



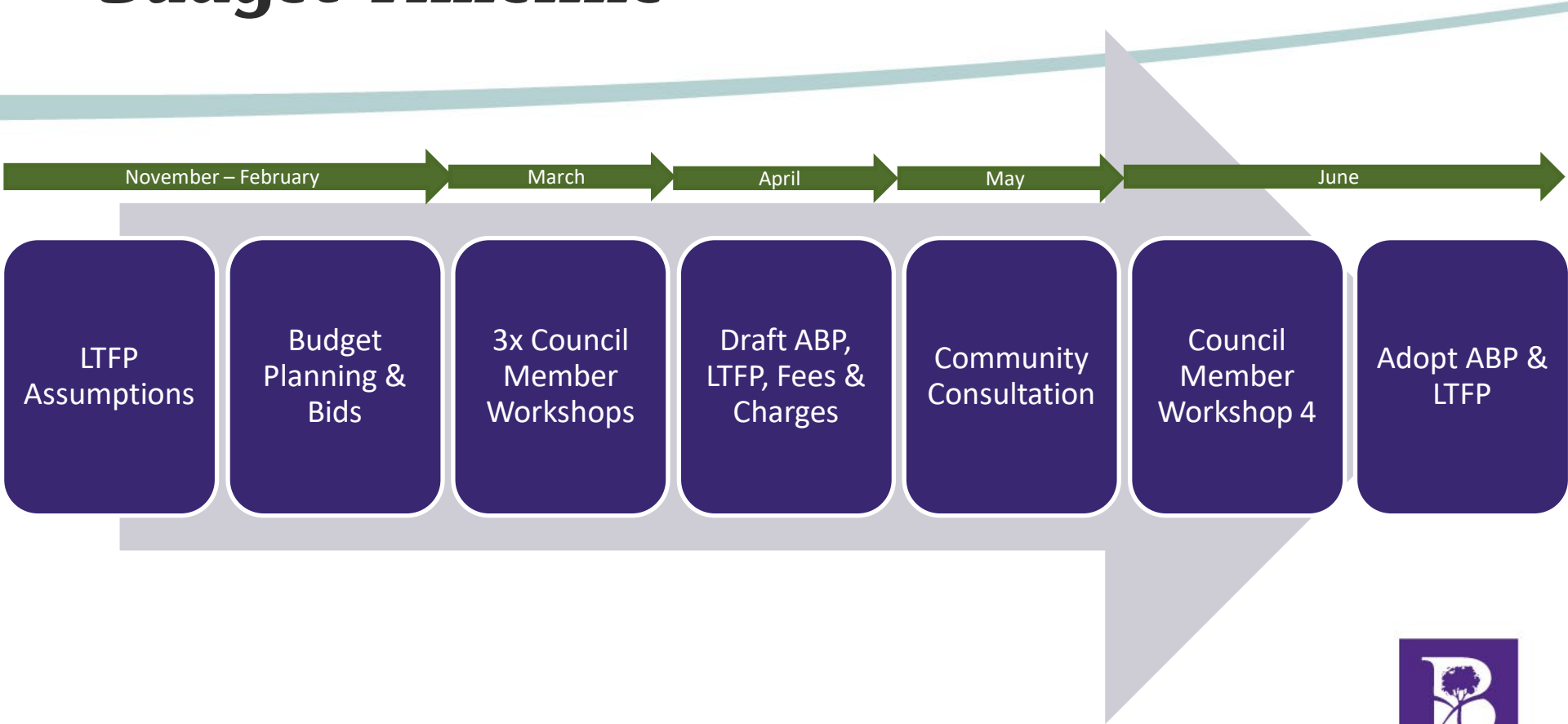
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# 2024/25 Draft Budget

19 March 2024

# Budget Timeline



# Agenda

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- Latest Information
- Draft Budget & Cost of Business
- Draft Valuation Data
- Rate Model Options
- Community Consultation



# Latest Information

- LGPI forecast received validating our LTFP assumptions
- Finalisation of Depreciation Forecast (\$750k)
- Inclusion of all Projects & Capital from Workshop 2 on 14 March
- Retiming of Kensington Garden Clubroom Redevelopment to 2025/26  
(subject to Council approval and using State and Federal funds first)

