



2018/19

Adopted budget and annual business plan

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Executive Summary

Introduction

This Budget and Annual Business Plan for 2018/19 is in a form adopted by Council on 12 December 2017. Key aspects of the combined budget and annual business plan include:

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

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

Strategic Fundamentals

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

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

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

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

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

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

Rate increases of 2.4 per cent in 2019/20, and 2.5 per cent subsequently, are projected to address Council's strategic priorities, in particular sustainability, asset management and

stormwater flood mitigation. It is acknowledged for the purposes of Council's forward estimates that rate capping may be introduced by the incoming Liberal Government, and that possibility is manageable within the framework of what is being proposed.

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

A Balanced Budget

Council's operating statement in the proposed 2018/19 budget projects a surplus from operations of \$8,813,231 as follows, based on a 2.3 per cent rate increase:

	\$
Income	65,499,569
Expenditure	56,686,338
	<hr/>
Operating Surplus	8,813,231
	<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 lower than that 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 \$29,725 is also projected.

Operational Expenditure

Operational costs across all areas of the Council are increasing by \$2,940,509 or 5.5 per cent to \$56,686,338, the key increases being:

- Employment costs have increased by \$175,554 or 0.8 per cent over the original budget estimates for 2017/18 (\$1,364,049 or 6.3 per cent last budget), with FTEs increasing net by 0.5 (5.7 FTEs in 2017/18). This is further explained later in this commentary under the heading "Employment Costs".
- Rent and land tax equivalent payments to Adelaide Airport Limited associated with the new depot of \$720,000 have been budgeted, partly offset by income.
- An interest cost associated with new loans of \$257,226 is budgeted.
- Waste to landfill costs has increased by \$180,000 or 11.5 per cent to \$1.75 million, \$160,000 of which is attributable to waste levy increases imposed by the state government.
- Costs associated with the November elections of \$160,000 have been budgeted, with professional fees otherwise increasing by \$164,450, the additional cost being budgeted to cover land and building valuations (\$45,000), waste contract renewal support (\$40,000), and EPA related contamination assessment work at Deeds Road (\$50,000).
- Contractor budgets have increased by \$284,220 to cover property and depot service delivery, including costs associated with the new depot (\$127,500), support for aged and

disability care (CHSP) (\$116,755) and the outsourcing of immunisation services (\$43,840).

- Depreciation is set to increase by \$225,000 or 2.0 per cent based on current assets values and the impact of ongoing capital expenditure programs.
- The NRM levy is up \$89,379 or 6.5 per cent to \$1,472,440.
- Street lighting costs are increasing by \$185,000 or 21.8 per cent to \$1,035,000 and other power costs are budgeted to increase by \$129,364 or 22.3 per cent to \$708,196.
- Software costs have increased by \$120,120 in order to accommodate investment in a new Microsoft enterprise agreement and comply with Microsoft database and operating system licencing requirements.
- Grant (community and partnership) and donation budgets have increased by \$99,633 to \$513,376.

Capital Expenditure

Key aspects of the budget include:

- The capital budget for 2018/19 totals \$26,349,280, with rate funded capital expenditure decreasing by \$982,558 or 4.7 per cent to \$20,114,401. The reduction includes a rate funded capital works reduction of \$1,132,638, or 7.4 per cent, to \$14,258,451, along with a capital budget increase of \$150,080 or 2.6 per cent to \$5,855,950.
- \$3.0 million is being budgeted to complete funding for the upgrade of Lockleys Oval / Apex Park / Mellor Park and \$500,000 in asset sale proceeds has been added to the Camden Oval redevelopment project (Council resolution 19 April 2016).
- Loan funded capital expenditure of \$450,000 is proposed for the upgrade of the Peake Gardens Riverside Tennis Club clubrooms.
- An amount of \$5.2 million is being committed to drainage and related construction, with \$1.4 million budgeted to continue Lockleys catchment drainage, \$2.5 million allocated for the Brown Hill Keswick Creek project and \$900,000 budgeted for the Shannon Avenue pump station.
- \$2.015 million is budgeted for the recreation program (\$4.39 million in 2017/18), including \$445,000 for the ongoing playground upgrade program, \$595,000 for reserve irrigation, \$500,000 for reserve development and \$340,000 for the Linear Park.
- \$12.0 million for the transport program is budgeted, which includes expenditure on roads and footpaths (\$11.9 million in 2017/18).
- An amount of \$557,487 is included for the replacement, remediation and construction of footpaths and pathways (\$565,917 in 2017/18).
- Rate funded expenditure on plant, equipment and furniture totals \$1.721 million (\$1.401 million in 2017/18).
- Capital funded by grants of \$1.381 million is budgeted (\$5.533 million in 2017/18).

Rating in 2018/19

An overall average rate increase of 2.3 per cent excluding growth is proposed for 2018/19, 0.3 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 2.3%
Non-Residential	:	Up 2.3%
Minimum Rate	:	Up 2.3%
Overall Increase	:	Up 2.3%

Valuation volatility is higher this year than it has been in recent years, reflecting current economic circumstances, and this will result in a higher level of 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.

Rationale for the Focus on Flood Mitigation

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

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

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

Implications for the City of West Torrens

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

- Council has management responsibility for community assets valued at \$934 million;
- Accumulated depreciation on Council assets totals \$260 million, being 36.5 per cent of all depreciable assets, and it is not funded by specific cash reserves;
- West Torrens has asset renewal and maintenance backlogs, most recently demonstrated to Council in reports on the condition of Council owned buildings;
- West Torrens Council has significant ongoing capital expenditure needs, particularly in relation to drainage infrastructure;
- The most recent cost estimates associated with the BHKC system mitigation works are in the region of \$140 million;
- A capital renewal expenditure spike could occur sometime into the future, possibly around the year 2050.

Legislative Changes

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

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

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

Emerging Financial Issues

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

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

- Drainage mitigation, including the need to commit at least \$22.9 million to BHKC drainage works, most of which is in the next 15 years;
- Projections in the asset management plans of the Council that \$107.9 million needs to be committed over the next ten years to road, kerbing and footpath maintenance and remediation works;
- Projections that up to \$22.5 million needs to be committed by Council to building maintenance and remediation works over the next ten years, based on current property holdings;
- Local drainage works, still being assessed by Council's asset management staff, may require expenditure totalling \$80 million over the next 30 years;
- The need to commit increasingly to initiatives associated with water management, renewable energy, energy efficiency and reducing carbon emissions.

Forward Estimates

Introduction

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

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

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

Forward Capital Expenditure Estimates

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

- \$15.9 million is committed to drainage works for the Brown Hill Keswick Creek (BHKC) project over a ten year period from the 2018/19 financial year, in addition to funds already committed, most of which is to be funded from the loan program.
- Council commits to rate funded capital works totalling \$107.9 million over a ten year period commencing in 2018/19 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 \$5.5 million in the 2018/19 budget, and that a level of funding is to be continued into the future.
- Council has rate funded local drainage commitments of \$1.3 million from the 2018/19 financial year, with indexed increases annually thereafter.
- Loan funded capital drainage works, excluding BHKC, will be \$1.4 million in the 2018/19 budget, with indexed increases annually thereafter.
- Roads to recovery funding will end at \$433,049 in 2018/19.
- Capital expenditure on Council owned buildings, excluding hub and related developments, will be \$1.1 million in the 2018/19 budget, and \$1.8 million indexed per annum thereafter.
- The capital budget for the replacement of plant, furniture and equipment will be \$1.7 million in 2018/19, and it has been indexed to cover estimated depreciation levels into the future.

Expenditure projections for 2018/19 and each of the next three years based on these assumptions are as follows:

	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$
Rate Funded Infrastructure	12,958,451	13,211,890	14,053,893	15,556,083
Rate Funded Local Drainage	1,300,000	1,329,900	1,360,488	1,391,779
Loan - Local Drainage / Bridges	1,404,168	2,432,251	2,460,896	1,490,114
Loan - BHKC	2,500,000	1,358,774	1,390,026	1,421,997
Grants	1,056,769	637,442	651,466	665,798
Facility Developments	3,500,000	1,000,000	1,000,000	0
Building Other	1,585,000	2,598,000	1,922,787	2,053,950
Plant, Furniture & Equipment	1,720,950	1,760,532	1,801,024	1,842,448
Library Capital	323,942	331,393	331,393	339,015
Total	26,349,280	24,660,182	24,971,972	24,761,183

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 apply over the 10 year forecast period.
- Council is prepared / permitted to increase rate revenue by 2.3 per cent plus growth in 2018/19, 2.4 per cent plus growth in 2019/20, and by 2.5 per cent plus growth annually thereafter.
- Rate equivalent payments by Adelaide Airport Limited will increase in line with the above rate increases.
- Statutory charges, which include parking, animal management and Development Act income, will increase by 2.2 per cent each year.
- User charges, which include property related income and transfer station royalties, will increase by 2.2 per cent each year.
- Grant income will increase by 2.2 per cent per annum over forecast period from 2019/20.
- Other income, excluding insurance premium refunds, will increase by 2.2 per cent over forecast period from 2019/20.

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

Forward revenue estimates are as follows:

	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$
Rates	52,332,440	54,250,384	56,292,938	58,411,853
Rate Equivalents	5,070,000	5,243,597	5,428,434	5,619,786
Statutory Charges	2,345,500	2,397,101	2,449,837	2,503,734
User Charges	1,588,001	1,622,937	1,658,642	1,695,132
Grant & Subsidies	3,226,129	2,854,528	2,917,327	2,981,509
Other Income	937,499	905,974	924,840	944,104
Total	65,499,569	67,274,520	69,672,018	72,156,118

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 0.8 per cent in 2018/19 and 3.5 per cent thereafter, with a modest allowance for the addition of new staff.
- Contract and material expenditure increases of 2.3 per cent each year in support of Council's maintenance works program, including building and infrastructure maintenance. This includes an allowance for an increase in waste related charges.
- A depreciation expense increase of up to 3.0 per cent based on projected asset value movements.
- Finance charges include interest repayments on loans taken, and are estimated on the basis of loans projected to be taken using borrowing rates ranging between 4.65 and 5.0 per cent.

Forward operational expenditure estimates are as follows:

	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$
Employee Costs	23,163,854	23,974,589	24,813,700	25,682,179
Contractual Services	7,888,840	8,092,723	8,302,081	8,517,068
Materials	982,000	1,004,586	1,027,691	1,051,328
Finance Charges	403,726	754,586	1,151,150	1,229,470
Depreciation	11,470,000	11,808,448	12,157,057	12,516,136
Other Expenses	12,777,918	13,172,957	13,581,587	14,004,320
Total	56,686,338	58,807,890	61,033,266	63,000,501

Forward Loan Estimates

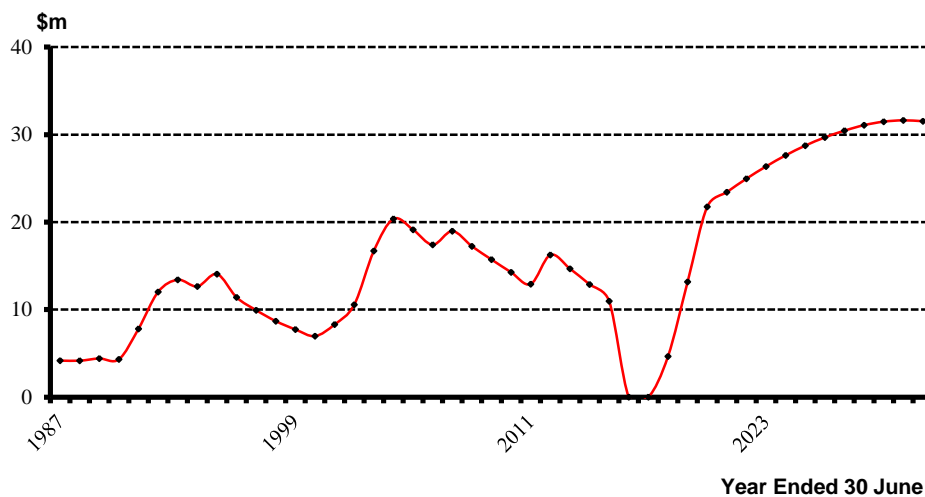
A loan program of \$43.36 million is projected in future dollar terms over the next ten years (up from \$28.85 million last budget), as follows:

	\$m
Local drainage	19.13
BHKC project	17.78
Weigall Oval / Peake Gardens	3.75
Bridge renewal / West Beach Road	4.88
Works overhead	(2.18)
Total	43.36

This comprises the following:

Financial Year	Local Drainage \$	BHKC Drainage \$	Various Other	Works Overhead \$	Total Loans \$
2018/19	1,404,168	2,500,000	1,052,755	(309,720)	4,647,203
2019/20	5,184,106	3,227,128	887,223	(551,939)	8,746,518
2020/21	1,460,896	1,390,026	6,687,022	(313,447)	9,224,498
2021/22	1,490,114	1,421,997	0	(135,465)	2,776,646
2022/23	1,519,917	1,454,703	0	(138,174)	2,836,445
2023/24	1,550,315	1,488,161	0	(140,938)	2,897,538
2024/25	1,581,321	1,522,389	0	(143,756)	2,959,953
2025/26	1,612,948	1,557,404	0	(146,632)	3,023,720
2026/27	1,645,207	1,593,224	0	(149,564)	3,088,866
2027/28	1,678,111	1,629,868	0	(152,556)	3,155,423
Total	19,127,103	17,784,899	8,627,000	(2,182,191)	43,356,811

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 2017/18, but indebtedness is projected to then increase, peaking at almost 32.0 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 4.65 per cent until 2022/23 and 5.0 per cent thereafter, will be as follows:

Year	Projected Repayments \$	Increase/ (Decrease) \$
2018/19	522,449	522,449
2019/20	1,250,165	816,397
2020/21	2,111,176	861,011
2021/22	2,370,347	259,171
2022/23	2,635,100	264,753
2023/24	2,911,975	276,875
2024/25	3,194,814	282,839
2025/26	3,483,747	288,932
2026/27	3,778,904	295,157
2027/28	4,080,422	301,517

Council's current and projected loan program will impact loan repayments the most in the 2018/19 financial year, but these increases are manageable within the framework of the ten year financial plan.

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

Year	Loans % of Rates
2018/19	1.0
2019/20	2.3
2020/21	3.8
2021/22	4.1
2022/23	4.3
2023/24	4.6
2024/25	4.9
2025/26	5.1
2026/27	5.4
2027/28	5.7

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 %
2018/19	8,813,231	13.5
2019/20	8,466,631	12.6
2020/21	8,638,752	12.4
2021/22	9,155,616	12.7
2022/23	9,707,585	13.0
2023/24	10,284,691	13.3
2024/25	10,900,541	13.6
2025/26	11,555,357	13.9
2026/27	12,252,882	14.2
2027/28	12,993,432	14.6

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 %
2014/15	11,999,041	11,065,000	108.4
2015/16	11,445,535	10,987,000	104.2
2016/17	12,572,000	12,022,000	104.6
2017/18	11,500,000	11,245,000	102.3
2018/19	11,685,266	11,470,000	101.9
2019/20	12,317,817	11,808,448	104.3
2020/21	12,806,145	12,157,057	105.3
2021/22	13,444,834	12,516,136	107.4
2022/23	13,939,502	12,886,004	108.2
2023/24	14,409,327	13,266,988	108.6
2024/25	14,906,616	13,659,427	109.1
2025/26	15,455,340	14,063,668	109.9
2026/27	16,030,562	14,480,072	110.7
2027/28	16,597,421	14,909,008	111.3

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 most 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	29.745	29.745	100
Reconstruction Renewal	30.459	30.459	100
Kerb & Gutter	33.784	33.784	100
Footpath Program			
Renewal	3.917	3.917	100
Construction	10.000	10.000	100
Building Program			
Renewal Expenditure	22.505	22.505	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 \$31.5 million in 2028/29 - a sizeable but manageable increase as demonstrated below. Borrowing interest rates ranging from 4.65 to 5.0 per cent have been estimated, along with a 15 year borrowing term.

