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Advice

Local Government Advice - Attachment

City of Burnside

February 2023

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Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: advice@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

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A The Commission's approach

In providing the Advice for the Council of the City of Burnside (**Council**), the Essential Services Commission (**Commission**) has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).¹

The Commission has considered the Council's strategic management plan (**SMP**) documents (as in the box below), with a particular focus on its performance and outlook against three financial indicators: the operating surplus ratio, the net financial liabilities ratio and the asset renewal funding ratio.² Analysis of these three indicators captures financial and service sustainability, in addition to cost control and affordability risk.³

- ▶ 2022-23 Annual Business Plan and Budget (adopted July 2022) and 2021-22 annual business plan and budget (adopted July 2021)
- ▶ Long Term Financial Plan 2022-23 to 2031-32 (adopted July 2022) and Long Term Financial Plan 2021-22 to 2030-31 (adopted July 2021)
- ▶ Asset Management Strategy 2021-2026 (adopted April 2021)
- ▶ Buildings Asset Management Plan 2020-2029 (last updated June 2022)
- ▶ Open Space Asset Management Plan 2020-2029 (last updated June 2022)
- ▶ Transport Asset Management Plan 2020-2029 (last updated June 2022)
- ▶ Stormwater Asset Management Plan 2020-2029 (last updated June 2022)

Given that the Commission must, in providing advice, have regard to the objective of councils maintaining and implementing their infrastructure and asset management plans (**IAMPs**) (usually termed AMPs) and long-term financial plans (LTFPs),⁴ it has also considered the Council's performance in that context. Findings regarding the content of the City of Burnside's LTFP, and the alignment between its LTFP and AMPs,⁵ are discussed in section C.

The Commission has also reviewed the Council's template data which contains its 2022-23 LTFP forecasts for 2022-23 to 2031-32, as well as its 2021-22 LTFP forecasts, and historical financial data and number of rateable properties and council staff (Full Time Equivalent (**FTE**)) numbers from 2011-12 onwards.^{6,7} All charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's audit committee reports, and other public information, as appropriate.

¹ Commission, *Framework and Approach – Final Report*, August 2022, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

² The indicators are specified in the *Local Government (Financial Management) Regulations 2011*. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each ratio, but the Commission has adopted the previously suggested Local Government Area (**LGA**) target ranges as a basis for its analysis, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

³ The F&A listed 29 analytical questions that the Commission has answered in assessing the City of Burnside's performance against these indicators to determine affordability, cost control and other sustainability risks.

⁴ LG Act s122(1g)(a)(i).

⁵ As required under s122(1b) of the LG Act.

⁶ Sourced from the Local Government Grants Commission (including data reported by the Office of the Valuer-General) and Council's data.

⁷ The Council's estimates for the 2021-22 financial year are unaudited.

The Commission has reported estimates in nominal terms, for consistency with the Council's plans and actual rate levels, but it has compared estimated inflation impacts to these trends as a guide to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line shows the cumulative growth in the CPI (Adelaide) series from 2011-12, and then projections of this series from 2022-23 based on The Reserve Bank of Australia (**RBA**) (Australia-wide) inflation forecasts (to the June quarter 2025), and the midpoint of the RBA target range (2.5 percent) thereafter.

Finally, in formulating this Advice, the Commission has had regard to the circumstances of the City of Burnside, including its location as a metropolitan council, its established residential base, its income level (\$53.4 million⁸) and the size of its rates base (more than 21,400 ratepayers⁹).

⁸ The City of Burnside, *Annual Business Plan & Budget 2022-23*, July 2022, p. 36 , 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>.

⁹ Based on the estimated number of property assessments in 2022-23.

B Material plan amendments in 2022-23

The City of Burnside has made various amendments to its 2022-23 LTFP for higher inflation, but also for other spending and revenue initiatives. The material amendments to some of its main financial forecasts are listed in the table below (in nominal terms).¹⁰ To ensure a comparable analysis of estimates between the 2021-22 and 2022-23 LTFPs, the Commission has reviewed the nine overlapping years' statistics: 2022-23 to 2030-31 and identified material amendments accordingly.

