



2024/2025

**Annual
Business
Plan and
Budget**





We acknowledge the land that we work on is the traditional land of the Kaurna People and that we respect their spiritual relationship with their country.

We also acknowledge the Kaurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the Kaurna people today. We pay respect to the cultural authority of Aboriginal people visiting or attending from other areas of South Australia and Australia.

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Under Section 123 of the *Local Government Act 1999* your Council is required to have a budget for each financial year. The budget must be considered as part of the Council's Annual Business Plan.

This document presents the 2024/25 Annual Business Plan and Budget for the City of Burnside. It was adopted by Council at a Special Meeting on 24 June 2024. Amendments to the presented document were resolved including the removal of 17 projects and other expenditure to the value of \$1,037,520. A full list is provided in the minutes of the meeting on Council's website.

1

Your City

Established in 1856, the City of Burnside is one of Adelaide's oldest residential areas and is located 10 minutes from the central business district of Adelaide, nestled at the base of the Adelaide foothills. It is a city known for its character and amenity featuring tree-lined streets, period architecture, plentiful reserves and gardens and tidy, safe streetscapes.

The Census reveals the following statistics for the City of Burnside.



33.8%

(6,102) of households were made up of couples with young children

The number of households made up of couples without children (4,832) is similar to the number of lone person households (4,766)



15,198

or **33%**, of people in the City were born overseas



68%

of households earned an income less than \$3,000 per week



The three largest ancestries were

English, Australian and Chinese



73%

of households were purchasing or fully owned their home, **20.2%** were renting privately and **1.2%** were in social housing



4.8%

of the population
(2,196 people)
reported needing
help in their day-
to-day lives due
to disability

27%

of the population
in Burnside
reported
doing some form
of voluntary
work

Parents and
home builders
(35 to 49) are
our largest
population at

19%



32%

of our population
are parents,
home builders
and older workers
(35-59 years)

21%

are under 18 years

26%

are retirees
and seniors
(60-84 years)

4%

are over 84 years



The estimated
resident population
for 2021 was

46,444

living in 19,626 dwellings

57.5%

are under 50 years

42.4%

are over 50 years

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Your Mayor

Our Audit and Risk Committee advised us that we need to be proactive in dealing with Council debt, which has accumulated over the past years. The previous council did not increase rates for two years during COVID in consideration of our community's needs and we kept rate increases to a minimum last year.

Council continued to build and upgrade facilities according to community demand and promises made. Since then, many costs have risen, with construction costs particularly skyrocketing.

We have achieved much over the past year, alongside the regularly programmed road, kerb and gutter, verge and footpath upgrades, street sweeping and rubbish removal. We also know how much you appreciate the support you receive through community based programs and activities for all age groups.

For the fifth year in a row, the United Nations have granted the City of Burnside 'Tree City of the World' status. This comes from our focus on care of our trees, increasing our tree canopy by planting over 1000 trees per year on council land and our programs that support the importance of trees to environmental sustainability, such as the Native Tree Giveaway, Tree Assistance Fund, Habitat Grants Scheme and Native Plant Giveaway. We have also raised awareness for tree protection by taking action on tree vandalism. Our work with seeding land at Kapunda also contributed to our carbon offset scheme. Solar panels were also added to the roofs of the Civic Centre, Council Depot, Dulwich Community Centre and the George Bolton Swimming Centre to help reduce power costs.

An enormous amount of work was completed on our Master Plan and resulting from this, consultation with the community and approval by the State Government, substantial areas of the City now have 40 km/h speed limits. This has been a project was initiated by our community for everyone's safety. We installed new ultra rapid EV Chargers in the Civic Centre and upgraded the lighting in the car park to improve safety at night and access for electric vehicles to be charged.





The redevelopment of the Dulwich Community Centre was completed and we now have an environmentally sensitive and functional modern building with improved access for all. Your Neighbourhood Budget also resulted in the Tusmore Park public toilets receiving a colourful mural. The upgrading of the Conyngham Street Dog Park was completed with separate areas for smaller and larger dogs being defined after consultation with users. Detailed design work has also been completed for the Regal Theatre and the Marryatville Master Plan.

Disability Access compliance has been addressed in all of our facilities, with the latest being Pepper Street Art Centre, access to the western side of the Civic Centre and at the George Bolton Swimming Centre where we installed new changerooms for those with disabilities and school groups. We have an ongoing commitment working towards cultural and disability inclusion across the council through events, activities and grants.

Our volunteers are recognised during the year and a new concierge service began with volunteers providing helpful advice and directions at the entrance of the Civic Centre. This has been very beneficial to newcomers to the Centre. Our Burnside Toy Library achieved National awards, heritage plaques were installed and the Avenues of Honour plaques have been upgraded and new names added. Awards were also achieved by Kensington Wama/Kensington Gardens Reserve and Magill Village redevelopments.

Difficult decisions are always having to be made by Council, based on our Strategic Community Plan which was also revised this year, that focuses on Community, Environment and Place. We do our best to balance needs and wants with financial sustainability.

Anne Monceaux
Mayor

We also know how much you appreciate the support you receive through community based programs and activities

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Your CEO

This year's business plan and budget process has been quite challenging. On one hand, Council is acutely aware of the cost of living pressures that many are experiencing at the moment. On the other hand we have to ensure that the City of Burnside is able to continue to offer the 122 services to the community in a financially responsible manner, while being hit with many of the cost pressures that you are also experiencing.

Over the past four years, during times of great change and uncertainty in our community, the budgets Council adopted were based on zero, 3.5 or 6.0 per cent rates rises:

- 2020/21 zero per cent rate rise;
- 2021/22 zero per cent rate rise;
- 2022/23 3.5 per cent rate rise; and
- 2023/24 6.0 per cent rate rise.

We promised to deliver our 118+ (now 122) services, and maintain community assets and infrastructure, to the standard that our residents in Burnside expect. And we did. Although we did this by supplementing the cost of delivering capital projects and some of our asset renewals with borrowings.

To continue using borrowings to fund our asset renewals is financially unsustainable and unfair for future generations of ratepayers. The fairness of the principle of inter-generational equity - sharing the financial burden between current and future users – is fundamental.

Rate increases reflect the increasing costs to deliver services (for example the increasing cost of electricity, asphalt and diesel). The zero or below inflation rate increases of past years resulted in Council delivering services to the community with a shortfall in funding in those years.

Council can no longer sustain the use of borrowings to fund our renewal activities. To be financially sustainable, Council must operate at a minimum on a break-even basis, otherwise services would have to be reduced or cut all together.

If Council was to achieve a break-even position in the coming year, then the rate rise in 2024/25 would need to be 14 per cent with CPI increases for the following years. This path would also save approximately \$250k in annual interest repayments.

However I am conscious that a balance must be found between the need for financial sustainability. Therefore Council is proposing a 9.8 per cent rate rise for the 2024/25 financial year. This rate would then be followed by rate rises of between 4-7 per cent for the following two financial years. This model will cost \$200k in annual interest repayments.

This will achieve a return to surplus and see Council in a financially sustainable position with rate rises equivalent to CPI in the subsequent years. Council and my team will also continue to seek savings and efficiencies at every opportunity.

When responding to past consultations on the business plan and budget, residents offer suggestions on reducing costs. I'm going to address a number of the most common suggestions and highlight that the challenge is often not from within the organisation but, like you, navigating through a time of soaring utility and supply costs.

What about savings for a 'rainy day'?

Council budgets operate differently to your household budget. Rather than having a pool of savings to fund a 'rainy day', council budgets are legislatively required to break-even, where the monies raised through rates is equal to the cost of delivering the services to the community. Having a pool of savings essentially means that Council would have put aside monies provided by the current generation of ratepayers, which would not be spent on them, for the benefit of a future generation. Where is the fairness in that? So hence the equality of a break-even budget.

Can you cut services to save?

We could cut the number of services we deliver. Roads and rubbish are only 6 of the 122 services that our residents enjoy. Each service has significant benefit to all (roads, library, waste management, parks and reserves), most (sporting facilities) or some (aged care support) of our residents.

What service would Council cut to reduce the rate rise? Do we cut a service like home support for older residents who are a smaller proportion of our population, and thus a cut affects less people in our City, but whose need is the greatest? Every service benefits someone in the community and thus any cancelled service will negatively impact our residents.

There are services that create the beautiful aesthetic of the neighbourhood you live in. Cutting these services (verge mowing, street sweeping and autumn leaf collection) are more logical choices but without these, the visual amenity you enjoy as you walk or drive out of your driveway, or cycle through your neighbourhood, would be considerably different. Would the community be tolerant of this change? Without doubt there would be strong objection from the community if these, or indeed any services were discontinued.



Don't you have too many employees?

There is usually feedback like 'employee costs are too high what about cutting staff?'

Many people have opinions about their local council. There may have been a time when a certain amount of criticism was justified. We are not perfect, but as a sector we are very aware of what the difficulties are and what we still need to do to improve. Many people might be surprised if they realised just how modern, efficient and well-run their local council actually is.

People often think that back office administration services are a waste of money and something on which we can easily reduce spending. That may have been true many years ago when every manager or team had a secretary. But this has not been the case for a long time now. Shared services have become the norm, and we have greatly reduced admin costs by automating many processes.

More and more councils are using managed services, reducing staff overheads and outsourcing support services to the most cost-effective provider. With our current employee numbers, reductions will not only bring diminishing returns but hamper the day-to-day running of the organisation and still result in the requirement to cut services.



Is there any good news?

The 2024/25 budget will still deliver the 122 services to the high standard that our community expects. Considering the Cost of Business* and other additional cost pressures, Council can still deliver \$2m in new and upgraded assets and allocate \$12.8m for the renewal and replacement of existing assets.

A 9.8 per cent average rate increase will allow a \$296k allocation to new operating projects (I provide an overview below) and a capital contribution (subject to Council approval) to the Brown Hill Keswick Creek Project (\$480k).

Work on our City Master Plan (CMP) can continue. This plan is a strategic guide for Council to navigate the inevitable population growth of our City in a planned way. What are infrastructure and housing needs going to look like? What will our transport needs be? The CMP will guide Council in decision making for the future. To implement the CMP work is underway on two crucial Council-initiated planning Code Amendments. The **Burnside City**

Master Plan Code Amendment will turn the policies of the CMP into real amendments to the application of the Zones, Overlays and Technical Numerical Variations within the Planning and Design Code. The **Historic Area Overlay Code Amendment** will seek to expand the Historic Area Overlay over various areas, including Dulwich, pockets of Leabrook and Kensington Park.

Future demand on Council services, in particular our open spaces, will be addressed through the CMP with work on the **Open Space Layer (OSL)** of the plan underway. This layer will provide a holistic perspective on managing our City's open spaces, parks and reserves. It will help to determine how our open spaces are to be used and what should go where in terms of recreation, sport and other community uses, while at the same time balancing environmental and other considerations. An action plan will be developed to deliver the OSL and guide Council in their decision making on future master plans, new and upgraded facilities, and possibly land acquisitions and disposals.

*Every year Council estimates the increase in the cost to deliver services to the community, also accounting for cost pressures like increases above general inflation, this is Council's 'Cost of Business' (COB). See page 30 for more information on the COB.

The 2024/25 budget will still deliver the 122 services to the high standard that our community expects.

Council is striving toward strengthening access and inclusion in our city and two key projects are proposed to continue this journey. A review of our **Disability Access and Inclusion Plan**. Funding will also facilitate the completion of some outstanding actions from the plan.

In the environment space, this budget is proposing a 6-month trial of a **Sustainable Kerbside Service** with a weekly green organics bin collection; fortnightly landfill red bin service; and no change to the fortnightly recycle yellow bin collection. The trial will allow households to opt out to continue the typical weekly landfill bin service. This trial will inform Council's decision making in its strive toward reducing landfill volumes.

Council is seeking to revegetate and rehabilitate the **Newland Reserve biodiversity site** adjacent the Newland Tennis Clubhouse; and will demolish an unused building in **Wood Park**, Hazelwood Park, and reinstating the area to open space. More detail on this project, and all that I have listed above, can be found on page 51 of this plan.

I commend this business plan and budget and look I forward to reading our community's feedback.

Chris Cowley
CEO



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Your Council



Mayor Anne Monceaux

Beaumont Ward



Cr Paul Huebl



Cr Harvey Jones

Burnside Ward



Cr Mike Daws



Cr Jenny Turnbull

Eastwood & Glenunga Ward



Cr Ted Jennings



Cr Di Wilkins

Kensington Gardens & Magill



Cr Kerry Hallett



Cr Jo Harvey

Kensington Park Ward



Cr Jane Davey



Cr Andy Xing

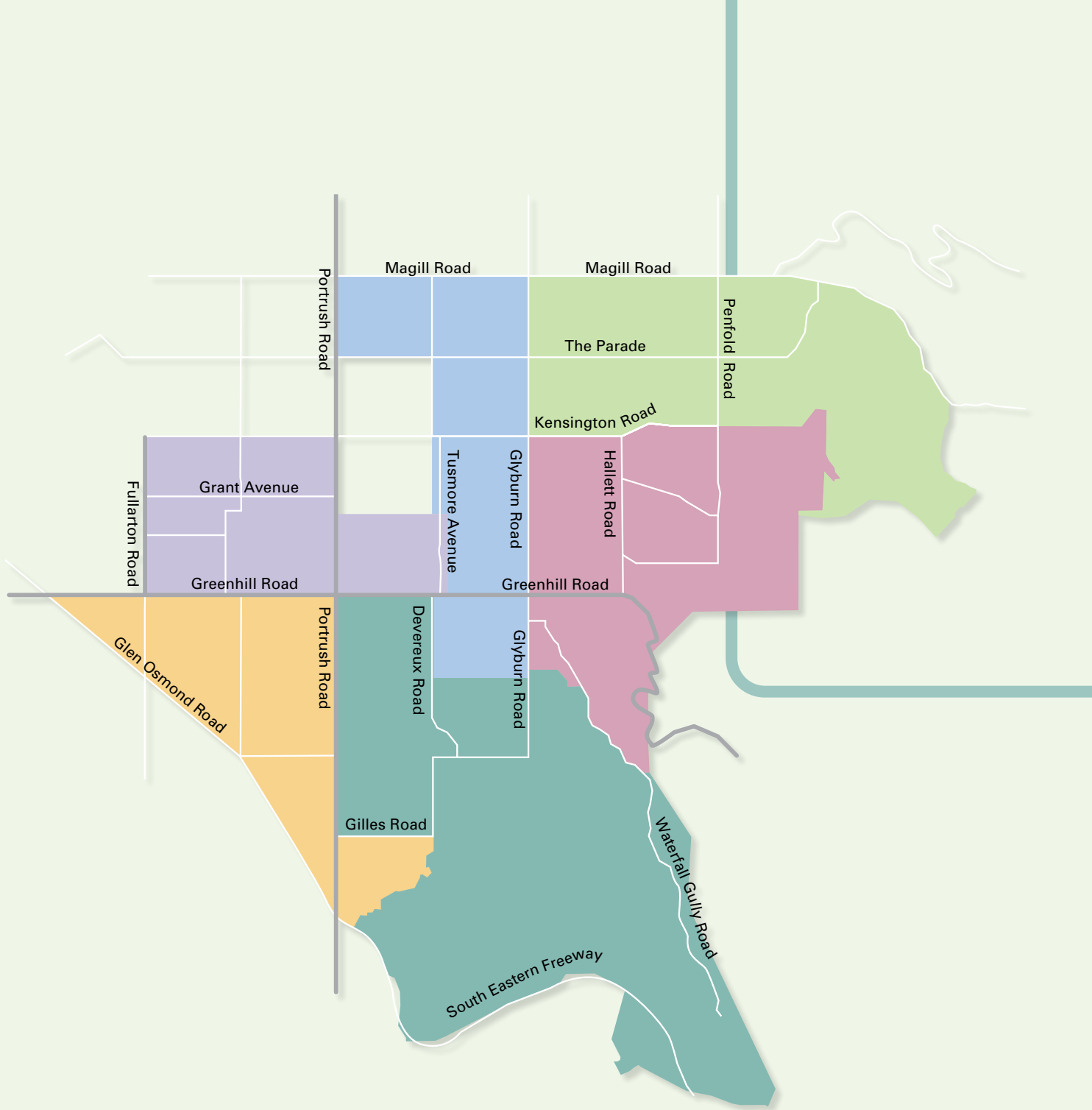
Rose Park & Toorak Gardens Ward



Cr Peter Cornish



Cr Lilian Henschke



City of Burnside Wards

- **Beaumont**
 Beaumont, parts of Glen Osmond, Leawood Gardens, Linden Park, Mt Osmond, St Georges, Waterfall Gully
- **Burnside**
 Burnside, Erindale, Stonyfell, Wattle Park
- **Eastwood & Glenunga**
 Eastwood, Frewville, parts of Glen Osmond, Glenside, Glenunga
- **Kensington Gardens & Magill**
 Auldana, Kensington Gardens, Magill, Rosslyn Park, Skye
- **Kensington Park**
 Beulah Park, Hazelwood Park, Kensington Park, Leabrook
- **Rose Park & Toorak Gardens**
 Dulwich, Rose Park, Toorak Gardens, Tusmore

