City of
West Torrens
Between the City and the Sea

Annual Business Plan, Budget and Long Term Financial Plan

2024-25

Adopted

Kaurna Acknowledgement

The City of West Torrens is located on the Traditional Homelands of the Kaurna Nation of People, the first Traditional Owners and Custodians of the Adelaide Region.

Council pays respect to Elders past, present, and emerging.

We recognise and respect their cultural heritage, beliefs and spiritual relationship with the land, sea, waterways and sky.

We acknowledge that they are of continuing importance to the Kaurna people living today.

We have built a beautiful city. However, we further recognise that the process of settlement resulted in the dispossession and dislocation of the Kaurna people and that we are always mindful of this.

Access to document

This document has been prepared by the City of West Torrens. You may access copies from Council's website, westtorrens.sa.gov.au and a printed copy is available for viewing from the Hamra Centre Library, 1 Brooker Terrace, Hilton or on request from the Civic Centre, 165 Sir Donald Bradman Drive, Hilton. You may download and print this document in unaltered form only for personal use or use by your organisation.

Document history

Version	Date	Details
1.0	March 2024	Draft for internal review.
2.0	April 2024	Draft for review by Elected Council.
3.0	May 2024	Draft for community consultation.
4.0	June 2024	Final document adopted by the Elected Council.

Variations to the draft Annual Business Plan, Budget and Long-Term Financial Plan

Pursuant to Section 123(6a) of the Local Government Act 1999 (commenced 6 January 2022) councils are now required to include any significant changes from the draft document and explain the reasons for these changes.

The changes are as follows:
• Inclusion of the Statement on Expected Rate Revenue as tabled and carried by Council on 18 June 2024. • Minor wording changes.

Contents

Message from the Mayor and CEO

In welcoming you all to the 2024-25 Annual Business Plan, Budget and Long-term Financial Plan for the City of West Torrens, may I, in my capacity as Mayor and on behalf of all across Council, thank our former Chief Executive Officer (CEO), Terry Buss PSM, for his many years of exceptional service and wish him the very best in a well-deserved retirement.

At the same time, we welcome our new CEO, Angelo Catinari, who assumed the role on 1 January 2024.

Angelo's commitment to continual growth and advocacy for the value of community will ensure our city is in good hands as we move forward to a vibrant and financially sustainable future.

Turning to the preparation of this year's plan, and in our capacity as Mayor and CEO, our primary responsibility is to deliver a blueprint that considers the needs of all against the backdrop of the current cost-of-living challenges currently before us. It's a delicate balancing act to ensure that we understand the pressures we all face and function as prudent financial managers, while continuing to deliver the value-for-money infrastructure and services deemed essential to our ongoing status as a preferred destination in which to live, work and play.

That also requires a longer-term vision – and with our Community Plan currently under review this year, it's a timely reminder that we must always be cognisant of the bigger picture.

While more detail on plans for the 2024-25 year are covered in the ensuing pages, we share a brief overview of just some of the highlights.

Council's total revenue in 2024-25 is budgeted to increase by 8.63% - or some $6,850,000 – compared with the previous year, with the key financial highlights being total expenditure of $100.83 million, capital expenditure of $40.29 million, an operating surplus of $6.02 million and a rate revenue increase of 5.99% plus 0.7% growth.

The rate increase, in addition to funding increased costs from Council's business as usual operations, is also needed to fund new projects, services and infrastructure for the benefit of the community.

At the time of preparing this document, the prevailing CPI for Adelaide is 4.3%*. The factors that necessitate a proposed 5.99% average rate increase in 2024-25 include:

- expenditure increases in certain areas being greater than CPI (pages 38 and 39)
- increased capital expenditure on new projects (that is, doing more than the status quo, which is all that CPI provides for, refer page 44).

Beyond our daily activities, major projects include the ongoing Brown Hill Keswick Creek Stormwater Project to mitigate flood risk; significant redevelopment works at the much-loved Thebarton Theatre; and the creation of a more inclusive and functional recreation precinct at Kings Reserve, Torrensville alongside the proposed Adelaide Football Club sports facilities at Thebarton Oval.

Looking more closely at the major projects, we continue to work with partnering councils - the Cities of Adelaide, Burnside, Mitcham and Unley – as well as the State Government's Stormwater Management Authority – to provide the infrastructure that will protect residents and businesses in these areas from the flood risk arising from the four major watercourses of Brown Hill, Keswick, Glen Osmond and Park Lands creeks.

Demolition work has commenced at the Thebarton Theatre, after which Stage one of the $8 million redevelopment – jointly funded by Council and the State Government – will see a new lobby, lounge and bar area unfold, along with improved vehicular and pedestrian access and enhancements to the eastern façade. When our iconic theatre reopens in early 2026, it will boast the most modern and technologically advanced features and amenities to enrich the experience for audiences and performers alike.

As we move closer to welcoming the Adelaide Football Club (AFC) to its new home and headquarters at Thebarton Oval (subject to State Commission Assessment Panel approval), the community can look forward to a revitalised Kings Reserve, which will include access to Thebarton Oval and plaza spaces when not required by the AFC.

Elsewhere, and on behalf of our community, we continue to engage with the State Government to navigate the impacts of the Torrens to Darlington upgrade project on South Road, and consider new sites for key facilities such as the Thebarton

** Percentage change from Corresponding Quarter of Previous Year; Adelaide.*

Community Centre. In a related development, now that we have certainty around the upgrade of this section of South Road, we are working on a Master Plan for Henley Beach Road that will freshen and strengthen the appeal of this key retail, hospitality and residential strip, address congestion and inject new life into the precinct.

Climate adaptation and our environment remains a major focus, and during the period under discussion, we are making considerable progress on our groundbreaking Climate Mitigation and Adaptation Strategy 2023-2027 that looks to provide direction to mitigate against and adapt to our changing climate and provide leadership and support to encourage our communities to do likewise.

On a practical level, we're looking at increased greening and protection of the tree canopy to cool urban heat; a reduction of emissions by improving energy efficiency, sourcing renewable electricity and streamlining procurement practices; and promoting and adopting greater recycling initiatives.

By way of example, we're working at reducing waste and increasing recycling at both a Council and community level. Our Council is a proud partner in the pilot Municipal Solid Waste Hydrogen Program, which seeks to divert waste from landfill by processing materials to produce syngas. At a community level, initiatives such as waste education, community workshops and resources for schools are continuing to grow.

Indeed, we are a city with much to celebrate, from our people, culture and location to our diversity, facilities and assets.

As recognition of our vibrant community and commitment to multiculturalism, the City of West Torrens is the only council in South Australia to be invited by the State Government to participate in its Multicultural Ambassador Pilot Program.

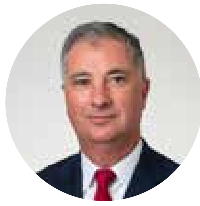
The 6-month program that's already underway will not only allow us to gauge where we are in our journey of cultural diversity and awareness in the workplace, but will provide us with the rare privilege of helping to inform and shape the full program.

There's lots to look forward to.

Our single largest employer, Adelaide Airport, is again a hive of activity as flights resume both domestically and internationally. Other redevelopments are also unfolding and creating new opportunities, particularly with the old West End Brewery site, where a Master Plan for a mixed-use development of retail, business and residential will be an exciting addition to our city.

In closing, our own Summer Festivals are back and attracting bumper crowds, and we're gearing up for a celebration later in the year when our Hamra Centre Library celebrates 60 years of meeting the changing needs of those in search of everything from an enjoyable read and project information to a welcoming community hub offering a raft of programs!

Michael S. Coxon
Mayor



Angelo Catinari
Chief Executive Officer

Our City

West Torrens is an appealing metropolitan location as it is close to the Adelaide Central Business District (CBD) and the South Australian coastline. It provides retail, industrial and service opportunities that contribute to a vibrant employment sector. It is also the international gateway into South Australia being home to the Adelaide Airport.

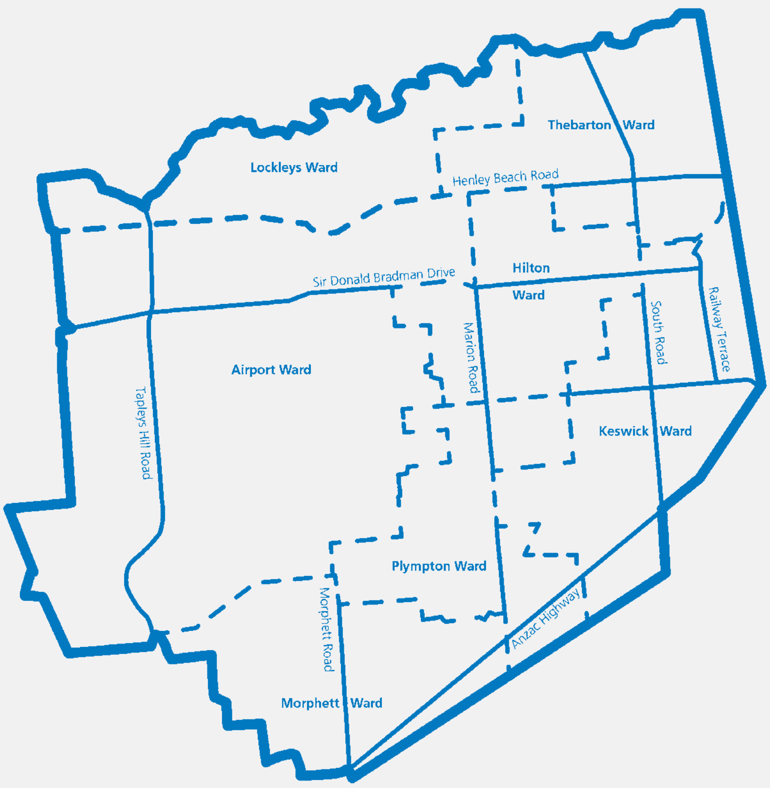
With a population of around 63,000 residents, housing needs are increasing and new residential developments are being established each year. It also means that there is a greater need for public amenities and services and, as such, our Council is focussing its efforts on providing these.

In recent years we have earmarked millions of dollars toward upgrading recreational and sporting facilities to better provide for our community's needs, aiming to develop flexible spaces with the ability to cater to a range of different uses.

West Torrens is well-known for its larger shopping precincts which attract visitors from further afield. Places such as Ikea, Harbour Town, the Brickworks Marketplace and HomeCo. Mile End all help keep the local economy flourishing. Adelaide Airport is a major employment hub for West Torrens, with the Airport Business District employing around 8,000 people, who are further supported by an additional workforce of 22,000 off-site. On a different scale, Henley Beach Road is a great drawcard for West Torrens as it offers many cafes, restaurants and eateries providing an eclectic mix of cuisines.

> "In recent years we have earmarked millions of dollars towards upgrading recreational and sporting facilities to better provide for our community's needs."

City of West Torrens ward map



Our Elected Council

Mayor

Michael
Coxon

Airport Ward

Sara
Comrie

Jassmine
Wood

Hilton Ward

Cindy
O'Rielley

Sam
Whiting

Keswick Ward

Elisabeth
Papanikolaou

John
Woodward

Lockleys Ward

Daniel
Huggett

Kym
McKay

Morphett Ward

George
Demetriou

Anne
McKay

Plympton Ward

Lana
Gelonese

Surender
Pal

Thebarton Ward

Graham
Nitschke

Zoi
Papafilopoulos

Climate Impact Statement

> We will help increase the resilience of our community by providing community programs and grants, responsive infrastructure and greening programs.

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

We are therefore committed to reducing climate change and adapting to its impact by:

- Considering climate adaptation in our decision-making processes.
- Regularly reviewing and responding to the risks associated with climate change.
- Participating in the Western Adelaide Zone Emergency Management Committee.
- Decreasing our carbon footprint by reducing energy and fossil fuel usage.
- Increasing the use of renewable energy and sustainable fuel sources.

We will help increase the resilience of our community by providing community programs and grants, responsive infrastructure and greening programs which reduce urban heat. We will further encourage active transport and outdoor activities and seek to protect the community from the consequences of severe weather events and heatwaves.

The City of West Torrens native plant giveaway day.

Our climate adaptation activities seek to maximise the greening of our city and include:

- rain gardens
- growing trees in challenging spaces
- greening Council's shared path network
- street tree audits and planting programs
- appropriate plant/tree choices
- native plant giveaways and community planting events.

In addition, our stormwater initiatives provide maximum access to sustainable water sources for trees to improve soil moisture and encourage deep root growth. This includes the use of:

- permeable paving
- tree inlets and water wells
- footpath brick paving.

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

- waste education
- community workshops
- resources for schools
- a household chemical and paint drop-off facility
- waste separation in Council buildings
- reduction in single use plastics at Council events.

We encourage the community to adopt a sustainability position and seek out available environment grants and rainwater tank rebates.

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

- recycled printer cartridge and road pavement trials
- LED lighting in streets, linear parks, pathways and reserves, building design and retrofit incorporating solar and battery storage and rainwater tanks
- ensuring that vehicle replacements consider environmental standards and increasing the number of electric and hybrid vehicles in the fleet.

Council is also proud to be participating in a pilot Municipal Solid Waste (MSW) hydrogen waste program. Partnering with Solo Resource Recovery, Greenhill Energy and Peats Soil and Garden Supplies, in collaboration with the University of Adelaide, we are exploring options to divert waste from landfill and process it to produce syngas.

Our Vision

Our Community Plan 2030 is Council's overarching statement of what we will do to help achieve our community's vision of **West Torrens being the best place to live, work and enjoy life.** We are currently updating this plan to incorporate new strategies, initiatives, and community feedback, ensuring that it remains responsive to the dynamic needs and aspirations of our residents and local communities.

The five focus areas for the delivery of our vision are:

Community life
We support diversity, health and well-being, community cohesion and connections, and create opportunities to learn and enjoy the local area.

Built environment
We ensure housing, urban development and infrastructure contribute to attractive and safe neighbourhoods, and how we travel in and beyond our area.

Organisational strength
Council ensures its services lead to quality outcomes and exceptional experiences for our community.

Environment and sustainability
We protect and conserve the natural environment, reuse and recycle resources, support biodiversity and respond to climate change.

Prosperity
We support jobs, businesses and industries to generate local economic growth and activity.

A snapshot of West Torrens

70+

playgrounds and fitness sites

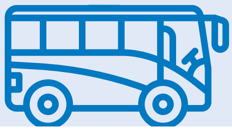
9,000+

tonnes of green waste collected each year

80%

of West Torrens residents are digitally connected

9%



of West Torrens residents use public transport to travel to work

37km²

Council area

10%

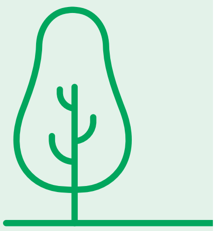
of the area has tree canopy cover

6,487

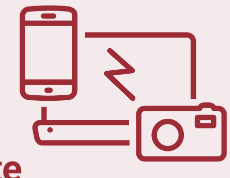
local businesses in West Torrens

174

hectares of public open spaces



33



tonnes of e-waste is collected each year.

37%

of West Torrens is medium and high density housing

A snapshot of West Torrens residents

63,000+
live in West Torrens

23%
are aged 60 or over

32%
were born overseas

15%
volunteer their time to others

23%
live and work in West Torrens

26%
are employed in a professional capacity

26%
are couples with children

7%
arrived in the past 5 years

31%
speak a language other than English at home

6%
are from India

32%
have a university qualification

Our strategic planning framework

Council's Community Plan is the lead document in our suite of strategic plans and is an aspirational document that guides our actions over the next 5 to 10 years. Developed in consultation with the community, it reflects the priorities of all who live, work, study and play in West Torrens and those who visit.

Our Community Plan is supported by several strategic and corporate plans, while operational plans provide the steps to achieving the aims of our strategic and corporate plans and, ultimately, our Community Plan.

The operational plans drive the Annual Business Plan, Budget and Long-Term Financial Plan. Progress is monitored and reported to Council regularly and Council's Annual Report identifies key activities and achievements in delivering its vision.

The Corporate Planning Framework

● = Mandated by legislation
● = Not mandated by legislation

Broad, long-term ↔ Specific, short-term

Council's suite of Strategic Management Plans (as per s.122 of the *Local Govt Act 1999*)

Community Plan 2030

Long Term Financial Plan | **Infrastructure and Asset Management Plans**

Corporate Plans

Plans mandated by legislation

Plans as mandated by various legislation, e.g.:

- Brown Hill Keswick Creek Catchment Stormwater Management Plan
- Community Land Management Plans
- Disability Access and Inclusion Plan
- Dog & Cat Management Plan
- Public Health Plan

Plans not mandated by legislation

Plans that are not mandated by legislation but are sought by Council and/or Executive to address contemporary issues, e.g.:

- AdaptWest Climate Change Adaptation Plan
- Climate Mitigation & Adaptation Strategy
- Economic Development Plan
- Open Space Plan
- Public Art Framework
- Tree Strategy
- Waste & Resource Recovery Strategy
- Transport & Movement Strategy

Operational Plans

Action/Implementation Plans

Detail what actions will be undertaken to deliver on the strategies from one or multiple Corporate Plans and specifies responsibilities, time frames and resources.

Technical and Master Plans

Documents that provide the details of the planning and design for a defined area/ project in relation to a specific issue, e.g.:

- Local Area Traffic Management Plans
- Master Plans

Annual Service Planning | Annual Budgeting — Annual internal processes

Annual Budget and Business Plan | Annual Organisational Service Plan | Annual Capital Works Program | Annual Asset Maintenance Plans — Council's annual internal plans and programs

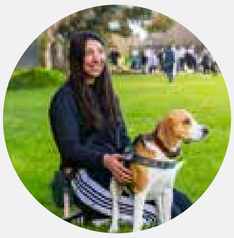
Our vision, values and mission

VISION

Committed to being the best place to live, work and enjoy life.

MISSION

To strive for excellence in serving our diverse community.



VALUES

Accountability
Advocacy
Community Capacity
Community Involvement
Healthy Communities
Inclusivity
Quality
Supportive Working Environment

Strategic plans

Embarking on a journey toward organisational excellence requires a blueprint that serves as the compass guiding our every move. Here's a glimpse into the meticulously crafted strategies fuelling our corporate framework:


Draft Stormwater Management Plan - West Torrens Drainage Catchments Overview 2022
August 2022
CITYOFWESTTORRENS
Vehicles (Fleet), Plant and Equipment Asset Management Plan
December 2020
CITYOFWESTTORRENS
Roads Asset Management Plan
December 2020
CITYOFWESTTORREN
Dog and Cat Management Plan 2022 - 2027
CITYOFWESTTORRENS
Public Health Plan 2021 - 2026
February 2022
CITYOFWESTTORRENS
Disability Access and Inclusion Plan 2021 - 2025
October 2021
CITYOFWESTTORRENS

What we do

What does Council do?

That's a question we're often asked – and the general answer is an enormous amount that touches your lives as ratepayers and residents in so many ways.

More specifically, our contribution to the community can best be seen at work in the following key areas:

- community life
- prosperity through community funding
- organisational strength
- built environment
- environment and sustainability.

We collect
9,000t
of organic waste each year

We provide and maintain
296km
of local roads

We giveaway
5,000
free native plants each year

We provide
1,000
community programs each year

We provide and maintain
170km
of stormwater pipes

We own and maintain
$1bil
in community assets

Community life

West Torrens has a large cross-section of cultures which make up our social fabric. As such, not all services we provide are suited to everyone, so it's important that we are aware of what our community needs as well as wants.

We offer a diverse array of services, programs, and events tailored to our community's needs, encompassing everything from library resources to lifestyle and inclusion initiatives, as well as health and wellbeing programs for our elderly population and support for those facing disadvantage. Our range of community facilities offer spaces for people to meet and socialise, and our community gardens provide people with an opportunity to grow their own produce and share knowledge and friendships.

Our annual Summer Festival attracts around 14,000 people each year, while our school holiday programs are so popular that many events are booked out within a day or 2 after being publicised.

Arts are a valuable component of a healthy community and for the past 7 years we have hosted the West Torrens Art Prize, encouraging South Australian artists to submit works around various themes. It offers substantial prize money to the winning artist, plus other amounts in various categories.

Our Westside Stories project has established miniature art galleries around West Torrens, where small art, created by local artists, is exhibited and our Stobie Pole Art continues to add colour and creativity to the neighbourhood.

Prosperity

The City of West Torrens has a suite of programs designed to support jobs, businesses and industries and help generate local economic growth and stimulate activity. There are also several initiatives to assist and create education and learning opportunities.

Furthermore, through community funding, we offer junior development grants for residents under 18 years of age to support sport, science and technology, as well as history, arts and culture; sponsorship grants that provide financial support to community organisations and groups and assist them with staging events and activities that benefit the local community. Council also provides academic scholarships worth $4,000 each to university students under the Mendelson Scholarship Program.

This past year we began a visioning project for Henley Beach Road, to help inject new life and a holistic vision for the precinct. Considered to be one of the more unique retail areas in West Torrens, Henley Beach Road features a series of different precincts and villages, with a diverse mix of businesses. Over the years development has seen footpaths become quite narrow and heavy traffic flows cause congestion, excess noise and emissions. Now that we have State Government certainty around the upgrade of the Torrens to Darlington section of road which affects this area, we can focus on freshening and strengthening the appeal of this well-known retail pocket.

Organisational strength

Keeping in touch with our community, listening to them and helping to deliver on their needs gives our organisation strength as we continue to build robust relationships.

We engage with our community using a variety of consultation techniques, including public meetings, surveys and information distribution and we encourage our community to provide feedback on customer experiences using channels such as phone, email, SMS, online chat and social media. Our quarterly magazine, Talking Points, is distributed seasonally and provides updates on projects, services, Council spending and initiatives and our website continues to help keep our community informed.

We are committed to developing strong partnerships and working relationships with our community, other organisations and spheres of government, while ensuring high levels of governance, transparency and integrity. As a resilient organisation, we are able to effectively respond to emergency incidents and events and we are committed to continuous improvement of processes and customer service.

We have 9 strategic risks which are reviewed by our organisation a minimum of every 6 months, more frequently if required. These include workforce management, fraud and corruption, financial sustainability and emergency management and resilience.

