



THE COMMITTEE MINUTES

for the Special meeting

Tuesday 23 February 2021

in the Colonel Light Room
Adelaide Town Hall



Present – The Right Honourable the Lord Mayor, Sandy Verschoor;
Councillor Couros (Deputy Lord Mayor) (Chair),
Councillors Abrahamzadeh, Donovan, Hou, Khera, Knoll, Mackie, Martin, Moran and Simms.

Acknowledgement of Country

At the opening of the Special Committee Meeting, the Chair stated:

‘Council acknowledges that we are meeting on 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 who are present today.’

The Lord Mayor entered the Colonel Light Room at 5.03 pm

Apologies and Leave of Absence

Apology:

Councillor Hyde

Discussion Forum Items

Strategic Alignment – Enabling Priorities

1. Item 3.1 – 10 Year Long Term Financial Plan Update - 2021-22 to 2030-31 [2020/01920] [TC]

Discussion Facilitators:

Clare Mockler, Acting Chief Executive Officer, City of Adelaide
Tom McCready, Acting Director City Shaping, City of Adelaide
Klinton Devenish, Director Service, Infrastructure & Operations, City of Adelaide
Justin Lynch, Acting Chief Operating Officer, City of Adelaide
Grace Pelle, Manager Finance & Procurement, City of Adelaide
Nicole Van Berkel, Corporate Accountant, City of Adelaide

Precis of topic:

Utilising a PowerPoint presentation, The Committee was provided with an update on the 10 Year Long Term Financial Plan 2021-22 to 2030-31.

During the presentation:

- Councillor Moran left the Colonel Light Room at 5.48 pm, re-entered 5.51 pm, left at 6.00 pm and re-entered at 6.16 pm
- Councillor Simms left the Colonel Light Room at 6.12 pm and re-entered 6.14 pm

The PowerPoint presentation utilised is attached for reference at the conclusion of the Minutes of this meeting.

2. Item 3.2 – 2021 - 2022 Business Plan and Budget - Services and Operational Activities [2020/01920] [TC]

Discussion Facilitators:

Clare Mockler, Acting Chief Executive Officer, City of Adelaide
Justin Lynch, Acting Chief Operating Officer, City of Adelaide
Grace Pelle, Manager Finance & Procurement, City of Adelaide
Nicole Van Berkel, Corporate Accountant, City of Adelaide

Precis of topic:

Utilising a PowerPoint presentation, The Committee was provided with an update on the 2021 - 2022 Business Plan and Budget.

During the presentation:

- Councillor Simms left the Colonel Light Room at 6.52 pm and re-entered at 6.54 pm
- Councillor Moran left the Colonel Light Room at 6.56 pm and re-entered at 6.58 pm
- The Lord Mayor left the Colonel Light Room at 7.01 pm

Acting CEO Undertaking – Administrative costs of AEDA

In response to queries from Councillor Martin, an undertaking was given to provide Committee Members with public information around the administrative costs of AEDA.

The PowerPoint presentation utilised is attached for reference at the conclusion of the Minutes of this meeting.

3. Item 3.3 – Strategic Asset Management Plan [2020/01524] [TC]

Discussion Facilitators:

Klinton Devenish, Director Service, Infrastructure & Operations, City of Adelaide
Jean-Pierre Koekemoer, Manager Infrastructure Planning, City of Adelaide

Precis of topic:

Utilising a PowerPoint presentation, The Committee was provided with an update on the Strategic Asset Management Plan.

During the presentation:

- The Lord Mayor re-entered the Colonel Light Room at 7.05 pm
- Councillor Khera left the meeting at 7.32 pm

The PowerPoint presentation utilised is attached for reference at the conclusion of the Minutes of this meeting.

Closure

The meeting closed at 7.38 pm.

Councillor Couros (Deputy Lord Mayor)
The Committee Chair

Documents attached:

Minute 1 - Item 3.1 - 10 Year Long Term Financial Plan Update - 2021-22 to 2030-31, PowerPoint presentation

Minute 2 - Item 3.2 - 2021 - 2022 Business Plan and Budget - Services and Operational Activities, PowerPoint presentation

Minute 3 - Item 3.3 - Strategic Asset Management Plan, PowerPoint presentation

Enabling Priorities

10 Year Long Term Financial Plan Update
2021-22 to 2030-31

Deputy CEO, Director Culture
Clare Mockler



2021 – 2022 Business Plan and Budget

Key Messages

Outline

Background

Financial Sustainability

LTFP Overview

- Impact of the approved parameters over the LTFP

Funding Framework

- Fees and Charges
- Rates
- Assets and Infrastructure
- Operations
- Strategic Projects

Next Steps

Glossary:

Operating surplus/(deficit): Operating income less operating expenditure measuring changes in Council's net value

Funding surplus/(deficit): Cash receipts less cash payments adjusted for timing variances measuring the level of spending relative to earnings

Asset Renewals: Capital works on existing infrastructure based on asset condition and risk

Asset Enhancements: Capital works on new and significantly upgraded infrastructure

Section 8(k) of the *Local Government Act 1999 (SA)* requires the Council to uphold and promote the principle to “ensure the sustainability of the council’s long term financial performance and position”.