5

Your Voice

YOUR FIRST INPUT - ANNUAL COMMUNITY SURVEY

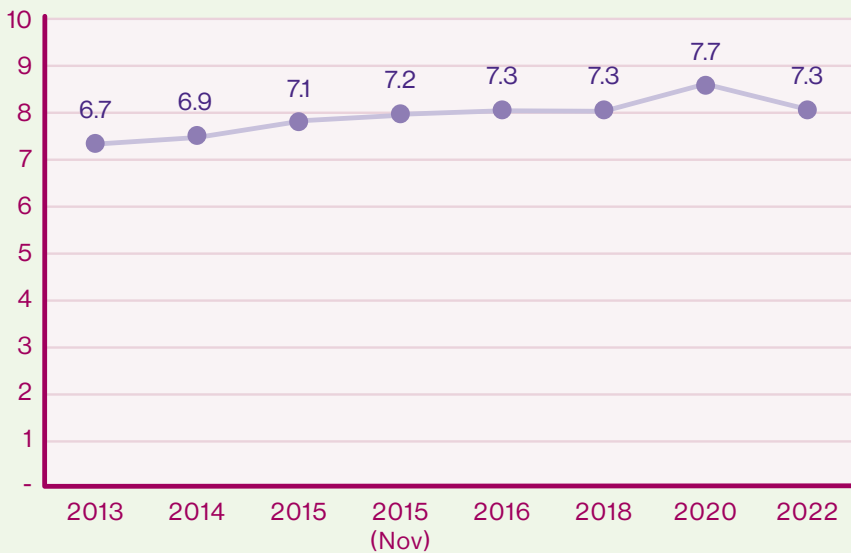
Council will always need to find the balance between what residents expect Council to deliver and what is appropriate and affordable for Council to provide with the revenue available to deliver services. The Annual Community Survey provides relevant and timely data, which may assist the formation of planning and budget decisions that influence Council's service delivery.

This input from our community contributes to the development of the Annual Business Plan and Budget and is vital to ensure that Council continues to deliver the high quality services that our community needs; working within the goals of the Long Term Financial Plan.

The results of the last trend-data survey conducted in December 2022 revealed that our community's satisfaction with Council's performance is consistent with results from preceding years.

Our residents have told us that nearly all services that Council currently provides are what residents want, as 9 in 10 residents (96 per cent) could not suggest any services that Council currently provides that it shouldn't. Most residents did not have requests for future services (66 per cent had no suggestions while 8 per cent were unsure).

Mean Score - Overall Satisfaction



Overall satisfaction with Council services over a ten-year period. Results are in a scale of 0 – 10; where Satisfied = 7 – 10, Neutral = 4 – 6, Dissatisfied = 0 – 3.

NB: the 2020 result is an outlier result and potentially a consequence of that research being undertaken during the COVID-19 pandemic. This is a trend that researchers are seeing across many industries and studies.

The complete 2022 Annual Community Survey report, and past reports, can be found on Council's website at bit.ly/CoBACS

ANOTHER OPPORTUNITY TO HAVE YOUR SAY

The input from our community on the 2024/25 Annual Business Plan and Budget is vital to ensure that Council continues to deliver the high quality services that our community needs; working within the goals of the Long Term Financial Plan; and remaining responsive to the Annual Community Survey outcomes.

The engagement with the community on this Business Plan and Budget was undertaken consistent with the legislative requirements in Section 123 (4) of the *Local Government Act, 1999*.

THE LONG TERM FINANCIAL PLAN

Council also sought feedback on the Long Term Financial Plan. More details about this plan can be found on page 33 of this document.



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Measuring our Performance

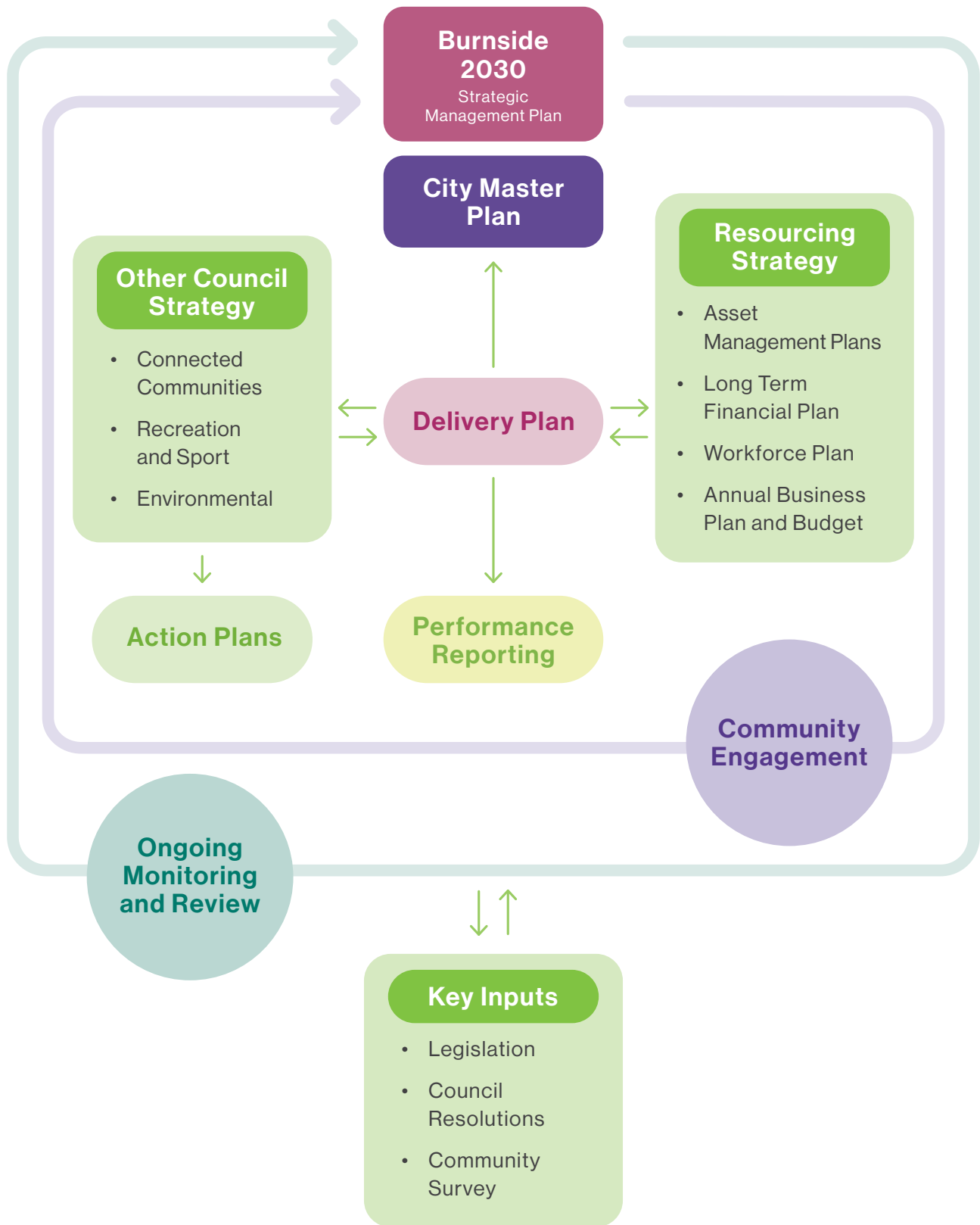
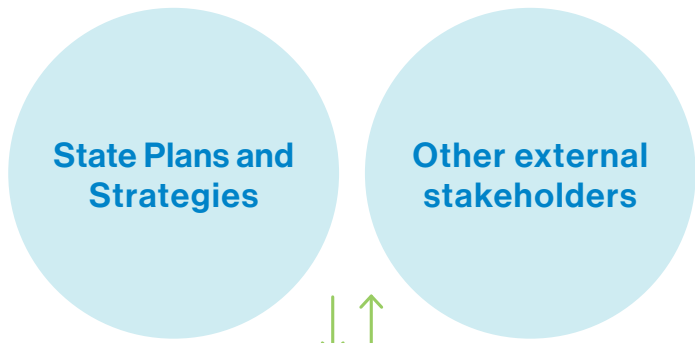
The Council measures its achievements and financial performance through the following processes:

- regular financial reporting to Executive and Council
- annual review of the Long Term Financial Plan
- production of the Annual Report with audited Financial Statements
- budget reviews in accordance with legislation
- progress reports against the Annual Business Plan
- individual staff performance plans
- Annual Community Survey
- customer request and complaint systems
- Annual Business Plan and Budget consultation.

Monitoring performance is critical in ensuring that Council is contributing to the achievement of Burnside's Strategic Community Plan. Council's Strategic Planning Framework supports Council in measuring the achievements of Council's Vision as well as monitoring the delivery of services and projects.



**INTEGRATED
PLANNING AND
REPORTING
FRAMEWORK**





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Budget Snapshot

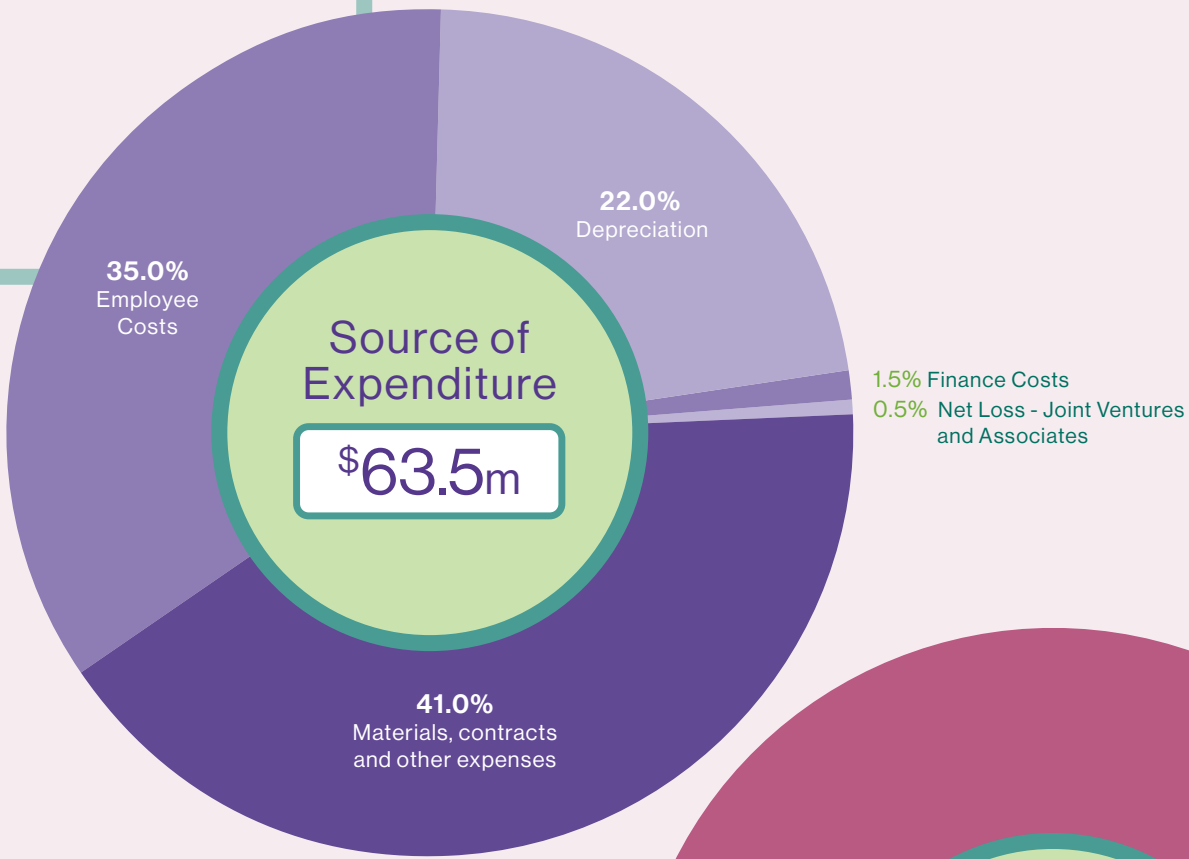
The 2024/25 Annual Business Plan and Budget has been prepared in accordance with the priorities of our Strategic Community Plan, our Long Term Financial Plan and our Annual Community Survey.