Built environment

Our built environment comprises roads, buildings, stormwater infrastructure and parks and open spaces.

Roads, Footpaths & Bicycle Infrastructure

We maintain around 296 kilometres of roads and 581 kilometres of footpaths, with $13.5 million budgeted in 2024-25.

Buildings

We maintain more than 130 Council-owned buildings worth $210 million and have earmarked $13.5 million in the 2024-25 budget for the continuing staged upgrades of council facilities including the heritage-listed Thebarton Theatre, Thebarton Oval / Kings Reserve Precinct, Richmond Oval and Frank Norton reserves.

Stormwater

With 170 kilometres of stormwater pipes to maintain, we have budgeted $3.9 million for our 2024-25 Stormwater and Drainage program and an additional $3.1 million for the Brown Hill Keswick Creek Flood Mitigation Project.

Parks and open spaces

Open space is a valuable commodity, especially as urban infill becomes more prevalent. We currently have 173 hectares of open spaces available to the community, within the city limits, and in 2024-25 we have set aside $685,000 for playground upgrades, $880,000 for various reserve redevelopments and $1.0 million to upgrade and renew reserve irrigation, tennis courts, sports ovals and car parking.

Environment and sustainability

Our commitment to the environment and sustainable practices is evident through a range of projects and programs, ranging from food waste recycling and a kitchen caddy program, to worm farms, rainwater tank and raingarden rebates. We also have 'Bindy the Waste and Recycling Chat Bot' to help answer waste and recycling related questions. Our Climate Mitigation and Adaptation Strategy drives our climate actions and goals and helps us keep track of our progress.

Our Recreation Program has allocated $315,000 for enhancing and maintaining the River Torrens. These funds will be utilised to improve beautification and usability, encompassing initiatives such as lighting installation, fencing upgrades, path re-sealing, revegetation efforts, and weed removal.

We have also allocated $575,000 towards the ongoing upgrade of lighting to LED. To date, we have reduced our carbon emissions by around 634 tonnes per annum and this is expected to continue into future years.

We actively support initiatives aligned with our community's long-term vision as outlined in our 'Community Plan 2030' by providing environment grants to eligible groups and organisations. These grants are a tangible demonstration of our commitment to fostering environmental sustainability and stewardship.

Financial support for environmental endeavours is a key aspect of our commitment. Annually, we allocate operational grants to assist the community in their efforts towards a greener future.

As we move forward into 2024-25, our dedication to green initiatives remains. This includes allocating $15,000 towards rebates for significant and regulated trees on private property, as well as setting aside $10,000 for rebates to support climate-resilient home improvements. These investments help our community implement sustainable practices.

Furthermore, our commitment to advancing sustainable technologies is reflected in our ongoing development of solar panels and battery energy solutions. This is supported by the allocation of $200,000 in the 2024-25 budget year, highlighting a proactive investment in renewable energy sources for the betterment and resilience of our community.

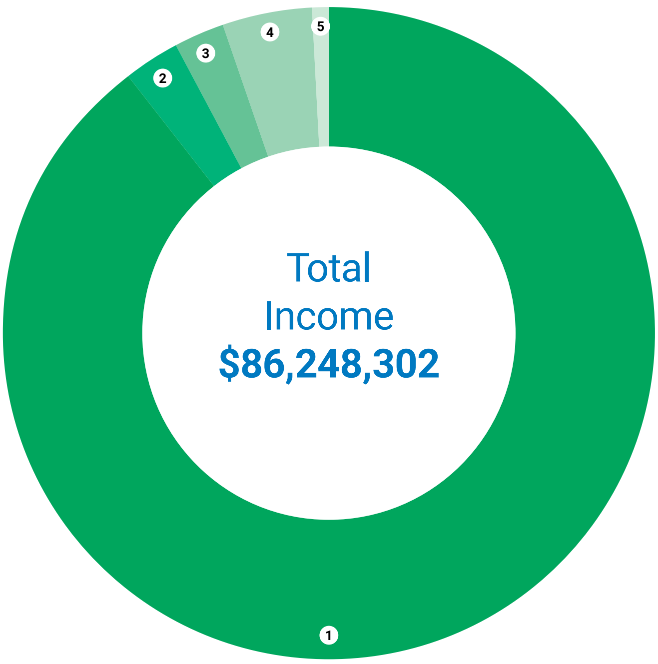
Our budget at a glance

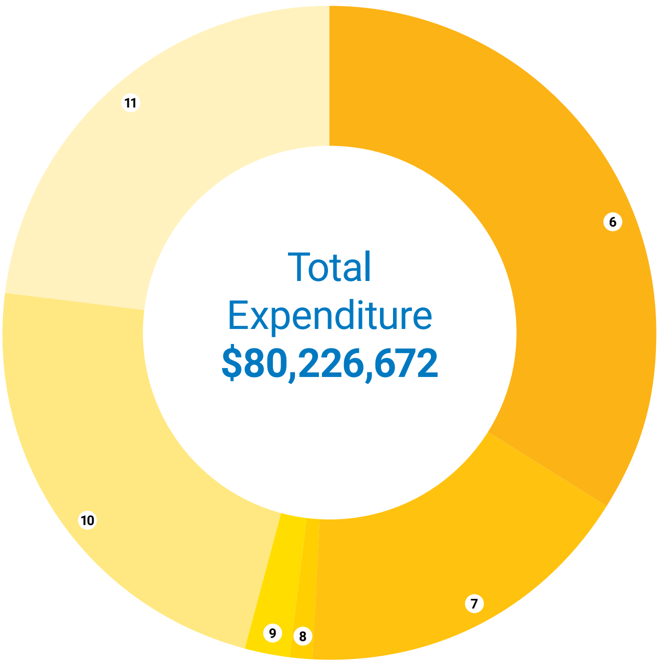
The 2024-25 Annual Business Plan Budget and Long-Term Financial Plan was prepared in accordance with the priorities of our Community Plan, our Long-Term Financial Plan and our Asset Management Plan. Before it was finalised, the draft budget was provided to our community for consultation.

The key financial highlights of the 2024-25 Annual Business Plan are:

- a rate revenue increase of **5.99%** plus 0.7% growth.
- an operating surplus of **$6.02 million**
- capital expenditure of **$40.29 million**
- loan funding of **$23.95 million**
- total Council expenditure of **$100.83 million** (excludes depreciation but includes capital).

Operational Profit & Loss	2024/25
Income	**$**
1 Rates and Rate Equivalents	76,540,662
2 Statutory Charges	2,484,400
3 User Charges	1,995,680
4 Grants and Subsidies	3,841,610
5 Sundry Income	1,385,950
Total Income	**86,248,302**
Expenditure	
6 Employee and Related	29,289,198
7 Material and Contract	14,487,360
8 Finance Costs	944,809
9 Regional Landscape Levy (RL Levy)	1,849,662
10 Depreciation	19,686,255
11 Other, i.e. insurance, professional fees, utilities	13,969,388
Total Expenditure	**80,226,672**
Operating Surplus	**6,021,630**





Our major projects

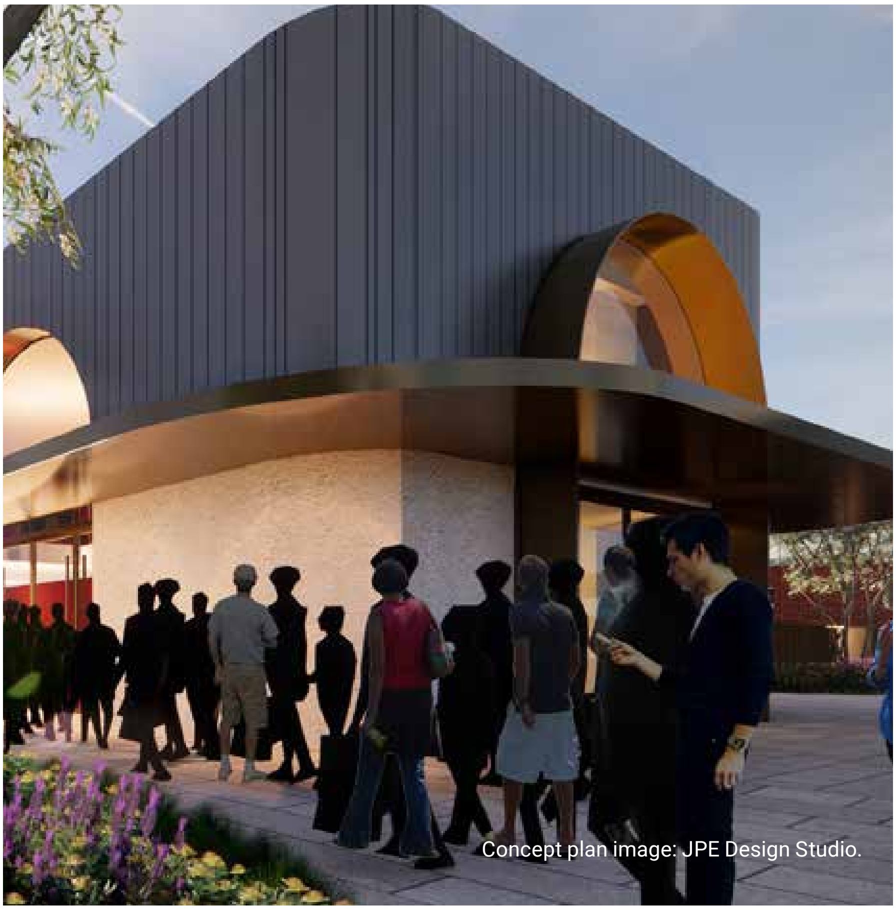
City of West Torrens major projects in 2024-25 include:

Thebarton Oval / Kings Reserve Precinct Upgrade

Council has committed $2.7 million in capital funding towards Thebarton Oval and Kings Reserve Precinct upgrade in 2024-25. This project aims to create a more inclusive and functional precinct. Council will continue to work with the Adelaide Football and the community to create a world-class facility, together with complementary public recreation and open space, to make the precinct a destination that can be enjoyed by all its visitors.

Thebarton Theatre Redevelopment (staged)

The staged redevelopment of Thebarton Theatre is planned to continue at a total project cost of $8 million. The project encompasses preservation and various improvements to enhance the functionality of the state heritage theatre and its adjoining buildings. The Council will contribute $4 million, with the remaining funding sourced from a grant under the Local Government Infrastructure Partnership Program (LGIPP). This year, a further $750,000 is being allocated towards the development of the project.



Concept plan image: JPE Design Studio.

Concept plan image: JPE Design Studio.

Richmond Oval Redevelopment (staged)

This year we've budgeted $7 million toward the redevelopment of Richmond Oval. This staged project, with a total budget of $21 million, is contingent on grant funding approval ($7 million each from State and Federal Grant Funding). This redevelopment aims to boost participation, optimise facility usage, and foster partnerships in sports, community, and education across diverse backgrounds. The Council and stakeholders are committed to modernising the precinct and its facilities to meet contemporary standards for sporting venues, creating an inclusive multi-purpose community hub.

Frank Norton Reserve Upgrade

Frank Norton Reserve is a well-loved community asset. For 2024-25, Council has allocated $500,000 towards continuing the redevelopment of this community space.

The upgraded space will include:

- new play equipment with shade for younger users
- new shelter, BBQ, and seating areas
- a new toilet facility for convenience
- enhanced reserve lighting for improved visibility
- renewed irrigation system to maintain greenery
- preservation of the avenue of trees along the existing path
- screen planting along existing fence lines for privacy and aesthetics.

Kurralta Park Drainage Upgrade (staged)

This year we're allocating $1.5 million for the upgrade of drainage in Kurralta Park. Various areas in this suburb currently experience flooding of private lands on a regular basis, and analysis of the existing stormwater networksin the area shows several areas at risk of substantial flooding from localised runoff during larger storm events. The area is also experiencing a high rate of urban infill development which also contributes to increased amounts of stormwater runoff.

It is intended that the physical construction works associated with this project will be implemented over several years, with the initial package of works focusing on installations in Daly Street, Cross Terrace, Warwick Ave, Wood Street and Daphne Street.

Rates at a glance

Total rates for the Council

Council determines **rates revenue needed**

÷

Divided by **combined value of all rateable properties**

=

To get the **rate in the dollar**

What you pay

Multiply the **value of your property**

×

By the **rate in the dollar**

=

To calculate **your rates for the year**

The Valuer General is the State's independent authority on property valuations. Council is not involved in the setting of property values. You can find more information on valuations by visiting **valuergeneral.sa.gov.au**

"**88.7%** of income is generated by rates."

Rates income is used to provide a range of infrastructure, facilities and services, most of which you have already read about in this Budget and Annual Business Plan.

By contributing your rates, you help to support your community, the community you live or invest in. As rates form Council's primary source of income, paying rates today can be seen as an investment in the future. And while you may not use all the services provided by Council all the time, the chances are that during your lifecycle of paying rates, you will help support programs, services, facilities and infrastructure that will be there for your use when you need them.

While Council will achieve an average rate increase of 5.99%, capital value fluctuations by the Valuer General may result in individual properties receiving a different percentage increase or decrease in rates for the 2024-25 financial year.

A 0.7% growth factor has been applied to rates revenue for the 2024-25 financial year. This is additional to the average rate increase of 5.99% and represents income from new developments.

Method used to value land

We have the option of adopting one of three valuation methodologies to assess the properties for rating purposes:

Capital value

The value of the land and all improvements on the land.

Annual value

A valuation of the rental potential of the property.

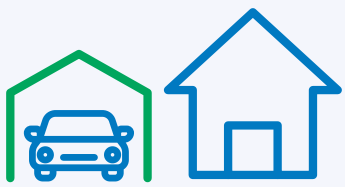
Council continues to use Capital Value as the basis for valuing land within West Torrens as we believe this is the fairest method of distributing the rate burden across all ratepayers on the following basis:

> ***The equity principle of taxation requires that taxpayers of greater wealth pay more tax than those of lesser wealth. Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.***

Early indications are that properties will see an increase in the capital value. Changes to the capital value of your property from one year to the next may be influenced by:

Recent sales in the area.

Property location.



The building itself - renovations, additions or alterations.

External factors - such as trends or nearby area rezonings.

Differential rating system

Councils use a differential rating system, using land use codes as the factor to apply such differential rates. In applying differential general rates, Council has considered, and is satisfied, that the rating system addresses the issue of consistency and comparability across all areas, particularly as it relates to the various sectors of business and wider community.

Minimum rates

The minimum rate provides a mechanism where lower valued properties do not pay less than a minimum amount as determined by the Council. Typically, only a small number of all properties (with no more than 35%) pay a minimum amount. Council proposes to set a minimum of $1,129.00 which shall be applied to all rateable properties. This will affect less than 35 percent of rateable properties.

Separate rate – Regional Landscape Levy

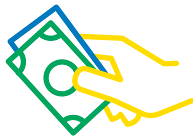
The Regional Landscape Levy is not retained by Council. Under the *Landscape South Australia Act 2019*, councils are required to collect the levy on all rateable properties on behalf of the State Government.

More information regarding the programs and activities funded by Green Adelaide from the Regional Landscape Levy can be found at greenadelaide.sa.gov.au

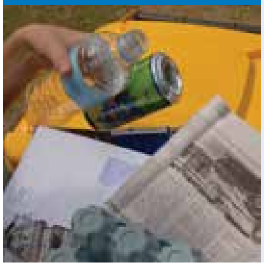
Council at Work

How $100 of Council Expenditure will be spent

The following provides a breakdown of how each $100 of Council funds are spent in providing services and assets to our community. Note: some areas also receive grant funding, thereby decreasing the amount of ratepayer funding needed.



$6.53



Waste & Recycling Services

Kerbside collection of:
– household waste
– recyclables
– green organics

- Hard waste collection
- Public litter bins
- Illegal dumping

$24.05

Infrastructure Management

- Asset management
- Project design
- Roads, kerbs and footpaths
- Traffic management
- Flood mitigation
- Public Lighting

$4.31

Libraries & Customer Service

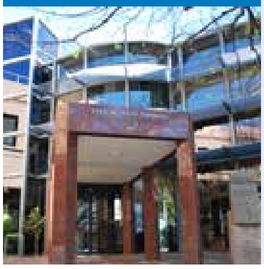
- Library Services
- Customer Service
- Language Classes
- Story Time and Book Club
- Front of house
- Literacy Programs

$16.61

Depot, Fleet & Horticultural Services

- Horticultural services
- Fleet services incl sweeping
- Civil maintenance & construction
- Road maintenance

$13.52



Governance, Communication & Administration

- Corporate Governance
- Financial management
- Information management
- Marketing
- People & culture
- Communications
- Media Liaison • Elections

$6.80

Regulatory Services, Environment & Planning

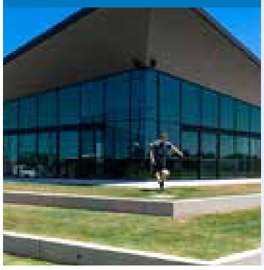
- City Planning
- Building inspections
- Parking management
- Animal management
- Abandoned Vehicles
- Economic development
- Environmental sustainability initiatives

$2.51

Community, Health, Aged & Youth Services

- Youth services
- Community programs
- Thebarton Community Centre
- Environmental health & services
- Home care assist
- Facility Hire

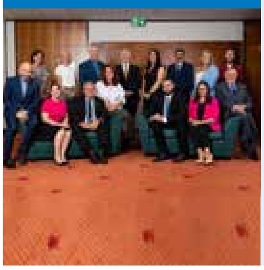
$20.20



Recreation, Sports & Community Facilities

- Parks & Gardens
- Playgrounds & Reserves
- Heritage Buildings
- Sporting Hubs & recreational facilities
- Open spaces
- Facility maintenance

$0.78



Elected members

Includes member allowances, travel costs and subscriptions.

$4.69

State Government Levies and Charges

Includes all state government levies and charges.

Operational income

Council's total revenue is budgeted to increase by **8.63%**, or **$6,849,676**, compared with the 2023-24 budget.

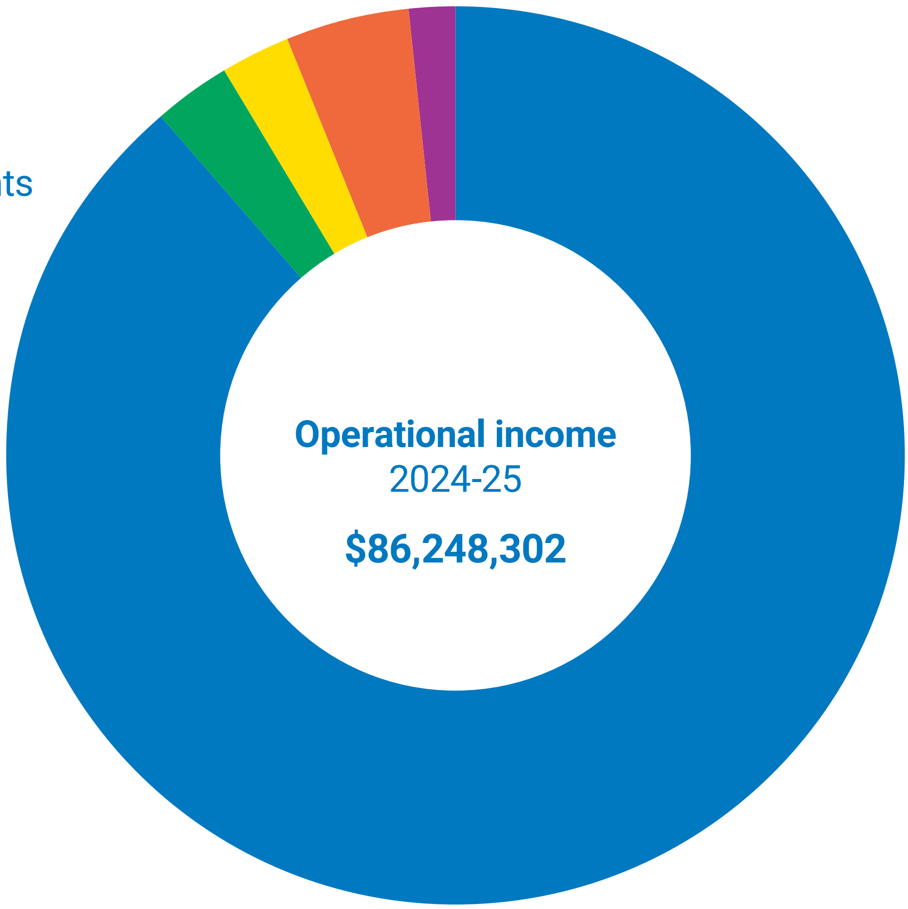
Rates and Rate Equivalents
88.7%

Statutory Charges
2.9%

User Charges
2.3%

Grants and Subsidies
4.5%

Sundry Income
1.6%



Rates and rate equivalent income

A total of 88.7% of the income budgeted by Council is derived from rates and rate equivalent payments. This amounts to $76.54 million for 2024-25.

Council's dependency on rate revenue continues to be significant, with no major growth in other income areas. We have endeavoured to limit increases in rates and since 2003 have, excluding natural growth, achieved an average increase of 4.2%.

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.

Statutory charges 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 2024-25 budget, statutory charges total $2,484,400 or 2.9%, of all Council income, excluding capital revenues.

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. These include library charges, hall hire, tennis court hire, community centre fees and the like.

User charges – which can help to reduce the rate burden on ratepayer – budgeted in the 2024-25 financial year total $1,995,680, or 2.3% of all Council's operating income.

Grants and subsidies

Grant income budgeted in 2024-25 totals $3,841,610, reflecting an increase of 14.0% from the $3,371,274 in 2023-24. Major operating grants included in the budget comprise the General Purpose Grant, Local Road Grants, Roads to Recovery Grant and Library Operating Grant.

Council acknowledges the State and Federal Governments for the grants and contributions they provide which helps us fund essential services and infrastructure.

Other income

Other Council income includes investment income, insurance returns and reimbursements and comprises 1.6% of all income budgeted in 2024-25, excluding capital revenues, totalling $1,385,950.

Operational expenditure

Operational expenditure is the day-to-day expenses Council makes on continuing to provide existing services and on maintaining assets. It differs from capital expenditure, which is spending funds on new assets, upgrading or renewing existing assets.

