

Annual Business Plan 2017-2018

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Preamble

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 2017-2018, which includes the;

- Budget for 2017-2018;
- Long Term Financial Plan (LTFP) for 2018-2027;
- twenty year Infrastructure & Asset Management Plan (IAMP); and
- the Rating Strategy.

The 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).

Council adopted the Strategic Plan 2020, in September 2016. This document provides the guiding light principles of Council's strategy with the long term financial plan and annual budget the pathway to delivery of the plan.

Council's Strategic Plan 2020 is a four year plan with all deliverables to be achieved by the conclusion of 2020.

The Long Term Financial Plan 2018-2027 has been developed to assist Council to adopt a budget within a prudent, longer term financial framework. The key objective of the Long Term Financial Plan is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its strategic plan.

The Budget 2017-2018 presented in this document has been developed through a process of consultation and reviewed with Council officers and Elected Members. It is Council's opinion that the budget should be reflective of the Long Term Financial Plan 2018-2027 which seeks to achieve and maintain financial sustainability.

City of Prospect property valuations for 2017-2018 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 (2017). 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

Where else would you want to live other than within City of Prospect?

The City continues to move forward and position itself as one of the most desired locations within the Adelaide metropolitan region to live, work and play. We are a forward-looking City that is embracing opportunities provided by new technologies while preserving our heritage and cherishing our parks, streets and trees.

I'm proud to introduce this year's Annual Business Plan that takes some final steps towards the completion of a number of key projects and develops new plans to enhance our City amenities.

The most exciting of the new plans is the re-development of the Prospect Road Civic Centre site to co-locate all of Council services into the one place. With Prospect Oval being the approximate centre of the City, the chosen location is only a couple of kicks of a footy away and closer to the projected population growth around Prospect and Churchill Roads.

The new facility has the working title of CLIC; an acronym for the planned Community Hub, Library and Innovation Centre. The site will also be home for all of Council administration requirements with a strong customer service focus and an expectation that the amenities will fulfil community requirements for many decades to come.

Council's commitment to transparency and community engagement has led to the development of an interactive website that comprehensively captures all of the informing reports and decision making processes for this project. 'Click on the CLIC' website from www.prospect.sa.gov.au

The Broadview Sports & Recreation Precinct will enjoy the first stage of a range of significant capital works towards completion of the recently drafted master plan for the area; with one of our most popular community events moving from St Helens Park on Prospect Road to Broadview Oval. The new Spring Fair, being held on the last Saturday in October will be a showpiece of our events calendar and I hope to see you, together with a heap of local clubs and groups enjoying the day and appreciating this open space gem within our City.



Another focus upon the East of our City is the 'Main North Road Design Development Project'. Stage two of this project will include landscape construction and civil drawings based upon draft concept plans that were developed in 2017. Stage two construction drawings focus on enhancements between Kintore and Balfour Street.

Final outcomes from the Main North Road plans are focussed upon increasing the amenity and connections between key hubs of activity and to encourage increased commercial activity. This project is part of Council's commitment to well-designed quality street environments and the promotion of infrastructure developments.

This Annual Business Plan has been developed with close consideration given to Council's four-year Strategic Plan to 2020; Council staff and Elected Members have considered the required outcomes of the Strategic Plan and put forward a range of initiatives and projects to ensure that these outcomes are fulfilled in our focus areas of People, Place, Prosperity and Services.

The four-year focus of the Strategic Plan is reflected within Council's ten-year Long Term Financial Plan, with many of the initiatives identified within this year's plan being a staged approach to project completion aligned with guiding principles and target ratios from the long term plan.

Extreme weather events over the past year have highlighted the need for a range of flood prevention works to be completed within vulnerable parts of our City, with considerable works scheduled within the north-west of Prospect.

Other capital works activities are closely aligned with Council's Asset Management Plan with on-going maintenance and upgrade works described as follows:

- Driveway upgrade program;
- Pedestrian kerb ramps across the city;
- Road design and reconstruction for Clifford Street, Kintore Avenue, Maud Street and Livingstone Avenue;
- Footpath construction along Kingdom Place, New Street, Milner Street, Alexandra Street, Regency Road, Rolfe Street and Vaughan Street;
- Kerb and gutter construction at various locations through the city;
- Drainage design for Hillsdale Street in preparation for replacement in 2020;
- Council buildings and structures.

One of the key initiatives identified within Council's Strategic Plan is to leverage our digital advantage with the roll-out of NBN and subsequent opportunities to position ourselves as Adelaide's 'Smart City'. Council's investment for this year will include a raft of initiatives outlined in our Digital Economy Strategy.

The ever popular Tourrific Prospect street party is again supported as it moves into its seventh year, showcasing all things Prospect. This event consistently attracts over 15,000 people, with 51% being from outside of Prospect and, based on average spending habits, we see approximately \$400,000 coming in to our local economy.

Our events program is being further developed this year with the availability of grants for residents wishing to develop and conduct local events of benefit to the wider community. Grants have been set at \$10,000 per applicant for large events and \$1,000 for smaller Neighbourhood Day activities.

Another grant opportunity recognises the high value that we all have for the retention of our local heritage buildings. Heritage grants are again being provided to owners of properties that are listed as local heritage places or located in the Historic Conservation Zone. The intent being to subsidise works undertaken to maintain and improve the heritage value of these properties. Each individual grant is valued at up to \$2,000, so if you are thinking of some external renovations, contact the team to talk about the grants.

The undergrounding of power lines within our City continues this year as we head towards staged approach to the completion of this important project. The focus this year is upon Hampstead Road between North East Road and McInnes Avenue through a partnership with City of Port Adelaide Enfield.

The Annual Budget for this year includes an average residential rate increase of 2.75%, a modest increase which sees this year's minimum rate as \$1,160.

In 2017-2018, Council is considering introducing a High Street Marketing Fund for the marketing and promotion of the Prospect Road Village Heart. This fund will be contributed directly to by the High Street Non-Residential properties along Prospect Road at a flat rate of \$99.

The budget proposes an Operating Surplus of approximately \$107,000 with the total estimated operating expenditure for the year being \$22.9m. 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.

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 citizen's expect and enjoy, as well as providing for a safe, healthy and financially responsible future.



David O Loughlin
Mayor, City of Prospect

Part A Annual Business Plan 2017-2018

1.1 A Guide to Reading and Using This Plan

Introduction and Vision (Refer Sections 1.2 and 1.3)

The introductory section of the Annual Business Plan 2017-2018 provides a summary of the key characteristics of the City, an outline of the Council's strategic priorities and a summary of key initiatives of Council for 2017-2018. The Vision for our City outlines the key values which elected members, management and staff of Council, seek to uphold.

Key Concepts for 2017-2018 (Refer Section 1.4)

Council endorsed the Strategic Plan 2020 in September 2016. This document provides the guiding light principles of Council's strategy with the long term financial plan and annual budget the pathway to delivery of the plan.

This section sets out an easy reference list of the key concepts which provide the framework for Council's short and medium term focus. Examples are provided of Council initiatives to be implemented in 2017-2018 in direct response to each of the key concepts.

Strategic Management Plans & Framework (Refer Section 1.5)

This section provides a diagrammatical representation of how Council's various plans fit together to produce priorities and actions.

Services Provided to the Community (Refer Section 1.6)

In planning its activities for the coming year and specifically for the purposes of financial planning, Council splits its activities into three categories – 'recurrent', 'operating projects' and 'capital projects'.

Activities considered to be 'core' business of Council and which more or less continue to be provided each year, are dealt with as part of Council's recurrent budget.

Activities which support the current strategic focus of Council and/or which may be short term or one-off initiatives are considered operating projects are funded as part of the project budget. In any given year the amount of project funding available is dependent on a number of factors including the amount needed to be allocated to ongoing commitments.

Capital projects represent new & upgrade, or renewal of Council assets.

The extent of these services (Operating Project and Capital Project Summary Lists) are summarised on pages 51 to 57.

Measuring Achievement of the Annual Business Plan 2017-2018 (Refer Sections 1.7 and 1.8)

The Strategic Plan 2020 includes a number of measurable targets for the delivery of the Strategic Plan 2020.

These targets are identified by strategic goal (outcome) in section 1.8 of this Annual Business Plan.

Achievements against these targets are reported to Council quarterly in the Council agenda. Additional reporting on their annual achievement is included in Council's Annual Report.

1.2 Introduction

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.

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 discussed in more detail below, sets down the priorities that Council intends to pursue over the next year and provides the framework for the Annual Business Plan and the Budget for 2017-2018.

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

1.3 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.

- Know our community
- Environmentally active, sustainably focussed
- Active living for every age, every stage
- Celebrate our creative community

Place – Loved heritage, leafy streets, fabulous places.

- Respect the past, create our future
- Loved parks and places
- An accessible City
- A greener future

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

- A stronger local economy
- A more vibrant night-time
- Leverage our digital advantage
- International Prospect

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

- Excellence in Infrastructure
- Sound financial management
- Responsible Waste Management
- Accountable and People-Focused service delivery

1.4 Key Concepts for 2017-2018

Council’s approach to strategic planning is about creating and maintaining a community which is socially, environmentally and economically sustainable in the long term. We aim to build a sustainable future that improves the quality of life of our community. We will be creative and innovative, and focused on people as the City’s most important asset.

Council’s key concepts are detailed in the publication “*Strategic Plan 2020*” and indicates the general direction Council intends to follow, highlights the key issues that are shaping our thinking, and indicates what we intend to do in response to these issues in the short term to achieve our longer term goals.

The Strategic Plan identifies four key areas of priorities (Key Concepts) which will provide the focus and impetus for Council action over the short and medium term. The Key Concepts, Strategies and Deliverables are outlined in the following pages. Progress in each area will be reported quarterly via Council Meetings and published on Council’s website.

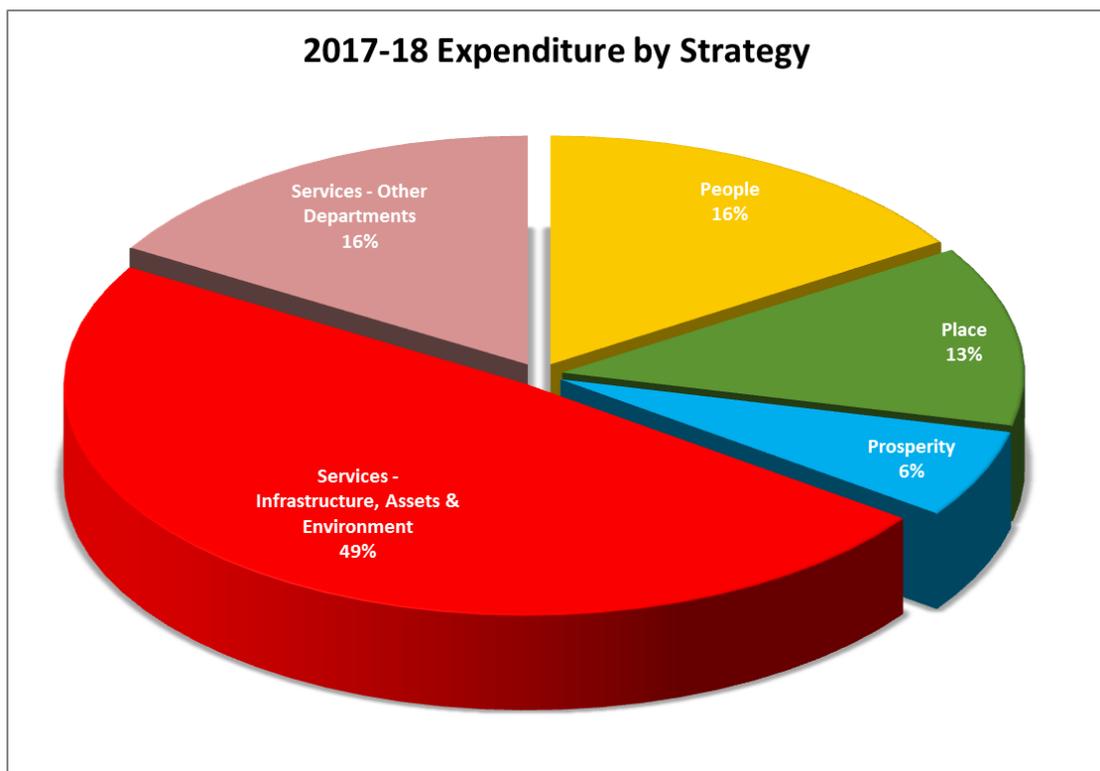
Recent investments have included the Prospect Road and Churchill Road Master Plans, and the first stage of the Prospect Oval and Memorial Gardens Master Plan.

These projects along with recently adopted amendments to the Inner City Development Plan have been the trigger for recent investment by the private sector into developments along our corridors.

Although the focus has been to continue to implement Council’s annual asset renewal program (roads, footpaths, kerb and gutters and stormwater), the Annual Business Plan and Budget 2017-2018 includes the following major investment:

Community Hub, Library and Innovation Centre (CLIC)

2017-2018 is the first of two years where Council will be reconstructing a new facility at its 128 Prospect Road site. The new facility will co-locate Council’s operations onto a single site. The project was born following the announcement that Council’s lease over the Thomas Street Centre, will not be renewed with the Department of Education and Childhood Development when it expires in August 2019.



1.4.1 Key Concept - People



PEOPLE

KNOW, EMPOWER, CELEBRATE, EDUCATE AND ACTIVATE OUR COMMUNITY



Strategy	Outcome
Know our community	<ul style="list-style-type: none"> • A community connected with others • A community which is understood by Council who is able to respond to their needs • A strong community network linked to local community organisations
Environmentally active, sustainably focussed	<ul style="list-style-type: none"> • Community learning focused on environmental impacts and issues • Council activities and Community events are supported by a no waste approach • Community environmental initiatives are supported and encouraged
Active living for every age, every stage	<ul style="list-style-type: none"> • Community services, recreation areas and facilities are able to meet the current and future needs for all stages of life • Lifelong learning opportunities are developed and promoted • Accessible library, toy library and local history services are available for all • A community who are involved and participate in decision making and community leadership
Celebrate our diverse and creative community	<ul style="list-style-type: none"> • A City rich with cultural experiences, arts activities and events • A respected and celebrated culturally diverse community

Targets for measuring the achievement of these outcomes are listed in Section 1.8.

Core Activities Include;

- Aged and Youth Services
- Community Events (eg Twilight Concerts & Fair)
- Community Grants
- Volunteer Opportunities
- Community Information
- Crime Prevention
- Library Services
- Community Safety (eg Dog, Parking and By-Laws)
- Citizenship Ceremonies
- Community Facilities & Land Management
- Community Recreation and Sports Development
- Community Transport
- Council Website
- Cultural Development
- Neighbourhood and Community Development

Budget Summary – Key Concept: People

	Expenditure \$	Income \$	Net Cost \$
Recurrent	2,929,152	978,344	1,950,808
Operating Projects	554,000	113,000	441,000
Capital Projects	96,000	-	96,000
Total	3,579,152	1,091,344	2,487,808
% of Total Budget	16.0%	4.6%	

2017-2018 Operating & Capital Projects

Operating Project	Expenditure \$	Income \$	Net Cost \$
SCRamble - Safer Active Travel Project	8,000		8,000
Hiring of Cloth Nappies	2,000		2,000
Publications - Prospect Magazine	101,000	40,000	61,000
Communications Strategy Implementation Plan	20,000		20,000
Bi-Annual Prospect Portrait Prize	6,000	3,000	3,000
Reconciliation Action Plan - Implementation	23,000		23,000
Prospect Spring Fair	55,000	10,000	45,000
Events Grants	22,000		22,000
Local History Digitisation	22,000		22,000
Tourrific Prospect	250,000	60,000	190,000
Community Satisfaction Survey (Operational and Strategic Plan)	25,000		25,000
Communication Strategy - Web Design	20,000		20,000
	554,000	113,000	441,000

Capital Project	Expenditure \$	Income \$	Net Cost \$
Library Capital Book Purchases	84,000		84,000
Bus Shelter Upgrades (DDA Compliance)	12,000		12,000
	96,000	0	96,000

1.4.2 Key Concept: Place



PLACE

LOVED HERITAGE, LEAFY STREETS, FABULOUS PLACES



Strategy	Outcome
Respect the past, create our future	<ul style="list-style-type: none"> • In partnership with the community, a City recognised for its diversity, its range of local attractions, its local history, character, heritage and stories A zero (0) waste to landfill outcome at events • A city recognised for high quality and interesting design and built form • Diverse development is encouraged on Main Road corridors
Loved parks and places	<ul style="list-style-type: none"> • In partnership with the community, a City recognised for its diversity, its range of local attractions, its local history, character, heritage and stories A zero (0) waste to landfill outcome at events • A city recognised for high quality and interesting design and built form • Diverse development is encouraged on Main Road corridors
Loved parks and places	<ul style="list-style-type: none"> • Look after what we love; the character, native fauna, stories, neighbourhoods, people, parks and colour • Engaging and innovative Parks which provide a range of accessible leisure opportunities • A community involved in design, maintenance and upgrade of our parks and places • Public art across the City that inspires and delights community and visitors
An accessible city	<ul style="list-style-type: none"> • Key areas are accessible and linked • Connected/ integrated bicycle and pedestrian networks across the City and linked to other areas • A City well serviced by public transport
A greener future	<ul style="list-style-type: none"> • Attractive streets with leafy tree canopies • A City recognised for its flora, fauna and biodiversity • Committed to having a reduced environmental footprint • 'Green' strategies are established within development activities across the City

Targets for measuring the achievement of these outcomes are listed in Section 1.8.

Core Activities Include;

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

Budget Summary – Key Concept: Place

	Expenditure \$	Income \$	Net Cost \$
Recurrent	2,053,604	190,000	1,863,604
Operating Projects	330,000	95,000	235,000
Capital Projects	449,850	-	449,850
Total	2,833,454	285,000	2,548,454
% of Total Budget	12.3%	1.2%	

2017-2018 Operating & Capital Projects

Operating Project	Expenditure \$	Income \$	Net Cost \$
Heritage Grant Program	15,000		15,000
Housing Diversity and Desirable Neighbourhoods DPA	45,000		45,000
Veggie Verges	10,000		10,000
Main North Road Design Development	120,000	60,000	60,000
Design Development George Whittle Reserve	70,000	35,000	35,000
White Cedar Tree Program (Project)	55,000		55,000
City Wide Public Art Advisory Board	15,000		15,000
	330,000	95,000	235,000

Capital Project	Expenditure \$	Income \$	Net Cost \$
Pedestrian Kerb Ramp	25,850		25,850
Water Sensitive Urban Design for LATM Devices	14,000		14,000
Broadview Oval - Public Tennis Courts Upgrade	40,000		40,000
Broadview Oval - Beautification & Oval Fitness Track	250,000		250,000
Prospect Rd Footpath Upgrade - Regency to Angwin	95,000		95,000
Public Art - Capital	25,000		25,000
	449,850	0	449,850

1.4.3 Key Concept: Prosperity



PROSPERITY

MORE JOBS, MORE INVESTMENT, MORE ACTIVITY, MORE VIBRANCY



Strategy	Outcome
International Prospect	<ul style="list-style-type: none"> • Develop China and India engagement action plans. • Promote Prospect internationally as Adelaide's most liveable inner City, with world class digital connections, strategically ideal for retail and commercial investment. • Establish and implement a foreign investment attraction plan to support international business investment.
A stronger local economy	<ul style="list-style-type: none"> • Undertake a detailed economic analysis and assessment of our local economy. • Actively support retail, commercial, home and e-business development in target sectors across our City. • Increase local business visitation including doubling the footfall in the Village Heart year on year. • Encourage local employment growth. • Develop relevant relationships with the Federal and State Governments. • Increase investment and development across our City. • Distribute high quality business investment and promotional materials. • Promote Main North Road and Churchill Road as arterial gateways for medium to large commercial, retail and higher density residential development. • Facilitate business networking within and beyond our City.
Leverage our digital advantage	<ul style="list-style-type: none"> • Identify and promote the benefits of high speed/high capacity technology and promote its take up. • Utilise the Digital Hub as the primary digital interaction, education and training site for our community. • Implement programs to assist local business to grow through the use of digital technology. • Implement the Digital Economy Strategy.
A more vibrant night-time	<ul style="list-style-type: none"> • Achieve access to small bar licences. • More people on the streets. • More places to go at night.

