



2017/18

Adopted budget and annual business plan

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Executive Summary

Introduction

This Budget and Annual Business Plan for 2017/18 is in a form adopted by Council on 13 December 2016. 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.

A profile of the City of West Torrens is included in the appendix of this document.

Strategic Fundamentals

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

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

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

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

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

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

Rate increases of 2.7 per cent are projected from 2019/20 to address fully Council's strategic priorities, in particular sustainability, asset management and stormwater flood mitigation. It is assumed for the purposes of Council's forward estimates that rate capping will not be introduced in the next 10 years. A substantial review of the estimates, including future expenditure commitments, will need to be undertaken if this is not the case.

A Balanced Budget

Council's operating statement in the proposed 2017/18 budget projects a surplus from operations of \$10,020,416 as follows, based on a 2.2 per cent rate increase:

	\$
Income	63,766,245
Expenditure	53,745,829
	<hr/>
Operating Surplus	10,020,416
	<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 marginally lower than projected in last year's budget, and is proposed on the basis of forward estimates and the strategic fundamentals of the Council.

After adjusting for reserve movements, a nominal cash surplus of \$12,283 is also projected.

Debt Free

As in 2016/17, no loan repayments of principal or interest are being budgeted, following a Council decision to use part proceeds from the sale of St Martins to pay out all debt.

Operational Expenditure

Operational costs across all areas of the Council are increasing by 4.6 per cent as shown, the key increases being:

- Employment costs have increased by \$1,364,049 or 6.3 per cent over the original budget estimates for 2016/17 (\$799,020 or 3.8 per cent last budget), with FTE's increasing net by 5.7. This is further explained later in this commentary under the heading "Employment Costs".
- Waste to landfill costs has been increased by \$320,000 or 25.6 per cent to \$1,570,000, largely because of waste levy increases imposed by the state government.
- Depreciation is set to increase by \$303,510 or 2.8 per cent based on current assets values and the impact of ongoing capital expenditure programs.
- Additional community program funding includes \$41,735 in partnership grants, \$40,000 for the summer festival and \$35,000 for the arts prize program.

- The NRM levy is being increased by \$122,925 or 9.8 per cent to \$1,383,061 and a new state government levy of \$36,000 is being introduced to help fund implementation of PDI legislation.
- Council power costs are budgeted to increase by \$74,011 or 14.7 per cent to \$578,832.

Staff numbers have been increased by 5.7 full time equivalents (FTEs), which includes 3.0 FTEs in Community Development, all the subject of Council decisions involving OPAL, the Home Advantage program and Community Development. FTE numbers were increased by 3.8 in 2016/17, which included two new Council approved positions in Compliance, following an increase of 0.9 in 2015/16.

Capital Expenditure

Key aspects of the budget include:

- The capital budget for 2017/18 totals \$28,515,427, with rate funded capital expenditure increasing by \$426,685 or 2.1 per cent to \$21,096,959. The increase includes a rate funded capital works increase of \$316,315, or 2.1 per cent, to \$15,391,089, along with a capital budget increase of \$110,370 or 2.0 per cent to \$5,705,870.
- \$3.25 million is being budgeted as part funding for the upgrade of Lockleys Oval, based on grant funding from the federal government.
- Rate funded capital expenditure proposed in 2017/18 includes amounts of \$1.5 million for the redevelopment of Weigall Oval, \$1.44 million for Apex Park and \$850,000 in support of the Torrensville Bowling Club upgrade.
- An amount of \$2.55 million being committed to drainage and related construction, with \$1.99 million budgeted to undertake detailed design / documentation and construction of Lockleys catchment drainage.
- \$4.39 million for the recreation program (\$3.55 million in 2016/17), an increase of 23.6 per cent. It includes \$620,000 for the ongoing playground upgrade program, \$645,000 for reserve irrigation, \$650,000 for Thebarton Oval / Kings Reserve, \$590,000 for the Linear Park.
- \$11.9 million for the transport program, which includes expenditure on roads and footpaths (\$13.0 million in 2016/17).
- An amount of \$565,917 for the replacement, remediation and construction of footpaths and pathways (\$677,359 in 2016/17).
- Rate funded expenditure on plant, equipment and furniture of \$1.401 million (\$1.516 million in 2016/17).
- Capital funded by grants of \$5.433 million (\$2.341 million in 2016/17).

No allowance has been made in this budget for a strategic depot acquisition, but adjustments will occur via the budget review process if decisions are taken along these lines.

Rating in 2017/18

An overall average rate increase of 2.2 per cent excluding growth is proposed for 2017/18, 0.4 per cent lower than foreshadowed in the forward estimates of last year’s budget. It is not proposed that more of the rate burden be moved to minimum rated and non-residential ratepayers this year, with the following movements recommended:

Residential	:	Up 2.2%
Non-Residential	:	Up 2.2%
Minimum Rate	:	Up 2.2%
Overall Increase	:	Up 2.2%

Valuation volatility is relatively low again this year, reflecting current economic circumstances, and this will result in much lower rating volatility. 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 *Towards 2025 Community Plan* was adopted in September 2014, and subsequently updated in May 2017, it provides the strategic focus for the budget, annual business plan and long term financial plan of the Council.

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

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

Community Life

Long term strategies for community life are as follows:

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

Natural Environment

Long term strategies for the natural environment are as follows:

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

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

Built Environment

Long term strategies for the built environment are as follows:

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

City Prosperity

Long term strategies for city prosperity are as follows:

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

Financial Sustainability

Long term strategies for financial sustainability are as follows:

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

Organisational Strength

Long term strategies for organisational strength are as follows:

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

Key Influences

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

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

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

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

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

Rationale for the Focus on Asset Management and Sustainability

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

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

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

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

The sustainability challenge for local government has not been helped by a federal government decision to freeze financial assistance grants in 2014/15 for a three year period. This freeze is reported to have cost South Australian councils around \$90 million, with an Australia wide impact of around \$1 billion. No firm commitment has yet been given to reinstate indexation in 2017/18.

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 \$23.3 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 \$884 million;
- Accumulated depreciation on Council assets totals \$301 million, being 45.2 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 new 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;
- Report on financial indicators, including indicators of financial sustainability;
- Establish Audit Committees, and more rigorous and transparent processes of internal review;
- Consult with the community on budget and rating proposals prior to budgets being adopted and rates being declared.

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

Emerging Financial Issues

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

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

- Drainage mitigation, including the need to commit at least \$23.3 million to BHKC drainage works within the next 20 years;
- Projections in the asset management plans of the Council that \$103.1 million needs to be committed over the next ten years to road, kerbing and footpath maintenance and remediation works;
- Projections that up to \$23.6 million needs to be committed by Council to building maintenance and remediation works over the next ten years, based on current property holdings;
- The need to fund further community facility developments from 2017/18 totalling \$16.8 million (Lockleys Oval, Mellor Park, Apex Park and Weigall Oval);

- Local drainage works, still being assessed by Council's asset management staff, may require expenditure totalling \$80 million over the next 30 years;
- The need to commit increasingly to initiatives associated with water management, renewable energy, energy efficiency and reducing carbon emissions.

Forward Estimates

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:

- \$9.1 million is committed to drainage works for the Brown Hill Keswick Creek (BHKC) project over a ten year period from the 2017/18 financial year, in addition to \$3.8 million already committed, most of which is to be funded from the loan program.
- Council commits to rate funded capital works totalling \$103.1 million over a ten year period commencing in 2017/18 to fund road and footpath works identified in the infrastructure and asset management plans of the Council.
- Council commits to rate funded capital works for road construction and other capital works, totalling \$7.1 million in the 2017/18 budget, and that a level of funding is to be continued into the future.
- Council has rate funded local drainage commitments of \$570,000 from the 2017/18 financial year, with indexed increases annually thereafter.
- Loan funded capital drainage works, excluding BHKC, will be \$1.99 million in the 2017/18 budget, with indexed increases annually thereafter.
- Roads to recovery funding will be continued at \$436,688 in 2018/19 (\$873,376 in 2017/18), but cease thereafter.
- Capital expenditure on Council owned buildings, excluding hub and related developments, will be \$1.33 million in the 2017/18 budget, and \$1.8 million indexed per annum thereafter.
- An amount of \$12.0 million will be committed to community facility redevelopments, including redevelopments at Lockleys Oval, Apex Park and Weigall Oval, in the six year period from the 2018/19 financial year, none of which is asset sale related.
- The capital budget for the replacement of plant, furniture and equipment will be \$1.4 million in 2017/18, and it has been indexed to cover estimated depreciation levels into the future.
- No allowance has been made for a strategic depot acquisition, but adjustments will occur via the budget review process if decisions are taken along these lines.

Expenditure projections for 2017/18 and each of the next three years based on these assumptions are as follows:

	2017/18	2018/19	2019/20	2020/21
	\$	\$	\$	\$
Rate Funded Infrastructure	14,821,089	15,250,793	16,101,933	16,645,959
Rate Funded Local Drainage	570,000	578,550	587,228	596,037
Loan - Local Drainage	1,985,900	2,025,618	2,066,130	2,107,453
Loan - BHKC	0	949,762	964,008	978,468
Grants	1,484,866	1,060,408	636,194	648,918
Facility Developments	4,750,000	2,510,000	2,510,000	2,510,000
Building Other	3,180,000	1,800,000	1,939,192	2,089,148
Plant, Furniture & Equipment	1,400,870	1,428,887	1,457,465	1,486,614
Library Capital	322,702	329,156	329,156	335,739
Total	28,515,427	25,933,174	26,591,307	27,398,337

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:

- Rate capping will not be introduced over the 10 year forecast period.
- Council is prepared to increase rate revenue by 2.2 per cent plus growth in 2017/18, 2.6 per cent plus growth in 2018/19, and by 2.7 per cent plus growth annually thereafter.
- Rate equivalent payments by Adelaide Airport Limited will increase in line with the above rate increases.
- Statutory charges, which include parking, animal management and Development Act income, will increase by 2.0 per cent each year.
- User charges, which include property related income and transfer station royalties, will increase by 2.0 per cent each year.
- Grant income will increase by 2.0 per cent, with the exception of roads to recovery funding by the Commonwealth Government, which is expected to be \$873,376 in 2017/18 and \$436,688 in the following year, but not occur thereafter.
- Other income, excluding investment income, will increase by 1.8 per cent each year from 2017/18.

Council's forward estimates will need to be adjusted if rate capping is introduced, particularly in respect of revenue and capital expenditure commitments.

Forward revenue estimates are as follows:

	2017/18	2018/19	2019/20	2020/21
	\$	\$	\$	\$
Rates	50,343,061	52,286,688	54,357,600	56,509,892
Rate Equivalents	5,180,000	5,367,827	5,567,886	5,775,401
Statutory Charges	2,293,100	2,338,962	2,385,741	2,433,456
User Charges	1,242,429	1,267,278	1,292,623	1,318,476
Grant & Subsidies	3,614,949	3,233,092	2,852,333	2,909,379
Other Income	1,092,706	1,112,860	1,126,272	1,147,046
Total	63,766,245	65,606,707	67,582,455	70,093,649

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 6.3 per cent in 2017/18 and 3.5 per cent thereafter, with a modest allowance for the addition of new staff.
- Contract and material expenditure increases of 2.4 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 3.1 per cent based on projected asset value movements.
- Finance charges include interest repayments on loans taken, and are estimated on the basis of loans projected to be taken using borrowing rates ranging between 4.75 and 5.25 per cent.

Forward operational expenditure estimates are as follows:

	2017/18	2018/19	2019/20	2020/21
	\$	\$	\$	\$
Employee Costs	22,988,300	23,792,891	24,625,642	25,487,539
Contractual Services	7,392,620	7,683,102	7,855,306	8,031,511
Materials	962,700	981,954	1,001,593	1,021,625
Finance Charges	150,900	238,224	367,796	493,306
Depreciation	11,245,000	11,576,888	11,918,742	12,270,865
Other Expenses	11,006,309	11,275,207	11,551,096	11,835,697
Total	53,745,829	55,548,266	57,320,175	59,140,542

Forward Loan Estimates

A loan program of \$28.85 million is projected in future dollar terms over the next ten years (down from \$44.75 million last budget), as follows:

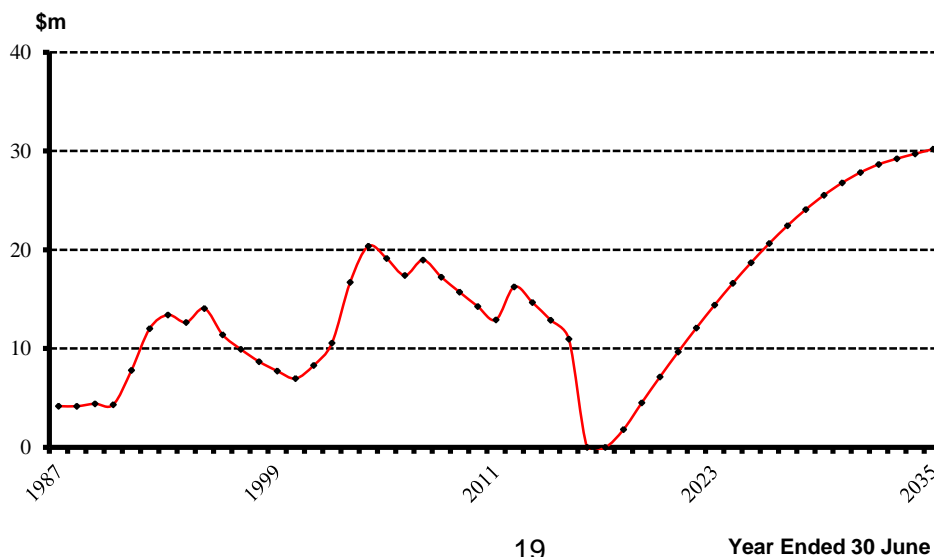
	\$m
Local drainage	21.75
BHKC project	9.08
Works overhead	(1.98)

Total	28.85

This comprises the following:

Financial Year	Local Drainage \$	BHKC Drainage \$	Works Overhead \$	Total Loans \$
2017/18	1,985,900	0	(180,536)	1,805,364
2018/19	2,025,618	949,762	(184,147)	2,791,233
2019/20	2,066,130	964,008	(187,830)	2,842,308
2020/21	2,107,453	978,468	(191,587)	2,894,335
2021/22	2,149,602	993,145	(195,418)	2,947,329
2022/23	2,192,594	1,008,042	(199,327)	3,001,310
2023/24	2,236,446	1,023,163	(203,313)	3,056,296
2024/25	2,281,175	1,038,511	(207,380)	3,112,306
2025/26	2,326,798	1,054,088	(211,527)	3,169,359
2026/27	2,373,334	1,069,900	(215,758)	3,227,476
Total	21,745,051	9,079,087	(1,976,823)	28,847,316

It is anticipated that cash reserves of the Council will be used in lieu of loans being taken in the 2017/18 financial year. The indebtedness trend of the Council is projected on the basis of this information as follows:



Council was debt free at end of the 2015/16 financial year and will be debt free at the end of 2016/17, but indebtedness is projected to then increase, peaking at just over \$30 million in the mid to late 2030's. This scenario will obviously change if loans taken from 2017/18 are other than those currently planned.

Loan Repayments

Loan repayments to service projected loans, based on borrowing rates of 4.75 per cent until 2021/22 and 5.25 per cent thereafter, will be as follows:

Year	Projected Repayments \$	Increase/ (Decrease) \$
2017/18	0	0
2018/19	169,650	169,650
2019/20	431,941	262,292
2020/21	699,032	267,091
2021/22	971,013	271,980
2022/23	1,247,973	276,960
2023/24	1,539,565	291,592
2024/25	1,836,499	296,934
2025/26	2,138,875	302,376
2026/27	2,446,794	307,919

Council's current and projected loan program will impact loan repayments most after the 2019/20 financial year, but these increases are more than manageable within the framework of the ten year financial plan.

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

Year	Loans % of Rates
2017/18	0.0
2018/19	0.3
2019/20	0.8
2020/21	1.2
2021/22	1.7
2022/23	2.0
2023/24	2.4
2024/25	2.8
2025/26	3.1
2026/27	3.4

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

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 %
2017/18	10,020,416	15.7
2018/19	10,058,441	15.3
2019/20	10,262,280	15.2
2020/21	10,953,108	15.6
2021/22	11,683,828	16.1
2022/23	12,469,484	16.6
2023/24	13,284,768	17.0
2024/25	14,160,213	17.5
2025/26	15,085,499	17.9
2026/27	16,078,514	18.4

A strong ongoing operating result is a positive indicator of financial viability for the City of West Torrens. LGA Information Paper 9 *Financial Indicators* (May 2015) suggests an operating break even position, or better, over time and an operating surplus ratio of between zero and 10 per cent on average. It is a positive that West Torrens is projected to operate beyond this range, demonstrating a strength in capital expenditure programs.

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

(b) Sustainability

The sustainability ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the rate at which these assets are used or consumed, with the amount spent divided by the total depreciation expense. Achieving a break even result of 100 per cent or better demonstrates that the cost of consumption of assets in any one year is being met by current rates and current ratepayers.

Financial Year	Capital Expenditure \$	Depreciation Expense \$	Sustainability Ratio %
2013/14	11,140,894	10,860,076	102.6
2014/15	11,999,041	11,065,000	108.4
2015/16	11,445,535	10,987,000	104.2
2016/17	11,000,000	10,943,590	100.5
2017/18	11,498,624	11,245,000	102.3
2018/19	11,979,369	11,576,888	103.5
2019/20	12,000,537	11,918,742	100.7
2020/21	12,420,758	12,270,865	101.2
2021/22	12,939,051	12,633,569	102.4
2022/23	13,441,129	13,007,176	103.3
2023/24	14,018,994	13,392,017	104.7
2024/25	14,618,202	13,788,434	106.0
2025/26	15,272,787	14,196,780	107.6
2026/27	15,908,410	14,617,417	108.8

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

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

Program	IAMP Amount \$m	10 Year Plan \$m	% Met
Roads Program			
Reseal / Maintenance	29.721	29.721	100
Reconstruction Renewal	27.993	27.993	100
Kerb & Gutter	32.571	32.571	100
Footpath Program			
Renewal	3.913	3.913	100
Construction	8.933	8.933	100
Building Program			
Renewal Expenditure	23.557	23.557	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. During the 2016/17 financial year Council staff also commenced a more detailed assessment of 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 from zero to \$22.45 million in 2026/27 - a sizeable but manageable increase as demonstrated below. Borrowing interest rates ranging from 4.75 to 5.25 per cent have been estimated, along with a 15 year borrowing term.