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

Financial Year	Projected Loan Repayments	Loans to Rates
	\$	%
2018/19	522,449	1.0
2019/20	1,250,165	2.3
2020/21	2,111,176	3.8
2021/22	2,370,347	4.1
2022/23	2,635,100	4.3
2023/24	2,911,975	4.6
2024/25	3,194,814	4.9
2025/26	3,483,747	5.1
2026/27	3,778,904	5.4
2027/28	4,080,422	5.7

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:

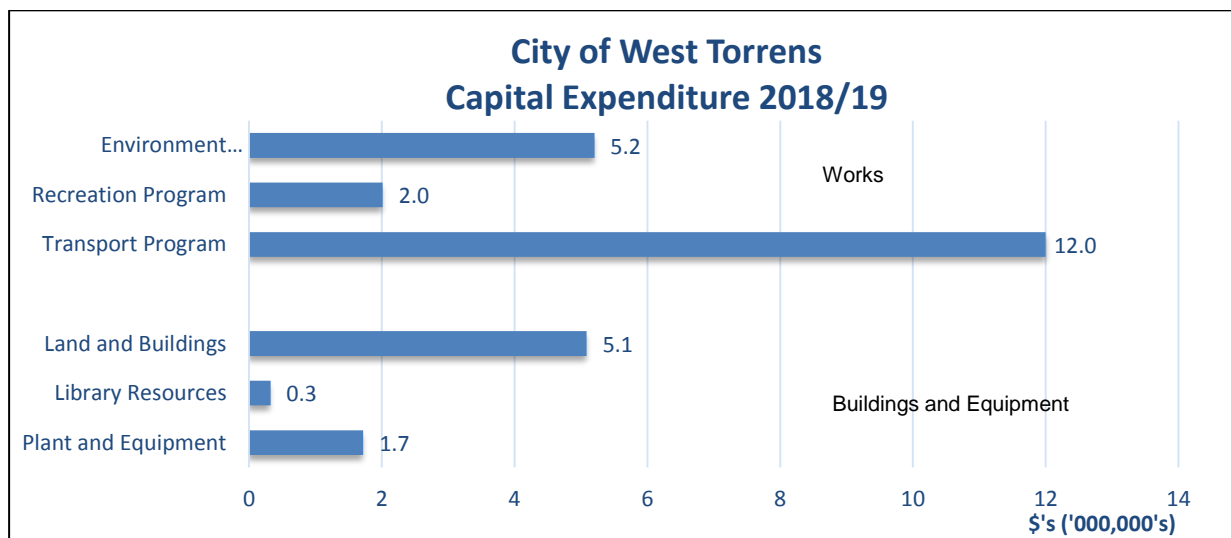
Financial Year	EOY Cash Estimate	Net Reserves	Surplus/ (Deficit)
2018/19	700,397	670,669	29,725
2019/20	1,111,572	1,043,251	68,321
2020/21	828,716	808,787	19,929
2021/22	1,056,696	1,017,175	39,521
2022/23	1,164,268	1,197,402	(33,134)
2023/24	1,359,480	1,419,049	(59,569)
2024/25	1,636,019	1,612,112	23,907
2025/26	1,858,253	1,847,923	10,330
2026/27	2,014,739	2,054,737	(39,998)
2027/28	2,222,170	2,305,680	(83,510)

Capital Budget

Introduction

The capital budget for 2018/19 totals \$26,349,280 as follows:

\$	
Capital Works	
Environmental Program	5,204,168
Recreation Program	2,015,000
Transport Program	12,000,220
Sub Total	19,219,388
Capital	
Land and Building Works	5,085,000
Library Resources	323,942
Plant, Equipment & Furniture	1,720,950
Sub Total	7,129,892
Total	26,349,280



Rate funded capital expenditure is budgeted to decrease by \$982,558 to \$20,114,401, or by 4.7 per cent, as shown in the table that follows. This change includes a capital works decrease of \$1,132,638, or 7.4 per cent, to \$14,258,451.

	Budget 2017/18 \$	Budget 2018/19 \$	Variance \$
Rate Funded			
City Works Funds	15,391,089	14,258,451	-1,132,638
Plant and Equipment	1,400,870	1,720,950	320,080
Land and Buildings	4,305,000	4,135,000	-170,000
Sub Total	21,096,959	20,114,401	-982,558

	Budget 2017/18 \$	Budget 2018/19 \$	Variance \$
Other Funded			
Grants	5,432,568	1,380,711	-4,051,857
Reserves / Asset Sales	0	500,000	500,000
Loans	1,985,900	4,354,168	2,368,268
Sub Total	7,418,468	6,234,879	-1,183,589
Total Capital Budget	28,515,427	26,349,280	-2,166,147

Capital funding from other than rates totals \$6,234,879, as shown in the following table:

	\$
Brown Hill and Keswick Creeks (loan)	2,500,000
Lockleys Catchment (loan)	1,404,168
Peake Gardens Riverside Tennis Clubrooms (loan)	450,000
Roads to recovery grant	433,049
Urban local road grant	623,720
Library grant	323,942
Camden Oval Community Facility development (assets sales)	500,000
Total	6,234,879

Environment Program

The drainage budget comprises the following:

- \$400,000 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.

- \$1,404,168 in loan funding to undertake detailed design / documentation and construction for Lockleys catchment drainage - stage 5 (upstream of Henley Beach Road).
- \$900,000 for the refurbishment and upgrade of the Shannon Avenue stormwater pump station to improve stormwater pump redundancy and drainage capacity, with the installation of a back-up power supply.
- \$2,500,000 in loan funding as Council's contribution toward various works associated with the Brown Hill Keswick Creek project.

Recreation Program

Recreation works include the following:

- \$445,000 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 2018/19 are:
 - Cromer Street Reserve, Camden Park;
 - Mellor Park Reserve, Lockleys;
 - Apex Park Reserve, West Beach (additional equipment/expansion);
 - Shade sail shelters (sites to be confirmed);
 - Additional gym equipment, selected locations;
 - Minor playground equipment;
 - Playground safety barrier fencing.
- \$500,000 for reserve upgrades, including:
 - Cromer Street Reserve, Camden Park;
 - Stirling Street Reserve, Thebarton;
 - Mile End Common, Mile End;
 - Kitt Street Reserve, West Beach;
 - Oakmont Crescent Reserve, Novar Gardens;
 - Streetscape upgrade - Henley Beach Road (staged);
 - Streetscape upgrade - Sir Donald Bradman Drive (staged);
 - Streetscape upgrade - James Congdon Drive (staged);
 - Upgrades to pedestrian lighting on reserves;
 - Minor reserves upgrades;
 - Ongoing gazebo upgrades and replacements;
 - Various fencing and bollard replacements on reserves;
 - Turf replacement and sundry reserve pathway upgrades;
 - Staged annual program to install new wheelie bin surrounds to litter bins.
- \$310,000 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.

- \$595,000 for irrigation system upgrades for the following reserves:
 - Westside Bikeway, Marleston / Plympton (staged project, selected areas within the linear park);
 - Lockleys Oval and surrounds, Lockleys;
 - Cromer Street Reserve, Camden Park;
 - Stirling Street Reserve, Thebarton;
 - Kitt Street 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.
- \$75,000 for the general upgrade of tennis courts, including fencing.

Transport Program

Funding totals \$12,000,220 (\$11,919,055 in 2017/18) as follows:

	\$
Road maintenance program	5,626,906
Road reconstruction program	4,295,827
Other road works	1,520,000
Footpath program	557,487
	<hr/>
Total	12,000,220
	<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 year's 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 \$5,626,906 as follows:

	\$
Reseal / road maintenance program	2,190,169
Kerb and gutter program	3,436,737
Total	5,626,906

Details are provided on pages 33 to 34, and include works from customer requests and a recent reconditioning audit of the road network.

Road Reconstruction Program

Council's road reconstruction program totals \$4,295,827 and comprises the following:

- Delray Street, Fulham (Gault Avenue to Crispian Street);
- MacKirdy Street, Fulham (Henley Beach Road to Samuel Street);
- Broughton Avenue, Kurralta Park (Tennyson Street to Beauchamp Street);
- Saratoga Drive, Novar Gardens (Pine Avenue to Sheoak Avenue);
- Durant Street, Plympton (Gray Street to James Street);
- Mcarthur Avenue, Plympton (Urrbrae Terrace to Glenburnie Terrace);
- Ashwin Parade, Torrensville (Property No 17 to East Street);
- Stephens Avenue, Torrensville (End to Ashley Street);
- Ashley Street, Underdale (Sherriff Street to Holbrooks Road);
- Norman Street, Underdale (Sherriff Street to Holbrooks Road);
- Sherriff Street, Underdale (Norman Street to Henley Beach Road);
- Wilford Avenue, Underdale (Sherriff Street to Hardy's Road);
- 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.

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

Other Road Works

Other road works total \$1,520,000 and comprises:

- \$300,000 for the ongoing installation and upgrade of public bus shelters at identified sites.
- \$440,000 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.
- \$200,000 for bicycle management schemes, including the upgrade and renewal of the Reece Jennings and Captain McKenna shared paths.

- \$250,000 to continue the staged upgrade of pedestrian lighting of the Westside Bikeway through Marleston / Plympton / North Plympton.
- \$250,000 for new pedestrian lighting for the Captain McKenna shared pathway (Watson Avenue to Tapleys Hill Road).
- \$80,000 for minor street lighting upgrades throughout the city.

Footpath Program

A condition assessment of Council's 626 kilometres of footpaths was undertaken in mid-2017 and it provided the basis for the forward renewal and maintenance program.

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

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

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

The findings of the above formed the basis of the updated *Footpath Infrastructure and Asset Management Plan* that was last adopted in 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 \$147,964 for footpath renewal, \$209,523 for new footpath construction and \$200,000 for footpath remediation. The following work is proposed:

Footpath Renewal Program \$147,964

- Tarragon Street, Mile End (Ebor Avenue to Falcon Avenue);
- Brooker Terrace, Richmond (Arthur Street to Craig Street);
- Sutton Terrace, Marleston (Desmond Avenue to St Anton Street);
- George Street, Marleston (Sarah Street to South Road).

New Footpath Construction Program \$209,523

- James Congdon Drive, Mile End South (Sir Donald Bradman Drive to Scotland Road);
- Northern Avenue, West Beach (Kevin Avenue to Cambridge Avenue);
- Collins Street, Cowandilla (Neill Road to Hounslow Avenue);

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 \$5,085,000 (\$7,930,000 in 2017/18) and comprises:

- \$25,000 for upgrades of Council owned facilities to meet Disability Discrimination Act (DDA) requirements, as identified in Council's Building Asset Management Plan (2017).
- \$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 (2017).
- \$25,000 for fire system upgrades, as part of an on-going program of minor works to bring Council owned buildings up to current building rules standards, as identified in Council's Building Asset Management Plan (2017).
- \$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 (2017).
- \$200,000 for on-going building compliance upgrades of Council owned facilities as identified in Council's Building Asset Management Plan (2017), with projects to include:
 - Civic Centre Complex - upgrades to mechanical services;
 - Public toilet facilities - upgrades to existing toilet facilities located on reserves;
 - Richmond Oval grandstand - development of elements of a master plan / concept plan to repair and upgrade the facility;
 - Camden Hall - minor upgrade;
 - Other building and compliance works as identified.
- \$200,000 to fund the continuing upgrade (third stage), of the Star Theatre complex, as identified in the Forward Maintenance Plan report presented to council on 2 February 2016. Works are as detailed in the ten year maintenance plan.

- \$250,000 to fund further upgrade work at Thebarton Theatre, which includes electrical wiring and power supply replacements over a four year staged program, which commenced in 2017/18. These are essential works that have been identified as part of the fire compliance upgrade building works.
- \$450,000 to fund the replacement and upgrade of the Peake Gardens Riverside Tennis Club building and associated facilities (loan program).
- \$50,000 to fund a staged upgrade and improvements of Plympton Community Centre, Plympton.
- \$100,000 to fund the replacement of existing roofing and roof structure at the Torrensville Bowling Club (King Reserve).
- \$200,000 to fund minor building repairs and external painting of the Civic Centre complex, Hilton.
- \$30,000 to fund upgrades at Girl Guides building at Kurralta Park.
- \$3,000,000 to fund work associated with the upgrade of the facilities at Lockleys Oval, Apex Park and Mellor Park.
- \$500,000 for the Camden Oval re-development (from the sale of the Marion Road depot as per a Council resolution on 19 April 2016).
- \$4,000,000 in capital income has been budgeted for the sale of Marion Road depot.

Plant, Equipment and Furniture

The capital budget for plant, equipment and furniture totals \$1,720,950 (\$1,400,870 in 2017/18) and comprises:

- \$111,500 for the replacement of 12 motor vehicles in the Council fleet, including a utility vehicle with tipper.
- \$132,500 for furniture and equipment, including community resources for council events, buildings and the library. This also includes \$70,500 for a reconfiguration of the library's front desk layout.
- \$470,000 for IT hardware and infrastructure replacement (\$240,000 in 2017/18), including PC's and laptops (\$75,000), IT server and storage area network (SAN) replacement (\$300,000), new elected member equipment (\$50,000) and the implementation of a new depot time and attendance system (\$45,000).
- \$186,500 for the programmed replacement of five specialised turf ride-on mowers. These are high use operational machines that require regular replacement to ensure a suitable residual value and low yearly maintenance costs.
- \$505,000 to replace / upgrade / purchase six 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.

- \$177,500 for various items of City Operations' plant and equipment, including new skid steer loader trailer and attachment (\$54,000), new front end loader bucket (\$12,500), new replacement of two generators (\$6,000) and six chainsaws (\$13,500), replacement electronic message board trailer (\$33,500) and three of the trailers (\$47,000) and a new 1000L capacity fuel trailer (\$11,000).
- \$109,500 for the programmed replacement of the mini loader (\$36,500) and two of the forklifts (\$73,000). These are used across all works areas of Council.
- \$28,450 to upgrade audio visual equipment in the Hamra Centre Auditorium, and Plympton and Thebarton Community Centre.

Library Resources

An amount of \$323,942 is being budgeted (\$322,702 in 2017/18) and it comprises the following:

- State resources \$207,742;
- Local resources \$116,200.

Road Reseal / Rehabilitation and Kerb and Gutter Program

Farnham Rd - (Anzac Hwy to Herbert Rd)	Ashford
Waltham St - (Anzac Hwy to Tyson St)	Ashford
Clifford St - (Oscar St to Lipsett Tce)	Brooklyn Park
Everett St - (Press Rd to Lyons St)	Brooklyn Park
Lipsett Tce - (May Tce to Property No 154)	Brooklyn Park
Oscar St - (Clifford St to Airport Rd)	Brooklyn Park
Wakefield Pl - (Bedford St to End)	Brooklyn Park
Colin St - (Creslin Tce to Stonehouse Av)	Camden Park
Inkerman Av - (Albert Av to Patricia Av)	Camden Park
Victoria Av - (Capper St to Curzon St)	Camden Park
Spencer St - (Jenkins St to End)	Cowandilla
Wilson St - (Hounslow Av to Sir Donald Bradman Dr)	Cowandilla
Crace Rd - (Good St to Coral Sea Rd)	Fulham
East Pkwy - (Riverside Dr to Gault Av)	Fulham
Eltham Ct - (Henley Beach Rd to Henley Beach Rd)	Fulham
La Jolla Av - (Huntington Av to Ayton Av)	Fulham
Warren Av - (Property No 34 to Harvey Tce)	Glenelg North
Clarence St - (Liley St to Sir Donald Bradman Dr)	Hilton
Formby St - (Milner Rd to Pearson St)	Hilton
Daly St - (Cross Tce to Garfield Av)	Kurralt Park
Selby St - (End to Garfield Av)	Kurralt Park
Selby St - (Tennyson St to Broughton Av)	Kurralt Park
Azalea Dr - (Pierson St to End)	Lockleys
Cross St - (Torrens Av to Broughton St)	Lockleys
Kellett Av - (Kenton St to Torrens Av)	Lockleys
Lorraine Av - (Anthus St to Grallina St)	Lockleys
Tracey Cres - (White Av to End)	Lockleys
Moss Av - (Richmond Rd to Commercial St)	Marleston
Sarah St - (Stirling St to George St)	Marleston
Dew St - (Henley Beach Rd to Rose St)	Mile End
Dew St - (Randolph St to Light Tce)	Mile End
Ebor Av - (Darebin St to Tarragon St)	Mile End
Falcon Av - (Norma St to Henley Beach Rd)	Mile End
Lurline St - (Ebor Av to Falcon Av)	Mile End

Road Reseal / Rehabilitation and Kerb and Gutter Program

Pam St - (Harvey Av to Ramsey St)	Netley
Birdwood Cl - (Birdwood Tce to Birdwood Tce)	North Plympton
Laverack Rd - (Birdwood Tce to Marion Rd)	North Plympton
Speed Av - (Dingera Av to Mooringe Av)	North Plympton
Alexander Ct - (Property No 8 to End)	Novar Gardens
Bonython Av - (Pine Av to Morphett Rd)	Novar Gardens
Charles Leitch Ct - (Property No 4 to End)	Novar Gardens
Scott Ct - (Property No 1 to End)	Novar Gardens
Stanford Av - (Morphett Rd to End)	Novar Gardens
Gray St - (Tilden St to Durant St)	Plympton
Tilden St - (James St to Gray St)	Plympton
Sanders St - (Bickford St to Shierlaw St)	Richmond
August St - (Neville Rd to South Rd)	Thebarton
Light Tce - (Dew St to Albert St)	Thebarton
Howard St - (Property No 12 to Holbrooks Rd)	Underdale
Stuckey Av - (Hardy's Rd to Sherriff St)	Underdale
Arctic Av - (Windsor Tce to Dennis Dr)	West Beach
Dennis Dr - (West Beach Rd to Artic Av)	West Beach
Foreman St - (Davis St to End)	West Beach
Joseph Ct - (Dennis Dr to Dennis Dr)	West Beach
Miami Av - (Rio Vista Av to City Boundary)	West Beach
Military Rd - (Lot 52 to City Boundary)	West Beach
Woodhead St - (Property No 10 to Davis St)	West Beach
Passmore St - (Norwich St to Morley St)	West Richmond
Road Rejuvenation	Various Locations

