



City of Prospect Annual Business Plan 2011-12

City of Prospect has adopted its **Annual Business Plan 2011-12** which includes the Budget and Rating Policy for 2011-12. 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 2011-12.

The **Annual Business Plan Summary 2011-12** outlines the following:

- A. Strategic Directions and Council Services
- B. 2011-12 Key Financial Indicators
- C. Budget Highlights
- D. Infrastructure-Asset Management Plan
- E. Rating Strategies (Rates Revenue, Rating Policy and Valuation)

A Strategic Directions and Council Services

Council's Budget 2011-12 has been prepared in a strategic context and is based upon the publication "Strategic Plan 2008-2011". This document outlines the long-term objectives and priorities for the community.

Councils are required to provide certain services under various Acts of Parliament (including the Local Government Act). 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 2011-12 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 \$
Operating	5,656,010	(15,701,926)	(10,045,915)
Operating Projects	120,000	-	120,000
Capital Projects	175,000	(15,000)	160,000
Total	5,951,010	(15,716,926)	(9,765,915)
% of Total Budget	35.92%	85.23%	

2011-12 OPERATING PROJECTS

- Governance Initiatives \$60,000
- Network Switch Equipment Replacement \$15,000
- Eastern Region Alliance \$25,000
- Development of New Strategic Plan \$20,000

2011-12 CAPITAL PROJECTS

- Information Technology – Projects Initiatives \$130,000
- Phone System Replacement (externally funded) \$15,000
- Scanner, Licence & Upgrade \$30,000

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 \$
Operating	4,218,112	(1,423,858)	2,794,254
Operating Projects	64,958	(1,000)	63,958
Capital Projects	119,762	-	119,762
Total	4,402,832	(1,424,858)	2,977,974
% of Total Budget	26.59%	7.73%	

2011-12 OPERATING PROJECTS

- Animal management Plan \$5,000
- Local History Officer \$6,458
- Graffiti Removal – Council Properties \$24,000
- Graffiti Removal – Non Council Properties \$9,000
- Disability Action Plan \$3,000
- Crime Prevention Project \$10,000
- Interpretive Panel Installation at Memorial Gardens \$2,500
- Volunteer Recognition Event \$5,000

2011-12 CAPITAL PROJECTS

- New Fences, Council Parks & Reserves \$10,000
- Nailsworth Hall Upgrade \$30,000

- Library Books \$79,762

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 \$
Operating	4,075	(2,046)	2,029
Operating Projects	378,000	-	378,000
Capital Projects	-	-	-
Total	382,075	(2,046)	380,029
% of Total Budget	2.31%	0.01%	

2011-12 OPERATING PROJECTS

- Economic Development Project \$270,000, including:-
 - Professional Services Economic Analysis
 - E-prospect (NBN roll out)
 - Internet Small Biz Entrepreneurs
 - Small Business Environmental program
 - Prospect Business Leaders
 - Small Business Events
 - Prospect Road Online Maintenance
 - Main North Road Online Maintenance
 - Grants/Donations (one –off small token towards Business and Economic Activities)
- e-Prospect Optical Fibre \$68,000
- Tour Down Under Stage Start \$40,000

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 \$
Operating	2,300,267	(2,368)	2,297,899
Operating Projects	98,000	-	98,000
Capital Projects	15,765	-	15,765
Total	2,414,032	(2,368)	2,411,664
% of Total Budget	14.58%	0.01%	

2011-12 OPERATING PROJECTS

- Dumped e-Waste Collection & Disposal \$15,000
- Community Waste Education \$10,000
- White Cedar Tree Replacement \$30,000
- Community Environmental Grants \$3,000
- Unauthorised Dumping Management \$25,000
- Water Efficiency Incentive Scheme \$15,000

2011-12 CAPITAL PROJECTS

- Waste Bins Replacements \$15,765

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 \$
Operating	1,029,182	(184,843)	844,340
Operating Projects	100,000	-	100,000
Capital Projects	-	-	-
Total	1,129,182	(184,843)	944,340
% of Total Budget	6.82%	1.00%	

2011-12 OPERATING PROJECTS

- Policy Planner (0.5 FTE for 12 months) \$40,000
- Development Plan Amendments \$60,000 including:-
 - Inner Metropolitan Growth
 - Better Development Plan
 - Local Heritage & Historic Policy Area

Strategic Direction 6 – Asset Management

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

Key Strategies

- 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

Strategic Measures

- 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

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 \$
Operating	1,141,916	(560,326)	581,590
Operating Projects	262,500	-	262,500
Capital Projects	877,441	(550,000)	327,441
Total	2,281,857	(1,110,326)	1,171,531
% of Total Budget	13.78%	6.02%	

2011-12 OPERATING PROJECTS

- Service Excellence Program \$42,000
- Asset Management System Support \$52,000
- Asset Management Plan – Street Trees \$22,000
- Emergency Works – After Hours Callouts \$20,000
- Increase in Tree Trimming Budget \$18,000
- Prospect Oval Maintenance \$30,000
- Prospect Road Precinct Services \$20,000
- Churchill Road Precinct Services \$32,000
- Asset Management Plan – Council Buildings \$19,000
- Depot Master Plan \$7,500