Financial Item	Sum of 2022-23 to 2030-31 estimates in 2021-22 LTFP (\$ million)	Sum of 2022-23 to 2030-31 estimates in 2022-23 LTFP (\$ million)	Change in 2022-23 estimates (\$ million)	Change in 2022-23 estimates (percent)
Rates and statutory charges income	445.7	476.2	+30.5	+7
Total operating income	514.7	549.8	+35.1	+7
Employee expenses	171.6	184.8	+13.2	+8
Total operating expenses	503.0	541.1	+38.1	+8
Capital expenditure on renewal of assets ¹¹	93.1	99.1	+6.0	+6
Capital expenditure on new and upgraded assets ¹²	32.0	36.3	+4.3	+13
Total borrowings	222.6	284.9	+62.2	+28

B.1 Increase to income estimates

The Council's estimated total operating income to 2030-31 has increased by \$35.1 million or 7 percent in its 2022-23 LTFP estimates, compared with its 2021-22 LTFP estimates. Most of this increase is due to higher rates which increased by \$30.1 million or 7 percent on the 2021-22 estimates for the period 2022-23 to 2030-31. The impact on current and projected rate levels are discussed more in section D.

In the current inflationary environment, most of the revisions to the forward estimates appear to be for additional inflation impacts.

The City of Burnside indexes its cost series based on its own 'Cost of Business' model. In year 1 (the current year), it applies the Local Government Price Index (LGPI) and then adjusts for savings and cost pressures for that particular year. From Years 2 to 10, it adopts an estimated cost index based on CPI projections plus a percentage increase to account for current the LGPI differential. When setting rates

¹⁰ This table shows selected financial items to demonstrate the material amendments made by the Council in its 2022-23 estimates. It excludes various financial items and individual items do not sum to totals.

¹¹ The capital expenditure estimates are based on the 2022-23 LTFP estimates provided by the Council to the Commission (in an Excel template). The Council reported the same estimates in its table of major capital expenditure. City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 26, 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>.

¹² Footnote 11 applies.

in the coming year (2022-23), the Council has considered the current economic conditions and current LGPI. It then models rate increases for Years 2 to 10 closely to the cost index.¹³

The Council's annual business plan identifies inflation from other cost impacts for 2022-23, however the long-term financial plan is less clear from 2023-24, with the Council not stating its annual inflation assumptions.

The Commission considers that it would be appropriate for the Council 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.

The RBA has since increased its inflation forecasts further to mid-2025¹⁴ from the key drivers and assumptions assumed by the City of Burnside in its 2022-23 LTFP (4.2 percent cost index, 4.7 percent wages increase and 3.5 percent rates increase which excludes growth).¹⁵ The Commission notes that if the City of Burnside were to implement these assumptions, real terms cost declines are possible to 2024.

Beyond June 2025, the RBA has not published its inflation forecasts, but the Council has assumed its key drivers (cost index, wages, and rates) are above 3 percent from 2027-28 to 2031-32. The Commission notes that a lower assumption for these key drivers beyond 2027 may be a reasonable assumption (with 2.5 percent as the midpoint of the RBA's 2-3 percent target band).

Therefore, the Commission considers it would be appropriate for the City of Burnside to:

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.

B.2 Increase to expenditure estimates

The City of Burnside's estimated operating expenses have increased by a total of \$38.1 million or 8 percent from 2022-23 to 2030-31 compared with its 2021-22 LTFP estimates.

More than half of the City of Burnside's forecast higher operating expenses are due to higher materials, contracts, and other expenses, with an increase of \$20.4 million or 9 percent on the 2021-22 LTFP estimates (from 2022-23 to 2030-31), again likely in large part due to higher assumptions in the Council's LTFP. It is noted that, contractors' expenses contributed almost 50 percent of the materials, contracts, and other expenses in 2020 and 2021.^{16 17}

The City of Burnside's employee expenses increased by \$13 million or 8 percent on the 2021-22 LTFP (from 2022-23 to 2030-31). The increase in 2022-23 of 5 percent reflects the two current Enterprise Bargaining Agreements due to expire in June 2023 along with a 0.5 percent increase in the

¹³ City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 18.