Targets for measuring the achievement of these outcomes are listed in Section 1.8.

Core 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	622,891	-	622,891
Operating Projects	323,100	100,000	223,100
Capital Projects	448,300	211,650	236,650
Total	1,394,291	311,650	1,082,641
% of Total Budget	6.1%	1.3%	

2017-2018 Operating & Capital Projects

Operating Project	Expenditure \$	Income \$	Net Cost \$
Digital Economy Strategy Implementation	108,100		108,100
Business Incubator (Incubator Support Initiative)	200,000	100,000	100,000
Business Leaders and Traders Group	15,000		15,000
	323,100	100,000	223,100

Capital Project	Expenditure \$	Income \$	Net Cost \$
Developer Partnership Grant Program	423,300	211,650	211,650
High Speed WiFi Network	25,000		25,000
	448,300	211,650	236,650

1.4.4 Key Concept: Services



SERVICES

LEADERS OF THE SECTOR PROVIDING EFFICIENT, RESPONSIVE, ACCESSIBLE SERVICES



Strategy	Outcome
Excellence in Infrastructure	<ul style="list-style-type: none"> • Best practice asset management planning across all asset types. • Implement an annual City Maintenance Plan for all asset classes. • Seek partnerships with other agencies to increase community access to facilities.
Sound financial management	<ul style="list-style-type: none"> • Generate income growth by diversifying income streams and increasing revenue from other sources. • Seek funding to progress major projects. • Grow our commercial and retail sector and associated rate income.
Responsible waste management	<ul style="list-style-type: none"> • Open and accountable practices and decision making processes. • Provide visible service delivery and accountability through a structured program of service reviews. • Improve Council's internal systems and on-line services. • Engage with relevant agencies for improved access to non-Council services.
Accountable service delivery	<ul style="list-style-type: none"> • Open and accountable practices and decision making processes. • Provide visible service delivery and accountability through a structured program of service reviews. • Improve Council's internal systems and on-line services. • Engage with relevant agencies for improved access to non-Council services.
People-focused approach	<ul style="list-style-type: none"> • Deliver a responsive, people-focused service using the most appropriate service delivery model and technology including resource sharing and collaborative service delivery initiatives. • Focus on recruitment and retention, training and development and succession planning. • Implement service delivery practices that create positive customer experiences and build customer relations.

Targets for measuring the achievement of these outcomes are listed in Section 1.8.

Core 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	6,146,445	21,576,410	(15,429,965)
Operating Projects	524,044	-	524,044
Capital Projects	8,468,761	296,000	8,172,761
Total	15,139,250	21,872,410	(6,733,160)
% of Total Budget	66.0%	92.9%	

2017-2018 Operating & Capital Projects

Operating Project	Expenditure \$	Income \$	Net Cost \$
Power line undergrounding Hampstead Road (PLEC)	114,544		114,544
East West Traffic Movements	20,000		20,000
Flood Impacted Properties Stormwater Assessment	55,000		55,000
Civic Centre and CLIC Development	220,000		220,000
Depot Relocation	40,000		40,000
Digital Transformation - Facilities Booking System	15,000		15,000
Service Innovation Initiative	17,000		17,000
Sentencing, Boxing and Listing of Legacy Files	23,500		23,500
Community Portal Implementation	19,000		19,000
	524,044	0	524,044

Capital Project	Expenditure \$	Income \$	Net Cost \$
Driveway Upgrade Program	123,010		123,010
Road Design/Reconstruction (Capital)	1,201,555		1,201,555
Footpath Construction - Miscellaneous	330,199		330,199
Kerb and Gutter Constructions	295,921		295,921
Alexandra St Prospect Reconstruction	1,005,000	201,000	804,000
Drainage Design/Construction	38,808		38,808
Council Buildings & Structures - Capital Works	85,268		85,268
Fleet Management - Capital Acquisitions (net of trade-ins)	283,500		283,500
Community Hub, Library and Innovation Centre (CLIC	3,500,000		3,500,000
Broadview Oval - Tennis Court Rejuvenation	35,000	20,000	15,000
Prospect Oval - Roof Replacement - Robert Lewis	450,000		450,000
Stan Watson Pump Station Upgrades	5,500		5,500
Asbestos Removal	90,000		90,000
Connected Parks	110,000	75,000	35,000
Flood Mitigation - Prospect North West	115,000		115,000
Stan Watson Park Expansion & Flood Mitigation Work	800,000		800,000
	8,468,761	0	8,028,761

1.5 Strategic Management Plans & Framework 2017-2018



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 Annual Business Plan 2017-2018 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 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 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.

1.6 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 election
- 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 Annual Business Plan 2017-2018 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*.

1.7 Measuring Achievement of the Annual Business Plan 2017-2018

As well as documenting the strategic drivers, actions and planned outcomes for the 2017-2018 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.

1.8 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.



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

TARGET

- 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

TARGET

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

1.2.3 Community environmental initiatives are supported and encouraged

TARGET

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

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

TARGET

- 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 leadership

TARGETS

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

STRATEGY 1.4 Celebrate our diverse and creative community

OUTCOME

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 2020.



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 city.

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, parks and colour

TARGET

- 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

TARGET

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

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

TARGET

- 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

TARGET

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

STRATEGY 2.3 An accessible City

2.3.1 Key areas are accessible and linked

TARGET

- Finalise Master Plan by end of 2017/2018 and establish one (1) upgraded East-West connection by 2020.

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

TARGET

- 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

TARGET

- Identify all streets that will not achieve “green tunnel” street canopy coverage by the end of 2016 and incorporate into the program for 2017/18.

2.4.2 A City recognised for its flora, fauna and biodiversity

TARGET

- Thriving gardens and verges under Council’s control.

2.4.3 Committed to having a reduced environmental footprint

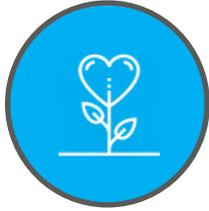
TARGET

- 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

TARGET

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



PROSPERITY

MORE JOBS, MORE INVESTMENT, MORE ACTIVITY, MORE VIBRANCY

STRATEGY 3.1 A stronger local economy

OUTCOME

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

TARGET

- 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

TARGET

- 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

TARGET

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

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.

STRATEGY 3.4 International Prospect

OUTCOME

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

TARGET

- 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

TARGET

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



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 income

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 year.

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 Survey.

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.

Part B Budget 2017-2018

1.1 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.

1.2 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

1.3 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 *Annual Business Plan 2017-2018* (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.

1.4 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 2017 to 30 June 2018 and is prepared in accordance with the Local Government Act 1999. The budget includes projected revenues and expenditures for the 2017-2018 year reported on an "operating" basis in accordance with the Local Government Act 1999.

The Budget 2017-2018 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 2017-2018 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 2017-2018 to 2026-2027 (Part C), an Infrastructure-Asset Management Plan (Part D) and a Rating Strategy (Part E).

1.5 Significant Influences

In preparing the 2017-2018 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.

1.5.1 External Influences

- The Consumer Price Index (CPI) All Groups Adelaide increase on goods and services of 1.3% for the 12 months ending 31 December 2016 compared with the Local Government Pricing Index increase on goods and services of 1.6% for the 12 months ending 31 December 2016;
- Asset Management – ageing infrastructure;
- State and Commonwealth Government Policy/Decisions, and funding; eg Environmental Management, EPA Solid Waste Levy, Environmental Health, 30 Year Plan for Greater Adelaide etc;
- Increasing cost of utilities;
- Council has been notified that its current lease of the Thomas Street Centre (library, gallery and digital hub) will not be renewed in 2019. The Long Term Financial Plan contains proposed funding requirements to provide new accommodation for the continued operation of these services;
- External funding opportunities - Grants and contributions have been based on confirmed funding levels (with the exception of the several minor grants).

1.5.2 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 assumptions 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 commonly known as CLIC (Community Hub, Library and Innovation Centre) is scheduled to begin during the 2017-2018 year. Before making its final decision on progressing the project, Council will complete a prudential review of the CLIC project as require on the Local Government Act 1999 Section 48.

The 2017-2018 Budget has been prepared based on a set of guidelines and assumptions as illustrated in *Part B, Section 1.6 "Budget Preparation Guidelines/Assumptions for 2017-2018"*

1.6 Budget Preparation Guidelines/Assumptions for 2017-2018

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. Fees and charges set by regulation to be increased in line with CPI + 1%;
- 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 the Main North Road site (Council resolution, 24 January 2017); and
- the 2017-2018 Budget was framed using a 'zero based' budgeting approach.

2017-2018 Other assumptions are as follows:

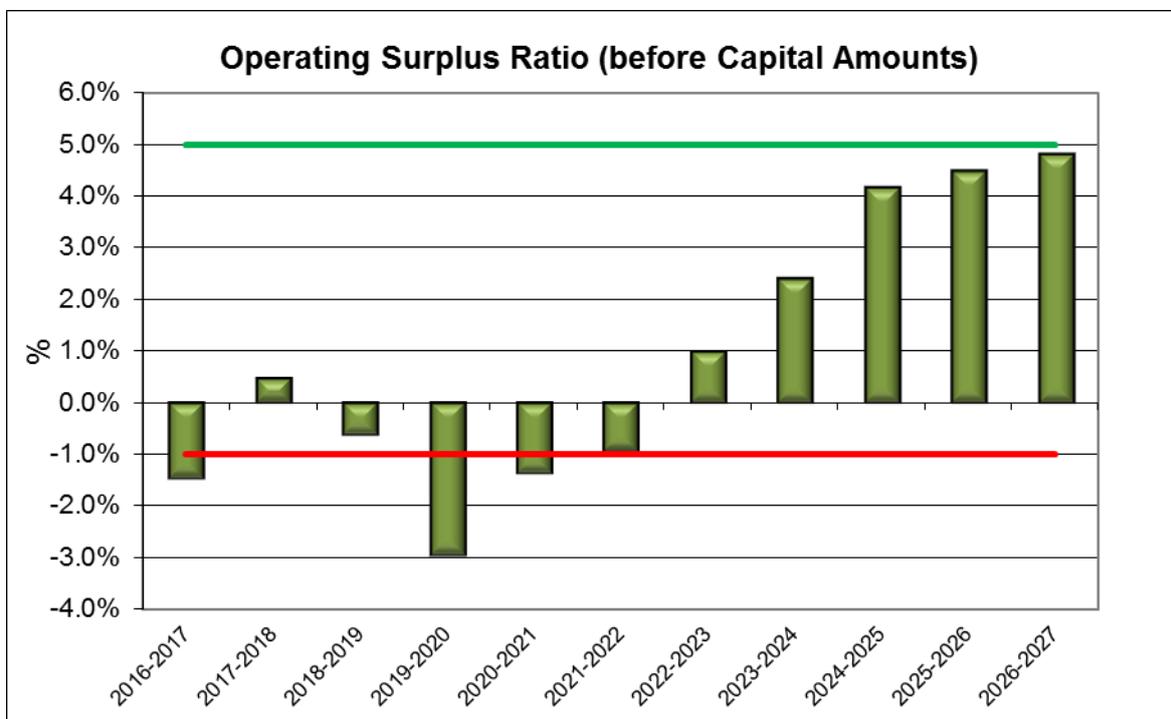
Information Only – March 2017 Adelaide CPI	2.0%
Information Only – March 2017 Local Government Cost Index	2.1%
Increase in operating expenditure CPI Affecting: User Charges, Contractual Exp, Materials, Utilities, Fuel	'Zero Based' budgeting applied. Every budgeted line item was analysed to determine the appropriate financial resources required. Previous budgets were formulated using a 'historic budgeting' approach which used incremental budgets based on the CPI rate at that time.
Projected increase in Rate Revenue Note : * growth - Any development of the property (including significant renovations) will increase the value of the property. Any changes to land use of the property (eg from residential to commercial) may also result in a variation to the value of the property. The change in valuation associated with these changes is termed "growth".	2.75% Rate Revenue Income Increase <i>excluding</i> growth 1.0%
Grant: Roads to Recovery	Funding of \$146,000 will be received in 2017-2018.
Grants Commission Grant Revenue	General Purpose Grant \$430,875 Identified Local Road Grant \$200,816 Supplementary Road Grant \$100,000
Early Payment of Grants Commission General Grant	Assume 4 payments of Grants Commission Grant instalment for 2017-2018.
Increase in Enterprise Agreement (Salaries) MOA LGE	Up to 3% Up to 3%
Insurance	'Zero Based' budgeting applied. Every budgeted line item was analysed to determine the appropriate financial resources required. Previous budgets were formulated using a 'historic budgeting' approach which used incremental budgets based on the CPI rate at that time.
Energy (Electricity) Cost & Water Cost	'Zero Based' budgeting applied. Every budgeted line item was analysed to determine the appropriate financial resources required. Previous budgets were formulated using a 'historic budgeting' approach which used incremental budgets based on the CPI rate at that time.
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.
Depreciation	Depreciation Methodology remained consistent with 2016-2017, with the inclusion of the revaluation of transport assets effective 1 July 2015.
Capital Expenditure	Refer to the Infrastructure Asset Management Plan Capital Expenditure Budgets is linked to cpi in the Long Term Financial Plan Compounded Local Government Price Index has been factored into the Asset Management Plan Assumes No Policy Change
Capital Expenditure – Community Hub, Library and Innovation Centre (CLIC)	Treated as 100% a Replacement Renewal. This will be remeasured following the design stage of construction.
Loan Principal & Interest Repayment	As per the Loan Schedule New loan borrowing associated with construction of the new facility at 128 Prospect Road within 2017-2018 budget. Total additional loan of \$3.5m.
Interest Rates	Interest rates are assumed to remain relatively constant.

1.7 Budget 2017-2018 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.

1.7.1 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.

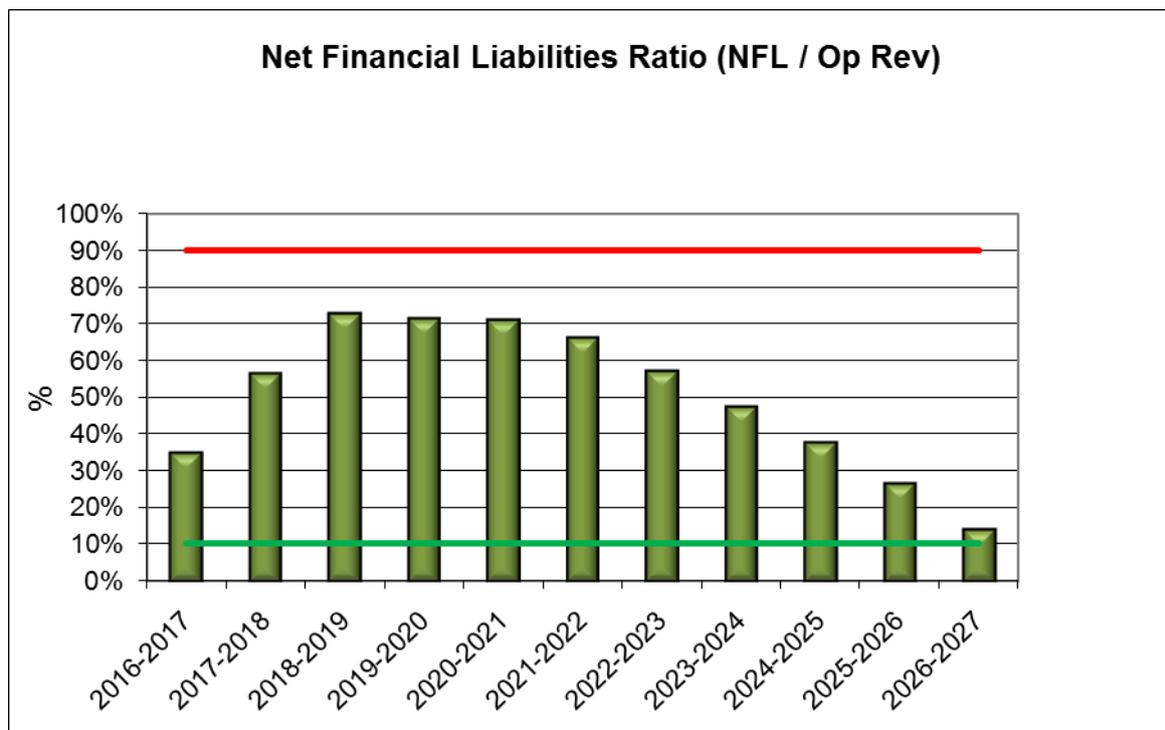
The operating ratio for 2017-2018 is 0.5%. This ratio (& future years where indicated) is attributed to the following key strategic initiatives:

- 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
- Reduction in operating expenditure following the tender of Council's waste contract.

The projected 10 year average operating surplus ratio is 1.1%. This meets Council's 10 year average target range of 1% to 3%.

1.7.2 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 2017 expressed as a percentage of estimated operating revenue (the net financial liabilities ratio) is expected to be 57%.