LGPI = Local Government Price Index



# LGPI Forecast

	2022/23 <sup>(a)</sup>	2023/24 <sup>(b)</sup>	2024/25 <sup>(c)</sup>	2025/26 <sup>(c)</sup>	2026/27 <sup>(c)</sup>
Local Government Price Index – All Components	6.5	4.4	3.2	3.1	3.0
<i>(low – high)</i>		<i>(4.0 – 4.8)</i>	<i>(1.5 – 4.9)</i>	<i>(1.1 – 5.2)</i>	<i>(1.0 – 5.0)</i>
LGPI – Recurrent	4.3	4.7	3.2	3.1	3.0
<i>(low – high)</i>		<i>(3.8 – 5.7)</i>	<i>(-1.3 – 7.9)</i>	<i>(-1.5 – 7.9)</i>	<i>(-0.4 – 6.6)</i>
LGPI – Capital	11.1	3.4	3.2	3.2	3.0
<i>(low – high)</i>		<i>(2.8 – 4.0)</i>	<i>(0.6 – 5.9)</i>	<i>(0.3 – 6.2)</i>	<i>(0.5 – 5.6)</i>
Consumer Price Index – Adelaide	7.9	4.7	3.1	2.8	2.8
<i>(low – high)</i>		<i>(4.0 – 5.4)</i>	<i>(0.2 – 6.1)</i>	<i>(0.0 – 5.7)</i>	<i>(0.6 – 5.0)</i>
<b>Key drivers of the Local Government Price Index</b>					
Wage Price Index – Public administration and safety	2.6	3.4	3.5	3.2	3.0
<i>(low – high)</i>		<i>(3.1 – 3.7)</i>	<i>(2.4 – 4.6)</i>	<i>(1.8 – 4.6)</i>	<i>(1.5 – 4.6)</i>
Producer price index – Road & bridge construction, SA	13.6	3.4	3.0	3.5	3.5
<i>(low – high)</i>		<i>(2.1 – 4.7)</i>	<i>(-2.6 – 9.0)</i>	<i>(-2.1 – 9.4)</i>	<i>(-0.7 – 7.8)</i>

Note: (a) Actual result.  
 (b) Based on actual data for second half of 2023, and forecasts for first half of 2024.  
 (c) Forecasts.



# Cost of Business (to be finalised)

<b>LGPI for Expenses (existing services) Dec 23</b>	<b>4.8%</b>
Cost Pressures:	
• Depreciation due to Revaluations (\$2.9m)	6.4%
• Additional 3x FTE's (\$342k)	0.7%
• Enterprise Agreements, Increments and Superannuation (\$1.36m)	3.0%
• Technology One Cash Receipting (\$58k)	0.1%
Savings Identified:	
• Electricity (\$34k)	-0.1%
• Gas after conversion of Pool Heater (\$151k)	-0.3%
Add back one off Cost Pressures 2023/24 (\$557k)	-1.2%
<b>Cost of Business 2024/25</b>	<b>13.4%</b>

# Valuation Data

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# Valuation Data (as at 18 March)

Rate Class	Number of Assessments (Change from Last Year)	Valuation Change
Residential	18,975 (-1)	+ 4.1%
Non-Residential	958 (-5)	+ 5.0%
Vacant Land	338 (+28)	+ 6.0%
Total	20,270 (+22)	+ 4.2%



# Rate Scenarios

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# Rate Scenarios

Year	8.0%	9.8%	12.2%	14.0%	CPI Fcast*
2024/25	8.0%	9.8%	12.2%	14.0%	4.4%
2025/26	6.5%	6.5%	5.25%	3.5%	3.2%
2026/27	5.5%	3.75%	3.1%	3.1%	3.1%
2027/28	3.0%	3.0%	3.0%	3.0%	3.0%



# Rate Scenarios

Year	8.0%	9.8%	12.2%	14.0%	CPI Fcast*
2024/25	8.0%	9.8%	12.2%	14.0%	4.4%
2025/26	6.5%	6.5%	5.25%	3.5%	3.2%
2026/27	5.5%	3.75%	3.1%	3.1%	3.1%
2027/28	3.0%	3.0%	3.0%	3.0%	3.0%