¹⁴ RBA, Forecast Table - February 2023, available at <https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html> The CPI (Australia-wide) is forecast to increase by 6.7 percent in the year to the June 2023 quarter, by 3.6 percent in the year to the June 2024 quarter and by 3.0 percent in the year to the June 2025 quarter.

¹⁵ City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 16.

¹⁶ City of Burnside, *2020 -21 Annual Report*, p. 77, available at <https://www.burnside.sa.gov.au/files/assets/public/about-council/policies-plans-amp-reports/annual-report/annual-report-2020-21.pdf>.

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.

superannuation guarantee.¹⁸ Salaries and wages are projected to increase for the remaining years to 2031-32 based on renewed Enterprise Bargaining Agreements with increases in a range of between 3 to 3.5 percent (including superannuation increases).¹⁹ The Commission notes that the incremental increases to superannuation charges on wages finishes in 2025.

In terms of capital expenditure, the latest (2022-23) LTFP has factored in a total of \$4.3 million additional new and upgraded capital works and \$6.0 million more capital renewal and replacement works between 2022-23 to 2030-31, compared with the previous year's LTFP. The combined increase totals \$10.3 million or 8 percent more expenditure on the 2021-22 estimates across these years. These adjustments appear to reflect the changes to the LTFP assumptions and annual budgeting considerations for capital works.

¹⁸ The Superannuation Guarantee Levy is the amount that an employer is required to pay into a superannuation account on behalf of an employee. From 1 July 2021, the Superannuation Guarantee was legislated to rise in half per cent increments from 9.5 percent each year until reaches 12 percent of wages in 2025.

¹⁹ City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 17.

C Financial sustainability

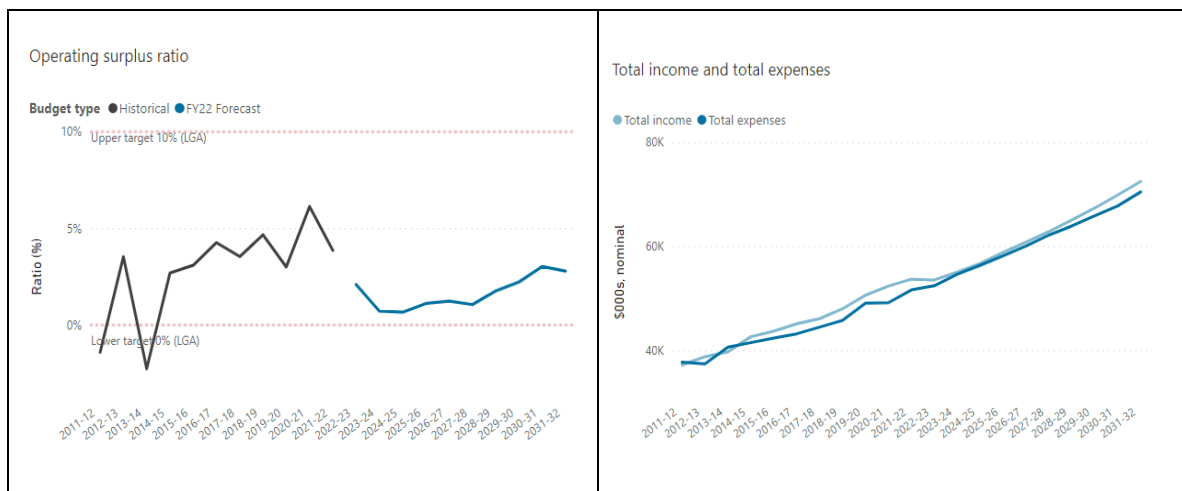
C.1 Operating performance

The City of Burnside has consistently recorded operating surpluses²⁰ since 2013-14 and the operating surplus ratio²¹ is forecast to meet the suggested LGA target range in each year to 2031-32 (see the left chart below).