Key highlights of the 2024/25 Annual Business Plan

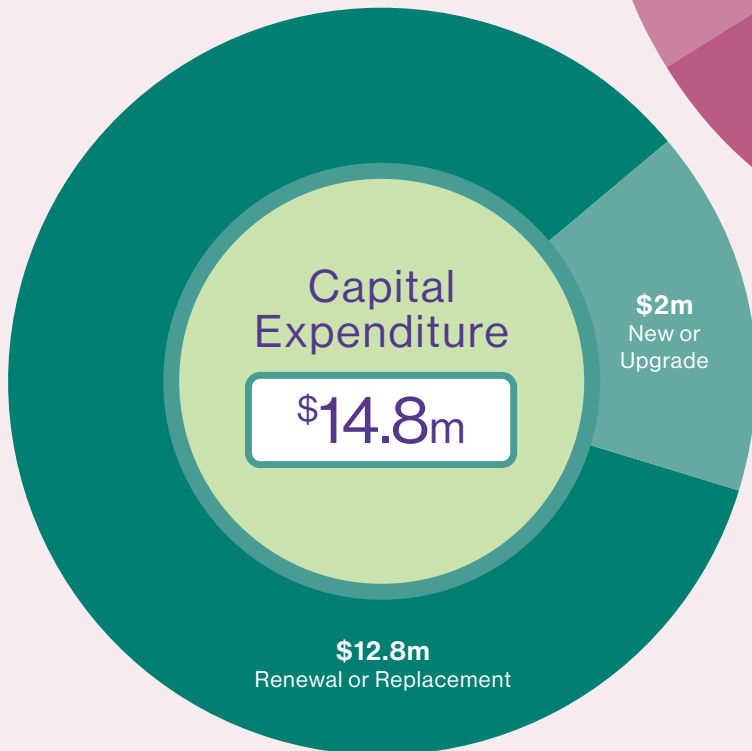
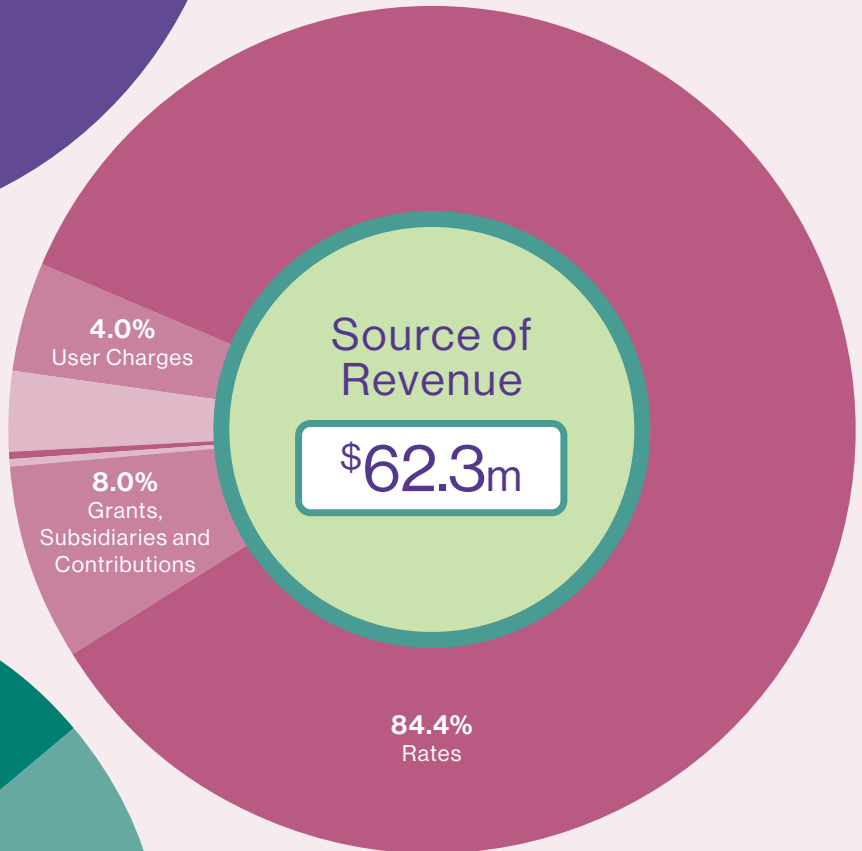
	Budget 2024/25	Forecast 2023/24
Average rate increase	9.8%*	6.01%*
Operating Surplus (excluding subsidiaries \$'000)	(961)	(2,385)
Operating Projects and New Services (Net)(\$'000)	296	668
Capital Expenditure (\$'000)	14,803	18,296

* Average rates increase for all properties excluding growth (subdivisions)





3.0% Statutory charges
 0.3% Other income
 0.3% Reimbursements



Council's key financial indicator comparisons are shown in the table below which indicate that, excluding the Operating Surplus Ratio including subsidiaries shown in pink below, Council has been within the target range for all of the financial parameters:

Description	Target amount (LGA Recommended Target)	Audited Actuals 2021/22 \$('000)	Audited Actuals 2022/23 \$('000)	Forecast 2023/24 \$('000)	Budget 2024/25 \$('000)
Operating Surplus/ (Deficit) (including subsidiaries)	Operating Surplus position	2,071	605	(2,770)	(1,268)
Operating Surplus/ (Deficit) (excluding subsidiaries)	Operating Surplus position	2,186	941	(2,385)	(961)
Operating Surplus/ (Deficit) Ratio (including subsidiaries)	0 – 10%	3.9%	1.1%	(4.7%)	(2.0%)
Net Financial Liabilities	Less than Total Annual Operating Revenue	21,564	31,305	36,087	37,570
Net Financial Liabilities Ratio	Between 0 - 100%	41%	44%	55%	55%
Asset Renewal Funding Ratio (Rolling Average)	Greater than 90% but less than 110%	90%	114%	110%	107%

Description definitions

Operating Surplus/(Deficit)

An Operating Surplus (or Deficit) arises when operating income exceeds (or is less than) operating expenses for a period (usually a year).

Operating Surplus/(Deficit) Ratio

This Ratio measures what percentage the operating income varies from operating expenses. If a Council is not generating an operating surplus in most periods, then it is unlikely to be operating sustainably.

Net Financial Liabilities

This indicator measures Council's indebtedness to third parties.

Net Financial Liabilities Ratio

This Ratio measures how significant the net amount owed to others is compared to Council's Operating Income.

Asset Renewal Funding Ratio

This Ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with the asset renewal and replacement expenditure identified in Council's asset management plan (AMP).

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New Projects

A 9.8 per cent rate increase will still deliver the 122 services to the high standard that our community expects, \$2m in new and upgraded assets, and allocate \$12.8m for the renewal and replacement of existing assets.

This rate increase will allow a \$296k allocation to operating projects. Highlights of the new projects are featured on these pages. For more detail on these and other projects proposed, see pages 52-58.

To find out more about the services that the City of Burnside provides, visit bit.ly/CoBservices



PLACE



City Master Plan and Historic Area Overlay Code Amendments

The Burnside City Master Plan (CMP) provides a strategic approach to managing population growth, development and transport in Burnside. It sets out where Council will accommodate inevitable population growth in a planned, sustainable way, while preserving our beloved urban character, tree canopy and streetscapes. The CMP also guides Council in meeting future infrastructure, housing needs and tackling transport planning in a coordinated way.

Failure to deliver the CMP's promise to our community will put our cherished suburban character and tree canopy at risk. Growth and development will be unplanned and ad-hoc and the future of our city will be driven by developers and private Code Amendments. Council will forever be on the backfoot, reacting to the whims of others.

Key elements of the CMP include:

- Increased protection areas, delivered by the extension of the Historic Area Overlay or the Character Area Overlays in certain suburbs.
- Increased allotment sizes and reduced subdivision potential in some areas.
- Growth concentrated along arterial roads, in and around shopping centres and within special precincts located close to public transport.



To implement the CMP, work is currently underway on two crucial Council-initiated planning Code Amendments:

- The *Burnside City Master Plan Code Amendment* will turn the policies of the CMP into real amendments to the application of the Zones, Overlays and Technical Numerical Variations within the Planning and Design Code.
- The *Historic Area Overlay Code Amendment* will seek to expand the Historic Area Overlay over various areas, including Dulwich, pockets of Leabrook and Kensington Park.

Further funding for these multi-year projects will allow for:

- Legal or other professional advice (ie heritage advice);
- Community engagement costs; and
- Preparation of the final Code Amendment package.

Ongoing support for both Code Amendments is necessary to demonstrate to the community that the City of Burnside are actively responding to the concerns of the community.

City Master Plan Open Space Layer

Work has commenced on developing an Open Space Layer (OSL) for the Burnside City Master Plan, which is a multi-year project. It is intended that the OSL will provide a holistic perspective on managing our City's open spaces, parks and reserves. It will help to determine how our open spaces are to be used and what should go where in terms of recreation, sport and other community uses, while at the same time balancing environmental and other considerations.

An action plan will be developed to deliver the OSL and guide the prioritisation of future master plans, new and upgraded facilities, and possibly land acquisitions and disposals.

The development of an OSL will be subject to community engagement, and will take into consideration:

- Emerging recreation and sports trends.
- Climate change and the conservation and enhancement of tree canopy, flora, fauna, heritage and culture in open space areas.
- Demographic forecasts for Burnside's changing population.
- Current and predicted usage of open space and associated facilities.
- The future open space needs for our growing, changing and diverse community, including the growth areas shown in the City Master Plan.

Through close engagement with Kaurna People, the development of the layer will explore opportunities for "connection with country", looking at the value of these spaces through a cultural lens with a long-term vision to strengthen ties with the land.

The layer will also provide a spatial plan to "connect people to places", ensuring that everyone has accessible open space within a reasonable distance of their home.

Ultimately, the OSL will provide direction for all types of open spaces including sports grounds, recreation reserves, parks and natural areas and will guide Council to strategically provide, develop, and manage our open spaces and associated facilities into the future.



COMMUNITY



Disability Access and Inclusion Plan

The City of Burnside's current Disability Access and Inclusion Plan 2020- 2024 (DAIP) is due for review in 2024. Funding would facilitate the development of a new DAIP, including community consultation and completing the outstanding actions requiring implementation:

- Ensure City of Burnside's Community Engagement (Public Consultation) Policy is utilised for changes to existing and heritage facilities, parks and reserves, as and where deemed necessary.
- Incorporate universal design principles when planning new and redeveloped Council facilities and assets.
- Review human resource protocols and address barriers or gaps.
- Investigate options for providing online multimedia training in access and disability inclusion.
- Work with local businesses to promote the benefits and requirements of employing a person with disability.

A new DAIP must be developed as part of Council's responsibility under the *Disability Inclusion Act 2018*. The Act supports the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD).





ENVIRONMENT

Sustainable Kerbside Service Trial (weekly green organics)

In May 2023 Council resolved to conduct a 6-month trial of a sustainable kerbside service. A sustainable kerbside service means:

- Weekly Organics bin service.
- Fortnightly Landfill bin service.
- Fortnightly Recycling bin service (no change).

The trial will allow households to opt-out, which means council meets legislative requirements to offer weekly landfill service. If residents opt-out, they will receive the typical bin service (ie weekly landfill and fortnightly organics collection). Opt-outs will need to be minimised to give the trial the best chance of success. We will use promotion and education to minimise opt-outs, based on successful strategies in other councils. One important component of the project will be to offer flexibility on bin sizes - households will be offered larger landfill bins to help them get through a fortnight of landfill collection.

Benefits of Sustainable Kerbside Service include:

- Reduce landfill (particularly food going to landfill).
- Reduce greenhouse gas emissions from landfill (because there is less landfill).
- Additional organics capacity for garden organics (effectively doubling organics collections).

Trials in other council areas have demonstrated success in reducing waste to landfill.

East Waste have selected the location of the trial to meet operational needs - all of Beulah Park and the northern half of Kensington Park. This area is bounded by Magill Road, Glynburn Road, The Parade and Portrush Road. The area includes 1,338 sites. This area has been selected for fleet availability, avoiding conflict with trials in other councils, geographical considerations and size. The bins in this area are serviced on Mondays.

Wood Park building - demolition and reinstatement as open space

Wood Park is located at Collingwood Avenue and Rothesay Avenue, Hazelwood Park.

This park consists of trees, grassed areas and a playground. The centre of the park is paved in checkerboard and hopscotch patterns. An additional feature of this park is a small disused building that was formerly used for a Men's Shed program, however the group disbanded some time ago and it is now vacant. While the building has been unoccupied, steps have been taken to remove asbestos material.

The unoccupied buildings can become a focus for antisocial behaviour and the best option is to demolish the building and rehabilitate / reinstate as open space. It should be noted that the building is not heritage listed. The area would be revegetated with appropriate species and a feature tree.

Newland Reserve revegetation of biodiversity site

This work is focused on the biodiversity site adjacent to the Newland Tennis Clubhouse, which was once a tennis court before the site was redeveloped. Following the redevelopment, the urban biodiversity area was established and has been maintained as such since that time. The site is unirrigated and planted with hardy natives which can cope with the dry summer conditions. The area also has poor soil quality as it appears the tennis court sub-base was not removed at the time of the redevelopment.

This project involves a redevelopment of the urban biodiversity site to include more flowering plants, shrubs and trees. This is to improve privacy for the residents from users of Newlands Reserve and to enhance the look and diversity of vegetation in the reserve. Irrigation will be installed and connected to the reserve's existing system. The project includes new garden beds and stone paths to allow reserve user to wander through the site without trampling the plants.



The Strategic Context

The City of Burnside maintains a 10-year financial plan (our Long Term Financial Plan), to ensure that we can deliver our Strategic Community Plan, *Burnside 2030*.

Our corporate planning framework aligns our operations with our corporate and strategic plans to achieve sustainable improvements for the City and its people. This framework includes long, medium and short-term plans that set the direction for everything we do.

This Annual Business Plan and Budget has been prepared in the context of our Long Term Financial Plan and flows directly from priorities identified in our Strategic Community Plan. Our Departmental Programs and budgets complete our planning framework and ensure the timely and appropriate allocation of resources to meet our long-term goals in a staged and responsible fashion.

We will monitor our progress against the Strategic Community Plan and report on our progress annually through our Annual Report.

The decisions that Council makes, and the activities and services it initiates, are driven by a variety of factors. These include:

- requirements to maintain and improve infrastructure assets to acceptable standards as well as meeting community expectations for open space, roads, footpaths and Council community buildings.
- continued increases in the cost of waste levies, water charges, bitumen and concrete and other building materials.
- the reduction of funding from state and federal government sources.
- the outcomes of the Annual Community Survey.
- feedback from the community on many other community engagements.
- the increasing costs of environmental issues such as stormwater management in our waterways, bush fire zones and water supply for open spaces.
- the impacts of Climate Change.
- unexpected events (such as storms and pandemics).

Further impacting the City of Burnside are legislative changes and reform, residential growth, global and domestic economic conditions and our changing demographics.

We have developed financial planning strategies to take this economic climate into account while keeping our ratepayers in mind and ensuring we continue to deliver services to our community.

Our Annual Business Plan and Budget guides Council's activities so that we can make the best possible progress towards our community's vision for the future of Burnside.



KEY CHALLENGES FOR 2024/25

Cost pressures, often outside of Council's control, directly affect the cost of providing services to our community.