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

ORIGINAL BUDGET 2017/18	REVISED BUDGET 2017/18	DESCRIPTION	2018/19 BUDGET
<u>CAPITAL WORKS</u>			
<u>Environment Program</u>			
<i>Stormwater & Drainage</i>			
300,000	454,000	Minor Drainage Upgrades and Replacement Work	400,000
1,985,900	3,684,855	Lockleys Catchment	1,404,168
0	96,502	Ashley St (West St to Hayward Ave)	0
175,000	175,000	BHKC - Down Stream South Rd and Gray St Bend	0
50,000	50,000	Plympton Green	0
45,000	45,000	Shannon Ave Pump Station	900,000
<i>Other Environment</i>			
0	32,145	Brown Hill and Keswick Creeks	2,500,000
0	89,462	Glenelg Adelaide Pipeline (GAP)	0
2,555,900	4,626,964	Program Total	5,204,168
<u>Recreation Program</u>			
<i>Parks & Gardens</i>			
620,000	1,163,750	Playground Upgrade	445,000
330,000	794,329	Reserve Developments - Various	500,000
560,000	704,893	River Torrens Upgrade	310,000
30,000	42,919	River Torrens Path Upgrades	30,000
645,000	1,021,313	Reserve Irrigation Upgrades	595,000
0	100,596	Additional Open Space Amenity Initiatives	0
60,000	65,000	Bikeway Path Upgrade and Reseal	60,000
<i>Sports Facilities</i>			
50,000	207,808	Tennis Court Upgrades	75,000
1,441,900	55,723	Apex Park	0
0	45,600	Airport Rd	0
650,000	650,000	Thebarton Oval Kings Reserve	0
4,386,900	4,851,931	Program Total	2,015,000

ORIGINAL BUDGET 2017/18	REVISED BUDGET 2017/18	DESCRIPTION	2018/19 BUDGET
<u>Transport Program</u>			
<i>Roads Sealed</i>			
9,339,762	21,708,495	City Funds/ULRG Funds/Carryovers	9,489,684
873,376	873,376	Roads to Recovery Grant Funds	433,049
<i>Other Transport</i>			
150,000	313,054	Bus Shelters	300,000
280,000	545,360	Traffic Management	440,000
300,000	366,579	Bicycle Management Schemes	200,000
360,000	548,426	Public Lighting	580,000
0	117,352	Bio-Science Precinct Works	0
<i>Bridges</i>			
50,000	111,479	Bridge Ancillary Works (as per Bridge Audit)	0
<i>Footpaths</i>			
168,056	189,876	Footpath Renewal Program	147,964
197,861	206,044	Footpath Construction Program	209,523
200,000	200,000	Footpath Remediation Program	200,000
<u>11,919,055</u>	<u>25,180,041</u>	Program Total	<u>12,000,220</u>
<u>18,861,855</u>	<u>34,658,936</u>	TOTAL - CAPITAL WORKS	<u>19,219,388</u>

ORIGINAL BUDGET 2017/18	REVISED BUDGET 2017/18	DESCRIPTION	2018/19 BUDGET
<u>OTHER CAPITAL EXPENDITURE</u>			
<u>Land and Buildings</u>			
25,000	25,000	DDA Upgrade Program	25,000
0	110,000	DDA Golflands Complex Building	0
30,000	30,000	Asbestos Removal Program	30,000
25,000	25,000	Fire Systems Upgrades	25,000
25,000	25,000	Electrical Compliance Upgrades	25,000
0	8,705	RSL Hilton (New RC A/C)	0
200,000	220,000	Building Compliance Upgrade	200,000
0	75,000	Security Key System - Council Buildings	0
0	342,003	Civic Office - Upgrade of 173 Sir Donald Bradman	0
200,000	325,677	Star Theatre - Building Compliance Works (Staged)	200,000
0	70,534	Portable Toilet Facilities	0
0	67,840	Civic Centre Internal Foyer Access	0
0	259,473	Thebarton Hub Upgrade	0
0	16,318	Richmond Oval - DDA Shelter (Grant)	0
250,000	250,000	Thebarton Theatre Complex - Structural /Electrical Works	250,000
50,000	50,000	Peake Gardens Riverside Tennis Clubrooms	450,000
500,000	500,000	Thebarton Community Centre U/G Stage 2	0
500,000	500,000	Kings Reserve - U/G Stage 1	0
150,000	150,000	Bluestone Cottage - Sir Donald Bradman Dr	0
0	8,127,008	New Depot purchase	0
0	1,000,000	New Depot (Morphett Rd) - Upgrade Building Workshop	0
0	25,000	Depot - 112 Marion Rd - Decommission of Site	0
0	0	Plympton CC, Building Upgrade and Staged Works	50,000
0	0	Torrensville Bowling Club - Roof Structure, Replacement	100,000
0	0	Civic Centre Complex, Painting of External Building	200,000
0	0	Upgrade Girl Guides Building, Kurralta Park	30,000
0	250,000	Camden Oval - Public Toilet Facilities (DDA)	0
1,500,000	6,923,068	Weigall Oval Stage 1	0
3,250,000	7,951,835	Upgrade Lockleys Oval/Apex Park	3,000,000
1,225,000	1,225,000	Torrensville Bowling Club	0
0	5,463,678	Camden Oval Community Facility-Other Consultant Fees	500,000
0	240,000	Lockleys RSL Land Acquisitions	0
0	25,000	Elm Ave Right of Way Acquisition	0
7,930,000	34,281,140	Total Land and Buildings	5,085,000

ORIGINAL BUDGET 2017/18	REVISED BUDGET 2017/18	DESCRIPTION	2018/19 BUDGET
<u>Plant, Equipment and Furniture</u>			
97,000	142,105	Motor Vehicle Replacements	111,500
49,670	152,300	Furniture and Equipment	132,500
140,000	151,000	IT Hardware & Infrastructure Replacement	470,000
100,000	0	City Works Mobility Initiative	0
64,700	64,700	Minor Depot Plant and Equipment	57,500
142,500	211,500	Replace Mowers (2017/18 x 4; 2018/19 x 5)	186,500
308,000	437,364	Replace Trucks/Tipplers (2017/18 x 4; 2018/19 x 6)	505,000
70,000	70,000	Replace Bobcat	0
141,000	141,000	Replace Front End Loader	0
72,000	72,000	Replace Woodchipper	0
23,500	23,500	Replace Trailers	86,500
0	84,500	Replace Cherry Picker	0
14,000	14,000	Replace Tipper Body	0
40,000	40,000	Water Pump Trailer Mounted	0
21,500	21,500	Replace Electronic Message Board	33,500
0	0	Replace Mini Loader	36,500
0	0	Replace Forklifts	73,000
105,000	105,000	Portable CCTV equipment	0
12,000	12,000	Community Bus Trailer / PA Systems	0
0	0	Audio visual upgrades at Auditorium	20,000
0	0	Audio visual upgrades at Plympton and Thebarton Community Centre	8,450
1,400,870	1,742,469	Total Plant, Equipment and Furniture	1,720,950
<u>Library Resources</u>			
207,742	186,441	Library Resources - Central	207,742
114,960	114,960	Library Resources - Local	116,200
322,702	301,401	Total Library Resources	323,942
9,653,572	36,325,010	TOTAL - OTHER CAPITAL	7,129,892
28,515,427	70,983,946	TOTAL ALL CAPITAL EXPENDITURE	26,349,280

ORIGINAL BUDGET 2017/18	REVISED BUDGET 2017/18	DESCRIPTION	2018/19 BUDGET
<u>CAPITAL INCOME</u>			
<u>Land and Buildings</u>			
0	0	Sale of Marion Road Council depot	4,000,000
0	0	Total Land and Buildings	4,000,000
0	0	TOTAL ALL CAPITAL INCOME	4,000,000

Operational Budget

Summary

Council's operating statement in the 2018/19 budget projects a surplus from operations of \$8,813,231, as shown below, based on a 2.3 per cent rate increase. This rate increase is lower than the increase endorsed in the long term financial plan of the Council in 2017/18.

Income	\$
Rates and Rate Equivalents	57,402,440
Statutory Charges	2,345,500
User Charges	1,588,001
Grants and Subsidies	3,226,129
Sundry Income	937,499
	<hr/>
Total Income	65,499,569
	<hr/>
Expenditure	
Employee and Related	23,163,854
Material and Contract	8,771,840
Finance Costs	403,726
NRM Levy	1,472,440
Depreciation	11,470,000
Other	11,404,478
	<hr/>
Total Expenditure	56,686,338
	<hr/>
Operating Surplus	8,813,231
	<hr/>

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

After adjusting for reserve movements, a small cash surplus of \$29,725 is projected.

Operational Expenditure

Operational expenditure has increased by \$2,940,509 or 5.5 per cent, relative to the original 2017/18 budget.

All operational expenditure, before depreciation, has increased by \$2,715,509 or 6.4 per cent, relative to the original 2017/18 budget (\$2,050,747 or 5.1 per cent last budget), as follows:

	Budget 2017/18 \$	Budget 2018/19 \$	Variance \$	Variance %
Employee Costs	22,988,300	23,163,854	175,554	0.8%
Building, Equipment and Related	1,837,900	1,997,750	159,850	8.7%
General Expenses	4,114,579	4,550,037	435,458	10.6%
Bank and Finance Charges	150,900	403,726	252,826	167.5%
Council Related Expenses	2,085,938	2,362,578	276,640	13.3%
Contract and Material Expenses	8,355,320	8,870,840	515,520	6.2%
NRM Levy	1,383,061	1,472,440	89,379	6.5%
Occupancy and Property Costs	1,669,831	2,601,113	931,282	55.8%
Internal Charges / Recoveries	-85,000	-206,000	-121,000	142.4%
Sub Total	42,500,829	45,216,338	2,715,509	6.4%
Depreciation	11,245,000	11,470,000	225,000	2.0%
Total	53,745,829	56,686,338	2,940,509	5.5%

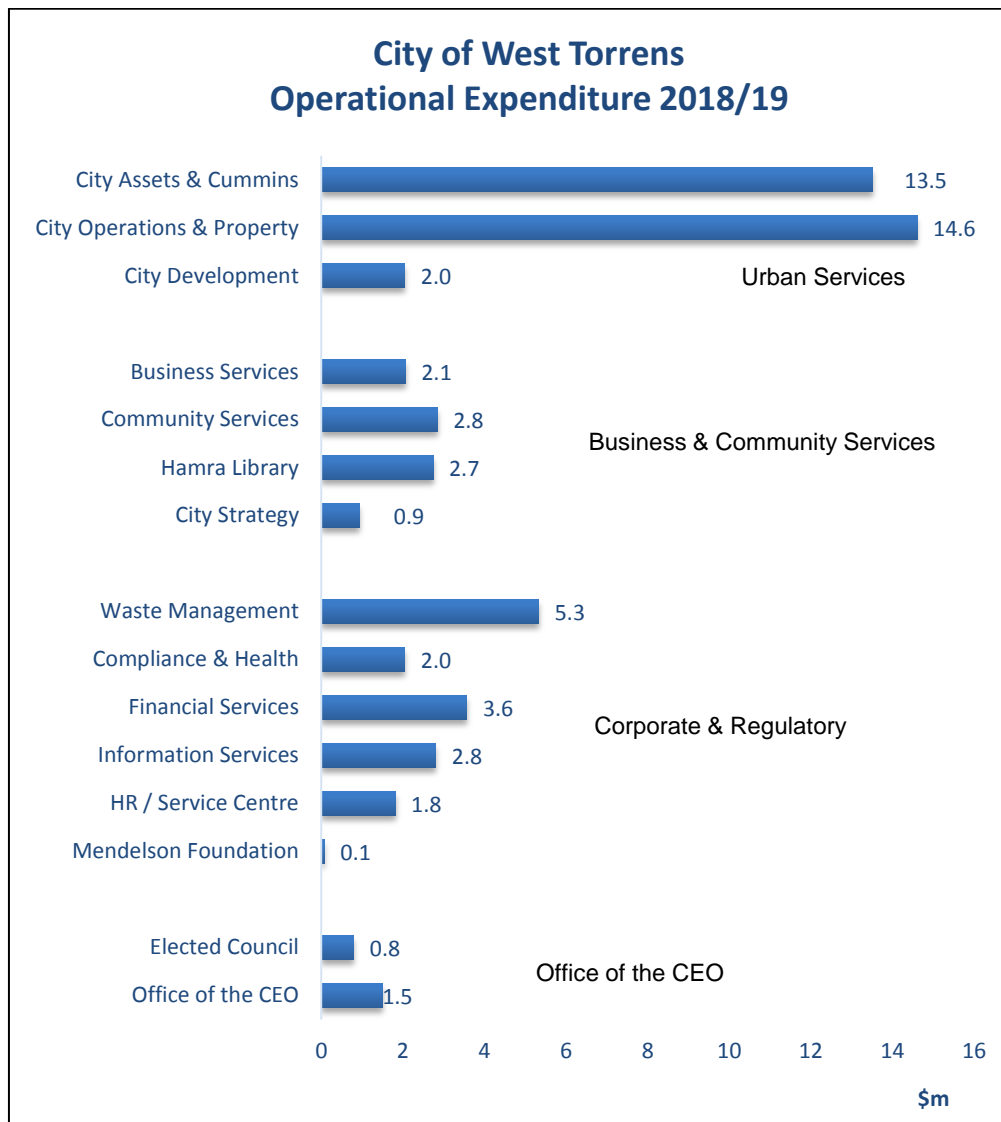
Key Expenditure Movements

Operational costs across all areas of the Council are increasing by 5.5 per cent as shown above, the key increases being:

- Employment costs have increased by \$175,554 or 0.8 per cent over the original budget estimates for 2017/18 (\$1,364,049 or 6.3 per cent last budget), with FTE's increasing net by 0.5. This is further explained later in this commentary under the heading "Employment Costs".
- Rent and land tax equivalent payments to Adelaide Airport Limited associated with the new depot of \$720,000 have been budgeted, partly offset by income.
- An interest cost associated with new loans of \$257,226 is budgeted.
- Waste to landfill costs has increased by \$180,000 or 11.5 per cent to \$1,750,000, \$160,000 of which is attributable to waste levy increases imposed by the state government.
- Costs associated with the November elections of \$160,000 have been budgeted, with professional fees otherwise increasing by \$164,450, the additional cost being budgeted to largely cover land and building valuations (\$45,000), waste contract renewal support (\$40,000), and EPA related contamination assessment work at Deeds Road (\$50,000).
- Contractor budgets have increased by \$284,200 to cover property and depot service delivery, including costs associated with the new depot (\$127,500), support for aged and disability care (CHSP) (\$116,755) and the outsourcing of immunisation services (\$43,840).
- Depreciation is set to increase by \$225,000 or 2.0 per cent based on current assets values and the impact of ongoing capital expenditure programs.

- The NRM levy is up \$89,379 or 6.5 per cent to \$1,472,440.
- Street lighting costs are increasing by \$185,000 or 21.8 per cent to \$1,035,000 and other power costs are budgeted to increase by \$129,364 or 22.3 per cent to \$708,196.
- Software costs have increased by \$120,120 in order to accommodate investment in a new Microsoft enterprise agreement and comply with Microsoft database and operating system licencing requirements.
- Grant (community and partnership) and donation budgets have increased by \$99,633 to \$513,376.

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



Employment Costs

Employment costs have increased by \$175,554 or 0.8 per cent over the original budget estimates for 2017/18 (\$1,364,049 or 6.3 per cent per cent last budget), with this increase impacted by the following:

- Negotiated enterprise bargaining increases in excess of \$400,000 being budgeted;
- Workers compensation premium costs being budgeted to fall by \$356,602, a reduction offset by a decline in bonus income from our insurers;
- A vacancy allowance of \$225,000 being factored into salary budgets;
- FTE numbers being increased by 0.5 net over what was budgeted in 2017/18.

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.

