



City of Prospect Annual Business Plan 2012-13 Summary

Council has adopted its Annual Business Plan 2012-13 which includes the Budget and Rating Policy for 2012-13. This document outlines the services Council will provide to the community and how it will pay for these services. It also provides a summary of how your rates may change for 2012-13.

Summary of Key Highlights of the 2012-13 Annual Business Plan

- Council achieved a balanced Operating Budget for 2012-13 (approx. \$19.7m budget)
- Approximately \$2.6m budgeted for Capital Expenditure - reinstating infrastructure renewal programs (eg. footpaths, roads, kerb & gutters)
- Approximately \$2.6m budgeted for Operating Projects, including \$1.12m in National Broadband Network related initiatives (projected to be funded externally)
- Average residential rates to increase by 5% or \$70 per year or \$1.35 per week
- Minimum Rate to increase by 6.5% to \$912 (increased by \$55 per year or \$1.06 per week)
- Projected total residential rate revenue to increase by 5%
- Gradually shifting rates contribution from residential properties to non-residential properties through increased non-residential developments (growth)
- Financially sustainable and responsible 10 Year Financial Plan

Public Meeting was held at Civic Centre on Wednesday, 30 May 2012 at 7pm.

The Annual Business Plan Summary 2012-13 outlines the following:

- A. Strategic Directions, Council Services, Operating and Capital Projects
- B. Long Term Financial Plan & Key Financial Indicators
- C. Pictorial Representation of "Every \$100 Spent by Council"
- D. Funding the 2012-13 Budget & Budget Pressures
- E. Infrastructure-Asset Management Plan
- F. Rating Strategies (Rates Revenue, Rating Policy and Valuation)

(A) Strategic Directions and Council Services

Councils are required to provide certain services under various Acts of Parliament (including the Local Government Act 1999). City of Prospect also provides other services to meet the needs of the community. These services have been determined based on previous community feedback and consultation.

Council's six Strategic Directions and the associated services included in the Budget 2012-13 include:-

Strategic Direction 1 – Service Delivery

Procedures and processes we will implement to build the capacity of council to deliver a wide range of customer services.

Key Strategies

- Be an employer of choice with a well trained, skilled workforce
- Increase volunteer participation
- Maintain our current structural form through strong resistance to amalgamation
- Deliver efficiently and effectively relevant services using the most appropriate service delivery models
- Use technology to support service delivery
- Establish efficient work systems to deliver cost effect services
- Implement a Corporate Governance program to enhance accountability to the community
- Increase revenue streams from sources other than residential rates
- Ensure financial accountability and sustainability

Strategic Measures

- Staff satisfaction surveys to indicate a motivated and engaged workforce
- Volunteer hours increased by at least 5% annually
- Retention of current independent council identity (ie. non-amalgamation)
- Rising overall resident satisfaction results measured through the biennial community survey
- Recognition as a leading service provider in local government management
- Percentage of income derived from sources other than residential rates exceeds the 2009-10 base level
- Deliver projects on time and within budget

Core Activities for Strategic Direction 1 – Service Delivery include:

- Customer services
- Financial management
- Governance
- Human resources management
- Information technology
- Occupational health and safety
- Rates administration
- Records management
- Risk management

Budget Summary - Strategic Direction 1 – Service Delivery

	Expenditure \$	Income Sources \$	Net \$
Recurrent	6,016,547	(16,616,944)	(10,600,397)
Operating Projects	185,000	-	185,000
Capital Projects	-	-	-
Total	6,201,547	(16,616,944)	(10,415,397)
% of Total Budget	31.7%	83.5%	

2012-13 Operating Projects

- Governance Initiatives \$50,000
- IT Projects/Initiatives \$100,000
- Eastern Region Alliance \$25,000
- Leadership Development \$10,000

Strategic Direction 2 – Community Wellbeing

Activities we will undertake to provide a safe, inclusive and healthy community, proud of its identity, arts, creative pursuits and cultural diversity.

Key Strategies

- Provide relevant and accessible services and facilities to improve community well being
- Increase awareness of, and participation in existing services, events and programs
- Contribute to building a safer community through advocacy and partnerships. Promote and encourage creativity and lifelong learning. Identify and respond to changing needs of the community. Actively support a wide range of artistic and creative endeavours, community initiatives and build partnerships with arts, recreation, sports organisations and service clubs, welfare and community based social support networks
- Actively promote the use of community facilities and resources

Strategic Measures

- Increased number of people accessing community programs, events and services
- High level satisfaction with Council's activities in the area of public safety
- Increased usage of community facilities
- High level satisfaction with the identity of the City
- High level satisfaction with the inclusiveness of Council services and the wellbeing of the community

Core Activities for Strategic Direction 2 – Community Wellbeing include:

- Aged and youth services
- Citizenship ceremonies
- Community events (e.g. twilight concerts)
- Community facilities and land management
- Community grants
- Community recreation and sports development