2011-12 CAPITAL PROJECTS

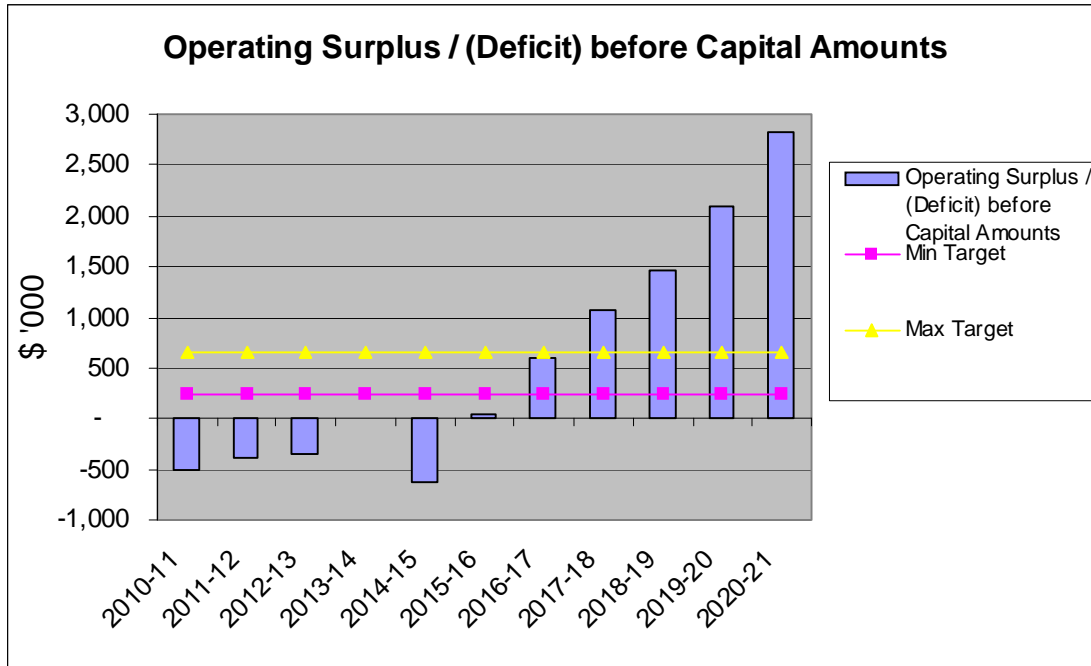
- Pym Street Design \$30,000
- Safe Route to School \$10,000
- Fleet Management \$538,500 (offset by \$149,000 trade-in income)
- Road Reconstruction & Resurfacing \$238,941
- Council Buildings & Structures \$30,000
- Open Space Sports & Recreation Plan \$30,000

B 2011-12 Key Financial Indicators

The following graphs provide information about 7 key indicators of the Council's financial performance and financial position:

1. Operating Surplus / (Deficit)

An operating surplus indicates the extent to which operating revenue is sufficient to meet all operating expenses including depreciation.



An operating deficit before capital amounts of \$398,599 is projected in 2011-12.

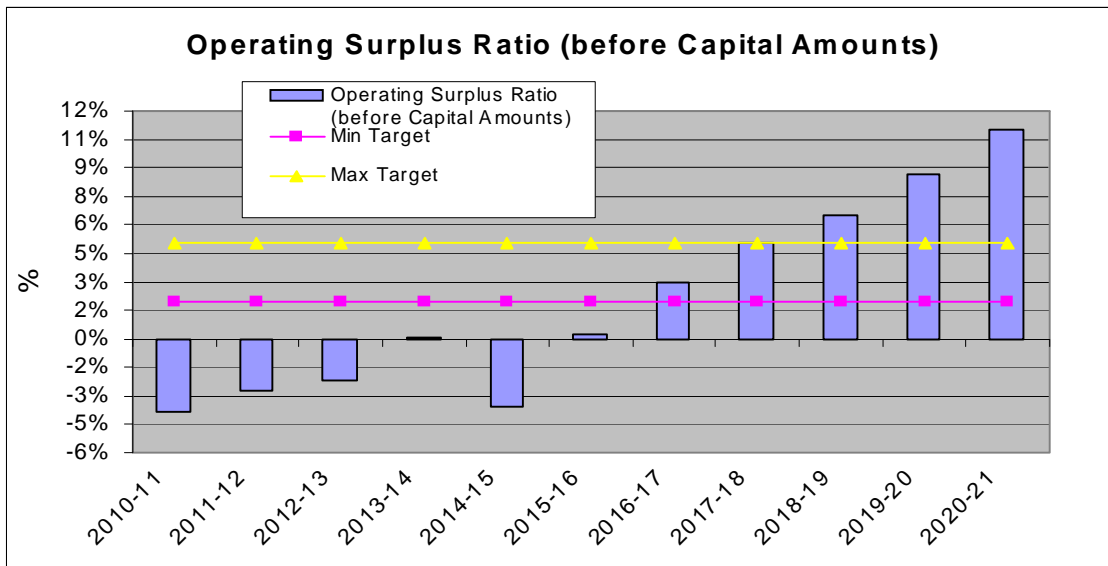
The operating deficit result for 2011-12 is below the minimum target of a \$250,000 surplus. This is attributed to the following budget pressures:-

- additional interest associated to new loan borrowing (approximately \$278,000)
- projected increase in depreciation expense due to large amount of capital works (Master Plans) being carried out in 2010-11 (approximately 270,000). This projection will be reviewed during the budget process, pending the result of a full infrastructure asset condition assessment

The projected 10 year average operating surplus is approximately \$667,000.

