

Audit & Risk Committee Agenda & Reports

22 April 2024

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
Norwood
Payneham
& St Peters

18 April 2024

To all Members of the Audit & Risk Committee

Committee Members

- Mayor Robert Bria (Presiding Member)
- Cr Grant Piggott
- Cr Claire Clutterham
- Ms Stefanie Eldridge (Independent Member)
- Ms Sandra Di Blasio (Independent Member)

Staff

- Mario Barone (Chief Executive Officer)
- Lisa Mara (General Manager, Governance & Civic Affairs)
- Natalia Axenova (Chief Financial Officer)

NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Audit & Risk Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

Monday 22 April 2024, commencing at 7.00pm

Please advise Lisa Mara on 8366 4549 or email lmara@npsp.sa.gov.au, if you are unable to attend this meeting or will be late.

A light meal will be available from 6.30pm.

Yours faithfully



Mario Barone
CHIEF EXECUTIVE OFFICER

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**

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6.1 DRAFT 2024-2025 BUDGET

REPORT AUTHOR: General Manager, Governance & Civic Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE:
ATTACHMENTS: A – C

PURPOSE OF REPORT

The purpose of the report is to present the Draft 2024-2025 Budget to the Audit & Risk Committee to enable the Committee to provide comment and recommendations to the Council, prior to the Council's "in principle" endorsement of the Draft 2024-2025 Annual Business Plan, the Draft 2024-2025 Budget and the Draft Rating Policy, prior to placing these documents on public consultation.

BACKGROUND

Section 123(8) of the *Local Government Act 1999*, requires the Council to adopt an Annual Business Plan and a Budget for the ensuing financial year after 31 May and except in a case involving extraordinary administrative difficulty, before 15 August.

The Draft Budget comprises the Recurrent Budget, which incorporates the revenue and expenditure which is required to provide the "Business as Usual" services. The second component incorporates the Capital and Operating Project Budget. The Operating Projects Budget encompasses services, programs and activities that are outside the "Business as Usual" services and are considered discretionary in nature, (the Council is under no obligation to provide the services, activities or programs or if required to undertake the activity – For example a Representation Review is irregular in nature). Operating Projects generally include one off activities or programs, an expansion of an existing service or program or proposals to introduce a new service or program. Operating Projects are funded from Rate Revenue or a fee for service charge.

The Capital Works Budget encompasses projects which renew, upgrade or create new infrastructure assets. Examples of some projects are the Civil Infrastructure Whole-of-Life Program (referred to as renewals), Playground/Reserve Redevelopment (referred to as upgrades). Renewal Capital Projects are funded through Rate Revenue, via the depreciation charge, with new or upgrade works funded through borrowings or cash reserves.

At its meeting held on 8 April 2024, the Council considered the Draft 2024-2025 Budget. Following consideration of the Draft 2024-2025 Budget the Council resolved the following:

1. *That the proposed Operating and Capital Projects as set out in Attachments A and B, and as amended, be endorsed "in principle".*
2. *That the Draft 2024-2025 Budget, set out in the Financial Statements contained in Attachment E, which incorporates the proposed Operating and Capital Projects, as approved by the Council and including those Projects as set out above and contained in Attachments A and B, be endorsed "in principle".*
3. *The Council notes that a report on the adoption of the Draft 2024-2025 Annual Business Plan and Budget, which includes the 2024-2025 Rating Strategy, will be prepared for the Council's consideration.*

The Draft 2024-2025 Annual Business Plan, will be considered at the Council Meeting scheduled for 6 May 2024.

The Draft 2024-2025 Annual Business Plan and Budget will be released for public consultation for a period of twenty-one (21) days as required by the *Local Government Act 1999*.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

The Council's long term strategic direction is outlined in its Strategic Management Plan *City Plan 2030: Shaping our Future*. The Draft 2024-2025 Annual Business Plan and supporting Draft 2024-2025 Budget, set out the proposed services and programs and explains how the Council intends to finance its continuing and new activities which are proposed to be undertaken during the year.

The Council's Long Term Financial Plan (LTFP), is a key document in the Council's Planning Framework. It is the primary financial management tool which links the Council's Strategic Plan, *City Plan 2030: Shaping our Future*, Whole-of-Life Assets Management Plans and the Annual Business Plan and Budget.

Financial sustainability underpins the Council's Financial Goals and Outcomes, which are set out in the Long-Term Financial Plan. In general terms, financial sustainability is ensuring that the Council has the financial resources to meet the long-term service and infrastructure needs of the community, without any severe increases in rate revenue or cuts in service provision and standards.

From an operational perspective, financial sustainability is being able to manage the balance between keeping rate revenues increases to a reasonable level, maintaining existing service standards and financing new services and major capital investments.

The Draft 2024-2025 Budget has been developed on the basis of ensuring that it will assist in delivering on the Council's Long Term Strategic direction and financial objectives set out in the LTFP.

FINANCIAL AND BUDGET IMPLICATIONS

For the 2024-2025 Financial Year, the LTFP estimates an Operating Surplus of \$170,953, based on a Rate Revenue increase of 8%.

To ensure that the Council can deliver on its financial objectives, as set out in the Council's Long Term Financial Plan, the Draft Recurrent Budget has been prepared with reference to the Budget Parameters which were adopted by the Council at its meeting held on 22 January 2024.

The Draft 2024-2025 Budget, as presented to the Council at its meeting held on 8 April 2024, was based on the 8% Rate Revenue increase as set out in the Long-Term Financial Plan, which in turn will deliver an estimated Operating surplus of \$170,953.

At its meeting held on 8 April 2024, the Council resolved "*in principle*" to incorporate a number of projects within the Draft 2024-2025 Budget. Details of these projects and the impact on the Draft 2024-2025 Budget are set out in the Discussion section of this report.

At the time of writing this report, the rate increase for the average residential ratepayer is not available (noting that the Rate Revenue increase does not necessarily translate to the same percentage increase in the average rate).

EXTERNAL ECONOMIC IMPLICATIONS

The South Australian economy has continued to perform solidly across a number of economic indicators, as the State ranked highest in four of the key economic indicators compared to other Australian States and Territories (i.e. in relative Economic Growth, Unemployment, Construction work (the total real value of residential, commercial and engineering work completed) and Dwellings (housing statistics driven in part by population growth). However, the pace of growth appears to be moderating.

Following growth of 5.1% in 2021-2022, Gross State Product (GSP) declined in 2022-2023, growing only by 3.8%. This data is not available on a quarterly basis. Therefore, the State Final Demand (SFD) is another key component of economic growth the Council can consider, which reflects the consumption on goods and services (including imports) and capital investment. The nominal SFD seasonally adjusted for the December 2023 quarter only increased by 1.6% year-on-year. Growth in both GSP and SFD is expected to remain low in 2023-2024 and 2024-2025 as inflation comes down and real incomes start to rise. Consumption growth is expected to come back to pre-pandemic levels over the next couple of years.

The outlook for inflation has been revised downwards, as it is expected to eventually decline to the 2%–3% target range in 2025 and to reach the midpoint in 2026. Goods price inflation has declined but services price inflation remains high, supported by continued excess demand in the economy and strong domestic cost pressures, both for labour and non-labour inputs. The Adelaide Consumer Price Index (CPI) is forecast to grow by 0.7% towards the later stages of 2023-2024 quarters, reflecting the rising prices for automotive fuel, rents, new dwelling purchases by owner-occupiers, electricity, restaurant meals and property rates and charges. However, this is forecasted to fall back within the Reserve Bank of Australia's target range from 2024-2025.

SOCIAL ISSUES

No Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

The Draft 2024-2025 Budget will also be impacted upon by the decisions made by the Federal Government and State Government in their respective budgets. No information regarding these budgets is available at the time of preparation of this report.

As a result, the Draft 2024-2025 Budget presented in this report, has been developed on the following assumptions:

- that the Financial Assistance Grants, comprising of the General Assistance Grant and the Road Funding Grant, will be provided based on the current funding arrangements of four (4) quarterly instalments. The value of these payments has not been indexed;
- State Government Charges, which are set by Legislation, are yet to be indexed; and
- no new fees and charges will be introduced with the exception of the fees associated with the Visitor Parking Permit Booklets and copies of the Council Assessment Record.

Any adjustments to the Draft Budget arising from the State and Federal Budgets will be incorporated into the Council's 2024-2025 Budget when this information becomes available.

Notwithstanding this, the preparation of the Draft 2024-2025 Annual Business Plan and Budget has been prepared to ensure the Council meets its legislative responsibility in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

CONSULTATION

- **Elected Members**
Elected Members have considered the Draft 2024-2025 Recurrent Budget, Capital Works Program and Operating Projects at an Information Briefing held on 12 March 2024 and at the Special Council Meeting held on 8 April 2024.
- **Community**
Citizens will be provided the opportunity to have input into the Draft 2024-2025 Budget through public consultation on the Draft Annual Business Plan, which is scheduled to be undertaken from 27 May 2024.
- **Staff**
The preparation of the Draft 2024-2025 Budget has been completed with the involvement of the Chief Executive Officer, General Managers and staff responsible for management of the Budget.

- **Other Agencies**
Not Applicable.

DISCUSSION

The Draft 2024-2025 Budget is based on the continuation of existing services and priorities, as determined by the Council, being appropriately resourced and that the Council can maintain the service standards for its existing services to support the delivery of the Strategic Objectives outlined in *CityPlan 2030: Shaping our Future* and that those services receive appropriate funding.

The key objective therefore, is to develop a Budget that not only contributes to the Council's broader strategic objectives of achieving *Community Well-being*, but also ensures that the Council is managing its financial resources in a sustainable, prudent and equitable manner and to ensure that future financial impacts can either be avoided or managed in a measured way, so that the funding requirements are balanced with ensuring that the community does not face unreasonable increases in their annual rates contribution.

Budget Parameters/Assumptions

In developing the Draft 2024-2025 Budget, the following principles and assumptions have been applied:

- the Recurrent Budget be prepared based on the provision of existing services, programs and activities;
- the cost escalation for Material, Contracts and Other Expenses has been set at a 3.5% Inflation; and
- Wages and Salaries increases are based on the Council's Enterprise Agreements.

Budget Overview

As stated previously, the Draft 2024-2025 Budget presented to the Council at its meeting held on 8 April 2024, was based on the draft LTFP with a recommended Rate Revenue increase of 8% delivering an Operating Surplus of \$170,953.

A copy of the report which was presented to the Council at its meeting held on 8 April 2024, is contained within **Attachment A** (noting that only the report is provided).

The draft 2024-2025 Budget as presented to the Council at its meeting held on 8 April 2024, included the Recurrent Budget and Programs, which incorporates the revenues and expenditure required to provide the "*Business as Usual*" services and delivered a surplus of \$3.003 million, which will be used to fund the delivery of the proposed Operating Projects and fund additional interest costs to cover the additional finance costs associated with borrowings required to fund the delivery of the proposed Capital Works Program.

The total Operating Expenditure is \$53.86 million, with \$41.22 million (73%) being influenced by the decisions that have been made as part of the budget process while the remaining \$15.47 million (27%) of expenditure relates to the depreciation of existing and new assets, as well as finance costs.

It should be noted that while the cost to finalise any carry forward Operating Projects from 2023-2024 financial year are not included in the Draft 2024-2025 Operating Surplus, the funding to undertake these projects will be sourced from cash reserves.

At this stage, only the Draft Budgets of the Regional Subsidiaries (with the exception of the Eastern Health Authority Draft 2024-2025 Budget), have been incorporated into the Council's Draft Operating result for 2024-2025 as the Council is yet to receive the finalised budgets of the Regional Subsidiaries. The Council is required to report the Council's share of the Regional Subsidiaries operating results and while this will have an impact on the Council's reported Operating Result, this is a non-cash transaction that does not have an impact on the Council's cash position.

Following consideration of the Draft 2024-2025 Budget, the Council resolved to amend the Draft 2024-2025 Budget as presented and as recommended at the 8 April 2024 Council Meeting.

The implications of the Council's decision are set out below.

Draft 2024-2025 Budget as at 8 April 2024

At its meeting held on 8 April 2024, the Council endorsed “*in principle*” the inclusion of an additional \$340,000 for Operating Projects. In addition, the Council did not support the inclusion of one (1) project and reduced the funding for one (1) project as part of the Draft 2024-2025 Budget.

The total net cost as a result of the Council’s decision is \$315,000.

Details of the additional projects which the Council supported as part of the Draft 2024-2025 Budget are set out in Table 1.