# Rate Scenarios

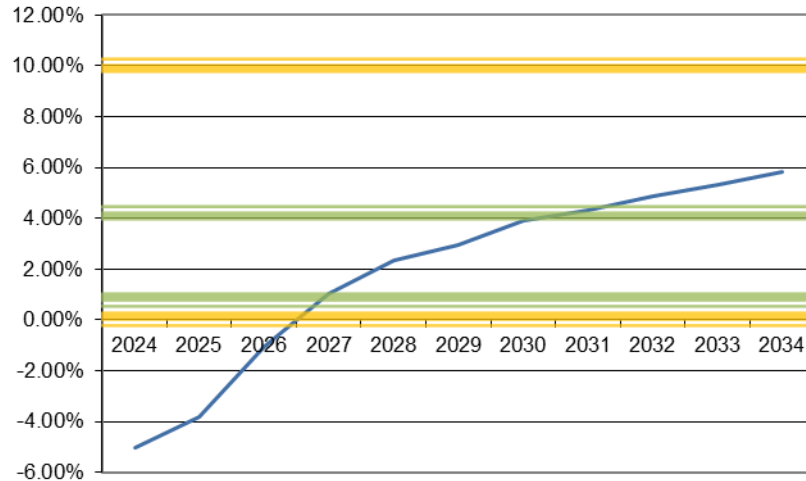
Year	8.0%	9.8%	12.2%	14.0%
Operating Result 2024/25	\$2.32m Deficit	\$1.49m Deficit	\$386k Deficit	\$443k Surplus
First Year of Operating Surplus	2026/27	2025/26	2025/26	2024/25
Outstanding Debt 30/6/29	\$34.4m	\$32.5m	\$30.3m	\$29.6m
5 Year Interest Saving to 8%	\$0	\$188k	\$387k	\$473k

# Rate Scenario Increases

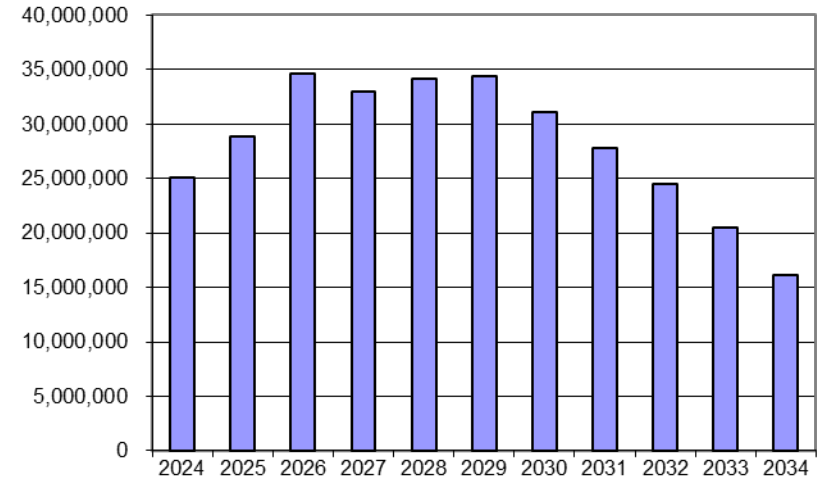
	8.0%	9.8%	12.2%	14.0%
Avg Residential Rate	\$2,308	\$2,346	\$2,398	\$2,436
\$ Increase from 2023/24	\$171	\$209	\$261	\$299
Additional \$ Increase from 8%	\$0	\$38	\$90	\$128
\$ Increase per Week	\$3.29	\$4.02	\$5.02	\$5.75