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

Financial Year	Projected	Loans to Rates
	Loan Repayments	
	\$	%
2017/18	0	0.0
2018/19	169,650	0.3
2019/20	431,941	0.8
2020/21	699,032	1.2
2021/22	971,013	1.7
2022/23	1,247,973	2.0
2023/24	1,539,565	2.4
2024/25	1,836,499	2.8
2025/26	2,138,875	3.1
2026/27	2,446,794	3.4

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:

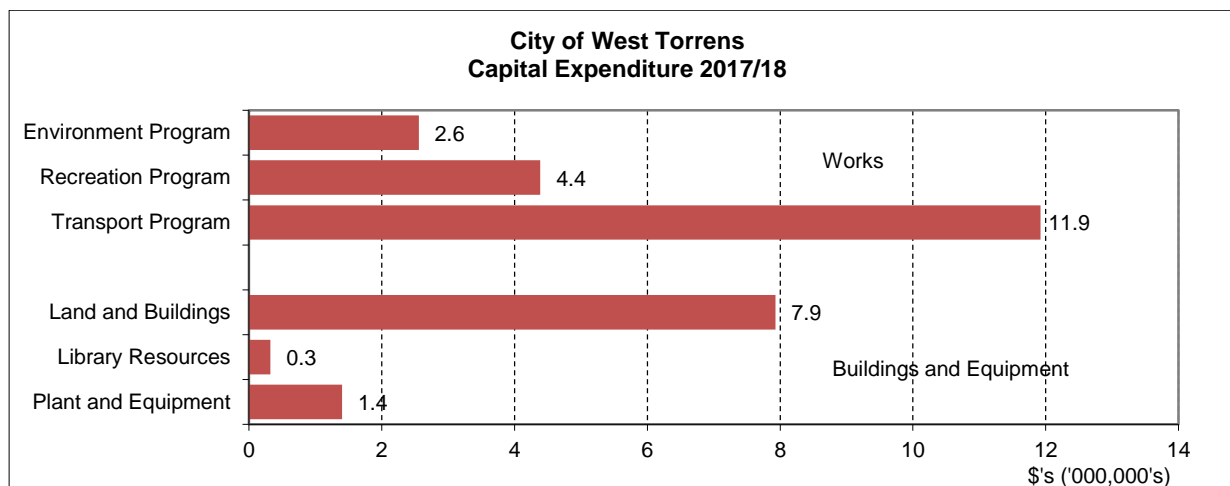
Financial Year	EOY Cash Estimate	Net Reserves	Surplus/ (Deficit)
	\$	\$	\$
2017/18	14,241,891	14,229,606	12,283
2018/19	14,465,184	14,447,332	17,852
2019/20	14,538,399	14,613,330	(74,931)
2020/21	14,813,947	14,792,661	21,286
2021/22	15,783,089	15,807,946	(24,857)
2022/23	16,830,534	16,782,950	47,584
2023/24	18,590,780	18,532,466	58,313
2024/25	21,351,029	21,296,554	54,475
2025/26	24,019,527	24,059,638	(40,111)
2026/27	26,838,661	26,837,966	695

Capital Budget

Introduction

The capital budget for 2017/18 totals \$28,660,527 as follows:

	\$
Capital Works	
Environmental Program	2,555,900
Recreation Program	4,386,900
Transport Program	11,919,055
Sub Total	18,861,855
Capital	
Land and Building Works	7,930,000
Library Resources	322,702
Plant, Equipment & Furniture	1,400,870
Sub Total	9,653,572
Total	28,515,427



Rate funded capital expenditure has been increased by \$426,685 to \$21,096,959, an increase of 2.1 per cent, as shown in the table that follows. The increase includes a capital works increase of \$316,315, or 2.1 per cent, to \$15,391,089.

	Budget 2016/17 \$	Budget 2017/18 \$	Variance \$
Rate Funded			
City Works Funds	15,074,774	15,391,089	316,315
Plant and Equipment	1,515,500	1,400,870	-114,630
Land and Buildings	4,080,000	4,305,000	225,000
Sub Total	20,670,274	21,096,959	426,685

Other Funded

Grants	2,340,863	5,432,568	3,091,705
Reserves / Asset Sales	0	0	0
Loans	2,903,000	1,985,900	-917,100
Sub Total	5,243,863	7,418,468	2,174,605
Total Capital Budget	25,914,137	28,515,427	2,601,290

Capital funding from other than rates totals \$7,418,468, as shown in the following table:

	\$
Lockleys Oval / Apex Park redevelopment (grant)	3,250,000
Lockleys catchment drainage stage 3 (loan)	1,985,900
Roads to recovery grant	873,376
Urban local road grant	611,490
Torrensville Bowling Club contribution to Thebarton Oval (grant)	375,000
Library grant	322,702
Total	7,418,468

Environment Program

The drainage budget comprises the following:

- \$300,000 for minor drainage upgrades and replacement works, including the following:
 - Replacement / upgrade of side entry pits and junction boxes, minor pipe replacements and upgrades due to damage and/or failure;
 - Stormwater pump station improvements;
 - Asset conditioning and minor investigations and planning into the current drainage network;
 - Refurbishment of existing rain gardens sites.
- \$1,985,900 in loan funding to undertake detailed design / documentation and construction for Lockleys catchment drainage - stage 4 (upstream of Henley Beach Road).
- \$175,000 for repairs to the concrete channel of Brown Hill Creek downstream of South Road and the realignment of Brown Hill Creek near Gray Street, Plympton.

- \$50,000 for a basin upgrade and drainage improvements for Plympton Green, Plympton.
- \$45,000 for detailed design for a refurbishment of the Shannon Avenue stormwater pump station.

Recreation Program

Recreation works include the following:

- \$620,000 for new, replacement and upgraded playgrounds, based on a program developed in response to an audit report undertaken in 2013 for playground safety. Nominated playgrounds for 2017/18 are:
 - Montreal Avenue Reserve, Novar Gardens;
 - East Parkway Reserve, Fulham;
 - Jubilee Park Reserve, Glandore;
 - Dove Street Reserve, Thebarton;
 - Shade sail shelters (sites to be confirmed);
 - Additional gym equipment, selected locations;
 - Minor playground equipment;
 - Playground safety barrier fencing.
- \$330,000 for reserve upgrades, including:
 - Chippendale Avenue Reserve, Fulham;
 - St Georges Avenue Reserve, Glandore, (stage 2);
 - Streetscape upgrade - Henley Beach Road (staged);
 - Streetscape upgrade - Sir Donald Bradman Drive (staged);
 - Streetscape upgrade - Morphett Road, Novar Gardens / Camden Park;
 - Upgrades to pedestrian lighting on reserves;
 - Minor reserves upgrades;
 - Ongoing gazebo upgrades and replacements;
 - Various fencing and bollard replacements on reserves;
 - Turf replacement and sundry reserve pathway upgrades;
 - Staged yearly program to install new wheelie bin surrounds to litter bins.
- \$560,000 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.

- \$645,000 for irrigation system upgrades for the following reserves:
 - Westside Bikeway, Marleston / Plympton (staged project, selected areas within the linear park);
 - Thebarton Oval, Torrensville;
 - Mile End Common Reserve, Mile End;
 - Jubilee Park Reserve, Glandore;
 - Apex Park Reserve, West Beach;
 - General irrigation equipment, including controllers, with upgrade to network and backflow meter equipment.
- \$60,000 for the staged resealing and reconstruction of various sections of city bikeways, a program that will be ongoing, subject to annual funding provision.
- \$50,000 for the general upgrade of tennis courts, including fencing.
- \$1,441,900 for Apex Park Reserve, West Beach, stage 2, to upgrade and improve the wetlands and landscaping. This is part of the sport facilities project and will continue into 2018/19.
- \$650,000 for Thebarton Oval/Kings Reserve, stage 1. Funding to implement program of works identified in the project masterplan.

Transport Program

Funding totals \$11,919,055 (\$13,021,327 in 2016/17) as follows:

	\$
Road maintenance program	4,994,270
Road reconstruction program	5,218,868
Other road works	1,140,000
Footpath program	565,917
	<hr/>
Total	11,919,055
	<hr/>

Road Maintenance Program

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

This years' capital works program for roads has been based on an updated and Council adopted Infrastructure and Asset Management Plan for roads, which took 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 \$4,994,270 as follows:

	\$
Reseal / road maintenance program	2,796,748
Kerb and gutter program	2,197,522
	<hr/>
Total	4,994,270
	<hr/>

Details are provided on pages 35 to 36, and include works from customer requests and a recent reconditioning audit of the road network.

Road Reconstruction Program

Council's road reconstruction program totals \$5,218,868 and comprises the following:

- White Avenue, Lockleys (Garden Terrace to Tracey Crescent);
- Aldridge Terrace, Marleston (St Anton Street to Lucknow Street);
- Birmingham Street, Mile End South (South Road to Pymbrah Road);
- St Andrews Crescent, Novar Gardens (Sunningdale Avenue to Hoylake Street);
- Phillips Street, Thebarton (James Street to Port Road);
- Wainhouse Street, Torrensville (Ashley Street to Carlton Parade);
- Cambridge Avenue, West Beach (Toledo Avenue to Simcock Street);
- Toledo Avenue, West Beach (Property No 36 to Siesta Avenue);
- Britton Street, West Richmond (Marion Road to Norwich Street);
- Localised road failure and rehabilitation work.

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.

Other Road Works

Other road works total \$1,140,000 and comprises:

- \$150,000 for the ongoing installation and upgrade of public bus shelters at identified sites.
- \$280,000 for the ongoing implementation of local area traffic management in precincts 9 and 10, Thebarton / Torrensville, along with minor traffic management work at identified locations, including pavement bar layouts, pedestrian kerb ramps and stop and give way signage, with associated line marking.
- \$300,000 for bicycle management schemes, including the upgrade and renewal of the Reece Jennings and Captain McKenna shared paths.
- \$50,000 for preliminary design for the realignment of Daly Street and Watson/Beare Avenue Road Bridges.

- \$250,000 to continue the staged upgrade of pedestrian lighting of the Westside Bikeway through Marlestone / Plympton / North Plympton.
- \$60,000 to design and document new pedestrian lighting for the Captain McKenna shared pathway (Watson Avenue to Tapleys Hill Road), planned for the 2018/19 financial year.
- \$50,000 for minor street lighting upgrades throughout the city.

Footpath Program

A condition assessment of Council's 626 kilometres of footpaths was undertaken in mid-2011 and it provided the basis for the forward renewal and maintenance program.

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

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

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

The findings of the above formed the basis of the updated *Footpath Infrastructure and Asset Management Plan* that was last adopted in November 2012. 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 further 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 \$168,056 for footpath renewal, \$197,861 for new footpath construction and \$200,000 for footpath remediation. The following work is proposed:

Footpath Renewal Program \$168,056

- Delray Street, Fulham (Gault Avenue to Crispian Street);
- Tapleys Hill Road, Lockleys (Chippendale Avenue to Sir Donald Bradman Drive);
- August Street, Thebarton (Neville Road to South Road);
- Warwick Avenue, Kurralta Park (Mortimer Street to Anzac Highway).

New Footpath Construction Program \$197,861

- Clifford Street, Brooklyn Park (Lipsett Terrace to Sir Donald Bradman Drive);
- Airport Road & Lipsett Terrace, Brooklyn Park (Southern Centre Island);
- Clyde Avenue, Lockleys (Frontage Road to Castlebar Road);
- Queen Street, Thebarton (Reid Street to West Thebarton Road);
- Broughton Avenue, West Beach (Tennyson Street to Clifford Street);
- Ingerson Street, West Beach (Tapleys Hill Road to Davis Street).

Footpath Remediation Program \$200,000

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

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

Land and Buildings

The capital expenditure budget for land and buildings totals \$7,930,000 (\$4,080,000 in 2016/17) and comprises:

- \$25,000 for upgrades of Council owned facilities to meet Disability Discrimination Act (DDA) requirements, as identified in Council's Building Asset Management Plan (2013).
- \$30,000 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 (2013).
- \$25,000 for fire system upgrades, as part of an on-going program of minor works to bring Council owned buildings up to current building rules standards, as identified in Council's Building Asset Management Plan (2013).
- \$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 (2013).
- \$200,000 for on-going building compliance upgrades of Council owned facilities as identified in Council's Building Asset Management Plan (2013), with projects to include:
 - Plympton Community Centre - development of a master plan / design, with options to upgrade the existing community centre facility;
 - Civic Centre Complex - upgrades to mechanical services;
 - Public toilet facilities - upgrades to existing toilet facilities located on reserves;
 - Richmond Oval grandstand - development of a master plan / concept plan to repair and upgrade the facility;
 - National Services Association Building, Keswick - repair works to the building structure;
 - Other building and compliance works as identified.

- \$200,000 to fund the upgrade of the continuing, (second stage), upgrade 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.
- \$3.25 million to fund work associated with the upgrade of Lockleys Oval and Apex Park stage 1, as resolved by Community Facilities Committee on 24 March 2015 and subsequently endorsed by Council.
- \$1.5 million (in addition to the \$1 million allocated via a budget review in 2015/16) for staged upgrade and improvement of the sports field and reserve area at Weigall Oval. The project as detailed in the Master Plan (June 2015), with works including new open space facilities - playground, tennis courts, pathway linkages, lighting improvements to the sports fields / turf areas, etc. Further stages of the project will include the development of a new building facility for the sporting clubs.
- \$250,000 to fund further upgrade work at Thebarton Theatre, which includes electrical wiring and power supply replacements over a four year staged program, commencing in 2017/18. These are essential works that have been identified as part of the fire compliance upgrade building works.
- \$50,000 to fund the design of a building upgrade of the Peake Gardens Riverside Tennis Club building facility. New building works are proposed from 2018/19.
- \$500,000 to fund the upgrade and improvements to Kings Reserve, stage 1. The project is the continual design development of a Master Plan, which will include the staged upgrade and improvements works as follows:
 - Playground and skate park facility;
 - Facilities for users;
 - Linkages with the community centre;
 - New shared pathway linkages, with lighting improvements for pedestrians;
 - Reserve irrigation and water feature;
 - Improvements to the sports fields and reserve, including garden beds, etc;
 - Linkages with the Thebarton Oval / bowling club;
 - Car parking.
- \$500,000 to fund the continuing building work associated with the Thebarton Community Centre. Works include building improvements and upgrade to facilities to ensure the centre functions appropriately.
- \$1.225 million contribution to Torrensville Bowling Club for the interface works and car parking for Kings Reserve / Thebarton Oval. This will be part of the bowling club development, which will include a new building and indoor bowling facility.
- \$150,000 to fund the upgrade of the Bluestone cottage located at 185-187 Sir Donald Bradman Drive, Cowandilla.

Plant, Equipment and Furniture

The capital budget for plant, equipment and furniture totals \$1,400,870 (\$1,515,000 in 2016/17) and comprises:

- \$122,500 for the replacement of 12 motor vehicles in the Council fleet, including light commercial vehicles.

- \$49,670 for furniture and equipment, including community resources for council events, buildings and the library. This also includes \$15,000 for replacement of the library's technological devices including licences.
- \$240,000 for IT hardware and infrastructure replacement (\$270,000 in 2016/17), including PC's, tablets and laptops (\$65,000), multi-function devices (\$50,000), the replacement of network switches (\$25,000) and the rollout of mobile technology in City Works aimed at improving customer request processes (\$100,000).
- \$166,000 for the programmed replacement of four specialised turf ride-on mowers (\$142,500) and two mowing trailers (\$23,500). These are high use operational machines that require regular replacement to ensure a suitable residual value and low yearly maintenance costs.
- \$308,000 to replace / upgrade / purchase four tipper trucks, all of which are used in the general civil, horticultural and city clean maintenance areas. The trucks being replaced range in loading capacity from three to ten tonne and age from eight to ten years.
- \$211,000 for the programmed replacement of the front end loader (\$141,000) and the associated skid steer loader / bobcat (\$70,000). The loaders are used across all works areas of Council.
- \$72,000 for the programmed replacement of the wood chipper unit used by the arboriculture team.
- \$114,700 for various items of City Works' plant and equipment, including new 150mm water pump - trailer mounted (\$40,000), replacement of a tipper body (\$14,000), replacement electronic message board trailer (\$21,500), a vacuum unit for concrete cutting (\$12,500), and road cutting equipment, concrete footpath grinder, minor power and mechanical tools, (\$26,700).
- \$105,000 to purchase portable closed circuit television (CCTV) equipment to provide an additional security presence in required locations.
- \$12,000 to purchase a new Community bus trailer and PA systems (2) for Community Development.

Library Resources

An amount of \$322,702 is being budgeted (\$299,310 in 2016/17) and it comprises the following:

- State resources \$207,742;
- Local resources \$114,960.