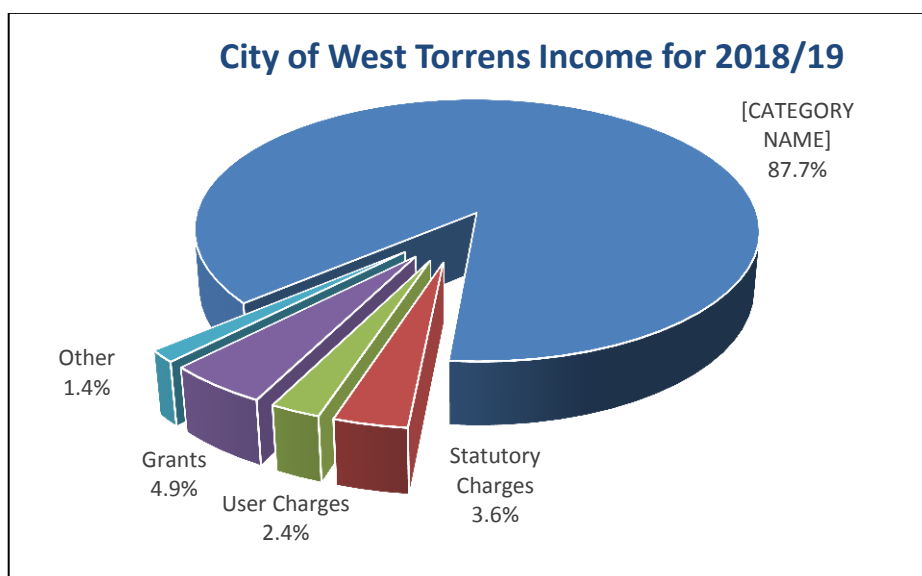
Income

All income is budgeted to increase by \$1,733,324 or 2.7 per cent over 2017/18 budget as follows:

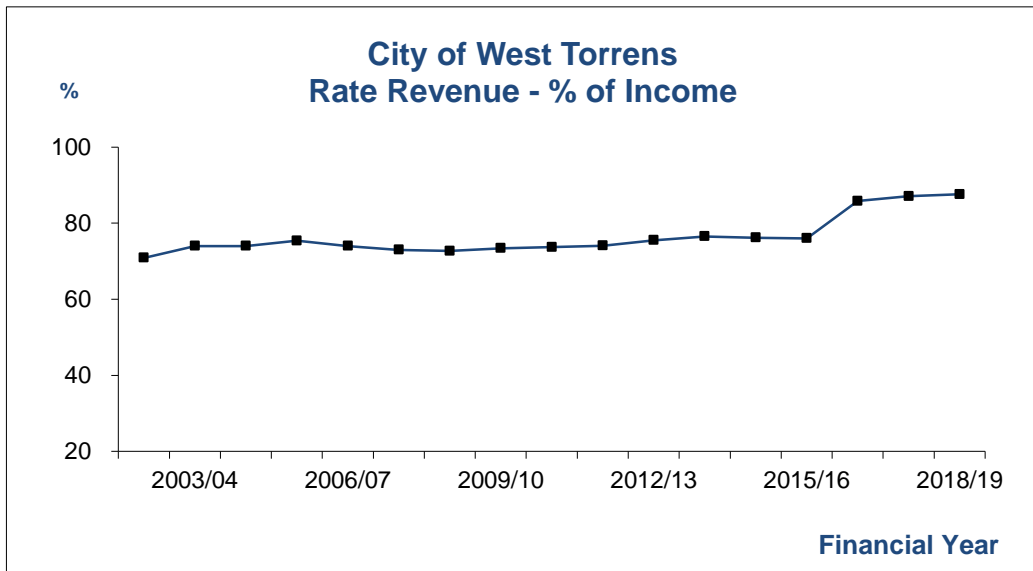
	Budget 2017/18 \$	Budget 2018/19 \$	Variance \$
Rates & Rate Equivalents Payments	55,523,061	57,402,440	1,879,379
Statutory Charges	2,293,100	2,345,500	52,400
User Charges	1,242,429	1,588,001	345,572
Grants - General Purpose Grant	1,204,000	1,238,200	34,200
Grants - Other	2,410,949	1,987,929	-423,020
Sundry Income	1,092,706	937,499	-155,207
Total	63,766,245	65,499,569	1,733,324

Rate Income

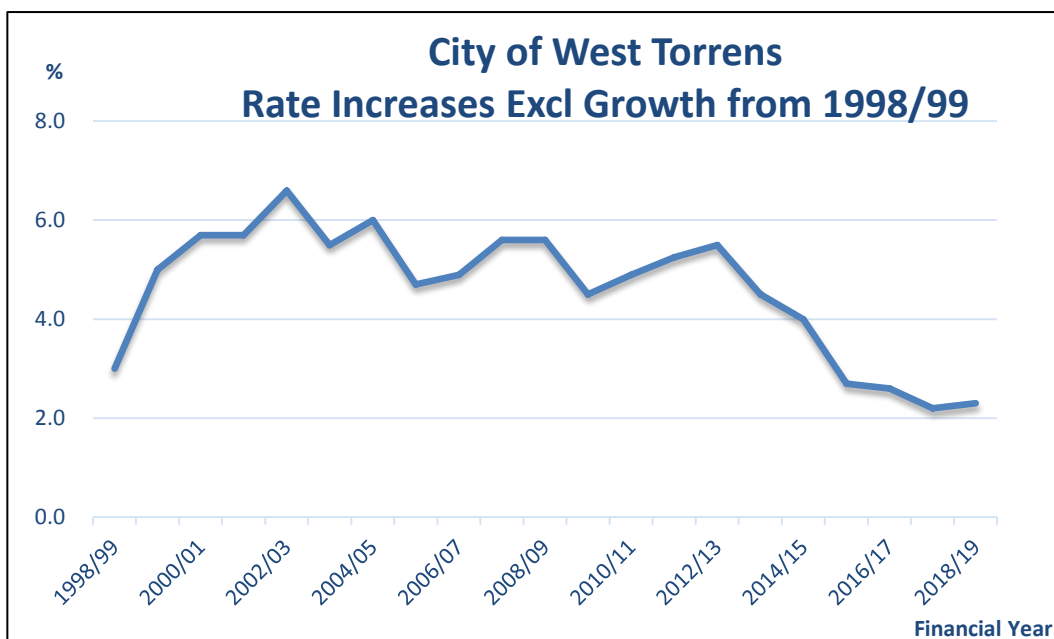
87.7 per cent of the income budgeted by Council is derived from rates and rate equivalent payments, as follows:



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 1998/99 has achieved an average increase of 4.6 per cent (excluding natural growth), as shown in the chart below. Much lower increases are evident in recent years.



Rate Calculation

Rates in 2018/19 are determined on the following basis:

	\$
Rate Income 2017/18	49,614,106
Add Natural Growth @ Net 1.4%	694,597
	<hr/>
Rates Prior to Rate Increase	50,308,703
	<hr/>
Add Net Rate Increase @ 2.3%	1,161,297
	<hr/>
Rates Raised (excluding fines)	51,470,000
	<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 \$909 is proposed for 2018/19 (\$889 in 2017/18), an increase of \$20 or 2.3 per cent.

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

West Torrens had the fourth lowest minimum rate in metropolitan Adelaide in 2017/18 at \$889. Minimum rates in metropolitan Adelaide average \$977 and range between \$781 (Unley) and \$1,163 (Walkerville).

Rate Movements

It is proposed that rates be increased as follows:

Minimum Rate	:	Up 2.3%
Non-Residential	:	Up 2.3%
Residential	:	Up 2.3%
Overall Increase	:	Up 2.3%

Rates Comparison with Other Councils

A comparison of rates with other metropolitan councils reveals that West Torrens Council's average rates of \$1,646 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 2017/18

Council	Average	Ratio
	Rates	
	\$	%
Walkerville	2,118	1.3
Unley	2,093	1.3
Prospect	2,008	1.2
Playford	1,997	1.2
Charles Sturt	1,812	1.1
Tea Tree Gully	1,804	1.1
Mitcham	1,801	1.1
Burnside	1,752	1.1
Marion	1,743	1.1
West Torrens	1,646	1.0
Holdfast Bay	1,639	1.0
Onkaparinga	1,604	1.0
Pt Adelaide Enfield	1,590	1.0
Norwood, Payneham	1,589	1.0
Campbelltown	1,533	1.0
Salisbury	1,365	0.9
Average	1,756	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 Rates	Ratio
	\$	%
Walkerville	2,025	1.7
Unley	1,786	1.5
Prospect	1,780	1.5
Burnside	1,704	1.4
Mitcham	1,654	1.4
Tea Tree Gully	1,582	1.3
Playford	1,556	1.3
Holdfast Bay	1,528	1.3
Onkaparinga	1,511	1.3
Campbelltown	1,510	1.3
Marion	1,472	1.2
Norwood, Payneham	1,467	1.2
Charles Sturt	1,360	1.2
Salisbury	1,307	1.1
West Torrens	1,181	1.0
Pt Adelaide Enfield	1,021	0.9
Average	1,531	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.

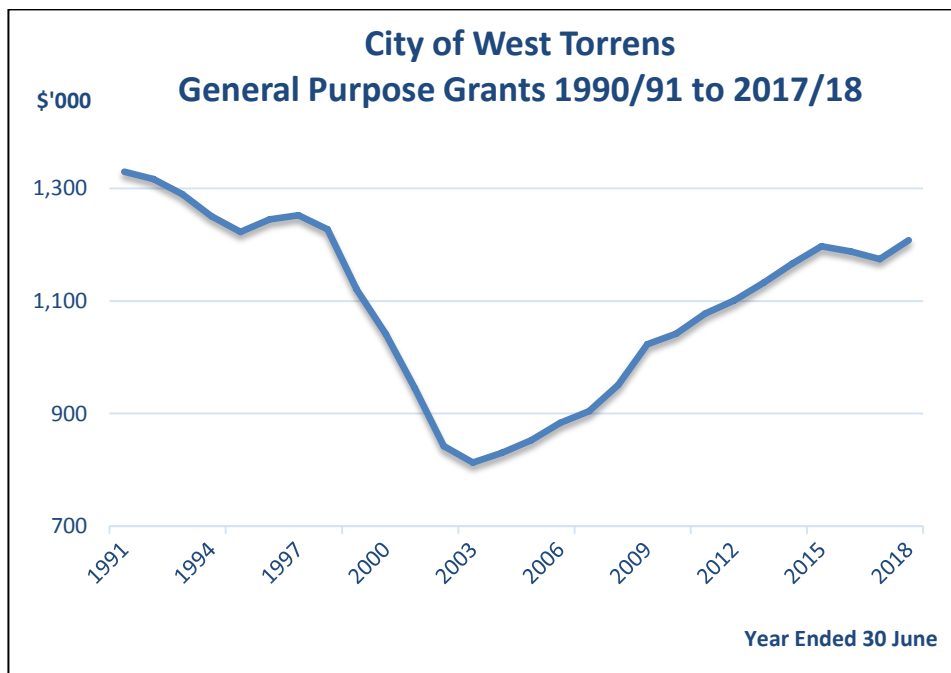
Grant Income

Grant income budgeted in 2018/19 totals \$3,226,129 (\$3,614,949 in 2017/18) as follows:

	Budget 2017/18 \$	Budget 2018/19 \$	Variance \$
General Purpose Grant	1,204,000	1,238,200	34,200
Road Grants	611,490	623,720	12,230
Library	420,339	425,416	5,077
HACC / CHSP	468,744	468,744	0
Special Road Grants	873,376	433,049	-440,327
Sundry Grants	37,000	37,000	0
Total	3,614,949	3,226,129	-388,820

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.



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 2018/19 financial year totals \$1,588,001 (or 2.4 per cent of all Council's operating income). They comprise of the following:

	Budget 2017/18	Budget 2018/19	Variance
	\$	\$	\$
Waste Royalties / Lease Fees	164,314	176,278	11,964
Hall and Theatre Hire / Rent	244,233	345,851	101,618
Library Income	40,000	31,000	-9,000
Ovals Rents, Fees & Related	111,488	108,673	-2,815
Home Support Charges	135,000	135,000	0
House Rent & Related	36,814	39,780	2,966
Commercial Lease Fees	0	340,000	340,000
Sundry User Charges	510,580	411,419	-99,161
Total	1,242,429	1,588,001	345,572

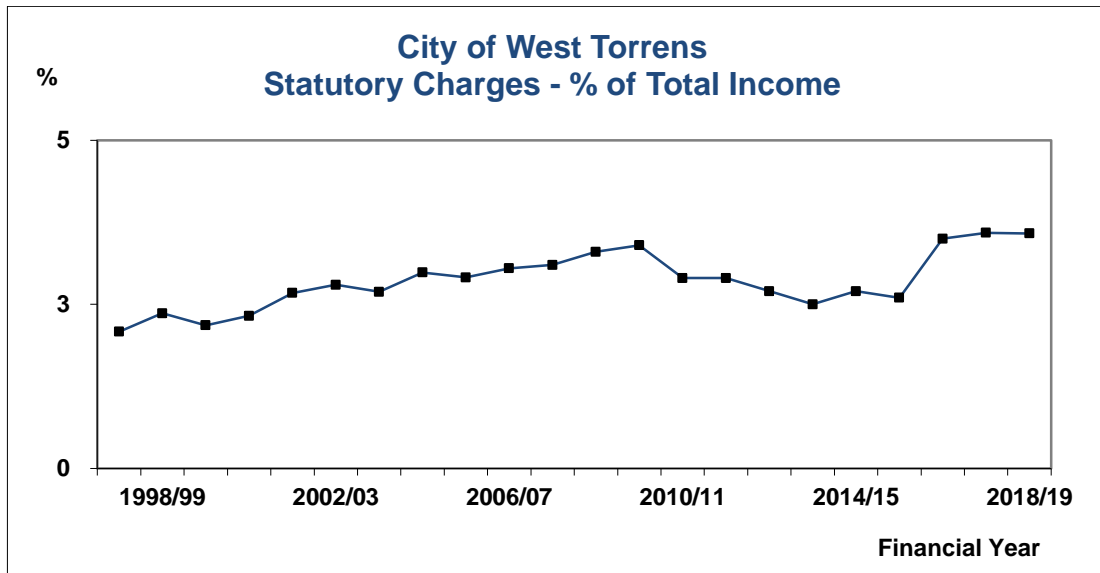
Commercial lease fees of \$340,000 are for the new depot facility. All user charges are reviewed annually by Council.

Statutory Charges

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

	Budget 2017/18	Budget 2018/19	Variance
	\$	\$	\$
Parking Income	1,100,000	1,100,000	0
Development Act Fees	670,000	690,000	20,000
Animal Control Income	299,900	330,900	31,000
Property Search Fees	115,000	115,000	0
Sundry Statutory Charges	108,200	109,600	1,400
Total	2,293,100	2,345,500	52,400

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 2018/19 budget, statutory charges total \$2,345,500 or 3.6 per cent of all Council income (excluding capital revenues). The trend since 1997/98 has been as follows:



Other Income

Other income of the Council includes investment income, insurance returns and reimbursements, and comprises 1.4 per cent of all income budgeted in 2018/19 (excluding capital revenues).

	Budget 2017/18 \$	Budget 2018/19 \$	Variance \$
Investment & Related Income	349,000	324,000	-25,000
Reimbursement Income	233,206	251,999	18,793
Insurance Bonus	300,000	150,000	-150,000
Sundry Income	210,500	211,500	1,000
Total	1,092,706	937,499	-155,207

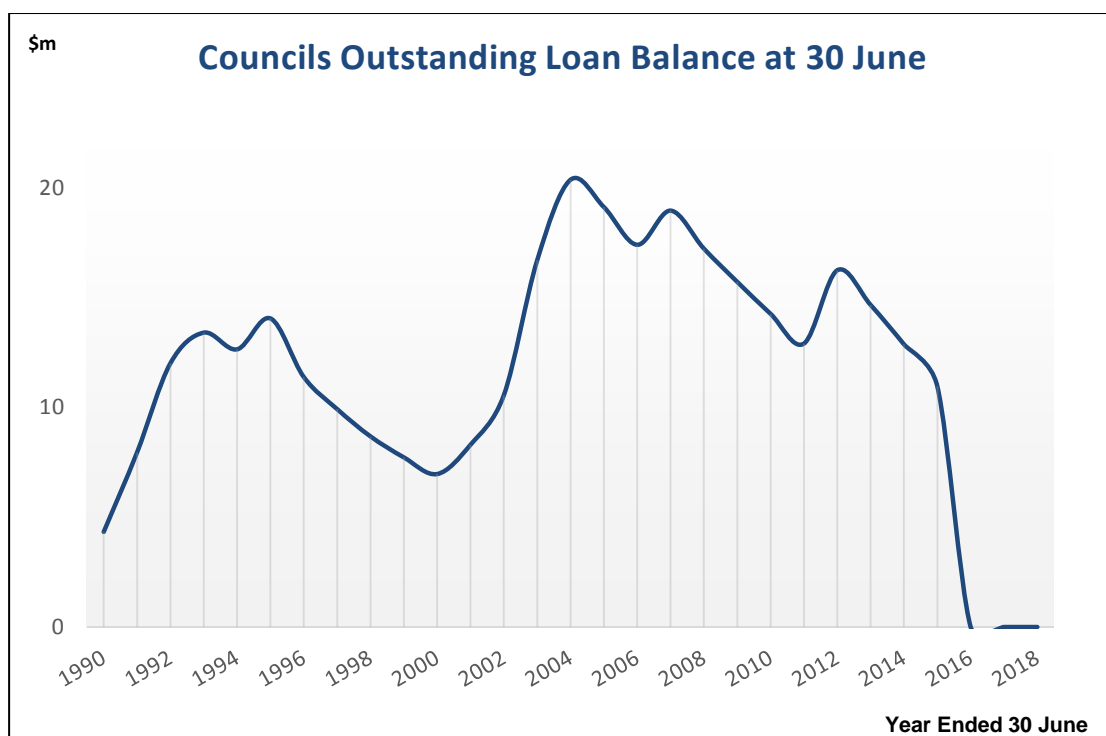
Loan Program 2018/19

Council's loan program for 2018/19 totals \$4,647,203 (\$1,805,364 in the 2017/18 original budget). The loan is to fund Lockleys catchment drainage, Peake Gardens Riverside Tennis Clubrooms and the Brownhill Keswick Creek project.