The key challenges facing Council in the 2024/25 year include, but are not limited to:

- large increases in LGPI driven by the current economic growth.
- Cost shifting from other levels of Government.
- changes in legislation.
- achieving an optimum balance between Council rates and services.
- balancing increasing costs versus ratepayer expectations.
- debt reduction.
- achieving financial sustainability.
- continuing to focus on effectiveness and efficiency.
- maintaining assets to set standards.
- large asset revaluation increases with flow on effect to depreciation due to current economic growth.
- lost revenue due to zero or low per cent rate rises in previous years, coupled with the need to use borrowings to cover this shortfall.
- performance of subsidiaries.
- additional cost pressures listed in the table on the next page.

It will always be a challenge to balance Council rates and the capacity to deliver the 122 services at the current service levels to the community; to maintain the \$959m asset base; to continue to strive for effectiveness and efficiencies in our business and achieve financial sustainability.



COST OF BUSINESS

Every year Council estimates the increase in the 'Cost of Business' (COB) to deliver services to the community (ie construction and maintenance of roads, footpaths, drains, parks, facilities and environmental projects, staff salaries and contractor costs such as waste management and recycling).

Other pressures such as cost increases above general inflation (such as waste collection costs) are also considered.

For Council to maintain the existing quality of its services to the community, a rate increase of 9.8 per cent will be proposed for 2024/25 which is above Council's cost of business which has been forecast at 13.04 per cent.

Cost of Business	
LGPI for expenses (existing services) - March 2024	4.40%
<i>less Pressures already accounted for in 2023/24</i>	
• Cloud hosting of ERP (\$420k)	-0.90%
• LMA Audit and Pedestrian Crossing (\$114k)	-0.20%
• 40kmph Consultation Magill (\$23k)	-0.10%
<i>add Additional cost pressures</i>	
• Depreciation following Revaluation (\$3.603m)	6.40%
• Additional FTE's (\$341k)	0.70%
• Forecast Enterprises Agreement and SGK Increase (\$1.366m)	3.00%
• TechnologyOne Enterprise Cash Receipting (\$58k)	0.10%
• ePlanning system Council Levy increase (\$17k)	0.04%
Cost to deliver existing services	13.44%
<i>less Budgeted Cost Reductions</i>	
• Electricity Annual Costs (\$33k)	-0.10%
• Gas savings due pool heater replacement (\$151k)	-0.30%
Cost of Council Business in 2024/25	13.04%

Proposed Rates increase	9.8%
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The Strategic Financial Process

Council have made difficult decisions throughout the strategic financial process in order to achieve financial sustainability while still meeting the needs and expectations of our community.

These processes deliver Council's objectives as specified in **Our Strategic Community Plan** and related strategies. Our strategic financial processes integrate our long-term planning and forecasting with annual business planning and budgeting. It incorporates:

- the **Long Term Financial Plan**
- Annual Operating Budget
- Operating Projects
- Capital Works
- Asset Management
- Financial Sustainability.

This integrated approach assists in meeting the priorities of both our community and the organisation, while also ensuring our long-term sustainability and intergenerational equity (ensuring a fair sharing of the distribution of resources and financial burden between current and future users of our services and infrastructure).



THE LONG TERM FINANCIAL PLAN

The City of Burnside's Long Term Financial Plan (LTFP) is critical to Council's financial planning process. It underpins our long-term financial sustainability while meeting the needs and expectations of our community, and delivering Council's Strategic Directions highlighted in our strategic community plan *Burnside 2030*.

The LTFP is pivotal in setting high-level financial parameters that guide the development and refinement of Council's budgeted plans, strategies and actions and generates information that assists decisions about the mix, timing and affordability of future outlays on operating activities, renewal and replacement of existing assets and funding of additional assets. Each year the City of Burnside reviews and updates its LTFP as part of its financial planning process.

In developing the LTFP, we establish financial parameters and forecast our financial performance and position over a 10-year time frame. It is developed using a range of forecast economic indicators and financial assumptions. This provides the basis for allocating funds between ongoing services and project and capital works.

The LTFP informs the 2024/25 Annual Business Plan and Budget and enables Council to effectively and equitably manage service levels, asset management, funding and revenue raising decisions while achieving its financial strategy and key financial performance targets. The 2024/25 budget requires a rate increase of 9.8 per cent.

ANNUAL OPERATING BUDGET AND PROJECTS

Council is planning for a significant deficit position (excluding subsidiaries) of \$961k with \$296k in operating projects and expenditure of \$14.8m in new and renewed capital projects for 2024/25. The large rate increase is to allow Council to achieve a break-even position in the coming year. Without this increase, Council will be in a significant deficit position due to the increasing cost of business and cost pressures on Council from legislative changes, increased subsidiary services costs, increased cost of services and capital following four years of below CPI rate increases.

To achieve cost-effectiveness Council delivers services and programs through a variety of service delivery models such as the appointment and management of contractors, the development and maintenance of collaborating relationships and the involvement of a large network of volunteers.

Council is committed to running a lean organisation and are constantly reviewing our internal costs with a view to finding efficiencies. This forms part of our overall approach of providing a budget for 2024/25.

Further detail on the operating budget can be found in the Appendices.

ASSET MANAGEMENT

The City of Burnside is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for our community.

Asset Management Plans are in place for major asset categories such as transport, open space, storm water and buildings to ensure that available resources are allocated to the required maintenance and renewal programs as well as to provide new infrastructure. These Asset Management Plans indicate Council's ongoing commitment to operate and maintain its asset portfolio efficiently, to meet strategic and legislative requirements and deliver the required levels of service for the community.

FINANCIAL SUSTAINABILITY

To assist Council in meeting its objectives of financial sustainability we are guided by a suite of Key Financial Indicators. These indicators and our performance in relation to them are detailed in the table on page 35. In order to avoid Council encountering similar budget circumstances that have resulted in a large rate increase in 2024/25, Council will ensure continued financial sustainability by:

- achieving and maintaining an Operating Surplus over the long term.
- aiming to fully fund the cost of our services, including depreciation of our assets and infrastructure.
- achieving intergenerational equity - ensuring a fair sharing of the distribution of resources and financial burden between current and future users of our services and infrastructure.
- balancing intergenerational equity and financial conservatism.
- employing sound management practices - aiming to maintain our structure and assets to the required standard to ensure continued delivery of services to agreed standards.

REVIEW EFFICIENCY AND EFFECTIVENESS

The Burnside community has an expectation that Council delivers the best value for money and the *Local Government Act 1999* outlines Council's legislative responsibilities for effective and efficient service delivery.

To this end, Council management and staff consistently endeavour to actively pursue more efficient and effective systems and processes and continuous improvement to address the ever increasing needs and demands from a changing community.

While Council has achieved savings and efficiencies of approximately \$5.5m over the past few years, Council does recognise that many of these savings were one off budget items which do not have a long term impact. There is always room for continuous improvement and benefit to be gained from independent reviews and comparison to similar local government authorities. To achieve financial savings, and maintain existing levels of service to our community, Council will endeavour to continue to review its services, processes and systems. This business improvement framework tracks closely with the City's LTFP and Strategic Community Plan; delivering improved services, efficient and effective operations, with the goal of maintaining equitable rates.

ESCOSA LOCAL GOVERNMENT ADVICE

The Council is obliged under the *Local Government Act 1999* (LG Act) to publish this advice and its response, if applicable, in its 2024/25 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme. It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website), nor is it compelled under the LG Act to follow the advice.

The Essential Services Commission (ESCOSA) is 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.

ESCOSA Findings

Summary of the Council's financial sustainability performance/outlook 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%)	Ratio met historically and in forecast period		
Net financial liabilities ratio (target 0-100%)	Ratio met historically and in forecast period		
Asset renewal funding ratio (target 90-110%)	Spending on renewal works requirements met but with ratio at the lower end of suggested target range	Ratio within target range	Suggested ratio target range meeting projections with higher projected spending on asset renewal works
Identified Risks			
Cost control risk	Operating expenses growth avg 3.0 percent p.a. to 2020-21 (CPI 1.7 percent p.a.)	Lower cost growth forecast except wages (from 22-23)	Operating expense growth avg 3.3 percent p.a. to 2031-32 (CPI 2.8 percent p.a.)
Affordability risk	Low affordability risk	Higher residential rates	Higher residential rates & successive 'above CPI' rate increases projected

Ratio within suggested LGA target range or lower risk

Ratio close to suggested LGA target range or medium risk

Ratio outside suggested LGA target range or high risk

**Excerpt from ESCOSA
Local Government
Advice to City of Burnside
February 2023:**

The Essential Services Commission (Commission) considers the City of Burnside (Council) to be in a sustainable financial position and but is reliant on further growth in rate revenue and assumptions of lower expense growth than it has achieved in the past. The Council has consistently prioritised the renewal of its base, consistent with the requirements it has identified through its asset management planning and demonstrates a commitment to reviewing desired service levels for the community.

Looking ahead, the Commission suggests the following steps to help ensure that it budgets transparently, continued to report its cost savings and efficiencies, ensures the assumptions underpinning its financial and asset management planning are reasonable and looks for opportunities to limit the extent of further residential rate increases.

ESCOSA considers that it would be appropriate for Council to:

Budgeting considerations

1

Consider better clarity in its forward estimates in its long-term financial plan concerning the inflation assumptions feeding into its projected revenue (including rates) and expenses, distinct from 'real' impacts.

Council response: ESCOSA's review was undertaken in a period of increasing inflation and interest rates. The Long Term Financial Plan (LTFP) reviewed was adopted by Council in June 2022 with indexation rates and best estimates applicable at the time. As part of the annual budgeting process, Council undertakes a review of its assumptions and forward estimates in consultation with its Audit & Risk Committee. For this Annual Business Plan and Budget, a review was undertaken in February 2024 utilising the latest estimates and publications from the Reserve Bank of Australia and Centre for Economic Studies (University of Adelaide).

2

Review its inflation assumptions in its forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

Council response: As detailed in Recommendation 1, Council undertakes an annual review of its inflationary assumptions as part of the annual budget process.

Providing evidence of ongoing cost efficiencies

3

Continue the recent focus on constraining cost growth in its budgeting, where possible.

Council response: For 2024/25, Council has continued to undertake a zero based budget process. This has ensured that Council is only budgeting what it needs to deliver the services for our community.

4

Continue the good practice of reporting actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Council response: Council utilises the method of calculating a 'cost of business' percentage to identify the movement of Council's own costs rather than just using a CPI (Consumer Price Index) or LGPI (Local Government Price Index) which may be impacted by cost movements not experienced by Council. This calculation provides confirmation to Council and the Community of projected cost indexes directly affecting Council's own budget.

Refinements to asset management planning

5

Review the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better align with the allocations in its long-term financial plan, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.

Council response: Council continually reviews and updates its Asset Management Plans (AMPs). These documents were last adopted by Council on 27 February 2024 having been consulted with the community. The funding required for these updated plans has been included in the LTFP.

Containing residential rate levels

6

Review and consider limiting future increases in its average residential rates to help reduce any emerging affordability risk in the community.

Council response: Council is conscious of the pressures on residential rates and have always attempted to keep rates low. A review of the rates history on page 38 shows that the rates increases over the past 10 years have been below CPI/LGPI and the cost of business. A Rating Strategy review will also be undertaken in 2024/25.

The full advice provided by ESCOSA can be found in the appendix on page 70.

11

Rating Policy

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

Council takes into consideration the effect of rates on all ratepayers and is mindful of maintaining the balance between economic and community development.

A rates increase reflects the increasing costs that Council must pay to deliver services and maintain infrastructure for the community. Also taken into account are factors such as the current economic climate, the Local Government Price Index (LGPI), employment rates, Council's debt profile, imposed legislative change and the need to manage, maintain and improve the community's physical infrastructure assets for future generations.

Rate rises have no direct correlation with the Consumer Price Index (CPI).

The CPI measures changes in the price of a 'basket' of goods and services that is representative of the expenditure of households (toothpaste, nappies, food, clothing and other typical domestic expenditure including council rates).

Rates increases occur in line with the LGPI. In the LGPI 'basket' are wages, heavy equipment, diesel, bitumen, and much greater proportions of power and water than the average household.

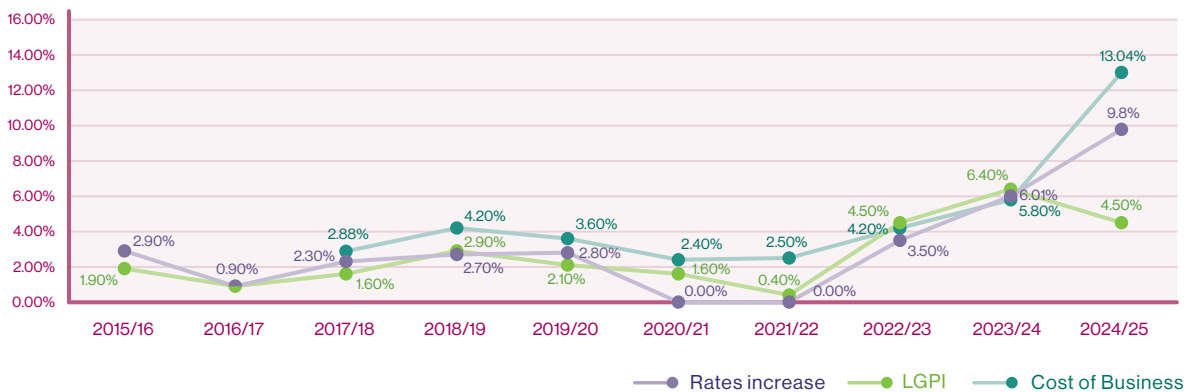
The LGPI and CPI are both historical indices whereas the rates increase is for the year ahead.

The March 2024 LGPI Index is 4.4 per cent for recurrent costs, 3.5 per cent for capital costs and an overall 4.1 per cent. The forecast Cost of Business (the 'projected' cost to deliver Council's services) is 13.04 per cent. To strive toward financial sustainability, Council proposes a rates increase of 9.8 per cent, while still delivering a high standard of service to our community.

Council's commitment to achieving financial discipline has enabled this rate, while still delivering a high standard of service to our community.

Rating Policy History

Average % increases compared to the preceding Local Government Price Index



The City of Burnside's Rating Policy guides the implementation of rates, rebates and hardship provisions.

Below is a summary of the rating practices over the past four financial years. Council has maintained a consistent rating policy by charging a minimum rate.

	2021/22	2022/23	2023/24	2024/25
Minimum	875	906	958	1,052
Valuation at Minimum (excl. Vacant Land)	408,116	521,889	591,359	610,705
Rate in \$ - Residential	0.002149	0.001725	0.0016286	0.0017226
Rate in \$ - Vacant Land	0.004299	0.004313	0.0040715	0.0043065

The following table demonstrates the expected level of revenue to be raised by each differential rate compared with the current year (2023/24).

