

## **NOTICE TO THE MAYOR AND COUNCILLORS**

A special meeting of the Council of City of Prospect will be held in the Prospect Town Hall, 126 Prospect Road, Prospect on **Tuesday 1 May 2018 at 6.15pm**

## **AGENDA**

1. Apologies – Cr M Groote

2. On Leave

### **3. Reports**

**Item 3.1 Draft Annual Business Plan and Budget 2018-2019  
Consultation**  
(Pages 1-81, Recommendations on Page 2)

4. Closure



**Cate Hart**  
Chief Executive Officer

27 April 2018

**AGENDA ITEM NO.:** 3.1

**TO:** Special Council Meeting on 1 May 2018

**DIRECTOR:** Ginny Moon, Director Corporate Services

**REPORT AUTHOR:** Chris Birch, Manager Financial Services

**SUBJECT:** Draft Annual Business Plan and Budget 2018-2019 Consultation

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## 1. EXECUTIVE SUMMARY

The Draft Annual Business Plan 2018-2019 (ABP) is Council's key communication document with information to the community as to its plans for the coming 12 months. It provides Council with direction in relation to the delivery of key initiatives while maintaining recurrent services and identifying funding methodology to do so.

Before Council endorses its ABP it is a requirement of the Local Government Act 1999 Section 123 that Council undertakes a minimum community consultation process to seek feedback. City of Prospect has traditionally undertaken a community consultation strategy higher than the minimum required with 2018 proposed to be no different.

Overall, the ABP forecasts total expenditure (excluding depreciation) of approximately \$40m. This expenditure will be funded through:

- Recurrent income (including rates) of \$24m
- Asset Sales of \$7.2m
- Loan Borrowings of \$8.7m
- Using working capital of approximately \$100k

The ABP contains a mixture of approximately 50% of expenditure utilisation for the delivery of core or recurrent services. These service levels are being maintained in parallel to delivery of key initiatives such as:

- Construction of the Community Hub, Library and Innovation Centre (CLIC)
- Construction of the George Whittle Reserve Redevelopment
- Prospect Road undergrounding of powerlines from Regency Road to Angwin Ave
- Footpath and Landscape upgrades on Prospect Road following the undergrounding of powerlines.

In summary, Council's key financial indicators are being met both for 2018-2019 and over the longer 10 year average. These indicators continue to demonstrate Council's financial sustainability as follows:-

- An Operating Surplus Ratio of 0.9% (Ten Year Average 1.8%)
- A Net Financial Liabilities Ratio of 75% (Ten Year Average 50%)
- An Asset Sustainability Ratio of 235% (Ten Year Average 120%)

The Draft ABP is now ready for community consultation. In doing so the following consultation strategies are proposed (but are not limited to): -

- Newspaper advertisement calling for written submissions.
- Provide the public with an opportunity to inspect budget documentation (in the form of Annual Business Plan/information sheets, etc.) via Council website, inspection at Council offices, (including at Thomas Street Centre) and time to provide written submissions.
- Hold a **Public Meeting on Tuesday 29 May 2018** to enable members of the Community to present their views and feedback to the Council regarding the Draft Annual Business Plan and Budget.
- An invitation will also be sent to the Prospect Residents Association inviting them to the Public Meeting.
- Focus Group meeting utilising the existing CLIC CRG.
- A youth engagement activity.

Closing date for public consultation submissions to be **30 May 2018**.

## 2. RECOMMENDATION

**(1) Council having considered Item 3.1 Draft Annual Business Plan and Budget 2018-2019 Consultation on 1 May 2018, endorse the Draft Annual Business Plan and Budget 2018-2019 (as presented in Attachments 1-68) with an updated diagram on page 33 for community consultation.**

## 3. RELEVANCE TO CORE STRATEGIES / POLICY

The Long Term Financial Plan (LTFP) and Infrastructure Asset Management Plan (IAMP) underpin Council's Strategic Direction and delivery of Council's Strategic Plan. The Draft Annual Business Plan aims to support Council's strategies as per the Strategic Plan 2020.

Local Government Act 1999

City of Prospect Rating Policy 2017-2018

## Community Engagement and Consultation Policy

### Intelligent Community Indicators

1. Broadband	Infrastructure is the foundation of economic competitiveness	<p>The Draft Annual Business Plan finances and supports all of Councils activities in pursuit of achieving the Intelligent Community Indicators.</p> <p>The actions of the community engagement process of the Draft Annual Business Plan seeks to focus on the indicator of Innovation where engagement is offered in combine format of online and face to face methods.</p>
2. Knowledge Workforce	A labour force that creates economic value through its knowledge, skills and ability to use information effectively	
3. Innovation	Intelligent Communities pursue innovation through a relationship between business, government and institutions (ie. universities).	
4. Digital Equality	Allowing everyone access to broadband technologies and skills to use them	
5. Sustainability	Economic growth while reducing the environmental impact of that growth	
6. Advocacy	Engaging leaders and citizens, businesses and institutions, in identifying opportunities to champion positive change.	

#### 4. REGIONAL IMPACT

While a large proportion of activities are within the city, the budget also supports Councils activities beyond the city, including the funding of Eastern Regional Alliance joint projects and programs.

#### 5. COMMUNITY INVOLVEMENT

It is a requirement of the Local Government Act 1999 that Council consult the community regarding its Draft Annual Business Plan (and Budget) and Rating Strategy and Structure prior to adopting its budget each year.

The consultation of the Draft Annual Business Plan 2018-2019 seeks feedback to the proposed activities and budget of Council for the coming year. As in previous years, the intention is to undertake a level 2 consultation in relation to the broad parameters and key highlights of the ABP and Budget during May/June. Feedback received will be considered by Council in June with detailed deliberations to occur prior to adopting the budget at the June Council Meeting.

A combination of media channels will be used to facilitate communication and consultation of the 2018-2019 Draft Annual Business Plan and Budget. The following consultation strategies are proposed (but are not limited to): -

- Newspaper advertisement calling for written submissions.
- Provide the public with an opportunity to inspect budget documentation (in the form of Annual Business Plan/information sheets, etc.) via Council website, inspection at Council offices, (including at Thomas Street Centre) and time to provide written submissions.
- Hold a **Public Meeting on Tuesday 29 May 2018** to enable members of the Community to present their views and feedback to the Council regarding the Draft Annual Business Plan and Budget.
- An invitation will also be sent to the Prospect Residents Association inviting them to the Public Meeting.
- A Focus Group meeting utilising the CLIC CRG members
- A youth engagement activity utilising the group of community members engaged for the customer satisfaction survey.

Closing date for public consultation submissions to be **30 May 2018**.

2017 saw completion of the old primary schools engagement process with all local schools now having been involved in the event. 2018 will see this event reborn with an engagement process similar to the recent customer satisfaction survey. Council's Youth Development Officer has been engaged to undertake this process.

## 6. DISCUSSION

### 6.1 Introduction

The Draft Annual Business Plan 2018-2019 supports the delivery of Council's Strategic Plan 2020.

The Draft Budget for 2018-2019 has been framed based on the "zero based" budgeting approach and a set of assumptions listed in **Attachments 36**.

Until the Annual Business Plan is adopted at the June 2018 Council Meeting, it remains a 'work in progress' document with its contents to be updated to include new information or updated costing, revisions to the IAMP and associated depreciation calculations, feedback from the community and Audit Committee and further adjustments made by Council.

It is anticipated that Council endorsement will be provided at this Special Meeting of Council for the broad parameters and key highlights of the 2018-2019 Draft ABP to be subject to community consultation. The consultation will occur through May with **closure on 30 May 2018** and a Public Meeting to be held on **Tuesday 29 May 2018**.

## 6.2 Updates since April Workshops

The following are the key adjustments since the budget deliberations at the Council workshops on 3 April and 10 April 2018: -

- \$850k deferred - Retiming of CLIC Capital Expenditure (based on the construction payment schedule) from 2018/2019 to the following year 2019/2020.
- \$665k brought forward - As a result of the above deferment, the draft budget has the capacity to bring forward Footpath Landscaping work resulting from the completion of the undergrounding of power lines on Prospect Road (between Regency Road and Angwin Avenue.
- \$6k included – City of Prospect Reconciliation Action Plan.
- \$10k reduction - Tourrific Prospect Event, from net cost \$205k to net cost \$195k.

All four of these items have been included in the Draft Annual Business Plan 2018-2019 As included in **Attachments 1 – 68**.

## 6.3 Key Priorities

The Strategic Plan identifies four key areas of priority (key concepts) which provide the focus and impetus for action over the short and medium term. The progress in each area will be reported quarterly via Council Meetings.

Recent investments included, but not limited to the Community Hub, Library and Innovation Centre (CLIC), undergrounding of the Prospect Road powerlines, Alexandra Street Reconstruction, Broadview Oval Beautification & Fitness Track, Prospect Oval Roof Replacement, Stan Watson Park expansion and flood mitigation work.

Whilst the focus will be to continue to implement Council's annual asset renewal program (roads, footpaths, kerb and gutters, stormwater), the 2018-2019 Draft Annual Business Plan and Budget includes the following major investments:-

### *Community Hub, Library and Innovation Centre (CLIC)*

The Draft Annual Business Plan 2018-2019 also includes funding for the construction of the new facility on Prospect Road for the co-location of Council's operations. The project is a once in a lifetime project that began following Council's need to find a replacement for the current Thomas Street Centre, which is due to Department Education and Childhood Development reclaiming the use of the property in 2019 to accommodate increased in students at the Nailsworth Primary School. The new centre will be home to many of Council's services and will ensure a new facility is operational prior to the expiry of the current lease for the use of the library.

### *George Whittle Development*

The development of George Whittle Reserve will see the park transformed to include new and upgraded facilities. The capital investment of this project is \$1.2m, with 50% of the cost offset through externally sourced grant funding. This is a 2-year project, with majority of the work scheduled in 2018/2019.

*Prospect Road Undergrounding of Powerlines*

In partnership with SA Power Network, the final stage of undergrounding of powerlines along Prospect Road (between Regency Road and Angwin Avenue) has been scheduled for 2018/2019. Council will commence the footpath and landscaping on this section of Prospect Road once the undergrounding has been completed.

*Capital Expenditure*

Road reconstruction and reseal projects have been itemised on **Attachment 34**.

**6.4 Financial Information**

Key Budget considerations included in the 2018-2019 Draft Annual Business Plan and Budget presented for adoption for community consultation include:-

Total Expenditure Budget (excluding depreciation) is approximately \$40M

- Capital Expenditure \$18.9M
- Operating Projects \$1.36M
- Recurrent Budget \$17.7M
- Loan Principal Repayment \$1.2M
- Loan Interest Repayment \$0.9M

The budget is funded from the follow income sources \$40M

- Recurrent Income (including rates) \$24M
- Asset Sale \$7.2M
- Loan Borrowing \$8.7M
- Working Capital \$0.1M

Financial Outcomes of the Draft Annual Business Plan 2018-2019:-

- Net surplus resulting from operations (before Capital Revenues) of \$205,871;
- Net surplus resulting from operations (after Capital Revenues) of \$2,126,871;
- A total operating estimated expenditure of \$23,783,107;
- A total operating estimated income of \$23,988,978;
- A total amount required to be raised from general rates (net of rebates) of \$20,258,050;
- Total Capital Expenditure on renewal of existing assets of \$10,427,459;
- Total Capital Expenditure on new or upgraded assets of \$8,446,000;

- Funding Position – Net borrowing \$6,943,488;
- An Operating Surplus Ratio of 0.9%;
- A Net Financial Liabilities Ratio of 75%;
- An Asset Sustainability Ratio of 235%.

#### Long Term Financial Plan

- Operating Results projection – Deficit for three (3) out of ten (10) years due to Key Investment Initiatives
- The average Operating Surplus Ratio across the 10 years is 1.8%. This achieves Council's target range of 1% to 3%.
- The average Net Financial Liabilities Ratio across the 10 years is 50%. This achieves Council's target range of 10% to 90%.
- The average Asset Sustainability Ratio across the 10 years is 120%. This achieving Council's target range of 100% to 120%. Following recent asset revaluations and re-measurement of useful lives, the Infrastructure Asset Management Plans are currently under review.
- Refer to section 6.8 of this report for additional information on the Long Term Financial Plan.

### **6.5 Draft Annual Business Plan and Budget 2018-2019**

The Draft Annual Business Plan 2018-2019 is provided in **Attachments 1-68** and includes the following sections, each of which will be discussed in turn:-

Part A – Strategic Management Plans and Framework 2018-2019 (**Attachments 7-20**).

Part B – Budget 2018-2019 (**Attachments 21-34**).

Part C - Long Term Financial Management Plan 2019 – 2028 (**Attachments 35-50**).

Part D - Draft Rating Strategy and Structure (**Attachments 51-68**).

### **6.6 Part A – Annual Business Plan 2018-2019: Attachments 7-20**

The 2018-2019 Draft Budget totalling approximately \$40M (excluding depreciation) is made up of the Recurrent Budget, Operating Projects and Capital Projects. An analysis of the expenditure to be committed to each of Council's draft Strategic Plan's four key concepts is presented below (also refer **Attachments 9-20**).

The ABP has been prepared with reference to the current Service Level document adopted on 24 March 2015.

Recurrent Expenditure (*excluding* Operating Projects) has generally been prepared on a “no policy change” basis. That is, it is assumed that current service levels are considered appropriate and will be maintained at current levels (per Service Level Document).

Operating Projects and Capital Projects generally represent a one off event of an increase in Service Levels.

## **6.7 Part B – Budget 2018-2019: Attachments 21-34**

The Draft Budget presented in the ABP is summarised in **Attachment 28**.

The Draft Budget (and LTFP) has been updated with revenue and expenditure projections based on a set of assumptions. These assumptions (provided within **Attachment 36**).

In preparing the 2018-2019 Draft Budget, a number of external and internal influences have been considered as they are likely to impact significantly on the cost of services delivered in the budget period.

### External Influences

- The Consumer Price Index (CPI) All Groups Adelaide increase on goods and services of 2.3% for the 12 months ending 31 December 2017 compared with the Local Government Pricing Index increase on goods and services of 2.9% for the 12 months ending 31 December 2017;
- State and Commonwealth Government Policy/Decisions, and funding; including but not limited to Environmental Management, EPA Solid Waste Levy, Environmental Health, 30 Year Plan for Greater Adelaide etc;
- New Liberal Government’s policy to introduce mandatory rate capping;
- China Sword impact on recyclable collections;
- Increasing cost of utilities;
- 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 on Enterprise Agreements up to a maximum of Adelaide CPI.
- Council’s strategic decision to achieve an average operating surplus between \$250,000 and \$650,000 (or 1% - 3%) to ensure financial sustainability.
- Ongoing costs associated with legislated community consultation requirements and internal controls/risks.

### Operating Budget

Council's Draft Budget 2018-2019 shows a **Surplus Operating Budget** (before Capital Revenue). This means operating revenue in 2018-2019 will be sufficient to cover all operating expenses, including interest and depreciation for that year.

### Expenditure

Expenses include both recurrent expenditure and operating projects and are classified into the following:-

- Employee & Labour Costs
- Material, Contracts and Other Expenses (inclusive of Operating Projects)
- Finance Costs
- Depreciation, Amortisation and Impairment

The total operating expenditure increased by 3.4% compared to the 2017-2018 original budget. The "zero-based" budgeting principal was applied where each budget line was re-costed and at the time, where possible, business practices were reviewed during budget formulation.

The recurrent expenditure budget includes additional waste expenditure costs of \$255k resulting from China no longer accepting the recyclable materials. The increase of the recurrent expenditure is 2.4%, of which 1.3% relates directly to increase in waste expenditure.

### Income

Income includes the following:-

- Rates (refer Section 6.9)
- Statutory Charges
- User Charges
- Grants, Subsidies and Contributions
- Reimbursements
- Other Income

The total operating income increased by 2.8% compared to the 2017-2018 revised budget.

### Capital Expenditure

Capital Projects included within the Draft Budget are classified as either Renewed Assets or New Assets. **Attachments 9-20** of the Draft ABP 2018-2019 is a list of the Capital Projects earmarked for the new financial year.

**6.8 Part C – Long Term Financial Plan (LTFP): Attachments 35-50**

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

The LTFP is greatly affected by the embarking on the CLIC project which will see the construction of a new facility at 128 Prospect Road for the co-location of Council's operations.

Council will invest almost \$8.7m (net of asset sales) into the development, funding the project through loan borrowings over the next two years.

The LTFP includes Capital and Operating Project projections over a 10-year period (refer to **Attachments 47-49** respectively) based on previous Council resolutions and future initiatives to be considered by Council. The LTFP summarises all future potential projects and services identified at the time of preparing this report.

Whilst the nature and timing of these projects are subject to further Council deliberations, the purpose of capturing the costs and funding sources for these projects is to enable Council to better forecast and manage its financial sustainability over a longer planning period.

Council is able to fund the Draft Long Term Financial Plan in its current form. Although 3 consecutive operating deficits have been budgeted in the LTFP, it is projected that the economic benefit for the future of Prospect will out-weigh the current deficit. This is evident by recent activities in the Prospect Road Village Heart area.

The following is the 'financial dashboard' of the Draft LTFP compared to Councils one year targets;

Financial Indicator Description	Year Ended 30 June:	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Annual Target	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus Ratio - %	(1% - 5%)	(0.5%)	1.7%	0.9%	(3.1%)	(1.9%)	(1.6%)	0.9%	2.3%	3.5%	4.5%	5.6%	6.9%
Net Financial Liabilities Ratio - %	10% - 90%	32%	47%	75%	75%	74%	69%	61%	52%	42%	31%	19%	8%
Asset Sustainability Ratio - %	100% - 120%	91%	220%	235%	93%	121%	99%	100%	104%	110%	106%	114%	118%

The following is the 'financial dashboard' of the Draft LTFP compared to Councils long term targets;

Financial Indicator Description	10 Year Target	10 Year Average
Operating Surplus Ratio - %	1% - 3%	1.8%
Net Financial Liabilities Ratio - %	10% - 60%	50%
Asset Sustainability Ratio - %	100% - 120%	120%

	- Above Acceptable Target Range
	- Within Acceptable Target Range
	- Below Acceptable Target Range

As demonstrated in the tables above, Council has adopted target ranges for the three (3) Strategic Parameters/Financial Indicators. The Financial Indicators are listed on **Attachment 37-40** of the Draft ABP.

The Audit Committee has reviewed the target ranges at its 18 December 2017 meeting to ensure that the target ranges remain relevant and they are reflected in the draft budget. The target ranges were subsequently adopted by Council at its 23 January 2018 meeting.

**Attachments 37-40** of the Draft Annual Business Plan 2018-2019 show a ten year trend of Council's financial performance against the three (3) Financial Indicators. These are summarised as follows: -

**Indicator 1:** Operating Surplus Ratio (Operating surplus before capital revenues (excluding profit/loss on disposal of non-current assets and revaluations)/Total operating revenue).

- Operating Results (including Operating Projects) are showing positive operating surplus ratios for seven (7) out of the ten (10) years for reason described above.
- Council's target range of -1% to 5% is achieved or exceeded in seven of the ten years.
- The projected 10 year average operating surplus ratio is 1.8%.
- This achieves Council's 10 years average operating surplus ration target of 1% to 3%.

**Indicator 2: Net Financial Liabilities Ratio (Net financial liabilities/Total operating revenue)**

- Council's Net Financial Liabilities ratio is > zero in all years.
- Council's Net Financial Liabilities ratio is projected to increase in the first year of the LTFP and gradually decrease over the next 9 years and beyond. This is due to anticipated borrowings. The peak of the borrowings occurs in 2018-2019 when Council funds the construction of the CLIC project.
- Council's net financial liabilities at 30 June 2019 expressed as a percentage of estimated operating revenue (the net financial liabilities ratio) is expected to be 75%.
- This achieves Council's annual target range of 10% to 90%.
- The projected 10-year average of net financial liabilities ratio is approximately 48%.
- This achieves Council's 10 years average target range of 10% to 60%.