2. Operating Surplus Ratio

This ratio expresses the operating surplus (deficit) as a percentage of general and other rates, net of rebates. A positive ratio indicates the percentage of total rates available to fund capital expenditure over and above the level of depreciation or the ability to reduce the level of net financial liabilities.

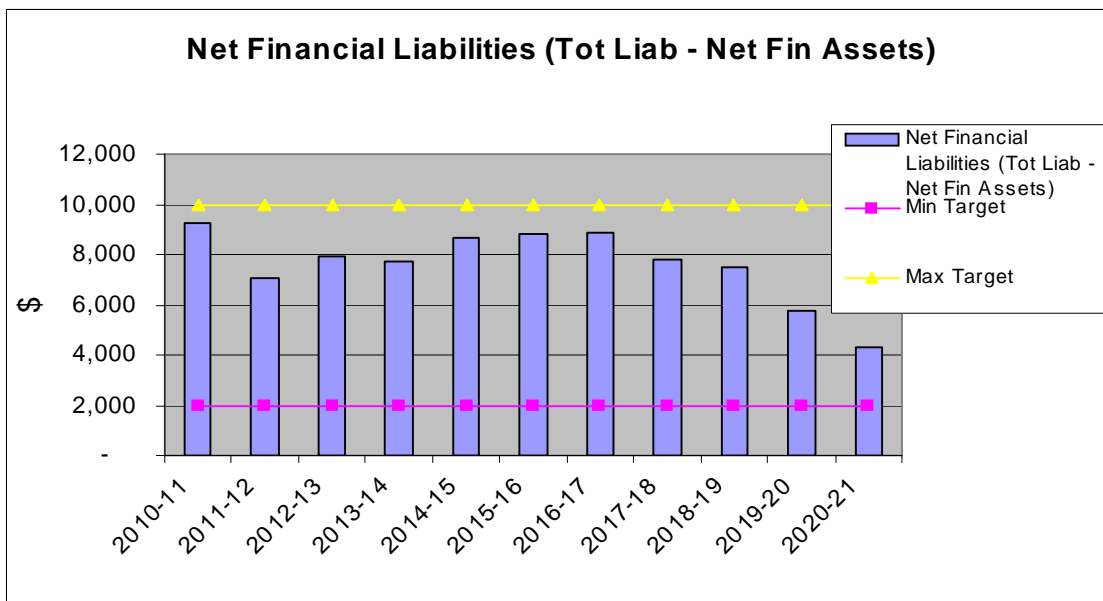


The estimated operating deficit before capital amounts in 2011-12 expressed as a percentage of general and other rates. The operating deficit ratio for 2011-12 is (3%).

The projected 10 year average operating surplus ratio is 2.6%.

3. Net Financial Liabilities

The net financial liabilities measures Council's indebtedness.

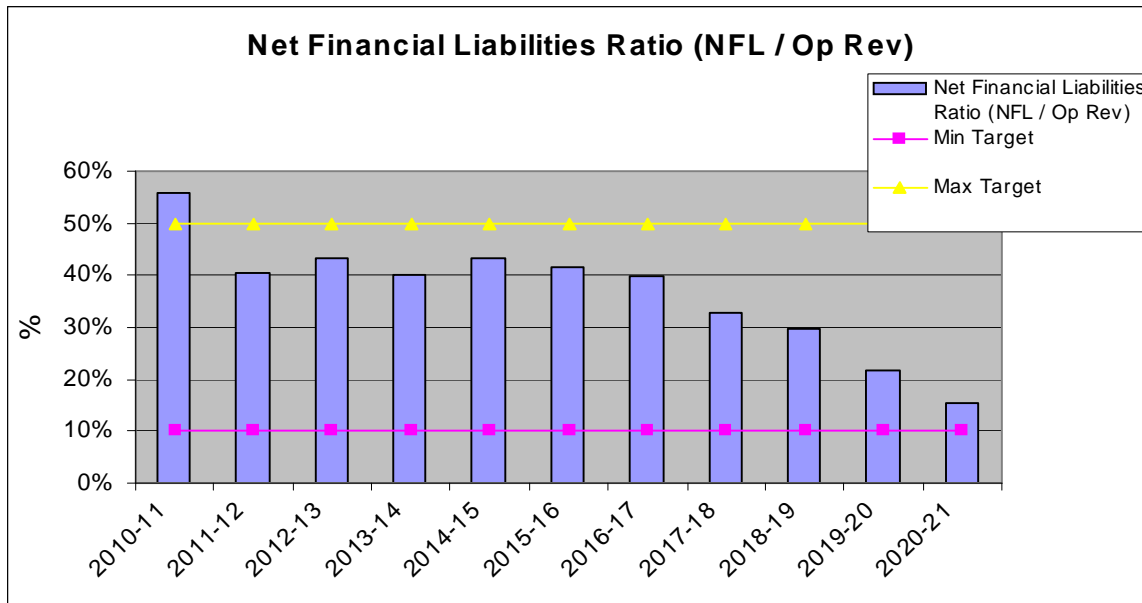


Council's stock of net financial liabilities is expected to be approximately \$7m at 30 June 2012. Refer page 48 for further analysis.