A council’s long-term financial performance and position is sustainable where planned long-term service infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services

Financial Sustainability is based on the principles that:

- The current generation are able to “pay their way” by funding the services and infrastructure they utilise
- Investments in new infrastructure and assets funded through borrowings will not over burden future generations

Key strategic focus areas:

- Improve operating performance (surpluses)
- Effective debt management
- Manage asset renewal and growth

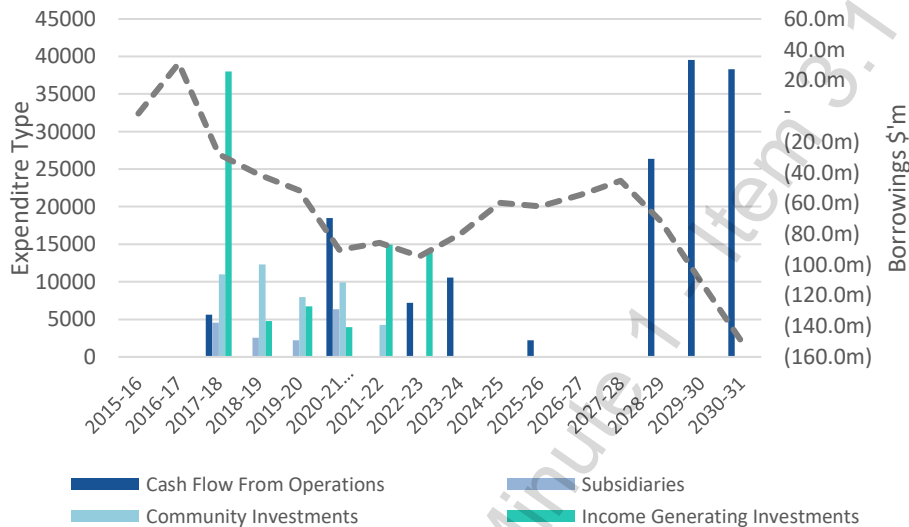
Levers available to council

- Increase rates revenue, and seek new revenue generating activities
- Continue to monitor expenditure and deliver cost efficiencies
- Allocate clear funding pathways to all expenditure to avoid bad debt
- Implement Strategic Asset Management involving levers specific to our Infrastructure responsibilities.

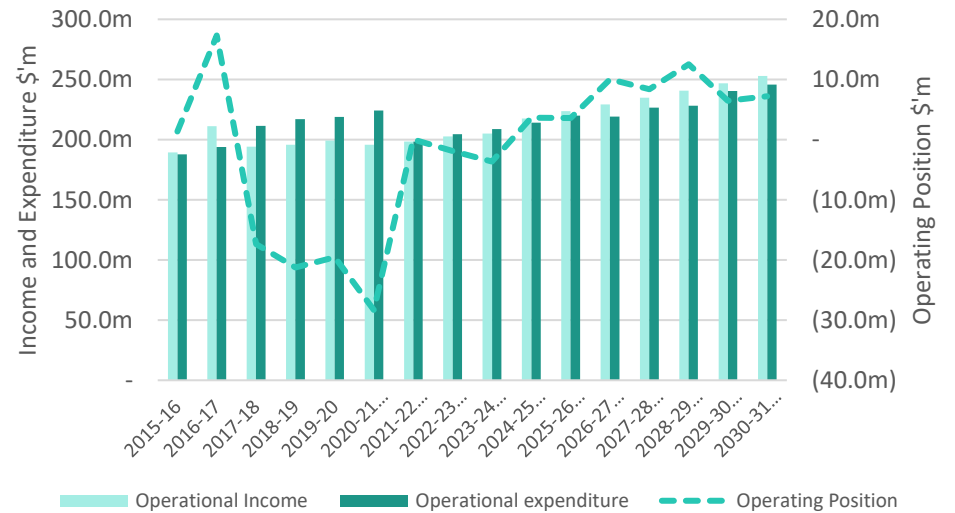
Section 8(k) of the *Local Government Act 1999 (SA)* requires the Council to uphold and promote the principle to “ensure the sustainability of the council’s long term financial performance and position”.

