



# 2019/20

Adopted budget and annual business plan



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## **Executive Summary**

## Introduction

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

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

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

## Strategic Fundamentals

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

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

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

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

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

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



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

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

## A Balanced Budget

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

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

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

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

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

## Operational Expenditure

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

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

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

## Capital Expenditure

Key aspects of the budget include:

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

**Rating in 2019/20**

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

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

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



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

## **Legislative Changes**

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

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

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

## **Emerging Financial Issues**

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

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

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

## **Forward Estimates**

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## Introduction

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

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

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

## Forward Capital Expenditure Estimates

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

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

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

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

### Forward Revenue Estimates

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

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

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

Forward revenue estimates are as follows:

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

### Forward Operational Expenditure Estimates

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

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

Forward operational expenditure estimates are as follows:

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

## Forward Loan Estimates

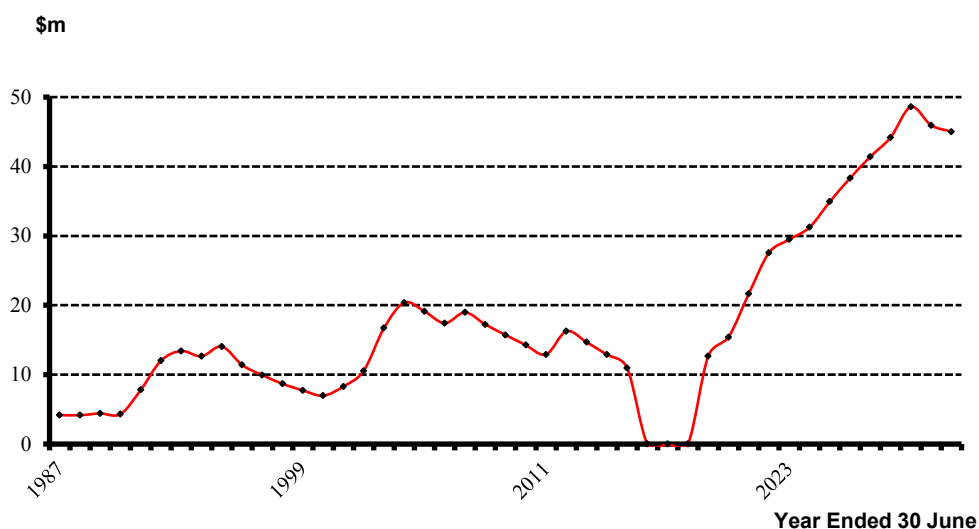
A loan program of \$54.84 million is projected in future dollar terms over the next ten years (up from \$43.36 million last budget), as follows:

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

This comprises the following:

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

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



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

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

### Loan Repayments

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

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

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

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

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

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



## Key Financial Indicators

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

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

### (a) Operating Result

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

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

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

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

### (b) Sustainability

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

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

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

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

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

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

**(c) Loan Servicing Capacity**

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

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

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

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

**(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:

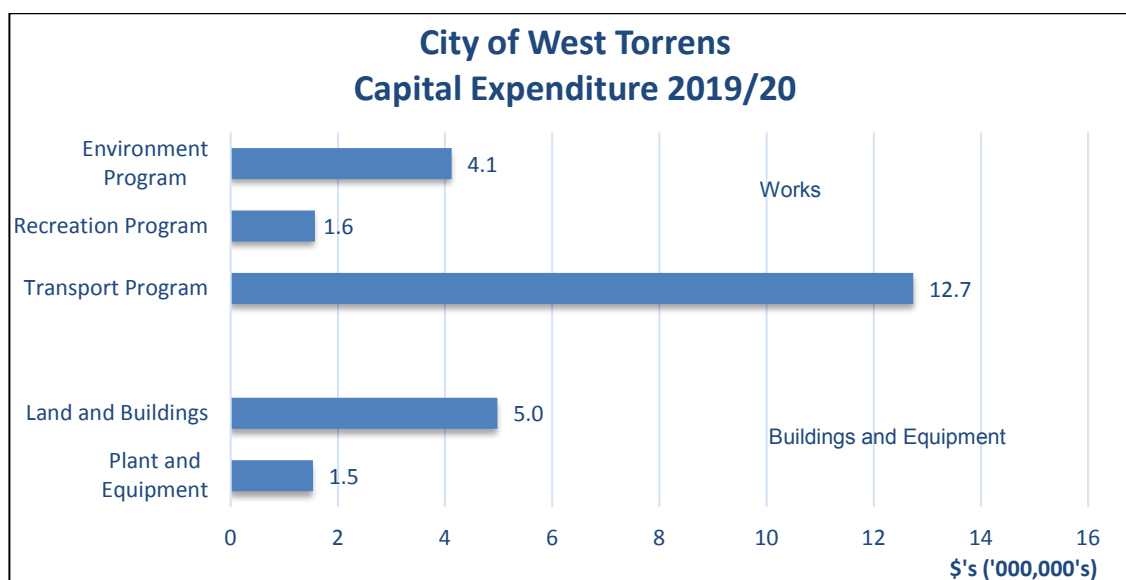
<b>Financial Year</b>	<b>EOY Cash Estimate</b>	<b>Net Reserves</b>	<b>Surplus/ (Deficit)</b>
2019/20	1,120,410	1,099,565	20,842
2020/21	2,680,165	2,683,303	(3,138)
2021/22	1,980,901	1,975,695	5,206
2022/23	2,204,454	2,196,922	7,532
2023/24	2,431,163	2,386,764	44,399
2024/25	2,789,318	2,737,172	52,145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

## **Capital Budget**

## Introduction

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

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



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

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

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

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

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

## Environment Program

The drainage budget comprises the following:

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

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

## Recreation Program

Recreation works include the following:

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



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

### Transport Program

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

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

### Road Maintenance Program

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

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

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

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

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

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

### **Road Reconstruction Program**

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

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

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

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

### **Other Road Works**

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

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

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## Footpath Program

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

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

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

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

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

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

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

### Footpath Renewal Program \$178,140

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

### New Footpath Construction Program \$277,167

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

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

### **Footpath Remediation Program \$200,000**

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

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

### **Land and Buildings**

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

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

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

### **Plant, Equipment and Furniture**

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

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

### Road Reseal / Rehabilitation and Kerb and Gutter Program

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

### Road Reseal / Rehabilitation and Kerb and Gutter Program

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

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

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



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

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

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

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

## **Operational Budget**

## Summary

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

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

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

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

## Operational Expenditure

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

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

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

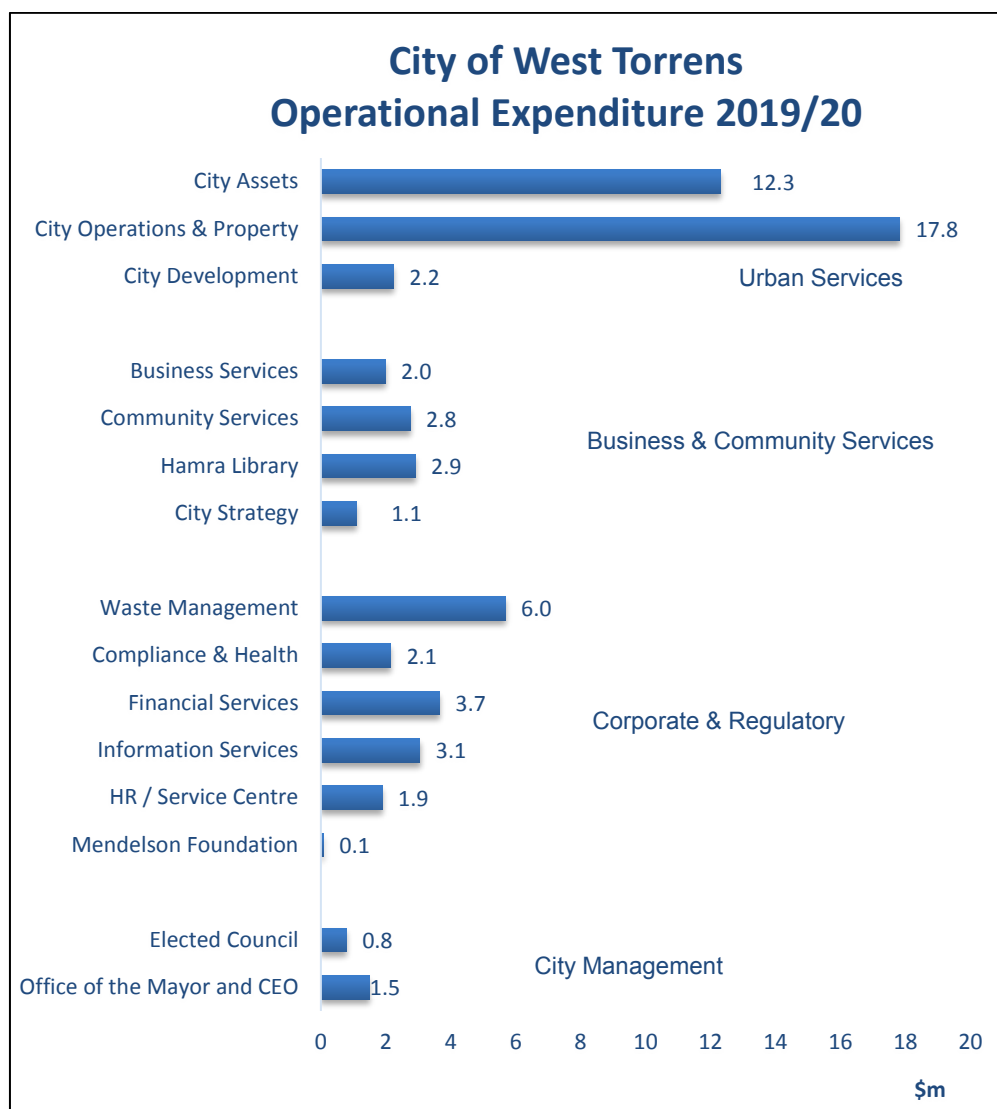
### Key Expenditure Movements

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

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

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

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



## Employment Costs

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

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



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

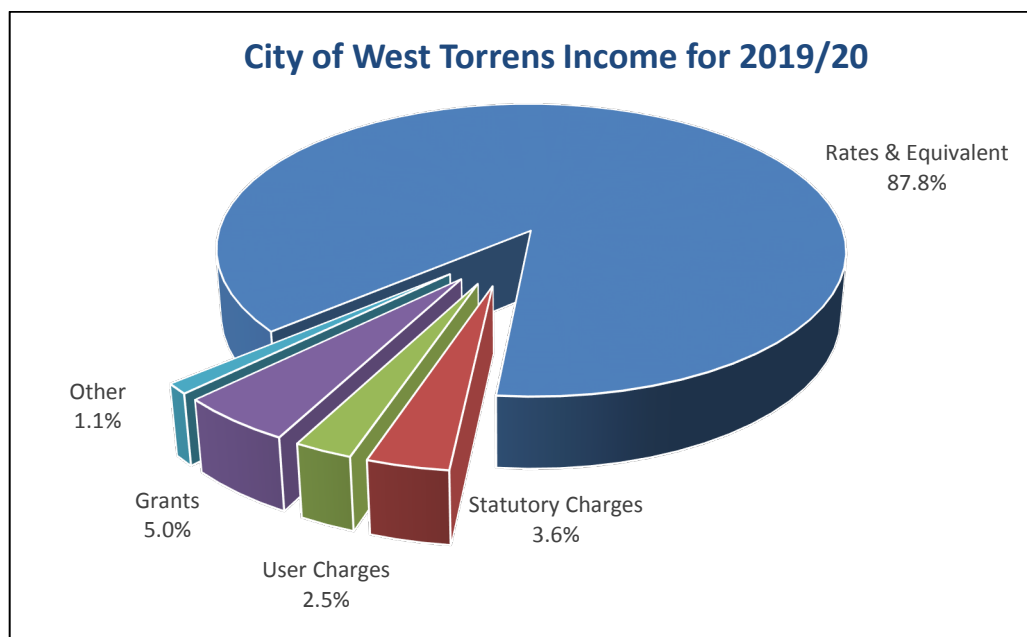
## Income

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

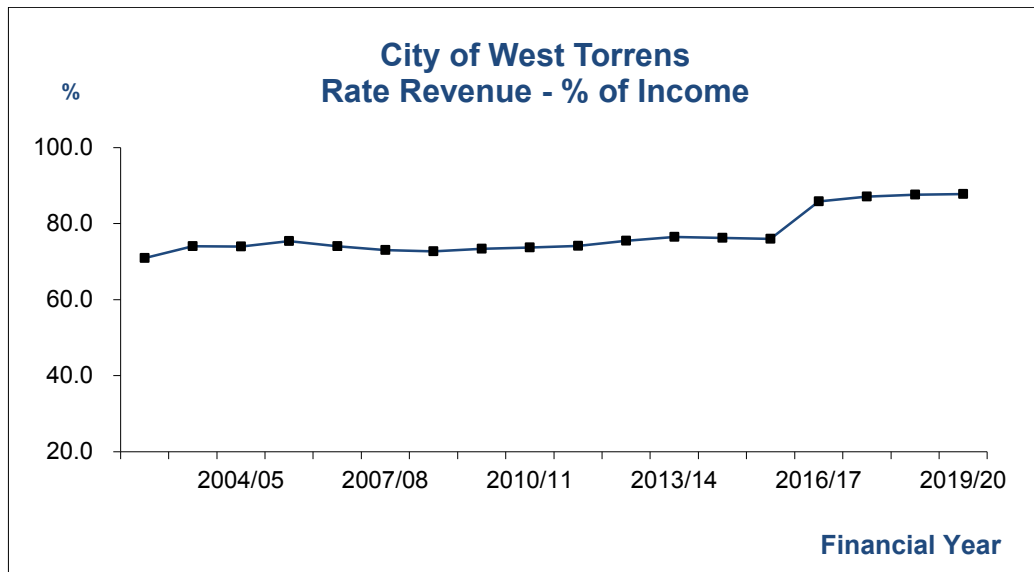
	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rates & Rate Equivalents Payments	57,402,440	60,307,510	2,905,070
Statutory Charges	2,345,500	2,449,400	103,900
User Charges	1,588,001	1,735,606	147,605
Grants - General Purpose Grant	1,238,200	1,263,500	25,300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

## Rate Income

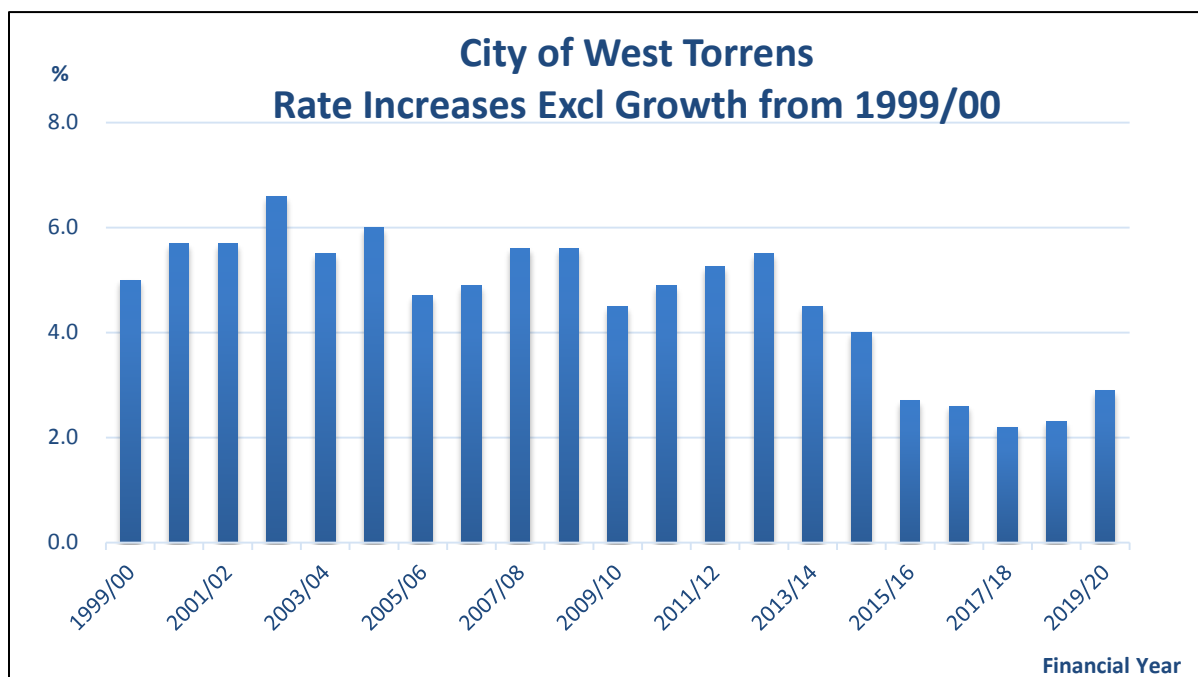
87.8 per cent of the income budgeted by Council is derived from rates and rate equivalent payments, as follows:



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



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



## Rate Calculation

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

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

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

## Minimum Rates

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

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

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

## Rate Movements

It is proposed that rates be increased as follows:

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

## Rates Comparison with Other Councils

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

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

### Rates per Rateable Assessment 2018/19

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

Source: LGA Survey

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

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

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.