The projected 10 year average of net financial liabilities is approximately \$7.4m.

4. Net Financial Liabilities Ratio

The ratio indicates the extent to which net financial liabilities can be met by Council's total operating revenue.

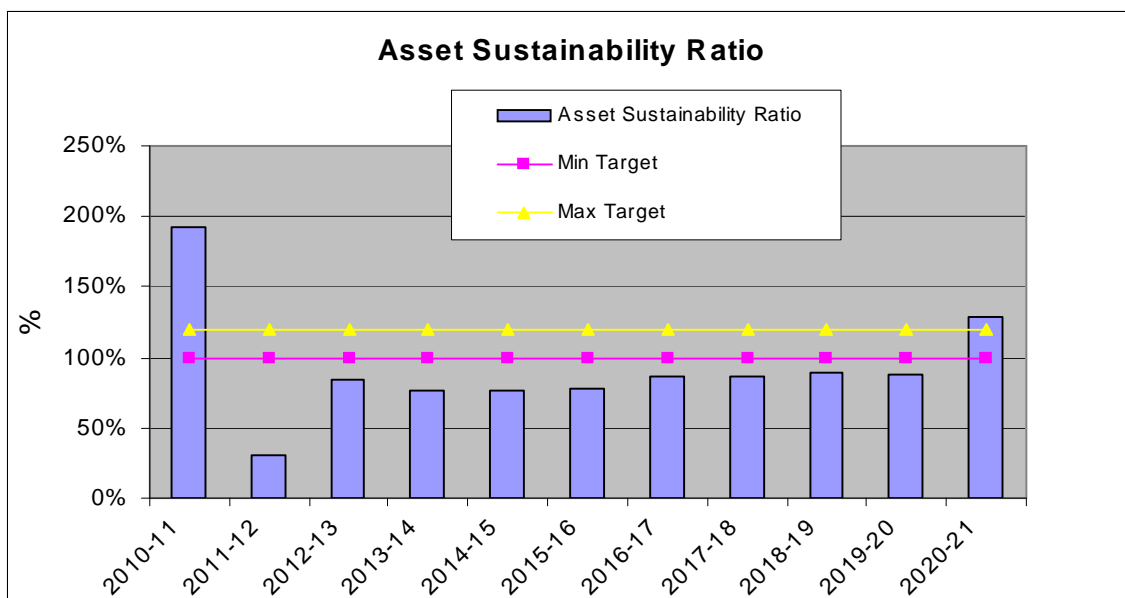


Council's net financial liabilities at 30 June 2012 expressed as a percentage of estimated operating revenue (the net financial liabilities ratio) is expected to be 40.7%.

The projected 10 year average of net financial liabilities ratio is approximately 35%.

5. Asset Sustainability Ratio

This ratio indicates whether Council is renewing or replacing existing non-financial assets at the rate of consumption (capital expenditure on renewal/depreciation).

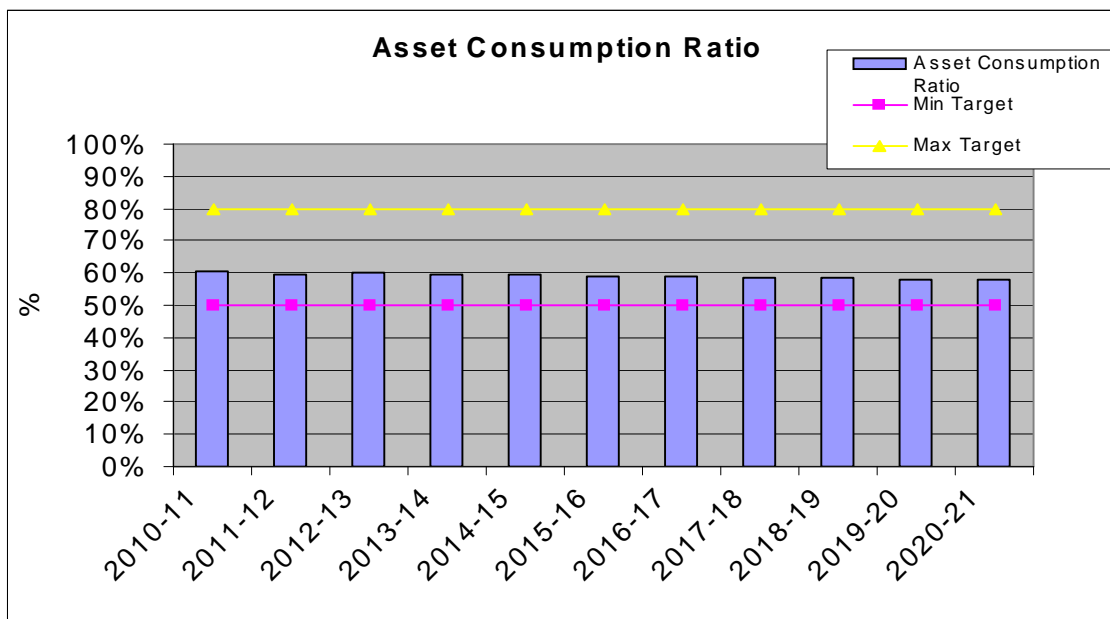


Council's asset sustainability ratio in 2011-12 is expected to be 30% calculated by comparing planned capital project expenditure on renewal and replacement of assets less capital revenue on trade-in against total depreciation expense in 2011-12.