Financial Indicator	Explanation	Target	2020-21 QF2	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Borrowings (\$m)	Total borrowings	Within Prudential Limits	90.3	85.7	94.6	80.1	59.7	61.9	54.4	45.4	71.8	111.4	149.7
			52%	50%	55%	42%	31%	32%	27%	22%	35%	53%	70%
Operating Position (\$m)	Operating Income less Expenditure	\$2m - \$10m	(34.1)	(0.1)	(1.9)	(3.7)	3.6	3.6	10.0	8.4	12.5	6.4	7.2

Borrowings



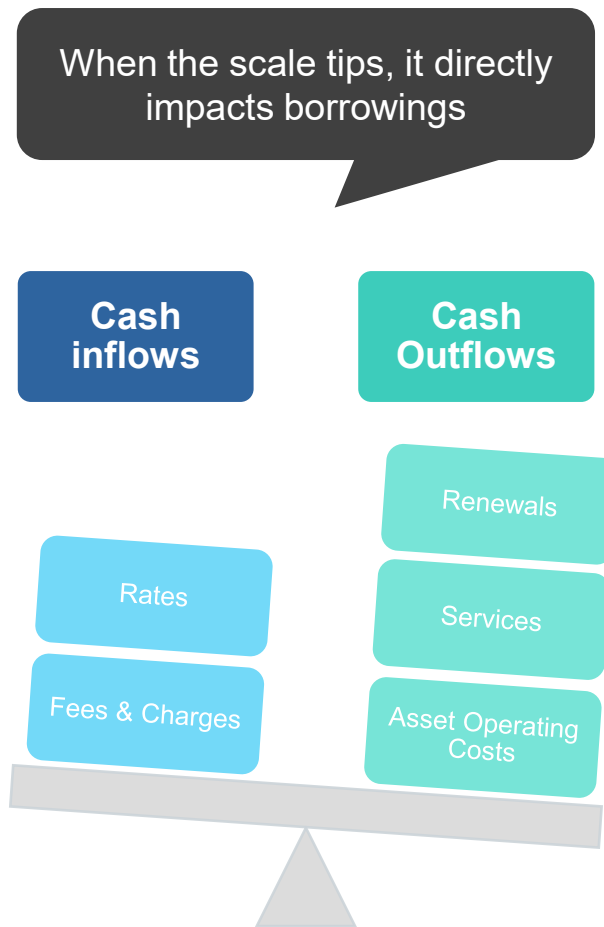
Operating Position



Funding Framework

Our funding framework (below) shows the relationship between our funding pathways and expenditure. Every expenditure decision **MUST** have an associated funding pathway to 'balance the scales' and ensure financial sustainability is maintained.

	Cash inflows (Funding Pathway)	Cash outflows (Expenditure)
Operations	Rates Fees and Charges Grants & Subsidies	Operating Expenses <ul style="list-style-type: none"> Services Strategic projects Costs associated with capital expenditure (interest, depreciation, Maintenance) Renewal or replacement of existing assets
New Capital	Borrowings/Grants <ul style="list-style-type: none"> repaid by returns on investment, Commercial Fees & Charges Repaid by surplus cashflow after renewals Future Funds (where cash surpluses exist) 	Capital Expenditure <ul style="list-style-type: none"> New Income Generating Assets New Community Assets



LTFP Assumptions

Rates valuation growth is assumed in line with forecast inflation, excluding the growth from new developments

Other revenue and expenditure growth is assumed in line with forecast inflation

Statutory charges reflect dollar or percentage increases as specified by statute

Salaries and wages forecasts are based on current enterprise agreements

Interest rates are relative to market expectations

Capital expenditure is in line with Asset Management Plans from 2022-23

The following slides will refer to each component of the Funding Framework, in context of the assumptions within the LTFP.

The 2021-22 budget is based on the expenditure and revenue targets adopted on by Council on 15 December 2020.

Beyond 2021-22, the longer term assumptions are based on current market conditions and predictions. The appendix includes a table which indicate the assumptions that underpin the LTFP.

KEY QUESTION

What are Council Members' views on the assumptions within the LTFP? Do they require further revision?