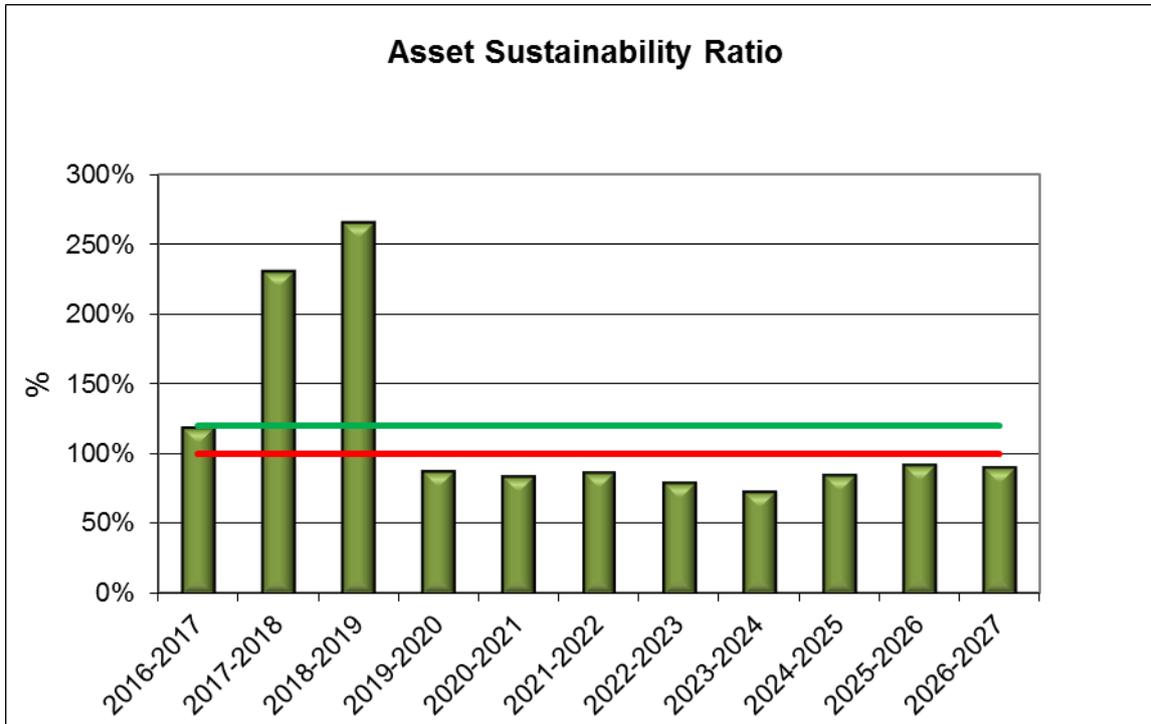
Council has undertaken a borrowing of \$1.88m for the redevelopment of facilities at the North Adelaide Football Club. The borrowing of \$1.88m is included in Council's Net Financial Liabilities, however fully recoverable from the Club.

Council anticipate the need to undertake borrowings in order to complete the construction of the new CLIC facility at 128 Prospect Road. Construction is to begin 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 52% which meets Council's 10 year target range of 10% to 60%.

1.7.3 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 2017-2018 is expected to be 231% 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 2017-2018.

Increases in the Asset Sustainability Ratio in 2017-2018 and 2018-2019 stem from the construction of the CLIC project. As the design stage has not yet been completed an accurate split of the project between New & Upgrade against Replacement Renewal is not able to be measured. In the current Long Term Financial Plan, the project has been deemed to be 100% Replacement Renewal, however this unlikely to be the eventual outcome and this assumption will be remeasured following the design stage.

The 10 year average of the asset sustainability ratio is projected to be approximately 118%.

1.8 LTFP Key Performance Indicators and Dashboard Summary

City of Prospect Long Term Financial Plan - Draft Budget 2017-2018 *Financial Indicators Dashboard*

Proposed Average Residential Rate Increase	2.75%	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%
Total Rate Revenue Increase (Including Growth)	3.75%										

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

Financial Indicator Description	Year Ended 30 June:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Annual Target	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Indicator 1 - Operating Surplus Ratio - %	(1%) - 5%	0.5%	(1.5%)	0.5%	(0.6%)	(2.9%)	(1.4%)	(0.9%)	1.0%	2.4%	4.2%	4.5%	4.8%
Indicator 2 - Net Financial Liabilities Ratio - %	10% - 90%	32%	35%	57%	73%	72%	72%	67%	58%	48%	38%	27%	14%
Indicator 3 - Asset Sustainability Ratio - %	100%-120%	116%	119%	231%	266%	88%	84%	87%	80%	73%	85%	93%	90%

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

1.9 Budget Overview

Planning framework

The Budget 2017-2018 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 2017-2018, Council undertook community consultation including (but not limited to):

- Focus Group Forum (Wednesday, 25 May 2017)
- Public Meeting (Monday, 5 June 2017)
- Interactive Budget Session with local Primary School Students (Years 6 & 7)
- Prospect Resident Association
- Feedback was sought from residents and property owners via a Community Feedback Form, made available through:
 - Newspaper advertisements
 - Council's web site
 - Hard copies made available from Council's Civic Centre and Library
- Feedback from the Audit Committee regarding the Annual Business Plan (13 June 2017)
- The Consultation period concluded at 5pm, on 6 June 2016.

All feedback was considered by Council at the 27 June 2017 Council meeting.

The Annual Business Plan 2017-2018 includes Council's planned objectives and activities for the financial year, as well as the Long Term Financial Plan for 2018-2027, 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

Highlights of the Budget 2017-2018 have been itemised under each of the four Core Concepts under *Part A, Section 1.4 – Key Concepts for 2017-2018*.

The key project scheduled to continue in 2017-2018 relates to Prospect Road.

The vision for **Prospect Road** is for it to be "A people friendly road corridor that is framed by attractive medium to high density housing in some areas and local character houses in others, all within a short distance of cafes, interesting and eclectic boutique shops, daily shopping needs, offices, green open spaces, entertainment and cultural experiences".

This vision for Prospect Road has been developed within the context of:

- increasing local employment opportunities
- economic vibrancy in Prospect's "High Street"
- keeping local disposable income within our region
- a strong and vibrant culture of arts and heritage
- increasing population growth in our State
- improving the livability and sustainability of our communities and public spaces
- requirements by State Government for more medium density housing and mixed use employment areas in appropriate locations along our main roads
- intensifying development along public transport corridors to promote sustainable transport
- learning from other main streets and recreational hubs such as Goodwood Road, Unley Road, Unley Oval, Norwood Parade, and King William Street

The undergrounding of Power Lines along Prospect Road is providing an improved entrance from the north along Prospect Road to the important retail precinct which serves the local community that also acts as a key access point to the northern part of the Adelaide central business district. Prospect Road has seen the beginnings of a change process with residential and commercial property values increasing; tenancy competition and retail rent rates increasing,

very low vacancy rates and the level of investment and the quality of shop premises development also improving.

The growth of new businesses established over the recent years has highlighted the success of Prospect Road's the recent MasterPlan construction works making Prospect Road a precinct able to move towards a cosmopolitan / boutique / urban chic / café culture style of environment and recent market forces have reaffirmed that this transformation is being very much led by community and commercial demand.

It is anticipated that the finalisation of the upgrade of Prospect Road will lead to increased value of existing property along these corridors and new residential and commercial development. The new commercial development will lead to increased rate revenue from the commercial sector, with this additional revenue stream funding the upgrade of the corridors and/or a reduction of residential rates across the city over time.

1.10 Services Provided to the Community

The capital and project expenditure for 2017-2018 Budget and the Long Term Financial Plan are located in Part C (pages 67-81).

Part A, Section 1.6 summaries the services Council provides to the community.

In planning its activities for 2017-2018, Council activities are categorised into the following:

- Recurrent Activities
- Operating Projects
- Capital Projects

The day to day operations of the Council are those which are undertaken from year to year. Operating projects and capital projects are those which:-

- will be undertaken only if sufficient revenue is available
- support the current strategic focus of the Council
- are often short-term or one-off initiatives by nature

All operating projects and capital projects have been linked to Council's Core Strategies (refer Part A, Section 1.4).

1.11 Analysis of Operating Budget

This section analyses the expected revenues and expenses of Council for the 2017-2018 financial year with commentary on the budgeted operating result.

Operating Revenue

Revenue Types	Ref	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Rates – General	1.11.1	19,047,827	19,781,891
Rates – Other	1.11.2	164,089	201,265
Rates – Separate		-	10,000
Statutory Charges	1.11.3	482,200	498,500
User Charges	1.11.4	223,101	217,250
Grants and Subsidies	1.11.5	1,989,298	1,857,491
Investment Income	1.11.6	242,790	235,613
Reimbursements	1.11.7	170,900	114,500
Other Revenues	1.11.8	188,106	131,550
Share of Profit - Joint Ventures & Assoc		-	4,694
Total Operating Revenue		22,508,311	23,052,754

Source: Part B, Section 1.15 Statement of Comprehensive Income for 2017-2018 Budget

1.11.1 General Rates

General rate revenue of \$19,781,891 is planned for 2017-2018. This amount includes mandatory rebates of \$401,554 deductible. It represents an increase of approximately 2.75% for the average residential property. The total rate revenue increase is in the order of 3.75% being due to revalued properties and growth. Refer Part D regarding how this rate revenue is distributed.

1.11.2 Other Rates Revenue

Other Rates revenue in 2017-2018 includes net income received from Natural Resource Levy, mandatory rebates, objections, fines and legal income (\$193,460). Council acts as a collection agency for the NRM Levy with the amount of \$524,939 included above being payable to the board. A separate rate of \$10,000 is raised to fund the Prospect Road Village Heart Marketing Fund. Details of the Separate Rate can be found on Page 93.

1.11.3 Statutory Charges

Statutory charges are fees for regulatory services. They are associated with the granting of a permit/licence or the regulation of an activity. They include Development Act fees and parking fines. Increases in statutory charges are made in accordance with legislative requirements.

1.11.4 User Charges

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. They include hire of community facilities.

User charges in 2017-2018 will increase due to changing nature of activities of several Council facilities. This has led to the increase patronage of Council facilities directly increasing total user income.

1.11.5 Grants and Subsidies

This item covers grants and subsidies from all sources but excludes amounts specifically received for new/upgraded assets. The following table summarises the main grants received:

Grant Funding Types	2016-17 Original Budget (\$)	2017-18 Budget (\$)
LG Grants Commission – General Purpose Grant	436,401	430,875
LG Grants Commission – Identified Local Road Grant	198,628	300,816
Library Services	147,500	149,000
Home & Community Care	623,291	635,800
Roads to Recovery	483,478	146,000
George Whittle Reserve	-	35,000
Business Incubator	-	100,000
Main North Central Precinct Concept Plan	100,000	60,000
Total Grants and Subsidies	1,989,298	1,857,491

The total Local Government Grants Commission grants for 2017-2018 (representing funding provided by the Australian Government) are estimated to be \$731,691. This represents 3.17% of the Council's estimated total operating revenue in 2017-2018.

1.11.6 Investment Income

Interest earnings on the investment of funds not immediately required. The investment income is estimated to be approximately \$235,613. This includes interest repayment from community loan interest repayments (i.e. North Adelaide Football Club regarding Stage 1 Prospect Oval and Memorial Gardens Redevelopment).

1.11.7 Reimbursements

Amounts received as payment for work carried out by Council acting as an agent for others (e.g. reimbursement for road works by the State Government or residents). Revenue of \$114,500 is estimated in 2017-2018.

1.11.8 Other Revenues

Revenue not separately classified above. Revenue of \$136,244 is estimated in 2017-2018 and includes \$4,694 estimated from Joint Ventures, being Council's Subsidiary Eastern Health Authority Inc.

Operating Expenses

Expense Types	Ref	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Employee Costs	1.11.9	7,938,185	8,281,258
Materials, Contractual Services & Other	1.11.10	10,906,234	10,367,012
Finance Costs	1.11.11	572,516	673,777
Depreciation	1.11.12	3,375,000	3,624,100
Total Operating Expenses		22,791,935	22,946,147

Source: Part B, Section 1.15 Statement of Comprehensive Income for 2017-2018 Budget

1.11.9 Employee Costs

All labour related expenses such as salary and wages, and on-costs includes allowances, leave entitlements, workers compensation insurance premiums and employer contribution to employees' superannuation.

Council's number of staff has remained relatively consistent since 2008-2009. The following graph reflects budget FTE since 2001-2002. There are no additional FTE included in the 2017-2018 budget.

FTE Movements



Salary and Wages costs are projected to increase by up to 3% for Municipal Officers Award staff and up to 3% for Local Government Employee staff as a result of the Enterprise Bargaining Agreement.

1.11.10 Materials, Contractual Services and Other

Materials include payments for physical goods (ie. purchase of consumables, water and energy). Contractual Services includes payments for the external provision of services (ie. this may include indirectly provided labour and materials or sub-contractors which are part of a contract).

The increase in overall materials, contractual services and other expenses is mainly attributed to increased operating project budget in 2017-2018 and other budget pressures (refer to section 1.5.3).

1.11.11 Finance Costs

This represents costs of financing Council’s activities through borrowings or other types of financial accommodation. The finance charges are projected to be \$673,777.

Council is also a guarantor for a community group in securing a loan borrowing of \$1.88m for its clubroom redevelopment. Both principal and interest repayment are fully reimbursed by the Club.

Refer page 66 – Debt servicing Schedule.

Source: Part B, Section 1.15 Statement of Comprehensive Income for 2017-2018 Budget.

1.11.12 Depreciation

Depreciation is an accounting measure which records the consumption of Council’s assets such as infrastructure, property, plant and equipment. Depreciation is reflective of the same level in 2016-2017.

Operating Result

Operating Surplus/(Deficit)	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Operating Revenue	22,508,311	23,052,754
less: Operating Expenses	22,791,935	22,946,147
Equals: Operating Surplus/(Deficit) before Capital Amounts	(283,624)	106,607
add: Net gain/(loss) on disposal	92,438	90,000
add: Amounts for new or upgraded assets	120,000	507,650
Equals: Operating Surplus/(Deficit)	(71,186)	704,257

Source: Part B, Section 1.14 Statement of Comprehensive Income for Period Ending 30 June 2018 Budget

As shown in the above table, Council anticipates a budget surplus of \$107,607 before capital revenue in its 2017-2018 Budget.

Refer Part B, Section 1.8 Summary – LTFP Key Performance Indicators

1.12 Analysis of Capital Projects

1.12.1 Net Outlays on Existing assets

The following table summarises capital outlays on existing assets:

Net Outlays on Existing Assets	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Capital Expended on Renewal/Replacement of Assets	4,267,543	8,153,103
Less: Depreciation	3,375,000	3,624,100
Less: Proceeds from Sale of Replaced Assets	318,000	234,000
Equals: Net Outlays on Existing Assets (Shortfall)	574,543	4,295,003
Asset Sustainability Ratio	117%	230%

Source: Part B, Section 1.14 (2017-2018 Uniform Presentation of Finances) and Part C, Section 1.13(Capital Projects)

The Asset Sustainability Ratio in 2017-2018 is expected to be 230% and has been calculated by comparing the capital project expenditure on renewal and replacement of existing assets with the average required expenditure of Councils Infrastructure and Asset Management Plans.

The 10 year average of the asset sustainability ratio is projected to be approximately 118%.

1.12.2 Net Outlays on New and Upgraded Assets

The following table summarises capital outlays on new/upgraded assets:

Net Outlays on New and Upgraded Assets	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Capital Project on New/Upgraded Assets	1,645,438	1,309,808
Less: Amount Received Specifically for New/Upgraded Assets	120,000	507,650
Equals: Net Outlays on Existing Assets	1,525,438	802,158

Source: Part B, Section 1.15 (2017-2018 Uniform Presentation of Finances) and Part C, Section 1.13(Capital Projects)

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.

1.12.3 Capital Projects Program

The following table summarises the Council's planned Capital Projects for 2017-2018. A listing of individual projects comprising the Program for 2017-2018 is shown in Pages 55 to 57.

Capital Works Area	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Land	-	0
Buildings	127,531	3,710,268
Structures	330,000	0
Plant & Equip	781,500	283,500
Furniture & Fittings	86,500	0
Other	845,500	1,335,300
Road Surface	1,175,885	2,329,565
Footpaths	1,394,679	451,049
Stormwater	752,938	959,308
Road Base	-	0
Kerb & Gutter	307,173	309,921
Library Books	111,275	84,000
Total Capital Works	5,912,981	9,462,911
Capital Works represented by:		
Asset renewal/replacement	4,267,543	8,153,103
New/upgraded assets	1,645,438	1,309,808
Total Capital Works	5,912,981	9,462,911
Total Funding Sources:		
Trade In/Other	318,000	144,000
Grants	231,275	591,650
Rates	2,263,249	4,277,261
Loan	2,616,979	4,304,000
Roads to Recovery	483,478	146,000
Total Funding	5,912,981	9,462,911

Source: Part C, Section 1.13(Capital Project)

Highlights of the Budget 2017-2018 have been itemised under each of the Strategies under Part A, Section 1.4 – Key Concepts in 2017-2018.

1.12.4 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.

1.13 Analysis of Budgeted Balance Sheet

This section analyses the estimated balance sheet movements between 1 July 2017 and 30 June 2018 and discusses the level of Council's net financial liabilities (being the key measure of the Council's financial position).

	Ref	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Current assets	1.13.1	6,065,000	3,454,195
Non-current Assets	1.13.2	145,492,000	174,754,000
Total Assets		151,557,000	178,208,195
Current Liabilities	1.13.3	7,414,000	6,045,000
Non-current Liabilities	1.13.4	9,491,000	11,927,000
Total Liabilities		16,905,000	17,972,000
Equity	1.13.5	134,652,000	160,236,195

Source: Part B, Section 1.15 (Balance Sheet 2017-2018 Budget)

1.13.1 Current assets

A budget review for 2016-2017 has been conducted with a projected current asset balance of \$5.2m (budget review 2). The 2017-2018 projected current asset balance is decreased due to Council using treasury management principles to consume its own cash reserves before undertaking new borrowings.

1.13.2 Non-current assets

The increase in non-current assets in 2017-2018 reflects the combined effect of all capital projects, the depreciation of existing assets, the book value of assets sold and the ongoing revaluation of infrastructure assets on a 'fair value' basis.

The non-current assets in 2017-2018 also includes loan principal repayment receivable from the Community Group (\$1.9m) associated with the Prospect Oval and Memorial Gardens Master Plan.

1.13.3 Current liabilities

The projected current liabilities as at 30 June 2017 represent obligations Council must pay within the next 12 months (such as creditors, loan interest and salaries/wages that relate to 2016-2017 but not yet paid).

1.13.4 Non-current liabilities

The increase in non-current liabilities in 2017-2018 (i.e. obligations that the Council must pay beyond 30 June 2017, mainly due to loan principal repayment) is primarily due to new loans in relation to works associated with the CLIC project. Total new loan borrowings of \$3.5 million.

Refer page 66 – Debt Servicing Schedule.

1.13.5 Equity

A budget review for 2016-2017 has been conducted with a projected equity of \$135m. The 2017-2018 projected equity is \$160m. The increase has stemmed from the revaluation of assets in 2015-2016. This increase was not known, nor included in the original budget of 2016-2017.

1.13.6 Net Financial Liabilities

Net Financial Liabilities	2016-17 Original Budget (\$)	2017-18 Budget (\$)
Total Liabilities	16,905,000	17,972,000
/ess: Loan to Community Group	1,750,000	1,433,000
/ess: Current Assets	6,065,000	3,454,195
Equals: Net Financial Liabilities at 30 June	9,090,000	13,084,805

Source: Part B, Section 1.15.3

The Net Financial Liabilities equals total liabilities less financial assets. This indicator measures Council's total indebtedness.