# Model Comparison – Model 8%

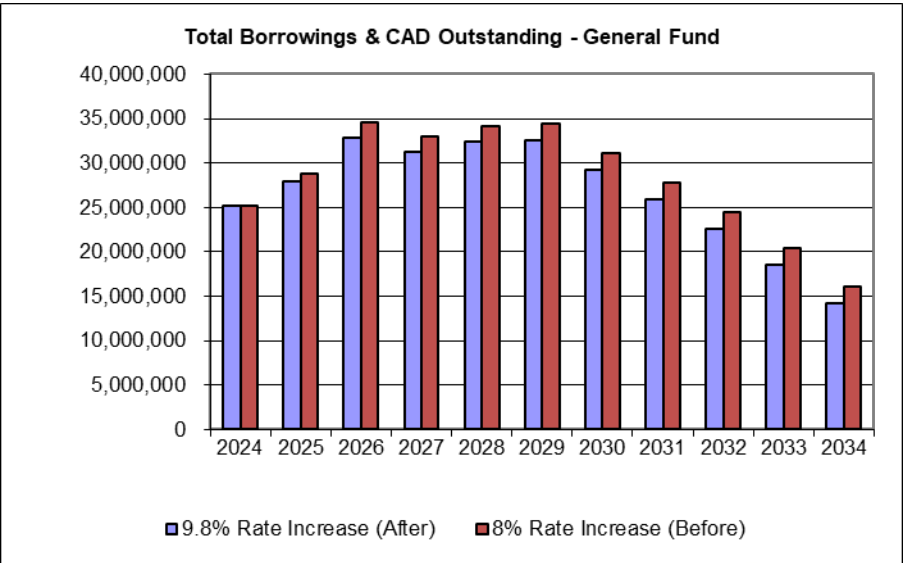
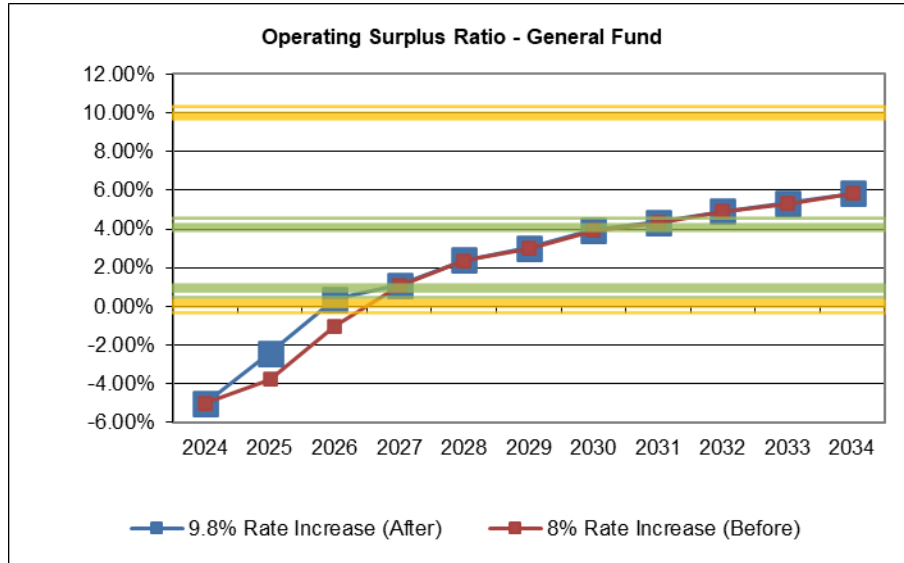
Operating Surplus Ratio - General Fund