Historically, the City of Burnside has ensured that its income growth exceeds its expense growth over time (see the right chart below), thereby providing for recurring 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 growth of 3.9 percent and annual inflation growth of 1.7 percent over this period.²² Accordingly, the operating surplus ratio 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 each year in the 10 years to 2020-21,²³ while 'employee costs' have increased by an average of 3.0 percent each year (the right chart over the page shows the nominal increases by expense type in specific time periods). The estimated rate of growth in these expenses projected over the next 10 years (an average of 3.1 percent per annum and 3.4 percent per annum respectively), combined with higher rates increases, will ensure the Council's operating performance remains in surplus.

The Council's operating income is forecast to increase by 3.4 percent from 2022-23 to 2031-32, which includes an average increase to rates per property of 3.1 percent. More detail on the impact on ratepayers is discussed in section D. Other operating income will increase by an average of 2.6 percent per annum, lower than forecast inflation of 2.8 percent over this period.²⁴



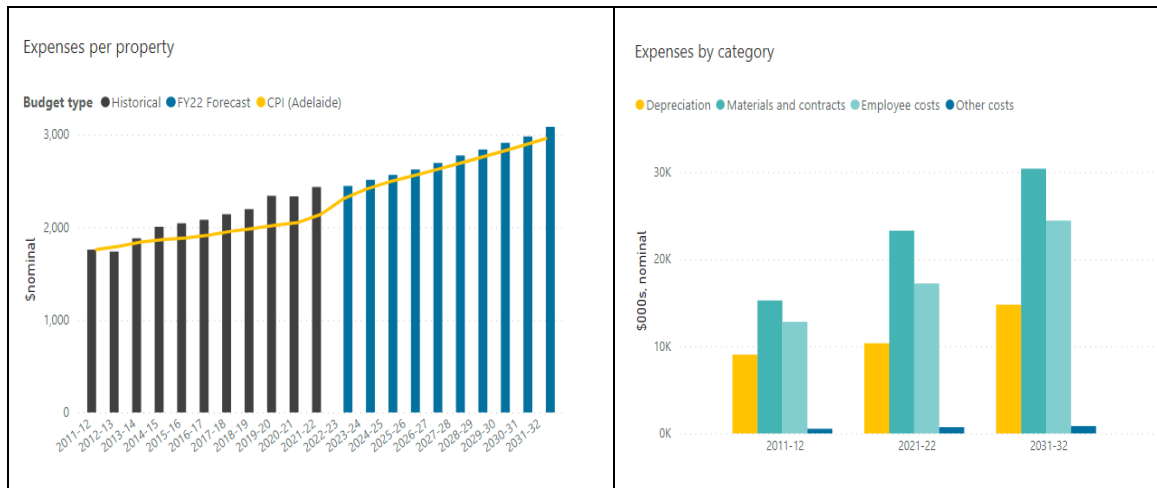
²⁰ This means the Council's operating income (including rates and other revenue sources but excluding capital grants, subsidies, and contributions) have exceeded operating expenses (including depreciation).

²¹ 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).

²² 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>.

²³ Based on the compound average annual growth rate formula throughout the Commission's Advice.

²⁴ The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on RBA forecasts for the 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.



The City of Burnside has forecast annual increases to expenses per property of 2.6 percent (see the left chart above) and income per property of 2.7 percent to 2031-32. This compares to forecast average inflation of 2.8 percent²⁵ over this period.

It has stated that it is continually seeking cost savings and internal efficiency and has achieved savings and efficiencies more than \$3.7 million over the past five years.²⁶ The Commission notes that contractors' expenses contributed almost 50 percent of the materials, contracts, and other expenses in 2020 and 2021.²⁷ Continuing to seek value for money through competitive tender processes in its contracts and other procurement activities should help to contain costs. As stated in section B.2, the forecasts for employee costs in future years should also be reviewed, as necessary, for potential savings. In general, to ensure that the Council continues to look for opportunities for savings and efficiencies, it would be appropriate for it to:

3. **Continue** the recent focus on constraining cost growth in its budgeting, where possible.
4. **Continue** the good practice of reporting its 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.