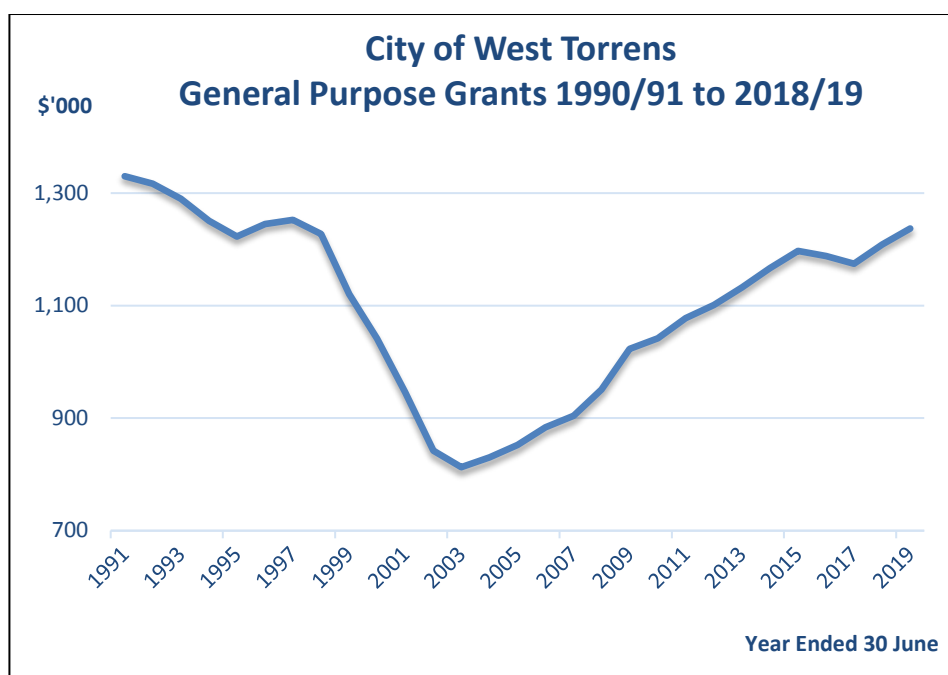
## Grant Income

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

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

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

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

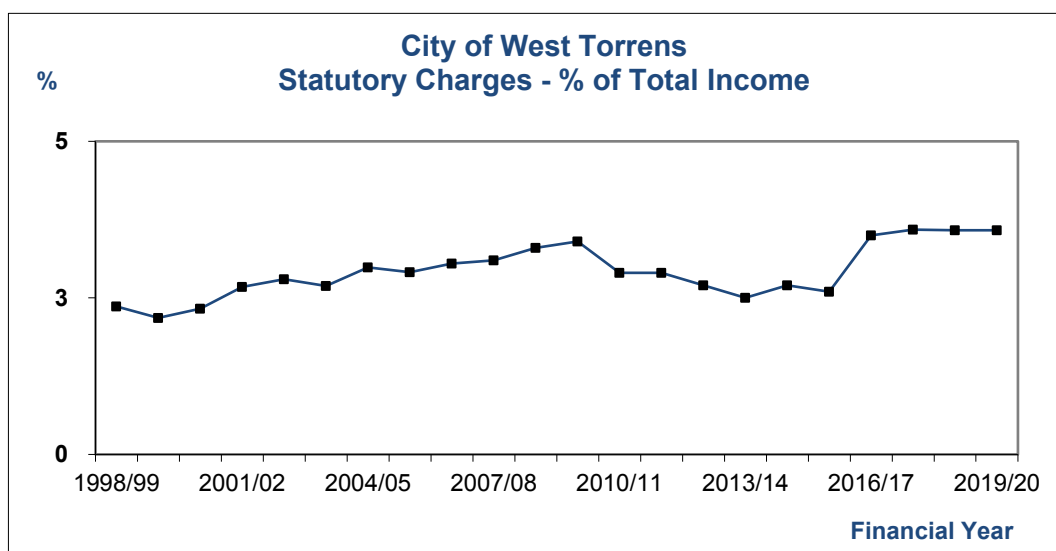
Commercial lease fees of \$460,000 are for the new depot facility. All user charges are reviewed annually by Council.

## Statutory Charges

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

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

Statutory fees play an important role in enabling Council to provide a range of specific services and community facilities. However, these fees and charges make a relatively modest contribution to the overall budget. In the 2019/20 budget, statutory charges total \$2,449,400 or 3.6 per cent of all Council income (excluding capital revenues). The trend since 1997/98 has been as follows:



### Other Income

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

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



## Loan Program 2019/20

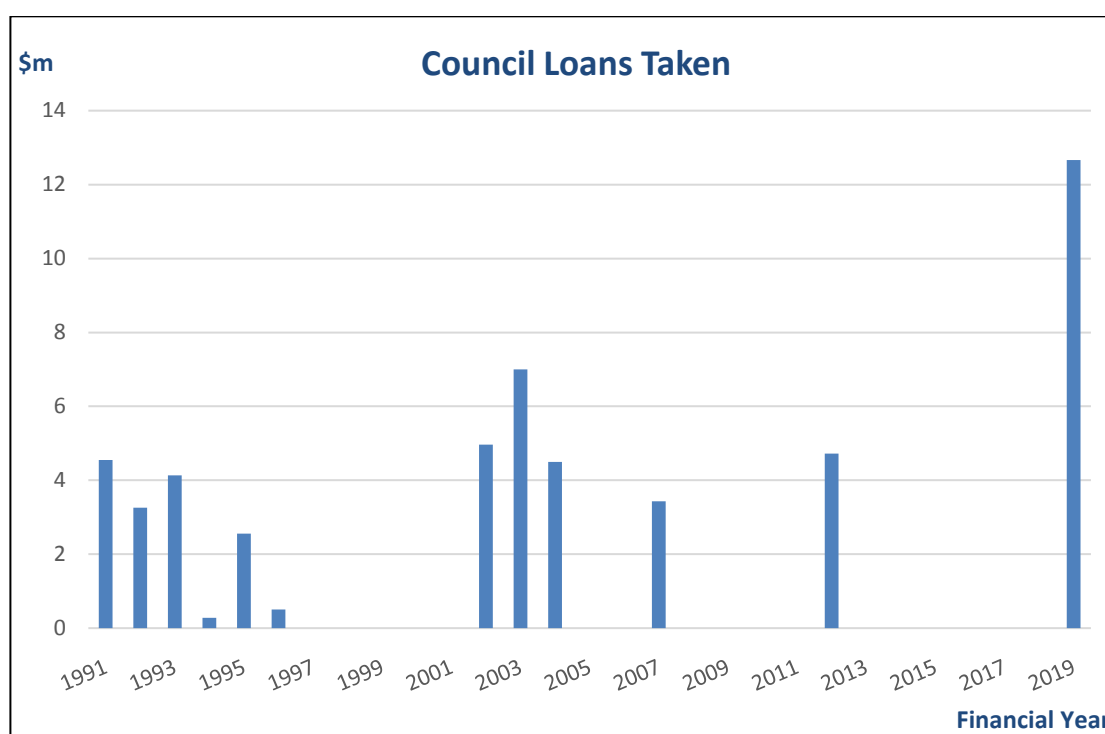
Council's loan program for 2019/20 totals \$3,796,002 (\$4,647,203 in the 2018/19 original budget). Details of the loan program can be seen below:

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

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

## Historical Perspective on Loans

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



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

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



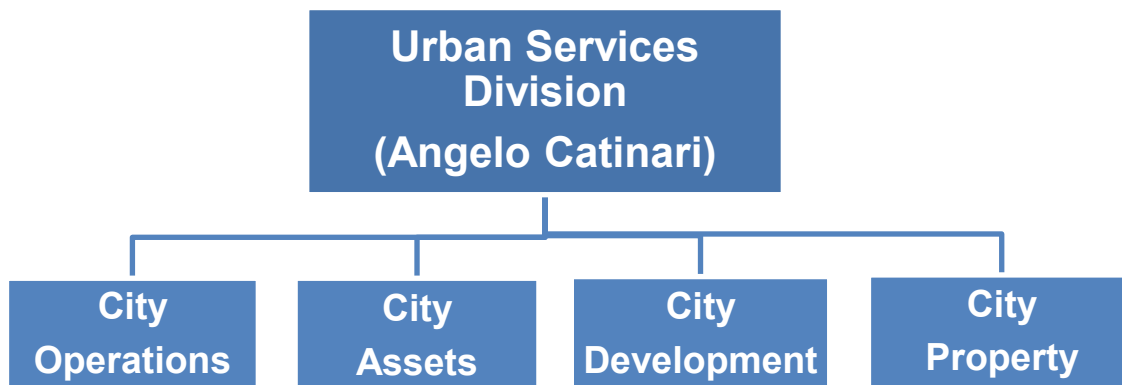
Increased borrowings in the 1991 to 1993 period were largely due to the redevelopment of the Hilton Civic Centre and property acquisitions associated with the Hilton Shopping Centre site.

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

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

## **Operational Budgets by Division**

## Urban Services Division



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

The Urban Services Division comprises the following:

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

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## **Urban Services Division**

### **2019/20 Business Plan and Budget Statement**

#### **Objective(s)**

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

#### **Key Activities 2019/20**

Key activities include the following:

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

#### **Performance Measures**

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

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

#### **2019/20 Budget Highlights**

##### **1. Income**

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

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

## 2. Operational Expenditure

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

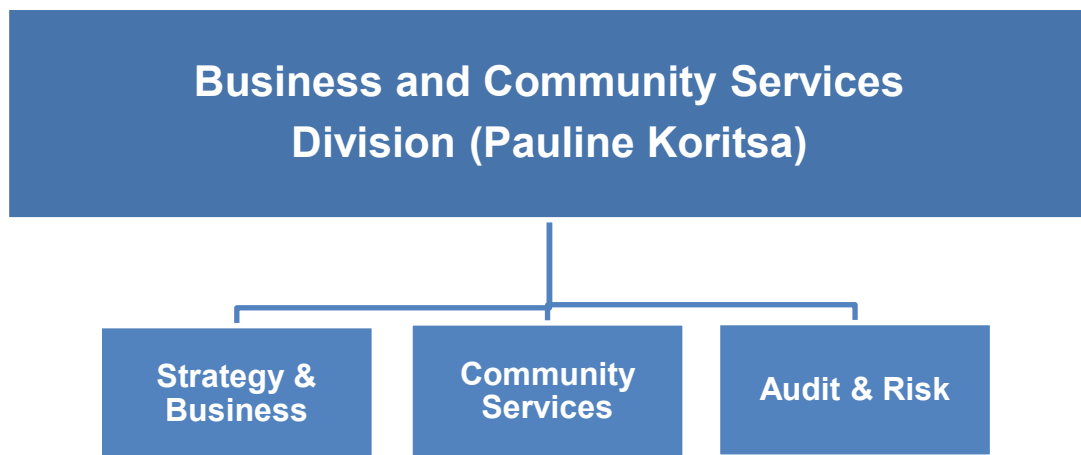
- 
- \$270,200 for inspection, cleaning and maintaining the street and drainage network and stormwater pump stations;
    - \$220,000 for weed control;
    - \$135,000 in waste disposal costs, which includes illegally dumped rubbish;
    - \$85,000 for graffiti removal;
    - \$51,000 for turf / irrigation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

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



## Business and Community Services Division



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

The Business and Community Services Division comprises the following:

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

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

### **Objective(s)**

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

### **Key Activities 2019/20**

Key divisional activities include:

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

### **Performance Measures**

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

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

## 2019/20 Budget Highlights

### 1. Income

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

### 2. Operational Expenditure

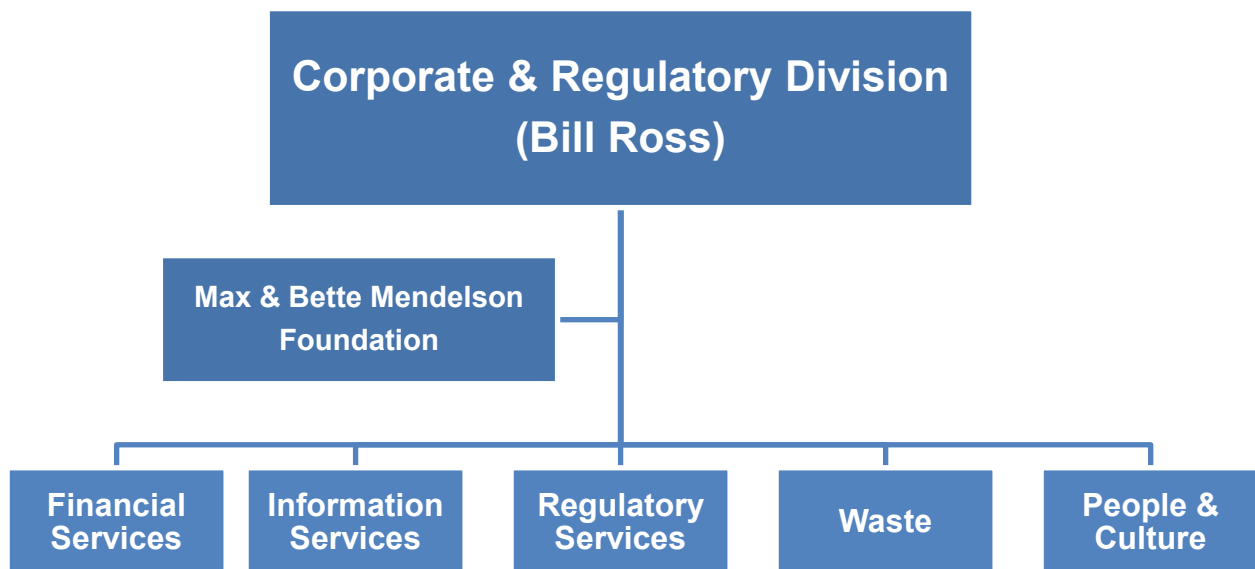
- Operational expenditure for the Business and Community Services Division is budgeted to increase by \$171,024 or 2.0 per cent to \$8,748,327;
- Employment expenses have increased by \$342,390 or 6.5 per cent, to \$5,580,296, in part due to Hamra library increases in casual staff hours of 0.2 FTE and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