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.

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 as shown below:

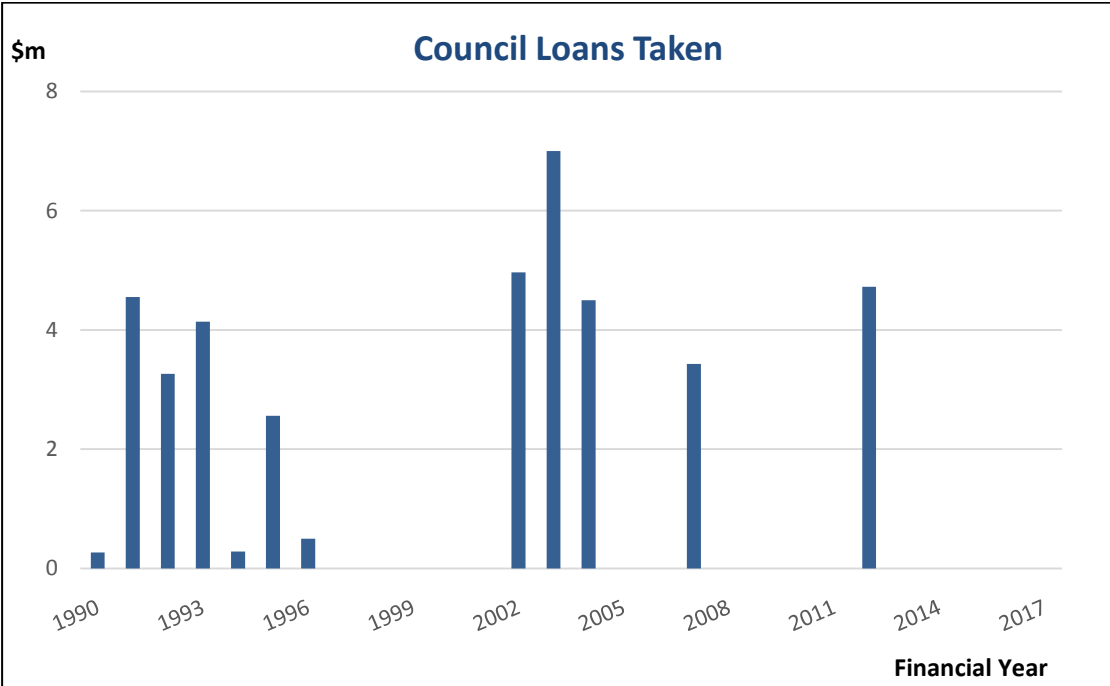


A sizeable reduction of Council's indebtedness in the 1995 to 2001 period occurred because Council elected to use cash reserves rather than borrowings to fund the budgeted loan program. This has resulted in interest and principal repayments being avoided.

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.

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.

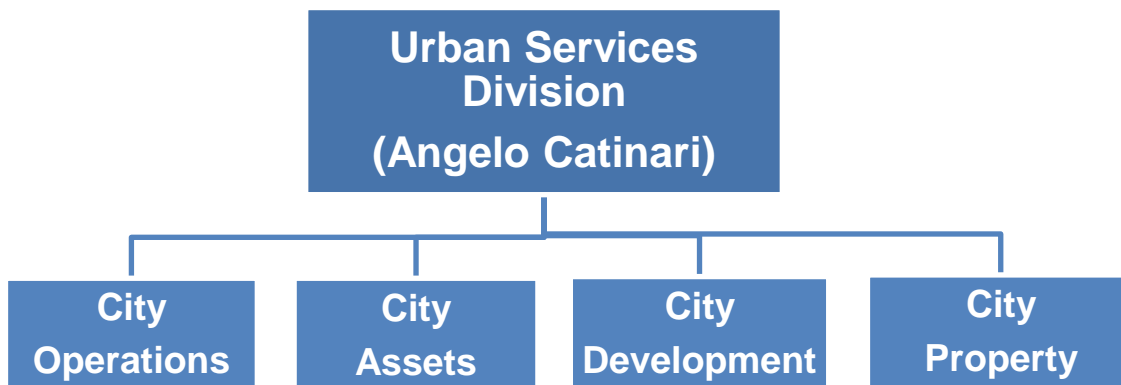
Loans taken are shown graphically as follows:



No loan liability in 2016, 2017 and 2018 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 Operations;
- City Assets;
- City Development;
- City Property (including Cummins House).

Urban Services Division 2018/19 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 2018/19

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.

2018/19 Budget Highlights

1. Income

- Urban Services' income is budgeted to decrease by \$48,072 or 1.5 per cent to \$3,237,909;
- Roads to recovery funding of \$433,049 is budgeted in 2018/19, down from \$873,376 originally budgeted in 2017/18;
- Council's identified local road grant has been budgeted at \$623,720, (\$611,490 budgeted originally in 2017/18);

- Royalty payments and lease income associated with the waste transfer station totalling \$176,278 have been budgeted, up \$11,964 or 7.3 per cent on what was budgeted in City Assets in 2017/18;
- Income from sporting facilities of \$118,162 has been budgeted (\$121,085 in 2017/18);
- Thebarton Theatre income of \$69,309 has been budgeted (\$69,168 in 2017/18);
- Property related reimbursements for utility and related charges (such as water and electricity) of \$197,799 have been budgeted (\$191,006 in 2017/18);
- Lease income of \$340,000 from the new depot has been budgeted (nil in 2017/18);
- City Operations' income of \$147,500 has been budgeted (\$115,000 in 2017/18) 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 \$690,000 have been budgeted (up 3.0 per cent from \$670,000 in 2017/18);
- Property search fees have been budgeted at \$115,000, based on no increase over 2017/18 in property sales.

2. Operational Expenditure

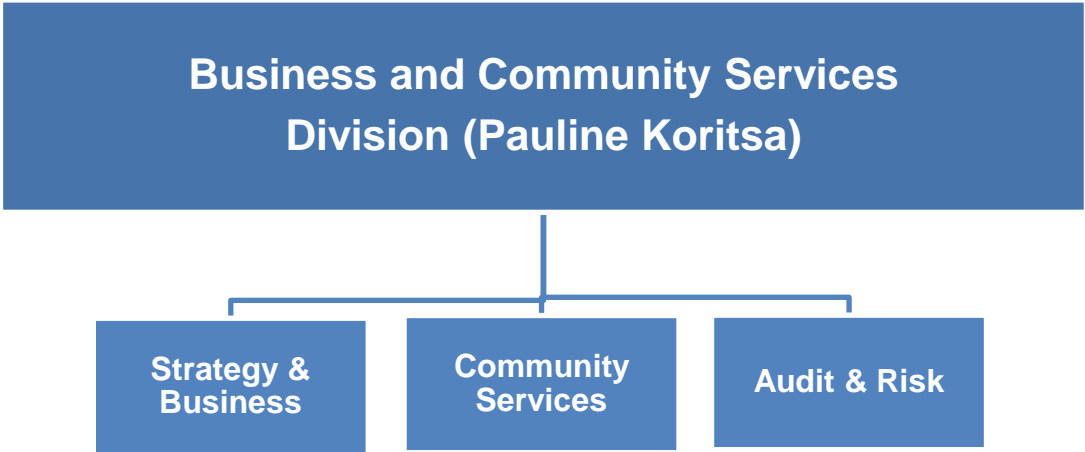
- Operational expenditure (excluding depreciation) has increased by \$1,625,219 or 9.0 per cent to \$19,610,013 (\$17,984,794 in 2017/18);
- Employment expenses have increased by \$213,794 or 2.1 per cent, to \$10,526,912;
- Street lighting expenditure has increased by \$185,000 or 21.8 per cent to \$1,035,000 (\$850,000 in 2017/18);
- Professional fees have increased by \$16,500 or 2.8 per cent to \$600,000, to fund the following:
 - \$100,000 for specialist engineering advice and support;
 - \$80,000 for arboriculture and heritage advice to be provided (\$90,000 in 2017/18);
 - \$75,000 for the Brown Hill Keswick Creek project;
 - \$60,000 for various consultancy advice and support;
 - \$50,000 for rolling stormwater audit work to be undertaken;
 - \$50,000 for the Deeds Road depot - EPA related contamination risk assessment and review);
 - \$45,000 for Lands Titles Office and topographical surveys;
 - \$40,000 for the ongoing development of tree strategy and policy, including a partial tree survey;
 - \$40,000 for specialist property related advice and support;
 - \$20,000 for transport strategy implementation;
 - \$20,000 for asset management development;
 - \$10,000 for geotechnical testing;
 - \$10,000 for risk assessments, auditing and compliance for projects and operational activities.
- Depreciation costs have been budgeted to increase by \$207,896 or 2.0 per cent to \$10,554,523;
- Contract maintenance expenditure has increased by \$139,500 or 6.2 per cent to \$2,389,000 and includes:
 - \$640,000 for road, road reserve and footpath maintenance;
 - \$510,000 for property and facilities related maintenance, including maintenance associated with the new depot;
 - \$270,000 for tree pruning;

-
- \$260,000 for inspection, cleaning and maintaining the drainage network and stormwater pump stations;
 - \$221,000 for horticulture and landscape maintenance;
 - \$220,000 for weed control;
 - \$120,000 in waste disposal costs, which includes illegally dumped rubbish;
 - \$85,000 for graffiti removal;
 - \$51,000 for turf / irrigation maintenance and compliance testing;
 - \$12,000 for sundry expenditure.
- Material costs for maintenance works have increased by \$28,500 or 3.1 per cent to \$959,000, and include:
 - \$235,000 for road maintenance and concrete material;
 - \$200,000 for the greening program (tree replacement, plantings and biodiversity WSUD plantings);
 - \$145,000 for line marking and signage / furniture.
 - Rental and land tax equivalent payments to Adelaide Airport Limited totalling \$720,000 have been budgeted (nil in the original 2017/18 budget);
 - Interest expense of \$257,226 in budgeted (nil in 2017/18) as Council resumes borrowing for major capital projects;
 - Levies and charges have fallen by \$20,000 or 11.4 per cent to \$156,000 and cover EPA licence fees for Deeds Road / Waste Transfer Station (\$38,000), building an planning fees payable to the SA Government (\$40,000) and the emergency services levy (\$73,000);
 - 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 increased by \$9,999 or 1.5 per cent to \$655,040;
 - Sitting fees for independent members of the Development Assessment Panel of \$28,202 have been factored into the budget, based on allowances set by the SA Remuneration Tribunal.

BUDGET 2018/19 URBAN SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME
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2017/18 BUDGET		DESCRIPTION	2018/19 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2017/18 ORIGINAL	
Income					
790,000	785,000	Statutory Charges	805,000	15,000	2%
733,109	801,539	User Charges	1,053,341	320,232	44%
1,520,366	2,647,799	Grants & Subsidies	1,092,269	(428,097)	-28%
210,506	240,635	Reimbursements	220,299	9,793	5%
32,000	95,869	Other Income	67,000	35,000	109%
3,285,981	4,570,842	Total Income	3,237,909	(48,072)	-1.5%
Operational Expenditure					
9,633,037	9,688,233	Staff Costs	9,976,902	343,865	3.6%
680,081	493,950	Staff Related Costs	550,010	(130,071)	-19.1%
1,797,606	1,795,606	Buildings Furniture & Fittings	1,847,448	49,842	2.8%
1,307,894	1,286,894	Plant & Equipment	1,355,941	48,047	3.7%
6,177	6,177	Computer Expenditure	6,284	107	1.7%
8,000,000	8,000,000	Community Assets	8,160,000	160,000	2.0%
1,533,510	1,807,224	General	1,608,887	75,377	4.9%
0	0	Bank & Finance	257,226	257,226	N/A
1,001,258	1,081,258	Council Expenditure	1,167,060	165,802	16.6%
2,249,500	2,701,663	Contract Expenditure	2,389,000	139,500	6.2%
930,500	820,500	Materials	959,000	28,500	3.1%
1,276,858	1,964,450	Occupancy & Property	2,092,778	815,920	63.9%
(85,000)	(162,769)	Internal - Expenditure Recovered	(206,000)	(121,000)	142.4%
28,331,421	29,483,186	Total Operational Costs	30,164,536	1,833,115	6.5%
(25,045,440)	(24,912,344)	Operational Surplus/(Deficit)	(26,926,627)	(1,881,187)	7.5%

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 2018/19 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 2018/19

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.

2018/19 Budget Highlights

1. Income

- Divisional income is budgeted to increase by \$104,477 or 8.4 per cent to \$1,355,180;
- Income from library users of \$43,200 has been budgeted (\$51,300 in 2017/18);
- A component of the library budget is externally funded by the State Government (total of \$425,416), and represents 15.5 per cent of the total operational budget of the library (\$420,339 in 2017/18);
- User charges for the Commonwealth Home Support program (CHSP) have remained the same at \$110,000;
- CHSP grant income is expected to be \$468,744 (\$468,744 budgeted in 2017/18);
- Income of \$291,820 has been budgeted for Community Development, up \$95,500 or 48.6 per cent on the 2017/18 budget. The amount budgeted includes transport fees and charges of \$14,000 (\$15,000 in 2017/18), community centre hire charges of \$250,000 (\$150,000 in 2017/18) and fees from home advantage services of \$25,000 (\$25,000 in 2017/18).

2. Operational Expenditure

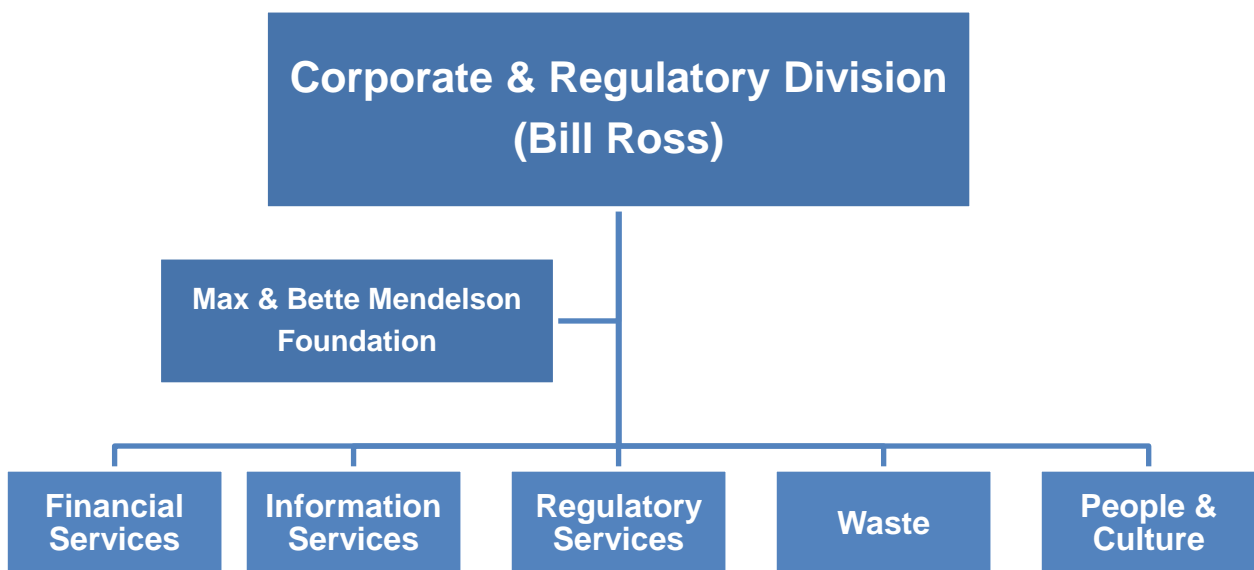
- Operational expenditure for the Business and Community Services Division is budgeted to increase by \$403,693 or 4.9 per cent to \$8,577,303;
- Employment expenses have fallen by \$127,228 or 2.4 per cent, to \$5,237,906, a decline that is largely the result of (a) workers compensation premiums being budgeted net of refunds and (b) contractors being budgeted rather than casual staff for the CHSP program;
- \$352,750 has been budgeted for professional fees, up \$102,650 or 41.0 per cent on what was funded in 2017/18. The budget amount includes:
 - \$160,000 for the conduct of the November Council elections (nil in 2017/18);
 - \$50,000 for internal audit support;
 - \$30,000 for PDI projects;
 - \$21,500 for IT and annual report support;
 - \$20,000 for land use policy;
 - \$20,000 for Community Land Management Plan review;
 - \$20,000 for the Community Plan 2019-24;
 - \$14,000 for licensing;
 - \$10,000 for review of the public health plan;
 - \$7,250 for legal advice.
- Community Development expenditure has increased by \$231,574 (up 11.4 per cent) to \$2,265,893 and this includes funding for:
 - School holiday events, such as "Little Day Out" activities;
 - Community and celebratory activities and projects e.g. volunteer thank you Christmas lunch, community gardens, and walking and sewing groups;
 - Youth initiatives e.g. after school and school holiday activities, and youth expo;
 - Community participation and engagement, including disability and volunteer expos, training and support, anti-poverty week, harmony day and cultural evenings.
- An amount of \$90,000 has been budgeted for contractors to provide services to the aged and disabled (\$93,000 in the original 2017/18 budget);
- Partnership grants of \$173,518 and community grants of \$121,000 are budgeted (\$151,630 and \$121,000 in 2017/18);

- \$100,000 has been budgeted for environment and heritage grants (\$40,000 in 2017/18);
- The operational bottom line for CHSP is budgeted to be substantially break-even in 2018/19, with contractor support budgeted at \$196,000 (\$79,245 in 2017/18);
- Promotional costs of \$103,800 have been budgeted by Business Services (\$106,000 in 2017/18), including \$93,000 for the summer festival program;
- Publications and printing costs of \$132,500 are proposed (\$133,400 in 2017/18), a sizeable component of which is for Talking Points;
- Advertising and publicity costs of \$103,800 are budgeted (\$86,400 in 2017/18), the majority of which is for the Messenger column which now appears in three Messenger papers.