C.2 Net financial liabilities

The net financial liabilities ratio²⁸ for the City of Burnside has trended between negative 3 percent and 34 percent between 2011-12 and 2020-21 (see top left chart on the next page). While the result is generally within the suggested LGA target range for this ratio (between 0 and 100 percent) it was towards the lower target with the initial five-year annual average of 13.5 percent between 2011-12 and 2015-16, before trending upwards.

The City of Burnside has estimated that its net financial liabilities ratio will continue to meet the suggested LGA target range in its 2022-23 forecasts and has projected a reduction in the ratio from 65 percent in 2022-23 to 44 percent by the end of 2031-32. The ratio is higher than the previous year's forecast and is being driven by total borrowings which have increased from last year's plan (see

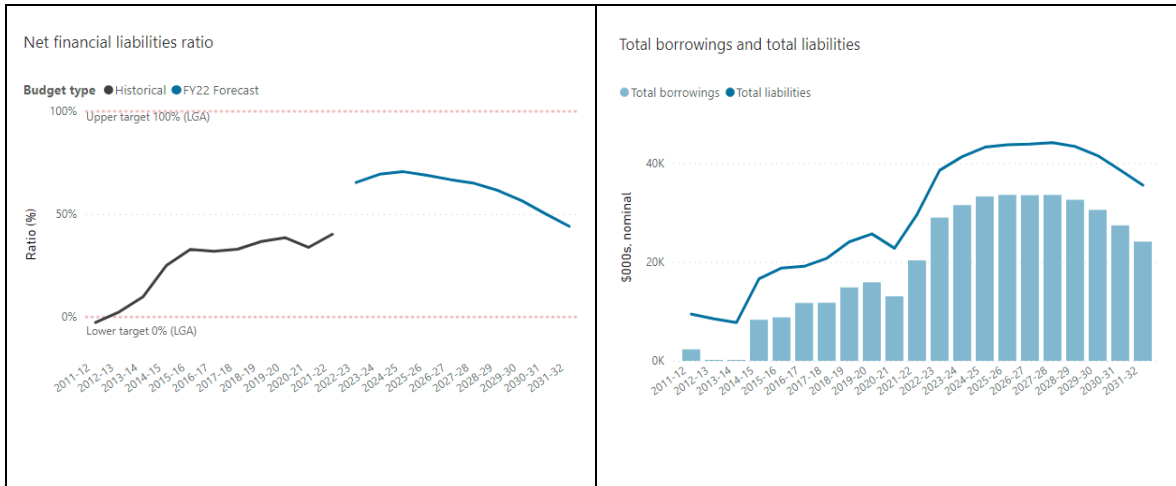
²⁵ See footnote 24.

²⁶ City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 29.

²⁷ City of Burnside, *2020-21 Annual Report*, p. 77.

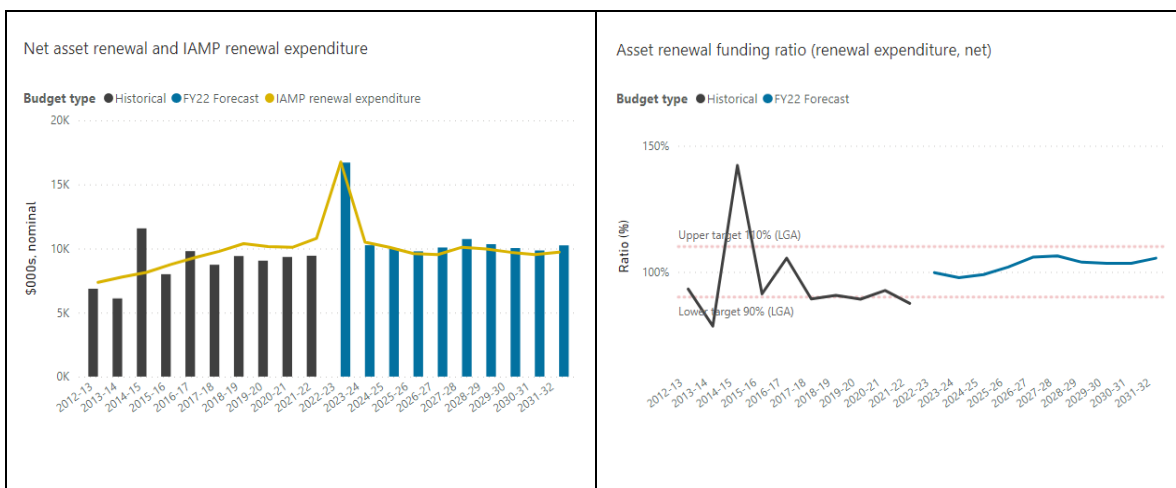
²⁸ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