The level of financial liabilities increases when a net lending result occurs in a financial year and will result in Council purchasing financial assets and/or repaying liabilities.

1.14 Financial Statements

City of Prospect

Uniform Presentation of Finances

for the period ended 30 June 2018

	Original Budget 2016-17	Revised BR2 Budget 2016-17	Proposed Budget 2017-18
	\$ '000	\$ '000	\$ '000
Income	22,508	22,558	23,054
<i>less</i> Expenses	22,792	23,133	22,946
Operating Surplus / (Deficit)	(284)	(575)	107
<i>less</i> Net Outlays on Existing Assets			
Capital Expenditure on Renewal and Replacement of Existing Assets	4,268	4,444	8,113
<i>less</i> Depreciation, Amortisation and Impairment	3,375	3,565	3,624
<i>less</i> Proceeds from Sale of Replaced Assets	318	318	90
Net Outlays on Existing Assets	575	561	4,399
<i>less</i> Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	1,645	1,849	1,350
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	120	125	507
Net Outlays on New and Upgraded Assets	1,525	1,724	843
Net Outlays on Existing, New and Upgraded Assets	2,100	2,285	5,242
Net Lending / (Borrowing) for Financial Year	(2,384)	(2,860)	(5,136)
Financing Transactions			
New borrowings (Net of loan to Community Group)	3,492	3,492	3,500
Repayment of principal on borrowings	798	798	1,017
Increase/(Decrease) in level of cash and investments	442	8	(3,185)
Other	(132)	(174)	532
	2,384	2,860	5,136

City of Prospect

Statement of Comprehensive Income

for the period ended 30 June 2018

	Original Budget 2016-17	Revised BR2 Budget 2016-17	Proposed Budget 2017-18
	\$ '000	\$ '000	\$ '000
Income			
Rates Revenues	19,212	19,241	19,993
Statutory Charges	482	482	500
User Charges	223	223	217
Grants, Subsidies and Contributions	1,989	2,005	1,857
Investment Income	243	243	236
Reimbursements	171	190	114
Other Income	188	128	131
Net Gain - Equity Accounted Council Businesses	-	46	5
Total Income	22,508	22,558	23,054
Expenses			
Employee Costs	7,854	7,892	8,281
Materials, Contracts & Other Expenses	10,990	11,104	10,367
Depreciation, Amortisation & Impairment	3,375	3,565	3,624
Finance Costs	573	573	674
Net loss - Equity Accounted Council Businesses	-	-	-
Total Expenses	22,792	23,133	22,946
Operating Surplus / (Deficit)	(284)	(575)	107
Asset Disposal & Fair Value Adjustments	92	92	90
Amounts Received Specifically for New or Upgraded Assets	120	125	507
Physical Resources Received Free of Charge	-	-	-
Net Surplus / (Deficit)	(71)	(357)	704
Total Other Comprehensive Income	-	-	-
Total Comprehensive Income	(71)	(357)	704

City of Prospect

Statement of Financial Position

as at 30 June 2018

	Original Budget 2016-17	Revised BR2 Budget 2016-17	Proposed Budget 2017-18
	\$ '000	\$ '000	\$ '000
ASSETS			
Current Assets			
Cash and Cash Equivalents	4,617	3,766	1,984
Trade & Other Receivables	1,300	1,300	1,322
Other Financial Assets	147	147	147
Inventories	1	1	1
Total Current Assets	6,065	5,214	3,454
Non-Current Assets			
Financial Assets	1,750	1,933	1,433
Equity Accounted Investments in Council Businesses	24	24	46
Infrastructure, Property, Plant & Equipment	143,718	144,074	173,275
Other Non-Current Assets	-	-	-
Total Non-Current Assets	145,492	146,031	174,754
TOTAL ASSETS	151,557	151,245	178,208
LIABILITIES			
Current Liabilities			
Trade & Other Payables	5,755	5,354	4,214
Borrowings	1,123	1,123	1,181
Provisions	536	536	650
Other Current Liabilities	-	-	-
Total Current Liabilities	7,414	7,013	6,045
Non-Current Liabilities			
Borrowings	9,441	9,441	11,868
Provisions	50	111	59
Total Non-Current Liabilities	9,491	9,552	11,927
TOTAL LIABILITIES	16,905	16,565	17,972
Net Assets	134,652	134,680	160,236
EQUITY			
Accumulated Surplus	76,872	76,900	76,850
Asset Revaluation Reserves	57,533	57,533	83,134
Other Reserves	247	247	252
Total Council Equity	134,652	134,680	160,236

City of Prospect

Statement of Changes in Equity

for the period ended 30 June 2018

	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
	\$ '000	\$ '000	\$ '000	\$ '000
Original Budget 2016-17				
Balance at the end of previous reporting period	75,837	83,133	631	159,601
Net Surplus / (Deficit) for Year	(71)	-	-	(71)
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	(25,600)	-	(25,600)
- Other Movements	722	-	-	722
Other Comprehensive Income	722	(25,600)	-	(24,878)
Total Comprehensive Income	651	(25,600)	-	(24,949)
Transfers between Reserves	384	-	(384)	-
Balance at the end of period	76,872	57,533	247	134,652
Revised BR2 Budget 2016-17				
Balance at the end of previous reporting period	76,872	57,533	247	134,652
Net Surplus / (Deficit) for Year	(357)	-	-	(357)
Other Comprehensive Income				
- Other Movements	386	-	-	386
Other Comprehensive Income	386	-	-	386
Total Comprehensive Income	29	-	-	29
Transfers between Reserves	-			
Balance at the end of period	76,900	57,533	247	134,680
Proposed Budget 2017-18				
Balance at the end of previous reporting period	76,900	57,533	247	134,680
Net Surplus / (Deficit) for Year	704	-	-	704
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	-	25,601	-	25,601
Other Comprehensive Income	-	25,601	5	25,609
Total Comprehensive Income	704	25,601	5	26,313
Transfers between Reserves	(754)			(757)
Balance at the end of period	76,850	83,134	252	160,236

City of Prospect

Statement of Cash Flows

for the period ended 30 June 2018

	Original Budget 2016-17	Revised BR2 Budget 2016-17	Proposed Budget 2017-18
	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	22,397	22,309	22,650
Investment Receipts	111	243	236
Payments			
Operating Payments to Suppliers and Employees	(18,844)	(18,944)	(19,171)
Finance Payments	(573)	(573)	(674)
Net Cash provided by (or used in) Operating Activities	3,091	3,035	3,041
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets	120	120	507
Sale of Replaced Assets	318	318	90
Repayments of Loans by Community Groups	132	132	157
Payments			
Expenditure on Renewal/Replacement of Assets	(4,268)	(4,444)	(8,113)
Expenditure on New/Upgraded Assets	(1,645)	(1,849)	(1,350)
Net Cash provided by (or used in) Investing Activities	(5,343)	(5,723)	(8,709)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings	3,492	3,492	3,500
Payments			
Repayments of Borrowings	(798)	(798)	(1,017)
Net Cash provided by (or used in) Financing Activities	2,694	2,694	2,483
Net Increase (Decrease) in Cash Held	442	6	(3,185)
plus: Cash & Cash Equivalents at beginning of period	4,175	3,704	5,169
Cash & Cash Equivalents at end of period	4,617	3,710	1,984

1.15 Operating Project Budget Summary

OPERATING PROJECT BUDGET SUMMARY 2017-18								
Ref in LTFP	Strategy	Description	Budget 17-18	Funding Source				
				Rates	Commercial Rates	Grants	Loan	Other
O.27	Place	Heritage Grant Program To continue to provide heritage grants to owners of properties that are listed as local heritage places or located in the Historic Conservation Zone, so as to subsidise works undertaken to maintain and improve the heritage value of these properties. State Heritage Places are not eligible. Each individual grant is valued up to \$2,000.	15,000	15,000				
O.29	Place	Housing Diversity and Desirable Neighbourhoods DPA The Housing Diversity and Desirable Neighbourhoods Development Plan Amendment (DPA) was to be delivered during 2016/17, but was delayed due to the bringing forward of the second stage of the Urban Corridor Zones DPA. A streetscape character study has already commenced and will inform the future policy changes, along with the identification of forms of in-fill development that could be established to complement the existing or desired character of each area. These investigations will inform a revised policy framework to be established through Development Plan amendments.	45,000	45,000				
O.26	Place	Veggie Verges Promote the use of nature strips for the growing of vegetables and other flora. 30 applications were received in 2016-2017. The budget (\$4,000) only allowed the funding of 5 of these applications. The proposed funding will allow for the installation of 13.	10,000	10,000				
O.07	Place	Main North Road Design Development To deliver Stage 2 Landscape Construction and Civil Drawings for Main North Road based on Draft Concept Plans developed in 2017. Stage 2 construction drawings are from Kintore to Balfour Street. The plans will increase amenity and improving connecting key hubs of activity in the central precinct and encourage increased commercial activity, well designed quality street environment and promote infrastructure developments.	120,000	60,000		60,000		
O.09	Services	Power line undergrounding Hampstead Road (PLEC) Undergrounding of Powerlines on Hampstead Road Between North East Road and Mc Innes Avenue. This project is in partnership with City of Port Adelaide Enfield and City of Prospect will repay City of Port Adelaide Enfield over a 5 year period (The total project cost will be \$572,720).	114,544	114,544				
O.39	People	SCRamble - Safer Active Travel Project To increase and promote sustainable active travel to students of City of Prospect schools through active travel programs and workshops.	8,000	8,000				
O.41	Place	Design Development George Whittle Reserve Deliver on the Draft Masterplan for Reserve and the Draft Open Space Strategy which classifies the Reserve as a District Level Park with a multi-use focus . The relevance of this design development is timely given the changing nature of residential development occurring along	70,000	35,000		35,000		
O.47	Services	East West Traffic Movements	20,000	20,000				
O.14	Place	White Cedar Tree Program (Project) Remove immediate hazards posed by mature White Cedar trees, in combination with ongoing management to proactively plan the future of this streetscape asset. Projected number of trees to be included as part of this financial year's program is 45 trees.	55,000	55,000				
O.31	Services	Flood Impacted Properties Stormwater Assessment Due to the recent high intensity rainfall events, Council has been made aware of multiple properties within the City of Prospect that are particularly vulnerable to flooding. Council wishes to undertake an assessment of the stormwater network at these locations to determine if any improvements can be made. The locations of interest include Johns Road, Le Hunte Avenue, Cotton Street, Alexandra Street, Braund Road, William Street, Princes Street, Charles Street.	55,000	55,000				

OPERATING PROJECT BUDGET SUMMARY 2017-18

Ref in LTFP	Strategy	Description	Budget 17-18	Funding Source				
				Rates	Commercial Rates	Grants	Loan	Other
O.28	People	Hiring of Cloth Nappies In Australia, up to 2.1 billion nappies are sent to landfill a year. To reduce the quantity of disposal nappies sent to landfill this project aims to promote the utilisation of cloth nappies. This program promotes the use of cloth nappies by offering residents a hire kit of cloth nappies, (which contains 12 cloth nappies and accessories) for 2 weeks at no cost to the resident. This program gives residents the opportunity to try out different types, sizes and brands of modern cloth nappies for two weeks to help them find the perfect nappy system for their baby. The program was introduced in the 2016-2017 budget with 5 families taking up the scheme to date.	2,000	2,000				
O.01	Services	Civic Centre and CLIC Development Delivery of the Civic Centre and CLIC project incorporating staff relocation and associated equipment as well as additional expenditure from the temporary accommodation (e.g. lease fees).	220,000	220,000				
O.02	Services	Depot Relocation The permanent relocation of all plant, equipment and staff from the Johns Road depot to a new facility. This is likely to be a shared depot facility with City of Adelaide at their existing Mile End depot.	40,000	40,000				
O.18	People	Publications - Prospect Magazine To create and distribute the Prospect Magazine on a quarterly basis to approximately 9500 properties in the Council area	101,000	61,000				40,000
O.16	People	Communications Strategy Implementation Plan The Communications Strategy implementation plan will require funding for Social Media marketing, Advertising strategies to develop place positioning and investment attraction, Social Media training for Councillors, Market Research on media usage to enable informed decision making on appropriate channels moving forward.	20,000	20,000				
O.21	People	Bi-Annual Prospect Portrait Prize To continue the success of the Biennial Prospect Portrait Prize - 3 prizes Judged Winner, People's Choice and Packer's Pick	6,000	3,000				3,000
O.25	Place	City Wide Public Art Advisory Board To deliver a City Wide Public Art Programs of small initiatives, grants and community incentives that improve the local amenity and provide positive public experiences, in a range of public areas for Prospect residents, businesses and visitors.	15,000	15,000				
O.20	People	Reconciliation Action Plan - Implementation Local commitment and initiatives completed as part of the National reconciliation initiative for first Australians. Use the dual naming of Parks across the City as a focusing project (having a tangible and practical outcome) to deliver upon key elements of the 'Innovate' Reconciliation Action Plan. With our first Australian community; * Develop and implement an engagement plan. * Develop guiding principles for engagement. * Further develop relationships with relevant first Australian organisations. * Develop a list/network with other RAP organisations. * Promote reconciliation through on-going engagement. * Conduct Activities for NAIDOC Week.	23,000	23,000				
O.12	People	Prospect Spring Fair To meld the strengths, participation, community partners and opportunities that were associated with the annual Prospect Fair with new opportunities associated with a sport and recreation type expo/ fair all located at Broadview Oval on 28 October 2017.	55,000	45,000				10,000

OPERATING PROJECT BUDGET SUMMARY 2017-18

Ref in LTFP	Strategy	Description	Budget 17-18	Funding Source				
				Rates	Commercial Rates	Grants	Loan	Other
O.19	People	Events Grants To make available to community or cultural groups (increase the Community Grant Program funding pool) the opportunity to have funded a minimum two (2) new major cultural / festival programs and two (2) Neighbourhood Day events (last Sunday in March) to be held annually, delivered by and for the community. Maximum Grant \$10k per applicant for Major Event Grant funding and \$1k for Neighbourhood Day activities. Funding will transfer to a reoccurring budget line as part of and included in the Community Grants Program in subsequent years.	22,000	22,000				
O.06	People	Local History Digitisation Council's History Collection digitisation commenced in 2016-2017. Due to the scope of work, this will not be completed within one year, hence requiring an allocation of funds in 2017-2018. This project will increase residents access and utilisation of Council's Local History Collection.	22,000	22,000				
O.30	People	Tourrific Prospect 2018 will be the seventh year for Tourrific Prospect that has since its inception in 2012, delivers an event that showcases all things Prospect. A free community event, it's a celebration of Prospects diverse community and vibrant local businesses as it raises awareness and promotes tolerance and harmony. Annually, Tourrific consistently attracts over 15,000 people, with 51% being from outside of Prospect. Attendees spend on average \$25.60 for every person / child on the night, bringing in approx \$400k to the local economy.	250,000	190,000				60,000
O.10	People	Community Satisfaction Survey (Operational and Strategic Plan) Undertaking of the Annual Community Satisfaction Survey. The Survey is Council's barometer in order to measure the successful execution of its Strategic Plan and the direct response collection tool for a number of identified KPI's in the Strategic Plan 2020.	25,000	25,000				
O.23	Services	Digital Transformation - Facilities Booking System A number of Councils, led by City of Prospect, is about to appoint an Information Technology (IT) vendors to complete a formal requirement analysis and technical design of a comprehensive across-council facilities booking application for Local Government including a feasibility study to develop the product and the development of a non-functional prototype. This work is scheduled to be completed by end of May 2017. A provision of \$15k is allocated in the 2017/2018 Draft Budget, upon receiving the analysis and a proposed capital investment funding model by the vendor, a budget adjustment may be required.	15,000	15,000				
O.04	Services	Service Innovation Initiative City of Prospect has "innovation" as one of its core values and Management is keen to show tangible and rapid results in this area to begin building a culture of improvement across the organisation. In the past, there have been some pockets of improvement however Management is keen to begin a broader approach to improvement across the organisation. This objective also aims to deliver the target of Strategy 4.4.2 in working towards the target of 10 services reviewed annually with a view to improve the customer experience.	17,000	17,000				
O.05	Services	Sentencing, Boxing and Listing of Legacy Files This is an information management initiative to address legacy files currently stored in the compactus in the Civic Centre (Information Management). This work needs to be completed prior to vacating the Civic Centre for redevelopment.	23,500	23,500				
O.22	Services	Community Portal Implementation The Community Portal is a new feature that has been released with Authority application as an extension of the existing eServices offering to our residents. Currently eServices allows rates, infringement and animal payments to be made. eServices also allows residents and other external parties to request services, via the Customer Request Management form. The new portal will have an upgraded and refreshed front-end, which will provide residents with menu items available for the most common requests. Residents will be able to register themselves and will only have to enter personal details once. Personal details will be retrieved for them next time they log in to the system to request a service. Residents will also be able to update their personal details. Following registration, the community will have visibility of their transactions with Council and will also be able to track the status of their service requests. The volume of data to initiate a request currently being entered into a CRM form will be reduced. The portal will also provide the community with an opportunity to self-manage subscriptions to mailing lists and special interest groups, allowing Council to seek feedback from the community on current issues. The intent is to empower the resident to create and monitor their interaction with Council.	19,000	19,000				

OPERATING PROJECT BUDGET SUMMARY 2017-18

Ref in LTFP	Strategy	Description	Budget 17-18	Funding Source				
				Rates	Commercial Rates	Grants	Loan	Other
O.17	Prosperity	<p>Digital Economy Strategy Implementation</p> <p>Project 1 - Network Prospect Website handover and training (\$5K). Project 2 - WIFI system upgrades and maintenance and associated costs (\$20K). Project 3 - Strategic Advice - \$5K per quarter (\$20K). Project 4 - Broadband Cafes project WIFI - system integration - (up to 12 cafes) - (\$1240 full year). Project 5 - Network Prospect Events (\$6K) 6 events per year. Project 6 - Smart Phone Video Competition - (\$5K) training and prizes. Project 7 Development of new initiatives linked to Intelligent Communities Forum six key goals (\$21K) and engagement with Adelaide Uni.</p> <p>Project 8 - Sponsorship of Youth Innovation Award (\$10K) for to attend the Business SA Say Yes program and other School based innovation programs. Project 9 - Cluster Maps of Eastern Region (\$5K) Project 10 - Footpath Counters (\$5K) to set benchmark for achieving foot traffic numbers. Project 11 Data base system – hosting software (\$5K). Project 12 Urban Design Awards- printing and awards night (\$5K).</p>	108,100	108,100				
O.03	People	<p>Communication Strategy - Web Design</p> <p>Following Council's endorsement of the Communications Strategy, work will commence on developing a new website within the existing budget allocations of 2016-2017. Due to the scope of work anticipated, the timeframe for this project will result in its completion in 2017-2018.</p>	20,000	20,000				
O.08	Prosperity	<p>Business Incubator (Incubator Support Initiative)</p> <p>The Commonwealth Incubator Support initiative seeks to improve the prospects of Australian start-ups achieving commercial success in international markets. Funding is currently available with a focus on fostering start-ups to develop the capabilities required to realise their economic potential in international markets faster than they otherwise would. In particular, the program seeks to promote the export of services.</p> <p>City of Prospect is seeking to develop a Services Based Export Incubator with a focus on the Eastern Region of Adelaide. Initially it would consist of 500 – 600 sqm of space with up to 100 people in a range of coworking and incubation spaces. The incubator would seek to serve the eastern suburbs of Adelaide and work collaboratively with other incubators and coworking spaces. Little City coworking space is considering being a major anchor tenant and has run a small-scale accelerator program in 2016 with assistance from Council. Council funding would be matched by Commonwealth funding.</p>	200,000	100,000		100,000		
O.15	Prosperity	<p>Business Leaders and Traders Group</p> <p>To provide support and minimal seed funding for the newly established Business Leaders Group/Prospect Traders Group. Prospect Business Leaders Group (\$5k).</p>	15,000	5,000	10,000			
GRAND TOTAL			1,731,144	1,413,144	10,000	195,000	0	113,000