BUDGET 2018/19 BUSINESS & COMMUNITY SERVICES DIVISION OPERATIONAL EXPENDITURE & INCOME

2017/18 BUDGET		DESCRIPTION	2018/19 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2017/18 ORIGINAL	%
Income					
1,000	1,000	Statutory Charges	3,000	2,000	200.0%
368,620	505,120	User Charges	456,020	87,400	23.7%
890,583	893,733	Grants & Subsidies	895,660	5,077	0.6%
0	5,216	Reimbursements	0	0	0.0%
(9,500)	14,283	Other Income	500	10,000	-105.3%
1,250,703	1,419,352	Total Income	1,355,180	104,477	8.4%
<i>Less</i>					
Operational Expenditure					
5,034,610	4,803,168	Staff Costs	4,998,244	(36,366)	-0.7%
330,523	236,987	Staff Related Costs	239,662	(90,861)	-27.5%
168,232	168,232	Buildings Furniture & Fittings	165,494	(2,738)	-1.6%
152,589	152,589	Plant & Equipment	152,495	(94)	-0.1%
149,281	128,316	Computer Expenditure	131,783	(17,498)	-11.7%
315,000	315,000	Community Assets	320,000	5,000	1.6%
1,148,170	1,340,005	General	1,390,099	241,929	27.2%
2,400	2,600	Bank & Finance	0	(2,400)	-100.0%
331,880	575,216	Council Expenditure	436,518	104,638	31.5%
187,245	283,485	Contract Expenditure	301,000	113,755	0.0%
32,200	32,200	Materials	23,000	(9,200)	-28.6%
321,479	328,688	Occupancy & Property	419,008	97,529	30.3%
8,173,610	8,366,487	Total Operational Costs	8,577,303	403,693	4.9%
(6,922,907)	(6,947,135)	Operational Surplus/(Deficit)	(7,222,123)	(299,216)	4.3%

Corporate and Regulatory Division



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

The Corporate and Regulatory Division comprises the following:

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

Corporate and Regulatory Division 2018/19 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 2018/19

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.

2018/19 Budget Highlights

1. Income

- Corporate and Regulatory income, which includes rates and rate equivalent payments, has increase by \$1,678,919 or 2.8 per cent, to \$60,903,980;

- Rates have been budgeted to increase by 2.3 per cent, based on the calculation that follows. This represents an increase in income from rates of \$1,855,894 over what was raised in 2017/18.

	\$
Rate Income 2017/18	49,614,106
Add Natural Growth at 1.4%	694,597
Sub Total	50,308,703
Add Rate Increase at 2.3%	1,161,297
Total	51,470,000

- Rate equivalent payments for Adelaide Airport have decreased to \$5,070,000, based on growth of 1.0 per cent and a 2.3 per cent increase, as follows:

	\$
Net REP's in 2017/18	4,999,437
Less valuation adjustment	-95,441
Add growth at 1.0%	49,040
Add increase at 2.3%	116,964
Total	5,070,000

- Income from investments has decreased by \$19,000 or 6.6 per cent to \$270,000, based on an assessment of Council's future cash flow position;
- An amount of \$1.238 million is budgeted for Council's financial assistance grant in 2018/19 (\$1.204 million in 2017/18);
- Environmental health income is budgeted to decrease by \$45,100 or 35.0 per cent to \$83,900, following the outsourcing of immunisation service provision;
- Parking and related income is not budgeted to increase in 2018/19, with an amount of \$1.1 million budgeted, and this reflects a policy push toward more warnings being issued, rather than motorists being expiated;
- Dog registration and related fees have increased from the original 2017/18 budget by \$31,000 or 10.3 per cent to \$330,900. The fees and charges adopted by Council in February 2018 did not increase from the previous year due to the introduction of the new Dog and Cat On-Line System (DACO), but income in 2017/18 is greater than expected.

2. Operational Expenditure

- Operational costs for the Corporate and Regulatory Division have increased by \$570,224 or 3.8 per cent to \$15,650,671;
- Employment and related costs have fallen by \$16,824 or 0.3 per cent, to \$6,223,891;
- An amount of \$1,472,440 has been budgeted for the NRM levy, up \$89,379 or 6.5 per cent on 2017/18;
- The budget for rate rebates and remissions for 2018/19 totals \$845,000, an increase of \$50,000 or 6.3 per cent compared to the 2017/18 original budget;
- Valuation charges of the Valuer-General have been budgeted to remain unchanged at \$210,000;
- Bank and finance charges have been budgeted to decrease by \$2,000 or 1.4 per cent to \$146,000 over what was budgeted in 2017/18;

- The waste collection budget has increased by \$20,000 or 0.6 per cent to \$3,320,000;
- The collection budget amount of \$3,320,000 includes an allowance of \$512,000 for the following items (\$539,000 in 2017/18):

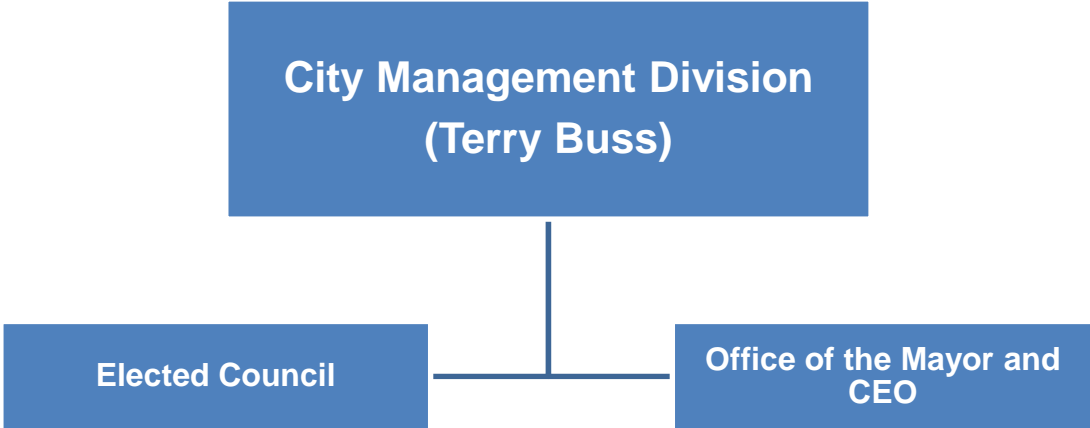
	\$
Hard waste	380,000
Hazardous waste collection	25,000
Mattresses	20,000
E-waste collection	6,000
Vouchers - 6 x 4 trailer	81,000
Total	512,000

- 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 decreased by \$20,000 or 5.0 per cent to \$380,000;
- Waste to landfill costs has increased by \$180,000 or 11.5 per cent to \$1,750,000, largely because of waste levy increases imposed by the state government (the levy being increased by \$13.00 or 14.9 per cent to \$100 from 1 July 2018);
- The corporate software budget has increased by \$130,000 or 18.1 per cent to \$850,000 (\$720,000 in 2017/18), to accommodate investment in a new Microsoft Enterprise Agreement and to comply with Microsoft database and operating system software licencing;
- The minor capital expenditure budget has increased by \$10,000 to \$30,000, with allowance made for new Elected Member equipment following the November Council elections.
- The professional fees budget has increased by \$110,300 or 54.8 per cent to \$311,650 and includes:
 - \$90,000 in debtor management and debt recovery support (offset by income recoveries);
 - \$78,590 for statutory auditing (\$33,590) and the five yearly independent valuation of land and building assets (\$45,000);
 - \$74,000 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;
 - \$40,000 to assist with policy and service level assessment work as a first step in planning for the renewal of the waste collection and recycling contract (nil in 2017/18);
 - \$16,700 for IT and related support (\$21,000 in 2017/18);
 - \$12,360 for investment advice for the Mendelson Foundation.
- Contractor expenses have increased by \$42,965 or 50.0 per cent, to \$128,840, an amount that covers compliance support in animal management and parking (\$80,000) and the provision of an outsourced immunisation program (\$43,840);
- Training and development costs have increased by \$2,000 or 1.6 per cent to \$124,090, an amount that includes corporate training and an ongoing focus in 2018/19 on building organisational capability through skill and knowledge development, performance management, customer service and information technology.

BUDGET 2018/19 CORPORATE & REGULATORY DIVISION OPERATIONAL EXPENDITURE & INCOME
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2017/18 BUDGET		DESCRIPTION	2018/19 BUDGET	VARIATION TO 2017/18 ORIGINAL	
ORIGINAL	REVISED				
Income					
55,453,061	55,307,998	Rates	57,312,440	1,859,379	3.4%
1,502,100	1,526,100	Statutory Charges	1,537,500	35,400	2.4%
140,700	143,900	User Charges	78,640	(62,060)	-44.1%
1,204,000	263,812	Grants & Subsidies	1,238,200	34,200	2.8%
88,200	145,200	Reimbursements	119,200	31,000	35.1%
837,000	760,022	Other Income	618,000	(219,000)	-26.2%
59,225,061	58,147,032	Total Income	60,903,980	1,678,919	2.8%
Operational Expenditure					
5,725,403	5,859,823	Staff Costs	5,802,399	76,996	1.3%
515,312	392,687	Staff Related Costs	421,492	(93,820)	-18.2%
14,453	17,453	Buildings Furniture & Fittings	13,949	(504)	-3.5%
117,006	117,006	Plant & Equipment	121,892	4,886	4.2%
1,024,512	1,068,812	Computer Expenditure	1,163,271	138,759	13.5%
798,954	1,082,873	General	902,860	103,906	13.0%
148,500	143,500	Bank & Finance	146,500	(2,000)	-1.3%
1,713,341	1,707,893	Council Expenditure	1,800,440	87,099	5.1%
4,955,875	4,998,160	Contract Expenditure	5,198,840	242,965	4.9%
67,091	67,091	Occupancy & Property	79,028	11,937	17.8%
15,080,447	15,441,298	Total Operational Costs	15,650,671	570,224	3.8%
44,144,614	42,705,734	Operational Surplus/(Deficit)	45,253,309	1,108,695	2.5%

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 2018/19 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 including the provision of a supportive environment for developing sustainable business opportunities;
- Research and coordinate applications for external grant funding and industry related awards.

Key Activities 2018/19

Key activities include the following:

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

Performance Measures

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

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

- 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.

2018/19 Budget Highlights

1. Income

- Income of \$2,500 is budgeted in 2018/19 (\$4,500 in 2017/18).

2. Operational Expenditure

- Operational expenditure has increased by \$133,477 or 6.2 per cent to \$2,293,828;
- Employment costs have increased by \$105,812 or 9.9 per cent to \$1,175,145, an increase that includes the addition of a new Assessment Manager position;
- Donations, awards and contributions include \$20,000 for Mendelson Foundation scholarships (\$20,000 in 2017/18);
- Allowances for Elected Members of \$406,000 have been budgeted, based on increases anticipated in November 2018 (\$397,520 in 2017/18);
- Annual subscription payments to the LGA, AMAC and the Murray Darling Association totalling \$109,200 have been budgeted, an increase of \$5,700 or 5.5 per cent.
- Legal costs of Council are substantially budgeted in the City Management Division, and an amount of \$250,000 has been budgeted, \$30,000 more than the amount budgeted in 2017/18;
- Professional fees have reduced by \$5,000 to \$49,000, with provision made for the support of continuous improvement programs and advice on property and other strategic initiatives.

BUDGET 2018/19 CITY MANAGEMENT DIVISION OPERATIONAL EXPENDITURE & INCOME

2017/18 BUDGET		DESCRIPTION	2018/19 BUDGET	VARIATION TO	
ORIGINAL	REVISED			2017/18 ORIGINAL	
Income					
4,500	8,800	Reimbursements	2,500	(2,000)	-44.4%
0	2,351	Other Income	0	0	0.0%
4,500	11,151	Total Income	2,500	(2,000)	-44.4%
<i>Less</i>					
Operational Expenditure					
950,631	870,631	Staff Costs	1,090,656	140,025	14.7%
118,702	92,039	Staff Related Costs	84,489	(34,213)	-28.8%
8,709	8,709	Buildings Furniture & Fittings	8,209	(500)	-5.7%
18,561	20,861	Plant & Equipment	18,052	(509)	-2.7%
2,880	2,880	Computer Expenditure	2,932	52	1.8%
633,945	693,017	General	648,191	14,246	2.2%
422,520	427,752	Council Expenditure	431,000	8,480	2.0%
4,403	4,403	Occupancy & Property	10,299	5,896	133.9%
2,160,351	2,120,292	Total Operational Costs	2,293,828	133,477	6.2%
(2,155,851)	(2,109,141)	Operational Surplus/(Deficit)	(2,291,328)	(135,477)	6.3%

Rating

Introduction

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

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

Rate in the Dollar

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

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

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

The Amount of Rates Levied

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

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

Example 1 - Residential (based on previous year data)

Capital Value = \$400,000
 Rate in the Dollar = 0.00254529
 Minimum Rate = \$889.00
 Rates = Capital Value * Rate in the Dollar

Rates = \$400,000 * 0.00254529
 = \$1,018.10

As this amount is greater than the minimum rate, the rate applied by Council remains at \$1,018.10.

Example 2 - Residential with an Adjustment for the Minimum Rate

Capital Value = \$250,000
 Rate in the Dollar = 0.00254529
 Minimum Rate = \$889.00
 Rates = Capital Value * Rate in the Dollar

Rates = \$250,000 * 0.00254529 = \$636.30

This is below the minimum rate (of \$889.00) and must therefore be adjusted:

$$\begin{aligned}\text{Rates} &= \$636.30 + \text{Adjustment} \\ &= \$636.30 + \$252.70 \\ &= \$889.00\end{aligned}$$

The rates are adjusted up by \$252.70 and set by Council at the minimum rate of \$889.00.

Council set the minimum rate on 28.7 per cent of all residential properties in 2017/18 and all were valued at less than \$349,000.

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	Budgeted Income
	2017/18	2018/19
	\$m	\$m
Residential	32.33	33.58
Non-residential	17.22	17.89

In 2017/18 West Torrens Council had the third highest differential between residential and commercial / industrial properties in the metropolitan area, as follows:

Council	Commercial	Industrial
Playford	6.0	6.0
Charles Sturt	3.2	4.1
West Torrens	2.4	2.4
Unley	2.4	2.0
Pt Adelaide Enfield	2.3	2.3
Prospect	2.1	2.1
Mitcham	2.1	2.1
Marion	1.9	1.7
Walkerville	1.7	1.6
Holdfast Bay	1.6	1.6
Salisbury	1.5	1.5
Tea Tree Fully	1.5	1.5
Onkaparinga	1.4	1.4
Norwood, Payneham	1.2	1.2
Burnside	1.0	1.0
Campbelltown	1.0	1.0
Average	2.1	2.1

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 not only be used to limit the magnitude of rate increases, as proposed by the newly elected South Australian government, but it can also be used to moderate irregular rate increases brought about by irregular valuation movements. Initial valuations provided for 2018 by the Valuer-General indicate residential property value movements within the West Torrens Council area are as follows:

Suburb	No. of Assessments	Average CV	Increase \$	Increase %
Cowandilla	550	511,811	84,506	19.8%
Fulham	1,165	605,837	61,364	11.3%
West Beach	752	646,184	61,732	10.6%
Underdale	1,013	527,619	49,176	10.3%
Lockleys	2,304	652,194	60,180	10.2%
Hilton	372	484,815	42,563	9.6%
Thebarton	660	481,483	41,651	9.5%
Mile End	1,975	540,345	45,458	9.2%
Torrensville	1,752	544,961	45,711	9.2%
Mile End South	12	431,667	34,583	8.7%
Keswick	341	420,496	30,685	7.9%
Richmond	1,467	461,885	29,779	6.9%
Glenelg North	427	580,035	35,576	6.5%
Marleston	840	412,079	23,999	6.2%
Netley	761	464,498	25,183	5.7%
Kurralta Park	1,316	400,713	21,342	5.6%
North Plympton	1,355	458,410	23,975	5.5%
West Richmond	432	393,201	20,121	5.4%
Novar Gardens	881	600,681	30,704	5.4%

Ashford	449	462,833	21,564	4.9%
Glandore	520	542,198	24,814	4.8%
Brooklyn Park	2,068	433,010	19,641	4.8%
Camden Park	1,507	398,014	14,931	3.9%
Plympton	2,243	412,993	14,440	3.6%
Total	25,162	499,277	35,275	7.6%

Valuations increased by 7.6 per cent on average in 2018, ranging from an increase of 3.6 per cent in Plympton to an increase of 19.8 per cent Cowandilla. Movements in prior years ranged from:

- An increase of 1.1 per cent in West Richmond to an increase of 9.7 per cent in Mile End South (2017);
- An increase of 0.8 per cent in Ashford to an increase of 4.0 per cent in Torrensville (2016);
- An increase of 0.4 per cent in Hilton to an increase of 6.3 per cent in Glenelg North (2015).

