



COUNCIL AGENDA

for the Special meeting

Thursday 13 August 2020
at 5.30pm

in the Colonel Light Room
Adelaide Town Hall



Members - The Right Honourable the Lord Mayor, Sandy Verschoor (Presiding);
Deputy Lord Mayor, Councillor Hyde;
Councillors Abrahamzadeh, Couros, Donovan, Hou, Khera, Knoll,
Mackie, Martin, Moran and Simms.

1. Acknowledgement of Country

At the opening of the Special Council Meeting, the Lord Mayor will state:

‘Council acknowledges that we are meeting on traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.’

2. Apologies and Leave of Absence

Apology - Councillor Mackie

3. Reports for Council

Strategic Alignment – Enabling Priorities

- 3.1. Adelaide Central Market Authority Business Plan and Budget [2019/02431] [Page 2]
- 3.2. Rundle Mall Management Authority 2020-2021 Business Plan and Budget [2019/02431] [Page 36]
- 3.3. 2019-20 Quarter 4 Finance Report [2018/03947] [Page 81]
- 3.4. Reshaping our Organisation [2017/03236] [Page 119]
- 3.5. Adoption of the 2020-21 Business Plan and Budget [2019/02431] [Page 126]

Strategic Alignment – Strong Economies

- 3.6. Adoption of Valuations 2020-2021 [2020/00150] [Page 217]
- 3.7. Declaration of Rates 2020-2021 [2020/00150] [Page 221]
- 3.8. Declaration of Rundle Mall Special Rate 2020-2021 [2020/00150] [Page 227]

4. Closure

Adelaide Central Market Authority 2020-21 Business Plan and Budget

ITEM 3.1 13/08/2020
Council

Strategic Alignment - Strong Economies

2019/02431
Public

Program Contact:
Sonjoy Ghosh, AD Strategic
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7655

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

In accordance with the Adelaide Central Market Authority (ACMA) Charter 2014 and 2018-22 Strategic Plan, the ACMA 2020-21 Business Plan and the ACMA 2020-21 Budget have been developed. This links the core business activities of ACMA with supporting financial projections setting out the estimates of revenue and expenditure as necessary for the third year of the ACMA Strategic Plan.

The ACMA 2020-21 Business Plan and Budget focuses on high priority facility renewal and growing the Market's prosperity.

The 2020-21 Budget incorporates \$4.456m of funding for capital works. Given the recent announcement of the new Board for the Authority, we will work with the new Chair and Board around the timing and prioritisation of the proposed capital works.

Presented to the Special meeting of The Committee on 5 August 2020.

RECOMMENDATION

THAT COUNCIL

1. Approves the Adelaide Central Market Authority 2020-21 Business Plan as included in Attachment A to Item 3.1 on the Agenda for the Special meeting of Council held on 13 August 2020.
2. Approves the Adelaide Central Market Authority 2020-21 Budget as included in Attachment B to Item 3.1 on the Agenda for the Special meeting of Council held on 13 August 2020.
3. Approves borrowings of \$855,391 to the Adelaide Central Market Authority 2020-21 Budget for the operational funding deficit as detailed in Attachment B to Item 3.1 on the Agenda for the Special meeting of Council held on 13 August 2020.
4. Approves borrowings of \$210,000 to the Adelaide Central Market Authority 2020-21 Budget for Central Market Arcade redevelopment priorities as detailed in Attachment B to Item 3.1 on the Agenda for the Special meeting of Council held on 13 August 2020.
5. Approves borrowings of \$4.456 million to the Adelaide Central Market Authority 2020-21 Budget for capital works as detailed in Attachment B to Item 3.1 on the Agenda for the Special meeting of Council held on 13 August 2020.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	The ACMA 2020-21 Business Plan is aligned with the third year of the ACMA's 2018-22 Strategic Plan
Policy	The 2020-21 Business Plan and Budget were prepared in accordance with Council's current Long-Term Financial Plan assumptions and endorsed Financial Policies
Consultation	The Strategic Plan and ACMA's 2020-21 Business Plan and Budget were endorsed by the ACMA Board at their meeting on 23 July 2020
Resource	The 2020-21 Business Plan and Budget identify how ACMA's resources will be allocated in meeting the 2017-21 Strategic Plan deliverables and objectives
Risk / Legal / Legislative	<i>Local Government Act 1999 (SA)</i> ; Local Government (Financial Management) Regulations 2011, and Adelaide Central Market Authority Charter 2014
Opportunities	Not as a result of this report
20/21 Budget Allocation	The ACMA 2020-21 Business Plan and Budget provide the budget for the 2020-21 financial year
Proposed 21/22 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. The *Local Government Act 1999 (SA)* (the Act) requires that an annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 31 August for the financial year. On 30 April, the Minister for Transport, Infrastructure and Local Government issued variations to the Act under the emergency powers of section 302B of *the Act* to extend the timeframe for adoption of an annual business plan and budget to 30 November 2020 for the 2020-21 financial year. The Adelaide Central Market Authority (ACMA) 2020-21 Budget is shown in **Attachment B**.
2. The Adelaide Central Market Authority Charter 2014 requires that ACMA produce an Annual Business Plan consistent with the Charter and submit it to Council for approval. The Annual Business Plan and Budget must be submitted to Council for approval by a date nominated by the Council from time to time in accordance with Council's budgetary approval process. The ACMA 2020-21 Business Plan is shown in **Attachment A**.
3. The ACMA 2020-21 Business Plan and Budget and 2020-21 Business Plan have been prepared by ACMA in conjunction with the Board and in accordance with the Charter.
4. Key elements of the 2020-21 ACMA Business Plan are aligned with the third year of the ACMA 2018-22 Strategic Plan to ensure the Market is a strong sustainable business with actions aligned to the following strategic themes:
 - 4.1. Our Customers - To put our customers at the centre of all that we do to provide them with an authentic, unique and memorable shopping experience.
 - 4.2. Our Traders - To build and support a Market 'family' of diverse, passionate, professional and knowledgeable customer focused traders.
 - 4.3. Our Business - To build a business that is financially sustainable, well managed and well governed.
 - 4.4. Our Precinct - To make a valuable contribution to the economic, social and cultural wellbeing of our precinct, city and state.
5. Key elements of the ACMA 2020-21 Business Plan are as follows:
 - 5.1. Develop and deliver an integrated annual marketing plan that focuses on post-COVID recovery, customer engagement, unique customer experiences and highlights trader storytelling
 - 5.2. Recommend amended trading hours that align to customer preferences, including Sunday trading
 - 5.3. Ensure the Market remains a safe environment for customers and visitors
 - 5.4. Continued engagement with CoA throughout the stages of the Arcade Redevelopment to implement customer and trader advocacy plans that address key challenges including carparking, access, disruption mitigation and district strategy to engage local catchment
6. Key elements of the ACMA 2020-21 Budget are as follows:
 - 6.1. Central Market car park revenue is expected to recover to 90% of casual income by January 2021. Revenue has been adjusted for the loss of 230 bays from May 2021 due to the commencement of the Arcade redevelopment
 - 6.2. Tenant revenue assumes no CPI increase due to possible extension of the COVID-19 Emergency Response Regulations 2020
7. The 2020-21 Operational Budget for ACMA has a funding requirement of \$1.06 million and will be funded through a loan from the City of Adelaide. This funding is required for the following:
 - 7.1. Operational funding deficit of \$855,391 primarily due to the impact on car park revenue from the continued effects of COVID-19, no CPI increase on tenant rent and increased operational costs incurred during Sunday trading hours.
 - 7.2. Central Market Arcade redevelopment priorities \$210,000 to offset the impact of construction works in May and June 2021.
8. The proposed 2020-21 Capital Expenditure Budget has a funding requirement of \$4.456 million and will be funded through a loan from the City of Adelaide. The 2020-21 Capital Works Program addresses the highest priority risk, safety and compliance works, as identified in the Capital Works Program. These priorities have been informed by independent expert advice commissioned during 2016-2017.
9. Given the recent announcement of the new Board for the Authority, we will work with the new Chair and Board around the timing and prioritisation of the funding requests for capital works.

ATTACHMENTS

Attachment A – Adelaide Central Market Authority 2020-21 Business Plan

Attachment B – Adelaide Central Market Authority 2020-21 Budget

- END OF REPORT -

Business Plan 2020 – 2021



Contents

Vision & Mission.....	1
Executive Summary.....	2
Business Plan Actions	3 - 24

Vision

Vision: *To be the world’s leading food and produce market.*

Mission: *To operate sustainably and successfully as a group of prosperous Traders, Board and management team that provides a diverse and exciting cultural shopping experience that enhances our precinct, city and State.*

EXECUTIVE SUMMARY

The Adelaide Central Market Authority's (ACMA's) strategy defines the key Values for the Market as:

- Enjoyable** – A Market which puts Customers at the centre of all its activities so the Market can provide an enriching shopping experience.
- Professional** – A Market whose leadership, Traders & staff are driven by the highest standards of professionalism across all levels of the business.
- Innovative** – A Market which prides itself on the application of innovative thinking to create a unique world class experience.
- Unique** – A Market which provides a distinctive food & cultural offering which is unique to South Australia.
- Sustainable** – A Market which focuses on the economic, social & environmental success of its stakeholders in the short, medium & long term.

The Business Plan 2020-21 will embrace the above values and will detail actions to support the ACMA Strategic Plan 2018-22 to ensure the Market is vibrant, activated and provides a platform for sustainable business.

The ACMA will also:

- Embed a sustainable governance model ensuring the Board, Traders and ACMA are delivering the required actions to support the strategy and commercial sustainability of the Market
- Refine the long term financial plan for the Market
- Review and implement policies and procedures to appropriately managed the Market
- Update a Community Engagement Plan to ensure that the Market continues to be inclusive and welcoming to all members of our community and to contribute to those things that our community values the most.
- Be a place for talent to thrive

The actions of this Business Plan for 2020-21 will ensure that clear and measurable success factors are defined.

The Business Plan 2020-21 recognises the Central Market Arcade Redevelopment commencing in May 2021 and the priorities for ACMA to advocate for Market Traders & ACMA on the primary outcomes sought for the CMAR, including mitigation strategy to minimise Trader disruption.

Strategic Alignment: 1. Our Customers

To put our customers at the centre of all that we do, to provide them with an authentic, unique and memorable shopping experience.

1.1 Establish the best produce Market offering in the world.

Objective	Actions	Timeframe & Budget	KPI's
<p>1.1.1 New Traders Seek new & innovative Traders who will complement our existing offerings.</p>	<p>Develop a process to seek & review prospective new Trader applications & assess their viability, feasibility, fit out & other relevant criteria.</p> <p><i>Develop a strategic blue print for the market floor, curating a cohesive retail mix.</i></p>	<p>Annual Program</p> <p>February 2021</p>	<p>Targeted traders based on ideal mix of products and services required to ensure that ACM remains relevant and maintains a primary focus as a produce market.</p> <p>Reduce food & beverage gaps identified in the Future Food Market review analysis.</p>
<p>1.1.2 Marketing Plan Develop a comprehensive, cost effective, innovative & actionable Marketing Plan.</p>	<p>The Strategic Marketing Plan is to be reviewed during FY2020-21 with a suitable annual Marketing Plan to be completed.</p>	<p>July 2020</p> <p>\$460k</p>	<p>Completed review of the Strategic Marketing Plan and the establishment of an annual Marketing Plan that focuses on weekly activations and focus on unique products that are of interest to our customers to drive visitation.</p>

Strategic Alignment: 1. Our Customers (cont.)

To put our customers at the centre of all that we do, to provide them with an authentic, unique and memorable shopping experience.

1.1 Establish the best produce Market offering in the world.

Objective	Actions	Timeframe & Budget	KPI's
<p>1.1.3 Trading hours Align trading hours to Customer preferences</p>	<p>Recommend & (where appropriate) adjust the trading hours of the Market to meet customer expectations.</p>	<p>Board recommendation & trader vote July 2020</p> <p>Sunday trade recommences Sep/Oct 2020</p>	<p>Recommendation provided to Traders and the Market Board on possible amended Trading Hours.</p>
<p>1.1.4 Market Studies Lead initiative to create a 'Sister Market' program to engage with other Markets Nationally & Internationally, sharing ideas & creating opportunities for Traders to visit & learn from other cities.</p>	<p>Attendance at National Markets Conference</p> <p>Formulate a plan to create a better platform for Markets to share information & key learnings & investigate opportunities for traders to visit sister Markets.</p> <p><i>Visit &/or host interstate Markets to share information & key learnings</i></p>	<p>Conference TBC</p> <p>Post 2021/2022</p> <p>2020/21 \$4k</p>	<p>Attendance at the National Markets and/or meet with interstate Markets and provide key learnings to the ACMA Board & Traders.</p>

Strategic Alignment: 1. Our Customers (cont.)

To put our customers at the centre of all that we do, to provide them with an authentic, unique and memorable shopping experience.

1.2 Develop & maintain a strong understanding of existing & potential Customer service needs, relating to Customer engagement & experience.

Objective	Actions	Timeframe & Budget	KPI's
<p>1.2.1 Customer Engagement Undertake a survey of Traders to understand the most appropriate program for customer service training opportunities for Traders & their staff.</p>	<p>Ongoing Mystery Shopper surveys to ensure customers are receiving optimum service. Survey to be completed on a six monthly basis.</p> <p><i>Build capability of traders to reduce transactional interactions, build customer connections and treat customers as special guests, every single day.</i></p>	<p>Refer: 1.2.4 Market Research</p> <p>February 2021 \$2k</p>	<p>Provide trader information session that emphasizes the importance of customer experience, including sharing of best practice.</p>
<p>1.2.2 Visual Merchandising Improve Trader merchandising to drive increased turnover.</p>	<p>Engage with a specialist retail Visual Merchandiser to work with Traders on improving their stall & product presentation to drive sales.</p>	<p>Annual Program \$4k</p>	<p>Engagement of a retail Visual Merchandiser to work with Traders on improving stall merchandising and appearance.</p>
<p>1.2.3 Customer Service Investigate opportunities for traders to showcase their skills & expertise to create an educational & theatrical atmosphere for the customer.</p>	<p>Explore opportunities for external events & activations that position the ACM Trader as the expert on their produce, as well as creating online videos, social media content & tutorials.</p>	<p>March 2021 \$8k</p>	<p>Deliver opportunities for ACM Traders to be positioned as experts on their produce.</p>

Strategic Alignment: 1. Our Customers (cont.)

To put our customers at the centre of all that we do, to provide them with an authentic, unique and memorable shopping experience.

1.2 Develop & maintain a strong understanding of existing & potential Customer service needs, relating to Customer engagement & experience.

Objective	Actions	Timeframe & Budget	KPI's
<p>1.2.4 Market Research Conduct Market Research to further expand the information bank on customers.</p>	<p>Annual minor Customer survey to be completed providing additional information to reduce information gaps or opportunities to further refine the tactical Customer research dataset & ensure a consistent approach.</p>	<p>Post 2021/2022</p>	<p>Listen to our Customers and complete a customer survey on the Market Floor</p>
<p>Community Engagement Plan <i>Adelaide Central Market to be an essential part of our customers lives.</i></p>	<p><i>Create a Community Engagement Plan to ensure that the Market continues to be inclusive and welcoming to all members of our community. To contribute to those things that our community values the most.</i></p> <p><i>Deliver actions on the Reconciliation Action Plan</i></p>	<p>July 2020 \$6k</p> <p>Annual program \$4k</p>	<p>Update Community Engagement Plan</p> <p>Deliver RAP actions</p>

2020/2021 Business Plan Actions

Strategic Alignment: 1. Our Customers (cont.)

To put our customers at the centre of all that we do, to provide them with an authentic, unique and memorable shopping experience.

1.3 Create unique food & entertainment experiences for our customers

Objective	Actions	Timeframe & Budget	KPI's
1.3.1 Regional Focus Continue to develop relationships with regions & explore opportunities to work together.	Consider & introduce regional SA produce stalls as well as casual collaborative events & activations. <i>Seek regional opportunities to support existing stalls and Producer in Residence.</i> <i>Consider ways to increase regions profile in the Market such as merchandising, naming entrances or gathering spots which would reinforce the local nature of the market's sourcing and representation.</i>	Post 2021/2022 April 2021 \$7k	Explore regional concepts and deliver concepts supported by Customers & Traders
1.3.2 Pop-up Activations Increase Casual Leasing & Event opportunities.	Identify collaborative opportunities (internal & external) that will promote the Market, develop the Customer experience & improve economic outcomes for the Traders & City <i>Continue to deliver the Producer in Residence program</i>	Annual Program (staff resourcing)	PIR 100% booked (reopening 6 October after temporary closure due to Covid)

2020/2021 Business Plan Actions

Strategic Alignment: 1. Our Customers (cont.)

To put our customers at the centre of all that we do, to provide them with an authentic, unique and memorable shopping experience.

1.3 Create unique food & entertainment experiences for our customers

Objective	Actions	Timeframe & Budget	KPI's
<p><u>1.3.3 Trends & Forecasts</u> Identify & communicate to Traders the national trends in the food & retail industry.</p>	<p>Ongoing circulation of <i>Market Talk</i> newsletter. Engage guest speakers & industry leaders to provide educational seminars to Traders on customer trends & forecasts.</p>	<p>Annual Program August 2020 Retail Food Consultant \$8k & Refer 1.2.2 Visual Merchandiser</p>	<p><i>Market Talk</i> newsletter issued to traders. Provide trader information session understanding good layout and design, merchandising, produce selection & customer experience</p>
<p><u>1.3.4 Media Relations</u> Ongoing relationships with highly regarded food writers, chefs & produce personalities.</p>	<p>Maintain & improve on relationships with key journalists to ensure that Market is top of mind for the customer. <i>Engage with influencers, food bloggers, food writers & producers to attract new customer groups.</i></p>	<p>Annual Program \$4k</p>	<p>Maximizing monthly Advertising Sales Rates value.</p>
<p><u>1.2.5 Unique Experiences</u> Create an enjoyable & unique shopping experience which celebrates the cultural diversity.</p>	<p>Undertake activities that highlight the Markets cultural diversity through Trader profiles, demonstrations, tastings & events. <i>Celebrate what is relevant and most valued to our diverse community, such as National days.</i></p>	<p>Annual Program \$10k</p>	<p>Increase the level of awareness of the cultural diversity in the Market and the unique offering it creates. Use of Community Kitchen & spaces, communications & events to amplify what our the Market and our Community stand for.</p>

Strategic Alignment: 2. Our Traders

To build and support a Market ‘family’ of diverse, passionate, professional and knowledgeable customer-focused traders.

2.1 Work with Traders to identify their businesses point of difference to reinforce the unique offer in the Market.

Objective	Actions	Timeframe & Budget	KPI's
<p><u>2.1.1 Unique Product & Service</u> Traders to showcase unique local & International products & service.</p>	<p>Media & digital promotion of individual Traders with unique local & International product, as well as Traders who create theatre & demonstrate unique skills.</p> <p><i>Collaborate with SA cultural institutions such as the Art Gallery, SA Museum, ASO, State Library to showcase the Markets unique offering.</i></p>	<p>Refer 2.1.2 Story Telling 2.2.1 Theatre 2.3.1 Digital Media</p> <p>April 2021 \$15k</p>	<p>Identify opportunities that have a limited offer or provide a FOMO opportunity to drive customer visitation.</p> <p>Mutually beneficial relationships and exhibition/events.</p>
<p><u>2.1.2 Story Telling</u> Explore opportunities for Traders to improve their “story telling” at point of sale, highlighting the stalls history & tradition.</p>	<p>Provide Traders with handout guides on how to improve on customer engagement.</p> <p>Work with Traders one on one to investigate customized improvements recognising history & tradition.</p>	<p>Refer 1.2.1 Customer Engagement</p> <p>Annual Program \$8k</p>	<p>Shine the light on Traders by providing the opportunity to complete an online “short story” video.</p>
<p><u>2.1.3 Local Product</u> Identifying & showcasing unique local & International products – improvements on labelling & signage.</p>	<p>Encourage use of SA & region supplied signage as well as Traders own to identify origin of produce.</p> <p>Maintain relationships with regions & encourage regional events & activations to be held in the Market.</p>	<p>Ongoing</p> <p>Refer 1.2.2 Visual Merchandising 1.2.1 Regional Focus</p>	<p>Traders identifying the origin of produce.</p> <p>Highlight seasonal & unique produce.</p>

Strategic Alignment: 2. Our Traders (cont.)

To build and support a Market ‘family’ of diverse, passionate, professional and knowledgeable customer-focused traders.

2.2 Opportunity to improve individual stall atmosphere.

Objectives	Actions	Timeframe & Budget	KPI's
<p>2.2.1 Theatre Work with Traders to identify areas for enhancement, such as stall display, & introducing theatre by cooking product in their stalls & demonstrations.</p>	<p>Provide traders with an opportunity to spend time with a retail visual merchandiser to identify key areas for improvement.</p> <p>Consider a reward program for improved customer experience</p> <p>Encourage spruiking where possible</p>	<p>Refer 1.2.2 Visual Merchandiser October 2020</p>	<p>Assist Traders with improvements to Visual merchandising to increase transaction numbers or values.</p> <p>Upark Plus/Market Lovers car park card</p>
<p>2.2.2 Tastings Continue to encourage produce related Traders to provide tastings, non produce to provide a demonstration or experience.</p>	<p>Provide Traders with informative statistics regarding customer conversion when offered tastings & demonstrations.</p> <p><i>Encourage traders to activate the ACM Community Kitchen for demonstrations and tastings.</i></p>	<p>Annual Program \$0 January 2021 \$0</p>	<p>Provision of information to traders through the monthly Food Lab newsletter on industry trends and customer service standards including customer conversion through tastings.</p> <p>Traders activation of ACM community kitchen.</p>

Strategic Alignment: 2. Our Traders (cont.)

To build and support a Market ‘family’ of diverse, passionate, professional and knowledgeable customer-focused traders.

2.3 Improve Traders Marketing skills to connect with existing & potential customers to drive stall visitation.

Objectives	Actions	Timeframe & Budget	KPI's
<p>2.3.1 Digital Media Improve Trader social media customer engagement & digital footprint.</p>	<p>Establish one on one social media training for Traders to learn how to set up accounts & social media pages.</p>	<p>Annual Program \$4k</p>	<p>Number of social media follows for both individual Traders as well as ACM social media pages.</p>
<p>2.3.2 Marketing Training Provide further training for Traders, holding sessions on photography, story telling, & general marketing advice.</p>	<p>Establish a training & workshop schedule.</p>	<p>Refer: 2.1.2 Story Telling 2.2.1 Theatre 2.3.1 Digital Media</p>	<p>Increase in product sales and customer visitations for Traders.</p>

Strategic Alignment: 2. Our Traders (cont.)

To build and support a Market ‘family’ of diverse, passionate, professional and knowledgeable customer-focused traders.

2.4 Increase Tourist visitation & spend in traders stalls.

Objectives	Actions	Timeframe & Budget	KPI's
<p>2.4.1 Tourist Visitations Close collaboration with SATC & CoA to increase tourist visitation numbers.</p>	<p>Consider opportunities such as providing brochures in various languages, & bundle offerings.</p> <p>Increase in visitor numbers, reported by SATC, Market surveys. Increase in Trip Advisor reviews & ratings.</p> <p><i>Determine the level of engagement the Market has with large international tourists group.</i></p>	<p>On hold - Covid</p> <p>Annual Program Local tourism</p> <p>On hold - Covid</p>	<p>Digital Market Maps to be translated into Mandarin and German (being top two non-English languages spoken by tourist to SA – SATC Data). Seek opportunities with CoA & SATC to increase visitor numbers and spend where appropriate.</p>
<p>2.4.2 Tourism Revenue Encourage Traders to find opportunities to cater for tourists.</p>	<p>Encourage traders to use international payment platforms to remove barriers and optimize path to purchase.</p> <p>Create opportunities for Traders to work together to create bundle offers.</p>	<p>On hold - Covid</p>	<p>Collaboration with CoA and number of Traders with Alipay. Share information from Australia China Business Council on how to connect with Chinese consumers.</p> <p>Pop up activation featuring key tourist products for significant</p>
Objectives	Actions	Timeframe & Budget	KPI's
<p>2.5.1 Lessee Obligations Through effective communication, support all Traders to ensure they understand their obligations from a Leasing, Legislative & Policy perspective.</p>	<p>Provide Traders with regular advice & communication on Lessee obligations</p>	<p>Annual Program \$0</p>	<p>Notify traders when The Office of the Small Business Commissioner holds information sessions for retail and commercial leasing.</p>

Strategic Alignment: 2. Our Traders (cont.)

To build and support a Market ‘family’ of diverse, passionate, professional and knowledgeable customer-focused traders.

2.6 Lower Business operating costs (utilities, wages, product wastage).

Objectives	Actions	Timeframe & Budget	KPI's
<p><u>2.6.1</u> Utility Consumption Seek opportunities to reduce trader utility consumption.</p>	<p>As opportunities arise they are to be presented to Traders as initiatives to review or reduce utility consumption levels.</p>	<p>Annual Program \$0</p>	<p>Engage with Traders to reduce utility consumption costs through changes to equipment when planning stall upgrades.</p>
<p><u>2.6.2</u> Product Wastage Explore opportunities to reduce Trader product wastage as a result of internal environmental factors within the Market.</p>	<p>Seek Capital Spend opportunities to improve environmental controls in the market to improve product shelf life.</p> <p><i>Identify and review opportunities to invest Capital or alternate tenant fit outs to improve the internal environment of the Market to reduce product spoilage.</i></p>	<p>2020/2021 Capital</p>	<p>Trader storage upgrade - coolrooms</p> <p>Encourage new stalls to have compressor units located externally to the market floor.</p>

Strategic Alignment: 3. Our Business

To build a business that is financially sustainable, well managed and well governed.

3.1 Ensure the Market remains a safe environment for customers & visitors.

Objectives	Actions	Timeframe & Budget	KPI's
3.1.1 Improve Security Seek opportunities to continue to improve Market security.	Continue to improve security arrangements within the Market & review national & international security trends.	Annual plan	Update Market Security Management Plan
3.1.2 Safety Trends Remain vigilant & consider National & International trends.	Ongoing security & safety review. ACMA Operations to attend relevant external conferences & briefings.	Annual Program \$3k	ACMA Operations Manager to attend external security briefings and conferences to ensure the Market remains focused on international security risks and trends.
3.1.3 Trader Safety Create a safe working environment for Traders free of harassment.	Ongoing safety review.	Annual Program \$0	Advocate a culture free from unlawful conduct

Strategic Alignment: 3. Our Business (cont.)

To build a business that is financially sustainable, well managed and well governed.

3.2 Provide opportunities for Traders to strengthen their skills & access high quality business support & advice.

Objectives	Actions	Timeframe & Budget	KPI's
<p>3.2.1 Business Support Develop a directory to help Traders access support, small business advice, training, discount deals, grant funding & other relevant information.</p>	Traders Portal	Annual Program \$0	Trader portal on the Market Website to be maintained to provide access to relevant information for Traders communication and business improvement opportunities.
<p>3.2.2 Trader Engagement Increase Trader engagement in business trends & commercial business skills.</p>	<p>After hours briefing sessions on small business trends & assistance.</p> <p>Quarterly out of hours sessions to advance traders commercial skills.</p>	<p>Annual Program \$5k</p> <p>September 2020 (sessions to be scheduled based on Trader requirements)</p>	Engage with TAG & Traders association to determine content for training session for Traders on small business trends & commercial business skills.

Strategic Alignment: 3. Our Business (cont.)

To build a business that is financially sustainable, well managed and well governed.

3.3 Improved Communication between Market Traders & between Traders & the Market Office.

Objectives	Actions	Timeframe & Budget	KPI's
<p>3.3.1 Trader Awareness Ensure customer spend occurs in the Market by educating Traders & their staff on the surrounding businesses & their product.</p>	<p>Provide a directory of key products in a map format for traders to access when approached by customers.</p>	<p>DNP</p>	
<p>3.3.2 Bundle Offerings Encourage traders to bundle offerings between stalls to boost sales & improve trader relationships.</p>	<p>ACMA to encourage trials once eCommerce platform is established.</p>	<p>DNP</p>	

Strategic Alignment: 3. Our Business (cont)

To build a business that is financially sustainable, well managed and well governed.

3.3 Improved Communication between Market Traders & between Traders & the Market Office.

Objectives	Actions	Timeframe & Budget	KPI's
3.3.3 Trader Advisory Group Continue to develop the Traders Advisory Group, Central Market Traders Association & Broader Market Traders to increase the collaborative working relationship.	Provide regular reporting to the Traders against ACMA performance criteria & Business Plan objectives. Ongoing.	Annual program \$0	Monthly TAG meetings – Business Plan update to be provided Schedule quarterly meeting with Traders Association
3.3.4 Communication Assessment Undertake annual surveys on the methods used to provide information to Traders to ensure the information & style of advice, to Traders is relevant & in best practice to achieve the broadest reach outcome possible.	Undertake annual survey of Trader communication to understand if improvements can occur to further increase information take-up.	Refer 3.3.3 TAG September 2020 \$0	Communication methods to be discussed with TAG ACMA Board to engage with TAG 3 times per year to discuss the Strategic Plan and performance of the Market.

Strategic Alignment: 3. Our Business (cont)

To build a business that is financially sustainable, well managed and well governed.

3.4 Engaging in Festivals & events.

Objectives	Actions	Timeframe & Budget	KPI's
3.4.1 Event Collaboration Seek opportunities to collaborate with major festivals & events ensuring the Adelaide Central Market is front of mind.	Establish & nurture relationships with key food industry groups, culinary festivals, as well as health & wellness events to identify collaborative opportunities that promote the Market externally & appeal to the two key target segment groups identified in the FY2015/16 Market research findings.	Refer 1.1.2 Marketing Plan	

3.5 Ensure best practice hygiene & cleanliness in stalls & general areas.

Objectives	Actions	Timeframe & Budget	KPI's
3.5.1 General Cleanliness ACMA to conduct regular cleaning & maintenance inspections throughout Market common areas & toilets.	Ongoing with quarterly inspections completed & remedial activities undertaken.	Annual Program \$0	Continue ongoing cleaning and maintenance inspections and rectify any deficiency within appropriate timeframes.
3.5.2 WHS Requirements Actively seek Traders ensure stalls are WHS compliant & meet food handling guidelines.	Seek regular opportunities to actively seek Trader regulatory compliance to WHS legislation.	November 2020 \$0	Develop WHS Information Pack for traders as a reminder of WHS obligations. Checklist of WHS obligations for new tenants and fit outs.

Strategic Alignment: 3. Our Business (cont.)

To build a business that is financially sustainable, well managed and well governed.

3.6 Focus on History & Tradition as a marketing tool for engaging Customers

Objectives	Actions	Timeframe & Budget	KPI's
<p><u>3.6.1 History Media Focus</u> In the lead up to the Market's 150th Birthday in 2019, explore ways in which we can communicate the Market's history through PR & brand activity.</p>	<p>Book sales during each financial year.</p> <p>Digital engagement levels with Customers.</p> <p>Positive media mentions on the Market.</p> <p>Expand Website to reflect Market history from 1869.</p>	Completed 2019	<p>Adelaide Central Market: Stories, People & Recipes book revenue.</p> <p>Advertising Sales Rates values.</p> <p>Update Market history page on the market website.</p>
<p><u>3.6.2 Profile Traders</u> Utilize Traders as ambassadors for general Marketing activity, with a focus on multi-generational family businesses.</p>	<p>Create opportunities through the use of ACMA's creative & PR agencies.</p> <p><i>Opportunities to profile Traders on social media focusing on the multi-generational history of Traders in the market.</i></p>	Annual Program \$0	Utilisation of ACM: Stories, People & Recipes to generate PR opportunities for Traders.

Strategic Alignment: 3. Our Business (cont.)

To build a business that is financially sustainable, well managed and well governed.

3.7 Encourage new investment

Objectives	Actions	Timeframe & Budget	KPI's
3.7.1 Fit out Incentive Continue fit out incentive encouraging Lessees upgrade or refurbish stalls.	Measure # of stalls per annum that refurbish or upgrade utilising the fit out incentive program.	Annual Program (incentives in accordance with framework)	Measure and report to the ACMA Board on the number of traders actively refurbishing stall or perusing opportunities to activate the fit out incentive.

3.8 Ensuring the Market & carpark are accessible for the customer & Trader

Objectives	Actions	Timeframe & Budget	KPI's
3.8.1 Carpark Assessment Undertake a regular review of carparking arrangements to assess pricing & offers, layout & operation.	Commence 6 monthly carparking review during FY 2020/21 & adjust arrangements to improve offer to the customer.	September 2020 & March 2021 October 2020	Complete 6 monthly car parking review. Market Lovers first hour free offer
3.8.2 Customer Access Establish an accessibility & inclusion upgrade program.	Commence accessibility & inclusion upgrade program.	Capital	Review accessibility and inclusion program for the Market.
3.8.3 Accessibility Continue to consider customer needs by improving accessibility of the Market's facilities & services.	Consult with a retail designer to complete an audit on current wayfinding, signage & layout, taking into consideration customer current flow & customer journey.	Complete in conjunction with CMAR – 2021/22 Capital May 2021	Review wayfinding signage within the Market. Replacement of escalators

Strategic Alignment: 3. Our Business (cont.)

To build a business that is financially sustainable, well managed and well governed.

3.9 Maintain a good relationship with CoA & RMMA.

Objectives	Actions	Timeframe & Budget	KPI's
<p>3.9.1 CoA Relationships Regular meetings between all parties to investigate & evaluate collaborative ways of working to deliver a shared benefit to the Market, City & State.</p>	<p>Continue engagement between the ACMA Board & GM with CoA executives & RMMA to seek shared benefit outcomes.</p>	<p>Annual Program \$0</p>	<p>Continue regular meetings between ACMA GM and CoA Executive Team and RMMA GM. Seek opportunities for ACMA Board Members and senior CoA executives.</p>
<p>ACMA People <i>We will be a place for talent to thrive.</i></p>	<p><i>Expand on team values to define how we work together.</i></p> <p><i>Conduct a culture survey.</i></p> <p><i>Maintain and grow employee engagement by embedding role and decision clarity to enable achievement of team objectives and individual goals.</i></p>	<p>March 2021</p>	<p><i>Staff are advocates for ACMA as employer of choice</i></p> <p><i>Culture survey results</i></p>

Strategic Alignment: 4. Our Precinct

To make a valuable contribution to the economic, social and cultural wellbeing of our precinct, city and state.

4.1 Be the leader in the Market District & City of Adelaide.

Objectives	Actions	Timeframe & Budget	KPI's
4.1.1 District Meetings Develop a plan to meet more frequently with CoA 'Place Making Team', precinct groups, Arcade managers & China Town.	Attendance at Market District Reference Group meetings & other meetings as required - Ongoing	Annual Program \$0	Continue to engage in meetings with the different precinct groups within the Market Precinct.
4.1.2 District Strategy Create a Business & Resident Development strategy, engaging with residents, & surrounding businesses including the Hilton Hotel, neighbouring law-firms & restaurants.	ACMA Marketing to develop strategy during FY 2020/2021.	Annual Program \$5k	Business & Resident engagement strategy to be developed and implemented.

Strategic Alignment: 4. Our Precinct (cont.)

To make a valuable contribution to the economic, social and cultural wellbeing of our precinct, city and state.

4.1 Be the leader in the Market District & City of Adelaide.

Objectives	Actions	Timeframe & Budget	KPI's
<p>4.1.3 Arcade Redevelopment Advocate for Market Traders & ACMA on the primary outcomes sought for the Arcade redevelopment</p>	<p>Continued engagement with the CoA & Precinct Group & redevelopment briefing sessions.</p> <p><i>Develop a concise narrative, position and vision regarding the Arcade Development.</i></p>	<p>CMAR construction commences May21</p> <p>Budget \$210k</p>	<p><i>Advocate for Market Traders & ACMA on the primary outcomes sought for the Arcade redevelopment, including contingency planning to minimise Traders disruption.</i></p>
<p>4.1.4 Sustainability Seek further opportunities to improve environmental sustainability.</p>	<p>Develop a Sustainability Master Plan for the Market to ensure all future activities augment together including opportunities for environmental initiatives.</p> <p><i>Focus on Recycling & Recovery Facility efficiencies including Trader education with the overall goal of improving the landfill diversion rate.</i></p> <p><i>Consider Circular Economy for sustainability and innovation opportunities to align environmental initiatives</i></p>	<p>November 2020</p> <p>\$5k</p>	<p>Create a sustainability plan that incorporates best practice energy saving initiatives into future capital works.</p> <p>Landfill diversion rate</p>

Strategic Alignment: 4. Our Precinct (cont.)

To make a valuable contribution to the economic, social and cultural wellbeing of our precinct, city and state.

4.2 Improve Grote & Gouger Street presence.

Objectives	Actions	Timeframe & Budget	KPI's
4.2.1 Street Presence ACMA to explore opportunities to create on street signage to identify when the market is open.	Investigate signage requirements & relevant consultants for increasing brand visibility. <i>Engage an architectural consultant to guide Gouger & Grote Street frontage improvements to increase street presence and identify when the Market is open.</i>	Post 2020/2021	
4.2.2 Activate Frontage Traders to activate street frontage.	Work with street frontage traders to extend their offering on to the street.	October 2020 \$2k	Provide opportunities for street frontage traders to extend their offering onto the footpaths on Gouger and Grote Street.



FY 2020/21 BUDGET

Our **MARKET.**

BUDGET ASSUMPTIONS

31

The ACMA 2020-2021 Operating Budget has been prepared to ensure efficient operation of the Market in an increasingly competitive environment and received ACMA Board approval on 23 July 2020 for submission to Council as a draft budget for public consultation purposes.

A review of the ACMA Charter, which includes the ACMA Head Lease and Operating Agreement with CoA, is currently in progress. All rental calculations and other budget assumptions are in line with the current ACMA Charter 2014.

ACMA Administration

- Depreciation & Interest on Capital Expenditure funding is excluded from cash-based budget.
- Net impact for FY 2020-21 for AASB16 Leases expense of \$44k and income reduction of \$295k is accounting impact only and is excluded from cash-based budget.

ACMA Car Park

- Transactions are expected to recover to 90% of casual income by January 2021
- Revenue has been adjusted for the loss of 230 days from May 2021 due to the commencement of the Arcade redevelopment

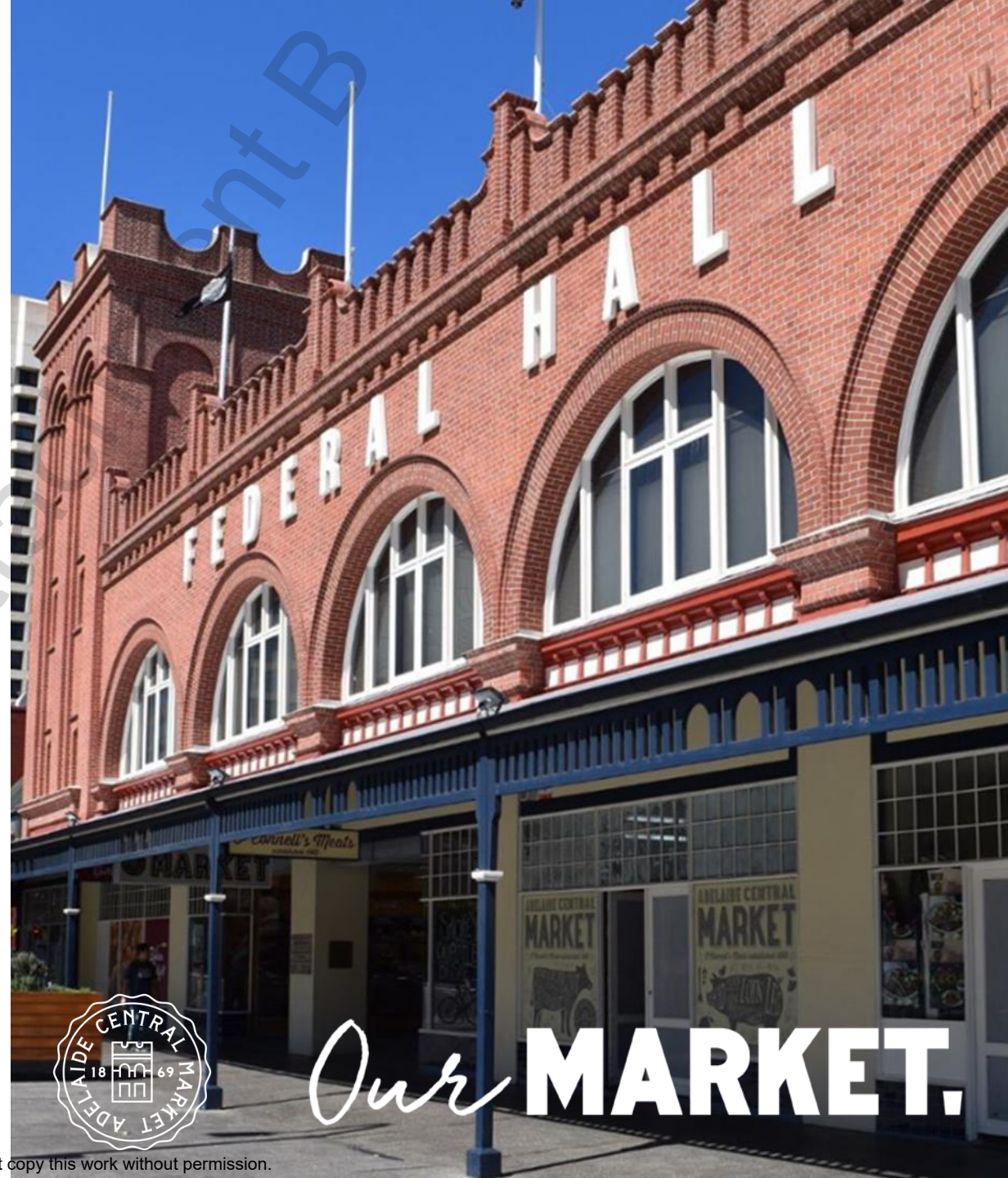
ACMA Market Complex

- Any rent waiver provided to ACMA tenants from 1 July 2020 due to Covid-19 will be funded and paid for by CoA.
- Tenant revenue assumes no CPI due to possible extension of the Covid-19 Emergency Response Regulations 2020.