TABLE 1: ADDITIONAL OPERATING PROJECTS TO BE INCLUDED AS PART OF THE DRAFT 2024-2025 BUDGET

Project	Description	Funding Allocation
2025 AFL Gather Round	To host events and activities associated with the 2025 Gather Round, should Norwood Oval be selected as a venue to host matches as part of the 2025 Gather Round.	\$200,000
Building Assets Review/Strategy	The purpose of this project is to develop a strategy for the Council’s buildings and facilities. Strategy will include an analysis of current facility utilisation and predictions of future needs, together with a condition audit data of the Council’s buildings assets, the Whole of Life program and the Council’s Asset Management Plans.	\$ 20,000
Implementation of the IT Strategy	This funding is to commence the implementation of the IT Strategy following the completion of the review.	\$100,000
Verge Upgrade Program	To financially assist residents wanting to upgrade the verge with the cost of removing dolomite or quartz gravel and growing greenery in its place.	\$ 20,000
TOTAL		\$340,000

The Council did however, resolve **not to** allocate funds for the Payneham Memorial Swimming Centre Communications project of \$10,000 and reduced the funding for the *Raising the Bar* program from \$40,000 to \$25,000.

As stated above, the decisions made by the Council at its meeting held on 8 April 2024 represents an increase of **\$315,000** compared to the Draft Budget presented and recommended to the Council.

A total of Funding Submissions received for Operating Projects totalled \$1,480,652.

The Council’s Executive Leadership Team recommended for approval proposed Operating Projects of \$616,172, which were included into the Draft 2024-2025 Budget. The remaining projects to the value of \$864,480 were not recommended for approval due to various reasons which includes, alignment to the Council’s current priorities and strategies of the Council and the impact of these proposed projects on the Recurrent Budget beyond 2024-2025, LTFP and Cashflow forecast. The intention being to potentially delay and re-submit some of the proposed projects at a later year to align with LTFP timeline, if required.

The Operating Projects for 2024-2025 which were presented to the Council for approval at its meeting held on 8 April 2024 and subsequently endorsed “*in principle*” by the Council are detailed in Table 2.

TABLE 2: OPERATING PROJECTS 2024-2025

Operating Projects	\$
St Peters Billabong Engineering Review	100,000
Development of an IT Strategy	80,000
Implementation of Year 1 of the Art & Culture Plan	68,874
Participation in 2025 Tour Down Under	60,000
Additional Administrative staff for Regulatory Services	47,336
Purchase and installation of CIVICA Authority ACTUS Mobile App	43,862
Information Systems Project Support Staff (fixed-term contract)	40,000
Eastside Business Awards	40,000
Raising the Bar Adelaide	40,000
Payneham Memorial Swimming Centre Communications	10,000
Glynde Heavy Vehicle Traffic Study	25,000
Implementation of Electronic Permits	20,000
Development of Tree Strategy Contractor	20,000
Urban Greening Program (Tree vouchers)	10,000
Firstval Festival (Library Services)	4,000
Music Month in the Libraries (Library Services)	3,800
Culturally Diverse Early Literacy Project (Library Services)	3,300
Total Operating Projects Expenditure	616,172

The Operating Projects that were recommended for approval are contained in **Attachment B**, Table 1 and the proposed Operating Projects not recommended for approval are contained in **Attachment B**, Table 2.

The Draft 2024-2025 Budget presented to the Council at its meeting held on 8 April 2024, which included the Operating Projects set out in Table 2 above, was based on an 8% Rate Revenue increase, in accordance with the draft LTFP, with an Operating Surplus of \$170,953.

The inclusion of the additional \$315,000 in Operating Projects, based on a Rate Revenue Increase of 8%, in accordance with the draft LTFP, results in an **Operating Deficit of \$144,047**.

Based on the decision made by the Council at its meeting held on 8 April 2024, the Financial Statements have been updated to include the additional \$315,000. A copy of the updated Financial Statements is contained within **Attachment C**.

As set out in the updated Financial Statements, in order to achieve a modest Operating Surplus (ie \$70,000), the Council would now be required to increase Rate Revenue by 8.5%.

It is important to note that a 0.25% increase in Rate Revenue will result in approximately an additional \$105,000 in revenue and the average rates year-on-year will increase by approximately 0.20%.

Budgeted Capital Projects

The Draft 2024-2025 Budget, as presented, incorporates Capital Projects to the value of \$52.868 million (which is the net of Grant funding and total expenditure required). It also includes staff costs of \$1.101 million which are to be capitalised (i.e. staff involved in the delivery of the projects involving physical assets).

The proposed Capital Projects for 2024-2025, have been broken down into a number of categories as set out Table 3 below.

TABLE 3: CAPITAL PROJECT CATEGORIES

Capital Expenditure Project	\$
Whole-of-Life Capital Works Program	
* Road Resealing	4,176,766
* Footpath Reconstruction	951,400
* Kerb Reconstruction	1,551,917
* Stormwater Drainage Program (including Trinity Valley Stormwater Upgrade Project)	11,771,866
* Other Infrastructure Asset Renewal	1,972,313
Payneham Memorial Swimming Centre – Year 2	35,000,000
George Street Upgrade (including additional funding)	1,560,000
Quadrennial Art Project	9,000
Traffic Management (various)	620,000
Minor projects (IT Equipment upgrade and Bike Parking at Webbe Street facility)	77,500
Capitalisation of Salaries (existing staff)	1,101,342
Total Capital Projects Expenditure	58,792,104
Grant Funding	5,924,000
Net Cost	52,868,104

Borrowings

Capital expenditure of \$58.792 million is proposed to be funded as shown in Table 4.

TABLE 4: CAPITAL PROJECTS FUNDING

Use of depreciation recovered through Rate Revenue	\$11,342,926
Grant Funding	\$5,924,000
Borrowings	\$41,525,178
TOTAL	\$58,792,104

In determining the timing and the level of borrowings that are required to fund the proposed Capital Program, consideration has been given to the cash flow requirements and to intergenerational equity between current and future users (that is, an asset is funded from loan borrowings which is paid off over the life of the asset rather than raising rate revenue from current rate payers to pay for the asset).

The Council has an option in respect to its borrowing arrangements using financial instruments such as Cash Advance Debenture (CAD) or Traditional Loan (Loan) provided by the Local Government Financing Authority (LGFA). It is important that borrowing decisions are made strategically, considering factors such as cost, risk, and suitability to the Council's financial objectives and for its ongoing financial sustainability.

OPTIONS

The purpose of this report is to provide the opportunity for the Committee to provide comment on the Draft 2024-2025 Budget, prior to the Council endorsing the Draft 2024-2025 Annual Business Plan, the Draft 2024-2025 Budget and the Draft Rating Policy for the purpose of undertaking public consultation.

In this regard, the Committee has the following options in respect to the consideration of this matter;

- advise the Council that the Draft 2024-2025 Budget, set out in the Financial Statements contained in **Attachment C**, which incorporates the proposed Operating and Capital Projects contained in **Attachment B** and as endorsed “*in principle*” by the Council at its meeting held on 8 April 2024 is recommended for endorsement “*in principle*” by the Council; or
- recommend to the Council, amendments to the Draft 2024-2025 Budget as endorsed “*in principle*” by the Council at its meeting held on 8 April 2024, as set out in the Financial Statements contained in **Attachment C**, by:
 - reducing Operating and Capital Projects; and/or
 - increasing or decreasing non-rate revenue; or
 - increasing or decreasing the proposed Rate Revenue increase; or
 - increasing or decreasing recurrent expenditure.

At its meeting held on 7 March 2024, the Committee considered the updated draft 2024-2034 Long-Term Financial Plan which sets out the Rate Revenue increases over the life of the Plan as follows:

Rate Revenue

LONG TERM FINANCIAL PLAN – RATE REVENUE INCREASES

2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034
8.0%	8.0%	7.0%	6.5%	6.0%	4.0%	4.0%	4.0%	4.0%	4.0%

At its meeting held on 2 April 2024, the Council adopted the draft *2024 to 2034 Long-Term Financial Plan*.

As set out above, in accordance with the draft *2024 to 2034 Long-Term Financial Plan*, it is recommended that the Committee recommends to the Council that the Council adopts a Rate Revenue increase of 8% as part of the 2024-2025 Budget and that the 2024-2025 Budget should achieve a modest Operating Surplus. As set out above, this can be achieved through a range of options.

CONCLUSION

The Draft 2024-2025 Budget is based on the Council continuing to deliver its existing services, programs and activities at the existing endorsed standard.

To ensure that a responsible budget is set by the Council, a series of Budget Parameters have previously been adopted by the Council to guide staff in preparing the respective budget estimates and submissions. As detailed in this report, the Draft 2024-2025 Recurrent Budget has been prepared with reference to these guidelines and where the parameters have not been achieved, the reasons for the departure have been provided.

Financial sustainability underpins the Council’s Financial Goals and Outcomes, which are set out in the Draft Long-Term Financial Plan. In general terms, financial sustainability is about ensuring that the Council has the financial resources to meet the long-term service and infrastructure needs of the community, without any sharp increases in rate revenue or cuts in service provision and standards.

From an operational perspective, financial sustainability is being able to manage the conflict between keeping rate revenues increases to a reasonable level, maintaining existing service standards and spending on new services and major capital investments that are required to ensure that the objective of Community well-being is achieved.

As previously advised, decisions regarding the Draft 2024-2025, need to take into account the impact on the Council's ability to continue to meet its operational and financial outcomes in the future.

COMMENTS

If Elected Members have any questions in relation to specific budget items or proposed allocations, please contact the Chief Financial Officer on 8366 4548, prior to the meeting as these discussions may assist in resolving any enquiry.

RECOMMENDATION

That the report be received and noted.

Attachment A

Draft 2024-2025 Budget

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

2.1 DRAFT 2024-2025 BUDGET

REPORT AUTHOR: Finance Business Partner
GENERAL MANAGER: Chief Financial Officer
CONTACT NUMBER: 8366 4548
FILE REFERENCE:
ATTACHMENTS: A – E

PURPOSE OF REPORT

The purpose of this report is to present and obtain “in principle” endorsement of the Draft 2024-2025 Budget.

BACKGROUND

Section 123(8) of the *Local Government Act 1999*, requires the Council to adopt an Annual Business Plan and a Budget for the ensuing financial year after 31 May and except in a case involving extraordinary administrative difficulty, before 15 August.

The Draft Budget comprises the Recurrent Budget, which incorporates the revenue and expenditure which is required to provide the “Business as Usual” services. The second component incorporates the Capital and Operating Project Budget. The Operating Projects Budget encompasses services, programs and activities that are outside the “Business as Usual” services and are considered discretionary in nature, (the Council is under no obligation to provide the services, activities or programs or if required to undertake the activity – For example a Representation Review is irregular in nature). Operating Projects generally include one off activities or programs, an expansion of an existing service or program or proposals to introduce a new service or program. Operating Projects are funded from Rate Revenue or a fee for service charge.

The Capital Works Budget encompasses projects which renew, upgrade or create new infrastructure assets. Examples of some projects are the Civil Infrastructure Whole-of-Life Program (referred to as renewals), Playground/Reserve Redevelopment (referred to as upgrades). Renewal Capital Projects are funded through Rate Revenue, via the depreciation charge, with new or upgrade works funded through borrowings or cash reserves.

The Draft 2024-2025 Annual Business Plan, will be considered at the Council Meeting scheduled for 6 May 2024.

The Draft 2024-2025 Annual Business Plan and Budget will be released for public consultation for a period of twenty-one (21) days as required by the *Local Government Act 1999*.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

The Council’s long term strategic direction is outlined in its Strategic Management Plan *City Plan 2030: Shaping our Future*. The Draft 2024-2025 Annual Business Plan and supporting Draft 2024-2025 Budget, set out the proposed services and programs and explains how the Council intends to finance its continuing and new activities which are proposed to be undertaken during the year.

The Council’s Long Term Financial Plan (LTFP), is a key document in the Council’s Planning Framework. It is the primary financial management tool which links the Council’s Strategic Plan, *City Plan 2030: Shaping our Future*, Whole-of-Life Assets Management Plans and the Annual Business Plan and Budget.

Financial sustainability underpins the Council’s Financial Goals and Outcomes, which are set out in the Long-Term Financial Plan. In general terms, financial sustainability is ensuring that the Council has the financial resources to meet the long-term service and infrastructure needs of the community, without any severe increases in rate revenue or cuts in service provision and standards.

From an operational perspective, financial sustainability is being able to manage the conflict between keeping rate revenues increases to a reasonable level, maintaining existing service standards and financing new services and major capital investments.