- Community safety (e.g. dog and parking control and by-laws)
- Community transport
- Community information
- Council website
- The Prospect Magazine
- Crime prevention
- Cultural development
- Emergency (risk management)
- Library services
- Neighbourhood and community development
- Prospect Fair
- Public art and art gallery
- Public health (including immunisation, health inspections etc)

Budget Summary - Strategic Direction 2 – Community Wellbeing

	Expenditure \$	Income Sources \$	Net \$
Recurrent	3,779,336	(1,327,756)	2,451,580
Operating Projects	432,185	(8,709)	423,476
Capital Projects	126,996	-	126,996
Total	4,338,517	(1,336,465)	3,002,052
% of Total Budget	22.2%	6.7%	

2012-13 Operating Projects

- Community Support Fund \$23,000
- Broadview Oval Master Plan \$21,000
- Get The Drift \$3,000
- Prospect Art Collection Management \$5,000
- Youth Activities Twilight Concert \$5,000
- Prospect Magazine \$75,502
- Prospect Oval Precinct Maintenance \$20,000
- Volunteer Christmas Lunch \$2,500
- Youth Recreation Project \$8,400
- Annual Twilight Concert Series \$28,000
- Prospect Fair – St Helens Park \$35,500
- City Wide Public Art Advisory Board \$25,000
- Local History Officer \$13,850
- Tourrific Prospect Community Event \$140,433
- Australia Day Celebrations \$5,000
- Citizenship Ceremonies \$6,000
- Graffiti Removal – Non Council Properties \$15,000

2012-13 Capital Projects

- Thomas St Community Garden Fence \$1,000
- New Fences, Council Parks & Reserves \$10,000
- Update Toy Library Toys \$2,000
- Library Books \$82,474
- One Library Management Systems Project \$31,522

Strategic Direction 3 – Economic Vibrancy

Action we will undertake to encourage and support commercial activity, which contributes to the vibrancy of our commercial areas and our City as a whole.

Key Strategies

- Facilitate, target and encourage appropriate and diverse commercial investment across targeted key industry groups
- Support retail, commercial and home business development across the City and within defined commercial precincts
- Create and promote Prospect Road Commercial Precinct as a diverse, fashionable, chic, cosmopolitan retail and hospitality precinct
- Create and promote Main North and Churchill Roads as unique precincts ideal for medium to large commercial, retail and higher density residential development
- Promote the City of Prospect as a central destination, with world class digital connections, clean and green and strategically ideal for retail and commercial investment
- Seek to improve the communication links between government and business
- Improve accessibility to and links between our key commercial precincts
- Facilitate the building of hi-tech enabling communications infrastructure across our City to ensure commercial and residential equitable access and availability of world class internet speeds, carried by both fibre optics and wireless infrastructure
- Link local secondary schools to local businesses and Council in supporting career selection and development in students learning process

Strategic Measures

- Increased number and value of commercial development/redevelopment applications
- High level satisfaction with commercial / retail services measured through the biennial survey
- Improved accessibility to, and the number of, off street car parking
- Improved frequency and quality of public transport across our City
- Increased number and diversity of businesses operating within our City
- Annual increases to the capital value of commercial property exceed the state average
- Increased Gross Regional Product (GRP) above that of the Gross State Product (GSP)
- High speed fibre optics availability to all commercial precincts
- Increase in broadband internet usage by local residents and businesses
- Increased Council initiated funding proposals to Federal and State governments by a minimum of 20% of the 2007/08 year

Core Activities for Strategic Direction 3 – Economic Vibrancy include:

- Employment support and business development services
- Further develop active partnerships with retail and trader representative groups, investors and other key stakeholders
- External Funding procurement initiatives
- Support to Traders Associations
- Town Hall Market

Budget Summary - Strategic Direction 3 – Economic Vibrancy

	Expenditure \$	Income Sources \$	Net \$
Recurrent	-	(68,263)	68,263
Operating Projects	1,467,000	(1,120,000)	347,000
Capital Projects	-	-	-
Total	1,467,000	(1,188,263)	278,737
% of Total Budget	7.5%	6.0%	

2012-13 Operating Projects

- Economic Development Project \$270,000, including:-
 - Professional Services Economic Analysis
 - E-prospect (NBN roll out)
 - Small Business Environmental program
 - Prospect Business Leaders
 - Small Business Events
 - Online Maintenance
 - Grants/Donations (one-off small token towards Business Economic Activities)
 - Economic Analysis
 - Investment Attraction Strategy
- Town Hall Market \$4,000
- Public Christmas Decorations \$5,000
- NBN Digital Enterprise Program \$385,000 (externally funded)
- NBN Digital Hubs Program \$360,000 (externally funded)
- NBN Digital Local Government Program \$375,000 (externally funded)
- E-Prospect Optical Fibre Contract \$68,000 (final year)

Strategic Direction 4 – Environmental Sustainability

Activities undertaken to promote environmental sustainability by Council and the Community we serve.