Category	Rate Revenue 2023/24	Rate in the Dollar 2023/24	Proposed Rate Revenue 2024/2025	Proposed Rate in the Dollar 2024/2025
Residential	41,003,538	0.00162860	45,360,816	0.0017226
Independent Living	417,037	0.00162860	461,359	0.0017226
Commercial - Shop	821,710	0.00162860	964,698	0.0017226
Commercial - Office	883,133	0.00162860	972,957	0.0017226
Commercial - Other	616,897	0.00162860	689,033	0.0017226
Industrial - Light	13,245	0.00162860	14,647	0.0017226
Industrial - Other	12,151	0.00162860	7,912	0.0017226
Primary Production	38,684	0.00162860	42,680	0.0017226
Vacant Land	1,070,845	0.00407150	1,126,445	0.0043065
Other - General	513,136	0.00162860	579,443	0.0017226
Contiguous Land	3,213	0.00162860	3,427	0.0043065
Total (excludes growth)	\$45,393,589		\$50,223,417	



CAPITAL VALUES

The City of Burnside adopts and uses the capital valuations provided by the State Government's Office of the Valuer General for the calculation and setting of council rates each year. Council considers that this method of valuing land is the fairest method of distributing the rate responsibility across all rate payers.

Section 151 of the *Local Government Act, 1999* further identifies that the value of land for the purpose of rating is capital value which includes all improvements.

Council uses the services of the South Australian Valuer General to establish the value of land within the Council area for rating purposes. The City of Burnside's **Rating Policy** provides detail on land valuations and valuation objections.

The following table demonstrates the changes in rate revenue and valuations over the past four years.

	2021/22	2022/23	2023/24	2024/25
Total Valuation \$(M)	18,864	24,526	27,706	29,253
% Increase Total Valuation	2%	30%	13%	6%

	2021/22	2022/23	2023/24	2024/25
% Increase Rates Revenue (excluding Natural Growth)	0.0%	3.5%	6.0%	9.8%
% Increase Natural Growth	0.3%	1.1%	0.8%	1.41%





The following table shows the increase/(decrease) in property valuations over the past four years.

Class	Increased Value 2021 to 2022	Increased Value 2022 to 2023	Increased Value 2023 to 2024	Increased Value 2024 to 2025
Non-Residential	8.58%	13.51%	19.15%	8.14%
Residential	2.07%	31.60%	12.33%	5.07%

The following table shows the increase/(decrease) in average rates over the past four years.

Average Rate	2021/22	2022/23	2023/24	2024/25	Change in average rates for 2024/25 compared to 2023/24
Residential	\$1,894	\$2,022	\$2,140	\$2,359	219
Independent Living	\$720	\$567	\$604	\$668	64
Commercial - Shop	\$1,995	\$1,769	\$1,855	\$2,134	279
Commercial - Office	\$2,794	\$2,658	\$2,786	\$2,994	208
Commercial - Other	\$2,087	\$2,021	\$2,219	\$2,515	296
Industrial - Light	\$1,148	\$1,065	\$1,656	\$1,831	175
Industrial - Other	\$2,198	\$1,988	\$2,430	\$2,637	207
Primary Production	\$9,052	\$8,140	\$7,737	\$8,536	799
Vacant Land	\$3,242	\$4,089	\$4,389	\$4,542	153
Other	\$6,068	\$5,557	\$7,029	\$8,161	1,132

The following table shows the 2024/25 valuation increase by suburb for residential properties, as supplied by the Valuer General.

Suburb	No. of Properties	% Change in Valuation
Auldana	272	0.71%
Beaumont	1,100	4.20%
Beulah Park	791	6.26%
Burnside	1,354	3.73%
Dulwich	796	3.66%
Eastwood	547	3.60%
Erindale	494	9.97%
Frewville	431	6.32%
Glen Osmond	806	3.29%
Glenside	1,362	18.22%
Glenunga	931	4.07%
Hazelwood Park	875	7.68%
Kensington Gardens	1,232	7.04%
Kensington Park	1,128	6.37%
Leabrook	599	9.93%
Leawood Gardens	17	1.80%
Linden Park	954	7.93%
Magill	1,189	1.88%
Mount Osmond	193	0.33%
Rose Park	679	4.26%
Roslyn Park	647	1.02%
Skye	140	1.09%
St Georges	690	4.45%
Stonyfell	505	1.22%
Toorak Gardens	1,126	3.51%
Tusmore	668	9.79%
Waterfall Gully	64	0.93%
Wattle Park	749	0.73%
Total	20,339	5.61%

REBATES, REMISSION AND POSTPONEMENT

The City of Burnside's **Rating Policy** provides detail on:

- rebate of rates
- rate relief
- rate capping
- hardship relief
- remission of rates
- postponement of rates.



Appendix

Financial Statements

The 2024/25 Annual Budget Financial Statements include:

- Statement of Comprehensive Income
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Uniform Presentation of Finances

Delivering our Vision

- *Burnside 2030* Strategic Community Plan
- 2024/25 initiatives
- Maintaining our assets

Delivery of services to our community in 2024/25

Statement on Expected Rate Revenue

ESCOSA Local Government Advice



City of Burnside

2024/25 ANNUAL BUDGET FINANCIAL STATEMENTS

Statement of Comprehensive Income	2024/25 Budget (\$'000)	2023/24 Forecast (\$'000)
Income		
Rates	52,543	47,402
Statutory charges	1,870	1,764
User charges	2,564	2,659
Grants, Subsidies and Contributions - operating	4,349	4,894
Grants, Subsidies and Contributions - capital	464	618
Investment income	72	86
Reimbursements	208	719
Other Income	200	206
Net Gain - Joint Ventures & Associates	10	13
Total Income	62,280	58,363
Expenses		
Employee Costs	22,167	20,517
Materials, contracts & other expenses	26,106	25,760
Depreciation	14,104	13,407
Finance Costs	855	1,051
Net Loss - Joint Ventures & Associates	318	399
Total Expenses	63,549	61,133
Operating Surplus / (Deficit) (excluding subsidiaries)	(961)	(2,385)
Operating Surplus / (Deficit) (including subsidiaries)	(1,268)	(2,770)
Capital Revenue		
Gain/(Loss) on Disposal of Non Current Assets	(1,120)	(150)
Amounts received specifically for new/upgraded assets	414	245
Physical Resources Received Free of Charge	-	-
	(706)	95
Net Operating Surplus / (Deficit) (including subsidiaries)	(1,975)	(2,675)
Other Comprehensive Income		
Changes in Revaluation Surplus - Infrastructure, Property, Plant & Equipment	31,612	71,152
Share of Other Comprehensive Income - Equity Accounted Council Businesses	1,301	3,445
Total Other Comprehensive Income	32,913	74,597
Total Comprehensive Income	30,939	71,921

City of Burnside

2024/25 ANNUAL BUDGET FINANCIAL STATEMENTS

Statement of Financial Position	2024/25 Budget (\$'000)	2023/24 Forecast (\$'000)
Assets		
Current Assets		
Cash & cash equivalents	-	-
Trade & other receivables	2,560	2,643
Inventories	-	-
Total Current Assets	2,560	2,643
Non-Current Assets		
Financial assets	259	243
Equity accounted investments	12,110	10,798
Infrastructure, property, plant & equipment	958,152	926,961
Other Non-Current Assets	2,133	2,133
Total Non-Current Assets	972,654	940,135
Total Assets	975,215	942,778
Liabilities		
Current Liabilities		
Trade & other payables	6,325	6,071
Short-term borrowings	471	451
Short-term provisions	3,361	3,330
Total Current Liabilities	10,157	9,852
Non-Current Liabilities		
Trade & Other Payables	4	3
Long term borrowings	26,372	24,913
Long term provisions	367	364
Equity accounted liabilities in Regional Subsidiaries	929	1,199
Total Non-Current Liabilities	27,672	26,479
Total Liabilities	37,829	36,331
Net Assets	937,386	906,447
Equity		
Accumulated Surplus / (Deficit)	241,770	242,444
Asset Revaluation Reserve	694,323	662,711
Other Reserves	1,293	1,293
Total Equity	937,386	906,447

City of Burnside

2024/25 ANNUAL BUDGET FINANCIAL STATEMENTS

Statement of Changes in Equity	2024/25 Budget (\$'000)	2023/24 Forecast (\$'000)
Accumulated Surplus		
Balance at end of previous reporting period	243,059	245,734
Net result for year	(1,975)	(2,675)
Transfers to other reserves	-	-
Transfers from other reserves	-	-
Impairment (expense) / recoupment offset	-	-
Balance at end of period	241,084	243,059
Asset Revaluation Reserve		
Balance at end of previous reporting period	658,731	587,579
Gain on revaluation of infrastructure, property, plant & equipment	31,612	71,152
Transfer to Accumulated Surplus on sale of property, plant & equipment	-	-
Balance at end of period	690,343	658,731
Other Reserves		
Balance at end of previous reporting period	1,213	1,213
Transfers to Accumulated Surplus	-	-
Transfers from Accumulated Surplus	-	-
Transfers between reserves	-	-
Balance at end of period	1,213	1,213
Total Equity at End of Reporting Period	932,640	903,003



City of Burnside

2024/25 ANNUAL BUDGET FINANCIAL STATEMENTS

Statement of Cash Flows	2024/25 Budget (\$'000)	2023/24 Forecast (\$'000)
Cash Flows from Operating Activities		
Receipts		
Rates	52,567	48,229
Statutory Charges	1,841	1,472
User Charges	2,590	2,200
Grants, subsidies & contributions	4,380	4,880
Investment Income	72	88
Reimbursements	331	607
Other Income	202	180
Payments		
Employee Costs	(22,060)	(20,458)
Materials, contracts & other expenses	(26,033)	(24,239)
Finance payments	(855)	(1,051)
Net cash provided by (or used in) Operating Activities	13,035	11,908
Cash Flows from Investing Activities		
Receipts		
Amounts received specifically for new/upgraded assets	405	382
Grants utilised for capital purposes	473	702
Sale of replaced assets	-	50
Sale of surplus assets	-	-
Repayments of Loans by Community Groups	-	-
Payments		
Expenditure on renewal/replacement of assets	(12,780)	(14,228)
Expenditure on new/upgraded assets	(2,023)	(4,068)
Loans Made to Community Groups	-	-
Capital Contributed to Associated Entities	(589)	(1,381)
Net cash provided by (or used in) Investing Activities	(14,515)	(18,542)
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	1,930	-
Payments		
Repayments of Borrowings	(451)	(774)
Repayment of Finance Lease liabilities	-	-
Net cash provided by (or used in) Financing Activities	1,480	(774)
Net Increase / (Decrease) in cash held	-	(7,409)
Cash & Cash Equivalents - at beginning of period	(3,484)	3,925
Cash & Cash Equivalents - at end of period	(3,484)	(3,484)

City of Burnside

2024/25 ANNUAL BUDGET FINANCIAL STATEMENTS

Uniform Presentation of Finances	2024/25 Budget (\$'000)	2023/24 Forecast (\$'000)
Income		
Rates	52,543	47,402
Statutory charges	1,870	1,764
User charges	2,564	2,659
Grants, Subsidies and Contributions - operating	4,349	4,894
Grants, Subsidies and Contributions - capital	464	618
Investment income	72	86
Reimbursements	208	719
Other Income	200	206
Net Gain - Joint Ventures & Associates	10	13
Total Income	62,280	58,363
Expenses		
Employee Costs	22,167	20,517
Materials, contracts & other expenses	26,106	25,760
Depreciation, amortisation and impairment	14,104	13,407
Finance Costs	855	1,051
Net Loss - Joint Ventures & Associates	318	399
Total Expenses	(63,549)	(61,133)
Operating Surplus / (Deficit)	(1,268)	(2,770)
Timing adjustment for grant revenue	-	-
Adjusted Operating Surplus (Deficit)	(1,268)	(2,770)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(12,780)	(14,228)
Add back Depreciation, Amortisation and Impairment	14,104	13,407
Proceeds from Sale of Replaced Assets	-	50
	1,324	(771)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property and real estate developments)	(2,023)	(4,068)
Amounts received specifically for New and Upgraded Assets	405	382
Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non- current assets held for resale)	-	-
	(1,618)	(3,686)
Annual Net Impact to Financing Activities (surplus/(deficit))	(1,563)	(7,228)



VISION

A prosperous City with a healthy, safe, connected, and active community, living in green leafy neighbourhoods where lifestyle is admired, heritage is valued, and people and nature live in harmony.

DELIVERING OUR VISION

In 2024/25 the City of Burnside proposes the following program of expenditure to meet the Goals, Priorities and Themes of *Burnside 2030*, our strategic community plan.

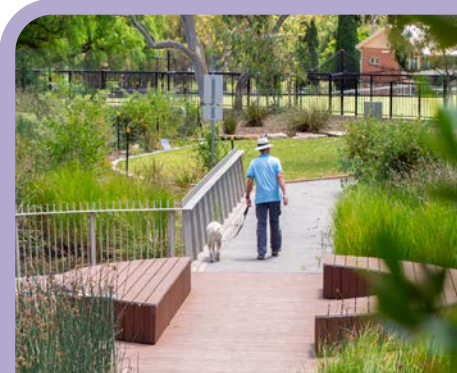
The following pages outline our capital works program, key projects, programs and services.