CoA Head Lease

- Rent payable to CoA is calculated at 30% of gross revenue. ACMA Charter 2014 is under review.

The Council Special Meeting - Agenda - 13 August 2020



FINANCE SUMMARY - OPERATIONS

Budget \$'000	2018-19 Actual	2019-20 QF3 Forecast	2020-21 Budget
ACMA Administration	(1,406)	(1,225)	(1,434)
ACMA Car park	1,596	482	966
ACMA Market Complex	60	250	(387)
Arcade redevelopment priorities	0	0	(210)
Operating Budget (Cash)	250	(493)	(1,065)



FINANCE SUMMARY - INCOME

Budget \$'000	2018-19 Actual	2019-20 QF3 Forecast	2020-21 Budget
ACMA Administration	124	39	36
ACMA Car park	4,813	3,607	4,292
ACMA Market Complex	4,391	4,428	4,326
Operating Income (Cash)	9,328	8,074	8,654



FINANCE SUMMARY - EXPENDITURE

34

Budget \$'000	2018-19 Actual	2019-20 QF3 Forecast	2020-21 Budget
ACMA Administration	(1,519)	(1,258)	(1,463)
ACMA Car park	(1,350)	(1,537)	(1,512)
ACMA Market Complex	(2,979)	(3,124)	(3,343)
CoA Head Lease	(2,784)	(2,155)	(2,677)
CoA Upark Management Fee	(446)	(493)	(513)
Operating Expenditure (Cash)	(9,078)	(8,567)	(9,508)



ACMA CAPITAL WORKS 2020-2021

Project	Description	Capital Plan 2020/21 '000
Main Switch Board (MSB) Replacement	MSB and associated infrastructure needs to be upgraded due to the additional load created by new stalls/stall upgrades. Current is the current main switch may not turn back on in the event of a fault due to age which will leave the market without power for an extended period.	715
Waste Water Infrastructure To Compliance (Trade Waste)	Upgrade all waste water infrastructure to current standards as required per SA Water.	100
Install Backflow Prevention Provisions at Sewer Connections	To install backflow prevention provisions at sewer connections. Backflow valves are required in S/W and N/W corners.	50
Escalator Replacement	The escalators require replacement as a result of the escalators reaching the end of recommended operational life 2012. Modern building codes will not allow a like for like replacement.	1,400
Toilet Facility Refurbishment	Toilets required to support compliment restaurant/eateries at the southern end of the market. Original budget was for an external location. New budget price is dependant on an internal location.	250
Stall Structural Renewal Works	To undertake compliance works to stalls when and if they become vacant, particularly mezzanine column safety works. Includes upgrades to areas identified from past engineering reports.	800
Grote Street Entrances and Footpath	Undertake study and prepare concept plans to activate the Grote Street footpath and three Grote Street entrances into the market improving access, ambience and draw to the customer.	50
Information Desk Replacement/ Upgrade	Replacement of existing information desk	50
IT Upgrade Fund	Ongoing improvement to current IT system to ensure operational effectiveness	30
Roof Sheeting replacement	The corrosion present on the roof sheeting is spreading to the structural support beams on the I/2 car park. This is damaging the structural integrity of the beams and if left untreated they will not have the structural integrity required to support the services on the roof (air conditioning and solar). Roof sheeting will need to be replaced and effected structural beams will need to be replaced or treated.	341
Tower	Floor re-enforcement & stair replacement. The tower floors require a rating of 4 kpa and a compliant staircase in order for them to be certified for commercial use.	250
Cool room	Convert the produce storeroom into a large cool room or multiple small cool rooms for trader storage.	400
Pop up stall	Movable stall for pop up activations	20
		4,456

The ACMA 2020-2021 Capital Expenditure Budget has been formulated in line with the ACMA 10-Year Capital Works Program, based on the 2017 Building Services Audit Report provided by Lucid Engineers.

Rundle Mall Management Authority 2020-21 Business Plan and Budget

ITEM 3.2 13/08/2020
Council

Strategic Alignment - Enabling Priorities

2019/02431
Public

Program Contact:
Sonjoy Ghosh, AD Strategic
Finance & Performance 8203
7655

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

In accordance with the Rundle Mall Management Authority (RMMA) Charter 2017, RMMA has reviewed the 2017-21 Strategic Plan (Strategic Plan) following Year 3 implementation and has considered and approved the Year 4 updates.

The RMMA 2020-21 Business Plan and the 2020-21 Budget have been developed with the vision, purpose and actions consistent with those outlined in the Strategic Plan and in accordance with the RMMA Charter 2017. It details how the RMMA's Year 4 Strategic Actions will be achieved.

Presented to the Special meeting of The Committee on 5 August 2020.

RECOMMENDATION

THAT COUNCIL

1. Approves the Rundle Mall Management Authority 2020-21 Business Plan as included in Attachment A to Item 3.2 on the Agenda for the Special meeting of Council held on 13 August 2020.
2. Approves the Rundle Mall Management Authority 2020-21 Budget as included in Attachment B to Item 3.2 on the Agenda for the Special meeting of Council held on 13 August 2020.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Aligned with the Rundle Mall Management Authority Strategic Plan 2017-2021
Policy	The 2020-21 Business Plan and Budget were prepared in accordance with Council's current Long-Term Financial Plan assumptions and endorsed Financial Policies.
Consultation	The Strategic Plan and RMMA 2020-21 Business Plan and Budget were endorsed by the RMMA Board at their meeting on 18 May 2020
Resource	The 2020-21 Business Plan and Budget identify how RMMA's resources will be allocated in meeting the 2017-21 Strategic Plan deliverables and objectives
Risk / Legal / Legislative	<i>Local Government Act 1999 (SA)</i> ; Local Government (Financial Management) Regulations 2011, and Rundle Mall Management Authority Charter 2017
Opportunities	Not as a result of this report
20/21 Budget Allocation	The RMMA 2020-21 Business Plan and Budget provides the budget for the 2020-21 financial year
Proposed 21/22 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. The *Local Government Act 1999 (SA)* (the Act) requires that an annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 31 August for the financial year. On 30 April, the Minister for Transport, Infrastructure and Local Government issued variations to the Act under the emergency powers of section 302B of *the Act* to extend the timeframe for adoption of an annual business plan and budget to 30 November 2020 for the 2020-21 financial year. The Rundle Mall Management Authority (RMMA) 2020-21 Budget is shown in **Attachment B**.
2. According to the RMMA Charter 2017, the objects and purposes of the Authority are:
 - 2.1. To position the Rundle Mall as the State's premier retail and commercial shopping precinct in order to sustain retail, business and economic viability
 - 2.2. To promote the Rundle Mall and to encourage its use by residents, visitors and the community in general and
 - 2.3. To ensure that the Authority operates within the terms of this Charter and the Council's Strategic Plan.
3. The Charter also states:

'33. Strategic Plan

33.1 The Authority shall prepare a Strategic Plan, with an operational period of no less than four years, linking the core business activities of the Authority to strategic, operational and organisational requirements with supporting financial projections setting out the estimates of revenue and expenditure as necessary for the period.

33.2 The Authority shall review the Strategic Plan annually in consultation with the Council.'
4. The RMMA Board endorsed the RMMA 2017-2021 Strategic Plan in May 2017 which was subsequently endorsed by Council. The Strategic Plan was built on a vision "To be renowned as Adelaide's premier, smart and authentic heart, that connects people to new retail, property and place experiences", a purpose "To attract people to the Rundle Mall Precinct, to encourage people to dwell longer, and to enjoy the experience of Rundle Mall", achieved by four key areas of focus:
 - 4.1. Information
 - 4.2. Advocacy
 - 4.3. Brand
 - 4.4. Visitor Experience.
5. In accordance with the RMMA Charter 2017, the RMMA is required to review the Strategic Plan in consultation with Council.
6. The RMMA 2017-21 Strategic Plan is supported by an Annual Business Plan and Budget. The RMMA Business Plan is shown in **Attachment A**.
7. The RMMA Charter requires that RMMA produce an Annual Business Plan and Budget consistent with the Charter and the Strategic and Business Plans of the organisation and submit it to Council for approval. The RMMA 2020-21 Budget is shown in **Attachment B**.
8. Key elements of the RMMA 2020-21 Business Plan are as follows:
 - 8.1. The vision, purpose and actions outlined in the Business Plan and Budget are consistent with those outlined in the RMMA 2017-21 Strategic Plan.
 - 8.2. How the RMMA's Year Four Strategic Actions (as identified in the 2017-21 Strategic Plan) will be achieved is detailed, with progress reported to the RMMA Board quarterly and to Council as required.
 - 8.3. The Marketing Strategy is driven by the RMMA's purpose of:
 - 8.3.1. Attract – Give customers a reason to visit
 - 8.3.2. Stay – Engage with customers and give them a reason to stay
 - 8.3.3. Enjoy – Provide an authentic and memorable experience and informed by market research.
 - 8.4. The response to the COVID-19 pandemic and the Roadmap to Recovery.
9. Key elements of the RMMA's budget are as follows:
 - 9.1. The RMMA is forecasting to receive revenue of \$4.1m in 2020-21. This will comprise of:

- 9.1.1. The Rundle Mall Differential Rate (Levy) of \$3.79m based on an average property valuation uplift of 0.9%, noting the rate in the dollar for 2020-21 has remained unchanged
- 9.1.2. Additional income from sources such as concessions, casual mall leasing and sponsorship arrangements.
- 9.2. Expenditure is budgeted at \$4.1m for 2020-21. This includes:
 - 9.2.1. An increase in Administration costs resulting from increased security needs to support the safety element of the Roadmap to Recovery
 - 9.2.2. A reduction in the marketing, communications and events expenditure whilst still supporting the key strategic purpose of Attract, Stay and Enjoy in line with the 2020-21 Business Plan.
- 9.3. The marketing budget will be aligned to support the RMMA's strategic purpose (Attract/Stay/Enjoy), ensuring Rundle Mall is the premier shopping destination for SA, and will focus on the following:
 - 9.3.1. Activation and placemaking to support COVID-19 Roadmap to Recovery
 - 9.3.2. Digital Investment
 - 9.3.3. Continued delivery of agency expertise including creative, digital and PR
 - 9.3.4. Continued Investment in market research and insight.
- 9.4. Key budget resources have also been allocated to:
 - 9.4.1. Information - Invest in data capture, analysis and reporting tools to inform campaigns, offer insight to stakeholders and connect businesses to support and advice throughout the COVID-19 recovery period
 - 9.4.2. Advocacy – Work with CoA to support post COVID-19 placemaking strategies and deliver the City Wide Business Model
 - 9.4.3. Brand – Create a Roadmap to Recovery and deliver activation and placemaking strategy post COVID-19
 - 9.4.4. Visitor Experience – Increase safety and cleanliness and deliver activations and pop-up experiences.
- 10. A summary of the Budget showing a summary of income and expenditure for the 2020-21 Budget with associated analysis and key underlying assumptions is detailed in **Attachment B**.
- 11. The Business Plan and Budget reflect the Authority's operational structure, designed to support the actions required to achieve its strategic objectives.

ATTACHMENTS

Attachment A – Rundle Mall Management Authority 2020-21 Business Plan

Attachment B – Rundle Mall Management Authority 2020-21 Budget

- END OF REPORT -

Business Plan

2020/21

Rundle
Mall



Kaurna Acknowledgement

Rundle Mall acknowledges the traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present.

We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations.



BUSINESS PLAN SUMMARY

This Business Plan has been prepared by the Rundle Mall Management Authority (RMMA).

Section 34 of The Rundle Mall Management Authority Charter 2017 makes specific reference to the preparation of a Business Plan and Budget.

The Authority is required to produce an Annual Business Plan consistent with the Charter and submit it to Council for approval.

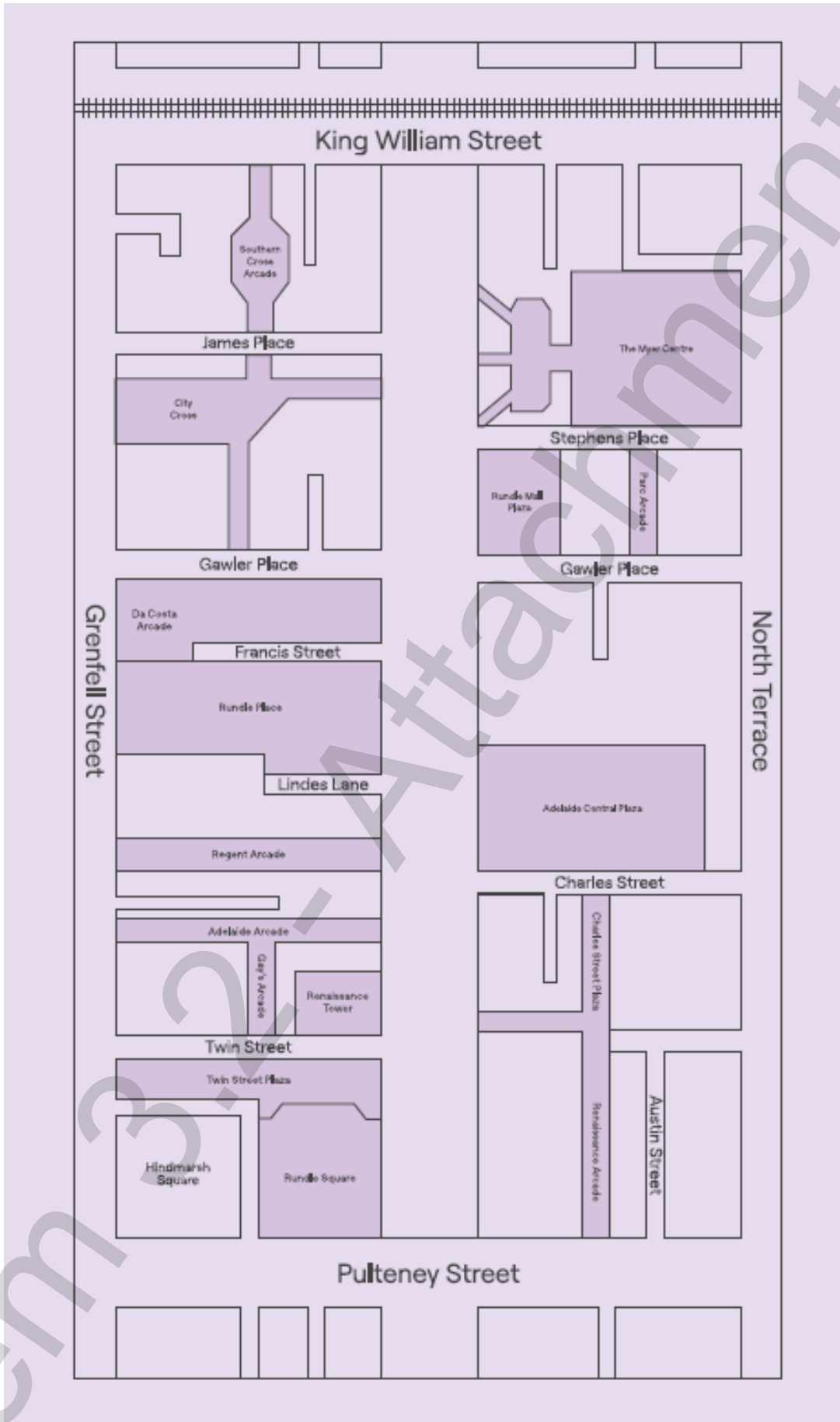
The Annual Business Plan must set out or include:

- The performance targets the subsidiary is to pursue; and
- A statement of the financial and other resources, and internal processes, that will be required to achieve the subsidiary's performance targets; and
- The performance measures that are to be used to monitor and assess performance against targets.

This Business Plan encompasses the Rundle Mall Precinct, which is bounded by North Terrace, King William Street, Grenfell Street and Pulteney Street. The Precinct includes a mix of retail, hospitality, commercial, educational and residential offerings.

The Rundle Mall Precinct also forms the Rundle Mall Levy Area with funds being raised through a separate rate on rateable land declared by Council.

These funds are provided to the Authority and must be expended by the Authority in accordance with the Annual Business Plan and Budget and upon projects specifically designated and approved by Council (section 8.3 of the Charter).



1. THE BUSINESS

1.1 BUSINESS DETAILS

Business name:	Rundle Mall Management Authority
Business structure:	A Section 42 subsidiary under the Local Government Act 1999
ABN:	20 903 762 572
Address of main office:	Level 2, 7 James Place, Adelaide
Address of registered office:	Level 2, 7 James Place, Adelaide
Telephone:	08 8203 7200
E-mail	info@rundlemall.com
Website:	www.rundlemall.com

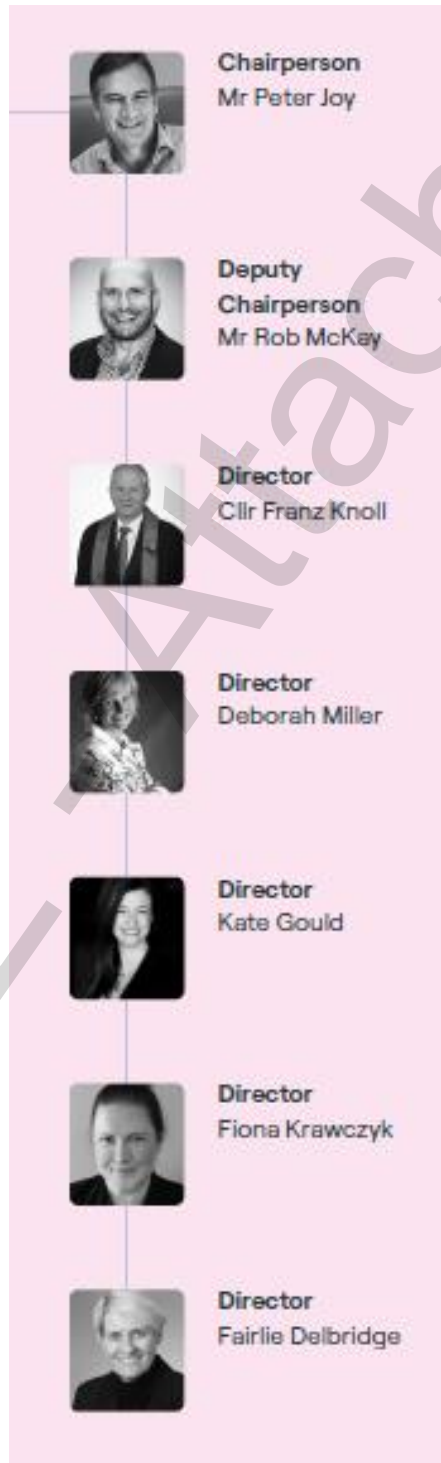
1.2 BUSINESS PREMISES

Main office	
Address	Level 2, 7 James Place, Adelaide 5000
Ownership	LJ Hooker St Peters
Lease	2.5yr lease (01/04/2019 – 30/09/2021)
Storage 1	
Address	Level 2B, 7 James Place, Adelaide 5000
Ownership	LJ Hooker St Peters
Lease	2.5yr lease (01/04/2019 – 30/09/2021)

1.3 RMMA BOARD

The Rundle Mall Management Authority is deemed a Section 42 Subsidiary under the Local Government Act 1999, and in all things acts through the Board which has the responsibility to manage the business and other affairs of the Authority ensuring that the Authority acts in accordance with the Act and the Rundle Mall Management Authority Charter.

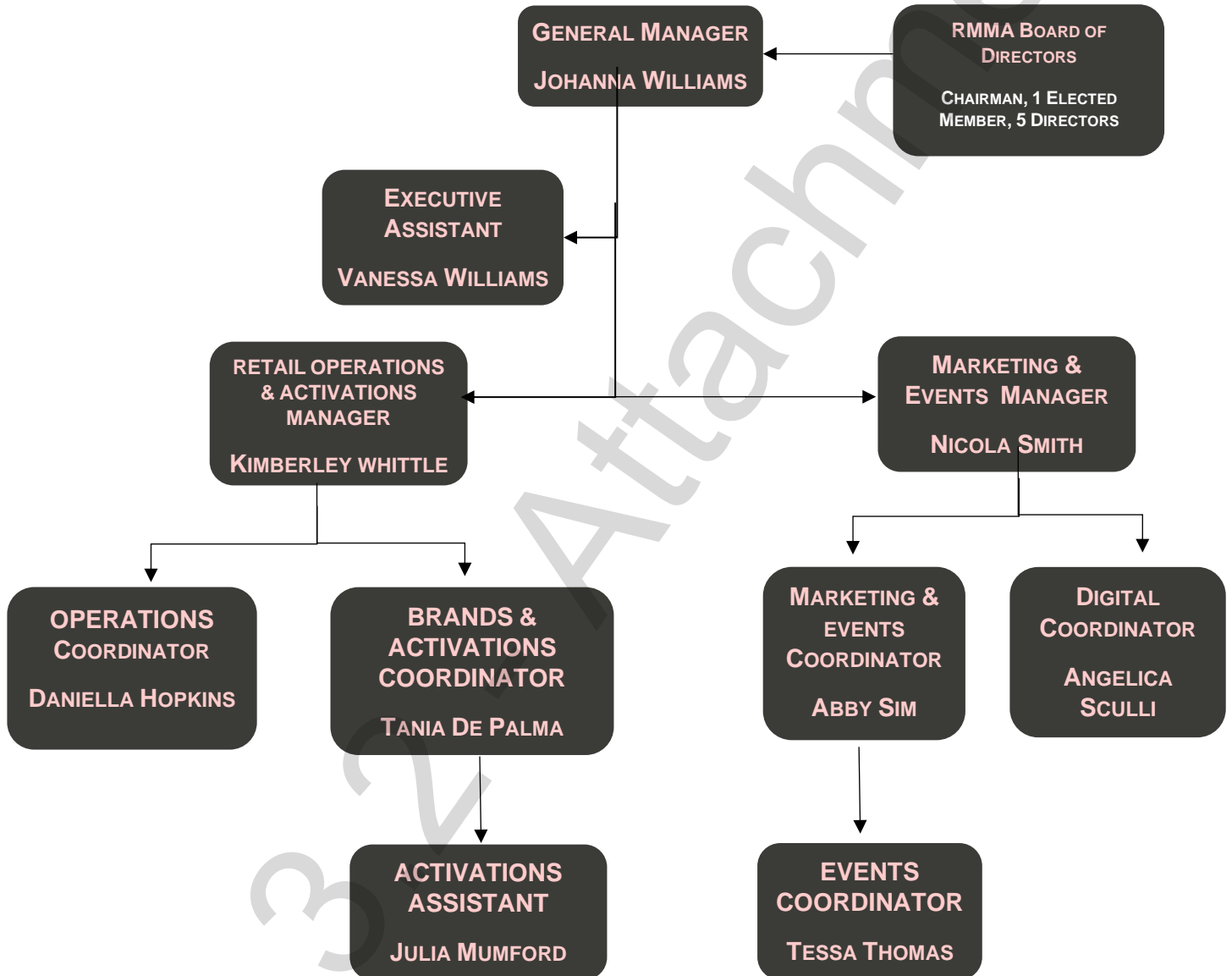
The Board consists of a Chairperson, one Elected Member and five Directors.



1.4 RMMA ADMINISTRATION

The Rundle Mall Management Authority is supported by an agile organisation, resourced to achieve the Strategic Objectives of the RMMA.

1.5 RMMA ORGANISATION CHART



1.6 INSURANCE

Council's assets and liabilities are covered by a Mutual Discretionary Fund, managed by a Fund Manager, and by conventional insurances.

The following cover is provided to the City of Adelaide and therefore RMMA by the Mutual Discretionary Fund:

- Asset Mutual Fund (including Property, Vehicles, Registered Plant, Machinery Breakdown, Computer and Electronic Equipment, Fidelity Guarantee)
- Mutual Liability Scheme (Public Liability and Professional Indemnity)
- Busker's Public Liability
- Personal Accidents Insurance (for Councillors and volunteers; also including corporate overseas travel insurance)
- Workers Compensation Scheme

1.7 RISK MANAGEMENT

The RMMA has a Strategic Risk Register which is updated monthly and submitted to the Board. Furthermore, the General Manager sits on the City of Adelaide Strategic Risk and Internal Audit Committee.

1.8 OPERATIONS

To support the RMMA Board and management team, there are several organisations who provide services.

City of Adelaide (CoA)

Provide on-Mall operational support with cleansing, waste management, lighting, horticulture, infrastructure management and general maintenance for the Mall. This is managed with a Service Agreement.

Internal administration support is also delivered by CoA through Finance, IM and People support.

Wilson Security

Provide security services for Rundle Mall to maintain ensure a safe and secure environment. This service is provided as part of the broader CoA security contract.

Contract expiry: 30 June 2021

Simple Integrated Marketing - Creative Agency

Provide marketing, digital and creative services in relation to the Rundle Mall Precinct and the RMMA itself. Simple support the ongoing marketing and promotion strategies, brand development, website and social media execution.

Contract expiry: 30 June 2021

Communikate - PR and Media Communications Agency

Provide PR, communications and media services to RMMA and Rundle Mall. Provide media strategy, write releases and statements for the media, event and campaign strategy and day-to-day relationship building with all relevant media outlets.

Contract expiry: 2 July 2021

Wavemaker – Media Buying Agency

Provide media planning and purchasing services to RMMA. Provide media strategy, research insights, scheduling, negotiations with media outlets and post-campaign reports for all media campaigns for Rundle Mall.

Contract expiry: 31 March 2021

Event Agencies

RMMA has three contracted event agencies to support a range of different events, activations and campaigns for the Rundle Mall Precinct. All event agencies provide event concept design and execution support in line with the Marketing & Events Plan.

1. **Faume Creative** *Contract expiry: 30 June 2021*
2. **Big Fish Events** *Contract expiry: 30 June 2021*
3. **Keito Events** *Contract expiry: 30 June 2021*



2. THE MARKET

2.1 RETAIL TRENDS

The biggest challenge facing retail and Rundle Mall for 2020/21 is the impact of the COVID-19 pandemic.

Before the COVID-19 pandemic, structural changes in retail were already evident. The pandemic has further accelerated those changes and forced retailers to adapt, re-invent, pivot and rethink their business operations.

The implementation of social distancing measures and the Government and Health authority instruction to “Stay Home”, led to many traditional retail businesses standing-down staff or closing. At the same time, other retailers experienced spikes in e-commerce orders and struggled to meet this unexpected demand.

While COVID-19 has caused significant disruption to the local retail sector, Australia and South Australia are in the fortunate position of reporting very low levels of community transmission (to date) and as restrictions are eased, the retail sector is expected to recover and see a return in retail foot-traffic over time.

1. In-store Experience

With social distancing remaining in place across all states in Australia, eliminating areas of high concentration of customers and staff in specific locations will be a major consideration. Retailers will look to make changes to the stores including:

- Physical store layouts to ensure social distancing
- Mobile POS to enable faster transactions and reduction of bottlenecks at counters
- Cashless payments to reduce touchpoints
- Plastic screens at counters
- Safe spacing points – stickers and markers on doors and floors
- Temperature and health checks including wearing masks and hand sanitiser stations

2. Logistics, Operations and Distribution

With the increase of digital ordering, retailer supply chains and distribution channels will be more important than ever. Retailers will look to take control of their own channels and logistics for returns and back-end inventory systems will be overhauled to keep up with stock tracking and higher levels of customer demand.

3. Digital

Most retailers have seen a significant increase in online shopping behaviour while their bricks and mortar stores were closed. Retailers will need to invest in additional customer experience and support for their online platforms from chatbots to increased customer service staff.

Hybrid fulfilment will also become more important as retailers look to fulfil online orders in retail stores. Customers have experienced frustrations in slow distribution and have enjoyed picking up online purchases in local stores, which satisfies their demand for immediacy and flexibility.

Further, click and collect is vital in an age where e-commerce orders are booming, and bricks and mortar operations are functioning at much lower levels.

Technologies exist today that support underutilised retail staff to handle store order picking, staging, packing, shipping for fast delivery and customer pickup.

4. Price & Value Conscious

As customers weather the storm of predicted recession, job losses, and overall reduced consumer confidence, coupled with the end of the JobKeeper/Seeker program, people will be looking to be more financially prudent. Conversely, there will be some shift for higher income earners to luxury goods and quality over quantity with a return to a celebration of makers and craftsmanship.

5. Supporting Local & Conscious Consumerism

With so many local businesses suffering during the lockdown phase, and a lengthy economic recovery period on the horizon, there is a big push to supporting and shopping "local". From Australian and South Australian made, consumers are looking to support their favourite businesses, keep dollars in the local economy and find quality, well made products.

Coupled with local sourcing, a push to ensure that retailers and products are supporting a cause, supporting the planet and supporting local supply chains will be important.

6. Community & Kindness

Throughout the pandemic period, people experienced increased anxiety, increased social isolation, negative impacts to their mental health and wellbeing and a lack of connectivity. People will be craving emotional connections, experiences and a return to "simpler times". A push toward supporting each other, showing kindness, empathy and connecting with friends and family will be important.

7. Indoors & Outdoors

Consumer behaviours and activities have changed. While in lockdown at home, many people adapted to working from home leading to an increase in home office requirements. Spending time at home

shopping from home, preparing meals, spending time with family also has seen an increase in purchasing homewares, food, and home entertainment goods.

Getting back to nature and being outdoors has also been important, especially with gyms and fitness centres being closed. An increase in demand for home gym equipment and outdoor leisurewear has also seen an increase.

Source:

<https://blog.retail.org.au/newsandinsights/post-covid-19-lockdown-retail-trends-predictions>

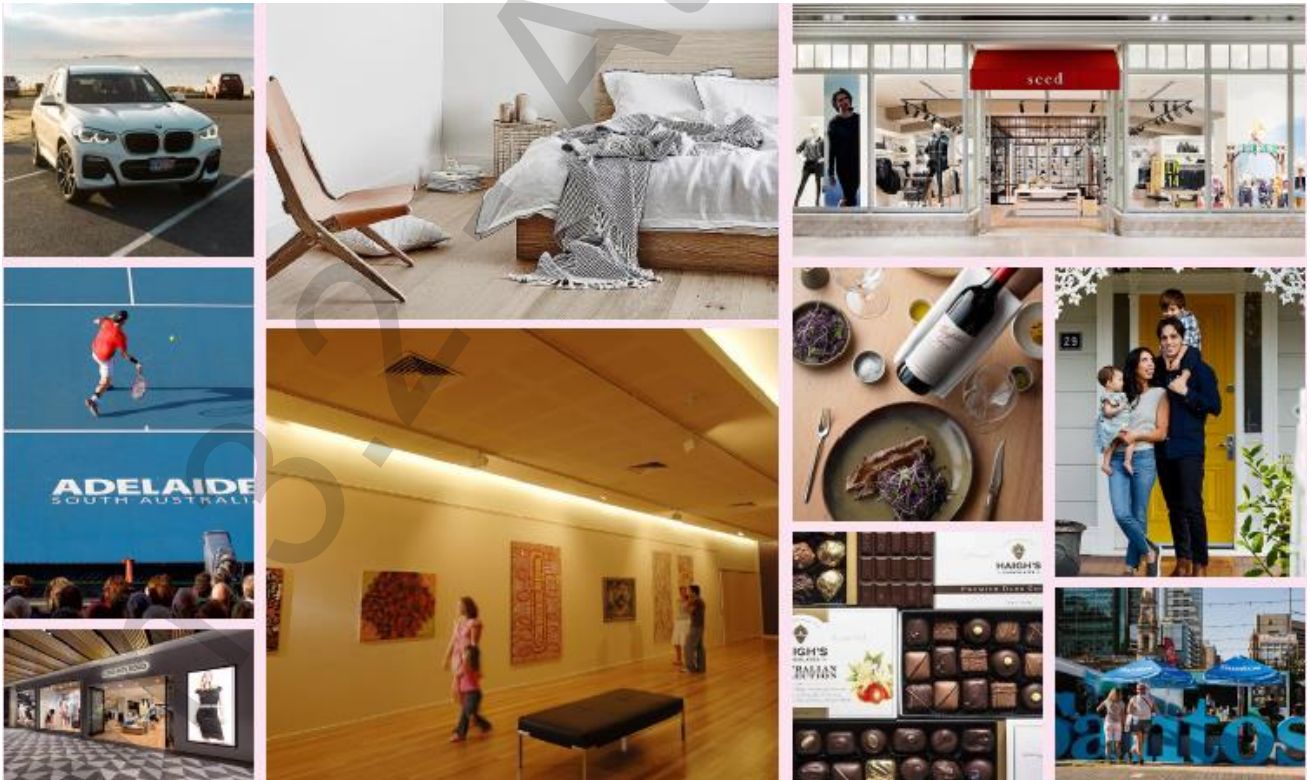
<https://www.gordonbrothers.com/insights/article/2020/post-covid-19-emerging-retail-trends>

2.2 MARKET RESEARCH

Rundle Mall Precinct has a wide range of audiences across 5 key segments. Shoppers (broken into three key groups), CBD Workers, Students, Tourists and City Residents.

1a. Shoppers - Prosperous Families

- 15% of Main Trade Area:
- They are 35-54 years old (slightly more females than males)
- Earn \$100k+ in a city-based executive, professional or clerical job
- They live close to the city, or in a larger house a little further out
- They lead a premium, contemporary lifestyle, always wanting the best for themselves and their family
- While they are busy, they still make time to travel and stay in luxury hotels
- They value excellence in education and healthcare
- They enjoy attending sports games and visiting local art galleries, theatres and cinemas
- They shop online more than the average within their age group
- They are big fans of luxury lifestyle brands like Country Road, Seed, Lululemon, Witchery and Smiggle
- While they love healthy foods, they also enjoy wining and dining
- While they visit Rundle Mall a little less often, they spend big when they do (\$120 per visit, \$2,108 annually). 33% of total spend in Rundle Mall comes from this group
(Source: Quantum)



1c. Shoppers - Golden Days

- 12% of Main Trade Area
- They are 50 years+ (slightly more females than males)
- Earn \$100k+ and spend their disposable income enjoying life
- They have recently retired (or about to retire) from a city-based executive/professional position
- They are house proud and own their own home in an inner-city suburb, filled with premium homewares and styling
- They are domestic and international travellers, always making time for jewellery and luxury retail shopping while they're away
- They like to eat out at nice places and indulge in fine food and wines
- They care about health and wellbeing, and are likely to give to charity
- They are cultured, and love learning about the world around them
- They appreciate the arts and like to spend time at the Botanic Gardens
- They are loyal to their favourite luxury brands, and like expensive, high-end cars and fashion
- They shop more than the average for their age group, both in Rundle Mall (1.2 times a month) and online
- They mostly shop in department stores and love Trenergy, Sportscraft, Blue Illusion, GAZMAN and Country Road
- Spending \$145 per visit (\$2,017 annually), 23% of total spend in Rundle Mall comes from this group
(Source: Quantum)



2. CBD Worker

- Approx. 110k workers in the city each day
- Half are younger than 40 years with slightly more females than males
- 58% work in professional or clerical roles and 20% employed in retail and food
- They're highly likely to drive into the city and pay for parking or catch the bus
- You'll more than likely find them in Rundle Mall grabbing a coffee before work, something for lunch or running a last-minute errand on the way home
- On average, they spend \$90 each time they visit Rundle Mall
- Their household income is above average, meaning they have more disposable income to spend at luxury stores in Rundle Mall
- You'll find them shopping in major department stores like David Jones, or smaller retailers within the Arcades
- At lunch, you might see them at one of the eateries along James Place
- They're typically time poor, so they crave convenience and fast turnarounds from services (Source: Quantum)



3. Students

- Approximately 86k students in the CBD, 38k international students
- They are 16-25 years and love to come to Rundle Mall to meet friends, grab lunch or dinner
- Parents typically accompany students at the start of the year and purchase items to kit out their student accommodation
- They catch public transport to and from the city to save on parking
- The international students live in student accommodation within the CBD, a short walk from Rundle Mall and campus. You will often find them cutting through the Mall to get to campus or in the food courts eating dinner
- These individuals like to look good so they will happily spend a good amount of their disposable income on the latest fashion trend
- Gadgets are a big part of their lives as they love to stay active online, so they are always keeping up with the latest in technology and electronics
- They will often pop out in their lunch breaks and purchase a takeaway Bubble Tea or Boost Juice
- They enjoy socialising and will often go to the local pub between study
- They enjoy spending time with friends at gaming cafes and doing escape rooms
- They shop at stores like H&M and General Pants Co
(Source: Quantum)



4. Tourists

- 7 million tourists visit South Australia a year spending \$6B per annum or \$800 each
- National visitors stay on average 3.6 days with international visitors staying 21 days
- 26% of interstate tourists visit Rundle Mall
- 40% of tourists are here visiting family and friends
- Many are also business visitors here for overnight business trips or for conventions
- Cruise ships bring 60k visitors per annum, and many opt to visit Rundle Mall as a day out
- They'll visit iconic South Australian companies in Rundle Mall, such as Haigh's, Charlesworth Nuts, Jurlique, RM Williams and Opal stores as well as national/international brands like Tiffany's and Apple
- Tourists are likely to pop into Rundle Mall for lunch before visiting attractions outside of the Precinct, like the Art Gallery of South Australia which draws 80k people annually. The South Australian Museum is one of the most visited in Australia as well as the Botanic Gardens
- Festivals and events bring hundreds of thousands of people into Rundle Mall throughout the year, and their time in the Mall is split between eating, drinking, sight-seeing and shopping
(Source: Quantum)



5. Residents

- 24k Residents in city and North Adelaide
 - 45% are aged 20-34 years and earn between \$60k to \$80K
 - They rent small apartments in the CBD and they lead a busy, contemporary lifestyle
 - They are young, career-driven professionals who work long hours at medium to large companies
 - They enjoy the convenience of city living and walk to and from work, some will cut through Rundle Mall
 - They do frequent small food shops on weeknights at Woolworths or Foodland in Rundle Mall
 - They also enjoy the convenience of living close to their main banking and telecommunication provider outlets, such as Commonwealth Bank and Vodafone
 - They travel frequently
 - They dine out 3-5 times a week and enjoy being the first to try the latest, newly opened restaurants
 - They are often seen getting a drink after work at a city bar
 - They shop at Myer and Cue during late night shopping
 - They like to escape the city on weekends to visit family and friends in the outer suburbs
- (Source: Quantum)





Item 3.2 Attachment A

3. STRATEGIC PLAN

Vision

To be renowned as Adelaide's premier, smart and authentic hub & heart that connects people to new retail, property and place experiences.

Brand Positioning

With global brands and local favourites, Rundle Mall is the heart of shopping, dining and entertainment in Adelaide. Rundle Mall is the longest and one of the busiest malls in Australia, with over 700 retailers and 300 services.

Young and old, familiar faces and day-trippers, Rundle Mall has over 24 million people visit every year who are as diverse as the offering.

Rundle Mall provides a unique, enjoyable and memorable shopping, dining and entertainment experience in a safe, friendly and welcoming environment.

As the centre of culture in Adelaide, Rundle Mall plays a vital role to continually evolve and create impact for customers and value for its stakeholders.

There are several key areas that make Rundle Mall unique in the market including:

- Retail and brands – surprising, unique and individual retailers plus breadth and range
- Emotional connection – tradition, nostalgia and authentic experiences
- Cultural heart – proximity to cultural landmarks, our landmarks (Mall's Balls, bronze pigs sculpture) and public art
- Social Hub – the hub & heart of the city – events, activity, buskers
- Trading Hours – Public Holidays and late-night trade on Friday
- Power of the Brand
- Outdoor shopping – size and scale of the space

Brand Values

The positioning of Rundle Mall is reflected in four main brand values:

1. Contemporary

Rundle Mall is driven by the desire to always be at the forefront of retail, fashion, food and entertainment trends. We are the centre of unique and memorable experiences in South Australia. We are full of energy and creativity, while being generous and welcoming. We are inclusive to our audience.

2. Fun

Customers and retailers are drawn to Rundle Mall because of the always changing and always exciting vibrant atmosphere, diverse range and memorable experiences with broad appeal. We are synonymous with fun, happiness and excitement.

3. Impact

As an iconic Adelaide destination, Rundle Mall is famous for high-quality, memorable shopping, dining and entertainment experiences. We are the centre of culture and everything we do is about creating impact for our audience. We partner with the world's best to deliver an experience that attracts and entertains all.

4. Customer-focused

Everything we do is driven by our customers. Rundle Mall is a commercial district that creates value to its stakeholders by creating a best-in-class environment of broad appeal. We are central to the South Australian economy and we create jobs and opportunities for businesses. We make it easy for our customers to transact and interact in a safe, friendly and welcoming environment.

