214	14,506,661	12,414,160	0	0	0	0	0	0
Other Capital Expenditure													
Plant, Furn & Equipment	1,707,400	1,182,300	1,651,273	1,651,273	1,689,252	1,728,105	1,767,851	1,808,512	1,850,108	1,892,660	1,936,192	1,980,724	2,026,281
Library Resources	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditure	27,256,296	40,931,965	31,081,681	31,081,681	33,225,233	42,420,155	39,286,639	27,791,428	28,417,669	29,163,686	29,930,047	30,217,340	31,026,170
Less Overheads	1,733,699	1,670,062	1,954,241	1,954,241	1,960,655	2,003,451	1,985,830	2,009,542	2,051,598	2,104,025	2,157,762	2,212,842	2,269,300
TOTAL EXPENDITURE	25,522,597	39,261,903	29,127,440	29,127,440	31,264,578	40,416,704	37,300,809	25,781,886	26,366,071	27,059,661	27,772,285	28,004,498	28,756,871

Budget and Annual Business Plan

Ten Year Financial Plan

Long Term Financial Plan to be inserted in final document

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.

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.

Regional Landscape levy (RL levy) is a separate rate imposed on ratepayers by the state government under Section 69 of the Landscape South Australia Act 2019 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.

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.

Appendix 1: Climate Change Impact Statement

Appendix 1: Climate Impact Statement

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

The City of West Torrens is committed to reducing and adapting to the impact of climate change by:

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

The City of West Torrens will increase the resilience of our community by providing community programs and grants, responsive infrastructure and greening programs which reduce urban heat and, encouraging active transport and outdoor activities and protecting the community from the consequences of severe weather events and heatwaves.

The City of West Torrens has undertaken a significant number of initiatives which contribute to climate change mitigation and adaption across a broad range of Council programs and projects, many of which are ongoing.

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

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

As part of its climate adaptation activities, the City of West Torrens is maximising the opportunity to increase the greening of our City. These include:

- Raingardens
- Growing trees in challenging spaces
- Implementation of a Tree Strategy
- Greening Council's shared path network
- Street tree audit and planting program
- Appropriate plant/tree choice
- Streetscape designs
- Native plant giveaway and community planting events.

Stormwater initiatives provide maximum access to sustainable water source for trees to improve soil moisture and encourage deep root growth which include the use of:

- Permeable paving
- Tree inlets and water wells
- Footpath brick paving.

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

- Waste education
- Community workshops
- Resources for schools
- Household chemical and paint drop-off facility
- Waste separation in Council buildings
- Reduction in single use plastics at Council events.

Environment grants and Rainwater Tank rebates are available for the community to access to encourage sustainability.

The City of West Torrens is working diligently to increasing the use of recycled products and reduce emissions, energy and water consumption. Actions include:

- Recycled printer cartridge and road pavement trial
- LED street lighting, linear parks, pathways and reserves upgrades
- Building design and retrofit incorporating solar and battery storage and rainwater tanks
- Vehicle replacements consider environmental standards and increasing the number of electric and hybrid vehicles in the fleet.