Long Term Financial Plan Dashboard

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Financial Indicator	Explanation	Target	2020-21 QF2	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	(18%)	(0%)	(1%)	(2%)	2%	2%	4%	4%	5%	3%	3%
Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	60%	55%	62%	54%	38%	38%	34%	29%	39%	54%	68%
Asset Sustainability Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	74%	67%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	26%	25%	27%	20%	15%	16%	14%	11%	17%	26%	34%
Interest Expense Ratio	Number of times General Rates Revenue (less Landscape Levy) can service the annual interest expense	Maximum 10%	1.1%	1.2%	1.0%	1.2%	1.0%	0.8%	0.8%	0.7%	0.8%	1.2%	1.7%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	0.8	0.7	0.8	0.6	0.5	0.5	0.4	0.3	0.5	0.7	1.0
Cash Flow from Operations Ratio	Cash Flow from Operations as a percentage of required expenditure in the asset management plans	Greater than 100%	97%	115%	99%	97%	103%	101%	106%	106%	92%	87%	88%
Future Fund (\$m)	Proceeds from the sale of Council assets to fund new income generating assets or new strategic capital projects	N/A	0.1	2.2	8.7	33.7	59.2	59.2	59.2	59.2	59.2	59.2	59.2

To consider

Further workshops were requested by Council in December 2020, to help inform budget decisions:

- **Approach to infrastructure and property within the LTFP:** included in SAMP, Strategic Property Review and LTFP workshops / reports.
- **Economic Policy and Investment Strategy:** proposed workshop in April 2021.

March

- Services conversation continued, including prioritised services for contestability.
- Strategic Projects and Infrastructure and Assets workshops.
- Subsidiary Business Plans and Budgets.
- Early community engagement focused on informing the community of early budget conversations and outcomes.

April

- Approve Draft BP&B for consultation.
- 21 Day Public Consultation on Draft Business Plan and Budget Document.
- Consultation on Rating Policy changes.
- Economic Policy and Investment Strategy workshop.

May

- Council Meeting to receive feedback received during Public Consultation
Public hearing on consultation pending legislative changes (currently not permitted).

June

- Adopt BP&B, LTFP, Fees and Charges, and Rates.

Enabling Priorities

2021 - 2022 Business Plan and Budget
Services and Operational Activities

Deputy CEO, Director Culture
Clare Mockler



2021 – 2022 Business Plan and Budget

Key Messages

Workshop outline

Approach

- Delivery timeline
- 2020 -21 Budget Summary
- Budget Parameters
- Bridging 20-21 and 21-22

21-22 Draft Budget

- Reshaping our Organisation
- Income
- Expenditure

Our Services and Operating Activities

- Overview of Services
- Operating Levers for efficiencies
- Operating Activities summary
- Operating Activities review
- Further review of services

Next Steps

Assumptions

Council adopted expenditure and revenue targets based on a rate in the dollar freeze and a rise to fees and charges at CPI to enable the preparation of the draft 2021-22 BP&P on 15 December.

Revenue targets (includes Subsidiaries):

- Total Rates Revenue target of not less than \$121.1m, reflecting price movements in property valuations, revenue from new developments, a freeze in the rate in the dollar.
- Total fees and charges revenue target of not less than \$73.0m reflecting all fees and charges, based on an increase in line with Consumer Price Index (CPI).

Expenditure targets (includes subsidiaries):

- Strategic Project expenditure target not exceeding \$5.4m, based on 2020-21 commitments across multiple years.
- **Service Delivery expenditure target not exceeding \$193.6m. Permanent savings of \$7.2m have been incorporated into this budget as a target.**

Capital Expenditure:

- Capital expenditure on Renewal and Replacement of Existing Assets of \$27.6m, with an Asset Sustainability ratio of 67%.
- Capital expenditure on New and Upgraded Assets of \$19.2m.

Efficiency Approach

2020-21: Within the 2020-21 BP&B the following allocations were incorporated:

- \$20m ongoing reduction to operating expenditure, to be identified during 2020-21.
- A one-off \$14.4m transition costs, in order to achieve the ongoing savings.

2021-22: In order for Council to achieve an operating deficit of (\$0.1m), a further \$5.2m ongoing permanent reduction to expenditure has been incorporated from 2021-22, in line with the 15 December 2020 decision.

The need for a \$20 million permanent ongoing reduction to Operating Expenditure was identified during 2020-21 BP&B process in order to ensure Council is financially sustainable.

This workshop will highlight some of the levers that are available to Council to help achieve the required reduction in our operating expenditure in order to become financially sustainability.

\$'000s	2020-21	Ongoing from 2021-22
2020 – 21: \$20m Expenditure Savings		
Target	(20,000)	(20,000)
Labour	13,086	12,960
Non-Labour		5,040
Net	(6,914)	(2,000)

2021 – 22: \$5.2m Expenditure Target		
Target	-	(5,200)
Net	-	(5,200)

Transition costs for Reshaping our Organisation		
Budget	14,400	
Actuals	(6,970)	
Net	7,430	-
Net Position	516	(7,200)

Savings still to be Identified	(7,200)
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KEY QUESTIONS IN THIS SECTION:

Review of Operating Activities

1. What are Council Members' views on the scenarios provided to adjust the funding allocations for our operating activities?
2. What are Council Members' views on any operating activities that we could stop entirely?