Burnside 2030 Strategic Community Plan			
Strategic Goal	Environment Our City will be a leading environmental custodian	Community A resilient, healthy and connected community	Place A City of accessible and liveable precincts, open spaces, and treasured heritage
Projects	<ul style="list-style-type: none"> George Bolton Swimming Centre - Pool Heater Upgrade Newland Reserve revegetation of biodiversity site Sustainable Kerbside Service Trial Wood Park building - Demolition and Reinstatement as Open Space 	<ul style="list-style-type: none"> Disability Access and Inclusion Plan Penfold Park Master Plan Implementation Works Tregenza Oval Master Plan Implementation Works 	<ul style="list-style-type: none"> City Master Plan and Historic Area Overlay Code Amendments City Master Plan Open Space Layer City Master Plan Traffic Initiatives
Strategic Principles	Principle 1 Services Sustainability	Principle 3 Improvement and Innovation	
Projects	<ul style="list-style-type: none"> Renewal and Replacement of Library Resources Depot Workforce Tablet Renewal Mobile Device Refresh Server Infrastructure Renewal 	<ul style="list-style-type: none"> Lockwood Road Burnside Traffic Treatments Major Fleet Storage Structure 	

2024/25 Initiatives

2024/25 Initiatives	Project Description	Expenditure Range	Category
George Bolton Swimming Centre - Pool Heater Upgrade	<p>The George Bolton Swim Centre (GBSC) at Hazelwood Park currently has a gas boiler system which provides heating for the pools.</p> <p>The existing gas boiler is Council's largest individual source of carbon emissions. In the 2020/21 financial year it produced around 348 tonnes of CO₂-e, representing almost a quarter of Council's total emissions. The existing gas boiler is at the end of its useful life and is due for replacement.</p> <p>In December 2020, Council set a goal of becoming carbon neutral before 2030. To achieve this, a carbon neutral plan was developed to show how Council could achieve this outcome. One of the key required actions within this plan was to replace the existing gas heating system at the GBSC with an electric system.</p> <p>Council resolved in April 2022 to upgrade GBSC gas pool system to electric air-cooled heat pumps, noting the significant reduction this will have on Council's carbon emissions and progression towards Council's carbon-neutral 2030 goal.</p>	\$600k and Above	Asset Renewal
Newland Reserve revegetation of biodiversity site	<p>This work is focused on the biodiversity site adjacent to the Newland Tennis Clubhouse, which was once a tennis court before the site was redeveloped. Following the redevelopment, the urban biodiversity area was established and has been maintained as such since that time. The site is unirrigated and planted with hardy natives which can cope with the dry summer conditions. The area also has poor soil quality as it appears the tennis court sub-base was not removed at the time of the redevelopment.</p> <p>Local residents would like the urban biodiversity site redeveloped to include more flowering plants, shrubs and trees. This is to improve privacy for the residents from users of Newlands Reserve and to enhance the look and diversity of vegetation in the reserve.</p> <p>The works will include:</p> <ul style="list-style-type: none"> • Clearance of the existing biodiversity area i.e. small tree and shrub removal, including bark leaf material. • Excavation of the area to a depth of approximately 500mm to remove the old subbase. • Dumping of the waste material. • Replacement of the removed material with organic Loam • Installation of new Irrigation drippers. Connected to the Reserves existing system • Establishment of garden beds and stone paths. The paths will allow reserve users to wander through the area without trampling the plants. • Mulching of the entire site. 	\$0-\$100k	Operating Project

2024/25 Initiatives	Project Description	Expenditure Range	Category
Sustainable Kerbside Service Trial	<p>Council has resolved to conduct a 6-month trial of a sustainable kerbside service. A sustainable kerbside service means:</p> <ul style="list-style-type: none"> • Weekly Organics bin service • Fortnightly Landfill bin service • Fortnightly Recycling bin service (no change) <p>Trials have been undertaken in other council areas which have demonstrated success in reducing waste to landfill. There are several benefits of having a Sustainable Kerbside Service which include:</p> <ul style="list-style-type: none"> • Reduce landfill (particularly food going to landfill) • Reduce greenhouse gas emissions from landfill (because there is less landfill) • Additional organics capacity for garden organics (effectively doubling organics collections) <p>East Waste have selected the following locations of the trial to meet operational needs, which includes 1,338 sites.</p> <ul style="list-style-type: none"> • Beulah Park, and • The northern half of Kensington Park. This area has been selected for fleet availability, avoiding conflict with trials in other councils, geographical considerations, and size. The bins in this area are serviced on Mondays. <p>The trial will involve thorough community engagement and will also allow household to opt-out.</p>	\$0-\$100k	Operating Project



2024/25 Initiatives	Project Description	Expenditure Range	Category
Wood Park building - Demolition and Reinstatement as Open Space	<p>Wood Park is located at Collingwood Avenue and Rothesay Avenue, Hazelwood Park.</p> <p>This park consists of trees, grassed areas and a playground. The centre of the park is paved in checkerboard and hopscotch patterns. An additional feature of this park is a small disused building that was formerly used for a men's shed program, however the group disbanded some time ago and it is now vacant. While the building has been unoccupied, steps have been taken to remove asbestos material identified in the site register.</p> <p>To date, no suitable alternative uses for the building have been identified including any that support Council programs or private use. Some interest has however been received from a handful of community members enquiring if it can be converted into a café, however this activity would not align with Council's Pocket Park Community Land Management Plan nor is the park considered to be an appropriate location for a commercial venture such as this.</p> <p>Noting the above and that unoccupied buildings can become a focus for antisocial behaviour / vandalism, it is considered the best option for Council is to demolish the building and rehabilitate / reinstate as open space. It should be noted that the building is not heritage listed.</p>	\$0-\$100k	Operating Project

2024/25 Initiatives	Project Description	Expenditure Range	Category
Disability Access and Inclusion Plan	<p>The City of Burnside's current Disability Access and Inclusion Plan 2020- 2024 (DAIP) will cease end of 2024. This project facilitates the development of a new DAIP, including community consultation and completing the outstanding actions requiring implementation.</p>	\$0-\$100k	Operating Project
Penfold Park Master Plan Implementation Works	<p>To continue the implementation of the Council endorsed Penfold Park Master Plan.</p> <p>The proposed works for 2024/25 Financial year are in line with the master plan and include:</p> <ul style="list-style-type: none"> • New signage and pathway connecting to Romalo Reserve • WSUD investigation/design • Trees (new) on sloping lawns to provide shade and wildlife resources • Trees (new) on eastern edge of playground • Plantings of low to mid-level natives over sloped areas and around small rotunda with irrigation • Car park gate removal • Removal of redundant signs <p>Further works will be delivered in coming years.</p>	\$0-\$100k	New Capital

2024/25 Initiatives	Project Description	Expenditure Range	Category
Tregenza Oval Master Plan Implementation Works	<p>To continue the implementation of the Council endorsed Tregenza Oval Master Plan.</p> <p>The proposed works for 2024/25 Financial year are in line with the master plan and include:</p> <ul style="list-style-type: none"> • Art trail preliminary investigation • Bin and dog bag dispenser at NW end of reserve • Hand rail (along maintenance track to Laurel end) • Netball post • Picnic setting <p>Other works will continue in the coming years.</p>	\$0-\$100k	New Capital

2024/25 Initiatives	Project Description	Expenditure Range	Category
City Master Plan and Historic Area Overlay Code Amendments	<p>To undertake Historic Overlay Code Amendments required to deliver the Council endorsed Burnside City Master Plan</p> <p>The proposed works for 2024/25 Financial year include:</p> <ul style="list-style-type: none"> • Legal or other professional advice • Public consultation • Mailouts • Community engagement and education • Analysis of engagement results and preparation of engagement report • Preparation of final Code Amendment package. 	\$0-\$100k	Operating Project
City Master Plan Open Space Layer	The development of an Open Space Layer as part of the City Master Plan implementation.	\$0-\$100k	Operating Project
City Master Plan Traffic Initiatives	<p>To undertake the following Traffic Initiatives in line with the City Master Plan:</p> <ul style="list-style-type: none"> • Consult on and develop precinct plans for Beulah Park and Kensington Park • Consult on and develop precinct plans for Tusmore, Leabrook and Hazelwood Park • Complete development of the city-wide cycling plan scheduled. 	\$100k- \$200k	New Capital

2024/25 Initiatives	Project Description	Expenditure Range	Category
Renewal and Replacement of Library Resources	<p>This budget initiative allows the Burnside Library to continue serving our community by providing relevant and up to date collections and programs for our residents. The library offers residents an extensive range of materials which are selected based on reader suggestion forms, library surveys, collection evaluations, informal borrower feedback and review periodicals.</p> <p>The Burnside Library is more than just a repository for books, and this budget supports the community in other important ways through providing materials for;</p> <ul style="list-style-type: none"> • the home library service, which regularly visits individual residences, retirement villages and nursing homes with materials for borrowing; • the toy library service, story time, and baby-chat programs with materials and resources for families that enrich and develop children's learning, literacy and development. The library also facilitates an ongoing digital literacy program through one-on-one sessions and group classes delivered by qualified staff. 	\$200k-\$600k	Asset Renewal
Depot Workforce Tablet Renewal	<p>This project is to replace the existing Samsung tablets used by the Depot Field Service staff.</p> <p>As part of the Work Orders project, Council invested in tablets for Works Depot staff to enable mobility and the use of electronic work orders for actioning work related customer requests out in the field. This has also enabled live works data to be captured against a Council asset for capturing and actioning defects. This data is directly captured into Council's Financials and Assets core enterprise system.</p> <p>The useful life of a tablet is around 3-4 years before it is affected by battery charge efficiency loss and operating system lag, which will ultimately affect productivity. It is essential to replace these tablets as a batch for consistency, supportability and to ensure no downtime is caused if the devices were to fail. The current batch of Depot tablets were deployed in August 2021 and will continue to receive security updates until end of September 2025.</p>	\$0-\$100k	Asset Renewal



2024/25 Initiatives	Project Description	Expenditure Range	Category
<p>Mobile Device Refresh</p>	<p>This project is to replace the existing fleet of mobile phones used by Executive, Leadership, Depot, Community Connections, Rangers and key on call positions.</p> <p>Council's fleet of mobile phones was last replaced in early 2022 and are due for renewal by the end of 2024/25 financial year to keep up with the 3 yearly renewal and maintenance cycle.</p> <p>Continuing to maintain such devices past their effective life of 3-4 years requires increased support hours from the Innovation and Technology team with organising replacement devices due to faults, screen glass repair due to wear and tear, and regularly updating security software. These emergency repairs are all absorbed by IT Operating budget, which can result in unexpected charges and cause down time for key positions relying on communications devices.</p> <p>As Council continues to transition from paper processes into electronic, integrated and streamlined procedures, greater demand for mobile technology and access to corporate systems and mobile apps emerges from each Department. Not renewing the mobile hardware in a timely manner poses a risk to the business in being able to deliver its services efficiently and effectively. Outdated devices are also incompatible with software updates which creates a cybersecurity risk. Any outage or down time also means a productivity loss for Council employees.</p>	<p>\$0-\$100k</p>	<p>Asset Renewal</p>
<p>Server Infrastructure Renewal</p>	<p>This project focuses on the timely renewal of Council's server and storage infrastructure securely hosting key corporate application services and data within our corporate network</p> <p>Council's Dell server and storage equipment was procured under an operating lease over a contracted 5 year period. The lease ended in June 2023 and the equipment was purchased outright and capitalised alongside extended warranty and support until its end of life on 30th June 2025.</p> <p>Following the migration of Council's enterprise resource and planning system, TechnologyOne, due to be completed by June 2024; there are few corporate application services and file shares remaining on Council's physical infrastructure that would need to be migrated onto new hardware or a newly hosted storage solution. The renewal costs of the physical hardware and server licenses are expected to decrease following the TechnologyOne cloud migration, therefore another long-term hardware operating lease cannot be justified and is not recommended for this renewal.</p> <p>Options for cloud hosting will be reviewed alongside the renewal of physical server and storage infrastructure (both primary and secondary sites) during the detailed procurement process. Hardware redundancy and business continuity for Council are key considerations for this project to ensure a future-proofed solution is established.</p> <p>Since the existing Dell assets will be at end of useful life, they will be retained to be securely wiped and recycled following the successful implementation of the new solution. It is unlikely that the old assets would yield any income to offset any new capital.</p>	<p>\$100k-\$200k</p>	<p>Asset Renewal</p>

2024/25 Initiatives	Project Description	Expenditure Range	Category
Lockwood Road Burnside Traffic Treatments	<p>To install distinctive pavement treatment at the following three intersections on Lockwood Road which will result in a reduced speed environment highlighting the presence of the intersection by providing contrasting colour and pattern to the normal road surface:</p> <ul style="list-style-type: none"> • Newland Road, • Young Street, and • High Street. <p>Additionally, DDA compliant kerb ramps will be installed on Lockwood Road adjacent to Young Street and Newland Avenue.</p> <p>These ramps will provide compliant and locations for vulnerable pedestrians (including school children) to safely cross Lockwood Rd at key location where compliant ramps do not currently exist.</p>	\$0-\$100k	New Capital
Major Fleet Storage Structure	<p>To supply and installation of an enclosed plant storage shed within the Glynburn Road Council Depot.</p> <p>Undertaking this project will help protect pieces of plant from been out in weather and avoid deterioration. Having equipment out in the weather will make the external visual condition deteriorate of the plant panels, it also will increase many mechanical issues like electrical fittings/wiring.</p>	\$0-\$100k	New Capital





MAINTAINING OUR ASSETS

The purpose of an asset management plan is to help an organisation manage their infrastructure and other assets to an agreed standard of service. The City of Burnside currently has five Asset Management Plans covering the following categories: Transport assets, Stormwater assets, Open Space assets, Plant assets and Building assets.

Based on our Asset Management Plans, the 2024/25 Budget includes a total of \$14.8m in capital expenditure on both new assets and renewal of assets.

New & Upgrade Asset		Projects
Building Asset Management Plan	Civic Centre upgrades	
	Swimming Centre Plant Room addition	
Sub-Total		\$778,220
Open Space Asset Management Plan	New Open Space Infrastructure and fittings	
Sub-Total		\$110,000
Stormwater Asset Management Plan	Drainage New Program	
Sub-Total		\$630,000
Transport Asset Management Plan	Traffic Calming Program	
	Footpath New Construction Program	
Sub-Total		\$228,000



Asset Renewal

Projects

Buildings Asset Management Plan	Buildings Emergency Program
	Community Buildings Program
Sub-Total	\$1,295,000
Open Space Asset Management Plan	Fencing Renewal
	Hills Face Trails
	Infrastructure Emergency Program
	Open Space Renewal
	Public Lighting Renewal Program
	Reserve Lighting Replacement
	Retaining Walls Renewal
	Signage Renewal
Tennis Courts	
Sub-Total	\$1,206,964
Stormwater Asset Management Plan	Drainage Renewal Program
Sub-Total	\$500,000
Transport Asset Management Plan	Footpath Renewal Program
	Kerb Program
	Road Cracksealing program
	Road Resurfacing Program
Sub-Total	\$6,487,000
Plant Asset Management Plan	Council Equipment
	Operations & Civic Centre Light Fleet Replacement
	Plant Replacement - Depot Based Major Plant
	Plant Replacement - Depot Based Minor Plant
Sub-Total	\$1,243,000

DELIVERY OF SERVICES TO OUR COMMUNITY IN 2024/25

Council delivers services through three directorates with strategic leadership through the Office of the CEO. The three directorates include:

- Environment and Place
- Corporate
- Community and Development.