Key Strategies

- Delivering innovative practices which promote environmental sustainability in the areas of:-
 - Waste management
 - Water usage / storage
 - Energy efficiency
 - Biodiversity (fauna and flora)
 - Pollution prevention
 - Community education and participation
- Contribute to and support activities that positively affect climate change
- Encourage the community to better manage their impact on the environment

Strategic Measures

- Reduced carbon footprint of operations
- Reduction in waste to landfill

- Increased uptake of community sustainability programs, incentives and activities (use of website and magazine)
- Increased community awareness about environmental issues
- Timely implementation of Environmental Action Plan
- Increase in recycling:-
 - Increase in material being composted
 - Reduction in mains water usage

Core Activities for Strategic Direction 4 – Environmental Sustainability include:

- Environmental Sustainability (Building) Initiatives
- Implementation of Council’s Environmental Action Plan – primary guide for Council’s activities in the area of environmental sustainability which includes:
 - Best practice research
 - Carbon Credits
 - Community transport
 - Education / volunteering
 - Embodied Energy
 - Native flora and fauna (Biodiversity)
 - Survey regarding the Water Storage Capacity across City of Prospect
 - Street trees
- Statutory Compliance (EPA/ZeroWaste/Wastecare SA)
- Waste Collection and Disposal

Budget Summary - Strategic Direction 4 – Environmental Sustainability

	Expenditure \$	Income Sources \$	Net \$
Recurrent	2,508,763	(2,390)	2,506,373
Operating Projects	60,760	-	60,760
Capital Projects	12,000	-	12,000
Total	2,581,523	(2,390)	2,579,133
% of Total Budget	13.2%	0.0%	

2012-13 Operating Projects

- REAP (Resource Efficiency Assistance Program) Implementation \$3,000
- White Cedar Tree Replacement \$32,760
- Unauthorised Dumping Management \$25,000

2012-13 Capital Projects

- Environmental Sustainability (Building) Initiatives \$12,000

Strategic Direction 5 – Heritage and Character

Activities and policies that maintain and improve the rich character, architectural significance and historic value of our local streetscapes and public art heritage.

Key Strategies

- Preserve character dwellings and surrounding amenity
- Increase the number and quality of leafy streets within the City
- Ensure our City’s history and heritage is acknowledged and valued within the community
- Continue to deliver high quality public art, and attractive public spaces
- Encourage development which complements the character, heritage and amenity of our City
- Actively lobby the State Government to amend legislation to increase the remedies/penalties associated with a breach of Council approval

Strategic Measures

- Maintain or increase the number of places listed as local heritage or located within Historic (Conservation) Zones.
- Increase the number of trees in streets, parks and public places.
- Increased percentage of the City assessed and covered (where appropriate) by conservation and preservation policies
- High level community satisfaction with streetscapes, preservation of character or heritage buildings and public art / spaces
- Increased community exposure to heritage, historic or artistic features

Core Activities for Strategic Direction 5 – Heritage and Character include:

- City Precinct (Beautification and Safety) Maintenance program
- Development Assessment
- Street sweeping and sanitation
- Street tree and parks and gardens maintenance and development

Budget Summary - Strategic Direction 5 – Heritage and Character

	Expenditure	Income Sources	Net
	\$	\$	\$
Recurrent	931,881	(166,538)	765,342
Operating Projects	70,500	-	70,500
Capital Projects	-	-	-
Total	1,002,381	(166,538)	835,842
% of Total Budget	5.1%	0.8%	

2012-13 Operating Projects

- Policy Planner (part time for 12 months) \$25,500
- Development Plan Amendments \$30,000 including:-
 - Inner Metropolitan Growth
 - Better Development Plan
 - Local Heritage & Historic Policy Area
- Local Heritage Places & Historic Conservation Zones Development Plan Amendments \$15,000

Strategic Direction 6 – Asset Management

Procedures, processes and projects we will implement to manage our City’s natural and physical assets.

<p>Key Strategies</p> <ul style="list-style-type: none"> • Implement best practice asset management planning, including an increased focus on sustainable maintenance and renewal of assets • Ensure assets are managed within the framework of a Long Term Asset Management plan • Focus on supporting the financial sustainability of Council <p>Strategic Measures</p> <ul style="list-style-type: none"> • Objectives of Council’s Asset Management Plan are met • Capital works programs delivered • Biennial resident survey confirms that service standards reflect community needs • Sustainability reporting is in place and decisions are made in the context of financial and asset management plans
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Core Activities for Strategic Direction 6 – Asset Management include:

- Capital Works Program including:
 - Building maintenance and Council facilities
 - Drainage maintenance and replacement
 - Footpath maintenance and replacement
 - Kerb and gutter maintenance and replacement
 - Road maintenance, reconstruction and road resurfacing
- City Precinct (Beautification and Safety) Maintenance Program
- Fleet management

Budget Summary - Strategic Direction 6 – Asset Management

	Expenditure \$	Income Sources \$	Net \$
Recurrent	1,114,883	(586,752)	528,132
Operating Projects	404,900	-	404,900
Capital Projects	2,430,715	-	2,430,715
Total	3,950,498	(586,752)	3,363,747
% of Total Budget	20.3%	2.9%	