Road Reseal / Rehabilitation and Kerb and Gutter Program

Street Name	Suburb
Bedford St -(Pine St to End)	Brooklyn Park
Clifford St - (Oscar St to Lipsett Ter)	Brooklyn Park
Thanet St - (Henley Beach Rd to Marshall Ter)	Brooklyn Park
Clifton St - (Stonehouse Av to Carlton Rd)	Camden Park
Patricia Av - (Clifton St to Whelan Av)	Camden Park
Rankine Rd - (Property No 24 to Hounslow Av)	Cowandilla
East Pkwy - (Riverside Dr to Hughes Av)	Fulham
Fitch Rd - (Halsey Rd to Good St)	Fulham
Hadley St - (Ashburn Av to Henley Beach Rd)	Fulham
Halsey Rd - (Halsey Rd to Property No 101)	Fulham
Huntington Av - (Henley Beach Rd to Riverside Dr)	Fulham
La Jolla Av - (Huntington Av to Ayton Av)	Fulham
Layton St - (Henley Beach Rd to Ashburn Av)	Fulham
Mackirdy St - (Weetunga St to Samuel St)	Fulham
Samuel St - (Mackirdy St to Weetunga St)	Fulham
Susan St - (Ayton Av to Henley Beach Rd)	Fulham
Warwick Av - (Daphne St to Cross Ter)	Kurralta Park
Acacia Av - (End to End)	Lockleys
Franciscan Av - (Property No 3 to Arcoona Av)	Lockleys
Fulham Park Dr - (Arcoona Av to Corona Av)	Lockleys
Kellett Av - (Kenton St to Torrens Av)	Lockleys
Lorraine Av - (Anthus St to Grallina St)	Lockleys
Noble Av - (Torrens Av to Kenton St)	Lockleys
Rostrata St - (Willingale Av to End)	Lockleys
Torrens Av - (End to Dartmoor St)	Lockleys
Moss Av - (Richmond Rd to Commercial St)	Marleston
Reade Lane - (Coneybeer St to Major Av)	Marleston
Darebin St - (Ebor Av to Falcon Av)	Mile End
Dew St - (Rose St to George St)	Mile End
Ebor Av - (Darebin St to Tarragon St)	Mile End
Norma St - (South Rd to Falcon Av)	Mile End
Coulter St - (Allchurch Av to Galway Av)	North Plympton
Laverack Rd - (Birdwood Ter to Marion Rd)	North Plympton
Mackay Av - (Edward Davies St to Laverack Rd)	North Plympton

Road Reseal / Rehabilitation and Kerb and Gutter Program

Mackay Av - (Mackay Av to Mackay Av)	North Plympton
Park Ter - (Allchurch Av to Talbot Av)	North Plympton
Talbot Av - (Marion Rd to Birdwood Ter)	North Plympton
Ayliffe Pl - 0465 (Property No 1 to End)	Novar Gardens
Bonython Av - (Pine Av to Morphett Rd)	Novar Gardens
Sunningdale Av - (Muirfield St to St Andrews Cres)	Novar Gardens
Mcarthur Av - (Glenburnie Ter to Long St)	Plympton
Tilden St - (James St to Gray St)	Plympton
Albert St - (Milner Rd to Martin Av)	Richmond
Arthur St - (Brooker Ter to Shaw Av)	Richmond
Davenport Ter - (South Rd to Milner Rd)	Richmond
Cawthorne St - (End to Smith St)	Thebarton
James St - (Phillips St to Smith St)	Thebarton
Randolph St - (Dew St to Neville Rd)	Thebarton
Smith St - (Dew St to Holland St)	Thebarton
Walsh St - (Anderson St to Phillips St)	Thebarton
Jervois St - (Henley Beach Rd to North Pde)	Torrensville
Torrens St - (Wilton Ter to Ferris St)	Torrensville
Wilton Ter - (Elizabeth St to Property No 19)	Torrensville
Sherriff Ct - (Sherriff St to End)	Underdale
Burbridge Rd (Service Road) - (Davis St to Property No 687)	West Beach
Charles Veale Dr - (Windsor Ter to Tapleys Hill Rd)	West Beach
Road Rejuvenation	Various Locations

ORIGINAL BUDGET 2016/17	REVISED BUDGET 2016/17	DESCRIPTION	2017/18 BUDGET
<u>CAPITAL WORKS</u>			
<u>Environment Program</u>			
<i>Stormwater & Drainage</i>			
365,000	365,000	Minor Drainage Upgrades and Replacement Work	300,000
0	144,181	Mile End Cowandilla Catchment	0
2,322,000	3,962,755	Lockleys Catchment	1,985,900
100,000	100,000	Ashley St (West St to Hayward Ave)	0
80,000	80,000	Henley St Drainage	0
0	7,837	Maria Street Drainage	0
0	0	BHKC - Down Stream South Rd and Gray St Bend	175,000
0	0	Plympton Green	50,000
0	0	Shannon Ave Pump Station	45,000
<i>Other Environment</i>			
581,000	81,000	Brown Hill and Keswick Creeks	0
0	197,251	Glenelg Adelaide Pipeline (GAP)	0
3,448,000	4,938,024	Program Total	2,555,900
<u>Recreation Program</u>			
<i>Parks & Gardens</i>			
665,000	641,992	Playground Upgrade	620,000
350,000	701,478	Reserve Developments - Various	330,000
565,000	779,345	River Torrens Upgrade	560,000
30,000	48,141	River Torrens Path Upgrades	30,000
0	0	Memorial Gardens	0
640,000	985,287	Reserve Irrigation Upgrades	645,000
600,000	598,688	Additional Open Space Amenity Initiatives	0
0	159,072	Urban Forest James Congdon Drive	0
60,000	60,000	Bikeway Path Upgrade and Reseal	60,000
<i>Sports Facilities</i>			
40,000	185,478	Tennis Court Upgrades	50,000
500,000	500,000	Apex Park	1,441,900
50,000	50,000	Airport Rd	0
50,000	4,500	Memorial Gardens	0
0	0	Thebarton Oval Kings Reserve	650,000
3,550,000	4,713,981	Program Total	4,386,900

ORIGINAL BUDGET 2016/17	REVISED BUDGET 2016/17	DESCRIPTION	2017/18 BUDGET
<u>Transport Program</u>			
<i>Roads Sealed</i>			
9,311,915	10,932,842	City Funds/ULRG Funds/Carryovers	9,339,762
1,442,053	1,009,044	Roads to Recovery Grant Funds	873,376
<i>Other Transport</i>			
0	0	Roundabouts / Minor Road Rehabilitation	0
200,000	241,825	Bus Shelters	150,000
505,000	427,105	Traffic Management	280,000
115,000	201,765	Bicycle Management Schemes	300,000
670,000	1,034,438	Public Lighting	360,000
0	0	Corporate Branding - Signage	0
0	223,763	Bio-Science Precinct Works	0
<i>Bridges</i>			
100,000	208,145	Bridge Ancillary Works (as per Bridge Audit)	50,000
<i>Footpaths</i>			
239,508	261,330	Footpath Renewal Program	168,056
237,851	237,854	Footpath Construction Program	197,861
200,000	200,000	Footpath Remediation Program	200,000
13,021,327	14,978,111	Program Total	11,919,055
20,019,327	24,630,116	TOTAL - CAPITAL WORKS	18,861,855

ORIGINAL BUDGET 2016/17	REVISED BUDGET 2016/17	DESCRIPTION	2017/18 BUDGET
<u>OTHER CAPITAL EXPENDITURE</u>			
<u>Land and Buildings</u>			
25,000	25,000	DDA Upgrade Program	25,000
120,000	120,000	DDA Upgrade Program - Reedbeds Community Centre	0
0	69,667	DDA Upgrade Program - Lockleys Oval Satterly Hall	0
110,000	110,000	DDA Golflands Complex Building	0
25,000	35,565	Asbestos Removal Program	30,000
25,000	25,000	Fire Systems Upgrade	25,000
25,000	53,803	Electrical Compliance Upgrade	25,000
0	6,136	Roof Access safety systems	0
215,000	215,000	Building Compliance Upgrade	200,000
0	503,617	Lockleys Oval Concept Design	0
150,000	710,672	Thebarton Theatre fire safety	0
100,000	100,000	Camden Hall - Roof & Airconditioning replacement	0
150,000	142,000	Richmond Oval - Toilet Facilities	0
0	250,000	Camden Oval - Public Toilet Facilities (DDA)	0
85,000	85,000	Civic Centre - Internal Foyer Access	0
0	7,500	Kandahar - Picture Rails	0
0	16,318	Richmond Oval - DDA Shelter (Grant)	0
0	75,000	Security Key System - Council Buildings	0
0	1,567,813	Brickworks' kiln upgrade	0
25,000	0	Depot Upgrade - Marion Rd, Brooklyn Park	0
0	746,464	Civic Office - Upgrade 173 Sir Donald Bradman	0
0	0	Demolition of 10 Somerset Ave	0
200,000	214,250	Star Theatre - Building Compliance work	200,000
0	98,686	Purchase of Gray St Land	0
0	5,493,658	Camden Oval Community Facility - Other	0
0	25,000	Lockleys Senior Citizens - Mellor Park - New RC A/C	0
0	80,000	RSL Hilton - New RC A/C	0
2,500,000	2,550,000	Upgrade Lockleys Apex	3,250,000
325,000	325,000	Community Hub & Related Facilities	0
0	991,712	Weigall Oval Stage 1	1,500,000
0	0	Thebarton Theatre Complex - Structural/Electrical Works	250,000
0	0	Peake Gardens Riverside Tennis Clubrooms	50,000
0	0	Thebarton Community Centre U/G Stage 2	500,000
0	0	Kings Reserve- U/G Stage 1	500,000
0	0	Torrensville Bowling Club	1,225,000
0	0	Bluestone Cottage- Sir Donald Bradman Dr	150,000
4,080,000	14,642,861	Total Land and Buildings	7,930,000

ORIGINAL BUDGET 2016/17	REVISED BUDGET 2016/17	DESCRIPTION	2017/18 BUDGET
<u>Plant, Equipment and Furniture</u>			
189,500	186,624	Motor Vehicle Replacements	97,000
226,600	121,236	Furniture and Equipment	49,670
270,000	465,500	IT Hardware & Infrastructure Replacement	140,000
0	0	City Works Mobility Initiative	100,000
73,000	89,276	Library Radio Frequency Identification System	0
25,000	39,000	Purchase and Fitout of Caravan	0
41,900	41,900	Minor Depot Plant and Equipment	64,700
138,000	138,000	Replace Mowers (2016/17 x 2; 2017/18 x 4)	142,500
62,000	62,000	Replace Linemarkers (2016/17 x2; 1 x trailer)	0
332,000	471,200	Replace Trucks / Tippers (2016/17 x 4; 2017/18 x 4)	308,000
0	0	Replace Bobcat	70,000
0	0	Replace Front End Loader	141,000
70,000	70,000	Replace Woodchipper	72,000
16,500	16,500	Replace Mowing Trailers	23,500
71,000	71,000	Replace Cherry Picker	0
0	-41,957	Replace Tipper Body	14,000
	150,000	Replace Roadsweeper	0
	65,200	Replace Existing Depot and Workshop Facilities	0
0	0	Water Pump Trailer Mounted	40,000
0	0	Replace Electronic Message Board	21,500
0	-9,552	Mobile Library	0
0	0	Portable CCTV equipment	105,000
0	0	Community Bus Trailer / PA Systems	12,000
1,515,500	1,935,927	Total Plant, Equipment and Furniture	1,400,870
<u>Library Resources</u>			
185,110	205,685	Library Resources - Central	207,742
114,200	114,200	Library Resources - Local	114,960
299,310	319,885	Program Total	322,702
5,894,810	16,898,673	TOTAL - OTHER CAPITAL	9,653,572
25,914,137	41,528,789	TOTAL ALL CAPITAL EXPENDITURE	28,515,427

Operational Budget

Summary

Council's operating statement in the 2017/18 budget projects a surplus from operations of \$10,020,416, as shown below, based on a 2.2 per cent rate increase. This rate increase is marginally lower than the increase endorsed in the long term financial plan of the Council in 2016/17.

Income	\$
Rates and Rate Equivalents	55,523,061
Statutory Charges	2,293,100
User Charges	1,242,429
Grants and Subsidies	3,614,949
Sundry Income	1,092,706
Total Income	63,766,245
Expenditure	
Employee and Related	22,988,300
Material and Contract	8,355,320
Finance Costs	150,900
NRM Levy	1,383,061
Depreciation	11,245,000
Other	9,623,248
Total Expenditure	53,745,829
Operating Surplus	10,020,416

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 \$12,283 is projected.

Operational Expenditure

Operational expenditure has increased by \$2,354,257 or 4.6 per cent, relative to the original 2016/17 budget.

All other operational expenditure, before depreciation, has increased by \$2,050,747 or 5.1 per cent, relative to the original 2016/17 budget (\$455,108 or 1.1 per cent last budget), as follows:

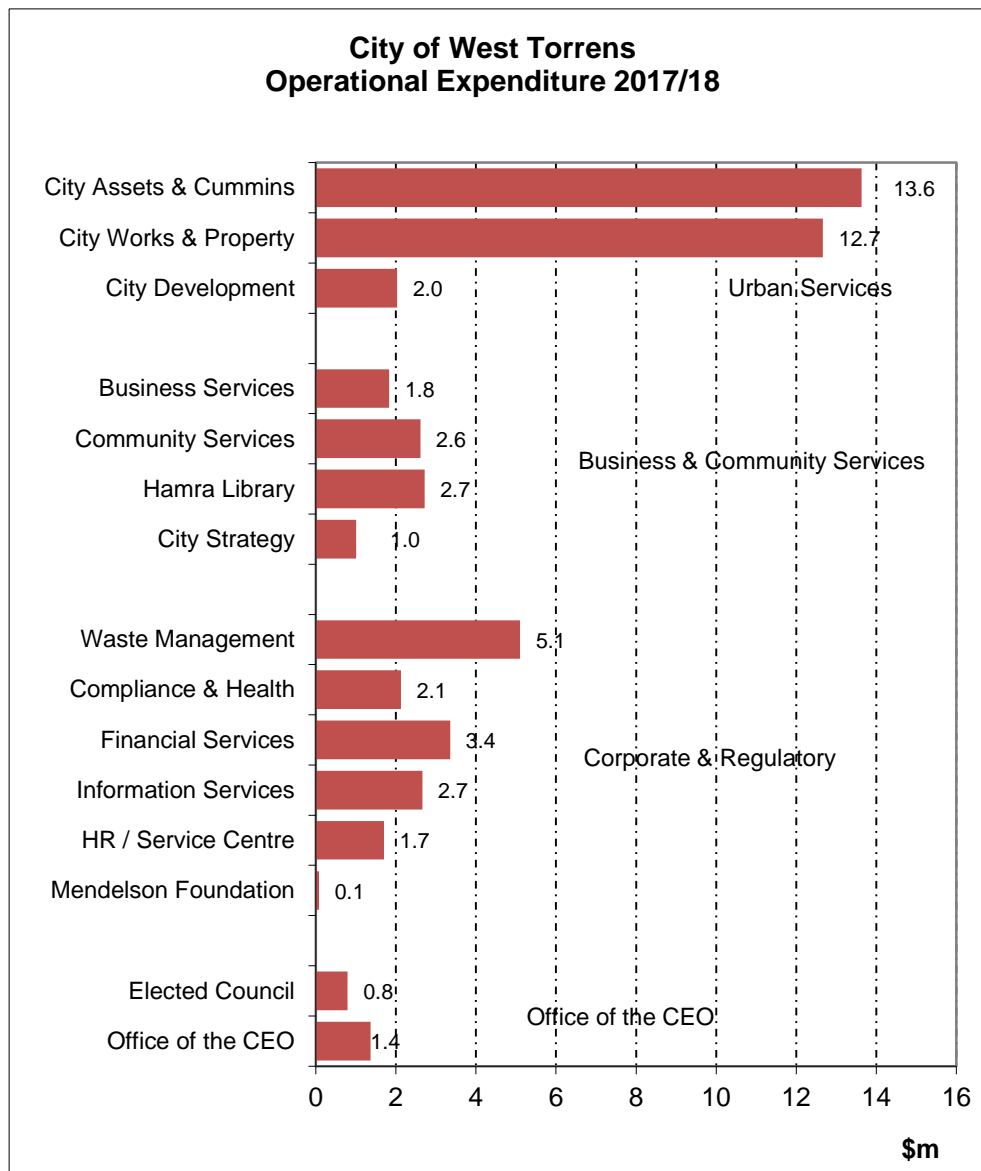
	Budget 2016/17 \$	Budget 2017/18 \$	Variance \$	Variance %
Employee Costs	21,624,251	22,988,300	1,364,049	6.3%
Building, Equipment and Related	1,842,070	1,837,900	-4,170	-0.2%
General Expenses	4,035,339	4,114,579	79,240	2.0%
Bank and Finance Charges	153,900	150,900	-3,000	-1.9%
Council Related Expenses	2,099,347	2,085,938	-13,409	-0.6%
Contract and Material Expenses	7,953,400	8,355,320	401,920	5.1%
NRM Levy	1,260,136	1,383,061	122,925	9.8%
Occupancy and Property Costs	1,566,639	1,669,831	103,192	6.6%
Internal Charges / Recoveries	-85,000	-85,000	0	0.0%
Sub Total	40,450,082	42,500,829	2,050,747	5.1%
Depreciation	10,941,490	11,245,000	303,510	2.8%
Total	51,391,572	53,745,829	2,354,257	4.6%

Key Expenditure Movements

Operational costs across all areas of the Council are increasing by 4.6 per cent as shown above, the key increases being:

- Employment costs have increased by \$1,364,049 or 6.3 per cent over the original budget estimates for 2016/17 (\$799,020 or 3.8 per cent last budget), with FTE's increasing net by 5.7. This is further explained later in this commentary under the heading "Employment Costs".
- Waste to landfill costs has been increased by \$320,000 or 25.6 per cent to \$1,570,000, largely because of waste levy increases imposed by the state government.
- Depreciation is set to increase by \$303,510 or 2.8 per cent based on current assets values and the impact of ongoing capital expenditure programs.
- Additional community program funding includes \$41,735 in partnership grants, \$40,000 for the summer festival and \$35,000 for the arts prize program.
- The NRM levy is being increased by \$122,925 or 9.8 per cent to \$1,383,061 and a new state government levy of \$36,000 is being introduced to help fund implementation of PDI legislation.
- Council power costs are budgeted to increase by \$74,011 or 14.7 per cent to \$578,832.

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



Employment Costs

Employment costs have increased by \$1,364,049 or 6.3 per cent over the original budget estimates for 2016/17 (\$799,020 or 3.8 per cent last budget), with the increase attributable to the following:

- An estimated \$520,000 for negotiated enterprise bargaining increases.
- An increase of 3 FTEs in Community Development following decisions by Council to extend the OPAL program, provide additional funding for aged care via the home advantage program and report on an additional Community Development Officer position being created.
- The Information Services Team is being increased by the introduction of one new team member to support the City Works' mobility initiative aimed at improving processes associated with the management of customer requests. This is in conjunction with a \$100,000 capital submission for mobility and related devices to be provided.

- One additional FTE is being added in the City Management Division for additional administrative support to be provided to the Elected Council and the Office of the Mayor and CEO.