Directorate	Strategic Community Plan Priorities and Principles	Functions and Services
<p>Office of the Chief Executive Officer</p> <p>The Office of the Chief Executive Officer provides a strategic and coordinated approach to Council business including relationship management for Council staff, Elected Members, ratepayers and external partners. It provides the overall vision and leadership for the organisation.</p>	<ul style="list-style-type: none"> • Governing with integrity • Improvement and innovation 	<ul style="list-style-type: none"> • Elected Member liaison and administrative support • CEO and Director support • Leadership and strategic direction • Government / intergovernmental relations and Council meeting management • Strategic partnerships and alliances
Directorate Total		\$1,021,269

Directorate	Strategic Community Plan Priorities and Principles	Functions and Services
<p>Director Environment and Place</p> <p>The Director Environment and Place provides leadership and management oversight of the Environment and Place Directorate that includes Assets and Infrastructure, Operations, Environment, and Strategic Planning and Delivery; providing key services to the community, strategic planning, City policy planning, and project delivery in accordance with Council's Principles.</p>	<ul style="list-style-type: none"> • Service sustainability • Improvement and innovation • Our City will be a leading environmental custodian • A City of accessible and liveable precincts, open space and treasured heritage 	<ul style="list-style-type: none"> • Leadership and management oversight • Strategic and corporate planning • Strategic projects • Environmental sustainability • Waste management • Urban forestry • Landscape architecture • City services • Open space • Capital projects • Civil engineering • Asset planning • Property and facilities management • Traffic
Directorate Total		\$21,199,627

Department	Strategic Community Plan Priorities and Principles	Functions and Services
<p>Strategic Planning and Delivery</p> <p>The Strategic Planning and Delivery team manages projects to deliver facilities and outcomes aligned to our strategic goals and our community's needs.</p> <p>This team also works with our community to establish Council's strategic goals, as well as manage its City Plan and built heritage.</p>	<ul style="list-style-type: none"> • Our City will be a leading environmental custodian • A city of accessible and liveable precincts, open spaces and treasured heritage • Improvement and innovation • Character and heritage protected, cherished and celebrated • Master planning our city 	<ul style="list-style-type: none"> • Strategic projects management • Strategic and corporate planning • City planning • Built heritage programs • Planning policy
<p>Operations</p> <p>Ensure that the City's assets including open spaces, streets and trees, are safe, efficient and fit-for-purpose for the use and benefit of the community.</p>	<ul style="list-style-type: none"> • Service sustainability • Improvement and innovation • Our City will be a leading environmental custodian • Facilities, services and programs that meet our community's needs • Canopy cover, greening and open space • Healthy habitats and biodiversity • Attractive streets and neighbourhoods with easy access and movement and encouragement of greener transport 	<ul style="list-style-type: none"> • Emergency management response • Fleet management and maintenance • Graffiti removal program • Hill Face zone conservation and land management • Out of hours service • Parks and reserves management and maintenance • Road and footpath maintenance • Street cleaning programs • Traffic engineering and management • Tree management • Woody weed removal • Urban biodiversity management and maintenance • Urban Forest management and maintenance
<p>Environment and Infrastructure</p> <p>The City's assets are fit-for- purpose, meet the needs of current and future visitors and residents, and are cost-effectively managed in an environmentally sustainable manner.</p>	<ul style="list-style-type: none"> • Service sustainability • Improvement and innovation • Our city will be a leading environmental custodian • Facilities, services and programs that meet our community's needs • Flexible fit-for-purpose facilities and places • Use natural resources efficiently and minimise waste • Adapt and mitigate climate change 	<ul style="list-style-type: none"> • Open space planning and landscape architecture • Leasing, licensing and permits • Asset planning • Property and facilities management • Capital projects • Civil Engineering • WSUD Projects • Flood protection projects and studies • Environmental sustainability • Waste education and management

Directorate	Strategic Community Plan Priorities and Principles	Functions and Services
<p>Director Corporate</p> <p>The Director Corporate and Development provides leadership and management oversight of the Corporate Directorate (Finance and Risk, People and Innovation) and also has functional responsibility for Council's Governance, Economic Development, and Communications and Community Engagement functions providing key services both internally and externally in accordance with Council's strategic directions.</p>	<ul style="list-style-type: none"> • Governing with integrity • Improvement and innovation • Communication and engagement • A resilient, healthy and connected community • A sense of community • Council as an advocate and influencer to ensure our community's voices are heard 	<ul style="list-style-type: none"> • Leadership and management oversight • Insurance • IT • People Experience • Customer experience • Information management • Governance • Procurement • Finance and rates • WHS and risk management • Corporate communications • Community engagement
Directorate Total		\$14,059,747

Department	Strategic Community Plan Priorities and Principles	Functions and Services
<p>Finance and Risk</p> <p>The Finance and Risk Department supports Council to achieve a sustainable financial platform through managing financial transactions and providing risk and procurement advice and support in a manner which supports both short and long term financial sustainability, accountability and transparency of public expenditure, while ensuring value for money is achieved and the principles of probity, transparency, accountability and risk management are embraced and maintained.</p>	<ul style="list-style-type: none"> • Governing with integrity • Improvement and innovation 	<ul style="list-style-type: none"> • Financial planning, budgeting and forecasting • Financial analysis, management and reporting • Accounts receivable and payable • Rates modelling and debtor management • Payroll • Procurement and contract management • External and internal audit (outsourced functions) • Work health safety and risk management



Department	Strategic Community Plan Priorities and Principles	Functions and Services
<p>People and Innovation</p> <p>Build organisational capacity and capability to enable the delivery of Council's strategic directions through fostering a culture of accountability, and achievement. Ensure outstanding systems and records management support to provide efficient service delivery and information dissemination to the organisation and greater community. It also provides the first point of contact for our customers that leads to a first and overall impression of Council. The department fosters and develops a strategic approach to the provision of customer experience policies, programs and activities across the organisation</p>	<ul style="list-style-type: none"> • Improvement and innovation 	<ul style="list-style-type: none"> • Website development and maintenance • Live streaming Council meetings • Creative design • Intranet administration and application, support and development • Information management • Learning and development • Employee wellness • Workforce management and operations • Telecommunications • Network infrastructure and security • Information technology projects and support • GIS and mobile applications • Enterprise resource and planning systems • Change management and strategic organisational development • Customer service
<p>Community Engagement and Communications</p> <p>The Community Engagement and Communications Department delivers services which enhance and foster community input into Council decision making; communicates the City of Burnside's services, events and activities to the community; and provides engagement and corporate communications services across all departments in the organisation. The department also fosters a strategic approach to the provision of public relations functions to positively position the City of Burnside's reputation.</p>	<ul style="list-style-type: none"> • Communication and engagement • Governing with Integrity • A resilient, healthy and connected community • A sense of community • Council as an advocate and influencer to ensure our community's voices are heard 	<ul style="list-style-type: none"> • Community engagement planning • Strategic community engagement advice • Community engagement projects and reporting • Strategic communications • Media management and liaison • Public relations advice • Annual Community Survey • Corporate publications (Annual Report, Focus newsletter, eNews, Burnside Focus online news hub) • Corporate image • Online and digital engagement • Internal eNewsletter • Media (film and photography) permits • Website content management • Social media management • Digital content creation • Image database development • Photography and videography • Legislation compliance

Directorate	Strategic Community Plan Priorities and Principles	Functions and Services
<p>Director Community and Development</p> <p>The Director Community and Development provides leadership and management oversight of the Community and Development Directorate that includes Economic Development, Community Connections and City Development and Safety to provide key services in accordance with Council's strategic directions.</p>	<ul style="list-style-type: none"> • A resilient, healthy and connected community • Service sustainability • Improvement and innovation • Governing with Integrity • Communication and engagement • Small business support • A sense of community • Facilities, services and programs that meet our community's needs • Resilience, wellbeing and recreation • Business precincts and villages • Council as an advocate and influencer to ensure our community's voices are heard 	<ul style="list-style-type: none"> • Leadership and management oversight • Economic development • Pepper Street Arts Centre • George Bolton Swimming Centre • The Regal Theatre • Volunteer coordination • Community centres and halls • Community events • Community development • Community learning • Library services • Local history and events • Community wellbeing • Community transport • The Shed programs • In home support • Planning • Building compliance • Rangers
Directorate Total		\$13,165,204



Department	Strategic Community Plan Priorities and Principles	Functions and Services
<p>Community Connections</p> <p>The Community Connections Department delivers services and programs which enhance and foster community learning and development and provide targeted community wellness and lifestyle choice support services to the City of Burnside community.</p>	<ul style="list-style-type: none"> • A resilient, healthy and connected community • Service sustainability • Improvement and innovation • Governing with integrity • A sense of community • Facilities, services and programs that meet our community's needs • Resilience, wellbeing and recreation • Flexible fit-for-purpose facilities and places 	<ul style="list-style-type: none"> • Community grants and sponsorships • Community development program • Youth development program • Social inclusion and wellbeing programs • Volunteer coordination • Community transport program • Toy library • Home support program (Commonwealth Home Support Program) • Cultural & historical support service • Burnside library lending and lifelong learning services • Community mobile library • The Shed • Community centres and halls – Glenunga Hub, Dulwich Community Centre, Eastwood Community Centre, Burnside Community Centre, Burnside Ballroom, Burnside Town Hall • Justice of the Peace service • Pepper Street Arts Centre • George Bolton Swimming Centre • The Regal Theatre
<p>City Development and Safety</p> <p>Development Assessment and Compliance Services are undertaken in a consistent, professional and transparent manner. Ranger Services provide effective and professional parking control, animal management, bushfire management and other regulatory compliance services to the community.</p>	<ul style="list-style-type: none"> • Governing with integrity • A city of accessible and liveable precincts, open spaces and treasured heritage • Character and heritage protected, cherished and celebrated • Business precincts and villages 	<ul style="list-style-type: none"> • Regulated and Significant Trees Assistance Fund • Planning assessment and development compliance • Building assessment • Development administration • Eastern Health Authority • Ranger services



STATEMENT ON EXPECTED RATE REVENUE

Attachment G - Statement on Expected Rate Revenue

Expected Rates Revenue				
Expected Rates Revenue (including growth)	2023/24 (as adopted)	2024/25 (estimated)	Change	Comments
General Rates Revenue				
General Rates (existing properties)		\$50,223,417 ^(a)		
General Rates (new properties)		\$646,291 ^(b)		
General Rates (GROSS)	\$45,739,033	\$50,869,708 ^(c)		
Less: Mandatory Rebates	(\$380,173)	(\$417,430) ^(d)		
General Rates (NET)	\$45,358,860	\$50,452,278 ^(e)	11.2%	
<i>(e)=(c)+(d)</i>				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$1,994,643	\$2,072,080 ^(f)		The Regional Landscape Levy is a State tax, it is not retained by council.
	\$47,353,503	\$52,524,358		
Less: Discretionary Rebates	(\$83,232)	(\$94,884) ^(l)		
Expected Total Rates Revenue	\$45,275,628	\$50,357,394 ^(m)	11.2%	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
<i>(m)=(e)+(g)+(h)+(j)+(k)+(l)</i>				
Estimated growth in number of rateable properties				
Number of rateable properties	21,366	21,467 ⁽ⁿ⁾	0.5%	
	<i>Actual</i>	<i>Estimate</i>		
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.				
Estimated average General Rates per rateable property				
Average per rateable property	\$2,141	\$2,370 ^(o)	10.7%	
<i>(o)=(c)/(n)</i>				
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: Health Services - 100 per cent Religious purposes - 100 per cent Royal Zoological Society of SA - 100 per cent Community Services - 75 per cent Public Cemeteries - 100 per cent Educational purposes - 75 per cent 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 all 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 natural resources.
^(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 receive the rebate).
^(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.
⁽ⁿ⁾ 'Growth' as defined in the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(2)

Statement on Expected Rate Revenue

Expected Rates Revenue (including growth)

	Total expected revenue			No. of rateable properties		Average per rateable property			Cents in the \$	
	2023/24	2024/25	Change	2023/24	2024/25	2023/24	2024/25	Change	2024/25	
Land Use (General Rates - GROSS)										
Residential	\$41,545,857	\$46,047,174	10.83%	19933	20027	\$2,084	\$2,299	(p)	\$215	0.0017226
Commercial - Shop	\$828,961	\$966,873	16.64%	449	453	\$1,846	\$2,134	(p)	\$288	0.0017226
Commercial - Office	\$918,504	\$1,062,704	15.70%	322	333	\$2,852	\$3,191	(p)	\$339	0.0017226
Commercial - Other	\$622,212	\$871,335	40.04%	281	275	\$2,214	\$3,168	(p)	\$954	0.0017226
Industry - Light	\$13,245	\$14,647	10.58%	8	8	\$1,656	\$1,831	(p)	\$175	0.0017226
Industry - Other	\$12,151	\$13,339	9.78%	5	4	\$2,430	\$3,335	(p)	\$905	0.0017226
Primary Production	\$38,684	\$42,680	10.33%	5	5	\$7,737	\$8,536	(p)	\$799	0.0017226
Vacant Land	\$1,246,282	\$1,271,513	2.02%	290	291	\$4,298	\$4,369	(p)	\$72	0.0043065
Other	\$513,136	\$579,443	12.92%	73	71	\$7,029	\$8,161	(p)	\$1,132	0.0017226
Total Land Use	\$45,739,033	\$50,869,708	11.2%	21,366	21,467	\$2,141	\$2,370	(p)	\$229	

Council is cognisant of the principle of equity across the City. As a result of the decrease in average rates for Vacant Land owners, a proposal to increase the differential on Vacant Land is being considered so as to discourage land banking.

Minimum Rate

	No. of properties to which rate will apply		Rate		
	2024/25	% of total rateable properties	2023/24	2024/25	Change
Minimum Rate	3,835	17.9%	\$958	\$1,052	(r) \$94

In accordance with Section 158 of the Act, the City of Burnside imposes a minimum rate, as it considers it appropriate that all rateable properties make a base level contribution to the cost of:

- Administering the Council's activities; and
- Creating and maintaining the physical infrastructure that supports each property.

Adopted valuation method

Capital Value

In accordance with Local Government Act 1999 Section 151 (2), Council utilises a Capital Valuation in its methodology for rating. Capital Valuations are provided by the Valuer General and are inclusive of the value of both the land and all improvements on the land.

In accordance with Section 153 of the Act, the City of Burnside applies a single general rate (with a minimum rate) to capital valuations on all rateable properties within the council area (except Vacant Land) and a differential rate at 200 per cent of the residential rate in the dollar to its Vacant Land properties.

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.

(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.

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Local Government Advice

City of Burnside

February 2023

OFFICIAL

Enquiries concerning this advice should be addressed to:

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The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

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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	Council of the City of Burnside
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
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 Burnside

The Essential Services Commission (**Commission**) considers the City of Burnside (**Council**) to be in a sustainable financial position but is reliant on further growth in rate revenue and assumptions of lower expense growth than it has achieved in the past. The Council has consistently prioritised the renewal of its asset base, consistent with the requirements it has identified through its asset management planning and demonstrates a commitment to reviewing desired service levels for the community.

Looking ahead, the Commission suggests the following steps to help ensure that it budgets transparently, continues to report its cost savings and efficiencies, ensures the assumptions underpinning its financial and asset management planning are reasonable and looks for opportunities to limit the extent of further residential rate increases.

Budgeting considerations

1. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the inflation assumptions feeding into its projected revenue (including rates) and expenses, distinct from 'real' impacts.
2. **Review** its inflation assumptions in its forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

Providing evidence of ongoing cost efficiencies

3. **Continue** the recent focus on constraining cost growth in its budgeting, where possible.
4. **Continue** the good practice of reporting actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

5. **Continue** the good practice of reviewing the capital expenditure program annually in its asset management plans and consider options to better align the assumptions underpinning the expenditure allocations with its long-term financial plan, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.

Containing residential rate levels

6. **Review** and **consider** limiting future increases in its average residential rates to help reduce any emerging affordability risk in the community.

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 Burnside (**Council**).

This report provides the Local Government Advice for the City of Burnside 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 Burnside 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 Burnside's current financial performance and position sustainable. Over the last 10 years, the Council has consistently run relatively small operating surpluses, indicating that the operating income it collects is generally exceeding its operating expenses by a conservative margin. The Commission notes that this demonstrates financial prudence since the Council is not accumulating excessive surpluses. At the same time, the Council has increased its rate levels consistently above inflation, and its residential rates are high, noting the socio-economic ranking

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).

for the community is also high, suggesting that there is more capacity to pay for higher rates than in other communities.^{10 11}

Community service levels appear to have been maintained, largely through the Council's focus on renewing its asset base, consistent with the requirements it has identified through its asset management planning.