Further Reviews Services

3. What are Council Members' views on undertaking a review on Levels of Service?

The purpose of this section is to introduce our services as per the 2021-22 Service Directory and highlight the levers that are available to Council to achieve the required reduction in our operating expenditure.

The following slides talk to our operating budget by Service, as presented in the DRAFT 2021-22 Service Directory.

1

Overview of Services – As per Service Directory.

2

Summary of levers available to achieve ongoing operating efficiencies.

3

Review of **Operating Activities**.

4

Further review of **Services**.

Direct Expenditure and FTE's

The distribution of staff levels (FTE) and (Direct) expenditure across services such as Park Lands and Open Space, Roads and Footpaths, Parking and Sports and Recreation is a reflection of the investment and management of Council's major asset categories and commercial operations.

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	Service (% as a total of all services listed below)	(Direct) FTE	(Direct) Expenditure	(Direct) Income
COMMUNITY	Arts, Culture and Events	6.4%	5.9%	0.8%
	Community Development	1.8%	1.5%	0.2%
	Community Safety	4.2%	2.0%	1.4%
	Environmental Sustainability	1.3%	1.2%	0.0%
	Library Services	4.4%	3.2%	0.2%
	Park Lands and Open Space	16.9%	11.8%	1.0%
	Parking	9.2%	9.7%	23.2%
	Planning, Building and Heritage	2.6%	1.9%	0.2%
	Property Management and Development	1.9%	3.1%	2.8%
	Resource Recovery and Waste Management	1.7%	2.7%	0.4%
	Roads and Footpaths	18.7%	27.7%	0.2%
	Social and Economic Planning	1.7%	1.2%	0.1%
Sports and Recreation	8.7%	8.2%	4.9%	
CORPORATE	Customer Experience	3.8%	1.9%	0.0%
	Finance, Procurement and Rating	4.6%	4.2%	64.8%
	Governance	1.3%	1.7%	0.0%
	Information Management	4.1%	7.1%	0.0%
	Lord Mayor and Council Members	1.1%	1.2%	0.0%
	Marketing and Communications	1.7%	1.2%	0.0%
	People	2.6%	1.7%	0.0%
Strategy, Planning and Insights	1.4%	0.7%	0.0%	
	Total Share	100%	100%	100%

Budget Parameters

Council approved expenditure and revenue targets based on a rate in the dollar freeze and a rise to fees and charges at CPI, to enable the preparation of the draft 2021-22 BP&P on 15 December 2020.

As part of 'Reshaping our Organisation' administration has worked to find efficiencies and to better align our available resources to ensure that we are delivering value to our Community.

As part of the 2021 - 2022 Budget build, further efficiencies are required.

The levers available to identify the required reduction in operating expenditure over the coming budget year include:

Review Operating Activities

Identify opportunities to find efficiencies in the expenditure of Operating Activities.

Further Review Services

Continue to review Services and identify additional opportunities with Council and the Community

Service Contestability

Good business practice to ensure value for money to our ratepayers (reporting back to Council in March).

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Operating Activities: Summary

Operating expenditure

Operating Activities support the delivery of the Strategic Plan and have been incorporated into the cost of service.

The expenditure associated with each operating activity is captured within the direct cost (from previous slides) to deliver the service and articulated separately for transparency purposes.

Operational Activity	DRAFT Budget	Operational Activity	DRAFT Budget
Arts, Culture and Events		Information Management	
Adelaide's New Year's Eve	\$371,020	IM Roadmap	\$2,000,000
ANZAC Day Service & Related Activities	\$58,000	Lord Mayor and Council Members	
Australia Day Sponsorship	\$179,000	International Relations (Sister Cities)	\$100,000
Business Activation and Support	\$100,000	Marketing and Communications	
Christmas in the City	\$350,000	Brand	\$10,000
City Activation – East End Unleashed	\$140,000	Content	\$65,000
City Activation – Hutt Street	\$50,000	Online Advertising	\$30,000
City Activation - Melbourne Street	\$50,000	Public relations	\$20,000
City Activation – North Adelaide/O'Connell	\$50,000	Web and Digital Development	\$82,500
Cultural Entrepreneurs Incubator Program	\$50,000	Planning, Building and Heritage	
Fashion Industry Support	\$50,000	Built Heritage Management Grants	\$1,115,180
History Festival	\$30,000	Built Heritage Management Promotion	\$63,538
Live Music Strategic Partnership	\$10,000	Roads and Footpaths	
Umbrella Winter Festival	\$40,000	Free City Connector	\$933,911
UNESCO City of Music	\$50,000	Social and Economic Planning	
Community Development		Adelaide Prize	\$29,500
Adelaide Leaders & Community-led Neighbourhood Development	\$40,000	Annual delivery of Kaurua RAP initiatives	\$50,000
Community Development Grants	\$559,000	Economic Policy	\$39,936
Community Safety		NAIDOC Week celebrations	\$50,000
Safer City Policy 2019-22	\$65,000	Noise Management	\$38,634
Environmental Sustainability		Residential Growth Action Plan	\$32,800
Carbon Neutral Adelaide	\$1,331,758	Sports and Recreation	
		Recreation and Sports Grants	\$187,000
		Strategy, Planning and Insights	
		Efficiency and Service Reviews	\$50,000