1.16 Capital Project Budget Summary

CAPITAL PROJECT BUDGET SUMMARY 2017-18

Ref in LTFP	Strategy	Description	Budget 17-18	Funding Source			
				Rates	Grants	Loan Borrowings	Trade In
C.02	Services	Driveway Upgrade Program Driveway upgrade program for 2017-18 in line with asset management plan.	123,010	123,010			
C.03	Place	Pedestrian Kerb Ramp Pedestrian upgrade program for 2017-18 in line with asset management plan.	25,850	25,850			
C.21	People	Bus Shelter Upgrades (DDA Compliance) Replacement of a Bus Shelter at Bus Stop 15 Galway Avenue Eastern side due to poor condition and overall age and dilapidation of current shelter.	12,000	12,000			
C.04	Services	Road Design/Reconstruction (Capital) Road resurfacing program for 2017-18 in line with asset management plan. Clifford St, Kintore Avenue, Maud Street and Livingston Avenue. Refer Part D (page 82) for more details.	1,201,555	1,201,555			
C.05	Services	Footpath Construction - Miscellaneous Footpath construction program for 2017-18 in line with asset management plan. Kingdom Place, New Street, Milner Street, Alexandra Street, Regency Road, Rolfe Street and Vaughan Street. Refer Part D (page 82) for more details.	330,199	330,199			
C.06	Services	Kerb and Gutter Constructions Kerb and gutters program for 2017-18 in line with asset management plan.	295,921	295,921			
C.24	Place	Water Sensitive Urban Design for LATM Devices This project will involve retrofitting the last 2 Local Area Traffic Management Device Planter Bed areas on Collingrove Avenue with Water Sensitive Urban Design (WSUD) systems such as bio filtration systems and rain gardens. The planter beds are located along Collingrove Avenue, Nailsworth. To date 7 planter beds have been retrofitted. The systems will increase the capture of stormwater runoff and ensure that stormwater entering our drains has been treated effectively to minimise gross pollutants and sediments. This will help bring the City of Prospect up to date with modern storm water management practices. The new systems will also improve the visual amenity along Collingrove Avenue.	14,000	14,000			
C.35	Services	Alexandra St Prospect Reconstruction Bringing forward the reconstruction of Alexandra Street Prospect 4 years to take advantage of Grant funding available by the State government. Council has been successful in receiving this grant.	1,005,000		201,000	804,000	
C.07	Services	Drainage Design/Construction Drainage design /construction program for 2017-18 in line with asset management plan.	38,808	38,808			
C.08	Services	Council Buildings & Structures - Capital Works Building related program for 2017-18 in line with asset management plan.	85,268	85,268			
C.01	Services	Fleet Management - Capital Acquisitions To replace necessary fleet vehicles in accordance with the 2017-18 replacement program. Cost is offset by trade-in income.	283,500	139,500			144,000
C.10	Services	Community Hub, Library and Innovation Centre (CLIC) Construction of the new Community Hub, Library and Innovation Centre (CLIC).	3,500,000			3,500,000	

CAPITAL PROJECT BUDGET SUMMARY 2017-18

Ref in LTFP	Strategy	Description	Budget 17-18	Funding Source			
				Rates	Grants	Loan Borrowings	Trade In
C.11	Services	Broadview Oval - Tennis Court Rejuvenation The courts at Broadview Oval were proposed for upgrading as part of the Broadview Oval Master Plan. Tennis SA have provided an interim partnership proposal to renew the existing courts and extend their lives for a further 6 - 8 years. The project is a \$35,000 undertaking however funding will be 60/40 with Tennis SA with the clubs contributing the majority of funds. Project to proceed only if grant funding is successful	35,000	15,000	20,000		
C.12	Place	Broadview Oval - Public Tennis Courts Upgrade It is proposed to resurface two courts onat the north-west corner of Broadview Oval and convert one existing tennis court to a public basketball court. The tennis courts will be available for public use when the Tennis Club do not require them. Allocations: \$25,000 for basketball court, \$15,000 for resurfacing two existing tennis courts.	40,000	40,000			
C.13	Place	B/view Oval - Beautification & Oval Fitness Track Beautification around the Broadview Oval was identified in the Master Plan, together with a fitness track. This will encourage greater use of this important District level park. The fitness track will improve links and accessibility and provide new and upgraded facilities for outdoor exercise at Broadview Oval. Allocations for funds: Commencement of staged works implementation \$160,000, Broadview Oval Fitness Track \$100,000.	250,000	250,000			
C.14	Services	Prospect Oval - Roof Replacement - Robert Lewis Replace the roof of the public Grandstand at Prospect Oval, following inspections of the structural timber. The infrastructure is significantly aged and this component should be addressed sooner rather than later, particularly in the context of increasing storm activity and Council's risk exposure. Addressing the structural concerns will necessarily result in mandatory DDA compliance, which has been estimated at \$250,000 for this project. Specifically the works will include replacement roofing iron and timber sub-structure (purlins), creating wheelchair seating and dignified wheelchair access to the stand to meet Development Application requirements. In addition, Solar panels to be added to the new roof for \$60,000 (Council contribution only \$30,000 - club to contribute the remaining \$30,000)	450,000	450,000			
C.15	Prosperity	Developer Partnership Grant Program Grant program to partner 50:50 with local developer for improvement, upgrade or expansion of Council infrastructure assets to improve the amenity, accessibility and use of improved assets.	423,300	211,650	211,650		
C.16	Place	Prospect Rd Footpath Upgrade - Regency to Angwin Design for the final stage of the Streetscape Upgrade of Prospect Road from Regency Road to Angwin Avenue, including the Regency Road intersection and Prospect Estate park frontage. The design will include elements to signify the entrance to Prospect Road as per the Prospect Road Masterplan.	95,000	95,000			
C.18	Services	Stan Watson Pump Station Upgrades Upgrading of the Stan Watson Pump Station following recent storm events. Mitigation works to include increased capacity, balance storage and construction of a gravity main to the existing Churchill Road Trunk Drain.	5,500	5,500			
C.19	Services	Asbestos Removal Removal of asbestos from the Nailsworth Hall by replacing roof.	90,000	90,000			
C.23	Services	Connected Parks To develop a program that would provide sensors in Parks that would benefit local residents, businesses and provide Council with real time information. It is envisaged that Council engage an IT development group to place the sensors in the parks and engage with the community and business. An application to be made to the Smart Cities Grant program with program commencement only to occur on the success of the grant application.	110,000	35,000	75,000		

CAPITAL PROJECT BUDGET SUMMARY 2017-18

Ref in LTFP	Strategy	Description	Budget 17-18	Funding Source			
				Rates	Grants	Loan Borrowings	Trade In
C.39	Services	Flood Mitigation - Prospect North West Undertake flood mitigation initiatives in the North Western corner of the City in order to protect residents, business and Council assets from damage in extreme weather events.	115,000	115,000			
C.25	Services	Stan Watson Park Expansion & Flood Mitigation Work Expand the Stan Watson Reserve in order to establish a greater open space area for local residents. Investigate the potential for future aquifer recharge infrastructure as a means for discharging stormwater as an output of the existing pump station.	800,000	800,000			
C.20	Place	Public Art - Capital To deliver a Public Art Program - Capital to improve the local area in a key public area for Prospect residents, businesses and visitors.	25,000	25,000			
C.09	People	Library Capital Book Purchases Library book stock replacement in 2016-17.	84,000		84,000		
C.17	Prosperity	High Speed WiFi Network Extension of the Prospect Superfast Wifi Network to the Prospect Cinema to link with the Nillage Heart Wifi particularly given this will be the busiest part of Prospect Road when the Cinema opens.	25,000	25,000			
GRAND TOTAL			9,502,911	4,463,261	591,650	4,304,000	144,000

1.17 Reserve Fund Movements

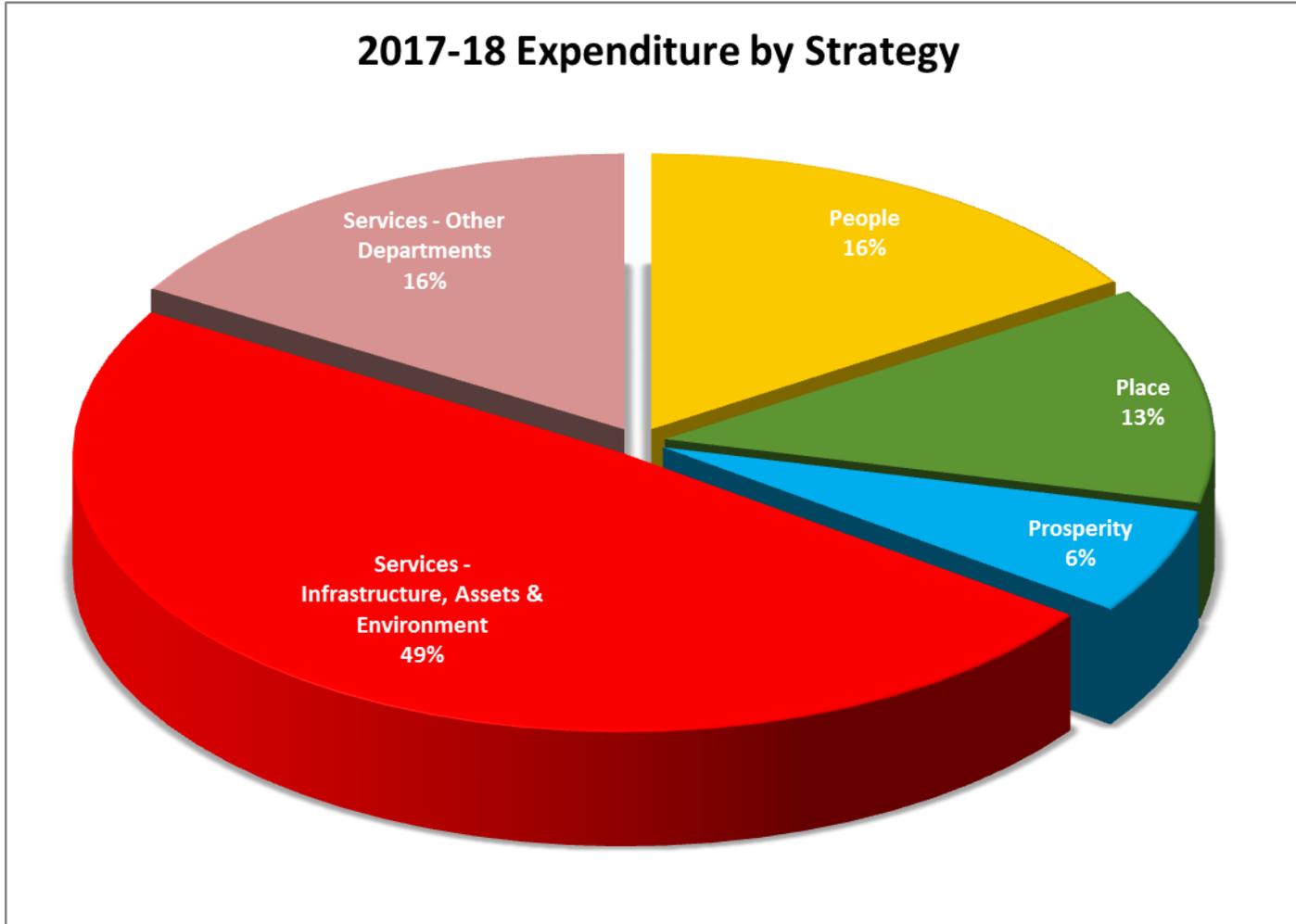
CITY OF PROSPECT 2017-2018 RESERVE FUNDS MOVEMENTS

	2016-17 Original Budget	2017-18 Budget
CAR PARK DEVELOPMENT FUND*		
Balance as at JULY 1st	(231,202)	(247,202)
<u>ADD</u>		
Appropriation to Fund	(16,000)	(8,000)
	(247,202)	(255,202)
<u>LESS</u>		
Withdrawal from Fund	0	0
Balance as at JUNE 30th	(247,202)	(255,202)
SUMMARY OF RESERVE FUNDS		
Balance as at JULY 1st	(231,202)	(247,202)
<u>ADD</u>		
Appropriation to Fund	(16,000)	(8,000)
	(247,202)	(255,202)
<u>LESS</u>		
Withdrawal from Fund	0	0
Balance as at JUNE 30th	(247,202)	(255,202)

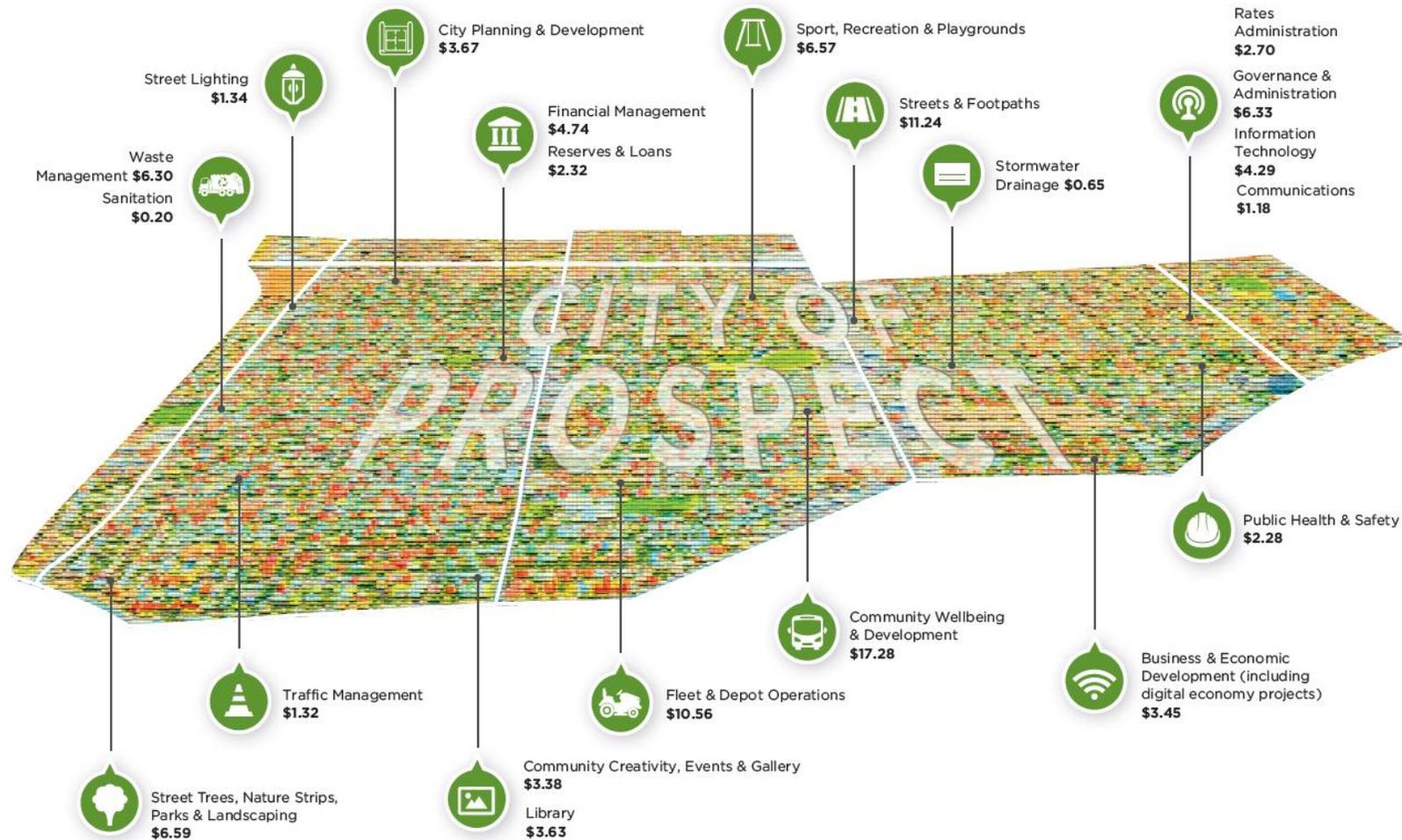
The carpark reserve is a fund established under the Development Act 1993 which allows financial contributions to be made in lieu of the provision of carparks

The fund must only be spent on areas in or around those designated in Council's Development Plan identified for shared carparking.

1.18 Expenditure by Strategy



1.19 Where Does Each \$100 Go?



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

1.20 Debt Servicing Schedule

**City Of Prospect
Debt Servicing Schedule
2017-2018**

Financial Year	Balance Outstanding at Start of Year	Principal Repaid	Interest Paid	New Loans	Balance Outstanding at End of Year	Principal + Interest Budget	NAFC Principal Repayment	NAFC Interest Repayment
2013/14	\$7,903,555	\$438,767	\$531,276		\$7,464,788	\$970,043	\$0	\$131,600
2014/15	\$7,464,788	\$468,375	\$501,668	\$0	\$6,996,414	\$970,043	\$0	\$131,600
2015/16	\$6,996,414	\$499,983	\$470,059	\$1,375,000	\$7,871,430	\$970,043	\$0	\$131,600
2016/17	\$7,871,430	\$798,397	\$569,249	\$3,491,979	\$10,565,012	\$1,367,646	\$135,284	\$129,273
2017/18	\$10,565,012	\$1,016,894	\$673,777	\$3,500,000	\$13,048,119	\$1,690,671	\$144,920	\$119,638
2018/19	\$13,048,119	\$1,181,116	\$802,993	\$5,157,136	\$17,024,139	\$1,984,108	\$155,242	\$109,316
2019/20	\$17,024,139	\$1,266,433	\$918,580		\$15,757,706	\$2,185,012	\$166,299	\$98,259
2020/21	\$15,757,706	\$1,319,013	\$846,215		\$14,438,693	\$2,165,228	\$178,144	\$86,414
2021/22	\$14,438,693	\$1,374,039	\$781,116		\$13,064,654	\$2,155,155	\$190,832	\$73,726
2022/23	\$13,064,654	\$1,451,418	\$630,864		\$11,613,236	\$2,082,282	\$204,424	\$60,134
2023/24	\$11,613,236	\$1,533,370	\$548,912		\$10,079,866	\$2,082,282	\$218,984	\$45,574
2024/25	\$10,079,866	\$1,620,176	\$462,106		\$8,459,689	\$2,082,282	\$234,581	\$29,976
2025/26	\$8,459,689	\$1,537,973	\$373,035		\$6,921,716	\$1,911,008	\$251,289	\$13,268
2026/27	\$6,921,716	\$947,538	\$299,081		\$5,974,178	\$1,246,619	\$0	\$0
2027/28	\$5,974,178	\$990,292	\$256,327		\$4,983,885	\$1,246,619		
2028/29	\$4,983,885	\$1,034,977	\$211,643		\$3,948,909	\$1,246,619		
2029/30	\$3,948,909	\$1,081,678	\$164,941		\$2,867,230	\$1,246,619		
2030/31	\$2,867,230	\$1,130,489	\$116,131		\$1,736,742	\$1,246,619		
2031/32	\$1,736,742	\$894,831	\$66,404		\$841,911	\$961,235		
2032/33	\$841,911	\$608,897	\$29,313		\$233,013	\$638,210		
2033/34	\$233,013	\$233,013	\$5,243		\$0	\$238,256		
2034/35	\$0	\$0	\$0		\$0	\$0		

Part C Long Term Financial Plan (LTFP)

1.1 Introduction

Council considered its Budget 2017-2018 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 2017-2018 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 (Part B, Section 1.8).