**Indicator 3: Asset Sustainability Ratio (Capital expenditure on renewal or replacement of existing depreciable assets/Required Expense of Councils Infrastructure Asset Management Plans).**

- The ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with what is needed to cost-effectively maintain service levels. It is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the optimal level of such expenditure proposed in a Council's infrastructure and asset management plans (IAMP).
- The LTFP indicates that Council's existing non-financial assets are renewed or replaced at an average of 118% over the ten (10) year planning period, which is marginally below Councils target of 100% to 120%.
- Council is currently reviewing its IAMP's and this target will be reviewed as part of this process. New IAMP's are expected to be presented for Council's adoption during the 2018-2019 financial year. This new plan will reset Council's funding requirements

and the denominator in the calculation of the Asset Sustainability Ratio. As a result, ratio result may be subject to change over the longer term.

## **6.9 Part D – Draft Rating Strategy & Structure: Attachments 51-68**

The Draft Budget includes an assumption that the increase in average residential rate revenue is projected to be 3.5% plus Growth where the average residential ratepayers will have an increase of approximately \$63 per year or \$1.20 per week.

Following the receipt of the Valuer Generals report, Council will need to decide on a rating model.

“Growth” projected for the 2018-2019 Draft Budget is 1.0%. At the time of writing, Growth has been calculated by the Valuer General at 0.77%.

In 2017-2018 Council introduced a **separate rate** for the “Prospect Village Heart Marketing Fund”. The fund and associated separate rate will be retained in 2018-2019. The rate for 2018/2019 is also projected to be consistent, levied at a flat rate of \$99 per business within the High Street Zone of Prospect Road.

A discretionary rebate scheme will continue to be made available, where upon application, business that have multiple adjoining tenancies, can receive a reduction to only pay the levy once.

Separate from the consideration regarding potential increase in rates revenue and introduction of the separate rate, no changes are proposed in relation to Council’s Rating Strategy/Policy.

### Other Matters

During the budget deliberations, the issue of Council funded ‘rate capping’ was considered and in this instance ‘rate capping’ is not proposed in the draft budget due to a focus on capital investment in community facilities. Details of a Council voluntary rate capping and the proposed state government mandatory rate capping schemes are included in **Attachment 67**.

After receiving valuation data and undertaking rate modelling, should any uneven spread of any rate increase be identified, Council will be provided with the necessary information on rate capping for further consideration.

Other Rating mechanisms including Discretionary Rebates and Full Year Payment Discounts have been considered. It has been decided that none of these will be included within the 2018-2019 Draft Budget at this stage.

## **6.10 Proposed Community Consultation Strategies**

It is proposed that a combination of media will be used to facilitate communication and consultation regarding the 2018-2019 budget and rates. The following consultation strategies are proposed (but not limited to): -

- Newspaper advert calling for written submissions.
- Provide the public with an opportunity to inspect draft Annual Business Plan 2018-2019 via Council website, inspection at Council offices, and time to provide written submissions.

- Hold a **Public Meeting on Tuesday 29 May 2018** to enable members of the Community to present their comments to the Council regarding the Draft Annual Business Plan and Budget.
- A Focus Group meeting with the CLIC CRG.
- A youth engagement event.

Closing date for public consultation submissions to be **Wednesday 30 May 2018**.

The Draft Annual Business Plan 2018-2019 will be presented to the next Audit Committee meeting 21 May 2018. The Audit Committee will be invited to provide Council with feedback on the Draft Annual Business Plan. This feedback will be provided to Council with the Community Consultation feedback report, as well as through the minutes of the meeting.

The Draft Annual Business Plan 2018-2019 is a detailed document that covers all aspects of Council's draft budget and long term financial plan. The Draft Annual Business Plan 2017-2018 is included in **Attachments 1-68**

### **Financial and Resource Implications**

The draft annual business plan sets the base financial and resourcing for the coming financial year.

Details of the impacts of the budget contained within the draft plan are included within the discussion of the report.

## **7. CONCLUDING STATEMENTS**

The Draft Annual Business Plan 2018-2019 supports the delivery of Councils Strategic Plan 2020.

Discussions from various workshops from late January through to April contributed to the consolidation of the Draft Annual Business Plan 2018/2019. This report seeks Council's endorsement for the broad parameters and key highlights of the 2018-2019 Draft ABP to be subject to community consultation.

Feedback from the community consultation activities will be presented to a June 2018 workshop before formal receipt at the 26 June 2018 Council Meeting.

## **ATTACHMENTS**

**Attachments 1-68:** Draft Annual Business Plan 2018-2019

# Draft Annual Business Plan 2018-2019

Attachment

# Contents

<b>Overview .....</b>	<b>4</b>
<b>Message from the Mayor.....</b>	<b>5</b>
<b>Part A: Strategic Management Plans and Framework 2018-2019 .....</b>	<b>7</b>
1.1 Strategic overview.....	7
1.2 Services Provided to the Community .....	8
1.3 Measuring Achievement of the Annual Business Plan 2018-2019 .....	9
1.4 Strategic Key Performance Indicators .....	9
1.5 Vision for Our City .....	9
1.5.1 Key Concept: People .....	10
1.5.2 Key Concept: Place .....	13
1.5.3 Key Concept: Prosperity.....	16
1.5.4 Key Concept: Services .....	18
<b>Part B: Budget 2018-2019 .....</b>	<b>21</b>
2.1 Budget Principles .....	21
2.2 Strategic Financial Parameters .....	22
2.3 Annual Business Plan Outcomes .....	23
2.4 Annual Business Plan and Budget Processes .....	24
2.5 Significant Influences .....	25
2.5.1 External Influences.....	25
2.5.2 Internal Influences .....	25
2.6 Budget Preparation Guidelines/Assumptions for 2018-2019 .....	26
2.7 Budget Overview.....	26
2.8 Financial Statements .....	28
2.9 Where Does Each \$100 Go? .....	33
2.10 Infrastructure Asset Management Plan.....	34
<b>Part C: Long Term Financial Plan (LTFP) .....</b>	<b>35</b>
3.1 Introduction .....	35
3.2 Long Term Financial Plan Assumptions 2019–2028 .....	36
3.3 Budget 2018-2019 Strategic Parameters - Financial Sustainability .....	37
3.3.1 Operating Surplus Ratio .....	37
3.3.2 Net Financial Liabilities Ratio .....	38
3.3.3 Asset Sustainability Ratio .....	39
3.4 LTFP Key Performance Indicators and Dashboard Summary .....	40
3.5 Estimated Income Statement .....	41
3.6 Estimated Balance Sheet .....	42
3.7 Estimated Cash Flow Statement .....	43
3.8 Estimated Statement of Changes in Equity.....	44

3.9	Summary Statement Including Financing Transactions.....	45
3.10	Key Financial Indicators .....	46
3.11	Operating Projects .....	47
3.12	Capital Projects .....	49
<b>Part D:</b>	<b>Rating Strategy and Structure 2018-2019 .....</b>	<b>51</b>
4.1	Strategic Development .....	51
4.2	2017-2018 Rate Increase .....	53
4.3	2018-2019 Rating Structure.....	55
4.4	Differential General Rates .....	57
4.5	Minimum Rate .....	59
4.6	Remissions (Government Concessions).....	61
4.7	Financial Hardship.....	61
4.8	Postponement .....	62
4.9	Payment of Rates .....	63
4.10	Receiving Rates Notices Electronically .....	63
4.11	Late Payment of Rates.....	64
4.12	Mandatory Rebates.....	65
4.13	Discretionary Rebates .....	66
4.14	Maximum Rate Increase/Rate Capping .....	67
4.15	Natural Resources Management Levy.....	68
4.16	Prospect Village Heart Marketing Fund.....	68

## Overview

City of Prospect is South Australia's second smallest metropolitan Council. The City spans approximately 778 hectares, has a population of around 21,500 and approximately 9,800 rateable properties. The City contains predominately character residential property.

Section 123 of the Local Government Act 1999 requires a council to have a budget for each financial year. The budget must deal with each principal activity of the council on a separate basis and must be adopted before 31 August for the financial year.

A council must also prepare, as part of its budget, or in association with preparation of its budget, an annual statement which addresses:

- the activities the council intends to undertake in the ensuing year to achieve its objectives;
- the measures (financial and non-financial) the council will use to assess its performance against its objectives.

A council must ensure that copies of its budget, including its annual statement and any other associated documents, are available for inspection.

This document presents the Annual Business Plan (ABP) for City of Prospect for 2018-2019, which includes the;

- Strategic Management Plans & Framework 2018-2019
- Annual Budget for 2018-2019;
- Long Term Financial Plan (LTFP) for 2019-2028; and
- the Rating Strategy for 2018-2019.

City of Prospect property valuations for 2018-2019 are projected to remain consistent with the previous financial year, with valuation fluctuations anticipated to be reflective across the whole of the city.

All financial information has been presented in current day valuation (2018). No indexing has been applied to predictions established from the asset management plans. The Long Term Financial Plan however, reflects the indexation over the 10 year period.

Through implementation of this year's Annual Business Plan, Council aims to deliver to residents and ratepayers a well-managed, sustainable City environment for current, and future generations.

## Message from the Mayor

Welcome to the Draft Annual Business Plan for City of Prospect for the 2018-2019 financial year - to which I both encourage and welcome your feedback prior to Council's deliberation on the Plan in June this year.

City of Prospect leads the exciting re-vitalisation that is occurring across greater metropolitan Adelaide, leading the way in the creation of communities that reflect the aspirations of our younger residents while protecting and celebrating our heritage, our parks, our trees and our sense of belonging to community.

With the working title of **CLIC**, the new Community Hub, Library and Innovation Centre is beginning to emerge on Prospect Road. The foundations laid for that building are also the foundations that have been laid by your council as an investment for the current and for future generations. CLIC is a once in a lifetime project that began following Council's need to find a replacement for the current 40 year old lease at Thomas Street Centre (including our Library) and we are on-time and on-budget to open the new facility in August 2019 - a facility with a 50 expected lifespan. Exciting times ahead.

Each year council engages with our communities to determine expectations and then set a responsible budget which balances the aspirations with the cost of living. You will find this year's Annual Business Plan to be a comprehensive summary of activities, projects and expenditure for the year. Council has listened to the community, considered the detailed Strategic Plan and responded to the demands evident in council's Long-Term Financial Plan.

The Annual Business Plan is critical to delivering our collective vision for the future of our community. Through the delivery of the various projects and initiatives detailed in the Plan, in addition to the core operations of Council, City of Prospect will continue to be recognised as a vibrant, smart and innovative city, which cherishes its heritage rich, clean and green environment, and is well supported by an engaged and enthusiastic community.

Local Government is a professional and capable sector. It is locally connected and responsive, well versed in consultation and engagement, and well placed to contribute to programs and infrastructure that increase productivity and contribute to economic growth.

Council has limited opportunity to gain revenue other than from rate income. As an inner urban City, we are viewed as being more affluent than the outer-metropolitan councils thus our Commonwealth Government grant income is lower. Similarly, our geography limits our income from industrial developments and larger commercial activities. That is, in relative terms, council has fewer commercial properties that contribute proportionally less to total rate revenue compared to many other metropolitan councils.

Council has determined that the proportion of total rate revenue contribution payable by the commercial/industrial sector through growth should increase over time along with a relative reduction in the proportion of residential rate revenue. Development of the Prospect, Main North and Churchill Road commercial precincts are important steps to realise this objective.

The Annual Budget for this year includes an average residential rate increase of 3.5%, a modest increase which sees this year's minimum rate as \$1,200.

The budget proposes an Operating Surplus of approximately \$205,871 or less than 1% with the total estimated operating expenditure for the year being \$23.8m. Income received from external grants from the State and Federal Government is \$1.76m and other non-rate sources is \$1.2m. This leaves a total of 87% or \$19.9m to be raised through general rates.

This Annual Business Plan has been developed through a process of consultation with residents and reviewed with key Council staff and Elected Members. It is Council's opinion that the budget reflects the Long Term Financial Plan 2018-2027 which seeks to achieve and maintain financial sustainability, whilst providing great service to our growing community.

Examples of important capital projects for this year include the development of **George Whittle Reserve** which will see the park transformed to allow skating opportunities for all ages, provide improved amenity and high visibility across the skate park and the site. The capital investment of this project is \$1.2m, with 50% of the cost funded through grant funding. This is a 2-year project, with majority of the work scheduled in 2018/2019.

Some may remember the extreme weather events that occurred during 2017 that highlighted the need for a range of **flood prevention works** to be completed within vulnerable parts of our City, this year's budget includes a commitment for a schedule of works within the north-west of Prospect that will consolidate the work completed last year to protect residential properties from future flood risk. **Tourrific Prospect** street party is again supported as it moves into its eighth year, showcasing all things Prospect and attracting over 18,000 people to attend. The three objectives of the Tourrific event of Place, Prosperity and People are described below:

PLACE - Put a spotlight on Prospect to showcase it as a vital place to be and invest.

PROSPERITY - Leverage the event to stimulate and sustain business activity and community benefit.

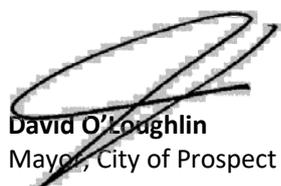
PEOPLE - Create an inclusive, innovative, culturally diverse and entertaining celebration that is a resident and visitor attractor.

**PLEC** is an acronym for Power Line Environment Committee and describes the undergrounding of powerlines. PLEC is a partnership program where Councils pay one thirds of the cost with SA Power Networks and the Department of Planning, Transport and Infrastructure (DPTI). In this coming year, the final stage of Prospect Road from Regency Road to Angwin Avenue is set to have its powerlines undergrounded. Following the completion of works, Council will undertake an upgrade of kerbing, footpaths and landscaping works complementing existing projects completed to both the north and south.

Total capital works is approximately \$18.9M funded through loan borrowing, asset sale and rates. There have been a number of challenges for the development of this year's Plan, one being China's recent decision to stop taking Australian recycling products. This means that Council is now required to use alternate processing options, with a resulting \$255,000 increase in costs equating to a 1.3% increase in rates revenue required. Alternative solutions are being worked upon both within South Australia and nationally.

As with previous years, I encourage you to read this plan and note the service and investment activities it funds in order to achieve the strategic objectives of the Council for the benefit of the whole community. Please note our core objective of maintaining the high level of local amenity and services our citizens expect and enjoy, as well as providing for a safe, healthy and financially responsible future.

Once again, I urge you to read the draft Plan, to let us know your thoughts and to help us achieve the very best we can for our city at the most reasonable cost.



**David O'Loughlin**  
Mayor, City of Prospect

# Part A: Strategic Management Plans and Framework 2018-2019

## 1.1 Strategic overview



Organisationally, Council's administration will continue to build on the strategic frameworks necessary to deliver the outcomes of the Strategic Plan 2020. The strategic plan sets down the priorities that Council intends to pursue over the next year and provides the framework for the Draft Annual Business Plan and the Budget for 2018-2019.

In finalising the Strategic Plan 2020, Council has included linkages to the "South Australian Strategic Plan" and the 30 Year Plan for Greater Adelaide.

The Draft Annual Business Plan has been developed in the context of Council's strategic planning framework and in particular on the basis of its Strategic Plan 2020, the Long Term Financial Plan 2018-2027, and the Budget Principles (Assumptions).

The Strategic Plan provides the Vision for our City for the long term (10 years) and the Core Concepts for the Council over the medium term (4 years). The Draft Annual Business Plan 2018-2019 and Budget and subsequent operational plans, provide the detailed blueprint for achieving the outcomes set down in the Strategic Plan, working towards ensuring that Council operations are sustainable over the long term.

The Draft Annual Business Plan is a key element of the Council's overall planning framework. It describes how the Council will put into operation the strategic vision of the Council and undertake the core business to ensure the City is well run and the community receives quality services.

The Plan helps us develop and build the capacity of the organisation to enable the most efficient and effective service delivery. Each department is required to develop annual action plans, outlining key actions, performance targets and measures linked to the Strategic Plan. We will monitor performance against these targets and report on performance in Council's Annual Report. This annual budget has been developed within the context of Council's overall Strategic Planning framework, including the Strategic Plan and Long Term Financial Plan.

The Long Term Financial Plan summarises the financial impacts of Council's Strategic Plan and provides an indication of the sustainability of this plan.

The Draft Annual Business Plan converts these plans into annual actions and outcomes, framed within the context of the Forward Financial Estimates.

We aim to be "best practice" in our undertakings whilst responding to our Community's needs with understanding and equity.

Council staff are an important part of the community and are strongly focused on achieving the Vision for our City. The Annual Business Plan will be a key element in developing the necessary systems and skills to achieve our goals.

## 1.2 Services Provided to the Community

Council has core civic responsibilities under the Local Government Act 1999 and other relevant legislation.

The basic civic responsibilities include:-

- maintaining the voters roll and supporting local government elections.
- setting rates, preparing an annual budget and determining long term strategic management plans for the area.
- maintenance of civic infrastructure includes roads, footpaths, parks, public open space, street lighting and stormwater drainage
- street cleaning and rubbish collection
- development planning and control including safety assessments

Council provides two categories of service to the community, broadly defined as "Recurrent" and "Project based".

"Recurrent" services maintain the day to day running of the City and deliver the core business of Council to the community. This area includes the bulk of Council services and is reasonably similar year to year.

"Project based" services include short term and one-off projects as well as projects with a longer term focus that may eventually become part of Council's core business. These "projects" are split between operating projects and capital projects.

The Draft Annual Business Plan 2018-2019 has been prepared with reference to Council's service levels (refer Council Report 24 March 2015, Council Report number 19.2). The core activities of Council can be found under each Core Strategy in *Part A, Section 1.4*.

### 1.3 Measuring Achievement of the Annual Business Plan 2018-2019

As well as documenting the strategic drivers, actions and planned outcomes for the 2018-2019 financial year, the Annual Business Plan will be used by staff and Council as a basis against which we will monitor and report on our performance on a regular basis. Quarterly reports will be presented to Council enabling ongoing tracking of actual performance against the planned projects, performance targets and achievement of stated outputs and quarterly financial reports will be prepared to monitor financial performance against budget. These reports are published on Council's website.

Measuring performance is critical to the process of implementing business plan actions and satisfying customers. The Strategic Plan 2020 is the tool which Council uses to facilitate this.

Council adopted the Strategic Plan 2020 in September 2016.

The Strategic Plan is now into its second year of delivery with the achievement of outcomes having been described through a long-established quarterly reporting process to ordinary Council meetings across the year. The latest update report can be found in Councils Agenda 27 March 2018 – refer item 15.1 'Strategic Plan to 2020 – Operational Action Plan'.

### 1.4 Strategic Key Performance Indicators

Contained within the Strategic Plan 2020 are a number of targets to measure the success of the Strategic Plan Outcomes.

These targets report the annual achievement in order to ensure the overall target is achieved within the identified four (4) year period. This period concludes at the end of 2020.

The targets by outcome are identified by core strategy below.

### 1.5 Vision for Our City

The ultimate role and responsibility of Council in all its endeavours is to provide for and respond to the needs of its community. As part of its strategic focus, Council has embraced a vision which encapsulates its aspiration for the Prospect community and the values which the elected members, management and staff of Council seek to uphold.

The Key Concepts for our City includes:

**People** – Know, empower, celebrate, educate and activate our community.

**Place** – Loved heritage, leafy streets, fabulous places.

**Prosperity** – More jobs, more investment, more activity, more vibrancy.

**Services** – Leaders of the sector providing efficient, responsive, accessible services.

## 1.5.1 Key Concept: People



# PEOPLE

KNOW, EMPOWER, CELEBRATE, EDUCATE AND ACTIVATE OUR COMMUNITY



### STRATEGY 1.1 Know our community

#### 1.1.1 A community connected with others

##### TARGETS

- Year on year increase in proportion of residents who regularly engage with 5 or more neighbouring households.
- Increase in social connectivity within the city through engagement in community activities.

#### 1.1.2 A community which is understood by Council who is able to respond to their needs

##### TARGETS

- Year on year increase on the benchmark of 75% Resident Satisfaction Survey result relating to the range of programs, activities and initiatives offered by Council.
- 60% satisfaction rating in consultation methods from the Resident Satisfaction Survey (up from 43% in 2015).

#### 1.1.3 A strong community network linked to local community organisations

##### TARGETS

- Contact details and descriptions of services detailed on SA Directory of Community Services for all of the clubs, community groups and agencies located and working within City of Prospect are current and up to date.
- Yearly increase in the number of local organisations liaising with council to provide initiatives for community participation.