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Operating Activities: Review

Budget Review

Two scenarios have been mapped on the remaining operating activities to demonstrate where **potential operating expenditure reductions** could be made through a change to the budget allocation.

Alternatively a customised approach could be taken.

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Operational Activity	Draft 21-22 Budget	10% reduction	20% reduction	Customised approach	3 year average spend*
Arts, Culture and Events					
Adelaide's New Year's Eve	\$371,020	\$333,918	\$296,816		\$328,262
ANZAC Day Service, March & Related Activities	\$58,000	\$52,200	\$46,400		\$49,953
Arts and Cultural Grants	\$261,000	\$234,900	\$208,800		\$244,502
Australia Day Sponsorship	\$179,000	\$161,100	\$143,200		\$171,333
Business Activation and Support	\$100,000	\$90,000	\$80,000		\$89,064
Christmas in the City	\$350,000	\$315,000	\$280,000		\$345,000
City Activation – East End Unleashed	\$140,000	\$126,000	\$112,000		\$161,613
City Activation – Hutt Street	\$50,000	\$45,000	\$40,000		\$6,333
City Activation - Melbourne Street	\$50,000	\$45,000	\$40,000		-
City Activation – North Adelaide/O’Connell St	\$50,000	\$45,000	\$40,000		\$10,527
Cultural Entrepreneurs Incubator Program	\$50,000	\$45,000	\$40,000		\$39,974
Fashion Industry Support (previously Vogue)	\$50,000	\$45,000	\$40,000		\$78,237
History Festival	\$30,000	\$27,000	\$24,000		\$23,000
Live Music Strategic Partnership	\$10,000	-	-	\$10,000*	\$10,000
Umbrella Winter Festival	\$40,000	\$36,000	\$32,000		\$40,000
UNESCO City of Music (new)	\$50,000	-	-	\$50,000*	-

* Budgets proposed to remain at full level due to funds being committed through a joint funding or partnership agreement

Operating Activities: Review

Budget Review

Two scenarios have been mapped on the remaining operating activities to demonstrate where **potential operating expenditure reductions** could be made through a change to the budget allocation.

Alternatively a customised approach could be taken.

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Operational Activity	Draft 21-22 Budget	10% reduction	20% reduction	Customised approach	3 year average spend*
Community Development					
Adelaide Leaders & Community-led Neighbour Dev't	\$40,000	\$36,000	\$32,000		\$26,609
Community Development Grants	\$559,000	\$503,100	\$447,200		\$535,677
Community Safety					
Safer City Policy 2019-22	\$65,000	\$58,500	\$52,000		\$0
Environmental Sustainability					
Carbon Neutral Adelaide	\$1,331,758	\$1,198,582	\$1,065,406		\$1,168,627
Information Management					
IM Roadmap	\$2,000,000	\$1,800,000	\$1,600,000		\$2,000,000
Lord Mayor & Council Members					
International Relations (Sister Cities)	\$100,000	\$90,000	\$80,000		\$159,280
Marketing and Communications					
Brand	\$10,000	\$9,000	\$8,000		-
Content	\$60,000	\$54,000	\$48,000		-
Online Advertising	\$30,000	\$27,000	\$24,000		-
Public Relations	\$20,000	\$18,000	\$16,000		-
Web and Digital Development	\$60,000	\$54,000	\$48,000		-

Operating Activities: Review

Budget Review

Two scenarios have been mapped on the remaining operating activities to demonstrate where **potential operating expenditure reductions** could be made through a change to the budget allocation.

Alternatively a customised approach could be taken.