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

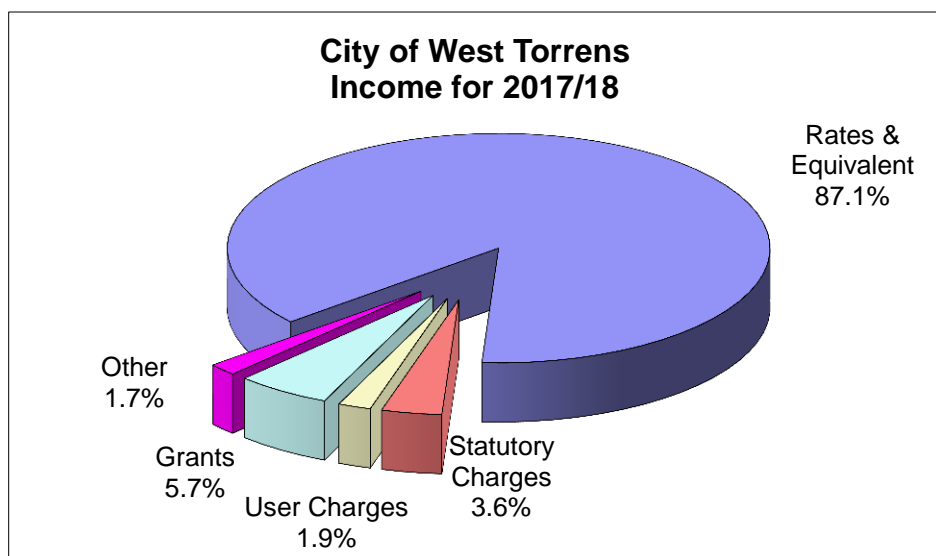
Income

All income is budgeted to increase by \$1,504,504 or 2.4 per cent over 2016/17 budget as follows:

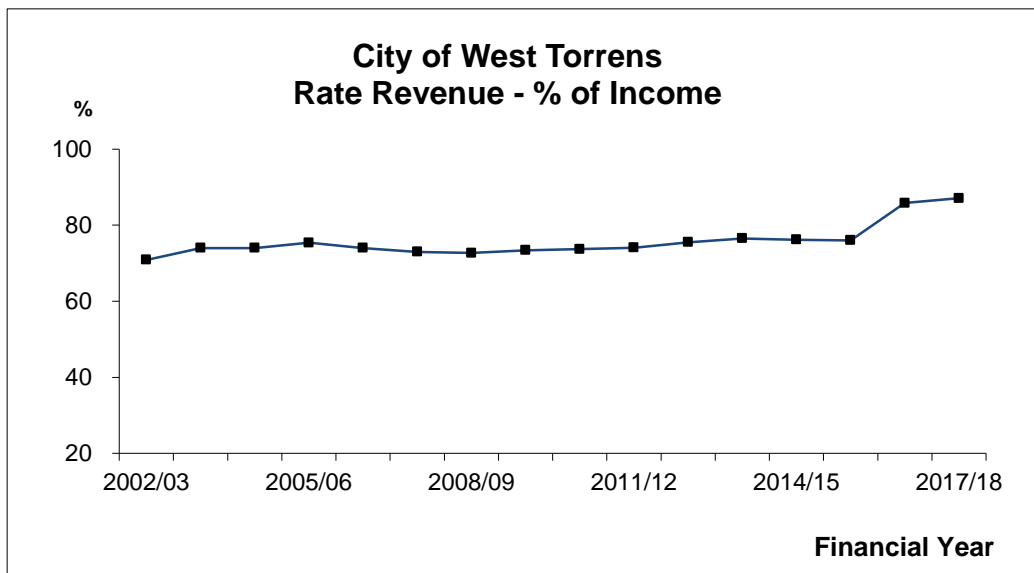
	Budget 2016/17 \$	Budget 2017/18 \$	Variance \$
Rates & Rate Equivalents Payments	53,390,136	55,523,061	2,132,925
Statutory Charges	2,199,580	2,293,100	93,520
User Charges	1,285,357	1,242,429	-42,928
Grants - General Purpose Grant	1,200,000	1,204,000	4,000
Grants - Other	2,982,023	2,410,949	-571,074
Sundry Income	1,204,645	1,092,706	-111,939
Total	62,261,741	63,766,245	1,504,504

Rate Income

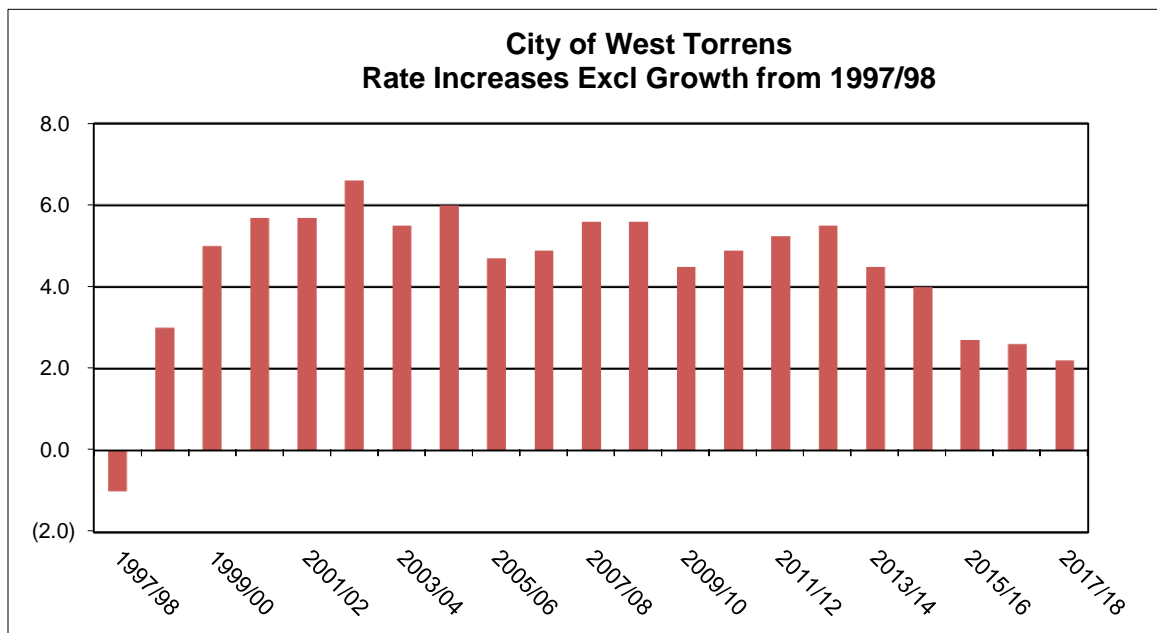
87.1 per cent of the income budgeted by Council is derived from rates and rate equivalent payments, as follows:



As can be seen in the following graph, Council's dependency on rate revenue continues to be significant due to the reduction in other forms of income, notably the general purpose grants (refer next section). While Council can obtain grants for specific purposes, substantially increased general purpose grants are unlikely to be obtained in the foreseeable future.



Council has endeavoured to limit increases in rates and since 1997/98 has achieved an average increase of 4.5 per cent (excluding natural growth), as shown in the chart that follows:



Rate Calculation

Rates in 2017/18 are determined on the following basis:

	\$
Rate Income 2016/17	47,904,285
Add Natural Growth @ Net 1.2%	574,851
	<hr/>
Rates Prior to Rate Increase	48,479,136
	<hr/>
Add Net Rate Increase @ 2.2%	1,070,864
	<hr/>
Rates Raised (excluding fines)	49,550,000
	<hr/>

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

Minimum Rates

A minimum rate of \$889 is proposed for 2017/18 (\$870 in 2016/17), an increase of \$19 or 2.2 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 third lowest minimum rate in metropolitan Adelaide in 2016/17 at \$870. Minimum rates in metropolitan Adelaide average \$962 and range between \$758 (Unley) and \$1,133 (Walkerville).

Rate Movements

It is proposed that rates be increased as follows:

Minimum Rate	:	Up 2.2%
Non-Residential	:	Up 2.2%
Residential	:	Up 2.2%
Overall Increase	:	Up 2.2%

Rates Comparison with Other Councils

A comparison of rates with other metropolitan councils reveals that West Torrens Council's average rates of \$1,605 are low. The information is based on an LGA survey and is considered a reliable indicator of Council's rating effort.

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

Rates per Rateable Assessment 2016/17

Council	Average	Ratio
	Rates	
	\$	%
Walkerville	2,061	1.3
Unley	2,026	1.3
Prospect	1,954	1.2
Playford	1,894	1.2
Charles Sturt	1,780	1.1
Tea Tree Gully	1,764	1.1
Mitcham	1,737	1.1
Burnside	1,706	1.1
Marion	1,696	1.1
Norwood, Payneham	1,662	1.0
West Torrens	1,605	1.0
Holdfast Bay	1,591	1.0
Onkaparinga	1,561	1.0
Pt Adelaide Enfield	1,544	1.0
Salisbury	1,535	1.0
Campbelltown	1,491	0.9
Average	1,725	1.1

Source: LGA Survey

Another view of Council's rating is based on average residential rates, details which follow. It is worth noting that generally councils with differential rates, like West Torrens, move to a lower range to reflect the lower residential rate in the dollar charged.

Council	Average	Ratio
	Rates	
	\$	%
Walkerville	1,963	1.7
Prospect	1,732	1.5
Unley	1,729	1.5
Burnside	1,661	1.4
Mitcham	1,614	1.4
Tea Tree Gully	1,535	1.3
Norwood, Payneham	1,491	1.3
Holdfast Bay	1,487	1.3
Onkaparinga	1,469	1.3
Campbelltown	1,466	1.3
Playford	1,465	1.3
Marion	1,427	1.2

Charles Sturt	1,333	1.2
Salisbury	1,267	1.1
West Torrens	1,150	1.0
Pt Adelaide Enfield	994	0.9
Average	1,486	1.3

Source: LGA Survey

Rate Modelling

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

Grant Income

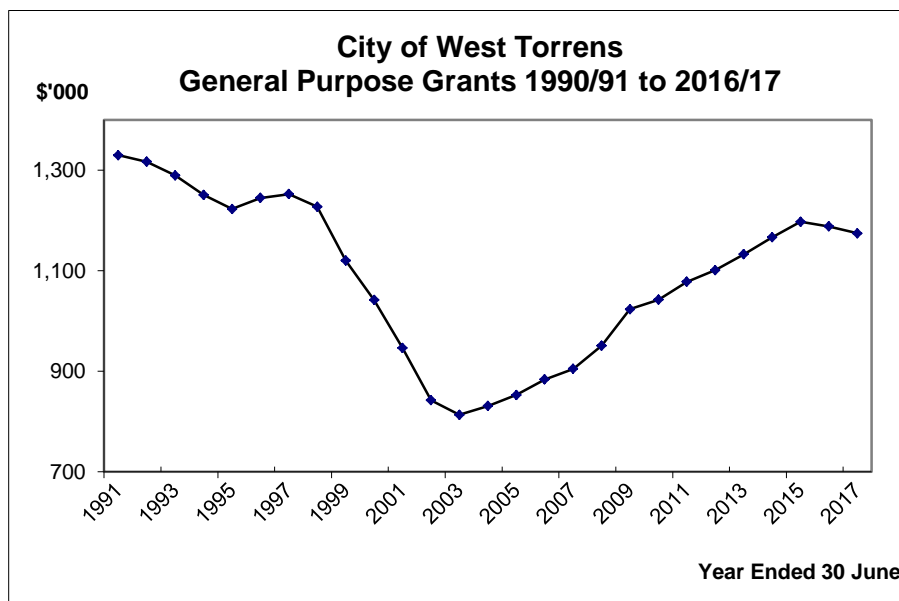
Grant income budgeted in 2017/18 totals \$3,614,949 (\$4,182,023 in 2016/17) as follows

	Budget 2016/17	Budget 2017/18	Variance
	\$	\$	\$
General Purpose Grant	1,200,000	1,204,000	4,000
Road Grants	599,500	611,490	11,990
Library	416,500	420,339	3,839
HACC / CHSP	468,700	468,744	44
Special Road Grants	1,442,053	873,376	-568,677
Sundry Grants	55,270	37,000	-18,270
Total	4,182,023	3,614,949	-567,074

General Purpose Grant

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

Year	Grant \$
1997/98	1,227,343
1998/99	1,120,333
1999/00	1,041,549
2000/01	945,960
2001/02	841,960
2002/03	812,887
2003/04	830,499
2004/05	852,368
2005/06	883,464
2006/07	904,395
2007/08	950,786
2008/09	1,023,275
2009/10	1,042,136
2010/11	1,077,916
2011/12	1,101,163
2012/13	1,132,555
2013/14	1,166,532
2014/15	1,197,284
2015/16	1,188,191
2016/17	1,174,563



User Charges

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

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

User charges budgeted in the 2017/18 financial year totals \$1,242,429 (or 1.9 per cent of all Council's income). They comprise the following:

	Budget 2016/17	Budget 2017/18	Variance
	\$	\$	\$
Waste Royalties / Lease Fees	177,757	164,314	-13,443
Hall and Theatre Hire / Rent	228,401	244,233	15,832
Library Income	40,000	40,000	0
Ovals Rents, Fees & Related	144,777	111,488	-33,289
Home Support Charges	139,300	135,000	-4,300
House Rent & Related	32,764	36,814	4,050
Sundry User Charges	522,358	510,580	-11,778
Total	1,285,357	1,242,429	-42,928

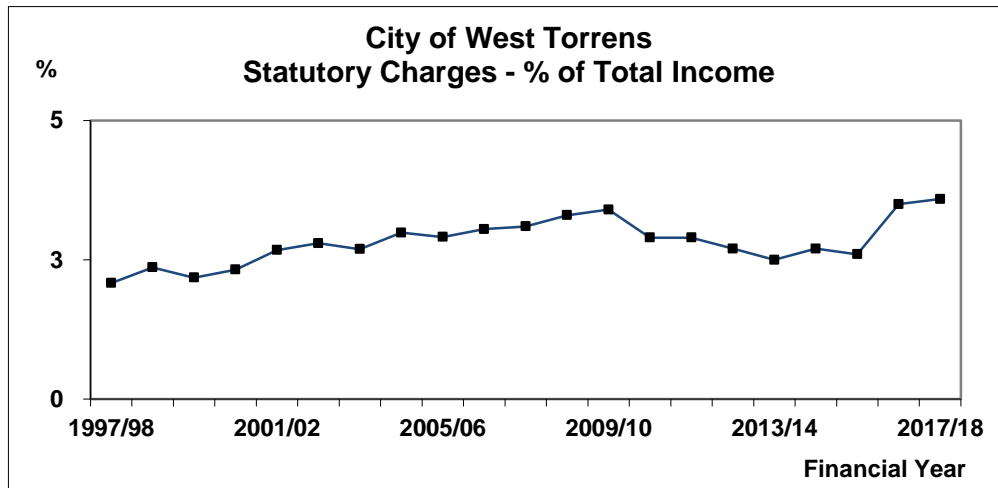
All user charges are reviewed annually by Council.

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 the following:

	Budget 2016/17	Budget 2017/18	Variance
	\$	\$	\$
Parking Income	1,045,000	1,100,000	55,000
Development Act Fees	650,000	670,000	20,000
Animal Control Income	289,980	299,900	9,920
Property Search Fees	110,000	115,000	5,000
Sundry Statutory Charges	104,600	108,200	3,600
Total	2,199,580	2,293,100	93,520

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 2017/18 budget, statutory charges total \$2,293,100 or 3.6 per cent of all Council income (excluding capital revenues). The trend since 1997/98 has been as follows:



Other Income

Other income of the Council includes investment income, an insurance bonus and reimbursements, and comprises 1.7 per cent of all income budgeted in 2017/18 (excluding capital revenues).

	Budget 2016/17	Budget 2017/18	Variance
	\$	\$	\$
Investment & Related Income	444,000	349,000	-95,000
Reimbursement Income	247,345	233,206	-14,139
Insurance Bonus	302,227	300,000	-2,227
Sundry Income	211,073	210,500	-573
Total	1,204,645	1,092,706	-111,939

Loan Program 2017/18

Council's loan program for 2017/18 totals \$1,805,364 (\$2,691,909 in the 2016/17 original budget). The loan is to fund Lockleys catchment drainage

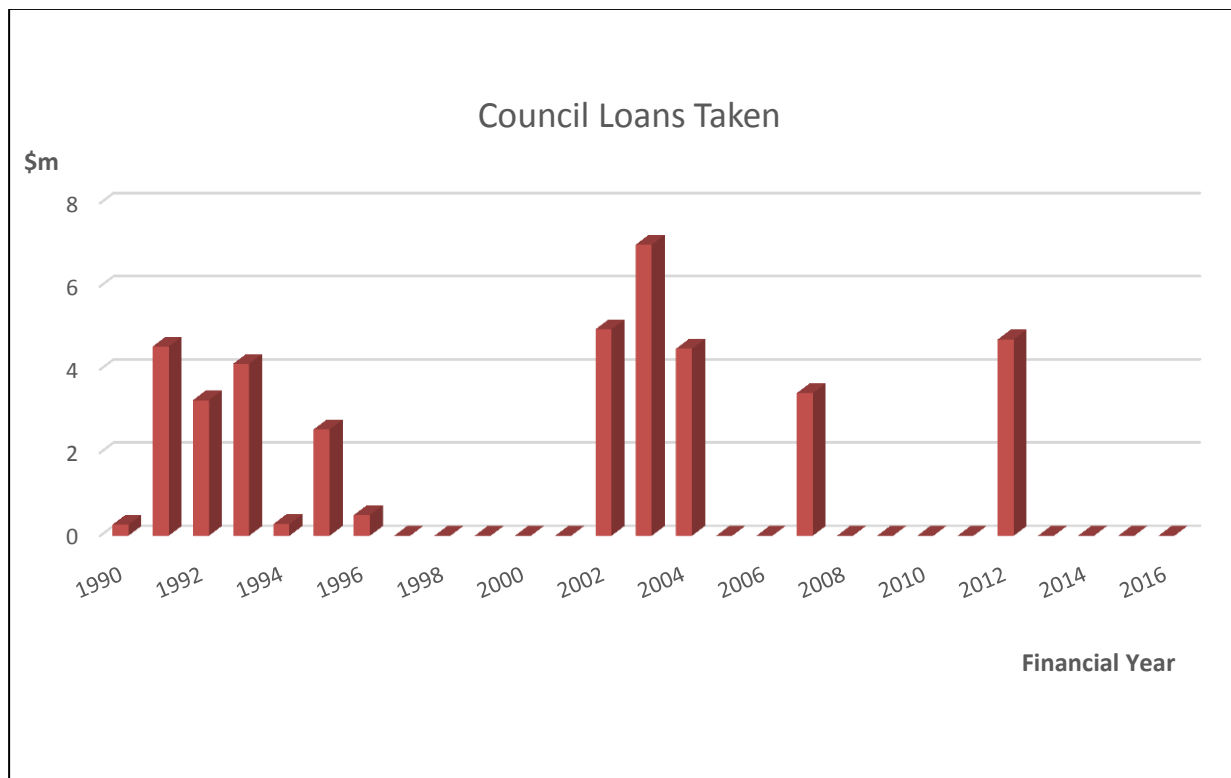
Historical Perspective on Loans

New loans taken by the Council since 1 July 1989, including those of both Thebarton and West Torrens Councils prior to amalgamation in 1997, are as follows:

Year Ended 30 June	Loans Taken		Year Ended 30 June	Loans Taken
1990	265,000		2004	4,497,337
1991	4,549,390		2005	0
1992	3,260,000		2006	0
1993	4,135,600		2007	3,430,000
1994	281,550		2008	0
1995	2,557,965		2009	0
1996	500,000		2010	0
1997	0		2011	0
1998	0		2012	4,721,455
1999	0		2013	0
2000	0		2014	0
2001	0		2015	0
2002	4,964,000		2016	0
2003	7,000,000		2017	0

Council has opted for some years now to use cash reserves, rather than borrow, given the margin between borrowing and investment interest rates, and this has progressively reduced its level of indebtedness.