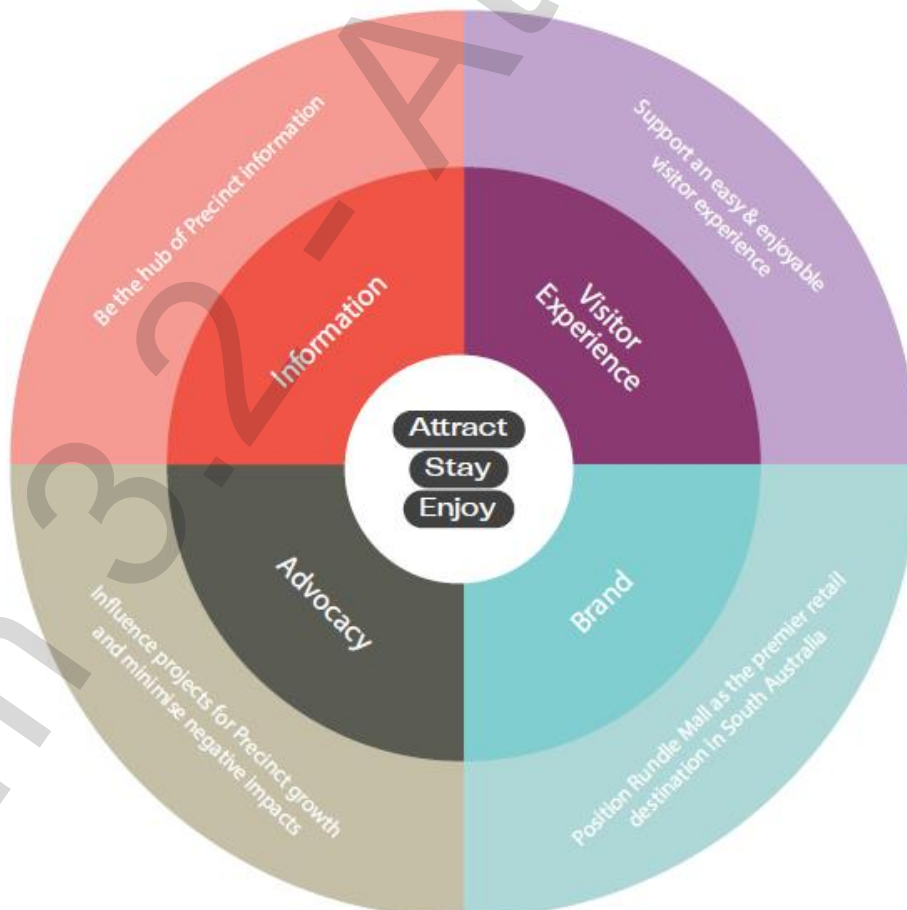
Strategic Focus

The key overall strategies for 2020/21 are:

1. Attract - Give customers a reason to visit
2. Stay – Engage with customers and give them an incentive to stay
3. Enjoy – provide an authentic and memorable experience

To achieve this, the key deliverables will be achieved across 4 key pillars:

- Information
- Visitor Experience
- Advocacy
- Brand



4. ACTION PLAN

As per the RMMA Strategic Plan 2017 - 2021, the RMMA goals and objectives fall within four areas of focus.

Actions within the period of this Business Plan are outlined across these four key areas:

Information

Be the hub of Precinct information

Visitor Experience

Support an easy and enjoyable visitor experience

Advocacy

Influence projects for Precinct growth and minimise negative impacts.

Brand

Position Rundle Mall as the premier retail destination in South Australia.

Progress against each of these actions will be reported to the RMMA Board and City of Adelaide on a quarterly basis and to the City of Adelaide as required.

Measurement

The actions will be measured across a range of areas including:

- Foot traffic growth
- Retail spend
- Market indicators
- Increase in database subscriptions
- Income generation
- Number of events and activations
- Safety and security perceptions
- COVID-19 recovery
- Website and social media traffic
- Brand sentiment

Area of Focus – INFORMATION

INFORMATION	
OBJECTIVE: Be the hub of precinct information	
YR 4 ACTION	HOW
<p>Collect and analyse key performance data to:</p> <ul style="list-style-type: none"> - Inform marketing strategy - Measure success - Inform advocacy; and - Educate stakeholders 	<p>Continue to capture and analyse information including:</p> <ul style="list-style-type: none"> - Precinct foot traffic trends - Spend data - Dwell time - Shopping behaviour; and - Customer experience - COVID-19 recovery <p>Define growth objectives based on information gathered in year 3 and COVID-19 impact</p> <p>Continue to work with data analyst to review and analyse information and prepare information for sharing</p> <p>Create and implement reports based on the data captured</p>
<p>Develop and implement a B2B Comms Plan</p>	<p>Create segmented groups in the Customer Relationship Management (CRM) tool to support communication</p> <p>Create communications calendar for all stakeholder engagement</p> <p>Send monthly stakeholder communications via electronic direct mail and quarterly printed communications</p> <p>Meet regularly with Arcades/Centres, property owners, and retailers</p> <p>Deliver 3 stakeholder information and education sessions</p> <p>Connect Businesses to key support packages post COVID-19 including Business SA, State Government and CoA information</p>

Area of Focus – VISITOR EXPERIENCE

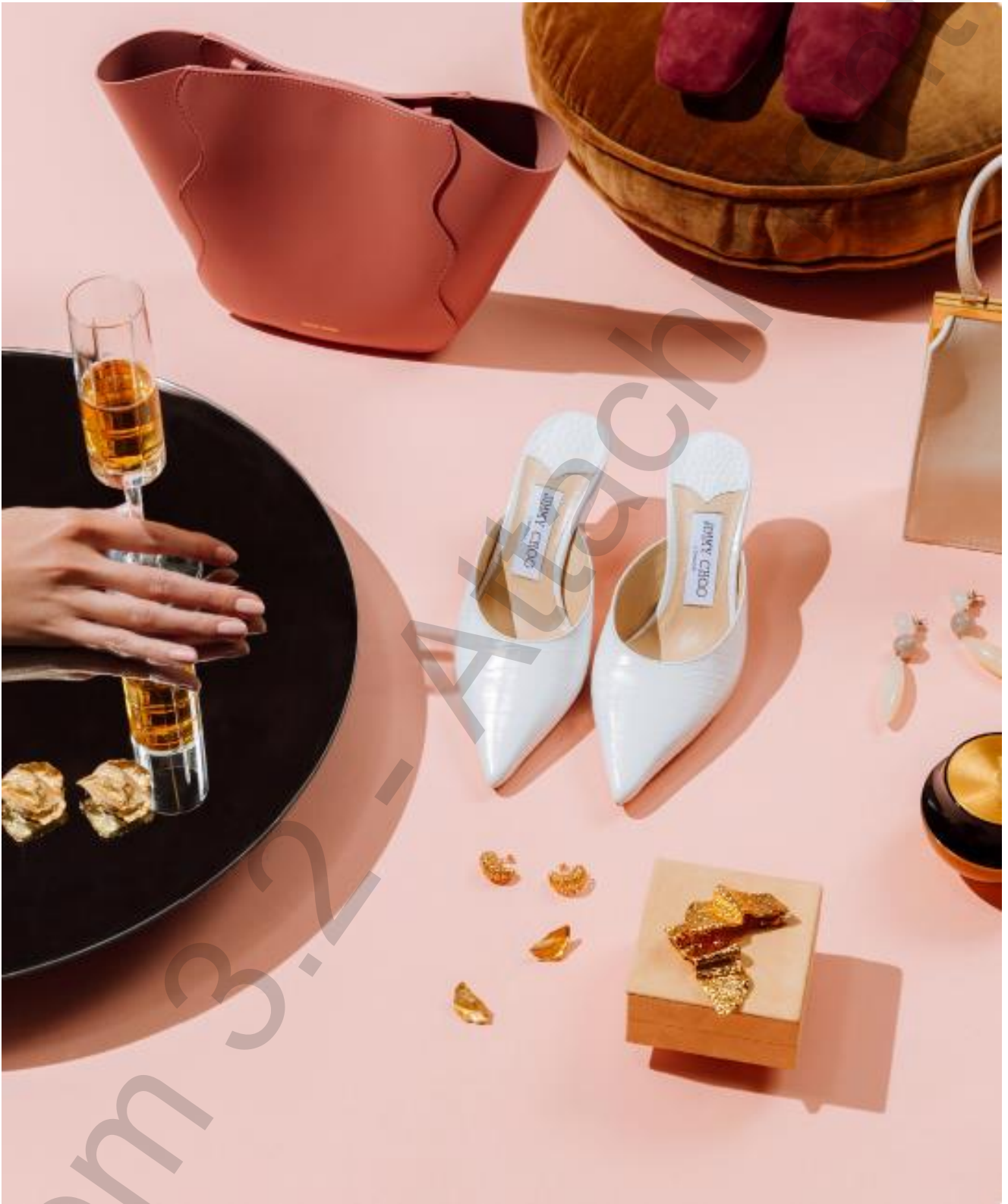
VISITOR EXPERIENCE	
OBJECTIVE: Support an easy and enjoyable customer experience	
YR 4 ACTIONS	HOW
Stage and support engaging activities	<p>Create a 12-month event and activation plan and calendar</p> <p>Drive income from sponsorship in line with FY20/21 Budget</p> <p>Drive brand partnerships aligned with the Rundle Mall brand values and event and marketing plan objectives</p>
Advocate for innovative solutions to support visitor experience	Work with CoA to deliver solutions and use Rundle Mall to trial city wide initiatives
Support a safe and attractive public space	<p>Update the Operating Agreement with CoA to define service levels to the RMMA and Precinct</p> <p>Deliver new Cleaning agreement and uniforms with CoA</p> <p>Work with CoA to implement Emergency & Crisis Management plans</p> <p>Review Rundle Mall Security requirements and contract to define service levels including reporting</p> <p>Work with SAPOL to support a safe precinct</p> <p>Engage with CoA to define busking standards and permitted locations within the Precinct</p> <p>Work with CoA to address vehicle access times for the Mall</p> <p>Support CoA's strategic plan priorities</p>

Area of Focus – ADVOCACY

ADVOCACY	
OBJECTIVE: Influence projects for precinct growth and minimise negative impacts	
YR 4 ACTION	HOW
Advocate for future Council investment in the delivery of upgrade works to ensure high-quality amenity and public realm	<p>Engage with CoA to inform this approach</p> <p>Engage with CoA to inform the approach and secure commitment and funding for future years where relevant</p> <p>Work with CoA to deliver COVID-19 recovery and placemaking strategies</p>
Work with State Government to provide positive outcomes for the Rundle Mall Precinct	<p>Work with State Government on Trading Hours legislation</p> <p>Work with State and Local Government on infrastructure and capital projects that impact the Rundle Mall precinct</p>
Continue to advocate for ongoing capital investment in the Rundle Mall precinct	Work with State and Local Government and private property owners to deliver new retail experiences and support investment and minimise vacancy rates
Support CoA with the delivery of the City-Wide Business Model	Engage with CoA and provide RMMA Board support to the delivery of the proposed City-Wide Business Model

Area of Focus – BRAND

BRAND	
OBJECTIVE: Position Rundle Mall as the premier retail destination in South Australia	
YR 4 ACTION	HOW
Create, implement and deliver an annual Marketing Plan	<p>Create a “Roadmap to Recovery” and deliver activation and placemaking strategy COVID-19</p> <p>Support key retail and public holiday trading periods</p> <p>Develop year-round campaigns to support all retail categories during the year</p> <p>Increase social media engagement including Facebook and Instagram</p> <p>Update website and grow consumer EDM database</p> <p>Engage with State Government and CoA to support relevant tourism initiatives</p>
Develop the Rundle Mall Brand	<p>Continue to develop the Rundle Mall brand</p> <p>Proactively drive positive PR stories based on campaign implementation</p> <p>Engage all agencies in marketing campaign planning and business operations</p>
Position the RMMA as an industry leader	<p>In consultation with the RMMA PR agency, create and implement a proactive public relations strategy in relation to industry positioning</p> <p>Identify relevant industry awards and submit application</p>



5. MARKETING & ACTIVATIONS CALENDAR

The overarching focus for the year will be supporting retailers and businesses as they recover from the COVID-19 pandemic

COVID-19 Recovery

- Ensure that Rundle Mall remains the vibrant beating heart and economic centre of Adelaide
- Use placemaking principles to create a vibrant, warm and welcoming space
- Create smaller, ongoing events and activations rather than larger scale activity
- Support retailers and businesses with marketing and promotions
- Ensure that the Mall is safe, clean and complying with all Government and health regulations

A summary of the proposed marketing and promotions activity is below.

This activity will be supported by ongoing in-precinct activation, online/digital development and brand advertising.

Month	Activity
July 2020	<p>COVID-19 Response</p> <ul style="list-style-type: none"> • Fairy Lights installed in trees and overhead • Large Format Screens • Pop Up Seating Areas • Support retailers re-opening <p>Promotions and Activations</p> <ul style="list-style-type: none"> • Pigs 21st Birthday Celebrations • World Food Days activations and pop-ups • Retailer support campaign
August 2020	<p>COVID-19 Response</p> <ul style="list-style-type: none"> • Oversized planter boxes • Green Wall <p>Promotions and Activations</p> <ul style="list-style-type: none"> • Public Art installations and virtual art tour • Daffodil Day • World Food Days activations and pop-ups • Retailer support campaign
September 2020	<p>COVID-19 Response</p> <ul style="list-style-type: none"> • Flower bombing and spring colour • Colourful flooring and seating <p>Promotions and Activations</p> <ul style="list-style-type: none"> • Father's Day activity • World Food Days activations and pop ups

	<ul style="list-style-type: none"> • Retailer support campaign
October 2020	<p>COVID-19 Response</p> <ul style="list-style-type: none"> • Art installations and signage <p>Promotions and Activations</p> <ul style="list-style-type: none"> • Fashion Campaign • School Holidays • World Food Days activations and pop-ups • Retailer support campaign
November & December 2020	<p>Promotions and Activations</p> <ul style="list-style-type: none"> • NAIDOC Week 8 – 15 November • Christmas Decorations & Window Installations (1 November) • Black Friday and Boxing Day sales • Retailer support campaign
January 2021	<p>Promotions and Activations</p> <ul style="list-style-type: none"> • Post-Christmas Sales • School Holidays • Australia Day – trading hours support • World Food Days activations and pop-ups • Retailer support campaign
February 2021	<p>Promotions and Activations</p> <ul style="list-style-type: none"> • Valentine's Day – digital campaign • Lunar New Year celebrations (activity TBC) • Support to Universities and O Week activity (where relevant) • World Food Days activations and pop-ups • Retailer support campaign
March 2021	<p>Promotions and Activations</p> <ul style="list-style-type: none"> • Adelaide Fringe Box Office (TBC) • Adelaide Festival Activation (TBC) • Retailer support campaign
April 2021	<p>Promotions and Activations</p> <ul style="list-style-type: none"> • Easter: Friday 2 - Monday 5 April • Tasting Australia: 30 April - 9 May • Retailer support campaign
May 2021	<p>Promotions and Activations</p> <ul style="list-style-type: none"> • Mother's Day • History Month • World Food Days activations and pop-ups • Retailer support campaign
June 2021	<p>Promotions and Activations</p> <ul style="list-style-type: none"> • Mid-Year Sales • World Food Days activations and pop-ups • Retailer support campaign

Item 3.2 - Attachment A



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Rundle Mall Budget FY20/21

Item 3.2 - Attachment B



Budget Assumptions

Rundle Mall Levy

- Differential rate in the dollar frozen
- Levy income assumed to achieve a 0% increase, based on average property valuations and a vacancy provision

Pop Up & Activation Income

- Reduction reflects impacts of 3rd party bookings post COVID-19
- Inclusion of longer-term activations

Administrative/Operational Expenditure

- Labour costs in line with level/step changes
- Security costs increased in line with additional support for COVID recovery
- CPI increases to other services



Finance Summary

\$'000	2018-19 Actual	2018-19 Budget	2019-20 Forecast	2019-20 Budget	2020-21 Budget	Var 20-21 to 19-20 Forecast
Income (including rollover)	4,172	4,232	4,397	4,286	4,084	-7.1%
Accumulated Surplus Carry Forward	38	38	21	-	-	-
Marketing Expenditure	2,458	2,540	2,590	2,458	2,221	-14.2%
Admin/Operations Expenditure	1,731	1,730	1,828	1,828	1,863	1.9%
Total	21	0	0	-	0	

Income Summary

\$'000	2018-19 Actual	2018-19 Budget	2019-20 Forecast	2019-20 Budget	2020-21 Budget	Var 20-21 to 19-20 Forecast
Rates Levy	3,702	3,729	3,852	3,741	3,787	-1.7%
Other Revenue (Concessions, CML & Sponsorships)	470	503	545	545	297	-45.5%
Total Income	4,172	4,232	4,397	4,286	4,084	-7.1%

Marketing Expenditure Notes

- Reduction of 2 major events in July 2020 (Winter Festival) and October 2020 (Vogue Festival)
- Activation and placemaking budget directed to support COVID-19 recovery
- Digital investment remains strong. Prior year accounted for new website delivery
- Continued delivery of agency expertise including creative, digital and PR
- Continued investment in market research and insight



Marketing/Activation Expenditure

\$'000	2018-19 Actual	2018-19 Budget	2019-20 Forecast	2019-20 Budget	2020-21 Budget	Var 20-21 to 19-20 Forecast
Business to Consumer Marketing Campaigns, Activation & Events	1,818	1,776	1,815	1,683	1,534	-15.5%
Business to Business Marketing Campaigns	10	18	15	15	15	0%
Digital Investment	76	90	131	131	48	-63.4%
Services	327	373	501	501	512	2.2%
Strategic/Other	226	283	128	128	112	-12.5%
Total Marketing/Activation Expenditure	2,457	2,539	2,590	2,458	2,221	-14.2%

Admin/Operations Expenditure Notes

- Labour cost increase based on CPI, Level/Step changes
- Additional investment in security to support COVID-19 response and increased presence
- CoA recovery increase in line with Public Realm presentation and support including increased cleaning measures for COVID-19 response
- Other Admin includes office costs, Board fees, cleaning



Administration/Operations Expenditure

\$'000	2018-19 Actual	2018-19 Budget	2019-20 Forecast	2019-20 Budget	2020-21 Budget	Var 20-21 to 19-20 Forecast
Resource Costs	1,035	1,023	1,105	1,105	1,110	0.5%
Security	270	269	271	271	294	8.5%
CoA Recovery/Operations	222	220	224	224	230	2.7%
Other Admin/Operations Costs	204	218	228	228	229	0.4%
Total Administrative & Operational Expenditure	1,731	1,730	1,828	1,828	1,863	1.9%



Item 3.2 Attachment B

2019-20 Quarter 4 Finance Report

ITEM 3.3 13/08/2020
Council

Strategic Alignment - Enabling Priorities

2018/03947
Public

Program Contact:
Sonjoy Ghosh, AD Information
Management 8203 7655

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

The 2019-20 Quarter 4 Finance Report summarises:

1. The preliminary end of year financial performance for the year ended 30 June 2020 including the final funding position for 2019-20 and an estimate of the operating position for 2019-20
2. The preliminary end of year adjustments for 2019-20 including project variances and re-timing adjustments

Council had a funding deficit of (\$0.9m) for 2019-20 which was \$11.9m favourable to the Quarter 3 Forecast of (\$12.8m). This funding deficit was inclusive of a (\$3.4m) funding deficit for the Adelaide Central Market Authority, primarily due to its capital works program.

The favourable funding position to the Quarter 3 forecast was primarily due to reduced expenditure on projects and infrastructure works of \$7.8m, in part due to the deferral of work and delays arising from COVID-19. General and Business Operations were \$2.6m favourable, primarily due to higher than forecast income from parking and expiations, and savings in operational expenditure including employee costs. The subsidiaries were \$1.4m favourable primarily due to the timing of capital works and higher than forecast income from parking.

The Report includes proposed re-timing adjustment of \$8.2m for projects and infrastructure works to be completed in the 2020-21 financial year. These re-timing adjustments will be incorporated in the final 2020-21 Business Plan and Budget to be considered for adoption in August.

Borrowings at 30 June 2020 were \$51.6m compared to the Quarter 3 Forecast of \$73.7m. This is within Council's Prudential Borrowing Limits.

The estimated operating position for the 2019-20 is a deficit of (\$10.5m) which is \$8.8m favourable to the Quarter 3 Forecast of (\$19.3m). This favourable position is due to the improvement in income from fees and charges and reduced operational expenditure, along with a new favourable adjustment to finance charges and depreciation to reflect changes in the accounting standards. This forecasted deficit of (\$10.5m) is subject to adjustments arising from the finalisation and audit of the 2019-20 financial statements. It includes an estimated Work in Progress (WIP) write-off of (\$4.2m). This has reduced from (\$5.5m) at Quarter 3 due to the delay/deferral of infrastructure works.

Council's Long Term Financial Plan has been updated to reflect the re-timing adjustments for projects and infrastructure works into 2020-21 financial year, along with revised estimates for interest expense and borrowings.

Presented to the Special Meeting of The Committee on 5 August 2020.

RECOMMENDATION

THAT COUNCIL

1. Notes the 2019-20 Quarter 4 Finance Report (the report), including the updated Long Term Financial Plan.
2. Notes the Quarter 4 Treasury report update as contained in Item 3.3 on the Agenda for the Special meeting of Council held on 13 August 2020.
3. Approves the 2019-20 Quarter 4 Finance Report and proposed re-timing adjustments as summarised in Attachment A to Item 3.3 on the Agenda for the Special meeting of Council held on 13 August 2020.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities The deliverables and objectives set out in the Quarter 4 Revised Forecast (QF3) document are directly aligned to the delivery of year 4 of the 2016-2020 City of Adelaide Strategic Plan.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	The quarterly review meets Council's obligations under the <i>Local Government Act 1999</i> and <i>Local Government (Financial Management) Regulations 2011</i> . Attachment A provides the revised Prudential Borrowing Ratios based on the proposed Quarter 4 Revised Forecast adjustments.
Opportunities	Not as a result of this report
19/20 Budget Allocation	Adjustments to the 2019-20 Budget are detailed throughout the Report and Attachment A .
Proposed 20/21 Budget Allocation	Proposed re-timing of projects from 2019-20 of \$8.2m into 2020-21 as summarised in Attachment A .
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Proposed re-timing of projects from 2019-20 of \$8.2m into 2020-21 as summarised in Attachment A .
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Preliminary Financial Result for 2019-20

1. Council had a net funding deficit of (\$0.9m) for the 2019-20 financial year. This was \$11.9m favourable to the Quarter 3 Forecast of (\$12.8m), primarily due to:
 - 1.1. Reduced expenditure on projects and infrastructure works of \$7.8m which was partially due to delays and deferrals arising from COVID-19
 - 1.2. Increased fees and charges due the progressive recovery of income from the UParks, on street Parking and expiations
 - 1.3. Reduced operational expenditure including a reduction in employee through the management of vacancies
 - 1.4. A \$1.4m favourable variance for the subsidiaries primarily due to the timing of capital works and higher than anticipated parking for the Adelaide Central Market Authority.
2. The forecasted end of financial year (financial accounting) operating deficit is (\$10.5m) for the 2019-20 financial year. This is \$8.8m favourable to the Quarter 3 Forecast of (\$19.3m) due to the improved income from the UParks, on street parking and expiations, reduced operational expenditure including employee costs, and adjustments to the treatment of leases inline with the new accounting standard. This forecasted deficit of (\$10.5m) is subject to adjustments arising from the finalisation and audit of the 2019-20 financial statements.
3. This forecasted end of financial year operating deficit includes an estimated Work in Progress (WIP) write-off of (\$4.2m). This has reduced from (\$5.5m) at Quarter 3 due to the delay and deferral of infrastructure works.
4. The preliminary Financial Statements for 2019-20 are included as an Appendix to **Attachment A**.

Proposed re-timing adjustments

5. Re-timing adjustments of \$8.2m for projects and infrastructure works from 2019-20 to 2020-21 are proposed as detailed in **Attachment A** to the Agenda Item #.
6. The re-timing adjustments are in part due to the delay or deferral of works due to implications arising from COVID-19.
7. These re-timing adjustments have been incorporated in the final 2020-21 Business Plan and Budget to be considered by Council for adoption in August.

Treasury Report

8. As per the requirements set out in the Treasury and Cash Investment Policy, the borrowing and cash investment performance for as at 30 June 2020 is reported below.
9. Borrowings as at 30 June 2020 were \$51.6m.

Borrowings Facility	Available	Interest Type	Interest Rate	Borrowing(s) Amount as at 30 June 2020	Change since previous report	Maturity Date	CAD Interest Rate
LGFA CAD 554	\$30m	Variable	1.50%	\$30m	(\$0.0m)	16/12/2023	1.50%
LGFA CAD 555	\$70m	Variable	1.50%	\$21.6m	\$14.2m	15/06/2033	1.50%

* Note CAD facilities are flexible and allows Council to convert all or part of it into a fixed rate interest only loan for a maximum of 5 years.

10. The Prudential Limits as at 30 June 2020 based on borrowings of \$51.6m are below:

Prudential Limit Ratio	Comments	Limits	YTD Actual to June 2020
Interest Expense Ratio	Number of times General Rates Revenue (less NRM Levy) can service the annual interest expense	Maximum 10%	1.0%
Leverage Test	Total borrowings relative to General Rates Revenue (Less NRM Levy)	Max 1.5 years	0.4
Asset Test	The percentage of total borrowings to Council's saleable property assets.	Max 25%	14%

11. The net interest expense for the 2019-20 financial year was (\$0.9m). This was \$0.4m favourable to the Quarter 3 Forecast of (\$1.3m), primarily due to lower interest rates and the delay and deferral of projects and infrastructure works.

Interest	Quarter Mar - Jun		Jun YTD		Annual	Administration Comments
	Actual	Budget	Actual	Budget	Budget	
Revenue	\$2,632	\$13,750	\$18,923	\$55,000	\$55,000	Interest revenue consists of interest earned on operating monies held in the NAB operating account.
Expense	(\$217,196)	(\$329,000)	(\$912,559)	(\$1,316,000)	(\$1,316,000)	Interest expense consists of LGFA CAD facility.

Preliminary Financial Statements and Long Term Financial Plan

12. Council's Long Term Financial Plan has been updated to reflect the re-timing adjustments for projects and infrastructure works into 2020-21 financial year, along with revised estimates for interest expense and borrowings.
13. Financial statements and the Long Term Financial Plan are provided in the appendices to **Attachment A**. These show the forecast operating surplus/(deficit), funding requirement and borrowings into 2020-21 and beyond based on the proposed re-timing adjustments.
14. The Financial indicators have been included in **Attachment A** to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan.

ATTACHMENTS

Attachment A – 2019-20 Quarter 4 Finance Report

- END OF REPORT -

City of Adelaide 2019-20 Quarter 4

Finance and Performance Report

July 2020

Prepared for the City of Adelaide
by Strategic Finance and Performance

Contents

Executive Summary

Financial Dashboard

Operational Summary

Funding Summary

Financial Performance by Budget Category

Project variances and retiming adjustments

- Projects
- Commercial Projects
- Infrastructure
(including Property Plant & Fleet)
- Major Projects
- Subsidiaries

Appendices

1. Budgeted Financial Statements

2. Revised Long Term Financial Plan

Glossary

Asset Sustainability Ratio: Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans

Asset Test Ratio: Borrowings as a percentage of total saleable property assets

Completed Projects: Completed with savings

Debt Service Coverage: Number of times the funding surplus from Operations can fund annual debt (principle and interest) repayments

Finalised Projects: Have been wound up at the current point of delivery, remaining expenditure has been forfeited resulting in savings or Projects require extra funds to finalise and close out

Leverage Test Ratio (current): Total borrowings relative to the funding surplus from Operations

Leverage Test Ratio (proposed): Total borrowings relative to rates revenue (less NRM levy)

Interest Expense Ratio: Proportion of Council's general rate income that is being used to service debt (interest)

Liquidity: Measure of the Council's ability to cover its immediate and short-term debts and obligations

Net Financial Liabilities: Financial liabilities as a percentage of operating surplus

Operating Surplus Ratio: Operating surplus as a percentage of operating revenue

Projects not proceeding: Will not proceed given financial restrictions

Projects with scope reduced: Proceeding with reduced scope / outcomes, resulting in part savings

Re-prioritised Projects: Deferred from this financial year. Timing of delivery is risk based and can be managed subject to future budget approval

Re-timed Projects: Commitments exist to deliver the project, however Council controls construction timeframes

Uniform Presentation Finances: Annual funding requirement to cover spend on operations and capital

Executive Summary

Quarterly update

Council's financial performance continues to be significantly influenced by the repercussions of COVID-19. Income from fees and charges has reduced, while cash flow from rates and debtors has slowed.

As outlined in the Quarter 3 Finance Report, Council has taken affirmative action to minimise the financial impact on its operations by reducing non-essential expenditure and deferring projects and capital works. These actions, combined with initiatives to increase visitation to the City and the UPark Plus initiative have resulted in a significant improvement in Council's operating position and funding requirement compared to the Quarter 3 forecast.

Council has taken action to strengthen its capacity to respond to emerging opportunities and future financial sustainability through

- revisions to its borrowing limits in Council's Treasury Policy,
- the implementation of a future fund, and
- the incorporation of a \$20 million reduction in operating expenditure in its 2020-21 Budget and the Long Term Financial Plan.

These initiatives provide Council with the ability to respond to future challenges along with opportunities to partner with government and other organisations to fund initiatives that support the delivery of Council's 2020 – 2024 Strategic Plan.

Operating Position

Council's full year preliminary financial position is a operating deficit of (\$10.5) million which is an improvement of \$8.8 million compared to the Quarter 3 forecast of (\$19.3) million. This is primarily due to:

- The strong recovery of fees and charges income from the UParks, On Street Parking and Expiations;
- Lower than forecast expenditure on employee costs due our approach to managing vacancies; and
- Adjustments to depreciation and finance costs from the treatment of leases under the new accounting standards.

Funding Requirement

Council has an overall funding deficit of (\$0.9) million which is inclusive of a (\$3.4) million deficit from Adelaide Central Market. This deficit is a \$11.9 million improvement on the Quarter 3 forecast of (\$12.8) million. This improvement is primarily due to re-timing adjustments of \$8.2 million, the improvement in income from fees and charges from on street parking and reduction in employee costs.

Borrowings

Council's borrowings at 30 June 2020 were \$51.6 million compared to the Quarter 3 Forecast of \$73.7 million. This is due to the reduction in the funding requirement as outlined above, and timing variance between cash receipts and cash payments.

Executive Summary

Loss of (net) income

Operational income has been significantly impacted by COVID-19 with a \$12 million reduction in fees and charges in 2019-20. Reduced visitation to the City has had a significant impact on income from on-street parking, expiations and the UParks. The Aquatic Centre has remained closed due to social distancing requirements and events in the Town Hall and Park Lands cancelled. However, through a concerted effort to recover the income streams, fees and charges have improved by \$3.8 million from the Quarter 3 Forecast.

Cash flow from rates

Council’s cash flow has been impacted by the challenging economic environment. 80% of the Quarter 4 Rates were received by 30 June compared to 92% for the prior financial year. Financial hardship provisions had been applied to 7.6% of rateable income by 30 June.

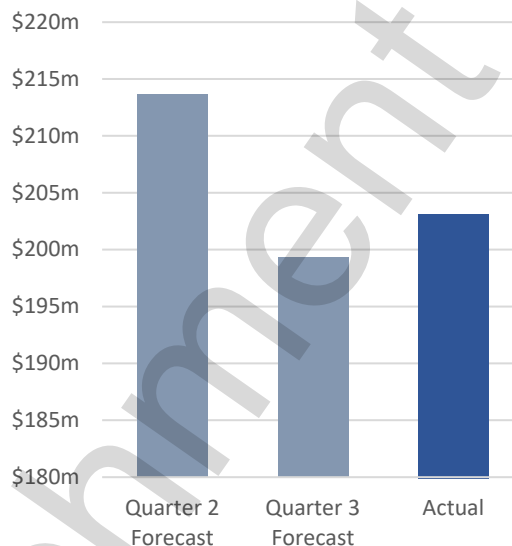
Reduced expenditure

As outlined in the Quarter 3 Report, expenditure has been significantly reduced in the final quarter of the financial year through

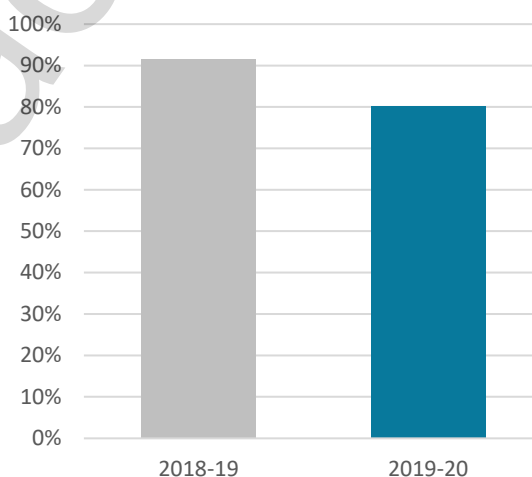
- The deferral of non-essential expenditure;
- Pausing recruitment on non-essential vacant positions; and
- The cancellation/deferral of non-essential capital works.

This has resulted in a significant reduction in the net funding requirement and borrowings at 30 June.

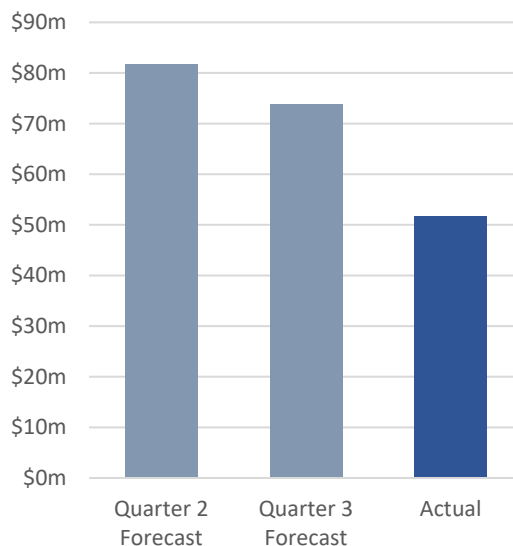
2019-20 Operating Income



Quarter 4 Rates received at 30 June



Borrowings 30 June 2020



Financial Indicators

Explanation

The table below provides information about the key indicators of the Council's financial performance and financial position. A range of financial indicators have been included to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan.

Financial Indicator	Explanation	Target	2019-20 Adopted Budget*	2019-20 Quarter 2 Forecast*	2019-20 Quarter 3 Forecast*	2019-20 Preliminary EOY Forecast
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	0%	(9%)	(10%)	(5%)
Net Financial Liabilities	Financial liabilities and a percentage of operating revenue	Less than 80%	42%	50%	42%	39%
Asset Sustainability Ratio	Asset renewal expenditure as a percentage of required expenditure forecast in the asset management plans	90%-110%	83%	81%	37%	33%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	19%	23%	21%	14%
Interest Expense Ratio	Number of times General Rates Revenue (less NRM Levy) can service the annual interest expense	Maximum 10%	1.4%	1.5%	1.0%	0.8%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less NRM Levy)	Maximum 1.5 years	0.6	0.7	0.6	0.5
Borrowings (\$'m)	Total borrowings	Within Prudential Limits	70.0	81.6	73.7	51.6
Operating Surplus (\$'m)	Operating Income less Expenditure	Financial sustainability	(0.9)	(18.4)	(19.3)	(10.5)

* The prudential borrowing limits for the 2019-20 Adopted, Quarter 2 and 3 Forecasts have been restated to be consistent with the updated Treasury Policy that Council approved on the 23 June 2020.

Operating Summary

Explanation

The Operating Summary provides a breakdown of the key variances in operational income and expenditure between the Quarter 3 Forecast presented to Audit Committee and Council in early May, and the preliminary end of financial year position.

This summary is presented in a format consistent with the Statement of Comprehensive Income.

\$'000s	2019-20 Actual	2019-20 Quarter 3 Forecast	Variance
Income			
Rates Revenues	115,593	116,458	(865)
Statutory Charges	11,771	11,217	554
User Charges	62,438	59,300	3,139
Grants, Subsidies and Contributions	11,253	11,165	88
Investment Income	59	50	10
Reimbursements	1,392	525	867
Other Income	610	546	63
Total Income	203,117	199,261	3,857
Expenses			
Employee Costs	73,838	77,135	3,297
Materials, Contracts & Other Expenses	85,351	85,953	602
Depreciation, Amortisation & Impairment	52,456	49,643	(2,813)
Finance Costs	1,931	5,818	3,887
Total Expenses	213,576	218,549	4,973
Operating Surplus / (Deficit)	(10,459)	(19,288)	8,829
Asset Disposal & Fair Value Adjustments	(112)	(300)	188
Amounts Received Specifically for New or Upgraded Assets	17	377	(360)
Operating Result of Discontinued Operation	17	-	17
Net Surplus / (Deficit)	(10,553)	(19,210)	8,657
Total Comprehensive Income	(10,553)	(19,210)	8,657

Income

Rates Revenue (\$0.9m)

RMMA separate rate Q4 waiver through the City Support Package (\$1.0m)

Statutory Charges \$0.6m

Increased expiations and associated revenue following Quarter 3 COVID-19 adjustment

User Charges \$3.1m

UPark and On Street Parking \$2.2m favourable partially due to the success of UPark Plus following the Quarter 3 COVID-19 adjustment, \$1.4m impact for the treatment of leases following the rent waiver, and Golf Course \$0.3m due to increased rounds. Partially offset by lower Aquatic Centre income (\$0.6m).

Grants, Subsidies & Contributions \$0.1m

CoA Contribution to RMMA separate rate Q4 waiver through the City Support Package \$1.0m (offset by reduced rates above), largely offset by lower than forecasted grant income for asset renewals (\$0.9m)

Reimbursements \$0.9m

Higher reimbursements for private works (offset by higher contractors below)

Other Income \$0.1m

Primarily due to RMMA general revenue \$101k and favourable discounts for the Town Hall \$53k

Expenditure

Employee Costs \$3.3m

\$5.2m primarily due to vacancies, offset by reduced capitalised costs to projects (\$2.2m)

Materials, Contracts & Other Expenses \$0.6m

Driven by additional proposed retimed project spend of \$3.0m and WIP Write off \$1.3m due to the processing of Work In Progress. Offset by unfavourable contractors (\$1.4m), unachieved procurement efficiencies (\$1.0m), increased utility costs for water and electricity (\$0.7m), and provision for bad debts (\$0.4m)

Depreciation, Amortisation & Impairments (\$2.8m)

AASB 16 - leases adjustment due to new accounting standard implemented in 2019-20

Finance Costs \$3.9m

AASB 16 - leases adjustment due to new accounting standard implemented in 2019-20

Funding Summary

Explanation

The Funding Summary provides a breakdown of the key variances in funding operations, net outlays on existing assets and net outlays on new and upgraded assets between the Quarter 3 Forecast and the preliminary end of financial year position. This summary is presented in a format consistent with the Uniform Presentation of Finances.

\$'000s	2019-20 Actual	2019-20 Quarter 3 Forecast	Variance
Income	199,774	196,432	3,342
less Expenses	(208,907)	(211,619)	2,711
Operating Surplus / (Deficit) before Capital Amounts	(9,133)	(15,186)	6,053

less Net Outlays on Existing Assets

Net Capital Expenditure on Renewal & Replacement of Existing Assets	30,568	36,359	(5,791)
less Depreciation, Amortisation and Impairment	(47,015)	(46,976)	(39)
less Amounts received specifically for Existing Assets	(1,967)	(2,828)	861
Net Outlays on Existing Assets	(18,414)	(13,445)	(4,969)

less Net Outlays on New and Upgraded Assets

Net Capital Expenditure on New and Upgraded Assets	13,063	15,211	(2,147)
less Amounts received specifically for New and Upgraded Assets	(2,893)	(4,194)	1,302
less Proceeds from Sale of Assets	-	-	-
Net Outlays on New and Upgraded Assets	10,171	11,016	(845)

Net Lending / (Borrowing) for the Financial Year	(890)	(12,757)	11,867
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Renewal & Replacement of Existing Assets

Capital Expenditure \$5.8m

Primarily due to the re-timing of 2019-20 projects into 2020-21 \$5.3m, including \$0.8m for Adelaide Central Market Authority (ACMA) projects

Amounts received (\$0.9m)

Lower than forecasted grant income for asset renewals including

- Blackspot Funding - War Memorial Drive due to project not proceeding \$504k
- West Tce / Currie St Intersection \$92k project completed with savings

New and Upgraded Assets

Capital Expenditure \$2.1m

Primarily due to the retiming of 2019-20 projects into 2020-21 \$1.7m, including Denise Norton Park/Pardipardinyilla (Park 2) East, and project savings identified of \$0.3m including Solar PV and Public Art.

Amounts received (\$1.3m)

Due to the retiming of funding for 2019-20 projects into 2020-21 (\$1.3m), principally Denise Norton Park/Pardipardinyilla (Park 2) East (\$1.2m)

Financial Performance by Budget Category

Explanation

The following table provides a summary of the funding variance for each budget category relative to the Quarter 3 forecast.

The surpluses generated by general and business operations are used to fund expenditure on projects.

Major and Commercial Projects are generally funded through grants or borrowings.

\$'000s	2019-20 Actual	2019-20 Quarter 3 Forecast	Variance
General Operations	35,958	34,502	1,456
Business Operations	19,574	18,394	1,180
Funding available for Projects & Infrastructure	55,531	52,896	2,636
Projects	(17,272)	(20,069)	2,797
Infrastructure and renewals	(25,138)	(29,224)	4,086
Total Projects and Infrastructure	(42,410)	(49,293)	6,883
Underlying surplus / (deficit)	13,122	3,603	9,519
Major Projects	(8,147)	(8,631)	484
Commercial Projects	(2,456)	(2,908)	452
Commercial & Major Projects	(10,603)	(11,539)	936
Surplus / (deficit) before subsidiaries	2,519	(7,936)	10,455
Subsidiaries	(3,409)	(4,821)	1,413
Net Surplus / (deficit)	(890)	(12,757)	11,868

The full year position is a funding deficit of (\$0.9m) which is \$11.9m favourable to the Quarter 3 revised forecast. Key variances include:

- **General Operations \$1.5m** favourable primarily due to income \$2.1m from fees and charges, \$1.4m impact for the treatment of leases following the rent waiver, resource costs \$1.1m and interest expense \$0.2m, offset by contractual services (\$0.8m), utilities (\$0.4m) and other expenditure (\$0.1m)
- **Business Operations \$1.2m** favourable primarily due to UPark \$1.5m through the success of UPark Plus, Property \$0.5m, Golf Course \$0.2m and Aquatic Centre \$0.1m offset by the business operations target (\$1.2m).
- **Projects \$2.8m** favourable including \$2.2m of projects to be retimed into 2020-21 and savings of \$0.6m
- **Infrastructure \$4.1m** favourable due to re-timing adjustments of \$4.6m offset by a reduction in grant income (\$0.3m) and transfer from Major Projects (\$0.1m).
- **Major Projects \$0.5m** favourable due to re-timing of adjustments of \$0.4m and transfer to Infrastructure of \$0.1m.
- **Commercial Projects \$0.5m** favourable due to savings of \$0.2m and re-timing of projects into 2020-21 of \$0.2m
- **Subsidiaries \$1.4m** favourable due to re-timing adjustments of \$0.8m for Adelaide Central Market Authority (ACMA) capital projects and higher than anticipated parking income \$0.6m

Projects

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Adjustments		
Recover & Reimagine		
<ul style="list-style-type: none"> Funding for the crowdsourced ideas from Council members and the community to activate our mainstreets and laneways and support City recovery. Grant funding received from SATC to support outdoor dining and retail activity of \$24k Grant funding received from State Government of \$200k for City activation through Music in the Streets and Winter Weekends. 	-	Expenditure (364) Income 224
Don Dunstan Foundation Strategic Partnership Reinstatement of funding returned at Quarter 3, noting a requirement for co-contributions from the State Government to enable the delivery of this funding. Council ID 20215	(208)	(105)
E-Planning Funding reallocated from general operations.	(264)	(29)
Melbourne, O'Connell and Hutt Street Action Plans Action plans contribution to retail study costs covered by a transfer of savings from Transport and Movement strategy.	(138)	(22)
Transport and Movement Strategy Allocation to the Action plans (above) to fund the retail study.	(128)	22
Total		(274)
Re-timed		
Recover & Reimagine		
Continuation of the delivery of crowdsourced ideas from Council members and the community to activate our mainstreets and laneways and support City recovery, including Grant funding from SATC and the State Government.	-	Expenditure 311 Income (224)
Representation Review Project delayed due to timeframes with the Local Government Reforms, project expected to commence in October 2020. Part budget previously carried forward.	10	10
Splash Adelaide Reversal of Quarter 1 carry forward due to higher than forecasted spend in the last quarter to support recover and reimagining initiatives.	(650)	(25)

Summary of Adjustments

The adjustments on the left reflect changes since the Quarter 3 forecast to the existing funding allocated to projects. The changes include:

- Allocation of funding for the Recover & Reimagine initiatives to support the City's recovery in the wake of COVID-19
- The Council Decision to re-instate funding for the Don Dunstan Foundation Strategic Partnership, and
- Small adjustments / reprioritisation of funding for E-Planning and the Master Plans.