For 2024-25, operational expenditure has increased by 3,931,969, or 5.15%, relative to the original 2023-24 budget. The increase in expenditure has resulted from an increase in depreciation associated with recent capital development and unit rate changes, the enterprise agreement wage increase and inflationary pressure on materials and contracts.

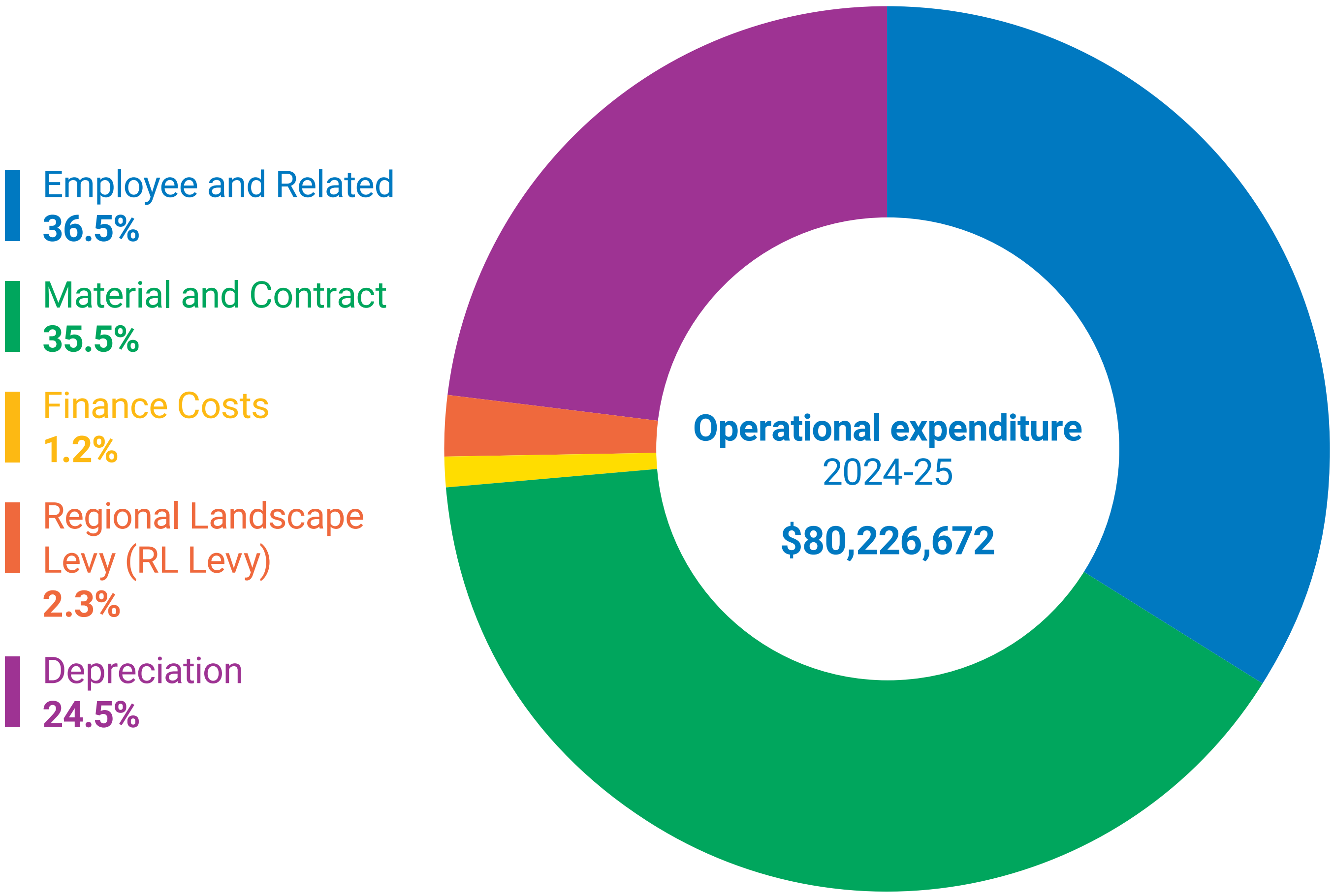
Employee and related costs

Employment costs include direct salaries and on-costs such as superannuation, workers compensation insurance and leave provisions. They also include indirect costs such as staff uniforms, training, protective clothing and study assistance.

Employment costs have increased by $1,442,865, or 5.2% from 2023-24 to a total of $29,289,198, impacted by the following:

- anticipated enterprise bargaining increase
- level reclassifications due an organisational review of position descriptions
- full time equivalent staff numbers increasing by 1.0 over current staffing levels
- a superannuation guarantee increase to 11.5%.
- An anticipated increase in agency staff to maintain operational continuity as required

Council's total operational expenditure is budgeted to increase by **5.15%**, or **$3,931,969** compared with the 2023-24 budget.



Materials, contracts and other

Materials, contracts and other expenditure covers payments for physical goods and includes the purchase of consumables, utility payments, building costs and repairs and maintenance. Additionally, contract services, covering payments for externally provided services, fall under this category. Importantly, it includes allocations for partnership and community grants aimed at benefiting our local community.

The 2024-25 budget shows this area increasing by $1,530,353, or 5.68%, to a total of $28,456,748 over the 2023-24 budget. Key movements include:

- an increase in waste disposal and collection costs by $362,436
- a $730,291 decrease in utility costs including electricity & gas, driven by contracted rate changes and improved energy use estimations
- a $51,000 increase in general insurance premiums
- a $386,251 increase in computer software & hardware costs as we continue to switch from analogue to digital platforms. This includes the replacement of our finance and procurement system
- a $46,200 increase in publications and printing as we transition to a new format for our communications.

Depreciation

Depreciation is an accounting method used to allocate the costs of an asset over its useful life. It represents how much of an asset's value has been used. Depreciation for 2024-25 has been budgeted to increase by 5.0%, totalling $19,686,255. The increase is largely attributable to an increase in the unit rate used for asset valuations, as replacement costs have significantly increased in line with Local Government Price Index.

Finance costs

Finance costs include the costs of financing Council activities through borrowings and any other bank related charges. In 2024-25, finance costs are budgeted to be $944,809, or 1.1% of total operating expenditure.

Regional Landscape Levy

The Regional Landscape Levy, previous known as the NRM Levy, is a State Government imposed tax which councils are required to collect on behalf of the State Government. An amount of $1,849,662 is budgeted for 2024-25. This is an increase of 3.1% over 2023/24.

State Government levies and charges

Council is required to pay the following State Government levies and charges in 2024-25.

State Government Levies and Charges Include:	2023/24 Budget	2024/25 Budget	% Change
Dog and Cat Management Board	79,000	80,000	1.3%
Emergency Services Levy	74,000	85,000	14.9%
EPA Licence	60,000	68,000	13.3%
e-Planning Service	62,000	65,100	5.0%
Land Services Group Search Fees	10,000	3,500	(65.0%)
Motor Vehicle Registration	107,162	125,031	16.7%
Regional Landscape Levy	1,794,519	1,849,662	3.1%
Street Lighting	210,000	194,478	(7.4%)
Valuer General	285,000	282,000	(1.1%)
Waste Levy	1,873,165	1,976,811	5.5%
Total Expenditure	**4,519,947**	**4,729,582**	**4.6%**

Funding what we do

City of West Torrens

Council's diverse administrative and operational functions provide services to our community under 4 divisions as shown below:

Division:	City Management	Communities	Natural and Built Environments	Corporate and Compliance
Business units:	• Office of the Mayor and Chief Executive Officer (including Organisational Change and Improvement and Community Partnerships) • Elected Members	• Community Services • Business and Strategy • Governance and Risk	• City Assets • City Development • City Operations • City Property	• People and Safety • Customer Contact • Information Services (including Information Technology and Records Management) • Compliance and Waste services (including -Animal Management, Environmental Health, Waste and Resource Recovery and Community Safety) • Finance

Throughout the coming financial year, the focus will continue to be on new and ongoing projects and initiatives that respond to the needs of our community and align with our Community Plan. These range from development of new buildings and infrastructure, to delivery of community-facing programs, routine asset maintenance, and improvement in the quality and efficiency of how we go about the daily business of serving our community.

The following selection of budgeted activities represent just a few highlights of what our local community can expect to see, be part of, and experience in financial year 2024-25.

Funding what we do
What you will see in 2024-25:

- Major development works on the historic Thebarton Theatre continuing as construction of a new lobby, bar, and lounge area progress.
- Strengthen our community with a $40.3 million investment in essential assets, enhancing stormwater infrastructure, reserves, playgrounds, and roads. Our ongoing commitment to safeguarding the community includes vital mitigation efforts with Brown Hill Keswick Creek.
- The start of upgrade works at Richmond Oval to create a sustainable, high-quality public open space for local residents integrated with sporting and recreational activities.
- Creating a more inclusive and functional Thebarton Oval / Kings Reserve Precinct.

Funding what we do
What you can be part of in 2024-25:

- Growing library services - including Hamra Centre Library, Mobile Library, home library delivery service and our ever-expanding Little Libraries.
- Free and low cost professional services for business in West Torrens, including training courses, workshops and entrepreneur programs, to help keep local businesses financial viable.
- An evolving catalogue of programs and services to support social connection, health, and wellbeing among our diverse community, including specific programs tailored for youth, children and seniors.
- Community planting days, plant giveaway programs, and financial assistance programs to plant trees and maintain Significant and Regulated trees.
- Implementing our Dog and Cat Management Plan, which provides a framework for responsibly managing pets in West Torrens.
- Actions in the areas of waste reduction and resource recovery under our recently adopted 10-year Waste and Resource Recovery Strategy.
- Availability of flexible payment arrangements and direct debit payments for ratepayers through our use of Payble.

Funding what we do
What helps us serve you better:

- Continuing to facilitate state-wide Local Government reforms, and ensuring a high standard of organisation integrity and legislative compliance.
- Engaging with State Government on behalf of our community to navigate the impacts of ongoing major projects such as the Torrens to Darlington Motorway.
- Advocacy to the State Planning Commission, and the responsible minister, as it relates to the impacts of increasing infill development within West Torrens.
- Investment in cloud-based IT infrastructure to reduce both risks and costs and maintain our capacity to operate as effectively and efficiently as possible.
- Ongoing financial management to ensure viability of all Council services and functions, including a new financial system to meet evolving information needs.
- Evolving our Waste to Hydrogen pilot program with Solo Resource Recovery, Greenhill Energy and Peats Soil and Garden Supplies, in collaboration with the University of Adelaide.

City of West Torrens / Operational Income and Expenditure

2023/24 budget		Description	2024/25 Budget
Original	Revised		
		Income	**$**
71,053,519	71,682,509	Rates	76,540,662
2,379,120	2,342,028	Statutory Charges	2,484,400
1,946,763	2,002,263	User Charges	1,995,680
3,371,274	3,700,153	Grants & Subsidies	3,841,610
294,000	301,616	Reimbursements	347,000
353,950	702,420	Other Income	1,038,950
79,398,626	**80,730,989**	**Total Income**	**86,248,302**
		Operational Expenditure	**$**
26,484,634	25,987,998	Staff Costs	28,812,288
1,361,699	1,488,547	Staff Related Costs	476,910
3,790,320	3,792,077	Buildings Furniture & Fittings	3,956,082
2,040,917	2,153,923	Plant & Equipment	2,303,070
2,000,975	2,104,332	Computer Expenditure	2,347,426
13,687,020	13,687,020	Community Assets	14,355,133
4,847,438	5,835,496	General	5,225,163
976,899	894,399	Bank & Finance	944,809
4,387,507	4,493,533	Council Expenditure	4,261,837
12,118,224	12,337,430	Contract Expenditure	13,241,360
1,121,000	1,240,624	Materials	1,246,000
3,478,070	3,530,201	Occupancy & Property	3,056,594
76,294,703	**77,545,580**	**Total Operational Expenditure**	**80,226,672**
3,103,923	**3,185,409**	**Operational Surplus/(Deficit)**	**6,021,630**

Capital program

The table below shows Council's expenditure on capital and capital works during 2024-25, totalling $40.29 million.

Capital expenditure 2024/25 $('000)	Land & buildings	Plant & equipment	Stormwater & drainage	Other environment	Parks, gardens & sports facilities	Road sealed & other transport	Bridges	Footways & cycle tracks	Total
New/ Upgraded assets	12,207	120	3,600	3,109	1,889	3,078	-	5	**24,007**
Asset renewal/ replacement	1,525	2,258	300	-	1,001	10,352	223	625	**16,284**
Total	**13,732**	**2,377**	**3,900**	**3,109**	**2,890**	**13,430**	**223**	**630**	**40,291**

Expanding on the line items, expenditure on new or upgraded assets includes funds to enhance or expand Council's infrastructure to meet increasing demand and capacity requirements, as well as allocations for major projects, while asset renewal or replacement funding is required to maintain our infrastructure networks to their current standard and service levels.

Our asset renewal funding ratio is 102% for the 2024-25 financial year, and the average 5-year ratio is 100%, a percentage within the target range as reflected in the Long-Term Financial Plan.

Based on Council's Asset Management Plans, this ratio indicates the predicted expenditure on the renewal of assets against what we propose to spend on these assets – in other words, our budgeted expenditure.

Capital Budget Allocation 2024-25

The information below reflects some of the major areas of expenditure and highlights several significant projects and allocations.

Land & buildings

$13.73 million will be allocated to the upgrade and renewal of land and buildings assets.

Major projects include:

- Thebarton Oval / Kings Reserve Precinct
- Richmond Oval Redevelopment (staged)
- Thebarton Theatre Redevelopment (staged).

Road sealing & other transport

$13.4 million will be allocated to the road infrastructure, including $4.8 million on sealed road, kerb and gutter renewals, while a further $6.0 million will be funded for the road construction program. Other transport road works include:

- bicycle management schemes
- upgrade of public lightings
- traffic management.

Stormwater & drainage

$3.9 million will be allocated to the upgrade and renewal of our Stormwater Management Plan.

Major projects include:

- Kurralta Park Drainage Upgrade (staged).
- Stormwater upgrade at Clayton Avenue in Plympton.
- Drainage upgrade from Murray Street to West Thebarton Road in Thebarton.
- Minor drainage upgrade at various locations.

Plant & equipment

$2.4 million will be set aside for the renewal and expansion of our City Operations Depot, IT, Library, and equipment for our Community Centres. These assets are used both in the delivery of services and in the construction of other assets.

Bridges

Minor funding allocated to ancillary works on our existing bridge network.

Other environment

$3.1 million will be allocated to further the ongoing efforts of the Brown Hill Keswick Creeks Project. Specifically, $1 million of this budget will be dedicated to reinforcing culverts along Marion Road to Birdwood Terrace.

Footpaths and kerbing

$630,000 will be allocated to continue the footpath and kerb upgrade and renewal program across West Torrens, delivering enhanced and dedicated pedestrian networks within West Torrens

Ready for the Future

The measure of the Council's success is driven by the achievement of the strategic objectives, outline in the Community Plan 2030, and, more specifically, Council's Organisational Service Plan, which also identifies the desired outcome expected from the strategic objectives.

In addition to this, the Council also measures its achievements through the following financial and non-financial indicators.

	2022/23 Result	2023/24 Revised	Target	2024/25 Budget
Operating Performance				
Operating Surplus Ratio	5%	4%	0 - 10 %	7%
Equity Adjusted Operating Surplus Ratio	5%	4%	0 - 10 %	7%
Financial Flexibility				
Net Financial Liabilities Ratio	43%	89%	Less than 100%	77%
Adjusted Net Financial Liabilities Ratio	28%	75%	Less than 100%	64%
Asset Sustainability				
Asset Renewal Funding Ratio	86%	110%	Between 90% and 110%	102%

In the above table, the Operating Surplus Ratio measures the extent to which operating revenues raised cover operational expenses or are available for capital funding, debt repayment or the provision of new services. Operating Surplus, excluding capital revenue, is calculated as a percentage of operating revenue, with the target between zero % and 10%.

The Equity Adjusted Operating Surplus Ratio is largely the same as the Operating Surplus Ratio however we have removed the equity accounted council business being the Brown Hill Keswick Creek joint venture operational gain/loss. This ratio is calculated as (operating surplus/(deficit) - equity accounted council business) / Total Operating Revenue.

The Net Financial Liabilities Ratio measures the extent to which the net financial liabilities of Council can be repaid from operating revenues. An increase in this ratio indicates that more operating income is required to fund the financial obligations. Net Financial Liabilities Ratio is calculated as a percentage of operating revenue (Total liabilities – current assets)/Total operating revenue, with the target less than 100%.

The Adjusted Net Financial Liabilities Ratio excludes the long-term lease arrangements held by Council, the most significant of which is a long term lease over the land leased from Adelaide Airport Limited for the depot facility.

Lastly, the Asset Renewal Funding Ratio reflects the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. The ratio is calculated on capital expenditure on renewal or replacement assets as a percentage of capital expenditure in our asset management plan and the target is in the 90% and 110% range.

Non-financial indicators

To ensure that the Council delivers on the strategic objectives set out in the Community Plan 2030, Council's Organisational Service Plan and Annual Business Plan, Budget and Long Term Financial Plan 2024-25, it is paramount that annual budget activities and projects are completed on time, while delivering outcomes as planned. This will be monitored regularly throughout the year via reports to Council, including capital expenditure updates, as well as quarterly updates on meeting the objectives and targets within the Council's Organisation Service Plan.

Funding the Annual Business Plan

To support Council's objectives in the 2030 Community Plan, our Long-Term Financial Plan (LTFP) needs to be financially sustainable over the 10 years of the plan.

The purpose of the LTFP is to ensure that financial decisions are made with consideration given to impacts on what the future finances of the Council may look like. At the same time, it must ensure that long-term service and infrastructure levels and standards continue to be met. Planning for the future is important, even though reality may turn out to be different.

As the LTFP is updated annually, key considerations that have been included are:

- Ensuring financial targets are met.
- Council's Treasury (Debt Management) Policy.
- Alignment to the Infrastructure and Asset Management Plans and continued maintenance of assets.
- Review of current and future possible economic conditions, Consumer Price Index (CPI) movement, Local Government Price Index (LGPI) and interest rates.
- Climate change impacts.
- Loan repayments.
- The amount of cash in the bank is sufficient to ensure that Council continue to meet all payment obligations, including but not limited to supplier payments, payroll obligations, repayment of loans and payment of interest expenses.
- Borrowings levels throughout the long term financial plan, to ensure that Council continues to meet the financial sustainability ratio targets.
- Possible use of a cash advance debenture facility.
- Enterprise Bargaining Agreements estimates given the agreement currently in place is expiring at the end of the 2023-24 financial year.
- Superannuation Guarantee increase from 11% to 11.5% for 2024-25 (12% from 2025-26 onwards).
- Depreciation movements, particularly increases due to costs of completing replacement and new asset work.
- Waste costs, including collecting and disposing of waste. This continues to be a large part of Council's budget and is continually being monitored to ease cost pressures.
- State government dictated charges.
- Fuel, water, electricity and gas, which continue to be a cost pressure.
- Grant funding possibilities.
- Possible legislative changes, including reform of the Local Government Act.
- No consideration given to any proposed rate capping
- Minimum rate amount is reviewed for affordability risk but also taking into consideration the legislative requirement that the minimum rate cannot apply to more than 35% of properties (S158(2)(da) of the *Local Government Act, 1999*).
- Projected amount of growth for the Council.
- State Government policies and changes made as result of a change in Government leaders.
- Capital valuations provided to Council by the Valuer General which takes into account property market movements.
- Any known asset surplus disposals, but noting that these type of transactions are generally not planned ahead enough be included and require a Council resolution.
- Maintaining service delivery levels where appropriate.
- Brown Hill Keswick Creek Stormwater Board (Subsidiary), operating and capital project plans.

In conjunction with these considerations, it has been determined that the Long Term Financial Plan will incorporate differing percentage increases in regards to income and expenditure classifications. A summary of these are overleaf.

Funding the Annual Business Plan (continued)

It has been determined that the Long Term Financial Plan will incorporate differing percentage increases in regards to income and expenditure classifications.
A summary of these are:

Area	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31-2033/34 *
General Rates	6.00%	6.00%	6.00%	5.00%	4.50%	3.50%
Growth	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Employee Costs (Average)	6.00%	6.00%	3.00%	3.00%	3.00%	3.00%
Grants	3.30%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Income	3.30%	3.00%	3.00%	3.00%	3.00%	3.00%
Contracts, Materials & Other	3.30%	3.00%	3.00%	3.00%	3.00%	3.00%
Borrowing	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

* Average over 4 years

Strategic risks for Council

The City of West Torrens has a robust and comprehensive enterprise risk management program that incorporates both strategic and operational risks.

Strategic risks arise in pursuit of our objectives, strategy and/or work activity. We have identified 9 strategic risk areas which are reviewed by the organisation a minimum of every 6 months; more frequently if required. Each risk has a number of controls to ensure it is managed effectively and these controls are also reviewed annually.

Our identified strategic risks include:

1. Business performance.
2. Workplace management.
3. Fraud, corruption, misconduct and/or maladministration.
4. IT management and cyber security.
5. Emergency management and resilience.
6. Asset management and urban form.
7. Waste and recyclables management.
8. Financial sustainability.
9. Climate adaptation.

The annual budget process considers all of the strategic risks of Council but, specifically, in the current environment, the strategic risks of financial sustainability and cyber security and IT management are at the forefront.

Financial sustainability

This risk area considers variations in income and general cost management (or resulting increases in expenditure) caused through longer term societal/community trends, changes to State Government policy, or emergency events and the potential impacts on Council and services.

Recent economic shocks including the COVID-19 pandemic, increasing inflation and current interest rate increases have impacted on the ability of the Council to sustainably manage its financial performance. However, we will continue to deliver strong service standards through focussing on long term efficiencies and capital investment.

Other factors impacting this risk include:

- Supply chain issues caused by the COVID-19 pandemic and international conflicts.
- State Government funding changes.
- Infill development.
- Population growth.
- Rising costs associated with maintenance and renewal of infrastructure.

Such considerations are built into the Long Term Financial Plan by way of the assumptions made in income and expenditure projections. The Long Term Financial Plan and the assumptions behind it are reviewed each year.

