

2023-2024

Annual Business Plan and Budget



Version Control

Version	Status	Date
Version 0.1	Audit and Risk Committee – Revised LTFP	11 January 2023
Version 0.1	Internal Draft (Not for Publication)	3 April 2023
Version 0.2	Audit and Risk Committee Agenda	12 April 2023
Version 0.4	Council Endorsement for Community Consultation (Agenda)	18 April 2023
Version 1.0	First Public Consultation	May 2023
Version 2.0	Second Public Consultation	July 2023
Version 2.1	Final for Adoption Agenda	10 Aug 2023
Version 3.0	Adopted by Council	

Questions?

Members of the community who have questions regarding the Annual Budget and Business Plan, or who seek further information regarding the finances of Council, are encouraged to contact Council office during business hours, via the website, or via email.

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Community Consultation

City of Prospect has sought feedback on its Annual Business Plan 2023-2024, which includes the Budget and Rating Policy for 2023-2024.

Consultation events included:

- Community Engagement Hub - Online Submissions / Survey
- Local Schools Focus Groups
- Focus Group (open to all ages)
- Online Webinar
- Public Meeting (24 May 2023)

Feedback submissions on the Annual Business Plan 2023-2024 were accepted up until 29 May 2023. All feedback received, was presented to the Council Workshop on the 6 June 2023.

Subsequent to the finalisation of the first consultation process, the council has been successful in purchasing a strategic parcel of land which allows for the expansion of Prospect Oval. As a result of the acquisition, Council is consulting the community on the impacts of the acquisition.

Feedback submissions will be accepted up until 7 August 2023 with a Public Meeting being held on the 7 August 2023. All feedback received, will be presented to a Council at a Special Council Meeting on the 10 August 2023.

Council undertakes consultations throughout the year on a variety of documents and proposed projects. To stay informed about up and coming community consultations, register with Council's Engagement Hub at <https://cityofprospect.engagementhub.com.au>.

Overview

City of Prospect is South Australia's second smallest metropolitan Council. The City spans approximately 778 hectares, has a population of around 21,500 people, and approximately 10,500 rateable properties. The City contains predominately character residential property.

Section 123 of the Local Government Act 1999 requires a council to have a budget for each financial year. The budget must deal with each principal activity of the council on a separate basis and must be adopted before 15 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 addressing:

- 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 for City of Prospect for 2023-2024, which includes the:

- Strategic Management Plans & Framework;
- Annual Budget for 2023-2024;
- Long Term Financial Plan for 2024-2033; and
- Rating Strategy for 2023-2024

Unless indicated otherwise, all financial information has been presented in current day valuation (2023). Indexation has been applied to predictions established from the asset management plans. The Long Term Financial Plan, reflects the indexation over the 10-year period.

All capital expenditure has an attribution of capitalised salaries unless otherwise indicated.

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

Recent changes to the Local Government Act 1999 and its associated Regulations have introduced the 'Rates Oversight Scheme'. 2022-2023 is the first year of the scheme being in place with City of Prospect identified as a Tranche 1 Council. Council's 2022-2023 Annual Business Plan and its associated key strategic documents has been reviewed by the Essential Services Commission of SA (ESCOSA).

The 2023-2024 Annual Business Plan includes the findings from ESCOSA and Council's response in the Appendix.

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Message from the Mayor

My fellow residents,

With great pleasure and a strong sense of responsibility, I am honoured to present the 2023-2024 Annual Business Plan and Budget on behalf of your Council, marking my first such endeavour as Mayor.

This budget serves as both a financial roadmap and a resounding testament to our collective vision for the future of our community. Joined by my fellow Council Members, I not only recognise the importance and potential of this Annual Business Plan and Budget in enhancing our city's quality of life, but also share in their excitement for the opportunities it will bring to build a better city for all. This annual pursuit showcases the collaboration between the Council body and City of Prospect administration, as we stand united in our efforts to pave a sustainable path forward. Thoughtfully crafted, this budget not only aligns with the essential responsibilities of our local governance, but also directly addresses the significant concerns voiced by you – our valued community – throughout the election campaign and the 2022 Residents Survey.



In line with your feedback, Council is investing \$2.2m towards upgrading and maintaining our city's 89km road network, with a further \$1.6m dedicated to enhancing adjoining footpaths, kerbs, and gutters. Council is also evaluating our city's transport network through an Integrated Transport Plan, which aims to meet both current and future needs of our residents in areas such as parking, safe walking/cycling to school and effective utilisation of transport infrastructure.

Ensuring our public spaces remain enjoyable for both residents and visitors, Council has seized a once-in-a-generation opportunity, purchasing 142-148 Main North Road for \$8.3m. This significant acquisition will allow us to expand and enhance the Prospect Oval precinct, enriching our valuable assets and community spaces. In addition, Council is allocating \$200,000 to design an upgrade of lighting at Prospect Oval to AFL standard, ensuring that the site is ready for potential AFL Gather Round fixtures and future broadcasting of national cricket matches. This investment complements the Main North Road land purchase and demonstrates our commitment to creating a legacy precinct that both preserves Prospect Oval's rich heritage and positions it as a premier sporting venue. Council is eager to leverage our existing holdings and work closely with our community to shape the future of this land, ensuring that it serves the needs and aspirations of our residents.

While we are excited about the future of the Prospect Oval precinct, Council is also committed to ensuring our existing open green spaces continue to be enjoyable for our community. Council is allocating over \$1m towards upgrades and their maintenance. To further Council's investment, we've forged strategic partnerships with State Government, securing \$575,000 of additional funding towards the upgrade of RL Pash and Irish Harp Reserves. In the absence of this assistance, local rates would inevitably be higher. These combined resources will be directed towards creating better open green spaces, offering opportunities for recreational activities and fostering a sense of community cohesion.

Environment and sustainability have emerged as our community's top priorities. Acting on this feedback, Council is committing \$70,000 to a waste diversion trial through our partnership with East Waste. As part of the trial, 1,500 residents and businesses in Thursday's collection area will shift to a weekly Food Organics and Green Organics (FOGO, or the green bin) collection and fortnightly waste (red bin) collection. By prioritising waste management and reducing our ecological footprint, we're taking steps to protect our environment and working toward a sustainable future.

While we're always looking ahead, Council is also committed to preserving Prospect's heritage. To better protect our heritage assets, we're launching a Historic Thematic Analysis. This project will lay foundations for future heritage listings within the current constraints of the State Government's planning system.

Like most Australians, Council too is facing significant economic challenges, including inflation, supply-driven pressures, and rising utility costs. Despite these difficulties, we have successfully balanced the competing demands for increased service levels while keeping the average residential rate increase to 6.1%. We have worked diligently to keep this rate below June quarter CPI rate of 6.9%.

Finally, I'd like to thank you all for your passion. Your feedback assists us in prioritising both our legislated deliverables and the issues that matter most to you. This Annual Business Plan and Budget reflects our commitment to serving your needs and fostering a sustainable and prosperous City of Prospect.

Yours sincerely,

Matt Larwood

Mayor, City of Prospect



Part A: Strategic Management Plans and Framework 2023-2024

1.1 Strategic Overview



Organisationally, Council's administration will continue to build on the strategic frameworks necessary to deliver the outcomes of the Our Community Plan Towards 2040. The Community Plan 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 2023-2024.

The Annual Business Plan has been developed in the context of Council's strategic planning framework, and in particular on the basis of its Our Community Plan Towards 2040, the Long Term Financial Plan 2024-2033, and the Budget Principles (Assumptions).

The Community Plan provides the Vision for our City for the long term (20 years), and the concepts for the Council over the medium term (4 years). The Annual Business Plan 2023-2024 and Budget, and subsequent operational plans, provide the detailed blueprint for achieving the outcomes set down in the Community 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 Community Plan and Long Term Financial Plan.

The Long Term Financial Plan summarises the financial impacts of Council's Community 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.

1.2 Services Provided to the Community

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

The basic civic responsibilities include:

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

Services that the community have come to expect that Council will provide:

- Aged and Youth Services including social support programs;
- Business and Investment attraction;
- Community Events & Grants including citizenship ceremonies;
- Environmental Initiatives;
- Library (including access to one card system, public Wi-Fi/computer access and printing/photocopying);
- Local History collection and research database; and
- Public realm beautification and public art.

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 2023-2024 has been prepared with reference to Council’s existing service levels. The core activities of Council can be found under each Key Pillar in *Part A, Section 1.5*.

1.3 Measuring Achievement of the Annual Business Plan 2023-2024

As well as documenting the strategic drivers, actions, and planned outcomes for the 2023-2024 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. Quarterly financial reports will also 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 Community Plan Towards 2040 is the tool which Council uses to facilitate this.

Council adopted the Our Community Plan Towards 2040 Plan on 23 February 2021.

The Community Plan is now into its fourth year of delivery, with the achievement of outcomes having been described through a long-established quarterly reporting process, to ordinary Council meetings across the year.

1.4 Strategic Key Performance Indicators

Contained within the Our Community Plan Towards 2040, 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 five (5) year period. This period concludes at the end of the 2024-2025 financial year with Council required to adopt a new Strategic Plan by November 2024.

The targets by outcome are identified by key pillar below.

1.5 Vision for Our City

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

The Pillars for our City include:

Connected & Caring

Active & Engaged

Proud of our past, excited by our future

Inclusive & Diverse

Creative & Innovative

Responsible & Sustainable

As per Council's resolution on 28 June 2022, Our Community Plan Towards 2040 objectives no longer funded in this plan have been removed. In addition, Council has "Supporting Services" that underpin the Community Plan but are not a direct action identified within the plan itself.

1.5.1 Key Pillar: Connected & Caring

Connected & Caring

We strive to be a city which capitalises on its locational advantages, brings people together, harnesses social and technological connection opportunities and is easy to navigate.

2021 to 2025 Objectives

- Develop a City Wide Transport and Movement Plan and complete planned upgrades in Broadview locality
- Facilitate new bars, cafes, restaurants and other businesses which diversify our local offerings
- Continuing to support the success of Prospect Road and its traders
- Ensure greater recognition and support of precincts and neighbourhood gathering places such as Collinswood Precinct, Broadview Sports and Recreation Precinct/Yarnta Tutu yarta, Nailsworth Hall, Charles Cane/Parndo yerta Reserve, Howard Street precinct across the City:
 - Make these great places and create promotional campaigns
 - Install wayfinding signage (and 'digital trails') in key locations to highlight important and historic sites, as well as shopping and recreational opportunities in those neighbourhoods
 - Develop new place-making and urban renewal initiatives in those neighbourhoods
 - Facilitate the attraction of a key 'anchor' or 'hero' business in each of those key locations

Budget Summary 2023-2024 – Pillar: Connected & Caring

	Expenditure \$	Income \$	Net Cost \$
Recurrent	2,575,070	1,181,250	1,393,820
Operating Projects	275,000	-	275,000
Capital Projects	114,549	-	114,549
Total	2,964,619	1,181,250	1,783,369
% of Total Budget	5.20%	3.37%	

2023-2024 Operating & Capital Projects

Project Ref No	Operating Project Description	Expenditure \$	Income \$	Net Cost \$
OPP 17	Art Walk <i>A community event encouraging participants to go on a self-guided walking tour of Prospect Road and surrounds to discover the work of Adelaide's best emerging and established creative minds</i>	60,000	-	60,000
OPP 19	Events Core Program <i>Core events include Spring Fair, Twilights x 4, Fringe program, limited street closures for community street events</i>	155,000	-	155,000
OPP 13	Broadview Community and Sports Hub Opening <i>A Community based event to showcase the Hub</i>	10,000	-	10,000
OPP 31	Strategic Community Plan <i>The Strategic Community Plan is Council's visionary document for its medium to long-term future</i>	30,000	-	30,000
CAP 43	Christmas Festive Community Program <i>Working with the community to bring the Christmas festive season alive</i>	20,000	-	20,000
		275,000	-	275,000

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
CAP 32	Prospect Mens Shed Expansion <i>Scope and undertake works to enable the facility to have increased use beyond a storage facility.</i>	114,549	-	114,549
		114,549	-	114,549

1.5.2 Key Pillar: Active & Engaged

Active & Engaged

An empowered community which cares for the City and for each other, is involved in the many aspects of our community life and strives for positive change through contributions to decision making.

2021 to 2025 Objectives*

- Create a dog walking track through the City, with wayfinding signage and relevant infrastructure (eg bags) along the route
- Use the Annual Business and Employment Survey to understand the value of trade that is occurring on-line
- Engage Prospect community and businesses in Smart City initiatives
- Continue to support a broad and diverse volunteer group
- Finalise Local Government Act Representation Review
- Facilitate artist talks, author talks and thinkers to capture the minds of residents and visitors to Payinhi
- Leverage the above activities into outcomes that see our community build a reputation as agents of change
- Support the Eastern Region to deliver aspirations and objectives of the Regional Public Health Plan including projects which include open space connectedness, regional volunteering, mental health support, community transport and programs to address social isolation

*As per Council's resolution on 28 June 2022, Community Plan Towards 2040 objectives no longer funded in this plan have been removed.

Budget Summary 2023-2024 – Pillar: Active & Engaged

	Expenditure \$	Income \$	Net Cost \$
Recurrent	2,461,121	395,000	2,066,121
Operating Projects	72,500	24,500	48,000
Capital Projects	955,252	-	955,252
Total	3,488,873	419,500	3,069,373
% of Total Budget	6.12%	1.20%	

2023-2024 Operating & Capital Projects

Project Ref No	Operating Project Description	Expenditure \$	Income \$	Net Cost \$
OPP 24	Your Prospect <i>To create and distribute the Your Prospect (Magazine) delivered three times a year to 9500 properties in the Council area</i>	66,500	22,500	44,000
OPP 30	Bi-Annual Prospect Portrait Prize <i>Exhibit the well-known Prospect Portrait Prize in Newmarch Gallery, and to continue to offer nationally recognised exhibitions in our community.</i>	6,000	2,000	4,000
		72,500	24,500	48,000

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
CAP 6	Library Collection <i>The library's annual stock purchasing budget - a combination of state government grant and council contributed funds.</i>	117,000	-	117,000
CAP 31	Open Space Strategy - Percy Street Reserve Upgrade <i>Increase in funding as per Council Resolution on 24 January 2023 required to deliver the reserve upgrade</i>	115,446	-	115,446
CAP 37	Open Space Strategy - RL Pash Reserve upgrade <i>Funding increase to upgrade RL Pash Reserve in accordance with approved landscape design.</i>	264,609		264,609
CAP 39	St Helens Park Lighting Upgrade <i>Improving the lighting of St Helens Park to enhance the nighttime amenity.</i>	137,459	-	137,459
CAP 40	St Helens Park Rotunda Upgrade <i>It was identified that the rotunda needs to be significantly reconstructed to address the structural concerns. Works will be undertaken to address the concerns raised</i>	252,008	-	252,008
CAP 29	Open Space Strategy - Matthews Reserve Design <i>Planning, design and community consultation for an upgrade of Matthews Reserve.</i>	68,730	-	68,730
		955,252	-	955,252

1.5.3 Key Pillar: Proud of our past, Excited by our future

Proud of our past, Excited by our future

With a great blend of old and new, we are a city which celebrates where it has come from and takes pride in creating its future.

2021 to 2025 Objectives

- Promote and reward design excellence through local design awards
- Celebrate the achievements of Council and its community in the preservation and conservation of our rich heritage whilst also promoting innovation in built form and design
- Continue our reconciliation journey through means such as development of the next Reconciliation Plan, by progressing 'truth telling' and other ideas aligned to the adopted Uluru Statement of the Heart
- In close liaison with the Kaurna people, form a 'Treaty' (or similar agreement) that recognises the City's desire for a closer and more meaningful partnership with our indigenous heritage, our shared land and our joint aspirations
- Deliver Heritage Incentive Scheme program to provide heritage grants to eligible home owners (heritage listed properties) for restoration work
- Establish heritage trail linked to heritage plaques across the City of Prospect
- Collaborate with the Prospect Local History Group and invest in improving the curation, relevance and digitisation of the local history collection

Budget Summary 2023-2024 – Pillar: Proud of our past, Excited by our future

	Expenditure \$	Income \$	Net Cost \$
Recurrent	1,676,630	225,500	1,451,130
Operating Projects	55,000	-	55,000
Capital Projects	-	-	-
Total	1,731,630	225,000	1,506,130
% of Total Budget	3.04%	0.64%	

2023-2024 Operating & Capital Projects

Project Ref No	Operating Project Description	Expenditure \$	Income \$	Net Cost \$
OPP 27	Heritage Thematic Analysis <i>Undertake analysis of the history of the City of Prospect to identify themes and areas of significance to provide required foundation for any future heritage related planning policy amendments.</i>	50,000	-	50,000
OPP 28	Digital Heritage Walking Trail Scoping Study <i>Investigation into option available to deliver walking trails throughout the city and including methods through which the community could curate and share walking trails they have developed</i>	5,000	-	5,000
		55,000	-	55,000

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
		-	-	-

1.5.4 Key Pillar: Inclusive & Diverse

Inclusive & Diverse

We will know we have achieved through striving for a greater equality and a community which celebrates and recognises all aspects of what it means to be inclusive and diverse.