The Infrastructure & Asset Management Plan is a critical input into the LTFP. Pages 80-81 show the Capital Project Expenditure over a 10 year period. The 10 year Operating Projects are presented on page 78-79.

The budget for 2016-2017 was framed using a zero budgeting based approach. This method was carried over for 2017-2018 and as a result of this, the total rate revenue increase for the life of the plan has continued of that estimated in the 2017-2018 plan.

The strategic plan and budget parameters are located in Part B, Sections 1.2 and 1.7.

1.2 Long Term Financial Plan Assumptions 2018–2027

Long Term Financial Plan (LTFP) Assumptions : 2017-2018 to 2026-2027										
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27
Increase in CPI / LG Price Index for expenditure. Calculated using the incremental historic average of the LGPI	1.0%	1.3%	1.6%	1.9%	2.3%	2.5%	2.6%	2.8%	2.9%	3.0%
CPI Affecting: User Charges, Contractual Exp, Materials, Utilities, Fuel										
Projected increase in Total Rate Revenue	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Grant: New Roads to Recovery	\$146K	\$146K	0	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) MOA (ASU) – Up to LGE (AWU) - Up to	3%	2%	2%	2%	2.5%	2.5%	2.5%	3.0%	3.0%	3.0%
Legislative Requirement - Superannuation Guarantee stepped increase to 12%	0%	0%	0%	0%	0.5%	0.5%	0.5%	0.5%	0.5%	0%
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	Not factored into the Long Term Financial Plan									
Asset Valuation	Fluctuation in Asset Valuation is linked to cpi in the Long Term Financial Plan									
Depreciation	Depreciation Methodology remained consistent with 2016-2017, other than the inclusion of transport asset revaluations as at 1 July 2015.									
Capital Expenditure	<ul style="list-style-type: none"> Refer to the Infrastructure Asset Management Plan Capital Expenditure Budgets is linked to cpi in the Long Term Financial Plan Compounded Local Government Price Index has been factored into the Asset Management Plan Assumes No Policy Change 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. The CLIC project has been assumed to be 100% Renewal. This will be remeasured following the design stage. 									
Loan Principal & Interest Repayment	<p>As per the Loan Schedule.</p> <p>In order to deliver Community Hub, Library and Innovation Centre (CLIC) Project to replace the Thomas Street Centre an Civic Centre, it is necessary for Council to borrow 8.7M over the first 2 years of the plan.</p> <p>Timing of new borrowings are expect as follows and repaid over a 15 year term from the individual drawdown dates:</p> <ul style="list-style-type: none"> 2017-2018 - \$3.5M 2018-2019 - \$5.2M 									

1.3 Estimated Income Statement

City of Prospect
Long Term Financial Plan - Draft Budget 2017-2018
ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2016 Actual \$(000)	2017 Original Budget \$(000)	2018 Plan Year 1 \$(000)	2019 Plan Year 2 \$(000)	2020 Plan Year 3 \$(000)	2021 Plan Year 4 \$(000)	2022 Plan Year 5 \$(000)	2023 Plan Year 6 \$(000)	2024 Plan Year 7 \$(000)	2025 Plan Year 8 \$(000)	2026 Plan Year 9 \$(000)	2027 Plan Year 10 \$(000)
INCOME												
Rates	18,500	19,212	19,993	20,743	21,521	22,328	23,165	24,034	24,935	25,870	26,840	27,847
Statutory Charges	501	482	500	507	515	525	537	550	564	580	597	615
User Charges	264	223	217	220	224	228	233	239	245	252	259	267
Grants, subsidies, contributions	1,609	1,989	1,857	1,876	1,649	1,665	1,682	1,699	1,716	1,733	1,750	1,768
Investment Income	221	243	236	75	96	46	74	45	80	125	182	266
Reimbursements	340	171	114	115	117	119	122	125	128	132	136	140
Other Revenues	290	189	136	138	140	143	146	150	154	158	163	168
Total Revenues	21,725	22,509	23,053	23,674	24,262	25,054	25,959	26,842	27,822	28,850	29,927	31,071
EXPENSES												
Employee costs	7,450	7,854	8,281	8,447	8,616	8,788	9,008	9,278	9,556	9,843	10,089	10,341
Materials, contracts & other expenses	10,139	10,991	10,367	10,717	11,228	11,310	11,768	12,009	12,404	12,657	13,064	13,453
Depreciation	3,573	3,375	3,624	3,855	4,212	4,360	4,557	4,574	4,566	4,617	4,992	5,422
Finance Costs	465	569	674	803	919	935	867	712	625	533	439	359
Loss - Joint Ventures	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	21,627	22,789	22,946	23,822	24,975	25,393	26,200	26,573	27,151	27,650	28,584	29,575
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	98	(280)	107	(148)	(713)	(339)	(241)	269	671	1,200	1,343	1,496
Net gain/(loss) on disposal or revaluations	(903)	92	90	1,592	0	0	0	0	0	0	0	0
Amounts specifically for new assets	21	120	507	1,720	0	0	0	0	0	0	0	0
NET SURPLUS/(DEFICIT)	(784)	(68)	704	3,164	(713)	(339)	(241)	269	671	1,200	1,343	1,496
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	25,760	0	0	0	3,935	5,755	0	0	0	8,294	12,114	0
Other comprehensive income - joint ventures	(3)	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	25,757	0	0	0	3,935	5,755	0	0	0	8,294	12,114	0
TOTAL COMPREHENSIVE INCOME	24,973	(68)	704	3,164	3,222	5,416	(241)	269	671	9,494	13,457	1,496

1.4 Estimated Balance Sheet

City of Prospect

Long Term Financial Plan - Draft Budget 2017-2018

ESTIMATED BALANCE SHEET

Year Ended 30 June:	2016 Actual \$(000)	2017 Original Budget \$(000)	2018 Plan Year 1 \$(000)	2019 Plan Year 2 \$(000)	2020 Plan Year 3 \$(000)	2021 Plan Year 4 \$(000)	2022 Plan Year 5 \$(000)	2023 Plan Year 6 \$(000)	2024 Plan Year 7 \$(000)	2025 Plan Year 8 \$(000)	2026 Plan Year 9 \$(000)	2027 Plan Year 10 \$(000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	3,151	5,596	1,984	2,351	1,043	1,550	907	1,565	2,360	3,363	4,842	7,511
Trade & Other Receivables	2,212	1,457	1,469	1,480	1,494	1,506	1,521	1,538	1,547	1,435	1,300	1,300
Inventories	2	1	1	1	1	1	1	1	1	1	1	1
Sub-total	5,365	7,054	3,454	3,832	2,538	3,057	2,429	3,104	3,908	4,799	6,143	8,812
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	5,365	7,054	3,454	3,832	2,538	3,057	2,429	3,104	3,908	4,799	6,143	8,812
Non-Current Assets												
Receivables	1,759	1,602	1,433	1,253	1,059	853	632	394	147	12	12	12
Equity Accounted Investments in Council Businesses	46	46	46	46	46	46	46	46	46	46	46	46
Infrastructure, Property, Plant & Equipment	164,478	167,198	173,275	180,675	184,011	189,913	189,016	187,464	185,965	193,106	203,623	201,509
Other Non-Current Assets	198	198	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	166,481	169,045	174,754	181,974	185,116	190,812	189,694	187,904	186,158	193,164	203,681	201,567
Total Assets	171,846	176,099	178,208	185,806	187,654	193,869	192,123	191,008	190,066	197,963	209,824	210,379
LIABILITIES												
Current Liabilities												
Trade & Other Payables	2,748	5,354	4,214	4,644	4,503	4,680	4,608	4,736	4,719	4,804	4,810	4,883
Borrowings	798	1,017	1,181	1,266	1,414	1,474	1,556	1,643	1,734	1,657	1,073	631
Provisions	1,546	536	650	645	690	714	755	792	835	881	930	982
Total Current Liabilities	5,092	6,907	6,045	6,555	6,607	6,868	6,919	7,171	7,288	7,342	6,813	6,496
Non-Current Liabilities												
Borrowings	7,074	9,549	11,868	15,759	14,345	14,871	13,315	11,672	9,938	8,281	7,208	6,577
Provisions	79	110	59	92	80	92	92	99	103	109	115	122
Total Non-Current Liabilities	7,153	9,659	11,927	15,851	14,425	14,963	13,407	11,771	10,041	8,390	7,323	6,699
Total Liabilities	12,245	16,566	17,972	22,406	21,032	21,831	20,326	18,942	17,329	15,732	14,136	13,195
NET ASSETS	159,601	159,533	160,236	163,400	166,622	172,038	171,797	172,066	172,737	182,231	195,688	197,184
EQUITY												
Accumulated Surplus	75,836	76,150	76,850	80,014	79,301	78,962	78,721	78,990	79,661	80,861	82,204	83,700
Asset Revaluation Reserve	83,134	83,134	83,134	83,134	87,069	92,824	92,824	92,824	92,824	101,118	113,232	113,232
Other Reserves	631	249	252	252	252	252	252	252	252	252	252	252
TOTAL EQUITY	159,601	159,533	160,236	163,400	166,622	172,038	171,797	172,066	172,737	182,231	195,688	197,184

1.5 Estimated Cash Flow Statement

City of Prospect

Long Term Financial Plan - Draft Budget 2017-2018

ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2016 Actual	2017 Original Budget	2018 Plan Year 1	2019 Plan Year 2	2020 Plan Year 3	2021 Plan Year 4	2022 Plan Year 5	2023 Plan Year 6	2024 Plan Year 7	2025 Plan Year 8	2026 Plan Year 9	2027 Plan Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Operating Receipts	21,055	23,040	22,817	23,599	24,166	25,008	25,885	26,797	27,742	28,725	29,745	30,805
Investment Receipts	221	243	236	75	96	46	74	45	80	125	182	266
<u>Payments</u>												
Employee costs	(7,446)	(8,833)	(8,218)	(8,419)	(8,583)	(8,752)	(8,967)	(9,234)	(9,509)	(9,791)	(10,034)	(10,282)
Materials, contracts & other expenses	(11,101)	(8,385)	(11,507)	(10,287)	(11,369)	(11,133)	(11,840)	(11,881)	(12,421)	(12,572)	(13,058)	(13,380)
Finance Costs	(465)	(569)	(674)	(803)	(919)	(935)	(867)	(712)	(625)	(533)	(439)	(359)
Net Cash provided by (or used in) Operating Activities	2,264	5,496	2,654	4,165	3,391	4,234	4,285	5,015	5,267	5,954	6,396	7,050
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	21	120	507	1,720	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	242	318	90	4,380	0	0	0	0	0	0	0	0
Repayments of Loans by Community Groups	1	138	157	169	180	194	206	221	238	247	135	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)	(4,476)	(8,153)	(13,677)	(3,067)	(2,951)	(3,023)	(2,795)	(2,558)	(2,968)	(3,238)	(3,151)
Expenditure on New/Upgraded Assets	(212)	(1,845)	(1,350)	(366)	(546)	(1,556)	(637)	(227)	(509)	(496)	(157)	(157)
Capital Contributed to Associated Entities	(7)	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (or used in) Investing Activities	(3,759)	(5,745)	(8,749)	(7,774)	(3,433)	(4,313)	(3,454)	(2,801)	(2,829)	(3,217)	(3,260)	(3,308)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings	1,375	3,492	3,500	5,157	0	2,000	0	0	0	0	0	0
<u>Payments</u>												
Repayments of Borrowings	(499)	(798)	(1,017)	(1,181)	(1,266)	(1,414)	(1,474)	(1,556)	(1,643)	(1,734)	(1,657)	(1,073)
Net Cash provided by (or used in) Financing Activities	876	2,694	2,483	3,976	(1,266)	586	(1,474)	(1,556)	(1,643)	(1,734)	(1,657)	(1,073)
Net Increase/(Decrease) in cash held	(619)	2,445	(3,612)	367	(1,308)	507	(643)	658	795	1,003	1,479	2,669
Opening cash, cash equivalents or (bank overdraft)	3,770	3,151	5,596	1,984	2,351	1,043	1,550	907	1,565	2,360	3,363	4,842
Closing cash, cash equivalents or (bank overdraft)	3,151	5,596	1,984	2,351	1,043	1,550	907	1,565	2,360	3,363	4,842	7,511

1.6 Estimated Statement of Changes in Equity

City of Prospect

Long Term Financial Plan - Draft Budget 2017-2018

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2016 Actual \$(000)	2017 Original Budget \$(000)	2018 Plan Year 1 \$(000)	2019 Plan Year 2 \$(000)	2020 Plan Year 3 \$(000)	2021 Plan Year 4 \$(000)	2022 Plan Year 5 \$(000)	2023 Plan Year 6 \$(000)	2024 Plan Year 7 \$(000)	2025 Plan Year 8 \$(000)	2026 Plan Year 9 \$(000)	2027 Plan Year 10 \$(000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	76,968	75,836	76,150	76,850	80,014	79,301	78,962	78,721	78,990	79,661	80,861	82,204
Net Result for Year	(784)	(68)	703	3,164	(713)	(339)	(241)	269	671	1,200	1,343	1,496
Transfers to Other Reserves	(345)	330	(3)	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	0	52	0	0	0	0	0	0	0	0	0	0
Balance at end of period	75,836	76,150	76,850	80,014	79,301	78,962	78,721	78,990	79,661	80,861	82,204	83,700
ASSET REVALUATION RESERVE												
Land	0	0	0	0	2,519	2,519	2,519	2,519	2,519	8,368	8,368	8,368
Buildings & Other Structures	47,191	47,191	47,191	47,191	48,283	48,283	48,283	48,283	48,283	50,211	50,211	50,211
Infrastructure - Roads	21,351	21,351	21,351	21,351	21,351	24,516	24,516	24,516	24,516	24,516	31,105	31,105
Infrastructure - Footpaths	11,448	11,448	11,448	11,448	11,448	13,043	13,043	13,043	13,043	13,043	16,468	16,468
Infrastructure - Stormwater Drainage	2,949	2,949	2,949	2,949	2,949	3,944	3,944	3,944	3,944	3,944	6,044	6,044
Plant & Equipment	0	0	0	0	76	76	76	76	76	254	254	254
Furniture & Fittings	0	0	0	0	24	24	24	24	24	24	24	24
Library Books	0	0	0	0	10	10	10	10	10	22	22	22
Other Assets	195	195	195	195	409	409	409	409	409	736	736	736
Balance at end of period	83,134	83,134	83,134	83,134	87,069	92,824	92,824	92,824	92,824	101,118	113,232	113,232
OTHER RESERVES												
Balance at end of previous reporting period	286	631	249	252	252	252	252	252	252	252	252	252
Transfers from Accumulated Surplus	345	(330)	3	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	0	(52)	0	0	0	0	0	0	0	0	0	0
Balance at end of period	631	249	252									
TOTAL EQUITY AT END OF REPORTING PERIOD	159,601	159,533	160,236	163,400	166,622	172,038	171,797	172,066	172,737	182,231	195,688	197,184

1.7 Summary Statement Including Financing Transactions

City of Prospect

Long Term Financial Plan - Draft Budget 2017-2018

SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2016 Actual \$(000)	2017 Original Budget \$(000)	2018 Plan Year 1 \$(000)	2019 Plan Year 2 \$(000)	2020 Plan Year 3 \$(000)	2021 Plan Year 4 \$(000)	2022 Plan Year 5 \$(000)	2023 Plan Year 6 \$(000)	2024 Plan Year 7 \$(000)	2025 Plan Year 8 \$(000)	2026 Plan Year 9 \$(000)	2027 Plan Year 10 \$(000)
Operating Revenues	21,725	22,509	23,053	23,674	24,262	25,054	25,959	26,842	27,822	28,850	29,927	31,071
less Operating Expenses	21,627	22,789	22,946	23,822	24,975	25,393	26,200	26,573	27,151	27,650	28,584	29,575
Operating Surplus/(Deficit) before Capital Amounts	98	(280)	107	(148)	(713)	(339)	(241)	269	671	1,200	1,343	1,496
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	3,843	4,476	8,153	13,677	3,067	2,951	3,023	2,795	2,558	2,968	3,238	3,151
less Depreciation, Amortisation & Impairment	3,573	3,375	3,624	3,855	4,212	4,360	4,557	4,574	4,566	4,617	4,992	5,422
less Proceeds from Sale of Replaced Assets	332	318	90	4,380	0	0	0	0	0	0	0	0
	(62)	783	4,439	5,442	(1,145)	(1,409)	(1,534)	(1,779)	(2,008)	(1,649)	(1,754)	(2,271)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	212	1,845	1,350	366	546	1,556	637	227	509	496	157	157
less Amounts Specifically for New/Upgraded Assets	21	120	507	1,720	0	0	0	0	0	0	0	0
	191	1,725	843	(1,354)	546	1,556	637	227	509	496	157	157
Net Lending / (Borrowing) for Financial Year	(31)	(2,788)	(5,175)	(4,236)	(114)	(486)	656	1,821	2,170	2,353	2,940	3,610