2012-13 Operating Projects

- Service Excellence Program \$48,000
- Increase in Footpath Maintenance \$100,000
- Local Area Traffic Management Review \$16,000
- Signage Operation Budget Increase \$15,000
- Asset Management System Support \$60,000
- Asset Management Plan - Street Trees \$33,500
- Increase in Control Device Operating Budget \$14,000
- Prospect Road Precinct Services \$32,700

- Churchill Road Precinct Services \$32,700
- Asset Management Plan - Council Buildings \$23,000
- Depot Master Plan \$30,000

2012-13 Capital Projects

- Safe Routes to School \$10,000
- Fleet Management \$435,000 (offset by \$207,000 trade-in income)
- Infrastructure-Asset Management Plan:
 - Road Reconstruction & Resurfacing \$874,873
 - Driveway Upgrade Program \$125,108
 - Pedestrian Kerb Ramp \$31,277
 - Footpath Construction \$691,824
 - Kerb & Gutter Construction \$206,133
- Council Buildings & Structures \$30,000
- Bike Plan \$10,000
- BBQ Installation \$5,000
- Drinking Fountain Upgrade \$11,500

(B) Long Term Financial Plan (LTFP)

It is important that Council considers its Long Term Financial Plan in the context of its Strategic Planning and its longer term financial sustainability.

A significant change to one of the Long Term Financial Plan Assumptions is the reduction of a percentage (%) of rates revenue over the 10 year period.

The following presents this change in the total rates revenue contribution over the 10 year period:-

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
ABP 11/12	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
ABP 12/13	6.5%	6.5%	6.5%	5.5%	5.5%	5.0%	5.0%	5.0%	5.0%	5.0%

As a result of the above adjustments, the projected key financial indicators present a more sustainable picture as follows:-

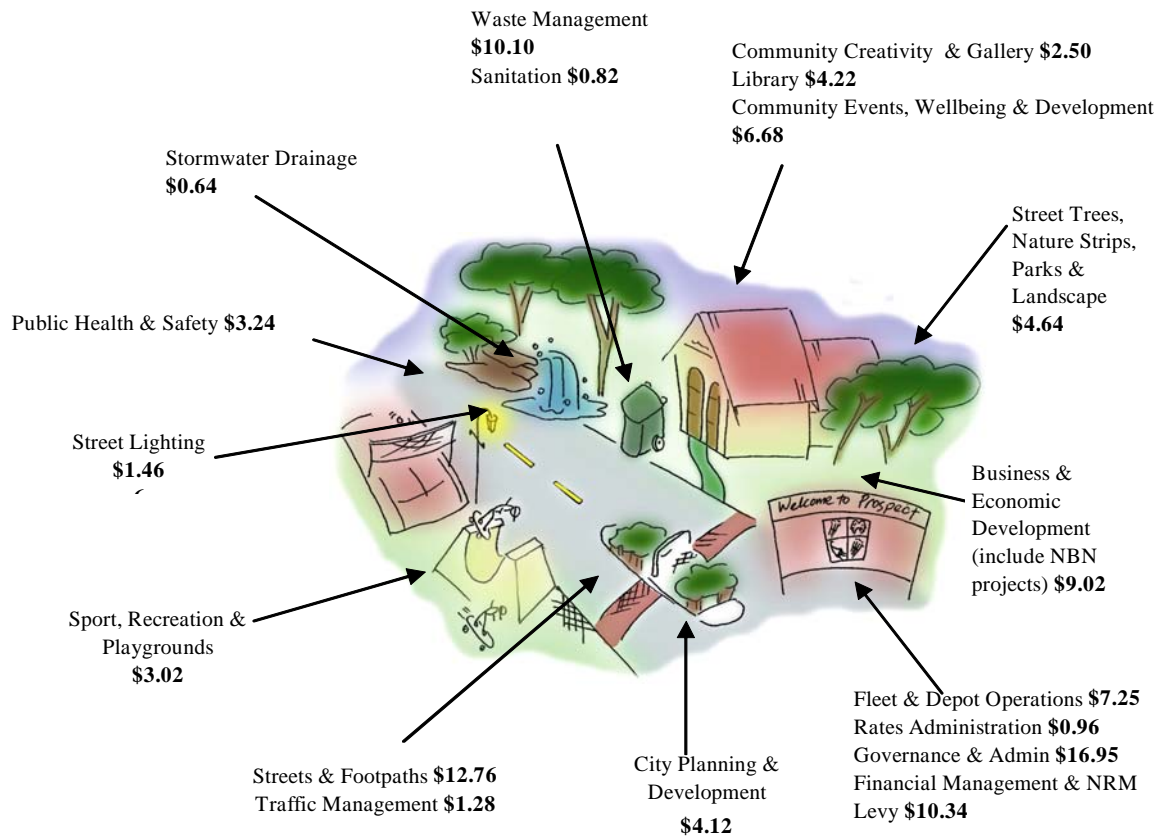
Year Ended 30 June:	2011	2012 BR2 & Revaluation Adjustments	2013 Year 1	2014 Year 2	2015 Year 3	2016 Year 4	2017 Year 5	2018 Year 6	2019 Year 7	2020 Year 8	2021 Year 9	2022 Year 10
Financial Indicator Description												
Indicator 1 - Operating Surplus / (Deficit) - \$'000	147	(762)	0	136	(383)	443	616	654	768	959	1,299	1,593
Indicator 2 - Operating Surplus Ratio - %	1%	(5%)	0%	1%	(2%)	2%	3%	3%	4%	4%	5%	6%
Indicator 3 - Net Financial Liabilities - \$'000	7,195	6,792	5,966	5,521	5,878	5,341	4,960	3,760	3,925	2,776	2,241	112
Indicator 4 - Net Financial Liabilities Ratio - %	42.8%	38.6%	31.0%	28.5%	29.0%	25.2%	22.3%	16.2%	16.2%	11.0%	8.5%	0.4%
Indicator 5 - Interest Cover Ratio - %	1.0%	2.1%	1.8%	1.1%	0.9%	0.9%	0.7%	0.5%	0.2%	0.1%	(0.2%)	(0.3%)
Indicator 6 - Asset Sustainability Ratio - %	371%	57%	72%	72%	70%	73%	78%	76%	80%	82%	112%	74%
Indicator 7 - Asset Consumption Ratio - %	54%	55%	54%	53%	53%	53%	53%	52%	52%	52%	52%	51%