The net value of the these adjustments (\$0.3m) have been funded from operational savings.

Summary of Re-timed Projects

\$2.2 million of 2019-20 Projects have been re-timed into 2020-21 for the reasons outlined in the tables, including for delays in delivery arising from the implications of COVID-19.

Projects

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Re-timed \$'000
Retimed continued		
Don Dunstan Foundation Strategic Partnership Carry forward of reinstated funds, noting a requirement for co-contributions from the State Government to enable the delivery of this funding. Council ID 20215	(208)	95
North Adelaide Parking Review Implementation delayed, finalisation of signage and line marking.	(106)	35
Payment Card Industry (PCI) Compliance Project delayed, recommenced once restrictions reduced	(449)	178
Asset Management Transformation Program Project delayed, recommenced once restrictions reduced, expected completion first half 2020-21.	(2,762)	487
Network Connectivity and Security Working from home solution upgrade required, carry forward to provide budget for 12 months licence.	(480)	132
Property Valuation Software Finalisation of project including assessment amendments, and streamlining tenancy information schedule for integration to systems.	(132)	42
Free City Connector Bus Relocation of the recharge unit delayed due to COVID travel restrictions - \$21k required. The new DPTI fee proposal for the continuation of the Free City Connector bus service is higher than anticipated for the 2020-21 budget - \$30k required.	(934)	51
Park Lands Parking Study Survey and data collection delayed due to COVID-19 and ongoing lower flow of traffic in the City and Park Lands.	(44)	20
Transport and Movement Strategy Funds for a public consultation alongside DPTI's new City Access proposals. Work delayed due to COVID-19, project going to Committee in Quarter 1 for further guidance and timing	(128)	40
Transport Services Funds for improved signage of Park Lands trail through decals, delayed due to COVID-19.	(78)	15
Built Heritage Management Grant Funds not taken up for grant allocation during 2019-20.	(1,080)	24
World Heritage Bid - City and Park Lands Consultancy work on the listing has been delayed due to COVID-19, funds to be carried forward for continuation of work	(40)	40
E-Planning Continuation of work on bringing planning application forms online, project delayed due to delays in DPTI's online portal and publication of PDI Act	(264)	181

Continuation of the summary of Re-timed Projects

\$2.2 million of 2019-20 Projects have been re-timed into 2020-21 for the reasons outlined in the tables, including for delays in delivery arising from the implications of COVID-19.

Projects

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Re-timed \$'000
Redevelopment of CoA Website Commitment for build of add on to voice assistant to check availability at UPark.	(128)	3
Climate Change Action Initiative Fund Completion of activities budgeted as part of 2019-20 allocation to Climate Change Action Initiatives Fund including the Water Sensitive City, Climate Risk and Sustainability Incentive Scheme.	(1,621)	295
Strategic Waste Management Plan Waste Strategy Consultation report undergoing final review.	(56)	9
Central Market Arcade Redevelopment Final completion of redevelopment activities budgeted in 2019-20 including Design Peer Review and Retail Strategy Investigation.	(270)	100
City Growth Commitments for partnerships with Business SA and City Awards and grant submission for Smart City Accelerator Program.	(1,438)	280
Festival and Event Sponsorship Program Committed funds carried forward to support events disrupted by COVID-19.	(1,967)	80
City Wide Business Model Feasibility Study City Wide Business Model Round Table Consultation on the draft charter.	(30)	17
Public Art Funds set aside for Music laneways.	(288)	55
Christmas in the City 2020 Part reversal of QF2 carry forward for early decorations purchases.	-	(63)
Total		2,188

Continuation of the summary of Re-timed Projects

\$2.2 million of 2019-20 Projects have been re-timed into 2020-21 for the reasons outlined in the tables, including for delays in delivery arising from the implications of COVID-19.

Commercial Projects

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Adjustments		
Solar PV installation Project completed with savings.	(500)	174
Total		174
Re-timed		
UPark Plus Elements of the Park Charge project have been completed ahead of anticipated schedule.	(212)	(15)
North Adelaide Golf Course Master Plan Funding to facilitate Par 3 improvement.	(16)	15
Ten Gigabit Adelaide Remainder of costs to deliver Wi-Fi aspect of project.	(341)	35
88 O'Connell Street Development Funding to support the ongoing development.	(629)	140
Gawler UPark Façade** Minor additional re-timed value.	(1,438)	53
Total		228

** The Gawler UPark Façade project was incorrectly labelled as finalised in the Quarter 3 Finance & Performance Report. The project has been re-timed into 2020-21 \$1,963k

The Commercial Projects include capital and operating projects that either support Council's Commercial Operations or are debt funded due to a return on investment (ie. the Solar PV installation, Central Market Arcade, Ten Gigabit Adelaide and 88 O'Connell Street).

Summary of Adjustments

Net savings of \$0.2m from the Solar PV installation.

Summary of Re-timed Projects

Net re-timing adjustments of \$0.2m.

Infrastructure Program

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Streets		
Adjustments		
Turning Gray St Green - Arbour Aligned Gray St project returned significant savings at QF2 and QF3 however an element related to a DEW grant was added to this deliverable.	(87)	(41)
Featherstone Place Project was split out from Gawler Place Development project with a budget of \$125k.	-	(125)
Projects with minor adjustments and savings	(387)	14
Total		(152)
Re-timed		
Jeffcott St Stage 2 Minor increase in re-timed value.	(706)	3
Decorative Lighting Program Minor increase in re-timed value.	(33)	(0)
Featherstone Place Works subject to multiple property owner agreements, agreement to be finalised prior to works commencing.	-	86
Grote Street (Morphett St to West Tce) Minor reduction in re-timed value.	(49)	(11)
Hutt Street Design finalisation and identification of quick wins for implementation Q1.	(100)	53
Whitmore Square Safety Improvements Construction element re-timed at Q3, minor additional re-time due to design complexities and consultant COVID impacts.	(90)	52
City Greening Minor reduction in re-timed value.	(69)	(2)
Field St (Design) Scheduled for completion in September.	(100)	43
North Terrace West footpath Minor carry forward for final works.	(103)	1
Chesser Arbour Consultant investigations underway, final report due to complete in July.	(80)	71
Tavistock Lane Contribution as part of funding deed agreement, third-party construction works delayed.	(150)	150
Paxton's Walk and Vaughan Place Delay in design completion, scheduled to complete in July.	(70)	7
Turning Gray St Green - Arbour Completion of co-funded sustainable outcomes on Gray Street including a green wall.	(87)	109
Union St Streetscape Reduction in re-timed value.	(44)	(36)
Moonta St Design Final works dependent on redevelopment which is nearing completion, planned for delivery in July.	(140)	18
Total		544

Streets

- Net adjustments of (\$0.2m) funded from a transfer, a grant and net savings.
- Re-timing adjustments of \$0.5m including Tavistock Lane and Turning Gray Street Green – Arbour.

Infrastructure Program

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Park Lands		
Adjustments		
Park 24 Access and Amenity Improvements		
Additional funds required due to delays in program and internal resource constraints during COVID-19.	(742)	(305)
Projects with other minor adjustments & savings	(304)	71
Total		(234)
Re-timed		
Creek Rehabilitation		
Works reprogrammed due to design delay.	(798)	43
Peace Park/Town Clerk's Walk		
Works were delayed during COVID shut down, completion expected in September.	(473)	261
Events Infrastructure Rundle Park		
SAPN have delayed delivery of the transformer, expected to be received in July.	(368)	239
Total		543
Transportation		
Adjustments		
Projects with other minor adjustments & savings	(1,045)	326
Total		326
Re-timed		
Victoria Square/Tarntanyangga Access & Inclusion Works		
Minor additional re-timed value.	(177)	8
Park 11 - Torrens Path (Albert Bridge to Behind Zoo)		
Delays due to unforeseen issues when connecting the path to the complex Albert Bridge structure, revised plans were required, on track for August completion.	(660)	245
North Terrace (King William Rd to Kintore Ave)		
Works retimed due to disruptions due to COVID-19.	(131)	64
Brougham Place		
Works retimed due to disruptions due to COVID-19.	(663)	497
Caldwell Lane		
Works retimed due to disruptions due to COVID-19.	(163)	85
Reinstatement Project		
Works retimed due to disruptions due to COVID-19.	(400)	400
Total		1,299
Traffic Signals		
Adjustments		
Projects with other minor adjustments & savings	(1,238)	(3)
Total		(3)

Park Lands

- Additional funding required for Park 24 (\$0.3m) partially offset by savings \$0.1m. Balance funded from savings in other categories.
- Re-timing adjustments of \$0.5m including Peace Park/Town Clerk's Walk and Events Infrastructure for Rundle Park.

Transportation

- Net savings of \$0.3m
- Re-timing adjustments of \$1.3m including Brougham Place, Reinstatement Project and Park 11 - Torrens Path (Albert Bridge to behind Zoo)

Traffic Signals

- Minor net adjustments (\$3k)

Infrastructure Program

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Bridges		
Re-timed		
Bridges Renewal Program		
Bridge was delivered, specific signage is required for load requirements of the bridge which will be completed in July.	(105)	13
Adelaide Bridge		
Crack repairs to Adelaide Bridge identified in Q4.	(100)	62
Total		75

Lighting and Electrical		
Adjustments		
Projects with other minor adjustments & savings	(1,089)	123
Total		123

Water Infrastructure		
Adjustments		
Projects with other minor adjustments & savings	(236)	41
Total		41

Re-timed		
Torrens Lake Submerged Earth Retaining Structures		
Minor additional re-timed value.	(110)	3
Torrens Lake Weir - Component Renewals		
Works delayed due to unforeseen complexities in the IT solution for the Torrens Weir Gate controls, work continues to determine the best outcome.	(342)	207
Total		210

Urban Elements		
Adjustments		
Urban Elements		
Urgent works to damaged statue.	(375)	(23)
Projects with other minor adjustments & savings	(375)	5
Total		(18)

Re-timed		
Urban Elements		
Re-timed value to undertake critical repairs.	(375)	20
Total		20

Bridges

- Re-timing adjustments of \$0.1m

Lighting and Electrical

- Net savings of \$0.1m

Water Infrastructure

- Net savings of \$41k.
- Re-timing adjustments of \$0.2m

Urban Elements

- Minor net adjustments (\$18k)
- Minor re-timing adjustments of \$20k

Infrastructure Program

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Park Lands and Streetscape Renewals		
Adjustments		
Park Lands Renewals	(487)	83
Total		83
Re-timed		
Park Lands Renewals		
Works reprogrammed due to resource constraints during COVID-19.	(487)	150
Streetscape Renewals		
Works reprogrammed due to resource constraints during COVID-19	(400)	296
Total		446
Plant, Fleet and Equipment		
Re-timed		
Plant & Fleet 19-20		
Delay to water truck delivery due to COVID-19 manufacturing restrictions, truck arrived on 14th July.	(1,206)	267
Library books 19-20		
Unspent State Library grant carried forward.	-	14
Golf Course fuel tank renewals		
Stage One of replacement of Golf Course fuel tanks to meet modern compliance standards.	(50)	50
Total		331

Urban Elements

- Net savings from adjustments of \$0.1m.
- Re-timing adjustments of \$0.4m for Streetscape Renewals and Park Land Renewals.

Plant, Fleet & Equipment

- Re-timing adjustments of \$0.3m due to the timing of the delivery of Plant & Fleet in July 2020.

Infrastructure Program

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Buildings		
Adjustments		
Hazardous Material Removal Program Following the removal of the asbestos structural issues were identified which require additional bracing, propping and rectification to ensure building is fit for purpose.	(500)	(309)
Public Conveniences Additional storage required due to delay to installation through COVID-19 retime decision.	(270)	(5)
Town Hall Uncommitted budget (which includes contingency) was offered as savings at QF3 due to COVID 19, minor contingency was required to finalise contracts.	(301)	(7)
Adelaide Aquatic Centre Renewals Additional Budget required for additional scope request, AAC High Level Options Review.	(43)	(16)
Projects with other minor adjustments & savings	(362)	14
Total		(323)
Re-timed		
Integrated Water Management Completion of works dependant on IT review, internal delays due to COVID-19 resourcing constraints.	(96)	15
Hazardous Material Removal Program Contribution as part of funding deed agreement, third-party construction works delayed.	(500)	727
Colonel Light Centre Renewals Minor additional re-timed value.	(277)	32
Public Conveniences Delay of unit arriving from supplier, to be installed in July.	(270)	18
UPark Buildings - Topham Mall Technical specifications continue to be worked through, re-timed value for essential fire service upgrades	(100)	100
UPark Buildings - Rundle UPark Minor additional re-timed value.	(122)	1
Building Management System Upgrade Carried forward due to compounding effects of additional investigation requirements and resolution of technical queries.	(200)	176
Total		1,069

Buildings

- Net adjustments of (\$0.3m) due to the reallocation of savings across the program for Hazardous Material Removal Program (\$0.3m)
- Re-timing adjustments of \$1.1m primarily due to the carry forward of funds for the Hazardous Material Removal Program \$0.7m and the Building Management System Upgrade \$0.2m.

Major Projects

Adjustments and re-timed

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
Adjustments		
Gawler Place Development Featherstone Place was split out from Gawler Place Development project with a budget of \$125k.	(6,888)	125
Total		125
Re-timed		
Gawler Place Development Delayed delivery of signature art piece, scheduled to be delivered in Q1.	(6,888)	236
Pelzer Park/ Pityarilla (Park 19) Enhancement Minor increase in re-timed value. Gross expenditure \$6k, income (\$6k).	-	Expenditure 6 Income (6)
City of Adelaide Bikeways – North-South Minor additional re-timed value. Gross expenditure \$6k, income (\$3k).	(44)	Expenditure 6 Income (3)
Market to Riverbank Minor additional re-timed value. Gross expenditure \$1k, income (\$1k).	(97)	Expenditure 1 Income (0)
City Connectivity - Digital Wayfinding Funds will be used to run a trial of a virtual tourism interface, which will inform and advise our broader rollout of the Digital Customer Experience component of the City Deal project.	(125)	125
Denise Norton Park/Pardipardinyilla (Park 2) East Enhancement Program delays due to internal capacity constraints, on track for completion in Q1. Gross expenditure \$1,214k, income (\$1,214k).	-	Expenditure 1,214 Income (1,214)
City Skate Park Delay due to complications with the complex design, no change to construction timeframes detailed in Q3. Gross expenditure \$78k, income (\$78k).	-	Expenditure 78 Income (78)
Total		365

Major Projects

- Transfer for Featherstone Place to Streets \$0.1m.
- Net retiming adjustments of \$0.4m noting adjustment for Denise Norton Park/Pardipardinyilla (Park 2) East includes the timing adjustment of \$1.2m expenditure and (\$1.2m) income.

Subsidiaries

Adelaide Central Market Authority

Project Explanation	QF3 Budget \$'000	Adjustment \$'000
ACMA Capital Works		
Re-timed		
Main Switchboard Replacement Final scoping of the Main Switchboard	(192)	53
Waste Water Compliance Investigation and pipework for the waste water project proposed for 2020-21	(105)	105
Escalator Renewal and Lift Glazing Update of scoping for replacement escalator and complete scoping for lift. Replacements planned in 2020-21	(132)	123
Stall Mezzanine Safety Renewal Compliance works to stalls delayed to 2020-21	(475)	185
Heating Ventilation Air Conditioning (HVAC) Investigation of Gas Heating for Gouger and Grote Streets	(1,868)	53
Grote Street Lift Replacement of Grote Street Lift brought forward to ensure operational prior to Arcade redevelopment and replacement of Market escalators	(133)	133
Wi-Fi Site survey and installation of 12 access points	(50)	50
Gas Heating - Dining Investigation of installation of gas heating at secondary eating areas	(140)	135
Total		837

ACMA Capital Works

- Re-timing adjustments of \$0.8m including the Stall Mezzanine Safety Renewal, works to the Grote Street Lift, and Escalator Renewal and Lift Glazing.

Quarter Performance

financial indicators and performance

Dashboard

The table below provides information about the key indicators of the Council's financial performance and financial position. A range of financial indicators have been included to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan (which is provided as Appendix A)

2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Borrowings (\$'m) (Total borrowings)											
Target: Prudential Limits											
73.7	51.6	90.1	85.7	108.4	93.4	72.0	66.4	57.9	47.8	73.2	111.6
Operating Surplus (\$'m) (Funding surplus/(deficit))											
Target: Financial sustainability											
(19.3)	(10.5)	(36.4)	(5.2)	(5.1)	(3.2)	4.4	4.3	10.9	9.3	13.5	7.5
Operating Surplus Ratio (Operating surplus as a percentage of operating revenue)											
Target: 0%-20%											
(10%)	(5%)	(20%)	(3%)	(2%)	(1%)	2%	2%	5%	4%	5%	3%
Net Financial Liabilities (Financial liabilities and a percentage of operating revenue)											
Target: Less than 80%											
42%	39%	67%	62%	72%	63%	47%	43%	39%	33%	42%	56%
Asset Sustainability Ratio (Expenditure on asset renewals as a % of forecast required expenditure in the asset management plans)											
Target: 90%-110%											
43%	33%	73%	67%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Test Ratio (Borrowings as a percentage of total saleable property assets)											
Target: Maximum 50%											
21%	14%	26%	24%	30%	24%	19%	17%	15%	12%	18%	27%
Interest Expense Ratio (Number of times General Rates Revenue (less NRM Levy) can service the annual interest expense)											
Target: Maximum 10%											
1.0%	0.8%	1.3%	1.4%	1.5%	1.5%	1.2%	1.0%	0.9%	0.7%	0.8%	1.2%
Leverage Test Ratio (Total borrowings relative to General Rates Revenue (Less NRM Levy))											
Target: Maximum 1.5 years											
0.6	0.5	0.8	0.7	0.9	0.7	0.5	0.5	0.4	0.3	0.5	0.7

Quarter Performance

financial indicators and performance

Local Government Indicators

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia

Operating Surplus Ratio (Operating surplus as a percentage of operating revenue)

Target: 0%-20%

(10%)	(5%)	(20%)	(3%)	(2%)	(1%)	2%	2%	5%	4%	5%	3%
2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

This indicator represents the percentage by which the major controllable revenue source varies from day to day operating expenses. Financial sustainability is indicated where a council consistently achieves operating surpluses and has soundly based projections showing it can continue to do so in the future, having regard to asset management and the service level needs of its community.

Target: The Local Government Act target is to achieve an average operating surplus ratio between 0% and 15% over any five-year period. However, as a capital city council, the City of Adelaide has significant responsibilities in improving its public realm, and as such considers that an average operating surplus ratio between 0% and 20%, over any five-year period, is a more appropriate target.

Analysis: The 2019-20 through to 2023-24 financial years are forecasted to fall outside the target range, as a result of reduced income from COVID-19. Council's response to remediate is to reduce operating expenditure by \$20m in the 2020-21 Financial Year. This ongoing saving improves the ratio and overtime operating surpluses are generated to reduce borrowings and reinvest from 2024-25.

Net Financial Liabilities (Financial liabilities and a percentage of operating surplus)

Target: Less than 80%

42%	39%	67%	62%	72%	63%	47%	43%	39%	33%	42%	56%
2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

This indicator represents the significance of the net amount owed compared with operating revenue. It measures the extent to which Council is managing its debt and highlights that borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. A steady ratio means council is balancing the need to borrow against their affordability of debt. An excessive ratio means Council is borrowing beyond their means and cannot generate the income required to service assets and operations.

Target: The target for Net Financial Liabilities should normally be greater than zero. If not, then it implies that a council is willing to place a higher priority on accumulated financial assets than applying funds generated from ratepayers to the provision of services and/or infrastructure renewal. The target set by City of Adelaide is that liabilities as a percentage of total operating revenue will not exceed 80%.

Analysis: City of Adelaide's net financial liabilities are within the prescribed target.

Quarter Performance

financial indicators and performance

Asset Sustainability Ratio (Expenditure on asset renewals as a % of forecast required expenditure in the asset management plans)

Target: 90%-110%

43%	33%	73%	67%	100%	100%	100%	100%	100%	100%	100%	100%
2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

This indicator expresses expenditure on asset renewals as a percentage of the projected funding required for asset renewal. It illustrates whether existing assets are being replaced or renewed at the rate they are being consumed and ensures consistent service delivery as determined by the Asset Management Plans (AMPs).

Target: A ratio lower than 100% suggests that Council is not maintaining assets and infrastructure in order to optimise asset lives. A ratio higher than 100% suggests that Council is replacing assets earlier than needed. Adoption of a target ratio between 90% and 110%, is in line with the *Local Government Act 1999*.

Analysis: The Infrastructure and Asset Management Plans (AMPs) are currently being reviewed and updated including asset levels of service, taking into account community needs, population density/growth impacts and asset management principles.

Impacts of reducing the Infrastructure Program in 2020-21 will increase the renewal funding required over the longer term (to enable the renewal backlog to be undertaken), reducing capacity to deliver new and significant upgrade projects, major projects and emerging priorities in the short to medium term.

As a result of the sustainability ratio falling below the target range for 2019-20 through to 2021-22, consideration will need to be made for the Long Term Financial Plan funding to take a longer term view on asset replacement to ensure it does not interfere with renewals over the life of the plan.

Quarter Performance

financial indicators and performance

Treasury Report indicators

The Treasury and Cash Investment Policy sets the risk appetite of Council and the amount of borrowing it can sustain as defined by the Prudential Borrowing Limits, as calculated in the following 3 ratios

Asset Test Ratio (Borrowings as a percentage of total saleable property assets)

Target: Maximum 50%

21%	14%	26%	24%	30%	24%	19%	17%	15%	12%	18%	27%
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Interest Expense Ratio (Number of times General Rates Revenue (less NRM Levy) can service the annual interest expense)

Target: Maximum 10%

1.0%	0.8%	1.3%	1.4%	1.5%	1.5%	1.2%	1.0%	0.9%	0.7%	0.8%	1.2%
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Leverage Test Ratio (Total borrowings relative to General Rates Revenue (Less NRM Levy))

Target: Maximum 1.5 years

0.6	0.5	0.8	0.7	0.9	0.7	0.5	0.5	0.4	0.3	0.5	0.7
2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

The maximum level of debt is prescribed by Council by way of prudential limits. While Council does not place a physical monetary limit on the level of borrowings, and upper limit is determined through its financial indicators. When borrowing, Council will consider these indicators.

Target: The Prudential limits set within the Policy are:

Asset Test Ratio Maximum of 50%

Interest Expense Ratio Maximum of 10%

Leverage Test Ratio Maximum 1.5 Years

Prudential limits are breached when one of the ratios fall outside of the targets stipulated in the Treasury and Cash Investment Policy. The breach must be reported with remediation actions to the CEO immediately and reported quarterly within the borrowing and cash investment performance report.

Analysis: City of Adelaide's borrowings are within the prescribed targets across the Long Term Financial Plan

Appendix

A – Budgeted Financial Statements

B – Long Term Financial Plan

Item 3.3 - Attachment A

Appendix A

Budgeted Financial Statements

Uniform Presentation of Finances

\$'000s	Consolidated 2019-20 Adopted Budget*	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast	Consolidated 2019-20 EOY Forecast
Income	210,044	210,781	196,432	199,774
less Expenses	(211,964)	(219,684)	(214,284)	(208,907)
Operating Surplus / (Deficit) before Capital Amounts	(1,920)	(8,903)	(17,852)	(9,133)
less Net Outlays on Existing Assets				
Net Capital Expenditure on Renewal & Replacement of Existing Assets	47,451	55,642	36,359	30,568
less Depreciation, Amortisation and Impairment	(48,323)	(49,943)	(49,643)	(47,015)
less Amounts received specifically for Existing Assets	(1,073)	(2,942)	(2,828)	(1,967)
Net Outlays on Existing Assets	(1,945)	2,758	(16,112)	(18,414)
less Net Outlays on New and Upgraded Assets				
Net Capital Expenditure on New and Upgraded Assets	39,171	29,093	15,211	13,063
less Amounts received specifically for New and Upgraded Assets	(42,166)	(6,540)	(4,194)	(2,893)
less Proceeds from Sale of Assets	-	-	-	-
Net Outlays on New and Upgraded Assets	(2,995)	22,553	11,016	10,171
Net Lending / (Borrowing) for Financial Year	3,020	(34,213)	(12,757)	(890)

- The 2019-20 Adopted Budget has been restated for:
 - the impact of AASB 16 Leases where a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months
 - \$5.0m grant from the SA Government now recognised within Grants, Subsidies and Contributions (previously recognised in Amounts received specifically for New or Upgraded Assets)
- The Adopted Budget does not include re-timing adjustments for 2018-19 Preliminary End of Year

Appendix A

Budgeted Financial Statements

Statement of Comprehensive Income

\$'000s	Consolidated 2019-20 Adopted Budget*	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast	Consolidated 2019-20 EOY Forecast
Income				
Rates Revenues	114,341	116,508	116,458	115,593
Statutory Charges	13,984	13,363	11,217	11,771
User Charges	72,153	71,498	59,300	62,438
Grants, Subsidies and Contributions	9,653	11,378	11,165	11,236
Investment Income	36	36	50	59
Reimbursements	526	525	525	1,392
Other Income	424	415	546	610
Total Income	211,117	213,723	199,261	203,117
Expenses				
Employee Costs	77,465	77,868	77,135	73,838
Materials, Contracts & Other Expenses	79,037	97,858	85,952	85,351
Depreciation, Amortisation & Impairment	48,323	49,943	49,643	52,456
Finance Costs	7,139	6,493	5,818	1,931
Total Expenses	211,964	232,161	218,547	213,576
Operating Surplus / (Deficit)	(847)	(18,438)	(19,287)	(10,459)
Asset Disposal & Fair Value Adjustments		(300)	(300)	(112)
Amounts Received Specifically for New or Upgraded Assets	37,166	440	377	17
Operating Result of Discontinued Operation				17
Net Surplus / (Deficit)	36,319	(18,298)	(19,209)	(10,553)
Total Comprehensive Income	36,319	(18,298)	(19,209)	(10,553)

Appendix A

Budgeted Financial Statements

Statement of Financial Position

\$'000s	Consolidated 2019-20 Adopted Budget*	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast	Consolidated 2019-20 EOY Forecast
ASSETS				
Current Assets				
Cash and Cash Equivalents	85	2,000	800	1,128
Trade & Other Receivables	14,652	10,759	25,259	15,859
Other Financial Assets	159	143	143	143
Inventories	527	641	641	707
Total Current Assets	15,424	13,543	26,843	17,837
Non-Current Assets				
Financial Assets	387	250	250	250
Equity Accounted Investments in Council Businesses	76	629	629	629
Investment Property	2,923	2,894	2,894	2,865
Infrastructure, Property, Plant & Equipment	1,733,698	1,853,743	1,828,791	1,857,674
Other Non-Current Assets	1,569	1,659	1,659	1,264
Total Non-Current Assets	1,738,653	1,859,175	1,834,223	1,862,682
TOTAL ASSETS	1,754,077	1,872,718	1,861,066	1,880,519
LIABILITIES				
Current Liabilities				
Trade & Other Payables	21,593	22,122	18,339	27,914
Provisions	13,259	14,157	14,157	13,876
Other Current Liabilities	1,562	1,562	1,562	4,824
Total Current Liabilities	36,414	37,840	34,058	46,615
Non-Current Liabilities				
Trade & Other Payables	-	293	1,293	-
Borrowings	66,980	81,613	73,656	51,600
Provisions	2,067	2,047	2,047	1,955
Other Non-Current Liabilities	15,167	15,167	15,167	36,848
Total Non-Current Liabilities	84,214	99,121	92,164	90,403
TOTAL LIABILITIES	120,628	136,961	126,221	137,018
Net Assets	1,633,449	1,735,756	1,734,845	1,743,501
EQUITY				
Accumulated Surplus	895,638	816,309	815,398	823,486
Asset Revaluation Reserves	736,242	917,788	917,788	918,355
Other Reserves	1,569	1,659	1,659	1,659
Total Council Equity	1,633,449	1,735,756	1,734,845	1,743,501

Appendix A

Budgeted Financial Statements

Statement of Changes in Equity

\$'000s	Consolidated 2019-20 Adopted Budget*	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast	Consolidated 2019-20 EOY Forecast
Balance at the end of previous reporting period	1,597,130	1,754,054	1,754,054	1,754,054
a. Net Surplus / (Deficit) for Year	36,319	(18,298)	(19,209)	(10,553)
b. Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	36,319	(18,298)	(19,209)	(10,553)
Gain (Loss) on Revaluation of I, PP&E	-	-	-	-
Balance at the end of period	1,633,449	1,735,756	1,734,845	1,743,501

Appendix A

Budgeted Financial Statements

Statement of Cash flows

\$'000s	Consolidated 2019-20 Adopted Budget*	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast	Consolidated 2019-20 EOY Forecast
Cash Flows from Operating Activities				
<u>Receipts</u>				
Operating Receipts	211,117	216,654	187,378	199,924
<u>Payments</u>				
Operating Payments to Suppliers and Employees	(162,500)	(169,238)	(166,507)	(161,698)
Net Cash provided by (or used in) Operating Activities	48,617	47,417	20,871	38,226
Cash Flows from Investing Activities				
<u>Receipts</u>				
Amounts Received Specifically for New/Upgraded Assets	37,166	440	377	2,917
Sale of Surplus Assets	-	-	-	-
<u>Payments</u>				
Expenditure on Renewal/Replacement of Assets	(47,451)	(55,642)	(36,359)	(30,568)
Expenditure on New/Upgraded Assets	(39,171)	(29,093)	(15,211)	(13,063)
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(49,456)	(84,295)	(51,193)	(40,715)
Cash Flows from Financing Activities				
<u>Receipts</u>				
Proceeds from Borrowings	1,980	34,013	26,256	2,266
<u>Payments</u>				
Repayment from Borrowings	-	-	-	-
Repayment of Principal portion of lease liability	(1,204)	(1,204)	(1,204)	(4,719)
Net Cash provided by (or used in) Financing Activities	776	32,810	25,052	(2,453)
Net Increase (Decrease) in Cash Held	(63)	(4,069)	(5,269)	(4,941)
plus: Cash & Cash Equivalents at beginning of period	148	6,069	6,069	6,069
Cash & Cash Equivalents at end of period	85	2,000	800	1,128

Appendix B - Uniform Presentation of Finances

\$'000s	2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Draft Budget	2020-21 Final Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Income	196,432	199,774	186,122	186,289	201,112	206,560	211,905	225,052	231,149	236,986	242,938	249,009	255,200
less Expenses	(214,284)	(208,907)	(217,707)	(223,118)	(206,136)	(209,213)	(213,979)	(220,226)	(226,559)	(225,897)	(232,376)	(230,625)	(240,845)
Operating Surplus / (Deficit) before Capital Amounts	(17,852)	(9,133)	(31,584)	(36,829)	(5,024)	(2,653)	(2,074)	4,827	4,591	11,089	10,562	18,383	14,356
less Net Outlays on Existing Assets													
Net Capital Expenditure on Renewal & Replacement of Existing Assets	36,359	30,568	41,811	41,885	30,679	59,001	61,846	56,418	57,096	56,731	57,764	95,438	110,453
less Depreciation, Amortisation and Impairment	(49,643)	(47,015)	(50,845)	(53,744)	(52,834)	(52,527)	(53,757)	(54,412)	(58,156)	(54,149)	(57,255)	(51,722)	(57,690)
less Amounts received specifically for Existing Assets	(2,828)	(1,967)	(864)	(864)									
Net Outlays on Existing Assets	(16,112)	(18,414)	(9,898)	(12,724)	(22,155)	6,474	8,089	2,006	(1,060)	2,582	510	43,716	52,763
less Net Outlays on New and Upgraded Assets													
Net Capital Expenditure on New and Upgraded Assets	15,211	13,063	25,404	25,999	19,020	14,188	-	-	-	-	-	-	-
less Amounts received specifically for New and Upgraded Assets	(4,194)	(2,893)	(14,944)	(14,650)	(1,141)	-	-	-	-	-	-	-	-
less Proceeds from Sale of Assets	-	-	-	-	-	-	(25,000)	(25,500)	-	-	-	-	-
Net Outlays on New and Upgraded Assets	11,016	10,171	10,460	11,349	17,879	14,188	(25,000)	(25,500)	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	(12,756)	(890)	(32,146)	(35,454)	(748)	(23,315)	14,837	28,321	5,650	8,507	10,052	(25,333)	(38,407)

Appendix B - Statement of Comprehensive Income

\$'000s	2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Draft Budget	2020-21 Final Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Income													
Rates Revenues	116,458	115,593	119,393	118,455	123,325	127,025	130,799	135,773	140,104	144,140	148,256	152,454	156,736
Statutory Charges	11,217	11,771	8,450	8,900	11,973	12,153	12,389	12,630	12,875	13,125	13,380	13,640	13,904
User Charges	59,300	62,438	54,262	53,435	61,470	63,055	64,377	72,280	73,743	75,208	76,700	78,220	79,771
Grants, Subsidies and Contributions	11,165	11,236	3,856	4,510	3,051	3,112	3,174	3,238	3,302	3,369	3,436	3,505	3,575
Investment Income	50	59	35	35	26	26	27	27	28	28	29	29	30
Reimbursements	525	1,392	691	691	705	719	733	748	763	778	794	809	826
Other Income	546	610	299	299	305	311	318	324	330	337	344	351	358
Total Income	199,261	203,117	186,987	186,326	200,855	206,402	211,817	225,020	231,145	236,985	242,937	249,008	255,200
Expenses													
Employee Costs	77,135	73,838	79,274	78,274	71,712	73,212	74,743	76,306	77,903	79,492	81,114	82,769	84,458
Materials, Contracts & Other Expenses	85,952	85,351	84,712	88,296	79,001	82,733	83,518	87,379	88,661	90,571	93,710	99,415	103,434
Depreciation, Amortisation & Impairment	49,643	52,456	50,845	53,744	52,834	52,527	53,757	54,412	58,156	54,149	57,255	51,722	57,690
Finance Costs	5,818	1,931	5,797	2,423	2,504	3,007	2,965	2,494	2,115	1,854	1,561	1,638	2,164
Total Expenses	218,547	213,576	220,628	222,737	206,051	211,479	214,983	220,592	226,834	226,066	233,640	235,545	247,746
Operating Surplus / (Deficit)	(19,287)	(10,459)	(33,641)	(36,411)	(5,196)	(5,077)	(3,167)	4,428	4,311	10,919	9,297	13,463	7,454
Asset Disposal & Fair Value Adjustments	(300)	(112)	(300)	(300)	-	-	3,590	(300)	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	377	17	3,293	3,429	1,141	-	-	-	-	-	-	-	-
Operating Result of Discontinued Operation		17											
Net Surplus / (Deficit)	(19,209)	(10,553)	(30,648)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454
Total Comprehensive Income	(19,209)	(10,553)	(30,648)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454

Appendix B - Statement of Financial Position

\$'000s	2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Draft Budget	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
ASSETS													
Current Assets													
Cash and Cash Equivalents	800	1,128	800	800	800	800	800	800	800	800	800	800	800
Trade & Other Receivables	25,259	15,859	9,433	14,789	15,047	15,131	15,434	16,358	16,798	17,221	17,653	18,093	18,542
Other Financial Assets	143	143	129	129	116	104	94	84	76	68	62	55	50
Inventories	641	707	641	707	707	707	707	707	707	707	707	707	707
Total Current Assets	26,843	17,837	11,003	16,424	16,670	16,742	17,035	17,950	18,381	18,796	19,221	19,655	20,099
Non-Current Assets													
Financial Assets	250	250	225	225	203	182	164	148	133	120	108	97	87
Equity Accounted Investments in Council Businesses	629	629	629	629	629	629	629	629	629	629	629	629	629
Investment Property	2,894	2,865	2,923	2,894	2,923	2,952	2,981	3,011	3,041	3,072	3,102	3,133	3,165
Infrastructure, Property, Plant & Equipment	1,828,791	1,857,674	1,834,405	1,867,041	1,877,067	1,890,411	1,913,778	1,884,342	1,877,572	1,874,481	1,869,214	1,903,387	1,945,104
Other Non-Current Assets	1,659	1,264	1,659	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Total Non-Current Assets	1,834,223	1,862,682	1,839,841	1,872,053	1,882,086	1,895,438	1,918,816	1,889,394	1,882,640	1,879,565	1,874,317	1,908,510	1,950,249
TOTAL ASSETS	1,861,066	1,880,519	1,850,844	1,888,477	1,898,755	1,912,180	1,935,851	1,907,344	1,901,020	1,898,361	1,893,539	1,928,165	1,970,348
LIABILITIES													
Current Liabilities													
Trade & Other Payables	18,339	27,914	26,935	37,195	34,853	35,532	42,780	36,468	36,639	36,787	36,941	35,766	35,930
Provisions	14,157	13,876	11,606	11,320	11,546	11,777	12,013	12,253	12,498	12,748	13,003	13,263	13,528
Other Current Liabilities	1,562	4,824	1,050	3,290	5,093	5,140	5,276	5,434	5,504	4,513	3,291	4,144	3,473
Total Current Liabilities	34,058	46,615	39,590	51,805	51,493	52,449	60,069	54,155	54,641	54,048	53,235	53,173	52,931
Non-Current Liabilities													
Trade & Other Payables	1,293	-	1,000	1,000	7,000	7,000	-	-	-	-	-	-	-
Borrowings	73,656	51,600	91,590	90,125	85,700	108,354	93,351	72,030	66,380	57,873	47,820	73,153	111,560
Provisions	2,047	1,955	1,678	1,585	1,616	1,649	1,682	1,715	1,749	1,784	1,820	1,857	1,894
Other Non-Current Liabilities	15,167	36,848	13,165	33,745	46,782	41,642	36,366	30,932	25,428	20,915	17,624	13,480	10,007
Total Non-Current Liabilities	92,164	90,403	107,434	126,454	141,099	158,644	131,399	104,677	93,557	80,572	67,265	88,490	123,461
TOTAL LIABILITIES	126,221	137,018	147,024	178,259	192,592	211,093	191,468	158,832	148,198	134,620	120,500	141,663	176,392
Net Assets	1,734,845	1,743,501	1,703,820	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502	1,793,956
EQUITY													
Accumulated Surplus	815,398	823,486	784,373	790,205	786,150	781,073	781,496	785,624	789,935	800,854	810,152	823,615	831,069
Asset Revaluation Reserves	917,788	918,355	917,788	918,355	918,355	918,355	961,228	961,228	961,228	961,228	961,228	961,228	961,228
Other Reserves	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659
Total Council Equity	1,734,845	1,743,501	1,703,820	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502	1,793,956

Appendix B - Statement of Changes in Equity

\$'000s	2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Draft Budget	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Balance at the end of previous reporting period	1,754,054	1,754,054	1,734,467	1,743,501	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502
a. Net Surplus / (Deficit) for Year	(19,209)	(10,553)	(30,648)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454
b. Other Comprehensive Income													
Total Comprehensive Income	(19,209)	(10,553)	(30,648)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454
Gain (Loss) on Revaluation of I, PP&E							42,873						
Balance at the end of period	1,734,845	1,743,501	1,703,820	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502	1,793,956

Appendix B - Statement of Cash Flows

\$'000s	2019-20 Quarter 3 Forecast	2019-20 EOY Forecast	2020-21 Draft Budget	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Cash Flows from Operating Activities													
<u>Receipts</u>													
Operating Receipts	187,378	199,924	203,677	188,261	200,854	206,318	211,514	224,095	230,706	236,561	242,505	248,568	254,751
<u>Payments</u>													
Operating Payments to Suppliers and Employees	(166,507)	(161,698)	(159,094)	(158,805)	(148,816)	(150,729)	(154,484)	(159,580)	(162,526)	(165,820)	(170,176)	(173,838)	(178,561)
Net Cash provided by (or used in) Operating Activities	20,871	38,226	44,583	29,456	52,038	55,588	57,030	64,515	68,181	70,742	72,329	74,730	76,190
Cash Flows from Investing Activities													
<u>Receipts</u>													
Amounts Received Specifically for New/Upgraded Assets	377	2,917	3,293	3,429	1,141	-	-	-	-	-	-	-	-
Proceeds from Surplus Assets	-	-	1,000	1,000	6,000	-	25,000	18,500	-	-	-	-	-
<u>Payments</u>													
Expenditure on Renewal/Replacement of Assets	(36,359)	(30,568)	(41,811)	(41,885)	(30,679)	(59,001)	(61,846)	(56,418)	(57,096)	(56,731)	(57,764)	(95,438)	(110,453)
Expenditure on New/Upgraded Assets	(15,211)	(13,063)	(25,404)	(25,999)	(19,020)	(14,188)	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(51,193)	(40,715)	(62,922)	(63,455)	(42,558)	(73,189)	(36,846)	(37,918)	(57,096)	(56,731)	(57,764)	(95,438)	(110,453)
Cash Flows from Financing Activities													
<u>Receipts</u>													
Proceeds from Borrowings	26,256	2,266	19,890	38,525		22,654						25,333	38,407
<u>Payments</u>													
Repayment from Borrowings					(4,424)		(15,003)	(21,321)	(5,650)	(8,507)	(10,052)		
Repayment of Principal portion of lease liability	(1,204)	(4,719)	(1,551)	(4,853)	(5,055)	(5,053)	(5,181)	(5,276)	(5,434)	(5,504)	(4,513)	(4,625)	(4,144)
Net Cash provided by (or used in) Financing Activities	25,052	(2,453)		33,672	(9,480)	17,601	(20,184)	(26,597)	(11,085)	(14,011)	(14,565)	20,709	34,263
Net Increase (Decrease) in Cash Held	(5,269)	(4,941)	(0)	(328)	(0)	0	0	(0)	(0)	(0)	(0)	(0)	(0)
plus: Cash & Cash Equivalents at beginning of period	6,069	6,069	800	1,128	800	800	800	800	800	800	800	800	800
Cash & Cash Equivalents at end of period	800	1,128	800	800	800	800	800	800	800	800	800	800	800

Reshaping Our Organisation

ITEM 3.4 13/08/2020
Council

Strategic Alignment - Enabling Priorities

Program Contact:
Vanessa Godden, AD Customer
& People 8203 7156

2017/03236
Public

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

Throughout 2020 we have faced the biggest disruption to our community in one hundred years, a global pandemic which has dramatically changed our City. Like all City businesses, the absence of people since mid-March has seen our income immediately and significantly impacted. As detailed in the draft 2020-21 Business Plan and Budget, our operational income is forecast to reduce by \$21 million compared to the 2019-20 pre-COVID forecast.