The Draft 2024-2025 Budget has been developed on the basis of ensuring that it will assist in delivering on the Council's Long Term Strategic direction and financial objectives set out in the LTFP.

FINANCIAL AND BUDGET IMPLICATIONS

For the 2024-2025 Financial Year, the LTFP estimates an Operating Surplus of \$170,953 based on a Rate Revenue increase of 8%.

To ensure that the Council can deliver on its financial objectives as set out in the Council's Long Term Financial Plan, the Draft Recurrent Budget has been prepared with reference to the budget parameters which were adopted by the Council at its meeting held on 22 January 2024.

The Draft 2024-2025 Budget, as presented in this report, is based on the 8% Rate Revenue increase as set out in the Long-Term Financial Plan, which in turn will deliver an estimated Operating surplus of \$170,953.

At the time of writing this report, the Rate increase for the average residential ratepayer is not available (noting that the Rate Revenue increase does not necessarily translate to the same percentage increase in the average rate).

EXTERNAL ECONOMIC IMPLICATIONS

The South Australian economy has continued to perform solidly across a number of economic indicators, as the State ranked highest in four of the key economic indicators compared to other Australian States and Territories i.e. in relative Economic growth, Unemployment, Construction work (the total real value of residential, commercial and engineering work completed) and Dwellings (housing statistics driven in part by population growth). However, the pace of growth appears to be moderating.

Following growth of 5.1% in 2021-2022, Gross State Product (GSP) declined in 2022-2023, growing only by 3.8%. This data is not available on a quarterly basis. Therefore, the State Final Demand (SFD) is another key component of economic growth the Council can consider, which reflects the consumption on goods and services (including imports) and capital investment. The nominal SFD seasonally adjusted for the December 2023 quarter only increased by 1.6% year-on-year. Growth in both GSP and SFD is expected to remain low in 2023-2024 and 2024-2025 as inflation comes down and real incomes start to rise. Consumption growth is expected to come back to pre-pandemic levels over the next couple of years.

The outlook for inflation has been revised downwards, as it is expected to eventually decline to the 2%–3% target range in 2025 and to reach the midpoint in 2026. Goods price inflation has declined but services price inflation remains high, supported by continued excess demand in the economy and strong domestic cost pressures, both for labour and non-labour inputs. The Adelaide Consumer Price Index (CPI) is forecast to grow by 0.7% towards the later stages of 2023-2024 quarters, reflecting the rising prices for automotive fuel, rents, new dwelling purchases by owner-occupiers, electricity, restaurant meals and property rates and charges. However, this is forecasted to fall back within the RBA's target range from 2024-2025.

SOCIAL ISSUES

No Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

The Draft 2024-2025 Budget will be impacted upon by the decisions made by the Federal Government and State Government in their respective budgets. No information regarding these budgets is available at the time of preparation of this report.

As a result, the Draft 2024-2025 Budget presented in this report, has been developed on the following assumptions:

- that the Financial Assistance Grants, comprising of the General Assistance Grant and the Road Funding Grant, will be provided based on the current funding arrangements of four (4) quarterly instalments. The value of these payments has not been indexed;
- State Government Charges, which are set by Legislation, are yet to be indexed; and
- no new fees and charges will be introduced with the exception of the fees associated with the Visitor Parking Permit Booklets and copies of the Assessment Record.

Any adjustments to the Draft Budget arising from the State Budget will be incorporated into the Council's 2024-2025 Budget when this information becomes available.

Notwithstanding this, the preparation of the Draft 2024-2025 Annual Business Plan and Budget has been prepared to ensure the Council meets its legislative responsibility in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

CONSULTATION

- **Elected Members**
An overview of the Draft 2024-2025 Recurrent Budget, Capital Works program and Operating Projects was provided to Elected Members at the Budget Workshop held on 12 March 2024.
- **Audit Committee**
The Audit Committee will consider the report on the 2024-2025 Annual Business Plan and Budget Draft at its Meeting held on 22 April 2024.
- **Community**
Citizens will be provided the opportunity to have input into the Draft 2024-2025 Budget through public consultation on the Draft Annual Business Plan, which is scheduled to be undertaken from 27 May 2024.
- **Staff**
The preparation of the Draft 2024-2025 Budget has been completed with the involvement of the Chief Executive Officer, General Managers and staff responsible for management of the Budget.
- **Other Agencies**
Not Applicable.

DISCUSSION

The Draft 2024-2025 Budget is based on the continuation of existing services and priorities, as determined by the Council, being appropriately resourced and that the Council can maintain the service standards for its existing services to support the delivery of the Strategic Objectives outlined in *CityPlan 2030: Shaping our Future* and that those services receive appropriate funding.

The key objective therefore is to develop a Budget that not only contributes to the Council's broader strategic objectives of achieving *Community Well-being*, but also ensures that the Council is managing its financial resources in a sustainable, prudent and equitable manner and to ensure that future financial impacts can either be avoided or managed in a measured way, so that the funding requirements are balanced with ensuring that the community does not face unreasonable increases in their annual rates contribution.

Budget Parameters/Assumptions

In developing the Draft 2024-2025 Budget, the following principles and assumptions have been applied:

- the Recurrent Budget be prepared based on the provision of existing services, programs and activities;
- the cost escalation for Material, Contracts and Other Expenses has been set at a 3.5% Inflation; and
- Wages and Salaries increases are based on the Council's Enterprise Agreements.

Budget Overview

Table 1 below sets out the Draft Budget, based on the LTFP recommended Rate Revenue increase of 8% which will deliver an Operating Surplus of \$170,953.

The Recurrent Budget and programs, which incorporates the revenues and expenditure required to provide the "Business as Usual" services, provides a surplus of \$3.003 million, which will be used to fund the delivery of the proposed Operating Projects, which are set out in **Attachment A**, and additional interest costs to cover the additional finance costs associated with borrowings required to fund the delivery of the proposed Capital Works Program, which is contained in **Attachment B**.

The total that are Operating Expenditure is \$53.86 million, with \$41.22 million (73%) being influenced by the decisions made as part of the budget process while the remaining \$15.47 million (27%) of expenditure relates to the depreciation of existing and new assets, as well as finance costs.

It should be noted that while the cost to finalise any carry forward Operating Projects from 2023-2024 are not included in the Draft 2024-2025 Operating Surplus, the funding to undertake these projects will be sourced from cash reserves.

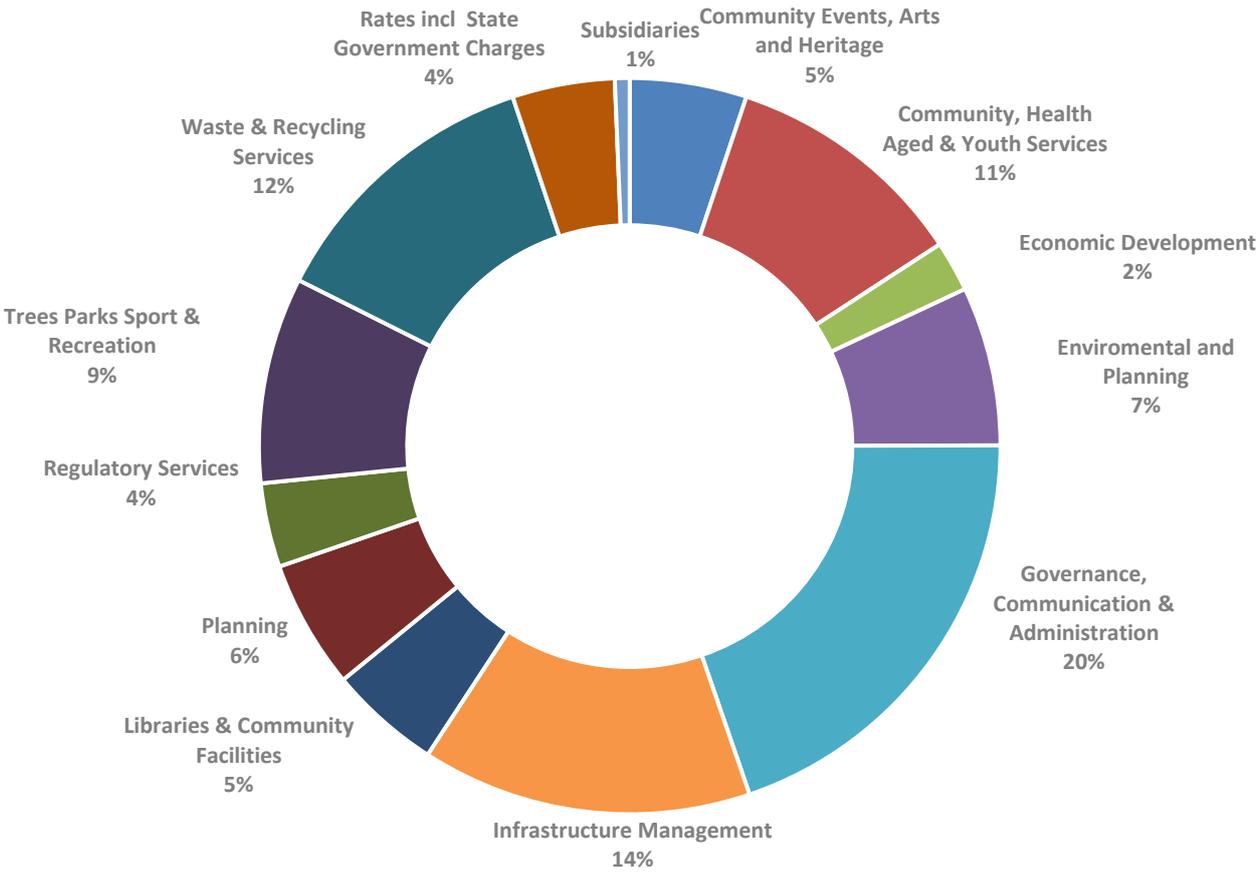
At this stage, only the Draft Budgets of the Regional Subsidiaries have been incorporated into the Council's Draft Operating result for 2024-2025 as the Council is yet to receive the finalised budgets of the Regional Subsidiaries. The Council is required to report the Council's share of the Regional Subsidiaries operating results and while this will have an impact on the Council's reported Operating Result, this is a non-cash transaction that does not have an impact on the Council's cash position.

TABLE 1: 2024-2025 PROPOSED STATEMENT OF COMPREHENSIVE INCOME

	Recurrent Budget 2024-2025	Recurrent Budget - impact of Capital projects 2024-2025	Carry Forwards 2024-2025	Operating Projects 2024-2025	Proposed Budget 2024-2025
	\$	\$	\$	\$	\$
INCOME					
Rates	46,978,253				46,978,253
Statutory Charges	2,180,953				2,180,953
User Charges	4,006,054			500	4,006,554
Grant Subsidies, Contributions	2,676,675				2,676,675
Grants, Subsidies and Contributions - capital	444,393				444,393
Investment Income	77,965				77,965
Other Income	496,163				496,163
Net gain - equity accounted Council businesses	-				-
Total Income	56,860,456	-	-	500	56,860,956
EXPENSES					
Employee Expenses	19,549,303			49,336	19,598,639
Materials, Contracts & Other Expenses	20,796,083			567,336	21,363,419
Depreciation, Amortisation & Impairment	13,078,887			-	13,078,887
Finance Costs	170,775	2,215,617		-	2,386,392
Net Loss - Joint Ventures & Associates	262,666			-	262,666
Total Expenses	53,857,714	2,215,617	-	616,672	56,690,003
OPERATING SURPLUS / (DEFICIT)	3,002,742	(2,215,617)	-	(616,172)	170,953
Net gain (loss) on disposal or revaluation of assets	-	36,000			36,000
Amounts specifically for new or upgraded assets	-	5,924,000			5,924,000
NET SURPLUS (DEFICIT)	3,002,742	3,744,383	-	(616,172)	6,130,953

As set out in Figure 1 below, services, programs and activities that are delivered through the Recurrent Budget (excluding Operating Projects), represent the range of services, programs and infrastructure to meet the needs and expectations of the community. A number of these services are the responsibility of the Council by virtue of the requirements set out in the *Local Government Act 1999* and other relevant legislation. These services, programs and activities are supported by the Council's *Governance, Communication and Administration* structure which represent 20% (\$8.3m) of the draft Recurrent Budget, excluding Depreciation and Finance costs.