The LTFP includes Capital and Operating Projects projections over a 10 year period based upon previous Council resolutions and future initiatives to be considered by Council.

Council is able to fund the Long Term Financial Plan in its current form, operating surplus and a net lending position (funding surplus) has been projected for 9 out of the next 10 years. There is no future loan borrowings projected in the Long Term Financial Plan.

(C) Where will your money be spent in 2012-13?

Every \$100 spent by Council is spent on:



(D) Funding the 2012-13 Budget

CITY OF PROSPECT - UNIFORM PRESENTATION OF FINANCES FOR 2012-13 - Analysis

		Proposed 2012-13 Budget (\$)
OPERATING ACTIVITIES		
1	Income	19,690,352
2	Less Expenses	19,690,352
3=1-2	Equals Operating Surplus/(Deficit)	(0)
CAPITAL ACTIVITIES		
	Less Net Outlays on Existing Assets	
4	Capital expenditure on Renewal/Replacement of Existing Assets	2,498,189
5	less Depreciation, Amortisation and Impairment Expenses	3,189,206
6	less Proceeds from Sale of Replaced Assets	207,000
7=4-5-6	Net Outlays on Existing Assets	(898,017)
	Less Net Outlays on New & Upgraded Assets	
8	Capital expenditure on New/Upgraded Assets	71,522
9	less Amounts received specifically for New/Upgraded Assets	0
10	less Proceeds from Sale of Surplus Assets	0
11=8-9-10	Net Outlays on New & Upgraded Assets	71,522
12=7+11	Net Outlays on New and Upgraded Assets	(826,495)
13=3-12	Equals Net Lending/(Borrowing) for Financial Year	826,495
Financing Transactions		
14	New borrowings (Net off loan to Community Group)	0
15	Less Repayment of principal on borrowings	(411,033)
16	Less (Increase)/Decrease in level of cash and investments	(519,684)
17	Less Increase/(Decrease) Other	104,222
18=14+15+16+17	Equals Funding Transactions	(826,495)
19=13+14+15	Net Surplus/(Unfunded) Budget	415,462

Budget Pressures

In preparing the 2012-13 Budget a number of external and internal influences have been taken into account because they are likely to impact significantly on the cost of services delivered by Council in the budget period.

External Influences

- The Consumer Price Index (CPI) All Groups Adelaide increase on goods and services of 1.8% for the 12 months ending 31 March 2012. In comparison, the Local Government Pricing Index increase on goods and services was 4.4% for the 12 months ending 31 December 2011 (the most recent data available to date)
- Asset Management – ageing infrastructure
- State and Commonwealth Government Policy/Decisions, eg Environmental Management, Environmental Health, 30 Year Plan for Greater Adelaide etc
- Increasing cost of waste disposal (including increase in Environment Protection Authority levy)
- Increasing cost of utilities
- Introduction of Carbon Tax (including electricity, gas, fuel and waste disposal)
- Interest expense
- Legislation changes to Roof Truss Inspections
- External funding opportunities - Grants and contributions have been based on confirmed funding levels (with the exception of the several minor grants)

Internal Influences

- Employee costs have been based upon Enterprise Agreements (the ASU Enterprise Agreement and the AWU Enterprise Agreement). Both agreements are currently under negotiation.
- The 2012-13 Budget has been prepared based on the following set of guidelines and assumptions :-