The 10 year average of the asset sustainability ratio is projected to be approximately 82.4%.

6. Asset Consumption Ratio

This ratio indicates the consumption of the asset stock at a point in time (total written down value of depreciable assets/total reported value of depreciable assets before accumulated depreciation).

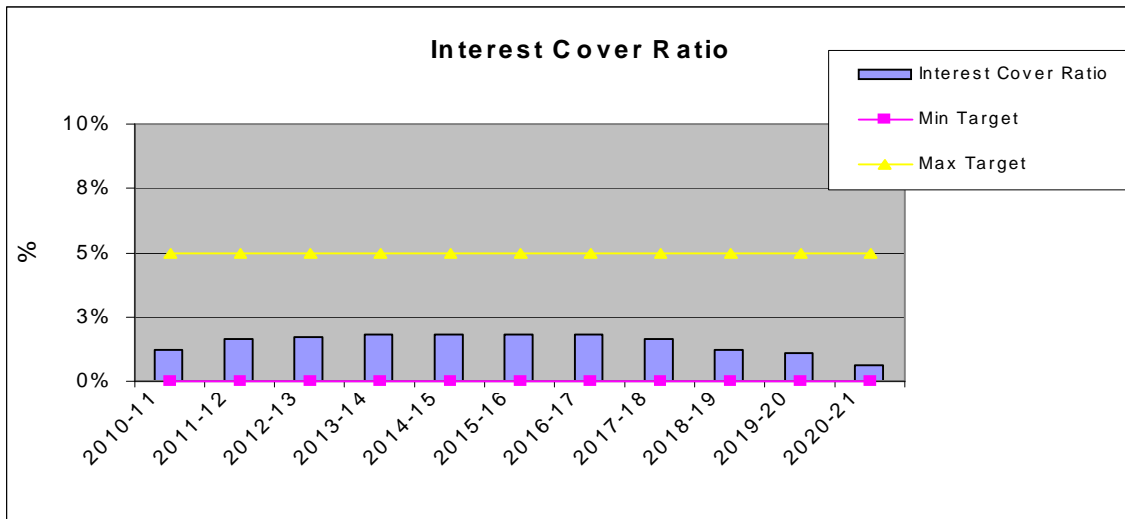


Council's asset consumption ratio in 2011-12 is expected to be 60% calculated by comparing the total carrying value of depreciable assets (written down value) divided by the total reported value of depreciable assets before accumulated depreciation (written down value plus accumulated depreciation). This is a measure of the ageing of Council's assets stock. A higher ratio indicates that Council asset stock is relatively new and would require lower rates of maintenance.

The 10 year average of the asset consumption ratio is approximately 59%.

7. Interest Cover Ratio

This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues (net interest expenses/total operating revenue).