IT management and cyber security

This risk identifies with all things information technology (IT), focusing on IT damage, long-term interruption, losses of key business information/systems and/or associate stored data. It also represents cyber security and associated threats to Council information, resources and/or assets and the ability for the organisation to capitalising on technological capabilities or opportunities.

Cybercrime is a continuing and increasingly complex occurrence, with attacks becoming more sophisticated and targeted in recent years. Our investment in digital technology for the betterment of our community continues to increase as does our need to be robust and resilient in the face of increasing cyber risk.

Capital expenditure

Council commits to rate funding capital works totalling $413 million over a 10-year period, including both replacement and new asset expenditure. This will be funded through a combination of rates, borrowings and grant funding where appropriate.

A breakdown of the areas of the capital expenditure is as follows:

Capital Expenditure	BUDGET 2024/25	ESTIMATES 2025/26	ESTIMATES 2026/27	ESTIMATES 2027/28
Brown Hill Keswick Creek	3,109,000	2,119,000	2,126,000	2,014,000
Drainage/Bridges/Lighting	4,698,387	8,451,655	8,927,655	8,415,655
Infrastructure	13,105,180	15,107,927	15,353,757	15,556,296
Land & Buildings	13,731,500	20,747,053	8,871,070	3,171,070
Open Space & Recreation	2,890,000	3,835,049	2,507,429	5,664,959
Plant, Furniture & Equipment	2,377,130	1,503,919	1,944,180	2,828,667
Traffic Management	380,000	1,248,784	576,968	576,968
Total	**40,291,197**	**53,013,387**	**40,307,059**	**38,227,615**

As part of this capital expenditure, Council has committed $20.3 million to drainage works for the Brown Hill Keswick Creeks project over a 10-year period from the 2024-25 financial year, in addition to funds already committed, all of which is to be funded through the loan program.

As a result of a Council decision made at the 21 March 2023 Council meeting, it was proposed that the remaining approved Council contribution, budgeted for in 2022-23 over 10 years, be fast tracked to be contributed over the next 5 years in order to give the Brown Hill Keswick Creek Stormwater Board some certainty over this period, particular in relation to seeking matching contributions from the State Government. After the 5 years, any remaining contributions will need to be renegotiated. The LTFP has reflected these fast tracked payments but also included continuing contributions for the remaining 5 years of the plan. This will continue to be fast tracked in 2024-25.

Note: We have assumed that our share is 50% of the Local Government total share, which is one-third of the total project, to be shared with State and Federal Government.

	ESTIMATES 2028/29	ESTIMATES 2029/30	ESTIMATES 2030/31	ESTIMATES 2031/32	ESTIMATES 2032/33	ESTIMATES 2033/34	Total
	2,268,000	2,151,000	2,161,000	2,165,000	2,171,000	0	**20,284,000**
	9,047,655	8,397,655	7,588,655	22,136,655	6,537,465	3,537,465	**87,738,900**
	15,784,910	16,058,471	16,331,916	16,607,657	17,080,515	17,080,515	**158,067,143**
	3,792,202	8,142,202	7,407,416	4,827,416	5,752,950	6,556,858	**82,999,736**
	3,769,391	3,594,177	3,291,268	3,459,674	3,563,464	3,563,464	**36,138,875**
	2,197,451	2,430,215	1,817,358	2,122,029	2,354,552	2,192,019	**21,767,519**
	576,968	576,968	576,968	576,968	594,277	594,277	**6,279,147**
	37,436,577	**41,350,687**	**39,174,581**	**51,895,398**	**38,054,223**	**33,524,597**	**413,275,321**

Grant funding opportunities

Grant funding opportunities are not always known at the time of updating the long-term financial plan and where any opportunities arise during the financial year, budget consideration will be included as part of the three budget reviews that will be undertaken during the 2024-25 year. Due to the uncertainty of receiving grant funding, we have taken the conservative approach to only include grant funding that has been confirmed through the receipt of a grant agreement.

A portion of grant funding received is a yearly allocation from the Grants Commission. This allocation has involved an advance payment of the following year's funds in the current year, since 2017/18. There is currently no indication as to when this timing adjustment may cease. The LTFP includes the grant figure due to be received for that particular year. These grants are deemed to be 'untied' so the Australian Accounting Standards require that the payments be recognised upon receipt which could result in a timing difference to when the grants are received compared to when Council has included them in the LTFP should the payment in advance arrangement be varied.

Key financial indicators

The financial indicators are used to measure how Council is performing in terms of financial sustainability.

The measures are used to ensure that we are staying within the targets over the life of the LTFP. It also provides a guide that Council is able meet its strategic goals as referenced in the Community Plan in a financial sustainable way.

Operating surplus ratio

An operating surplus is the extent to which operating income exceeds operating expenditure, including depreciation, and is projected each year. A strong ongoing operating result is a positive indicator of our financial viability.

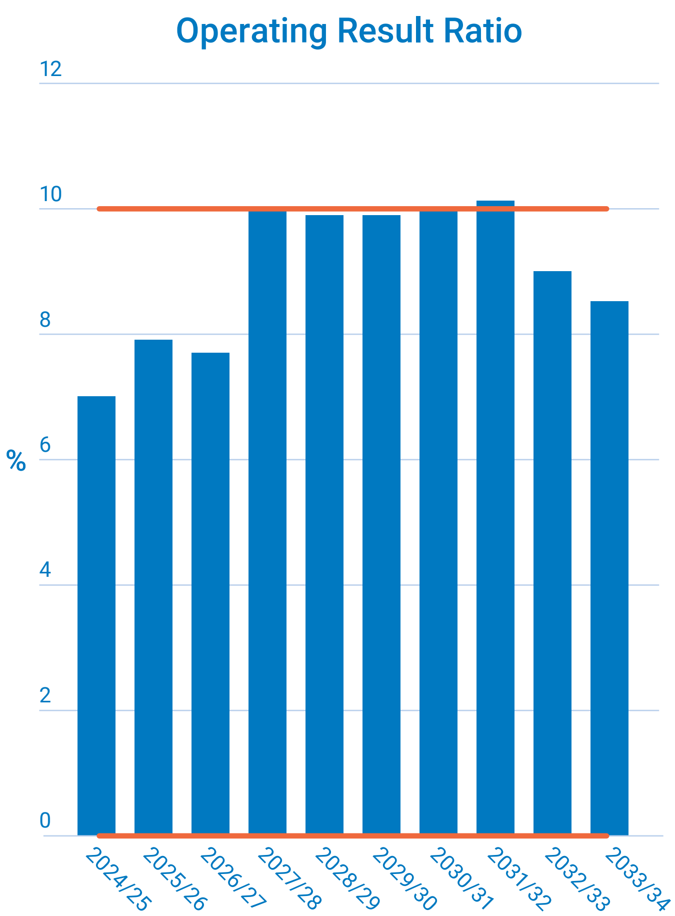
The LGA's Information Paper 9, Financial Indicators (May 2015) suggests an operating break-even position, or better, over time and an operating surplus ratio of between zero % and 10% on average. It is positive that we at the City of West Torrens project to operate within this range, as it demonstrates a strength in our capital expenditure programs.

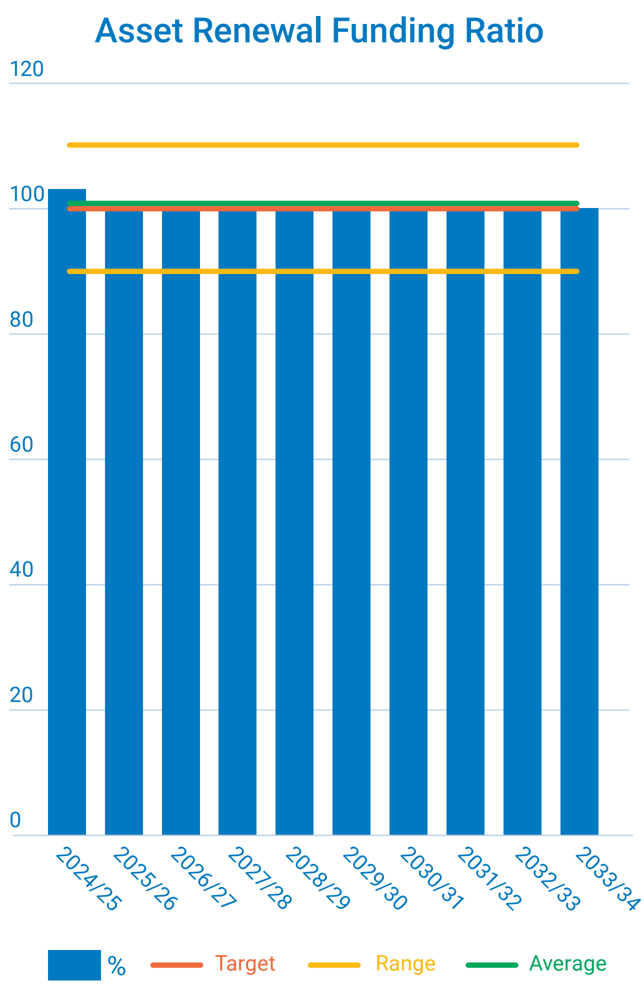
Asset renewal funding ratio

The asset renewal funding ratio, commonly referred to as 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. The amount spent is divided by the total depreciation expense, and a break-even result of 100% or better demonstrates that the cost of consumption of assets in any one year is being met by current rates and current ratepayers.

A sustainability ratio greater than 90%, but less than 110%, is the benchmark we use in local government and we are forecasting a ratio of 102% in 2024-25.

LGA Information Paper 9 Financial Indicators (May 2015) suggests the same ratio range when benchmarking capital expenditure incurred against capital expenditure outlays in Infrastructure and Asset Management (IAMPs), rather than depreciation.





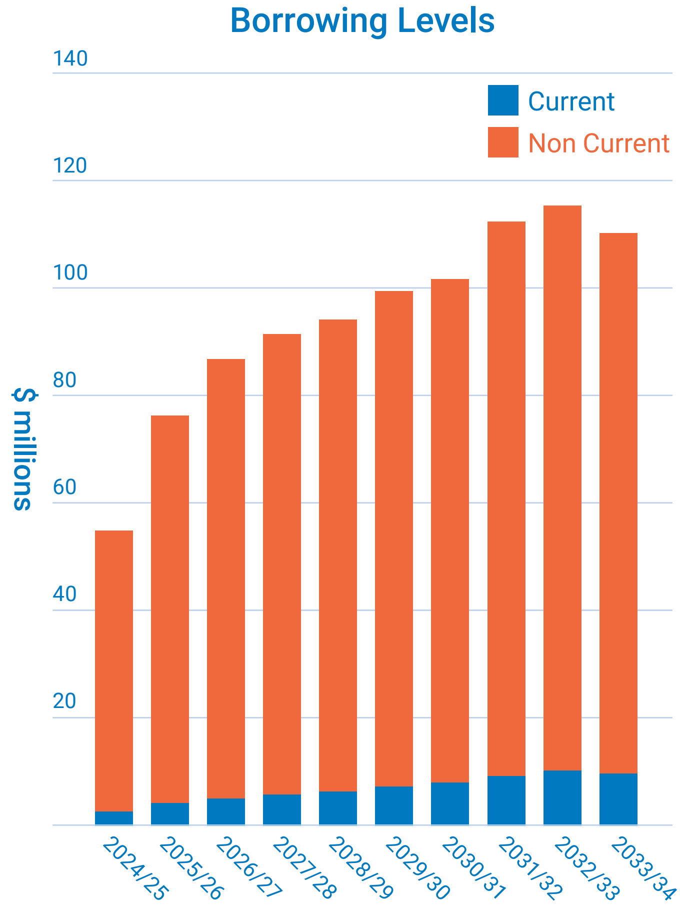
Loan servicing capacity

To meet a structured long-term asset renewal and replacement program, we will need to commit to a loan program that will result in loan liabilities increasing to $114 million in 2032-33. Borrowing interest rates of 4.0% have been estimated, along with future 15-year fixed borrowing terms.

Loan repayments as a percentage of rates is the industry-accepted benchmark to assess a council's relative indebtedness. The percentage for the City of West Torrens, based on the actual and projected loan program, is 2.12% for 2024-25.

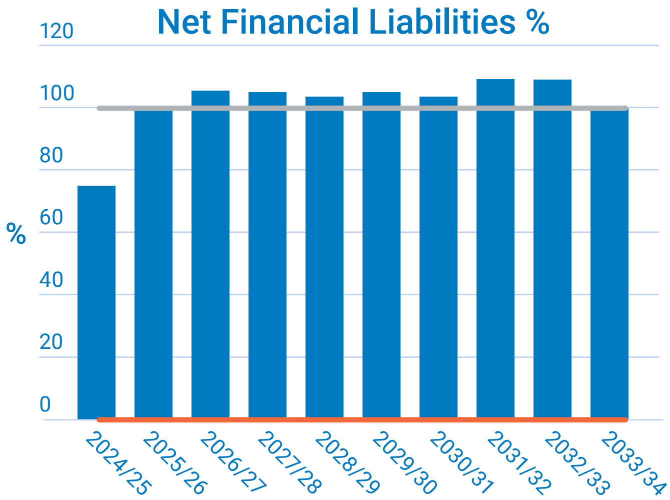
Council manages its debt in accordance with its 'Treasury Debt Management Policy'. The proposed level of debt sits within the parameters of that policy.

A percentage between 0% and 25% would normally be considered reasonable as per the Local Government Association information paper.

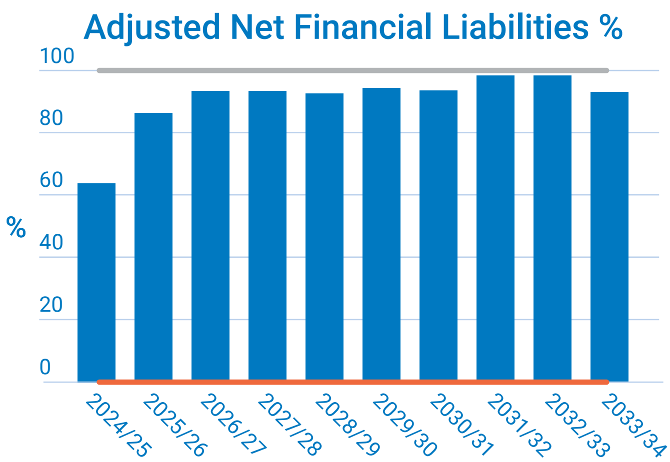


Net financial liabilities

The net financial liabilities ratio indicates the extent to which the net financial liabilities of a council can be met by a single year's operating revenue. A ratio increasing over time indicates that a council's ability to meet its financial obligations from operating revenues is weakening. The desirable range for this ratio is between zero % and 100%.



In 2019, there was an update to AASB (Australian Accounting Standards Board) 16 Leases which has meant a change in the way that Council treats leases and, in particular, for leases that contain right of use assets. The updated account treatment now indicates that for leases that meet the definition, they must be treated as an asset and a liability on the statement of financial position. As a consequence, the amount of liabilities that are included on the statement of financial position has increased significantly by approximately $13.3 million (with on offset of an additional asset of the same amount). As the net financial liabilities ratio includes liabilities as part of the calculation, this has now had a substantial effect on the amount of the ratio. We have decided to also include the ratio that excludes the lease liability. The result is:



Long Term Financial Plan (LTFP) - Financial Sustainability Statement

The Long Term Financial Plan (LTFP) is a modelling tool that is used to ensure that assumptions and key considerations are included to help protect the financial sustainability of Council. The LTFP helps us make decisions about future spending as well as future possible rate increases, while ensuring that we are projecting a strong financial position into the future, meeting our set financial targets.

The amount of borrowings continues to be closely monitored as we move towards increasing the requirement to access borrowings. Consideration is given to the amount of borrowings required and the level of expenditure is possible without putting Council in an unsustainable financial position.

We closely monitor the key financial indicator ratios that are being used. All remain within the targets set, with the exception of the Net Financial Liabilities Ratio. While this ratio does exceed the upper limit of 100% during the life of the plan, it is a result of the calculation used, which includes the liability for the right of use leases. With the modification to the calculation, as explained above, the net financial liabilities ratio now falls within the target range.

We expect to be financially sustainable for the life of this current plan and to continue to ensure that financial decision making takes into consideration the possible long-term effect on the Council.

The LTFP has been included as an Appendix to this document.

ESCOSA Local Government advice

In 2022 a new 'strategic management plan advice scheme' was established as a result of changes to section 122 of the *Local Government Act 1999.*

This scheme required the designated authority, the Essential Services Commission of SA (ESCOSA), on a 4 yearly rotating schedule, to review a range of Council strategic management planning documents and provide advice to the Council. The councils to be reviewed in each year of the cycle are determined by ESCOSA.

The City of West Torrens was included in the first tranche of the councils to be reviewed in 2022-23. The ESCOSA advice to councils and each councils response must be published in both the draft and adopted Annual Business Plan.

The scheme's scope, as established in section 122 of the *Local Government Act, 1999*, focussed ESCOSA on the Long Term Financial Plan (LTFP) and Infrastructure and Asset Management Plan (IAMP), in particular changes to these documents and sources of revenue.

The initial information requests from ESCOSA extended well beyond the minimum requirements as per the Local Government (Financial Management) Regulations 2011 to the full suite of information available in the Model Financial Statements and sought historical data dating back to 2007/08.

ESCOSA provided City of West Torrens with draft embargoed advice and allowed council one week to review to "check for any errors of fact".

In response, Council staff provided a number of examples of errors of fact and made some suggested edits to the advice to in order for fair representation. Some minor changes were accommodated however not all were despite contrary evidence being provided to the scheme.

As such the Introduction stated that:

> *The Essential Services Commission (Commission) considers the City of West Torrens (Council) to be in a sustainable financial position with projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases.*

In accordance with legislation outlined above the following pages contain the publication of the ESCOSA advice and our council's response.

OFFICIAL

ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA

Advice

Local Government Advice

City of West Torrens

February 2023

OFFICIAL

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: advice@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

Table of contents

Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of West Torrens
CWMS	Community Wastewater Management System
ESC Act	*Essential Services Commission Act 2002*
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	*Local Government Act 1999*
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

1 The Commission's key advice findings for the City of West Torrens

The Essential Services Commission (**Commission**) considers the City of West Torrens (**Council**) to be in a sustainable financial position with projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases.

However, the Commission suggests the following steps for the City of West Torrens to ensure that it budgets transparently, reports its cost savings and efficiencies, manages its borrowing risk prudently, plans its asset needs appropriately and continues to limit the extent of further rate increases.

Budgeting considerations

1. **Provide** greater transparency in its long-term financial plan (and as necessary, its annual business plan and budget) by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and spending.
2. **Continue** to review its inflation assumptions in its forward projections from 2023-24 (but more transparently, as per **Finding 1**), given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

Providing evidence of ongoing cost efficiencies

3. **Continue** to report its cost savings and efficiencies in its future budgets, to demonstrate its commitment to achieving cost control and efficiency across its operations and service delivery.

Continuing to manage borrowing risk

4. **Continue** to monitor its borrowing liabilities, including the impact of any interest rate increases, to ensure that levels are sustainable with reference to the operating income (including rates income) and any grants for capital projects that it receives.

Refinements to asset management planning

5. **Review** the estimates of asset lives and valuations informing its forecast rate of asset consumption (and depreciation expenses) in its long-term financial plan and asset management plans, with a particular focus on the appropriateness of the estimated value of the depreciation expenses in the context of asset renewal expenditure requirements.

Containing rate levels

6. **Continue** to limit future increases on its average and minimum rates to help reduce any potential emerging affordability risk, in consultation with the community with reference to service levels and differential rate levels, as appropriate.

2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Government to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.[1]

One of the main purposes of the Local Government Advice Scheme (**advice** or **the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFPs**) and infrastructure and asset management plans (**IAMPs**)[2] – both required as part of a council's SMP.[3] Financial sustainability is considered to encompass intergenerational equity,[4] as well as program (service level) and rates stability in this context.[5] The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.[6] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[7]

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 15 councils for advice in the first scheme year (2022-23), including the City of West Torrens (**Council**).

This report provides the Local Government Advice for the City of West Torrens in 2022-23.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2023-24 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.[8] It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website[9]), nor is it compelled under the LG Act to follow the advice. The Commission thanks the City of West Torrens for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

The City of West Torrens has been in a strong and sustainable financial position with consistent operating surpluses funding a large share of its capital enhancement programs over the past 10 years.

The growth in its rates revenue, more than double the pace of inflation, has contributed to the surpluses but residential rate levels have remained comparatively low, with non-residential contributions

1 Amendments to the *Local Government Act 1999* (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

2 Commonly referred to as asset management plans.

3 The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.

4 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

5 Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

6 LG Act s122(1f)(a) and (1g)(a)(ii).

7 LG Act s122(1f)(b) and (1g)(b).

8 LG Act s122(1h).

9 The Commission must publish its advice under LG Act s122(1i)(a).

accounting for a large share of the revenue growth (representing 35 percent of projected rates revenue in 2022-23).[10]

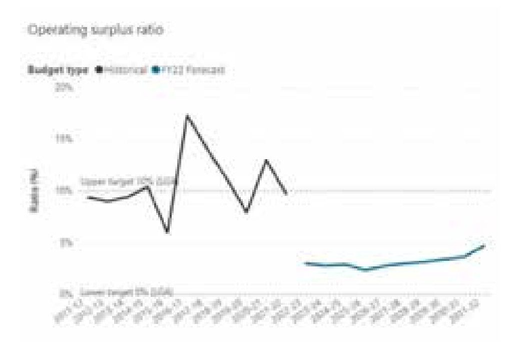
Looking ahead, the Council is projecting much higher borrowings and more conservative operating surplus levels. This reduces the pressure on its rates base to fund the annual capital spending as it occurs and better supports intergenerational equity. However, the extent of its borrowing needs to be managed prudently.