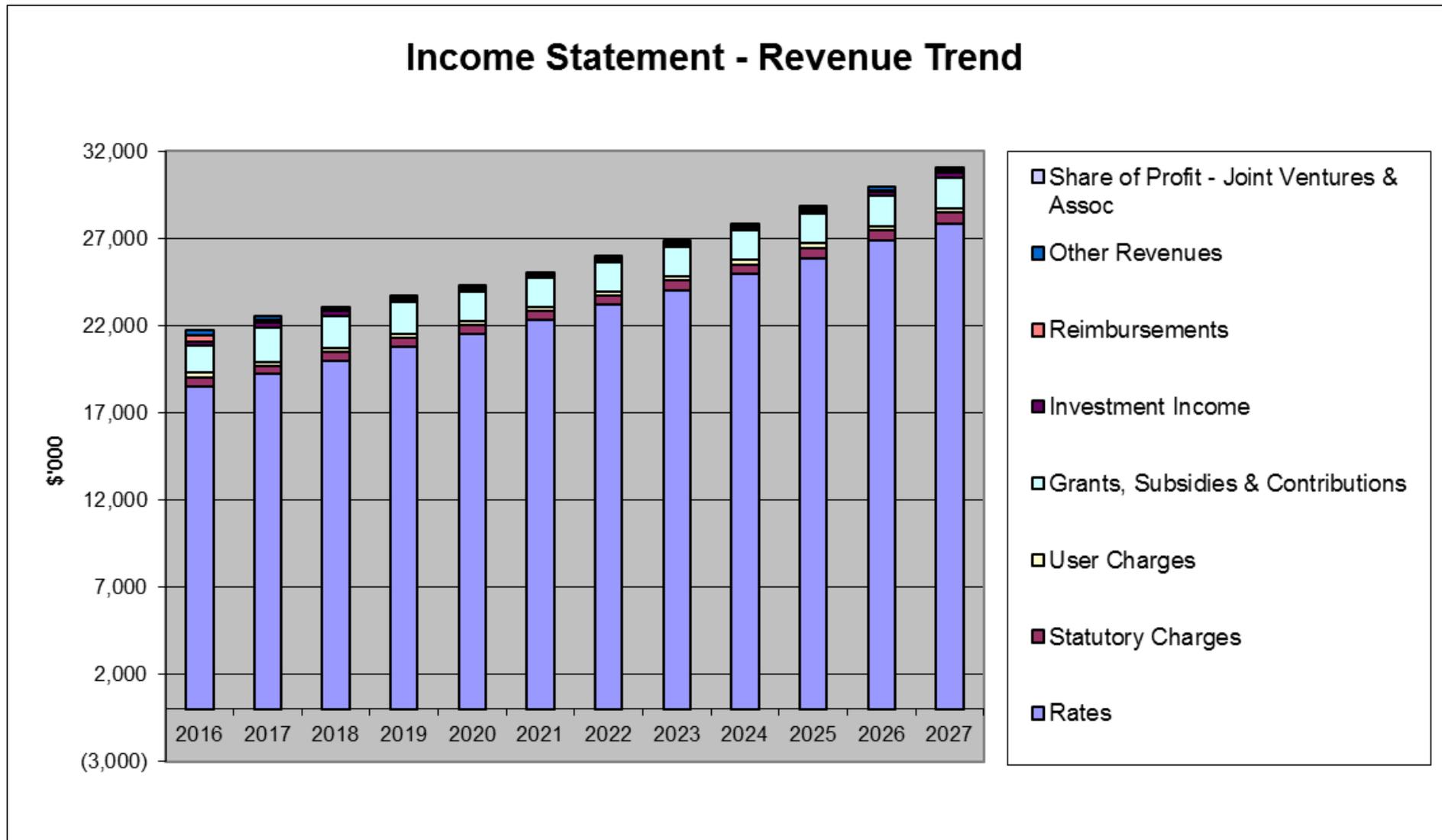
In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Year Ended 30 June:	2016 Actual \$(000)	2017 Original Budget \$(000)	2018 Plan Year 1 \$(000)	2019 Plan Year 2 \$(000)	2020 Plan Year 3 \$(000)	2021 Plan Year 4 \$(000)	2022 Plan Year 5 \$(000)	2023 Plan Year 6 \$(000)	2024 Plan Year 7 \$(000)	2025 Plan Year 8 \$(000)	2026 Plan Year 9 \$(000)	2027 Plan Year 10 \$(000)
FINANCING TRANSACTIONS												
New Borrowings		3,492	3,500	5,157	0	2,000	0	0	0	0	0	0
Repayment of Principal on Borrowings		(798)	(1,017)	(1,181)	(1,266)	(1,414)	(1,474)	(1,556)	(1,643)	(1,734)	(1,657)	(1,073)
(Increase)/Decrease in Cash and Cash Equivalents		(2,445)	3,612	(367)	1,308	(507)	643	(658)	(795)	(1,003)	(1,479)	(2,669)
(Increase)/Decrease in Receivables		755	(12)	(11)	(14)	(12)	(15)	(17)	(9)	112	135	0
Increase/(Decrease) in Payables & Provisions		1,627	(1,077)	458	(108)	213	(31)	172	30	137	61	132
Other – Including the Movement in Inventories		157	169	180	194	206	221	238	247	135	0	0
Financing Transactions		2,788	5,175	4,236	114	486	(656)	(1,821)	(2,170)	(2,353)	(2,940)	(3,610)

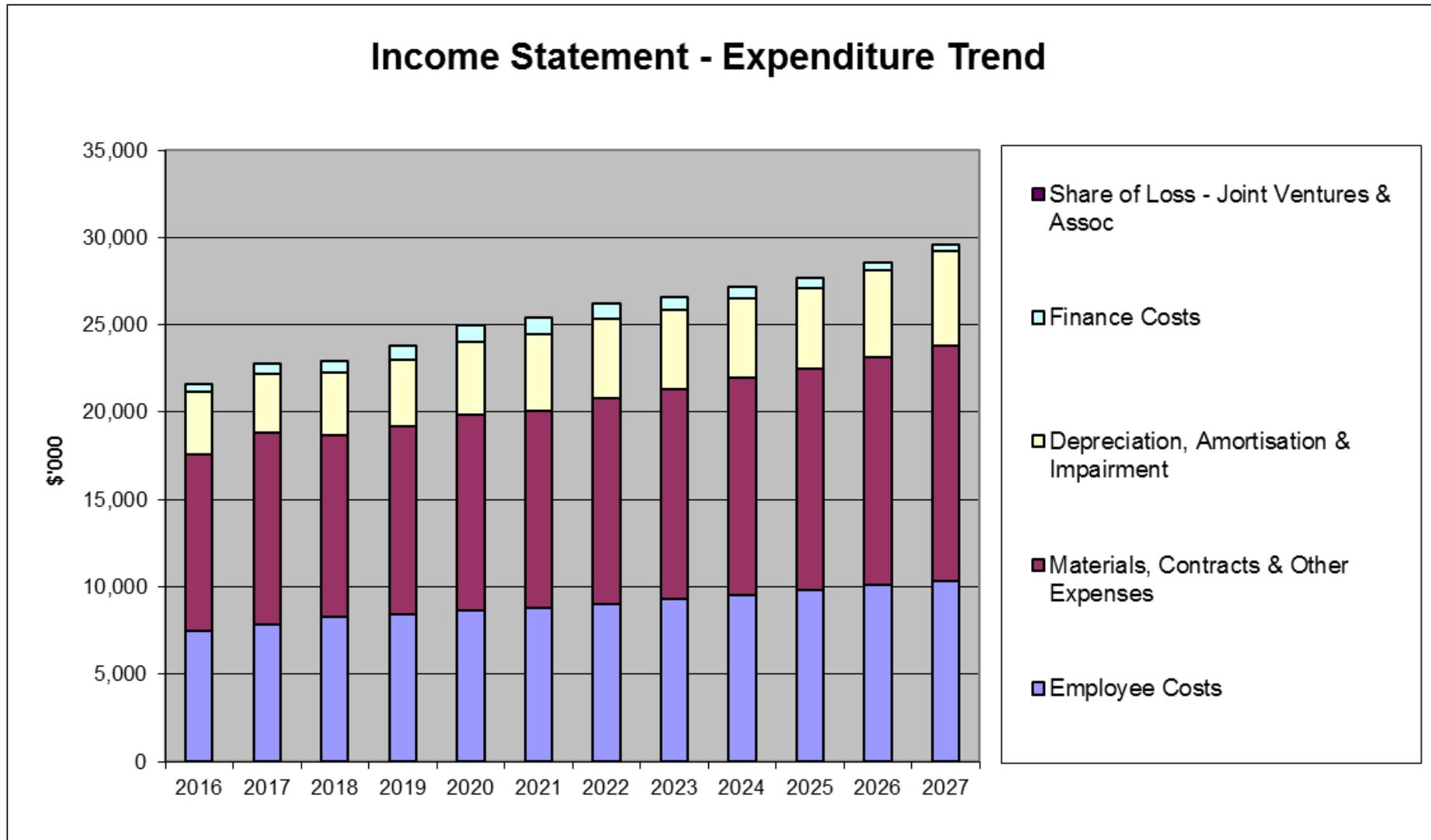
1.8 Key Financial Indicators

KEY FINANCIAL INDICATORS	2016 Actual	2017 Original Budget	2018 Plan Year 1	2019 Plan Year 2	2020 Plan Year 3	2021 Plan Year 4	2022 Plan Year 5	2023 Plan Year 6	2024 Plan Year 7	2025 Plan Year 8	2026 Plan Year 9	2027 Plan Year 10
Operating Surplus / (Deficit) - \$'000	98	(280)	107	(148)	(713)	(339)	(241)	269	671	1,200	1,343	1,496
Operating Surplus Ratio - %	0.5%	(1.5)%	0.5%	(0.6)%	(2.9)%	(1.4)%	(0.9)%	1.0%	2.4%	4.2%	4.5%	4.8%
Net Financial Liabilities Ratio - %	32%	35%	57%	73%	72%	72%	67%	58%	48%	38%	27%	14%
Asset Sustainability Ratio - %	116%	119%	231%	266%	88%	84%	87%	80%	73%	85%	93%	90%

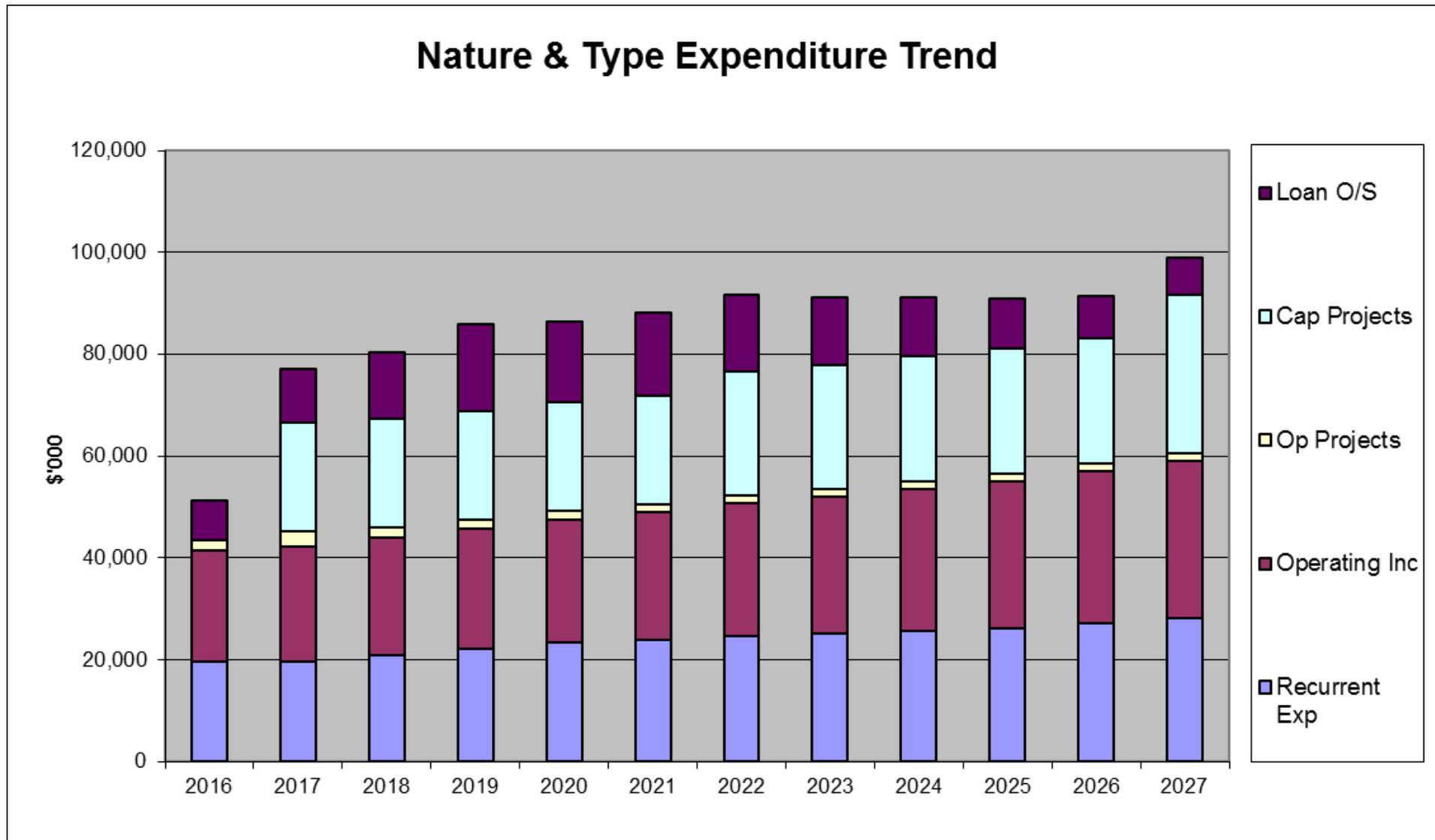
1.9 Income Statement – Revenue Trend



1.10 Income Statement – Expenditure Trend



1.11 Nature and Type Expenditure Trend



1.12 Operating Projects

2017-18 OPERATING PROJECTS															
Ref No.	Strategy	Description	2016-17 Adopted Budget	2016-17 Revised Budget (BR2)	Year 1		Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
					2017-18 Draft Budget	Funding Sources	2018-19 Draft Budget	2019-20 Draft Budget	2020-21 Draft Budget	2021-22 Draft Budget	2022-23 Draft Budget	2023-24 Draft Budget	2024-25 Draft Budget	2025-26 Draft Budget	2026-27 Draft Budget
O.27	Place	Heritage Grant Program	10,000	10,000	15,000		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
5	Place	Development Plan Amendments (DPA)	60,000	60,000	0										
O.29	Place	Housing Diversity and Desirable Neighbourhoods DPA	0	0	45,000										
6	People	Dog Tidy Bags	28,500	0	0										
7	Place	Animal Management Plan (Project)	800	800	0										
8	Services	Community Safety Officer Weekend Overtime (Project)	25,000	25,000	0										
9	Services	Community Safety After Hours Temp Staff (Project)	28,500	28,500	0										
12	Place	Solar System Community Subsidy	10,000	10,000	0										
13	People	Environmental Initiatives	2,000	2,000	0										
O.26	Place	Veggie Verges	4,000	4,000	10,000		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
19	People	Street Parties	1,500	1,500	0										
20	Place	Main North Central Precinct Concept Plan	200,000	200,000	0										
	Services	Prospect Rd Footpath - Olive St to Gordon Rd - Op.	0	20,000	0										
O.07	Place	Main North Road Design Development	0	0	120,000	b	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
O.09	Services	Power line undergrounding Hampstead Road (PLEC)	0	0	114,544										
21	Place	Prospect Rd Footpath Upgrade - Gordon to Regency	160,000	160,000	0										
O.39	People	SCRamble - Safer Active Travel Project	10,000	10,000	8,000		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
26	Place	Narrow Street Traffic Management	5,000	5,000	0										
27	Place	PLEC Undergrounding Prospect Road	875,000	875,000	0										
31	Services	Increase in Footpath Maintenance	50,000	50,000	0										
32	Place	Local Area Traffic Management Review	30,000	30,000	0										
34	Services	Street Lighting Upgrade Various Location	8,000	8,000	0										
O.41	Place	Design Development George Whittle Reserve	0	0	70,000	b	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
O.47	Services	East West Traffic Movements	0	0	20,000		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
41	People	Open Space Strategy Community Engagement Stage 1	40,000	40,000	0										
42	Place	Masterplan Charles Cane & George Whittle Reserves	45,000	45,000	0										
43	Place	Prospect Rd Precinct-Percy St & Regency Rd Gateway	45,000	45,000	0										
44	Place	Green Neighbourhoods Connections & Attractions	35,000	35,000	0										
48	Place	Village Heart & Surrounds Tree Project	59,500	59,500	0										
50	Services	Adjustment of Planned Building Maint Allocation	58,000	58,000	0										
51	Services	Prospect Oval Seating Repairs	14,000	14,000	0										
53	Place	Urban Green Link Corridor	25,000	25,000	0										
O.14	Place	White Cedar Tree Program (Project)	38,000	38,000	55,000		38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000
O.31	Services	Flood Impacted Properties Stormwater Assessment	0	0	55,000		25,000	25,000	25,000	25,000	25,000	25,000	15,000	15,000	15,000
56	People	Community Waste Education Project	25,000	25,000	0										
O.28	People	Hiring of Cloth Nappies	0	0	2,000		25,000	25,000	25,000	25,000	25,000	25,000	15,000	15,000	15,000
57	People	Pigeon Eradication Program (Project)	4,960	4,960	0										
O.01	Services	Civic Centre and CLIC Development	0	0	220,000		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
O.02	Services	Depot Relocation	0	0	40,000										
60	People	Know Our Community (Project)	24,641	24,641	0										
O.18	People	Publications - Prospect Magazine	101,000	101,000	101,000	d	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000
66	People	Memorial Gardens Playspace 3/3 (Project)	8,000	8,000	0		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
O.16	People	Communications Strategy Implementation Plan	60,000	60,000	20,000		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
72	Place	Broadview Oval Master Plan	50,000	50,000	0										
73	People	Community Support Fund	28,000	29,250	0										
67	Place	Town Hall Facilities (Project)	23,100	0	0		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
O.21	People	Bi-Annual Prospect Portrait Prize	0	0	6,000	d	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
O.25	Place	City Wide Public Art Advisory Board	25,000	25,000	15,000		25,000	25,000	25,000	25,000	30,000	30,000	30,000	30,000	30,000
O.20	People	Reconciliation Action Plan - Implementation	8,000	8,000	23,000		5,000	5,000	6,000	6,000	8,000	8,000	8,000	8,000	8,000
85	People	Diwali Cultural Festival	7,000	7,700	0										
86	People	OOTS Youth School Holiday Program (Project)	12,280	12,280	0										
87	People	Prospect Art Collection Management	10,000	10,000	0										
88	People	Vine St Plaza Activation inc. Anime Festival	50,000	50,000	0										