With only 56% of our revenue coming from ratepayers, we are heavily reliant on fees and charges. With Council indicating that it will freeze rates and most fees and charges this financial year, and the restrictions associated with COVID-19 anticipated to continue for the foreseeable future, our ability to raise additional income is limited.

To manage our cashflow, we made the difficult but necessary decision to cut our costs where we could, on consultancies, contractors, legal services and temporary labour. This disruption has meant we have had to quickly adapt to a new way of working. While challenging, this period has taught us a lot about our services and functions, and has given us cause to reflect on which changes might be practical and sustainable, in the longer term.

We have also provided vital support to our community through the \$4 million City support package and have initiated partnerships and projects to assist City businesses to recover and to welcome people back to the City.

Our operating deficit is currently forecast to be \$33.6 million. This is not a sustainable position for any organisation. In response to this, and as directed by Council, a \$20m reduction in operational expenditure is reflected in the 2020-21 budget and in the Long-Term Financial Plan. Additionally, a provision has been made for a potential \$14.4 million in organisational realignment costs.

This is not business as usual. Reshaping our organisation will require a fundamental reappraisal of the role we play in driving public value through the delivery of our services, while ensuring we continue to fulfil our leadership role as a Capital City Council and our legislative requirements as a local government entity. The Recovery Principles endorsed by Council on 30 June 2020 will guide our future decision making, which include a commitment that 'Our service delivery will reflect the needs of the community'.

This report seeks Council's approval of the Reshaping Principles and Role of Council in the Delivery of our Services to assist in the reshaping of our organisation. In addition this report meets the requirements of section 99(2) of *the Local Government Act 1999* (SA), requiring the Chief Executive Officer to consult with Council (to a reasonable degree) when determining or changing to a significant degree the organisational structure for the staff of the council.

RECOMMENDATION

That Council:

1. Notes the permanent savings of \$2.576 million identified (post the enactment of our COVID-19 Business Continuity Plan) as an initial contribution to the \$20 million operational expenditure savings target set by Council (Phase 1).
2. Notes the considerations and levers for reshaping our organisation in support of achieving the \$20 million operational savings, other efficiencies and improved outcomes.

3. Approves the Reshaping Principles, and the Roles of Council in the Delivery of Services, within Item 3.4 on the Agenda for the Special meeting of Council held on 13 August 2020, that will guide us in reshaping our organisation.
 4. Notes the proposed timeline for reshaping our organisation which will see structural changes implemented from January 2021.
 5. Notes our commitment to timely and transparent communications to our people, our Council (as per section 99(2) of the Local Government Act 1999 (SA) and our community as we reshape our organisation.
-

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities
Policy	Not as a result of this report
Consultation	Community Consultation and Engagement will be undertaken in accordance with Council's Community Consultation Policy
Resource	An in-house project team will be established to deliver on our objectives for reshaping our organisation.
Risk / Legal / Legislative	Council must operate in accordance with our industrial instruments including employee enterprise agreements. The role of Council is as defined by the Local Government Act 1999 (SA), City of Adelaide Act 1998 (SA) and other legislation.
Opportunities	Assist in Implementation of a once in a generation reform at the City of Adelaide and delivery of Council's decision to reduce our operating expenditure by \$20 million in 2020-21
20/21 Budget Allocation	The 2020-21 Business Plan and Budget contains an objective to achieve \$20 million reduction in operating expenditure. An additional budget allowance of \$14.4 million has been allocated as a provision for potential structural realignment costs These savings and potential costs have been reflected in the Long-Term Financial Plan.
Proposed 21/22 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	6-12-months (Implementing any structural changes will start from January 2021)
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. Background

- 1.1. During COVID -19, we have faced the biggest disruption to our community in one hundred years. Our community has been impacted in various ways (social and economic), and our organisation has not been immune to this.
- 1.2. During the development of the 2020-21 Business Plan and Budget it was identified that the City of Adelaide's operating deficit is forecast to be \$33.6 million.
- 1.3. In response, on 22 April 2020, Council directed the CEO to report to Council outlining options on how Council can achieve a \$20m reduction in operating expenditure during the 2020/2021 financial year.
- 1.4. On 30 June 2020, Council endorsed the Recovery Principles to guide Council's future decision making, which include a commitment that 'Our service delivery will reflect the needs of the community' (Link 1 view [here](#)).
- 1.5. To achieve this undertaking, we will need to implement a once in a generation reform to the City of Adelaide.
- 1.6. This is not business as usual; this challenge will require a reappraisal of the role we play in driving public value through the delivery of our services.

2. Permanent Savings Identified To Date (Phase 1)

- 2.1. Through a review of our operations post the enactment of our COVID-19 Business Continuity Plan, we have gained insights which we have used to guide the first phase of Reshaping Our Organisation.
- 2.2. Over the past few months, our senior leadership team have been reflecting on which of those changes might be practical and sustainable in the longer term.
- 2.3. This first phase has identified approximately \$2.576 million in operational savings.

3. Reshaping Our Organisation (Considerations)

- 3.1. Reshaping our organisation requires us to understand our legislated responsibilities and leadership obligations to deliver services, projects and programs in our capacity as:
 - 3.1.1. A Local Government Entity
 - 3.1.2. A Capital City Council.
- 3.2. The approach to reshaping our Organisation to achieve the \$20 million is aligned to our 2020-24 Strategic Plan. Anchoring our approach to our Strategy provides direction and clarity on what our role is and how we are placed to respond to some of our biggest social and economic challenges.
- 3.3. In an Informal Gathering on 18 July, Council Members discussed key actions in our Strategic Plan that could be prioritised for delivery over the next two years and expressed an openness to thinking differently about the role of Council in relation to the delivery of our services (*Refer Section 4*).
- 3.4. Acknowledging and working within our complex legislative environment, the proposed approach to reshaping the organisation will focus on three cohorts of services:
 - 3.4.1. Services that deliver on our role as a Capital City Council and the delivery of our Strategic Plan
 - 3.4.2. Services that fulfil our responsibility as a Local Government Entity and deliver Essential Local Government Services to our community, and
 - 3.4.3. Services that enable the delivery of community facing services through the delivery of Corporate Support.
- 3.5. Within each of the three cohorts of services, there is opportunity to ensure we are delivering value back to our community, by assessing how we are structured to respond to challenges in alignment with our role. Beyond organisational structure, Reshaping may include one of the following levers:
 - 3.5.1. A change to the role we play in the Delivery of Services (Council's Role)
 - 3.5.2. A change to the level of service we provide, and
 - 3.5.3. Assessing our contestability within the Market to provide a service.

- 3.6. In addition Council has committed to implement a City-Wide Business Model. This project will run parallel with our efforts to reshape our organisation. The timelines of both exercises are aligned (outlined in section 8 of this report) and the project teams will communicate regularly.

4. Council's Role in the Delivery of Services

- 4.1. Defining and agreeing the role City of Adelaide plays in the Delivery of Services is important in setting ourselves up for success in the delivery of our Strategic Plan, our role as a Capital City Council and in the delivery of all services to our community. The various roles Council plays in the delivery of its services are defined as follows:

Role of Council in Delivery of Services	Function/s
Planner	Plans future city development and growth
Leader	Leads development of policy, programs and services to respond to emerging issues and opportunities (e.g. action plans to reduce carbon emissions or increase cycling)
Owner and custodian	Owns community assets (e.g. managing city infrastructure, parks, open space and environmental assets)
Owner and operator	Owns and operates business and commercial properties that generate revenue to fund city services and infrastructure
Provider	Provides services and programs to the community (e.g. libraries, waste management, grants and sponsorship). Council may be the <i>sole funder</i> , a <i>partner</i> or an <i>agent</i> providing the services on behalf of a third party (e.g. Home and Community Care is delivered by Council yet funded by the Australian Government)
Regulator	Regulates whether requirements of legislation are met (e.g. development assessment and food and health premises compliance)
Facilitator and/or partner	Helps to bring together individuals, groups and agencies to find solutions and build community capacity
Advocate	Advocates for improving conditions outside of its direct control (e.g. advocating to the SA Government for improved public transport services)
Information provider	Provides information to the community and stakeholders (e.g. sharing data and knowledge about the city to potential investors)

- 4.2. Our role as a Capital City Council results in different responsibilities to other metropolitan councils.
- 4.3. This report seeks approval of the Role of Council in the Delivery of our Services as defined above which will assist in:
- 4.3.1. Reshaping what and how we deliver services including providing an inherent connection to defining the level of service we provide to the community.
- 4.3.2. How effectively we are placed to co-create with other government, private sector and not for profit organisations.
- 4.3.3. Influencing our organisational structure and our ability to be focused and or agile where we need to be

5. Levels of Service

- 5.1. The opportunity exists to reconsider and rationalise our levels of service, while delivering on our role as a Capital City, continuing to meet our legislative requirements and the needs of our community.
- 5.2. Levels of service have an inherent connection with the role we play and the requirements under the *Local Government Act 1999* as well as the *City of Adelaide Act 1998*.
- 5.3. Based on our unique legislative environment there are some instances where the role of a Capital City Council requires a greater level of service than those provided by other metropolitan councils, ensuring that we fulfill our duties under the *City of Adelaide Act 1998*.
- 5.4. Balancing the need to meet our legislative requirements with community expectations will highlight where there is opportunity to make a change to the levels of service we provide.

6. Service Contestability

- 6.1. Service contestability involves testing the competitiveness of our services through a process of benchmarking against other appropriate service providers to evaluate the quality, efficiency and effectiveness of the service being provided.
- 6.2. Considerations to service contestability can extend beyond financial efficiencies. Considerations may be made to other organisations or government bodies that are better placed to deliver an enhanced service or outcome to the community.
- 6.3. Using a service contestability approach ensures we are delivering value to our community and value for money for our ratepayers through the delivery of our services.

7. Reshaping Principles

- 7.1. The following Reshaping Principles have been prepared as a guide for when the City of Adelaide should seek to propose any changes to its structure and/or services:
 - 7.1.1. There is tangible value for City of Adelaide Ratepayers such as cost efficiency or opportunity to leverage further funding.
 - 7.1.2. There is enhanced capability and capacity to deliver value to our community and our intended service outcomes can be enhanced.
 - 7.1.3. There is another organisation that has a shared goal or interest and can deliver an enhanced service or outcome to the community and is able to do so.
 - 7.1.4. The opportunities that can be achieved are greater than any risks associated with the proposed change, and any associated risks can be successfully mitigated or managed by the City of Adelaide and or the other parties.
- 7.2. This report seeks Council's approval of the above principles which will guide how we go about the process of reshaping our organisation.

8. Internal Project Team

- 8.1. An internal project team will be established to ensure we effectively dedicate the time and resources required to fully deliver on our commitment within the timeframe. Referred to in section 9.
- 8.2. The internal project team will consult with and collaborate with staff across the organisation to:
 - 8.2.1. Ensure that services meet the needs of the community and deliver value for money
 - 8.2.2. Achieve the \$20 million reduction in operating expenditure aligned with the recovery principles endorsed by Council as part of the 2020-21 Business Plan and Budget.
 - 8.2.3. Reshape the organisation of the City of Adelaide
 - 8.2.4. Uphold our corporate values – Customer Commitment, Collaboration, Integrity, Achievement, and Innovation.

9. Timeline

- 9.1. The anticipated timeframe for reshaping our organisation will be six to twelve months.
- 9.2. Implementing any structural changes will start from January 2021, including the implementation of our City Wide Business Model.
- 9.3. Any proposed changes to services, including a change to service level, partnering to deliver a service, or stopping a service altogether, could take longer depending on the complexity of the assessment of market contestability to ensure appropriate due diligence.

10. Communication and Engagement

- 10.1. We commit to timely and transparent communication with our people (employees), our Council Members, and key stakeholders, and to engage our community as we reshape our organisation.
- 10.2. In accordance with section 99(2) of the Local Government Act (SA) the Chief Executive Officer will consult with Council Members (to a reasonable degree) when determining or changing to a significant degree the organisational structure for the staff of the council.
- 10.3. Council consultation and/or decision will be sought on proposed changes to services which have a significant political or community impact.
- 10.4. We will build on the consultation from the Business Plan and Budget to maintain an open dialogue with our community on our services
- 10.5. We intend to engage with our Community through a series of mechanisms over the next six to twelve months. This may include but will not be limited to engagement and pulse surveys managed through our Customer Centre (Qualtrics) and a series of research engagements including:
 - 10.5.1. Resident Surveys
 - 10.5.2. Business Surveys
 - 10.5.3. City User Profile Surveys

DATA & SUPPORTING INFORMATION

Link 1 – Recovery Principles

ATTACHMENTS

Nil

- END OF REPORT -

Adoption of the 2020-2021 Business Plan and Budget

ITEM 3.5 13/08/2020
Council

Strategic Alignment - Enabling Priorities

Program Contact:
Sonjoy Ghosh, AD Information
Management 8203 7655

2019/02431
Public

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

The 2020-2021 Business Plan and Budget is the annual operational and financial planning document for the City of Adelaide. It describes the Key Activities for the year, alongside the services, projects and infrastructure that the City of Adelaide plans to deliver and how it plans to allocate its budget. It also provides an overview of Council's rating policies and how the Business Plan and Budget delivers on our strategic plan.

The 2020-2021 Business Plan and Budget has been formed post a broad engagement process with our community through the development of our 2020-2024 Strategic Plan and a series of detailed discussions with Council since February 2020 regarding financial priorities for Council along with the financial implications and response to COVID-19. The Audit Committee has been engaged throughout the process and have provided regular advice in response to the financial implications of COVID-19.

In developing the 2020-2021 Business Plan and Budget, Council has demonstrated its commitment to long term financial sustainability and building capacity to respond to emerging challenges such as those presented by COVID-19. Key outcomes of the process have included the review of its Treasury Policy, which has enabled the establishment of a "Future Fund" reserve to ensure proceeds from the sale of Council assets are reinvested in future income generating assets or to invest in strategic capital projects, and an increase to its prudential borrowing limits to ensure Council has capacity to respond to emerging opportunities. Additionally, Council has committed to reducing its annual operating expenditure in the budget and long term financial plan by \$20 million.

The Recovery Principles endorsed by Council in June will guide its future decision making and support its long term financial sustainability. These principles seek to ensure an equitable approach to rating, a prudent approach to the utilisation of borrowings and proceeds from the sale of assets, and sustainable investment in our infrastructure and delivery of services.

Public Consultation was conducted from 2 July to 23 July 2020 with feedback considered by Council on 28 July 2020. Council received over 100 surveys and written submissions from City ratepayers, residents and users about the importance and performance of our services, where to prioritise investment and what financial levers Council should consider to improve our financial position. This feedback will help inform our decisions about how our services will be delivered in the future.

In response to COVID-19, the City of Adelaide demonstrated leadership with its \$4 million City Support package, and its partnership with Business SA for its City Business Support Package to assist the city business community's journey from recovery to growth and prosperity. In June and July Council considered what further financial assistance it could provide for its tenants and rate payers. On 14 July Council resolved to offer small business lessees (SMEs) in Council-owned buildings, Adelaide Central Market tenants, and sporting and community lease / licence holders, a 50% deferral in rent and licence fees for the first quarter of 2020-2021. It also resolved to extend its COVID-19 rates financial hardship provisions to 31 December 2020.

The final proposed changes to the 2020-2021 Budget were presented in a Committee Workshop on 28 July 2020 and are incorporated within this 2020-2021 Business Plan and Budget.

This report also requests the approval of the addition of one new fee to the Fees and Charges Schedule for 2020-2021 financial year which was not captured in the Council resolution on 23 July 2020 to continue with the fees and charges for the 2019-20 schedule for the 2020-2021 financial year.

Presented to the Special meeting of The Committee on 5 August 2020.

RECOMMENDATION

THAT COUNCIL

1. Adopts the 2020-2021 Business Plan and Budget as indicated in Attachment A to Item 3.5 on the Agenda for the Special meeting of Council held on 13 August 2020 having considered all submissions made during the public consultation period.
 2. Adopts the Budget for the year ending 30 June 2021 included in Attachment A to Item 3.5 on the Agenda for the Special meeting of Council held on 13 August 2020 comprising all financial statements and other information as required by the Local Government (Financial Management) Regulations 2011.
 3. Resolves to borrow the funding requirement of \$35.5m for the 2020-2021 Budget.
 4. Adopts the Long Term Financial Plan as set out on pages 74 to 78 of Attachment A to Item 3.5 on the Agenda for the Special meeting of Council held on 13 August 2020.
 5. Authorises the Chief Executive Officer to make any necessary changes to the final 2020-2021 Business Plan and Budget document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design.
 6. Approves the new fee for 'Advertising costs incurred due to Public Consultation' as detailed in the Report to be added to the Fees and Charges Schedule for 2020-2021 financial year.
-

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities The deliverables and objectives set out in the 2020-2021 Business Plan and Budget document are directly aligned to the delivery of year 1 of the 2020-2024 City of Adelaide Strategic Plan
Policy	The 2020-2021 Business Plan and Budget has been prepared in accordance with Council's current Long-Term Financial Plan assumptions and endorsed Financial Policies. The approved public consultation was undertaken in accordance with Council's Public Communication and Consultation Policy.
Consultation	A public consultation process on the 2020-2021 Business Plan and Budget commenced on Thursday 2 July 2020 and concluded on Thursday 23 July 2020.
Resource	The 2020-2021 Business Plan and Budget identifies how Council's resources will be allocated in meeting the 2020-2021 deliverables and objectives of the 2020-2024 Strategic Plan.
Risk / Legal / Legislative	Council's 2020-2021 Business Plan and Budget is developed in accordance with section 123 of the <i>Local Government Act 1999</i> (the Act), and sections 6 and 7 of the Local Government (Financial Management) Regulations 2011.
Opportunities	Public consultation is a key part of the Business Plan and Budget process. The Business Plan and Budget provides a pathway for community members to share their input and feedback with Council on those issues that affect them and the services they most value.
19/20 Budget Allocation	Not as a result of this report
Proposed 20/21 Budget Allocation	The 2020-2021 Business Plan and Budget provides the proposed budget for the 2020-2021 financial year.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Background

1. Preparation of the 2020-2021 Business Plan and Budget commenced in November 2019 and a timetable for its consideration and adoption was presented at the Committee Workshop on 25 February 2020. This timetable allowed for Committee Workshops in March and April, public consultation in May, and adoption in June ahead of the new financial year on 1 July 2020.
2. Since mid-March 2020, Council has been engaged in numerous, detailed conversations about the City of Adelaide's financial position in the context of the unforeseen, significant impact of COVID-19 on our City, our finances, and our community. Further work on the 2020-2021 Budget was deferred until the full financial implications on Council's operations and finances could be assessed.
3. On 30 April 2020, the Minister for Transport, Infrastructure and Local Government issued variations to the *Local Government Act 1999*, under the emergency powers of section 302B of *the Act*, to extend the timeframe for adoption of an annual business plan and budget to 30 November 2020 for the 2020-2021 financial year.
4. On 5 May 2020, a revised timeline was presented as a part of the CEO's Briefing on the City of Adelaide's Recover + Reimagine project which proposed consideration and adoption of the 2020-2021 Business Plan and Budget by November 2020, aligning with State and Federal Government budgets which have been deferred to October 2020. Council also considered its 2020-2021 Quarter Three Financial and Performance Report which outlined the immediate and anticipated impact of COVID-19 on our finances and action taken to identify savings and support our City residents and businesses.
5. On 28 May 2020, at a Special Committee Workshop on the 2020-2021 Business Plan and Budget, Council heard that under Section 153(5) of *the Act*, Council cannot declare general rates until it has adopted its annual business plan and its budget. Deferring the declaration of rates to November would have significant cash flow implications, compounding the financial impact of COVID-19. A revised timetable was presented which proposed a prudent, two-stage approach:
 - 5.1 Stage 1: Council considers an Expenditure Framework, Fees and Charges, and revised Treasury Policy by 30 June 2020. The Expenditure Framework incorporates operational expenditure based on the draft 2020-2021 Business Plan and Budget, reprioritised strategic projects and infrastructure works from 2019-2020 and new, time critical strategic projects and infrastructure works for Quarter 1 of the 2020-2021 financial year. This approach is consistent with advice from the LGA that an Approved Expenditure Framework is required if the 2020-2021 Business Plan and Budget is adopted after 30 June 2020.
 - 5.2 Stage 2: Council considers a draft Business Plan and Budget by 30 June 2020 for public consultation in July 2020 and adoption by the end of August 2020. This is in accordance with section 123(8) of the *Local Government Act 1999* which requires an annual business plan and budget to be adopted between 31 May and 31 August for the ensuing financial year.
 - 5.3 This two-stage approach enabled the continuation of essential services and the delivery of key projects for the community until the 2020-2021 Business Plan and Budget was to be adopted in August 2020, following public consultation. This will enable Council rates notices for the first quarter of the financial year to be issued by the end of August 2020, with the first instalment due at the end of September 2020.

Business Plan

6. The 2020-2021 Business Plan and Budget outlines a range of key activities, services, projects, and infrastructure to be delivered in 2020-2021.
7. Key Activities
 - 7.1 These have been outlined in accordance with our 2020-2024 Strategic Plan Community Outcomes: Thriving Communities, Strong Economies, Dynamic City Culture, Environmental Leadership and supported by Enabling Priorities.
 - 7.2 The Key activities have been prioritised based on the Strategic Plan Key Actions as endorsed by Council on the 10 March 2020 and will be measured and reported on in our annual report in accordance with our Strategic Planning Framework. These activities are a snapshot of the highlights for the year ahead.

8. Services and Projects

- 8.1 The City of Adelaide delivers a broad range of services to our community. These services bring our strategic plan to life, ensure we deliver on essential community needs, fulfil our duties as a Capital City Council and enable our community and organisation to thrive.
- 8.2 The 2020-2021 Business Plan and Budget presents over 90 services across ten service categories. Each service category defines the value we provide to the community and the strategic plan alignment. The addition of the service budgets provides a level of transparency and clearly articulates what services are delivered to our community and the resources and projects that make up our operating budget.

9. Infrastructure and Capital Works

- 9.1 The infrastructure and capital work projects form the basis for our asset management renewal program and were developed as part of the business plan and budget process. Infrastructure and capital works projects outlined for delivery within the 2020-2021 Financial year include:

- 9.1.1 New and continued major projects totalling \$22.1m
- 9.1.2 New and significant upgrade infrastructure totalling \$3.6m
- 9.1.3 Infrastructure renewal and essential works totalling \$22.8m

A proportion of these projects have been re-timed from the 2019-2020 financial year into 2020-2021.

Budget

10. In light of COVID-19 and the impacts on Council's revenue and expenditure, Recovery Principles have been developed to ensure our long term financial sustainability and the ongoing delivery of services and projects for our community. These principles are for Council to utilise when making decisions related to: the setting of rates; fees and charges; the utilisation of borrowings; proceeds from the sale of assets; future investment and infrastructure; government partnerships; and the review of Council's services. The Recovery Principles were endorsed by Council on 30 June 2020 and are included in Attachment C.
11. The budget is based on discussions and feedback from Committee (of Council) Workshops on 3 December 2019, 25 February 2020, 28 May 2020, 15 June 2020 and 28 July 2020, including:
- 11.1 Freezing the rate in the dollar for 2020-2021 for the seventh consecutive year
- 11.2 Holding non-commercial fees and charges at existing levels (2019-20 amounts) from 1 July 2020 to 30 June 2021
- 11.3 The reset of the Infrastructure and Capital Works Program to focus on the delivery of infrastructure renewals and the completion of the 2019-20 program.
12. Income from rates is forecast to increase by 2.2% due to a 0.9% valuation uplift and 1.3% growth in new developments, noting that the rate in the dollar has been frozen for the seventh consecutive year.
13. Council's operating income has been significantly impacted by COVID-19 in 2019-20. User fees and charges are forecasted to reduce by \$20m in 2020-2021. This is primarily attributable to the impact of COVID-19 on:
- 13.1 The utilisation of on street parking
- 13.2 The revenue generating capacity of the UParks
- 13.3 Aquatic Centre Operations including the temporary closure
- 13.4 Cancellation and postponement of events due to social distancing restrictions
- 13.5 Property income due to an anticipated increase in vacancies.
14. In response to the significant impact of COVID-19 on Council's income, we have taken steps to constrain operational expenditure. The 2020-2021 Budget and revised Long Term Financial Plan incorporates a forecast reduction in ongoing operating expenditure of \$20m, reflecting the Council Decision on 22 April 2020 that the CEO outline options for a \$20m reduction in operating expenditure during the 2020-2021 financial year. The 2020-2021 budget also includes a provision for potential one-off costs of \$14.4m associated with realigning our organisational structure.
15. The forecast borrowing requirement for 2020-2021 is (\$35.5m) while the forecast operating deficit is (\$33.3m). Borrowings at 30 June 2021 are forecast to be \$91.1m which is within the prudential borrowing limits.
16. The 2020-2021 Budget incorporates \$4.456m of funding to the Adelaide Central Market Authority for capital works. Given the recent announcement of the new Board for the Authority, we will work with the new Chair and Board around the timing and prioritisation of the funding requests for capital works.

17. In accordance with section 123(3)(b) of the Act, we followed the relevant steps in our public consultation policy to facilitate community feedback on the draft Business Plan and Budget.
18. The final proposed changes to the 2020-2021 Budget were presented in a Committee Workshop on 28 July 2020 and are incorporated within this 2020-2021 Business Plan and Budget.

Fees and Charges

19. On 23 June 2020 Council resolved to continue with the fees and charges for the 2019-20 schedule for the 2020-2021 financial year (1 July 2020 to 30 June 2021).
20. This resolution did not facilitate the introduction of one new fee proposed for 2020-2021. The new fee that requires Council approval is for on-charging 'Advertising costs incurred due to Public Consultation' as detailed in the table below.

Fee ID	Ref	Fee Description	Units	Fee 2019-2020	Fee 2020-2021	Notes
2287	New	Advertising Costs Incurred due to Public Consultation	per advert	New	Price on application	New Fee (on-charge public consultation advertising costs)

Consultation Process

21. Public consultation on the draft 2020-2021 Business Plan and Budget commenced on Thursday 2 July 2020 and concluded on Thursday 23 July 2020. Public consultation included a virtual Public Meeting on the evening on Tuesday 21 July 2020 which provided an opportunity for members of the community to present their submissions to Council if they wished to.
22. The consultation process sought feedback from target audiences including our creatives, young people, entrepreneurs and key stakeholders that we have previously engaged with as well as those that participated in strategic planning workshops. Feedback was also be proactively sought from our customers and ratepayers by our Customer Experience Team.
23. Proactive communications seeking input and for people to have their say were shared with:
 - 23.1 All ratepayers on our e-database
 - 23.2 Over 500 stakeholders, organisations, groups and community members from the Strategic Plan consultation
 - 23.3 The over 10,000 registered Your Say Adelaide users, plus thousands more people from other Council marketing databases
 - 23.4 The general public through our Libraries, Community Centres, Customer Centre, Digital Screens in the public realm and social media channels
24. Over 100 submissions were received, made up of 109 surveys and 8 written submissions. When asked how they used the City:
 - 24.1 75 people said they used the city to play (leisure, recreation, dining)
 - 24.2 70 people said they used the city to shop
 - 24.3 59 people said they used the city to live
25. Surveys sought feedback on Key Activities, the importance and performance of services, where to prioritise investment and what financial levers council should consider:
 - 25.1 94% of respondents were supportive of all or some of the Key Activities
 - 25.2 Most important: Economic Growth; Waste; Natural Resources and Environmental Services
 - 25.3 Least important: Regulatory Services; Corporate Support Services; Commercial Operations
 - 25.4 Best performing: Waste; Natural Resources and Environmental Services; Arts, Community Development; and Civic Services.
 - 25.5 Worst performing: Economic Growth; Policy and Planning Services
 - 25.6 More investment: Economic Growth; Infrastructure and Asset Management
 - 25.7 Less investment: Corporate Support Services; Regulatory Services
 - 25.8 Financial levers to consider: Invest in new revenue streams; utilise borrowings for major projects and new infrastructure, unfreeze the rate in the dollar.

26. A summary and detailed copy of what was heard from our consultation was received and noted by Council on 28 July 2020.

Further Financial Assistance for City businesses and residents

27. In July Council considered options to provide further financial assistance to businesses and residents financially impacted by COVID-19 restrictions. On the 14 July 2020 Council resolved to:
- 27.1 Offer small business lessees (SMEs) in Council-owned buildings, Adelaide Central Market tenants and sporting and community lease / licence holders a 50% deferral in rent and licence fees for the first quarter of 2020-2021 (1 July 2020 to 30 September 2020).
 - 27.2 Extend the COVID-19 rates hardship assistance measures available to all City ratepayers on application, as outlined below:
 - 27.2.1 Postponement of payment for the 1st quarter rates (issued 19-21 August and due 30 September 2020) for three months until 31 December 2020
 - 27.2.2 No fines or interest to be charged on any 1st quarter outstanding rates (due 30 September 2020) until 31 December 2020
 - 27.2.3 Fines and interest to be suspended on all historic rates outstanding until 31 December 2020
 - 27.2.4 Repayment arrangements (weekly, fortnightly or monthly), based on an agreed amount
 - 27.2.5 No new debt recovery action to be instigated for any business that enters into a financial arrangement with Council (including any pre-existing debt).
28. The cash flow implications of these measures have been incorporated in the final changes to the 2020-2021 Budget.

Legislative Requirements

29. The 2020-2021 Business Plan and Budget has been developed in accordance with section 123 of the *Local Government Act 1999* (the Act), and sections 6 and 7 of the Local Government (Financial Management) Regulations 2011.

ATTACHMENTS

Attachment A – 2020-2021 Business Plan and Budget

- END OF REPORT -



2020 – 2021 Annual Business Plan and Budget

Kurna Acknowledgement

City of Adelaide acknowledges the traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past and present.

We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations.







Contents

About our Plan	5
About our City	6

OUR STRATEGY

2020-2024 Strategic Plan	9
Community Outcomes	10

OUR PLAN

Significant influences and challenges	17
Opportunities and Key Activities	18
Services and Projects	24
Infrastructure and Capital Works	48

OUR BUDGET

Budget Overview	55
Funding framework	56
Borrowings	57
Implications for future years	57
Rates	58
Fees and Charges	61
External Funding	62
Long Term Financial Plan	64
Dashboard	66
Analysis	68
Reporting and Monitoring	70

APPENDICES

1. Long Term Financial Plan
2. Funding Position (Financial Statement)
3. Infrastructure and Capital Works list
4. Analysis of Capital Expenditure and Maintenance

About our plan

This Plan forms the delivery of the first year of the 2020 - 2024 Strategic Plan and is the key annual operational and financial planning document for the City of Adelaide. It describes our priorities, what services and projects we plan to deliver for the 2020 - 2021 financial year, our sources of revenue, and how we propose to allocate our budget.

Under the *Local Government Act 1999* Council must develop and adopt 'strategic management plans' which identify the Council's objectives, how a Council intends to achieve its objectives, how they fit with the objectives of other levels of government, performance measures and estimates of revenue and expense. Our Plan has also been prepared considering the challenges and opportunities arising from COVID-19.

The City of Adelaide is also guided by the following documents, which comprise our suite of 'strategic management plans':

- *Adelaide: The most liveable city in the world, 2020 - 2024 Strategic Plan*
- Long Term Financial Plan
- Infrastructure and Asset Management Plans.

Council's Strategic Framework



About our City

First shaped by the Kurna People of the Adelaide Plains, then by Colonel William Light, Adelaide is a dynamic, accessible and safe city, that offers an enviable quality of life.

We are an inclusive City that is strengthened and enriched by the diversity of its people. We put our people first, supporting healthy and resilient communities.

Adelaide is full of beautiful, surprising places and an abundance of natural open spaces, which promote wellbeing and reward curiosity.

The City of Adelaide aspires to be the most liveable city in the world. Adelaide. Designed for Life, our City brand, underpins and drives this vision of our 2020 - 2024 Strategic Plan, which gives us momentum for progress now and into the future.

**Adelaide is the world's
only City in a park,
surrounded by nationally
heritage listed Park Lands**

**We are a creative City of
makers and innovators
and celebrate our status
as an UNESCO City of
Music**

**Our Ten Gigabit Adelaide
network empowers our
businesses to realise their
global potential**

**We are environmental
leaders, powered by
100 per cent renewable
energy, and committed to
a carbon neutral future**

City of Adelaide snapshot:

Estimated 2019 Residential Population **25,456**

Residents born overseas **44.2%**

Residents aged 18 - 34 years **51%**

Residents with a bachelor or higher degree **37%**

Population density (persons per hectare) **16.35**

Biggest industry sectors by total contribution to the City's economy:

Financial and insurance services

Public administration and safety

Professional, scientific and technical services

Health care and social assistance

Education and training

Source: Australian Bureau of Statistics; EconomyID; ProfileID



image: artwork Chris Oaten

Our Strategy

The 2020 – 2024 Strategic Plan was built with Council Members and the community over June 2019 to March 2020. Our consultation included over 3,000 interactions which generated hundreds of ideas and feedback from our community:

“a city where we have nature and natural systems woven into built infrastructure”

“Adelaide is already amongst top 10 cities to live in the world. If there can be more job opportunities, then it would be great”

“be at the forefront of change and action in Adelaide”

“I love the city and its heritage. The tangible benefits can be brought out and showcased to the world”

“there’s always room for improvement, but Council must remember that progress over perfection is the way to move”

“a city that supports its citizens to live happy and healthy lives - not just focused on economic success, but also physical, mental and social wellbeing”

“a city that not only welcomes, but invites the community into it”

Community Outcomes

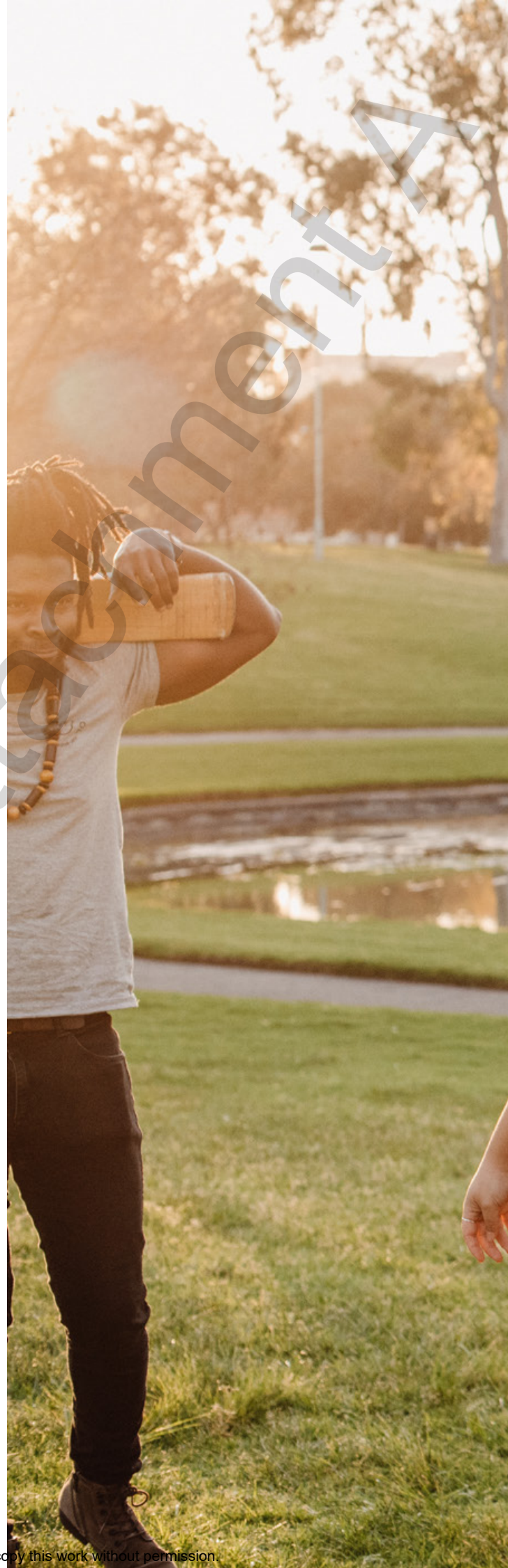
The 2020 – 2024 Strategic Plan provides four community outcomes and enabling priorities that reflect how we will deliver on our vision.

Our community outcomes are:

- Thriving Communities
- Strong Economies
- Dynamic City Culture
- Environmental Leadership.

The Strategic Plan also articulates **Strategic Priorities** for the next four years and beyond:

- Ensure Adelaide is globally recognised as an affordable and innovative place to do business
- Support the wellbeing of our communities
- Celebrate our city's unique built, natural and cultural heritage
- Lead the way in climate action and manage water, waste, transport and greening in a sustainable way
- Transform the way people move around and connect with each other.





THRIVING COMMUNITIES

What we want to achieve:

- Healthy and resilient communities
- Safe and welcoming community spaces
- Well-planned and inclusive residential population growth
- Functional zero homelessness
- A safe, affordable, accessible, well-connected city for people of all ages and abilities, and all transport modes
- Increase community use of and access to the Adelaide Park Lands.

Operational Activities	\$'000s
Adelaide Leaders & Community led Neighbourhood Development Deliver four Neighbourhood Development projects across the year that encourage active citizenship and participation in city life, enable community connection, promote understanding of diversity and celebrate local City life	\$40
Community Development Grants Grants that enable the community and eligible service organisations to work together with the City of Adelaide in delivering community programs, activities and events	\$497
Free City Connector* Operation of the Free City Connector bus service that links the major tourist, retail, business, educational and residential precincts of the City and North Adelaide	\$974
Homeless and Vulnerable People Collaboration with city communities, community groups and homelessness service providers on strategies that address the needs of people experiencing homelessness and other vulnerable people. ⁺ Fully funded through grant funding	\$40 ⁺
Hutt St Activation - Cultural & Recreational Hub Funding to activate two vacant properties within Hutt Street to create a cultural and recreational hub	\$210
Noise Management Minimise noise conflict between residential and non-residential land users to ensure that the mixed-use vitality of the City and residential amenity are compatible	\$39
Online Advertising On line advertising for reach and engagement across interstate and local websites and digital platforms	\$70
Recreation & Sports Grants Grants that enable applicants to work in partnership with Council to deliver initiatives that support all people to be active with a particular focus on city residents and the inclusion of under represented population groups	\$182
Safer City Policy 2019-22 Funding to cover new actions identified as part of the Safer City Policy and Action Plan	\$65
Public Relations Build awareness of City of Adelaide plans and strategies and consolidate relationship with residents, businesses and customers of the city	\$40
Web and Digital Development* Ongoing enhancement of the City of Adelaide website and digital platforms	\$123
TOTAL	\$2,240

*includes funding retimed from 2019 - 2020 Business Plan and Budget

STRONG ECONOMIES

What we want to achieve:

- The lowest-cost capital city with the least red tape
- Greater digital capabilities and connectivity through Ten Gigabit Adelaide, enhancing capacity for innovation
- Attraction and retention of a broad range of businesses and investment
- Be a test bed for innovation in diverse industries
- Main streets and laneways activated for economic growth.