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Operational Activity	Draft 21-22 Budget	10% reduction	20% reduction	Customised approach	3 year average spend*
Planning, Building & Heritage					
Built Heritage Management Grants	\$1,115,180	\$1,003,662	\$892,144		\$1,039,579
Built Heritage Management Promotion	\$63,538	\$57,184	\$50,830		\$42,254
Roads & Footpaths					
Free City Connector	\$1,115,000	-	-	\$1,115,000*	\$855,088
Social and Economic Planning					
Adelaide Prize	\$29,500	\$26,550	\$23,600		\$29,118
Annual delivery of Kaurna RAP initiatives	\$50,000	\$45,000	\$40,000		-
Economic Policy	\$39,936	\$35,942	\$31,949		-
NAIDOC Week Celebrations	\$50,000	\$45,000	\$40,000		\$53,293
Noise Management	\$38,634	\$34,771	\$30,907		\$34,578
Residential Growth Action Plan	\$32,800	\$29,520	\$26,240		\$58,738
Sport & Recreation					
Recreation and Sports Grants	\$187,000	\$168,300	\$149,600		\$152,968
Strategy, Planning & Insights					
Efficiency & Service Reviews	\$50,000	\$45,000	\$40,000		\$33,176
TOTAL POTENTIAL SAVINGS	-	\$771,137	\$1,542,273	TBC	-

* Budgets proposed to remain at full level due to funds being committed through a joint funding or partnership agreement

Budget Activity

To assist us to build the draft budget we are keen to understand Council Members views on the budget allocation for Operating Activities based on the scenarios provided: Scenario 1 (10% reduction; Scenario 2 (20% reduction); or a Customised Approach - where you can share your thoughts on an adjustment to the budget allocation (i.e. a budget hold (100% funding) or a budget reduction/range of “\$X value”, or a budget removal, \$0 – stop doing).

To allow us to collect your views, please utilise the butchers paper placed around the room.

Based on the scenarios provided, potential savings to our operating expenditure could be achieved:

- **10% reduction, saving of \$771,137.**
- **20% reduction, saving of \$1,542,273.**
- **Council indicated savings of \$ TBC**

KEY QUESTION

1. What are Council Members' views on the scenarios provided to adjust the funding allocations for our operating activities?

2. What are Council Members' views on any operating activities that we could stop entirely?

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Community and Corporate Services

Continuing a review of our services provides an opportunity to discuss Levels of Service with Council and the Community.

It is proposed that this be initiated as part of the 2021 - 22 Business Plan and Budget process in alignment with the 2021-22 Service Directory.

Further to the review of our operating activity expenditure, we have an opportunity to work with Council and our Community to continue to review our services.

COMMUNITY SERVICES

- Arts, Culture and Events
- Community Development
- Community Safety
- Environmental Sustainability
- Library Services
- Park Lands and Open Space
- Parking
- Planning, Building and Heritage
- Property Management and Development
- Roads and Footpaths
- Social and Economic Planning
- Sports and Recreation
- Resource Recovery and Waste Management

CORPORATE SERVICES

- Customer Experience
- Finance, Procurement and Rating
- Governance
- Information Management
- LM and Council Members
- Marketing and Communications
- People
- Strategy, Planning and Insights

KEY QUESTION

What are Council Members' views on undertaking a review on Levels of Service?

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To consider

In December 2020 further workshops were requested by Council, to help inform budget decisions:

- **Approach to infrastructure and property within the LTFP:** included in SAMP, Strategic Property Review and LTFP workshops / reports.
- **Economic Policy and Investment Strategy:** proposed workshop in April 2021.

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- Services conversation continued, including prioritised services for contestability.
- Strategic Projects and Infrastructure and Assets workshops.
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- Early community engagement focused on informing the community of early budget conversations and outcomes.

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- Approve Draft BP&B for consultation.
- 21 Day Public Consultation on Draft Business Plan and Budget Document.
- Consultation on Rating Policy changes.
- Economic Policy and Investment Strategy workshop.

May

- Council Meeting to receive feedback received during Public Consultation
Public hearing on consultation pending legislative changes (currently not permitted).

June

- Adopt BP&B, LTFP, Fees and Charges, and Rates.

Enabling Priorities

Strategic Asset Management Plan

Infrastructure

Jean-Pierre Koekemoer / Matthew Morrissey



Strategic Asset Management Key Questions

Asset Management Levers

Does Council Members have any views/feedback on the levers proposed?

Moving Forward

What are Council Members views/feedback on the draft Strategic Asset Management Plan?

Prioritisation

What are Council Members views/feedback on the Resource Allocation Strategy filters?

Strategic “Actions”

What are Council Members views/feedback on the Strategic actions and considerations?

