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Advice

Local Government Advice

City of Prospect

February 2023

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Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Prospect
CWMS	Community Wastewater Management System
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	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 Prospect

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

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

Budgeting considerations

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

Providing evidence of ongoing cost efficiencies

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

Refinements to asset management planning

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

Containing rate levels

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

2 About the advice

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

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

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

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

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

2.1 Summary of advice

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

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

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

² Commonly referred to as asset management plans.

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

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

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

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

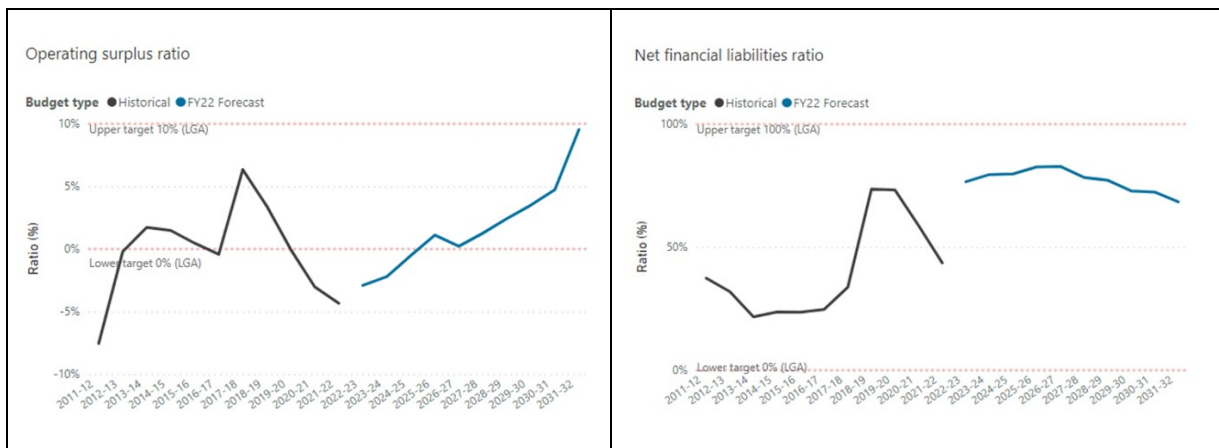
⁹ The Commission must publish its advice under LG Act s122(1i)(a).

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

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

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

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

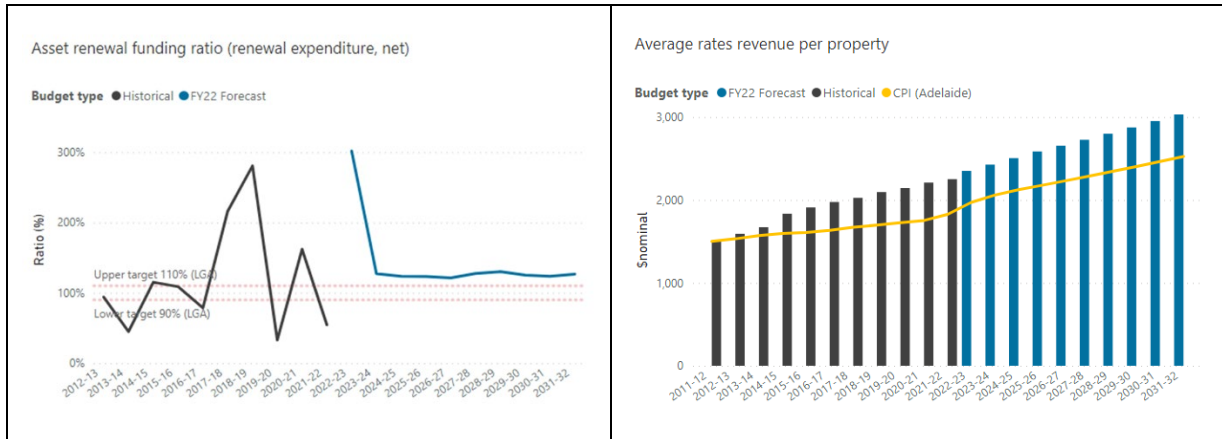


¹⁰ Accordingly, the upper limit of the suggested LGA target range for the asset renewal funding ratio ('IAMP-based') of 90 to 110 percent would be consistently exceeded in the next 10 years. See footnote 13.

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

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

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



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

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

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

2.2 Detailed advice findings

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

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

2.2.1 Advice on material plan amendments in 2022-23

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

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

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

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

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

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

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

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

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

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

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

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

2.2.2 Advice on financial sustainability

Operating performance

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

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

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

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

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

Net financial liabilities

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

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

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

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

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

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

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

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

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

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

Asset renewals expenditure

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

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

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

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

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

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

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

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

³⁰ s122(1a)(b) of the LG Act.

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

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

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

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

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

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

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

2.2.3 Advice on current and projected rate levels

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

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

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

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

³⁵ From 2011-12 to 2020-21.

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

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

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

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

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

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

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

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

2.3 The Commission's next advice and focus areas

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

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

³⁹ The City of Prospect area is ranked 49 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2016), where a lower score (eg, 1) denotes relatively lower access to economic resources in general, compared with other areas, available at <https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&2017.03.2018&Latest>.

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

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

⁴² See footnote 40.



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