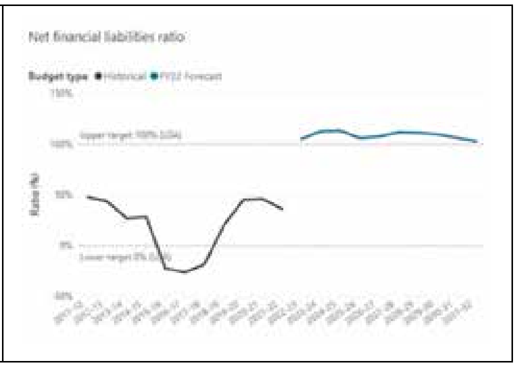
The Council's LTFP projections from 2022-23 forecast:

- lower average cost increases than it has experienced over the past 10 years (but still higher than it had forecast in 2021-22, primarily due to the impact of higher inflation)
- the continued prioritisation of its asset expenditure on renewal and rehabilitation works, and
- continued rate increases on the community, similar to the rate of inflation.

The Commission considers that there may be opportunities to continue to achieve savings and efficiencies in its recurrent budget and encourages the Council to review and report on this. This includes a review of the asset-related assumptions feeding into its estimated depreciation expenses. There are also opportunities for the Council to be more transparent about its price, service level and efficiency-related assumptions in its forward cost projections. In general, a transparent focus on cost constraint should help the Council to identify opportunities to reduce any affordability risk emerging for its ratepayers.

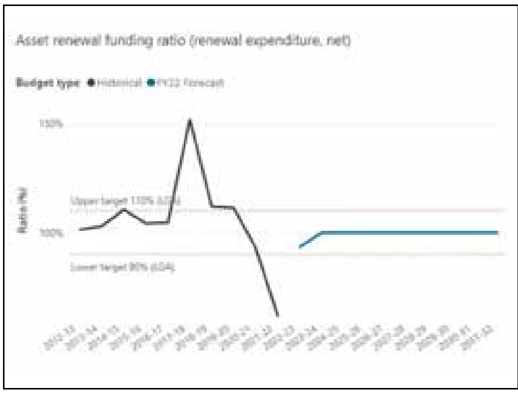
The charts below of the City of West Torrens' past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio and rate revenue per property, together support these findings. The 'heat map' diagram over the page summarises the Commission's findings with reference to whether the Council has met the suggested Local Government Association (**LGA**) target ranges for the three main financial sustainability indicators[11] and the level of cost control and affordability risk identified for the Council over time.

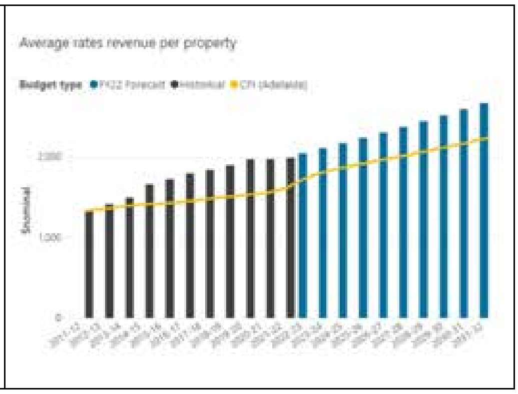




[10] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 74, available at https://indd.adobe.com/view/170eba19-6f8d-4794-8a04-31e11d443557 and the Commission's calculations.

[11] The suggested LGA target range for the ratios are discussed in more detail in the attachment.





Summary of the City of West Torrens' financial sustainability performance and the Commission's risk assessment

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)		2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0-10%)	Operating surpluses within ratio target range –>	Excessive surpluses from 2016-17	Conservative surpluses forecast within ratio target range from 2021-22 ——>	
Net financial liabilities ratio (target 0-100%)	Ratio met to 2014-15 ——>	Negative ratio following asset sale	Ratio met next 4 years	Ratio forecast to exceed 100% for forecast period (inc. lease liabilities) ——>
Asset renewal funding ratio (target 90-110%)	Spending on renewal works just above target range, on average		Low ratio reduces 10-year average	Projected asset renewal in LTFP to perfectly align with AMP-required spending (ratio 100%) ——>
Identified Risks:				
Cost control risk	Operating expenses per property average growth 2.5% p.a. to 2021-22 (CPI 2.0% p.a.)			Operating expense per property forecast average growth 2.6% p.a., lower than projected CPI
Affordability risk	Rates revenue growth average 4.4% p.a. to 2021-22 but with relatively low residential rates & higher contributions from 'other' commercial ratepayers ——>			Projected rate revenue increases to average 3.7% p.a. but 3.0% per property, marginally above forecast average CPI (2.8%) ——>

Ratio outside suggested LGA target range or higher risk

Ratio close to suggested LGA target range or medium risk

Ratio within suggested LGA target range or lower risk

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the City of West Torrens' material changes to its 2022-23 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**). The attachment explores these matters further.[12]

2.2.1 Advice on material plan amendments in 2022-23

The Commission has compared the City of West Torrens' projections in its 2022-23 LTFP with those from its 2021-22 LTFP and focused on the aggregate of the nine overlapping years' statistics: 2022-23 to 2030-31 to ensure a comparable analysis of material amendments.

The City of West Torrens has forecast small increases to its operating income projections in its 2022-23 LTFP, which have increased by 2 percent in aggregate compared with the 2021-22 LTFP estimates. Rates revenue projections have increased similarly by 2 percent in aggregate, which is partially offset by a forecast decline in revenue from grants. In 2022-23, the Council discontinued its participation in the Commonwealth Home Support Programme, which resulted in a reduction of around $500,000 of grant funding and otherwise has only included grant funding in its projections that has been confirmed through the receipt of a grant agreement.

The Council's projections for its operating expenses from 2022-23 to 2030-31 have increased by more than its income forecasts – by a total of $39.8 million or 6 percent, compared with its 2021-22 LTFP estimates. This includes a 6 percent increase in both its employee expenses and 'materials, contracts and other' expenses for various offsetting cost impacts, and a 9 percent increase in 'depreciation, amortisation and impairment' expenses, largely due to new sporting facilities and community hubs coming online throughout 2021-22.

The Council stated that its budget for 2022-23 and forward projections incorporate a review of current economic conditions, including movements to the Consumer Price Index (**CPI**), Local Government Price Index (**LGPI**) and interest rates. Its revisions to its expense forecasts do appear to incorporate additional inflation impacts. However, the Council does not identify the specific assumptions for inflation (as annual percentages) in its forward projections, which means that the inflationary impacts, distinct from any real impacts for efficiency or service-level related changes, are not shown.[13]

For these reasons, the Commission has found that it would be appropriate for the City of West Torrens to:

1. **Provide** greater transparency in its long-term financial plan (and as necessary, its annual business plan and budget) by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and spending.

---

[12] The attachment will be available on the Commission's website with the advice.

[13] The Commission cannot estimate the components of the amendments for additional inflation only, without the Council's annual inflation assumptions stated in either LTFP update. As referenced in section C.1, the Commission's assumed average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on Reserve Bank of Australia (**RBA**) forecasts for the CPI (Australia-wide) to June 2025 and the midpoint of the RBA's target range (2.5 percent) from 2025-26 (RBA, Forecast Table – February 2023, available at https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html)

2. **Continue** to review its inflation assumptions in its forward projections from 2023-24 (but more transparently, as per **Finding 1**), given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

2.2.2 Advice on financial sustainability

Operating performance

The City of West Torrens has run consistent operating surpluses since 2011-12. The operating surplus ratio[14] averaged 10.8 percent in the 10 years to 2020-21, which exceeds the upper limit of the suggested LGA target range (of between zero and 10 percent). The community, through its rate contributions, has effectively been funding a combination of cash surpluses and capital enhancement programs over this period (as well as regular service delivery).

From 2011-12 to 2020-21, operating income growth averaged 3.1 percent per annum,[15] exceeding average annual operating expense growth of 2.6 percent. These trends compare with a period of low inflation (annual growth in the CPI averaged 1.7 percent over this period[16]), and against a backdrop of relatively static property numbers (annual growth in property assessments averaged 0.1 percent). Rates and statutory charges revenue led the income growth and increased by an average of 4.6 percent per annum. This growth was partially offset by a decline in user charges income and grants.

Operating expense growth included growth in 'depreciation, amortisation and impairment' expenses (which averaged 5.2 percent per annum, reflecting the growth in the value of the asset stock) and in 'materials, contracts and other' expenses (which averaged 4.1 percent per annum).[17] In contrast, employee expenses growth was relatively flat (with employee expenses in fact declining by an average of 0.2 percent per annum in nominal terms).

The Council has projected smaller operating surpluses to 2031-32, averaging 3.2 percent. Growth in operating expenses per property is forecast to be relatively flat in real terms over the forecast period (an average of 2.6 percent between 2022-23 and 2031-32, compared with 2.8 percent RBA-based forecast inflation[18]), while operating income per property is forecast to increase by an average of 2.8 percent per annum.

The Council noted that it had achieved more than $100,000 in energy-related savings in its 2022-23 budget[19] and its Customer Improvement team has now developed a three-year plan to support it to deliver efficiencies to the community.[20] The Commission supports the City of West Torrens in its

[14] The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target for councils is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 – Financial Indicators Revised May 2019 (***LGA SA Financial Indicators Paper**), p. 6).

[15] Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

[16] CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was 1.9 percent over this period. Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

[17] The Commission notes the impact of the increase in the solid waste levy on councils' waste management costs over this period.

[18] The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on RBA forecasts for the CPI (Australia-wide) to June 2025 and the midpoint of the RBA's target range (2.5 percent) from 2025-26. See footnote 13.

[19] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 26. The Commission notes that this result would likely exclude the impact of recent bulk purchasing arrangements for local councils in South Australia for electricity.

[20] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 43.

efforts to continually find savings and restrain cost growth, consistent with its forecasts, and encourages it to:

> 3. **Continue** to report its cost savings and efficiencies in its future budgets, to demonstrate its commitment to achieving cost control and efficiency across its operations and service delivery.

Net financial liabilities

With such a strong operating position over the past 10 years, the Council has not needed to rely on external financing and its net financial liabilities ratio[21] has averaged a relatively low level of 19 percent.[22] This is within the suggested sector benchmark (between zero and 100 percent).[23]

In the three years to 2017-18, the net financial liabilities ratio was negative (averaging negative 23 percent) owing to the strong cash position of the Council with zero borrowings. The Council sold St Martins aged care facility in late 2014-15, which provided a significant injection of funds.[24] However, the extent of rate increases during this period (averaging 5.6 percent or $85 per property per annum from 2011-12 to 2017-18) contributed to the build-up of cash holdings and did not appear to be essential for financial sustainability for the Council at this time.

The Council has since taken on substantially higher borrowing levels to meet a '*structured long-term asset renewal and replacement program*.'[25] As a result, its net financial liabilities ratio is forecast to average 109 percent from 2022-23 to 2031-32, marginally above the suggested LGA target range.

The Council noted that one of the reasons that its ratio will exceed the target range is because it must now include certain leases with 'right of use' assets in the liabilities aggregate.[26] The Council calculated an adjusted ratio, without the lease liabilities, and this is forecast to be generally between 90 and 100 percent.[27]

The Commission notes that the suggested target range for the net financial liabilities ratio is a guide only and that there can be reasonable circumstances where the upper limit is exceeded and borrowing levels are still managed prudently, particularly if the ratio is only exceeded by a relatively small margin.

The Council stated in its Annual Business Plan that its loan program will be closely monitored so as not to put the Council in an unsustainable financial position.[28] The Commission acknowledges the importance of managing the borrowing risk prudently to prevent any need for additional rate contributions for higher loan repayments, and supports the City of West Torrens efforts to:

> 4. **Continue** to monitor its borrowing liabilities, including the impact of any interest rate increases, to ensure that levels are sustainable with reference to the operating income (including rates income) and any grants for capital projects that it receives.

---

[21] The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities.
[22] 2011-12 to 2020-21.
[23] The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).
[24] City of West Torrens, *Annual Report 2015-16*, available at www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalpublications/external-website/publications/annual-report-2015-16.pdf.
[25] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 64.
[26] Based on a 2019 update to Australian Accounting Standards Board (**AASB**) standard for leases (AASB 16).
[27] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 66.
[28] City of West Torrens, *Budget and Annual Business Plan 2022-23*, July 2022, p. 66.

Asset renewals expenditure

The City of West Torrens has been meeting its asset renewal needs in line with its AMPs over the past 10 years with its asset renewal funding ratio[29] averaging 111 percent (to 2021-22). It was otherwise 117 percent until 2020-21 but declined to 62 percent in 2021-22. The Council is forecast to consistently meet the suggested target for the ratio in the 10 years to 2031-32 (averaging 100 percent).

Its spending on the renewal of assets averaged $13.5 million per annum between 2012-13 and 2021-22. Average annual spending is projected to increase to $14.9 million (in nominal terms) to 2031-32 with a peak in spending of $16.8 million in 2023-24. This compares with projected capital spending on new and upgraded assets averaging $13.0 million annually to 2031-32, and a projected decline in the value of assets per property over this period.[30]

The Council has a comprehensive suite of AMPs covering most of its assets, dated 2020 and adopted in March 2021. The recommended asset priorities in the plans are informed by the Council's *2019 Community Needs Analysis Community Survey* which asked respondents (numbering 410) about the importance of services in addressing its future needs.[31] Its AMPs also identify areas for continuous improvement, including the need for the Council to undertake a review of the current method for determining useful lives of assets, and to undertake further investigations to allow asset renewal forecasting over a longer period. The Council further proposes a review of plans at least every four years.[32]

When the asset renewal funding ratio is instead calculated by the depreciation-based method,[33] it is forecast to average 75 percent over the forecast period (2022-23 to 2031-32). This projected performance would suggest that the Council's forecast renewal expenditure, while consistent with the level of spending recommended by the AMPs, would not meet the average rate of asset consumption (incorporating asset valuations and useful live assumptions) based on its projected depreciation expenses.

One area that might be leading to higher depreciation expense forecasts, relative to annual asset renewal expenditure needs, is the Council's growth in the value of its asset stock following its capital expenditure projects. Another risk that arises when depreciation expenses exceed spending on asset renewals is that the asset lives are assumed to be shorter (in the depreciation calculation) than occurs in practice. The implication of projecting higher than necessary depreciation expenses is that higher operating income (and potentially higher rates revenue) is required to generate an operating surplus for the Council. Therefore, in accordance with the Council's planned reviews, it would be appropriate for it to:

[29] The IAMP-based method is the current industry standard whereby net asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). The suggested LGA target range for local councils is between 90 and 110 percent (LGA SA Financial Indicators Paper, p. 9).

[30] This assumes that the Council's projected value of 'infrastructure, property, plant and equipment' does not require further revision by the Council (see section C.3 of the attachment for more information).

[31] City of West Torrens, *Roads Asset Management Plan 2020*, March 2021, p. 12, available at https://www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalpublications/external-website/management-plans/cwt-roads-asset-management-plan-2021.pdf. The survey is also mentioned in the Council's other AMPs.

[32] City of West Torrens, *Asset Management Plans 2020-2030 Overview*, December 2020, pp. 3-8, available at https://www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalpublications/external-website/management-plans/asset-management-plans-2021-overview.pdf.

[33] Where asset renewal/replacement expenditure is divided by depreciation expenses.

5. **Review** the estimates of asset lives and valuations informing its forecast rate of asset consumption (and depreciation expenses) in its long-term financial plan and asset management plans, with a particular focus on the appropriateness of the estimated value of the depreciation expenses in the context of asset renewal expenditure requirements.

2.2.3 Advice on current and projected rate levels

The City of West Torrens' rate revenue growth averaged 4.5 percent or $72 per annum per property over the past 10 years,[34] to reach an estimated $1,975 in 2020-21. This was more than double average CPI growth of 1.7 percent per annum over this period[35] and coincided with relatively static property growth (with 0.1 percent average annual growth in property numbers).[36]

The Council budgeted for an average rate increase of 3.1 percent or $57 for its existing ratepayers in 2022-23.[37] Ratepayers, other than residential, are being charged an average range of varied percentage increases from 0.6 to 6.0 percent, depending on the sub-category. In total, the Council projected total 'general rates' revenue growth of 4.1 percent in 2022-23, including growth of 0.9 percent in property numbers, as well as mandatory rebate adjustments.[38]

Over the forward years of its LTFP, the Council is projecting average rates increases for its existing ratepayers of 3.0 percent per annum from 2023-24 to 2031-32, compared with RBA-based forecast CPI inflation averaging 2.8 percent annually over this period.[39] In total, the LTFP effectively projects a cumulative increase of $625 per ratepayer (to $2,671) by 2031-32, an increase of $48 above assumed inflation growth over this period.[40]

The Commission notes the relatively low economic resources ranking for the area[41] and that in the current economic environment, there can be potentially less capacity to pay for higher rates for many communities, including the City of West Torrens. The City of West Torrens levies higher differential rates on non-residential ratepayers (compared with the rate in the dollar for residential ratepayers).[42] The Council does levy relatively low residential rates,[43] and there was only a minimal response to the

34 From 2011-12 to 2020-21.

35 See footnote 16.

36 CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 1.9 percent) as the Commission's estimated average annual CPI growth over this period. Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

37 Individual rate level changes may be higher or lower depending on the rates category and property value.

38 City of West Torrens, *Budget and Annual Business Plan 2022-23*, p. 74 and the Commission's calculations.

39 See footnote 13.

40 The CPI forecasts in the chart are based on RBA forecasts and then a return to long term averages (2.5 percent per annum), which are different to the Council's inflation forecasts (as was discussed in section B1).

41 The City of West Torrens area is ranked 18 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics Socio-Economic Indexes for Areas) Index of Economic Resources (2016), where a lower score (eg, 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest.

42 City of West Torrens, *Budget and Annual Business Plan 2022-23*, p. 69 and the Council's rate calculation information available at https://www.westtorrens.sa.gov.au/Council/Rates-and-charges/Rate-calculations.

43 As indicated by the low differential rates. Refer also to Councils in Focus rates data by rate category and property numbers for 2019-20 available at: https://councilsinfocus.sa.gov.au/councils/city_of_west_torrens. The Commission is not relying on these rate comparisons for its advice.

Council's draft budget (for 2022-23), incorporating rate contributions. The Council received only one submission on the budget, 'somewhat supporting' it.[44]

Nonetheless, to ensure that the Council minimises the potential for any emerging affordability risk for its ratepayers, it would be appropriate for it to:

6. **Continue** to limit future increases on its average and minimum rates to help reduce any potential emerging affordability risk, in consultation with the community with reference to service levels and differential rate levels, as appropriate.

2.3 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the City of West Torrens':

- ongoing performance against its LTFP estimates, and transparency of its inflation assumptions in its LTFP and Annual Business Plan
- achievement of cost savings and efficiencies (including operational savings and any asset disposal or rationalisation savings), and its reporting of these achievements
- continued management of borrowing risk
- actions to address any misalignment between the capital expenditure, asset live assumptions and depreciation estimates in its LTFP and various AMPs, and
- how it has sought to limit any affordability risks emerging among its rates base.

[44] City of West Torrens, *Council and City Services and Climate Adaptation Standing Committee Meeting Agenda – 5 July 2022, Item 17.5 Adoption of the Budget and Annual Business Plan and Declaration of the Rates for 2022/23*, available at https://www.westtorrens.sa.gov.au/files/sharedassets/public/objective-digitalmeetings/2022/agendas-2022/agenda-council-and-standing-committee-5-july-2022.pdf.

The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444
E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au

City of **West Torrens**

Between the **City and the Sea**

CITY OF WEST TORRENS

RESPONSE TO LOCAL GOVERNMENT ADVICE

The advice received from the Essential Services Commission of South Australia (ESCOSA) came at a cost to the City of West Torrens ratepayers of $40,000.

The City of West Torrens believes the above cost is unjustified and adds to the financial burden imposed by other levels of Government on its ratepayers.

The irony is not lost on us that a scheme with the aim of limiting rate increases has actually added to the rates burden on Councils.

Prepared by General Manager Corporate and Compliance

Specific Advice Received from ESCOSA and Council's Comments on that advice:

ADVICE	CWT COMMENTS
1. **Provide** greater transparency in its long-term financial plan (and as necessary its annual business plan and budget) by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and spending.	**Assumptions are already clearly articulated as was evidenced to ESCOSA. No advice given by ESCOSA as to how to achieve this.**
2. **Continue to Review** its inflation assumptions in its forward projections from 2023-24 (but more transparently as per **Finding 1**, given the potential for higher short-term inflation outcomes followed by a return to long-term averages.	**Noted**
3. **Continue** to report its cost savings and efficiencies in its future budget, to demonstrate its commitment to achieving cost control and efficiency across its operations and service delivery.	**Noted**
4. **Continue** to monitor its borrowing liabilities, including the impact of any interest rate increases, to ensure that levels are sustainable with reference to the operating income (including rates income) and any grants for capital projects it receives.	**Noted**
5. **Review** the estimates of asset lives and valuations informing its forecast rate of asset consumption (and depreciation expenses) in its long-term financial plan and asset management plans, with a particular focus on the appropriateness of the estimated value of the depreciation expense in the context of asset renewal expenditure requirements.	**Estimates of asset lives and valuations are reviewed regularly as was evidenced to ESOCSA.**
6. **Continue** to limit future increases on its average and minimum rates to help reduce any potential emerging affordability risk, in consultation with the community with reference to service levels and differential rate levels, as appropriate	**Noted**

GENERAL COMMENTS

In ESCOSA"s Local Government Advice to the City of West Torrens, the comment is made that:

> *"The Essential Services Commission (**Commission**) considers the City of West Torrens (**Council)** to be in a sustainable financial position with projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases."*
>
> A look at Council's audited financial statements and the financial performance ratios shows that the City of West Torrens is in a sustainable financial position. Further, other external bodies such as the Local Government Finance Authority have also told us we are financially sustainable. So a review by another independent body was not required to tell us what we already knew.
>
> The key words in the above sentence however are "….without the need for further significant rate increases."

In other words, you are doing well, so no need to increase rates too much - but adjust your assumptions around inflation and interest rate rises and don't plan for any new works or services.

Not that the City of West Torrens wants to increase rates unnecessarily, but a third party with a limited understanding of how Councils operate offering such contradictory advice is beyond the pale.

Further, CPI is being used as the measuring stick by which historical rate increases have been compared. CPI is currently 8.6% but certainly CWT does not intend to have a rate increase of this magnitude for 2023-24 but the ESCOSA advice seems to be implying we should.

In our letter to Minister Brock, the Minister for Local Government, we commented that we believed the Scheme to be:

- Ill conceived
- A waste of ratepayers money; and
- A waste of our council staff time and resources.