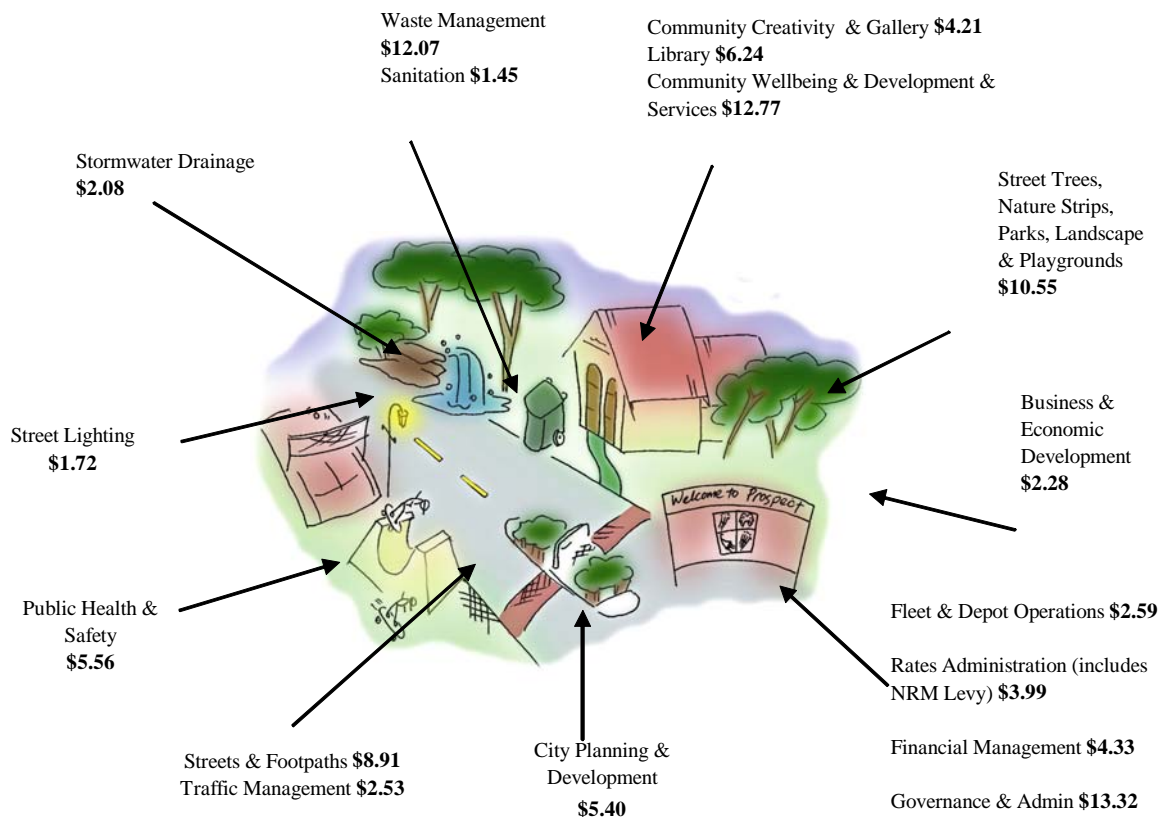


Council’s interest cover ratio in 2011-12 is expected to be 1.7%, which is within Council’s target of net interest being greater than 0% and less than 5% of operating revenue.

The 10 year average of the interest cover ratio is approximately 1.5%.

C Budget Highlights

Where will your money be spent in 2011-12?



What is planned for 2011-12?

Council is committed to providing a wide range of value for money services.

The 2011-12 Budget includes:-

- Total expenditure of \$16.5m
- Total rate revenue increasing in the order of 5.5% per annum plus growth (subdivisions, renovations) 1%
- Operating Expenditure increasing by the Local Government Price Index (3.4% December Quarter)
- Other external cost pressures such as :
 - Asset Management – ageing infrastructure
 - State and Commonwealth Government Pressures, eg Environmental Management, Environmental Health etc
 - Increasing cost of waste disposal
 - Increasing cost of fuel
- Salary & Wages increasing as per Council's Enterprise Bargaining Agreement (ASU 4%, AWU 5%)
- Capital Projects approximately \$1.2m
- Operating Project approximately \$1m

Council's Expenditure and Income of the Budget 2011-12 is presented as follows:

CITY OF PROSPECT - UNIFORM PRESENTATION OF FINANCES FOR 2011-12

		Revised Budget 2010-11 (BR3)	2011-12 Budget	Variance
	Income	16,837,099	17,742,367	(905,268)
Less	Expenses	17,354,195	18,140,966	(786,771)
Equals	Operating Surplus/(Deficit)	(517,096)	(398,599)	(118,497)
Less	Net Outlays on Existing Assets			
	Capital expenditure on Renewal/Replacement of Existing Assets	5,532,150	1,072,203	4,459,947
	less Depreciation, Amortisation and Impairment Expenses	2,782,736	3,053,000	(270,264)
	less Proceeds from Sale of Replaced Assets	155,500	149,000	6,500
	Net Outlays on Existing Assets	2,593,914	(2,129,797)	4,723,711
Less	Net Outlays on New & Upgraded Assets			
	Capital expenditure on New/Upgraded Assets	6,695,096	115,765	6,579,331
	less Amounts received specifically for New/Upgraded Assets	4,239,625	550,000	3,689,625
	less Proceeds from Sale of Surplus Assets	0	0	
	Net Outlays on New & Upgraded Assets	2,455,471	(434,235)	2,889,706
	Net Outlays on New and Upgraded Assets	5,049,385	(2,564,032)	7,613,417
Add	Provision for LSL (non cash)	100,000	100,000	0
Equals	Net Lending/(Borrowing) for Financial Year	(5,466,481)	2,265,433	(7,731,914)
Financing Transactions				
	New borrowings	5,580,000	0	5,580,000
Less	Repayment of principal on borrowings	224,000	385,055	(161,055)
Less	(Increase)/Decrease in level of cash and investments	(1,990,481)	(1,869,989)	(120,492)
Less	Other (includes payable & provisions)	1,880,000	3,750,367	(1,870,367)
Equals	Funding Transactions	5,466,481	(2,265,433)	7,731,914

How does Council pay for all these services?

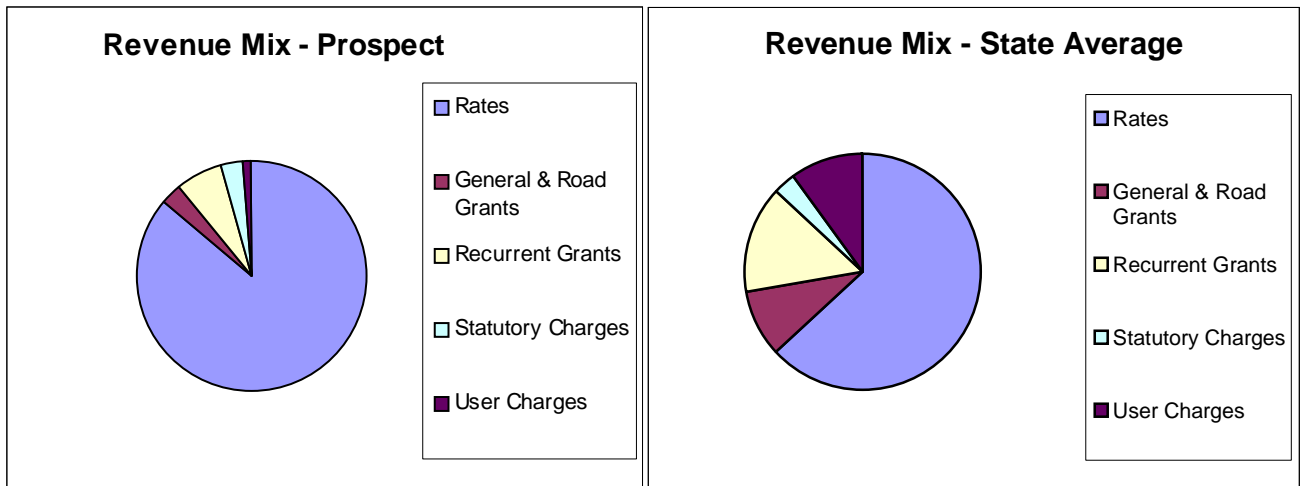
Council has limited options to pay for these services. It receives some State and Federal government grants and subsidies; it can raise income from some fee paying activities (eg hire of community facilities); fines and expiations etc. However, the primary source of income for Council is a property based tax – “council rates”.