2021 to 2025 Objectives

- Implement the findings of the Disability Access & Inclusion Plan
- Develop City of Prospect 'Welcome Packs' for new residents (including versions in multiple languages)
- Promote, facilitate and measure the utilisation of our buildings, parks and open spaces using SpacetoCo data
- Promote more people living in the Urban Corridor Zones through development of more townhouses and apartments
- Analyse census data to truly understand the 'new' community living in our Urban Corridors
- Create opportunities for new culturally diverse citizens to be actively involved in Council programs and activities
- Develop and implement a process to actively seek the views of groups often missed in consultation activities

Budget Summary 2023-2024 – Pillar: Inclusive & Diverse

	Expenditure \$	Income \$	Net Cost \$
Recurrent	20,000	-	20,000
Operating Projects	-	-	-
Capital Projects	-	-	-
Total	20,000	-	20,000
% of Total Budget	0.04%	-	

2023-2024 Operating & Capital Projects

Project Ref No	Operating Project Description	Expenditure \$	Income \$	Net Cost \$
		-	-	-

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
		-	-	-

1.5.5 Key Pillar: Creative & Innovative

Creative & Innovative

We attract investment and development opportunities to activate the local economy, create jobs and share prosperity in a city which welcomes and empowers thinkers, innovators and doers.

2021 to 2025 Objectives

- Attract an anchor business to enhance the innovation brand of our City
- Achieve the lowest retail vacancy rate in metropolitan Adelaide for the Village Heart
- Identify and address barriers to achieve low overall business vacancy rates throughout the City
- Utilise the Annual Business & Employment Survey to assess the best opportunities to facilitate growth
- Maintain the trajectory of changing the Council's revenue profile through promotional campaigns and targeting potential investors and tenants
- Ensure high volume car parking solution is integrated into the Village Heart
- Create thought-leadership platforms (digital and in person) to discuss and debate important social, environmental and ethical topics

Budget Summary 2023-2024 – Pillar: Creative & Innovative

	Expenditure \$	Income \$	Net Cost \$
Recurrent	318,295	-	318,295
Operating Projects	215,000	20,000	195,000
Capital Projects	42,750	-	42,750
Total	576,045	20,000	556,045
% of Total Budget	1.00%	0.06%	

2023-2024 Operating & Capital Projects

Project Ref No	Operating Project Description	Expenditure \$	Income \$	Net Cost \$
OPP 32	Village Heart Marketing Fund <i>Village Heart Marketing Funded by a Separate Rate (\$150 per property) to attract shoppers and visitors to Prospect Road. (Fund is capped to the level of funds generated by the separate rate)</i>	20,000	20,000	-
OPP 36 OPP 37	City Growth - City Growth & Business Support <i>To deliver the requirement of the Strategic Community Plan Business Support Fund for the wider City of Prospect and Business Support to resource the management and marketing of the Village Heart Marketing Fund</i>	120,000	-	120,000
OPP 39	Catalyst City Growth, Prosperity & Placemaking <i>Delivery of Investment Attraction business plan initiatives</i>	50,000	-	50,000
OPP 22	City Wide Public Art Advisory Board <i>Delivery of a city wide Public Art program of small initiatives and community incentives that improve the local amenity across the city for Prospect residents, businesses and visitors.</i>	25,000	-	25,000
		215,000	20,000	195,000

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
CAP 5	Public Art <i>Deliver a Public Art Program to improve key public areas.</i>	27,750	-	27,750
CAP 43	Christmas Decorations <i>Create an interactive Christmas display, which will illuminate at night, enabling families and children to stop and take photos, increasing the Christmas vibe and festival feel of the City.</i>	15,000	-	15,000
		42,750	-	42,750

1.5.6 Key Pillar: Responsible & Sustainable

Responsible & Sustainable

Recognising that there is more to do, our non-negotiable is a sustainable natural and built environment and a community which looks forward responsibly and continues to contribute to a better quality of life.

2021 to 2025 Objectives

- Continue to plant additional street trees to align with the 'Green Tunnel' strategy
- Promote and support projects (public and private) that include water quality and Water Sensitive Urban Design (WSUD) measures
- Analyse the green credentials of Council buildings and develop plans (and funding strategy) to improve environmental status
- Understand and increase levels of annual tonnes of recycled materials used in our civil infrastructure projects
- Continue to provide opportunities for community and business learning focused on environmental issues
- Significantly reduce food waste contamination of general waste streams
- Demonstrate innovation in the supply and delivery of infrastructure projects
- Support transport innovations with an eye to a sustainable future
- Actively encourage and support all businesses and multi-unit residential sites to equal or better general recycling levels

Budget Summary 2023-2024 – Pillar: Responsible & Sustainable

	Expenditure \$	Income \$	Net Cost \$
Recurrent	866,900	-	883,432
Operating Projects	528,938	82,500	446,438
Capital Projects	15,443,603	666,000	6,515,506
*2022-23 Carried forward project	9,947,432	4,290,000	5,657,432
Total	26,757,935	5,038,500	21,719,435
% of Total Budget	46.99%	14.39%	

*2022-23 Carried forward projects (multiyear projects) have been funded in the 2022-2023 Budget

*Prospect Tennis Club Courts Renewal, Broadview Oval Community & Sports Hub, Churchill Rd: Rd Recon/Drainage Upgrade
Livingstone Ave: Rd Recon/Drainage Upgrade, Islington Station Shared Path, Open Space Strategy - Percy Street Reserve Upgrade, Open Space Strategy - RL Pash Res Consul/Concept, Broadview Sports Ground Tennis Infra Upgrade, Open Space - Irish Harp Reserve Upgrade, Collinswood Roundabout Howard St Rosetta St*

2023-2024 Operating & Capital Projects

Project Ref No	Operating Project Description	Expenditure \$	Income \$	Net Cost \$
OPP 8	Integrated Transport Strategy Development <i>The Integrated Transport Plan will identify the current and future transport needs and trends of people moving through and within the City.</i>	182,000	-	182,000
OPP 11	Waste Diversion Trial - Weekly Green Bin <i>Investigation into improved waste diversion from landfill. Working closely with East Waste, the City of Prospect will undertake a weekly organics/fortnightly general waste collection trial focused on an existing 'zone' within the City.</i>	70,000	-	70,000
OPP 33	Green Tunnel Program <i>Increase the number of trees planted to enhance green tunnels as outlined in Tree Strategy 2021-2026.</i>	154,500	-	154,500
OPP 33	Saturated Steam Trial <i>Trial utilising steam instead of chemicals to control weeds in parks and around playgrounds.</i>	11,000	-	11,000
	Prospect Oval Expansion <i>Operational lease of the Prospect Oval Expansion site whilst a Master Plan integrations process is undertaken.</i>	111,438	82,500	28,938
		528,938	82,500	417,500

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
CAP 3	Broadview Oval Community & Sports Hub <i>Increase in funding to ensure funding for the cost building works and power augmentation charges and installation of an operable wall.</i>	303,556	-	303,556
CAP 8	Council Buildings & Structures - Capital Works <i>The City of Prospect is responsible for the community buildings and facilities, and to ensure the future management of our building assets in a manner which is financially sustainable and community focused.</i> <i>Includes: • Broadview Oval (Yarnta Tutu Yarta) Storage Shed • Air Raid Shelter Investigations & Design • Nailsworth Hall operable wall • Bike Racks and Cage at Payinthe • Town Hall Roof Restoration.</i>	389,468	-	389,468
CAP 10	Sporting Fields Subsurface Drainage Investigation & Design <i>Investigation and design to improve sub surface drainage to manage areas of excessive water pooling in heavy rains at Broadview Oval & Charles Cane Reserve Parndo Yerta).</i>	68,730	-	68,730
CAP 14	Prospect Oval (Payinthe Yarta) Centre Pitch Renewal <i>Replace the centre pitch turf wicket at Prospect Oval (Payinthe Yarta) to restore its condition to the standard required for premier cricket, including all associated irrigation works.</i>	114,549	30,000	84,549
CAP 11	Broadview Community & Sports Hub Landscape Upgrade <i>Funding to upgrade landscaping around the new Broadview Community & Sports Hub to existing gardens beds complementing the new works.</i>	40,092	-	40,092
CAP 17	Drainage Design/Construction <i>Design and construction of localised stormwater as required.</i>	62,888	-	62,888
CAP 19	Fleet Management - Capital Acquisitions <i>Replace council fleet in accordance with fleet renewal program. Vehicles include: Corolla Pool Vehicle (EV option), 2 x Utes, 1 community standards vehicle (EV option).</i>	188,613	-	188,613
CAP 20	Footpath Construction <i>Footpath works as identified in 2023-2024 Capital Works Program (page 19).</i>	526,982	-	526,982
CAP 22	Prospect Oval (Payinthe Yarta) Goal Posts Renewal <i>The goal posts at Prospect Oval (Payinthe Yarta) are at end of life and non-compliant with current elite Australian Football Standards.</i>	113,400	-	113,400
CAP 23	Stormwater Management Plan Stage 2 - HEP <i>Carry out investigation, planning and development of functional design of future downstream stormwater upgrades of HEP concrete channel, subject to receiving grant funding and contributions from Cities of Port Adelaide Enfield and Charles Sturt.</i>	687,296	350,000	337,296
CAP 24	Roundabout - Howard St & Rosetta St <i>Construction of a new roundabout at Howard Street and Rosetta Street. Increased funding of \$150,000 needed to complete project as designed (original grant funding was not sufficient to deliver works).</i>	229,099	-	229,099
CAP 28	Kerb and Gutter Renewal <i>Kerb and Gutter works as identified in 2023-2024 Capital Works Program (page 19)</i>	1,124,440	-	1,124,440
CAP 34	Car Park Renew: Memorial Gardens & Broadview Sport Hub <i>Renewal of carpark in the Prospect Memorial Gardens & Broadview Sports Hub.</i>	114,549	-	114,549
CAP 35	Bus Shelter Upgrades (DDA Compliance) <i>Continue the Councils response to improve the Public Transport DDA Compliance at Bus Stops across the city.</i>	57,275	-	57,275
CAP 36	RL Pash Reserve Water Sensitive Urban Design <i>Implement a stormwater bioretention basin at RL Pash Reserve in conjunction with the reserve's upgrade. The project is reliant upon grant funding be secured.</i>	261,172	-	261,172
CAP 33	Prospect Rd South - Landscaping Improvement Design <i>Design of landscaping for the southern portion of Prospect Road - Milner Street to Fitzroy Terrace.</i>	40,092	-	40,092

2023-2024 Operating & Capital Projects (cont.)

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
CAP 38	Road Design/Reconstruction <i>Roads works as identified in 2023-2024 Capital Works Program (page 19)</i>	1,775,861	-	1,775,861
CAP 44	Pedestrian Kerb Ramp upgrades	32,832	-	32,832
CAP 45	Broadview Sports Ground Tennis Infrastructure Upgrade <i>Upgrade of the Broadview Tennis Facilities. Dependent upon securing grant funding.</i>	613,611	286,000	327,611
	Prospect Oval Lighting Design <i>Review and design of existing lighting to be undertaken to enable nighttime football.</i>	229,099	-	229,099
	Prospect Oval Expansion <i>Purchase costs of Prospect Oval Expansion site and installation of minor works.</i>	8,470,000	-	8,470,000
		15,443,603	666,000	14,777,603

2023-2024 Capital Works Program

Works	Street Name	From	To	Side
Footpath				
Reconstruction	Livingstone Avenue	Prospect Road	Mendes Street	Both
Renewal	May Street	Third Avenue	Council Boundary	Both
Renewal	Edinburgh Street	Beartrice Street	Victoria Street	Both
Renewal	Moore Street	Warren Street	Main North Road	North
Renewal	Redin Street	King Street	York Street	Both
Renewal	Guilford Avenue	Hillsdale Street	Prospect Road	Both
Kerb & Gutter				
Reconstruction	Livingstone Avenue	Prospect Road	Mendes Street	Both
Patching	Redin Street	Miller Street	York Street	Both
Patching	Penn Place	Main North Road	Highbury Street	Both
Patching	Peel Street	Alpha Road	Barker Road	Both
Patching	Iona Street	Bridges Street	Galway Street	Both
Patching	Miller Street	Charles Street	Regency Road	Both
Patching	Elderslie Avenue	Cotton Street	Braund Road	Both
Patching	Redin Street	King Street	York Street	Both
Patching	Alabama Street	Hillsdale Street	Prospect Road	Both
Patching	Iona Street	Meredith Street	Bridges Street	Both
Patching	Richards Lane	Olive Street	Staple Court	Both
Patching	Labrina Avenue	Watkins Street	Prospect Road	Both
Patching	May Street	Third Avenue	Council Boundary	Both
Renewal	Gordon Road	Prospect Street	Gray Street	Both
Renewal	Azalea Street	Braund Road	Prospect Road	North
Road Reseal/Reconstruction				
Reconstruction	Livingstone Avenue	Prospect Road	Mendes Street	
Reseal	Farrant Street	Prospect Road	Gray Street	
Reseal	Azalea Street	Braund Road	Prospect Road	
Reseal	Devonport Terrace	Allan Street	Elizabeth Street	
Reseal	Braund Road	Gladstone Road	Bosanquet Avenue	
Reseal	Newbon Street	Currie Street	D'Erlanger Street	
Reseal	St Peter Place	De costa Avenue	College Avenue	
Reseal	Le Cornu Street	Howard Street	Rheims Street	
Reseal	Roseberry Lane	Redmond Street	Cassie Street	
Reseal	Laburnum Lane	Vine Street	End (South)	
Reseal	Church Lane	Gloucester Street	Milner Street	
Reseal	Cooper Street	Gilbert Street	D'Erlanger Street	

* The above listing is based upon desktop reviews and site inspections. This listing is subject to change dependent upon actual level of works required to complete works or other events which a change to street priority. This may see some projects deferred into later years or accelerated into the program as required.

1.5.7 Supporting Activities

Supporting Activities

Activities, that underpin the Our Community Plan Towards 2040 but are not a direct action identified within the plan.

Budget Summary 2023-2024 – Other Activities

	Expenditure \$	Income \$	Net Cost \$
Recurrent (inc Depn)	20,720,957	28,127,413	(7,406,456)
Operating Projects	150,000	-	150,000
Capital Projects	375,000	-	375,000
*2022-23 Carried forward project	192,435	-	192,435
Total	21,438,392	27,868,871	(6,689,021)
% of Total Budget	37.61%	80.34%	

*2022-23 Carried forward projects (multiyear projects) have been funded in the 2022-2023 Budget
Upgrade to Financial Reporting System, Service Review, Geographic Information System Upgrade

2023-2024 Operating & Capital Projects

Project Ref No	Operating Project Description	Expenditure \$	Income \$	Net Cost \$
OPP 3	Asset Condition Audit - Open Space & Stormwater <i>Undertake asset condition audits in accordance with Asset Management Plan requirements to Open space and Stormwater assets.</i>	125,000	-	125,000
OPP 6	Service Reviews	25,000	-	25,000
		150,000	-	150,000

Project Ref No	Capital Project Description	Expenditure \$	Income \$	Net Cost \$
CAP 4	ICT Infrastructure upgrade <i>Refresh aging IT infrastructure to ensure City of Prospect's Servers are current and supported with the capacity to meet Councils needs for the next 3 to 5 years.</i>	250,000	-	250,000
CAP 7	Modular Audio/visual equipment for Tirkanthi Kuu <i>Equipment installation to the Tirkanthi Kuu meeting room to address audio/visual and streaming anomalies for meetings.</i>	100,000	-	100,000
CAP 18	Digital LED Display Board <i>Large display board in Vine Street Plaza to be utilised as a public communications device to inform, advise and promote Council's services, programs and events.</i>	25,000		25,000
		375,000	-	375,000

Part B: Budget 2023-2024

2.1 Budget Principles

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

- **Honest and Accountable**

We will be honest and accountable in all aspects of the budget process, meeting the community's expectations of transparency and openness with a reporting framework that supports and enhances this.

- **Strategic Approach**

We will maintain a strategic approach to the delivery of all Council services and capital works programmes. We will align Council's budget with Our Community Plan Towards 2040:

- Connected & Caring
- Active & Engaged
- Proud of our past, excited by our future
- Inclusive & Diverse
- Creative & Innovative
- Responsible & Sustainable

- **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 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 incorporating 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; and
- as a mechanism to fund temporary cash shortfalls.

- **Financial Control**

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

2.2 Strategic Financial Parameters

City of Prospect has adopted the following strategic financial parameters:

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

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

- 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; and
- 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 (e.g. advocate for funding by a more appropriate agency, part funded, or owner funded). Also, 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 operating and capital expenditure programs, as well as basic operational service provision, while seeking efficiency improvements in line with appropriate benchmarks.

Target: Achieving targeted "Strategic Measures" with regard to Council's Community Plan Towards 2040.

Infrastructure Management - Are we spending enough on existing assets?