Operational Activities	\$'000s
Adelaide Convention Bureau Funding Funding contribution to support the Adelaide Convention Bureau to attract business conventions, exhibitions, incentives tourism and other events to Adelaide	\$382
Business Activation & Support Encourage businesses to leverage from and participate in city events by offering incentive programs including dressing kits and promotional opportunities	\$151
City Activation Provide a platform for City businesses and the community to trial and test initiatives aimed at increasing visitation and economic growth in the City	\$290
City and Corporation Brand Promote Adelaide to local, national and international markets, increasing awareness and enhancing the reputation of the City to help deliver economic, sociocultural and environmentally sustainable outcomes for the City	\$50
City Growth* Contribute to city growth by attracting and retaining business investment and property development, building business growth and capability and supporting retail precincts. Researching the future of retail, business activations across our sponsored events, supporting the entrepreneurial sector, driving growth across city living and ensuring research and insights are available to inform future activity across all areas	\$1,149
Cultural Entrepreneurs Incubator Program Lead, develop and deliver a unique 90-day program that is a business incubator for creative start-ups and practitioners, offering enterprise training and mentoring to aspiring entrepreneurs in the visual, performing arts and creative industries	\$50
Education Adelaide Funding Funding contribution to support Study Adelaide to promote Adelaide as a destination for international students	\$274
International Relations (Sister Cities) Promote cultural, economic and social connections between Adelaide and international communities through Sister Cities and other partnerships	\$100
Renew Adelaide Funding Funding contribution to Renew Adelaide, an external not-for-profit urban renewal organisation that works to revitalise under-used and empty buildings and shopfronts with projects of economic benefit to the community	\$225
Visitor Growth Funding to deliver initiatives that will contribute to visitor growth and the visitor experience in the City	\$217
TOTAL	\$2,888

*includes funding retimed from 2019 - 2020 Business Plan and Budget

DYNAMIC CITY CULTURE

What we want to achieve:

- Aboriginal and Torres Strait Islander peoples and cultures strongly represented in City life
- Beautiful, surprising places
- Global connections and collaborations
- Celebration of diverse community, culture and creativity
- New cultural and civic infrastructure
- Protection, preservation and promotion of our unique built, natural and cultural heritage.

Operational Activities	\$'000s
Adelaide New Year's Eve Produce and deliver a high quality and free community NYE celebration in the heart of the City	\$371
Adelaide Prize Awarded as part of the yearly Institute of Architects Awards for projects that deliver exceptional contribution to the City	\$30
Arts & Cultural Grants Grants that provide financial support to the community to deliver inspiring art, cultural and multicultural projects	\$257
Australia Day Sponsorship Support for the Australia Day in the City parade, concert and fireworks	\$179
ANZAC Day Support the delivery of a professional and memorable ANZAC Day event in the City	\$58
Built Heritage Management Grants* Support owners in the conservation, upgrade and use of their heritage places through the Heritage Incentives Scheme	\$1,125
Built Heritage Management Promotion Conservation of built heritage and historic character streetscapes through promotional and education activities	\$64
Christmas in the City Delivery of new decorations, lighting displays, events, retail activations and promotions, and provision of a grant to Precinct Groups for Christmas activities and decorations	\$350
Content Production Provision of online content to promote Adelaide through video, Adelaide Living, photography and authored content	\$100
Festival & Event Sponsorship* Financial support to the community to assist in the staging of a diverse range of events and activities within the City	\$1,891
Festivals Adelaide Initiative A 3 year strategic partnership to support the growth of Adelaide's premier arts and cultural festivals and promote Adelaide as Australia's best festival city.	\$66
History Festival Major sponsorship/partnership of the only state-wide History Festival in Australia.	\$30
Live Music Strategic Partnership Final year of current three-year strategic partnership with Music SA to promote and strengthen the live music industry	\$10
NAIDOC Week Celebrations Demonstrate Council's commitment to reconciliation, celebrated with the flag raising ceremony, awards, live entertainment, civic event and celebrations in Rundle Mall.	\$50
Umbrella Winter Festival Partner with Music SA to deliver the Umbrella Winter City Sounds Festival in city venues, places and Park Lands.	\$40
TOTAL	\$4,621

*includes funding retimed from 2019 - 2020 Business Plan and Budget

ENVIRONMENTAL LEADERSHIP

What we want to achieve:

- One of the world's first carbon neutral cities by 2025, where sustainability is core
- A transition to low carbon and circular economies
- Enhanced greening and biodiversity
- A climate ready organisation and community
- Integrated and sustainable development.

Operational Activities

\$'000s

Climate Change Action Initiatives Fund*

Deliver a range of projects, programs and incentives that underpin the achievement of Council's targets for carbon neutral operations, the City of Adelaide being a carbon neutral city, and build climate resilience in Council's operations and the community.

\$1,924

TOTAL

\$1,924

ENABLING PRIORITIES

What we want to achieve:

- Bold leadership and partnerships to meet challenges and take up new opportunities
- A cohesive and integrated set of strategies and plans to deliver community outcomes
- Transparent decision-making based on data and evidence
- Community consultation underpins everything we do
- Robust financial management
- New efficiencies and revenue streams
- Share and celebrate what we do.

Operational Activities

\$'000s

Business Systems Roadmap

Implementation of 2020/21 Information Management Roadmap

\$2,000

Efficiency & Service Review

The Business Improvement function is responsible for the delivery of ongoing service and activity reviews

\$50

Employment & Activity Snapshot (Business Insights)

Survey of city businesses to determine main activities, number of employees, longevity, previous locations and online activity

\$120

Finance System Upgrade

To support financial sustainability through improvements to the finance systems

\$120

Household Insights Survey

Survey to support City of Adelaide business operations and improve our evidence base for decision-making advocacy

\$40

TOTAL

\$2,330

*includes funding retimed from 2019 - 2020 Business Plan and Budget



Our Plan

Significant influences and challenges

Our shared experience of COVID-19 has confirmed that Adelaide is one of the safest and most liveable cities in the world, demonstrating that we have a resilient community and all the qualities that make a liveable city. The City of Adelaide is ready to expand on these local strengths.

The COVID-19 pandemic has impacted city businesses, our residents and the wider community as well as Council's revenue base.

Many of the city's small businesses closed their doors during the period of shutdown and we know that some will not reopen. Others transitioned to new operating models. While it is a time of great stress for many business owners and their employees, for some it has also been a time of innovation.

The restrictions on social gatherings and the temporary closure of venues and cultural institutions, coupled with border closures and many businesses closing or supporting their people to work remotely, has changed the landscape of the city dramatically.

The absence of people in our City has directly affected Council's revenue from sources such as the Adelaide Town Hall, our UParks and on-street parking and expiations. The pressure on our revenue and cash-flow was immediate and the effect is anticipated to be long-term.

Council is putting measures in place to significantly reduce its operating expenditure. We know that in 2020 - 2021 we need to reduce our operating expenditure by \$20 million.

As people return to the City our focus in 2020 - 2021 is on implementing a range of actions to safely and sustainably steer the City through the COVID-19 pandemic and into recovery. We will do this by concentrating on the opportunity of change: to lead and to do things differently.

Some challenges facing the City of Adelaide were already present in our pre-COVID-19 world: climate change; homelessness; changing demographics; economic growth; waste management; heritage protection; and the downturn in the local economy.

Our 2020 - 2021 Business Plan and Budget is a clear statement of what the City of Adelaide will do to reimagine our business and our place in the State, the economy, and the lives of our communities over the next 12 months.

Opportunities and Key Activities

We are presented with the necessity for the City of Adelaide to make the very best of our available resources, diversify our revenue streams, and to plan for the changing expectations of our communities in these challenging times.

We now have the opportunity to:

- **Support our residents'** wellbeing and connectivity to their local neighbourhoods to enable them to participate more fully in City life
- **Embrace Adelaide's** creative identity and further support the arts and cultural sector in actively growing the City's vibrancy and economy
- **Strengthen our businesses** and entrepreneurs to be innovative and to grow
- Rebuild the **international education and tourism** markets
- **Diversify our revenue streams**
- **Forge partnerships** to advance projects of mutual interest
- **Attract and sustain investment** in the **City's infrastructure**
- **Target our sponsorship and grant funding** to best support art, cultural, community organisations and sports and recreation groups, and
- Reshape the business of the City of Adelaide to **operate more efficiently.**

Council has prioritised a range of activities, projects and infrastructure to be delivered in 2020 – 2021, leveraging these opportunities to deliver on our Strategic Plan.



KEY ACTIVITIES FOR 2020 - 2021 FOR THRIVING COMMUNITIES

We will work with key partners to reduce homelessness in the City.

Delivered by: June 2021

Strategic Plan Key Action:

1.03 Continue support for the Adelaide Zero Project and other initiatives to achieve functional zero homelessness

Strategic / Infrastructure Project (s):

Don Dunstan Foundation Strategic Partnership (\$0.1m)

Implementation of East-West and North-South bikeways, providing safe access for people riding bikes in the city.

Delivered by: June 2021

Strategic Plan Key Action:

1.08 Implement City Access projects (walking, cycling and public transport) in partnership with the State Government, including the North-South and East-West city bikeways

Strategic / Infrastructure Project (s):

City of Adelaide Bikeways – East West (\$5.6m)*
City of Adelaide Bikeways – North South (\$2.2m)*

**joint State Government and Council funded*



KEY ACTIVITIES FOR 2020 - 2021 FOR STRONG ECONOMIES

Secure the preferred proponent and obtain project development approvals.

Delivered by: June 2021

Strategic Plan Key Action:

2.01 Develop 88 O'Connell Street

Strategic / Infrastructure Project (s):

Eighty Eight O'Connell (\$0.15m)

Progress design development to secure project development approval and commence early site works.

Delivered by: June 2021

Strategic Plan Key Action:

2.02 Redevelop Adelaide Central Market Arcade and Market District

Strategic / Infrastructure Project (s):

Central Market Arcade Redevelopment (\$0.5m)

Develop a program to create a range of experiences and opportunities to support local businesses and the community.

Delivered by: June 2021

Strategic Plan Key Action:

2.09 Activate main streets and develop unique precincts to support a diverse range of businesses and communities

Strategic / Infrastructure Project (s):

Hutt Street Project (\$.3m)
Market to Riverbank (\$6.3m)*
Moonta Street (\$2.2m)*

Establish a new subsidiary of Council under Section 42 of the Local Government Act 1999 to accelerate economic growth through attracting investment and supporting the growth of business, residents, visitor, events, festivals and students.

Delivered by: June 2021

Strategic Plan Key Action:

2.10 Implement a City Wide Business Model

Strategic / Infrastructure Project (s):

-

**joint State Government and Council funded*



KEY ACTIVITIES FOR 2020 - 2021 FOR DYNAMIC CITY CULTURE

Work in partnership with the Kaurna community to deliver Reconciliation projects and to ensure Kaurna Culture is both recognised and supported through integration into Council strategies, project planning and other initiatives.

Delivered by: June 2021

Strategic Plan Key Action:

3.01 Support, promote and share Aboriginal and Torres Strait Islander cultures and pay homage to the Kaurna people as traditional owners

Strategic / Infrastructure Project (s):

Kaurna-led Stretch Reconciliation Action Plan initiatives (\$0.1m)
Kids on Country (\$0.04m)
Reconciliation Action Plan 2021- 2024 Build (\$0.01m)

Deliver new and diverse play spaces, undertake further planning to guide future works and complete improvements to existing activity spaces.

Delivered by: June 2021

Strategic Plan Key Action:

3.07 Deliver diverse parks and playspaces

Strategic / Infrastructure Project (s):

City Dirt Masterplan (\$0.04m)
City Skate Park (\$2.8m)*
Josie Agius Park/Wikaparntu Wirra (Park22) (\$0.02m)
Pelzer Park / Pityarilla (Park 19) (\$0.1m)
Quentin Kenihan Inclusive Playspace (\$0.8m)*

Work with our partners to deliver musical laneways and support, events and activations to celebrate Adelaide's culture of live music and performance.

Delivered by: June 2021

Strategic Plan Key Action:

3.11 Expand Adelaide's global reputation as a 'magnet city' and UNESCO City of Music, through world class events, live music, festivals and activation

Strategic / Infrastructure Project (s):

Umbrella Winter Festival (\$0.04m)
Splash incorporating winter lights (\$0.8m)

**joint State Government and Council funded*



KEY ACTIVITIES FOR 2020 - 2021 FOR ENVIRONMENTAL LEADERSHIP

Increase tree plantings, greening of streets and garden beds in identified parts of the City and design and construct greening and paths around Whitmore Square.

Delivered by: June 2021

Strategic Plan Key Action:

4.01 Increase street tree canopies and green infrastructure in city hot spots and public spaces

Strategic / Infrastructure Project (s):

Whitmore Square Greening (\$0.9m)*
Greening in the City's North West and South West (\$0.2m)

Delivery of a new Waste and Recycling Strategy and Programs to support our residents, businesses and community to reduce waste and improve recycling and organics outcomes.

Delivered by: June 2021

Strategic Plan Key Action:

4.02 Implement improvements to city-wide waste and recycling services to support transition to the circular economy

Strategic / Infrastructure Project (s):

City Wide Waste and Recycling Program (\$1.0m)

Delivery of feasibility assessments and design work for a River Torrens Wetlands and Urban Nature Space.

Delivered by: June 2021

Strategic Plan Key Action:

4.05 Enhance biodiversity in the Park Lands and connect our community to nature

Strategic / Infrastructure Project (s):

Kirrawirra Park / River Torrens Wetlands and Urban Nature Space (\$0.3m)

**joint State Government and Council funded*



KEY ACTIVITIES FOR 2020 - 2021 FOR ENABLING PRIORITIES

Expand access to and availability of data and insights through online tools and integrated Council reporting and workshops.

Delivered by: June 2021

Strategic Plan Key Action:

Strategic / Infrastructure Project (s):

5.01 Review and improve the way we collect and present data to share insights with the community

Understand the value and importance of services to deliver efficient outcomes to our community and review corporate services to deliver efficient internal support.

Delivered by: March 2021

Strategic Plan Key Action:

Strategic / Infrastructure Project (s):

5.06 Review Council services to balance efficiencies with meeting community expectations

Develop a new policy covering the way council buys goods and services, with a focus on best value for money and improving social, environmental, cultural and local business outcomes.

Delivered by: December 2020

Strategic Plan Key Action:

Strategic / Infrastructure Project (s):

5.07 Implement Sustainable (financial, environmental, social, cultural) Procurement Policy

Services and Projects

The City of Adelaide delivers a broad range of services to our community. These services bring our Strategic Plan to life, ensure we deliver on essential community needs, fulfil our duties as a Capital City Council and enable our organisation to thrive.

In 2020 - 2021 the City of Adelaide will continue to review its services, including how we best partner with key stakeholders, how the community values and prioritises services and how the organisation is best placed to deliver on these.

The following pages present the ten service categories that encompass over 90 services. Each service category defines the value we provide to the community and strategic plan alignment. The addition of the service budgets provides a level of transparency and clearly articulates what services are delivered to our community.



The below table shows each service category and the percentage share of that category of the total amount of FTEs, income and expenditure across all ten categories.

Service categories	FTE	Income	Expenditure
Arts, Community Development & Civic Services	14.0%	0.9%	11.8%
Asset Maintenance	28.2%	0.7%	19.1%
Commercial Operations	8.0%	13.9%	11.4%
Corporate Support Services	9.5%	0.1%	12.0%
Economic Growth	8.0%	7.1%	15.4%
Infrastructure and Asset Management	9.2%	0.0%	11.0%
Policy and Planning Services	3.7%	0.0%	3.4%
Property Management	1.6%	4.5%	0.8%
Regulatory and Statutory Services	15.7%	72.8%	11.5%
Waste, Natural Resources and Environmental Services	2.1%	0.0%	3.6%
TOTAL	100%	100%	100%

Glossary:

Definition:	How Council defines the service category, including the services contained within
Community Value:	The value that the community should expect from the services within the category
FTE:	The Full Time Equivelant staff that deliver a service
Income:	Funds that a service receives (through fees and charges, grants etc)
Expenditure:	The total amount of operational funds to be spent in the delivery of each service (not including capital, infrastructure, plant, fleet and equipment)
Net:	Total budget based on income less expenditure

Arts, Community Development and Civic Services

We have a community that feels connected, accessible, vibrant, safe and resilient, and celebrates cultural diversity.

Celebrate Adelaide's unique arts and culture through our many events and festivals

Experience and explore Adelaide's iconic Town Hall

Access life long learning and library services online or in person

Visit our Community Centres and access community programs

Access information and items that share Adelaide's history

Enjoy community sporting and recreational facilities throughout our Park Lands

Experience brilliant customer service from a Council who works with our partners to achieve great outcomes for our City

Services provided for community benefit, to respond to community needs and provide programs that deliver community experiences as well as meet civic responsibilities in representing the interests of the city.

What our services deliver:

- Preserve, display and provide access to Adelaide's unique historic items
- Develop strong, inclusive, united and resilient city communities
- Support vulnerable people to reduce social isolation
- Enhance recreation and sport facilities to support active lifestyles
- Deliver creative and cultural experiences through events, activations, library services, community centres and lifelong learning activities
- Develop partnerships with arts and culture and creative industries to drive cultural vitality
- Provide support and advice to the Lord Mayor and Council Members
- Develop intergovernmental and strategic partnerships to improve community outcomes.

Linked Strategic Plan Key Actions:

Thriving Communities	1.01	Leverage the Adelaide Park Lands to promote health, wellbeing and lifestyle experiences
	1.02	Build and be guided by the Wellbeing Dashboard
	1.04	Develop diverse places, and facilities with and for young people
	1.06	Support volunteerism to build community capacity and connectedness
Strong Economies	1.09	Pursue affordable, reliable links to airports, regions and suburbs
	2.06	Support and develop diverse creative and social industry sectors
	2.08	Facilitate creative uses of the public realm and underutilised city buildings
	2.09	Activate main streets and develop unique precincts to support a diverse range of businesses and communities
Dynamic City Culture	3.04	Support development of new cultural and civic infrastructure for the city
	3.07	Deliver diverse parks and playspaces
	3.08	Expand public art throughout the city in collaboration with the private sector
	3.09	Connect City users to place through curated city experiences
	3.10	Support community diversity, cultural expression, experiences and participation
	3.11	Expand Adelaide's global reputation as a 'magnet city' and UNESCO City of Music, through world class events, live music, festivals and activation
	5.02	Demonstrate bold governance leadership in the Local Government Sector
Enabling Priorities	5.03	Build on effective advocacy and partnerships, locally, globally and nationally
	5.09	Encourage and support new ideas and concepts

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
Civic Collection Management	3.3	\$6	-\$401	-\$395
Community Capacity Building (community centres, sport and recreation, community wellbeing and resilience)	15.8	\$356	-\$3,430	-\$3,075
Creative and Cultural Experiences (libraries, Town Hall, events)	44.6	\$1,275	-\$8,559	-\$7,285
Creative and Cultural Planning and Partnerships (cultural strategy, creative enterprises and social industries)	10.1	-	-\$2,060	-\$2,060
Customer Experience	32.1	\$1	-\$3,611	-\$3,610
Lord Mayor and Council Members Administration	7.4	-	-\$1,965	-\$1,965
Partnerships and Intergovernmental Relations	1.1	-	-\$251	-\$251
TOTAL Service Category	114.4	\$1,637	-\$20,278	-\$18,641

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Christmas in the City Deliver and install Christmas decorations in the City including banners, lighting, decorations and the Christmas tree. Preparation of a new 5 year Christmas in the City Action Plan.	-\$100	-\$200 -\$137*
Library Materials Funding for library books and materials (\$261k fully funded by State Government Grant)	-	-\$14*
New Winter Event Funding to secure confidential Public Art outcome	-\$300	-
Public Art Deliver a range of public art capital projects that will surprise, delight and attract people and contribute to the development of Adelaide as the premier international arts market.	-	-\$216 -\$91*
Shared Arts and Cultural Grants (subject to SA Govt matched funding) Establish a new Arts and Cultural Grants category in partnership with the State Government to meet an identified need for the funding for the development, delivery and celebration of Aboriginal and Torres Strait Islander creative cultural practices in the City.	-\$50	-
Splash Adelaide (incorporating Winter Lights) Champion creative responses to the challenges of our city through a series of innovative partnerships, precinct based activations, community led ideas, projects and experiments.	-\$710 -\$75*	-
Terrence Plowright Sculpture Installation Philanthropist Basil Sellers has gifted to the Art Gallery of South Australia (AGSA) a substantial sculpture by renowned artist Terrance Plowright, which AGSA have offered on loan to the City of Adelaide to install in a prominent Park Land setting		-\$178*
Umbrella Winter Festival Funding for 2020 - 2021 delivery of the 2019 - 2020 Umbrella Festival, postponed due to COVID-19.	-\$40	-
Welcoming City Places and Spaces For community engagement to understand the needs and wants of our city of multicultural communities.	-\$25*	-
Winter Weekends Activation of mainstreets through music in the streets and winter fire pockets (\$200k fully funded by State Government Grant)	-	-
TOTAL Projects	-\$1,300	-\$836

Asset Maintenance

We provide safe, clean and well maintained public spaces for City users.

Clean and accessible city spaces through our well maintained roads, paths, laneways and Park Lands

Walk or ride safely surrounded by shaded, green and attractive spaces

Explore unique and natural places and enjoy our vibrant culture and ecologically biodiverse Park Lands and watercourses

Maintenance of the city's public infrastructure assets

What our services deliver:

- Construct, maintain, clean and ensure safe streets, bikeways, footpaths, Park Lands, playspaces and street furniture
- Establish and maintain beautiful natural areas within an urban environment
- Improve and maintain the ecological value of watercourses and biodiversity in Park Lands
- Maintain and create signage for streets and parking
- Develop and implement sustainable green waste solutions to reduce our carbon footprint
- Procure, manage, maintain plant and fleet management.

Linked Strategic Plan Key Actions:

- | | | |
|--------------------------|------|--|
| Environmental Leadership | 4.01 | Increase street tree canopies and green infrastructure in city hot spots and public spaces |
| | 4.05 | Enhance biodiversity in the Park Lands and connect our community to nature |
| | 4.08 | Protect and conserve the heritage listed Adelaide Park Lands |

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
Arboriculture	14.6	-	-\$2,267	-\$2,267
Biodiversity	4.8	-	-\$538	-\$538
Capital Works	-	-	-	-
Cleansing	53.4	\$33	-\$7,410	-\$7,377
Facilities Management	5.4	-	-\$583	-\$583
Irrigation	4.7	\$5	-\$889	-\$884
Lines and Signs	8.9	-	-\$1,685	-\$1,685
Mowing	18.1	-	-\$2,503	-\$2,503
Nursery	7.0	\$625	-\$1,245	-\$619
Park Lands Maintenance	24.8	\$3	-\$2,939	-\$2,936
Plant and Fleet Management	16.7	\$10	\$917	\$927
Playground Maintenance	2.8	-	-\$345	-\$345
Road and Footpath Maintenance	32.2	\$450	-\$4,965	-\$4,515
Streetscape Maintenance	9.3	-	-\$2,896	-\$2,896
Trade Services	14.9	\$102	-\$3,503	-\$3,401
Urban Elements Maintenance	12.0	-	-\$2,029	-\$2,029
TOTAL Service Category	229.7	\$1,229	-\$32,879	-\$31,650

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Not Applicable	-	-

Plant, fleet and equipment \$'000s (*Carry Forward from 2019-20)	Trade in Value	Replacement Value	Total (net value)
Excavator	\$5	-\$50	-\$45
Mower	\$23	-\$210	-\$187
Roller	\$5	-\$50	-\$45
Sweeper	\$62	-\$330	-\$268
Fleet	\$656	-\$2,108*	-\$1,452
TOTAL Plant, fleet and equipment	\$751	-\$2,748	-\$1,997

Commerical Operations

We sustainably and financially operate Council businesses to meet Council and community needs and to drive increased visitation, participation and physical activity.

Experience year round sport and recreation facilities that offer swimming pools, sauna, steam rooms, health club and creche

Play a round of Golf at a premium 18 hole Golf Course along the river bank all complete with function spaces surrounded by a picturesque backdrop

Visit the city and have access to safe, accessible and competitively priced off-street undercover car parking at multiple locations

Council operated and maintained business operations.

What our services deliver:

- Support physical activity, healthy lifestyles and wellbeing by providing access to the Adelaide Aquatic Centre through a variety of services and activities (eg. Recreational and Lap swimming, Swimming Lessons, Gymnasium Activities, Sporting and Educational water activities and Allied Services)
- Maintain and operate the North Adelaide Golf Course (2 x 18 Hole courses - North & South) 1 x 18 Hole Par 3 Course & Kiosk, Club House and Ancillary Activities)
- Operate and provide off-street parking in nine UPark locations (Casual, Early Bird, Unreserved / Reserved and UPark Plus parking) and Temporary Event Parking Provision.

Linked Strategic Plan Key Actions:

Strong Economies 2.05 Reduce and streamline Council policies, permits and fees to reduce the cost base of doing business in the City

Dynamic City Culture 3.05 Upgrade major recreational facilities

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
Aquatic Centre	32.4			
Commercial Business Marketing and Communications	2.2			
Golf Links	11.8			
Off Street Parking	19.1			
Off Street Parking - Park Lands	-			
TOTAL Service Category	65.5	\$25,398	-\$19,661	\$5,738

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Golf Course Masterplan Funding to facilitate Par 3 improvements	-\$15*	-
UPark Plus Continue with the phased implementation of the 'UPark Plus' platform to deliver additional functionality as planned.	-\$298*	-
TOTAL Projects	-\$313	-

Plant, fleet and equipment \$'000s (*Carry Forward from 2019-20)	Total
UPark	
Golf Course	
Aquatic Centre	
TOTAL Plant, fleet and equipment	-\$891*

Please note: due to commercial sensitivities and confidentiality not all budget information is available

Corporate Support Services

We have effective governance and sustainably use our resources so that the community trusts Council's decision making.

Engage with a committed and customer centric workforce

Be assured your capital city is ready and prepared to respond to disasters and emergencies

Be provided a fair and equitable approach to how Council procures products or services

Easy to find online services and information that are digitally secure

Internal enabling and supporting services for the organisation.

What our services deliver:

- Deliver services in an efficient and effective manner
- Provide procedural and technical advice to support decision making and ensure legislative compliance
- Provide cost effective and confidential print services through an internal print room
- Ensure compliance and preparedness to Emergency and Disaster Management Plans
- Collect and facilitate payments and grants to customers, businesses and employees
- Support corporate systems and technologies to deliver services in line with Council objectives
- Deliver in house legal advice and coordinate external legal services
- Provide specialist support and advice for network and communications, server and cloud environments and deliver a high level of cybersecurity resilience.
- Deliver internal communications, learning and development, recruitment and talent acquisition, human resource support and reward and recognition services to improve employee experiences
- Procure goods and services sustainably with a financial, environmental, social and cultural focus
- Ensure safe ways of working in line with Work Health and Safety requirements and PSSI compliance.

Linked Strategic Plan Key Actions:

Enabling Priorities	5.01 Review and improve the way we collect and present data to share insights with the community
	5.05 Develop new revenue opportunities for Council operations
	5.06 Review Council services to balance efficiencies with meeting community expectations
	5.07 Implement Sustainable (financial, environmental, social, cultural) Procurement Policy
	5.09 Encourage and support new ideas and concepts

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
Business Improvement	2.8	-	-\$431	-\$431
Council Governance	3.8	-	-\$541	-\$541
Council Print Services	1.0	-	-\$116	-\$116
Emergency Management	1.1	-	-\$143	-\$143
Financial Services	10.9	\$25	-\$2,724	-\$2,699
Helpdesk & Application Support Services	9.1	\$40	-\$4,620	-\$4,580
IT Business Engagement	10.8	-	-\$3,449	-\$3,449
Legal	1.1	-	-\$1,058	-\$1,058
Network & Telecommunications Services	2.1	-	-\$1,017	-\$1,017
People Experience	15.5	-	-\$2,972	-\$2,972
Procurement and Contract Management	12.1	-	-\$1,526	-\$1,526
Safety and Wellbeing	4.0	\$25	-\$883	-\$858
Server and Cloud Administration	3.1	\$23	-\$1,254	-\$1,232
TOTAL Service Category	77.3	\$113	-\$20,734	-\$20,622

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Payment Card Industry (PCI) compliance Completion of software implementation, testing and project management costs to enable Payment Card Industry Data Security Standard (PCI DSS) compliance requirements	-\$178*	-
Property valuation software Customised in-house property valuation tool	-\$42*	-
Representation Review A comprehensive review of Council's representation structure for the purpose of determining whether our community would benefit from an alteration to its composition or ward structure (as guided by legislation)	-\$60*	-
TOTAL Projects	-\$280	-

Plant, fleet and equipment \$'000s (*Carry Forward from 2019-20)	Total
Server replacement	-\$175
Network connectivity and security	-\$668*
Telecommunications	-\$144
PC replacement	-\$348
Printer / MFD replacement	-\$62
Corporate applications	-\$15
Handheld equipment	-\$140
TOTAL Plant, fleet and equipment	-\$1,552

Economic Growth

We have increased visitors, residents, productivity, expenditure and investment within the city.

Visit the Adelaide Central Markets, providing a diverse range of food and beverage traders, offering sustainable, new and locally sourced products and produce

Enjoy a unique shopping experience in Rundle Mall with events and attractions happening year round

Explore a vibrant city, with an international profile that attracts visitors and residents through our unique city offerings

Be a part of a growing city known for smart city initiatives, big data, hyper-connectivity and entrepreneurship where we support business owners to grow and develop their capability

Provision of services that aim to increase visitor and resident growth and provide economic benefit to the city.

What our services deliver:

- Promote and manage Rundle Mall, the premier retail destination in South Australia
- Promote and manage operations and leasing for the iconic Adelaide Central Market
- Deliver capability building programs and investment attraction services
- Support main streets and precincts to drive business growth
- Analyse and market the city as a great place to live, through property owners, agents and developers
- Develop relationships with State Government to increase investment and attraction
- Deliver a suite of innovative content, design and marketing services to achieve a consistent brand
- Collaborate across the organisation to create and accelerate innovation and leverage emerging opportunities
- Deliver proactive media relations to enhance ratepayer and community awareness of our role, services and priorities
- Support growth in visitor numbers and increased spending by raising Adelaide's international profile.

Linked Strategic Plan Key Actions:

Thriving Communities	1.06 Support volunteerism to build community capacity and connectedness
Strong Economies	2.03 Establish a Smart Visitor Experience Centre
	2.04 Provide connections, opportunities and a supportive environment for start-ups to test, trial and innovate
	2.06 Support and develop diverse, creative and social industry sectors
	2.09 Activate main streets and develop unique precincts to support a diverse range of businesses and communities
	2.10 Implement a City Wide Business Model
Dynamic City Culture	3.09 Connect City users to place through curated city experiences
	3.11 Expand Adelaide's global reputation as a 'magnet city' and UNESCO City of Music, through world class events, live music, festivals and activation
Enabling Priorities	5.01 Review and improve the way we collect and present data to share insights with the community

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
ACMA Marketing & Events	2.7	\$14	-\$813	-\$799
ACMA Operations & Leasing	3.0	\$8,590	-\$8,309	\$281
ACMA Strategic Mgmt, Governance, Finance & Admin	2.1	\$49	-\$800	-\$751
City Growth	6.3	\$2	-\$2,156	-\$2,154
Content and Social Media	3.2	-	-\$474	-\$474
Graphic Design	3.2	-	-\$336	-\$336
Innovation	6.7	\$170	-\$1,622	-\$1,452
Marketing Strategy, Brand and Consumer Insights	3.8	-	-\$676	-\$676
Media Relations	3.8	-	-\$687	-\$687
Programme Marketing and Communications	8.2	-	-\$1,410	-\$1,410
(RMMA) Marketing Events and Activation	6.0	\$2,102	-\$2,615	-\$513
(RMMA) Retail and General Operations	1.8	\$1,036	-\$998	\$38
(RMMA) Strategic Management and Governance	1.8	\$947	-\$472	\$475
Small Business Advice and Support	-	-	-	-
Visitor Growth	9.2	-	-\$4,336	-\$4,336
Web, digital and visual content	3.8	-	-\$851	-\$851
TOTAL Service Category	65.4	\$12,910	-\$26,555	-\$13,646

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Adelaide Free Wi-Fi To provide a high-performing and ubiquitous wireless broadband network throughout the City of Adelaide, providing critical digital infrastructure for connecting communities, citizens and businesses, enabling an enhanced digital experience throughout the city	-\$900	-
City Wide Business Model Facilitate the establishment of a subsidiary of Council to implement a City Wide Business Model	-\$17*	-
Outdoor Activation Grant Program Grants to support City of Adelaide small businesses to fund long term street level improvements to adapt to changing requirements in the wake of COVID-19 (\$300k fully funded by State Government)	-	-
Recover + Reimagine Funding for the crowdsourced ideas from Council Members and the community to activate our mainstreets and laneways and to support City recovery (includes \$24k funding from State Government)	-\$111*	-
Shop Front Improvement Grant Program To provide businesses in Hindley Street with financial incentives to make physical enhancements to their building frontage.	-\$50*	-
Ten Gigabit Adelaide To provide contributions towards the Infrastructure of the Ten Gigabit network and delivery of Wi-Fi components	-\$2,035*	-
TOTAL Projects	-\$3,113	-

Infrastructure and Asset Management

We design, plan, deliver and operate community assets in a safe and financially sustainable manner.

Explore world class infrastructure and design through many beautiful places that attract visitors, residents and businesses to our city

See our city's character come to life through the curation of sustainable and inclusive public spaces

Explore the City centre and beyond on an accessible and interconnecting transport network

Development and management of the city's public infrastructure assets and delivery of the Council's Capital Projects.

What our services deliver:

- Create sustainable and inclusive public spaces that enhance the city's character, culture and connection
- Monitor, manage and report on city infrastructure project planning and delivery to ensure projects are on time, within set financial budgets creating quality outcomes for the community
- Manage strategic infrastructure investments to align CoA strategic management plans with long term financial sustainability
- Manage infrastructure assets to ensure they perform as expected for the community and maximise infrastructure lifecycle
- Deliver beautiful places and spaces through city infrastructure projects to increase city activation and visitation
- Manage the road network to deliver an accessible, interconnecting and efficient transport network across the city and North Adelaide.

Linked Strategic Plan Key Actions:

Thriving Communities	1.01	Leverage the Adelaide Park Lands to promote health, wellbeing and lifestyle experiences
	1.10	Support delivery of welcoming civic infrastructure / third spaces to foster community connections through the adoption of universal and sustainable design principles
	1.11	Work with the State and Federal Government to future proof infrastructure for emerging modes of transport, and trial smart, sustainable forms of public transport
Strong Economies	2.08	Facilitate creative uses of the public realm and underutilised city buildings
Dynamic City Culture	3.04	Support development of new cultural and civic infrastructure for the city
	3.05	Upgrade major recreational facilities
	3.06	Develop asset management plans to provide for future generations
	3.07	Deliver diverse parks and playspaces
	3.08	Expand public art throughout the city in collaboration with the private sector

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
Asset Information Services	7.0	-	-\$914	-\$914
Design Management	19.4	-	-\$2,514	-\$2,514
Design Strategy	1.4	-	-\$254	-\$254
Governance and Performance Office	7.7	-	-\$1,031	-\$1,031
Infrastructure and Asset Planning	3.7	-	-\$643	-\$643
Infrastructure and Asset Solutions	12.4	-	-\$8,858	-\$8,858
Project Management	16.5	-	-\$2,339	-\$2,339
Transport Operations	7.3	-	-\$2,429	-\$2,429
TOTAL Service Category	75.3	\$0	-\$18,981	-\$18,981

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Asset Management Transformation Program Implementation of a new Asset Management Information System to support the renewal and maintenance of the City's infrastructure	-\$929*	-
Gawler UPark Facade Structural Works to Gawler UPark facade and building	-\$1,964*	-
Melbourne, O'Connell & Hutt Streets Masterplan Preparation of Master Plans for Melbourne Street, O'Connell Street and Hutt Street. The plans will identify short, medium and long term actions to guide future investment in these streets, and include engagement with businesses and the local community	-\$232	-
Rundle Mall Wayfinding Provision of wayfinding technology for the Rundle Mall precinct	-	-\$50*
Torrens Lake Weir Designs Design works to improve cyclist safety on rails for weir 2 and 3	-\$16	-
TOTAL Projects	-\$3,141	-\$50

Policy and Planning Services

We have a city that is beautiful, inspiring, safe, sustainable and values its heritage.

Play a part in our future and have your say about what's important to you through our community engagement activities

Participate in community programs that help build strong and resilient communities and support those who are most vulnerable in our community

Explore the unique heritage found throughout the City, including our National Heritage listed parklands

Celebrate Kurna culture and discover the history of our Aboriginal and Torres Strait Islander peoples

Services that provide insights into city planning, information and advice enabling Council to effectively set and implement policy and deliver strategic programs and projects.

What our services deliver:

- Deliver a research service to support decision making, service provision and reporting on Strategic Plan progress
- Provide training and support for best practice approaches to and delivery of engagement with community and key stakeholders
- Work with community groups to establish strong and resilient communities who welcome and engage people of all ages and backgrounds to participate in City life
- Preserve, promote and protect the city's unique heritage
- Protect, conserve and manage parks, squares and gardens
- Support planning policy and reform to shape a city that is beautiful, inspiring, safe and sustainable
- Provide delivery planning, corporate performance monitoring and reporting, strategy development and policy advice to achieve the delivery of the four-year Strategic Plan
- Develop transport strategies and programs to support the economic, environmental and social needs and aspirations of the city and its users now and into the future.

Linked Strategic Plan Key Actions:

Thriving Communities	1.01	Leverage the Adelaide Park Lands to promote health, wellbeing and lifestyle experiences	
	1.02	Build and be guided by the Wellbeing Dashboard	
	1.03	Continue support for the Adelaide Zero Project and other initiatives to achieve functional zero homelessness	
	1.05	Support health and housing for vulnerable people and young people	
	1.07	Develop plans to improve mobility and physical and digital access and connectedness	
	1.08	Implement City Access projects (walking, cycling and public transport) in partnership with the State Government, including the North-South and East-West city bikeways	
	1.09	Pursue affordable, reliable links to airports, regions and suburbs	
	Strong Economies	2.07	Develop spatial plans to support the growth in the city
		2.08	Facilitate creative uses of the public realm and underutilised city buildings
Dynamic City Culture	3.01	Support, promote and share Aboriginal and Torres Strait Islander cultures and pay homage to the Kurna people as traditional owners	
	3.02	Pursue world and State heritage listing for the Adelaide Park Lands and city layout	
	3.03	Encourage smart, creative, adaptive reuse of heritage assets, including through incentives and promotion	
Environmental Leadership	4.08	Protect and conserve the heritage listed Adelaide Park Lands	
Enabling Priorities	5.01	Review and improve the way we collect and present data to share insights with the community	
	5.08	Implement new approaches to engaging the community in Council decision-making	

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
City Insights and Evidence	2.4	-	-\$587	-\$587
Community Engagement	3.8	-	-\$512	-\$512
Community Planning and Strategy (social inclusion, reconciliation)	5.7	\$45	-\$840	-\$795
Heritage Management	5.6	-	-\$1,911	-\$1,911
Park Lands Management	3.0	-	-\$726	-\$726
Spatial Planning	6.5	-	-\$861	-\$861
Strategy and Planning	3.4	-	-\$488	-\$488
Transport Planning	-	-	-	-
TOTAL Service Category	30.4	\$45	-\$5,926	-\$5,881

Resources, Budget and Projects (continued)

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Chinatown and Market District Safety To fund the implementation of a Local Trader CCTV Rebate Scheme	-\$50*	-
City Plan A 10+ year Council plan to inform, prioritise and coordinate the City of Adelaide's asset and long term financial planning, and planning system activities	-\$200	-
CoA Reconciliation Action Plan (RAP) 2021 - 2024 Build Support the resourcing of the community engagement phase from which a draft Stretch Reconciliation Action Plan 2021 – 2024 will be created	-\$15	-
Don Dunstan Foundation (DDF) Strategic Partnership Partnership with DDF to deliver the Adelaide Zero Project and Social Capital Residencies	-\$210	-
Kaurna-led Stretch Reconciliation Plan 2018 - 2021 Initiatives To cohesively work in collaboration with and support the Kaurna community to meet common objectives of cultural respect and cultural responsibilities	-\$100	-
Kids on Country Deliver the Kids on Country event, an annual Kaurna Cultural event providing a unique and strongly supported opportunity for primary school students from a wide variety of regions	-\$40	-
Men's Shed Development of an Adelaide Men's Shed to enhance wellbeing and community resilience by providing opportunities for men to gather informally in the City	-\$30	-
Park Lands Services Funding to deliver strategic projects in the Adelaide Park Lands and commence a review of Adelaide Park Lands Management Strategy	-\$100	-
World Heritage Listing Explore and the options and viability of a World Heritage Listing bid for the Adelaide Park Lands and city layout	-\$90	-
Homeless and Vulnerable People Collaboration with city communities, community groups and homelessness service providers on strategies that address the need of people experiencing homelessness and other vulnerable people (\$45k fully funded by State Government)	-	-
Park Lands parking study Review of existing car parking (supply, type and occupancy) within and adjacent to, the Park Lands	-\$20*	-
Transport and Movement Strategy Development of a new Transport and Movement Strategy to align to development of a new Strategic Plan, considering emerging movement technologies and responding to a changing city	-\$40*	-
Transport services Projects to support strategic improvement of movement in the City of Adelaide	-\$15*	-
Vietnamese Boat People Memorial A value add contribution towards the Vietnamese Boat People Memorial installation for seating, interpretative signage and landscaping	-	-\$20*
TOTAL Projects	-\$910	-\$20



Property Management

We have access to beautiful and surprising places through the promotion, management and development of Council owned property.

Opportunities for sporting clubs, businesses and individuals to lease Council facilities in great locations

Be part of City shaping projects that help grow our economy and support new communities to thrive

Access to information and the ability to influence proposed changes about the city's public road network

Services that manage a diverse portfolio of properties and provide an important source of funding in addition to rates revenue.

What our services deliver:

- Manage the city's public road network and Council owned land
- Provide property management and leasing of Council owned buildings to ensure maximum occupancy and return on investment
- Manage the acquisition, disposal and redevelopment of Council's property portfolio to deliver strategic, community and commercial outcomes.

Linked Strategic Plan Key Actions:

Strong Economies	2.01	Develop 88 O'Connell Street
	2.02	Redevelop Adelaide Central Market Arcade and Market District
	2.08	Facilitate creative uses of the public realm and underutilised city buildings
Enabling Priorities	5.04	Implement Strategic Property Review

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (net)
Land Tenure Services	1.2	-	-\$207	-\$207
Property Management	6.9	\$8,250	-\$239	\$8,011
Property Strategy	5.0	-	-\$1,000	-\$1,000
TOTAL Service Category	13.1	\$8,250	-\$1,446	\$6,804

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
Central Market Arcade Redevelopment Progress the Central Market Arcade Redevelopment with project development partner, ICD Property	-\$600*	-
88 O'Connell Progress with the selected developer the development of the 88 O'Connell site	-\$290*	-
Strategic Property Investigations Progress the implementation of the Strategic Property Review including detailed investigations / business case development, associated with site disposal, re-purposing and redevelopment of assets	-\$100	-
TOTAL Projects	-\$990	-

Regulatory and Statutory Services

We have a safe, accessible and well planned city.