Council's Operating Revenue

- Council rates revenue makes up 84% of Council's annual operating income.
- Other sources of operating income include – government grants (8.5%) and fines, expiations and other statutory charges (3.2%) and other income (4.3%).

City of Prospect is much more reliant on rates revenue (particularly residential rate revenue) than most other councils, as depicted in the following table. The main reasons for this reliance on rates is the nature, size and location of the Council area.

Revenue Sources:



Debt Management

City of Prospect has kept its debt levels relatively low for many years and has considerable capacity to borrow money. There is considerable merit in using loan funds to spread the cost of infrastructure replacement over a number of years. In 2011-12, no borrowing has been factored into the budget.

D Infrastructure-Asset Management Plan (IAMP) 2011-12 - 2030-31

The major element of the Capital Project Expenditure Program is the upgrade of infrastructure assets.

Renewal and capital projects will be based on Council's long term Infrastructure-Asset Management Plans which consider the optimal timeframe for asset replacement based on whole of life costing. Capital projects shall be managed so that the projects disrupt the community as little as possible and so that excessive variations in annual expenditure are avoided.

The following assets have been included in this plan:

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

The Infrastructure-Asset Management Plan has the following objectives:

- To identify the average amount needed per year for the long-term maintenance and renewal of the assets;
- To establish a twenty-year program for each asset with annual costs;
- To establish programs which, in total, amount to the total average amount needed per year for the long-term maintenance and renewal of all assets;
- To compare the average amount needed per year for the long-term maintenance and renewal of the assets with the current depreciation expense for the assets, as a check for both amounts;
- To record the actual amounts spent on each asset over a long period so that Council can have certainty that each asset is being funded at a satisfactory level;
- To be able to inform the community about the long-term asset management requirements.

Road Pavements and Surfacing

Council has 90.368 km of roads.

An average of \$722,000 is recommended as the required expenditure each year to both maintain and upgrade the road asset (i.e. the road surfacing and underlying pavement). This is the minimum allocation required to maintain the City's sealed road network. i.e. "to keep the good roads in good condition" using an early intervention rejuvenation program.

In 2011-12 Council will spend \$266,400 on road maintenance and road rejuvenation. Council has elected to defer the road reconstruction program in 2010-11 and 2011-12 to focus on works related to the Prospect Road and Churchill Road Master Plans.

Reconstruction of roads will recommence in 2012-13 with a total of \$945,000 budgeted for both reconstruction and maintenance. This is inclusive of reconstruction of Newark Street and Kintore Avenue and surface renewal projects for Jacaranda Avenue, Muriel Street and Watkins Street.

Footpaths

Council has 189.42 km of footpaths.

An average of \$549,000 per annum has been allocated from 2013 to 2019, for replacement of bitumen footpaths with brick paving.

Reconstruction of old bitumen footpaths will be completed in the 2018-19 financial year if the presented footpath program is maintained (average of 5.1 km per year)

The 2011-12 Budget includes approximately \$121,000 towards the reactive path maintenance and \$194,000 toward planned maintenance. The path maintenance involves the removal of tripping hazards on bitumen, concrete and brick paved footpaths across the City upon notification from the residents.

A more proactive inspection and repair program will commence in 2012-13 with an average expenditure of \$215,000 per year, over the next ten years.

Kerbs and Gutters

Council has approximately 195km 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:

- 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 \$60,300 per annum for the routine maintenance of kerbs and gutters. This allocation is used to treat localised drainage and access problems. Kerb and Gutters replacement program will resume in 2012-13, with an average spend of approximately \$377,500 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 \$83,000 has been included in the 2011-12 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 and Main North Roads and full replacement of Beatrice Street drainage.

Council Owned Buildings

Approximately \$196,300 has been allocated in the 2011-12 Budget, for reactive, annual or cyclic maintenance purposes.

For capital maintenance program, \$30,000 has been planned to replace the air-conditioning unit at the Broadview Bowling Club.

An average of \$427,300 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.