Information Only - Dec 11 Adelaide CPI	3.6%
Information Only - Dec 11 Local Government Cost Index	4.4%
Increase in operating expenditure <i>CPI Affecting: User Charges, Contractual Exp, Materials, Utilities, Fuel</i>	3.4%
Increase in capital expenditure	3.4%
Projected increase in Total Rate Revenue Note : * growth - Any development of the property (including significant renovations) will increase the value of the property. Any changes to land use of the property (eg from residential to commercial) may also result in a variation to the value of the property. The change in valuation associated with these changes is termed "growth".	In the order of 5.5%+ growth 1%
Additional Non Residential Revenue	Nil
Grant: New Roads to Recovery	\$149K
Grant: Supplementary Local Road Funding	\$85K
Increase in Grants Commission Grant Revenue	1%
Early Payment of Grants Commission General Grant	Assumed First Quarter Grants Commission Grant instalment for 2012-13 paid in 2011-12 and hence 2012-13 has 3 quarters payment only.
Increase in Enterprise Agreement (Salaries) ASU AWU	4% 5%
Insurance	10%
Energy (Electricity) Cost & Water Cost	10%
Potential additional Rates	<p>Significant investment is anticipated at 250 and 252 Churchill Road sites within next 1 -5 years. Additional rate revenue from those two sites alone may be significant. Given the uncertain nature regarding timing and value of rate revenue increases, this additional revenue has not been brought to account, except for the value of rates associated with the Bunnings site at 22 Churchill Road.</p> <p>Additional rate revenue is also anticipated following Masterplan implementation on Churchill Road and Prospect Road.</p> <p>Rate modelling is undertaken to identify timing and value to additional rate revenue.</p>
Depreciation	Depreciation Methodology remained consistent with 2010-11. Depreciation may be adjusted following asset condition assessment verification in May 2012
Capital Expenditure	<ul style="list-style-type: none"> Refer to the Infrastructure Asset Management Plan Capital Expenditure Budgets are linked to cpi in the Long Term Financial Plan Compounded Local Government Price Index has been factored into the Asset Management Plan Assumes No Policy Change
Loan Principal & Interest Repayment	As per the Loan Schedule No new loan borrowing factored for 2012-13
Interest Rates	Interest rate is assumed to remain relatively constant
Carbon Tax	Included in the budget, projected Carbon Tax for waste disposal and utilities costs. All increases in other costs associated with the Carbon Tax will primarily be absorbed within the budget. Significant increase may affect service levels and/or may be subjected to budget review.

(E) Infrastructure-Asset Management Plan (IAMP) **2012-13 to 2031-32**

Asset Management is a process of planning and prioritising works on the City's assets to ensure they continue to provide an agreed level of service to the community in the most cost effective and efficient manner. In other words, the correct treatment is undertaken at the right time to ensure that the required level of service is provided to the community. It considers maintenance as well as asset replacement. Importantly, it recognises that new assets require additional funding to that required for asset maintenance and replacement and that new assets increase the level of ongoing maintenance expenditure.

Infrastructure-Asset Management Plans are about providing a level of service from the City's assets that the community expects and is prepared to pay for. The purpose of the Plan is to predict asset consumption, renewal needs and to consider asset needs to meet future community service expectations.

The following assets have been included in this plan:

- Roads
- Footpaths
- Kerbs and gutters
- Stormwater drains
- Buildings

The following table indicates the following:-

- The projected amount being spent on infrastructure asset renewal is less than the depreciation expense.
- The average spend indicates that we are spending more than depreciation amount on footpaths and kerbs and gutters and less on other assets. The overall objective is to maintain all of Council's assets in a "fit-for-purpose condition" rather than trying to manage each asset in isolation.
- It is interesting to note that despite the significant investment in the footpath program over the years, there has not been a noticeable improvement in the level-of-satisfaction of residents when surveyed. The latest Survey showed that this level of satisfaction remains relatively constant.

	Required Whole-of-Life Annual Spend (Average)	Proposed Annual Spend next 20 years (Average)	(Under)/Over Spend compared to Required Spend	Depreciation Expense next 20 years (Average) To be reviewed	Under/(Over) Spend compared to Depreciation
	(A)	(B)	(C) = (B) – (A)	(D)	(E) = (D) – (B)
Road Pavements	738,042	891,427	153,385	1,021,636	130,209
Kerb and Gutter	273,610	378,336	104,726	298,784	(79,552)
Drainage	455,650	174,359	(281,291)	421,850	247,491
Footpaths	807,375	929,889	122,514	361,036	(568,853)
Buildings	627,019	441,567	(185,452)	860,310	418,743
Infrastructure Total	2,901,696	2,815,578	(86,118)	2,963,616	148,038
Other Assets#	575,417	575,417	0	678,360	102,943
Total	3,477,113	3,390,995	(86,118)	3,641,976	250,981

Includes Plant and Equipment, Furniture and Equipment, Library Books and Other Assets.

Road Pavements and Surfacing

Council has 89.69 km of roads.