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

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

## Corporate and Regulatory Division



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

The Corporate and Regulatory Division comprises the following:

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

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

### Objective(s)

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

### Key Activities 2019/20

Key activities include the following:

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

### Performance Measures

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

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

### 2019/20 Budget Highlights

#### 1. Income

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

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

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

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

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

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

## 2. Operational Expenditure

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



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

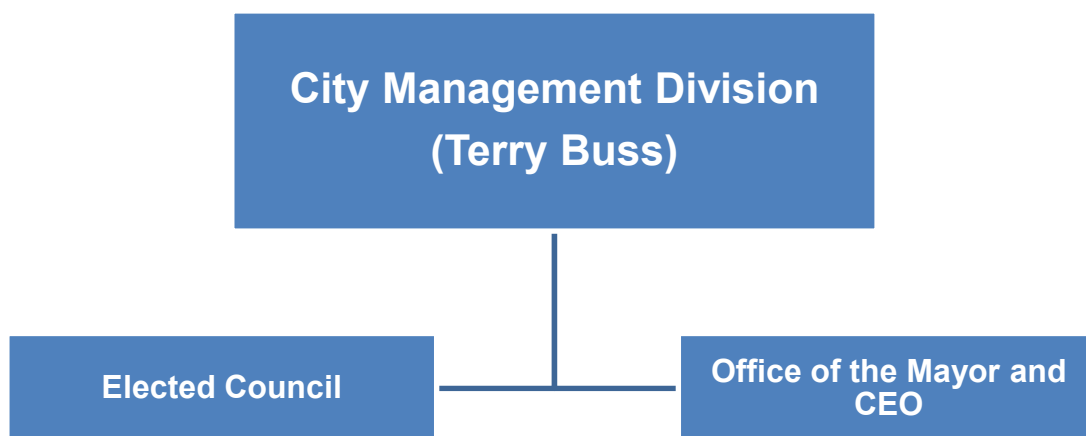
	\$
Hard waste	357,207
Mattresses	19,248
E-waste collection	8,000
Vouchers - 6 x 4 trailer	100,000
<b>Total</b>	<b>484,455</b>

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

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

## City Management Division



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

The City Management Division comprises the following:

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

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## **City Management Division 2019/20 Business Plan and Budget Statement**

### **Objective(s)**

The objectives of the City Management Division are to:

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

### **Key Activities 2019/20**

Key activities include the following:

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

### **Performance Measures**

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

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

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

## **2019/20 Budget Highlights**

### **1. Income**

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

### **2. Operational Expenditure**

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

<b>BUDGET 2019/20</b> <b>CITY MANAGEMENT DIVISION</b> <b>OPERATIONAL EXPENDITURE &amp; INCOME</b>
---

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

**Rating**

## Introduction

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

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

## Rate in the Dollar

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

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

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

## The Amount of Rates Levied

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

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

### Example 1 - Residential (based on previous year data)

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

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

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

### Example 2 - Residential with an Adjustment for the Minimum Rate

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

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



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

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

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

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

## Rating Principles

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

- Equity - taxpayers with the same income should pay the same tax (*horizontal equity*), while wealthier taxpayers pay more (*vertical equity*);
- Benefit - taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid;
- Ability-to-pay - in levying taxes, the ability of the taxpayer to pay the tax must be taken into account;
- Efficiency - if a tax is designed to change consumers' behaviour and that behaviour changes, then the tax is efficient (eg: tobacco taxes). If the tax is designed to be neutral in its effect on taxpayers, but it changes that behaviour, then the tax is inefficient;
- Simplicity - the tax must be understandable, hard to avoid and easy to collect.

To some extent these principles are in conflict with each other. Governments must therefore strike a balance between the:

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

Council has considered each principle when reviewing the various rating options available.

## Alternative Options

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

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

## Capital Versus Site Valuation

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

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

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

How might this work in practice?

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

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

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

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

Which is the fairer valuation system?

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

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

## 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:

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

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

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

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 2019 by the Valuer-General indicate residential property value movements within the West Torrens Council area are as follows:

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

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

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

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

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

### Postponement of Rates for Seniors

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

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

This legislation is available at [www.legislation.sa.gov.au](http://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](mailto: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.