### STRATEGY 1.2 Environmentally active, sustainably focused

#### 1.2.1 Community learning focused on environmental impacts and issues

##### TARGETS

- Number of community learning opportunities focused on environmental issues provided and number of participants.

#### 1.2.2 Council activities and Community events are supported by a no waste approach

##### TARGETS

- A zero (0) waste to landfill outcome at events.

#### 1.2.3 Community environmental initiatives are supported and encouraged

##### TARGETS

- Number of community environmental initiatives supported and encouraged by Council.



## People

Know, empower, celebrate, educate and activate our community.

### STRATEGY 1.3 Active living for every age, every stage

#### 1.3.1 Community services, recreation areas and facilities are able to meet the current and future needs for all stages of life

##### TARGETS

- Two stakeholder forums per year to review Council areas and facilities and guide Council's asset management plan.
- By 2020 all Council buildings will be accessible to every age at every stage.

#### 1.3.2 Lifelong learning opportunities are developed and promoted

##### TARGETS

- More than 2,000 lifelong training outcomes conducted annually.

#### 1.3.3 Accessible library, toy library and local history services are available for all

##### TARGETS

- Successful delivery of an accessible community hub including a new Library and innovation centre by the end of 2019.
- 5% annual increase in participation and utilization of Library services.

#### 1.3.4 A community who are involved and participate in decision making and community

##### TARGETS

- Year on year increase in the number of community representatives participating in
- Year on year increase in overall youth engagement.
- 60% satisfaction rating with Council engagement strategies.

### STRATEGY 1.4 Celebrate our diverse and creative community

#### 1.4.1 A City rich with cultural experiences, arts activities and events

##### TARGETS

- Council supports an annual increase in diversity of events, either directly or indirectly.
- Year on year increase in community initiated events/activities.

#### 1.4.2 A respected and celebrated culturally diverse community

##### TARGETS

- Events within the City are inclusive and reflect our diverse community.
- Year on year increase in the satisfaction rating (number of respondents) from the Resident Satisfaction Survey who feel that Prospect is an inclusive and welcoming community.
- Deliver on recommendations each year to achieve the Reconciliation Action Plan by

#### Recurrent Activities Include;

- Aged and Youth Services
- Community Events
- Community Grants
- Volunteer Opportunities
- Community Information
- Crime Prevention
- Library Services
- Community Safety
- Citizenship Ceremonies
- Community Facilities & Land Management
- Community Recreation and Sports Development
- Community Transport
- Council Website
- Cultural Development
- Neighbourhood and Community Development



## People

Know, empower, celebrate, educate and activate our community.

### Budget Summary – Key Concept: People

	Expenditure \$	Income \$	Net Cost \$
Recurrent	1,276,131	986,184	289,947
Operating Projects	348,500	67,500	281,000
Capital Projects	112,000	-	112,000
<b>Total</b>	<b>1,736,631</b>	<b>1,053,684</b>	<b>682,947</b>
<b>% of Total Budget</b>	<b>4.06%</b>	<b>4.28%</b>	

### 2018-2019 Operating & Capital Projects

Project No.	Operating Project and Description	Expenditure \$	Income \$	Net Cost \$
O.19.12	<b>Tourrific Prospect</b> The 8th event will showcase what is great about living and working in City of Prospect. Event will be supported by a new sponsorship strategy and collaborations with Network Prospect. Includes increased bandwidth to public WiFi during the event.	250,000	45,000	205,000
O.19.16	<b>Publications - Prospect Magazine</b> To create and distribute the Prospect Magazine on a quarterly basis to approximately 9,500 properties in the Council area.	76,500	22,500	54,000
O.19.17	<b>Events Grants</b> To make funding available to community or cultural groups for a minimum of two new major cultural/festival programs and two Neighbour Day events held annually and delivered by and for the community. Maximum grant of \$10k per applicant for major event grant funding and \$1k for Neighbour Day activities. Funding is proposed to be transferred to a recurrent budget line as part of, and included in, the Community Grants Program in subsequent years.	22,000	-	22,000
		<b>348,500</b>	<b>67,500</b>	<b>281,000</b>

Project No.	Capital Project and Description	Expenditure \$	Income \$	Net Cost \$
C.19.10	<b>Library Capital Book Purchases</b> Library book stock replacement in 2018-19.	112,000	-	112,000
		<b>112,000</b>	<b>-</b>	<b>112,000</b>

## 1.5.2 Key Concept: Place



# PLACE

LOVED HERITAGE, LEAFY STREETS, FABULOUS PLACES



### STRATEGY 2.1 Respect the past, create our future

#### 2.1.1 In partnership with the community, a City recognised for its diversity, its range of local attractions, its local history, character, heritage and stories

##### TARGETS

- Year on year increase in the satisfaction rating from the Resident Satisfaction Survey of a city recognised for its range of local attractions, its local history, character, heritage and stories.
- Year on year increase in the number of Heritage Grant applications received.

#### 2.1.2 A city recognised for high quality and interesting design and built form

##### TARGETS

- Year on year increase in community satisfaction relating to building design.
- Year on year increase in community satisfaction rating in respect to development across our

#### 2.1.3 Diverse development is encouraged on Main Road corridors

##### TARGETS

- Annual review of the outcomes of the Urban Corridor Zone relative to our vision of diversity.
- Complete Urban Corridor Zone & Interface Areas DPA by end of 2016/2017.

### STRATEGY 2.2 Loved parks and places

#### 2.2.1 Look after what we love; the character, native fauna, stories, neighbourhoods, people,

##### TARGETS

- Year on year increase on the baseline of 80% satisfaction rating from the Resident Satisfaction Survey (relating to Parks).

#### 2.2.2 Engaging and innovative Parks which provide a range of accessible leisure opportunities

##### TARGETS

- The Open Space Strategy is endorsed, budgeted and implemented each year as outlined in

#### 2.2.3 A community involved in design, maintenance and upgrade of our parks and places

##### TARGETS

- Year on year increase towards a minimum of 10% of local residents involved in the design, upgrade and maintenance of parks and places.

#### 2.2.4 Public art across the City that inspires and delights community and visitors

##### TARGETS

- High levels of feedback (reaction) to new installations of public art.



## Place

Loved heritage, leafy streets, fabulous places.

### STRATEGY 2.3 An accessible City

#### 2.3.1 Key areas are accessible and linked

##### TARGETS

- Finalise Master Plan by end of 2017/2018 and establish one (1) upgraded East-West

#### 2.3.2 Connected/ integrated bicycle and pedestrian networks across the City and linked to other

##### TARGETS

- Partner with the Australian Bicycle Council to include Prospect within the biennial National Cycling Participation Survey to measure users of the Prospect network.

#### 2.3.3 A City well serviced by public transport

##### TARGETS

- Increase in the level of public transport services particularly addressing peak hour issues.
- Year on year 5% increase in patronage of community transport options.

### STRATEGY 2.4 A greener future

#### 2.4.1 Attractive streets with leafy tree canopies

##### TARGETS

- Identify all streets that will not achieve “green tunnel” street canopy coverage by the end of

#### 2.4.2 A City recognised for its flora, fauna and biodiversity

##### TARGETS

- Thriving gardens and verges under Council’s control.

#### 2.4.3 A City recognised for its flora, fauna and biodiversity

##### TARGETS

- Year on year reduction in our environmental footprint for all of Council’s activities.

#### 2.4.4 ‘Green’ strategies are established within development activities across the City

##### TARGETS

- All Development Approvals to have landscaping conditions (where appropriate) which are enforceable and that our policies support this position.

#### Recurrent Activities Include;

- Development Assessment
- Tree Rejuvenation
- Public Art
- Development Plan Amendments
- Local History Collation
- Environmental Initiatives



## Place

Loved heritage, leafy streets, fabulous places.

### Budget Summary – Key Concept: Place

	Expenditure \$	Income \$	Net Cost \$
<b>Recurrent</b>	1,141,326	216,000	925,326
<b>Operating Projects</b>	138,500	162,000	(23,500)
<b>Capital Projects</b>	945,850	618,000	327,850
<b>Total</b>	2,225,676	996,000	1,229,676
<b>% of Total Budget</b>	5.20%	4.04%	

### 2018-2019 Operating & Capital Projects

Project No.	Operating Project and Description	Expenditure \$	Income \$	Net Cost \$
<b>O.19.20</b>	<b>Replacing Streetscape Vegetation</b> An accelerated program to improve streetscape appearance by replacing dead, dying or removed vegetation throughout the road network in the city.	20,000	-	20,000
<b>O.19.28</b>	<b>Green Tunnel</b> Planting of native pines in development areas across the City	30,000	-	30,000
		<b>138,500</b>	<b>162,000</b>	<b>(23,500)</b>

### 2018-19 Operating & Capital Projects

Project No.	Capital Project and Description	Expenditure \$	Income \$	Net Cost \$
<b>C.19.02</b>	<b>Pedestrian Kerb Ramp</b> Reconstruction of non-compliant kerb ramps to meet DDA Compliance requirements as per Council's rolling program.	25,850	-	25,850
<b>C.19.08</b>	<b>George Whittle Redevelopment - Stage 1</b> Construct Stage 1 of the George Whittle Design based on the outcomes of the 2017/18 project detail design and the outcomes of the Places for People funding application for \$1.2 million with a 50% contribution required from Council.	900,000	600,000	300,000
<b>C.19.28</b>	<b>World War Two Honour Boards &amp; Mural</b> The Prospect Local History Group is requesting Council support to install WW2 Honour Boards and create a Mural at the Air Raid Shelter grounds.	20,000	18,000	2,000
		<b>945,850</b>	<b>618,000</b>	<b>327,850</b>

### 1.5.3 Key Concept: Prosperity



## PROSPERITY

MORE JOBS, MORE INVESTMENT, MORE ACTIVITY, MORE VIBRANCY



#### STRATEGY 3.1 A stronger local economy

##### 3.1.1 A busy and vibrant local business environment focused on the Prospect Village Heart

###### TARGETS

- A vacancy rate no higher than 3% in the Village Heart and no higher than 5% elsewhere.
- Footfall in Village Heart increased by 100% year on year.

##### 3.1.2 Investment, employment and development encouraged across our City

###### TARGETS

- A 100% increase in the value of completed development on our corridors year on year.
- Annual Business and Employment Survey to identify improved activity levels year on year.

##### 3.1.3 A City with strong and relevant relationships with Local, State and Federal Governments

###### TARGETS

- Sentiment measured via annual CEO 360 degree performance review process.

#### STRATEGY 3.2 A more vibrant night-time

##### 3.2.1 A City with more people on the streets and more places to go at night

###### TARGETS

- 100% increase in pedestrian footfall after 5pm in the Village Heart year on year.
- 20% of businesses to create peak demand after 5pm.

##### 3.2.2 A City with after-hours family friendly activities in our buildings, parks and open spaces

###### TARGETS

- Annual increase in the use of our buildings, parks and open spaces as measured through the Resident Satisfaction Survey.

#### STRATEGY 3.3 Leverage our digital advantage

##### 3.3.1 A high level of take up of high speed/high capacity technology

###### TARGETS

- Use the annual Business and Employment Survey to understand the value of trade that is occurring

##### 3.3.2 Knowledge workers are supported in the City with a range of network and business opportunities

###### TARGETS

- Year on year increase in the number of businesses as part of Network Prospect
- Over 50% of Network Prospect participants attend more than one annual event.



# Prosperity

More jobs, more investment, more activity, more vibrancy.

## STRATEGY 3.4 International Prospect

### 3.4.1 Council is engaged in the global economy, actively seeking diverse business investment

#### TARGETS

- Six significant engagements in any given year and across more than one investment type.

### 3.4.2 Promoted and known internationally as Adelaide's most intelligent community

#### TARGETS

- Highest ranked Intelligent Communities Forum (ICF) City in South Australia.

Recurrent Activities Include;

- Employment Support & Business Development Services
- Representative Groups, Investors and Other Key Stakeholders
- External Funding Procurement Initiatives
- Support to Traders Associations

## Budget Summary – Key Concept: Prosperity

	Expenditure \$	Income \$	Net Cost \$
Recurrent	72,300	2,500	69,800
Operating Projects	76,000	10,000	66,000
Capital Projects	-	-	-
<b>Total</b>	<b>148,300</b>	<b>12,500</b>	<b>135,800</b>
<b>% of Total Budget</b>	<b>0.35%</b>	<b>0.05%</b>	

## 2017-2018 Operating & Capital Projects

Project No.	Operating Project and Description	Expenditure \$	Income \$	Net Cost \$
O.19.14	<b>Prospect Road Destination Marketing</b> City of Prospect working with local business leaders to market Prospect Road as a visting destination.	10,000	10,000	-
O.19.15	<b>Digital Economy Strategy Implementation</b> Endorsed Next Generation Digital Economy Strategy 2014-2018 and Intelligent Communities Forum Strategy. Projects include Adelaide Uni MOU \$20k, Remplan - Economy, \$16k, Network Prospect \$10k, Main North Road Business Attraction \$8k, Digital marketing \$7k and Prospect Business Leaders \$5k.	66,000	-	66,000
		<b>76,000</b>	<b>10,000</b>	<b>66,000</b>

## 1.5.4 Key Concept: Services



# SERVICES

LEADERS OF THE SECTOR PROVIDING EFFICIENT, RESPONSIVE, ACCESSIBLE SERVICES



### STRATEGY 4.1 Excellence in Infrastructure

#### 4.1.1 Taking great care of all of Council's Assets

##### TARGETS

- Consistently 75% or higher rating in Resident Satisfaction Survey.
- Asset sustainability ratio to align with Audit committee targets.
- Infrastructure & Assets Management Plan comprehensively reviewed annually.

### STRATEGY 4.2 Sound Financial Management

#### 4.2.1 Sourcing funding partners and pursuing new revenue streams

##### TARGETS

- An annual increase in funding partners and new revenue streams achieved.

#### 4.2.2 Council continues to increase its corridor development and its commercial and retail sector rate

##### TARGETS

- 1% shift to these sectors each year off a 2015/16 base of 17%.

### STRATEGY 4.3 Responsible Waste Management

#### 4.3.1 Waste collection and recycling services meeting community need and enhancing the amenity of the City

##### TARGETS

- Year on year increase in customer satisfaction of waste collection and recycling services as measured through the Resident Satisfaction Survey.

#### 4.3.2 Innovation in waste management to align with environmental goals

##### TARGETS

- Waste collection data collected by 2020 and shared as appropriate.
- A framework is developed that delivers at least one innovative waste management practice each



## Services

Leaders of the sector providing efficient, responsive, accessible services.

### STRATEGY 4.4 Accountable and people-focused services

#### 4.4.1 Open and accountable practices and decision making processes throughout Council's operations

##### TARGETS

- Year on year increase in support of Council's decision making processes from Resident Satisfaction

#### 4.4.2 Service delivery is visible to and appreciated by the community

##### TARGETS

- Ten (10) services reviewed annually with a view to improve the customer experience.
- Community to be informed of what we are going to do, when and why.

#### 4.4.3 Known for "making our customers' day"

##### TARGETS

- Spontaneous and unsolicited positive customer feedback is recorded and celebrated.

#### 4.4.4 Improved systems and on-line services meet the needs of the community

##### TARGETS

- Year on year increase in the number of services able to be transacted end to end online.
- All complaints to lead to system improvements.

Recurrent Activities Include:

##### **Infrastructure & Assets**

- City Precinct (Beautification and Safety) Maintenance Program
- Capital Works Program including:
  - Building Maintenance
  - Drainage Maintenance
  - Footpath Maintenance
  - Kerb & Gutter Maintenance
  - Road Maintenance
- Street Sweeping and Sanitation
- Fleet Management
- Work Health Safety & Risk Management

##### **Corporate Services**

- Customer Services
- Elected Member Training & Support
- Human Resource Management
- Information Technology
- Records Management
- Rates Administration
- Strategic Planning
- Financial Management

### Budget Summary – Key Concept: Services

	Expenditure	Income	Net Cost
	\$	\$	\$
Recurrent	19,869,885	22,743,871	(2,873,986)
Operating Projects	725,368	-	725,368
Capital Projects	18,000,609	151,000	17,849,609
<b>Total</b>	<b>38,595,862</b>	<b>22,894,871</b>	<b>15,700,991</b>
<b>% of Total Budget</b>	<b>90.22%</b>	<b>92.93%</b>	



## Services

Leaders of the sector providing efficient, responsive, accessible services.

### 2018-2019 Operating & Capital Projects

Project No.	Operating Project and Description	Expenditure \$	Income \$	Net Cost \$
O.19.01	<b>Civic Centre and CLIC Transition</b> Temporary accommodation for staff to provide services from the Prospect Road Civic Centre during construction of the new Community Hub, Library and Innovation Centre (CLIC).	90,000	-	90,000
O.19.02	<b>Periodic Election / Electoral Roll</b> In conjunction with the Electoral Commission of SA, the City of Prospect will undertake the 2018 Local Government Periodic Election as a full postal ballot, liaise with all nominated candidates and to administer the Council's voters roll.	90,000	-	90,000
O.19.03	<b>Local Government Performance Excellence Program</b> Benchmarking program to enable Council to measure performance against other Councils. Introduced to SA in 2017, this will be the second of three years that the City of Prospect has committed to be involved with the program.	7,750	-	7,750
O.19.06	<b>Service Reviews</b> City of Prospect has "Innovation" as one of its core values and Management are keen to continue to show tangible and rapid results in this area to develop a culture of improvement across the organisation. This review also aims to deliver the Strategic Plan Strategy 4.4.2 target of 10 services to be reviewed annually with a view to improve the customer experience.	35,000	-	35,000
O.19.08	<b>PLEC Prospect Rd - Regency to boundary</b> Contribution to power line undergrounding - Prospect Road Stage 5 - Regency to Angwin Avenue.	502,618	-	502,618
		<b>725,368</b>	<b>-</b>	<b>725,368</b>

Project No.	Capital Project and Description	Expenditure \$	Income \$	Net Cost \$
C.19.01	<b>Community Hub, Library &amp; Innovation Centre (CLIC)</b> Construction of the new Community Hub Library and Innovation Centre	14,830,000	-	14,830,000
C.19.03	<b>Road Design/Reconstruction (Capital)</b> Design and reconstruction / reseal of roads within City of Prospect as per the asset management plan.	1,517,410	-	1,517,410
C.19.04	<b>Kerb and Gutter Constructions</b> Reconstruction of Kerb and Gutter as per Asset Management Plan to align with road reconstruction and reseals.	368,912	-	368,912
C.19.05	<b>Drainage Design/Construction</b> Design and/or construction of stormwater drainage assets as per asset management plan.	74,202	-	74,202
C.19.07	<b>Fleet Management - Capital Acquisitions</b> Replacement of 5 cars and one chipper as per the 10 year forward program.	215,000	151,000	64,000
C.19.09	<b>PC and Monitor Stock Increase</b> Provision of a minimum level of stock consisting of 4 PCs and 3 monitors. Stock will ensure existing PCs and monitors can be replaced as equipment fails during the year.	6,040	-	6,040
C.19.11	<b>Elected Member iPads</b> Replacement of iPads for new elected Council.	9,045	-	9,045
C.19.32	<b>Flood Mitigation - Prospect North West</b> Stage 2 of Flood Mitigation - Charles St.	130,000	-	130,000
		<b>17,150,609</b>	<b>151,000</b>	<b>16,999,609</b>

#### TOTAL OPERATING PROJECT EXPENDITURE

<b>1,288,368</b>	<b>239,500</b>	<b>1,048,868</b>
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Total New / Upgrade Asset

920,000	618,000	302,000
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Total Renewal Asset

17,953,459	151,000	17,802,459
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#### TOTAL CAPITAL PROJECT EXPENDITURE

<b>18,873,459</b>	<b>769,000</b>	<b>18,104,459</b>
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# Part B: Budget 2018-2019

## 2.1 Budget Principles

Council adheres to the following budget principles to underpin the development of the annual budget.