**FIGURE 1: COMPONENTS OF THE DRAFT 2024-2025 RECURRENT EXPENDITURE BUDGET \$40.78M
(Excluding Depreciation and Finance costs from additional borrowings)**



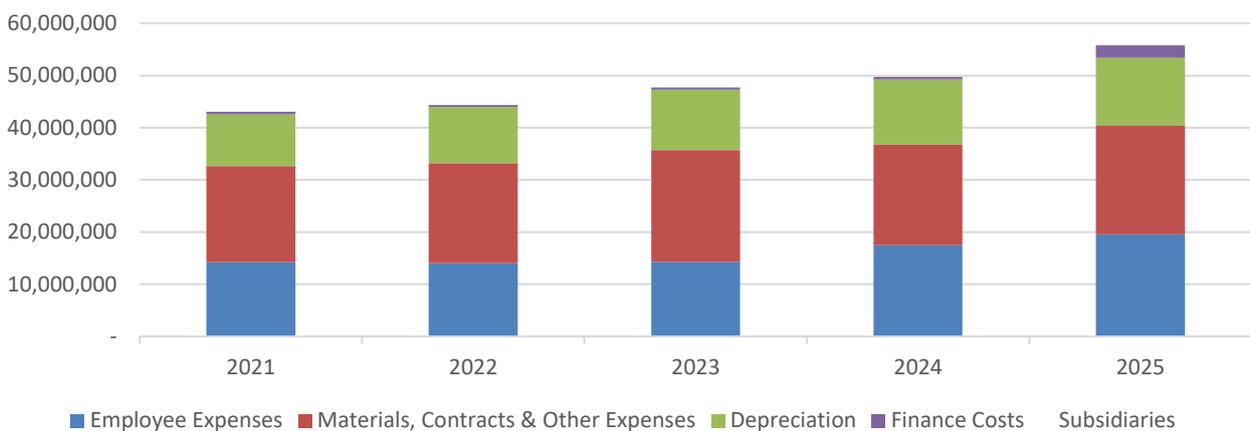
The Recurrent Expenditure Budget (excluding depreciation and finance costs from additional borrowings) by the *CityPlan 2030* outcomes are shown in Table 2 below.

TABLE 2: BREAKDOWN OF DRAFT 2024-2025 RECURRENT EXPENDITURE BUDGET BY OUTCOME

Cultural Vitality	Economic Prosperity	Environmental Sustainability	Social Equity	Operations	Rates, Depreciation and Financing
\$10.063M	\$905K	\$7.922M	\$11.923M	\$8.071M	\$1.821M
Community Events, Arts and Heritage	Economic Development	Environmental and Planning	Community, Health Aged & Youth Services	Governance, Communication & Administration	Rates
Libraries & Community Facilities		Waste Management	Infrastructure Management		
Planning			Regulatory Services		
Trees Parks Sport & Recreation			Subsidiaries		

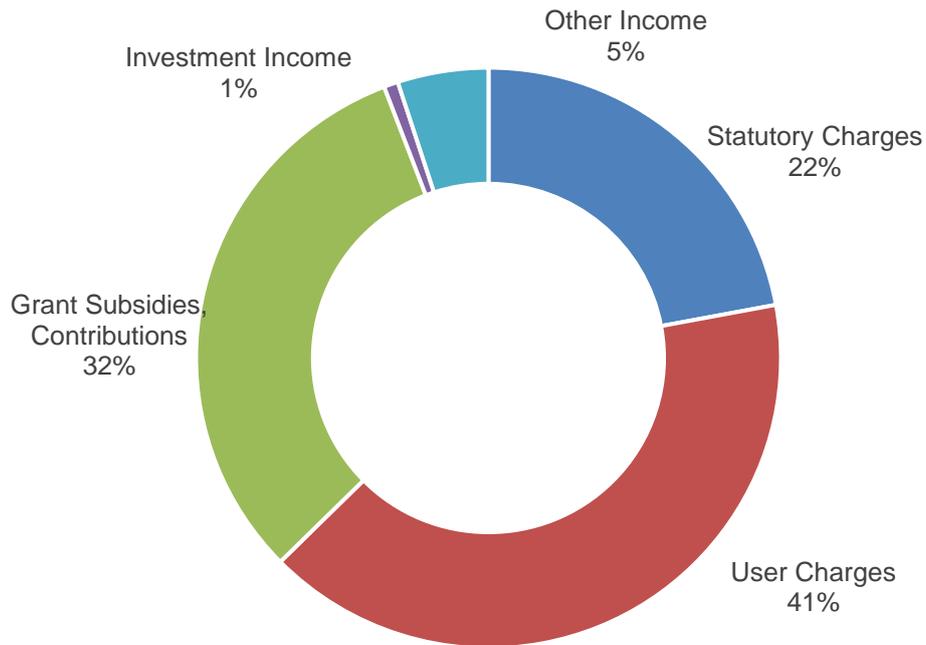
Over the past four (4) years, Materials, Contracts & Other Expenses and Finance costs, have been consistent as a percentage of the Total Recurrent Budget, however, in the Draft 2024-2025 Recurrent Budget Material costs have decreased from an average of 44% in past years to 37% in the Draft 2024-2025 Budget while Finance costs have increased from 1% to 4%. This is a direct result of incorporating efficiencies and savings in the Recurrent Budget to offset the increased Finance costs from borrowings to fund its Capital Projects. The overall increase in the Recurrent Budget from 2023-2024 to 2024-2025 is 9%, with the increase being driven predominately by increasing Finance costs.

FIGURE 2: COST ELEMENTS



Rate revenue is the Council's major source of income and funds in the order of **83%** of the Council's Operating expenditure. The balance is funded from non-rate revenue which is predominately made up of User Charges (41%) which incorporate fees from the St Peters Child Care Centre & Pre-school, Swimming Centre charges, Hire and Lease fees associated with Council facilities, HACC Services; Grants, Subsidies and Contributions that are received by the Council (which represents 32%) and Statutory Charges (22%) which incorporates Dog Registration fees, Parking Infringements, Residential Parking permits, Planning & Development fees, Hoarding Licenses, Outdoor Dining permits. Non-rate revenue represents 17% of the Council's total revenue, with \$9.89 million being factored into the draft Recurrent Budget, an increase of 7% from last year.

FIGURE 3: BREAKDOWN OF NON-RATE REVENUE \$9.88M



The services, programs and activities which make up each element of the draft Recurrent Budget is contained in Table 3 below and **Attachment C**.

TABLE 3: BREAKDOWN OF NON-RATE REVENUE BY OUTCOME

Cultural Vitality	Economic Prosperity	Environmental Sustainability	Social Equity	Operations	Rates, Depreciation and Financing
\$1.092M	\$8K	\$46K	\$6.555M	\$1.197M	\$73K
Community Events, Arts and Heritage	Economic Development	Environmental and Planning	Community, Health Aged & Youth Services	Governance, Communication & Administration	Financing
Libraries & Community Facilities		Waste Management	Infrastructure Management		
Planning			Regulatory Services		
Trees Parks Sport & Recreation					

Revenue derived from the Council's main sources of non-rate revenue (statutory and user charges) has remained stable over the last five (5) years because it must be noted that the static and/or diminishing nature of other revenue sources means that the Council is increasingly dependent on Rate revenue to fund the provision of services and programs. Whilst this is in many respects understandable there also needs to be attention given to user charges.

User Charges includes fees that are payable for the use of the Council's discretionary services and facilities, with 86% of the Council's User Charges income being generated from the St Peters Child Care Centre & Pre-school, the Swimming Centres and the Norwood Concert Hall.

Statutory Charges includes fees and charges that are set by State Government legislation. In some circumstances, such as Parking Infringements, the fees charged are set at a fixed rate as set out in the legislation and as determined by the State Government, whereas other legislation allows the Council to charge a fee with the value of the fee determined by the Council, up to a maximum limit as set out in the legislation (i.e. Dog Registration Fees). Income that is earned from Parking Expiation Notices is the main source (46%) of Statutory Charges Income.

Table 4 below sets out additional information on the Recurrent Operating Budget by functional area.

TABLE 4: DRAFT 2024-2025 RECURRENT BUDGET BY OUTCOME (Excluding Finance Costs)

OUTCOME	Income	Expense	Net Operating Surplus/ (Deficit)
Rates (Excluding Parade Precinct Rates)	46,753,253	1,821,155	45,032,098
Cultural Vitality	1,902,741	10,063,304	(8,160,563)
Libraries & Community Facilities	571,075	1,990,050	(1,418,975)
Community Events, Arts and Heritage	476,400	2,078,655	(1,602,255)
Trees Parks Sport & Recreation	278,716	3,694,968	(3,416,252)
Planning	576,550	2,299,632	(1,723,082)
Economic Prosperity	233,250	904,697	(671,447)
Economic Development	233,250	904,697	(671,447)
Environmental Sustainability	45,603	7,922,939	(7,877,336)
Environmental and Planning	5,603	2,849,133	(2,843,530)
Waste & Recycling Services	40,000	5,073,806	(5,033,806)
Social Equity	6,555,144	11,995,307	(5,440,163)
Regulatory Services	1,478,800	1,505,222	(26,422)
Community, Health Aged & Youth Services	4,071,951	4,348,775	(276,824)
Subsidiaries	-	262,666	(262,666)
Infrastructure Management	1,004,393	5,878,645	(4,874,252)
Operations	1,270,465	21,150,313	(19,879,848)
Governance, Communication & Administration	1,297,500	8,071,426	(6,873,926)
Financing	72,965		72,965
Depreciation	-	13,078,887	(13,078,887)
Total	56,860,456	53,857,714	3,002,742

2024-2025 Proposed Operating Projects

The value of the Funding Submissions which have been received for Operating Projects totals \$1,480,652. The Council's Executive Leadership Team has recommended a number of Projects for inclusion in the Draft 2024-2025 Budget, based upon an assessment of the various Projects and within the context of priority. The total value of the recommended Projects is \$616,172. The remaining Projects to the value of \$864,480 have not been recommended for approval, due to various reasons which includes alignment to the current priorities and strategies and the impact of these proposed Projects on the Recurrent Budget beyond 2024-2025, the LTFP and Cashflow forecast.

The Draft Budget as set out in Table 1, incorporates funding allocation for new Operating Projects to the value of \$616,672.

The proposed Operating Projects for 2024-2025 have been broken down by individual project as detailed in Table 5 below:

TABLE 5: OPERATING PROJECTS 2024-2025

Operating Projects	\$
St Peters Billabong Engineering Review	100,000
Development of an IT Strategy	80,000
Implementation of Year 1 of the Art & Culture Plan	68,874
Participation in 2025 Tour Down Under	60,000
Additional Administrative staff for Regulatory Services	47,336
Purchase and installation of CIVICA Authority ACTUS Mobile App	43,862
Information Systems Project Support Staff (fixed-term contract)	40,000
Eastside Business Awards	40,000
Raising the Bar Adelaide	40,000
Payneham Memorial Swimming Centre Communications	10,000
Glynde Heavy Vehicle Traffic Study	25,000
Implementation of Electronic Permits	20,000
Development of Tree Strategy Contractor	20,000
Urban Greening Program (Tree vouchers)	10,000
Firstval Festival (Library Services)	4,000
Music Month in the Libraries (Library Services)	3,800
Culturally Diverse Early Literacy Project (Library Services)	3,300
Total Operating Projects Expenditure	616,172

In addition to the new Operating Projects, there are a number of Operating Projects that were adopted as part of the 2023-2024 Budget, that are not anticipated to be completed by 30 June 2024. A review of the current year's Operating Projects is in progress and hence, the 2023-2024 Operating Projects to be carried forward into the Draft 2024-2025 Budget, have not been included. However, any Operating Projects carried forward will be funded by existing cash reserves and borrowings in the Draft 2024-2025 Budget.

Operating Projects that were recommended for approval are contained in **Attachment A**, Table 1 and proposed Operating Projects not recommended for approval are contained in **Attachment A**, Table 2. A copy of the Funding Submissions for Capital and Operating Projects are contained in **Attachment D**.

Budgeted Capital Projects

The Draft 2024-2025 Budget, as presented, incorporates Capital Projects to the value of \$52.868 million (which is the net of Grant funding and total expenditure required). It also includes staff costs of \$1.101 million which are to be capitalised (i.e. staff involved in the delivery of the projects involving physical assets).

The proposed Capital Projects for 2024-2025, have been broken down into a number of categories as set out Table 6 below.