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

Postponement of Rates for Seniors

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

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

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

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

Rate Rebates and Remissions

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

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

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

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

Proposed Rate Model

The proposed rate model for 2018/19 is shown on the page following.

MODELLING RESULTS 2018-2019

Capital Value @ 2.3% Increase

MINIMUM = \$909.00

2 RATES

CODE	No. PROP 2018/2019	INCOME 2017/2018	PROP ON MIN	NATURAL INCREASE + REDISTRIB	RATE IN DOLLAR	ACTUAL INCOME PER MODEL	VARIATION PERCENT
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RESIDENTIAL

1	27,397	\$32,012,215	8033	\$32,617,613.40	0.00243890	33,367,891.50	
	27397	\$32,012,215	8033	\$32,617,613.40		\$33,367,891.50	2.3%

NON-RESIDENTIAL

2	874	\$4,406,701	78	\$4,390,727.53	0.00624894	\$4,540,156.60	
3	344	\$2,020,871	89	\$2,000,524.21	0.00624894	\$2,067,434.00	
4	968	\$6,012,020	61	\$6,146,601.96	0.00624894	\$6,347,116.20	
5	110	\$464,831	5	\$473,439.34	0.00624894	\$494,524.45	
6	220	\$2,318,521	3	\$2,506,683.04	0.00624894	\$2,341,781.30	
7	2	\$7,726	0	\$5,150.43	0.00624894	\$8,654.75	
8	401	\$914,232	4	\$936,258.22	0.00624894	\$1,001,431.95	
9	142	\$1,470,502	2	\$1,449,490.26	0.00624894	\$1,519,705.65	
	3,061	\$17,615,404	242	\$17,908,874.99		\$18,320,804.90	2.3%

Allowance for objections (218,696.40)

TOTAL	30,458	\$49,627,619	8,275	\$50,526,488.39		\$51,470,000.00	
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MINIMUM % 27.2%

<u>Natural Resources Management Levy</u>	<u>Required</u>	<u>Actual</u>
NRML	\$1,274,185.40	\$1,487,840.00
Less rebates	(\$14,000.00)	(\$15,400.00)
	\$1,260,185.40	\$1,472,440.00

Summary Financial Statements

S City of West Torrens

Statement of Comprehensive Income for the year ended 30 June 2019

\$ '000	Original Budget 2017/18	Original Budget 2018/19
Income		
Rates Revenues	55,523	57,402
Statutory Charges	2,293	2,346
User Charges	1,242	1,588
Grants, Subsidies and Contributions	3,615	3,226
Investment Income	349	324
Reimbursements	213	222
Other Income	531	392
Net Gain - Equity Accounted Council Businesses	-	-
Total Income	63,766	65,500
Expenses		
Employee Costs	22,988	23,164
Materials, Contracts & Other Expenses	19,362	21,649
Depreciation, Amortisation & Impairment	11,245	11,470
Finance Costs	151	404
Net loss - Equity Accounted Council Businesses	-	-
Total Expenses	53,746	56,687
Operating Surplus / (Deficit)	10,020	8,813
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	13,645	8,813
Other Comprehensive Income		
<i>Amounts which will not be reclassified subsequently to operating result</i>		
Changes in Revaluation Surplus - I,PP&E	-	-
<i>Amounts which will be reclassified subsequently to operating result</i>		
Total Other Comprehensive Income	-	-
Total Comprehensive Income	13,645	8,813

¹ Transferred to Equity Statement

City of West Torrens

Statement of Financial Position

as at 30 June 2019

\$ '000	Original Budget 2017/18	Original Budget 2018/19
ASSETS		
Current Assets		
Cash and Cash Equivalents	6,425	-
Trade & Other Receivables	2,124	2,241
Other Financial Assets	1,280	1,317
Inventories	11	11
Subtotal	9,840	3,569
Non-Current Assets Held for Sale	-	-
Total Current Assets	9,840	3,569
Non-Current Assets		
Infrastructure, Property, Plant & Equipment	631,889	723,134
Other Non-Current Assets	4,518	3,720
Total Non-Current Assets	636,407	726,854
TOTAL ASSETS	646,247	730,423
LIABILITIES		
Current Liabilities		
Trade & Other Payables	5,034	4,215
Borrowings	-	5,750
Provisions	3,902	4,344
Subtotal	8,936	14,309
Liabilities relating to Non-Current Assets Held for Sale	-	-
Total Current Liabilities	8,936	14,309
Non-Current Liabilities		
Borrowings	1,805	3,737
Provisions	300	300
Total Non-Current Liabilities	2,105	4,037
TOTAL LIABILITIES	11,041	18,346
Net Assets	635,206	712,077
EQUITY		
Accumulated Surplus	67,481	108,126
Asset Revaluation Reserves	546,856	597,227
Other Reserves	20,869	6,724
Total Council Equity	635,206	712,077

City of West Torrens

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Original Budget 2017/18	Original Budget 2018/19
Cash Flows from Operating Activities		
<u>Receipts</u>		
Rates Receipts	55,523	57,402
Statutory Charges	2,293	2,346
User Charges	1,242	1,588
Grants, Subsidies and Contributions (operating purpose)	3,615	3,226
Investment Receipts	349	324
Reimbursements	213	222
Other Receipts	531	392
<u>Payments</u>		
Payments to Employees	(22,896)	(23,073)
Payments for Materials, Contracts & Other Expenses	(19,362)	(21,649)
Finance Payments	(151)	(404)
Net Cash provided by (or used in) Operating Activities	21,358	20,374
Cash Flows from Investing Activities		
<u>Receipts</u>		
Amounts Received Specifically for New/Upgraded Assets	3,625	-
Sale of Replaced Assets	437	521
Sale of Surplus Assets	-	4,000
<u>Payments</u>		
Expenditure on Renewal/Replacement of Assets	(11,115)	(12,206)
Expenditure on New/Upgraded Assets	(16,123)	(13,144)
Net Cash provided by (or used in) Investing Activities	(23,176)	(20,829)
Cash Flows from Financing Activities		
<u>Receipts</u>		
Proceeds from Borrowings	1,805	4,647
<u>Payments</u>		
Repayments of Borrowings	-	(265)
Net Cash provided by (or used in) Financing Activities	1,805	4,382
Net Increase (Decrease) in Cash Held	(12)	3,926
plus: Cash & Cash Equivalents at beginning of period	6,438	(9,031)
Cash & Cash Equivalents at end of period	6,425	(5,105)
Total Cash, Cash Equivalents & Investments	6,425	(5,105)

City of West Torrens

Statement of Changes in Equity
for the year ended 30 June 2019

\$ '000	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
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
Original Budget 2018/19				
Balance at the end of previous reporting period	68,297	585,311	37,740	691,348
a. Net Surplus / (Deficit) for Year	8,813	-	-	8,813
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	11,916	-	11,916
Other Comprehensive Income	-	11,916	-	11,916
Total Comprehensive Income	8,813	11,916	-	20,729
c. Transfers between Reserves	31,016	-	(31,016)	-
Balance at the end of period	108,126	597,227	6,724	712,077

City of West Torrens

Financial Indicators

for the year ended 30 June 2019

\$ '000	Original Budget 2017/18	Original Budget 2018/19
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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	16%	13%
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.	16%	13%
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2. Net Financial Liabilities Ratio

Net Financial Liabilities	2%	23%
Total Operating Revenue		

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

3. Asset Renewal Funding Ratio

Net Asset Renewals	102%	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 2019

\$ '000	Original Budget 2017/18	Original Budget 2018/19
<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	63,766	65,500
<i>less</i> Expenses	(53,746)	(56,687)
Operating Surplus / (Deficit)	10,020	8,813
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	11,115	12,206
<i>less</i> Depreciation, Amortisation and Impairment	(11,245)	(11,470)
<i>less</i> Proceeds from Sale of Replaced Assets	(437)	(521)
Subtotal	(567)	215
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	16,123	13,144
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	(3,625)	-
<i>less</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	(4,000)
Subtotal	12,498	9,144
Net Lending / (Borrowing) for Financial Year	(1,910)	(546)

Ten Year Financial Plan

CITY OF WEST TORRENS
FORWARD ESTIMATES FOR 10 YEARS TO 2026/27
KEY ASSUMPTIONS

Income			Expenditure - Operational & Maintenance		
Rate Increase 2018/19	2.3%	+ growth	Wages Growth	0.8%	Based on proposed budget 2018/19
REP Increase 2018/19	2.3%		Wages Growth	3.5%	Based on expectation - 2019/20 to 2020/21
Rate Growth - 2018/19	1.40%		Wages Growth	3.5%	Based on expectation - from 2021/22
REP Growth - 2018/19	1.00%		Waste Contract - Solo	2.3%	Fuel impact + extra services
Rate Increases 2019/20	2.4%	+ growth	Waste Disposal 2019/20	3.5%	Includes allowance for solid waste levy
Rate Growth - All Other Years	1.2%		Waste Disposal Otherwise	3.5%	Allowance for modest levy increases
REP Increases 2019/20	2.4%	Same as rate increases	Contract Works	2.3%	
Rate Equivalent Growth	1.0%	Cumulative increase	Works Materials	2.3%	
Rate Increases from 2020/21	2.5%	+ growth	Other Finance Charges	2.0%	Includes banking charges
Revenue Growth - Parking	2.2%		Depreciation - Buildings	3.0%	Allowance for new assets
Revenue Growth - Animals	2.2%		Depreciation - Infrastructure	3.0%	Allowance made for new assets
Revenue Growth - Dev Apps	2.2%		Depreciation Other	2.0%	
Revenue Growth - Waste	2.2%		Plant Costs	2.3%	
W/Comp Refund	1.5%		Computer Expenses	2.0%	
Revenue Growth - Other	2.2%	Other - cumulative increase	Computer Licensing	2.3%	
NRM Levy from 2019/20	5.0%		General Insurance Premium	3.0%	Competitive market
Roads to Recovery	-	Funding expected to end in 2018/19	Professional Fees	2.0%	
			Street Lighting	4.0%	
			Property Costs	4.0%	Utility cost pressures
			Other Operating Costs	2.3%	
Capital Expenditure					
Plant, Furniture & Equip	2.3%	Cumulative increase			
Building Expenditure	-	Based on asset management plan			
Asset Sale Development	-				
Building Escallation	2.3%	Cumulative increase thereafter			
Capital Works Expenditure			Sundry		
Brown Hill / Keswick Drnge	-	Based on one-third of 50% of the cost split over 15 years		\$m	
Brown Hill / Keswick Drnge	2.3%	Cumulative increase	Asset Sales	4.00	Sale of Marion Road depot in 2018/19
Road Reseal / Maintenance	-	To match AM Plan over 10 years	Debenture Loan Interest Rates	4.65%	From 2018/19
Footpath Constn / Recon	-	To match AM Plan over 10 years		5.00%	From 2023/24
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 (incl BHKC)	-	\$2.79 million pa from 2019/20 indexed			
Local Drainage Works	-	\$1.3 million from 2018/19 indexed			

CITY OF WEST TORRENS
SUMMARY - ACTUAL & PROJECTED
FORWARD ESTIMATES FOR 10 YEARS TO 2027/28

ACTIVITIES	NOTE	BUDGET 2017/18		BUDGET 2018/19		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	
		ORIGINAL	REVISED	ORIGINAL	REVISED	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
OPERATING														
Receipts	1	67,391,245	69,075,877	65,499,569	65,499,569	67,274,520	69,672,018	72,156,118	74,731,633	77,400,308	80,167,284	83,034,480	86,007,387	89,088,117
Payments	2	42,028,832	43,704,266	44,740,782	44,740,782	46,507,241	48,366,781	49,957,108	51,592,332	53,283,818	55,022,736	56,810,415	58,648,217	60,537,543
Net Operating		25,362,413	25,371,611	20,758,787	20,758,787	20,767,279	21,305,236	22,199,010	23,139,300	24,116,490	25,144,548	26,224,066	27,359,170	28,550,574
FINANCING														
Principal Receipts - Loan		0	0	4,647,203	4,647,203	8,746,518	9,224,498	2,776,646	2,836,445	2,897,538	2,959,953	3,023,720	3,088,866	3,155,423
Principal Receipts - Overdraft		0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Payments		0	0	265,223	265,223	645,009	1,112,445	1,296,344	1,491,727	1,695,547	1,912,313	2,142,730	2,387,541	2,647,527
Net Financing		0	0	4,381,980	4,381,980	8,101,509	8,112,053	1,480,302	1,344,718	1,201,991	1,047,641	880,990	701,325	507,896
OTHER														
Asset Sales		0	0	4,000,000	4,000,000	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	26,800,713	67,836,725	24,829,336	24,829,336	23,059,138	23,287,723	23,024,476	23,934,650	24,666,010	25,442,386	26,392,994	27,397,038	28,326,324
Net Unspent Funds		0	17,000,000	0	0	-5,000,000	-6,000,000	0	0	0	0	0	0	0
Payments - Other		380,000	-395,000	385,000	385,000	398,475	412,422	426,856	441,796	457,259	473,263	489,828	506,971	524,715
Net Other		-27,180,713	-50,441,725	-21,214,336	-21,214,336	-28,457,613	-29,700,144	-23,451,332	-24,376,446	-25,123,269	-25,915,650	-26,882,821	-27,904,009	-28,851,039
NET INCREASE/(DECREASE)														
IN CASH		-1,818,300	-25,070,114	3,926,431	3,926,431	411,175	-282,855	227,980	107,572	195,212	276,538	222,234	156,486	207,431
<i>Add</i>														
OPENING CASH		14,254,827	21,844,079	-3,226,035	-3,226,035	700,397	1,111,572	828,716	1,056,696	1,164,268	1,359,480	1,636,019	1,858,253	2,014,739
CLOSING CASH		12,436,527	-3,226,035	700,397	700,397	1,111,572	828,716	1,056,696	1,164,268	1,359,480	1,636,019	1,858,253	2,014,739	2,222,170
CASH RESERVES:														
Committed		39,907,346	27,138,376	30,673,043	30,673,043	25,869,018	20,037,261	20,245,649	20,425,876	20,647,523	20,840,586	21,076,397	21,283,211	21,534,154
Less Used		27,483,103	30,423,059	30,002,372	30,002,372	24,825,767	19,228,474	19,228,474	19,228,474	19,228,474	19,228,474	19,228,474	19,228,474	19,228,474
Net Cash Reserves		12,424,243	-3,284,683	670,671	670,671	1,043,251	808,787	1,017,175	1,197,402	1,419,049	1,612,112	1,847,923	2,054,737	2,305,680
SURPLUS/(DEFICIT)		12,283	58,647	29,725	29,725	68,321	19,929	39,521	-33,134	-59,569	23,907	10,330	-39,998	-83,510

NOTE 1
CITY OF WEST TORRENS
REVENUE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2027/28

DESCRIPTION	BUDGET 2017/18		BUDGET 2018/19		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Rates													
Rate Revenue	50,343,061	50,435,561	52,332,440	52,332,440	54,250,384	56,292,938	58,411,853	60,611,631	62,893,694	65,262,850	67,720,680	70,272,319	72,919,516
Rate Equivalent Payments	5,180,000	4,999,437	5,070,000	5,070,000	5,243,597	5,428,434	5,619,786	5,817,883	6,022,964	6,235,273	6,455,067	6,682,608	6,918,170
Statutory Charges													
Development Act Fees	670,000	670,000	690,000	690,000	705,180	720,694	736,549	752,753	769,314	786,239	803,536	821,214	839,281
Parking Fines	1,131,000	1,126,000	1,123,000	1,123,000	1,147,706	1,172,956	1,198,761	1,225,133	1,252,086	1,279,632	1,307,784	1,336,555	1,365,959
Dog Fees & Fines	299,900	322,900	330,900	330,900	338,180	345,620	353,223	360,994	368,936	377,053	385,348	393,826	402,490
Other	192,200	193,200	201,600	201,600	206,035	210,568	215,200	219,935	224,773	229,718	234,772	239,937	245,216
User Charges													
Waste Income	164,314	164,314	176,278	176,278	180,156	184,120	188,170	192,310	196,541	200,865	205,284	209,800	214,415
Other	1,078,115	1,286,245	1,411,723	1,411,723	1,442,781	1,474,522	1,506,962	1,540,115	1,573,997	1,608,625	1,644,015	1,680,183	1,717,147
Grants & Subsidies													
FA Grant	1,204,000	263,812	1,238,200	1,238,200	1,265,440	1,293,280	1,321,732	1,350,810	1,380,528	1,410,900	1,441,940	1,473,662	1,506,083
UL Road Grants	611,490	0	623,720	623,720	637,442	651,466	665,798	680,445	695,415	710,714	726,350	742,330	758,661
Special Road Funding	0	1,706,173	0	0	0	0	0	0	0	0	0	0	0
Roads to Recovery	873,376	873,376	433,049	433,049	0	0	0	0	0	0	0	0	0
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0
Home Assist	468,744	468,744	468,744	468,744	479,056	489,596	500,367	511,375	522,625	534,123	545,873	557,883	570,156
Library	420,339	420,339	425,416	425,416	434,775	444,340	454,116	464,106	474,317	484,752	495,416	506,315	517,454
Other	37,000	72,900	37,000	37,000	37,814	38,646	39,496	40,365	41,253	42,161	43,088	44,036	45,005
Other Income													
Investment Income	349,000	450,000	324,000	324,000	331,128	338,413	345,858	353,467	361,243	369,190	377,313	385,613	394,097
Reimbursements	233,206	282,851	251,999	251,999	257,543	263,209	269,000	274,918	280,966	287,147	293,464	299,920	306,519
Insurance Premium Refund	340,000	145,179	150,000	150,000	152,250	154,534	156,852	159,205	161,593	164,016	166,477	168,974	171,508
Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry	170,500	277,346	211,500	211,500	165,053	168,684	172,395	176,188	180,064	184,025	188,074	192,212	196,440
Sub Total	63,766,245	64,158,377	65,499,569	65,499,569	67,274,520	69,672,018	72,156,118	74,731,633	77,400,308	80,167,284	83,034,480	86,007,387	89,088,117
Less Profit/(Loss) on Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Add Capital Income	3,625,000	4,917,500	0	0	0	0	0	0	0	0	0	0	0
TOTAL	67,391,245	69,075,877	65,499,569	65,499,569	67,274,520	69,672,018	72,156,118	74,731,633	77,400,308	80,167,284	83,034,480	86,007,387	89,088,117