Total Borrowings & CAD Outstanding - General Fund

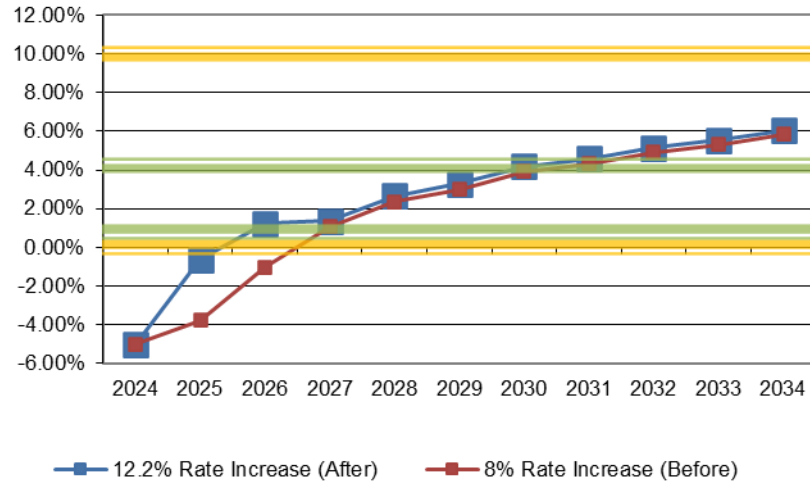


# Model Comparison – Model 9.8%

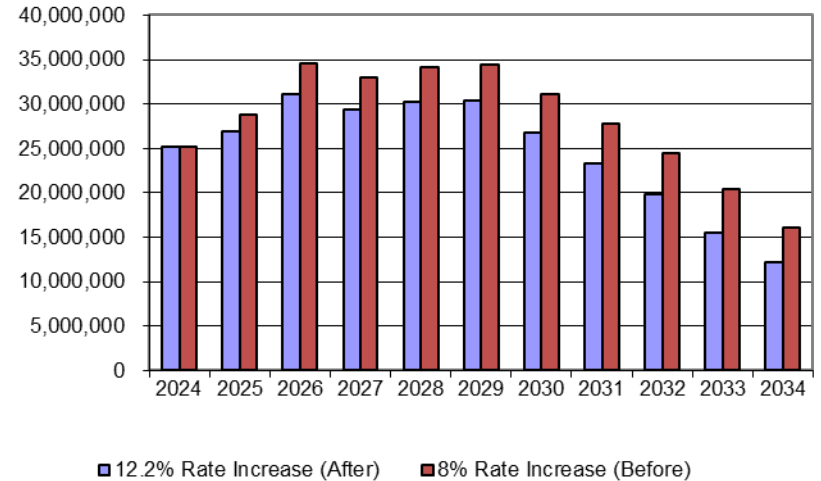


# Model Comparison – Model 12.2%

Operating Surplus Ratio - General Fund

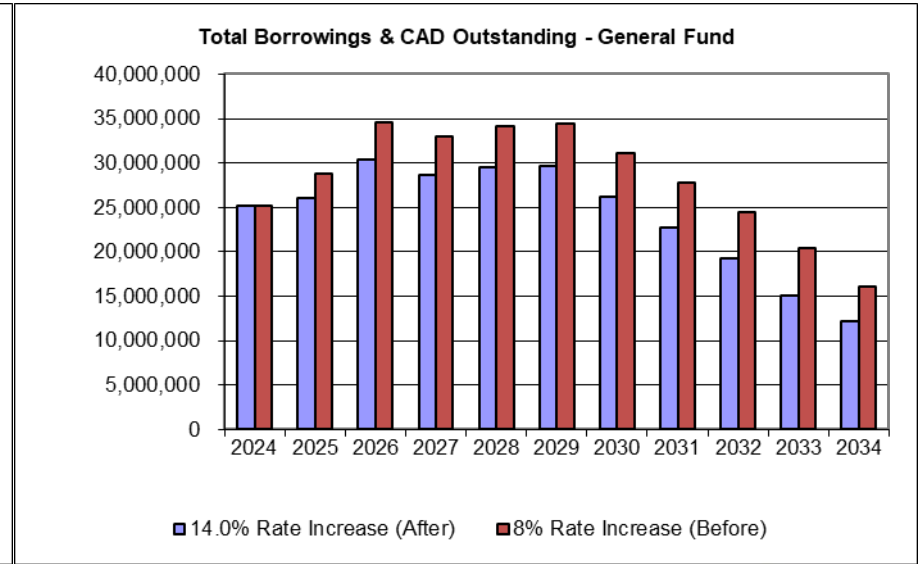
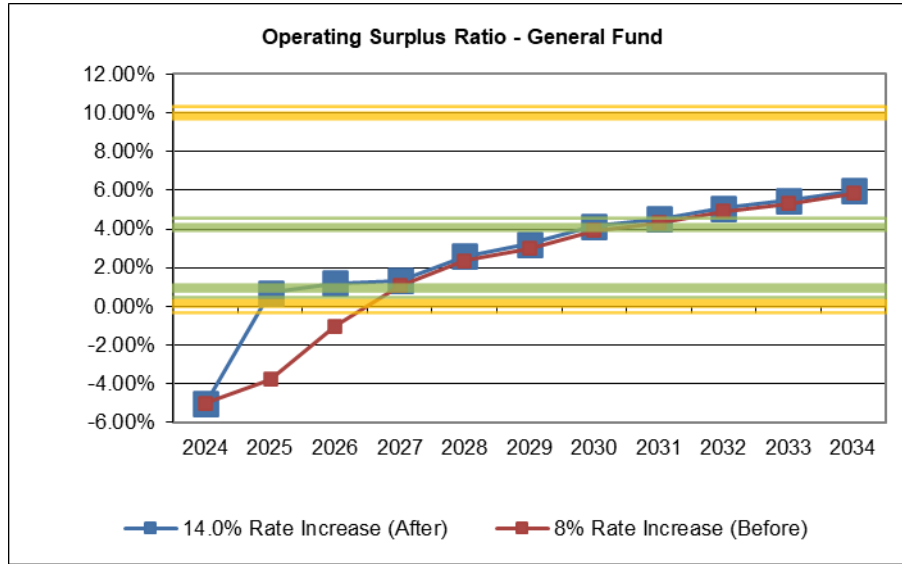