- **Honest and Accountable**  
We will be honest and accountable in all aspects of the budget process, meeting the community's expectations of transparency and openness with a reporting framework that supports and enhances this.
- **Strategic Approach**  
We will maintain a strategic approach to the delivery of all Council services and capital works programmes. We will align Council's budget with the Strategic Plan 2020:

  - People
  - Place
  - Prosperity
  - Services
- **Forward Financial Planning**  
A 10 year Long Term Financial Plan will reinforce the delivery and achievement of Council's long term strategic objectives in a sustainable manner. All programmes will be regularly reviewed to ensure they fit within the Council's financial framework.
- **Realistic Budgeting**  
All budget figures will be realistic, and based on the best available information at the time of budget preparation.
- **Meet Long Term Liabilities**  
Each budget will be fully funded and reconciled on an accrual and cash basis. Adequate provisions will be made to reflect Council's long term liabilities and appropriate funding is in place for infrastructure.
- **Affordable Rates**  
Rates will be set at an *affordable* level having regard to the City's Strategic Plan and its social, environmental, economic and financial objectives, balanced against the community's ability to pay.
- **Avoid Cost Shifting**  
We will resist pressure to accept cost shifting from other levels of government.
- **New Initiatives**  
New initiatives will be evaluated in terms of meeting Council's Strategic Plan and incorporate a cost benefit analysis which includes whole of life costing.

- **Asset Sales and Debt**

The recurrent budget will be structured such that there is no reliance on asset sales to fund core services. Debt will be regarded as a tool to be used in a strategic perspective to achieve the provision of services to the community. Debt will be considered:

- in the context of the strategic objectives of Council
- in the context of long term financial forecasts and objectives
- as funding for long term infrastructure asset creation
- as a means of spreading the cost of infrastructure over the ratepayers who use it, ensuring intergenerational equity
- as a mechanism to fund temporary cash shortfalls

- **Financial Control**

We commit to ensuring that financial and other resources under our control will be used only for approved purposes and within Council's strategic framework and that all risks to Council's finances are properly managed.

## 2.2 Strategic Financial Parameters

City of Prospect has adopted the following strategic financial parameters:

### Financial Sustainability - Can we afford it in the long term?

City of Prospect will operate in accordance with a sustainable Long Term Financial Plan whereby:

- Continuation of the Council's present spending and funding policies
- Likely developments in the Council's revenue-raising capacity and in the demand for and costs of its services and infrastructure
- Normal financial risks and shocks, altogether, are unlikely to necessitate substantial increases in Council rates (or, alternatively, disruptive service cuts)

### Council Role - Should we be involved? To what extent?

Before committing to new activities and projects and when reviewing existing activities, consideration will be given to Council's appropriate role in funding and delivery (eg. advocate for funding by a more appropriate agency, part funded or owner), whether it is within Council's core responsibility and expertise and the most effective use of available funds.

### Program Stability - Maintaining Council programs and services

Council will maintain its high priority expenditure programs, both operating and capital as well as basic service provision, while seeking efficiency improvements in line with appropriate benchmarks.

*Target: Achieving targeted "Strategic Measures" with regard to Council's Strategic Plan 2020.*

### Infrastructure Management - Are we spending enough on existing assets?

Renewal and replacement capital projects will be based on long term Infrastructure-Asset Management Plans which consider the optimal timeframe for asset replacement based on whole of life costing. Total capital projects shall be managed in a way which avoids disruptive adjustments to activities, programs and revenue raising efforts.

*Target: Asset Replacement Expenditure (on average) = Optimal level for such expenditure shown in Council's asset management plans (or depreciation in the absence of asset management plans for some asset classes). Acceptable range between 100% to 120%.*

### Rating Stability - Smoothing the impact on our rate payers

Rating charge predictability and stability will be achieved for existing levels of service to avoid volatility and adverse future rates shocks. Methods of minimising the volatility of rate changes for individual land use categories will be pursued within legislative limits.

### Funding - Who benefits and therefore who should pay?

The amount of funding from available sources (including user charges) will be determined with regard to benefits to users, the full cost of services, market rates, fairness, social and behavioural considerations as well as Strategic Management Plan objectives. Council will also seek to maximise grant revenue funding opportunities.

*Target: User Charges Growth = On average no greater than CPI + 1% (for each classification of user charges)*

### Borrowings and Financial Position - When should we borrow? How much can we borrow?

Borrowings will be used to promote intergenerational equity within Council's prudential limits and capacity to repay. Net Financial Liabilities and associated net interest costs will be maintained within target.

*Target: Net Financial Liabilities (30 June) <= 90% of Total Operating Revenue*

### Intergenerational Equity - Is there fairness between generations of rate payers?

Council will promote fair sharing in the distribution of Council resources and the attendant taxation between current and future ratepayers in terms of achieving an appropriate operating surplus each year (except in exceptional circumstances).

*Target: Operating Surplus > \$250,000*

## 2.3 Annual Business Plan Outcomes

Council must prepare, as part of its budget or in association with the preparation of its budget, an annual statement which addresses the activities that the Council intends to undertake in the ensuing year to achieve its objectives and the measures (financial and non-financial) that the Council will use to assess its performance against its objectives.

The *Draft Annual Business Plan 2018-2019* (refer Part A) sets out the directions that Council will undertake during the year to achieve the key strategies set out in Council's Strategic Plan 2020.

## 2.4 Annual Business Plan and Budget Processes

Section 123 of the Local Government Act 1999 requires a council to have a budget for each financial year. Each budget of the council must deal with each principal activity of the council on a separate basis and must comply with standards and principles prescribed by the Local Government (Financial Management) Regulations 1999. The budget must include certain information about the rates and charges the council intends to levy as well as the range of other financial information required by the Act and Regulations.

A council must adopt a budget for the financial year before 31 August.

This budget is for the year 1 July 2018 to 30 June 2019 and is prepared in accordance with the Local Government Act 1999. The budget includes projected revenues and expenditures for the 2018-2019 year reported on an “operating” basis in accordance with the Local Government Act 1999.

The Budget 2018-2019 also includes:

- a forecast statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, and uniform presentation of finances, prepared in accordance with Australian Accounting Standards
- detailed information about the rates and charges to be levied
- capital projects and operating projects to be undertaken
- other financial information which Council requires in order to make an informed decision about the adoption of the budget

The budget for 2018-2019 was framed using the ‘zero-based’ budgeting methodology. Every budgeted line item was analysed to determine the appropriate financial resources required to deliver a level of services to our community.

Council considered, and where required, developed a number of long term strategies to ensure the budget was set in the context of a proper financial management framework. These include the Long Term Financial Plan (summarising high level Forward Financial Estimates) for the years 2018-2019 to 2027-2028 (Part C), an Infrastructure-Asset Management Plan (Part D) and a Rating Strategy (Part E).

## 2.5 Significant Influences

In preparing the 2018-2019 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.

### 2.5.1 External Influences

- The Consumer Price Index (CPI) All Groups Adelaide increase on goods and services of 2.3% for the 12 months ending 31 December 2017 compared with the Local Government Pricing Index increase on goods and services of 2.9% for the 12 months ending 31 December 2017;
- State and Commonwealth Government Policy/Decisions, and funding; eg Environmental Management, EPA Solid Waste Levy, Environmental Health, 30 Year Plan for Greater Adelaide etc;
- New liberal governments policy to introduce mandatory rate capping
- China Sword impact on recyclable collections;
- Increasing cost of utilities;
- External funding opportunities - Grants and contributions have been based on confirmed funding levels (with the exception of the several minor grants).

### 2.5.2 Internal Influences

- Employee costs have been based on Enterprise Agreements (the MOA Enterprise Agreement and the LGE Award Enterprise Agreement);
- Council's strategic decision to achieve an operating surplus between \$250,000 to \$650,000 (ratio of 1%-3%) to ensure financial sustainability;
- Ongoing costs associated with legislated community consultation requirements and internal controls/risks;
- The Long Term Financial Plan contains approved budgets based on best estimates and costings regarding the redevelopment of the 128 Prospect Road site for incorporating the continued library, gallery and digital hub services into the existing services at this site. The project known as CLIC (Community Hub, Library and Innovation Centre) began construction during the 2017-2018 year. It is anticipated to be ready for occupancy by August 2019.

## 2.6 Budget Preparation Guidelines/Assumptions for 2018-2019

In addition to the *Budget Principles* set out in Part B, Section 1.1, the following budget preparation guidelines were used when preparing the budget.

These principles included:

- existing fees and charges to be increased in line with the revised fees and charges in Council's Fees and Charges Register;
- non-recurrent grants to be based on confirmed funding levels only (with the exception of the Roads to Recovery and Supplementary Road grants and several minor grants);
- all new staffing proposals to be justified through a business case;
- new initiatives or projects which are not cost neutral to be justified through a business case and included as an operating project or capital project;
- no changes to the service levels as per Service Level Document adopted by Council (24 March 2015);
- completion of the CLIC project through the redevelopment of the Prospect Road site and the sale of land at Prospect Road and the Johns Road/Main North Road site by August 2019; and
- the 2018-2019 Budget was framed using a 'zero based' budgeting approach.

## 2.7 Budget Overview

### Planning framework

The Budget 2018-2019 was developed within Council's overall planning framework. Council's suite of strategic management plans includes a 10-year Long Term Financial Plan supported by an Infrastructure Asset Management Plan. A summary of the long-term financial plan is shown in Part C. Its purpose is to express, in financial terms, the activities that Council proposes to undertake over the medium to longer term to achieve its stated goals and objectives.

To guide the preparation of the Budget 2018-2019, Council will undertake community consultation including (but not limited to):

- Public Meeting (Tuesday, 29 May 2018)
- Focus Group Forum
- Youth Engagement event
- Feedback will be sought from residents and property owners via a Community Feedback Form, made available through Council's website
- The Consultation period will conclude at 12pm, on 30 May 2018.

All feedback will be considered by Council at the 26 June 2018 Council meeting.

The Draft Annual Business Plan 2018-2019 includes Council's planned objectives and activities for the financial year, as well as the Long Term Financial Plan for 2019-2028, twenty year Infrastructure-Asset Management Plan and the Rating Strategy. It provides a linkage between Council's suite of strategic management plans and its annual budget.

## Highlights of the Budget

Whilst the focus will be to continue to implement Council's annual asset renewal program (roads, footpaths, kerb and gutters, stormwater), the 2018-2019 Draft Annual Business Plan and Budget includes the following major investments:-

### **Community Hub, Library and Innovation Centre (CLIC)**

The Draft Annual Business Plan 2018-2019 also includes funding for the construction of the new facility on Prospect Road for the co-location of Council's operations. The project is a once in a lifetime project that began following Council's need to find a replacement for the current Thomas Street Centre, which is due to Department Education and Childhood Development reclaiming the use of the property in 2019 to accommodate increased in students at the Nailsworth Primary School. The new centre will be home to many of Council's services and will ensure a new facility is operational prior to the expiry of the current lease for the use of the library.

### **George Whittle Development**

The development of George Whittle Reserve will see the park transformed to include new and upgraded facilities. The capital investment of this project is \$1.2m, with 50% of the cost offset through externally sourced grant funding. This is a 2-year project, with majority of the work scheduled in 2018/2019.

### **Prospect Road Undergrounding of Powerlines**

In partnership with SA Power Network, the final stage of undergrounding of powerlines along Prospect Road (between Regency Road and Angwin Avenue) has been scheduled for 2018/2019. Council will commence the footpath and landscaping on this section of Prospect Road once the undergrounding has been completed.

## 2.8 Financial Statements

### City of Prospect

#### Uniform Presentation of Finances

for the period ended 30 June 2019

	Original Budget 2017-18	Revised BR2 Budget 2017-18	Proposed Budget 2018-19
	\$ '000	\$ '000	\$ '000
<b>Income</b>	23,054	23,326	23,989
<i>less</i> <b>Expenses</b>	22,946	22,990	23,783
<b>Operating Surplus / (Deficit)</b>	<b>107</b>	<b>337</b>	<b>206</b>
<i>less</i> <b>Net Outlays on Existing Assets</b>			
Capital Expenditure on Renewal and Replacement of Existing Assets	8,153	7,940	10,427
<i>less</i> Depreciation, Amortisation and Impairment	3,624	3,624	3,895
<i>less</i> Proceeds from Sale of Replaced Assets	90	90	7,211
<b>Net Outlays on Existing Assets</b>	<b>4,439</b>	<b>4,226</b>	<b>(679)</b>
<i>less</i> <b>Net Outlays on New and Upgraded Assets</b>			
Capital Expenditure on New and Upgraded Assets	1,310	2,128	8,446
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	507	457	618
<i>less</i> Proceeds from Sale of Surplus Assets	-	-	-
<b>Net Outlays on New and Upgraded Assets</b>	<b>803</b>	<b>1,671</b>	<b>7,828</b>
<b>Net Outlays on Existing, New and Upgraded Assets</b>	<b>5,242</b>	<b>5,897</b>	<b>7,149</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(5,136)</b>	<b>(5,561)</b>	<b>(6,943)</b>

## City of Prospect

### Statement of Comprehensive Income

for the period ended 30 June 2019

	Original Budget 2017-18	Revised BR2 Budget 2017-18	Proposed Budget 2018-19
	\$ '000	\$ '000	\$ '000
<b>Income</b>			
Rates Revenues	19,993	20,027	20,939
Statutory Charges	500	518	519
User Charges	217	239	188
Grants, Subsidies and Contributions	1,857	1,766	2,022
Investment Income	236	196	160
Reimbursements	115	188	12
Other Income	132	388	149
Net Gain - Equity Accounted Council Businesses	5	5	-
<b>Total Income</b>	<b>23,054</b>	<b>23,326</b>	<b>23,989</b>
<b>Expenses</b>			
Employee Costs	8,281	8,239	8,426
Materials, Contracts & Other Expenses	10,367	10,537	10,611
Depreciation, Amortisation & Impairment	3,624	3,624	3,857
Finance Costs	674	591	889
<b>Total Expenses</b>	<b>22,946</b>	<b>22,990</b>	<b>23,783</b>
<b>Operating Surplus / (Deficit)</b>	<b>107</b>	<b>337</b>	<b>206</b>
Asset Disposal & Fair Value Adjustments	90	90	1,303
Amounts Received Specifically for New or Upgraded Assets	507	457	618
Physical Resources Received Free of Charge	-	-	-
<b>Net Surplus / (Deficit)</b>	<b>704</b>	<b>884</b>	<b>2,127</b>
<b>Total Comprehensive Income</b>	<b>704</b>	<b>884</b>	<b>2,127</b>

## City of Prospect

### Statement of Financial Position

for the period ended 30 June 2019

	Original Budget 2017-18	Revised BR2 Budget 2017-18	Proposed Budget 2018-19
	\$ '000	\$ '000	\$ '000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	1,984	204	4,109
Trade & Other Receivables	1,322	1,322	1,260
Other Financial Assets	147	2	-
Inventories	1	-	2
<b>Total Current Assets</b>	<b>3,454</b>	<b>1,528</b>	<b>5,371</b>
<b>Non-Current Assets</b>			
Financial Assets	1,433	1,433	1,264
Equity Accounted Investments in Council Businesses	46	44	44
Infrastructure, Property, Plant & Equipment	173,275	173,504	178,213
Other Non-Current Assets	-	-	2,286
<b>Total Non-Current Assets</b>	<b>174,754</b>	<b>174,981</b>	<b>181,807</b>
<b>TOTAL ASSETS</b>	<b>178,208</b>	<b>176,509</b>	<b>187,178</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	4,214	4,214	2,919
Borrowings	1,181	1,181	1,418
Provisions	650	650	1,207
<b>Total Current Liabilities</b>	<b>6,045</b>	<b>6,045</b>	<b>5,544</b>
<b>Non-Current Liabilities</b>			
Borrowings	11,868	10,568	18,931
Provisions	59	59	83
<b>Total Non-Current Liabilities</b>	<b>11,927</b>	<b>10,627</b>	<b>19,014</b>
<b>TOTAL LIABILITIES</b>	<b>17,972</b>	<b>16,672</b>	<b>24,558</b>
<b>Net Assets</b>	<b>160,236</b>	<b>159,837</b>	<b>162,620</b>
<b>EQUITY</b>			
Accumulated Surplus	76,850	74,321	79,181
Asset Revaluation Reserves	83,134	83,122	83,124
Other Reserves	252	2,394	315
<b>Total Council Equity</b>	<b>160,236</b>	<b>159,837</b>	<b>162,620</b>

## City of Prospect

### Statement of Changes in Equity

for the period ended 30 June 2019

	Original Budget 2017-18	Revised BR2 Budget 2017-18	Proposed Budget 2018-19
	\$ '000	\$ '000	\$ '000
<b>Accumulated Surplus</b>	76,850	74,321	79,181
<b>Asset Revaluation Reserve</b>	83,134	83,122	83,124
<b>Other Reserves</b>	252	2,394	315
Transfers between Reserves	-	-	-
<b>Balance at the end of period</b>	<u>160,236</u>	<u>159,837</u>	<u>162,620</u>

Attachment

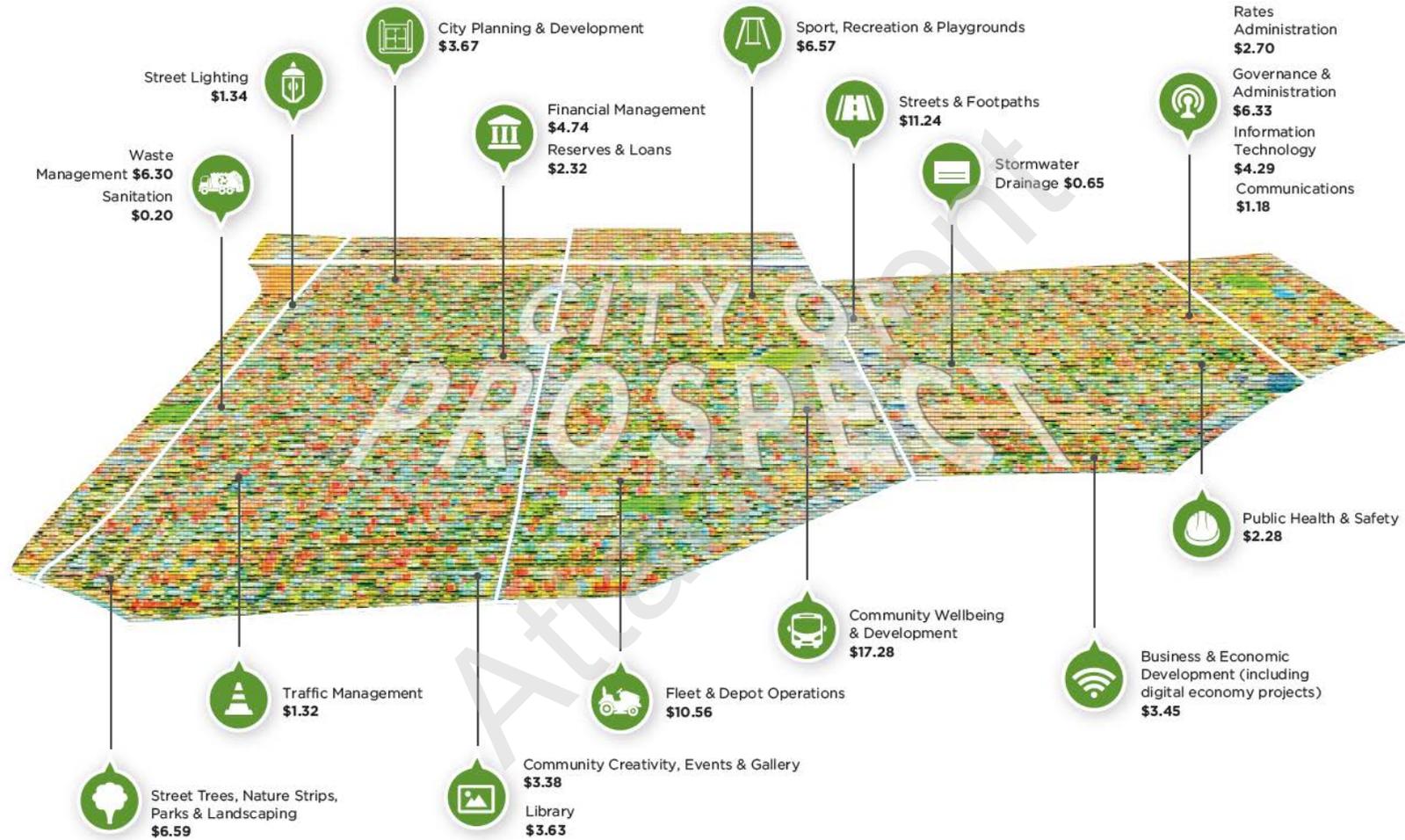
## City of Prospect

### Statement of Cash Flows

for the period ended 30 June 2019

	Original Budget 2017-18	Revised BR2 Budget 2017-18	Proposed Budget 2018-19
	\$ '000	\$ '000	\$ '000
<b>Cash Flows from Operating Activities</b>			
<b><u>Receipts</u></b>			
Operating Receipts	22,650	23,126	23,998
Investment Receipts	236	196	160
<b><u>Payments</u></b>			
Operating Payments to Suppliers and Employees	(19,171)	(18,983)	(19,881)
Finance Payments	(674)	(591)	(889)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>3,041</b>	<b>3,748</b>	<b>3,388</b>
<b>Cash Flows from Investing Activities</b>			
<b><u>Receipts</u></b>			
Amounts Received Specifically for New/Upgraded Assets	507	457	618
Sale of Replaced Assets	90	90	7,211
Repayments of Loans by Community Groups	157	157	231
<b><u>Payments</u></b>			
Expenditure on Renewal/Replacement of Assets	(8,153)	(7,940)	(10,427)
Expenditure on New/Upgraded Assets	(1,310)	(2,128)	(8,446)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(8,709)</b>	<b>(9,364)</b>	<b>(10,813)</b>
<b>Cash Flows from Financing Activities</b>			
<b><u>Receipts</u></b>			
Proceeds from Borrowings	3,500	5,692	8,707
<b><u>Payments</u></b>			
Repayments of Borrowings	(1,017)	(1,017)	(1,248)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>2,483</b>	<b>4,675</b>	<b>7,459</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>(3,185)</b>	<b>(941)</b>	<b>34</b>
plus: Cash & Cash Equivalents at beginning of period	5,169	1,145	4,107
<b>Cash &amp; Cash Equivalents at end of period</b>	<b>1,984</b>	<b>204</b>	<b>4,141</b>

## 2.9 Where Does Each \$100 Go?



\*Community Wellbeing & Development is inclusive of the Community Hub, Library and Innovation Centre (CLIC) Project

## 2.10 Infrastructure Asset Management Plan

Council has developed an Infrastructure Asset Management Plan which sets out the capital project requirements of Council for the next 20 years by class of asset and project and is a key input to the Long-term Financial Plan. It predicts infrastructure consumption and renewal needs and considers new infrastructure needs to meet future community service expectations. The Plan will be subject to a process of consultation and evaluation. Key elements of the process are as follows:

- Long term capital planning which integrates with the Council's Strategic Management Plans;
- Listing of all known capital projects, prioritised within classes of assets on the basis of evaluation criteria;
- Transparent process for evaluating and prioritising capital projects.