material amendments table in Section B). Referring to the below right chart, total borrowings are forecast to peak in 2025-26 at \$33.6 million, and then reduce to \$27.4 million in 2030-31. The City of Burnside has an extensive program of works that the debt is utilised for, and which include the Magill Village Project and the Dulwich Community Centre Redevelopment. There is likely to be reduced interest costs as the City of Burnside reduces its borrowings.



C.3 Asset renewals expenditure

The City of Burnside’s asset renewal funding ratio (under the ‘IAMP-based’ approach)²⁹ has performed within the suggested LGA target range³⁰ in the nine years to 2020-21, with an average of 97 percent (see the bottom right chart below). This suggests that the Council has been renewing or rehabilitating its asset base, on average, in line with the requirements for such works specified in its AMPs. The Council’s spending on renewal or rehabilitation of assets averaged \$9.1 million each year (over this period). The ratio is forecast to perform consistently within the appropriate range for the forecast 10-year period to 2031-32. This can be seen in the below left chart with net asset renewal expenditure and IAMP-recommended expenditure closely aligned.



²⁹ 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 LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

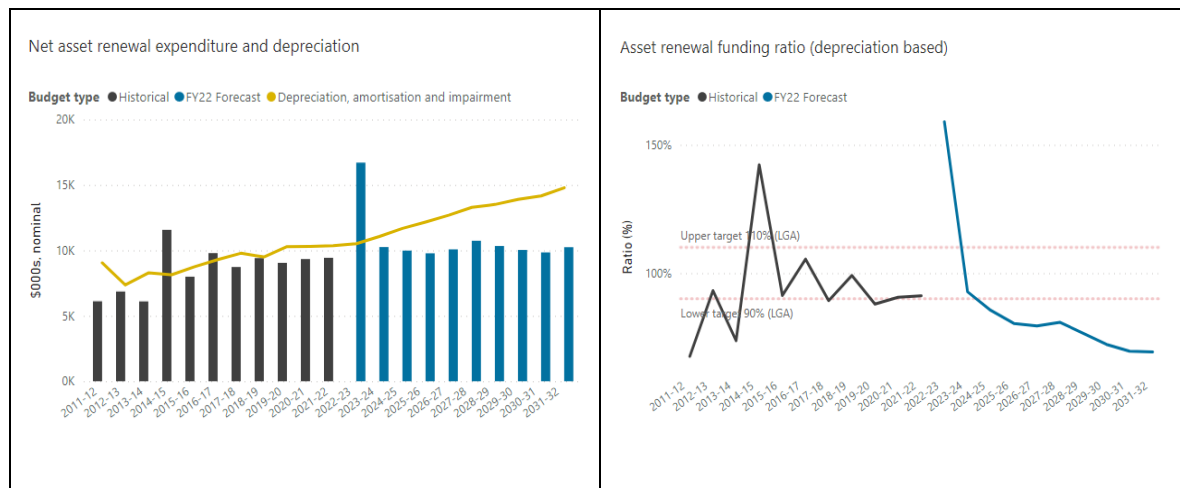
³⁰ Between 90 and 110 percent.

The City of Burnside updates its capital program allocation for new and upgraded expenditure and for asset renewal and rehabilitation on an annual basis in the addendum section of its AMPs. The Commission recognises this as good practice to ensure up-to-date expenditure requirements are included in its AMPs. The 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 2022-23³¹ 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 million³² while in the four AMPs it is altogether \$1.07 million.