Total Borrowings & CAD Outstanding - General Fund





# Model Comparison – Model 14%



# Rate Scenario Recommendation

## When Considering:

- Depreciation Expenditure & Cost of Business
- Loss Compounding Rate Revenue since 2020
- Returning the Budget to Surplus
- Funding Renewal Capital Works



# Rate Scenarios

Year	13.0%
Operating Result 2024/25	Breakeven
First Year of Operating Surplus	2024/25
Renewal Funding	Rates, not new Borrowings
Outstanding Debt 30/6/29	\$29.8m
5 Year Interest Saving to 8%	\$451k

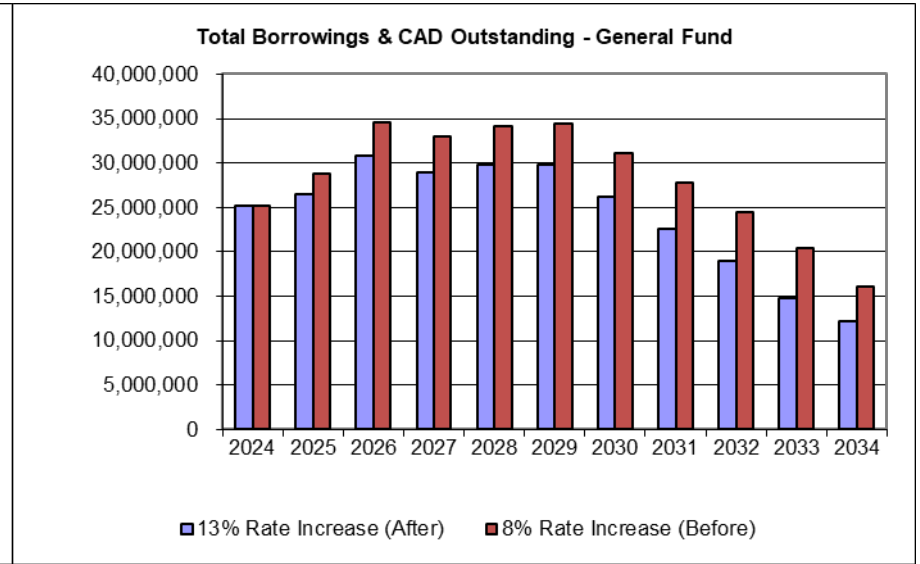
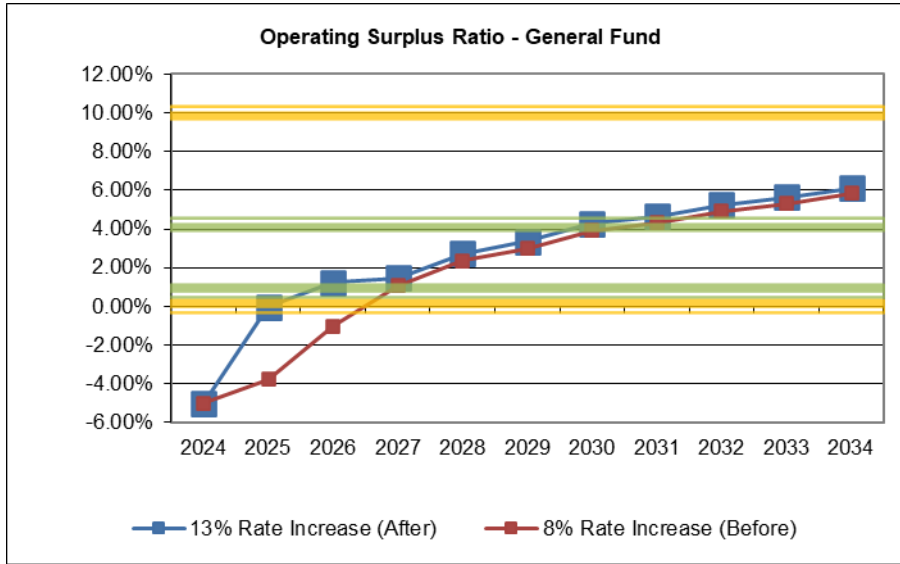