An average of \$738,000 is recommended as the required expenditure each year to both maintain and upgrade the road asset (i.e. the road surfacing and underlying pavement), “to keep the good roads in good condition” using an early intervention rejuvenation program.

In 2012-13 Council will spend \$902,787 on road maintenance and road rejuvenation.

This is inclusive of reconstruction of Newark Street and Cochrane Tce and surface renewal projects for Jacaranda Avenue, Muriel Street and Watkins Street.

Footpaths

Council has 198.7 km of footpaths.

In 2012-13 Council will spend \$1,070,400 on footpaths maintenance and renewal.

An average of \$930,000 per annum has been allocated from 2013 to 2032, for footpaths maintenance and renewal.

Reconstruction of old bitumen footpaths will be completed in the 2019-20 financial year.

Kerbs and Gutters

Council has approximately 195 km of kerbs and gutters for which it is responsible.

The sections of kerb and gutter in the twenty-year kerb and gutter replacement program have been chosen because of at least two of the following criteria:

- They are in poor condition;
- They can be replaced in conjunction with planned road reconstruction or road resurfacing work (this considerably reduces the cost);
- The gutters are too deep and vehicle access to adjacent properties is difficult (where this is the case, the footpaths have usually been built with far too much cross-fall at the driveways).

Council has allocated approximately \$61,300 per annum for the routine maintenance of kerbs and gutters. This allocation is used to treat localised drainage and access problems. An average spend of approximately \$378,300 has been projected over the next 20 years.

Stormwater Drainage Assets

Council has 41.4km of drains within the Council area.

The condition of the network can only be assessed by inspecting it internally using remote cameras. The aims of the inspections were to establish the extent of deterioration within the network; to provide an indication of which sections of the network may be prone to possible dramatic failure; to assist with developing priorities for drain replacement works; and to provide input to the development of long term financial plans for the maintenance of an effective city drainage network.

Approximately \$71,800 has been included in the 2012-13 budget to cover general reactive maintenance, Hindmarsh-Enfield-Prospect (HEP) annual drainage maintenance and the network condition survey.

More significant reconstruction plans are scheduled within the twenty year drainage plan. \$1,2m has been budgeted for 2020-21 on design of drains for Prospect Road and full replacement of Beatrice Street drainage (between Churchill Road and Edinburgh Street).

Council Owned Buildings

Approximately \$171,600 has been allocated in the 2012-13 Budget, for reactive, annual and cyclic maintenance and capital expenditure purposes.

An average of \$441,500 expenditure has been planned for the next 20 years.

Although the planned level of spending on some assets is below that required in the long term, the overall level of spending on assets has been increased to meet the identified long term needs.

(F) Rating Strategies (Rates Revenue, Rating Policy and Valuation)

Council has identified that for 2012-13 it will need to raise approximately \$19.7 million in revenue. Of this, approximately \$16 million will need to be raised from Council rates.

Council has a rating structure that includes use of Capital Valuations, Differential rating by land use and a Minimum Rate. The capital value is the value of the land including improvements.

The Budget 2012-13 was prepared in line with Council's underlying assumption to increase rate revenue by 5.5% plus 1% growth. The following is the projected outcome :-

- Average residential rates to increase by 5% or \$70 per year or \$1.35 per week
- Minimum Rate to increase by 6.5% to \$912 (increased by \$55 per year or \$1.06 per week)
- Projected total residential rate revenue to increase by 5%
- Gradually shifting rates contribution from residential properties to non-residential properties through increased non-residential developments (growth)

During the month of June, Council continued to evaluate options in seeking the fairest and most equitable distribution of rates across the community.

Trend in Valuations

The following table shows the change in valuations over the last few years.

<i>Class</i>	<i>Inc Val 2007 to 2008</i>	<i>Inc Val 2008 to 2009</i>	<i>Inc Val 2009 to 2010 (Ave.)</i>	<i>Inc Val 2010 to 2011</i>	<i>Inc Val 2011 to 2012</i>	<i>Val 2012 to 2013</i>
Non-Residential	8.8%	12%	2.26%	3.1%	8.0%	0.11%
Residential	8.16%	20.3%	3.46%	7.14%	7.0%	-5.5%

The valuation movement for 2012-13 in the residential sector is projected to decrease across our City by approximately 5.5%.

The following table indicates the projected change in valuation from last year for Residential properties by Suburb:

Suburb	No. of Assessments	Increase in Capital Value 2012-13
Broadview	867	-6.2%
Collinswood	681	-5.6%
Fitzroy	295	-4.7%
Medindie Gardens	119	-4.7%
Nailsworth	916	-3.2%
Ovingham	106	-4.9%
Prospect	5,609	-4.4%
Sefton Park	188	-5.9%
Thorngate	69	-4.4%
Total all suburbs	8,850	

The following table shows the spread of land use types across the Council area.