Visit restaurants, bars, cafes, pools and tattoo parlours with confidence knowing we work with them to meet hygiene and safety standards

Park in the City safely and with ease

Submit your development application with ease and get access to planning advice and support

Have your building assessed by our trained building assessment and compliance team to ensure that buildings and tenancies are safe to occupy

Register your dog or cat

Access your right to Freedom of Information

Celebrate your wedding or host an event in the Park Lands

Regulatory and statutory functions prescribed by legislation for planning, access, amenity, and public health and safety.

What our services deliver:

- Provide assessment for building rules consent to ensure all buildings are appropriate and safe to occupy
- Assess and issue permits for customers to activate and access the public realm
- Review and monitor compliance within the public realm and educate city users to ensure public safety
- Proactive and reactive advice to support a positive risk management culture and organisational compliance
- Educate, advise and enforce legislation to protect public health
- Provide transparent and confident reporting of finances and utilisation of resources to maximise outcomes for the City
- Manage and facilitate on street parking controls and ensure safety, traffic flow and vehicle turnover
- Provide planning advice and assessment for development applications to proponents/developers and impacted residents
- Collect rates revenue to maintain city assets and provide community services
- Provide records management services and the use of archives for the preservation of historic items.

Linked Strategic Plan Key Actions:

Strong Economies	2.05 Reduce and streamline Council policies, permits and fees to reduce the cost base of doing business in the city
Enabling Priorities	5.01 Review and improve the way we collect and present data to share insights with the community
	5.05 Develop new revenue opportunities for Council operations

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (nett)
Building Assessment and Compliance	10.7	\$64	-\$1,271	-\$1,208
Business Centre	11.2	\$1,951	-\$1,319	\$631
Community Safety	6.3	\$34	-\$767	-\$733
Compliance	2.3	-	-\$425	-\$425
Enterprise Risk	1.4	-	-\$1,171	-\$1,171
Environmental Health	6.3	\$223	-\$912	-\$690
External Reporting (financial, statutory reporting)	3.3	-	-\$527	-\$527
Financial Planning and Analysis	14.5	-	-\$1,935	-\$1,935
On-Street Parking	44.1	\$15,385	-\$6,169	\$9,216
Planning Assessment	12.3	\$362	-\$1,553	-\$1,191
Rating	6.8	\$114,767	-\$2,657	\$112,110
Records & Archival Management	8.4	\$6	-\$1,076	-\$1,070
TOTAL Service Category	127.7	\$132,791	-\$19,781	\$113,010

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
e-Planning Planning portal system to enable all development applications to be submitted online	-\$181*	-
North Adelaide Parking Review To finalise changes to on-street parking controls resulting from the North Adelaide Parking Review	-\$35*	-
TOTAL Projects	-\$216	-

Waste, Natural Resources and Environmental Services

We are a sustainable city that minimises our environmental impact and prepares for a changing climate.

Help build a climate ready and sustainable city through community based projects and education

Experience a clean and green city that manages natural resources sustainably

Drive your electric vehicle around the City with ease, knowing there are plenty of charging stations available

Recycle and dispose of waste through our collection services and public facilities

Services that deliver both strategic and operational management of waste as well as broader environmental services to ensure the long-term sustainability of our city.

What our services deliver:

- Deliver and maintain a carbon neutral certified organisation
- Support the promotion of community greenhouse gas emission reductions and celebrate achievements at all levels
- Position the city for a climate ready, sustainable future
- Support the event industry to implement the Sustainable Event Guidelines and promote community awareness
- Develop and implement a Waste and Recycling Strategy to support a sustainable city and community.
- Deliver waste collection, processing, recycling and disposal services to residential and commercial customers and in public places, in a sustainable and cost-effective way.

Linked Strategic Plan Key Actions:

- | | | |
|---------------------------------|------|--|
| Environmental Leadership | 4.01 | Increase street tree canopies and green infrastructure in city hot spots and public spaces |
| | 4.02 | Implement improvements to city-wide waste and recycling services to support transition to the circular economy |
| | 4.03 | Educate and support our community to be zero-waste, water sensitive, energy efficient and adaptive to climate change |
| | 4.04 | Support our community to transition to a low carbon economy through education, incentives and appropriate infrastructure |
| | 4.05 | Enhance biodiversity in the Park Lands and connect our community to nature |
| | 4.06 | Implement the Carbon Neutral Strategy for the city and achieve carbon neutral certification for our operations |
| | 4.07 | Support all CBD businesses to be green accredited |
| Enabling Priorities | 5.02 | Demonstrate bold governance leadership in the Local Government Sector |
| | 5.03 | Build on effective advocacy and partnerships, locally, nationally and globally |
| | 5.09 | Encourage and support new ideas and concepts |

Resources, Budget and Projects

Services \$'000s	FTE	Income	Expenditure	Total (nett)
Carbon Neutral and Efficient Organisation	4.1	-	-\$939	-\$939
Supporting a Low Carbon City	4.5	-	-\$730	-\$730
Sustainable and Climate Ready City	4.8	-	-\$1,127	-\$1,127
Sustainable Event Support	-	-	-	-
Waste and Recycling	2.6	-	-\$525	-\$525
Waste Management	0.9	\$50	-\$2,921	-\$2,921
TOTAL Service Category	17.0	\$50	-\$6,242	-\$6,242

Projects \$'000s (net budget) (*Carry Forward from 2019-20)	Project	Capital
City Wide Waste and Recycling Program Position City of Adelaide as a world class resource recovery leader through delivery of new waste and recycling systems in our operations, including the introduction of a new City-Wide Waste and Recycling Program that supports our residents, businesses and community to transition to a zero-waste city	-\$1,000	-
Kirrawirra Park/River Torrens Wetlands and Urban Nature Space Design an inline wetland along a section of Torrens Lake incorporating board walks, an outdoor education area and interpretative signage, including a complementary floating wetland to enhance water quality outcomes	-\$300	-
Strategic Waste Management Plan Development of the strategy to provide direction for future waste and recycling services in the City of Adelaide	-\$9*	-
TOTAL Projects	-\$1,309	-

Infrastructure and Capital Works

The City of Adelaide is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for city users. We are committed to having Asset Management Plans in place for all infrastructure assets to ensure we continue to provide effective and comprehensive management of our asset portfolio.

The development of these Asset Management Plans indicates our ongoing commitment to operate and maintain asset portfolio efficiently to meet both strategic and legislative requirements and deliver value for the community.

The Infrastructure Program provides the basis for our capital asset management renewal program developed as part of the Business Plan and Budget process.



Total expenditure per Infrastructure and Capital Works category:

\$'000s	Expenditure
Major Projects	\$22,128
New and Significant Upgrade	\$3,634
Renewals and Essential Works	\$22,808
<i>Delivery resources</i>	\$5,828
TOTAL Infrastructure and Capital Works	\$54,398

A summary of the first three categories is provided in the following pages, with a full detailed listing of renewals and essential works included in Appendix 3.

Glossary for the service category pages:

Delivery Resources:	Internal resources aligned to delivering infrastructure and capital works
Major Projects:	Large scale infrastructure projects, will usually result in new assets that increase the levels of service provided to the community
New & Significant Upgrade:	The upgrade of assets that increase the level of service above the current provision, new represents the acquisition of new assets expanding the level of service provided
Renewals and Essential Works:	Essential investments to ensure we provide a safe, efficient and accessible network throughout the city. The asset renewal program includes: Roads, Kerbs and Footpaths, Traffic Signals, Bridges, Lighting and Electrical, Water Infrastructure, Park Land and Streetscape Greening Renewals and Urban Elements.

Major Projects

Projects / Infrastructure \$'000s	Total
Moonta Street SA Government contribution \$2.0m Joint Funded Project to establish Moonta Street as the next key linkage in connecting the Central Market to Riverbank Precinct through north-south road laneways	\$2,200
North Terrace Public Realm Upgrade Purchase of pavers for future year upgrade to North Terrace Public Realm	\$700
Whitmore Square Greening SA Government contribution \$0.9m Joint funded project to deliver the first stage of the masterplan to establish pleasant walking paths and extend the valued leafy character of the square from its centre to its edges	\$900
City Connectivity* To trial a virtual tourism interface, which will inform and advise a broader rollout of the Digital Customer Experience component of the City Deal project	\$125
City of Adelaide Bikeways – East West* SA Government contribution \$2.913m Continuous and separated bikeways through the City of Adelaide from East to West	\$5,826
City of Adelaide Bikeways – North South* SA Government contribution \$1.478m Continuous and separated bikeways through the City of Adelaide from North to South	\$2,955
City Skate Park* SA Government contribution \$2.907m Integrating a new City Skate Park within Gladys Elphick Park / Narnunnga (Park 25) to extend Narnunnga as a sports hub and key Park Lands destination with a range of recreation options for different ages and abilities	\$2,907
Denise Norton Park / Pardipardinnyilla (Park 2) East Enhancement* SA Government contribution \$1.214m Enhancements to meet the recreation and open space needs of the existing and growing communities in North Adelaide and surrounds	\$1,214
Gawler Place Development* Final stage of upgrade of Gawler Place between North Terrace and Grenfell Street	\$236
Josie Agius Park / Wikaparntu Wirra (Park 22)* SA Government contribution \$0.025m Final works following state funded Netball Court Upgrade in Park 22	\$25
Market to Riverbank* SA Government contribution \$2.086m A joint project by City of Adelaide and State Government (through Renewal SA) to create an exciting and vibrant connection between the Adelaide Central Market and the Adelaide Riverbank	\$4,172
Pityarilla / Pelzer Park (Park 19)* SA Government contribution \$0.041m Final stage of Pityarilla / Pelzer Park (Park 19) upgrade	\$41
Quentin Kenihan Inclusive Playspace* SA Government contribution \$0.827m The Quentin Kenihan Inclusive Playspace is an opportunity to create an exemplary regional playspace in Rymill Park / Murlawirrapurka (Park 14). The inclusive playspace will provide play through the provision of social, active, cognitive and creative play and recreation opportunities for all ages, abilities and cultures serviced by the wider park facilities and amenities for the local and surrounding areas	\$827
TOTAL Major Projects	\$22,128

*includes funding retimed from 2019 - 2020 Business Plan and Budget

New and significant upgrade

Projects / Infrastructure \$'000s	Total
City Dirt Masterplan Detailed design and cost planning for the enhancement of the BMX facility in Blue Gum Park / Kurangga (Park 20) and connections to the TreeClimb facility	\$40
Flinders Street Pedestrian Crossing Improvements Subject to the final route on the East-West bikeway being approved by Council, prepare a detailed design for cost estimation for kerb extensions on Flinders Street adjacent Pilgrim Lane for the further consideration of Council	\$10
Greening in the City's North West and South West Project to increase greening and tree canopy of the city's south west and north west	\$235
Hutt Street Project Quick win of Hutt Street Masterplan, including infill street trees, revitalisation of the verge and median garden beds between South Terrace and Halifax Street, aligning with planned renewals (\$700k)	\$325
North Terrace / George Street Cyclist Safety Measures Detailed design and cost estimation for a bicycle hook turn and western pedestrian crossing at the intersection of North Terrace and George Street for Council's further consideration	\$40
Kingston Terrace Stormwater Stormwater investigations and design on Kingston Terrace – West for Council's further consideration	\$6
City Greening* Project to increase greening and tree canopy cover to 20% in the City's south west and north west	\$130
Decorative Lighting Program* Implementation of festoon lighting to Ebenezer Place and decorative lighting to Hurtle Square	\$128
Events Infrastructure Rundle Park* Design and construction of services (e.g. water and power) to the east Park Lands area (Rundle Park / Kadlitpina) to improve the facilitation of key festival events within the City of Adelaide	\$807
Field Street (Design)* Design of an upgrade to Field Street which creates a green, pedestrian-friendly destination to foster this new edgy dining and creative quarter in the city's Market district	\$43
Hindley Street* Implementation of short-term and medium-term actions on Hindley Street	\$231
Integrated Water Management* Installation of software to support smart water meters installed in City of Adelaide owned buildings	\$15
Paxton's Walk and Vaughan Place Design* Design project to improve connection between North Terrace and Rundle Street via Paxton's Walk complementing the new tram stop	\$37
Peace Park / Town Clerk's Walk* Peace Park irrigation, turf management and tree succession planning. Infill tree planting along Town Clerk's Walk	\$261
Place of Reflection* Project to create a landscaped area for reflection with seating and artwork in Rymill Park / Murlawirrapurka (Park 14), co-funded through Stolen Generation Reparations Fund	\$262
Tavistock Lane* Co-funded upgrades to Tavistock Lane to facilitate a taxi drop-off area and the lane being upgraded and operating as a public road	\$150
Turning Gray Street Green - arbour* Increase green canopy and design and build a green arbour, in Gray Street	\$109
Wattle Grove Memorial* Concept design to explore the opportunity to enhance Golden Wattle Park / Mirnu Wirra (Park 21W). Concept to include the reinstatement of the grove of wattle trees adjacent Sir Lewis Cohen Avenue and options for a new war memorial. Construction subject to future funding endorsement by Council	\$43
Whitmore Square Pedestrian Safety Improvements* Intersection safety improvements to the North West intersection of Whitmore Square	\$762
TOTAL New and significant upgrade	\$3,634

*includes funding retimed from 2019 - 2020 Business Plan and Budget

Renewals and essential works

Projects / Infrastructure \$'000s	Total
Bridges Investment in the Council's bridge infrastructure to ensure accessible and safe movement throughout the City, including replacing Victoria Bridge expansion joints as well renewing several minor footbridges in the Park Lands	\$657
Buildings Continuation of Building Renewal and Compliance Program	\$968
Lighting & Electrical Essential works on Lighting and Electrical Infrastructure to support a safe, secure and continuous service to the residents, visitors and community	\$953
Park Land & Open Spaces Ensures that landscape features located within our streets and Park Lands are actively managed to enhance our streets giving consideration to legislative requirements and safety.	\$80
Transport Essential roadworks to ensure we continue to provide a safe, efficient and accessible road and footpath network, including resurfacing Grote Street, Prospect Road and Main North Road	\$4,174
Traffic Signal Investment in Traffic Signal infrastructure to ensure accessible and safe movement throughout the City for residents, visitors and the public, including critical underground cables and conduits replacement works in West Terrace and Currie Street	\$1,003
Urban Elements Essential Urban Elements works to ensure the provision of a safe, accessible, clean and well maintained urban environment including Public Art refurbishment	\$565
Water Infrastructure Essential works on Council's Stormwater Infrastructure	\$1,880
Bridges Renewal Program* Continuation of essential works on City of Adelaide bridge assets, including works to Adelaide Bridge	\$76
Brownhill Keswick Creek* The City of Adelaide is part of regional subsidiary that is responsible for the development and delivery of the Brown Hill Keswick Creek project which aims to mitigate significant flooding risk to properties in metropolitan Adelaide	\$80
Building Renewal and Compliance Program* Upgrade of the Building Management System and the Building Security to enable corporate needs and meet legislative requirements	\$176
Chesser Arbour* Project to address the structural issues of the Chesser Arbour	\$71
Colonel Light Centre Renewals* Delivery of new cooling tower to CLC - essential for air quality (safety)	\$455
Creek rehabilitation* Continuing project to restore the condition of the creek, increase biodiversity and assist in reducing flooding impact in the Park Lands.	\$43
Design Services CITB Levy* Annual payment to CITB based on total construction value	\$51
Featherstone Place* Road Resurfacing to Featherstone place	\$86
Grote Street (Morphett Street to West Terrace)* Greening to new median to align with Road Renewal, Kerb and Water Table and footpath works	\$1,717
Hazardous Material Removal Program* Annual assessment, identification, and removal of hazardous material within buildings	\$727

*includes funding retimed from 2019 - 2020 Business Plan and Budget

Projects / Infrastructure \$'000s	Total
Hutt Street* Design project to investigate improvements including greening and pedestrian amenity, pram ramps and DDA compliance opportunities aligning to renewals	\$53
Jeffcott Street Stage 2* Construction project to continue works to address drainage and flooding issues, prioritising conserving, and enhance the street's character (trees and bluestone kerbing)	\$1,993
Lighting & Electrical* Continuation of essential works on Lighting and Electrical Infrastructure to support a safe, secure and continuous service to the residents, visitors and community	\$704
Moonta Street Design* Design for 20/21 Moonta Street Upgrade	\$18
Park Lands and Open Spaces* Ensures that landscape features located within our streets and Park Lands are actively managed to enhance our streets giving considerations to legislative requirements and safety	\$446
Public Conveniences* Installation of a new public convenience in Mary Lee Park (Park 27b)	\$18
Rundle UPark* Required treatment works to increase the serviceability of the Rundle Street Upark	\$3,473
Torrens Lake Work* This program of works is dedicated to the renewal of Torrens Weir components which are critical to the operation of the Torrens Lake and essential works to the Torrens Lake submerged earth retaining structures	\$210
Transport* Essential roadworks program to ensure we continue to provide a safe, efficient and accessible road and footpath network, including Caldwell Lane, Brougham Place, Torrens Path (Behind Adelaide Zoo) and North Terrace (King William Street to Kintore Ave)	\$2,011
UPark Buildings - Topham Mall* Fire service compliance upgrades	\$100
Urban Elements* Renewal to ensure the provision of a safe, accessible, clean and well maintained urban environment	\$20
TOTAL Renewals & Essential Works	\$22,808

*includes funding retimed from 2019 - 2020 Business Plan and Budget





Our Budget

Budget Overview

Our draft budget has been formed through a series of discussions about the City of Adelaide's financial position in the context of the unforeseen, significant impact of COVID-19 on our City, our finances, and our community since March 2020. These discussions included consideration of the financial levers available to Council, and Recovery Principles to help the City overcome the impacts of COVID-19 and improve the City of Adelaide's long term financial sustainability.

The 2020 - 2021 Budget

COVID-19 is forecast to have an ongoing impact on Council's operational income into 2020 - 2021 with a reduction in excess of \$20m for our user fees and charges. This is primarily attributable to the impact of COVID-19 on utilisation of parking, social distancing implications for the Aquatic Centre, Town Hall and Park Land events, and the challenging economic environment for our property tenants.

The total funding requirement for 2020 - 2021 is \$237.5 million (m), derived from:

- Rates \$114.9m
- Fees and Charges \$62.3m
- External Funding (including Grants and Subsidies) \$18.9m
- Other \$5.9m
- Borrowings \$35.5m.

Our budgeted expenditure of \$237.5 million focuses on the prioritisation of core community and civic services, activities that support the City's cultural and economic development, and projects that maintain and upgrade infrastructure within the City and Park Lands.

An ongoing \$20 million reduction to expenditure has been foreshadowed in 2020 - 2021 due to the impacts from COVID-19. As the city recovers, we continue to review our services to ensure they are delivered efficiently and meet the needs of our community.

Recovery Principles

We have developed Recovery Principles to assist our future decision making in light of COVID-19 and to support our long term financial sustainability. These principles seek to ensure an equitable approach to rating, a prudent approach to the utilisation of borrowings and proceeds from the sale of assets, and sustainable investment in our infrastructure and delivery of services.

- Our rates, fees and charges approach is fair and equitable
- Financial borrowings adjusted to stimulate growth
- Proceeds from selling assets will build a 'future fund'
- Asset renewals will be prioritised based on audit condition and risk
- Asset enhancements will be delivered through partnerships
- We will seek Government funding for new infrastructure
- Our service delivery will reflect the needs of the community
- Investment is prioritised to support recovery.

Funding Framework

Our services, projects and infrastructure works are predominantly funded through rates, fees and charges, and grants and subsidies. Borrowings are principally utilised for major infrastructure projects, including city shaping projects such as the development of 88 O'Connell Street and Central Market Arcade, or commercially focused projects with a financial return on investment.

Funding sources to deliver services

Non-Residential Rates	\$87.7m
Residential Rates	\$27.2m
Fees and Charges	\$62.3m
External Funding (including grants and subsidies)	\$18.9m
Other funding	\$5.9m



Funds from borrowings **\$35.5m**



Net outlays on:

Delivery of services	\$172.5m
Strategic Projects	\$6.0m
Infrastructure and renewals	\$17.2m
Major Projects	\$3.8m
Project Retimings	\$42.0m
Subsidiary Capital	\$5.3m
Other	- \$9.3m

**Other expenditure includes the ongoing \$20m reduction in operational expenditure, plant, fleet & equipment renewals, and other corporate activities not directly attributed to the delivery of services*

Funding

Net Lending / (Borrowing)	2020 - 2021 Budget \$'000s	2019 - 2020 Forecast \$'000s
Operating Surplus/(Deficit)	(36,411)	(10,459)
Project Related Write Off	4,472	4,215
Net Adjustment for Leases	(4,853)	604
Net Adjustment for Leases - City Support Package	827	(1,527)
Funding Surplus	(35,964)	(7,166)
Net Outlays on Existing Assets	(41,885)	(30,568)
Net Outlays on New and Upgraded Assets	(11,349)	(10,171)
Depreciation	53,744	47,015
Equals: Net Lending / (Borrowings)	(35,454)	(890)

Council will generate an operating deficit in 2020 - 2021.

Where Council generates an operating surplus, it is applied to meet capital expenditure requirements in relation to new assets in accordance with the Strategic Plan objectives and Capital City responsibilities. In addition, part of Council's operating surplus may be held for capital expenditure needs in future years by either increasing financial assets or, where possible, reducing debt.

Where Council generates an operating deficit, it is funded either by an increase in borrowings or, where possible, previous years' operating surplus that has not been utilised to increase financial assets or reduce debt.

Borrowings

Borrowing is undertaken in accordance with our Treasury Policy (available online at cityofadelaide.com.au). This Policy underpins our decision making in relation to funding of our operations in the context of cash flow, budgeting, borrowings and investments. It is an important financial management tool and as such, links closely to our overall strategic management plans in the context of:

- Strategic planning for the future of the City of Adelaide, covering short, medium and long term spending and investment issues
- Current and estimated future revenues and the ability to increase the revenue stream through taxation, user charges, additional grant funds or business activities
- Intergenerational equity considerations in terms of the ratepayers who benefit from the expenditure
- Current and future funding needs for both operating and capital expenditures
- Potential movements in interest rates
- Any other strategic imperative that is linked to revenue and expenditure capacities.

Implications for Future Years

In developing the Long Term Financial Plan and Annual Business Plan, borrowings have been considered in relation to the budget principles and the maximum borrowing indicators as defined by our prudential limits specified in our Treasury Policy. All borrowing terms and conditions will be in accordance with the Treasury Policy and all costs have been taken into account in our Long Term Financial Plan.

Borrowings at the end of 2020 - 2021 will be impacted by the timing of cash flows, and retiming of projects through the quarterly revised forecast process. This will then flow through to the 2021 - 2022 opening balance for borrowings. The impact may result in a balance lower than the cumulative funding position shown in the Long Term Financial Plan and within our current Prudential Borrowing Limits.

Your Rates in 2020 - 2021

Council intends to freeze the general rate in the dollar for 2020 - 2021 at the same level as 2019 - 2020 for both Residential and Non-Residential ratepayers.

Full valuations for 2020 - 2021 have been undertaken in-house by Council's valuers for the first time since 2014 - 2015. Based on updated valuations the average rates payable will decrease.

We offer monthly, quarterly and annual payment options for Council Rates and access to rates hardship provisions.

Quarterly instalments will be due in September 2020, December 2020, March 2021 and June 2021.

Rates

In formulating the proposed rates for the 2020 - 2021 financial year, we have considered the amount of revenue required to fund the delivery of the services and projects. We have also considered our other sources of revenue, the broader economic environment and the distribution of rate contributions between various categories of ratepayers.

Valuation Method

Land in the City of Adelaide area is valued according to the 'Annual Value' method, as defined in the *Valuation of Land Act 1971*, for the following reasons:

- The majority of residential and non-residential properties in the City are leased (i.e. not owner occupied)
- Annual Value has been used for many years and is understood by the majority of the City's ratepayers
- The availability of a significant volume of annual market rental information makes the Annual Value method more efficient to administer
- This method is considered consistent with the equity, ability to pay, efficiency and simplicity principles of taxation.

Ratepayers may lodge an objection to the attributed land use and/or the Annual Value of their property in accordance with the *Local Government Act 1999*.

Where a ratepayer does not feel that a valuation or rating issue has been dealt with satisfactorily in accordance with our Rating Policy, an established grievance procedure is available. This includes internal and external options for escalation and resolution of the matter.

Rates Modelling

Our rates are determined by multiplying the applicable rate in the dollar by the valuation of rateable land in the Council area. Property valuations for the purpose of calculating rates payable are prepared based on 'Annual Value'.

For 2020 - 2021, growth from new developments and other capital improvements undertaken during 2019 - 2020 are projected to increase the total rateable value of land, resulting in an increase in rate revenue of 1.3%. In addition, a full revaluation of all land in the Council area has been undertaken resulting in an increase in rate revenue of 0.9%.

Rating Structure

Our Rating Structure is developed in accordance with the requirements of the *Local Government Act 1999*. Key considerations include:

- The taxation principles of equity, benefit, ability-to-pay, efficiency and simplicity have been identified and applied as guiding principles to our Rating Policy
- We are committed to maintaining a transparent and equitable rating system. Accordingly, we undertake to manage the rating policy to ensure the greatest level of equity for ratepayers by maintaining a non-punitive rating structure
- It has been determined that implementation of a significant minimum rate would represent a regressive taxation structure and contradict the identified guiding taxation principles
- We will continue our practice of identifying and valuing all land in the Council area. Once identified, each separate occupation of land will be assessed for rateability
- A Differential General Rate will be applied to all rateable land in accordance with Section 147 of the *Local Government Act 1999*. Differentiation factors previously endorsed by Council are 'Residential' and 'Non-Residential' land uses

- The application of a Differential General Rate is generally intended to alter the amount payable for particular land uses and approximate the benefit principle. For 2020 - 2021, and consistent with prior years, it is expected non-residential rates will represent approximately 80% of general rates revenue.

Regional Landscape Levy

From 1 July 2020, the *Landscape South Australia Act 2019* will replace the *Natural Resources Management Act 2004*. The Adelaide and Mount Lofty Ranges Natural Resources Management Board (NRM Board) will be replaced with the Green Adelaide Board.

Separate Rates

Separate rates will continue to be levied for the purposes of managing and marketing the Rundle Mall Precinct, and to recover funds on behalf of the Green Adelaide Board.

- The activities and initiatives funded by the Rundle Mall Differential Separate Rate promote Rundle Mall as a destination for shopping and enhance the vibrancy of the precinct. In 2020 - 2021, the separate rate will generate approximately \$3.8 million
- The Regional Landscape Levy (RLL) is a state tax which the City of Adelaide is obliged, by virtue of the *Landscape South Australia Act 2019*, to impose and collect. The proceeds are paid to the Green Adelaide Board. The contribution from the City of Adelaide is estimated to be \$1.8 million in 2020 - 2021.

What Assistance is Available?

Rebates of rates will be granted to ratepayers where the applicant satisfies the eligibility criteria for mandatory rebates under Sections 159 to 165 of the *Local Government Act 1999*.

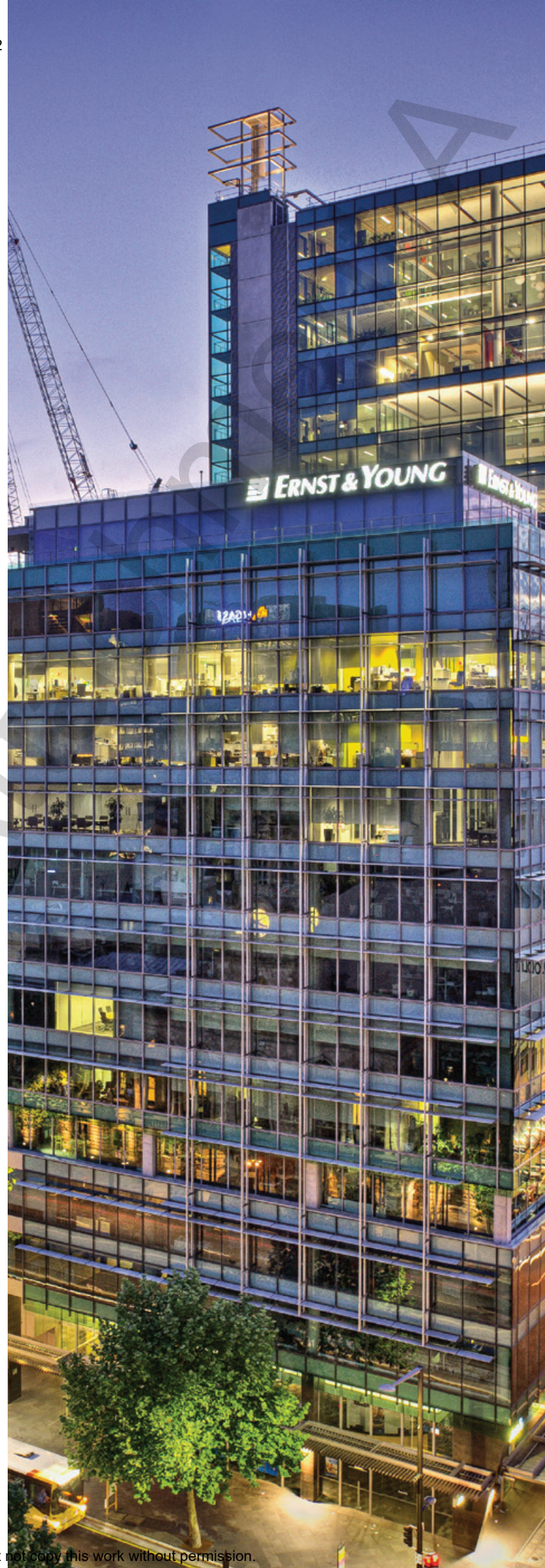
Applications for discretionary rebates will be considered in accordance with the statutory provisions of Section 166 of the *Local Government Act 1999*, together with policy criteria as detailed in the Discretionary Rate Rebate Policy.

In providing discretionary rebates, consideration is given to whether applicants were previously proclaimed, the type and level of service delivered to people within the City of Adelaide area, the community need that is being met by activities carried out on the land, and whether the activities are those that the City of Adelaide would otherwise need to support.

We consider it appropriate that ratepayers who are experiencing financial hardship may apply for a postponement or remission of rates. Ratepayers who may be having difficulty paying their rates are encouraged to contact our Rates Officer as soon as they can. Ratepayers with a good recent payment history who commit to a formal written payment arrangement for rates will not be liable for fines during the agreed payment period, provided they contact us prior to the rates falling into arrears. In the event of default, penalties will apply in accordance with Section 181(8) of the *Local Government Act 1999*.

We will apply those provisions of the *Local Government Act 1999* that offer a discretionary City of Adelaide funded remission of rates to eligible ratepayers: pensioners and low-income beneficiaries (maximum of \$100) and self-funded retirees (maximum of \$50).

We will apply those provisions of the *Local Government Act 1999* that allow a Postponement of Rates Scheme for eligible State Seniors Card holders. Eligible seniors may postpone rates in excess of \$500, less any concession entitlement. Interest will accrue on postponed balances as per Section 182A (12) of the Act.



Fees and Charges

City of Adelaide's fees and charges are reviewed each year in conjunction with the development of the Business Plan and Budget. The review ensures that the fees:

- Reflect (or move progressively toward) the cost of the services given
- Are comparable with market rates, where appropriate
- Take into account benefit derived by users of community facilities
- Are consistent with directions articulated through our existing policies or plans
- Are consistent with our Strategic Financial Parameters.

Council determined in June 2020 that the majority of fees and charges will not increase from 1 July to help reduce financial pressure on our residents, businesses and visitors due to the impacts of COVID-19.

Fees and charges are consistently and fairly determined, in recognition of our policy direction, ratepayers' expectations and relevant legislation. Statutory fees have been updated in line with the State Government Gazette and are included in the Fees and Charges Schedule available online and for public inspection at Council's Customer Centre, 25 Pirie Street, from July 2020.

Section 188 of the *Local Government Act 1999* provides the legal context for fees and charges:

- Fees and charges are determined by resolution of Council either as a direct resolution, by by-law or via delegation
- A council is unable to fix or vary fees or charges prescribed under other Acts
- In respect of fees for the use of facilities, services or works requests, a council need not fix fees or charges by reference to the cost to the council
- Council is required to keep the list of fees and charges on public display and provide updates where fees and charges are varied during the year.

External Funding

The City of Adelaide works collaboratively with many partners. This strong partnership network will achieve a far greater impact than we could on our own. Key to these partnerships are grants and subsidies that are received from the Australian Government and South Australian Government.

One of the City's key funding partnerships over the next several years will be the Adelaide City Deal, a 10-year agreement between the Australian Government, the South Australian Government and the City of Adelaide to support economic growth, population growth, and build on the city's global reputation in arts and culture, and the defence, space and technology sectors.

Council is continuously seeking to work with the Federal and State Governments to support a range of key projects, partnerships and infrastructure that will deliver the best outcomes for our community and stimulate the City's economy.



The below table summarises the projects and services for which the City of Adelaide has secured to date a budgeted external funding component over 2020 – 2021:

External Funding \$'000s	Services	Capital Projects
Federal Government Funding		
Commonwealth Home Support Program (CHSP)	\$242	-
Financial Assistance Grant - Roads to Recovery	-	\$346
Local Roads and Community Infrastructure Program	-	\$337
Local Government Financial Assistance Grant (via State Government)	\$514	-
State Government Funding		
City of Adelaide Bikeways*	-	\$4,390
City Skate Park*	-	\$2,907
Denise Norton Park/Pardipardinyilla (Park 2) East Enhancement*	-	\$1,224
Josie Agius Park/Wikaparntu Wirra (Park 22)*	-	\$25
Market to Riverbank*	-	\$2,086
Moonta Street	-	\$2,000
Music in the streets (Winter Weekends)*	\$200	-
Outdoor Activation Grant Program	\$300	-
Park Land Related Activities Subsidy	\$1,634	-
Pityarilla/Pelzer Park (Park 19)*	-	\$41
Place of Reflection*	-	\$113
Quentin Kenihan Inclusive Playspace*	-	\$827
Recover + Reimagine - outdoor heater project*	\$24	-
Rymill Park Public Convenience Renewal - Changing Places Grant	-	\$150
SA Health - School Immunisation Program	\$114	-
SA Housing Authority - Vulnerable & Homeless People Project	\$45	-
State Library - Operating Grant	\$205	-
State Library - Materials Grant	-	\$261
Whitmore Square Greening	-	\$900
Category sub-totals	\$3,278	\$15,607
TOTAL of all External Funding		\$18,885

*funding received in prior year, activity being delivered in 2020 - 2021

Long Term Financial Plan

The City of Adelaide's Long Term Financial Plan (LTFP) seeks to ensure that Council can deliver services, maintain assets and achieve its strategic objectives in a financially sustainable manner.

The LTFP is a forecast of Council's financial position based on its strategic plans, anticipated service levels and economic and political indicators. It is reviewed quarterly and updated on an iterative basis to reflect the latest available information.

Outputs of the LTFP include a comprehensive set of financial indicators and statements as per legislative requirements. The LTFP provides guidance to support Council decision making, and confirm that Council has the financial capacity to meet its longer term commitments.

Key Inputs and Influences

- An assessment of our current financial position and financial sustainability
- Alignment with Council's Strategic Plan and Asset Management Plans
- Economic and political indicators
- Governance principles
- Corporate Programs and internal support strategies
- Service provision and delivery standards
- Revenue and financing guidelines, including the Rating Policy and Treasury Policy.

The assumptions and outcomes underpinning the LTFP include:

- Rates valuation growth, on average, is assumed in line with forecast inflation, excluding growth from new developments
- Other revenue and expenditure growth, in general, is assumed in line with forecast inflation
- Statutory charges reflect dollar increments or percentage increases as specified by statute
- Salaries and wages forecasts are based on current and expected enterprise agreement outcomes
- Interest rates are relative to market expectations
- Capital expenditure is in line with the Asset Management Plans.





Long Term Financial Plan Dashboard

Financial Indicator	Indicator Explanation	Target
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%
Net Financial Liabilities	Financial liabilities and a percentage of operating surplus	Less than 80%
Asset Sustainability Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%
Interest Expense Ratio	Number of times General Rates Revenue (less RLL Levy) can service the annual interest expense	Maximum 10%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less RLL Levy)	Maximum 1.5 years
Borrowings	Total borrowings	Within Prudential Limits
Operating Surplus	Operating Income less Expenditure	Financial sustainability

2019 -2020 forecast	2020 - 2021 Budget	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030
-5%	-20%	-3%	-2%	-1%	2%	2%	5%	4%	5%	3%
39%	67%	62%	72%	63%	47%	43%	38%	33%	42%	56%
33%	73%	67%	100%	100%	100%	100%	100%	100%	100%	100%
14%	26%	24%	30%	24%	19%	17%	15%	12%	18%	27%
0.8%	1.3%	1.4%	1.5%	1.5%	1.2%	1.0%	0.9%	0.7%	0.8%	1.2%
0.5	0.8	0.7	0.9	0.7	0.5	0.5	0.4	0.3	0.5	0.7
51.6	90.1	85.7	108.4	93.4	72.0	66.4	57.9	47.8	73.2	111.6
(10.5)	(36.4)	(5.2)	(5.1)	(3.2)	4.4	4.3	10.9	9.3	13.5	7.5

Long Term Financial Plan Analysis

Operating Surplus Ratio

This indicator represents the percentage by which the major controllable revenue source varies from day to day operating expenses. Financial sustainability is indicated where a council consistently achieves operating surpluses and has soundly based projections showing it can continue to do so in the future, having regard to asset management and the service level needs of its community.

Target: The *Local Government Act 1999* target is to achieve an average operating surplus ratio between 0% and 15% over any five-year period. However, as a capital city council, the City of Adelaide has significant responsibilities in improving its public realm, and as such considers that an average operating surplus ratio between 0% and 20%, over any five-year period, is a more appropriate target.

Analysis: The 2019 - 2020 through to 2023 - 2024 financial years are forecasted to fall outside the target range, as a result of reduced income due to COVID-19. Council's response to remediate is to reduce operating expenditure by \$20 million in the 2020 - 2021 Financial Year. This ongoing saving improves the ratio and over time operating surpluses are generated to reduce borrowings and reinvest from 2024 - 2025.

Net Financial Liabilities

This indicator represents the significance of the net amount owed compared with operating revenue. It measures the extent to which Council is managing its debt and highlights that borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. A steady ratio means Council is balancing the need to borrow against their affordability of debt. An excessive ratio means Council is borrowing beyond their means and cannot generate the income required to service assets and operations.

Target: The target for Net Financial Liabilities should normally be greater than zero. If not, then it implies that a council is willing to place a higher priority on accumulated financial assets than applying funds generated from ratepayers to the provision of services and/or infrastructure renewal. The target set by City of Adelaide is that liabilities as a percentage of total operating revenue will not exceed 80%.

Analysis: City of Adelaide's net financial liabilities are within the prescribed target.

Asset Sustainability Ratio

This indicator expresses expenditure on asset renewals as a percentage of the projected funding required for asset renewal. It illustrates whether existing assets are being replaced or renewed at the rate they are being consumed and ensures consistent service delivery as determined by the Asset Management Plans (AMPs).

Target: A ratio lower than 100% suggests that Council is not maintaining assets and infrastructure in order to optimise asset lives. A higher ratio than 100% suggests that Council is replacing assets earlier than needed. Adoption of a target ratio between 90% and 110%, is in line with the *Local Government Act 1999*.

Analysis: The Infrastructure and Asset Management Plans (AMPs) are currently being reviewed and updated including asset levels of service, taking into account community needs, population density/growth impacts and asset management principles.

Impacts of reducing the Infrastructure Program in 2020 - 2021 will increase the renewal funding required over the longer term (to enable the renewal backlog to be undertaken), reducing capacity to deliver new and significant upgrade projects, major projects and emerging priorities in the short to medium term.

As a result of the sustainability ratio falling below that target range for 2019 - 2020 through to 2021 - 2022, consideration will need to be made for the Long Term Financial Plan funding to take a longer term view on asset replacement to ensure it does not interfere with renewals over the life of the plan.

Prudential Limits (Borrowings)

The maximum level of debt is prescribed by Council by way of prudential limits. While Council does not place a physical monetary limit on the level of borrowings, an upper limit is determined through its financial indicators. When borrowing, Council will consider these financial indicators.

Target: The Prudential Limits set within the Treasury Policy are:

- Asset Test Ratio Maximum 50% of saleable assets
- Interest Expense Ratio Maximum 10% of general rates revenue
- Leverage Test Ratio Maximum 1.5 Years.

Analysis: City of Adelaide's borrowings are within the prescribed target.

Reporting and monitoring

Our Strategy and Our Plan

At the end of each financial year the City of Adelaide prepares an Annual Report. The Annual Report states to what extent the City of Adelaide achieved what it set out to deliver in the year. The Annual Report is the primary means by which the City of Adelaide reports back to the community on progress for the financial year and, in so doing, progress on the 2020 - 2024 Strategic Plan.

Progress reports are prepared throughout the year on major projects and initiatives and are available to everyone to access in our Council agenda papers. These reports are essential to monitoring our progress and delivery.

Our Budget

On a quarterly basis Council is presented with a publicly available forecast of their financial performance. It highlights for discussion projected savings and additional funding requests, projects that have been completed with savings and those that have changed in scope, timing, or priority. It also outlines how events in the past quarter have shaped our financial forecast going forward. Careful consideration is given to key financial indicators and ratios, and cashflows estimates in order to secure Council's continued financial sustainability. The report supports Council in responding to emerging economic challenges while continuing to support and deliver for community and business. Should the economic outlook deteriorate, quarterly reviews provide a format to reprioritise services and agree upon necessary efficiency strategies.