If anything our views in relation to the above are only strengthened as a result of receiving the ESCOSA Advice and reasons for this are outlined below:-

• Ill Conceived

We consider the Scheme has been ill conceived, because information in Council's Long Term Financial Plan and Infrastructure Asset Management Plans are already publicly available and councils can already be compared with each other across a range of indicators using the 'Councils in Focus' website. It is our view that another costly, bureaucratic process that ratepayers are required to fund is completely unnecessary.

Further, the notion of looking back through the last ten years of a council's plans and documents looking for trends is incredibly futile without knowing the full context of decisions of council and changes that may have happened in a council during that time period. Understanding such nuances are vital to interpreting financial information correctly.

Examples of such nuances are that a few years ago the City of West Torrens had an aged care facility which we no longer operate and we used to run HACC funded programs which have now ceased.

Costs and revenues will fluctuate due to these service level shifts and also because of economic conditions relevant at any point in time and the prevailing priorities of a council during any particular term of office as outlined in the council's Community Strategic Plan.

Comparing average rates across different councils is already something the media reports on each year, but once again this doesn't tell the full story as each council has different community needs and expectations.

One way council rates can be kept down is for other tiers of Government to look at the cost imposts they impose on councils.

In the development of the City of West Torrens budget for 2022-23, it was noted that a total of $2.919M was expected to be paid by the City of West Torrens to various State Government Agencies during the financial year.

This represents approximately 5% of Council's rate income being spent on State Government related expenditure.

If ESCOSA were to examine what State Government agencies are charging councils and provided advice to the State Government on that, there could potentially be some benefit for the council (and the ratepayer) but this is unlikely to occur.

As it stands, the ratepayers determine if rates are too high via the democratic process of council elections, whereby councillors are held to account for rate increases and the level of service provided by their council during their term of office. Ratepayers also have an opportunity to have their say each year on the proposed rate increase when the Annual Budget and Business Plan is put out for community consultation.

These seem to us to be the best mechanisms for ensuring rates are maintained at a relatively low level, noting that the City of West Torrens has consistently had one of the lowest, if not the lowest average residential rates of all councils in South Australia.

- **A Waste of Ratepayers Money**

It was noted that ESCOSA engaged two local government finance experts to assist them in providing advice back to councils on the Infrastructure Asset Management Plans and their Long Term Financial Plans. A large proportion of the cost of the scheme will no doubt be going to these consultants.

It is entirely unacceptable that it was only after receiving the Local Government Advice, Councils were told what the cost would be. Once again the irony of being told how to budget when not even knowing the cost of this scheme beggar's belief.

The final figure of $40K was less than some of the estimates being bandied around of $100K or more for some councils, but once again, the irony is not lost on us that this 'Advice Scheme' which ostensibly is about curbing council expenditure to keep costs in check and limit rate rises, will have the opposite effect. The $40K cost achieves nothing but takes funds from Council's bottom line that should be directed to our programs and services for ratepayers. The cost is 25% higher than our annual audit costs where we have two onsite visits a year by a team of auditing professionals compared with this being a desktop review with no onsite visits from ESCOSA staff.

Of the 6 points of advice, four of them are telling us to keep doing what we are already doing and we maintain that we are doing the other two anyway. We don't believe this is value adding to our ratepayers or ourselves.

A Waste of Staff Time and Resources

Council staff had had to troll through the advice provided only to find a number of errors of fact, some of which were not corrected for the final advice. There was only a week between us receiving the draft embargoed advice and the Final advice to make comment and this took a considerable amount of staff time and resources. It is difficult to comprehend that at a cost of $40K ESCOSA would really provide such basic advice to Council. Council's external auditors already comment on the state of a council's Infrastructure and Asset Management plans and it is blatantly obvious in the current economic climate that assumptions around CPI need to be updated in the Long Term Financial Plans.

Given the City of West Torrens already knew we were in a sustainable financial position and already endeavour to keep our rate increases as low as possible, the question must again be asked **"Why do we need to be spending ratepayers funds on such basic advice?"**

Errors of Fact

A number of errors of fact were identified by Council staff between the time of receiving the draft embargoed copy of ESCOSA's advice and the final published version of the advice. Some of the errors of fact were corrected, however others weren't, as identified above.

CONCLUSION

While it is great to be told by another organisation that the City of West Torrens is financially sustainable, clearly the agenda here is for all Councils to be told, as we were told, "to limit the extent of further rate increases" with scant regard to the services and infrastructure our ratepayers expect and in spite of the increased cost burdens from such things as inflation, interest rate increases and cost shifting from the State and Federal Governments.

The City of West Torrens will comply with the legislative requirement to include the Local Government Advice and our response to it in our Annual Budget and Business Plan but we do not believe it adds any value to either us or our residents and ratepayers.

The CWT view is that the Government should reconsider the requirement for councils to be provided with "advice" from ESCOSA before more ratepayers funds are wasted on something that by ESCOSA's own admission, it can't compel councils to follow.

Appendices

Rating Structure and Policy

(1) Rating

Council's position is that, as all rating options available are defined under Chapter 10 of the *Local Government Act 1999* (the Act), a Rating Policy is not required.

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

- **Equity** – taxpayers with the same income should pay the same tax – known as horizontal equity – while wealthier taxpayers pay more – that is, 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 considered
- **Efficiency** – if a tax is designed to change consumers' behaviour and it achieves its goal, the tax is deemed efficient, for example, tobacco taxes. If the tax is designed to be neutral in its effect on taxpayers, but changes that behaviour, the tax is inefficient
- **Simplicity** – the tax must be understandable, hard to avoid and easy to collect

The principle of 'benefit' supports the notion that rates are a tax and not a user pays system. Therefore, the benefits provided by the rate revenue raised will be consumed differently over the life cycle of the ratepayer.

To some extent, these principles conflict each other, and 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 considers each principle when reviewing the various rating options available.

(2) Valuation

Council continues to adopt the capital value, as defined in the *Valuation of Land Act 1971*, as the basis for calculating rates. To provide fair and equitable valuations, we use the valuations provided by the State's independent authority on property valuations, the Valuer General. The use of capital value means property values are based on the land itself, being size and location of the property, but also takes into consideration all improvements to the land, such as building and structures. Factors which may influence the capital value assigned by the Valuer General from one year to the next may include recent sales in the area, location of the property, improvements such as additions, renovations or alterations and external factors such as trends or nearby area rezonings. More information on property valuations can be found at **www.valuergeneral.sa.gov.au**

If a ratepayer believes the capital value applied to their assessment is incorrect, an objection can be lodged with the Valuer General. The objection must set out the grounds for objection and is to be lodged within the objection period of sixty (60) days after the service of the first rates notice. Rates are still due and payable by the due date even if an objection has been lodged.

(3) Differential Rates

All land within a council area, with except land with a specific exemption under the provisions of Section 147 (2) of the *Local Government Act 1999* (the Act), is rateable. Council can declare a general rate for the purpose of rating, which applies to all rateable land, or through differential rates based on the use of the land subject to the rate. Permissible differentiating factors for differential rates are defined under 14 (1) of the Local Government (General) Regulations 2013 and are as follows:

(a) Residential

(b) Commercial – shop

(c) Commercial – office

(d) Commercial – other

(e) Industry – light

(f) Industry – other

(g) Primary Production

(h) Vacant Land

(i) Other

Council continues to apply differential general rates for all rateable properties within the City of West Torrens. These differentiating factors will decide the rate in the dollar applied to assessment for the purpose of levying rates. We continue to apply two rates in the dollar – the first for residential properties and the second for all non-residential properties.

Differential general rates imposed by Council are based on various land use categories, with the Valuer General providing their predominant use of the land. While this land use is generally applied by Council in the valuation process, we remain the relevant authority that determines land use for rating purposes. Where a ratepayer believes the land use category applied to their assessment is incorrect, a written objection can be lodged with Council. It must outline the grounds upon which the objection is based and be submitted within sixty (60) days of receiving the first instalment rate notice. Rates are still due and payable by the due date even if an objection has been lodged.

(4) Rating Options and Minimum Rates

(4) Rating Options and Minimum Rates

Rating options available under the Act include Separate Rates, Service Rates, Service Charges, Fixed Charges and Minimum Rates. Council continues to apply minimum rates and a separate rate for the Regional Landscape Levy.

Section 158 of the Act permits Council to apply a minimum amount payable for rates and is based on the principle that all property owners contribute to the cost of services and the maintenance of infrastructure that supports each property. Minimum rates apply when the capital value calculates a rate below the minimum amount set. Where the amount is less than the minimum, the minimum amount will apply. Minimum rates cannot apply to more than 35 percent of properties.

Where two or more adjoining properties are owned and occupied by the same occupier, only one minimum rate is payable. The number of properties and the minimum rate will be provided in the annual rates declaration.

(5) Separate Rates - Regional Landscape Levy

Each year and under the *Landscape South Australia Act 2019*, Council is required to collect the Regional Landscape Levy (RL) on behalf of the State Government. The funds go to the State Government and do not form part of the City of West Torrens' revenue. Furthermore, as we and other councils fall under the Green Adelaide Board, it determines the individual amount payable by specific councils. A separate rate is set for all rateable properties to calculate the individual assessments liability.

The calculation method divides the total capital value by the total amount required, as set by Green Adelaide, to establish the rate in the dollar. This is then multiplied by the individual properties' capital value to establish their liability.

For more information regarding the programs and activities funded by Green Adelaide from the Regional Landscape Levy, please go to **www.greenadelaide.sa.gov.au**

(6) Rate Rebates -

Mandatory and Discretionary

Chapter 10 of the *Local Government Act 1999* provides Council with authority to grant:

- Mandatory and Discretionary rebates of rates under Sections 159 to 166 of the Act; and
- Rate postponement and remissions under Sections 182 and 182A of the Act

In considering application for rate rebates, remissions and postponement, Council has adopted a Rate Rebate, Remission and Postponement Policy, with the purpose of:

- Providing guidance to the community regarding the matters Council will take into account in deciding an application for a rebate or remission of rates
- Assisting staff with delegated authority to determine rebates, remissions and postponement pursuant to both the Act and the requirements of the policy
- Providing a consistent framework under which applications will be considered

A rebate, remissions or postponement of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Act, and where appropriate, the policy.

The full Rate Rebate, Remissions and Postponement Policy and application form can be found at: **www.westtorrens.sa.gov.au/Council/Rates-and-charges/Rate-rebates**

Moreover, and under the *Local Government Act 1999*, we are required to provide a mandatory rebate to qualifying properties under the following categories:

Section 160 – Health Services – 100%

Section 161 – Community Services – 75%

Section 162 – Religious Purposes – 100%

Section 163 – Public Cemeteries – 100%

Section 164 – Royal Zoological Society of SA – 100%

Section 165 – Educational Purposes – 75%

Council also has the power to grant a discretionary rebate of rates in certain circumstances, as per Section 166 of the Act which is granted at its absolute discretion. Discretionary rebates may be approved for 1 year or may be ongoing. Council provides ongoing discretionary rebates, approved annually, spanning more than 1 year:

(a) Where the rebate is desirable for the purpose of securing the proper development of the area or part of the area

(b) Where the rebate will contribute to the preservation of buildings or places of historic significance

(c) Where the land is being used for educational purposes

(d) Where the land is being used to provide facilities or services for children or young persons

(e) Where the land is being used by an organisation which, in the opinion of Council, provides a benefit or service to the local community

Properties receiving the ongoing discretionary rebates provide services to our community not provided by other businesses in the area or by Council. Relief by way of a discretionary rebate allows these groups to continue to operate and to provide valuable benefit to our wider community.

To be considered for a discretionary rebate, you must apply, with supporting information or supporting documentation as requested, to Council.

Discretionary rebates lodged under section 166 of the *Local Government Act 1999* will be considered in conjunction with the Rate Rebates, Remissions and Postponement Policy.

Vacant Land Rebates under Section 166 (1)(a) of the *Local Government Act 1999* are desirable for the purpose of securing the proper development of the area and are considered where:

- The land is in a residential zone, a dwelling has been substantially commenced by 30 June of the current financial year and the ratepayer intends to live at the property once completed
- The amount of the rebate will be the difference between the rates as vacant land and what it would have been if the property was considered residential

(7) Hardship – Remission and Postponement

Council has absolute discretion to grant or decline postponement or a remission of rates and determine the amount of any such postponement or remission. The ratepayer has the discretion to decide between rate postponement and rate remission whenever it is established on the application of a ratepayer that the payment of rates would cause hardship.

Hardship refers to a situation where a ratepayer is unable, because of illness, unemployment or any other reasonable cause, to pay their rates when due. It can be of limited or long-term duration and essentially involves an inability of the ratepayer to pay bills, rather than an unwillingness to do so.

Council assesses hardship against the expected income and expenditure of the ratepayer, with supporting documentation required to substantiate the hardship.

For more details, download the Rates Rebates, Remission and Postponement Policy at **www.westtorrens.sa.gov.au/Council/Rates-and-charges/Rate-rebates.**

(8) Postponement for Seniors

Postponement of rates for seniors was implemented to assist ratepayers with properties where there has been significant movement in property value, leaving them 'asset rich' but with a low income, 'cash poor'.

State Seniors card holders can apply to postpone part of their rates, on a long-term basis. However, the deferred amount is subject to a monthly interest charge, with the accrued debt payable on the disposal or sale of the property.

At least $500.00 of the total yearly Council rates must be paid, which may be by quarterly payments of $125.00, with the remaining annual rates postponed.

(9) Payment of Rates

The payment of rates for the 2024-25 financial year will be by four quarterly instalments falling due on 2 September 2024, 2 December 2024, 3 March 2025 and 2 June 2025. The amount, however, can be paid in full at any time.

(10) Late Payment of Rates

Where a payment of rates is not received on or before the due date, an instalment fine of 2% applies under the requirements of the *Local Government Act 1999*. Further interest will be applied monthly on outstanding amounts, and fines and interest still apply where a payment arrangement is in place. Ratepayers having trouble paying their rates are encouraged to contact Council to discuss the many flexible payment options available.

Payment received for overdue rates will be applied in accordance with Section 183 of the Act, as set out below:

- **Firstly** – in payment of any costs awarded to, or recoverable by, the council in any court proceedings for the recovery of the rates
- **Secondly** – in satisfaction of any liability for interest
- **Thirdly** – in payment of any fine
- **Fourthly** – in satisfaction of liabilities for rates in the order in which those liabilities arose

(11) Expected Rates Revenue

Statement on Expected Rate Revenue

Please note: These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going to Council for adoption of the Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation by the Valuer General up to and including the 30th June 2024.

Expected Rates Revenue	2023/24 (as adopted)	2024/25 (as adopted)		Change	Comments
General Rates Revenue					
General Rates (existing properties)		$68,398,431	*(a)*		Nil
General Rates (new properties)		$451,569	*(b)*		
General Rates (GROSS)	**$64,550,039**	**$68,850,000**	*(c)*		
Less: Mandatory Rebates	($1,097,000)	($1,126,000)	*(d)*		
General Rates (NET)	**$63,453,039**	**$67,724,000**	*(e)*	**6.7%**	
	(e)=(c)+(d)				
Other Rates **(inc. service charges)**					
Regional Landscape Levy	$1,794,737	$1,849,662	*(f)*		The Regional Landscape Levy is a State tax, it is **not retained** by council.
	$65,247,776	$69,573,662			
Less: Discretionary Rebates	($75,000)	($70,000)	*(l)*		
Expected Total Rates Revenue	**$63,378,039**	**$67,654,000**	*(m)*	**6.7%**	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
	(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)				
Estimated growth in number of rateable properties					
Number of rateable properties	**31,830** *Actual*	**31,764** *Actual*	*(n)*	**-0.2%**	Mandatory acquisition has impacted on the growth of rateable properties
Estimated average General Rates per rateable property					
Average per rateable property	**$2,028**	**$2,168**	*(o)*	**6.9%**	Rate Revenue is expected to increase by 5.99% plus a 0.7% growth factor from 2023/24. Individual ratepayers actual rate increase will vary depending upon the movement of the capital value of their property vis a vis other properties from the previous year. The estimated average general rates per rateable property of 6.9% is higher than the expected rate revenue increase of 5.99%, due to a decrease in the total number of rateable properties as a result of T2D acquisitions ie the total number of rateable properties is lower than last year.
	(o)=(c)/(n)				

'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).
The total General Rates paid by all rateable properties will equal the amount adopted in the budget.

Notes

(d) Councils are **required** under the Local Government Act to provide a rebate to qualifying properties under a number of categories:

Health Services - 100 per cent	Religious purposes - 100 per cent	Royal Zoological Society of SA - 100 per cent
Community Services - 75 per cent	Public Cemeteries - 100 per cent	Educational purposes - 75 per cent

The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(e) Presented as required by the *Local Government (Financial Management) Regulations 2011* reg 6(1)(ea)

Please Note: The percentage figure in *(e)* relates to the change in the total amount of General Rates revenue to be collected from all rateable properties, not from individual rateable properties (ie. individual rates will not necessarily change by this figure).

(f) Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources.

(i) Community Wastewater Management Systems

(l) A council **may** grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.

(n) 'Growth' as defined in the *Local Government (Financial Management) Regulations 2011* reg 6(2)

Statement on Expected Rate Revenue

Please note: These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going to Council for adoption of the Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation by the Valuer General up to and including the 30th June 2024.

Expected Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the $
	2023/24	**2024/25**	**Change**	2023/24	**2024/25**	2023/24	**2024/25**		**Change**	**2024/25**
Land Use (General Rates - GROSS)										
Residential	**$42,008,992**	**$44,058,724**	**4.9%**	**28734**	**28868**	$1,462.00	$1,526.21	*(p)*	**$64**	**0.191347**
Commercial - Shop	**$5,000,856**	**$5,455,841**	**9.1%**	**865**	**807**	$5,781	$6,761	*(p)*	**$979**	**0.516635**
Commercial - Office	**$2,364,033**	**$2,436,068**	**3.0%**	**360**	**328**	$6,567	$7,427	*(p)*	**$860**	**0.516635**
Commercial - Other	**$8,984,764**	**$9,980,913**	**11.1%**	**1091**	**1042**	$8,235	$9,579	*(p)*	**$1,343**	**0.516635**
Industry - Light	**$567,754**	**$773,977**	**36.3%**	**112**	**113**	$5,069	$6,849	*(p)*	**$1,780**	**0.516635**
Industry - Other	**$2,307,887**	**$2,722,035**	**17.9%**	**196**	**181**	$11,775	$15,039	*(p)*	**$3,264**	**0.516635**
Primary Production	**$3,366**	**$3,823**	**13.6%**	**1**	**1**	$3,366	$3,823	*(p)*	**$457**	**0.516635**
Vacant Land	**$1,311,846**	**$1,086,881**	**-17.1%**	**319**	**273**	$4,112.37	$3,981.25	*(p)*	**-$131**	**0.516635**
Other	**$2,000,542**	**$2,331,766**	**16.6%**	**152**	**151**	$13,161	$15,442	*(p)*	**$2,281**	**0.516635**
Total Land Use	**$64,550,039**	**$68,850,027**	**6.7%**	**31,830**	**31,764**	**$2,028**	**$2,168**	*(p)*	**$140**	
GRAND TOTAL (GROSS)	**$64,550,039**	**$68,850,027**	**6.7%**	**31,830**	**31,764**	**$2,028**	**$2,168**	*(p)*	**$140**	

Minimum Rate

	No. of properties to which rate will apply		Rate			
	2024/25	**% of total rateable properties**	2023/24	**2024/25**		**Change**
Minimum Rate	**8,882**	**28.0%**	$1,066	**$1,129**	*(r)*	**$63**

Council has applied 5.99% to 2023-24 minimum rate (rounded down to the nearest whole dollar)

Adopted valuation method

Capital Value/Site Value/Annual Value

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:
Capital Value – the value of the land and all improvements on the land;
Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or
Annual Value – a valuation of the rental potential of the property.

Council continues to adopt the capital value as the basis for calculating rates. To provide fair and equitable valuations, we use the valuations provided by the State's independent authority of property valuations, the Valuer General.
The use of capital values means property values are based on the land itself, being size and location of the property, but also takes in to consideration all improvements on the land, such as buildings and structures.