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

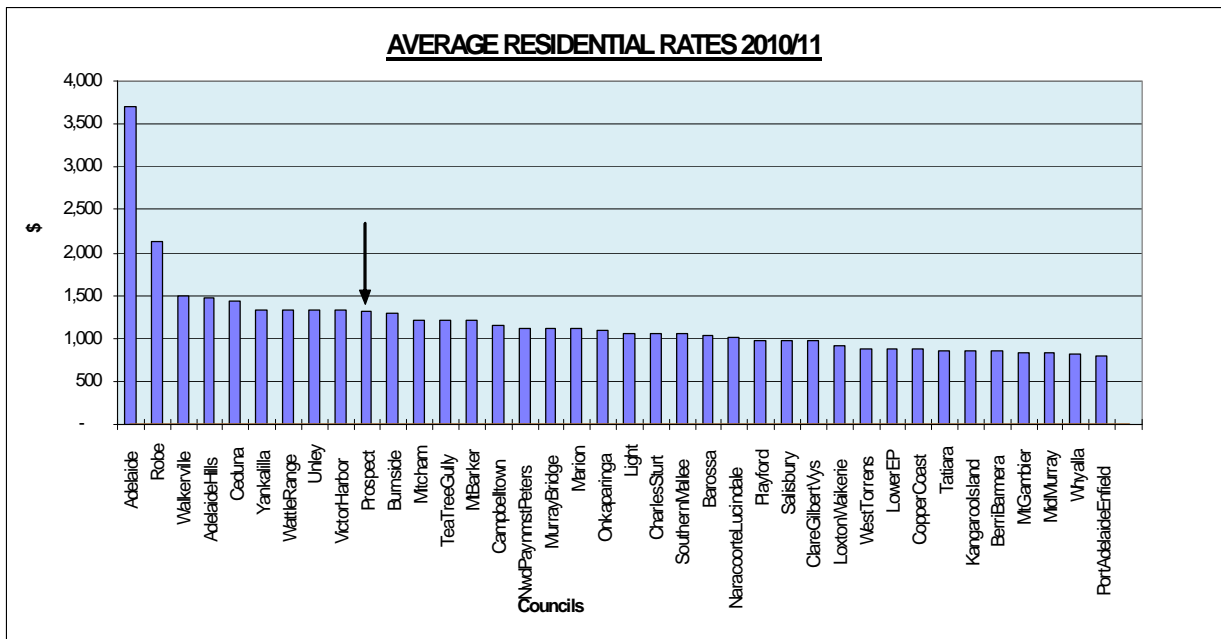
Approximately \$17.7 million in revenue is required for 2011-12. Of this, \$14.97 million will need to be raised from Council rates.

- The Budget 2011-12 was prepared in line with Council's underlying assumption to increase total rate revenue in the order of 5.5% plus 1% growth.
- Average residential rate increase is \$73 per annum (or \$1.40 per week)
- The commercial sector will provide an additional \$75,000 per annual to part fund the economic development initiatives
- The fairest and most equitable distribution of rates across the community will be made as Council evaluates the options.
- 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.
- City of Prospect currently levies differential general rates which vary according to the use of the land. Classification 1 is levied at the residential rate in the dollar, while the remaining

classifications are all levied at the non-residential rate in the dollar. The following table shows the land use classes and their respective proportion of the City's total assessments.

Class	Description	Examples	No. Properties (2011-12)	Percentage
1	Residential	House, maisonette, townhouse, flat	8,808	92.3%
2	Commercial – Shop	Supermarket, hairdresser	337	3.5%
3	Commercial – Office	Accountant, administrative	87	1.0%
4	Commercial – Other	Showroom, warehouse	146	1.5%
5	Industrial Light	Vehicle service, Service station	31	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	67	0.75%
9	Other	School, Church, Hall, health centre, reserves	52	0.55%
	Total		9,536	100%

- The Local Government Act enables Councils to impose either a “minimum rate” or “fixed charge”.
- Historically, City of Prospect has imposed a minimum rate because it has been considered appropriate that all ratepayers contribute to the cost of administering Council’s activities and the cost of creating and maintaining the physical infrastructure that supports each property.
- Residential capital valuations have remained stable and consistent from suburb to suburb over the last couple of years. Preliminary indication of valuation increase for the residential properties is approximately 7%.
- These property valuations will increase/decrease if the land use of property has changed (eg residential to commercial), or if there has been any development on the property (including significant renovations). The change in valuation associated with these revisits is what is defined as “growth”.
- To provide the community with a level of services similar to other councils (who have a lower dependency on rates) City of Prospect will continue to depend on rates to fund these services. That is, the average rate in Prospect will be higher than many other councils. This is a similar story for many inner city councils (eg Walkerville and Burnside), as shown in following chart.



Assistance for Ratepayers

- Council will undertake extensive modelling to examine the implications of the rating approach.
- Rate Relief Options are available including Concessions, Postponement of Rates, Informal Arrangements, Remissions and Rebates (Mandatory and Discretionary).
- No allowance has been made in the Budget for the introduction of a Maximum Rate or Rate Capping as both of these measures have not been considered warranted at this stage given Council focus on keeping rate rises at “modest” levels and reasonably consistent property valuation increases over recent years.
- Ratepayers who are having trouble paying their rates should contact Council (Chris Arthur telephone 8342 8052). Information provided will be treated in confidence.

Further Information

- You can view the full version of the Annual Business Plan 2011-12 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