The Commission notes that there can be reasonable budgeting reasons for adjusting capital expenditure from year to year. The Council advised the Commission that when major projects involve the replacement of assets, there will usually be a component of both new/upgrade and renewal expenditure involved, and that this contributes to the misalignment between the plans’ expenditure projections. The Commission further notes that there can be additional inflation in LTFP estimates. Nonetheless, it would be prudent for the Council to consider whether these expenditure estimates are different for other reasons and can be better aligned.

The Commission has also observed an opportunity for the City of Burnside to review its depreciation expense estimates with reference to the annual renewal requirements identified in its AMPs. From 2022-23 to 2031-32, the depreciation-based asset renewal funding ratio³³ will continue to track slightly below the recommended minimum level of 90 percent, averaging 86 percent per annum to 2031-32. This indicates the estimated annual depreciation expenses are generally higher than the required expenditure on capital renewals under the Council’s various AMPs (see the charts below).



There can be legitimate reasons why depreciation expenses, which are based on asset valuations and asset life assumptions, will differ from renewals expenditure needs in any one year. Renewals expenditure is focused on the requirements for actual works, with reference to the forecast cost schedule for these works and practical works delivery and budget considerations. The Commission

³¹ City of Burnside, *Long Term Financial Plan 2022-23 to 2031-32*, July 2022, p. 5.

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

³³ The Council’s asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses). This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed.

notes that while forecast asset renewal expenditure from 2022-23 to 2031-32 is steady, the projected depreciation expense from 2022-23 to 2031-32 is increasing.

One area that might be leading to higher depreciation expense forecasts, relative to annual asset renewal expenditure needs, is the Council's recent accumulation of new assets following its capital expenditure projects. Another risk that arises when depreciation expenses exceed spending on asset renewals is that the asset lives are assumed to be shorter (in the depreciation calculation) than occurs in practice. The implication of projecting higher than necessary depreciation expenses is that higher operating income (and potentially higher rates income) is required to generate an operating surplus for the Council. The Commission suggests that the Council:

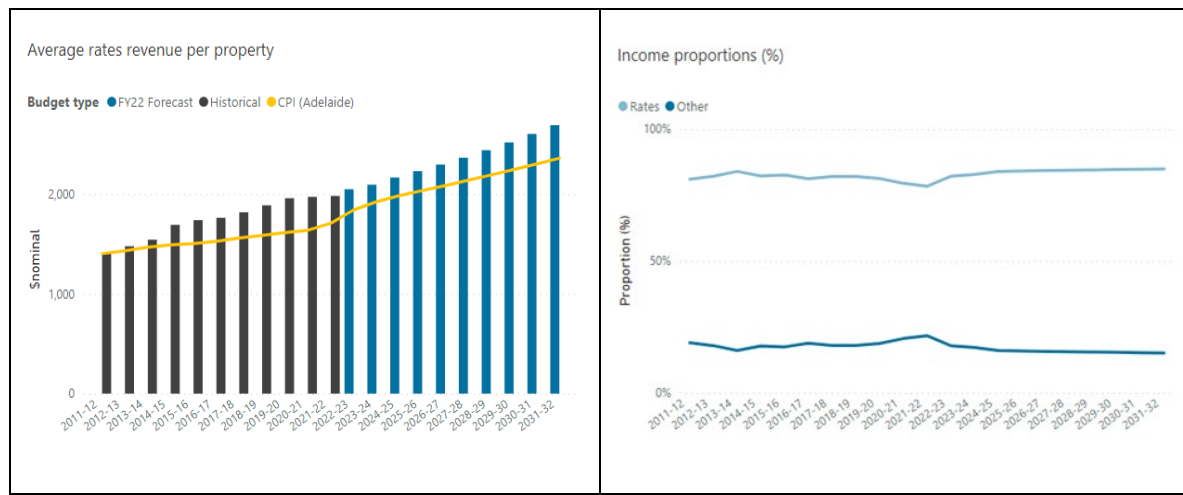
5. **Continue** the good practice of reviewing the capital expenditure program annually in its asset management plans and consider options to better align the assumptions underpinning the expenditure allocations with its long-term financial plan, including the estimate for asset lives and valuations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