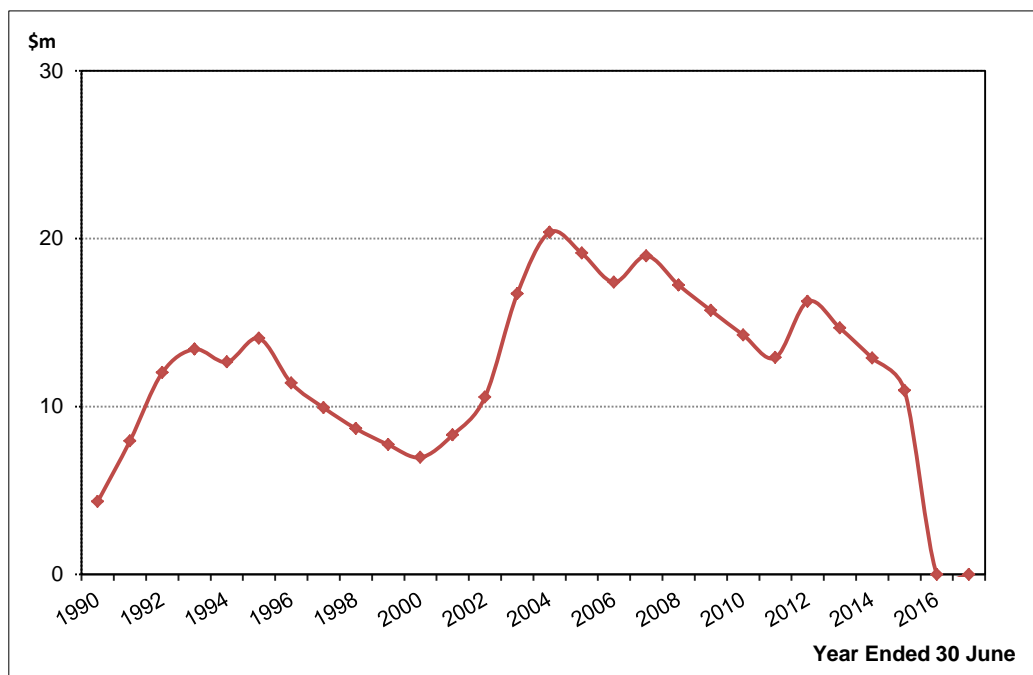
Loans taken are shown graphically as follows:



The indebtedness of the Council over the same period has been as follows:

Year ended 30 June	Loan Liability		Year ended 30 June	Loan Liability
1990	4,332,500		2004	20,374,509
1991	7,952,591		2005	19,129,976
1992	12,016,976		2006	17,411,955
1993	13,409,421		2007	18,969,367
1994	12,649,808		2008	17,236,975
1995	14,057,519		2009	15,723,125
1996	11,387,771		2010	14,264,992
1997	9,927,527		2011	12,913,277
1998	8,683,170		2012	16,252,653
1999	7,728,295		2013	14,672,077
2000	6,968,412		2014	12,878,229
2001	8,302,536		2015	10,966,005
2002	10,561,826		2016	0
2003	16,709,425		2017	0

This is shown graphically as follows:



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.

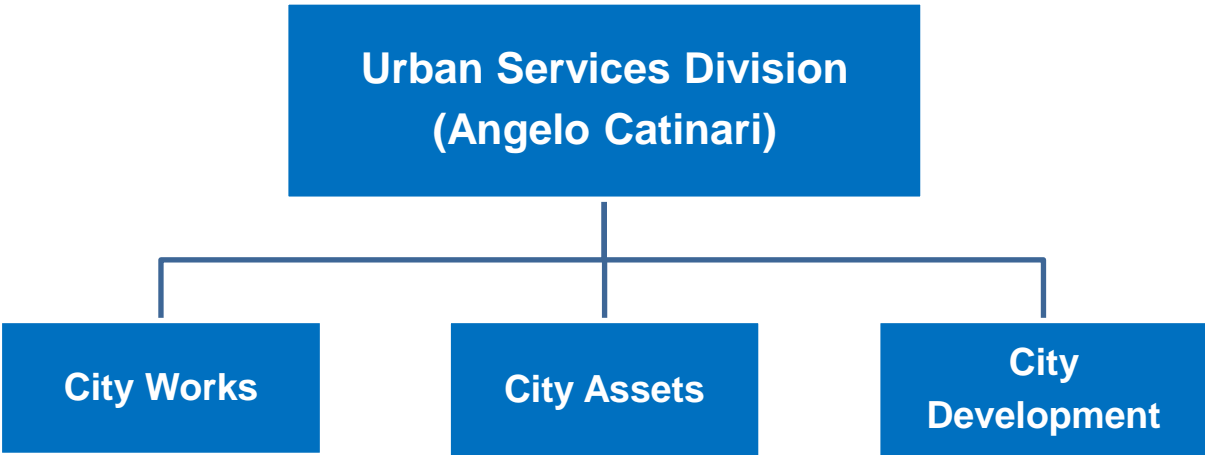
A sizeable reduction of Council’s indebtedness in the 1995 to 2001 period occurred because Council elected to use cash reserves rather than borrowings to fund the budgeted loan program. This has resulted in interest and principal repayments being avoided.

More recent loans have been taken to finance redevelopment of the Hilton Library, drainage works, Sir Donald Bradman Drive drainage, and other upgrade and general works.

No loan liability in 2016 and 2017 reflects action taken to pay out loans using proceeds from the sale of St Martins.

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 Works (including operational property management);
- City Assets (including strategic property management);
- Property Services (including Cummins House);
- City Development.

Urban Services Division

2017/18 Business Plan and Budget Statement

Objective(s)

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

Key Activities 2017/18

Key activities include the following:

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

Performance Measures

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

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

2017/18 Budget Highlights

1. Income

- Urban Services' income is budgeted to decrease by \$568,774 or 14.8 per cent to \$3,285,981;
- Roads to recovery funding of \$873,376 is budgeted in 2017/18, down from \$1,442,053 in 2016/17;
- Council's urban local road grant has been budgeted at \$611,490, based on the grant received for 2016/17 plus a CPI allowance (\$599,500 budgeted originally in 2016/17);

- Royalty payments and lease income associated with the waste transfer station have been decreased by \$13,443 or 7.6 per cent to \$164,314;
- Income from sporting facilities of \$111,488 has been budgeted (\$144,777 in 2016/17);
- Thebarton Theatre income of \$69,168 has been budgeted (\$68,682 in 2016/17);
- Property related reimbursements for utility and related charges (such as water and electricity) of \$191,006 have been budgeted (\$185,345 in 2016/17);
- City Works' income of \$115,000 has been budgeted (\$114,000 in 2016/17) which includes \$35,000 for maintaining selected highway medians on Sir Donald Bradman Drive, Airport Road and Henley Beach Road for the Department of Planning, Transport and Infrastructure;
- Development application fees of \$670,000 have been budgeted (up 3.1 per cent from \$650,000 in 2016/17), based on an anticipated increase in development application numbers;
- Property search fees have been budgeted at \$115,000, based on an increase over 2016/17 in property sales (up \$5,000 or 4.5 per cent on 2016/17).

2. Operational Expenditure

- Operational expenditure (excluding depreciation) has increased by \$331,204 or 1.9 per cent to \$17,984,794;
- Employment expenses have increased by \$299,573 or 3.0 per cent, to \$10,313,118;
- Street lighting expenditure of \$850,000 has been budgeted, which has significantly decreased from \$942,000 budgeted in 2016/17;
- Professional fees have decreased by \$17,500 or 2.9 per cent to \$583,500, to fund the following:
 - \$90,000 for support in City Development, including building surveying, traffic, arboricultural and heritage advice and services;
 - \$80,000 for specialist engineering advice;
 - \$75,000 for the Brown Hill Keswick Creek project (administrative fees contribution);
 - \$60,000 for various consultancy advice;
 - \$50,000 for Stormwater audit work to be undertaken;
 - \$45,000 for Lands Titles Office and topographical surveys;
 - \$30,000 for property and open space related activities, including design investigations and heritage assessments;
 - \$20,000 for the Kings Reserve open space plan - preliminary and detailed design / layout;
 - \$20,000 for the upgrade of median - Sir Donald Bradman Drive / Airport Road - preliminary and detailed design / layout;
 - \$20,000 for risk assessments, auditing and compliance projects and activities;
 - \$20,000 for tree survey works as part of Council's tree strategy and policy;
 - \$20,000 for transport strategy implementation (LATM works);
 - \$20,000 in property related fees;
 - \$20,000 for asset management development;
 - \$7,500 for minor city works fees;
 - \$6,000 for geotechnical testing.
- Depreciation costs have been budgeted to increase by \$315,577 or 3.1 per cent to \$10,346,627;

-
- Contract maintenance expenditure has increased by \$46,500 or 2.1 per cent to \$2,249,500 and includes:
 - \$733,000 for property and facilities related maintenance, servicing and cleaning;
 - \$522,000 for road and footpath maintenance;
 - \$270,000 for tree pruning;
 - \$230,000 for inspection, cleaning and maintaining the drainage network and stormwater pump stations;
 - \$180,000 for weed control;
 - \$108,000 in waste disposal costs, which includes illegally dumped rubbish;
 - \$85,000 for graffiti removal;
 - \$25,000 for irrigation and compliance testing;
 - \$11,000 in sundry expenditure.

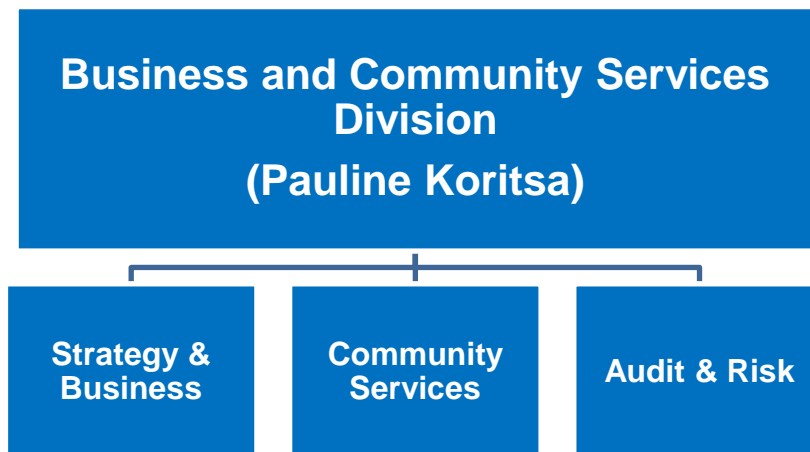
 - Material costs for maintenance works have increased by \$15,500 or 1.7 per cent to \$930,500, and include:
 - \$215,000 for road maintenance and concrete material;
 - \$190,000 for the greening program (tree replacement, plantings and biodiversity WSUD plantings);
 - \$148,000 for line marking and signage.

 - Levies and charges have increased by \$36,000 or 53.7 per cent to \$103,000 following the introduction of a state government levy to fund implementation of the new PDI legislation;
 - Plant and equipment costs (excluding plant hire and depreciation) are budgeted to increase by \$10,000 or 1.5 per cent to \$684,350;
 - Water rates have been increased by \$3,923 or 0.6 per cent to \$645,041;
 - Sitting fees for independent members of the Development Assessment Panel of \$27,825 have been factored into the budget, based on allowances set by the SA Remuneration Tribunal.

BUDGET 2017/18 URBAN SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME
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2016/17 BUDGET		DESCRIPTION	2017/18 BUDGET	VARIATION TO 2016/17 ORIGINAL	
ORIGINAL	REVISED				
Income					
765,000	802,887	Statutory Charges	790,000	25,000	3.3%
774,857	742,972	User Charges	733,109	(41,748)	-5.4%
2,077,053	2,889,065	Grants & Subsidies	1,520,366	(556,687)	-26.8%
207,845	209,033	Reimbursements	210,506	2,661	1.3%
30,000	235,354	Other Income	32,000	2,000	6.7%
3,854,755	4,879,311	Total Income	3,285,981	(568,774)	-14.8%
<i>Less</i>					
Operational Expenditure					
9,346,422	9,048,466	Staff Costs	9,633,037	286,615	3.1%
667,123	697,570	Staff Related Costs	680,081	12,958	1.9%
1,815,160	1,793,660	Buildings Furniture & Fittings	1,797,606	(17,554)	-1.0%
1,278,540	1,284,490	Plant & Equipment	1,307,894	29,354	2.3%
6,170	6,670	Computer Expenditure	6,177	7	0.1%
7,700,000	7,700,000	Community Assets	8,000,000	300,000	3.9%
1,605,829	1,910,858	General	1,533,510	(72,319)	-4.5%
1,036,825	937,445	Council Expenditure	1,001,258	(35,567)	-3.4%
2,203,000	2,572,909	Contract Expenditure	2,249,500	46,500	2.1%
915,000	815,000	Materials	930,500	15,500	1.7%
1,195,571	1,195,571	Occupancy & Property	1,276,858	81,287	6.8%
(85,000)	(88,541)	Internal - Expenditure Recovered	(85,000)	0	0.0%
27,684,640	27,874,098	Total Operational Costs	28,331,421	646,781	2.3%
(23,829,885)	(22,994,787)	Operational Surplus/(Deficit)	(25,045,440)	(1,215,555)	5.1%

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 2017/18 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 reading by making it easy for people of all ages, cultures and interests to get into reading at all levels and provide free and easy access to information through community responsive library services;
- 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 2017/18

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, media and events.

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;
- Effective evaluation of progress on implementation of the Towards 2025 Community Plan, in partnership with other departments;
- 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.

2017/18 Budget Highlights

1. Income

- Divisional income is budgeted to decrease by \$37,167 or 2.9 per cent to \$1,250,703;
- Income from library users of \$51,300 has been budgeted (\$51,300 in 2016/17);
- A component of the library budget is externally funded by the state government, and represents 15.5 per cent of the total operational budget of the library. This funding was reduced in 2013/14, and is annually indexed from this lower amount, with the amount budgeted now \$3,839 or 0.9 per cent higher than that budgeted in 2016/17;
- User charges for the Commonwealth Home Support program (CHSP) have been decreased by \$15,300 or 12.2 per cent to \$110,000;
- CHSP grant income is expected to be \$468,744 (\$468,700 budgeted in 2016/17);
- Income of \$196,320 has been budgeted for Community Development, an increase of \$28,320 or 16.9 per cent (\$168,000 in 2016/17);
- Community Development income includes transport fees and charges of \$17,820, Thebarton Community Centre hire charges of \$150,000 (\$135,000 in 2016/17) and fees from Home Advantage Services of \$25,000.

2. Operational Expenditure

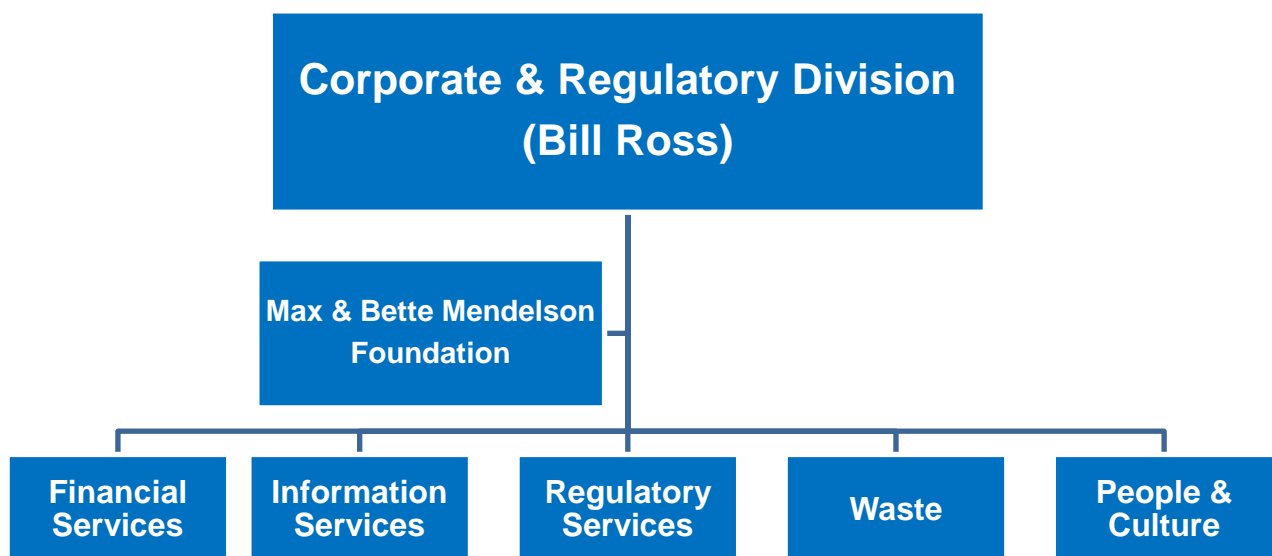
- Operational expenditure for the Business and Community Services Division is budgeted to increase by \$676,735 or 9.0 per cent to \$8,173,610;
- Employment expenses have increased by \$452,960 or 9.2 per cent, to \$5,365,134, an increase that includes allowance for three new positions in Community Development, all the subject of a Council resolution, being an Opal Program Officer, a Home Advantage Support Officer and a Community Development Officer;
- \$250,100 has been budgeted for professional fees, up \$6,100 or 2.5 per cent on what was funded in 2016/17. The budget amount includes:
 - \$67,000 for auditing support;
 - \$40,000 for the urban design framework;
 - \$30,000 for the urban open space plan;
 - \$25,000 to update the public health plan;
 - \$25,000 for regional collaboration on adaptation;
 - \$25,000 for regional economic alliance;
 - \$12,000 for the annual service fee for carbon and water monitoring;
 - \$10,000 for the emergency management plan;
 - \$10,000 for an external journalistic support on Talking Points (feature articles);
 - \$6,000 for the legislative review of Council by-laws.
- Community Development expenditure has increased by \$393,132 or 24.0 per cent to \$2,034,319 (\$1,641,187 in 2016/17) and this includes funding for:
 - The summer festival (music, movies and food in the park);
 - Community and celebratory activities and projects e.g. volunteer thank you Christmas lunch, community gardens, and walking and sewing groups;
 - Youth initiatives e.g. after school and school holiday activities, youth expo and Little Day Out events;
 - Community participation and engagement, including disability and volunteer expos, training and support, Anti-Poverty Week, Harmony Day and cultural evenings.