TABLE 6: CAPITAL PROJECT CATEGORIES

Capital Expenditure Project	\$
Whole-of-Life Capital Works Program	
* Road Resealing	4,176,766
* Footpath Reconstruction	951,400
* Kerb Reconstruction	1,551,917
* Stormwater Drainage Program (including Trinity Valley Stormwater Upgrade Project)	11,771,866
* Other Infrastructure Asset Renewal	1,972,313
Payneham Memorial Swimming Centre – Year 2	35,000,000
George Street Upgrade (including additional funding)	1,560,000
Quadrennial Art Project	9,000
Traffic Management (various)	620,000
Minor projects (IT Equipment upgrade and Bike Parking at Webbe Strteet facility)	77,500
Capitalisation of Salaries (existing staff)	1,101,342
Total Capital Projects Expenditure	58,792,104
Grant Funding	5,924,000
Net Cost	52,868,104

A review of the Capital Projects for the current year (2023-2024) is still currently being undertaken based on year to date expenditure and project timelines to evaluate if any project will need to be carried forward and included as part of the Budget, and not included in the Draft Budget at this point in time.

Borrowings

Capital expenditure of \$58.792 million, as set out in **Attachment B**, is proposed to be funded as shown in Table 7 below:

TABLE 7: CAPITAL PROJECTS FUNDING

Use of depreciation recovered through Rate Revenue	\$11,342,926
Grant Funding	\$5,924,000
Borrowings	\$41,525,178
TOTAL	\$58,792,104

In determining the timing and the level of borrowings that are required to fund the proposed Capital Program, consideration has been given to the cash flow requirements and to intergenerational equity between current and future users (that is, an asset is funded from loan borrowings which is paid off over the life of the asset rather than raising rate revenue from current rate payers to pay for the asset).

The Council has an option in respect to its borrowing arrangements using financial instruments such as Cash Advance Debenture (CAD) or Traditional Loan (Loan) provided by the Local Government Financing Authority (LGFA). It is important that borrowing decisions are made strategically, considering factors such as cost, risk, and suitability to the Council's financial objectives and for its ongoing financial sustainability.

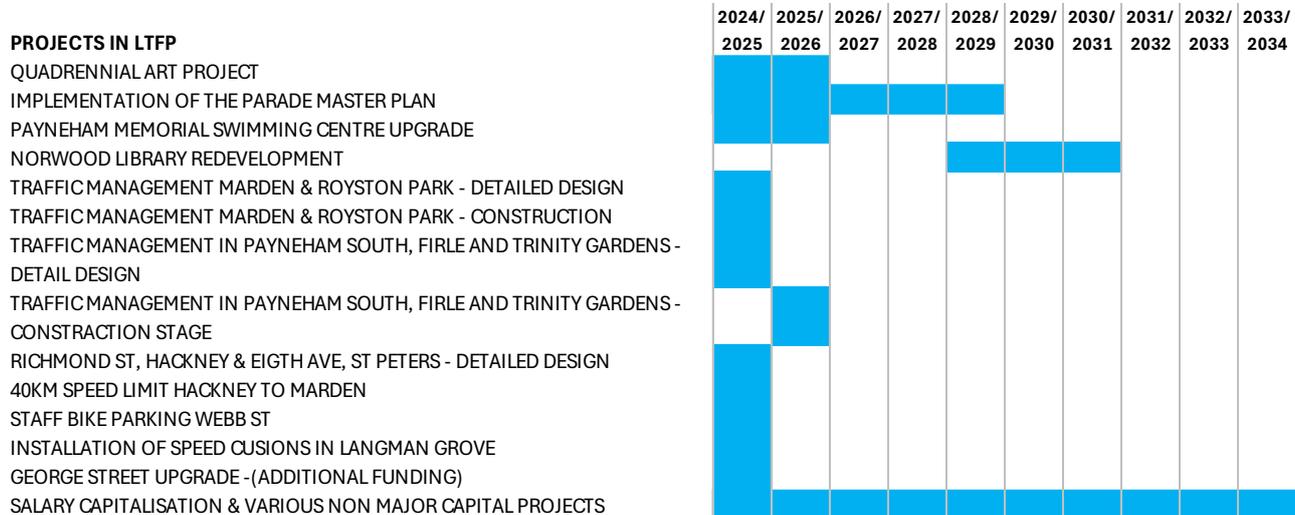
Following consideration of the above mentioned borrowing options, and conducting a thorough assessment of the financial needs as part of the Draft 2024-2025 Budget, in order to minimise the interest costs and debt servicing needs, it is recommended that the Council utilise the CAD Facilities in 2024-2025 to fund the cashflow required for its major capital projects as opposed to the utilisation of the standard fixed period debenture loans. Whilst these considerations have formed part of the budget model, they will be reviewed and reconsidered as required to ensure that the Council's debt levels remain manageable and sustainable over the long term. Therefore, although CAD is a preferred option at this point in time, a debenture loan option will provide lower interest rates and a longer repayment period which may become more viable in the future as the interest rate environment stabilises.

Long Term Financial Plan

Pursuant to Section 122 4 a(1) of the *Local Government Act 1999*, the Council must undertake a review of its Long-Term Financial Plan (LTFP) on an annual basis. To meet this legislative requirement, a review of the LTFP financial targets, which takes into account the Draft 2024-2025 Budget, as presented in this report and its impact on the financial projections set out in the Long-Term Financial Plan, has been undertaken.

Presented in Figure 4 is the forecasted timeline for Capital projects to be undertaken by the Council in the next 10 years, and which are incorporated into the Draft LTFP.

FIGURE 4: CAPITAL PROJECTS TIMELINE

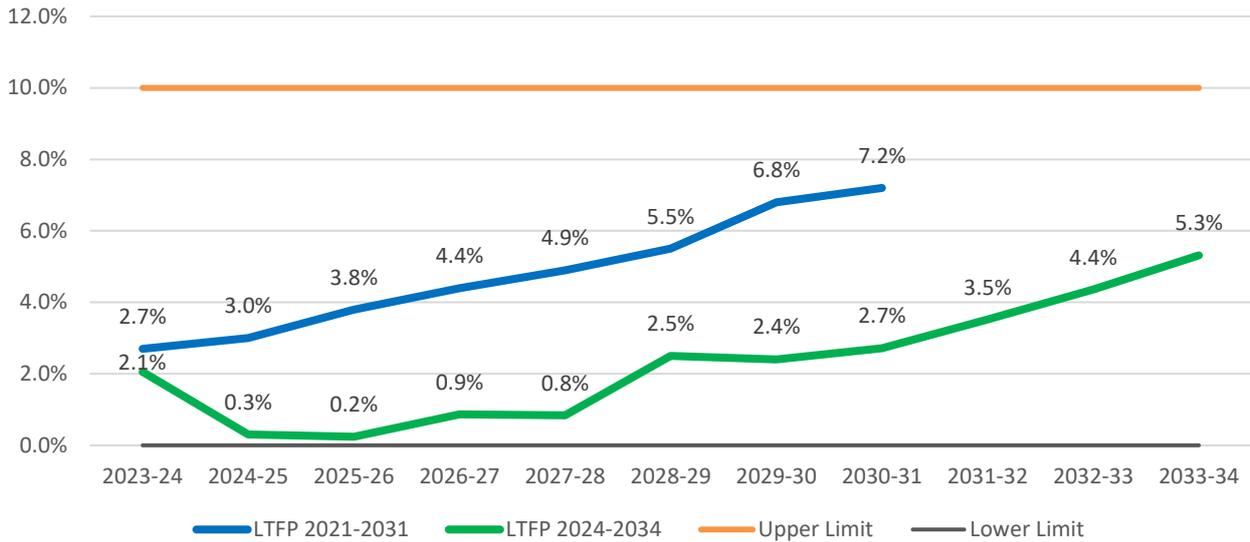


Outcome 1: A Balanced Budget

Council's services and programs, including depreciation of infrastructure and assets, is fully funded and the costs are shared equitably between current and future ratepayers.

The Council's long-term sustainability is dependent upon ensuring that on average overtime, the operating expenses are less than the associated revenues. The Council's performance is measured by the Operating Ratio which measures the Council's Operating result, whether that be a surplus or deficit as a percentage of operating revenues. Ideally, at a minimum, the Operating surplus should be equal to the annual principal loan repayments.

FIGURE 5: OPERATING SURPLUS RATIO



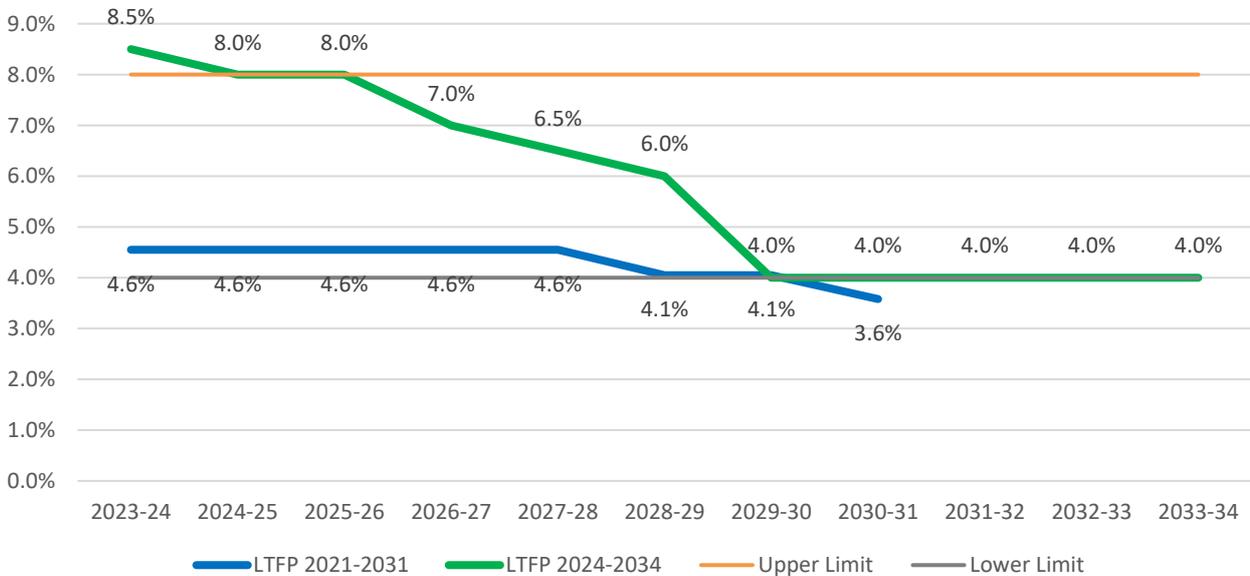
For 2024-2025, the Draft Budget has been prepared on the basis of a Rate Revenue increase of 8%, which is in line with the draft 2024-2034 LTFP and will result in an Operating Surplus ratio of 0.3%.

Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term

Rate revenue is a major component of the Council’s revenue base. The Council’s objective is to have a Long Term Financial Plan based on consistent rate revenue increases which meet the increased cost of the base level services and programs but also reflect new assessment growth and increased service levels. The benchmark target is between 4% and 8%.

FIGURE 6: RATE REVENUE INCREASE



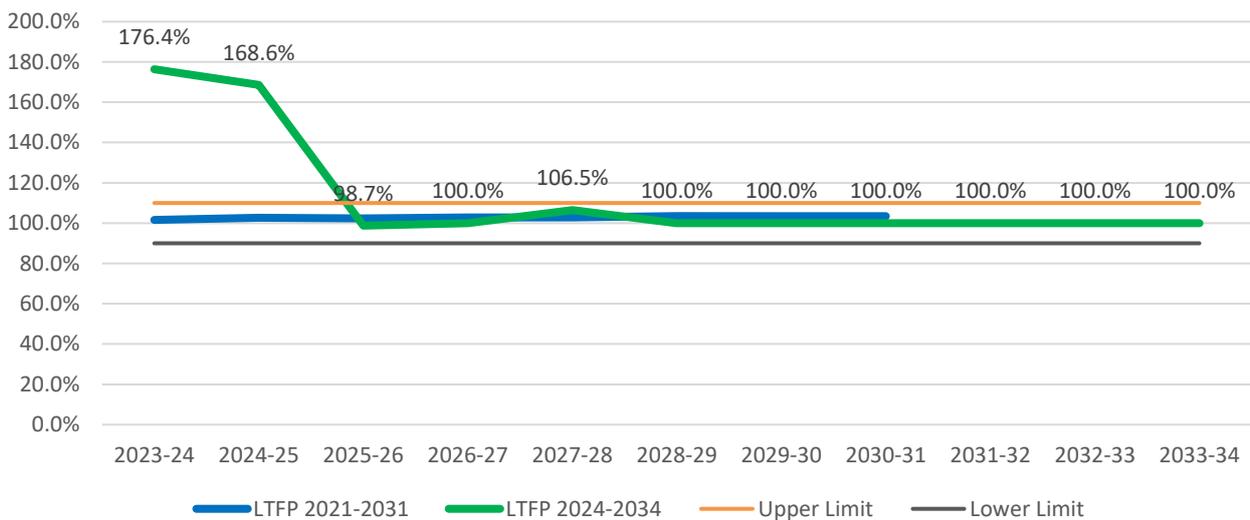
The Draft 2024-2025 Budget is based on a Rate Revenue increase of 8%, which is an increase of Rate revenue from 2023-2024 of \$3,510,395 compared to the increase contained in the 2021-2031 LTFP \$1,115,080. At the time of writing this report, the initial rate modelling of the impact of the rate revenue on the rate increase for the average residential ratepayer was not available.

Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council’s Whole of Life Infrastructure framework to achieve the outcomes and objectives, as set out in City Plan 2030.

The Council will measure its performance in achieving this outcome through the Asset Renewal Funding Ratio. The Asset Renewal Funding Ratio measures how well the Council is performing in respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings, council plant etc. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans. Ideally, physical assets should be renewed or replaced at the same rate the stock of assets is wearing out, however it is recognised that there may be some instances that require that the Council to either accelerate or decelerate the renewal or replacement of its existing asset base.

FIGURE 7: ASSET RENEWAL FUNDING RATIO



The Asset Renewal Funding Ratio in 2023-2024 and 2024-2025 is reflective of the accelerated renewal expenditure associated with the major projects (such as the Trinity Valley Stormwater Upgrade Project) and to be completed in 2024-2025. It is expected that renewal spend will be at the level of rate collection expectations (in the form of depreciation) until the next Asset Management Plan is developed.

Outcome 4: Debt Management

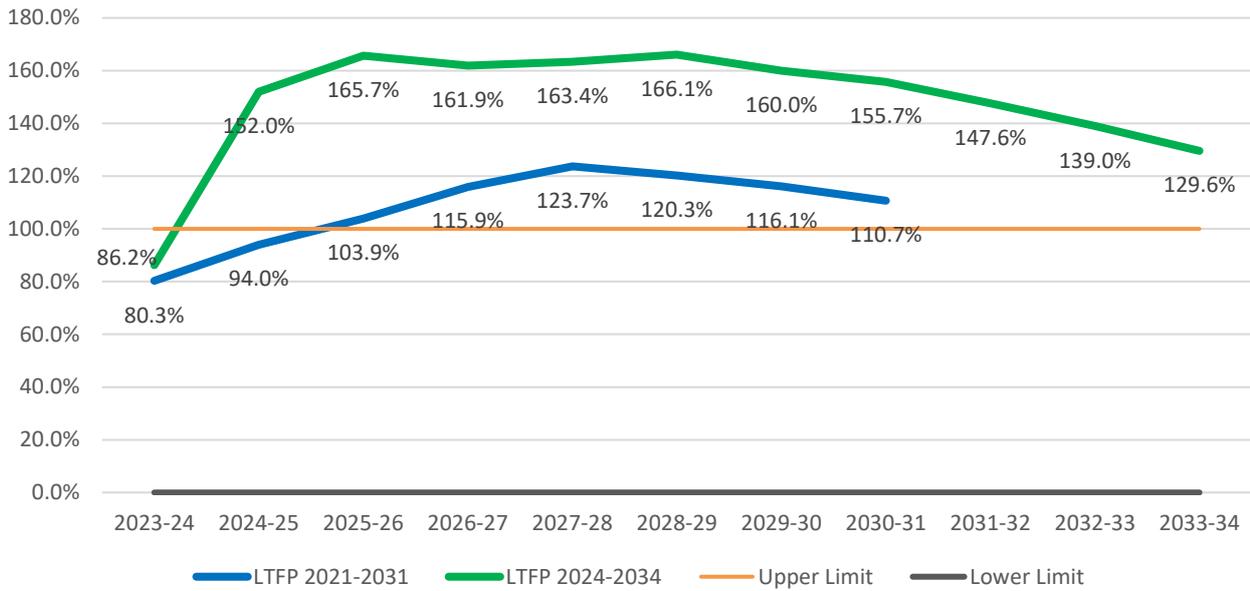
Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

Prudent debt management is the process of establishing and executing a strategy for managing a Council debt in order to raise the required amount of funding to achieve its capital investment objectives. It is important that the use of debt is balanced with other funding sources, such as grants and cash reserves, to ensure that the members of the community that receive the benefits from the investment, share the cost. In addition, the Council must ensure that it has the capacity to service its debt.

Net Financial Liabilities

The Net Financial Liabilities measures the extent of the Council’s indebtedness as a percentage of operating revenue. If the ratio falls over time, this indicates that the Council’s capacity to meet its financial obligations from operating income is strengthening.

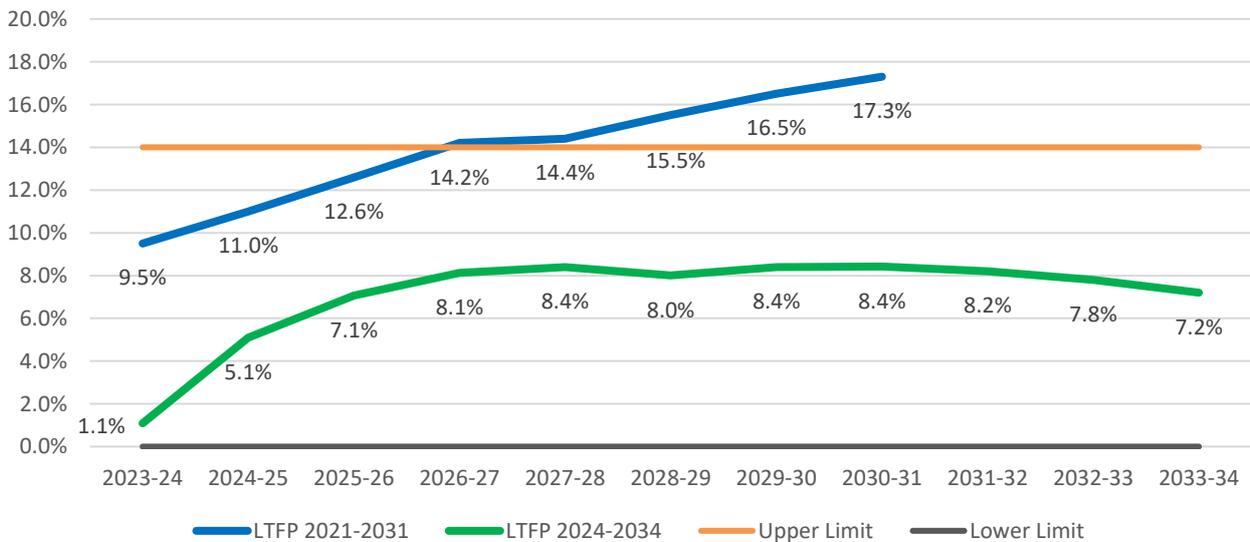
FIGURE 8: NET FINANCIAL LIABILITY RATIO



As a result of the increase in the Long Term Borrowings as projected in the Long Term Financial Plan, the Net Financial Liabilities are projected to increase over 100% in 2024-2025.

FIGURE 9: DEBT SERVICING RATIO

The Debt Servicing Ratio measures the extent of rate revenue that is used to meet interest and principal loan repayments.



OPTIONS

The Council has the following options in respect to this matter:

- endorse '*in principle*' the Draft 2024-2025 Budget, as set out in the Financial Statements contained in **Attachment E**, which incorporates the proposed Operating and Capital Projects that are contained in Attachments A and B; or
- vary the Draft 2024-2025 Budget, as set out in the Financial Statements contained in **Attachment E**, which incorporates the proposed Operating and Capital Projects contained in Attachments A and B by either:
 - reducing Operating and Capital Projects; and/or
 - increasing or decreasing non-rate revenue; or
 - increasing or decreasing the proposed Rate Revenue increase; or
 - increasing or decreasing recurrent expenditure.

CONCLUSION

The Draft 2024-2025 Budget is based on the Council continuing to deliver its existing services, programs and activities at the existing endorsed standard.

To ensure that a responsible budget is set by the Council, a series of Budget Parameters have been adopted by the Council to guide staff in preparing the respective budget estimates and submissions. As detailed in this report, the Draft 2024-2025 Recurrent Budget has been prepared with reference to these guidelines and where the parameters have not been achieved, the reasons for the departure have been provided.

Financial sustainability underpins the Council's Financial Goals and Outcomes, which are set out in the Draft Long-Term Financial Plan. In general terms, financial sustainability is about ensuring that the Council has the financial resources to meet the long-term service and infrastructure needs of the community, without any sharp increases in rate revenue or cuts in service provision and standards.

From an operational perspective, financial sustainability is being able to manage the conflict between keeping rate revenues increases to a reasonable level, maintaining existing service standards and spending on new services and major capital investments that are required to ensure that the objective of Community well-being is achieved.

As previously advised, decisions regarding the Draft 2024-2025, need to take into account the impact on the Council's ability to continue to meet its operational and financial outcomes in the future.

With reference to the financial targets set out in the Draft Long-Term Financial Plan, Table 8 sets out the performance of the Draft 2024-2025 Budget, as set out in this report, against the LTFP Financial Outcomes.

TABLE 8: LONG TERM FINANCIAL PLAN TARGETS

<i>Outcome</i>	<i>Measure</i>	<i>Target</i>	<i>Draft Budget</i>
A Balanced budget	Operating Ratio <i>Measures the Councils Operating result, whether that be a surplus or deficit as a percentage of operating revenues</i>	Between 0% and 10%	0.3%
Rate Stability	Rate Revenue Increase <i>The annual increase in revenue generated from general rates</i>	Between 4% and 8%	8.0%
Infrastructure and Asset Management	Asset Renewal Funding Ratio <i>Measures the rate at which the Councils assets are being renewed or replaced against the Infrastructure & Asset Management Plan</i>	Between 90% and 110% <i>on a rolling three (3) year average</i>	168.6%
Debt Management	Net Financial Liabilities Ratio <i>Measures the percentage operating revenues that would be required to settle the net amount owed by the Council.</i>	Less than 100%	152.0%
	Debt Servicing Ratio <i>Measures the Council's commitment to interest costs and debt repayments are met by general rate revenue</i>	less than 15%	5.1%

COMMENTS

As Elected Members will recall, at its meeting held on Tuesday 2 April 2024, the Council resolved to consider the allocation of \$200,000 to meet the costs of events and activities associated with the 2025 Gather Round, should Norwood Oval be selected as a venue to host matches as part of the 2025 Gather Round.

It should be noted that the Draft 2024-2025 Budget (as included in this report) does not contain the inclusion of \$200,000, for the 2025 AFL Gather Round, at this point in time. This inclusion and any further changes to the 2024-2025 Draft Budget will be incorporated into the Draft Annual Business Plan which will be presented to the Council on 6 May 2024.

If Elected Members have any questions in relation to specific budget items or proposed allocations, please contact the Chief Financial Officer on 8366 4548, prior to the meeting as these discussions may assist in resolving any enquiry.

RECOMMENDATION

1. That the proposed Operating and Capital Projects as set out in Attachments A and B be endorsed "*in principle*".
2. That the Draft 2024-2025 Budget, set out in the Financial Statements contained in Attachment E, which incorporates the proposed Operating and Capital Projects contained in Attachments A and B, be endorsed "*in principle*".
3. The Council notes that a report on the adoption of the Draft 2024-2025 Annual Business Plan and Budget, which includes the 2024-2025 Rating Strategy, will be prepared for the Council's consideration.

Short Term Suspension of Proceedings

At 7.03pm, with the approval of two-thirds of the Elected Members present, the Mayor suspended the meeting proceedings pursuant to Regulation 20(1) of the *Local Government (Procedures at Meetings) Regulations 2013* for 45 minutes, to enable informal discussion regarding the Draft 2024-2025 Budget.

Cr Sims left the meeting at 7.38pm.
Cr Sims returned to the meeting at 7.39pm.

Further Suspension of Proceedings

At 7.56pm, with the approval of two-thirds of the Elected Members present, the Mayor suspended the meeting proceedings pursuant to Regulation 20(1) of the *Local Government (Procedures at Meetings) Regulations 2013* for a further 30 minutes, to enable further informal discussion regarding the Draft 2024-2025 Budget.

Cr Granozio left the meeting at 7.59pm.
Cr Granozio returned to the meeting at 8.00pm.
Cr Sims left the meeting at 8.37pm.
Cr Sims returned to the meeting at 8.38pm.

Resumption of Proceedings

The meeting resumed at 8.38pm.

Cr Piggott moved:

That the Council allocates \$200,000 for the 2025 AFL Gather Round as part of the Draft 2024–2025 Annual Business Plan and Budget.