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## 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](http://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](mailto:csu@wtcc.sa.gov.au). It deals in detail with:

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

## Proposed Rate Model

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

**MODELLING RESULTS 2019-2020****Capital Value @ 2.9% Increase****MINIMUM = \$935.00****2 RATES**

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

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

**NON-RESIDENTIAL**

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

Allowance for objections

(\$9,948.05)

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

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

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



## **Summary Financial Statements**

## City of West Torrens

## Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Original Budget 2018/19	Original Budget 2019/20
<b>Income</b>		
Rates Revenues	57,402	60,308
Statutory Charges	2,346	2,449
User Charges	1,588	1,736
Grants, Subsidies and Contributions	3,226	3,449
Investment Income	324	216
Reimbursements	222	228
Other Income	392	306
<b>Total Income</b>	<b>65,500</b>	<b>68,692</b>
<b>Expenses</b>		
Employee Costs	23,164	24,407
Materials, Contracts & Other Expenses	21,649	23,392
Depreciation, Amortisation & Impairment	11,470	11,711
Finance Costs	404	667
<b>Total Expenses</b>	<b>56,686</b>	<b>60,178</b>
<b>Operating Surplus / (Deficit)</b>	<b>8,813</b>	<b>8,514</b>
Asset Disposal & Fair Value Adjustments	-	-
Amounts Received Specifically for New or Upgraded Assets	-	-
Physical Resources Received Free of Charge	-	-
<b>Net Surplus / (Deficit) <sup>1</sup></b>	<b>8,813</b>	<b>8,514</b>
<b>Other Comprehensive Income</b>		
<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>		
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>8,813</b>	<b>8,514</b>

<sup>1</sup> Transferred to Equity Statement

## City of West Torrens

## Statement of Financial Position

as at 30 June 2020

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

## City of West Torrens

## Statement of Cash Flows

for the year ended 30 June 2020

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

## City of West Torrens

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

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

## City of West Torrens

### Financial Indicators

for the year ended 30 June 2020

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

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

#### 1. Operating Surplus Ratio

Operating Surplus	13%	12%
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.	13%	12%
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#### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	24%	40%
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%	103%
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 2020

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





## **Ten Year Financial Plan**



**CITY OF WEST TORRENS**  
**FORWARD ESTIMATES FOR 10 YEARS TO 2028/29**  
**KEY ASSUMPTIONS**

**Income**

Rate Increase 2019/20	2.9%	+ growth
REP Increase 2019/20	2.9%	
Rate Growth - 2019/20	1.4%	
REP Growth - 2019/20	1.2%	
Rate Increases 2020/21	2.4%	+ growth
Rate Growth - All Other Years	1.4%	
REP Increases 2020/21	2.4%	Same as rate increases
Rate Equivalent Growth	1.0%	Cumulative increase
Rate Increases from 2021/22	2.4%	+ growth
Revenue Growth - Parking	2.2%	
Revenue Growth - Animals	2.2%	
Revenue Growth - Dev Apps	2.2%	
Revenue Growth - Waste	2.2%	
W/Comp Refund	1.5%	
Revenue Growth - Other	2.2%	Other - cumulative increase
NRM Levy from 2020/21	4.0%	
Roads to Recovery	-	Funding expected to end in 2023/24

**Capital Expenditure**

Plant, Furniture & Equip	2.3%	Cumulative increase
Building Expenditure	-	Based on asset management plan
Asset Sale Development	-	
Building Escalation	2.3%	Cumulative increase thereafter

**Capital Works Expenditure**

Brown Hill / Keswick Drnge	-	Based on one-third of 50% of the cost split over 15 years
Brown Hill / Keswick Drnge	2.0%	Cumulative increase
Road Reseal / Maintenance	-	To match AM Plan over 10 years
Footpath Constn / Recon	-	To match AM Plan over 10 years
Kerb & Gutter	-	To match AM Plan over 10 years
Grant Funded Works	-	Indexed to match grant income
Roads to Recovery	-	Funding to conclude in 2023/24.
Drainage Loan (incl BHKC)	-	\$1.359 million pa from 2019/20 indexed
Local Drainage Works	-	\$0.55 million from 2019/20 indexed

**Expenditure - Operational & Maintenance**

Wages Growth	5.4%	Based on proposed budget 2019/20
Wages Growth	3.5%	Based on expectation - 2020/21 to 2021/22
Wages Growth	3.5%	Based on expectation - from 2022/23
Waste Contract - Solo 2019/20	5.9%	New contract impact from 1 May 2020.
Waste Contract - Solo 2020/21	14.0%	Full year impact of new contract arrangements.
Waste Contract - Solo From 2021/22	3.0%	
Waste Disposal 2020/21	10.0%	Includes allowance for solid waste levy increases, incl \$140 flow-on.
Waste Disposal Otherwise	3.0%	Allowance for modest levy increases
Contract Works	2.3%	
Works Materials	2.3%	
Other Finance Charges	2.0%	Includes banking charges
Depreciation - Buildings	3.0%	Allowance for new assets
Depreciation - Infrastructure	3.0%	Allowance made for new assets
Depreciation Other	2.0%	
Plant Costs	2.3%	
Computer Expenses	2.0%	
Computer Licensing	2.3%	
General Insurance Premium	3.0%	Competitive market
Professional Fees	2.0%	
Street Lighting	4.0%	
Property Costs	4.0%	Utility cost pressures
Other Operating Costs	2.3%	

**Sundry**

\$m

Asset Sales	N/A	
Debenture Loan Interest Rates	3.80%	From 2019/20
	4.30%	From 2024/25



**CITY OF WEST TORRENS**  
**SUMMARY - ACTUAL & PROJECTED**  
**FORWARD ESTIMATES FOR 10 YEARS TO 2028/29**

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



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

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





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

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



**NOTE 3**  
**CITY OF WEST TORRENS**  
**CAPITAL EXPENDITURE PROJECTIONS**  
**FORWARD ESTIMATES FOR 10 YEARS TO 2028/29**