Notes

(p) Average per rateable property calculated as General Rates for category, including any fixed charge or minimum rate (if applicable) but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(q) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

(r) Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

Budgeted financial statements 2024-25

Statement of Comprehensive Income
for the year ended 30 June 2025

	Original Budget 2023/24	**Original Budget 2024/25**
Income	$ '000	**$ '000**
Rates Revenues	71,054	**76,541**
Statutory Charges	2,379	**2,484**
User Charges	1,947	**1,996**
Grants, Subsidies and Contributions	3,371	**3,842**
Investment Income	150	**841**
Reimbursements	287	**347**
Other Income	211	**198**
Net Gain - Equity Accounted Council Businesses	-	**-**
Total Income	79,399	**86,248**
Expenses		
Employee Costs	27,846	**29,289**
Materials, Contracts & Other Expenses	28,721	**30,306**
Depreciation, Amortisation & Impairment	18,751	**19,686**
Finance Costs	977	**945**
Net loss - Equity Accounted Council Businesses	-	**-**
Total Expenses	76,295	**80,227**
Operating Surplus / (Deficit)	3,104	**6,022**
Asset Disposal & Fair Value Adjustments	-	**-**
Amounts Received Specifically for New or Upgraded Assets	700	**2,400**
Physical Resources Received Free of Charge	-	**-**
Net Surplus / (Deficit) [1]	3,803	**8,422**
Other Comprehensive Income		
Amounts which will not be reclassified subsequently to operating result		
Changes in Revaluation Surplus - I,PP&E	-	**-**
Amounts which will be reclassified subsequently to operating result		
Total Other Comprehensive Income	-	**-**
Total Comprehensive Income	3,803	**8,422**

[1] Transferred to Equity Statement

Statement of Financial Position

as at 30 June 2025

Assets	Original Budget 2023/24 $ '000	**Original Budget 2024/25 $ '000**
Current Assets		
Cash and Cash Equivalents	1,462	**3,000**
Trade & Other Receivables	2,606	**3,243**
Other Financial Assets	1,765	**1,679**
Inventories	18	**21**
Subtotal	5,851	**7,943**
Non-Current Assets Held for Sale	-	**-**
Total Current Assets	**5,851**	**7,943**
Non-Current Assets		
Financial Assets	263	**263**
Equity Accounted Investments in Council Businesses	17,232	**18,166**
Infrastructure, Property, Plant & Equipment	877,615	**882,373**
Other Non-Current Assets	9,344	**12,544**
Total Non-Current Assets	**904,454**	**913,346**
Total Assets	**910,306**	**921,289**

Liabilities	$ '000	**$ '000**
Current Liabilities		
Cash Advance Debenture	-	-
Trade & Other Payables	6,140	15,235
Borrowings	3,068	2,880
Provisions	5,309	5,301
Other Current Liabilities	11,882	-
Subtotal	26,399	**23,416**
Liabilities relating to Non-Current Assets Held for Sale	-	**-**
Total Current Liabilities	**26,399**	**23,416**
Non-Current Liabilities		
Borrowings	52,310	**51,085**
Provisions	275	**257**
Total Non-Current Liabilities	**52,585**	**51,342**
Total Liabilities	**78,984**	**74,758**

Net Assets	**831,321**	**846,531**

Equity		
Accumulated Surplus	127,930	**103,596**
Asset Revaluation Reserves	661,650	**692,340**
Other Reserves	41,741	**50,595**
Total Council Equity	**831,321**	**846,531**

Statement of Cash Flows

for the year ended 30 June 2025

	Original Budget 2023/24	**Original Budget 2024/25**
Cash Flows from Operating Activities	$ '000	**$ '000**
Receipts		
Rates Receipts	70,930	**76,997**
Statutory Charges	2,351	**2,467**
User Charges	1,963	**1,996**
Grants, Subsidies and Contributions (operating purpose)	3,443	**3,825**
Investment Receipts	157	**826**
Reimbursements	294	**344**
Other Receipts	208	**202**
Payments		
Payments to Employees	(27,775)	**(29,229)**
Payments for Materials, Contracts & Other Expenses	(28,484)	**(44,062)**
Finance Payments	(977)	**(945)**
Net Cash provided by (or used in) Operating Activities	22,109	**12,421**
Cash Flows from Investing Activities		
Receipts		
Amounts Received Specifically for New/Upgraded Assets	700	**2,125**
Grants utilised for capital purposes	0	**584**
Sale of Replaced Assets	922	**1,538**
Sale of Surplus Assets	-	**-**
Payments		
Expenditure on Renewal/Replacement of Assets	(16,404)	**(16,284)**
Expenditure on New/Upgraded Assets	(13,434)	**(24,007)**
Net Cash provided by (or used in) Investing Activities	(28,216)	**(36,044)**
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	5,522	**23,951**
Payments		
Repayments of Borrowings	(2,706)	**(1,633)**
Net Cash provided by (or used in) Financing Activities	2,816	**22,318**
Net Increase (Decrease) in Cash Held	(3,290)	**(1,305)**
plus: **Cash & Cash Equivalents at beginning of periods**	4,753	**4,305**
Cash & Cash Equivalents at end of period	1,462	**3,000**
plus: **Investments on hand - end of year**	-	**1,679**
Total Cash, Cash Equivalents & Investments	1,462	**4,679**

Statement of Changes in Equity

for the year ended 30 June 2025

	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
Original Budget 2023/24	$ '000	$ '000	$ '000	$ '000
Balance at the end of previous reporting period	124,127	661,650	41,741	**827,518**
Restated Opening Balance	124,127	661,650	41,741	**827,518**
a. Net Surplus / (Deficit) for Year	3,803	-	-	**3,803**
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**3,803**	-	-	**3,803**
c. Transfers between Reserves	-	-	-	-
Balance at the end of period	**127,930**	**661,650**	**41,741**	**831,321**
Original Budget 2024/25	$ '000	$ '000	$ '000	$ '000
Balance at the end of previous reporting period	95,174	692,340	50,595	**838,109**
Restated Opening Balance	95,174	692,340	50,595	**838,109**
a. Net Surplus / (Deficit) for Year	8,422	-	-	**8,422**
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**8,422**	-	-	**8,422**
c. Transfers between Reserves	-	-	-	-
Balance at the end of period	**103,596**	**692,340**	**50,595**	**846,531**

Financial Indicators

for the year ended 30 June 2025

	Original Budget 2023/24	**Original Budget 2024/25**
These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.		
1. Operating Surplus Ratio Operating Surplus **Total Operating Revenue** This ratio expresses the operating surplus as a percentage of total operating revenue.	4%	**7%**
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.	4%	**7%**
1b. Equity Adjusted Operating Surplus Ratio This ratio expresses the operating surplus (Excluding equity accounted council businesses) as a percentage of total operating income.	4%	**7%**
2. Net Financial Liabilities Ratio Net Financial Liabilities **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.	89%	**77%**
2a. Adjusted Net Financial Liabilities Ratio Net Financial Liabilities are defined as total liabilities (excluding Lease Liabilities) less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.	75%	**64%**
3. Asset Renewal Funding Ratio Net Asset Renewals **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.	110%	**102%**

Uniform Presentation of Finances

for the year ended 30 June 2025

	Original Budget 2023/24	**Original Budget 2024/25**
	$ '000	**$ '000**
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. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis. The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	79,399	**86,248**
less Expenses	(76,295)	**(80,227)**
Operating Surplus / (Deficit)	**3,104**	**6,022**
***less* Net Outlays on Existing Assets**		
Capital Expenditure on Renewal and Replacement of Existing Assets	16,404	**16,284**
less Depreciation, Amortisation and Impairment	(18,751)	**(19,686)**
less Proceeds from Sale of Replaced Assets	(922)	**(1,538)**
Subtotal	(3,269)	**(4,940)**
***less* Net Outlays on New and Upgraded Assets**		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	13,434	24,007
less Amounts Received Specifically for New and Upgraded Assets	(700)	(2,125)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	12,734	**21,882**
Net Lending / (Borrowing) for Financial Year	**(6,362)**	**(10,920)**

Budgeted financial statements 2024-25 (continued)

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2034.

Statement of Comprehensive Income

Projected Years	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $
Income										
Rates	76,540,662	81,114,257	86,009,796	91,167,939	95,735,902	100,058,703	104,084,191	108,287,166	111,549,626	114,910,555
Statutory Charges	2,484,400	2,566,385	2,643,377	2,722,677	2,804,357	2,888,489	2,975,143	3,064,397	3,156,329	3,251,019
User Charges	1,995,680	2,061,537	2,132,991	2,196,980	2,262,890	2,330,776	2,400,700	2,500,347	2,575,357	2,652,618
Grants, Subsidies and Contributions - operating	3,841,610	3,931,571	4,016,053	4,103,068	4,192,695	4,285,010	4,380,094	4,478,031	4,578,907	4,682,808
Grants, Subsidies and Contributions - capital	-	-	-	-	-	-	-	-	-	-
Investment Income	841,350	744,523	427,204	484,039	507,818	482,576	516,619	434,600	505,618	584,650
Reimbursements	347,000	358,451	369,206	380,281	391,690	403,440	415,544	428,010	440,851	454,076
Other Income	197,600	204,121	210,253	216,576	223,083	229,787	236,695	243,796	251,110	258,643
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**86,248,302**	**90,980,845**	**95,808,880**	**101,271,560**	**106,118,435**	**110,678,780**	**115,008,987**	**119,436,348**	**123,057,798**	**126,794,370**
Expenses										
Employee Costs	29,289,198	30,914,034	32,616,777	33,595,280	34,603,139	35,641,233	36,710,470	37,811,784	38,946,137	40,114,522
Materials, Contracts & Other Expenses	30,306,410	30,978,698	32,284,876	32,990,470	35,719,877	37,973,925	39,753,472	41,659,405	43,892,645	45,754,145
Depreciation, Amortisation & Impairment	19,686,255	20,278,413	20,895,681	21,524,592	22,172,623	22,840,358	23,528,202	24,236,760	24,966,657	25,718,535
Finance Costs	944,809	1,693,640	2,628,084	3,029,877	3,220,626	3,332,435	3,557,342	3,650,996	4,074,800	4,196,624
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**80,226,672**	**83,864,784**	**88,425,418**	**91,140,219**	**95,716,264**	**99,787,951**	**103,549,485**	**107,358,945**	**111,880,240**	**115,783,827**
Operating Surplus / (Deficit)	**6,021,630**	**7,116,061**	**7,383,462**	**10,131,341**	**10,402,171**	**10,890,829**	**11,459,502**	**12,077,403**	**11,177,558**	**11,010,543**
Amounts Received Specifically for New or Upgraded Assets	2,400,000	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**8,421,630**	**7,116,061**	**7,383,462**	**10,131,341**	**10,402,171**	**10,890,829**	**11,459,502**	**12,077,403**	**11,177,558**	**11,010,543**
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	**8,421,630**	**7,116,061**	**7,383,462**	**10,131,341**	**10,402,171**	**10,890,829**	**11,459,502**	**12,077,403**	**11,177,558**	**11,010,543**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2034.

Statement of Financial Position

Projected Years	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $
ASSETS										
Current Assets										
Cash & Cash Equivalents	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Trade & Other Receivables	3,242,830	3,106,995	3,244,249	3,403,292	3,547,505	3,684,434	3,817,355	3,954,161	4,071,859	4,193,289
Other Financial Assets	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000
Inventories	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Total Current Assets	**7,942,831**	**7,806,996**	**7,944,249**	**8,103,292**	**8,247,506**	**8,384,433**	**8,517,355**	**8,654,161**	**8,771,859**	**8,893,289**
Non-Current Assets										
Financial Assets	263,000	263,000	263,000	263,000	263,000	263,000	263,000	263,000	263,000	263,000
Equity Accounted Investments in Council Businesses	18,166,000	18,166,000	18,166,000	18,166,000	18,166,000	18,166,000	18,166,000	18,166,000	18,166,000	18,166,000
Infrastructure, Property, Plant & Equipment	882,372,811	913,569,785	931,443,163	946,608,186	960,334,140	977,306,470	991,414,848	1,014,535,487	1,029,085,052	1,035,353,113
Other Non-Current Assets	12,544,000	12,544,000	12,544,000	12,544,000	12,544,000	12,544,000	12,544,000	12,544,000	12,544,000	12,544,000
Total Non-Current Assets	**913,345,811**	**944,542,785**	**962,416,163**	**977,581,186**	**991,307,140**	**1,008,279,470**	**1,022,387,848**	**1,045,508,487**	**1,060,058,052**	**1,066,326,113**
TOTAL ASSETS	**921,288,642**	**952,349,781**	**970,360,413**	**985,684,478**	**999,554,646**	**1,016,663,903**	**1,030,905,203**	**1,054,162,648**	**1,068,829,911**	**1,075,219,402**
LIABILITIES										
Current Liabilities										
Trade & Other Payables	15,235,487	15,945,998	16,805,220	17,568,960	18,607,918	19,537,922	20,352,965	21,211,604	22,015,444	22,768,840
Borrowings	2,879,609	4,283,663	5,143,443	5,814,547	6,446,205	7,276,808	8,016,515	9,238,513	10,190,090	9,700,082
Provisions	5,300,513	5,300,513	5,300,513	5,300,513	5,300,513	5,300,513	5,300,513	5,300,513	5,300,513	5,300,513
Total Current Liabilities	**23,415,609**	**25,530,175**	**27,249,176**	**28,684,020**	**30,354,635**	**32,115,243**	**33,669,993**	**35,750,629**	**37,506,047**	**37,769,435**
Non-Current Liabilities										
Borrowings	51,084,724	72,915,237	81,823,404	85,581,284	87,378,665	91,836,486	93,063,535	102,162,941	103,897,227	99,012,787
Provisions	257,487	257,487	257,487	257,487	257,487	257,487	257,487	257,487	257,487	257,487
Total Non-Current Liabilities	**51,342,211**	**73,172,724**	**82,080,892**	**85,838,771**	**87,636,152**	**92,093,973**	**93,321,023**	**102,420,428**	**104,154,714**	**99,270,274**
TOTAL LIABILITIES	**74,757,820**	**98,702,899**	**109,330,068**	**114,522,791**	**117,990,788**	**124,209,217**	**126,991,015**	**138,171,057**	**141,660,761**	**137,039,709**
Net Assets	**846,530,822**	**853,646,883**	**861,030,345**	**871,161,687**	**881,563,858**	**892,454,686**	**903,914,188**	**915,991,591**	**927,169,150**	**938,179,692**
EQUITY										
Accumulated Surplus	103,595,822	110,711,883	118,095,345	128,226,687	138,628,858	149,519,686	160,979,188	173,056,591	184,234,150	195,244,692
Asset Revaluation Reserves	692,340,000	692,340,000	692,340,000	692,340,000	692,340,000	692,340,000	692,340,000	692,340,000	692,340,000	692,340,000
Other Reserves	50,595,000	50,595,000	50,595,000	50,595,000	50,595,000	50,595,000	50,595,000	50,595,000	50,595,000	50,595,000
Total Equity	**846,530,822**	**853,646,883**	**861,030,345**	**871,161,687**	**881,563,858**	**892,454,686**	**903,914,188**	**915,991,591**	**927,169,150**	**938,179,692**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2034.

Statement of Cash Flows

Projected Years	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	76,996,757	81,543,637	86,469,401	91,652,198	96,164,754	100,464,537	104,462,114	108,681,751	111,855,914	115,226,087
Statutory Charges	2,466,918	2,556,318	2,633,923	2,712,940	2,794,328	2,878,158	2,964,502	3,053,437	3,145,040	3,239,392
User Charges	1,996,488	2,053,451	2,124,217	2,189,123	2,254,796	2,322,440	2,392,114	2,488,111	2,566,146	2,643,131
Grants, Subsidies and Contributions (operating purpose)	3,825,406	3,921,266	4,006,376	4,093,100	4,182,428	4,274,435	4,369,202	4,466,813	4,567,351	4,670,906
Investment Receipts	826,309	748,580	440,500	481,658	506,821	483,634	515,192	438,036	502,642	581,339
Reimbursements	343,524	357,740	368,538	379,593	390,982	402,710	414,793	427,237	440,054	453,255
Other	201,583	203,320	209,500	215,800	222,284	228,964	235,847	242,924	250,212	257,718
Payments:										
Payments to Employees	(29,229,007)	(30,860,345)	(32,560,391)	(33,563,361)	(34,570,261)	(35,607,369)	(36,675,590)	(37,775,858)	(38,909,134)	(40,076,408)
Payments for Materials, Contracts & Other Expenses	(44,061,822)	(30,864,431)	(32,062,869)	(32,870,542)	(35,255,968)	(37,590,811)	(39,451,007)	(41,335,459)	(43,513,068)	(45,437,752)
Finance Payments	(944,809)	(1,693,640)	(2,628,084)	(3,029,877)	(3,220,626)	(3,332,435)	(3,557,342)	(3,650,996)	(4,074,800)	(4,196,624)
Net Cash provided (or used in) Operating Activities	**12,421,347**	**27,965,895**	**29,001,111**	**32,260,632**	**33,469,538**	**34,524,263**	**35,669,824**	**37,035,996**	**36,830,359**	**37,361,044**
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	2,125,075	274,925	0	0	0	0	0	0	0	0
Grants utilised for capital purposes	584,445	0	0	0	0	0	0	0	0	0
Sale of Replaced Assets	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000
Payments:										
Expenditure on Renewal/Replacement of Assets	(16,283,995)	(20,399,103)	(18,724,898)	(22,862,599)	(20,333,150)	(20,767,438)	(19,087,972)	(19,747,904)	(20,621,825)	(21,263,200)
Expenditure on New/Upgraded Assets	(24,007,202)	(32,614,284)	(21,582,161)	(15,365,016)	(17,103,427)	(20,583,249)	(20,086,608)	(29,147,495)	(20,432,397)	(12,261,397)
Net Cash provided (or used in) Investing Activities	**(36,043,677)**	**(51,200,462)**	**(38,769,059)**	**(36,689,615)**	**(35,898,577)**	**(39,812,687)**	**(37,636,580)**	**(47,357,399)**	**(39,516,222)**	**(31,986,597)**
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings	23,951,007	26,114,176	14,051,611	9,572,426	8,243,586	11,734,629	9,243,564	18,337,918	11,924,376	4,815,643
Payments:										
Repayments of Borrowings	(1,633,232)	(2,879,609)	(4,283,663)	(5,143,443)	(5,814,547)	(6,446,205)	(7,276,808)	(8,016,515)	(9,238,513)	(10,190,090)
Net Cash Flow provided (used in) Financing Activities	**22,317,775**	**23,234,567**	**9,767,948**	**4,428,983**	**2,429,039**	**5,288,424**	**1,966,756**	**10,321,403**	**2,685,863**	**(5,374,447)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**(1,304,556)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
plus: Cash & Cash Equivalents - beginning of year	**4,304,556**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**
Cash & Cash Equivalents - end of the year	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**
Cash & Cash Equivalents - end of the year	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Investments - end of the year	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000	1,679,000
Cash, Cash Equivalents & Investments - end of the year	**4,679,000**	**4,679,000**	**4,679,000**	**4,679,000**	**4,679,000**	**4,679,000**	**4,679,000**	**4,679,000**	**4,679,000**	**4,679,000**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2034.

Statement of Changes In Equity

Projected Years	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $
Opening Balance	838,109,192	846,530,822	853,646,883	861,030,345	871,161,687	881,563,858	892,454,686	903,914,188	915,991,591	927,169,150
Net Surplus / (Deficit) for Year	8,421,630	7,116,061	7,383,462	10,131,341	10,402,171	10,890,829	11,459,502	12,077,403	11,177,558	11,010,543
Total Comprehensive Income	**8,421,630**	**7,116,061**	**7,383,462**	**10,131,341**	**10,402,171**	**10,890,829**	**11,459,502**	**12,077,403**	**11,177,558**	**11,010,543**
Equity - Balance at end of the reporting period	**846,530,822**	**853,646,883**	**861,030,345**	**871,161,687**	**881,563,858**	**892,454,686**	**903,914,188**	**915,991,591**	**927,169,150**	**938,179,692**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2034.

Uniform Presentation Of Finances

Projected Years	2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $
Income										
Rates	76,540,662	81,114,257	86,009,796	91,167,939	95,735,902	100,058,703	104,084,191	108,287,166	111,549,626	114,910,555
Statutory Charges	2,484,400	2,566,385	2,643,377	2,722,677	2,804,357	2,888,489	2,975,143	3,064,397	3,156,329	3,251,019
User Charges	1,995,680	2,061,537	2,132,991	2,196,980	2,262,890	2,330,776	2,400,700	2,500,347	2,575,357	2,652,618
Grants, Subsidies and Contributions - operating	3,841,610	3,931,571	4,016,053	4,103,068	4,192,695	4,285,010	4,380,094	4,478,031	4,578,907	4,682,808
Investment Income	841,350	744,523	427,204	484,039	507,818	482,576	516,619	434,600	505,618	584,650
Reimbursements	347,000	358,451	369,206	380,281	391,690	403,440	415,544	428,010	440,851	454,076
Other Income	197,600	204,121	210,253	216,576	223,083	229,787	236,695	243,796	251,110	258,643
Total Income	**86,248,302**	**90,980,845**	**95,808,880**	**101,271,560**	**106,118,435**	**110,678,780**	**115,008,987**	**119,436,348**	**123,057,798**	**126,794,370**
Expenses										
Employee Costs	29,289,198	30,914,034	32,616,777	33,595,280	34,603,139	35,641,233	36,710,470	37,811,784	38,946,137	40,114,522
Materials, Contracts & Other Expenses	30,306,410	30,978,698	32,284,876	32,990,470	35,719,877	37,973,925	39,753,472	41,659,405	43,892,645	45,754,145
Depreciation, Amortisation & Impairment	19,686,255	20,278,413	20,895,681	21,524,592	22,172,623	22,840,358	23,528,202	24,236,760	24,966,657	25,718,535
Finance Costs	944,809	1,693,640	2,628,084	3,029,877	3,220,626	3,332,435	3,557,342	3,650,996	4,074,800	4,196,624
Total Expenses	**80,226,672**	**83,864,784**	**88,425,418**	**91,140,219**	**95,716,264**	**99,787,951**	**103,549,485**	**107,358,945**	**111,880,240**	**115,783,827**
Operating Surplus / (Deficit)	**6,021,630**	**7,116,061**	**7,383,462**	**10,131,341**	**10,402,171**	**10,890,829**	**11,459,502**	**12,077,403**	**11,177,558**	**11,010,543**
Net Outlays on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing Assets	(16,283,995)	(20,399,103)	(18,724,898)	(22,862,599)	(20,333,150)	(20,767,438)	(19,087,972)	(19,747,904)	(20,621,825)	(21,263,200)
add back Depreciation, Amortisation and Impairment	19,686,255	20,278,413	20,895,681	21,524,592	22,172,623	22,840,358	23,528,202	24,236,760	24,966,657	25,718,535
add back Proceeds from Sale of Replaced Assets	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000	1,538,000
Total Net Outlays on Existing Assets	**4,940,260**	**1,417,310**	**3,708,783**	**199,993**	**3,377,473**	**3,610,920**	**5,978,230**	**6,026,856**	**5,882,832**	**5,993,335**
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(24,007,202)	(32,614,284)	(21,582,161)	(15,365,016)	(17,103,427)	(20,583,249)	(20,086,608)	(29,147,495)	(20,432,397)	(12,261,397)
add back Amounts Received Specifically for New and Upgraded Assets	2,125,075	274,925	0	0	0	0	0	0	0	0
Total Net Outlays on New and Upgraded Assets	**(21,882,127)**	**(32,339,359)**	**(21,582,161)**	**(15,365,016)**	**(17,103,427)**	**(20,583,249)**	**(20,086,608)**	**(29,147,495)**	**(20,432,397)**	**(12,261,397)**
Annual Net Impact to Financing Activities (surplus / (deficit))	**(10,920,237)**	**(23,805,989)**	**(10,489,915)**	**(5,033,682)**	**(3,323,783)**	**(6,081,501)**	**(2,648,877)**	**(11,043,236)**	**(3,372,007)**	**4,742,481**

Long Term Financial Plan. 10 Year Financial Plan for the Years ending 30 June 2034.