Seconded by Cr Duke and carried unanimously.

Cr Callisto moved:

That the Glynde Heavy Vehicle Traffic Study be deferred and re-considered as part the 2025-2026 Annual Business Plan and Budget.

Seconded by Cr Whittington and lost.

Cr Holfeld moved:

That the Council allocates \$356,000 for the Geographic Information Systems (GIS) Implementation and GIS Run Rate as part of the Draft 2024–2025 Annual Business Plan and Budget.

Seconded by Cr Granozio and lost.

Cr McFarlane moved:

That the allocation of \$40,000 for Raising the Bar Adelaide be reduced to \$20,000.

Seconded by Cr Granozio

Amendment

Cr Mex moved:

That the allocation of \$40,000 for Raising the Bar Adelaide be reduced to \$25,000.

Seconded by Cr Sims.

The amendment was put and carried and on becoming the motion was again put and carried.

Cr Piggott moved:

That the allocation of \$10,000 for the Payneham Memorial Swimming Centre Communications not be funded from the Draft 2024-2025 Budget.

Cr Callisto left the meeting at 9.06pm.

Cr Sims left the meeting at 9.06pm.

Cr Callisto returned to the meeting at 9.07pm.

Cr Sims returned to the meeting at 9.07pm.

Seconded by Cr Duke and carried.

Cr Piggott moved:

That \$20,000 be allocated for the Building Assets Review/Strategy as part of the Draft 2024-2025 Annual Business Plan and Budget.

Seconded by Cr McFarlane and carried.

Cr Piggott moved:

That \$100,000 be allocated for the implementation of the IT Strategy, following the completion of the Review, as part of the Draft 2024-2025 Annual Business Plan and Budget.

Seconded by Cr Whittington and carried.

Cr McFarlane moved:

That implementation of the Arts & Culture Plan – Stage 1, be deferred and re-considered as part of the 2025-2026 Annual Business Plan and Budget.

Seconded by Cr Granozio and lost.

Division

Cr Moorhouse called for a division and the decision was set aside.

Those in favour:

Cr Piggott, Cr Duke, Cr Granozio and Cr McFarlane.

Those against:

Cr Whittington, Cr Holfeld, Cr Knoblauch, Cr Sims, Cr Callisto, Cr Mex, Cr Clutterham and Cr Moorhouse.

The Mayor declared the motion lost.

Cr Granozio left the meeting at 9.31pm

Cr Granozio returned to the meeting at 9.32pm.

Cr Piggott moved:

That funding for the George Street upgrade not be included in the 2024-2025 Annual Business Plan and Budget.

Cr Clutterham left the meeting at 9.40pm.

Cr Sims left the meeting at 9.42pm.

Cr Clutterham returned to the meeting at 9.42pm.

Cr Sims returned to the meeting at 9.43pm.

Cr Piggott withdrew the motion.

Cr Moorhouse moved:

That \$20,000 be allocated for the Verge Upgrade Program as part of the 2024-2025 Annual Business Plan and Budget.

Cr McFarlane left the meeting at 9.48pm.

Cr McFarlane returned to the meeting at 9.50pm.

Cr Whittington left the meeting at 9.50pm.

Seconded by Cr Sims.

Cr Whittington returned to the meeting at 9.54pm.

The motion was put and carried.

Cr Piggott moved:

- 1. That the proposed Operating and Capital Projects as set out in Attachments A and B, and as amended, be endorsed "in principle".*
- 2. That the Draft 2024-2025 Budget, set out in the Financial Statements contained in Attachment E, which incorporates the proposed Operating and Capital Projects, as approved by the Council and including those Projects as set out above and contained in Attachments A and B, be endorsed "in principle".*
- 3. The Council notes that a report on the adoption of the Draft 2024-2025 Annual Business Plan and Budget, which includes the 2024-2025 Rating Strategy, will be prepared for the Council's consideration.*

Seconded by Cr McFarlane and carried unanimously.

Attachment B

Draft 2024-2025 Budget

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**

2024-2025 DRAFT BUDGET

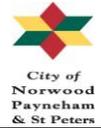


TABLE 1: OPERATING PROJECTS - RECOMMENDED FOR APPROVAL BY THE EXECUTIVE LEADERSHIP TEAM & INCLUDED IN DRAFT 2024-2025 BUDGET

CITY PLAN 2030 OUTCOME	PROJECT NAME	PROJECT DESCRIPTION	TOTAL APPROVED	GRANT FUNDING	RATES FUNDING	BORROWING FUNDING
Economic Prosperity	EASTSIDE BUSINESS AWARDS	These Awards recognise the best small businesses – retailers, restaurants, cafes, venues , professional services and food and beverage manufacturers within the City of Norwood Payneham & St Peters as voted by customers.	\$ 40,000		\$ 40,000	
Economic Prosperity	RAISING THE BAR ADELAIDE	The annual event provides the opportunity to showcase the hotels within the City, raise the awareness of the City's night time offering, whilst creating a one-of-a-kind, knowledge driven event.	\$ 40,000		\$ 40,000	
Cultural Vitality	TOUR DOWN UNDER	The Tour Down Under, a nationally and internationally recognised cycling event that attracts media attention from all over the world, therefore providing an excellent platform for the Council to market the City as a tourism destination and showcase the Norwood Parade Precinct to an international audience. The project is to host a stage of the 2025 Tour Down Under.	\$ 60,000		\$ 60,000	
Cultural Vitality	ART & CULTURE PLAN	Following Council endorsement of the Council's <i>Arts & Culture Plan 2024-2027</i> , the project represents the Year 1 Implementation of the Arts & Culture Plan. The Public Art Masterplan provides a strategic framework for future public artworks in NPSP. This includes guiding location selection for public art procurements, including potential locations for the iconic quadrennial artworks; site specific installation and integration within streetscape designs; First Nations led public art opportunities; interactive and digital installations, art trails and functional artworks.	\$ 68,874		\$ 68,874	
Cultural Vitality	MUSIC MONTH IN THE LIBRARIES	Good Music Month is a new annual, State-wide, open access live music festival held each November, to elevate the profile of live music in South Australia by providing a platform for artists, venues and industry professionals to showcase their talents to local and interstate audiences. The festival encompasses a diverse range of original live music experiences, ranging from intimate blues bands in local pubs to grand scale ticketed music festivals, opera, and orchestral concerts.	\$ 3,800		\$ 3,800	
Cultural Vitality	CULTURALLY DIVERSE EARLY LITERACY PROJECT	The project is aimed at providing bi-lingual early literacy sessions that have diverse content through employing the provider "Chinese School of Music and Arts" to conduct sessions at the library service. These sessions will include bi-lingual stories, songs and crafts, that will build community knowledge of a range of cultures and languages.	\$ 3,300		\$ 3,300	
Cultural Vitality	FIRSTIVAL FESTIVAL	Firstival is a festival of new experiences, introduced by the Public Libraries SA in 2023. The aim of the festival is to increase customer engagement with libraries, and drive visitation and membership among non-library goers. The project will deliver a program of workshops, events and activities for all ages across the Council's three library branches, premised upon the Firstival Festival theme of "For all who seek new experiences".	\$ 4,000		\$ 4,000	
Operations	IT CONTRACT STAFF	Funds to employ staff to backfill the helpdesk role (Information Systems Team are engaged in day-to-day helpdesk responsibilities and therefore have limited time and capacity to progress essential projects i.e. Implementation of Power Bi, WiFi upgrade, Server Hardware upgrade and more).	\$ 40,000		\$ 40,000	

CITY PLAN 2030 OUTCOME	PROJECT NAME	PROJECT DESCRIPTION	TOTAL APPROVED	GRANT FUNDING	RATES FUNDING	BORROWING FUNDING
Operations	AUTHORITY APP	Purchase and the installation of Authority ACTUS App. Authority ACTUS is a suite of Mobile Applications that allows tasks to be viewed, opening new tasks, and completing tasks from the Council Customer Relations Management (CRM) System, Applications and Registers Modules in Authority. It is designed for mobile use on tablets and mobile phones, allowing field workers to update and complete tasks real live time from any location.	\$ 43,862		\$ 43,862	
Operations	IT STRATEGY	The project involves preparation of the organisation's Information Services (IT) Strategy. A number of the organisation's technology systems and software have been in place for some time and are not meeting the needs of the organisation and the community. A strategy is required to ensure that that Council has a roadmap upon which to base future investment decisions.	\$ 80,000		\$ 80,000	
Social Equity	PAYNEHAM MEMORIAL SWIMMING CENTRE COMMUNICATIONS	The Payneham Memorial Swimming Centre Redevelopment Project is a significant project which will be undertaken over 2 years and therefore it is important that the community are kept informed throughout the project. Some of the planned activities as part of this project are: social media campaign, letter box drops to residents and businesses, engagement with Swimming Clubs, engagement with Local Schools and more.	\$ 10,000		\$ 10,000	
Social Equity	ST PETERS BILLABONG ENGINEERING REVIEW	The banks of the St Peters Billabong adjacent to 12 to 16 Eighth Avenue and 1 to 21 River Street, St Peters, are experiencing various degrees of erosion. The assessment includes quantitative (intrusive) geotechnical assessments, such as on-site soil sampling and testing. Subsequently, using the data obtained from these assessments, options study can be undertaken to identify viable and economical solutions.	\$ 100,000		\$ 100,000	
Social Equity	ELECTRONIC PERMITS (e.g. OUTDOOR DINING)	The project involves developing a digital process to enable requests for Residential Parking Permits, Outdoor Dining and Outdoor Trading Permits to be submitted in digital format by citizens rather than using manual forms and for digital permits to be issued. This will increase the convenience for citizens and improve on the quality and accuracy of information provided for permit renewal requests.	\$ 20,000		\$ 20,000	
Social Equity	REGULATORY SERVICE - ADDITIONAL ADMIN STAFF 0.6 FTE	Increase in the amount of administrative support enables the Regulatory Services Team to prompt reply to citizen enquiries, parking reviews, and other enforcement matters, to "follow up" on dog registrations that have not been completed, generating additional revenue and assisting citizens to avoid enforcement actions through penalties for non-compliance with registration.	\$ 47,336		\$ 47,336	
Environmental Sustainability	URBAN GREENING PROGRAM	To encourage the community to plant trees within private land that increases, enhances and adds value to the City green cover including canopy and increases biodiversity and habitat.	\$ 10,000		\$ 10,000	
Environmental Sustainability	DEVELOPMENT OF TREE INVENTORY CONTRACTOR	Cost of inputting data into the Council tree new software. The data will be collated into the Forestree database (software program) which will then be integrated into the Asset Management System.	\$ 20,000		\$ 20,000	
Environmental Sustainability	HEAVY VEHICLE STUDY	Engagement of a Traffic Engineering Consultant to prepare the 'Glynde Heavy Vehicle Traffic Study'. The outcome of the study would be a report that includes : Traffic data analysis, traffic volume, speed and percentage of each classification of heavy vehicle; consultation with all businesses in regards to their needs and requirements.	\$ 25,000		\$ 25,000	
			\$ 616,172	\$ -	\$ 616,172	\$ -