21-Jun-19

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



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

**Forecast Statement of Comprehensive Income**

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

# City of West Torrens - Long Term Financial Planning Model

## Forecast Statement of Financial Position

	Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
		\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
<b>Current Assets</b>											
Cash and Cash Equivalents		0	0	0	0	0	541	2,474	4,492	6,420	8,380
Trade & Other Receivables		2,266	2,330	2,396	2,463	2,533	2,516	2,591	2,668	2,747	2,828
Other Financial Assets		1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
Inventories		16	17	18	18	19	19	20	20	21	21
<b>Total Current Assets</b>		<b>3,522</b>	<b>3,587</b>	<b>3,654</b>	<b>3,721</b>	<b>3,792</b>	<b>4,316</b>	<b>6,325</b>	<b>8,420</b>	<b>10,428</b>	<b>12,469</b>
<b>Non-Current Assets</b>											
Infrastructure, Property, Plant & Equipment		752,259	765,682	778,421	789,747	801,462	812,997	824,849	836,928	849,446	862,316
Other Non-Current Assets		5,739	6,035	6,207	6,384	6,566	6,754	6,947	7,147	7,352	7,564
<b>Total Non-Current Assets</b>		<b>757,998</b>	<b>771,717</b>	<b>784,628</b>	<b>796,131</b>	<b>808,028</b>	<b>819,751</b>	<b>831,796</b>	<b>844,075</b>	<b>856,798</b>	<b>869,880</b>
<b>TOTAL ASSETS</b>		<b>761,520</b>	<b>775,304</b>	<b>788,282</b>	<b>799,852</b>	<b>811,820</b>	<b>824,067</b>	<b>838,121</b>	<b>852,495</b>	<b>867,226</b>	<b>882,349</b>
<b>Current Liabilities</b>											
Cash Advance Debenture		4,401	3,153	1,168	1,359	1,514	0	0	0	0	0
Trade & Other Payables		5,831	6,130	6,310	6,495	6,686	6,884	7,087	7,297	7,513	7,737
Borrowings		835	1,224	1,631	1,873	2,120	2,484	2,867	3,270	3,694	4,140
Provisions		4,888	4,888	4,888	4,888	4,888	4,888	4,888	4,888	4,888	4,888
<b>Total Current Liabilities</b>		<b>15,955</b>	<b>15,395</b>	<b>13,997</b>	<b>14,615</b>	<b>15,208</b>	<b>14,256</b>	<b>14,842</b>	<b>15,455</b>	<b>16,095</b>	<b>16,765</b>
<b>Non-Current Liabilities</b>											
Borrowings		14,555	20,393	25,892	27,553	29,038	32,347	35,345	38,016	40,339	42,295
Provisions		427	428	429	429	429	426	429	428	428	427
<b>Total Non-Current Liabilities</b>		<b>14,982</b>	<b>20,821</b>	<b>26,321</b>	<b>27,982</b>	<b>29,467</b>	<b>32,773</b>	<b>35,774</b>	<b>38,444</b>	<b>40,767</b>	<b>42,722</b>
<b>TOTAL LIABILITIES</b>		<b>30,937</b>	<b>36,216</b>	<b>40,318</b>	<b>42,597</b>	<b>44,675</b>	<b>47,029</b>	<b>50,616</b>	<b>53,899</b>	<b>56,862</b>	<b>59,487</b>
<b>Net Assets</b>		<b>730,583</b>	<b>739,088</b>	<b>747,964</b>	<b>757,255</b>	<b>767,145</b>	<b>777,038</b>	<b>787,505</b>	<b>798,596</b>	<b>810,364</b>	<b>822,862</b>
<b>EQUITY</b>											
Accumulated Surplus		96,374	104,879	113,755	123,046	132,936	142,829	153,296	164,387	176,155	188,653
Asset Revaluation Reserves		594,020	594,020	594,020	594,020	594,020	594,020	594,020	594,020	594,020	594,020
Other Reserves		40,189	40,189	40,189	40,189	40,189	40,189	40,189	40,189	40,189	40,189
<b>Total Council Equity</b>		<b>730,583</b>	<b>739,088</b>	<b>747,964</b>	<b>757,255</b>	<b>767,145</b>	<b>777,038</b>	<b>787,505</b>	<b>798,596</b>	<b>810,364</b>	<b>822,862</b>

### City of West Torrens - Long Term Financial Planning Model

#### Forecast Financial Indicators

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

### City of West Torrens - Long Term Financial Planning Model

#### Forecast Uniform Presentation of Finances

	Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
		\$( '000)	\$( '000)	\$( '000)	\$( '000)	\$( '000)	\$( '000)	\$( '000)	\$( '000)	\$( '000)	\$( '000)
Operating Revenue		68,692	71,152	73,704	76,349	79,093	81,320	84,271	87,329	90,502	93,792
<u>Less</u>											
Operating Expenses		(60,178)	(62,647)	(64,828)	(67,058)	(69,204)	(71,427)	(73,803)	(76,238)	(78,735)	(81,294)
<b>Operating Surplus / (Deficit)</b>		<b>8,514</b>	<b>8,505</b>	<b>8,876</b>	<b>9,291</b>	<b>9,889</b>	<b>9,893</b>	<b>10,468</b>	<b>11,091</b>	<b>11,767</b>	<b>12,498</b>
<b>less Net Outlays on Existing Assets</b>											
Capital Expenditure on the Renewal and Replacement of Existing Assets		(12,608)	(11,502)	(11,795)	(12,058)	(12,853)	(12,638)	(12,967)	(13,577)	(13,932)	(14,241)
Less Depreciation, Amortisation and Impairment		11,711	12,060	12,420	12,790	13,172	13,565	13,970	14,387	14,817	15,260
Less Proceeds from the Sale of Replaced Assets		630	0	0	0	0	0	0	0	0	0
		<b>(267)</b>	<b>558</b>	<b>625</b>	<b>732</b>	<b>319</b>	<b>927</b>	<b>1,003</b>	<b>810</b>	<b>885</b>	<b>1,019</b>
<b>less Net Outlays on New and Upgraded Assets</b>											
Capital Expenditure on New and Upgraded Assets		(11,411)	(13,981)	(13,364)	(12,058)	(12,034)	(12,462)	(12,855)	(12,890)	(13,403)	(13,888)
Less Grants and Contributions Specifically for New and Upgraded Assets		0	0	0	0	0	0	0	0	0	0
Less Proceeds from the Sale of Surplus Assets		0	0	0	0	0	0	0	0	0	0
		<b>(11,411)</b>	<b>(13,981)</b>	<b>(13,364)</b>	<b>(12,058)</b>	<b>(12,034)</b>	<b>(12,462)</b>	<b>(12,855)</b>	<b>(12,890)</b>	<b>(13,403)</b>	<b>(13,888)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>		<b>(3,164)</b>	<b>(4,918)</b>	<b>(3,863)</b>	<b>(2,035)</b>	<b>(1,826)</b>	<b>(1,642)</b>	<b>(1,384)</b>	<b>(989)</b>	<b>(751)</b>	<b>(371)</b>



## **Glossary of Terms**

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## 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.