The Council's forward projections from 2022-23 continue to forecast a consistent financial sustainability outlook through:

- ▶ lower average cost increases than it has experienced over the past 10 years (but still higher than it had forecast in 2021-22, primarily due to the impact of higher inflation)
- ▶ the continued prioritisation of its asset expenditure on renewal and rehabilitation works, rather than on new and upgraded assets, and
- ▶ continued rate increases on the community above the rate of inflation.

The Commission notes the City of Burnside's current good practice of reporting cost savings and efficiencies in its annual budget and reviewing annually the expenditure requirements in its Asset Management Plans (**AMPs**) and encourages it to continue to do so. It is also suggested that the Council review the asset-related assumptions (e.g., asset lives) feeding into its estimated depreciation expenses in its forward projections to determine whether there are opportunities to reduce these expenses. There are other opportunities for the Council to be more transparent about its price, service level and efficiency-related assumptions in its forward cost projections. In general, a transparent focus on cost constraint should help the Council to identify opportunities to reduce any affordability risk emerging for residential ratepayers, who account for the major share of the rates revenue.

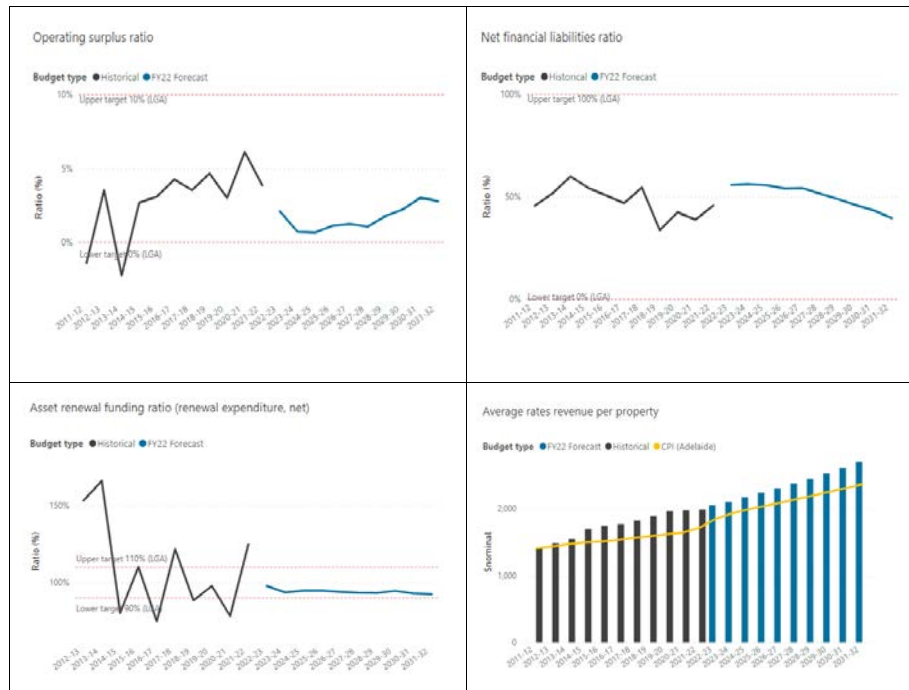
The charts on the next page of the City of Burnside's past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio and average rate revenue per property, together support these findings.

The 'heat map' diagram underneath summarises the Commission's findings with reference to whether the Council has met the suggested target ranges for the three main financial sustainability indicators¹² and the level of cost control and affordability risk identified for the Council over time.

¹⁰ Refer to the Councils in Focus website, available at <https://councilsinfocus.sa.gov.au/home> for 2019-20 rates data by council.

¹¹ The City of Burnside LGA is ranked 68 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-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest>.

¹² The suggested LGA target ranges for the ratios are discussed in more detail in the attachment.



Summary of the City of Burnside'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%)	Ratio met historically and in forecast period →		
Net financial liabilities ratio (target 0-100%)	Ratio met historically and in forecast period →		
Asset renewal funding ratio (target 90-110%)	Spending on renewal works requirements met but with ratio at the lower end of suggested target range →	Ratio within target range	Suggested ratio target range met in projections with forecast higher spending on asset renewal works →
Identified Risks:			
Cost control risk	Operating expenses growth average 3.0% p.a. to 2020-21 (CPI 1.7%) →		Forecast operating expense growth to average 3.3% p.a. to 2031-32 (CPI 2.8%) →
Affordability risk	Low affordability risk with capacity to pay (rates revenue growth average 3.7% p.a. to 2020-21) →	High residential rates	Higher residential rates & successive 'above CPI' rate increases projected (rates revenue growth to average 3.4% p.a.) →

- 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 detailed advice findings regarding the City of Burnside'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 followed the approach it earlier explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.¹³

2.2.1 Advice on material plan amendments in 2022-23

The City of Burnside's 2022-23 long term financial plan includes increases to its projected income and expenditure to 2030-31, compared with the 2021-22 forecasts,¹⁴ as follows:

- ▶ An additional \$35.1 million or 7 percent in total operating income. This includes an additional \$30.1 million or 7 percent in rates.
- ▶ An additional \$38.1 million or 8 percent in total operating expenses (for example, for contracts and employees) and \$10.2 million or 8 percent in total capital expenditure. Also, more than half of the City of Burnside's higher operating expenses are due to an increase of \$20.4 million or 9 percent in 'materials, contracts, and other' expenses. This is due to an increase in the Council's 'Cost Index' applied from 2023-24 to 2031-32.

In the current inflationary environment, most of the revisions to the forward estimates appear to be for additional inflation impacts. The Council's annual business plan identifies inflation assumptions distinct from other cost impacts for 2022-23, however the LTFP is less clear from 2023-24, with the Council not stating its annual inflation assumptions.

The Commission considers that it would be appropriate for it to:

1. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the inflation assumptions feeding into its projected revenue (including rates) and expenses, distinct from 'real' impacts.

In the current inflationary environment, the assumptions concerning price rises over the next 10 years will require annual review, particularly given the potential for higher short-term inflation before a return to long-run averages. However, the Commission notes that the Council should always endeavour to find savings in real terms to reduce any inflationary impact on its community. To these ends, the Commission suggests that the Council:

2. **Review** its inflation assumptions in its forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

2.2.2 Advice on financial sustainability

Operating performance

Historically, the City of Burnside has ensured that its income growth exceeds its expense growth, thereby providing for recurring operating surpluses. From 2011-12 to 2020-21, operating expenses increased by an average of 3.0 percent per annum, which compares with average operating income

¹³ The attachment will be available on the Commission's website with the advice.

¹⁴ The overlapping forecast period in both LTFPs (2021-22 to 2030-31 and 2022-23 to 2031-32).

growth of 3.9 percent and average annual inflation growth of 1.7 percent over this period.¹⁵ Accordingly, the operating surplus ratio¹⁶ averaged 2.7 percent which demonstrates prudent financial management without excessive surplus levels, in the context of the growth in expenses experienced.

'Materials, contracts, and other' expenses increased by an average of 3.8 percent per annum in the 10 years to 2020-21, while 'employee' expenses increased by 3.0 percent per annum over this period.¹⁷ ¹⁸ The estimated annual average rate of growth in these expenses projected over the next 10 years (3.1 percent and 3.4 percent respectively), combined with higher rates increases, will ensure the Council's operating performance remains in surplus.

The Commission further notes that on a per property basis, operating expense growth is forecast to average 2.6 percent per annum and operating income growth 2.7 percent annum. These projections are below RBA-based forecast average inflation of 2.8 percent and represent a shift from the Council's historical performance of cost growth exceeding the rate of inflation.¹⁹

To continue to achieve its sound operating position without the need for additional or unplanned rate increases, the Council will need to continue to find savings and efficiencies in its budgets, as it stated it is committed to doing. It achieved savings and efficiencies of more than \$3.7 million over the past five years, and it stated that it would continue to review its services, processes and systems.²⁰ To this end, it would be appropriate for the Council to:

3. **Continue** the recent focus on constraining cost growth in its budgeting, where possible.
4. **Continue** the good practice of reporting actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

Over the past 10 years, the City of Burnside has consistently used borrowing and other financing options within the suggested target range for the net financial liabilities ratio.²¹ It will continue to meet the suggested target range in its 2022-23 forecast and has projected a reduction in the ratio from 65 percent in 2022-23 to 44 percent by the end of 2031-32. This will be achieved by the City of Burnside

¹⁵ CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 1.9 percent), available at <https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index>.

¹⁶ The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general 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).

¹⁷ The Commission notes the increase in the solid waste levy over the last 10 years, which has impacted waste management costs in the local government sector.

¹⁸ Based on the compound average annual growth rate formula throughout the Commission's Advice.

¹⁹ The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on Reserve Bank of Australia (**RBA**) forecasts for the Consumer Price Index (**CPI**) (Australia wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26

²⁰ City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 29, available at <https://www.burnside.sa.gov.au/files/assets/public/about-council/policies-plans-amp-reports/annual-business-plan-amp-budget/adopted-annual-business-plan-amp-budgets/annual-business-plan-and-budget-2022-23.pdf>.

²¹ 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. 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.

reducing its borrowings from \$28.9 million in 2022-23 to \$24.1 million in 2031-32 and demonstrates that the Council will continue to have sufficient operating capacity for its borrowing needs.

Asset renewals expenditure

The City of Burnside has consistently invested enough on renewing its assets to maintain service levels and avoid a backlog of renewal expenditure. The Council's asset renewal funding ratio (IAMP-based) has been within the suggested target range of 90 percent to 110 percent,²² in seven of the previous eight years, at an average of 92 percent between 2015-16 and 2021-22.

Looking forward, the City of Burnside is forecasting to continue to spend close to the amount it recommends from its IAMP on the renewal and rehabilitation of its existing asset stock.²³ Accordingly, the ratio is forecast to remain within the suggested target range in each year to 2031-32.

The City of Burnside updates its capital program allocation for new and upgraded expenditure and for asset renewal and rehabilitation on an annual basis through its AMPs. These AMPs provide a list of expected renewal expenditure based on the expired useful life or intervention points on assets that the Council manages. The plans also include consideration of the desired levels of service for different assets by the community.

One potential area for improvement regarding the City of Burnside's asset management planning relates to the LTFP projections better aligning with the expenditure needs identified in the AMPs. For example, in the 2022-23 to 2031-32 LTFP, estimated renewal and rehabilitation expenditure is \$16.9 million for 2022-23²⁴ while the AMPs' identified aggregate expenditure on renewal and rehabilitation is \$8.4 million for the same year. Similarly, estimated new and upgraded asset expenditure in the LTFP is \$7.6 million²⁵ while in the four AMPs it is altogether \$1.07 million. The Commission notes that there can be legitimate budgeting reasons for adjusting capital expenditure from year to year, as well as additional inflation impacts, but encourages the Council to review this area to determine if there can be better alignment.

In addition, the City of Burnside's annual depreciation expenses, which should represent the estimated average rate of asset consumption over time, are forecast to continue to exceed its renewal spending in forward projections. This might indicate that the assumptions underpinning the depreciation expenses, such as the extent of asset lives assumed (in the depreciation calculation), warrant further review and revision by the Council. The Commission notes that lower depreciation expenses would reduce operating expenses and improve the Council's operating position, which would help to relieve further pressure on rate levels.

For the reasons discussed above, the Commission suggests that the Council:

5. **Continue** the good practice of reviewing the capital expenditure program annually in its asset management plans and consider options to better align the assumptions underpinning the expenditure allocations with its long-term financial plan, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.

²² The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

²³ City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 30, available at <https://www.burnside.sa.gov.au/files/assets/public/about-council/policies-plans-amp-reports/long-term-financial-plan/lftp-2022-23-2031-32-finalweb.pdf>.

²⁴ City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 5.

²⁵ City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 5.

2.2.3 Advice on current and projected rate levels

Between 2011-12 and 2020-21, the City of Burnside's rate revenue per property increased by an average of 3.9 percent per annum to \$1,973 in 2020-21. This exceeded CPI growth of an average of 1.7 percent per annum.²⁶

Between 2022-23 and 2031-32 the average rate across all categories is forecast to increase from \$2,049 to \$2,691²⁷, a cumulative increase of \$642 per property. This equates to a 3.1 percent average annual increase (between 2022-23 and 2031-32) which is higher than the forecast average inflation over the next 10 years of 2.8 percent.²⁸

The majority of the City of Burnside's revenue comes from residential rates (contributing around 90 percent of total rates revenue in 2021-22).²⁹ The Council's average residential rates per property are relatively high, while its average commercial rates are relatively low.³⁰

The Council increased residential rates by an average of 6.0 percent or \$112 to an average rate of \$1,972 in 2022-23 (which also includes 0.9 percent growth in residential property assessments).³¹ The three-year average annual increase (excluding growth) from 2019-20 to 2022-23 was 2.7 percent.³²

Currently, affordability risk among the community appears relatively low based on the Socio-Economic Indexes for Areas (SEIFA) economic resources ranking, which places the area in the top three councils in South Australia in terms of residents' access to economic resources.³³ The Council's lower commercial rates might also provide it with some leverage to limit residential rate increases.

However, affordability risk could still emerge given the current economic environment affecting the residents more generally. The survey feedback from 485 residents on the Council's Draft 2022-23 Business Plan and Budget and LTFP indicated that only 14 percent or 67 residents supported a rate increase above 3.5 percent.³⁴ For these reasons, the Commission suggests that the Council:

6. **Review** and consider limiting future increases on its average residential rates to help reduce any emerging affordability risk in the community.

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 Burnside's:

- ▶ ongoing performance against its LTFP estimates, and transparency of its inflation assumptions in its LTFP
- ▶ achievement of cost savings and efficiencies, and its reporting of these achievements

²⁶ CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 1.9 percent), available at <https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index/>.

²⁷ This includes rates growth of 1 percent expected each year.

²⁸ See footnote 19.

²⁹ City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 57.

³⁰ Refer to the Councils in Focus website, available at

https://councilsinfocus.sa.gov.au/councils/city_of_burnside.

³¹ City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 57.

³² City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 33.

³³ See footnote 11.

³⁴ City of Burnside, *Ordinary Council Meeting Agenda -28 June 2022, Engagement Outcomes, 2022/23 Draft Annual Business Plan and Budget and Long-Term Financial Plan 2022/23 to 2031/32*, Item 11.2, p. 110, available at https://www.burnside.sa.gov.au/files/assets/public/about-council/council-amp-committees/agendas-minutes-amp-workshops/council/2022/agendas/2022-06-28-notice-of-meeting-agenda_public.pdf.

- ▶ actions to address any misalignment between the renewals capital expenditure and depreciation estimates in its LTFFP and various AMPs, as appropriate, and
- ▶ how it has sought to address any emerging affordability risks for residential ratepayers.



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