A key objective of the Infrastructure Asset Management Plan is to maintain or preserve Council's existing assets at desired condition and service levels, and thus minimise whole of life cycle costs of assets.

Projects identified in the Infrastructure Asset Management Plan for 2018-2019 includes:

### Road Reconstruction

- Rosetta Street
- Murray Street
- Rosebery Lane

### Road Reseal and Rejuvenation:

- Angwin Ave / Athol Ave Roundabout
- Avenue Road (from Davenport Tce to Churchill Rd)
- Beaconfield Lane (Sherbourne Rd to Charlbury Rd)
- Braund Road (from Bosanquet Ave to Beatrice St)
- Bridges Street (from Collingrove Ave to McInnes Ave)
- California Street (from Main North Rd to Howard St)
- Currie Street (from Harvey St to Newbon St)
- Derlanger Ave (from Rosetta St to Ellen St)
- Devonport Tce (from Belford Ave to Winer Tce)
- Devonport Tce (from Kingdom Pl to Gurr St)
- Fuller Lane (from California St to northern end)
- Galway Ave (from French St to Collingrove Ave)
- Howard St (North St to First Ave)
- Larwood Lane (from Willcox Ave to Alpha Rd)
- Lewis Land (from Barker Rd to northern end)
- Livingston Ave / Hillsdale St Roundabout
- McInnes Ave (from Meredith St to Galway Ave)
- Mona Place (from Laura St to Main North Rd)
- Path Z, adjacent 49 Toronto St (from Toronto St to Cotton St)
- Pym Street (from Council boundary to Churchill Road)

# Part C: Long Term Financial Plan (LTFP)

## 3.1 Introduction

Council considered its Budget 2018-2019 in the context of its Strategic Plan and its longer term financial sustainability (per long term financial plan) and not with a narrow focus on a single year.

The decisions Council makes in relation to the Budget 2018-2019 will have both direct and indirect implications for subsequent financial years.

Council's Long Term Financial Plan has been updated with revenue and expenditure projections over coming years and a summary has been provided at Part C. The LTFP provides Council with a valuable tool to manage its financial sustainability over a number of years and links direct to the Strategic Plan. The LTFP also provides a number of key (financial) performance indicators (KPI's) and ratios which will enable council to both project and plan its operations over the long term (including "what if scenarios") and also measure its performance against the LTFP over this term.

The Infrastructure & Asset Management Plan is a critical input into the LTFP. Pages 49 - 50 show the Capital Project Expenditure over a 10-year period. The 10 year Operating Projects are presented on page 47 - 48.

The budget for 2017-2018 was framed using a zero budgeting based approach. This method was carried over for 2018-2019 and as a result of this, the total rate revenue increase for the life of the plan has continued of that estimated in the 2018-2019 plan.

The strategic plan and budget parameters are located on pages 7 - 20.

## 3.2 Long Term Financial Plan Assumptions 2019–2028

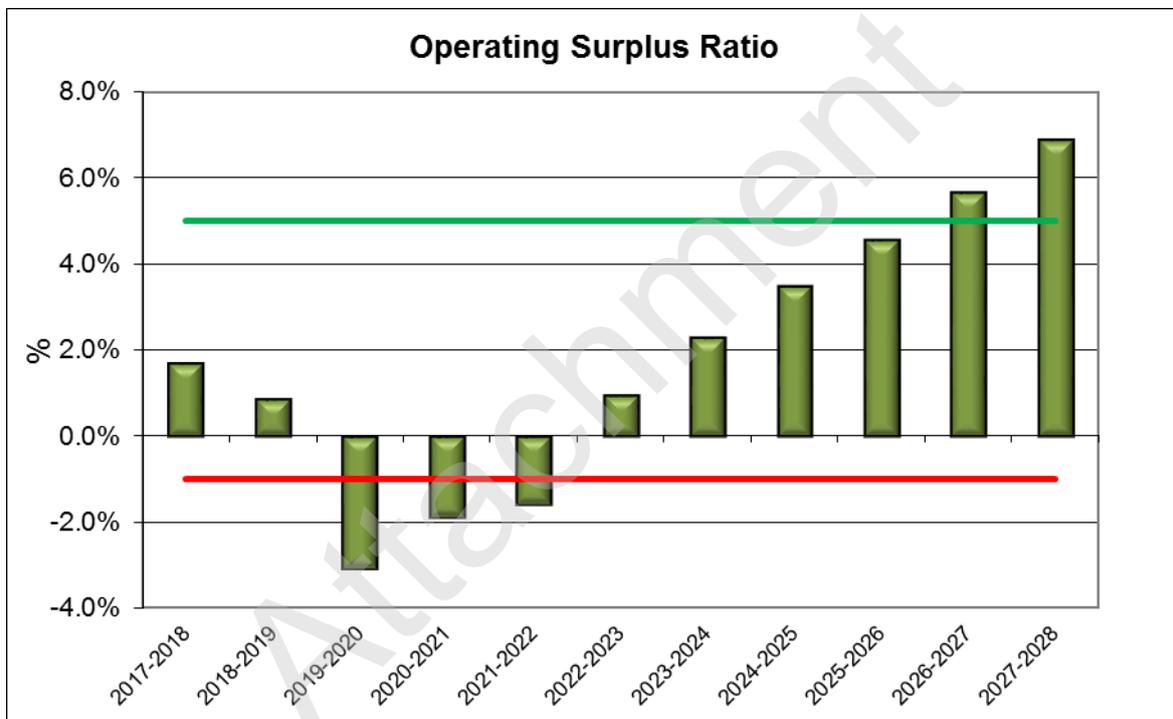
Long Term Financial Plan (LTFP) Assumptions : 2018-2019 to 2027-2028										
	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Increase in LGPI for expenditure. Calculated using the incremental historic average of the CPI	2.9%	2.35%	1.87%	1.83%	1.92%	2.07%	2.3%	2.45%	2.49%	2.69%
Increase in CPI for Non-Rates and Grant Income. Calculated using the incremental historic average of the CPI	2.3%	2.09%	1.95%	2.03%	2.22%	2.38%	2.60%	2.81%	2.96%	3.17%
Projected increase in Total Rate Revenue	4.5%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Grant: New Roads to Recovery	\$483K	\$146K	\$146k	0	0	0	0	0	0	0
Increase in Grants Commission Grant Revenue	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Grants Commission Grant	Assumed four instalments of Financial Assistance Grants									
Home Assistance Community Care Funding HACC	No adjustments made in the Long Term Financial Plan									
Increase in Enterprise Agreement (Salaries)	Up to Consumer Price Index (CPI) plus legislative changes to Superannuation Guarantee of stepped increase to 12% between 2021-22 and 2025-26									
Potential additional Rates	Significant investment is anticipated at 250 Churchill Road sites within next 5 years. Additional rate revenue from this site 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.									
Surplus/(Deficit) of Asset Disposal	Only includes the disposal of assets included in the CLIC funding plan as well as plant and fleet traded in on new equivalent equipment.									
Asset Valuation	Fluctuation in Asset Valuation is linked to cpi in the Long Term Financial Plan. Asset classes recorded at cost and not revalued under policy are not indexed. Indexation has been paused for Building Assets following the construction of CLIC as this large portion of the asset class is carried at cost.									
Depreciation	Depreciation Methodology remained consistent with 2017-2018. Financial statements as at 30 June 2017 used to identify effective depreciation rate.									
Capital Expenditure	<ul style="list-style-type: none"> <li>Refer to the 10-year capital expenditure plan in this section.</li> <li>Capital Expenditure Budgets are linked to indexation of the LPGI in the Long Term Financial Plan</li> <li>Assumes No Policy Change</li> <li>The ongoing depreciation and material increases in maintenance expenses associated with capital projects on new/upgraded assets have been factored into the Council's Long-term Financial Plan.</li> </ul>									
Loan Principal & Interest Repayment	As per the Loan Schedule on page 33.									

### 3.3 Budget 2018-2019 Strategic Parameters - Financial Sustainability

This section provides information about three key indicators of Council’s financial performance and financial positions for the next 10 years. These indicators measure Council’s sustainability of its long term financial performance. Financial sustainability is defined as whether or not Council will have the financial capacity to continue to exist in the long term. Analysis on each of the indicators is included in the following sections of the document. Further explanatory notes on the indicators are provided in the Glossary.

#### 3.3.1 Operating Surplus Ratio

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



Council has adopted target ranges for the Operating Surplus Ratio of -1% to 5% annually and 1% to 3% for the ten year average.

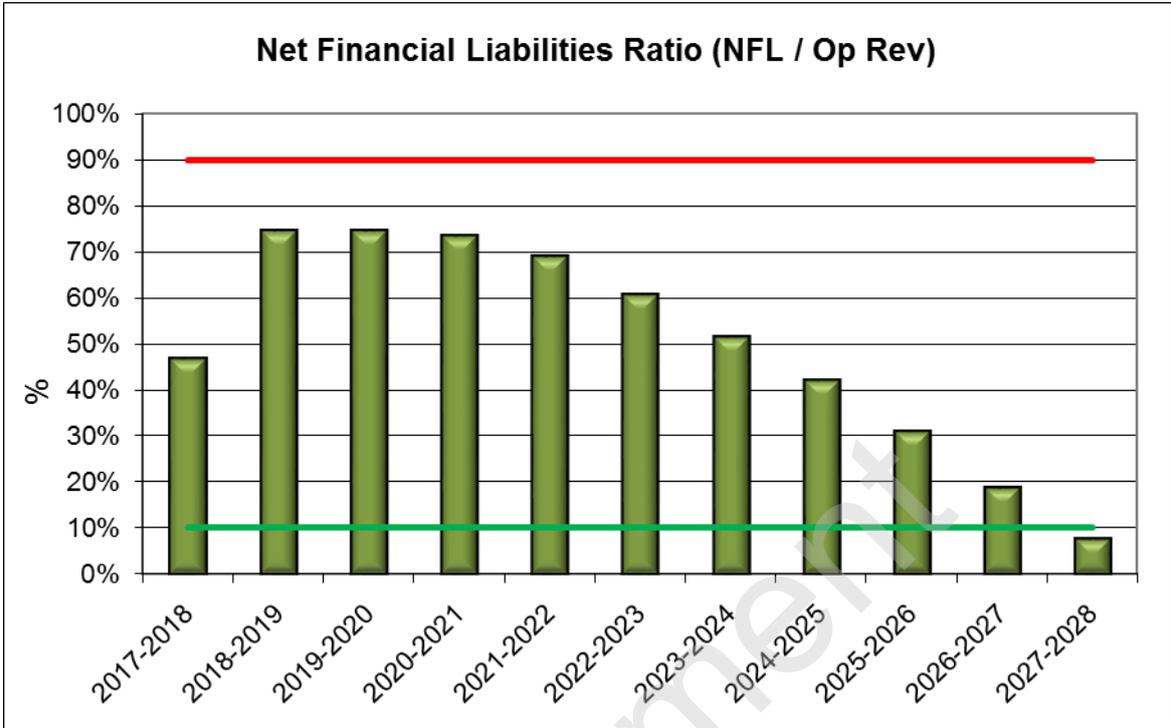
The operating ratio for 2018-2019 is 0.9%. This ratio (& future years where indicated) is attributed to the following key strategic initiatives:

- Projected increase in borrowing costs associated with the construction of the CLIC project at 128 Prospect Road;
- Projected increase in depreciation expense due to large amount of capital works for rehabilitation of footpaths and other infrastructure to rehabilitate the services following the PLEC project;
- Increased waste recyclables processing costs following implementation of the China Sword.

The projected 10 year average operating surplus ratio is 1.8%. This meets Council’s 10 year average target range of 1% to 3%.

### 3.3.2 Net Financial Liabilities Ratio

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



Council has adopted a target range for the Net Financial Liabilities Ratio of 10% to 90% annually and 10% to 60% for the ten year average.

Council's net financial liabilities at 30 June 2018 expressed as a percentage of estimated operating revenue (the net financial liabilities ratio) is expected to be 75%.

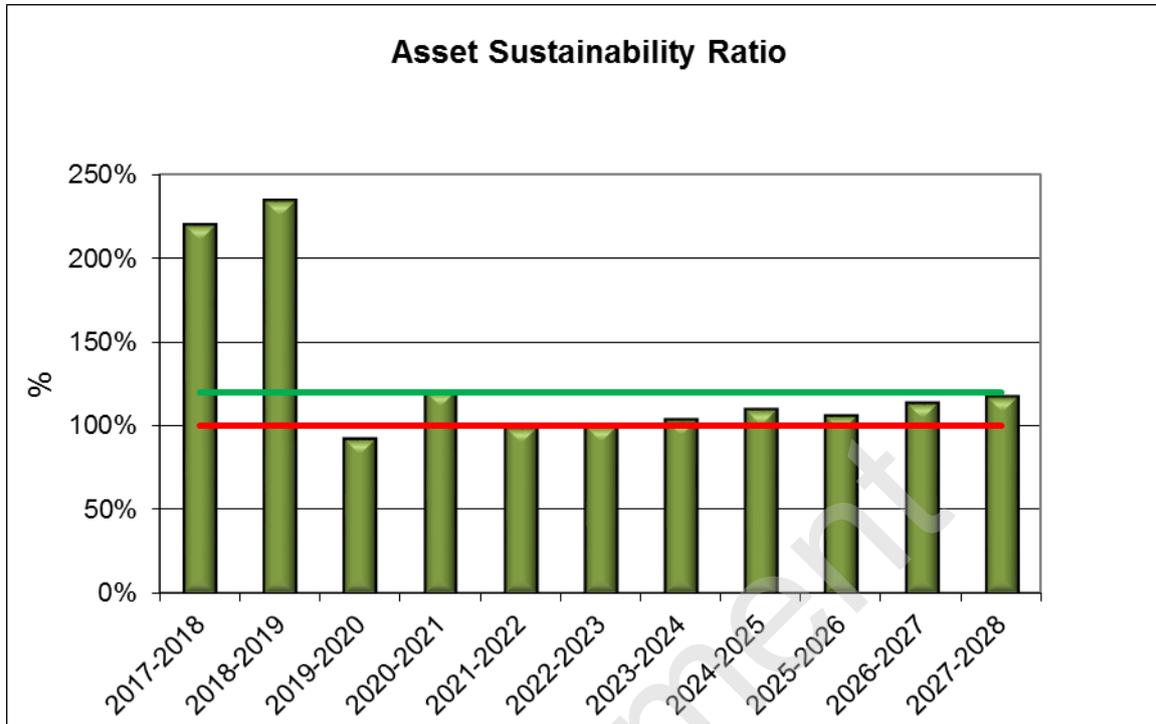
Council has undertaken a borrowing of \$1.88m for the redevelopment of facilities at the North Adelaide Football Club. The outstanding principal is included in Council's Net Financial Liabilities, however fully recoverable from the Club.

Council anticipates the need to undertake borrowings in order to complete the construction of the new CLIC facility at 128 Prospect Road. Construction has begun during the 2017-2018 financial year. Council Net Financial Liabilities Ratio is expected to peak to 2018-2019 when construction should be nearing. This facility is a replacement for the current Thomas Street Centre leased from the Department of Education and Childhood Development (DECD) and civic centre. DECD have notified Council of its intention to recover the asset at the end of the current lease (2019).

The projected 10 year average of net financial liabilities ratio is approximately 50% which meets Council's 10 year target range of 10% to 60%.

### 3.3.3 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/average funding IAMP requirement).



Council has adopted a target range for the Asset Sustainability Ratio of 100% to 120%.

Council's asset sustainability ratio in 2018-2019 is expected to be 235% calculated by comparing planned capital project expenditure on renewal and replacement of assets *less* capital revenue on trade-in *against* total infrastructure asset management plan expenditure requirement in 2018-2019.

Increases in the Asset Sustainability Ratio in 2017-2018 and 2018-2019 stem from the construction of the CLIC project. The construction has been assessed on a floor space allocation basis identifying that 52% of the construction is renewal of the old civic centre building. The remaining 48% is considered an upgraded asset expenditure.

The 10 year average of the asset sustainability ratio is projected to be approximately 120%.

### 3.4 LTFP Key Performance Indicators and Dashboard Summary

**City of Prospect  
Long Term Financial Plan - Draft Budget 2018-2019  
Financial Indicators Dashboard**

Proposed Average Residential Rate Increase	3.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Proposed Development Growth	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<b>Total Rate Revenue Increase (Including Growth)</b>	<b>4.50%</b>	<b>3.75%</b>									

- Above Acceptable Target Range
- Within Acceptable Target Range
- Below Acceptable Target Range

Financial Indicator Description	Year Ended 30 June:												
	Annual Target	2017 Actual	2018 Estimate	2019 Year 1	2020 Year 2	2021 Year 3	2022 Year 4	2023 Year 5	2024 Year 6	2025 Year 7	2026 Year 8	2027 Year 9	2028 Year 10
Operating Surplus Ratio - %	(1%) - 5%	(0.5%)	1.7%	0.9%	(3.1%)	(1.9%)	(1.6%)	0.9%	2.3%	3.5%	4.5%	5.6%	6.9%
Net Financial Liabilities Ratio - %	10% - 90%	32%	47%	75%	75%	74%	69%	61%	52%	42%	31%	19%	8%
Asset Sustainability Ratio - %	100%-120%	91%	220%	235%	93%	121%	99%	100%	104%	110%	106%	114%	118%

Note: Dashboard Targets are fixed and do not vary from year to year.