Key Performance Indicators

- ● Within green benchmark (green min and/or green max)
- ● Within amber benchmark (amber min and/or amber max)
- ● Not within benchmark (amber min and/or amber max)
- — Within green benchmark
- ↗ above green maximum and below amber maximum
- ↘ below green minimum and above amber minimum
- ↑ above amber maximum
- ↓ below amber minimum

Projected Years		2024/25 $	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $
Council's Target Benchmarks											
Note 15 Ratios											
Operating Surplus Ratio	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	6.98%	7.82%	7.71%	10.00%	9.80%	9.84%	9.96%	10.11%	9.08%	8.68%
Adjusted Operating Surplus Ratio	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	6.98%	7.82%	7.71%	10.00%	9.80%	9.84%	9.96%	10.11%	9.08%	8.68%
Net Financial Liabilities Ratio	Snapshot	● —	● —	● ↑	● ↑	● ↑	● ↑	● ↑	● ↑	● ↑	● ↑
	Actual Ratio	77.19%	99.64%	105.57%	104.84%	103.19%	104.43%	102.80%	108.24%	107.79%	100.88%
Asset Renewal Funding Ratio	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	101.86%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Other Ratios											
Net Financial Liabilities - Adjusted for Leases	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	63.82%	86.97%	93.53%	93.46%	92.32%	94.01%	92.78%	98.58%	98.42%	91.78%

Proposed capital program 2024-25

	Total $	New / Upgrade $	Renewal / Replacement $
Land & Buildings			
DDA Upgrade Program	50,000	-	50,000
Asbestos Removal Program	50,000	-	50,000
Fire Systems Upgrades	50,000	-	50,000
Electrical Compliance Upgrades	50,000	-	50,000
Cowandilla Reserve, Cowandilla - Western Youth Centre, Masterplan + Design Development	150,000	150,000	-
Morphett Rd - Depot Solar System (& Battery)	100,000	100,000	-
Building Compliance Upgrade	250,000	125,000	125,000
Depot - 240/280 Morphett Rd - Upgrade Building Workshop	60,000	60,000	-
Civic Centre Air-Conditioning [Replacement / Upgrade] - Staged	150,000	150,000	-
Star Theatre - Building Compliance Works (Staged)	175,000	-	175,000
Thebarton Theatre Complex - Structural /Electrical Works	750,000	-	750,000
Thebarton Oval / Kings Reserve Precinct Grant Funded Upgrades	899,000	899,000	-
Thebarton Oval / Kings Reserve Precinct Upgrades	1,847,500	1,847,500	-
Richmond Oval - Staged Improvements	7,000,000	7,000,000	-
Frank Norton Reserve upgrade	500,000	500,000	-
Community Shed (Masterplan & DD)	75,000	75,000	-
Mellor Park Reserve - Refurbishment former CAFHS building	200,000	200,000	-
Camden Oval - Northern side of Football Oval - Car Parking (Saratoga Ave)	625,000	625,000	-
181 Morphett Rd, North Plympton - Waste Depot (Masterplan & DD)	100,000	100,000	-
Hamra Library (Solar & Battery Systems)	100,000	100,000	-
Corporate Signage to Civic & Community/Sport Facilities (Staged Program)	250,000	250,000	-
Weigall Oval, Storage facilities	50,000	50,000	-
Open Space Fund (Land Purchase)	250,000	250,000	-
Total Land & Buildings	**13,731,500**	**12,481,500**	**1,250,000**
Plant & Equipment			
IT Equipment	244,250	-	244,250
Furniture & Fittings	60,000	-	60,000
Library Furniture & Fittings	60,000	-	60,000
Fleet Vehicles	212,380	-	212,380
Major Plant	1,477,000	-	1,477,000
Minor Plant & Equipment	323,500	119,500	204,000
Total Plant & Equipment	**2,377,130**	**119,500**	**2,257,630**

Proposed capital program 2024-25

	Total $	New / Upgrade $	Renewal / Replacement $
Stormwater & Drainage			
Minor Drainage Upgrade and Replacement Works	300,000	-	300,000
Kurralta Park Drainage Upgrade (staged)	1,500,000	1,500,000	-
Ashley Street Low point upgrade	500,000	500,000	-
Clayton Avenue Stormwater Upgrade	600,000	600,000	-
Chambers Ave Stormwater Upgrade	100,000	100,000	-
Murray St Drainage Upgrade	900,000	900,000	-
Total Stormwater & Drainage	**3,900,000**	**3,600,000**	**300,000**
Other Environment			
Brownhill Keswick Creek Council Approved Culvert Stiffening	1,000,000	1,000,000	-
Brown Hill and Keswick Creeks	2,109,000	2,109,000	-
Total Other Environment	**3,109,000**	**3,109,000**	**-**

Proposed capital program 2024-25

	Total $	New / Upgrade $	Renewal / Replacement $
Parks, Gardens & Sports Facilities			
Playground Upgrade			
Pacific Pde Reserve, West Beach	225,000	225,000	-
Florence St Reserve, Netley	140,000	140,000	-
Fulham Community Centre (Reedbeds) - Childcare	75,000	75,000	-
Minor Equipment Upgrades (Various)	50,000	50,000	-
Shade Sail Shelter/Structures - New/Replacement	100,000	100,000	-
Gym & Fitness Equipment - New (Location to Be Confirmed)	70,000	70,000	-
Fencing - Playgrounds - New/Replacement	25,000	25,000	-
Subtotal for playground upgrades	*685,000*	*685,000*	-
Reserve Developments - Various			
Shelter - Replacement/New	60,000	15,000	45,000
Reserve fencing & bollards	25,000	6,250	18,750
Reserve Pathway Renewals (Reseal + Reconstruction)	25,000	-	25,000
Minor Turf Renewals + Replacement - Reserves	30,000	-	30,000
Minor Reserve Renewals - Various Sites/works projects - seating/tables	60,000	-	60,000
Staged yearly program to install new/replacement drinking fountains - streets, streetscapes and reserves	20,000	-	20,000
Staged yearly program to install new (wheelie bin) surrounds to litter bins located on the streets, streetscapes and reserves	30,000	30,000	-
Jubilee Park Reserve, Glandore | Replacement of reserve block paved pathway and timber bridges	125,000	-	125,000
Westside Bikeway - Reserve Renewal & Upgrade - Camden Park - including shelter & seating	40,000	-	40,000
Peake Gardens Reserve, Marleston - Renewal of reserve/ turf & garden beds	40,000	-	40,000
Streetscape - Burbridge Rd / Sir Donald Bradman Drive (From Tapleys Hill Rd to South Rd) - Staged Program, Improvement of verges, median, intersection with Tapleys Hill Rd, intersection with Airport Rd.	125,000	125,000	-
Keswick Creek Reserve Upgrade	225,000	225,000	-
General Bikeway (Path) Upgrade & Reseal	75,000	-	75,000
Subtotal for reserve developments	*880,000*	*401,250*	*478,750*

Proposed capital program 2024-25

	Total $	New / Upgrade $	Renewal / Replacement $
Parks, Gardens & Sports Facilities (continued)			
River Torrens Upgrade			
Upgrade of Pedestrian Lighting (Minor - Upgrades, Additional Lighting)	35,000	17,500	17,500
Fencing, barrier & minor retaining wall protection works	50,000	50,000	-
Selected Areas Re-Vegetation, Weed Removal & Upgrades/renewal to locations on the Linear Park	150,000	75,000	75,000
Path Reconstruction	50,000	-	50,000
Subtotal for upgrades to the River Torrens	*285,000*	*142,500*	*142,500*
River Torrens Path Upgrades			
Reseal & Reinstatement Only - Resealing the River Torrens linear park trail	30,000	-	30,000
Subtotal for upgrades to paths along the River Torrens	*30,000*	-	*30,000*
Reserve Irrigation Upgrades			
Westside Bikeway (Section Only) - Staged Program	150,000	150,000	-
Airport Rd Median, Brooklyn Park (Staged)	100,000	100,000	-
Pacific Pde Reserve, West Beach	120,000	120,000	-
Mellor Park Reserve, Lockleys	120,000	120,000	-
Florence St Reserve, Netley	60,000	60,000	-
River Torrens Linear Park - Various Minor Sites	50,000	50,000	-
Gen Irrigation & Minor Upgrades, etc... Irrigation Controllers, Water Meter Controller / Monitoring, Upgrade at sites, equipment, etc.	60,000	60,000	-
Subtotal for irrigation upgrades to reserves	*660,000*	*660,000*	-
Sport & Recreation - Ovals			
Tennis & Sport Courts / Renewal / Upgrades	100,000	-	100,000
Sports Ovals Renewal & Upgrades	125,000	-	125,000
Car Parking Upgrades	125,000	-	125,000
Subtotal for sport and recreation upgrades to ovals	*350,000*	-	*350,000*
Total Parks, Gardens & Sports Facilities	**2,890,000**	**1,888,750**	**1,001,250**

Proposed capital program 2024-25

	Total $	New / Upgrade $	Renewal / Replacement $
Road Sealed & Other Transport			
Kerb and Gutter Program	1,829,700	-	1,829,700
Road Maintenance / Resealing Program	2,921,467	-	2,921,467
Road Reconstruction Program **Edwin Street, Brooklyn Park** (Guy Street to Press Road) **Guy Street** (Edwin Street to Carnarvon Avenue) **Albert Avenue, Camden Park** (Morphett Road to Inkerman Avenue) **Ashburn Avenue, Fulham** (Henley Beach Road to Burnley Street) **Pearson Street, Hilton** (Burt Avenue to Sir Donald Bradman Drive) **Wood Street, Kurralta Park** (Cross Terrace to Mortimer Street) **Balmoral Street, Lockleys** (Main Street to Lancaster Street) **Coneybeer Street, Marleston** (Anstey Crescent to Ritchie Terrace) **Barwell Avenue, Marleston** (Grove Avenue to Anstey Crescent) **St Anton Street, Marleston** (Sutton Terrace to Aldridge Terrace) **Allchurch Avenue, North Plympton** (Birdwood Terrace to Park Terrace) **Cygnet Street, Novar Gardens** (Old Drive to Saratoga Drive) **Lowe Street, Thebarton** (Bennett Street to West Thebarton Road) **Reid Street, Thebarton** (Stirling Street to Queen Street) **Jervois Street, Torrensville** (Henley Beach Road to North Parade) **North Parade, Torrensville** (South Road to Shipster Street) **Sherriff Street, Underdale** (Vintage Road to Ashley Street)	6,009,017	1,502,254	4,506,763

Proposed capital program 2024-25	Total $	New / Upgrade $	Renewal / Replacement $
Road Sealed & Other Transport (continued)			
Roads to Recovery Funding annual contribution	617,418	154,355	463,063
City Wide Pavement Rehab / Minor Road Works & Reinstatement	250,000	-	250,000
Traffic Management Schemes			
Moss Avenue Road Closure at Marleston	180,000	180,000	-
Railway Tce (User Ch 170 to Junction L)	200,000	200,000	-
Bicycle Management Schemes			
Westside Bikeway Cycling & Pedestrian Priority	366,543	366,543	-
Tapleys Hill Road (Africaine Road to User CH 0) Right Bitumen Footpath	380,865	-	380,865
Military Road Golf Course Entrance Upgrade	50,000	50,000	-
Bicycle Racks	50,000	50,000	-
Public Lighting			
Street Lighting, Council Owned - Replacement, Upgrade to LED lights, includes pole replacement and associate electrical infrastructure - Areas Novar Gardens, Plympton & Underdale - Staged Yearly Program	400,000	400,000	-
Misc. Reserve / Open Space Facilities & Car Parks - Lighting Upgrades, Renewal Replacement & New LED Lighting	125,000	125,000	-
Various Street Lighting Upgrades	50,000	50,000	-
Total Road Sealed & Other Transport	**13,430,010**	**3,078,152**	**10,351,858**
Bridges			
Bridge Ancillary Works	223,387	-	223,387
Total Bridges	**223,387**	**-**	**223,387**
Footways & kerbing			
Footpath Reconstruction			
Railway Terrace, Mile End South (Richmond Road to Manchester Street) **Bagot Avenue, Mile End** (Hounslow Ave to Henley Beach Road) **Sherriff Street, Underdale** (Wilford Avenue to Ashley Street) City Wide Footpath Remediation	374,870	-	374,870
Footpath Construction	5,300	5,300	-
City Wide Footpath Remediation	250,000	-	250,000
Total Footways & kerbing	**630,170**	**5,300**	**624,870**
Total Capital Expenditure 2024-25	**16,108,630**	**12,326,000**	**3,782,630**
Total Capital Works Expenditure 2024-25	**24,182,567**	**11,681,202**	**12,501,365**
Total Capital & Capital Works Expenditure 2024-25	**40,291,197**	**24,007,202**	**16,283,995**

Proposed capital program 2024-25

Road Name	Suburb
Anna St - (Lipsett Tce-Marshall Tce)	Brooklyn Park
Clifford Street - (Marshall Tce to Oscar St)	Brooklyn Park
Glengowan Av - (Lipsett Tce to Constance St)	Brooklyn Park
Hazel St - (Lipsett Tce to Marshall Tce)	Brooklyn Park
Press Rd - (Property No 18 to Marion Rd)	Brooklyn Park
Witter Pl - (Hampton St to End)	Brooklyn Park
Witter Pl - (Lewis St to End)	Brooklyn Park
Victoria Av - (Curzon St to Carlisle St)	Camden Park
Fenner Av - (Brooker Ter to End)	Cowandilla
Jenkins St - (Property No 20 to Winifred St)	Cowandilla
Coral Sea Rd - (Burnley St to Halsey Rd)	Fulham
Barclay St - (Glengyle Tce to St Georges Av)	Glandore
Ruthven Av - (Anzac Hwy to St Georges Av)	Glandore
St Georges Av - (Ruthven Av to Leaney St)	Glandore
Burt Av -(South Rd to Milner Rd) Seal & Kerb	Hilton
Daly St - (Tilden St to Property No 70)	Kurralta Park
Franciscan Av - (Castlebar Rd to Property No 16)	Lockleys
Miranda Av - (Rutland Av to Netley Av)	Lockleys
Willingale Av - (Henley Beach Rd to Acacia Av)	Lockleys
Moss Av - (Property No 61 to Tennyson St)	Marleston
Charles Loader Dr - (Property No 1 to Property No 27)	Mile End
Charles Loader Dr (Service Road) - (Property No 11 to End)	Mile End
Charlesworth Crt - (Property No 1 to End)	Mile End
Cowell Pl - (Property No 1 to End)	Mile End
Dew St - (Rose St to Kintore St)	Mile End

Proposed capital program 2024-25

Road Name	Suburb
Farrow Pl - (Victoria St to Property No 6)	Mile End
Flaherty Ln - (Railway Tce to Property 6A)	Mile End
Hughes St - (Railway Tce to Property No 27)	Mile End
Kenneth Av - (Garden Ter to End)	Mile End
Railway Ter - (Hughes St to Junction Ln)	Mile End
Debra Crt - (Harvey Av to End)	Netley
Fletcher St - (Property No 2 to Harvey Av)	Netley
Transport Av - (Richmond Rd to End)	Netley
Lea St - (Raymond Av to End)	North Plympton
Lewis Cres - (Bransby Av to Neston Av)	North Plympton
Packer Av - (Lewis Cres to Mooringe Av)	North Plympton
Padman St - (End to Streeters Rd)	North Plympton
Coach House Dr - (Saratoga Dr to Old Dr)	Novar Gardens
Boswarva Av - (Osborn Ter to Emma Pl)	Plympton
Henry St - (Urrbrae Tce to Glenburnie Tce)	Plympton
Manfred St - (Glenburnie Tce to Urrbrae Tce)	Plympton
Tilden St - (Gray St to Daly St)	Plympton
Milner Rd - (Kingston Av to Ellen St)	Richmond
Sanders St - (Kitson Av to Bickford St)	Richmond
Sanders St - (Lucas St to Bignell St)	Richmond
Fairfax Tce - (Elizabeth St to End)	Torrensville
Ferris St - (Torrens St to End)	Torrensville
Jervois St - (Ashley St to Meyer St)	Torrensville
North Pde - (Clifford St to Hayward Av)	Torrensville
Ward St - (Torrens St to End)	Torrensville
Devon St - (Leicester St to End)	West Richmond
Knight St - (End to Morley St)	West Richmond
Road Rejuvenation	Various Locations

CEO statement on financial sustainability

Councils are integral to the growth and prosperity of local communities as they provide a range of important services, infrastructure and assets to ensure that people have safe and attractive neighbourhoods in which to live and work.

As such, financial sustainability is imperative to ensure that councils can continue to provide for their communities into the future.

Defined by the Local Government Association (LGA), financial sustainability is where a council's long- term financial performance and position is sustainable with planned long-term service and infrastructure levels, and standards are met without unplanned increases in rates or disruptive cuts to services.

In simple terms, the principle of financial sustainability is that each generation 'pays their way' for the services and assets that they consume. By prioritising ongoing operating surpluses in our budgeting, we ensure financial sustainability, while minimising the accumulation of 'bad' debt resulting from deficit budgets. Moreover, we aim to responsibly manage 'good' debt associated with high-quality community assets throughout their lifespan. Our dedication to achieving and maintaining financial sustainability will consistently yield benefits for our community.

The City of West Torrens adopts a holistic and proactive approach to financial management. The management of operating results, debt and asset growth is integrated into strategic planning, asset management planning and long-term financial plans, as well as the day-to-day activities of Council. This ensures measured decision making, performance management and regulatory reporting for the benefit of the organisation and the community we serve.

Finance strategy

Council's finance strategy is based on achieving a long-term financial position that is able to deliver planned services, manage debt and support and promote the growth of West Torrens.

Our Long-Term Financial Plan (LTFP) modelling provides a high level budget framework to guide us when preparing budget details and ensures that we understand the future impact of decisions made today.

The modelling assumes that we will continue to use debt in the short and longer term as a mechanism for funding new or enhanced assets as a way of achieving inter-generational equity.

The finance strategy is based on key parameters regarding sustainability and is used as a guiding principle for assessing the financial impact of all decisions. These key parameters are:

- Generating a responsible operating surplus ratio as defined by the LGA

The LGA uses a benchmark of a council having an average operating ratio surplus over time between 0% and 10%.

This indicator is by far the most important financial indicator for councils. If a council consistently achieves a modest positive operating surplus ratio, and has soundly based projections showing that it can continue to do so in future, having regard to asset management and its community's service level needs, then it is financially sustainable.

- Debt management strategy

Effective debt management provides security for councils' financial sustainability. The LGA prescribes debt as a suitable way to provide intergenerational equity to ensure that all generations share the responsibility for the assets and services they consume. Debt management, therefore, requires an understanding of debt purpose, debt profile (e.g. fixed or variable) and a clear repayment strategy. Management of these key areas ensures that debt is sustainable regardless of the level.

The LGA recommends that the net financial liabilities ratio is between zero and 100% of total operating income, but possibly higher in some circumstances. It should be noted that our Council also provides an adjusted net liabilities ratio in addition to the standard ratio to recognise the high level of lease liability, which in our view should not be included in the standard ratio.

Before considering an increase in its indebtedness, a council needs to recognise that interest associated with borrowings will impact negatively on its operating result. However, councils with significant asset rehabilitation and replacement backlogs may find that their financial sustainability is improved if they raise borrowings to finance the works needed to address these backlogs, i.e. if the operational savings achieved from addressing these backlogs exceed the additional interest costs resulting from the borrowings raised, financial sustainability would be improved. For example, it may be a financially better option for a council to borrow money to undertake the reseal of a deteriorating road sooner than originally planned and thus avoid having to fully reconstruct the road within a few years at a cost two or three times the cost of the timely reseal.

There is no right or wrong target range for the net financial liabilities ratio. Different councils (or the same council at various stages in time in its long-term financial plan) could appropriately have very different target ranges and each could be equally responsible and financially sustainable, depending upon their circumstances. A target range should be set by a council having regard to the target for its operating surplus ratio and the needs that are identified in its long-term financial plan and its infrastructure and asset management plan. The target ratio should normally be (especially over the medium to longer–term) greater than zero. If not, that is likely to imply that a council places a higher priority on accumulating financial assets than applying funds generated from ratepayers to the provision of services including infrastructure renewal. It is suggested that in 'normal' circumstances the target ceiling for a net financial liabilities ratio be generally no more than 100% of operating income to ensure the ratio remains within conventionally prudent limits. However, a well-managed council committed to sound financial strategies (particularly during a time of significant development) could comfortably allow a higher net financial liabilities ratio. Also, while any target ratio should effectively provide a guide to influence income and expenditure decisions and to constrain borrowings, it would make sense to borrow to fund the replacement of an asset at the end of its 'economic life' if funds were not available from other sources (and assuming that existing service levels were considered affordable).

- Asset growth management

Council accepts responsibility for providing a high standard of assets and services to the community and this is also what the community expect. In doing so, it is essential to have strong financial management surrounding asset growth and renewal. In order to provide assets, Council must ensure that assets can be funded.

The asset renewal ratio shows whether assets are being renewed and replaced in an optimal way, compared with the asset renewal and replacement expenditure identified as warranted in a council's Infrastructure and Asset Management Plan (IAMP).

In terms of funding asset growth, options include:

1) increasing rates
2) additional loan funding
3) asset sales.

Obtaining the right mix of these options is important for maintaining intergenerational equity.

Overall the finance strategy underpins the council's ability to deliver on financial sustainability. This LTFP indicates that our Council is well equipped to manage the demands of our asset management growth for years to come.

Long Term Financial Plan (LTFP) results

The LTFP forecasts on the preceding pages indicate that Council's financial position and performance during the course of the next 10 years is both responsible and sustainable.

Council is forecasting budgeted financial ratios within the ranges recommended by the LGA over the 10 year life of the plan.

Angelo Catinari
Chief Executive Officer

This page is intentionally left blank.

City of
West Torrens

Between the **City and the Sea**

165 Sir Donald Bradman Drive,
Hilton SA 5033

Phone 8416 6333

Email info@wtcc.sa.gov.au

westtorrens.sa.gov.au