- An amount of \$181,245 has been budgeted for contractors to provide home support for the aged and disabled - \$102,000 in Community Development and \$79,245 in CHSP (\$143,000 budgeted in 2016/17);
- Partnership and community grants of \$282,630 are budgeted (\$261,328 in 2016/17);
- Publications and printing costs of \$133,400 are proposed, including \$58,000 for Talking Points (up \$26,600 or 24.9 per cent);
- Advertising and publicity costs of \$86,400 are budgeted, including \$56,400 for the Messenger column (\$94,000 budgeted in 2016/17).

BUDGET 2017/18 BUSINESS & COMMUNITY SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME

2016/17 BUDGET		DESCRIPTION	2017/18 BUDGET	VARIATION TO 2016/17 ORIGINAL	
ORIGINAL	REVISED			BUDGET	2016/17 ORIGINAL
Income					
1,000	6,000	Statutory Charges	1,000	0	0.0%
372,600	380,326	User Charges	368,620	(3,980)	-1.1%
904,970	938,010	Grants & Subsidies	890,583	(14,387)	-1.6%
0	36,664	Reimbursements	0	0	N/A
9,300	24,332	Other Income	(9,500)	(18,800)	-202.2%
1,287,870	1,385,332	Total Income	1,250,703	(37,167)	-2.9%
<i>Less</i>					
Operational Expenditure					
4,610,488	4,615,338	Staff Costs	5,034,610	424,122	9.2%
301,686	328,255	Staff Related Costs	330,523	28,838	9.6%
165,710	184,410	Buildings Furniture & Fittings	168,232	2,522	1.5%
146,830	162,330	Plant & Equipment	152,589	5,759	3.9%
104,590	123,123	Computer Expenditure	149,281	44,691	42.7%
318,000	304,000	Community Assets	315,000	(3,000)	-0.9%
1,034,010	1,095,074	General	1,148,170	114,160	11.0%
2,400	2,400	Bank & Finance	2,400	0	0.0%
325,378	408,234	Council Expenditure	331,880	6,502	2.0%
148,200	222,416	Contract Expenditure	187,245	39,045	0.0%
30,000	30,000	Materials	32,200	2,200	7.3%
309,583	319,479	Occupancy & Property	321,479	11,896	3.8%
7,496,875	7,795,059	Total Operational Costs	8,173,610	676,735	9.0%
(6,209,005)	(6,409,727)	Operational Surplus/(Deficit)	(6,922,907)	(713,902)	11.5%

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 2017/18 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 2017/18

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.

2017/18 Budget Highlights

1. Income

- Corporate and Regulatory income, which includes rates and rate equivalent payments, has increase by \$2,109,945 or 3.7 per cent, to \$59,225,061;

- Rates have been budgeted to increase by 2.2 per cent, based on the calculation that follows. This represents an increase in income from rates of \$1,645,715 over what was raised in 2016/17:

	\$
Rate Income 2016/17	47,904,285
Add Natural Growth at 1.2%	574,851
Sub Total	48,479,136
Add Rate Increase at 2.2%	1,070,864
Total	49,550,000

- Rate equivalent payments for Adelaide Airport have increased to \$5,180,000, based on growth of 1.0 per cent and a 2.2 per cent increase, as follows:

	\$
Net REP's in 2016/17	5,022,335
Add growth at 1.0%	50,223
Add increase at 2.2%	107,442
Total	5,180,000

- Income from investments has decreased by \$95,000 to \$349,000, based on an assessment of Council's future cash flow position;
- An amount of \$1.2 million is budgeted for Council's financial assistance grant in 2017/18;
- Parking and related fees are being increased by \$55,000 or 5.3 per cent to \$1,100,000, over what was originally budgeted in 2016/17;
- Dog registration and related fees are being increased by \$9,920 or 3.4 per cent to \$299,900, based on fees and charges adopted by Council;
- Environmental health income has increased by \$23,400 or 22.2 per cent to \$129,000, due to funding arrangements in undertaking the MenB immunisation program and increase in immunisations.

2. Operational Expenditure

- Operational costs for the Corporate and Regulatory Division have increased by \$866,163 or 6.1 per cent to \$15,080,447;
- Employment and related costs have increased by \$455,273 or 7.9 per cent, to \$6,240,715, with this increase including the costs associated with a WHS position being transferred to HR from the depot and a new IT position being added in support of mobility and customer service improvement initiatives;
- An amount of \$1,383,061 has been budgeted for the NRM levy, up \$122,925 or 9.8 per cent;
- The budget for rate rebates and remissions for 2017/18 totals \$795,000, an increase of \$75,000 or 10.4 per cent compared to the 2016/17 original budget;
- Valuation charges of the Valuer-General have been budgeted to increase by \$10,000 or 2.5 per cent to \$210,000;
- Bank and finance charges have been budgeted to decrease by \$3,000 or 2.0 per cent to \$148,500 over what was budgeted in 2016/17;
- No change to waste contract collection costs is anticipated in 2017/18, remaining at \$3,300,000;

- The collection budget amount of \$3,300,000 includes an allowance of \$539,000 for the following items (\$564,000 in 2016/17):

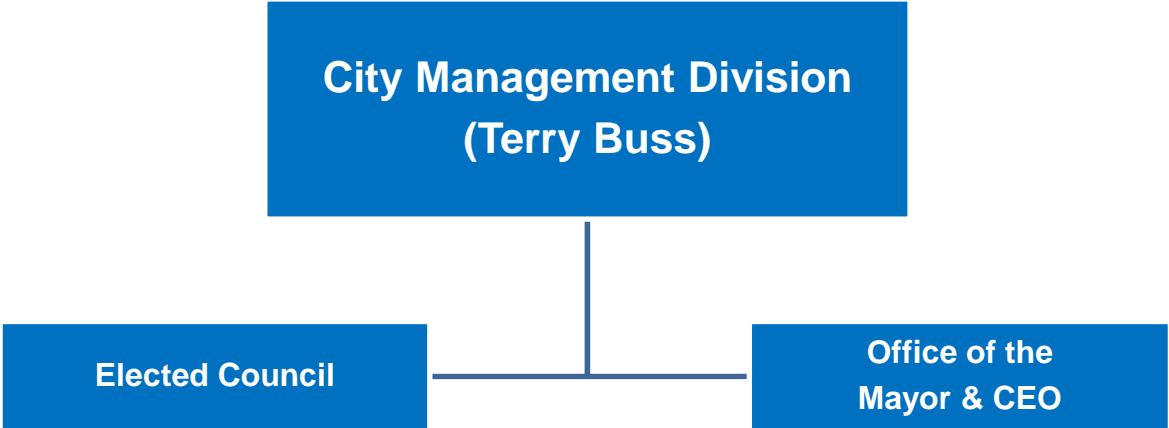
	\$
Hard waste	400,000
Hazardous waste collection	25,000
Mattresses	24,000
E-waste collection	10,000
Vouchers - 6 x 4 trailer	80,000
Total	539,000

- The hard waste collection budget is based on at-call arrangements being continued for the whole of the financial year;
- The hard waste collection budget has been reduced by \$14,000 or 3.4 per cent to \$400,000;
- Waste to landfill costs has increased by \$320,000 or 25.6 per cent to \$1,570,000, largely because of waste levy increases imposed by the state government;
- The IT software budget has decreased from \$800,000 to \$720,000;
- The professional fees budget has increased by \$22,680 or 12.7 per cent to \$201,350 and includes:
 - \$64,000 in HR related support, including the provision of pre-employment medicals, security checks, counselling support, WHS and workers compensation assistance and other professional HR support;
 - \$70,000 in debtor management and debt recovery support (offset by income recoveries);
 - \$32,900 for corporate management, software assistance and audit support, including statutory auditing (\$35,000 in 2016/17);
 - \$20,000 for IT support, including the audit of computer security arrangements (\$5,000 in 2016/17).
- Contractor expenses have decreased by \$21,325 or 19.9 per cent, to \$85,875, an amount that largely covers compliance support in animal management and parking, and immunisation administration support;
- Training and development costs have increased by \$7,090 or 6.2 per cent to \$122,090, an amount that includes corporate training and an ongoing focus in 2017/18 on building organisational capability through skill and knowledge development, performance management, customer service and information technology.

BUDGET 2017/18 CORPORATE & REGULATORY DIVISION OPERATIONAL EXPENDITURE & INCOME
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2016/17 BUDGET		DESCRIPTION	2017/18 BUDGET	VARIATION TO 2016/17 ORIGINAL	
ORIGINAL	REVISED				
Income					
53,325,136	53,490,990	Rates	55,453,061	2,127,925	4.0%
1,433,580	1,497,350	Statutory Charges	1,502,100	68,520	4.8%
137,900	120,900	User Charges	140,700	2,800	2.0%
1,200,000	1,174,883	Grants & Subsidies	1,204,000	4,000	0.3%
100,500	203,000	Reimbursements	88,200	(12,300)	-12.2%
918,000	1,159,756	Other Income	837,000	(81,000)	-8.8%
57,115,116	57,646,879	Total Income	59,225,061	2,109,945	3.7%
Operational Expenditure					
5,298,951	5,501,228	Staff Costs	5,725,403	426,452	8.0%
486,491	537,180	Staff Related Costs	515,312	28,821	5.9%
14,360	14,360	Buildings Furniture & Fittings	14,453	93	0.6%
116,300	119,700	Plant & Equipment	117,006	706	0.6%
1,091,100	1,149,725	Computer Expenditure	1,024,512	(66,588)	-6.1%
764,315	838,178	General	798,954	34,639	4.5%
151,500	151,500	Bank & Finance	148,500	(3,000)	-2.0%
1,575,780	1,584,103	Council Expenditure	1,713,341	137,561	8.7%
4,657,200	4,768,558	Contract Expenditure	4,955,875	298,675	6.4%
58,287	58,287	Occupancy & Property	67,091	8,804	15.1%
14,214,284	14,722,819	Total Operational Costs	15,080,447	866,163	6.1%
42,900,832	42,924,060	Operational Surplus/(Deficit)	44,144,614	1,243,782	2.9%

City Management Division



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

The City Management Division comprises the following:

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

City Management Division 2017/18 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;
- 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.

Key Activities 2017/18

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;
- 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;
- 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.

2017/18 Budget Highlights**1. Income**

- Income of \$4,500 is budgeted in 2017/18 (\$4,000 in 2016/17).

2. Operational Expenditure

- Operational expenditure has increased by \$164,578 or 8.2 per cent to \$2,160,351;
- Employment costs have increased by \$156,243 or 17.1 per cent to \$1,069,333, an increase that includes the addition of a new administrative support position;
- Allowances for Elected Members of \$397,520 have been budgeted, based on those adopted by Council and increases anticipated in November 2017 (\$396,500 in 2016/17);
- Annual subscription payments have increased by \$2,200 or 2.2 per cent to \$103,500 to cover memberships that include the LGA, AMAC and the Murray Darling Association;
- The budget for 2017/18 includes a contribution of \$20,000 towards Mendelson Foundation scholarships (\$20,000 in 2016/17);
- Legal costs of Council are substantially budgeted in this business unit, and an amount of \$220,000 has been budgeted, \$5,000 less than the amount budgeted in 2016/17;
- Professional fees have been reduced by \$3,000 to \$54,000, with provision made for the support of continuous improvement programs and advice on property and other strategic initiatives.

BUDGET 2017/18 CITY MANAGEMENT DIVISION OPERATIONAL EXPENDITURE & INCOME

2016/17 BUDGET		DESCRIPTION	2017/18 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2016/17 ORIGINAL	
Income					
4,000	5,000	Reimbursements	4,500	500	12.5%
4,000	5,000	Total Income	4,500	500	12.5%
<i>Less</i>					
Operational Expenditure					
816,956	867,347	Staff Costs	950,631	133,675	16.4%
96,134	103,953	Staff Related Costs	118,702	22,568	23.5%
6,770	6,770	Buildings Furniture & Fittings	8,709	1,939	28.6%
18,100	18,100	Plant & Equipment	18,561	461	2.5%
1,930	1,930	Computer Expenditure	2,880	950	49.2%
631,185	636,074	General	633,945	2,760	0.4%
421,500	425,500	Council Expenditure	422,520	1,020	0.2%
3,198	8,198	Occupancy & Property	4,403	1,205	37.7%
1,995,773	2,067,872	Total Operational Costs	2,160,351	164,578	8.2%
(1,991,773)	(2,062,872)	Operational Surplus/(Deficit)	(2,155,851)	(164,078)	8.2%

Rating

Introduction

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

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

Rate in the Dollar

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

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

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

The Amount of Rates Levied

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

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

Example 1 - Residential (based on previous year data)

Capital Value = \$400,000
 Rate in the Dollar = 0.00265938
 Minimum Rate = \$870.00
 Rates = Capital Value * Rate in the Dollar

Rates = \$400,000 * 0.00265938
 = \$1,063.75

As this amount is greater than the minimum rate, the rate applied by Council remains at \$1,063.75.

Example 2 - Residential with an Adjustment for the Minimum Rate

Capital Value = \$250,000
 Rate in the Dollar = 0.00265938
 Minimum Rate = \$870.00
 Rates = Capital Value * Rate in the Dollar

Rates = \$250,000 * 0.00265938 = \$664.85

This is below the minimum rate (of \$870.00) and must therefore be adjusted:

$$\begin{aligned}\text{Rates} &= \$664.85 + \text{Adjustment} \\ &= \$664.85 + \$205.15 \\ &= \$870.00\end{aligned}$$

The rates are adjusted up by \$205.15 and set by Council at the minimum rate of \$870.00.

Council set the minimum rate on 26 per cent of all residential properties in 2016/17 and all were valued at less than \$328,000.

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.

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 2016/17 \$m	Budgeted Income 2017/18 \$m
Residential	31.09	32.33
Non-residential	16.56	17.22

In 2016/17 West Torrens Council had the third highest differential between residential and commercial / industrial properties in the metropolitan area, as follows:

Council	Commercial	Industrial
Playford	6.1	6.1
Charles Sturt	3.1	3.8
West Torrens	2.3	2.3
Unley	2.3	2.0
Pt Adelaide Enfield	2.2	2.2
Mitcham	2.1	2.1
Prospect	2.0	2.0
Marion	1.9	1.7
Holdfast Bay	1.6	1.6
Tea Tree Gully	1.5	1.5
Salisbury	1.5	1.5
Onkaparinga	1.4	1.4
Norwood, Payneham	1.2	1.2
Adelaide Hills	1.2	1.2
Burnside	1.0	1.0
Campbelltown	1.0	1.0
Average	2.0	2.0

Source: LGA Survey

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

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

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

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

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

Without a Minimum Rate

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

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

Application and Impact of the Minimum Rate

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

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

Fixed Charge

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

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 be used by Council to limit the magnitude of any rate increase affecting any one ratepayer to a certain percentage in any one year.

Capping has its limitations, but can be used to moderate irregular rate increases brought about by irregular valuation movements. Initial valuations provided for 2017 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 / (Decrease) \$	Increase / (Decrease) %
Mile End South	12	397,083	35,000	9.7%
Thebarton	656	439,832	37,966	9.4%
Torrensville	1748	499,250	41,481	9.1%
Hilton	373	442,252	34,468	8.5%
Glenelg North	425	544,459	41,423	8.2%
Mile End	1968	494,887	37,311	8.2%
Lockleys	2275	592,015	43,793	8.0%
West Beach	748	584,452	42,494	7.8%
Novar Gardens	879	569,977	39,960	7.5%
Fulham	1141	544,473	36,661	7.2%
Keswick	343	389,810	26,042	7.2%
Netley	747	439,315	28,395	6.9%
Underdale	1007	478,443	30,698	6.9%
Glandore	516	517,384	31,925	6.6%
Richmond	1452	432,106	25,677	6.3%
Cowandilla	548	427,305	24,741	6.1%
North Plympton	1320	434,436	25,114	6.1%
Brooklyn Park	2059	413,369	21,316	5.4%

Camden Park	1504	383,083	18,099	5.0%
Kurralta Park	1295	379,371	16,982	4.7%
Marleston	806	388,079	17,144	4.6%
Ashford	450	441,269	19,429	4.6%
Plympton	2201	398,553	17,364	4.6%
West Richmond	438	373,080	4,082	1.1%
Total	24,911	464,002	29,165	6.7%

Valuations increased by 6.7 per cent on average in 2017, ranging from an increase of 1.1 per cent in West Richmond to an increase of 9.7 per cent in Mile End South. Movements in prior years ranged from:

- An increase of 0.8 per cent in Ashford to an increase of 4.0 per cent in Torrensville (2016);
- An increase of 0.4 per cent in Hilton to an increase of 6.3 per cent in Glenelg North (2015);
- A reduction of 0.2 per cent in Keswick to an increase of 3.5 per cent in Richmond (2014).

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, probably because of the way it compromises the rating process and it is not proposed in 2017/18.

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 2017/18 is shown on the page following.