Renewal and replacement capital projects will be based on long term Asset Management Plans, which consider the optimal timeframe for a set 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 90% 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.

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 Ratio for an individual year should be between (1)% - 3%.

2.3 Annual Business Plan Outcomes

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

The Annual Business Plan 2023-2024 (refer Part A) sets out the directions that Council will undertake during the year to achieve the key strategies set out in Council's Our Community Plan Towards 2040.

2.4 Annual Business Plan and Budget Processes

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

A council must adopt a budget for the financial year before 15 August.

This budget is for the year 1 July 2023 to 30 June 2024, and is prepared in accordance with the Local Government Act 1999. The budget includes projected revenues and expenditures for the 2023-2024 year, reported on an “operating” basis in accordance with the Local Government Act 1999.

The Budget 2023-2024 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; and
- other financial information which Council requires in order to make an informed decision about the adoption of the budget.

The budget for 2023-2024 was framed using a zero budgeting based approach as well as by comparing trends of income and expenditure for the past 5 years.

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 2023-2024 to 2032-2033 (Part C), and a Rating Strategy (Part D).

2.5 Significant Influences

In preparing the 2023-2024 Budget, a number of external and internal influences have been taken into account, because they are likely to impact significantly on the cost of services delivered by Council in the budget period.

2.5.1 External Influences

- The Draft Annual Business Plan was commenced in January 2023. At this time the Consumer Price Index (CPI) All Groups Adelaide increase on goods and services of 8.6% for the 12 months ending 31 December 2022, compared with the Local Government Pricing Index increase on goods and services of 6.9% (combination of recurrent 4.4% & capital 12.5%), for the 12 months ending 31 December 2022. The Reserve Bank of Australia Economic Outlook (February 2023) has forecast the CPI to be 6.75% as at June 2023, 3.5% at June 2024 and 3.0% as at June 2025.
- The CPI data was refined during the process with the March 23 quarter CPI All Groups Adelaide increase on goods and services being 7.9%. The Local Government Pricing Index increase on goods and services of 6.4% (combination of recurrent 4.4% & capital 11.0%), for the 12 months ending 31 March 2023. The Reserve Bank of Australia Economic Outlook (May 2023) has forecast the CPI to be 6.25% at June 2023, 3.5% at June 2024 and 3.0% at June 2025.
- The June 2023 quarter CPI All Groups Adelaide being 6.9%.
- State and Commonwealth Government Policy/Decisions, and funding, (e.g. Local Government Reform, Environmental Management, EPA Solid Waste Levy, Environmental Health, 30 Year Plan for Greater Adelaide etc.)
- Ongoing economic impacts and recovery from the COVID19 Pandemic & responsive business closure / social distancing measures.
- Interest Rate rises will place forward pressures on the Council's budget as the Council funds the Capital Works budget.
- External funding opportunities – where grants and contributions have been identified, the project is forecast to proceed based upon confirmed funding levels.

2.5.2 Internal Influences

- Employee costs have been based on Enterprise Agreements (the MOA Enterprise Agreement and the LGE Award Enterprise Agreement) and increases to the Superannuation Guarantee levy.
- Council's strategic decision (based on key financial indicators) to achieve an average break even operating surplus (ratio greater than or equal to 0%) over a five-year period, to ensure financial sustainability.
- Ongoing costs associated with legislated community consultation requirements and internal controls/risks.

2.6 Budget Preparation Guidelines/Assumptions for 2023-2024

In addition to the *Budget Principles* set out in Part B, Section 2.1, the following budget preparation guidelines were used when preparing the budget:

- existing fees and charges to be increased in line with the revised fees and charges in Council's Fees and Charges Register;
- non-recurrent grants to be based on confirmed funding levels only (with the exception of the Roads to Recovery and Supplementary Road grants and several minor grants);
- all new staffing proposals to be justified through a business case;
- new initiatives or projects which are not cost neutral, to be justified through a business case and included as an operating project or capital project;
- no changes to recurrent service levels; and
- the budget for 2023-2024 was framed using a zero based budgeting approach and a review of the past five years expenditure trends with indexation of known areas of variance.

2.7 Budget Overview

Planning framework

The Budget 2023-2024 has been 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 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 finalisation of the Budget 2023-2024, in addition to sought feedback from Council's Audit Committee, the Annual Business Plan 2023-2024 was subsequently presented to the community for community consultation during May 2023.

Consultation events included:

- Community Engagement Hub - Online Submissions / Survey
- Local Schools Focus Groups
- Focus Group (open to all ages)
- Public Meeting @ Payinthe (24 May 2023)

Feedback submissions on the Draft Annual Business Plan 2023-2024 were accepted up until 29 May 2023. All feedback received, was presented to a Council Workshop on 6 June 2023.

Since the finalisation of the first consultation process, Council has been successful in purchasing a strategic parcel of land which allows for the expansion of Prospect Oval. As a result of the acquisition the Council is consulting the community on the impacts of the acquisition.

Feedback submissions will be accepted up until 7 August 2023 with a Public Meeting being held on the 7 August 2023. Feedback received, will be presented to a Council at a Special Council Meeting on the 10 August 2023.

The Annual Business Plan 2023-2024 includes Council's planned objectives and activities for the financial year, as well as the Long Term Financial Plan for 2024-2033, and the Rating Strategy. It provides a linkage between Council's suite of strategic management plans and its annual budget.

Feedback from First Consultation (May 2023)

At the Council Workshop on 6 June 2023, a presentation was provided to inform Council of the consultation process undertaken, the resultant community feedback, adjustments from previous council resolutions and other suggested adjustments. The adjustments include recognising subsequent developments like cost increases for capital works and newly recognised recurrent budget savings, the following is a full listing of these adjustments:

Capital Projects

- Removal of grant funding from RL Pash WSUD (\$0.114m) and Irish Harp WSUD (\$0.130m) upgrades (unsuccessful application);
- Defunding Irish Harp WSUD upgrade (\$0.260m) – to be considered in future years;
- Fully funding RL Pash WSUD upgrade (\$0.114m);
- Decrease in funding for Christmas Decorations capital project (\$0.020m);
- Deferral of Balfour Street and Howard Street Intersection Upgrade involving the removal of traffic treatments (\$0.100m);
- Increase in funding for Howard Street Roundabout Upgrade (\$0.050m);
- Increase funding for operable wall variations at Broadview Community & Sports Hub as previously resolved by Council (\$0.015m); and
- Investigation into lighting upgrade for Prospect Oval (\$0.200m).

Operating Projects

- New Christmas Community Festive project (\$0.020m);
- Decrease in funding for Artwalk (\$0.020m); and
- Inclusion of the endorsed Saturated Steam Trail (\$0.011m).

Recurrent budget

- Increase in Salary and Wages budget (\$0.133m), correction to modelling.;
- Reduction in Electricity charges (\$0.055m), new contract agreed;
- Increase in s221 permit income (\$0.075m) following newly agreed deeds with developers;
- Increase adjustment \$42,000 in infringement budget to net total of \$700,000; and
- Increase in Waste Disposal costs following higher than budgeted increase to the Solid Waste Levy (\$0.021m).

Other Comprehensive Income

- Inclusion of projected valuation adjustments \$7.5m

Second Consultation (July 2023)

This second round of consultation is open as part of our commitment to transparency and aims to inform you about important changes made to the amended Draft Annual Business Plan and Budget 2023-2024.

Strategic Land Acquisition – Prospect Oval Expansion

- \$8.3 million to purchase a 5,522m² plot of land adjoining Prospect Oval, at 142-148 Main North Road, allowing Council to expand and enhance Prospect Oval precinct for our community.
- The purchase of the land will be financed through borrowings.

Rating Impact

- The existing infrastructure on the site allows Council to generate commercial lease income, which will be used to fund repayments, along with a 1% additional increase in rate revenue, whilst we plan for the future of the site.
- The average rate increase is proposed to be 6.75% (5.75% in May consultation), which means for the average residential ratepayer an increase of \$126 over 2022-2023 (\$106 in May consultation), from \$2065 to \$2191.
- An increase in differential rating for Vacant Land from 125% to 165% from the corresponding Rate Class (Residential or Commercial).

Capital Projects

- \$200,000 allocated to upgrade the lighting design at Prospect Oval to AFL standard, making the site ready for a potential AFL Gather Round fixtures and future broadcasting of national cricket matches.

Highlights of the Budget

Whilst the focus will be to continue to implement Council's annual asset renewal program (roads, footpaths, kerb and gutters, stormwater), the 2023-2024 Annual Business Plan and Budget includes the following major investments:

Major investments included in the draft Annual Business Plan for completion or commencement include:

- \$8.3 million to purchase a 5,522m² plot of land adjoining Prospect Oval, at 142-148 Main North Road, allowing Council to expand and enhance Prospect Oval precinct for our community.
- \$3.450m for the renewal of a range of Roads, Footpaths, Kerbs & Gutters;
- \$0.150m for "Green Tunnel" Projects, increasing the number of street trees planted in line with our Tree Strategy 2021-2026;
- \$0.200m to renew the cricket pitch and goal posts at Prospect Oval (Payinthe Yarta);
- \$0.340m to upgrade the lighting and Rotunda in St Helens Park;
- Additional fund to finalise the upgrade to RL Pash \$0.46m and Irish Harp Reserve \$0.26m including Water Sensitive Urban Design treatments to both reserves;
- \$0.170m investment into supporting existing the local business and attracting business to the Council area;
- \$0.182m develop a city wide Integrated Transport Plan;
- \$0.070m Waste Diversion Trial which will trial weekly organics collection; and,
- \$0.235m in the delivery of Community Events including Spring Fair, four events as part of Twilight Sessions, Fringe program, limited street closures for community street events and Artwalk.

2.8 Financial Statements

Uniform Presentation of Finances for the period ended 30 June 2024

	Original Budget 2022-2023	Revised Forecast Budget 2022-2023	Proposed Budget 2023-2024
	\$ '000	\$ '000	\$ '000
Income	27,421	28,153	30,056
/less Expenses	28,219	28,639	29,935
Operating Surplus / (Deficit)	(798)	(486)	121
/less Net Outlays on Existing Assets			
Capital Expenditure on Renewal and Replacement of Existing Assets	11,849	11,478	13,978
/less Depreciation, Amortisation and Impairment	6,362	6,362	6,719
/less Proceeds from Sale of Replaced Assets	120	140	75
Net Outlays on Existing Assets	5,367	4,976	7,183
/less Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	310	365	12,289
/less Amounts Received Specifically for New and Upgraded Assets	1,500	917	4,956
Net Outlays on New and Upgraded Assets	(1,190)	(552)	7,333
Net Outlays on Existing, New and Upgraded Assets	4,177	4,424	14,517
Net Lending / (Borrowing) for Financial Year	(4,975)	(4,910)	(14,396)

Financial Statements (cont..)

Statement of Comprehensive Income

for the period ended 30 June 2024

	Original Budget 2022-2023	Revised Forecast Budget 2022-2023	Proposed Budget 2023-2024
	\$ '000	\$ '000	\$ '000
Income			
Rates Revenues	24,377	24,440	26,380
Statutory Charges	652	1,077	1,173
User Charges	294	294	371
Grants, Subsidies and Contributions	1,795	1,795	1,499
Investment Income	105	223	165
Reimbursements	11	138	213
Other Income	187	186	242
Net Gain - Equity Accounted Council Businesses	-	-	14
Total Income	27,421	28,153	30,056
Expenses			
Employee Costs	9,976	9,841	10,307
Materials, Contracts & Other Expenses	11,195	11,783	11,708
Depreciation, Amortisation & Impairment	6,362	6,362	6,719
Finance Costs	686	653	1,202
Total Expenses	28,219	28,639	29,935
Operating Surplus / (Deficit)	(798)	(486)	121
Asset Disposal & Fair Value Adjustments	120	140	75
Amounts Received Specifically for New or Upgraded Assets	1,500	917	4,956
Net Surplus / (Deficit)	822	571	5,152
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E		8,686	7,504
Total Other Comprehensive Income	-	8,686	7,504
Total Comprehensive Income	822	9,257	12,656

Financial Statements (cont..)

Statement of Financial Position

for the period ended 30 June 2024

	Original Budget 2022-2023	Revised Forecast Budget 2022-2023	Proposed Budget 2023-2024
	\$ '000	\$ '000	\$ '000
ASSETS			
Current Assets			
Cash and Cash Equivalents	500	50	50
Trade & Other Receivables	1,658	1,655	2,029
Inventories	3	3	2
Total Current Assets	2,161	1,708	2,080
Non-Current Assets			
Financial Assets	741	741	506
Equity Accounted Investments in Council Businesses	166	139	153
Investment Property	-	-	8,380
Infrastructure, Property, Plant & Equipment	234,871	250,103	268,684
Other Non-Current Assets	3,267	522	522
Total Non-Current Assets	239,045	251,505	278,245
TOTAL ASSETS	241,206	253,212	280,325
LIABILITIES			
Current Liabilities			
Trade & Other Payables	4,145	4,317	4,321
Borrowings	1,579	1,579	1,664
Provisions	2,065	1,653	1,653
Total Current Liabilities	7,789	7,549	7,637
Non-Current Liabilities			
Trade & Other Payables			
Borrowings	16,006	11,500	25,868
Provisions	99	98	98
Total Non-Current Liabilities	16,105	11,598	25,966
TOTAL LIABILITIES	23,894	19,147	33,603
Net Assets	217,312	234,065	246,722
EQUITY			
Accumulated Surplus	85,268	79,295	84,447
Asset Revaluation Reserves	129,132	150,115	157,620
Other Reserves	2,912	4,655	4,655
Total Council Equity	217,312	234,065	246,722

Financial Statements (cont..)

Statement of Changes in Equity

for the period ended 30 June 2024

	Original Budget 2022-2023	Revised Forecast Budget 2022-2023	Proposed Budget 2023-2024
	\$ '000	\$ '000	\$ '000
Accumulated Surplus	85,268	79,295	84,447
Asset Revaluation Reserve	129,132	150,115	157,620
Other Reserves	2,912	4,655	4,655
Transfers between Reserves	-		
Balance at the end of period	217,312	234,065	246,722

Financial Statements (cont..)

Statement of Cash Flows

for the period ended 30 June 2024

	Original Budget 2022-2023	Revised Forecast Budget 2022-2023	Proposed Budget 2023-2024
	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	27,748	27,931	29,522
Investment Receipts	106	223	160
Payments			
Operating Payments to Suppliers and Employees	(21,254)	(21,624)	(22,007)
Finance Payments	(686)	(686)	(1,202)
Net Cash provided by (or used in) Operating Activities	5,914	5,845	6,473
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets	1,500	918	4,956
Sale of Replaced Assets	120	140	75
Repayments of Loans by Community Groups	204	204	219
Payments			
Nil			
Expenditure on Renewal/Replacement of Assets	(11,849)	(11,478)	(13,978)
Expenditure on New/Upgraded Assets	(310)	(365)	(3,819)
Purchase of Investment Property			(8,380)
Net Cash provided by (or used in) Investing Activities	(10,335)	(10,581)	(20,927)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings	-	-	8,700
Payments			
Repayments of Borrowings	(1,428)	(1,428)	(1,506)
Repayment of Lease Liabilities	(70)	(70)	(73)
Net Cash provided by (or used in) Financing Activities	(1,498)	(1,498)	7,121
Net Increase (Decrease) in Cash Held	(5,919)	(6,234)	(7,332)
plus: Cash & Cash Equivalents at beginning of period	(922)	(922)	(922)
Cash & Cash Equivalents at end of period	(6,841)	(7,156)	(8,254)

2.9 Where does each \$100 go?

information below excludes projects carried forward from 2022-2023 as they are funded from the 2022-2023 budgeting process



*excluding projects carried forward from 2022/23.

WHERE DO OUR FUNDS GO?		
	Sport, Recreation & Playgrounds	\$27.45
	Streets & Footpaths	\$15.53
	Governance & Administration	\$8.20
	Waste Management	\$6.82
	Fleet Infrastructure Operations	\$4.66
	Financial Management	\$4.59
	Information Technology	\$4.43
	Reserves & Loans	\$3.62
	Community Wellbeing & Development	\$3.44
	City Planning & Development	\$2.83
	Community Arts, Gallery & Events	\$2.60
	Rates Administration	\$2.46
	Street Trees, Nature Strips, Parks & Landscaping	\$2.45
	Stormwater Drainage	\$2.44
	Library Services	\$2.19
	Business & Innovation	\$1.48
	Public Health & Safety	\$1.46
	Communications	\$1.09
	Street Lighting	\$1.08
	Traffic Management	\$1.01
	Public Conveniences	\$0.17

2.10 Asset Management Plans

Council endorsed the Asset Management Plans Summary 2021-2031 (as presented in Attachment 1) at its 23 May 2023 Council Meeting. These plans set 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. The plans predict infrastructure consumption and renewal needs, and considers new infrastructure needs to meet future community service expectations.