### 3.5 Estimated Income Statement

City of Prospect  
Long Term Financial Plan - Draft Budget 2018-2019  
ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2017 Actual	2018 Second BR	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>INCOME</b>												
Rates	19,237	20,026	20,939	21,724	22,539	23,384	24,261	25,171	26,115	27,094	28,110	29,164
Statutory Charges	504	518	519	530	540	551	563	576	591	608	626	646
User Charges	249	239	188	244	370	380	386	397	405	418	428	444
Grants, subsidies, contributions	1,856	1,766	2,022	1,802	1,820	1,692	1,709	1,726	1,743	1,760	1,778	1,796
Investment Income	203	196	160	189	122	42	6	3	15	36	93	189
Reimbursements	94	188	12	12	12	12	12	12	12	12	12	12
Other Revenues	357	388	149	152	155	158	162	166	170	175	180	186
Net Gain - Equity Accounted Council Businesses	0	5	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>22,500</b>	<b>23,326</b>	<b>23,989</b>	<b>24,653</b>	<b>25,558</b>	<b>26,219</b>	<b>27,099</b>	<b>28,051</b>	<b>29,051</b>	<b>30,103</b>	<b>31,227</b>	<b>32,437</b>
<b>EXPENSES</b>												
Employee costs	7,561	8,239	8,426	8,603	8,775	8,994	9,237	9,505	9,800	10,123	10,427	10,761
Materials, contracts & other expenses	10,969	10,535	10,611	11,200	11,537	11,950	12,249	12,567	12,918	13,292	13,691	14,102
Depreciation	3,582	3,624	3,857	4,303	4,515	4,551	4,581	4,652	4,735	4,829	4,945	4,996
Finance Costs	482	591	889	1,305	1,215	1,141	779	688	591	492	407	353
Net Loss - Equity Accounted Council Businesses	2	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>22,596</b>	<b>22,989</b>	<b>23,783</b>	<b>25,411</b>	<b>26,042</b>	<b>26,636</b>	<b>26,846</b>	<b>27,412</b>	<b>28,044</b>	<b>28,736</b>	<b>29,470</b>	<b>30,212</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(96)</b>	<b>337</b>	<b>206</b>	<b>(758)</b>	<b>(484)</b>	<b>(417)</b>	<b>253</b>	<b>639</b>	<b>1,007</b>	<b>1,367</b>	<b>1,757</b>	<b>2,225</b>
Net gain/(loss) on disposal or revaluations	(19)	90	1,303	207	272	255	195	75	315	333	160	186
Amounts specifically for new assets	134	457	618	0	0	0	0	0	0	0	0	0
<b>NET SURPLUS/(DEFICIT)</b>	<b>19</b>	<b>884</b>	<b>2,127</b>	<b>(551)</b>	<b>(212)</b>	<b>(162)</b>	<b>448</b>	<b>714</b>	<b>1,322</b>	<b>1,700</b>	<b>1,917</b>	<b>2,411</b>
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	0	2	0	0	12,765	0	0	0	0	16,202	0	0
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>12,765</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,202</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>19</b>	<b>886</b>	<b>2,127</b>	<b>(551)</b>	<b>12,553</b>	<b>(162)</b>	<b>448</b>	<b>714</b>	<b>1,322</b>	<b>17,902</b>	<b>1,917</b>	<b>2,411</b>

### 3.6 Estimated Balance Sheet

City of Prospect

Long Term Financial Plan - Draft Budget 2018-2019

ESTIMATED BALANCE SHEET

Year Ended 30 June:	2017 Actual \$(000)	2018 Original Budget \$(000)	2019 Plan Year 1 \$(000)	2020 Plan Year 2 \$(000)	2021 Plan Year 3 \$(000)	2022 Plan Year 4 \$(000)	2023 Plan Year 5 \$(000)	2024 Plan Year 6 \$(000)	2025 Plan Year 7 \$(000)	2026 Plan Year 8 \$(000)	2027 Plan Year 9 \$(000)	2028 Plan Year 10 \$(000)
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Equivalent Assets	1,445	4,075	4,109	2,741	927	119	66	300	672	1,707	3,337	5,303
Trade & Other Receivables	2,203	1,322	1,260	1,271	1,285	1,297	1,312	1,329	1,316	1,091	1,091	1,091
Inventories	2	2	2	2	2	2	2	2	2	2	2	2
<b>Total Current Assets</b>	<b>3,650</b>	<b>5,399</b>	<b>5,371</b>	<b>4,014</b>	<b>2,214</b>	<b>1,418</b>	<b>1,380</b>	<b>1,631</b>	<b>1,990</b>	<b>2,800</b>	<b>4,430</b>	<b>6,396</b>
<b>Non-Current Assets</b>												
Receivables	1,664	1,433	1,264	1,084	890	684	463	225	0	0	0	0
Equity Accounted Investments in Council Businesses	44	44	44	44	44	44	44	44	44	44	44	44
Infrastructure, Property, Plant & Equipment	162,841	169,143	178,213	178,160	191,137	190,266	189,092	187,802	186,895	201,881	200,321	199,327
Other Non-Current Assets	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286
<b>Total Non-Current Assets</b>	<b>166,835</b>	<b>172,906</b>	<b>181,807</b>	<b>181,574</b>	<b>194,357</b>	<b>193,280</b>	<b>191,885</b>	<b>190,357</b>	<b>189,225</b>	<b>204,211</b>	<b>202,651</b>	<b>201,657</b>
<b>Total Assets</b>	<b>170,485</b>	<b>178,305</b>	<b>187,178</b>	<b>185,588</b>	<b>196,571</b>	<b>194,698</b>	<b>193,265</b>	<b>191,988</b>	<b>191,215</b>	<b>207,011</b>	<b>207,081</b>	<b>208,053</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Trade & Other Payables	1,861	4,213	2,919	3,522	3,252	3,102	2,761	2,449	2,098	1,671	914	615
Borrowings	802	1,248	1,418	1,479	1,542	1,628	1,720	1,816	1,744	1,165	1,218	631
Provisions	1,712	650	1,207	989	1,159	1,139	1,221	1,258	1,324	1,384	1,453	1,524
<b>Total Current Liabilities</b>	<b>4,375</b>	<b>6,111</b>	<b>5,544</b>	<b>5,990</b>	<b>5,953</b>	<b>5,869</b>	<b>5,702</b>	<b>5,523</b>	<b>5,166</b>	<b>4,220</b>	<b>3,585</b>	<b>2,770</b>
<b>Non-Current Liabilities</b>												
Borrowings	6,394	11,642	18,931	17,452	15,910	14,282	12,562	10,746	9,002	7,837	6,619	5,988
Provisions	109	59	83	77	86	87	93	97	103	108	114	121
<b>Total Non-Current Liabilities</b>	<b>6,503</b>	<b>11,701</b>	<b>19,014</b>	<b>17,529</b>	<b>15,996</b>	<b>14,369</b>	<b>12,655</b>	<b>10,843</b>	<b>9,105</b>	<b>7,945</b>	<b>6,733</b>	<b>6,109</b>
<b>Total Liabilities</b>	<b>10,878</b>	<b>17,812</b>	<b>24,558</b>	<b>23,519</b>	<b>21,949</b>	<b>20,238</b>	<b>18,357</b>	<b>16,366</b>	<b>14,271</b>	<b>12,165</b>	<b>10,318</b>	<b>8,879</b>
<b>NET ASSETS</b>	<b>159,607</b>	<b>160,493</b>	<b>162,620</b>	<b>162,069</b>	<b>174,622</b>	<b>174,460</b>	<b>174,908</b>	<b>175,622</b>	<b>176,944</b>	<b>194,846</b>	<b>196,763</b>	<b>199,174</b>
<b>EQUITY</b>												
Accumulated Surplus	74,091	77,054	79,181	78,630	78,418	78,256	78,704	79,418	80,740	82,440	84,357	86,768
Asset Revaluation Reserve	83,122	83,124	83,124	83,124	95,889	95,889	95,889	95,889	95,889	112,091	112,091	112,091
Other Reserves	2,394	315	315	315	315	315	315	315	315	315	315	315
<b>TOTAL EQUITY</b>	<b>159,607</b>	<b>160,493</b>	<b>162,620</b>	<b>162,069</b>	<b>174,622</b>	<b>174,460</b>	<b>174,908</b>	<b>175,622</b>	<b>176,944</b>	<b>194,846</b>	<b>196,763</b>	<b>199,174</b>

### 3.7 Estimated Cash Flow Statement

City of Prospect

Long Term Financial Plan - Draft Budget 2018-2019

**ESTIMATED CASH FLOW STATEMENT**

Year Ended 30 June:	2017 Actual	2018 Original Budget	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
<u>Receipts</u>												
Operating Receipts	18,288	23,593	23,998	24,380	25,481	26,156	27,106	28,043	29,040	30,067	31,136	32,249
Investment Receipts	0	196	160	189	122	42	6	3	15	36	93	189
<u>Payments</u>												
Employee costs	(5,427)	(9,664)	(7,692)	(8,903)	(8,555)	(9,032)	(9,138)	(9,468)	(9,725)	(10,058)	(10,350)	(10,682)
Materials, contracts & other expenses	(9,956)	(7,334)	(12,189)	(10,399)	(11,855)	(11,742)	(12,296)	(12,502)	(12,908)	(13,251)	(13,664)	(14,065)
Finance Costs	(482)	(591)	(889)	(1,305)	(1,215)	(1,141)	(779)	(688)	(591)	(492)	(407)	(353)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>2,423</b>	<b>6,200</b>	<b>3,388</b>	<b>3,962</b>	<b>3,978</b>	<b>4,283</b>	<b>4,899</b>	<b>5,388</b>	<b>5,831</b>	<b>6,302</b>	<b>6,808</b>	<b>7,338</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	21	457	618	0	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	242	234	7,211	207	272	255	195	75	315	333	160	186
Repayments of Loans by Community Groups	1	145	231	169	180	194	206	221	238	225	0	0
Distributions Received from Associated Entities	39	0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(3,843)	(7,902)	(10,427)	(3,455)	(4,503)	(3,730)	(3,698)	(3,702)	(4,167)	(4,052)	(4,143)	(4,310)
Expenditure on New/Upgraded Assets	(212)	(2,166)	(8,446)	(833)	(262)	(268)	(27)	(28)	(29)	(29)	(30)	(30)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(3,759)</b>	<b>(9,232)</b>	<b>(10,813)</b>	<b>(3,912)</b>	<b>(4,313)</b>	<b>(3,549)</b>	<b>(3,324)</b>	<b>(3,434)</b>	<b>(3,643)</b>	<b>(3,523)</b>	<b>(4,013)</b>	<b>(4,154)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<u>Receipts</u>												
Proceeds from Borrowings	1,375	6,496	8,707	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Repayments of Borrowings	(499)	(763)	(1,248)	(1,418)	(1,479)	(1,542)	(1,628)	(1,720)	(1,816)	(1,744)	(1,165)	(1,218)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>876</b>	<b>5,733</b>	<b>7,459</b>	<b>(1,418)</b>	<b>(1,479)</b>	<b>(1,542)</b>	<b>(1,628)</b>	<b>(1,720)</b>	<b>(1,816)</b>	<b>(1,744)</b>	<b>(1,165)</b>	<b>(1,218)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>(460)</b>	<b>2,701</b>	<b>34</b>	<b>(1,368)</b>	<b>(1,814)</b>	<b>(808)</b>	<b>(53)</b>	<b>234</b>	<b>372</b>	<b>1,035</b>	<b>1,630</b>	<b>1,966</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>3,151</b>	<b>1,406</b>	<b>4,107</b>	<b>4,141</b>	<b>2,773</b>	<b>959</b>	<b>151</b>	<b>98</b>	<b>332</b>	<b>704</b>	<b>1,739</b>	<b>3,369</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>1,406</b>	<b>4,107</b>	<b>4,141</b>	<b>2,773</b>	<b>959</b>	<b>151</b>	<b>98</b>	<b>332</b>	<b>704</b>	<b>1,739</b>	<b>3,369</b>	<b>5,335</b>

### 3.8 Estimated Statement of Changes in Equity

#### City of Prospect

#### Long Term Financial Plan - Draft Budget 2018-2019

#### ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2017 Actual	2018 Original Budget	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>ACCUMULATED SURPLUS</b>												
Balance at end of previous reporting period	75,835	74,091	77,054	79,181	78,630	78,418	78,256	78,704	79,418	80,740	82,440	84,357
Net Result for Year	19	884	2,127	(551)	(212)	(162)	448	714	1,322	1,700	1,917	2,411
Transfers to Other Reserves	(1,763)	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	0	2,079	0	0	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>74,091</b>	<b>77,054</b>	<b>79,181</b>	<b>78,630</b>	<b>78,418</b>	<b>78,256</b>	<b>78,704</b>	<b>79,418</b>	<b>80,740</b>	<b>82,440</b>	<b>84,357</b>	<b>86,768</b>
<b>ASSET REVALUATION RESERVE</b>												
Land	0	0	0	0	4,426	4,426	4,426	4,426	4,426	10,040	10,040	10,040
Buildings & Other Structures	47,191	47,193	47,193	47,193	47,193	47,193	47,193	47,193	47,193	47,193	47,193	47,193
Infrastructure - Roads	21,340	21,340	21,340	21,340	26,035	26,035	26,035	26,035	26,035	32,081	32,081	32,081
Infrastructure - Footpaths	11,448	11,448	11,448	11,448	13,705	13,705	13,705	13,705	13,705	16,395	16,395	16,395
Infrastructure - Stormwater Drainage	2,949	2,949	2,949	2,949	4,336	4,336	4,336	4,336	4,336	6,188	6,188	6,188
Other Assets	194	194	194	194	194	194	194	194	194	194	194	194
<b>Balance at end of period</b>	<b>83,122</b>	<b>83,124</b>	<b>83,124</b>	<b>83,124</b>	<b>95,889</b>	<b>95,889</b>	<b>95,889</b>	<b>95,889</b>	<b>95,889</b>	<b>112,091</b>	<b>112,091</b>	<b>112,091</b>
<b>OTHER RESERVES</b>												
Balance at end of previous reporting period	631	2,394	315	315	315	315	315	315	315	315	315	315
Transfers from Accumulated Surplus	1,763	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	0	(2,079)	0	0	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>2,394</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>159,607</b>	<b>160,493</b>	<b>162,620</b>	<b>162,069</b>	<b>174,622</b>	<b>174,460</b>	<b>174,908</b>	<b>175,622</b>	<b>176,944</b>	<b>194,846</b>	<b>196,763</b>	<b>199,174</b>

### 3.9 Summary Statement Including Financing Transactions

#### City of Prospect

#### Long Term Financial Plan - Draft Budget 2018-2019

#### SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2017 Actual	2018 Original Budget	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Operating Revenues	22,500	23,326	23,989	24,653	25,558	26,219	27,099	28,051	29,051	30,103	31,227	32,437
less Operating Expenses	22,596	22,989	23,783	25,411	26,042	26,636	26,846	27,412	28,044	28,736	29,470	30,212
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(96)</b>	<b>337</b>	<b>206</b>	<b>(758)</b>	<b>(484)</b>	<b>(417)</b>	<b>253</b>	<b>639</b>	<b>1,007</b>	<b>1,367</b>	<b>1,757</b>	<b>2,225</b>
<b>Less: Net Outlays on Existing Assets</b>												
Capital Expenditure on Renewal/Replacement of Existing Assets	1,233	7,902	10,427	3,455	4,503	3,730	3,698	3,702	4,167	4,052	4,143	4,310
less Depreciation, Amortisation & Impairment	3,582	3,624	3,895	4,341	4,553	4,869	4,899	5,020	5,103	5,297	5,733	5,334
less Proceeds from Sale of Replaced Assets	250	234	7,211	207	272	255	195	75	315	333	160	186
	<b>(2,599)</b>	<b>4,044</b>	<b>(679)</b>	<b>(1,093)</b>	<b>(322)</b>	<b>(1,394)</b>	<b>(1,396)</b>	<b>(1,393)</b>	<b>(1,251)</b>	<b>(1,578)</b>	<b>(1,750)</b>	<b>(1,210)</b>
<b>Less: Net Outlays on New and Upgraded Assets</b>												
Capital Expenditure on New/Upgraded Assets	981	2,166	8,446	833	262	268	27	28	29	29	30	30
less Amounts Specifically for New/Upgraded Assets	134	457	618	0	0	0	0	0	0	0	0	0
	<b>847</b>	<b>1,709</b>	<b>7,828</b>	<b>833</b>	<b>262</b>	<b>268</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,656</b>	<b>(5,416)</b>	<b>(6,943)</b>	<b>(498)</b>	<b>(424)</b>	<b>709</b>	<b>1,622</b>	<b>2,004</b>	<b>2,229</b>	<b>2,916</b>	<b>3,477</b>	<b>3,405</b>

In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Year Ended 30 June:	2017 Actual	2018 Original Budget	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>FINANCING TRANSACTIONS</b>												
New Borrowings		6,496	8,707	0	0	0	0	0	0	0	0	0
Repayment of Principal on Borrowings		(763)	(1,248)	(1,418)	(1,479)	(1,542)	(1,628)	(1,720)	(1,816)	(1,744)	(1,165)	(1,218)
(Increase)/Decrease in Cash and Cash Equivalents		(2,701)	(34)	1,368	1,814	808	53	(234)	(372)	(1,035)	(1,630)	(1,966)
(Increase)/Decrease in Receivables		881	62	(11)	(14)	(12)	(15)	(17)	13	225	0	0
Increase/(Decrease) in Payables & Provisions		1,240	(713)	379	(91)	(169)	(253)	(271)	(279)	(362)	(682)	(221)
Other – Including the Movement in Inventories		263	169	180	194	206	221	238	225	0	0	0
<b>Financing Transactions</b>		<b>5,416</b>	<b>6,943</b>	<b>498</b>	<b>424</b>	<b>(709)</b>	<b>(1,622)</b>	<b>(2,004)</b>	<b>(2,229)</b>	<b>(2,916)</b>	<b>(3,477)</b>	<b>(3,405)</b>

### 3.10 Key Financial Indicators

KEY FINANCIAL INDICATORS	2017 Actual	2018 Original Budget	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
Operating Surplus / (Deficit) - \$'000	(96)	337	206	(758)	(484)	(417)	253	639	1,007	1,367	1,757	2,225
Operating Surplus Ratio - %	(0.5)%	1.7%	0.9%	(3.1)%	(1.9)%	(1.6)%	0.9%	2.3%	3.5%	4.5%	5.6%	6.9%
Net Financial Liabilities Ratio - %	32%	47%	75%	75%	74%	69%	61%	52%	42%	31%	19%	8%
Asset Sustainability Ratio - %	91%	220%	235%	93%	121%	99%	100%	104%	110%	106%	114%	118%

### 3.11 Operating Projects

2018-19 OPERATING PROJECTS - Long Term Financial Plan view																
Project No.	Strategy	Project Name	2018-19 Draft Budget				LTFP Allocation									
			Expenditure	Income	Net Project Cost	Funding Sources	Year 2 2019 - 2020	Year 3 2020 - 2021	Year 4 2021 - 2022	Year 5 2022 - 2023	Year 6 2023 - 2024	Year 7 2024 - 2025	Year 8 2025 - 2026	Year 9 2026 - 2027	Year 10 2027 - 2028	
O.19.01	Services	Civic Centre and CLIC Transition	90,000	-	90,000		71,500	-	-	-	-	-	-	-	-	
O.19.02	Services	Periodic Election / Electoral Roll	90,000	-	90,000		-	-	-	90,000	-	-	-	90,000	-	
O.19.03	Services	Local Government Performance Excellence Program	7,750	-	7,750		7,750	-	-	-	-	-	-	-	-	
O.19.04	Place	Increase in Watering Program	30,000	-	30,000		-	-	-	-	-	-	-	-	-	
O.19.05	Place	White Cedar Tree Program (Project)	30,000	-	30,000		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
O.19.06	Services	Service Reviews	35,000	-	35,000		25,000	25,000	-	-	-	-	-	-	-	
O.19.07	Place	Charles Cane Pamo Yerta Design Development	60,000	-	60,000		-	-	-	-	-	-	-	-	-	
O.19.08	Services	PLEC Prospect Rd - Regency to boundary	502,618	-	502,618		-	-	-	-	-	-	-	-	-	
O.19.09	Place	Heritage Grant Program	15,000	-	15,000		16,000	17,000	18,000	19,000	20,000	21,000	22,000	23,000	24,000	
O.19.11	Place	City Wide Public Art Roundtable	27,000	2,000	25,000	User Charges	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	
O.19.12	People	Tourific Prospect	250,000	45,000	205,000	User Charges	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	
O.19.14	Prosperity	Prospect Road Destination Marketing	10,000	10,000	-	Separate Rate	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
O.19.15	Prosperity	Digital Economy Strategy Implementation	66,000	-	66,000		66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	
O.19.16	People	Publications - Prospect Magazine	76,500	22,500	54,000	User Charges	76,500	76,500	76,500	76,500	76,500	76,500	76,500	76,500	76,500	
O.19.17	People	Events Grants	22,000	-	22,000		22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	
O.19.20	Place	Remediate Landscaping Prospect / Churchill Roads	20,000	-	20,000		-	-	-	-	-	-	-	-	-	
O.19.28	Place	Green Tunnel	30,000	-	30,000		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
	Services	Representation Review	-	-	-		-	30,000	-	-	-	-	-	-	30,000	
	Services	By-Law Review	-	-	-		-	10,000	-	-	-	-	-	-	10,000	
	Services	Depot Relocation	-	-	-		60,000	-	-	-	-	-	-	-	-	
	Services	IT Strategy Implementation	-	-	-		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
	People	Bi-Annual Prospect Portrait Prize	-	-	-		6,000	-	6,000	-	6,000	-	6,000	-	6,000	
	People	Reconciliation Action Plan - Implementation	-	-	-		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	
	Services	Development of Strategic Plan	-	-	-		30,000	30,000	-	-	30,000	-	-	-	30,000	