Class	Description	Examples	No. Properties (2011-12)	Percentage
1	Residential	House, maisonette, townhouse, flat	8,850	92.4%
2	Commercial – Shop	Supermarket, hairdresser	335	3.4%
3	Commercial – Office	Accountant, administrative	90	1.0%
4	Commercial – Other	Showroom, warehouse	149	1.5%
5	Industrial Light	Vehicle service, Service station	32	0.3%
6	Industrial Other	Clothing, Manufacture	8	0.1%
7	Primary Production	Rural Farm land, horticulture, vineyard	Nil	0.0%
8	Vacant Land	Unoccupied land, footings only	65	0.75%
9	Other	School, Church, Hall, health centre, reserves	53	0.55%
	Total		9,582	100%

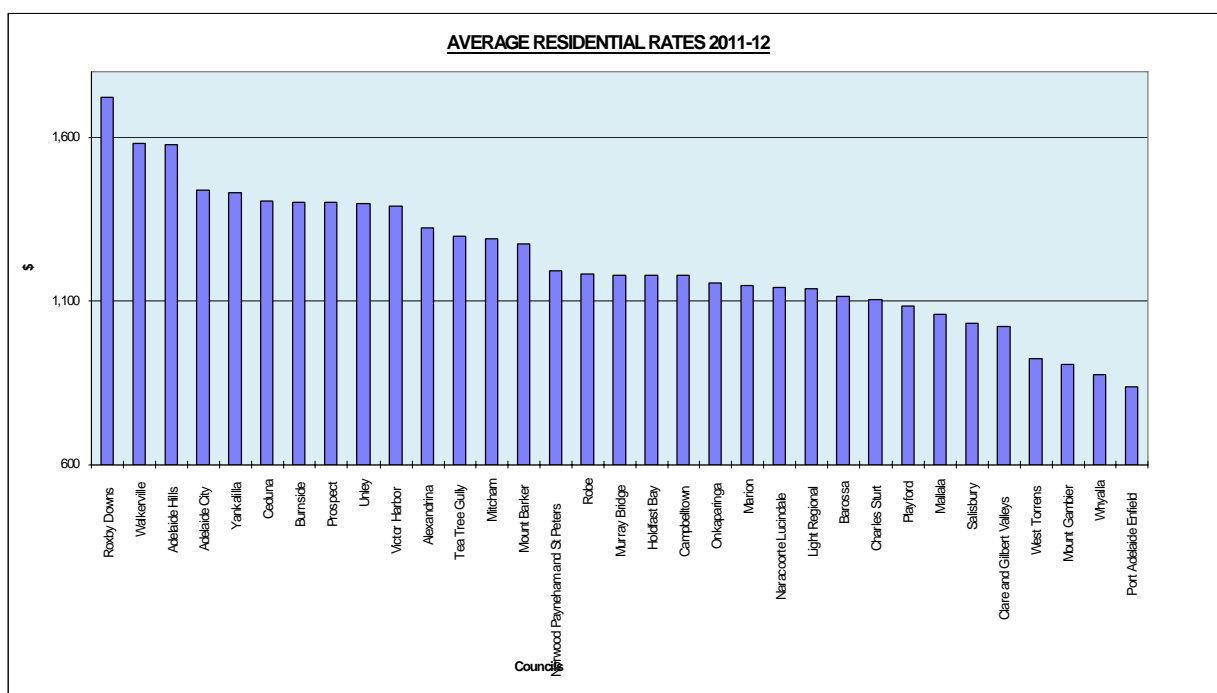
Minimum Rate

Council has historically decided to impose a minimum amount payable by way of rates in accordance with Section 158 of the Local Government Act 1999. Council has chosen to impose a minimum rate rather than a fixed charge as it offers simplicity in its administration, is more equitable in sharing the taxation burden (in that land value determines who is subject to the minimum rate and who is not), than the imposition of a fixed charge which applies to all ratepayers with no reference to their capacity to pay (ie. it is a “one size fits all” charge).

Council has determined to increase the minimum rate at the same level of the overall increase in rate income. As the cost of services continue to increase the ‘contribution’ paid by ratepayers on the minimum rate should also increase. Increasing the minimum rate has some merit on an equity basis, in that a consistent number of ratepayers would be paying the minimum rate from year to year, and increasing the minimum rate avoids a shift in the rate burden to other ratepayers.

In 2012-13, a minimum rate increase in line with the general rate revenue increase, results in an amount of \$912, a \$55 increase from 2011-12. Approximately 1,926 (or 20.6%) of properties attract the minimum rate, which is well within the legislated maximum of 35%. These assessments contribute 10.8% of total general rates revenue.

The following is the average residential rates in 2011-12:-



Further Information

You can view the summary and full version of the Annual Business Plan 2012-13 from:

- Council's website
www.prospect.sa.gov.au
- Or in person at
 - Civic Centre, 128 Prospect Road, Prospect
 - Thomas Street Centre, 1 Thomas Street, Nailsworth

Thank you for having your say...

- Council highly valued your input in formulating the 2012-13 Annual Business Plan
- Council encourages you to continue to "have your say" regarding future activities
- Please sign up to our On Line Community Panel www.communitypanel.com.au

Enquires in relation to this document can be made to:

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