# Rate Scenarios

Year	13.0%	CPI Forecast
2024/25	13.0%	4.4%
2025/26	4.5%	3.2%
2026/27	3.1%	3.1%
2027/28	3.0%	3.0%



# Model Comparison – Model 13%



# Rate Scenario Increases

	<b>13.0%</b>
Avg Residential Rate	\$2,415
\$ Increase from 2023/24	\$288
\$ Increase per Week	\$5.35



# Rate Scenarios

Year	13.0%	CPI Forecast
2024/25	13.0%	4.4%
2025/26	4.5%	3.2%
2026/27	3.1%	3.1%
2027/28	3.0%	3.0%



# Community Consultation

- Reader friendly Draft Annual Business Plan and Long Term Financial Plan documents
- Mailout to residents
- Create video that explains the budget for use on the meeting night and socials
- Engage.burnside landing page and online survey
- Public meeting
- Banners, eNews etc





# Next Steps

Workshop	Date	Focus
Council Mtg	Tuesday 26 March	<ul style="list-style-type: none"><li>• Endorse Operating and Capital Projects from 14 March workshop</li></ul>
Audit & Risk Committee	Wednesday 10 April	<ul style="list-style-type: none"><li>• Draft Annual Business Plan (ABP)</li><li>• Draft Long Term Financial Plan (LTFP)</li></ul>
Council Mtg	Tuesday 23 April	<ul style="list-style-type: none"><li>• Endorse ABP &amp; LTFP for Community Consultation</li></ul>



# Other Rate Scenarios

Year	8.0%	9.0%	9.8%	10.0%	CPI Fcast*
2024/25	8.0%	9.0%	6.5%	10.0%	4.4%
2025/26	6.5%	6.5%	3.75%	3.75%	3.2%
2026/27	5.5%	4.5%	3.1%	3.0%	3.1%
2027/28	3.0%	3.0%	3.0%	3.0%	3.0%



# Other Rate Scenarios

Year	10.5%	11.0%	12.0%	12.5%	CPI Fcast*
2024/25	10.5%	11.0%	12.0%	12.5%	4.4%
2025/26	6.25%	6.25%	5.5%	5.0%	3.2%
2026/27	3.0%	3.0%	3.0%	3.0%	3.1%
2027/28	3.0%	3.0%	3.0%	3.0%	3.0%



# Other Rate Scenarios

Year	13.0%	13.5%	14.0%	14.5%	15.0%
2024/25	13.0%	13.5%	14.0%	14.5%	15.0%
2025/26	4.5%	4.0%	3.5%	3.0%	3.0%
2026/27	3.0%	3.0%	3.0%	3.0%	3.0%
2027/28	3.0%	3.0%	3.0%	3.0%	3.0%



# Rate Increases vs CPI

Rating Year	Rate Increase (Exc Growth)	CPI (March)
2020/21	0.0%	2.4%
2021/22	0.0%	1.2%
2022/23	3.5%	4.7%
2023/24	6.0%	7.9%
Total	9.5%	16.2% (+6.7%)



# Rate Increases vs CPI vs LGPI

Rating Year	Rate Increase (Exc Growth)	CPI (March)	LGPI (March)
2020/21	0.0%	2.4%	1.6%
2021/22	0.0%	1.2%	0.4%
2022/23	3.5%	4.7%	4.5%
2023/24	6.0%	7.9%	6.4%



# ERA Average Rates

Council	Average Resident Rate 2023/24
Walkerville	\$2,436
Prospect	\$2,191
Burnside	\$2,137
Unley	\$2,051
Norwood Payneham St Peters	\$1,907
Campbelltown	\$1,826





# Cost of Business (Historic)

**Rating Policy History**  
( Average % increases compared to the preceding Local Government Price Index)