NOTE 2
CITY OF WEST TORRENS
OPERATIONAL & MAINTENANCE EXPENDITURE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2027/28

DESCRIPTION	BUDGET 2017/18		BUDGET 2018/19		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Employee Costs													
Other Employee Costs	22,988,300	22,437,519	23,163,854	23,163,854	23,974,589	24,813,700	25,682,179	26,581,055	27,511,392	28,474,291	29,470,891	30,502,372	31,569,955
Contractual Services													
Waste Management - Solo	3,300,000	3,275,000	3,320,000	3,320,000	3,396,360	3,474,476	3,554,389	3,636,140	3,719,771	3,805,326	3,892,849	3,982,384	4,073,979
Waste Management - Disposal	1,678,000	1,758,000	1,870,000	1,870,000	1,935,450	2,003,191	2,073,302	2,145,868	2,220,973	2,298,707	2,379,162	2,462,433	2,548,618
Other Contract	2,414,620	2,950,308	2,698,840	2,698,840	2,760,913	2,824,414	2,889,376	2,955,832	3,023,816	3,093,363	3,164,511	3,237,294	3,311,752
Materials													
Materials	962,700	852,700	982,000	982,000	1,004,586	1,027,691	1,051,328	1,075,509	1,100,246	1,125,551	1,151,439	1,177,922	1,205,014
Finance Charges													
Interest	0	0	257,226	257,226	605,156	998,731	1,074,003	1,143,373	1,216,428	1,282,502	1,341,017	1,391,363	1,432,895
Other Finance Charges	150,900	146,100	146,500	146,500	149,430	152,419	155,467	158,576	161,748	164,983	168,282	171,648	175,081
Depreciation													
Buildings	1,650,000	1,650,000	1,675,000	1,675,000	1,725,250	1,777,008	1,830,318	1,885,227	1,941,784	2,000,038	2,060,039	2,121,840	2,185,495
Plant, Furniture & Equipment	1,280,000	1,280,000	1,315,000	1,315,000	1,341,300	1,368,126	1,395,489	1,423,398	1,451,866	1,480,904	1,510,522	1,540,732	1,571,547
Library Resources	315,000	315,000	320,000	320,000	326,400	332,928	339,587	346,378	353,306	360,372	367,579	374,931	382,430
Infrastructure	8,000,000	8,000,000	8,160,000	8,160,000	8,415,498	8,678,995	8,950,743	9,231,000	9,520,032	9,818,114	10,125,529	10,442,569	10,769,536
Other Expenses													
Plant Related	736,050	717,350	758,380	758,380	775,823	793,667	811,921	830,595	849,699	869,242	889,235	909,687	930,610
Computer Maint & Support	882,850	906,185	999,270	999,270	1,021,054	1,043,313	1,066,057	1,089,297	1,113,044	1,137,308	1,162,102	1,187,436	1,213,322
General Insurance Premium	777,302	761,475	780,942	780,942	804,370	828,501	853,356	878,957	905,326	932,486	960,460	989,274	1,018,952
Professional Fees	1,308,950	1,954,802	1,563,400	1,563,400	1,594,668	1,626,561	1,659,093	1,692,274	1,726,120	1,760,642	1,795,855	1,831,772	1,868,408
Street Lighting	850,000	966,000	1,035,000	1,035,000	1,076,400	1,119,456	1,164,234	1,210,804	1,259,236	1,309,605	1,361,989	1,416,469	1,473,128
Rates, Power & Property	1,669,831	2,364,632	2,601,113	2,601,113	2,705,158	2,813,364	2,925,898	3,042,934	3,164,652	3,291,238	3,422,887	3,559,803	3,702,195
NRM Levy	1,383,061	1,383,061	1,472,440	1,472,440	1,546,062	1,623,365	1,704,533	1,789,760	1,879,248	1,973,210	2,071,871	2,175,464	2,284,238
General Operating Costs	3,398,265	3,703,131	3,567,373	3,567,373	3,649,423	3,733,359	3,819,227	3,907,069	3,996,931	4,088,861	4,182,905	4,279,111	4,377,531
Sub Total	53,745,829	55,421,263	56,686,338	56,686,338	58,807,890	61,033,266	63,000,501	65,024,048	67,115,618	69,266,743	71,479,123	73,754,505	76,094,685
Less Depreciation	11,245,000	11,245,000	11,470,000	11,470,000	11,808,448	12,157,057	12,516,136	12,886,004	13,266,988	13,659,427	14,063,668	14,480,072	14,909,008
Leave Provisions	471,997	471,997	475,556	475,556	492,200	509,427	527,257	545,711	564,811	584,580	605,040	626,216	648,134
TOTAL	42,028,832	43,704,266	44,740,782	44,740,782	46,507,241	48,366,781	49,957,108	51,592,332	53,283,818	55,022,736	56,810,415	58,648,217	60,537,543

NOTE 3
CITY OF WEST TORRENS
CAPITAL EXPENDITURE PROJECTIONS
FORWARD ESTIMATES FOR 10 YEARS TO 2027/28

ACTIVITIES	BUDGET 2017/18		BUDGET 2018/19		ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES	ESTIMATES
	ORIGINAL	REVISED	ORIGINAL	REVISED	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Road Program													
Reseal / Maintenance	2,022,247	4,530,059	2,190,169	2,190,169	2,335,511	2,490,497	2,655,769	2,832,008	3,019,943	3,220,349	3,434,054	3,661,941	3,904,951
Reconstruction - Renewal	2,675,626	7,641,955	2,702,382	2,702,382	2,773,490	2,846,469	2,921,369	2,998,240	3,077,133	3,158,102	3,241,201	3,326,488	3,414,018
Reconstruction - Upgrade	1,762,510	2,530,317	1,784,116	1,784,116	1,827,928	1,872,823	1,918,826	1,965,966	2,014,271	2,063,769	2,114,491	2,166,467	2,219,728
Roads to Recovery	873,376	873,376	433,049	433,049	0	0	0	0	0	0	0	0	0
Kerb & Gutter	3,490,869	7,879,540	3,436,737	3,436,737	3,423,632	3,410,578	3,397,573	3,384,618	3,371,712	3,358,855	3,346,047	3,333,289	3,320,578
ULRG included Above	-611,490	0	-623,720	-623,720	-637,442	-651,466	-665,798	-680,445	-695,415	-710,714	-726,350	-742,330	-758,661
Footpath / Bikeway Program													
Reconstruction	168,056	189,876	147,964	147,964	178,140	214,471	258,211	310,872	374,272	450,603	542,501	653,141	786,345
Construction	197,861	206,044	209,523	209,523	277,167	366,650	485,022	641,610	848,752	1,122,770	1,485,254	1,964,765	2,599,085
Drainage Program													
Local Drainage Works Brown Hill / Keswick Drainage	2,555,900	4,626,964	2,704,168	2,704,168	2,762,151	2,821,384	2,881,893	2,943,706	3,006,852	3,071,359	3,137,256	3,204,574	3,273,343
	0	0	2,500,000	2,500,000	1,358,774	1,390,026	1,421,997	1,454,703	1,488,161	1,522,389	1,557,404	1,593,224	1,629,868
Other Capital Works													
Other Works	5,726,900	6,180,805	3,735,000	3,735,000	4,670,905	5,155,336	5,250,909	5,471,679	5,397,528	5,271,671	5,192,920	5,012,357	4,527,641
Building Program													
Land & Buildings	7,930,000	34,281,140	4,585,000	4,585,000	3,598,000	2,922,787	2,053,950	2,194,060	2,343,728	2,503,605	2,674,388	2,856,822	3,051,700
Asset Sale Developments	0	0	500,000	500,000	0	0	0	0	0	0	0	0	0
Other Capital Expenditure													
Plant, Furn & Equipment	1,400,870	1,742,469	1,720,950	1,720,950	1,760,532	1,801,024	1,842,448	1,884,824	1,928,175	1,972,523	2,017,891	2,064,302	2,111,781
Library Resources	322,702	301,401	323,942	323,942	331,393	331,393	339,015	339,015	346,812	346,812	354,789	354,789	362,949
Total Capital Expenditure	28,515,427	70,983,946	26,349,280	26,349,280	24,660,182	24,971,972	24,761,183	25,740,855	26,521,923	27,352,092	28,371,846	29,449,828	30,443,326
Less Overheads	1,714,714	3,147,221	1,519,944	1,519,944	1,601,044	1,684,249	1,736,707	1,806,205	1,855,913	1,909,706	1,978,852	2,052,790	2,117,003
TOTAL EXPENDITURE	26,800,713	67,836,725	24,829,336	24,829,336	23,059,138	23,287,723	23,024,476	23,934,650	24,666,010	25,442,386	26,392,994	27,397,038	28,326,324

City of West Torrens - Long Term Financial Planning Model										
Forecast Statement of Comprehensive Income										
Year Ended	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Revenue										
Rates - General	52,222	54,126	56,153	58,257	60,438	62,703	65,052	67,490	70,019	72,643
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	2,346	2,397	2,451	2,504	2,559	2,616	2,674	2,732	2,792	2,853
User Charges	1,588	1,623	1,659	1,695	1,732	1,771	1,810	1,849	1,890	1,932
Operating Grants & Subsidies	3,226	2,853	2,917	2,980	3,046	3,113	3,180	3,251	3,323	3,395
Investment Income	324	331	338	345	353	361	369	377	385	393
Reimbursements	252	258	263	269	275	281	287	293	299	306
Other Income	362	317	323	329	335	341	347	354	361	368
Total Operating Revenue	65,500	67,273	69,672	72,154	74,729	77,400	80,165	83,032	86,004	89,083
Operating Expenses										
Employee costs	23,164	23,975	24,814	25,682	26,581	27,511	28,474	29,471	30,502	31,570
Materials, contracts & other expenses	21,649	22,271	22,912	23,574	24,258	24,961	25,685	26,437	27,213	28,012
Depreciation, Amortisation & Impairment	11,470	11,807	12,157	12,516	12,885	13,267	13,659	14,064	14,480	14,908
Finance Costs	404	754	1,151	1,229	612	728	854	975	1,089	1,196
Total Operating Expenses	56,687	58,807	61,034	63,001	64,336	66,467	68,672	70,947	73,284	75,686
Operating Surplus/(Deficit) before										
Capital Revenues	8,813	8,466	8,638	9,153	10,393	10,933	11,493	12,085	12,720	13,397
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	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment Received FO	0	0	0	0	0	0	0	0	0	0
Total Capital Revenue	0	0	0	0	0	0	0	0	0	0
Operating Surplus/(Deficit) after										
Capital Revenues	8,813	8,466	8,638	9,153	10,393	10,933	11,493	12,085	12,720	13,397

City of West Torrens - Long Term Financial Planning Model										
Forecast Statement of Financial Position										
Year Ended	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)
Current Assets										
Cash & Cash Equivalents	0	0	0	0	0	0	0	0	0	0
Trade and Other Receivables	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241
Financial Assets	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317
Inventory	11	11	11	11	11	11	11	11	11	11
Total Current Assets	3,569	3,569	3,569	3,569	3,569	3,569	3,569	3,569	3,569	3,569
Non-Current Assets										
Financial assets	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	723,134	741,211	760,148	772,577	785,595	799,031	812,905	827,403	842,567	858,306
Other non-current assets	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720
Total Non-Current Assets	726,854	744,931	763,868	776,297	789,315	802,751	816,625	831,123	846,287	862,026
Total Assets	730,423	748,500	767,437	779,866	792,884	806,320	820,194	834,692	849,856	865,595
Current Liabilities										
Trade and other Payables	4,215	4,222	4,279	4,310	4,355	4,395	4,438	4,480	4,524	4,568
Borrowings	5,750	7,495	9,681	11,456	12,732	14,025	15,363	16,905	18,666	17,603
Short-term Provisions	4,344	4,568	4,691	4,874	5,035	5,216	5,396	5,586	5,781	5,984
Total Current Liabilities	14,309	16,285	18,651	20,640	22,122	23,636	25,197	26,971	28,971	28,155
Non-Current Liabilities										
Long-Term Borrowings	3,737	11,372	19,301	20,586	21,726	22,712	23,529	24,165	24,606	27,761
Long-Term Provisions	300	300	304	306	309	312	315	318	321	324
Total Non-Current Liabilities	4,037	11,672	19,605	20,892	22,035	23,024	23,844	24,483	24,927	28,085
Total Liabilities	18,346	27,957	38,256	41,532	44,157	46,660	49,041	51,454	53,898	56,240
Net Assets	712,077	720,543	729,181	738,334	748,727	759,660	771,153	783,238	795,958	809,355
Equity										
Accumulated Surplus	108,126	116,592	125,230	134,383	144,776	155,709	167,202	179,287	192,007	205,404
Reserves	597,227	597,227	597,227	597,227	597,227	597,227	597,227	597,227	597,227	597,227
Other Reserves	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724
Total Equity	712,077	720,543	729,181	738,334	748,727	759,660	771,153	783,238	795,958	809,355

City of West Torrens - Long Term Financial Planning Model										
Forecast Financial Indicators										
Year Ended	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Surplus Ratio	13.5%	12.6%	12.4%	12.7%	13.9%	14.1%	14.3%	14.6%	14.8%	15.0%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>										
Net Financial Liabilities Ratio	23.1%	37.1%	51.0%	53.9%	55.7%	57.1%	58.2%	59.2%	60.1%	60.7%
<i>This ratio expresses net financial liabilities as a percentage of total operating revenue.</i>										
Asset Sustainability Ratio	101.8%	102.5%	100.7%	103.0%	101.4%	100.7%	100.6%	100.4%	101.2%	103.1%
<i>This ratio expresses net asset renewal expenditure as a percentage of Asset Management Plan required expenditure.</i>										

Forecast Financial Indicators

City of West Torrens - Long Term Financial Planning Model										
Forecast Uniform Presentation of Finances										
Year Ended	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Revenue	65,500	67,273	69,672	72,154	74,729	77,400	80,165	83,032	86,004	89,083
Less										
Operating Expenses	56,687	58,807	61,034	63,001	64,336	66,467	68,672	70,947	73,284	75,686
Operating Surplus / (Deficit) Before Capital Amounts	8,813	8,466	8,638	9,153	10,393	10,933	11,493	12,085	12,720	13,397
Less Net Outlays on Existing Assets										
Capital Expenditure on the Renewal and Replacement of Existing Assets	12,206	12,318	12,806	13,445	13,941	14,409	14,907	15,456	16,030	16,597
Less Depreciation, Amortisation and Impairment	(11,470)	(11,807)	(12,157)	(12,516)	(12,885)	(13,267)	(13,659)	(14,064)	(14,480)	(14,908)
Less Proceeds from the Sale of Replaced Assets	(521)	0	0	0	0	0	0	0	0	0
	215	511	649	929	1,056	1,142	1,248	1,392	1,550	1,689
Less Net Outlays on New & Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	13,144	17,342	18,165	11,317	11,801	12,113	12,446	12,916	13,419	13,847
Less Grants and Contributions Specifically for New and Upgraded Assets	0	0	0	0	0	0	0	0	0	0
Less Proceeds from the Sale of Surplus Assets	(4,000)	0	0	0	0	0	0	0	0	0
	9,144	17,342	18,165	11,317	11,801	12,113	12,446	12,916	13,419	13,847
	(546)	(9,387)	(10,176)	(3,093)	(2,464)	(2,322)	(2,201)	(2,223)	(2,249)	(2,139)

Glossary of Terms

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.