Council at its meeting in May 2023, noted that:

- significant funding is allocated to increasing the maturity of the Council's asset management framework in the 2022-2023 budget, which will result in a refinement of the Technical Asset Management Plans in the next 2-3 years.
- the next iteration of the Technical Asset Management Plans, will include specific community consultation on service levels.
- the Long Term Financial Plan is informed by the capital and maintenance financial allocations presented in the Asset Management Plan Summary 2021-2031.

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 suite of Strategic Management Plans;
- Listing of all known capital projects, prioritised within classes of assets on the basis of evaluation criteria; and
- Transparent processes for evaluating and prioritising capital projects.

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

Projects to be delivered in 2023-2024 are being finalised however Council has made the following funding allocations for each Asset Class excluding capitalised salaries:

- Buildings & Structures \$925,000
- Footpaths \$510,048
- Kerb & Gutter \$1,210,283
- Road Construction & Reseal \$1,650,303
- Stormwater \$532,900

Part C: Long Term Financial Plan

3.1 Introduction

Council considered its Budget 2023-2024 in the context of its Strategic Direction outlined in the Our Community Plan Towards 2040 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 2023-2024 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 Long Term Financial Plan provides Council with a valuable tool to manage its financial sustainability over a number of years, and links directly to the Community Plan. The Long Term Financial Plan 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 Long Term Financial Plan over this term.

The Asset Management Plans are a critical input into the Long Term Financial Plan. Pages 47-48 show the Capital Project Expenditure over a 10-year period. The 10 year Operating Projects are presented on page 46.

The strategic plan and budget parameters are located on pages 7-19.

3.2 Long Term Financial Plan Assumptions 2024–2033

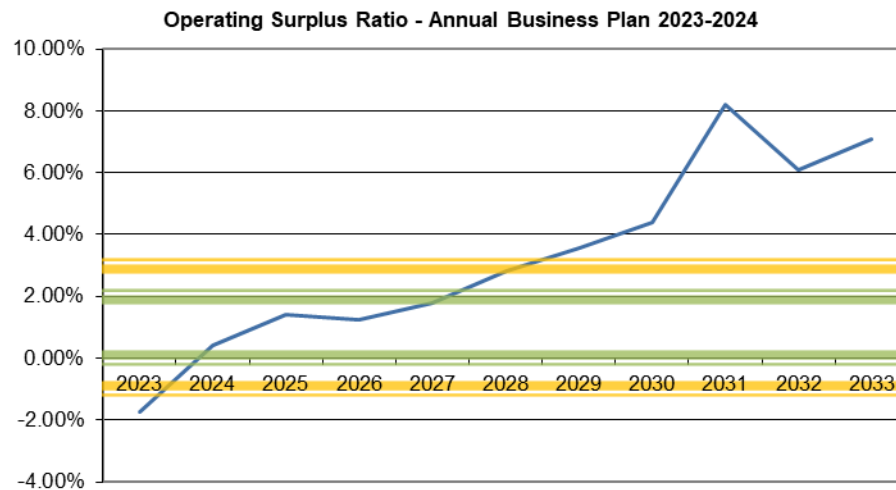
Long Term Financial Plan (LTFP) Assumptions: 2023-2024 to 2032-2033										
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
Increase in Operating Expenditures	5.00%	4.00%	3.00%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Increase in Employee Costs (Excl SGL)	4.00%	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase in Capital Expenditure	5.60%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase in CPI for Non-Rates and Grant Income. Calculated using the incremental historic average of CPI (min 2.5%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Projected increase in Total Rate Revenue (inclusive of Growth)	8.20%	5.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Projected increase in Total Rate Revenue sourced from Development Growth	1.14%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Projected average residential rate increase Rate Revenue	6.75%	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase in Grants Commission Grant Revenue	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Federal Grants continuity	Assumed four instalments of Financial Assistance Grants & ongoing extension of the Roads to Recovery programme									
Employee Costs: Superannuation	Legislative changes to Superannuation Guarantee of stepped increase to 12% between 2021-22 and 2025-26									
Asset Valuation	Fluctuation in Asset Valuation is linked to CPI in the Long Term Financial Plan. Asset classes recorded at cost and not revalued under policy are not indexed. Indexation has been paused for Building Assets following the construction of Payinthe as this large portion of the asset class is carried at cost.									
Depreciation	Depreciation Methodology remained consistent with 2021-2022. Budgeted financial statements as at 30 June 2023 used to identify effective depreciation rate for new initiatives. Indexation of 5.6% for 2023-2024 applied to depreciation from 2022-2023.									
Capital Expenditure	<ul style="list-style-type: none"> Refer to the 10-year capital expenditure plan in this section. Capital Expenditure Budgets are linked to indexation of the LPGI (Capital) in the Long Term Financial 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. 									
Loan Principal & Interest Repayment	As per the Loan Schedule. No new loans included in the Long Term Financial Plan. As per Council's Treasury Management Plan, Council will utilise its Cash Advance Debenture Facilities to meet financing needs across the Long Term Financial Plan.									

3.3 Budget 2023-2024 Strategic Parameters - Financial Sustainability

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

3.3.1 Operating Surplus Ratio

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



Council has adopted target ranges for the Operating Surplus Ratio of -1% to 3% annually (indicated by the yellow and green lines on the graph), and minimum 0% for the five-year average.

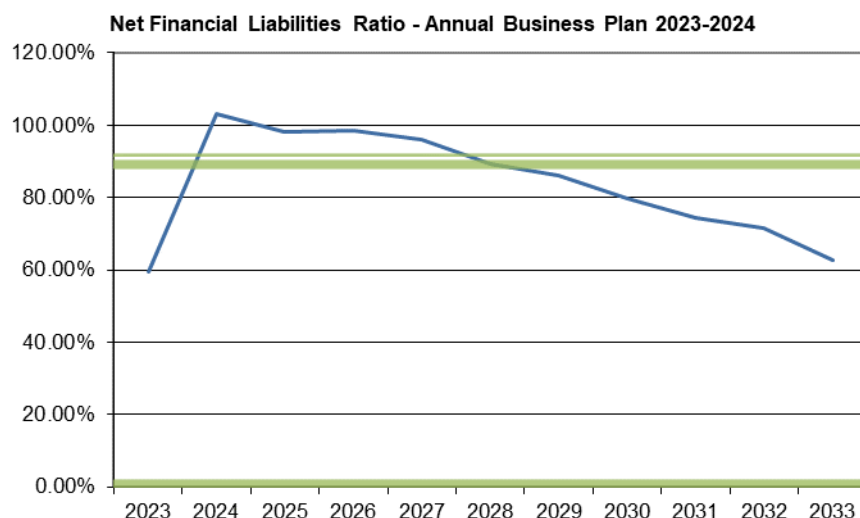
The operating ratio for 2023-2024 is 0.40%. The ratio is within the Council's target range however, future years beyond 2029-2030 as indicated are above the Council's target range due to the following key strategic initiatives:

- Projected rate increase to fund required capital expenditure identified in the Asset Management Plans and repayment of borrowings.
- Future Surpluses required to commence repayment of Cash Advance Debenture Loans

The projected five-year average operating surplus ratio is 1.53%. This is in line with the Council's five-year average target range of between 0% and 3%.

3.3.2 Net Financial Liabilities Ratio

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



Council has adopted a target range for the Net Financial Liabilities Ratio of less than 90%, indicated by the green line on the graph.

Council's net financial liabilities as at 30 June 2024, expressed as a percentage of estimated operating revenue (the net financial liabilities ratio), is expected to be 103.2%, which is above the upper target. This is due to the increase in borrowings associated with the strategic purchase of land on Main North Road. The ratio remains above the upper target for the first four years whilst the positive cashflow projections repay some of the borrowings. From 2028-2029 the ratio is within the target range.

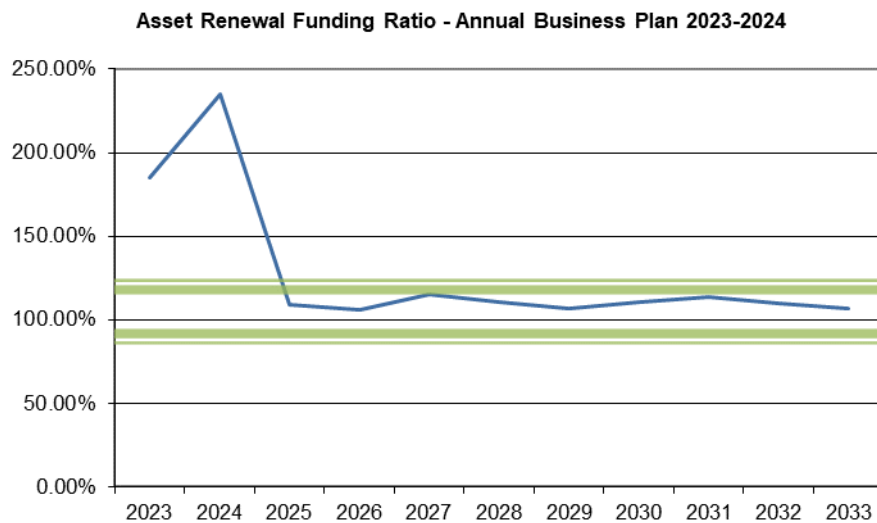
Council has previously undertaken borrowing for the redevelopment of facilities at the North Adelaide Football Club. The outstanding principal is included in Council's Net Financial Liabilities, however fully recoverable from the Club.

Council does not anticipate any new loan borrowings in the life of the Long Term Financial Plan and will use Cash Advance Debenture Loans to fund any short to medium term financing needs. In total, Council has an approved facility of up to \$11m in place for this purpose. An extension of this facility may be required from 2025-2026 onwards.

While Council does have capacity to undertake additional borrowings from a Net Financial Liability perspective, limited capacity within the Operating Surplus Ratio means that Council would be required to find recurrent savings within either recurrent budget or operating project budget to meet the required interest component of repayments.

3.3.3 Asset Renewal Funding 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 Renewal Funding Ratio of 90% to 120% (indicated by the green lines on the graph).

Council's asset renewal funding ratio in 2023-2024 is expected to be 236%, 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 2023-2024.

3.4 LTFP Key Performance Indicators and Dashboard Summary

City of Prospect

10 Year Financial Plan for the Years ending 30 June 2033

KEY PERFORMANCE INDICATORS - ANNUAL BUSINESS PLAN 2023-2024

			Projected Years										
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
			<div><div></div> Within green benchmark</div> <div><div></div> Within single year benchmark, how ever outside 5 year average benchmark</div> <div><div></div> Not w ithin benchmark</div>					<div><div></div> Within green benchmark</div> <div><div></div> Within single year, above 5 year average benchmark</div> <div><div></div> Within single year, below 5 year average benchmark</div> <div><div></div> above upper limit maximum</div> <div><div></div> below minimum limit</div>					
Council's Target Benchmarks													
Operating Surplus Ratio	Snapshot	<div><div></div><div></div></div>		<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	-1.73%	0.40%	1.40%	1.24%	1.79%	2.81%	3.58%	4.41%	8.20%	6.07%	7.08%	
Operating Surplus/(Deficit)	'000s	(486.3)	120.8	439.7	402.6	599.6	970.4	1,278.0	1,626.3	3,126.0	2,390.7	2,879.4	
Net Financial Liabilities Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	59.32%	103.20%	98.05%	98.56%	96.19%	89.37%	85.97%	79.66%	74.46%	71.48%	62.56%	
Cash Advance Debenture	'000s	977	8,308	9,054	11,568	12,707	12,579	13,152	12,786	12,900	13,224	11,741	
Asset Renewal Funding Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	184.70%	235.31%	109.11%	106.13%	115.09%	110.78%	106.51%	110.43%	113.99%	110.05%	106.38%	
Interest Cover Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	1.54%	3.47%	3.57%	3.33%	3.27%	3.08%	2.88%	2.67%	2.45%	2.29%	2.05%	

3.5 Estimated Income Statement

City of Prospect

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF COMPREHENSIVE INCOME -

ANNUAL BUSINESS PLAN 2023-2024

Scenario: Model Draft ABP

	Actuals 2021/22	Current Year 2022/23	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$	\$	\$	\$	\$	\$	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
							\$	\$	\$	\$	\$	\$
Income												
Rates	23,109,000	24,439,781	26,379,769	27,688,530	28,786,327	29,784,266	30,816,933	31,885,539	32,991,336	34,135,621	35,319,736	36,545,071
Statutory Charges	1,134,000	1,076,875	1,176,000	1,205,400	1,035,535	1,061,423	1,087,959	1,115,158	1,143,037	1,171,613	1,200,903	1,230,926
User Charges	401,000	294,310	453,000	556,575	570,489	584,751	599,370	614,354	629,713	645,456	661,592	678,132
Grants, Subsidies and Contributions	2,035,000	1,794,610	1,499,451	1,510,745	1,522,152	1,533,672	1,545,308	1,557,060	1,568,930	1,580,918	1,593,027	1,605,256
Investment Income	136,000	222,711	164,742	149,144	132,436	119,168	119,168	119,168	119,168	119,168	119,168	119,168
Reimbursements	80,000	137,719	212,750	218,069	223,521	229,109	234,836	240,707	246,725	252,893	259,215	265,696
Other Income	146,000	187,350	156,650	160,566	164,580	168,695	172,912	177,235	181,666	186,207	190,863	195,634
Net gain - equity accounted Council businesses	3,000	-	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800
Total Income	27,044,000	28,153,356	30,056,162	31,502,829	32,448,840	33,494,884	34,590,287	35,723,021	36,894,374	38,105,677	39,358,305	40,653,683
Expenses												
Employee Costs	9,507,000	9,840,803	10,306,767	10,758,077	11,229,476	11,516,431	11,810,561	12,112,044	12,421,064	12,737,809	13,062,473	13,395,254
Materials, Contracts & Other Expenses	12,135,000	11,783,454	11,707,502	11,920,867	12,244,023	12,563,903	12,805,708	13,097,126	13,395,829	12,598,878	14,015,825	14,237,496
Depreciation, Amortisation & Impairment	5,869,000	6,362,300	6,719,058	7,114,538	7,363,251	7,604,442	7,823,238	8,091,139	8,349,271	8,591,543	8,872,851	9,190,871
Finance Costs	676,000	653,105	1,202,084	1,269,658	1,209,519	1,210,537	1,180,331	1,144,720	1,101,927	1,051,468	1,016,472	950,661
Net loss - Equity Accounted Council Businesses	30,000	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	28,217,000	28,639,662	29,935,411	31,063,140	32,046,269	32,895,313	33,619,838	34,445,029	35,268,091	34,979,698	36,967,622	37,774,281
Operating Surplus / (Deficit)	(1,173,000)	(486,306)	120,751	439,689	402,571	599,572	970,449	1,277,992	1,626,284	3,125,979	2,390,683	2,879,402
Asset Disposal & Fair Value Adjustments	(1,110,000)	140,000	75,000	195,000	315,000	333,000	160,000	186,000	186,000	186,000	150,000	150,000
Amounts Received Specifically for New or Upgraded Assets	2,369,000	917,733	4,956,000	-	1,000,000	-	1,000,000	-	1,000,000	-	1,000,000	-
Net Surplus / (Deficit)	86,000	571,427	5,151,751	634,689	1,717,571	932,572	2,130,449	1,463,992	2,812,284	3,311,979	3,540,683	3,029,402
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	12,297,000	8,686,400	7,504,124	5,880,345	5,038,850	5,212,197	5,342,795	5,466,928	5,575,883	5,713,179	5,864,083	6,025,625
Total Other Comprehensive Income	12,297,000	8,686,400	7,504,124	5,880,345	5,038,850	5,212,197	5,342,795	5,466,928	5,575,883	5,713,179	5,864,083	6,025,625
Total Comprehensive Income	12,383,000	9,257,827	12,655,875	6,515,034	6,756,420	6,144,769	7,473,244	6,930,920	8,388,167	9,025,158	9,404,766	9,055,027