MODELLING RESULTS 2017-2018

Capital Value @ 2.2% Increase

MINIMUM = \$889.00

2 RATES

CODE	No. PROP 2017/2018	INCOME 2016/2017	PROP ON MIN	NATURAL INCREASE + REDISTRIB	RATE IN DOLLAR	ACTUAL INCOME PER MODEL	VARIATION PERCENT
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RESIDENTIAL

1	27,102	\$31,024,701	7784	\$31,320,406.99	0.00254529	32,010,736.50	
	27102	\$31,024,701	7784	\$31,320,406.99		\$32,010,736.50	2.2%

NON-RESIDENTIAL

2	880	\$4,299,001	83	\$4,234,304.14	0.00613162	\$4,455,213.35	
3	348	\$1,897,956	90	\$1,947,446.37	0.00613162	\$2,021,716.85	
4	952	\$5,729,697	60	\$5,856,102.69	0.00613162	\$5,977,918.85	
5	108	\$486,308	5	\$486,307.85	0.00613162	\$464,831.35	
6	225	\$2,373,532	3	\$2,332,526.13	0.00613162	\$2,318,520.70	
7	3	\$7,452	2	\$7,451.85	0.00613162	\$7,725.65	
8	388	\$748,584	12	\$939,324.39	0.00613162	\$924,374.05	
9	145	\$1,338,910	2	\$1,457,476.14	0.00613162	\$1,470,386.30	
	3,049	\$16,881,439	257	\$17,260,939.55		\$17,640,687.10	2.2%

Allowance for objections

(\$101,423.60)

<u>TOTAL</u>	30,151	\$47,906,139	8,041	\$48,581,346.54		\$49,550,000.00	
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MINIMUM % 26.7%

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

NRML	\$1,274,185.40	\$1,398,461.00	0.00009617	\$1,398,425.75
Less rebates	(\$14,000.00)	(\$15,400.00)		(\$15,400.00)
	\$1,260,185.40	\$1,383,061.00		\$1,383,025.75

Summary Financial Statements

City of West Torrens

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Original Budget 2016/17	Original Budget 2017/18
Income		
Rates Revenues	53,390	55,523
Statutory Charges	2,200	2,293
User Charges	1,285	1,242
Grants, Subsidies and Contributions	4,182	3,615
Investment Income	444	349
Reimbursements	217	213
Other Income	543	531
Net Gain - Equity Accounted Council Businesses	-	-
Total Income	62,261	63,766
Expenses		
Employee Costs	21,624	22,988
Materials, Contracts & Other Expenses	18,672	19,362
Depreciation, Amortisation & Impairment	10,941	11,245
Finance Costs	154	151
Total Expenses	51,391	53,746
Operating Surplus / (Deficit)	10,870	10,020
Asset Disposal & Fair Value Adjustments	-	-
Amounts Received Specifically for New or Upgraded Assets	-	3,625
Physical Resources Received Free of Charge	-	-
Net Surplus / (Deficit) ¹	10,870	13,645
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>		
Nil	-	-
Total Other Comprehensive Income	-	-
Total Comprehensive Income	10,870	13,645

¹ Transferred to Equity Statement**Statement of Comprehensive Income**

City of West Torrens

Statement of Financial Position

as at 30 June 2018

\$ '000	Original Budget 2016/17	Original Budget 2017/18
ASSETS		
Current Assets		
Cash and Cash Equivalents	7,701	6,425
Trade & Other Receivables	2,124	2,124
Other Financial Assets	1,185	1,280
Inventories	11	11
Subtotal	11,021	9,840
Non-Current Assets Held for Sale	-	-
Total Current Assets	11,021	9,840
Non-Current Assets		
Infrastructure, Property, Plant & Equipment	570,323	631,889
Other Non-Current Assets	4,238	4,518
Total Non-Current Assets	574,561	636,407
TOTAL ASSETS	585,582	646,247
LIABILITIES		
Current Liabilities		
Trade & Other Payables	6,419	5,034
Borrowings	-	-
Provisions	2,004	3,902
Subtotal	8,423	8,936
Liabilities relating to Non-Current Assets Held for Sale	-	-
Total Current Liabilities	8,423	8,936
Non-Current Liabilities		
Borrowings	2,692	1,805
Provisions	433	300
Total Non-Current Liabilities	3,125	2,105
TOTAL LIABILITIES	11,548	11,041
Net Assets	574,034	635,206
EQUITY		
Accumulated Surplus	58,613	67,481
Asset Revaluation Reserves	500,073	546,856
Other Reserves	15,348	20,869
Total Council Equity	574,034	635,206

City of West Torrens

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	Original Budget 2016/17	Original Budget 2017/18
Cash Flows from Operating Activities		
<u>Receipts</u>		
Rates Receipts	53,390	55,523
Statutory Charges	2,200	2,293
User Charges	1,285	1,242
Grants, Subsidies and Contributions (operating purpose)	4,182	3,615
Investment Receipts	444	349
Reimbursements	217	213
Other Receipts	543	531
<u>Payments</u>		
Payments to Employees	(21,624)	(22,895)
Payments for Materials, Contracts & Other Expenses	(18,613)	(19,362)
Finance Payments	(154)	(151)
Net Cash provided by (or used in) Operating Activities	21,871	21,358
Cash Flows from Investing Activities		
<u>Receipts</u>		
Amounts Received Specifically for New/Upgraded Assets	-	3,625
Sale of Replaced Assets	609	437
<u>Payments</u>		
Expenditure on Renewal/Replacement of Assets	(13,057)	(11,115)
Expenditure on New/Upgraded Assets	(11,699)	(16,123)
Net Cash provided by (or used in) Investing Activities	(24,147)	(23,176)
Cash Flows from Financing Activities		
<u>Receipts</u>		
Proceeds from Borrowings	2,692	1,805
<u>Payments</u>		
Repayments of Borrowings	-	-
Net Cash provided by (or used in) Financing Activities	2,692	1,805
Net Increase (Decrease) in Cash Held	416	(13)
plus: Cash & Cash Equivalents at beginning of period	7,286	6,438
Cash & Cash Equivalents at end of period	7,701	6,425
Total Cash, Cash Equivalents & Investments	7,701	6,425

City of West Torrens

Statement of Changes in Equity
for the year ended 30 June 2018

\$ '000	Asset			Total Equity
	Accumulated Surplus	Revaluation Reserve	Other Reserves	
Original Budget 2016/17				
Balance at the end of previous reporting period	58,822	511,652	4,269	574,743
a. Net Surplus / (Deficit) for Year	10,870	-	-	10,870
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	(11,579)	-	(11,579)
Other Comprehensive Income	-	(11,579)	-	(11,579)
Total Comprehensive Income	10,870	(11,579)	-	(709)
c. Transfers between Reserves	(11,079)	-	11,079	-
Balance at the end of period	58,613	500,073	15,348	574,034
Original Budget 2017/18				
Balance at the end of previous reporting period	53,836	532,344	20,869	607,049
a. Net Surplus / (Deficit) for Year	13,645	-	-	13,645
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	14,512	-	14,512
Other Comprehensive Income	-	14,512	-	14,512
Total Comprehensive Income	13,645	14,512	-	28,157
c. Transfers between Reserves	-	-	-	-
Balance at the end of period	67,481	546,856	20,869	635,206

City of West Torrens

Financial Indicators

for the year ended 30 June 2018

\$ '000	Original Budget 2016/17	Original Budget 2017/18
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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	21%	16%
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.	21%	16%
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2. Net Financial Liabilities Ratio

Net Financial Liabilities	1%	2%
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 Sustainability Ratio

Net Asset Renewals	106%	102%
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.

City of West Torrens

Uniform Presentation of Finances

for the year ended 30 June 2018

\$ '000	Original Budget 2016/17	Original Budget 2017/18
<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	62,261	63,766
less Expenses	(51,391)	(53,746)
Operating Surplus / (Deficit)	10,870	10,020
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	13,057	11,115
less Depreciation, Amortisation and Impairment	(10,941)	(11,245)
less Proceeds from Sale of Replaced Assets	(609)	(437)
Subtotal	1,506	(567)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	11,699	16,123
less Amounts Received Specifically for New and Upgraded Assets	-	(3,625)
Subtotal	11,699	12,498
Net Lending / (Borrowing) for Financial Year	(2,336)	(1,911)

Ten Year Financial Plan

City of West Torrens
KEY ASSUMPTIONS
 Forward Estimates for 10 years to 2026/27

Income

Rate Increase 2017/18	2.2%	+ growth
REP Increase 2017/18	2.2%	
Rate Growth - 2017/18	1.20%	
REP Growth - 2017/18	1.00%	
Rate Increases 2018/19	2.6%	+ growth in all years
Rate Growth - All Other Years	1.2%	
REP Increases 2018/19	2.6%	Same as rate increases
Rate Equivalent Growth	1.0%	Cumulative increase
Rate Increases from 2019/20	2.7%	+ growth in all years
Revenue Growth - Parking	2.0%	
Revenue Growth - Animals	2.0%	
Revenue Growth - Dev Apps	2.0%	
Revenue Growth - Waste	2.0%	
W/Comp Refund	1.5%	
Revenue Growth - Other	2.0%	Other - cumulative increase
NRM Levy from 2018/19	5.0%	
Roads to Recovery	-	Funding to continue until 2018/19

Capital Expenditure

Plant, Furniture & Equip	2.0%	Cumulative increase
Building Expenditure	-	Based on asset management plan
Asset Sale Development	-	
Building Escalation	1.5%	Cumulative increase thereafter

Capital Works Expenditure

Brown Hill / Keswick Drnge	-	Based on 49% of 50% of the cost split over 20 years
Brown Hill / Keswick Drnge	1.5%	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 2018/19.
Drainage Loan	-	\$3.52 million pa from 2018/19 indexed
Local Drainage Works	1.5%	\$570,000 from 2017/18 indexed

Expenditure - Operational & Maintenance

Wages Growth	6.3%	Based on proposed budget 2017/18
Wages Growth	3.5%	Based on expectation - 2018/19 to 2019/20
Wages Growth	3.5%	Based on expectation - from 2020/21
Waste Contract - Solo	2.0%	Fuel impact + extra services
Waste Disposal 2018/19	10.5%	Includes allowance for solid waste levy
Waste Disposal Otherwise	3.0%	Allowance for modest levy increases
Contract Works	2.0%	
Works Materials	2.0%	
Other Finance Charges	1.7%	Includes banking charges
Depreciation - Buildings	3.0%	Allowance for new assets
Depreciation - Infrastructure	3.1%	Allowance made for new assets
Depreciation Other	2.0%	
Plant Costs	2.0%	
Computer Expenses	1.5%	
Computer Licensing	1.5%	
General Insurance Premium	1.5%	Competitive market
Professional Fees	1.5%	
Street Lighting	2.5%	
Property Costs	4.0%	Utility cost pressures
Other Operating Costs	1.5%	

Sundry

\$m

Asset Sales	0.00	
Debenture Loan Interest Rates	4.75%	From 2017/18
	5.25%	From 2022/23

City of West Torrens
SUMMARY – ACTUAL & PROJECTED
Forward Estimates for 10 years to 2026/27

ACTIVITIES	NOTE	BUDGET 2016/17		BUDGET 2017/18		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
		ORIGINAL	REVISED	ORIGINAL	REVISED	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
OPERATING														
Receipts	1	62,261,741	64,074,031	67,391,245	67,391,245	65,606,707	67,582,455	70,093,649	72,694,584	75,401,728	78,206,149	81,124,824	84,148,928	87,297,882
Payments	2	40,016,037	41,082,213	42,028,832	42,028,832	43,482,861	44,895,818	46,346,365	47,835,559	49,364,484	50,949,160	52,575,665	54,245,119	55,958,668
Net Operating		22,245,704	22,991,818	25,362,413	25,362,413	22,123,846	22,686,637	23,747,284	24,859,025	26,037,244	27,256,990	28,549,159	29,903,809	31,339,214
FINANCING														
Principal Receipts - Loan		0	0	1,805,364	1,805,364	2,791,233	2,842,308	2,894,335	2,947,329	3,001,310	3,056,296	3,112,306	3,169,359	3,227,476
Principal Receipts - Overdraft		0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Payments		0	0	0	0	84,891	220,220	364,454	518,068	681,557	850,098	1,029,923	1,221,671	1,426,014
Net Financing		0	0	1,805,364	1,805,364	2,706,341	2,622,089	2,529,880	2,429,261	2,319,753	2,206,198	2,082,383	1,947,689	1,801,462
OTHER														
Asset Sales		0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts - Other		0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	3	24,147,016	39,383,178	26,800,713	26,800,713	24,213,595	24,828,445	25,580,304	25,883,085	26,858,232	27,235,825	27,387,827	28,682,612	29,803,642
Net Unspent Funds		0	12,000,000	0	0	0	0	0	0	0	0	0	0	0
Payments - Other		375,000	375,000	380,000	380,000	393,300	407,065	421,313	436,059	451,321	467,117	483,466	500,387	517,901
Net Other		-24,522,016	-27,758,178	-27,180,713	-27,180,713	-24,606,895	-25,235,510	-26,001,617	-26,319,144	-27,309,552	-27,702,942	-27,871,293	-29,182,999	-30,321,543
NET INCREASE/(DECREASE)														
IN CASH		-2,276,313	-4,766,360	-12,936	-12,936	223,293	73,216	275,548	969,142	1,047,445	1,760,246	2,760,249	2,668,499	2,819,133
<i>Add</i>														
OPENING CASH		8,138,321	19,021,187	14,254,827	14,254,827	14,241,891	14,465,184	14,538,399	14,813,947	15,783,089	16,830,534	18,590,780	21,351,029	24,019,527
CLOSING CASH		5,862,008	14,254,827	14,241,891	14,241,891	14,465,184	14,538,399	14,813,947	15,783,089	16,830,534	18,590,780	21,351,029	24,019,527	26,838,661
CASH RESERVES:														
Committed		24,179,257	39,814,949	39,907,346	39,907,346	40,075,071	40,241,069	40,420,400	41,435,685	42,410,689	44,160,205	46,924,293	49,687,377	52,465,705
Less Used		18,345,078	25,627,738	25,677,738	25,677,738	25,627,739	25,627,739	25,627,739	25,627,739	25,627,739	25,627,739	25,627,739	25,627,739	25,627,739
Net Cash Reserves		5,834,178	14,187,211	14,229,608	14,229,608	14,447,332	14,613,330	14,792,661	15,807,946	16,782,950	18,532,466	21,296,554	24,059,638	26,837,966
SURPLUS/(DEFICIT)		27,830	67,615	12,283	12,283	17,852	-74,931	21,286	-24,857	47,584	58,313	54,475	-40,111	695

NOTE 1
City of West Torrens
REVENUE PROJECTIONS
Forward Estimates for 10 years to 2026/27

DESCRIPTION	BUDGET 2016/17		BUDGET 2017/18		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Rates													
Rate Revenue	48,370,136	48,533,655	50,343,061	50,343,061	52,286,688	54,357,600	56,509,892	58,748,449	61,075,016	63,494,828	66,009,821	68,625,604	71,344,326
Rate Equivalent Payments	5,020,000	5,022,335	5,180,000	5,180,000	5,367,827	5,567,886	5,775,401	5,990,650	6,213,922	6,445,514	6,685,739	6,934,916	7,193,381
Statutory Charges													
Development Act Fees	650,000	679,272	670,000	670,000	683,400	697,068	711,009	725,230	739,734	754,529	769,619	785,012	800,712
Parking Fines	1,076,000	1,137,714	1,131,000	1,131,000	1,153,620	1,176,692	1,200,226	1,224,231	1,248,715	1,273,690	1,299,163	1,325,147	1,351,650
Dog Fees & Fines	289,980	299,980	299,900	299,900	305,898	312,016	318,256	324,621	331,114	337,736	344,491	351,381	358,408
Other	183,600	189,271	192,200	192,200	196,044	199,965	203,964	208,043	212,204	216,448	220,777	225,193	229,697
User Charges													
Waste Income	177,757	172,617	164,314	164,314	167,600	170,952	174,371	177,859	181,416	185,044	188,745	192,520	196,370
Other	1,107,600	1,071,581	1,078,115	1,078,115	1,099,677	1,121,671	1,144,104	1,166,986	1,190,326	1,214,133	1,238,415	1,263,184	1,288,447
Grants & Subsidies													
FA Grant	1,200,000	1,174,883	1,204,000	1,204,000	1,228,080	1,252,642	1,277,694	1,303,248	1,329,313	1,355,900	1,383,018	1,410,678	1,438,891
UL Road Grants	599,500	592,045	611,490	611,490	623,720	636,194	648,918	661,896	675,134	688,637	702,410	716,458	730,787
Special Road Funding	0	1,250,000	0	0	0	0	0	0	0	0	0	0	0
Roads to Recovery	1,442,053	1,009,004	873,376	873,376	436,688	0	0	0	0	0	0	0	0
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0
Home Assist	468,700	468,700	468,744	468,744	478,119	487,681	497,435	507,384	517,531	527,882	538,440	549,208	560,192
Library	416,500	416,500	420,339	420,339	428,746	437,321	446,067	454,988	464,088	473,370	482,837	492,494	502,344
Other	55,270	90,826	37,000	37,000	37,740	38,495	39,265	40,050	40,851	41,668	42,501	43,351	44,218
Other Income													
Investment Income	444,000	504,000	349,000	349,000	355,980	355,980	363,100	363,100	370,362	370,362	377,769	377,769	385,324
Reimbursements	247,345	388,697	233,206	233,206	237,870	242,628	247,480	252,430	257,478	262,628	267,880	273,238	278,703
Insurance Premium Refund	320,000	320,000	340,000	340,000	345,100	350,277	355,531	360,864	366,277	371,771	377,347	383,007	390,668
Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry	193,300	595,442	170,500	170,500	173,910	177,388	180,936	184,555	188,246	192,011	195,851	199,768	203,763
Sub Total	62,261,741	63,916,522	63,766,245	63,766,245	65,606,707	67,582,455	70,093,649	72,694,584	75,401,728	78,206,149	81,124,824	84,148,928	87,297,882
Less Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Add Capital Income	0	157,509	3,625,000	3,625,000	0	0	0	0	0	0	0	0	0
TOTAL	62,261,741	64,074,031	67,391,245	67,391,245	65,606,707	67,582,455	70,093,649	72,694,584	75,401,728	78,206,149	81,124,824	84,148,928	87,297,882