2017-18 OPERATING PROJECTS

Ref No.	Strategy	Description	2016-17		2017-18		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			Adopted Budget	Revised Budget (BR2)	Draft Budget	Funding Sources	Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget
89	People	Club5082 New Initiatives	35,289	35,289	0											
90	People	Culture Survey / Actions (Project)	7,280	7,280	0											
93	People	Playwell Sport and Recreation Fair	6,500	0	0			1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
O.12	People	Prospect Spring Fair	0	0	55,000	d		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
O.19	People	Events Grants	0	0	22,000	d		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
95	People	CLIC Project Management & Design	42,000	127,000	0											
96	People	CLIC Consultation	25,000	25,000	0											
O.06	People	Local History Digitisation	24,500	24,500	22,000											
O.30	People	Tourific Prospect	236,812	222,422	250,000	d		267,000	267,000	267,000	267,000	267,000	267,000	267,000	267,000	267,000
22	Services	Development of Strategic Plan	0	11,000	0											
104	Services	Executive Leadership Training/Development/Planning	40,000	40,000	0											
105	Services	Eastern Region Alliance (Project)	25,000	25,000	0											
O.10	People	Community Satisfaction Survey (Operational and Strategic Plan)	0	0	25,000			20,000	20,000		20,000				20,000	
O.23	Services	Digital Transformation - Facilities Booking System	0	0	15,000				6,000		6,000		6,000		6,000	
O.04	Services	Service Innovation Initiative	0	0	17,000											
111	Services	Livechat for Customer Services	2,300	2,300	0											
114	Services	Investigation of Costing of Service Levels	10,000	10,000	0											
116	Services	Applications Roadmap	32,000	32,000	0											
117	Services	Review - Internal Governance Processes	10,000	10,000	0											
118	Services	Scope Design & Delivery of an Extranet	20,000	20,000	0											
119	Services	Digital Transformation	15,000	40,000	0											
O.05	Services	Sentencing, Boxing and Listing of Legacy Files	0	0	23,500			150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
O.22	Services	Community Portal Implementation	0	0	19,000					65,000					65,000	
	Services	E-Services / CRM	0	19,200	0											
133	Prosperity	NBN Digital Hub	124,007	124,007	0											
135	Prosperity	Eastside Business Enterprise Centre (Project)	7,600	7,600	0											
O.17	Prosperity	Digital Economy Strategy Implementation	0	0	108,100											
137	Prosperity	Radio 5082 Podcast Production	30,000	30,000	0											
28	Prosperity	Prospect Food & Art Experience Trail	0	5,256	0											
141	Prosperity	Digital Economy Strategy Implementation	130,320	125,065	0											
142	Place	Celebrating Good Design	11,000	11,000	0											
O.03	People	Communication Strategy - Web Design	0	0	20,000											
144	People	Community Panel	10,000	0	0											
147	Prosperity	Prospect China Engagement Action Plan	32,000	32,000	0											
O.08	Prosperity	Business Incubator (Incubator Support Initiative)	0	0	200,000	b		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
O.15	Prosperity	Business Leaders and Traders Group	0	0	15,000	a			5,000					5,000		
Grand Total			3,181,389	3,261,049	1,731,144			838,500	744,500	780,500	711,500	742,500	718,500	707,500	783,500	702,500
Funding Source	Project Summary															
	Total Expense		3,181,389		1,731,144			838,500	744,500	780,500	711,500	742,500	718,500	707,500	783,500	702,500
a	Funded by Non-Residential Rates		0		10,000											
b	Funded by Grant		100,000		195,000											
c	Funded by Loan		875,000		0											
d	Funded by Other Income		173,900		123,000											
Net Funding Required from Rates/Cash Reserves			2,032,489		1,403,144			838,500	744,500	780,500	711,500	742,500	718,500	707,500	783,500	702,500

1.13 Capital Projects

2017-18 CAPITAL PROJECTS																			
Project No.	Strategy	Description	New Asset or Upgrade (N): Renewal (R)	Asset Type	2016-17 Adopted Budget	2016-17 Revised Budget (BR2)	2016-17 Funding Sources	Year 1			Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
								2017-18 Draft Budget	Funding Sources	Included in IAMP	2018-19 Draft Budget	2019-20 Draft Budget	2020-21 Draft Budget	2021-22 Draft Budget	2022-23 Draft Budget	2023-24 Draft Budget	2024-25 Draft Budget	2025-26 Draft Budget	2026-27 Draft Budget
1	Services	Image Management Solution	N	8	25,000	25,000		0			11,000	11,000							
2	Services	Football Parking Flip Sign Installation Program	N	8	8,500	8,500		0			125,000								
	Place	Rose Street Streetscape Cinema Upgrade	N	8	0	24,828		0											
	Place	Braund Road Bike Boulevard	N	8	0	3,630		0											
8	Place	Beautification Project for All Parks & Reserves	N	8	180,000	180,000		0			2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
9	Services	Braund Road Street Lighting	R	8	20,000	20,000		0											
14	Place	Prospect Road Footpath Upgrade - Gordon to Regency	R	8	731,193	731,193		0											
16	Place	Safe Routes to School	N	8	35,000	35,000		0											
C.02	Services	Driveway Upgrade Program	R	9	108,748	108,748		123,010		Y			43,000						
C.03	Place	Pedestrian Kerb Ramp	R	10	25,850	25,850		25,850											
C.21	People	Bus Shelter Upgrades (DDA Compliance)	N	8	12,000	12,000		12,000			685,873								
C.04	Services	Road Design/Reconstruction (Capital)	R	9	1,067,137	1,067,137		1,201,555		Y			60,000						
C.05	Services	Footpath Construction - Miscellaneous	R	10	637,636	637,636		330,199		Y									
	Services	Prospect Rd Footpath - Olive St to Gordon Rd - Cap	R	10	0	156,055		0			10,000	10,000	10,000						
C.06	Services	Kerb and Gutter Constructions	R	13	207,173	207,173		295,921		Y	50,000	50,000							
C.24	Place	Water Sensitive Urban Design for LATM Devices	N	13	20,000	20,000		14,000			123,010	130,141	131,924	135,490					
C.35	Services	Alexandra St Prospect Reconstruction	R	9	0	0		1,005,000	b, c	Y	25,850	25,850	25,850	25,850	25,850	25,850	25,850	25,850	25,850
C.07	Services	Drainage Design/Construction	N	11	752,938	752,938		38,808											
	Services	Connecting Prospect Oval to Main North Rd (Cap)	N	10	0	51,000	c	0			1,201,555	1,157,410	1,223,316	831,778	1,254,734	1,037,484	831,178	885,106	911,093
32	Place	Prospect Oval Irrigation Upgrade	N	11	157,000	150,000		0			330,199	483,970	665,483	650,201	643,143	650,482	644,121	647,064	646,740
38	Place	Upgrade of Playspace in Identified Parks	R	8	200,000	200,000	d	0											
39	Place	Prospect Oval Retaining Wall Upgrade	R	8	50,000	50,000		0					1,301,318			258,723			38,808
42	Place	Air Raid Shelter Stage One	R	8	40,000	40,000		0			295,921	368,912	193,993	400,991	115,477	436,505	436,505	436,505	436,505
43	Place	St Helens Park Irrigation Upgrade	N	8	163,000	170,500		0											
C.08	Services	Council Buildings & Structures - Capital Works	R	2	78,431	78,431		85,268		Y									
47	Place	Galway Ave Median Strip Redevelopment Stage 1 of 3	R	2	100,000	100,000		0											
C.01	Services	Fleet Management - Capital Acquisitions	R	4	781,500	781,500		283,500	a	Y									
C.10	Services	Community Hub, Library and Innovation Centre (CLIC)	R	2	0	0		3,500,000	d		38,808	194,042	1,358,749	449,644	23,285	352,221	258,723		
53	Place	Memorial Gardens Playspace Stage 3 of 3	N	3	240,000	281,491		0											
56	Prosperity	Town Hall Upgrade	R	2	22,100	22,100		0											
60	People	Men's Shed Expansion	N	2	27,000	27,000		0			30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
C.11	Services	Broadview Oval - Tennis Court Rejuvenation	N	2	0	0		35,000			10,000	10,000		10,000		10,000			10,000
C.12	Place	Broadview Oval - Public Tennis Courts Upgrade	R	8	0	0		40,000			15,600								

2017-18 CAPITAL PROJECTS

Project No.	Strategy	Description	New Asset or Upgrade (N); Renewal (R)	Asset Type	2016-17 Adopted Budget	2016-17 Revised Budget (BRZ)	2016-17 Funding Sources	Year												
								2017-18 Draft Budget	Funding Sources	Included in IAMP	2018-19 Draft Budget	2019-20 Draft Budget	2020-21 Draft Budget	2021-22 Draft Budget	2022-23 Draft Budget	2023-24 Draft Budget	2024-25 Draft Budget	2025-26 Draft Budget	2026-27 Draft Budget	
C.13	Place	B/View Oval - Beautification & Oval Fitness Track	N	8	0	0		250,000												
C.14	Services	Prospect Oval - Roof Replacement - Robert Lewis	R	8	0	0		450,000												
C.15	Prosperity	Developer Partnership Grant Program	R	8	0	0		423,300	b											
C.16	Place	Prospect Rd Footpath Upgrade - Regency to Angwin	R	10	0	0		95,000		Y	60,268	255,107	64,359	131,197	68,451	98,432	29,167	98,254	207,452	
C.18	Services	Stan Watson Pump Station Upgrades	R	11	0	0		5,500												
C.19	Services	Asbestos Removal	R	2	0	0		90,000												
C.23	Services	Connected Parks	N	8	0	0		110,000	b		60,000	60,000								
C.39	Services	Flood Mitigation - Prospect North West	R	11	0	0	a	115,000			288,500	500,500	578,500	658,500	630,500	422,500	148,500	759,500	758,500	
C.25	Services	Stan Watson Park Expansion & Flood Mitigation Work	N	11	0	0		800,000												
62	Services	LED Signage System (Fitzroy Toe)	N	8	0	30,000		0												
C.20	Place	Public Art - Capital	N	8	25,000	25,000		25,000											20,000	
C.09	People	Library Capital Book Purchases	R	14	111,275	111,275		84,000	b											
	Services	Replace Core Switch	R	8	0	18,000		0												
73	Services	PC Replacement	R	14	86,500	86,500		0												
	Prosperity	Digital Economy - Lighting & Scope Design	N	8	0	50,000		0											7,000	
	Prosperity	Digital Economy - Signage & Promotion	N	8	0	60,000		0			100,000	100,000								
C.17	Prosperity	High Speed WIFI Network	N	8	0	0		25,000			6,000									
Expenditure Total					5,912,981	6,348,485		5,462,911			3,485,584	3,187,890	4,530,785	4,224,756	3,229,799	2,733,538	2,768,265	3,183,002	3,066,948	
Ongoing Additional Operating Costs of New Capital Projects											50,132	52,132	51,632	48,932	48,432	49,332	49,432	49,332	49,432	

Part D 2017-2018 Rating Strategy and Structure

1.1 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

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.

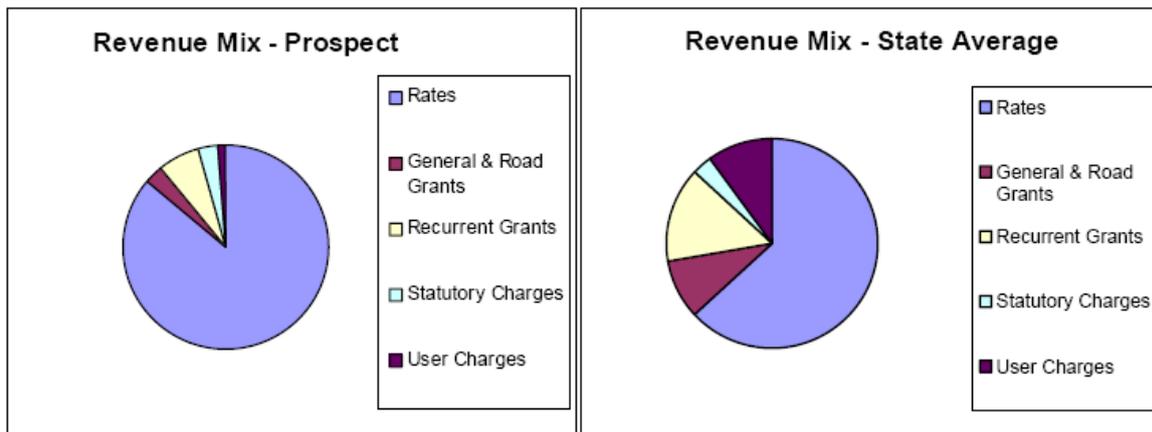
Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Valuation	4,939 mil	4,729 mil	4,783 mil	4,877 mil	4,962 mill	5,205 mill	5,628 mill
% Inc Total Val	7.40%	-0.04%	1.11%	1.98%	4.18%	4.88%	8.13%
General Revenue	14,752,888	15,711,826	16,632,624	17,544,611	18,380,992	19,047,827	19,763,433
% 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%

1.2 2016-2017 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 2017-2018	% of Total Operating Revenue 2016-2017
Residential Rates	70	70
Non- Residential Rates	17	15
Total Rates	87	85
Federal and State Government Grants & Subsidies	8	9
Statutory Charges (e.g. Development Assessment, fines, etc.)	2	2
User Charges/Investment Income/Reimbursement/Other	3	4
Total Income	100	100

Comparison of Revenue Sources:



Total Rates Revenue

For 2017-2018, total projected average residential rate is anticipated to increase by approximately 2.75% excluding Growth. Total residential rate revenue, commercial rate revenue and growth (due to development) are projected to provide a total rate revenue increase of 3.75%. 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.



The Average Residential Rate (including development growth) is projected to be in the order of \$1,780 compared to \$1,732 in 2016-2017. This equates to an increase in the order of 2.75% or \$48 per year. This increase is inclusive 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 2016-2017 (incl. Growth)	Change in Valuation for 2017-2018 (incl. Growth)	Increase in Rate Revenue for 2017-2018 (incl. Growth)
Residential	4.66%	8.12%	4.02%
Non-Residential	7.45%	8.43%	3.57%
Vacant Land (Residential)	12.20%	-19.88%	-21.85%
Vacant Land (Non-Residential)	-25.25%	19.60%	16.60%

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

1.3 2017-2018 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%

Valuation movement for the Residential Properties for 2017-2018

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%
Total all suburbs	8,601	

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.

1.4 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 2017-2018 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%
			9,839	100%

1.5 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 increase the ratio of minimum rate over the total number of properties to approximately 23% for 2017-2018 (up from 22% in 2016-2017). 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 2017-2018, minimum rate will increase by approximately \$42 or approximately 3.75% to an amount of \$1,160 (\$1,118 2016-2017). Approximately 2,341 (or approximately 23.8%) of properties are expected to attract the minimum rate in 2017-2018, which is well under the legislated maximum of 35%. These assessments contribute approximately 13.7% of total general rates revenue.

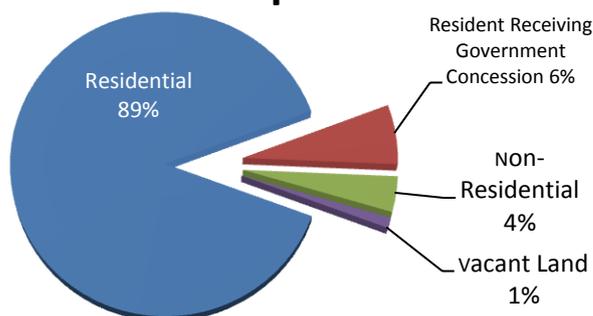
Classification	No. Ass	No. On Min	% on Min	Proportion of Min (Tot Min = 2,341)	Rates Collected	% of Total Rates
Residential	9,092	2,252	24.77%	96.20%	16,183,845	81.89%
Commercial Shop	287	28	9.76%	1.20%	1,554,189	7.86%
Commercial Office	103	23	22.33%	0.98%	352,721	1.78%
Commercial Other	164	12	7.32%	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%
Total	9,839	2,341	23.79%	1.20%	19,763,434	100%

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.



Minimum rate is applied to all Rates Classes. The graph below represents the breakdown of properties paying the minimum rate in 2015-2016. State Government remissions were no longer applicable from 1st July 2015 with the scheme changed to pay the concession direct to recipients.

Breakdown of Minimum Rate Properties



1.6 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.

1.7 Financial Hardship

Where a ratepayer is suffering financial hardship and anticipates difficulty in paying council rates, they are encouraged to contact the Rates Administration as soon as possible on 08 8269 5355 or email admin@prospect.sa.gov.au.

1.8 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.

1.9 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

- 1 September 2017
- 1 December 2017
- 1 March 2018
- 1 June 2018

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.

1.10 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.

1.11 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.

1.12 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 are 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 are currently 17 assessments 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 are 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.

1.13 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.

1.14 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.

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 2017-2018 financial year and in accordance with Section 153 of the Local Government Act 1999 Council has given consideration in its 2017-2018 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.

1.15 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 (\$524,939 for 2017-2018) by imposing a separate rate of \$0.009326 cents in the dollar against all of the rateable properties in the area.

Council has been advised that the board is increasing the levy for 2017-2018 by 7.27% to a value of \$524,939, up from \$489,370 in 2016-2017.

1.16 Prospect Village Heart Marketing Fund

In 2017-2018, Council is consulting in order to introduce a new fund for the marketing and promotion of the Prospect Road Village Heart.

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 (1 September 2017).

Part E Appendices

1.1 Glossary

Asset Sustainability Ratio

Asset Sustainability Ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate as its overall stock of assets is wearing out. The ratio is calculated by measuring capital project expenditure on renewal and replacement of assets relative to the Infrastructure Asset Management Plan expenditure requirement.

Financial Assets

Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses. Also, inventories and land held for resale are not regarded as financial assets.

Financial Sustainability

Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.

Interest Cover Ratio

The interest cover ratio expresses the annual net interest expense (interest expense less interest revenue) to total operating revenue (excluding profit on disposal of assets).

Infrastructure and Asset Management Plans (IAMP)

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

Net Financial Liabilities

Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.

Net Financial Liabilities Ratio

Net Financial Liabilities Ratio expresses Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio is falling over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.

Net Lending/ (Borrowing)

Net Lending/ (Borrowing) equals Operating Surplus / (Deficit), less net outlays on non-financial assets. The Net Lending / (Borrowing) result is a measure of Council's overall (ie. Operating and Capital) budget on an accrual basis. Achieving a zero result on the Net Lending / (Borrowing) measure in any one year essentially means that Council has met all of its expenditure (both operating and capital) from the current year's revenues.

Non-financial or Physical Assets

Non-financial or Physical Assets means infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.

Operating Deficit

Operating Deficit is where operating revenues less operating expenses is negative and operating income is therefore not sufficient to cover all operating expenses.

Operating Expenses

Operating Expenses are operating expenses including depreciation but excluding losses on disposal or revaluation of non-financial assets.

Operating Revenues

Operating Revenues are operating revenues shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets. For ratios calculated where the denominator specified is total operating revenue or rate revenue, Natural Resource Management (NRM) levy revenue is excluded.

Operating Surplus

Operating Surplus is where operating revenues less operating expenses is positive and operating revenue is therefore sufficient to cover all operating expenses.

Operating Surplus Ratio

Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of general and other rates.

Zero Based Budgeting

A budget process in which every budget line item is analysed to determine the appropriate financial resources required. An alternative approach to 'historic budgeting' approach which uses incremental budgets based upon CPI increases.