3.6 Estimated Balance Sheet

City of Prospect

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF FINANCIAL POSITION -

ANNUAL BUSINESS PLAN 2023-2024

Scenario: Model Draft ABP

	Actuals 2021/22	Current Year 2022/23	Projected Years									
	\$	\$	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	5,010,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Trade & Other Receivables	1,586,000	1,655,134	2,028,642	1,581,901	1,450,178	1,383,114	1,524,655	1,459,406	1,604,228	1,518,269	1,688,811	1,626,553
Inventories	3,000	3,085	1,575	1,604	1,647	1,690	1,723	1,762	1,802	1,695	1,885	1,915
Total Current Assets	6,599,000	1,708,219	2,080,216	1,633,504	1,501,825	1,434,804	1,576,377	1,511,168	1,656,030	1,569,963	1,740,696	2,128,468
Non-Current Assets												
Financial Assets	974,000	740,592	506,011	254,722	254,722	254,722	254,722	254,722	254,722	254,722	254,722	254,722
Equity Accounted Investments in Council Businesses	139,000	139,000	152,800	166,600	180,400	194,200	208,000	221,800	235,600	249,400	263,200	277,000
Investment Property	-	-	8,380,000	8,380,000	8,380,000	8,380,000	8,380,000	8,380,000	8,380,000	8,380,000	8,380,000	8,380,000
Infrastructure, Property, Plant & Equipment	235,935,000	250,102,289	268,684,114	275,054,811	282,890,020	289,257,979	295,413,125	302,127,422	309,179,303	317,175,966	326,326,617	332,668,974
Other Non-Current Assets	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000
Total Non-Current Assets	237,570,000	251,503,881	278,244,925	284,378,133	292,227,142	298,608,901	304,777,847	311,505,944	318,571,625	326,582,088	335,746,539	342,102,696
TOTAL ASSETS	244,169,000	253,212,100	280,325,142	286,011,638	293,728,967	300,043,705	306,354,224	313,017,111	320,227,655	328,152,051	337,487,236	344,231,164
LIABILITIES												
Current Liabilities												
Trade & Other Payables	4,025,000	4,316,584	4,320,893	4,410,332	4,537,034	4,655,032	4,747,419	4,856,572	4,968,455	4,717,073	5,200,680	5,287,981
Borrowings	1,498,000	1,578,633	1,663,719	1,679,600	1,087,044	1,127,456	950,200	923,540	962,508	877,817	914,974	410,633
Provisions	1,633,000	1,652,547	1,652,547	1,652,547	1,652,547	1,652,547	1,652,547	1,652,547	1,652,547	1,652,547	1,652,547	1,652,547
Total Current Liabilities	7,156,000	7,547,765	7,637,160	7,742,480	7,276,625	7,435,036	7,350,166	7,432,660	7,583,510	7,247,438	7,768,201	7,351,161
Non-Current Liabilities												
Cash Advance Debenture	-	976,972	8,308,463	9,054,205	11,568,012	12,707,027	12,579,372	13,152,385	12,786,420	12,899,548	13,224,176	11,740,750
Borrowings	12,087,000	10,523,084	17,559,365	15,879,765	14,792,721	13,665,265	12,715,066	11,791,526	10,829,018	9,951,201	9,036,227	8,625,594
Provisions	118,000	98,453	98,453	98,453	98,453	98,453	98,453	98,453	98,453	98,453	98,453	98,453
Total Non-Current Liabilities	12,205,000	11,598,508	25,966,280	25,032,422	26,459,186	26,470,745	25,392,890	25,042,363	23,713,890	22,949,201	22,358,856	20,464,797
TOTAL LIABILITIES	19,361,000	19,146,273	33,603,440	32,774,902	33,735,811	33,905,781	32,743,056	32,475,023	31,297,400	30,196,639	30,127,057	27,815,958
Net Assets	224,808,000	234,065,827	246,721,702	253,236,736	259,993,156	266,137,924	273,611,168	280,542,088	288,930,255	297,955,412	307,360,178	316,415,205
EQUITY												
Accumulated Surplus	78,724,000	79,295,427	84,447,179	85,081,867	86,799,438	87,732,009	89,862,458	91,326,450	94,138,734	97,450,713	100,991,395	104,020,797
Asset Revaluation Reserves	141,429,000	150,115,400	157,619,524	163,499,868	168,538,718	173,750,915	179,093,710	184,560,638	190,136,521	195,849,700	201,713,783	207,739,409
Other Reserves	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000	4,655,000
Total Equity	224,808,000	234,065,827	246,721,702	253,236,736	259,993,156	266,137,924	273,611,168	280,542,088	288,930,255	297,955,412	307,360,178	316,415,205

3.7 Estimated Cash Flow Statement

City of Prospect

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF CASH FLOWS - ANNUAL BUSINESS PLAN 2023-2024

Scenario: Model Draft ABP

	Actuals 2021/22	Current Year 2022/23	Projected Years									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates Receipts	23,290,000	24,081,247	26,441,673	27,657,045	28,759,917	29,760,258	30,792,090	31,859,831	32,964,733	34,108,092	35,291,250	36,515,592
Statutory Charges	1,134,000	1,193,080	1,163,583	1,201,717	1,056,814	1,058,180	1,084,635	1,111,751	1,139,544	1,168,033	1,197,234	1,227,165
User Charges	401,000	346,236	433,121	543,600	568,746	582,965	597,539	612,477	627,789	643,484	659,571	676,060
Grants, Subsidies and Contributions (operating purpose)	1,066,000	1,959,666	1,108,562	2,027,116	1,416,531	1,636,898	1,439,664	1,660,262	1,463,261	1,684,096	1,487,333	1,708,408
Investment Receipts	136,000	235,226	166,463	149,607	132,932	119,562	119,168	119,168	119,168	119,168	119,168	119,168
Reimbursements	80,000	142,102	208,959	217,800	223,245	228,826	234,547	240,411	246,421	252,581	258,896	265,368
Other	193,000	196,210	160,496	160,075	164,077	168,179	172,384	176,693	181,111	185,638	190,279	195,036
Payments:												
Payments to Employees	(9,323,000)	(10,124,445)	(10,277,254)	(10,739,441)	(11,210,010)	(11,504,582)	(11,798,415)	(12,099,595)	(12,408,303)	(12,724,730)	(13,049,067)	(13,381,512)
Payments for Materials, Contracts & Other Expenses	(12,027,000)	(11,248,876)	(11,729,600)	(11,854,575)	(12,143,619)	(12,464,517)	(12,730,580)	(13,006,584)	(13,303,023)	(12,846,488)	(13,575,585)	(14,168,623)
Finance Payments	(676,000)	(653,105)	(1,202,084)	(1,269,658)	(1,209,519)	(1,210,537)	(1,180,331)	(1,144,720)	(1,101,927)	(1,051,468)	(1,016,472)	(950,661)
Net Cash provided (or used in) Operating Activities	4,274,000	6,127,344	6,473,918	8,093,286	7,759,114	8,375,232	8,730,700	9,529,694	9,928,774	11,538,407	11,562,608	12,206,002
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	3,338,000	917,733	4,956,000	-	1,000,000	-	1,000,000	-	1,000,000	-	1,000,000	-
Sale of Replaced Assets	280,000	140,000	75,000	195,000	315,000	333,000	160,000	186,000	186,000	186,000	150,000	150,000
Repayments of Loans by Community Groups	191,000	204,424	218,984	234,581	251,289	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses	30,000	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Expenditure on Renewal/Replacement of Assets	(3,163,000)	(11,478,399)	(13,977,555)	(7,135,221)	(8,805,236)	(8,430,861)	(7,529,616)	(8,244,352)	(8,716,085)	(10,491,263)	(10,381,667)	(8,786,709)
Expenditure on New/Upgraded Assets	(990,000)	(364,790)	(3,819,205)	(469,669)	(1,354,374)	(329,342)	(1,105,973)	(1,094,155)	(1,109,185)	(383,764)	(1,777,752)	(720,893)
Purchase of Investment Property	-	-	(8,380,000)	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	(30,000)	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(344,000)	(10,581,032)	(20,926,776)	(7,175,309)	(8,593,321)	(8,427,203)	(7,475,589)	(9,152,507)	(8,639,270)	(10,689,027)	(11,009,419)	(9,357,602)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings	-	-	8,700,000	-	-	-	-	-	-	-	-	-
Payments:												
Repayments of Borrowings	(1,354,000)	(1,413,464)	(1,506,091)	(1,588,716)	(1,602,053)	(1,006,866)	(1,044,558)	(886,186)	(923,540)	(962,508)	(877,817)	(914,974)
Repayment of Principal Portion of Lease Liabilities	(68,000)	(69,819)	(72,542)	(75,003)	(77,547)	(80,178)	(82,898)	(64,014)	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(1,422,000)	(1,483,283)	7,121,367	(1,663,719)	(1,679,600)	(1,087,044)	(1,127,456)	(950,200)	(923,540)	(962,508)	(877,817)	(914,974)
Net Increase/(Decrease) in Cash & Cash Equivalents	2,508,000	(5,936,972)	(7,331,491)	(745,742)	(2,513,808)	(1,139,015)	127,656	(573,013)	365,965	(113,128)	(324,628)	1,933,426
plus: Cash & Cash Equivalents - beginning of year	2,502,000	5,010,000	(926,972)	(8,258,463)	(9,004,205)	(11,518,013)	(12,657,028)	(12,529,372)	(13,102,385)	(12,736,420)	(12,849,548)	(13,174,176)
Cash & Cash Equivalents - end of the year	5,010,000	(926,972)	(8,258,463)	(9,004,205)	(11,518,013)	(12,657,028)	(12,529,372)	(13,102,385)	(12,736,420)	(12,849,548)	(13,174,176)	(11,240,750)
Cash & Cash Equivalents - end of the year	5,010,000	(926,972)	(8,258,463)	(9,004,205)	(11,518,013)	(12,657,028)	(12,529,372)	(13,102,385)	(12,736,420)	(12,849,548)	(13,174,176)	(11,240,750)
Investments - end of the year	-	-	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	5,010,000	(926,972)	(8,258,463)	(9,004,205)	(11,518,013)	(12,657,028)	(12,529,372)	(13,102,385)	(12,736,420)	(12,849,548)	(13,174,176)	(11,240,750)

3.8 Estimated Statement of Changes in Equity

City of Prospect

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF CHANGES IN EQUITY -

ANNUAL BUSINESS PLAN 2023-2024

Scenario: Model Draft ABP

	Actuals 2021/22	Current Year 2022/23	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	212,425,000	224,808,000	234,065,827	246,721,702	253,236,736	259,993,156	266,137,924	273,611,168	280,542,088	288,930,255	297,955,412	307,360,178
Net Surplus / (Deficit) for Year	86,000	571,427	5,151,751	634,689	1,717,571	932,572	2,130,449	1,463,992	2,812,284	3,311,979	3,540,683	3,029,402
Other Comprehensive Income												
- Gain (Loss) on Revaluation of I,PP&E	12,297,000	8,686,400	7,504,124	5,880,345	5,038,850	5,212,197	5,342,795	5,466,928	5,575,883	5,713,179	5,864,083	6,025,625
Other Comprehensive Income	12,297,000	8,686,400	7,504,124	5,880,345	5,038,850	5,212,197	5,342,795	5,466,928	5,575,883	5,713,179	5,864,083	6,025,625
Total Comprehensive Income	12,383,000	9,257,827	12,655,875	6,515,034	6,756,420	6,144,769	7,473,244	6,930,920	8,388,167	9,025,158	9,404,766	9,055,027
Equity - Balance at end of the reporting period	224,808,000	234,065,827	246,721,702	253,236,736	259,993,156	266,137,924	273,611,168	280,542,088	288,930,255	297,955,412	307,360,178	316,415,205

3.9 Uniform Presentation of Finances

City of Prospect

10 Year Financial Plan for the Years ending 30 June 2033

UNIFORM PRESENTATION OF FINANCES -

ANNUAL BUSINESS PLAN 2023-2024

Scenario: Model Draft ABP

	Actuals 2021/22 \$	Current Year 2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$	Projected Years					
			2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$	2032/33 \$				
Operating Activities												
Income	27,044,000	28,153,356	30,056,162	31,502,829	32,448,840	33,494,884	34,590,287	35,723,021	36,894,374	38,105,677	39,358,305	40,653,683
less Expenses	(28,217,000)	(28,639,662)	(29,935,411)	(31,063,140)	(32,046,269)	(32,895,313)	(33,619,838)	(34,445,029)	(35,268,091)	(36,979,698)	(38,967,622)	(37,774,281)
Operating Surplus / (Deficit)	(1,173,000)	(486,306)	120,751	439,689	402,571	599,572	970,449	1,277,992	1,626,284	3,125,979	2,390,683	2,879,402
Capital Activities												
less (Net Outlays) on Existing Assets												
Capital Expenditure on Renewal and Replacement of Existing Assets	(3,163,000)	(11,478,399)	(13,977,555)	(7,135,221)	(8,805,236)	(8,430,861)	(7,529,616)	(8,244,352)	(8,716,085)	(10,491,263)	(10,381,667)	(8,786,709)
add back Depreciation, Amortisation and Impairment	5,869,000	6,362,300	6,719,058	7,114,538	7,363,251	7,604,442	7,823,238	8,091,139	8,349,271	8,591,543	8,872,851	9,190,871
add back Proceeds from Sale of Replaced Assets	280,000	140,000	75,000	195,000	315,000	333,000	160,000	186,000	186,000	186,000	150,000	150,000
(Net Outlays) on Existing Assets	2,986,000	(4,976,099)	(7,183,497)	174,317	(1,126,985)	(493,419)	453,622	32,787	(180,814)	(1,713,720)	(1,358,816)	554,162
less (Net Outlays) on New and Upgraded Assets												
Capital Expenditure on New and Upgraded Assets												
(including Investment Property & Real Estate Developments)	(990,000)	(364,790)	(12,199,205)	(469,669)	(1,354,374)	(329,342)	(1,105,973)	(1,094,155)	(1,109,185)	(383,764)	(1,777,752)	(720,893)
add back Amounts Received Specifically for New and Upgraded Assets	3,338,000	917,733	4,956,000	-	1,000,000	-	1,000,000	-	1,000,000	-	1,000,000	-
(Net Outlays) on New and Upgraded Assets	2,348,000	552,943	(7,243,205)	(469,669)	(354,374)	(329,342)	(105,973)	(1,094,155)	(109,185)	(383,764)	(777,752)	(720,893)
Net Lending / (Borrowing) for Financial Year	4,161,000	(4,909,462)	(14,305,950)	144,337	(1,078,789)	(223,190)	1,318,098	216,624	1,336,285	1,028,495	254,115	2,712,671

3.10 Long Term Financial Plan Operating Projects Allocation

Project Name	Expenditure	Income	Net Project Cost	Year 2 2024 - 25	Year 3 2025 - 26	Year 4 2026 - 27	Year 5 2027 -28	Year 6 2028 - 29	Year 7 2029 - 30	Year 8 2030 - 31	Year 9 2031 - 32	Year 10 2032- 33
Green Tunnel Tree Planting Program	154,500	-	154,500	154,500	154,500	154,500	154,500	154,500	154,500	154,500	154,500	154,500
Asset Condition Audits	125,000	-	125,000	125,000	125,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Integrated Transport Plan	182,000	-	182,000	-	-	-	-	-	-	-	-	-
Waste Diversion Trial - Weekly Green Bin	70,000	-	70,000	-	-	-	-	-	-	-	-	-
Service reviews	25,000	-	25,000	75,000	50,000	50,000	50,000	-	-	-	-	-
Strategic Community Plan	30,000	-	30,000	30,000	-	-	30,000	30,000	-	-	30,000	30,000
Village Heart Marketing Fund	\$18,500 to \$20,000			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Broadview Community and Sports Hub	10,000	-	10,000	-	-	-	-	-	-	-	-	-
City Growth & Business Support Officer	70,000	-	70,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
City Growth & Business Support Fund	50,000	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Catalyst Growth, Prosperity & Placemaking	50,000	-	50,000	-	-	-	-	-	-	-	-	-
Events Core Program	155,000	-	155,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
City Wide Public Art Advisory Board	25,000	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Digital Heritage Walking Trail Scoping Study	5,000	-	5,000	-	-	-	-	-	-	-	-	-
Heritage Thematic Analysis	50,000	-	50,000	-	-	-	-	-	-	-	-	-
Prospect Portrait Prize	6,000	2,000	4,000	-	6,000	-	6,000	-	6,000	-	6,000	-
Art Walk 2023	60,000	-	60,000	-	-	-	-	-	-	-	-	-
Prospect Magazine	66,500	22,500	44,000	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
Christmas Festive Community	20,000	-	20,000									
Saturated Steam Trial	11,000	-	11,000									
Information Technology Enhancements		-	-	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Periodic Election / Electoral Roll	-	-	-	-	-	-	140,000	-	-		140,000	-
Representation Review	-	-	-	-	-	-	-	-	30,000	-	-	-
By-Law Review	-	-	-	-	-	-	-	10,000		-	-	-
Comprehensive Playground Safety Audit	-	-	-	34,295	34,295	34,295	34,295	34,295	34,295	34,295	34,295	34,295
Community Surveys - Resident Satisfaction	-	-	-		40,000		40,000		40,000		40,000	
Unidentified Projects	-	-	-	163,705	172,705	268,705	52,705	278,705	242,705	318,705	102,705	288,705
Total	1,185,000	24,500	1,160,500	1,149,000	1,149,000	1,149,000	1,149,000	1,149,000	1,149,000	1,149,000	1,149,000	1,149,000
Strategic Land Project												
Prospect Oval Expansion project	111,438	82,500	28,938	(237,568)	(243,426)	(249,512)	(255,750)	(262,143)	(268,697)	(275,414)	(282,300)	(289,357)