The Audit Committee plays a critical role supporting the Council and Chief Executive Officer in the financial reporting framework of Council, by overseeing and monitoring the participation of management and external auditors in the financial reporting process. It also addresses issues such as the approach being adopted by Council and management to address business risks, corporate and financial governance responsibilities and legal compliance. Audit Committee reports to Council after every meeting to identify and present advice and recommendations on matters raised.





image: artwork Morgan Sette and Swift9Graffiti

Appendices

APPENDICES THAT SUPPORT THE CITY OF ADELAIDE 2020 - 2021 ANNUAL BUSINESS PLAN AND BUDGET

1. Long Term Financial Plan
2. Funding Position (Financial Statement)
3. Infrastructure and Capital Works list
4. Analysis of Capital Expenditure and Maintenance

Appendix 1

Long Term Financial Plan - financial statements

Uniform Presentation of Finances

\$'000s	2019 -	2020 -	2021 -	2022 -	2023 -	2024 -	2025 -	2026 -	2027 -	2028 -	2029 -	2030 -
	Forecast	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Income	199,774	186,289	201,112	206,560	211,905	225,052	231,149	236,986	242,938	249,009	255,200	
less Expenses	(208,907)	(223,118)	(206,136)	(209,213)	(213,979)	(220,226)	(226,559)	(225,897)	(232,376)	(230,625)	(240,845)	
Operating Surplus / (Deficit) before Capital Amounts	(9,133)	(36,829)	(5,024)	(2,653)	(2,074)	4,827	4,591	11,089	10,562	18,383	14,356	
<i>less Net Outlays on Existing Assets</i>												
Net Capital Expenditure on Renewal and Replacement of Existing Assets	30,568	41,885	30,679	59,001	61,846	56,418	57,096	56,731	57,764	95,438	110,453	
less Depreciation, Amortisation and Impairment	(47,015)	(53,744)	(52,834)	(52,527)	(53,757)	(54,412)	(58,156)	(54,149)	(57,255)	(51,722)	(57,690)	
less Amounts received specifically for Existing Assets	(1,967)	(864)										
Net Outlays on Existing Assets	(18,414)	(12,724)	(22,155)	6,474	8,089	2,006	(1,060)	2,582	510	43,716	52,763	
<i>less Net Outlays on New and Upgraded Assets</i>												
Net Capital Expenditure on New and Upgraded Assets	13,063	25,999	19,020	14,188								
less Amounts received specifically for New and Upgraded Assets	(2,893)	(14,650)	(1,141)									
less Proceeds from Sale of Assets					(25,000)	(25,500)						
Net Outlays on New and Upgraded Assets	10,171	11,349	17,879	14,188	(25,000)	(25,500)						
Net Lending / (Borrowing) for Financial Year	(890)	(35,454)	(748)	(23,315)	14,837	28,321	5,650	8,507	10,052	(25,333)	(38,407)	

Appendix 1

Long Term Financial Plan - financial statements

Statement of Comprehensive Income

\$'000s	2019 - 2020 Forecast	2020 - 2021 Budget	2021 - 2022 Plan	2022 - 2023 Plan	2023 - 2024 Plan	2024 - 2025 Plan	2025 - 2026 Plan	2026 - 2027 Plan	2027 - 2028 Plan	2028 - 2029 Plan	2029 - 2030 Plan
Income											
Rates Revenues	115,593	118,455	123,325	127,025	130,799	135,773	140,104	144,140	148,256	152,454	156,736
Statutory Charges	11,771	8,900	11,973	12,153	12,389	12,630	12,875	13,125	13,380	13,640	13,904
User Charges	62,438	53,435	61,470	63,055	64,377	72,280	73,743	75,208	76,700	78,220	79,771
Grants, Subsidies and Contributions	11,236	4,510	3,051	3,112	3,174	3,238	3,302	3,369	3,436	3,505	3,575
Investment Income	59	35	26	26	27	27	28	28	29	29	30
Reimbursements	1,392	691	705	719	733	748	763	778	794	809	826
Other Income	610	299	305	311	318	324	330	337	344	351	358
Total Income	203,117	186,326	200,855	206,402	211,817	225,020	231,145	236,985	242,937	249,008	255,200
Expenses											
Employee Costs	73,838	78,274	71,712	73,212	74,743	76,306	77,903	79,492	81,114	82,769	84,458
Materials, Contracts and Other Expenses	85,351	88,296	79,001	82,733	83,518	87,379	88,661	90,571	93,710	99,415	103,434
Depreciation, Amortisation and Impairment	52,456	53,744	52,834	52,527	53,757	54,412	58,156	54,149	57,255	51,722	57,690
Finance Costs	1,931	2,423	2,504	3,007	2,965	2,494	2,115	1,854	1,561	1,638	2,164
Total Expenses	213,576	222,737	206,051	211,479	214,983	220,592	226,834	226,066	233,640	235,545	247,746
Operating Surplus / (Deficit)	(10,459)	(36,411)	(5,196)	(5,077)	(3,167)	4,428	4,311	10,919	9,297	13,463	7,454
Asset Disposal and Fair Value Adjustments	(112)	(300)	-	-	3,590	(300)	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	17	3,429	1,141	-	-	-	-	-	-	-	-
Operating Result of Discontinued Operation	17	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(10,553)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454
Total Comprehensive Income	(10,553)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454

Appendix 1

Long Term Financial Plan - financial statements

Statement of Financial Position

\$'000s	2019 -	2020 -	2021 -	2022 -	2023 -	2024 -	2025 -	2026 -	2027 -	2028 -	2029 -
	Forecast	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Current Assets											
Cash and Cash Equivalents	1,128	800	800	800	800	800	800	800	800	800	800
Trade and Other Receivables	15,859	14,789	15,047	15,131	15,434	16,358	16,798	17,221	17,653	18,093	18,542
Other Financial Assets	143	129	116	104	94	84	76	68	62	55	50
Inventories	707	707	707	707	707	707	707	707	707	707	707
Total Current Assets	17,837	16,424	16,670	16,742	17,035	17,950	18,381	18,796	19,221	19,655	20,099
Non-Current Assets											
Financial Assets	250	225	203	182	164	148	133	120	108	97	87
Equity Accounted Investments in Council Businesses	629	629	629	629	629	629	629	629	629	629	629
Investment Property	2,865	2,894	2,923	2,952	2,981	3,011	3,041	3,072	3,102	3,133	3,165
Infrastructure, Property, Plant and Equipment	1,857,674	1,867,041	1,877,067	1,890,411	1,913,778	1,884,342	1,877,572	1,874,481	1,869,214	1,903,387	1,945,104
Other Non-Current Assets	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Total Non-Current Assets	1,862,682	1,872,053	1,882,086	1,895,438	1,918,816	1,889,394	1,882,640	1,879,565	1,874,317	1,908,510	1,950,249
TOTAL ASSETS	1,880,519	1,888,477	1,898,755	1,912,180	1,935,851	1,907,344	1,901,020	1,898,361	1,893,539	1,928,165	1,970,348
Current Liabilities											
Trade and Other Payables	27,914	37,195	34,853	35,532	42,780	36,468	36,639	36,787	36,941	35,766	35,930
Provisions	13,876	11,320	11,546	11,777	12,013	12,253	12,498	12,748	13,003	13,263	13,528
Other Current Liabilities	4,824	3,290	5,093	5,140	5,276	5,434	5,504	4,513	3,291	4,144	3,473
Total Current Liabilities	46,615	51,805	51,493	52,449	60,069	54,155	54,641	54,048	53,235	53,173	52,931
Non-Current Liabilities											
Trade and Other Payables	-	1,000	7,000	7,000	-	-	-	-	-	-	-
Borrowings	51,600	90,125	85,700	108,354	93,351	72,030	66,380	57,873	47,820	73,153	111,560
Provisions	1,955	1,585	1,616	1,649	1,682	1,715	1,749	1,784	1,820	1,857	1,894
Other Non-Current Liabilities	36,848	33,745	46,782	41,642	36,366	30,932	25,428	20,915	17,624	13,480	10,007
Total Non-Current Liabilities	90,403	126,454	141,099	158,644	131,399	104,677	93,557	80,572	67,265	88,490	123,461
TOTAL LIABILITIES	137,018	178,259	192,592	211,093	191,468	158,832	148,198	134,620	120,500	141,663	176,392
Net Assets	1,743,501	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502	1,793,956
EQUITY											
Accumulated Surplus	823,486	790,205	786,150	781,073	781,496	785,624	789,935	800,854	810,152	823,615	831,069
Asset Revaluation Reserves	918,355	918,355	918,355	918,355	961,228	961,228	961,228	961,228	961,228	961,228	961,228
Other Reserves	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659
Total Council Equity	1,743,501	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502	1,793,956

Appendix 1

Long Term Financial Plan - financial statements

Statement of Changes in Equity

\$'000s	2019 - 2020 Forecast	2020 - 2021 Budget	2021 - 2022 Plan	2022 - 2023 Plan	2023 - 2024 Plan	2024 - 2025 Plan	2025 - 2026 Plan	2026 - 2027 Plan	2027 - 2028 Plan	2028 - 2029 Plan	2029 - 2030 Plan
Balance at the end of previous reporting period	1,754,054	1,743,501	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502
a. Net Surplus / (Deficit) for Year	(10,553)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454
b. Other Comprehensive Income											
Total Comprehensive Income	(10,553)	(33,282)	(4,055)	(5,077)	423	4,128	4,311	10,919	9,297	13,463	7,454
Gain (Loss) on Revaluation of I, PP&E					42,873						
Balance at the end of period	1,743,501	1,710,219	1,706,164	1,701,087	1,744,383	1,748,511	1,752,823	1,763,741	1,773,039	1,786,502	1,793,956

Appendix 1

Long Term Financial Plan - financial statements

Statement of Cash flows

\$'000s	2019 - 2020 Forecast	2020 - 2021 Budget	2021 - 2022 Plan	2022 - 2023 Plan	2023 - 2024 Plan	2024 - 2025 Plan	2025 - 2026 Plan	2026 - 2027 Plan	2027 - 2028 Plan	2028 - 2029 Plan	2029 - 2030 Plan
Cash Flows from Operating Activities											
Receipts											
Operating Receipts	199,924	188,261	200,854	206,318	211,514	224,095	230,706	236,561	242,505	248,568	254,751
Payments											
Operating Payments to Suppliers and Employees	(161,698)	(158,805)	(148,816)	(150,729)	(154,484)	(159,580)	(162,526)	(165,820)	(170,176)	(173,838)	(178,561)
Net Cash provided by (or used in) Operating Activities	38,226	29,456	52,038	55,588	57,030	64,515	68,181	70,742	72,329	74,730	76,190
Cash Flows from Investing Activities											
Receipts											
Amounts Received Specifically for New/Upgraded Assets	2,917	3,429	1,141	-	-	-	-	-	-	-	-
Proceeds from Surplus Assets	-	1,000	6,000	-	25,000	18,500	-	-	-	-	-
Payments											
Expenditure on Renewal/Replacement of Assets	(30,568)	(41,885)	(30,679)	(59,001)	(61,846)	(56,418)	(57,096)	(56,731)	(57,764)	(95,438)	(110,453)
Expenditure on New/Upgraded Assets	(13,063)	(25,999)	(19,020)	(14,188)	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(40,715)	(63,455)	(42,558)	(73,189)	(36,846)	(37,918)	(57,096)	(56,731)	(57,764)	(95,438)	(110,453)
Cash Flows from Financing Activities											
Receipts											
Proceeds from Borrowings	2,266	38,525		22,654						25,333	38,407
Payments											
Repayment from Borrowings			(4,424)		(15,003)	(21,321)	(5,650)	(8,507)	(10,052)		
Repayment of Principal portion of lease liability	(4,719)	(4,853)	(5,055)	(5,053)	(5,181)	(5,276)	(5,434)	(5,504)	(4,513)	(4,625)	(4,144)
Net Cash provided by (or used in) Financing Activities	(2,453)	33,672	(9,480)	17,601	(20,184)	(26,597)	(11,085)	(14,011)	(14,565)	20,709	34,263
Net Increase (Decrease) in Cash Held plus: Cash & Cash Equivalents at beginning of period	(4,941)	(328)	800	800	800	800	800	800	800	800	800
Cash & Cash Equivalents at end of period	1,128	800	800	800	800	800	800	800	800	800	800

Appendix 2 Funding Position

Borrowings summary

The table below shows the details of borrowings, borrowings movement, and the principal repayments and interest repayments for the prior years' forecast and the next ten years as per the funding requirements in the Long Term Financial Plan.

The level of borrowings associated with the funding requirement is estimated to be below this level and within Council's current Prudential Borrowing Limits due to the timing of cash flows and retiming of projects through the quarterly revised forecast process.

Year	New Borrowings \$'000s	Principal Paid \$'000s	Loan Balance at 30 June \$'000s	Interest Paid/ (Received) \$'000s
2019 - 2020 Forecast	2,266	-	51,600	1,931
2020 - 2021 Budget	38,525	-	90,125	2,423
2021 - 2022 LTFP	-	4,424	85,700	1,711
2022 - 2023 LTFP	22,654	-	108,354	1,893
2023 - 2024 LTFP	-	15,003	93,351	1,962
2024 - 2025 LTFP	-	21,321	72,030	1,607
2025 - 2026 LTFP	-	5,650	66,380	1,347
2026 - 2027 LTFP	-	8,507	57,873	1,209
2027 - 2028 LTFP	-	10,052	47,820	1,028
2028 - 2029 LTFP	25,333	-	73,153	1,181
2029 - 2030 LTFP	38,407	-	111,560	1,804

Appendix 3

2020 - 2021 Infrastructure and Capital Works list

Renewals - Bridges	Description	\$'000
Bridges Renewals Program	Remedial minor works on Adelaide Bridge, Victoria Bridge, Morphett Bridge, University Footbridge and Park Lands footbridges	434
Design Program and Urgent Works	Design program for the 2021 - 2022 Renewals Program and urgent priority works emerging throughout the year	224
Total		657

Renewals - Buildings	Description	\$'000
Rymill Park Public Convenience Renewal	Renewal of the east toilet block including changeroom facilities (Includes \$150 Changing Places Grant Funding)	650
Public Conveniences Park 27B	Installation of a new public convenience in Mary Lee Park (Park 27b)	84
Design Program and Urgent Works	Design program for the 2021 - 2022 Renewals Program and urgent priority works emerging throughout the year	140
Glover South Public Convenience Design	Design works for renewal of public convenience in Glover South (Park 20)	40
Wyatt Street UPark Design	Detailed design for Wyatt Street Car Park relating to the façade and the lifts	54
Total		968

Renewals - Lighting and Electrical	Description	\$'000
Building Management System & CCTV	Renewal of the Building Management System and CCTV to enable corporate needs and meet legislative requirements	800
Lighting and Electrical Renewals program	Essential works on Lighting and Electrical Infrastructure to support a safe, secure and continuous service to the residents, visitors and community	98
Chinatown Safety Lighting	Chinatown and Market District Safety - Lighting	55
Total		953

Renewals - Park Lands and Open Spaces	Description	\$'000
Design Works for Parklands and Open Space	Design program for the 2021 - 2022 Renewals Program	80
Total		80

Appendix 3

2020 - 2021 Infrastructure and Capital Works list

Renewals - Transport	Description	\$'000
Assorted Design Works and Urgent Works	Design program for the 2021 - 2022 Renewals Program and urgent priority works emerging throughout the year	679
Footpath & Kerb and Water Table Renewal Program	George Street footpath renewal (East and West, North Terrace to Hindley Street)	227
Footpath & Kerb and Water Table Renewal Program	2021 Contribution - North Terrace West	200
Footpath & Kerb and Water Table Renewal Program	Currie Street and Grenfell Street, footpath serviceability works	50
Footpath & Kerb and Water Table Renewal Program	Kerb and water table reconstruction Prospect Road, between Fitzroy Terrace and O'Connell Street	383
Footpath & Kerb and Water Table Renewal Program	North Terrace West, footpath serviceability works	50
Road Renewal Program	Resurfacing Angas Street, between Queen Street and Pulteney Street	343
Road Renewal Program	Resurfacing Main North Road, between Robe Terrace and O'Connell Street	378
Road Renewal Program	Heavy patching serviceability works along the Currie-Grenfell Corridor	125
Road Renewal Program	Resurfacing Hutt Street, between Halifax Street and South Terrace	722
Road Renewal Program	Resurfacing Prospect Road, between Fitzroy Terrace and O'Connell Street	392
Road Renewal Program	Resurfacing of King William Street / Angas Street and King William Street / South Terrace intersections	245
Road Renewal Program	Resurfacing of Grote Street, between Morphett Street and Victoria Square	380
Total		4,174

Appendix 3

2020 - 2021 Infrastructure and Capital Works list

Renewals - Water Infrastructure	Description	\$'000
Brownhill Keswick Creek	Creek remediation, wetland and creek realignment in Park 16s and 20. The Ongoing Multi-Year Stormwater Project is an initiative of the Cities of Unley, Adelaide, Burnside, Mitcham and West Torrens	465
Water Infrastructure Renewal Program	Assorted Design program for the 2020 - 2021 renewals program and priority works emerging throughout the year	440
Water Infrastructure Renewal Program	Torrens Lake retaining structure renewal along the North and South banks	428
Water Infrastructure Renewal Program	Francis Street stormwater renewal	447
Water Infrastructure Renewal Program	Torrens Lake Weir 1 Seal Replacement	100
Total		1,880

Renewals - Traffic Signals	Description	\$'000
Traffic Signals Renewal Program	Renewal of conduits and cables	434
Traffic Signals Renewal Program	Renewal of audio tactile and push button	320
Traffic Signals Renewal Program	Renewal of traffic lanterns and signal controllers	249
Total		1,003

Renewals - Urban Elements	Description	\$'000
Playground renewals for QKIP	Renewal of Playground located within Rymill Park (Park 14) in alignment with Quentin Kenihan Inclusive Playspace	270
Design Program and Urgent Works	Design program for the 2021 - 2022 Renewals Program and urgent priority works emerging throughout the year	120
Public Art Refurbishment	Refurbishment of End Divided Paths, Doris May Graham Monument, Three Rivers Fountain, Montefiore Hill Balustrade and Colonel Light Statue Park 26	175
Total		565

Appendix 4

Analysis of Capital Expenditure and Maintenance

Net Outlays on Existing Assets

The following table summarises capital outlays on existing assets in accordance with local government sector guidelines.

Asset sustainability is best measured by comparing renewal and replacement capital expenditure with the optimal level identified in a soundly based Asset Management Plan (AMP). This approach should be used where a council is satisfied with the rigour of its AMP.

Council's AMP aims to predict infrastructure consumption and renewal needs and considers new infrastructure needs to meet future community service expectations. The revised Plans will be subject to a rigorous process of consultation and evaluation. Key elements of the process are as follows:

- Long term capital planning which integrates with the Council's Strategic Management Plans
- Listing of all known capital projects, prioritised within classes of assets on the basis of evaluation criteria
- Transparent process for evaluating and prioritising capital projects.

Net Outlay on Existing Assets	2020 - 2021 Budget \$'m	2019 - 2020 Forecast \$'m
Gross Expenditure on Renewal / Replacement of Assets	36.6	27.5
Gross Expenditure on Renewal / Replacement of Subsidiary Assets	5.3	3.5
Depreciation	(53.7)	(52.9)
Proceeds from Sale of Replaced Assets	-	-
Amounts received specifically for Renewal / Replacement of Assets	(0.9)	(2.8)
EQUALS: Net Outlays on Existing Assets	(12.7)	(24.8)

Net Outlays on New and Upgraded Assets

The following table summarises capital outlays on new and upgraded assets in accordance with local government sector guidelines. Ongoing maintenance and depreciation expenses associated with capital expenditure for new and upgraded assets are factored into Council's Long Term Financial Plan.

Net Outlay on New and Upgraded Assets	2020 - 2021 Budget \$'m	2019 - 2020 Forecast \$'m
Gross Expenditure on New / Upgraded Assets	26.0	13.9
Gross Expenditure on New / Upgraded Subsidiary Assets	-	-
Proceeds from Sale of Surplus Assets	-	-
Amounts received specifically for New / Upgraded Assets	(14.7)	(2.9)
EQUALS: Net Outlays on New and Upgraded Assets	11.3	11.0

Item 3.5 - Attachment A



25 Pirie Street Adelaide
South Australia 5000
cityofadelaide.com.au

Adoption of Valuations 2020-2021

ITEM 3.6 13/08/2020
Council

Strategic Alignment - Strong Economies

2020/00150
Public

Program Contact:
Sonjoy Ghosh, AD Strategic
Finance & Performance 8203
7655

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

The adoption of valuations occurs every year for rating purposes. For the 2020-21 rating year, valuations have been prepared in-house for all properties by the City of Adelaide Rates and Valuation team and include all new developments, additions, and alterations. The valuations have been prepared based on Annual Value.

The total valuation applying to the land within the area of the Corporation of the City of Adelaide is \$1,155,134,560. The total annual value of rateable land is \$902,589,700. The total annual value for land exempt from council rates as determined by the *Local Government Act 1999 (SA)* is \$252,544,860.

Presented to the Special meeting of The Committee on 5 August 2020.

RECOMMENDATION

THAT COUNCIL

1. Adopts the valuations for 2020-21, that have been prepared based on Annual Value, pursuant to Section 167 (2) of the *Local Government Act 1999 (SA)* (*the Act*). The Annual Value comprised with the Assessment Record amount to a total of \$1,155,134,560 of which \$902,589,700 represents the total value of the rateable land, prepared in-house by the City of Adelaide Rates and Valuation team, as applying to the land within the area of the Corporation of the City of Adelaide for rating purposes.
-

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Strong Economies The adoption of Valuations is for rating purposes. Council rates fund delivery of Strategic Plan Actions outlined in the 2020-21 Business Plan and Budget.
Policy	The valuation methodology is in accordance with Council's Rating Policy .
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Sections 151 (3) and 167 (1)-(8) of 'the Act' detail the legislative requirements in relation to Council adopting a valuation.
Opportunities	Not as a result of this report
20/21 Budget Allocation	Not as a result of this report
Proposed 21/22 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. Council adoption of valuations is required to raise council rates for 2020-21.
2. Rates revenue provides a significant source of the funding required for Council to achieve its business plan objectives for 2020-21.
3. Adoption of the valuation is prescribed by sections within Chapter 10 of 'the Act'. The following provisions of 'the Act' apply:
 - 3.1. Section 151 (3) - Council may declare rates on the basis of the annual value or site value of land if -
 - 3.1.1 the Council declared rates in respect of that land on that basis for the previous financial year.
 - 3.2. Section 167 (1) - A Council must not declare a rate for a particular financial year without first adopting the valuations that are to apply to land within its area for rating purposes for that year.
 - 3.3. Section 167 (3) (a) (ii) in relation to the adoption of valuations under subsection (2)(b)—the valuations may be up to five years old.
 - 3.4. Section 167 (6) - Notice of the adoption of valuations must be published in the Gazette within 21 days after the date of the adoption.
4. For the 2020-21 rating year, valuations have been prepared for all properties including new developments, additions and alterations by the City of Adelaide Valuers. The last full valuation cycle was completed in 2019 for the 2019-20 rating year by Westlink Consulting on behalf of the Valuer-General. The valuations for 2020-21 have been prepared based on 'Annual Value' methodology.
5. The total of the valuation for 2020-21 is the valuation applying to the land within the area of the Corporation of the City of Adelaide.
6. The total valuation is \$1,155,134,560. The total annual value of rateable land is \$902,589,700. The total annual value for land exempt from council rates is \$252,544,860.
7. The City of Adelaide's practice is to identify and obtain valuations for all land in the Council area. Once identified, each separate piece of land is assessed for rateability. Section 147 of 'the Act', specifies those types of properties which are not rateable and shall be exempt from council rates.
8. The City of Adelaide has the highest proportion of 'rate-exempt' properties of any Council in South Australia. Properties can be identified as exempt from council rates in certain circumstances, which may include:
 - 8.1. Crown land – unalienated Crown land and public properties used or held by the Crown for a public purpose,
 - 8.2. University land - properties occupied by a University,
 - 8.3. Recreation grounds - properties satisfying the criteria set out in the *Recreation Grounds Rates and Taxes Exemption Act 1981*,
 - 8.4. Council land - public properties occupied or held by the Council,
 - 8.5. Emergency Services – land occupied or held by an emergency services organisation under the *Fire and Emergency Services Act 2005*,
 - 8.6. Another Act - properties specifically exempted from council rates by another Act (either Commonwealth or State).
9. Rate revenue foregone in respect of "rate exempt" properties for 2020-2021 will be \$35,558,119.
10. Council's submissions to State Government consultation on local government reform proposals prior to the introduction of the Statutes Amendment (Local Government Review) Bill 2020 in Parliament on 17 June 2020 requested the State Government undertake a review of rate rebates and exemptions.
11. Council's submissions were focused on the need for review to ensure the Local Government Act 1999 still provides for a 'fair and equitable' rating system given:
 - 11.1. The recent transfer of social housing from State Government to the community housing sector, who receive a 75% rebate. Council supports the rebate to community housing providers, but this transfer has resulted in the loss of rates formerly received from State Government.
 - 11.2. The exemption for Crown and university land for the purpose of imposing rates and its cost in foregone rates to Council, at a time when universities represent a highly commercial business model.
12. Council may continue to advocate for these reforms to State Government and where appropriate the Local Government Association.

ATTACHMENTS

Nil

- END OF REPORT -

Declaration of Rates 2020-2021

ITEM 3.7 13/08/2020
Council

Strategic Alignment - Strong Economies

2020/00150
Public

Program Contact:
Sonjoy Ghosh, AD Strategic
Finance & Performance 8203
7655

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

The general principles of rating are contained within Section 150 of the *Local Government Act 1999 (SA)*, (*'the Act'*). Consideration has been given to issues of consistency and equity across Council areas in the imposition of rates on various sectors of the residential, business and wider community, as required in accordance with Section 153 (2) of *'the Act'*.

Section 156 (1) (a) of *'the Act'* allows the Council to impose differential rates according to the use of the land. Council approval of the proposed rating structure is required to collect \$113.3m in general rates revenue to fund its Business Plan and Budget objectives for 2020-21.

Presented to the Special meeting of The Committee on 5 August 2020.

RECOMMENDATION

THAT COUNCIL

1. Notes the general principles of rating outlined in Section 150 of *'the Act'*, and the requirements of Section 153 (2) of *'the Act'* regarding consideration of issues of consistency and equity across Council areas.
2. Notes that in order to raise the amount of \$113.3m, and in exercising the powers contained in Section 153 (1) (b) of *'the Act'*, it is appropriate pursuant to Section 156 (1) (a) of *'the Act'* to declare Differential General Rates in the area of Council according to land use and in accordance with Regulation 14 of the *Local Government (General) Regulations 2013 (SA)*, as follows:
 - 2.1. 0.1149 in the dollar for all rateable land with a residential land use within the City of Adelaide for the financial year ending 30 June 2021.
 - 2.2. 0.1408 in the dollar for all other rateable land uses within the City of Adelaide for the financial year ending 30 June 2021.
3. Declares pursuant to Section 154 of *'the Act'*, a separate rate in the dollar of 0.00209 on rateable land uses within the City of Adelaide, which falls within the Green Adelaide Board region, in accordance with the requirements of Section 69 of the *Landscape South Australia Act 2019*.
4. Approves pursuant to Section 153 (3) of *'the Act'*, not to fix a maximum increase in the general rate on rateable land that constitute the residence of a principal ratepayer, given the rate relief to be provided under Section 166 through a *'Special Discretionary Rate Rebate'* in resolution 6.
5. Approves pursuant to Section 166 (1)(l)(ii) of *'the Act'*, to provide a *'Special Discretionary Rate Rebate'* in 2020-21 to all land uses to ensure any increase in general rates payable for comparable properties is no more than 10.0%.
6. Approves that the *'Special Discretionary Rate Rebate'* will not be applicable to properties where the valuation has increased because of a new development, addition or alteration.
7. Approves pursuant to Section 182 (4) of *'the Act'*, a pensioner ratepayer who owns their own home and satisfies the eligibility criteria, will receive (on application) a Council-funded Pensioner Remission of rates to the value of \$100 in 2020-21.

8. Approves pursuant to Section 182 (4) of 'the Act', a self-funded retiree ratepayer who owns their own home and satisfies the eligibility criteria, will receive (on application) a Council funded Self-Funded Retiree Remission of rates to the value of \$50 in 2020-21.
 9. Approves pursuant to Section 182 (4) of 'the Act', a ratepayer who has satisfied the eligibility criteria and currently receives a State Government funded Hardship Benefit, will also receive (on application) a Council-funded Hardship Remission of rates to the value of \$100 for the 2020-21 financial year.
 10. Approves pursuant to the provisions of Section 181 of 'the Act', all rates and charges which have been imposed for the financial year ending 30 June 2021 will fall due in four equal instalments on the following days or if these days fall on a weekend or public holiday on the next business day:
 - 10.1. 30 September 2020
 - 10.2. 1 December 2020
 - 10.3. 1 March 2021
 - 10.4. 1 June 2021.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Strong Economies Council rates fund delivery of the Strategic Plan Actions as outlined in the 2020-21 Business Plan and Budget
Policy	Determination of rates is in line with Council's Rating Policy
Consultation	Consistent with the endorsed report by Council at its meeting on June 30, 2020, a public consultation process on the draft 2020-21 Business Plan and Budget commenced on July 2, 2020 and concluded on July 23, 2020.
Resource	Not as a result of this report
Risk / Legal / Legislative	The raising of rates is in-line with Sections 150 and 153 (2) of 'the Act'. Sections 167 (6) and 170 of 'the Act' requires Council to publish the appropriate notices in the Government Gazette and local Newspapers, within 21 days of the adoption of valuations and declaration of rates for 2020-21.
Opportunities	Not as a result of this report
20/21 Budget Allocation	\$113.3m of rates revenue will be raised in 2020-21
Proposed 21/22 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. The general principles of rating are contained within Section 150 of 'the Act'. A Council should, when making and adopting policies and determinations concerning rates under this Act, consider the following principles:
 - 1.1. Section 150(a) rates constitute a system of taxation for local government purposes (generally based on the value of land);
 - 1.2. rating policies should make reasonable provision with respect to strategies to provide relief from rates (where appropriate), and any such strategies should avoid narrow or unreasonably restrictive criteria and should not require ratepayers to meet onerous application requirements;
 - 1.3. the Council should, in making any decision, consider the financial effects of the decision on future generations.
2. Consideration has been given to issues of consistency and equity across Council areas in the imposition of rates on various sectors of the residential, business and wider community, as required in accordance with Section 153 (2) of 'the Act'.
3. Section 156 (1) (a) of 'the Act' allows Council to impose differential rates according to the use of the land as prescribed in Regulation 14 (1) of the *Local Government (General) Regulations 2013 (SA)*. The categories of land use for the purposes of imposing differential general rates are as follows:
 - 3.1. Residential
 - 3.2. Commercial – Shop
 - 3.3. Commercial – Office
 - 3.4. Commercial – Other
 - 3.5. Industrial – Light
 - 3.6. Industrial – Other
 - 3.7. Primary Production
 - 3.8. Vacant Land
4. Council approval of the proposed rating structure is required to collect \$113.3m in general rates revenue to fund its Business Plan and Budget objectives for 2020-21.
5. It is proposed that:
 - 5.1. Council meet funding requirements through differential general rates in the dollar for residential and non-residential property, namely 0.1149 for residential and 0.1408 for non-residential. This is expected to produce general rates revenue (after rate rebates and remissions) of approximately \$113.3m in the 2020-21 financial year.
 - 5.2. General rate revenue reflects an increase in the rateable property base of 1.3% attributable to new developments, additions and alterations.
 - 5.3. For residential properties, representing 23.5% of the rateable revenue base, growth in valuations from new development, additions and alterations is approximately 1.12%, resulting in additional rates revenue of \$1.2m in 2020-21;
 - 5.4. For non-residential properties, representing 76.5% of the rateable revenue base, growth in valuations from new development, additions and alterations is approximately 0.18%, resulting in additional rates revenue of \$196k in 2020-21.
6. From 1 July 2020, the *Landscape South Australia Act 2019* replaced the *Natural Resources Management Act 2004*. The previous Natural Resource Management Levy will be replaced with a Landscape Levy commencing from the 2020-21 financial year. The Adelaide and Mount Lofty Ranges Natural Resources Management Board (NRM Board) will be replaced with the Green Adelaide Board.
7. The amount to be collected from ratepayers on behalf of the Green Adelaide Board in the 2020-21 financial year has increased by 1.9% on the 2019-20 financial year to approximately \$1.79m.
8. The *Landscape South Australia Act 2019* imposes the duty on Councils to charge a levy as though it were a separate rate under Chapter 10 of 'the Act', on rateable land in the defined area of the board. Such a rate must be fixed and calculated to raise the same amount as the Council's share to be contributed to the board (considering any rebates/remissions in Division 5, Chapter 10). As such, it is proposed to set a separate rate of 0.00209 to recover this amount on behalf of the Board.

9. Council's practice is to identify and value all land in the Council area. Once identified, each separate piece of land is assessed for rateability. Section 147 of 'the Act' specifies those types of properties that shall be exempt from council rates. The City of Adelaide has the highest proportion of 'rate-exempt' properties of any Council in South Australia. In 2020-2021 approximately \$35.6m of rates revenue will be foregone in respect of 'rate exempt' properties.
10. Unalienated Crown land and land used or held by the Crown or an instrumentality of the Crown is exempt from council rates if it is used for a public purpose (including an educational purpose), except any land held or occupied by the Crown under lease or licence, or where the property is used for domestic purposes.
11. University land is exempt from council rates when the University has been established by statute, excepting any residential or domestic land use.
12. The *Recreation Grounds Rates and Taxes Exemption Act 1981* specifies that recreation grounds shall be exempt from council rates where the land is occupied under a lease, licence or permit granted by the Council and is used by the occupier for the purposes of sport and recreation.
13. Council land is exempt from council rates where it is occupied or held by the Council, except where any such land is held from the Council under a lease or licence.
14. The *Fire and Emergency Services Act 2005* specifies that land occupied or held by an emergency services organisation will be exempt from council rates.
15. There are several Acts of Parliament which specifically exempt certain properties from paying council rates.
16. Council is mindful that wherever properties are exempt from paying council rates, or where a rebate is applied, those rates foregone must be contributed by the rest of the community. The principles of equity dictate that Council remains diligent in only awarding exemptions where they are warranted.
17. 'The Act' provides for rebates on council rates as either mandatory rebates (Sections 159 to 165) or discretionary rebates (Section 166). Mandatory rebates amount to either 75% or 100% of council rates in accordance with legislation.
18. Discretionary rebates are considered on a case-by-case basis and may only be granted where applicants meet at least one of the prescribed eligibility criteria set out at Section 166 of 'the Act'. The Rating Policy specifies where certain organisations, eligible for a 75% mandatory rebate, may also be granted a 25% discretionary rebate.
19. Council has invested significant time and resources into the quantity and quality of data within the in-house property valuation database VM-Online. Analysis of the market evidence following a comprehensive update of property valuations conducted in 2019-20, indicated a small proportion of property valuations in prior years were overly conservative. Accordingly, it is recommended that Council grant a 'special discretionary rate rebate' in 2020-21 to ratepayers in accordance with Section 166 (1) (i) (ii) of 'the Act'.
20. The value of the special discretionary rate rebate granted to an individual ratepayer will vary, to ensure the increase in council general rates payable for 2020-21 (excluding all other rebates and remissions) is no greater than 10% against 2019-20.
21. Properties with a rating valuation increase because of a new property development, change in use, or significant enhancement will not be eligible for the special discretionary rate rebate.
22. Where a rating valuation is challenged by the ratepayer and subsequently adjusted downwards by the City of Adelaide Valuers, the amount of the special discretionary rate rebate granted in respect to the relevant property (where applicable) will be adjusted downwards accordingly.
23. Council offers remissions of rates to those ratepayers in the community who are least able to afford them, in line with Section 182 (4) of 'the Act':
 - 23.1. Pensioner Remission - Pursuant to Section 182 (4) of 'the Act', a pensioner who owns their own home and satisfies the eligibility criteria (Link 1 view [here](#)), will receive (on application) a Council funded Pensioner Remission of rates to the value of \$100 in 2020-21.
 - 23.2. Self-Funded Retiree Remission - Pursuant to Section 182 (4) of 'the Act', a self-funded retiree ratepayer who owns their own home satisfies the eligibility criteria (Link 1 view [here](#)), will receive (on application) a Council funded Self-Funded Retiree Remission of rates to the value of \$50 in 2020-21.
 - 23.3. Hardship Remission - Pursuant to Section 182 (4) of 'the Act', a ratepayer who has satisfied the eligibility criteria and currently receives a State Government funded Hardship Benefit, will also receive (on application) a Council funded Hardship Remission of rates to the value of \$100 for the 2020-21 financial year.

24. Council recognises that some ratepayers may have trouble paying their rates due to financial hardship or low/fixed incomes. Ratepayers who are experiencing financial difficulties and are unable to make payments by the due date, should contact Council's accounts receivable staff at the earliest opportunity to discuss their individual payment arrangements.
25. Council has a grievance procedure designed to address concerns in relation to rating matters. These procedures are outlined in [Council's Rating Policy](#).
26. Sections 167 (6) and 170 of 'the Act' requires Council to publish the appropriate notices in the Government Gazette and local Newspapers, within 21 days of the adoption of valuations and declaration of rates for 2020-21.
27. Section 181 of 'the Act' enable all rates and charges which have been imposed for the financial year ending 30 June 2020 to fall due in four equal or approximately equal instalments.

DATA & SUPPORTING INFORMATION

Link 1 – Pensioner Card Qualification Details July 2020

Council's Rating Policy

ATTACHMENTS

Nil

- END OF REPORT -

Declaration of Rundle Mall Separate Rate 2020-2021

ITEM 3.8 13/08/2020
Council

Strategic Alignment - Strong Economies

2020/00150
Public

Program Contact:
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7655

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

The activities and initiatives funded by the Rundle Mall differential separate rate promote Rundle Mall as a destination for shopping and enhance the vibrancy of the precinct. The separate rate is declared pursuant to Section 154 (1) and (7) of the *Local Government Act 1999 (SA) (the Act)*.

The Rundle Mall Management Authority ('RMMA' - a Council Subsidiary) has full responsibility for Rundle Mall management, operations, marketing and business development. The Rundle Mall differential separate rate in the dollar will remain unchanged from 2019-20 and will raise approximately \$3.85m to fund the proposed 2020-21 Business Plan.

Presented to the Special meeting of The Committee on 5 August 2020.

RECOMMENDATION

THAT COUNCIL

1. Having taken into account the general principles of rating outlined in Section 150 of 'the Act' and issues of consistency and comparability across council areas where relevant, declares pursuant to Section 154 (1) and (7) of 'the Act', a differential separate rate in the dollar of 0.03582 (to be known as the 'Rundle Mall differential separate rate') for the period 1 July 2020 to 30 June 2021, on the annual value of all rateable land, except land which has a residential land use that is within the Rundle Mall Precinct.
2. Notes that the Rundle Mall differential separate rate will generate approximately \$3.85m in 2020-21.
3. Notes for this resolution 'Rundle Mall Precinct' shall be that area bounded by the:
 - 3.1. southern alignment of North Terrace between Pulteney and King William Streets,
 - 3.2. eastern alignment of King William Street between North Terrace and Grenfell Street,
 - 3.3. northern alignment of Grenfell Street between King William and Pulteney Streets,
 - 3.4. western alignment of Pulteney Street between Grenfell Street and North Terrace.
4. Declares the Rundle Mall differential separate rate for the 2020-21 financial year will fall due in four equal instalments on the days noted below, or if these days fall on a weekend or public holiday, on the next business day:
 - 4.1. 30 September 2020
 - 4.2. 1 December 2020
 - 4.3. 1 March 2021
 - 4.4. 1 June 2021.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Strong Economies The Rundle Mall differential separate rate will provide for the promotion and marketing of the Rundle Mall Precinct in order to attract and retain a broad range of businesses and investment to the Precinct to encourage a unique shopping experience for visitors and ratepayers alike.
Policy	The declaration of the Rundle Mall differential separate rate is for rating purposes.
Consultation	Consistent with the endorsed report by Council at its meeting on 30 June 2020, a public consultation process on the draft 2020-21 Business Plan and Budget commenced on 2 July 2020 and concluded on 23 July 2020.
Resource	Not as a result of this report
Risk / Legal / Legislative	The raising of rates is in-line with Sections 150 and 153 (2) of 'the Act'. The Rundle Mall differential separate rate is declared pursuant to Section 154 (1) and (7) of 'the Act'.
Opportunities	Not as a result of this report
20/21 Budget Allocation	\$3.85m is expected to be raised from the Rundle Mall differential separate rate.
Proposed 21/22 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. Council approval of the proposed Rundle Mall differential separate rate is required to ensure the marketing and management of the Rundle Mall Precinct, including actions and initiatives to promote Rundle Mall as a destination for shopping and enhance the vibrancy of the precinct, can continue during 2020-2021.
2. The 'Rundle Mall Precinct' means the area bordered by King William Street, North Terrace, Pulteney Street and Grenfell Street, and is delineated in the map at (Link 1 view [here](#)).
3. The Rundle Mall differential separate rate is contributed by non-residential ratepayers within the defined 'Rundle Mall Precinct'.
4. The Rundle Mall differential separate rate is declared pursuant to Section 154 (1) and (7) of 'the Act'.
5. The Rundle Mall Management Authority ('RMMA' - a Council Subsidiary) has full responsibility for Rundle Mall management, operations, marketing and business development. Council's Administration provides corporate support, including cleaning, insurance, finance, audit and governance services, with the direct cost of these services reimbursed by RMMA.
6. The Rundle Mall differential separate rate is collected by Council on behalf of RMMA.
7. The General Manager of RMMA has advised the draft budget for the authority in 2020-21 assumes separate rate revenue of \$3.85m. The draft budget was approved by the RMMA board on 18 May 2020 pending finalisation of the valuations for the 2020-21 rating year and levy income confirmed on 30 June 2020.

DATA & SUPPORTING INFORMATION

Link 1 – Rundle Mall Precinct Map

ATTACHMENTS

Nil

- END OF REPORT -