2024-2025 DRAFT BUDGET



TABLE 2: OPERATING PROJECTS - NOT SUPPORTED BY THE EXECUTIVE LEADERSHIP TEAM

CITY PLAN 2030 OUTCOME	PROJECT NAME	PROJECT DESCRIPTION	TOTAL REQUESTED
Social Equity	RIVER TORRENS LINEAR PARK STRATEGY	The project is for the delivery of a Management Framework for the River Torrens Linear Park which will provide the Council with a strategic direction to inform the long term rejuvenation of this regionally significant open space corridor.	\$ 150,000
Social Equity	BUILDING ASSETS REVIEW / STRATEGY	The purpose of this project is to develop a strategy for the Council's buildings and facilities. Strategy will include an analysis of current facility utilisation and predictions of future needs, together with a condition audit data of the Council's buildings assets, the Whole of Life program and the Council's Asset Management Plans .	\$ 130,000
Social Equity	STREET LIGHTING RENEWAL & UPGRADE	To undertake the design and construction works to ensure that non-compliant and inadequate street lighting within the City's streets are renewed or upgraded.	\$ 40,000
Environmental Sustainability	VERGE UPGRADE	To financially assist residents with the cost of removing dolomite or quartz gravel and growing greenery in its place. This Fund will help meet our Council's CityPlan2030 greening objectives, beautify our city and bring cooling to high surface temperatures hotspots.	\$ 20,000
Environmental Sustainability	BIODIVERSITY OFFICER	Employment of a Biodiversity Officer who would be responsible for the following objectives: <ul style="list-style-type: none"> • Implementation of the Biodiversity Strategy 2006-2016 (or updated version); • Conservation and restoration of damaged areas; • Support and engagement of local Volunteer and Community groups; • Operational advice for Council operations, including Depot staff; and • Providing education to the community promoting better use of private and public land. 	\$ 126,000
Cultural Vitality	LIBRARY DESIGN CONSULTANCY FOR RENEWAL CONCEPTS	Project is to best determine the optimal layout (floorplan) and furnishings based on our current and projected collection use, utilising a professional and experienced consultancy to guide our future planning and help the service to deliver a modern library layout at St Peters and Payneham Libraries.	\$ 7,480
Operations	GEOGRAPHIC INFORMATION SYSTEMS (GIS) IMPLEMENTATION	To engage a consultant to review the existing system, capability and make recommendations regarding future needs, to procure appropriate licencing and develop an implementation & transition plan.	\$ 150,000
Operations	GIS - RUN RATE (Permanent role, Maintenance, Licence etc)	The project is to fund licencing costs, to employ a permanent staff to take over the operational functionality and partner with teams to develop and improve their use of GIS to manage their work and continued engagement with a consultant to ensure system is maintained.	\$ 206,000
Operations	DOG DEVICE LIFT FOR TRANSPORTATION	The project is for the installation of the K9 Kube dog lift in to Regulatory Services van which avoids the need for lifting any dog and the use of ramps. It provides the best opportunity to avoid all risk associated with lifting injuries, bites and dog attacks and represents the safest option for officers and dogs.	\$ 35,000
			\$ 864,480

Attachment C

Draft 2024-2025 Budget

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**



Statement of Comprehensive Income for the year ended 30 June 2025

	Actual 2020-2021	Actual 2021-2022	Actual 2022-2023	3rd budget review 2023-2024	Proposed 2024-2025
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Rates	36,288	37,938	39,974	43,421	46,978
Statutory charges	1,751	2,003	2,039	2,100	2,181
User charges	3,506	3,561	3,668	3,837	4,007
Grants, Subsidies and Contributions - operating	2,921	3,433	3,540	2,655	2,677
Grants, Subsidies and Contributions - capital				444	444
Investment income	19	24	171	120	78
Other income	771	848	852	803	496
Net loss joint ventures & associates	217	122	50	-	-
Total Income	45,473	47,930	50,294	53,380	56,861
Expenses					
Employee costs	14,448	14,126	14,531	17,347	19,599
Materials, contracts & other expenses	19,165	19,832	21,984	21,757	21,678
Depreciation, amortisation & impairment	9,968	10,766	11,562	12,462	13,079
Finance costs	454	346	458	456	2,386
Net loss Joint Ventures & Associates	327	214	357	263	263
Total Expenses	44,363	45,284	48,892	52,284	57,005
Operating Surplus (Deficit)	1,110	2,645	1,401	1,096	(144)
Net gain (loss) on disposal or revaluation of assets	(1,145)	(2,371)	(1,502)	25	36
Amounts specifically for new or upgraded assets	3,303	2,341	640	6,626	5,924
Physical resources received free of charge	-	-	-	-	-
Non Operating Items - Joint Venture and Associates	-	-	-	-	-
Net Surplus (Deficit) transferred to Equity Statement	3,268	2,615	539	7,747	5,816
Other Comprehensive Income					
Changes in revaluation Surplus- infrastructure, property, plant & equipment	12,046	34,462	49,031	7,244	5,508
Share of Other comprehensive Income - joint ventures and associates	5	(5)	(12)	-	-
Total Other Comprehensive Income	12,051	34,457	49,019	7,244	5,508
Total comprehensive Income	15,320	37,072	49,559	14,991	11,324

Pursuant to S123 (10)(b) of the Local Government Act 1999 and Clause 7 of the Local Government (Financial Management) Regulations 2011, as detailed in the Statement of Comprehensive Income, the projected Operating Income of \$56.861m is sufficient to meet the projected Operating Expenditure (\$57.005m) for the 2024-2025 Financial Year.

2024-2025 Financial Statements
Draft



City of
Norwood
Payneham
& St Peters

Statement of Financial Position as at 30 June 2025

	Actual 2020-2021 \$'000	Actual 2021-2022 \$'000	Actual 2022-2023 \$'000	3rd budget review 2023-2024 \$'000	Proposed 2024-2025 \$'000
Assets					
Current Assets					
Cash and cash equivalents	7,071	11,393	4,317	150	500
Trade & other receivables	3,699	2,675	2,193	2,425	2,487
Total Current Assets	10,770	14,068	6,511	2,575	2,987
Non-current Assets					
Financial Assets	104	113	104	121	131
Equity accounted investments in Council businesses	2,207	1,931	1,949	1,949	1,949
Infrastructure, Property, Plant & Equipment	507,904	543,710	594,771	640,807	692,845
Other Non-current Assets	2,509	4,324	5,707	5,706	5,706
Total Non-current Assets	512,725	550,078	602,531	648,583	700,630
Total Assets	523,495	564,146	609,041	651,158	703,617
Liabilities					
Current Liabilities					
Trade & Other Payables	8,006	13,031	8,819	10,418	11,061
Borrowings	972	1,021	1,097	1,034	1,081
Short-term Provisions	3,326	3,004	3,872	3,200	3,200
Other Current Liabilities	-	-	-	-	-
Liabilities relating to Non-current Assets held for Sale	-	-	-	-	-
Total Current Liabilities	12,304	17,056	13,789	14,652	15,342
Non-current Liabilities					
Long-term Borrowings	9,392	8,527	7,522	33,113	73,557
Long-term Provisions	1,328	1,280	288	960	960
Liability - Equity accounted Council Businesses	1,164	904	952	952	952
Total Non-current Liabilities	11,884	10,712	8,763	35,026	75,470
Total Liabilities	24,188	27,767	22,551	49,678	90,812
Net Assets	499,306	536,379	586,490	601,481	612,805
Equity					
Accumulated Surplus	60,099	62,709	63,789	71,536	77,352
Asset Revaluation Reserve	439,208	473,670	522,701	529,945	535,453
Total Equity	499,306	536,379	586,490	601,481	612,805



Statement of Changes in Equity for the year ended 30 June 2025

	Actual 2020-2021 \$'000	Actual 2021-2022 \$'000	Actual 2022-2023 \$'000	3rd budget review 2023-2024 \$'000	Proposed 2024-2025 \$'000
Accumulated Surplus					
Balance at end of previous reporting period	56,825	60,099	62,709	63,789	71,536
Net Surplus/ (Deficit) for year	3,268	2,615	1,092	7,747	5,816
Other comprehensive Income	-	-	-	-	-
Share of other Comprehensive Income- joint venture and associates	5	(5)	(12)	-	-
Balance at end of period	60,099	62,709	63,789	71,536	77,352
Asset Revaluation Reserve					
Balance at end of previous reporting period	427,162	439,208	473,670	522,701	529,945
Gain on revaluation of infrastructure, property, plant & equipment	12,046	34,462	49,031	7,243	5,508
Balance at end of period	439,207	473,670	522,701	529,945	535,453
Total Equity at end of reporting period	499,306	536,379	586,490	601,481	612,805

Statement of Cash Flow for the year ended 30 June 2025

	Actual 2020-2021 \$'000	Actual 2021-2022 \$'000	Actual 2022-2023 \$'000	3rd budget review 2023-2024 \$'000	Proposed 2024-2025 \$'000
Cash Flow from Operating Activities					
<u>Receipts</u>					
Rates - general & other	36,672	37,859	39,979	42,120	47,190
Fees & other charges	1,613	2,010	2,039	2,187	2,176
User Charges	3,113	4,592	3,668	3,990	3,997
Investment receipts	19	24	171	132	79
Grants utilised for operating purposes	2,756	3,440	3,540	2,877	2,676
Other Income	998	913	1,120	864	547
<u>Payments</u>					
Employee Costs	(14,547)	(15,627)	(15,075)	(17,294)	(19,554)
Contractual services & materials	(18,074)	(17,515)	(25,105)	(18,896)	(21,653)
Finance payments	(447)	(156)	(448)	(473)	(2,396)
Net Cash provided by (or used in) Operating Activities	12,102	15,540	9,888	15,507	13,062
Cash flow from Investing Activities					
<u>Receipts</u>					
Amounts specifically for new or upgraded assets	2,626	5,785	753	6,382	5,924
Grants utilised for capital purposes	-	-	-	444	444
Sale of replaced assets	47	50	0	25	36
Repayments of loans by community groups	11	6	-	-	-
Capital Distributions from associated entities	-	-	-	-	-
<u>Payments</u>					
Expenditure on renewal/replacement of assets	(9,652)	(8,937)	(11,193)	(23,224)	(20,240)
Expenditure on new/upgraded assets	(5,508)	(6,941)	(5,168)	(28,029)	(39,368)
Capital contributed to associated entities	(81)	(170)	(289)	(800)	-
Net Cash provided by (or used in) Investing Activities	(12,556)	(10,208)	(15,897)	(45,202)	(53,204)
Cash Flow from Financing Activities					
<u>Receipts</u>					
Proceeds from Borrowings	-	-	-	26,517	41,525
<u>Payments</u>					
Repayments of Borrowings	(1,653)	(1,010)	(1,067)	(989)	(1,034)
Net Cash provided by (or used in) Financing Activities	(1,653)	(1,010)	(1,067)	25,528	40,491
Net Increase (Decrease) in cash held	(2,107)	4,322	(7,076)	(4,167)	350
Cash & cash equivalents at beginning of period	9,177	7,071	11,393	4,317	150
Cash & cash equivalents at end of period	7,071	11,393	4,317	150	500



Uniform Presentation of Finances for year ended 30 June 2025

	Actual 2020-2021 \$'000	Actual 2021-2022 \$'000	Actual 2022-2023 \$'000	3rd budget review 2023-2024 \$'000	Proposed 2024-2025 \$'000
Income	45,473	47,930	50,847	53,380	56,861
less Expenses	(44,363)	(45,284)	(48,892)	(52,284)	(57,005)
Operating Surplus (Deficit)	1,110	2,645	1,954	1,096	(144)
less Net Outlays on Existing Assets					
Capital Expenditure on renewal and replacement of Existing Assets	9,652	8,937	11,193	23,224	20,240
Depreciation, Amortisation and Impairment	(9,968)	(10,766)	(11,562)	(12,462)	(13,079)
Proceeds from Sale of Replaced Assets	(47)	(50)	(0)	(25)	(36)
	(363)	(1,878)	(369)	10,738	7,125
less Net Outlays on New and Upgraded Assets					
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	5,508	6,941	5,168	28,029	39,368
Amounts received specifically for New and Upgraded Assets	(2,626)	(5,785)	(753)	(6,336)	(5,924)
Asset Received Free of Charge	-	-	-	-	-
	2,882	1,156	4,414	21,694	33,444
Net Lending / (Borrowing) for Financial Year	(1,408)	3,368	(2,091)	(31,336)	(40,713)

Financial Indicators

	Actual 2020-2021	Actual 2021-2022	Actual 2022-2023	3rd budget review 2023-2024	Proposed 2024-2025	Proposed 2024-2025
Required by Local Government (Financial Management) Regulations 1999 Section 5B(d)						\$
Operating Surplus Ratio						
Operating Surplus/(Deficit)	2.4%	5.5%	3.8%	2.1%	-0.3%	(144,047)
Total Operating Revenue						56,860,956
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>						
Net Financial Liabilities Ratio						
Net Financial Liabilities	26.7%	26.5%	29.5%	86.3%	152.6%	87,704,668
Total Operating Revenue						56,860,956
<i>This ratio expresses the extent of Operating Revenue required to meet all monies owed by the Council Net financial liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).</i>						
Asset Renewal Funding Ratio						
Expenditure on renewals	79.1%	65.1%	77.1%	145.1%	168.6%	20,240,262
Asset Management Plan Rolling three-year average	116.3%	78.8%	73.6%	98.0%	128.5%	12,004,179
<i>This ratio measure the extent existing assets are being renewed compared to the Infrastructure & Asset Management Plan Net asset renewals is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i>						
Interest Cover Ratio						
Net Interest Expense	1.0%	0.7%	0.6%	0.6%	4.1%	2,308,427
Total Operating Revenue excl Interest income						56,782,991
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>						

7. CONFIDENTIAL REPORTS
Nil

8. OTHER BUSINESS
(Of an urgent nature only)

9. NEXT MEETING
Monday 20 May 2024

10. CLOSURE