3.11 Long Term Financial Plan Capital Projects Allocation

Project Name	Expenditure	Income	Net Project Cost	Year 2 2024 - 25	Year 3 2025 - 26	Year 4 2026 - 27	Year 5 2027 -28	Year 6 2028 - 29	Year 7 2029 - 30	Year 8 2030 - 31	Year 9 2031 - 32	Year 10 2032- 33
Identified Carried Forward Projects												
Prospect Tennis Club Courts Renewal	375,000	-	375,000	-	-	-	-	-	-	-	-	-
Broadview Oval Community & Sports Hub	1,416,615	-	1,416,615	-	-	-	-	-	-	-	-	-
Churchill Rd: Recon/Drainage Upgrade	4,006,920	2,800,000	1,206,920	-	-	-	-	-	-	-	-	-
Livingstone Ave: Recon/Drainage Upgrade	2,211,520	1,075,000	1,136,520	-	-	-	-	-	-	-	-	-
Islington Station Shared Path	350,000	-	350,000	-	-	-	-	-	-	-	-	-
Open Space Strategy - Percy Street Reserve	115,000	-	115,000	-	-	-	-	-	-	-	-	-
Open Space Strategy - RL Pash Reserve	215,000	215,000	-	-	-	-	-	-	-	-	-	-
Broadview Sports Tennis Infra Upgrade	564,000	-	564,000	-	-	-	-	-	-	-	-	-
Open Space - Irish Harp Reserve Upgrade	493,377	-	493,377	-	-	-	-	-	-	-	-	-
Collinswood Roundabout Howard St Rosetta St	200,000	200,000	-	-	-	-	-	-	-	-	-	-
Stormwater & Drainage Works												
Drainage and Stormwater Renewal /Upgrade	62,988	-	62,998	1,153,152	1,187,747	1,217,440	1,247,876	1,279,073	1,311,050	1,343,826	1,377,422	1,411,859
Drainage and Stormwater New	-	-	-	-	1,000,000	-	1,000,000	-	1,000,000	-	1,000,000	-
Stormwater Management Plan Stage 2 HEP Channel Upgrade Planning	688,391	350,000	338,391	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
RL Pash Reserve Water Sensitive Urban Design	261,589	-	261,589	-	-	-	-	-	-	-	-	-
	1,012,968	350,000	662,968	1,153,152	2,187,747	1,217,440	2,247,876	1,279,073	2,311,050	1,343,826	2,377,422	1,411,859
Footpath Capital Works												
Footpath Renewal Program	527,822	-	527,822	530,450	546,363	560,023	574,023	588,374	603,083	618,160	633,614	649,454
DDA Compliance at Bus Stops	57,366	-	57,366	-	-	-	-	-	-	-	-	-
	585,188	-	585,188	530,450	546,363	560,023	574,023	588,374	603,083	618,160	633,614	649,454
Building Capital Works												
Building Renewal	390,088	-	390,088	172,973	2,137,944	1,339,184	374,363	639,537	655,525	1,814,165	1,859,520	705,929
Broadview Community & Sports Hub project	286,830	-	286,830	-	-	-	-	-	-	-	-	-
St Helens Park Rotunda Upgrade	252,410	-	252,410	-	-	-	-	-	-	-	-	-
Nailsworth Community Shed - Stage 2	114,732	-	114,732	-	-	-	-	-	-	-	-	-
	1,044,060	-	1,044,060	172,973	2,137,944	1,339,184	374,363	639,537	655,525	1,814,165	1,859,520	705,929

Long Term Financial Plan Capital Projects Allocation (cont..)

Project Name	Expenditure	Income	Net Project Cost	Year 2 2024 - 25	Year 3 2025 - 26	Year 4 2026 - 27	Year 5 2027 -28	Year 6 2028 - 29	Year 7 2029 - 30	Year 8 2030 - 31	Year 9 2031 - 32	Year 10 2032- 33
Open Space Capital Works												
Open Space - Renewal upgrades	-	-	-	374,774	386,018	395,668	405,560	415,699	426,091	436,744	447,662	458,854
Open Space - New infrastructure	-	-	-	576,576	593,873	608,720	623,938	639,537	655,525	671,913	688,711	705,929
RL Pash Reserve Upgrade	265,031	-	265,031	-	-	-	-	-	-	-	-	-
Broadview Sports Ground Tennis Infrastructure Upgrade year 2	656,266	286,000	370,266	-	-	-	-	-	-	-	-	-
Percy Street Reserve - Additional Funds	115,630	-	115,630	-	-	-	-	-	-	-	-	-
Matthews Reserve Design	68,839	-	68,839	-	-	-	-	-	-	-	-	-
Broadview Community & Sports Hub Landscape Upgrade Integration	40,156	-	40,156	-	-	-	-	-	-	-	-	-
St Helens Park Lighting Upgrade	137,678	-	137,678	-	-	-	-	-	-	-	-	-
Prospect Oval (Payinthe Yarta) Goal Posts	113,581	-	113,581	-	-	-	-	-	-	-	-	-
Prospect Oval (Payinthe Yarta) Centre Pitch	114,732	30,000	84,732	-	-	-	-	-	-	-	-	-
Prospect Road South Landscaping Improvement Design	40,156	-	40,156	-	-	-	-	-	-	-	-	-
Sporting Fields Subsurface Drainage Investigation & Design	68,839	-	68,839	-	-	-	-	-	-	-	-	-
	1,620,909	316,000	1,304,909	951,350	979,891	1,004,388	1,029,498	1,055,235	1,081,616	1,108,657	1,136,373	1,164,782
All Other Capital Projects												
Library Capital Book Purchases	117,000	89,000	28,000	134,919	138,966	142,441	146,002	149,652	153,393	157,228	161,158	165,187
Fleet Renewal Program	188,914	-	188,914	875,819	900,906	563,066	518,493	970,177	994,431	1,019,292	1,044,774	705,929
City Wide Public Art Advisory Board	27,750	-	27,750	28,829	29,694	30,436	31,197	31,977	32,776	33,596	34,436	35,296
ICT Infrastructure upgrade	250,000	-	250,000	-	-	304,360	-	-	-	335,957	-	-
Modular Audio/visual equipment TK Room	100,000	-	100,000	-	-	-	-	-	-	-	-	-
Christmas Decorations	15,000	-	15,000	-	-	-	-	-	-	-	-	-
Elected Member iPads	-	-	-	-	-	24,349	-	-	-	26,877	-	-
Library IT upgrades	-	-	-	-	-	36,523	-	-	-	40,315	-	-
Staff PC Replacement	-	-	-	-	80,767	82,786	84,856	86,977	89,151	91,380	93,665	96,006
Core Switch	-	-	-	-	-	-	37,436	-	-	-	41,323	-
Digital LED Display Board	25,000	-	25,000	-	-	-	-	-	-	-	-	-
Prospect Oval Lighting Design	200,000	-	200,000									
Unidentified New Capital Projects	-	-		66,066	(61,338)	(96,762)	(330,784)	646,479	(349,682)	(86,576)	295,654	(25,887)
Total Capital Projects Allocation	17,423,153	5,045,000	12,378,153	7,604,890	10,159,610	8,760,202	8,635,560	9,338,505	9,825,271	10,875,025	12,159,392	9,180,626

Part D: Rating Strategy and Structure

2023-2024

4.1 Strategic Development

In setting rates, Council's primary consideration is the City of Prospect's Our Community Plan Towards 2040. This Plan 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. It is proposed as part of the 2023-2024 Annual Business Plan to increase only the differential on Vacant land from 25% to 65% increase to the comparative land use differential, should the land be developed.

The following table provides a summary of the rating practices over recent years. The 2023-2024 numbers are based on early valuation data as provided by the valuer general and will be subject to change before the final adoption of the 2023-2024 Annual Business Plan

Year	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Minimum	1,160.00	1,200.00	1,239.00	1,263.00	1,287.00	1,347.00	1,438.00
Res Val at Min	381,823	391,338	415,660	416,076	425,806	551,981	632,137
Res Rate in \$	0.00303805	0.00306640	0.00298080	0.00303550	0.00302250	0.00244030	0.00227482
Non-Res Val at Min	181,846	190,166	209,213	204,882	204,822	211,128	252,814
Non-Res Rate in \$	0.00637904	0.00631026	0.00592218	0.00616450	0.00628350	0.00638000	0.0056798
Vacant Land (Residential) Val at Min	305,459	313,070	332,528	332,860	340,644	441,585	383,113
Vacant Land (Residential) Rate in \$	0.00379756	0.00383300	0.00372600	0.00379438	0.00377813	0.00305037	0.00375346
Vacant Land (Non- Residential) Val at Min	145,476	152,133	167,371	163,906	163,857	168,902	153,220
Vacant Land (Non- Residential) Rate in \$	0.00797380	0.00788783	0.00740273	0.00770563	0.00785438	0.00797500	0.00938517

Over the same period, the increase in the residential housing sector remained consistent with uplift commencing in 2023-2024.

The following table demonstrates the changes in Rate Revenue and Rateable Valuation (this excludes the value of land that is nonrated). The 2023-2024 numbers are based on early valuation data as provided by the valuer general and will be subject to change before the final adoption of the 2023-2024 Annual Business Plan.

Year	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Total Rateable Valuation	5,629 m	5,841 m	6,280 m	6,323 m	6,550 m	8,227 m	9,532 m
% Inc Total Val	8.14%	3.76%	7.77%	0.68%	3.59%	25.60%	15.86%
General Revenue	19,763,433	20,686,683	21,611,395	22,219,812	22,864,187	24,207,076	26,190,173
% Inc Average Rate Revenue (before mandatory rebate)	3.75%	4.46%	4.47%	2.90%	2.90%	5.7%	6.75%
Minimum Rate	\$1,160	\$1,200	\$1,239	\$1,263	\$1,287	\$1,347	\$1,438
% Inc Min Rate	3.75%	3.4%	3.27%	1.9%	1.9%	4.7%	6.75%

4.2 2023-2024 Rate Increase

Total Rates Revenue

Funding from Rates is forecast to see a total rate revenue increase of 8.2%, being 6.75% from existing assessments, an additional 1.14% from new Development and 0.3% from an increase in the differential on vacant land.

Total residential rate revenue, commercial rate revenue, vacant land and growth (due to development), is to provide a total rate revenue increase of 6.75%. Overall rates generated from new Construction and Development as recognised by the Valuer-General is approximately 1.14%.

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 Average Residential Rate (including development growth) is \$2,191 compared to \$2,065 in 2022-2023. This equates to an increase in the order of approximately 6.15% or \$126 per year.

The following table indicates the rate increase (including Growth) in relation to the differing land uses within our City in recent years based upon preliminary valuation data, this is subject to change prior to adoption.

Land Use	Change in Valuation for 2022-2023 (incl. Growth)	Change in Valuation for 2023-2024 (incl. Growth)	Increase in Rate Revenue for 2023-2024 (incl. Growth)
Residential	27.89%	15.19%	7.40%
Non-Residential	(18.28)%	23.29%	9.80%
Vacant Land (Residential)	17.39%	10.48%	34.0%
Vacant Land (Non-Residential)	(43.00)%	58.05%	86.0%

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

4.3 2023-2024 Rating Structure

Method Used to Value Land

Council uses the services of the South Australian Office of the Valuer-General 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.
- 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, based upon valuation data prior to adoption.

Class	Increase in Value						
	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024
Residential	8.12%	3.46%	7.20%	0.95%	3.79%	27.89%	15.19%
Non Residential	8.43%	3.99%	12.16%	2.19%	0.06%	(18.28)%	23.29%

Valuation movement for the Residential Properties for 2023-2024

The valuation movement for 2023-2024 in the residential sector remained constant across our City to that of 2022-2023, based upon preliminary valuation data, this is subject to change prior to adoption.

Suburb	New Properties (Growth)	No of Properties (excl. tenancies)	Increase in Capital Value (Incl. New Development) 2023-2024	Valuation Movement from New Development 2023-2024
Broadview	5	917	11.22%	0.38%
Collinswood	1	642	20.51%	0.34%
Fitzroy	0	288	15.17%	0.04%
Medindie Gardens	0	121	15.21%	0.08%
Nailsworth	1	868	6.25%	0.23%
Ovingham	8	133	19.90%	4.45%
Prospect	6	5,997	16.00%	0.43%
Sefton Park	2	183	6.93%	0.56%
Thorngate	0	68	15.88%	0.00%
Total all suburbs	70	9,118	14.77	0.91%

Valuation movements by Land Use

The valuation movement between the different sectors of the community is 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.

Valuation movements can be impacted by changes to properties ie building an extension. Historically, these improvements would have been termed 'growth' however changes to the Local Government Act in 2021 have redefined these as valuation movements.

Growth

Changes to the Local Government Act 1999 during 2021 as part of the 'reform of Local Government' have established a definition of Growth. In accordance with Local Government (Financial Management) Regulations 2011, Regulation 6 (2), Growth is an increase in the number of rateable assessments.

Historically, due to the nature of development in the City of Prospect, new assessments have been created in relation to multi-storey developments in a consistent manner to the increase in capital value. As a result, it is expected that Council will continue to achieve a Growth of 1.0% annually, consistent with expectations of the Long Term Financial Plan.

In the case of sub-divisions, on single allotments into multi-allotments some minor timing difference can be expected. This deferral of recognition is not expected to be greater than a year or two having an insignificant impact on the forecasts of the Long Term Financial Plan.

4.4 Differential General Rates

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

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

For the 2023-2024 financial year, Council intends to continue with four differential rates being:

- Residential rate in the dollar includes differential factors 1 (Residential). It is expected that approximately 81.30% 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 17.44% 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, it is expected that approximately 0.77% 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, it is expected that approximately 0.49% 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, e.g. 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.

The following table shows the spread of land use types across the Council area for 2023-2024.

Class	Description	Example	No. of Properties 2023-2024	%
1	Residential	House, maisonette, townhouse, flat	9,720	92.91%
2	Commercial – Shop	Supermarket, hairdresser	296	2.83%
3	Commercial – Office	Accountant, administrative	101	0.97%
4	Commercial – Other	Showroom, warehouse	181	1.73%
5	Industrial Light	Vehicle service, Service Station	26	0.25%
6	Industrial Other	Clothing, Manufacture	7	0.07%
7	Primary Production	Rural Farm Land, Horticulture, Vineyard	0	0.00%
8a	Vacant Land Residential	Unoccupied land, footings only	72	0.69%
8b	Vacant Land Commercial	Commercial Vacant Land	6	0.06%
9	Other	School, Church, Hall, Health Centre, Reserves	53	0.51%
			10,462	100%

4.5 Minimum Rate

Council has historically decided to impose a minimum amount payable, by way of rates in accordance with Section 158 of the Local Government Act 1999. Council has chosen to impose a minimum rate rather than a fixed charge, as it offers simplicity in its administration and is more equitable in sharing the taxation burden (in that land value determines who is subject to the minimum rate and who is not), rather than the imposition of a fixed charge, which applies to all ratepayers with no reference to their capacity to pay (i.e. 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 is required to maintain the ratio of minimum rate over the total number of properties to less than 35%. 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.

In 2023-2024, the minimum rate will increase by \$91 or approximately 6.75% to an amount of \$1,438 (\$1,347 2022-2023). 3,145 (or approximately 30%) of properties attracted the minimum rate in 2022-2023, which is under the legislated maximum of 35%. These assessments contribute approximately 17.23% of total general rates revenue.

The table below, summarises the number of assessments levied with the minimum rate in 2023-2024 by rate class.

Classification	No. of Assessments	No. on Minimum	% on Minimum	Proportion of Min	Rates Collected	% of Total Rates
Residential	9,720	3,074	29.38%	97.74%	21,294,269	81.31%
Commercial Shop	296	32	0.31%	1.02%	1,870,382	7.14%
Commercial Office	101	14	0.13%	0.45%	505,684	1.93%
Commercial Other	181	14	0.13%	0.45%	1,325,945	5.06%
Industry Light	26	0	0.00%	0.00%	154,565	0.59%
Industry Other	7	1	0.01%	0.03%	32,005	0.12%
Primary Production	0	0	0.00%	0.00%	-	0.00%
Vacant Land Residential	72	10	0.10%	0.32%	202,246	0.77%
Vacant Land Non-Residential	6	0	0.00%	0.00%	125,339	0.48%
Other	53		0.00%	0.00%	679,738	2.60%
Total	10,462	3,145	30.06%	100.00%	21,294,269	100.00%

4.6 Remissions (Government Concessions)

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

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

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

4.7 Financial Hardship

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

Council has developed a dedicated Financial Hardship Policy. Please refer to the Financial Hardship Policy for details.

All enquiries are treated with the strictest confidence.

4.8 Postponement

Seniors

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

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.

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 Financial Hardship, please refer to this policy for further detail.

4.9 Payment of Rates

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

- 30 September 2023
- 15 December 2023
- 15 March 2024
- 15 June 2024

Payment may be made a number of ways including BPay, Australia Post (in Person, Internet and Phone), Direct Debit (cheque or savings account only), Council's online payment system, Phone payments, or in person at the Council office. 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 Administration Team to discuss options for alternative payment arrangements. Such enquiries are treated confidentially by Council.

4.10 Receiving Rates Notices Electronically

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

Registrations for Bpay View are made through the rate payers internet banking with their nominated financial institution.

Registrations for EzyBill can be made at: <https://prospect.ezybill.com.au/>

Paper copies of Rate Notices are suspended while there is an active Bpay View Registration. This leads to an environmental and cost saving for the delivery of Rate Notices. In addition, Notices are received immediately from our printer, and most financial institutions provide payment reminders in the days leading up to the due date.