D Current and projected rate levels

D.1 Historical rates growth

Between 2011-12 and 2020-21 the City of Burnside's total rate revenue had an annual average growth of 3.7 percent. Over the same period, the rate revenue per property increased by an average of 3.9 percent per annum from \$1,403 in 2011-12 to \$1,973 in 2020-21 (see the left chart below). This exceeded CPI growth of an average of 1.7 percent per annum.³⁴

The majority of the City of Burnside's revenue comes from residential rates. In 2021-22, all ratepayers contribute around 80 percent of the Council's total revenue (see the right chart below)³⁵ and residential ratepayers contributed around 90 percent of that rate revenue.³⁶



D.2 Proposed 2022-23 rates increases

The City of Burnside has budgeted for an average rate increase of 3.5 percent for its existing ratepayers in 2022-23,³⁷ which was higher than it had anticipated charging for this year in its 2021-22 LTFP projections (1.9 percent in 2021-22 for existing rateable properties). The Council has aligned the average rates increase of 3.5 percent to the minimum rate increase which is applied to 3,963 properties or 18.6 percent of total rateable properties in the Council. As a result, the minimum rate per property will increase by \$31 to \$906.

Different rate categories are subject to varying changes, with residential ratepayers the only category to have a rate increase – 6.0 percent or \$112 per property on 2021-22 average rate levels.³⁸ Primary production will receive the largest decrease – an average decrease of \$977 per property or 10.7 percent.³⁹ Commercial shop ratepayers will receive the second largest decrease – an average decrease of \$206 per property or 10.4 percent.⁴⁰

³⁴ 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>.

³⁵ City of Burnside, *Annual Report 2021-22*, p. 23.

³⁶ City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 57.

³⁷ City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 33.

³⁸ See footnote 36.

³⁹ See footnote 36.

⁴⁰ See footnote 36.

The Council's overall projected total rates revenue is 5.3 percent higher in 2022-23⁴¹ and includes 0.6 percent growth in overall property assessments.⁴²

The City of Burnside's general rates include the Regional Landscape Levy and Waste Management Service. The Council does not provide a breakdown as to how it apportions these costs over its rateable properties. According to the Council's 2021-22 and 2022-23 Annual Business Plans, the Regional Landscape Levy was steady at \$1.73 million in 2022-23.⁴³

D.3 Projected further rate increases

Between 2022-23 and 2031-32, the average rate across all categories is forecast to increase from \$2,049 to \$2,691,⁴⁴ 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.⁴⁵

D.4 Affordability risk

Despite the high average residential rate levels and projected continued rate increases marginally above inflation, the Commission has assessed that the affordability risk among the community still appears relatively low when considering:

- ▶ the Council's 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.⁴⁶

However, the Commission also notes the survey feedback from 485 residents on the Council's Draft 2022-23 Business Plan and Budget and LTFP whereby 14 percent or 67 residents supported a rate increase above 3.5 percent.⁴⁷ The Council's average rates per property are already relatively high, including its residential rates.⁴⁸ This indicates that there may be emerging affordability risk among the community at current rate levels, and that ongoing consultation by the City of Burnside for further rate increases (in the context of the community's desired service levels) is required. For this reason, the Commission recommends that the Council:

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

⁴¹ See footnote 36.

⁴² See footnote 36.

⁴³ City of Burnside, *2022-23 Annual Business Plan and Budget*, July 2022, p. 56.

⁴⁴ This includes rates growth of 1 percent expected each year.

⁴⁵ See footnote 24.

⁴⁶ The City of Burnside LGA is ranked 68 out of 71, South Australian 'local government areas' 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). A higher ranking (eg 68) denotes relatively higher 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>.

⁴⁷ 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.

⁴⁸ Refer to the Councils in Focus website, available at https://councilsinfocus.sa.gov.au/councils/city_of_burnside.



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au