NOTE 2
City of West Torrens

OPERATIONAL & MAINTENANCE EXPENDITURE PROJECTIONS

Forward Estimates for 10 years to 2026/27

DESCRIPTION	BUDGET 2016/17		BUDGET 2017/18		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Employee Costs													
Other Employee Costs	21,624,251	21,699,337	22,988,300	22,988,300	23,792,891	24,625,642	25,487,539	26,379,603	27,302,889	28,258,490	29,247,537	30,271,201	31,330,693
Contractual Services													
Waste Management - Solo	3,300,000	3,250,000	3,300,000	3,300,000	3,366,000	3,433,320	3,501,986	3,572,026	3,643,467	3,716,336	3,790,663	3,866,476	3,943,805
Waste Management - Disposal	1,358,000	1,508,000	1,678,000	1,678,000	1,854,190	1,909,816	1,967,110	2,026,123	2,086,907	2,149,514	2,214,000	2,280,420	2,348,832
Other Contract	2,350,400	2,805,883	2,414,620	2,414,620	2,462,912	2,512,171	2,562,414	2,613,662	2,665,936	2,719,254	2,773,639	2,829,112	2,885,694
Materials													
Materials	945,000	845,000	962,700	962,700	981,954	1,001,593	1,021,625	1,042,057	1,062,899	1,084,157	1,105,840	1,127,956	1,150,516
Finance Charges													
Interest	0	0	0	0	84,759	211,722	334,578	452,945	566,416	689,467	806,577	917,205	1,020,780
Other Finance Charges	153,900	153,900	150,900	150,900	153,465	156,074	158,727	161,426	164,170	166,961	169,799	172,686	175,622
Depreciation													
Buildings	1,682,190	1,682,190	1,650,000	1,650,000	1,699,500	1,750,485	1,803,000	1,857,090	1,912,802	1,970,186	2,029,292	2,090,171	2,152,876
Plant, Furniture & Equipment	1,241,300	1,257,400	1,280,000	1,280,000	1,305,600	1,331,712	1,358,346	1,385,513	1,413,223	1,441,488	1,470,318	1,499,724	1,529,718
Library Resources	318,000	304,000	315,000	315,000	321,300	327,726	334,281	340,966	347,785	354,741	361,836	369,073	376,454
Infrastructure	7,700,000	7,700,000	8,000,000	8,000,000	8,250,488	8,508,819	8,775,239	9,050,000	9,333,365	9,625,602	9,926,989	10,237,813	10,558,369
Other Expenses													
Plant Related	730,770	755,620	736,050	736,050	750,771	765,786	781,102	796,724	812,659	828,912	845,490	862,400	879,648
Computer Maint & Support	901,400	987,158	882,850	882,850	896,093	909,534	923,177	937,025	951,080	965,346	979,827	994,524	1,009,442
General Insurance Premium	833,577	753,444	777,302	777,302	788,962	800,796	812,808	825,000	837,375	849,936	862,685	875,625	888,759
Professional Fees	1,305,670	1,815,171	1,308,950	1,308,950	1,328,584	1,348,513	1,368,741	1,389,272	1,410,111	1,431,263	1,452,731	1,474,522	1,496,640
Street Lighting	942,000	816,000	850,000	850,000	871,250	893,031	915,357	938,241	961,697	985,739	1,010,383	1,035,642	1,061,534
Rates, Power & Property	1,566,639	1,581,535	1,669,831	1,669,831	1,736,624	1,806,089	1,878,333	1,953,466	2,031,605	2,112,869	2,197,384	2,285,279	2,376,690
NRM Levy	1,260,136	1,260,136	1,383,061	1,383,061	1,453,684	1,526,368	1,602,687	1,682,821	1,766,962	1,855,310	1,948,076	2,045,479	2,147,753
General Operating Costs	3,178,339	3,285,074	3,398,265	3,398,265	3,449,239	3,500,978	3,553,492	3,606,795	3,660,897	3,715,810	3,771,547	3,828,120	3,885,542
Sub Total	51,391,572	52,459,848	53,745,829	53,745,829	55,548,266	57,320,175	59,140,542	61,010,755	62,932,244	64,921,382	66,964,611	69,063,429	71,219,369
Less Depreciation	10,941,490	10,943,590	11,245,000	11,245,000	11,576,888	11,918,742	12,270,865	12,633,569	13,007,176	13,392,017	13,788,434	14,196,780	14,617,417
Leave Provisions	434,045	434,045	471,997	471,997	488,517	505,615	523,312	541,627	560,584	580,205	600,512	621,530	643,283
TOTAL	40,016,037	41,082,213	42,028,832	42,028,832	43,482,861	44,895,818	46,346,365	47,835,559	49,364,484	50,949,160	52,575,665	54,245,119	55,958,668

NOTE 3
City of West Torrens
CAPITAL EXPENDITURE PROJECTIONS
Forward Estimates for 10 years to 2026/27

ACTIVITIES	BUDGET 2016/17		BUDGET 2017/18		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Road Program													
Reseal / Maintenance	1,809,877	1,809,877	2,022,247	2,022,247	2,190,169	2,372,034	2,569,001	2,782,324	3,013,360	3,263,581	3,534,580	3,828,081	4,145,954
Reconstruction - Renewal	2,693,249	2,790,995	2,675,626	2,675,626	2,702,382	2,729,406	2,756,700	2,784,267	2,812,110	2,840,231	2,868,633	2,897,320	2,926,293
Reconstruction - Upgrade	1,753,750	3,269,516	1,762,510	1,762,510	1,784,116	1,806,043	1,828,297	1,850,883	1,873,807	1,897,074	1,920,691	1,944,663	1,968,998
Roads to Recovery	1,442,053	1,009,004	873,376	873,376	436,688	0	0	0	0	0	0	0	0
Kerb & Gutter	3,654,539	3,654,539	3,490,869	3,490,869	3,436,737	3,383,445	3,330,979	3,279,327	3,228,475	3,178,412	3,129,126	3,080,603	3,032,834
ULRG included Above	-599,500	-592,045	-611,490	-611,490	-623,720	-636,194	-648,918	-661,896	-675,134	-688,637	-702,410	-716,458	-730,787
Footpath / Bikeway Program													
Reconstruction	239,508	261,330	168,056	168,056	197,964	233,194	274,693	323,578	381,163	448,995	528,899	623,023	733,898
Construction	237,851	237,854	197,861	197,861	259,523	340,401	446,483	585,626	768,131	1,007,513	1,321,495	1,733,328	2,273,504
Drainage Program													
Local Drainage Works	2,867,000	4,857,024	2,555,900	2,555,900	2,604,168	2,653,359	2,703,490	2,754,579	2,806,646	2,859,709	2,913,786	2,968,899	3,025,067
Brown Hill / Keswick Drainage	581,000	81,000	0	0	949,762	964,008	978,468	993,145	1,008,042	1,023,163	1,038,511	1,054,088	1,069,900
Other Capital Works													
Other Works	5,340,000	7,251,022	5,726,900	5,726,900	5,927,342	6,509,798	6,737,641	7,273,459	7,528,030	7,941,511	8,219,464	8,507,145	8,404,895
Building Program													
Land & Buildings	4,080,000	8,157,491	7,930,000	7,930,000	4,310,000	4,449,192	4,599,148	3,972,266	4,200,528	3,612,248	2,814,250	3,031,874	3,266,326
Asset Sale Developments	0	6,485,370	0	0	0	0	0	0	0	0	0	0	0
Other Capital Expenditure													
Plant, Furn & Equipment	1,515,500	1,935,927	1,400,870	1,400,870	1,428,887	1,457,465	1,486,614	1,516,347	1,546,674	1,577,607	1,609,159	1,641,342	1,674,169
Library Resources	299,310	319,885	322,702	322,702	329,156	329,156	335,739	335,739	342,454	342,454	349,303	349,303	356,289
Total Capital Expenditure	25,914,137	41,528,789	28,515,427	28,515,427	25,933,174	26,591,307	27,398,337	27,789,644	28,834,285	29,303,861	29,545,488	30,943,212	32,147,338
Less Overheads	1,767,121	2,145,611	1,714,714	1,714,714	1,719,579	1,762,862	1,818,033	1,906,559	1,976,053	2,068,035	2,157,660	2,260,600	2,343,696
TOTAL EXPENDITURE	24,147,016	39,383,178	26,800,713	26,800,713	24,213,595	24,828,445	25,580,304	25,883,085	26,858,232	27,235,825	27,387,827	28,682,612	29,803,642

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

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Revenue										
Rates - General	50,343	52,287	54,358	56,510	58,749	61,076	63,495	66,010	68,626	71,344
Rates Equivalent - AAL	5,180	5,368	5,568	5,775	5,991	6,214	6,446	6,686	6,935	7,193
Statutory Charges	2,293	2,339	2,386	2,433	2,481	2,531	2,582	2,633	2,685	2,739
User Charges	1,242	1,268	1,293	1,318	1,344	1,371	1,399	1,427	1,456	1,485
Operating Grants & Subsidies	3,615	3,234	2,851	2,909	2,968	3,027	3,088	3,150	3,214	3,278
Investment Income	349	356	356	363	363	370	370	377	378	386
Reimbursements	213	237	242	247	252	257	262	267	272	277
Other Income	531	519	527	537	546	555	564	574	584	594
Total Operating Revenue	63,766	65,608	67,581	70,092	72,694	75,401	78,206	81,124	84,150	87,296
Operating Expenses										
Employee costs	22,988	23,793	24,626	25,488	26,380	27,303	28,259	29,248	30,272	31,332
Materials, contracts & other expenses	19,362	19,938	20,406	20,887	21,382	21,888	22,412	22,949	23,503	24,073
Depreciation, Amortisation & Impairment	11,245	11,577	11,919	12,270	12,634	13,007	13,392	13,788	14,197	14,617
Finance Costs	151	153	368	494	614	730	856	977	1,090	1,197
Total Operating Expenses	53,746	55,461	57,319	59,139	61,010	62,928	64,919	66,962	69,062	71,219
Operating Surplus/(Deficit) before Capital Revenues	10,020	10,147	10,262	10,953	11,684	12,473	13,287	14,162	15,088	16,077
Capital Revenue										
Net Gain (loss) on Disposal or Revaluation of Assets	0	0	0	0	0	0	0	0	0	0
Amounts Specifically for New/Upgraded Assets	3,625	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment Received FOC	0	0	0	0	0	0	0	0	0	0
Total Capital Revenue	3,625	0	0	0	0	0	0	0	0	0
Operating Surplus/(Deficit) after Capital Revenues	13,645	10,147	10,262	10,953	11,684	12,473	13,287	14,162	15,088	16,077

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

Year Ended	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Current Assets										
Cash & Cash Equivalents	6,425	7,745	7,297	7,754	8,545	9,594	11,262	13,972	16,564	19,312
Trade and Other Receivables	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124
Financial Assets	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280
Inventory	11	11	11	11	11	11	11	11	11	11
Total Current Assets	9,840	11,160	10,712	11,169	11,960	13,009	14,677	17,387	19,979	22,727
Non-Current Assets										
Financial assets	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	631,889	644,721	657,824	671,340	684,805	698,881	712,960	726,806	741,550	757,007
Other non-current assets	4,518	4,518	4,518	4,518	4,518	4,518	4,518	4,518	4,518	4,518
Total Non-Current Assets	636,407	649,239	662,342	675,858	689,323	703,399	717,478	731,324	746,068	761,525
Total Assets	646,247	660,399	673,054	687,027	701,283	716,408	732,155	748,711	766,047	784,252
Current Liabilities										
Trade and other Payables	5,034	5,893	5,543	5,786	5,730	5,825	5,845	5,904	5,944	5,996
Borrowings	0	220	364	518	682	850	1,030	1,222	1,426	0
Short-term Provisions	3,902	4,097	4,292	4,497	4,712	4,937	5,173	5,420	5,679	5,950
Total Current Liabilities	8,936	10,210	10,199	10,801	11,124	11,612	12,048	12,546	13,049	11,946
Non-Current Liabilities										
Long-Term Borrowings	1,805	4,376	6,854	9,230	11,495	13,646	15,672	17,562	19,305	22,532
Long-Term Provisions	300	460	386	428	412	425	423	429	431	435
Total Non-Current Liabilities	2,105	4,836	7,240	9,658	11,907	14,071	16,095	17,991	19,736	22,967
Total Liabilities	11,041	15,046	17,439	20,459	23,031	25,683	28,143	30,537	32,785	34,913
Net Assets	635,206	645,353	655,615	666,568	678,252	690,725	704,012	718,174	733,262	749,339
Equity										
Accumulated Surplus	67,481	77,628	87,890	98,843	110,527	123,000	136,287	150,449	165,537	181,614
Reserves	546,856	546,856	546,856	546,856	546,856	546,856	546,856	546,856	546,856	546,856
Other Reserves	20,869	20,869	20,869	20,869	20,869	20,869	20,869	20,869	20,869	20,869
Total Equity	635,206	645,353	655,615	666,568	678,252	690,725	704,012	718,174	733,262	749,339

City of West Torrens - Long Term Financial Planning Model**Forecast Financial Indicators**

	Year Ended	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
		\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)
Operating Surplus Ratio		15.7%	15.5%	15.2%	15.6%	16.1%	16.5%	17.0%	17.5%	17.9%	18.4%
		<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>									
Net Financial Liabilities Ratio		1.9%	6.1%	10.2%	13.6%	15.6%	17.2%	17.7%	16.6%	15.6%	14.3%
		<i>This ratio expresses net financial liabilities as a percentage of total operating revenue.</i>									
Asset Sustainability Ratio		102.3%	109.3%	101.6%	110.5%	109.8%	108.7%	107.1%	105.0%	102.3%	99.0%
		<i>This ratio expresses net asset renewal expenditure as a percentage of Asset Management Plan required expenditure.</i>									

City of West Torrens - Long Term Financial Planning Model

Forecast Uniform Presentation of Finances

	Year Ended	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Operating Revenue		63,766	65,608	67,581	70,092	72,694	75,401	78,206	81,124	84,150	87,296
Less											
Operating Expenses		53,746	55,461	57,319	59,139	61,010	62,928	64,919	66,962	69,062	71,219
Operating Surplus / (Deficit) Before Capital Amounts		10,020	10,147	10,262	10,953	11,684	12,473	13,287	14,162	15,088	16,077
Less Net Outlays on Existing Assets											
Capital Expenditure on the Renewal and Replacement of Existing Assets		11,115	12,233	12,184	12,573	12,989	13,450	13,945	14,494	15,087	15,742
Less Depreciation, Amortisation and Impairment		11,245	11,577	11,919	12,270	12,634	13,007	13,392	13,788	14,197	14,617
Less Proceeds from the Sale of Replaced Assets		437	0	0	0	0	0	0	0	0	0
		(567)	656	265	303	355	443	553	706	890	1,125
Less Net Outlays on New & Upgraded Assets											
Capital Expenditure on New and Upgraded Assets		16,123	11,981	12,643	13,008	12,895	13,408	13,290	12,893	13,595	14,061
Less Grants and Contributions Specifically for New and Upgraded Assets		3,625	0	0	0	0	0	0	0	0	0
Less Proceeds from the Sale of Surplus Assets		0	0	0	0	0	0	0	0	0	0
		12,498	11,981	12,643	13,008	12,895	13,408	13,290	12,893	13,595	14,061
		(1,911)	(2,490)	(2,646)	(2,358)	(1,566)	(1,378)	(556)	563	603	891

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 sustainability 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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: Profile of the City of West Torrens

Profile of the City of West Torrens

The West Torrens region was originally part of the Kaurna territory. The area that was to become West Torrens formed only a small part of the Kaurna homeland, however, it possessed valuable resources in the River Torrens and the Patawalonga River.

West Torrens was among South Australia's first settled regions. Scattered communities developed within the area during the mid-nineteenth century and united to form the District Council of West Torrens in 1853. In 1883, following demands from the residents adjoining Adelaide, the Town of Thebarton was recognised as a separate local government area. The reunification of the local governments of Thebarton and West Torrens occurred on 1 March 1997.

The City of West Torrens now comprises 36 square kilometres of Adelaide's western metropolitan area. It is bounded by the Torrens River to the north; Port Road, James Congdon Drive and the railway line to the east; ANZAC Highway, South Road, the Glenelg tramway and local streets around the Sturt River to the south; and Gulf St Vincent and local streets to the west. The city shares borders with the City of Charles Sturt to the north, the Cities of Adelaide and Unley to the east and the Cities of Marion and Holdfast Bay to the south.



The City of West Torrens includes the suburbs of Ashford, Brooklyn Park, Camden Park, Cowandilla, Fulham, Glandore (part), Glenelg North (part), Hilton, Keswick (part), Kurralta Park, Lockleys, Marlestone, Mile End, Mile End South, Netley, North Plympton, Novar

Gardens, Plympton, Richmond, Thebarton, Torrensville, Underdale, West Beach (part) and West Richmond.

The greatest percentage of the land area is dedicated to residential development, while the commercial areas comprise a range of industrial, logistic, distribution and retail establishments. Adelaide Airport Limited is a significant land holder within the city, taking up approximately 20 per cent of the total land area. About six per cent of the total land area within the city is dedicated to public open space, including the River Torrens Linear Park, local and neighbourhood parks, and other public open space such as public ovals and sporting grounds. Council manages and maintains more than 530 km of footpaths and shared paths and some 292 km of road network.

Major features of the city include the River Torrens, River Torrens Linear Park, Adelaide Airport, Santos Stadium, ETSA Park Netball Stadium, Adelaide Shores tourist and recreation precinct, Thebarton Oval, Richmond Oval, Australian National Rail Passenger Terminal and TAFE SA Marleston Campus. Primary shopping centres are located at Kurralta Park, Torrensville and Hilton with other key retail outlets including IKEA, Harbour Town and Mile End Homemaker Centre.

With an estimated resident population of 58,000 the overall picture of West Torrens is of a culturally diverse community with a higher proportion of older residents who are now entering the frail elderly stage. However the community is also undergoing population renewal, with increasing numbers of younger people (predominately young adults in the 20 to 34 year age group) moving in to the area. Recently West Torrens has also seen a small increase in the percentage of children under 4 years, although there are fewer children as a proportion of the population than the Greater Adelaide average.

Reflective of this age distribution is that household types show a large proportion of lone person households and a smaller proportion of family households. In 2011, 23% of West Torrens households were made up of couples with children, compared with 28% in Greater Adelaide.

Approximately 30 per cent of the population of the City of West Torrens was born overseas. More people of non-English speaking ancestry and a larger percentage of overseas arrivals live in West Torrens compared to Greater Adelaide, with the largest groups being those born in the United Kingdom, India, Greece, China and Italy. Many residents of European heritage migrated to Australia in the second half of the twentieth century, whereas the past few years have seen many new migrants from non-European countries such as India, China, the Philippines, Malaysia and Bangladesh.

Council's assets are valued in the order of \$884 million (replacement value). This includes infrastructure such as roads, footpaths and stormwater drainage; land and buildings including the Hamra Centre, Thebarton Community Centre, St Martins, community centres parks, gardens and sporting facilities; and plant and equipment.

Council provides, both independently and in partnership with other government and community organisations, a diverse range of quality services and activities to the community that are continuously improving to meet evolving needs.

Council also remains committed to achieving a sustainable future, balancing environmental, social, cultural and economic goals.