There is no cost to receive notices electronically.

4.11 Late Payment of Rates

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

Any payment that continues in arrears then accrues monthly interest on the amount in arrears, (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.

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

If, after the expiration of the reminder notice no arrangement for payment has been made, the account will be referred to Council's Collection Agency for their processing, which involves:

1. a letter requesting that payment or satisfactory arrangements for payment be made within 7 days. If no payment or satisfactory arrangement is made;
2. a legal action notice seeking full payment of the overdue rates within 14 days or legal action may be taken. If no payment or satisfactory arrangement is made;
3. legal action may be commenced.

All fees and court costs are recoverable from the ratepayer.

Where rates have been unpaid for a period of more than 3 years, a written notice 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; 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, Council may commence the sale of the property in accordance with Section 184 of the Local Government Act 1999.

4.12 Mandatory Rebates

The Local Government Act (sections 159 – 165) requires Council to rebate the rates payable on some land. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society, and educational institutions. These rebates vary from 25% to 100% and will be applied upon application and or verification of existing status.

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.

The number of mandatory rebates expected to be provided during the 2023-2024 financial year are:

Mandatory Rebate	No. of Assessments
Community Services (s161)	129
Religious Purposes (s162)	20
Public Cemeteries (s163)	1
Educational Purposes (s165)	10
Total	160

4.13 Discretionary Rebates

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

Council will consider applications in accordance with Section 166 criteria, and may rebate rates and/or apply such conditions as Council thinks fit. Discretionary rebates granted will be for a particular financial year, with a new application required to be made to Council every four (4) years to align with a council term, 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.

Organisations who have received a discretionary rebate in the current year, are to be advised in writing of the need to submit a new application when the four (4) year term is near. Applications for discretionary rebates are to be received by first instalment date for the relevant financial year.

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; and
- Where the rebate application is for the purpose of:
 - securing the proper development of the area or a part of the area;
 - assisting or supporting a business in the area;
 - preservation of buildings or places of historic significance; or
 - common property or land vested in a community corporation, over which the public has a free and unrestricted right of access and enjoyment.

4.14 Maximum Rate Increase/Rate Capping

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

Rate capping can be administered either automatically by reducing the amount payable (i.e. 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 2023-2024 financial year, and in accordance with Section 153 of the Local Government Act 1999, consistent with previous years, Council has given consideration in its 2023-2024 budget deliberations to applying a percentage “cap” to limit the increase in rates, compared to the previous financial year. The principle of remitting the “capped amount” would result in consistency over time, and comparability across council areas. This option was not adopted on the basis that Council has chosen a carefully controlled approach to rate increases in recent years. During its deliberations, Council was mindful of the fact that provision of a discount to some ratepayers with high increases, results in all other ratepayers paying extra, effectively shifting the rate burden from those receiving the benefit of a cap to those below the cap.

4.15 Regional Landscape Levy

The Regional Landscape Levy was formally known at the Natural Resources Management (NRM) Levy.

Council collects a Regional Landscape Levy on all rateable properties on behalf of the Green Adelaide board. The Levy funds vital projects and is a combination of 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 is yet to be advised of the contribution for 2023-2024.

Council does not retain this revenue or determine how the revenue is spent. Council collects this money (\$683,069 for 2023-2024, up from \$611,946 for 2022-2023) by imposing a separate rate against all of the rateable properties in the area. The rate in the dollar for this separate rate is 0.0000725571 in 2023-2024.

4.16 Village Heart Marketing Fund

Since 2017-2018, Council has managed a new fund for the marketing and promotion of the Prospect Road Village Heart. This fund is provided to finance activities as directed by the Village Heart Marketing Fund Committee.

The fund will source its income via a separate rate applied to all non-residential properties along Prospect Road, bordered at the North by Gladstone and Alpha Roads, and to the South by Buller and Ballville Roads.

Each assessment within the zone will contribute \$150 each 2023-2024.

The fund will collect \$18,500 to \$20,000 for administration support, marketing and promotion works.

A rebate will continue to 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 (30 September 2023).

4.17 Statement of Expected Rate Revenue

A final Summary Rate Revenue Statement will be included in the adopted version of the Annual Business Plan

Statement on Expected Rate Revenue

Expected Rates Revenue				
	2022-2023 (as adopted)	2023-2024 (estimated)	Change	Comments
General Rates Revenue				
General Rates (existing properties)		\$25,928,214 (a)		Overall, Council expects the average residential ratepayer to experience an increase of 6.75%.
General Rates (new properties)		\$261,959 (b)		
General Rates (GROSS)	\$24,207,076	\$26,190,173 (c)		
Less: Mandatory Rebates	(\$512,509)	(\$558,260) (d)		
General Rates (NET)	\$23,683,976	\$25,631,913	8.2%	
(e)=(c)+(d)				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$611,946	\$683,069 (f)		The Regional Landscape Levy is a State tax, it is not retained by council.
Village Heart Marketing Levy	\$18,750	\$20,000 (g)		The Village Heart Marketing Levy is a separate levied on Non-Residential assessments in the Prospect Road Village Heart to finance destination marketing activities directed by the Village Heart Marketing Fund Committee.
	\$24,314,672	\$26,334,982		
Less: Discretionary Rebates	(\$10,591)	(\$21,573) (l)		
Expected Total Rates Revenue	\$23,692,135	\$25,630,340 (m)	8.2%	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
(m)=(e)+(g)-(l)				
Estimated growth in number of rateable properties				
Number of rateable properties	10,349	10,458 (n)	1.1%	
	<i>Actual</i>	<i>Estimate</i>		
'Grow th' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Grow th can also increase the need and expenditure related to infrastructure, services and programs which support these properties and				
Estimated average General Rates per rateable property				
Average per rateable property	\$2,339	\$2,504 (o)	7.1%	
(o)=(c)/(n)				
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).				
The total General Rates paid by all rateable properties will equal the amount adopted in the budget.				
Notes				
(d) Councils are required under the Local Government Act to provide a rebate to qualifying properties under a number of categories:				
<div> <div>Health Services - 100 per cent</div> <div>Religious purposes - 100 per cent</div> <div>Royal Zoological Society of SA - 100 per cent</div> <div>Community Services - 75 per cent</div> <div>Public Cemeteries - 100 per cent</div> <div>Educational purposes - 75 per cent</div> </div> The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).				
(e) Presented as required by the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(1)(ea)				
Please Note: The percentage figure in (e) relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from individual rateable properties (ie. individual rates will not necessarily change by this figure).				
(f) Councils are required under the <i>Landscape South Australia Act 2019</i> to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's				
(l) A council may grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who				
(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.				
(n) 'Grow th' as defined in the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(2)				

Statement on Expected Rate Revenue

Please note: These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the DRAFT Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the ABP&B.

Expected Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property			Rate in the \$
	2022/23	2023/24	Change	2022/23	2023/24	2022/23	2023/24	Change	2023/24
Land Use (General Rates - GROSS)									
Residential	\$19,828,131	\$21,294,269	7.4%	9602	9,720	\$2,065	\$2,191 (p)	\$126	0.00227482
Commercial - Shop	\$1,660,414	\$1,870,382	12.6%	286	296	\$5,806	\$6,319 (p)	\$513	0.00568798
Commercial - Office	\$474,304	\$505,684	6.6%	104	101	\$4,561	\$5,007 (p)	\$446	0.00568798
Commercial - Other	\$1,218,675	\$1,325,945	8.8%	176	181	\$6,924	\$7,326 (p)	\$401	0.00568798
Industry - Light	\$149,387	\$154,565	3.5%	29	26	\$5,151	\$5,945 (p)	\$794	0.00568798
Industry - Other	\$29,548	\$32,005	8.3%	8	7	\$3,657	\$4,572 (p)	\$915	0.00568798
Primary Production	\$0	\$0	0.0%	0	-	\$0	\$0 (p)	\$0	0.00568798
Vacant Land - Residential	\$150,914	\$202,246	34.0%	85	72	\$1,775	\$2,809 (p)	\$1,034	0.00375346
Vacant Land - Non-Res.	\$67,389	\$125,339	86.0%	4	6	\$16,847	\$20,890 (p)	\$4,043	0.00938517
Other	\$628,313	\$679,738	8.2%	55	53	\$11,424	\$12,825 (p)	\$1,401	0.00568798
Total Land Use	\$24,207,075	\$26,190,173	8.2%	10,349	10,462	\$2,339	\$2,503 (p)	\$164	

Indicative revenue and rateable properties have been included in the table above. Valuation data continues to be received from the Valuer General through until June 2023. Updates from the Valuer General will include both creations of new properties and small number of revisits to existing rateable assessments.

Minimum Rate

	No. of properties to which rate will apply		Rate		
	2023/24	% of total rateable properties	2022/23	2023/24	Change
Minimum Rate	3,145	30%	\$1,347	\$1,438 (r)	\$91

Council is required to have less than 35% of assessments attracting the minimum rate. Minimum rate ensures that an equitable amount of tax burden is applied to cover the cost of all services to residents and visitors to the City. With the indexation of the rate 5.75%, an additional number of properties have had the minimum rate applied for current year.

Adopted valuation method

Capital Value/Site Value/Annual Value

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:

Capital Value – the value of the land and all improvements on the land;

Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or

Annual Value – a valuation of the rental potential of the property.

Council levies rates on rateable assessments through the use of capital value. This valuation is prepared annually by the Valuer General and used for a number of taxation and levies by both state and local government. Objections to the valuation can be lodged with the Valuer General. Details of how to lodge an objection are on the rear of the Rates Notice.

Notes

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

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

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

Part E: Local Government Oversight Scheme

5.1 ESCOSA Advice Report

The SA Government introduced the Local Government rates oversight Scheme (“the Scheme”) through amendments to the Local Government Act, 1999 which came into operation on 30 April 2022.

Under the Scheme, the ESCOSA provided Councils (under a schedule on a four-yearly rotational basis) advice on the “....*appropriateness of both the long term financial, infrastructure and asset management plans, and the proposed financial contributions by Council’s ratepayers under those plans...*”. This advice is required to be published as part of the Annual Business Plan and Budget along with a response from Council.

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Advice

Local Government Advice

City of Prospect

February 2023

OFFICIAL

Enquiries concerning this advice should be addressed to:

Essential Services Commission
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Glossary of terms

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

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

The Essential Services Commission (**Commission**) considers the City of Prospect (**Council**) to be in a sustainable financial position, assuming further growth in rate contributions and that the Council can achieve lower expense growth than it has achieved in the past. The Council has not yet adopted any of its asset management plans (at the time of drafting this advice) but has planned for a substantial asset renewal program above the annual revenue requirements recommended by its draft plans.

The Commission suggests that the Council take the following steps to ensure that it continues to budget prudently, and report its cost savings and efficiencies, as well as meeting its asset management plan needs while limiting the extent of further rate increases:

Budgeting considerations

1. **Continue** to review its inflation forecasts in its budget and forward projections each year.

Providing evidence of ongoing cost efficiencies

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

Refinements to asset management planning

3. **Review** the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better alignment with the allocations in its long-term financial plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.
4. **Finalise** and adopt its asset management plans across different asset categories and make them accessible from its website.

Containing rate levels

5. **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.
6. **Consider** reducing future rate increases and proposed capital expenditure, in consultation with its community and in the context of desired service levels, to minimise any affordability risk.

2 About the advice

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

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

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

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

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2023-24 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.⁸ It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website⁹), nor is it compelled under the LG Act to follow the advice. The Commission thanks the City of Prospect for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

In general, the Commission finds the City of Prospect's current and projected financial position sustainable but reliant on continued growth in rate contributions, largely to fund its projected spending on the renewal of its asset base.

The Council has implemented a period of capital enhancement and service expansion for its community, including delivering the new Payinthe multiuse centre, and rate increases over this period have managed to achieve a sound operating performance.

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

² Commonly referred to as asset management plans.

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

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

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

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

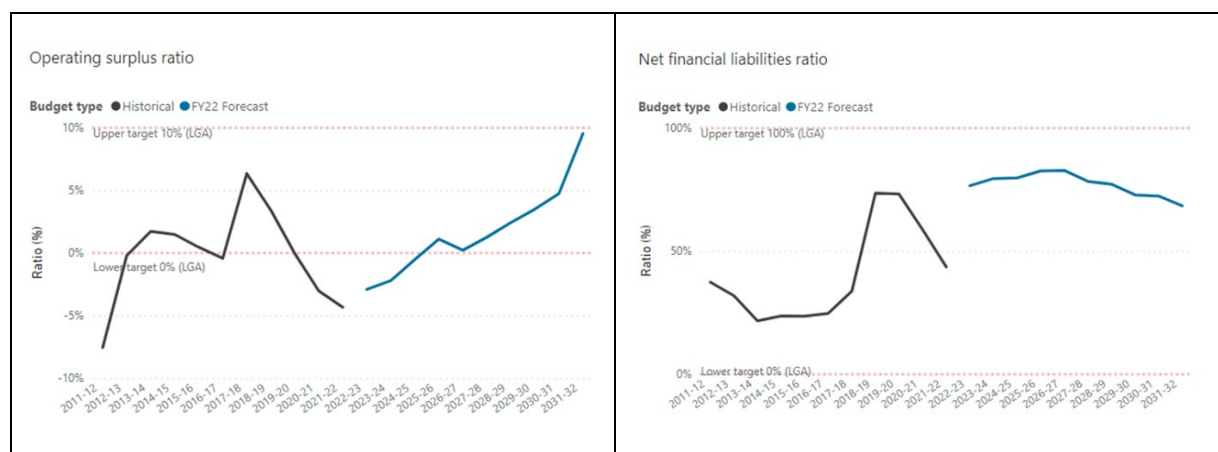
⁹ The Commission must publish its advice under LG Act s122(1i)(a).

From 2022-23, the Council's LTFP forecasts conservative operating expense growth, and the Council has reviewed its services and factored in material savings to its recurrent budget. However, this is a much lower rate of cost growth than has been achieved in the past and incorporates a significant asset renewal expenditure program, with projected annual spending on the renewal of assets consistently higher than the draft asset management plans (AMPs) identify is needed.¹⁰

Further, the Council has not yet adopted any of its AMPs, which remain in draft form at the time of preparing this advice,¹¹ and there are some anomalies between the draft AMPs and LTFP estimates.¹² This suggests a need for improvement in asset management planning.

Although the Council has stated that it has considered the community's capacity to pay relatively higher rates, the extent of the projected rate rises presents an emerging affordability risk. This could be addressed by the Council ensuring greater cost control, as it has already planned for, and reviewing its spending (including its asset renewal works budgets), in consultation with its community about desired the Council with the opportunity to restrict future rate increases below the levels currently forecast, although its current forecasts are also dependent on the Council achieving relatively low-cost growth.

The charts below of the City of Prospect's past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio and average rates revenue per property, together support these findings. The 'heat map' diagram over the page summarises the Commission's findings with reference to whether the Council has met the suggested target ranges for the three main financial sustainability indicators¹³ and the level of cost control and affordability risk identified for the Council over time.

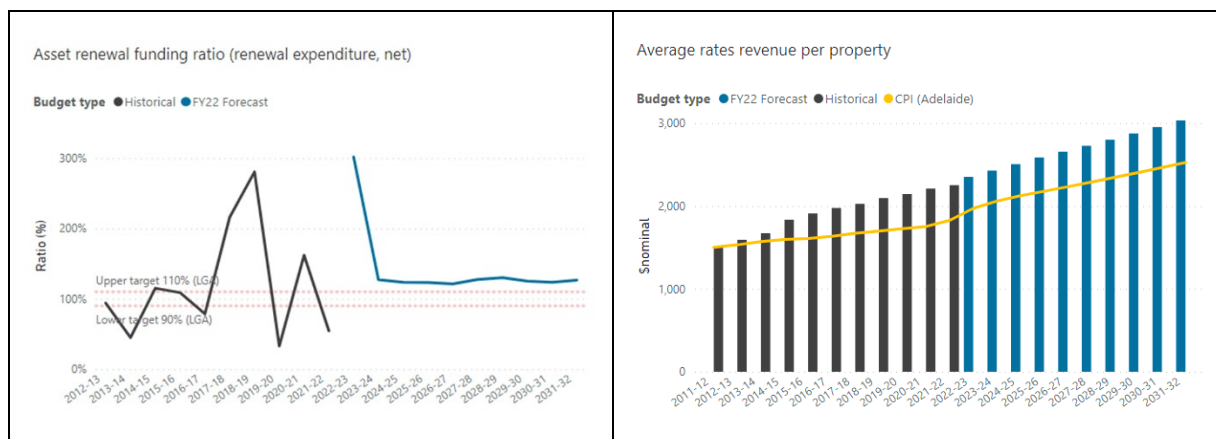


¹⁰ Accordingly, the upper limit of the suggested LGA target range for the asset renewal funding ratio ('IAMP-based') of 90 to 110 percent would be consistently exceeded in the next 10 years. See footnote 13.