## 3.12 Capital Projects

2018-19 CAPITAL PROJECTS - Long Term Financial Plan view																		
Project No.	Strategy	Project Name	New / Upgrade (N) / Renewal (R)	2018-19 Draft Budget					LTFP Allocation									
				Expenditure	Income	Net Project Cost	Funding Sources	Included in IAMP	Year 2 2019 - 2020	Year 3 2020 - 2021	Year 4 2021 - 2022	Year 5 2022 - 2023	Year 6 2023 - 2024	Year 7 2024 - 2025	Year 8 2025 - 2026	Year 9 2026 - 2027	Year 10 2027 - 2028	
C.19.01	Services	Community Hub, Library & Innovation Centre (CLIC)	R	14,830,000	-	14,830,000			850,000	-	-	-	-	-	-	-	-	
C.19.02	Place	Pedestrian Kerb Ramp	R	25,850	-	25,850		Y	25,850	25,850	25,850	25,850	25,850	25,850	25,850	25,850	25,850	
C.19.03	Services	Road Design/Reconstruction (Capital)	R	1,517,410	-	1,517,410		Y	1,223,316	831,778	1,254,734	1,037,484	831,178	885,106	911,093	553,562	676,389	
C.19.04	Services	Kerb and Gutter Constructions	R	368,912	-	368,912		Y	193,993	400,991	115,477	436,505	436,505	436,505	436,505	349,204	471,426	
C.19.05	Services	Drainage Design/Construction	R	74,202	-	74,202		Y	194,042	1,358,749	449,644	23,285	610,944	258,723	38,808	113,642	74,203	
C.19.06	Services	Driveway Rectification Program	R	-	-	-		Y	30,000	30,000	-	-	-	-	-	-	-	
C.19.07	Services	Fleet Management - Capital Acquisitions	R	215,000	151,000	64,000	Trade In	Y	578,500	658,500	630,500	422,500	148,500	759,500	758,500	462,500	415,500	
C.19.08	Place	George Whittle Redevelopment - Stage 1	N	900,000	600,000	300,000	Capital Grant		300,000	-	-	-	-	-	-	-	-	
C.19.09	Services	PC and Monitor Stock Increase	R	6,040	-	6,040			-	-	-	-	-	-	-	-	-	
C.19.10	People	Library Capital Book Purchases	R	112,000	-	112,000	Operating Grant		112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	
C.19.11	Services	Elected Member iPads	R	9,045	-	9,045			-	-	-	10,000	-	-	-	10,000	-	
C.19.16	Place	Public Art - Capital	N	-	-	-			50,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	
C.19.20	Services	Street Lighting Upgrades	R	-	-	-			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
C.19.26	Services	Irrigation Upgrades - Install Flow Sensors	N	-	-	-			24,000	24,000	24,000	-	-	-	-	-	-	
C.19.28	Place	World War Two Honour Boards & Mural	N	20,000	18,000	2,000	Capital Grant		-	-	-	-	-	-	-	-	-	
C.19.31	People	Asbestos Removal	R	-	-	-			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
C.19.32	Services	Flood Mitigation - Prospect North West	R	130,000	-	130,000			-	-	-	-	-	-	-	-	-	
C.19.33	Services	Footpath & Landscaping - Prospect Rd	R	665,000	-	665,000			-	-	-	-	-	-	-	-	-	
	Services	Footpath Construction - Miscellaneous	R	-	-	-			-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
	Services	Council Buildings & Structures - Capital Works	R	-	-	-			-	255,107	264,359	331,197	268,451	298,432	229,167	298,254	407,452	
	Place	Open Space Strategy (\$3.25m over 10 years)	R	-	-	-			325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	
	Place	Broadview Oval Masterplan	R	-	-	-			-	-	-	-	-	250,000	250,000	950,000	750,000	
	Services	IT Strategy & Applications Roadmap	R	-	-	-			200,000	-	-	100,000	-	-	100,000	-	-	
	Place	Vine Street Plaza Redevelopment	N	-	-	-			40,000	200,000	200,000	-	-	-	-	-	-	
	Services	Projects to be defined	N	-	-	-			-	-	-	250,000	250,000	-	-	-	-	
<b>TOTAL FUNDED EXPENDITURE</b>				<b>18,873,459</b>	<b>769,000</b>	<b>18,104,459</b>			<b>4,176,701</b>	<b>4,526,975</b>	<b>3,706,564</b>	<b>3,378,821</b>	<b>3,313,428</b>	<b>3,656,116</b>	<b>3,491,923</b>	<b>3,505,012</b>	<b>3,562,820</b>	

2018-19 CAPITAL PROJECTS - Long Term Financial Plan view																	
				2018-19 Draft Budget				LTFP Allocation									
Project No.	Strategy	Project Name	New / Upgrade (N) / Renewal (R)	Expenditure	Income	Net Project Cost	Funding Sources	Included in IAMP	Year 2 2019 - 2020	Year 3 2020 - 2021	Year 4 2021 - 2022	Year 5 2022 - 2023	Year 6 2023 - 2024	Year 7 2024 - 2025	Year 8 2025 - 2026	Year 9 2026 - 2027	Year 10 2027 - 2028
		Broadview Oval Masterplan	U														
		Main North Road Masterplan	U														
		Prospect Oval Masterplan	U														
TOTAL UNFUNDED EXPENDITURE				-	-	-			-	-	-	-	-	-	-	-	-

Attachment

# Part D: Rating Strategy and Structure

## 2018-2019

### 4.1 Strategic Development

In setting rates, Council's primary consideration is the City of Prospect's Strategic Plan 2020 which has been developed as a result of long term strategic planning involving Council in consultation with special interest groups, Council's Audit Committee, Elected Member workshops and input from the staff. Council also considers the current economic climate which incorporates features such as:

- inflation rates and Consumer Price Index (C.P.I.),
- employment rates,
- Council's Treasury Management Policy,
- legislative changes and
- the need to manage, maintain and improve the community's physical infrastructure assets for future generations.

Council, in its deliberations, took into consideration the effect of rates on local businesses and is mindful of maintaining the balance between economic development and community development and Council's financial sustainability.

In considering the impact, Council assessed those elements of the Council's Strategic Management Plans relating to business development including, but not limited to, the equity of the distribution of the rate burden between ratepayers; Council's policy on facilitating local economic development; changes in the valuation of commercial and industrial production properties; and specific infrastructure maintenance issues that will solely or principally benefit businesses. Council adopts as a broad philosophical position that the rate in the dollar should be the same for all properties except where there is clearly a different level of services available to ratepayers or some other circumstances which warrant variation to the broad principle.

Council's ability to raise income from rents and lease payments is tempered by its desire to ensure that community groups and sporting bodies, who are the lifeblood of any vibrant community, have sufficient resources to meet their obligations. As a result, concessional rental and lease arrangements often apply to these groups.

The fundamental principle of equity within the community and assessment of the impact of rates across the area forms the criteria for annual rates modelling which is then used to develop a planned review of the basis of rating each year.

#### Historically

Since 1990 Council has maintained a consistent rating policy by charging a minimum rate and a differential rate in the dollar according to land use.

In 2013-2014 Council applied two differential rates to the land use of vacant land based on the planning zone of residential and non-residential. Both differentials are based on a 25% increase to the comparative land use differential should the land be developed. In 2017-2018, Council will continue with this differential model.

The following table provides a summary of the rating practices over recent years.

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Minimum	857.00	912.00	980.00	1,050.00	1,090.00	1,118.00	1,160.00
Res Val at Min	312,250	300,900	311,400	326,401	338,150	349,837	381,823
Res Rate in \$	0.00274701	0.00303107	0.00314506	0.00321690	0.00322342	0.00319577	0.00303805
Non-Res Val at Min	162,300	156,300	161,079	159,453	159,523	170,867	181,846
Non-Res Rate in \$	0.00528230	0.00583553	0.00609000	0.00658500	0.00683288	0.00654307	0.00637904
Vacant Land (Residential) Val at Min	276,750	281,900	249,280	261,121	270,520	279,870	305,459
Vacant Land (Residential) Rate in \$	0.00309809	0.00323593	0.00393132	0.00402112	0.00402927	0.00399471	0.00379756
Vacant Land (Non- Residential) Val at Min	276,750	281,900	128,736	127,563	127,618	136,694	145,476
Vacant Land (Non- Residential) Rate in \$	0.00309809	0.00323593	0.00761250	0.00823125	0.00854110	0.00817884	0.00797380

**For 2018/19 –**

Valuation data from the Valuer General will be updated in June 2018 based on the latest available data. The minimum rate has been calculated as \$1,200.00

Over the same period, the increase in the residential housing sector remained consistent. The following table demonstrates the changes in Rate Revenue and Rateable Valuation.

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Valuation	4,939 mil	4,729 mil	4,783 mil	4,877 mil	4,962 mill	5,205 mill	5,628 mill
% Inc Total Val	7.40%	-0.04%	1.11%	1.98%	4.18%	4.88%	8.13%
General Revenue	14,752,888	15,711,826	16,632,624	17,544,611	18,380,992	19,047,827	19,763,433
% Inc Gen Revenue (before mandatory rebate)	7.00%	6.50%	5.86%	5.48%	4.79%	3.60%	3.75%
Minimum Rate	857.00	912.00	980.00	1,050.00	1,090.00	1,118.00	1,160.00
% Inc Min Rate	5.50%	6.50%	7.46%	7.14%	3.8%	2.6%	3.75%

**For 2018/19 –**

Valuation data from the Valuer General will be updated in June 2018 based on the latest available data.

The minimum rate has been calculated as \$1,200.00

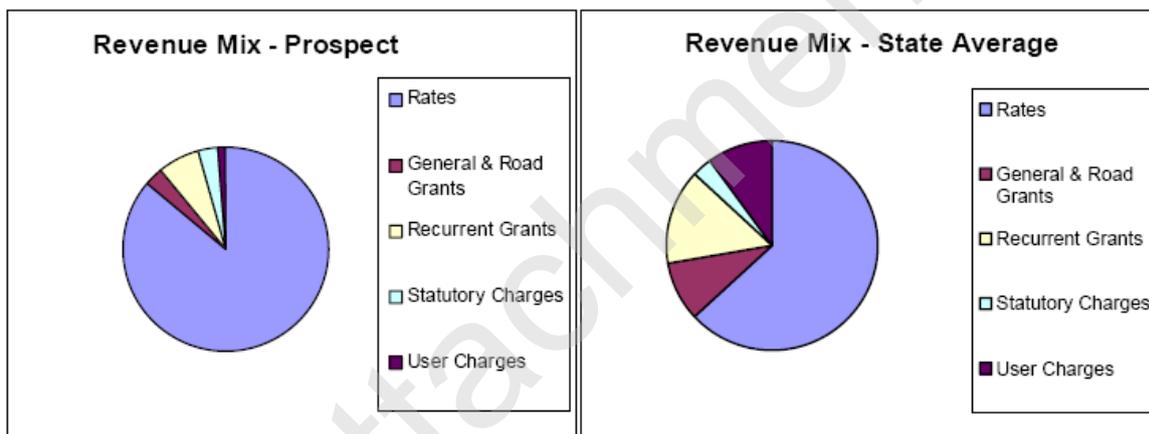
The % increase of General Revenue (before mandatory rebate) is 3.5%

## 4.2 2017-2018 Rate Increase

Council has limited revenue options to pay for services that it provides to the community. The table below shows a breakdown of Council's income sources.

Primary Revenue Sources	% of Total Operating Revenue 2018-2019	% of Total Operating Revenue 2017-2018
Residential Rates	tbc	70
Non- Residential Rates	tbc	17
<b>Total Rates</b>	<b>87</b>	<b>87</b>
Federal and State Government Grants & Subsidies	9	8
Statutory Charges (e.g. Development Assessment, fines, etc.)	2	2
User Charges/Investment Income/Reimbursement/Other	2	3
<b>Total Income</b>	<b>100</b>	<b>100</b>

Comparison of Revenue Sources:



### Total Rates Revenue

For 2018-2019, the total projected average residential rate is anticipated to increase by approximately 3.5% excluding Growth. Total residential rate revenue, commercial rate revenue and growth (due to development) are projected to provide a total rate revenue increase of 4.5%. Overall Development Growth recognised by the Valuer General is anticipated to be 1.0%.

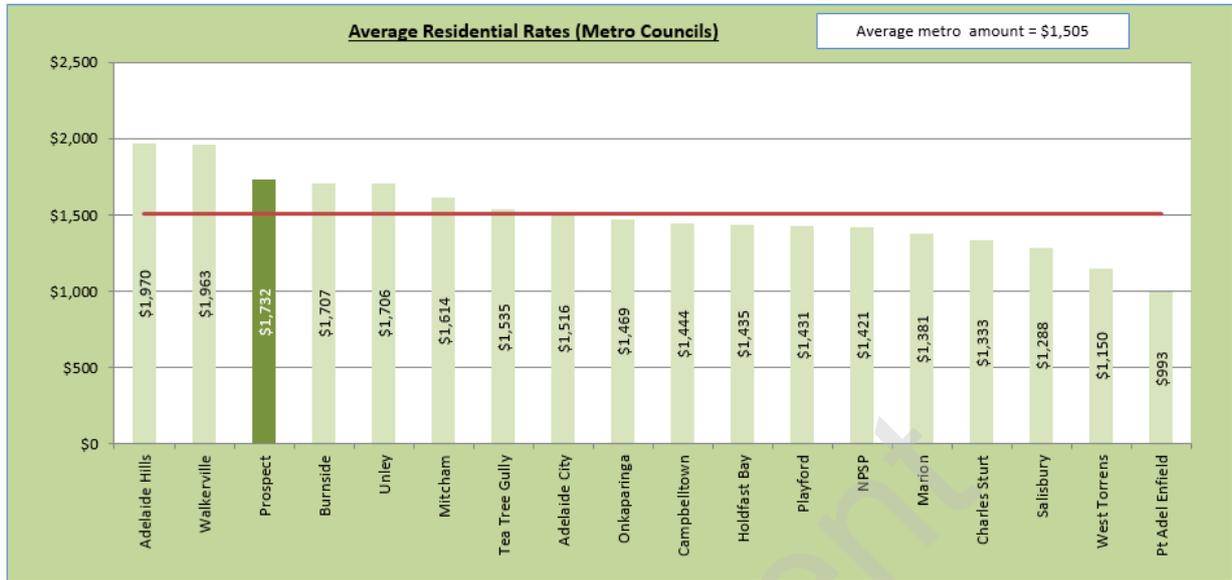
### Average Residential Rate

To provide the community with a level of services similar to other councils (who have a lower dependency on residential rates), Council will continue to depend on rates to fund these services.

Council has limited opportunity to gain revenue other than from rate income. As an inner urban City, we are viewed as being more affluent than the outer-metropolitan councils thus our Government grant income is lower. Similarly, our geography limits our income from industrial developments and larger commercial activities. That is, in relative terms, Council has fewer commercial properties that contribute proportionally less to total rate revenue compared to many other metropolitan councils.

The following chart shows the comparison of the average residential rates levied in 2016-2017 by each metropolitan Council.

For 2018/19 – The table data will be updated once the relevant information is available.



The Average Residential Rate (including development growth) is projected to be in the order of \$1,843 compared to \$1,780 in 2017-2018. This equates to an increase in the order of 3.5% or \$63 per year. This increase is exclusive of “growth” (new assessments through land divisions and renovations).

The following table indicates the rate increase (including Growth) in relation to the differing land uses within our City.

Land Use	Change in Valuation for 2017-2018 (incl. Growth)	Change in Valuation for 2018-2019 (incl. Growth)	Increase in Rate Revenue for 2018-2019 (incl. Growth)
Residential	8.12%	tbc	tbc
Non-Residential	8.43%	tbc	tbc
Vacant Land (Residential)	-19.88%	tbc	tbc
Vacant Land (Non-Residential)	19.60%	tbc	tbc

When Council deliberates the budget, Rate Capping, Concessions, Discretionary Rebates and Full Year Payment Discount were taken into consideration.

## 4.3 2018-2019 Rating Structure

### Method Used to Value Land

Council uses the services of the South Australian Valuer-General (The State Valuation Office) to establish the value of land within the Council area for rating purposes. The Valuer-General must comply with all requests from Council to value land within the area that is subject to separate ownership or occupation, and is therefore assessable for council rates.

The basis for valuation of land in the City of Prospect is the capital value of the land including all improvements. Council considers that the capital valuation method of valuing land provides the fairest method of distributing the rate burden across all ratepayers for the following reasons:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth. Property value is considered a relatively good indicator of wealth.
- Capital value, which trends with the market value of a property provides the best indicator of overall property value, and
- Council considers the Valuer-General's capital valuations to be consistent across council areas and stable in their basis of assessment.

### Trend in Valuations

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

Class	Increase in Value 2011 to 2012	Increase in Value 2012 to 2013	Increase in Value 2013 to 2014	Increase in Value 2014 to 2015	Increase in Value 2015 to 2016	Increase in Value 2016 to 2017	Increase in Value 2017 to 2018
Non Residential	8.00%	0.11%	1.17%	0.52%	4.64%	4.46%	8.43%
Residential	7.00%	-5.50%	0.94%	2.33%	0.35%	7.45%	8.12%

**For 2018/19 –**

Valuation data from the Valuer General will be updated in June 2018 based on the latest available data.

### Valuation movement for the Residential Properties for 2018-2019

The valuation movement for 2017-2018 in the residential sector is projected to remain constant across our City.

Suburb	No of Properties (excl. tenancies)	Increase in Capital Value (Incl. Growth) 2017-2018
Broadview	875	5.29%
Collinswood	641	5.75%
Fitzroy	289	9.48%
Medindie Gardens	119	4.84%
Nailsworth	857	9.23%
Ovingham	99	12.38%
Prospect	5,470	8.56%
Sefton Park	182	8.92%
Thorngate	69	8.92%
<b>Total all suburbs</b>	<b>8,601</b>	

#### For 2018/19 –

Valuation data from the Valuer General will be updated in June 2018 based on the latest available data.

### Valuation movements by Land Use

The valuation movement between the different sectors of the community is anticipated to be consistent when compared to past years. Commercial and industrial properties have increased as a result of continuing demand throughout the area due to the proximity to major transport infrastructure and routes.

### Growth

Property valuations will increase/decrease if the land use of the property has changed (eg residential to commercial), or if there has been any development of the property (including significant renovations). The change in valuation associated with these changes is termed “growth”.

Council determines which properties require site visits and be revalued by The State Valuation Office. Site visits usually occur due to the following:

- significant capital improvement having been undertaken on the land,
- where the predominant land use of the property may have changed – for example from residential to commercial,
- where a change in ownership/occupation occurs during the year, particularly where the sale price is significantly different to property value, or
- where there is a change of lease arrangements, particularly for non-residential tenancies.