¹¹ The Commission understands that the Council is planning to consider the outcomes of the community consultation to finalise the Draft AMPs for buildings, footpaths, open spaces (parks and reserves), roads and stormwater infrastructure on 28 February 2023. (Community consultation information available at: <https://cityofprospect.engagementhub.com.au/asset-management-plan-summary>).

¹² For example, the Draft AMP Summary states that asset renewal needs from 2022-23 average \$5.1 million per annum to 2030-31 whereas the LTFP has budgeted for an average of \$8.1 million per annum (to 2030-31), which exceeds the impact of adjusted inflation forecasts over this period.

¹³ The indicators are specified in the *Local Government (Financial Management) Regulations 2011*. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each ratio, but the Commission has adopted the previously suggested Local Government Association (LGA) target ranges as a basis for its analysis, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).



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

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)			2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0-10%)			Operating surpluses →	Operating deficits	Ratio projected within target range from 25-26
Net financial liabilities ratio (target 0-100%)	Ratio met historically and in forecast period →				
Asset renewal funding ratio (target 90-110%)	Ratio met	High ratio	Closer to target range →	Projected asset renewal spending consistently above target range for ratio	
Identified Risks:					
Cost control risk	Low risk with cost control	Increasing costs inc. for depreciation expenses →			More cost constraint with opex per property forecast 1.1% p.a. from 22-23 to 31-21 (CPI 2.8%) →
Affordability risk	Indicators of capacity to pay for high residential rate levels (average rates revenue per property increased by 4.4% p.a.to 20-21) →			Reduced capacity to pay at higher levels with rates revenue per property growth to average 2.9% p.a. 22-23 to 31-32) →	

- Ratio outside suggested LGA target range or higher risk
- Ratio close to suggested LGA target range or medium risk
- Ratio within suggested LGA target range or lower risk

2.2 Detailed advice findings

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

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.¹⁴

2.2.1 Advice on material plan amendments in 2022-23

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

Based on the Council's assumptions in its 2022-23 LTFP, an increase in its cost and revenue estimates by up to around 6 percent over the 2022-23 to 2030-31 forecast period¹⁵ would account for higher inflation estimates, compared with the same estimates in its 2021-22 LTFP. The actual increase depends on which price index the Council has applied since it used different indices for different cost and revenue series.¹⁶

The City of Prospect has assumed the largest indexation increases to its capital expenditure and depreciation expense forecasts with adjusted LGPI forecasts of 5.6 percent in 2022-23, 3.5 percent in 2023-24 and 2.5 percent thereafter. In contrast, the Council applied a CPI-adjusted increase of 2.5 percent per annum from 2022-23 to grants and other non-rates income.

The Commission notes that the Council's stated assumptions for indexation in its 2022-23 LTFP are well tailored and reasonable in the current inflationary environment,¹⁷ but notes that there is still uncertainty around the inflation forecasts. Notwithstanding the need for the Council to endeavour to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

1. **Continue** to review its inflation forecasts in its budget and forward projections each year.

The Council has increased its forecast operating income in total by 2.3 percent in its 2022-23 LTFP estimates, which appears to be reasonable for inflation impacts alone, although it is the result of a combination of different revenue impacts. It also increased its forecast for operating expenses to 2030-31 by \$19.2 million or 7.3 percent.¹⁸ Much of the increase to operating expense projections is due to the increase of \$12.1 million or 22.6 percent to the depreciation expenses (including an 11 percent increase in 2026-27) over this period. The Council identified that the ongoing depreciation expense increases associated with capital projects on new and upgraded assets have been factored into the LTFP projections.¹⁹

¹⁴ The attachment will be available on the Commission's website with the advice.

¹⁵ The set of nine years forecast in both the 2021-22 and 2022-23 LTFP projections.

¹⁶ The increases on the 2021-22 LTFP estimates are between 2 and 6 percent, depending on which Consumer Price Index (CPI) or Local Government Price Index (LGPI) based series the Council applied.

¹⁷ The Reserve Bank of Australia (RBA) forecasts for CPI to increase by 6.7 percent in the year to the June 2023 quarter, by 3.6 percent in the year to the June 2024 quarter and by 3.0 percent in the year to the June 2025 quarter. (RBA, Forecast Table - February 2023, available at <https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html>) Beyond June 2025, the RBA has not published inflation forecasts, but a return to the long-term average (of 2.5 percent based on the midpoint of the RBA's target range of 2 and 3 percent) is a reasonable assumption.

¹⁸ Compared with the 2021-22 LTFP estimates aggregated over 2022-23 to 2030-31.

¹⁹ City of Prospect, *2022-2023 Annual Business Plan & Budget*, June 2022, p. 41, available at https://www.prospect.sa.gov.au/_data/assets/pdf_file/0040/1187788/Annual-Business-Plan-2022-2023_web-ready.pdf.

2.2.2 Advice on financial sustainability

Operating performance

The City of Prospect ran operating surpluses between 2014-15 and 2020-21, when measured on a three-year rolling average, indicating a generally sustainable operating position. Its operating surplus ratio²⁰ was mostly positive (with a surplus) and within the suggested LGA target range for these years.²¹

Since 2021-22, the Council has shifted into an operating deficit position. Expense growth has averaged 5.9 percent per annum in the three years to 2021-22, compared with operating income growth of 3.2 percent.²² The relatively high operating expense growth was primarily due to higher depreciation expenses, and to a lesser extent, growth in employee expenses.

The Council is forecast to be in a three-year rolling surplus position again from 2026-27. The forecast return to its operating surplus is due to the budgeting for continued rates income increases above the rate of expenses growth. The Council has incorporated recurrent savings of \$500,000 in 2022-23 and \$100,000 over the next two years into its budget. Its LTFP forecasts average operating expense growth of 1.1 percent per property each year in the 10 years to 2031-32 (in nominal terms), compared with rates income growth of 2.9 percent per property and RBA-based projected CPI growth averaging 2.8 percent per annum.²³ With further projected rates increases, the operating surplus ratio is projected to reach 9.5 percent in 2031-32. The extent of the surplus could provide the Council with the opportunity to restrict future rate increases below the levels currently forecast, although it is also dependent on relatively low-cost growth.

In general, the Council's focus on 'zero-based budgeting'²⁴ and achieving recurrent savings is a positive step, noting its improved financial sustainability outlook in the medium to long term does rely on it achieving 'cost savings'. Noting the savings already achieved by the Council in its 2022-23 budget, the Commission considers that it would be appropriate for it to:

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

Net financial liabilities

The City of Prospect has demonstrated a prudent approach to debt management (of total operating income). Its net financial liabilities ratio²⁵ has comfortably met the sector benchmark (between zero

²⁰ The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The suggested target for councils is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019 (LGA SA Financial Indicators Paper*, p. 6).

²¹ The Council adopted target ranges for the operating surplus ratio of -1 to 3 percent annually and a minimum of 0 percent for the five-year average (City of Prospect, *2022-2023 Annual Business Plan & Budget*, June 2022, p. 42).

²² Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

²³ Based on RBA forecasts for CPI (Australia wide) to June 2025, calculated as average annual increases by the Commission and with an assumed return to long run averages (2.5 percent per annum) from 2025-26.

²⁴ Zero-based budgeting is a method of budgeting whereby all expenses must be reviewed and justified for each new period.

²⁵ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities.

and 100 percent)²⁶ over the past 10 years, with an average of 40 percent between 2011-12 and 2020-21.²⁷

The Council intends to continue to only accumulate debt and other liabilities that its operating income can reasonably service. With continued growth in liabilities, the ratio is forecast to peak at 83 percent in 2026-27, before trending down to 68 percent by 2031-32.

However, the Council's projected debt in 2022-23 is approximately 9.2 percent of its equity (as of 30 June 2023) and the Council's Chief Executive Officer noted how this is *"equivalent to a \$46,000 mortgage or so on a \$500,000 house"*.²⁸ Therefore, it might still be prudent to consider additional borrowings in later years, relative to its forecasts, but this will depend on its future income capacity.

Asset renewals expenditure

The Commission's review of the Council's performance regarding its asset renewals expenditure has relied on information provided from its draft AMPs, since the Council is still in the process of finalising them²⁹ to meet its legislative requirement in this regard.³⁰

With reference to draft AMP estimates, the City of Prospect's performance against its asset renewal funding ratio³¹ and annual expenditure on asset renewal works has been relatively volatile over the past 10 years. On average, the ratio from 2011-12 to 2020-21 was 119 percent, which is outside the suggested LGA target range.³²

In the 2022-23 LTFP, the asset renewal funding ratio is forecast to continue to exceed the target range over the forecast period – as high as 301 percent in 2022-23 with significant grant funding contributing to the Broadview Oval Community and Sports Hub and Churchill Road and Livingstone Avenue reconstruction and drainage upgrades.

The ratio is then forecast to track between 120 and 130 percent to 2031-32. Assuming the accuracy of the required asset expenditure from draft AMPs (and notwithstanding the need for extra funding for any acquisition purposes), this might suggest a projected overspend on asset renewal and rehabilitation works by the Council over this period by as much as \$1.5 million per annum, on average, or \$147 per ratepayer each year.³³

²⁶ The suggested target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

²⁷ The Council's target range for the ratio of 'below 90 percent' is within the sector's suggested LGA target range (between zero and 100 percent).

²⁸ City of Prospect, *Ordinary Council Meeting Agenda – 28 June 2022, Item 12.3 – Chief Executive Officer's Statement on Financial Sustainability – Annual Business Plan 2022-2023*, p. 264, available at https://www.prospect.sa.gov.au/_data/assets/pdf_file/0022/1168015/Council-Agenda-28062022.pdf.

²⁹ City of Prospect, *2022-2023 Annual Business Plan & Budget*, June 2022, p. 39. See also footnote 11.

³⁰ s122(1a)(b) of the LG Act.

³¹ The IAMP-based method is the current industry standard whereby net asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). The suggested target range for local councils is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9). The City of Prospect has a broader range (90 to 120 percent). Prior to 2013, the calculation of the ratio in the sector was based on the 'depreciation method' and was known as the asset sustainability ratio until 2018.

³² The performance of the ratio depends on whether the calculation is based on the net asset renewal expenditure (excluding asset sales) or gross capital renewal expenditure. In some years, significant asset sales have reduced the ratio if based on net asset renewal expenditure (eg, in 2019-20), but the volatility across years for the City of Prospect is evident under both methods.

³³ This represents the amount of asset renewal works expenditure above the ratio being met at 110 percent. There is still a potential overspend of \$93 per ratepayer if above the Council's upper limit for the ratio of 120 percent.

Overall, the Council's LTFP forecasts average annual renewal works expenditure of \$8.2 million from 2022-23 to 2031-32, almost double the average over the 10 years to 2020-21 (\$4.4 million). The Commission estimates that CPI growth could account for around 38 percent of the increase over this time.

Based on the draft AMPs, there are currently some anomalies between the asset renewal budgets and the budgets in its 2022-23 LTFP.³⁴ The Draft AMP Summary states that asset renewal needs from 2022-23 will average \$5.2 million per annum to 2030-31 whereas, the LTFP has budgeted for an average of \$8.1 million per annum (to 2030-31). The higher LTFP estimate accounts for more than the impact of inflation between the two estimate periods (noting these estimates are in nominal terms).

Given the significant change in depreciation estimates in its 2022-23 LTFP, the difference between the draft AMP and LTFP projections, and the pressure on rate levels in the short term from higher spending on renewal works (as well as other inflationary pressures), it would be appropriate for the City of Prospect to:

3. **Review** the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better alignment with the allocations in its long-term financial plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.
4. **Finalise** and adopt its asset management plans across different asset categories and make them accessible from its website.

2.2.3 Advice on current and projected rate levels

The City of Prospect's rate revenue growth has averaged 4.4 percent or \$79 per annum for each property over the past 10 years.³⁵ This compares with CPI growth of an average of 1.7 percent per annum, over this period and encompasses average annual growth of 0.2 percent in rateable property numbers.³⁶

In 2022-23, the Council increased residential rates by an average of 4.9 percent or \$109 to \$2,065 per property. It generally increased its commercial and industrial rates by higher amounts.³⁷ Over the forward years of its LTFP, the Council is projecting further average annual rates increases for its ratepayers of 3.3 percent from 2023-24 to 2025-26 and then 2.75 percent from 2026-27. In total, the LTFP effectively projects a cumulative increase of \$781 per existing ratepayer by 2031-32, an increase of \$111 above the Council's assumed CPI inflation growth over this period.³⁸

The City of Prospect's rates revenue forecasts (averaging 3.9 per annum to 2031-32) also factor in average annual growth of 1.0 percent in property numbers. Should lower growth eventuate, this might be a catalyst for the Council to increase average rate levels by more than it has forecast. Therefore, it would be appropriate for it to:

³⁴ The financial projections in a LTFP adopted by a council must be consistent with those in the adopted IAMP (s122(1b) of the LG Act).

³⁵ From 2011-12 to 2020-21.

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

³⁷ City of Prospect, *2022-2023 Annual Business Plan & Budget*, June 2022, p. 73.

³⁸ Based on the City of Prospect's financial template data provided to the Commission, City of Prospect, *2022-2023 Annual Business Plan & Budget*, June 2022, p. 41 and the Commission's calculations.

5. **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.

The Commission notes that the Council has considered the affordability of future rate rises and that there is some evidence of capacity to pay for higher rate levels in the community based on:

- ▶ the area's relatively high socio-economic indexes for areas (SEIFA) economic resources ranking³⁹ and
- ▶ the community survey results, which indicated some support for a 3.5 percent rate increase in 2022-23.⁴⁰

Nonetheless, residential rates are already relatively high⁴¹ and affordability risks for the City of Prospect could emerge with further rate increases, particularly when also considering the risks associated with its low-cost growth forecasts. Its community survey indicated low support among the community for a rate increase as high as 4.7 percent in 2022-23.⁴² In addition, the current economic environment is reducing the capacity to pay for higher rates for many communities, including the City of Prospect. Therefore, to reduce any emerging affordability risk for its ratepayers, and considering where there could still be genuine opportunities for cost reduction in its LTFFP, it would be appropriate for the Council to:

6. **Consider** reducing future rate increases and proposed capital expenditure, in consultation with its community and in the context of desired service levels, to minimise any affordability risk.

2.3 The Commission's next advice and focus areas

In the next cycle of the Scheme, the Commission will review and report upon the City of Prospect's:

- ▶ ongoing performance against its LTFFP estimates
- ▶ achievement of cost savings and efficiencies, and its reporting of these achievements
- ▶ adoption of its AMPs and actions to address any misalignment between the capital expenditure and depreciation estimates in its LTFFP and various AMPs
- ▶ monitoring and reporting of the desired levels of service by the community for its various service assets in its AMPs, and
- ▶ how it has sought to address any emerging affordability risks.

³⁹ The City of Prospect area is ranked 49 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2016), where a lower score (eg, 1) denotes relatively lower access to economic resources in general, compared with other areas, available at <https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20Iga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest>.

⁴⁰ City of Prospect, *Ordinary Council Meeting Agenda – 28 June 2022, Item 12.2 – Attachment 1, Draft Annual Business Plan 2022-2023 – Summary of Engagement Process*, p. 9.

⁴¹ Refer to the Councils in Focus website available at https://councilsinfocus.sa.gov.au/councils/city_of_prospect for 2019-20 rates data by council, noting the history of rate increases by the Council and the SEIFA indicator has already guided the Commission in its advice (the Councils in Focus data provides more detail about average rate levels by rates category).

⁴² See footnote 40.



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5.2 City of Prospect Response to ESCOSA Advice

The outcome of the ESCOSA Review was not a surprise and it is pleasing to receive confirmation that the Commission found that Council has managed its financial position in a sustainable manner. The Commission also noted that Council has implemented a period of capital enhancement and service expansion for its community, including delivering the new Payinthe multiuse centre.

A summary of response is presented below:

Advice	Response
Continue to review its inflation forecasts in its budget and forward projections each year.	Reviews are conducted regularly, with the most recent review taken place in January 2023 by Council's Audit & Risk Committee.
Continue to report its cost savings and efficiencies in its future budgets, to demonstrate its commitment to achieving cost control and efficiency across its operations and service delivery.	Council continually reports on cost saving initiatives and efficiencies across its operations and service deliveries through its annual budget process.
Review the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better alignment with the allocations in its Long Term Financial Plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.	Council will continue to actively review the assumptions against available data and consider the impacts of the Long Term Financial Plan.
Finalise and adopt its asset management plans across different asset categories and make them accessible from its website.	Council is expected to adopt its Draft Asset Management Plan (AMP) by 30/06/2023. Work on revised AMP is expected to commence in late 2023.
Review the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.	Through the annual budget process, Council continually monitors its rateable property growth forecasts, including through its Audit and Risk Committee.
Consider reducing future rate increases and proposed capital expenditure, in consultation with its community and in the context of desired service levels, to minimise any affordability risk.	Council's rate increases in recent years have consistently been at or below the rate of inflation, and rates in the dollar have been in decline since 2020/2021. Rate increase and proposed expenditure will continue to be considered in the context of council's service levels. As part of Council's draft budget process, Council will continue to consult with the community regarding the proposed activities and rate increase.



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