## 4.4 Differential General Rates

Council considers the imposition of a differential general rate each year in accordance with Section 156 of the Local Government Act, 1999. When considering the imposition of differential general rates, the differential factor used by Council is land use. The following differential land use factors are used:

1. **Residential:** Comprising the use of land for a detached dwelling, group dwelling, multiple dwelling, residential flat building, row dwelling or semi-detached dwelling.
2. **Commercial Shop:** Comprising the use of land for a shop.
3. **Commercial Office:** Comprising the use of land for an office.
4. **Commercial Other:** Comprising any other commercial use of land not referred to as a shop or office.
5. **Industry Light:** Comprising the use of land for a light industry.
6. **Industry Other:** Comprising any other industrial use of land not referred to as light industry.
7. **Primary Production:** Comprising farming, horticulture, horse keeping, intensive animal keeping or in respect of a dairy situated on a farm - the use of land for a dairy.
8. **Vacant Land:** Comprising land, which is not being used for any purpose.
9. **Other:** Comprising any other use of land not referred to in the categories specified above.

For the 2018-2019 financial year, Council intends to set four differential rates being:

- Residential rate in the dollar includes differential factors 1 (Residential). It is expected that approximately 82% of general rate revenue will be generated from residential rates.
- The Non-Residential rate in the dollar includes differential factors 2 (Commercial Shop), 3 (Commercial Office), 4 (Commercial Other), 5 (Industry Light), 6 (Industry Other), 7 (Primary Production) and 9 (Other). It is expected that approximately 16.5% of general rate revenue will be generated from non-residential rates.
- Vacant Land (Residential) rate in the dollar includes differential factor 8, where land lies in the residential planning zone is expected that approximately 1.0% of general rate revenue will be generated.
- Vacant Land (Non-Residential) rate in the dollar includes differential factor 8, where land lies in planning zones other than residential is expected that approximately 0.5% of general rate revenue will be generated.

The purpose of the differential rate on commercial/industrial properties is to recover from the business sector a greater share of costs relating to:

- Economic development and promotion
- City amenities which enhance retailing, eg. parking
- More intensive road and traffic requirements

The purpose of the differential on vacant land is to:

- Provide a disincentive to withholding land from development
- Recognise the cost of surrounding infrastructure and services.

Fluctuations in property market valuations between the commercial/industrial and residential sectors can, at times, lead to inconsistencies in rate revenue contributions.

To assist in addressing the shift in the rate responsibility between land use categories, Council has determined that the proportion of total rate revenue contribution payable by the commercial/industrial sector should increase over time.

With the exception of land which ceases to be rateable or becomes rateable part way through a financial year, the Council will not review assessments based on changes of occupancy or land use which have taken place after the assessment has been made as at 1 July in the current financial year.

It is important to note that the lodgement of an objection to the land use (change of use prior to 1 July assessment) does not change the due date or amount owing for payment of rates. If an objection is granted, an adjustment of rates will be made. Until written confirmation is provided, the current land use will determine the amount of rates payable.

The following table shows the spread of land use types across the Council area for 2017-2018.

Class	Description	Example	No. of Properties 2017-2018	%
1	Residential	House, maisonette, townhouse, flat	9,092	92.4%
2	Commercial – Shop	Supermarket, hairdresser	287	2.9%
3	Commercial – Office	Accountant, administrative	103	1.0%
4	Commercial – Other	Showroom, warehouse	164	1.7%
5	Industrial Light	Vehicle service, Service Station	29	0.3%
6	Industrial Other	Clothing, Manufacture	9	0.1%
7	Primary Production	Rural Farm Land, Horticulture, Vineyard	0	0.0%
8a	Vacant Land Residential	Unoccupied land, footings only	97	1.0%
8b	Vacant Land Commercial	Commercial Vacant Land	6	0.1%
9	Other	School, Church, Hall, Health Centre, Reserves	52	0.5%
			<b>9,839</b>	<b>100%</b>

In preparing the Draft Annual Business Plan 2018-2019, Council is mindful that its final valuation data used for the purposes of rates billing has not yet been finalised. Constant communication between the Valuer General and Council is maintained through the budget process in order to ensure modelling is maintained as accurately as possible.

While this information has not been finalised, it is anticipated that the differential segments of Councils rating database will contribute to the overall collection of rates as indicated in the following graph. The graph also provides detail of this same information over past years.

## 4.5 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 and is more equitable in sharing the taxation burden (in that land value determines who is subject to the minimum rate and who is not), rather 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).

In addition, the Act does not allow exemptions to be granted in relation to a fixed charge. As a result, the imposition of a fixed charge would disadvantage lower income earners (including self-funded retirees) and owners of vacant shops and therefore the overall effect of each is very similar. Council considers it appropriate that all rateable properties make a contribution to the cost of administering Council’s activities and that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property and the basic services provided for all ratepayers.

Council will maintain the ratio of minimum rate over the total number of properties to approximately 23% for 2018-2019. 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. With a recent influx of apartment style dwellings within the city, Council is increasing the minimum percentage with these assessments predominately being rated under the minimum threshold. If it does not do this, the minimum rate will increase at a reduced percentage to the average residential rate.

The minimum rate is levied against the whole of an allotment (including land under a separate lease or licence). Where land comprises less than a whole allotment (provided no lease or licence exists) the minimum rate cannot be applied. Only one minimum rate is 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. This is described as contiguous land.

Independent living units (in a retirement village) are exempt from paying the minimum rate by virtue of section 158 of the Local Government Act 1999.

In 2018-2019, minimum rate will increase by approximately \$40 or approximately 3.5% to an amount of \$1,200 (\$1,160 2017-2018). Approximately 2,341 (or approximately 23.8%) of properties are expected to attract the minimum rate in 2018-2019, which is well under the legislated maximum of 35%. These assessments contribute approximately 13.7% of total general rates revenue.

Classification	No. Ass	No. On Min	% on Min	Proportion of Min (Tot Min = 2,341)	Rates Collected	% of Total Rates
Residential	9,092	2,252	24.77%	96.20%	16,183,845	81.89%
Commercial Shop	287	28	9.76%	1.20%	1,554,189	7.86%
Commercial Office	103	23	22.33%	0.98%	352,721	1.78%
Commercial Other	164	12	7.32%	0.51%	883,904	4.47%
Industry Light	29	1	3.45%	0.04%	98,284	0.50%
Industry Other	9	3	33.33%	0.13%	25,919	0.13%
Primary Production	0	0	0.00%	0.00%	0	0.00%
Vacant Land Residential	97	22	22.68%	0.94%	143,017	0.72%
Vacant Land Non-Residential	6	0	0.00%	0.00%	116,059	0.59%
Other	52	0	0.00%	0.00%	405,497	2.05%
<b>Total</b>	<b>9,839</b>	<b>2,341</b>	<b>23.79%</b>	<b>1.20%</b>	<b>19,763,434</b>	<b>100%</b>

**For 2018/19 –**

The above figures are for the 2017/18 year, however valuation data from the Valuer General will be updated in June 2018 based on the latest available data.

Below is a table that indicates the minimum rate payable in 2016-2017 at Councils in South Australia. The information is provided by the Local Government Association.



**For 2018/19 –** The table data will be updated once the relevant information is available.

## 4.6 Remissions (Government Concessions)

In 2015, the State Government replaced Council Rate concessions with the Cost of Living Concession (CLC).

Council no longer has any involvement in Concessions under the new scheme with concessions paid directly to recipients. Under the old program these were credited to rate accounts.

To check for eligibility or find out more information about the Cost of Living Concession, contact the Department for Communities and Social Inclusion (DCSI) Concessions Hotline 1800 307 758 or visit [www.sa.gov.au](http://www.sa.gov.au).

## 4.7 Financial Hardship

Where a ratepayer is suffering financial hardship and anticipates difficulty in paying council rates, they are encouraged to contact the Rates Administration for informal advice in the first instance.

If the hardship is as a result of an emergency, then the hardship could be classified as short term. For short term hardship, rates can be paid by special arrangements with the Council. If the hardship is as a result of a recent decrease in household income or increases in household expenses, then the hardship could be classified as medium term. For medium term hardship the ratepayer may seek a remission of part of the Council rates. If the hardship is anticipated to persist for more than twelve months then the hardship could be classified as long term. Such long term hardship may be best managed by postponement of part of the Council rates.

As a guide, financial hardship could be defined as the inability to provide food, accommodation, clothing, health and/or education for yourself or your family on an ongoing basis. Council has developed a hardship assessment form to assist ratepayers to apply for Council's consideration of their financial hardship situation. The reverse of the form presents a summary of the Council's Privacy Policy.

## 4.8 Postponement

### Seniors

Section 182A of the Local Government Act 1999 provides the option for State Senior Card holders to apply to postpone part of their Council rates on a long-term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property. A ratepayer who has a State Seniors Card may apply for postponement of a portion of the Council rates payable on the property they own if it is their principal place of residence and if no other person other than their spouse has an interest as owner of the property and there is appropriate equity in the property. For further information or to obtain an application form, contact the Rates Department on 08 8269 5355.

### Relief from Hardship

Section 182 of the Local Government Act 1999 permits a Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates on the basis of hardship.

All applications for postponement of rates will be assessed on a case by case basis and are not contingent on the level of increase in rates payable. Council has developed a policy on postponement and will assess on the following criteria:

- The property is the principal place of residence of the ratepayer, and
- The property has been owned by the ratepayer and has been their principal place of residence for a minimum of 10 years, or, if for a lesser period, that significant financial hardship can be demonstrated to have arisen during this period, and
- The ratepayer is able to demonstrate financial hardship by way of:
  - (1) Presentation of a copy of their most recent tax return indicating a gross household income less than \$25,500, or
  - (2) Presentation of a pension concession card or health care card, or
  - (3) Confirmation from the Department for Communities and Social Inclusion that the ratepayer is experiencing financial hardship, or
  - (4) Independent financial advice confirming that the ratepayer is experiencing financial hardship, including details of their taxable income, being less than \$25,500 for the household.

Monthly interest will accrue on outstanding Council rates (including postponed rates) in accordance with the provisions of the Local Government Act, 1999. Once approved, a postponement of rates will come into effect from the first day of the next instalment period after the date of application (ie. the fourth day of September, December, March or June, as applicable).

The amount postponed shall not exceed the difference between the minimum general rate and the total general rate levied for the property each year and no postponement will apply to the Natural Resources Management Levy.

A ratepayer applying for a postponement must provide confirmation that they have advised relevant interested parties of their intention and list the contact details of those parties in the written application.

If a remission is granted, the remission of rates will be applied to the annual rates levied with the remitted amount reducing in approximately equal portions each of the remaining quarterly instalments. No remission shall apply to the Natural Resources Management Levy.

## 4.9 Payment of Rates

Council provides a broad range of payment options for the payment of rates. Rates are usually declared in June each year and may be paid either in full or in quarterly instalments, with the last date for payment of each instalment being the

- 3 September 2018
- 3 December 2018
- 1 March 2019
- 3 June 2019

Payment may be made a number of ways including Australia Post, B-Pay, over the internet or in person at the Civic Centre. For more information please refer to the reverse side of your rates notice or contact Customer Service on 8269 5355.

Any ratepayer who may, or is likely to experience difficulty with meeting the standard payment arrangements should contact the Rates Administrator to discuss options for alternative payment arrangements. Such enquiries are treated confidentially by Council.

## 4.10 Receiving Rates Notices Electronically

Council provides the option to receive your rates notices electronically through Bpay View.

Registrations for Bpay View are made through RatePayers internet banking with their nominated financial institution.

There is no cost to receive notices electronically.

## 4.11 Late Payment of Rates

Section 181 of the Local Government Act 1999 provides that if an instalment of rates is not paid on or before the last day for payment, the unpaid rates will be regarded as being in arrears, and a fine of 2% is payable.

Any payment that continues in arrears then accrues monthly interest on the amount in arrear, (including any fines). The rate of interest is variable according to current cash advance debenture rate as at 1 July and is prescribed in Section 181 of the Local Government Act 1999.

The purpose of this penalty is to act as a deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Council to cover the administrative cost of following up unpaid rates and to cover any interest cost the Council may meet because it has not received the rates on time.

Fines and/or interest shall be calculated no less than one week following the last day to pay. This means ratepayers have the opportunity to then pay in person at the Civic Centre over the next five working days past the due date without penalty.

Where an amount of rates remains outstanding after the expiration of the last date to pay, a notice of overdue rates will be sent to the ratepayer allowing a further three week extension.

If after the expiration of the reminder notice no arrangement for payment has been made, a letter will be sent to the ratepayer by Council's Collection Agency, requesting that payment or satisfactory arrangements for payment be made within 7 days or legal action may be taken.

Should the rate instalment remain overdue with no satisfactory arrangement, a legal action notice will be sent from Council's collection agency seeking full payment of the overdue rates within 14 days or legal action may be taken.

Where no payment or satisfactory arrangement for payment is made following the legal action notice, legal action by way of a summons may be commenced. By this time the original debt will be at least 4 weeks overdue.

Where rates have been unpaid for a period of more than 3 years, a written notice (non-threatening) will be sent to the ratepayer advising them of Council's ability to recover rates via sale of land, encouraging their cooperation in making arrangements to pay the debt and giving the ratepayer an opportunity to make a submission to Council explaining their situation.

Where a current mortgage is held over the property, this letter will also be forwarded to the mortgagor.

If no response to the first written notice has been received within 21 days, a second notice in writing will be issued advising:

- The commencement of implementation of procedures associated with Section 184 of the Local Government Act 1999, (sale of land for non-payment of rates),
- Encouraging payment or arrangements to pay the debt,
- The process and timing involved in implementing Section 184, and
- Explaining that the ratepayer has an opportunity to make a submission to Council explaining their situation and/or contact the Ombudsman.

A further 21 days after the second notice will be provided for the ratepayer to either:

- Discharge or make arrangements to pay the debt,
- Be heard by Council, or
- Have the issue addressed by the Ombudsman.

If a course of action to remedy the position has not been resolved after the above steps are carried out the Council may commence the sale of the property in accordance with Section 184 of the Local Government Act, 1999.

## 4.12 Mandatory Rebates

Section 161 of the Local Government Act 1999, requires Council to grant rate rebates to the occupiers of property where the land is used for Community Service purposes as specified in the Act. There were approximately 105 assessments which meet the criteria and are eligible for a rate rebate of 75% in 2017-2018.

Section 162 of the Local Government Act 1999, requires Council to grant rate rebates to those assessments where the land is used for Religious Purposes. There were 17 assessments in 2017-2018 which meet this criterion and thereby receive a 100% rebate on rates.

Section 165 of the Local Government Act 1999, requires Council to grant a minimum of 75% rate rebate for land used for Public Education. There were 11 assessments which meet this criterion in 2017-2018.

A complete list of all mandatory rebates is provided to Council after declaration of rates. A copy of this list is available from the Rates Administrator on request.

The Local Government (Miscellaneous) Amendment Bill 2009 has been passed by Parliament and the outcome is that under section 161 (4) (C) (iii) "Supported Accommodation", all accommodation for persons provided by housing associations registered under the South Australian Co-Operative and Community Housing Act 1991 will now be eligible for a mandatory rebate.

### 4.13 Discretionary Rebates

The Local Government Act 1999 Section 166 enables Council to give discretionary rate rebates up to 100% for land used for the purposes of community good, business development, historic conservation, or public access. A discretionary rebate may be granted where it is considered by Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer.

Council will consider applications in accordance with Section 166 criteria and may rebate rates and / or apply such conditions as Council thinks fit. Discretionary rebates granted will be for a particular financial year, with a new application required to be made to council for each financial year a rebate is requested.

Applications for discretionary rebates are to be received by first instalment date (1 September) for the current financial year. Approval for a discretionary rebate will be granted for a period of one year provided the applicant's circumstances and use of the land have not changed. Organisations who have received a discretionary rebate in the current year are to be advised in writing annually of the need to submit a declaration that the land use and conditions of approval have not changed. Ratepayers who have received a discretionary rebate in the current year as relief against substantial change in rates payable will not be so advised.

In assessing applications the following factors will be considered;

- the nature and extent of council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area;
- the community need that is being met by activities carried out on the land for which the rebate is sought;
- the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons;
- confirmation that the property is being used for "service delivery" and/or "administration" (as distinct from a property which is vacant or being held for investment purposes);
- the organisation's constitution and/or documentation confirming whether it is incorporated on a not-for-profit basis, public sector body and/or registered charity;
- the extent of assistance being provided by Commonwealth or State Government, other Councils and/or non- government assistance;
- the full financial consequence of the rebate, including establishment of precedence and "flow-on effects" to other organisations and / or Councils;
- whether the applicant is in receipt of a Community Grant;
- any relevant historical considerations;
- Where the rebate application is for the purpose of:
  - securing the proper development of the area or a part of the area;
  - assisting or supporting a business in the area;
  - preservation of buildings or places of historic significance, or
  - common property or land vested in a community corporation over which the public has a free and unrestricted right of access and enjoyment.

## 4.14 Maximum Rate Increase/Rate Capping

Rate Capping is in the form of a rebate or remission of rates above an approved threshold. This amount remitted is treated as revenue forfeited for budget purposes, unless recovered from other ratepayers.

Rate capping can be administered either automatically by reducing the amount payable (ie. netting off the remission) before the ratepayer receives his or her rates notice, or manually by rating the gross amount payable and requiring the ratepayer to formally apply for a remission.

Council is aware of the new liberal governments proposal to introduce a mandatory rate capping policy on the local government sector. The draft legislation for this proposal is yet to be made available publically. Until such time as Council is able to review the draft legislation, its full impact cannot be measured and is considered an external cost pressure.

Another form of remission provided for under the legislation takes the form of a Council Concession. This form of remission would involve identifying those ratepayers in receipt of a State Government concession and topping up the subsidy they receive by further remitting rates or introducing a rate cap for this class of ratepayer. This concession would be treated as an expense in budget terms.

It should be noted that the introduction of a Council concession or rate capping would shift the rate burden from those receiving the concession to those not receiving the concession.

Council may grant a rebate which effectively “caps” increases in rates based on property value for the purposes of relieving ratepayers from the impact of very large increases in rates resulting from a redistribution of the rates burden within the community arising from a change to the basis or structure of the Council’s rates or a change to the basis of which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.

When considering rates for the 2018-2019 financial year and in accordance with Section 153 of the Local Government Act 1999 Council has given consideration in its 2018-2019 budget deliberations to applying a percentage “cap” to limit the increase in rates, compared to the previous financial year. The principle of remitting the “capped amount” would result in consistency over time and comparability across council areas. This option was not adopted on the basis that Council has chosen a carefully controlled approach to rate increases in recent years. During its deliberations, Council was mindful of the fact that provision of a discount to some ratepayers with high increases results in all other ratepayers paying extra, effectively shifting the rate burden from those receiving the benefit of a cap to those below the cap.

## 4.15 Natural Resources Management Levy

Council collects a regional Natural Resources Management (NRM) Levy on all rateable properties on behalf of your regional NRM board. The Levy funds vital NRM projects and is combines contributions South Australian ratepayers previously made through their Catchment Water Management Levies and/or animal and plant control rate revenue contributions from local government.

Council is simply operating as a revenue collector for the Board in this regard.

Council does not retain this revenue or determine how the revenue is spent. Council collects this money (\$564,966 for 2018-2019) by imposing a separate rate against all of the rateable properties in the area. The rate in the dollar for this separate rate will be available once Council has received its rating valuation data from the Valuer General.

Council has been advised that the board is increasing the levy for 2018-2019 by 7.63% to a value of \$564,966, up from \$524,939 in 2017-2018.

## 4.16 Prospect Village Heart Marketing Fund

From 2017-2018, Council has managed a new fund for the marketing and promotion of the Prospect Road Village Heart. This fund is provided to finance activities as directed by the Prospect Road Main Street Association.

The fund will source its income via a separate rate applied to all non-residential properties in the High Street Development Zone along Prospect Road. This zone is bordered at the North by Gladstone and Alpha Roads, and to the South by Daphne and Milner Roads.

A separate rate will be collected as a single fixed charge of \$99 for each tenancy within the high street area.

A rebate will be available to businesses that hold multiple adjacent tenancies as part of their business. This rebate will be available via application on Council's website and must be submitted prior to the first instalment due date (3 September 2018).