Asset Management Levers that impact on LTFP

Lever 1: Optimisation of renewals to stretch Council's dollar further

Lever 2: Review and redefine Level or Service (LoS) to find optimal cost

Lever 3: Asset Sustainability Ratio

Lever 4: Divest and Accepting Assets

Lever 5: Seek External Funding

Lever 6: Resource Allocation Strategy

Strategic Asset Management Plan

Lever 1: Optimisation of Renewals

Benefits

- Optimal outcome for asset renewals based on Council endorsed budget and level of service
- Stretch Council's dollar further

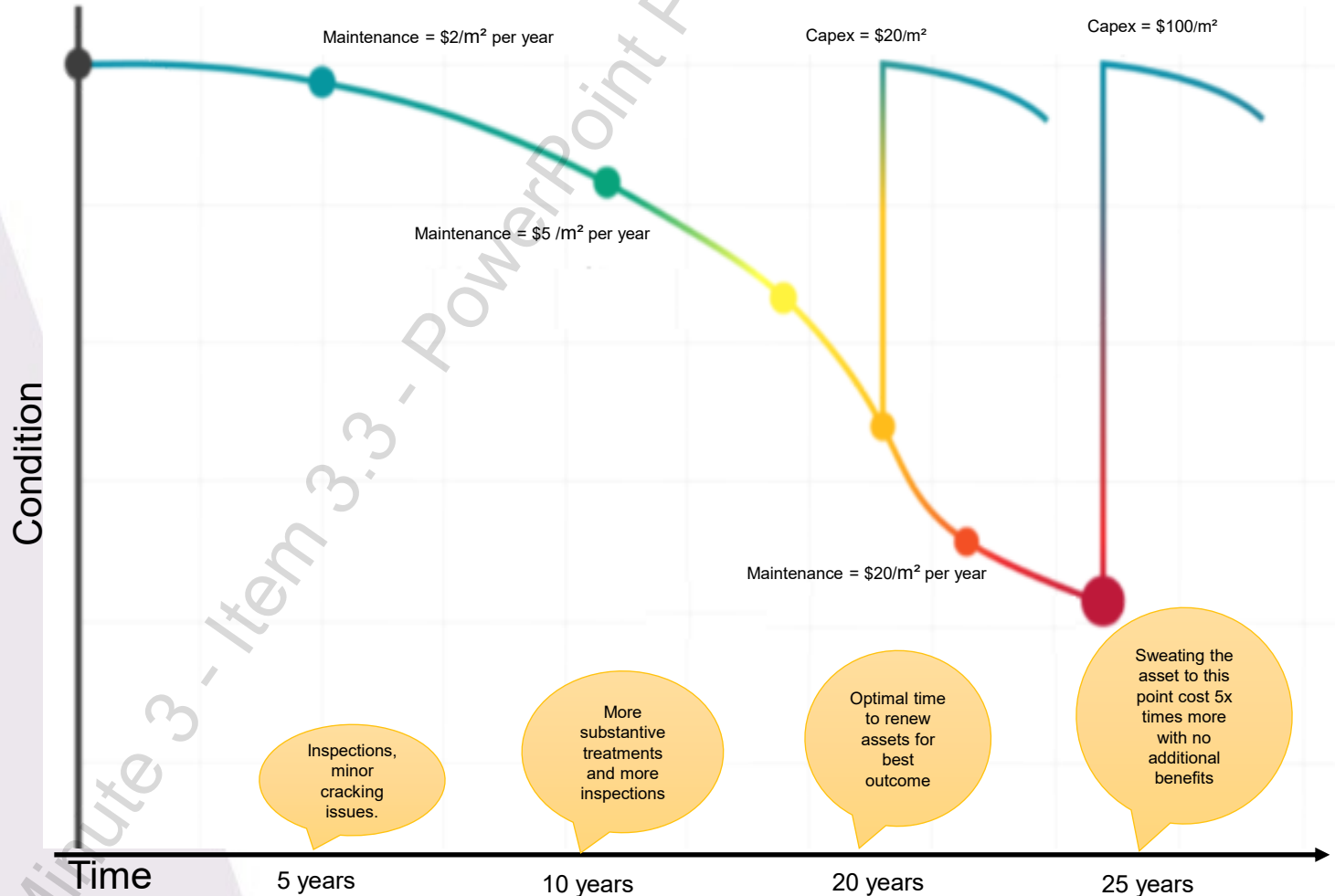
How the Lever is applied

Optimisation scenarios will be workshopped per asset class through development of Asset Management Plans

Impact to LTFP

Modelled scenarios will have a direct impact on the LTFP. We can develop scenarios to determine the best opportunities.

Example: Road Optimisation



Strategic Asset Management Plan Lever 2: Level of Service

Benefits

- Meet the community expectation
- Minimise risk as an organisation

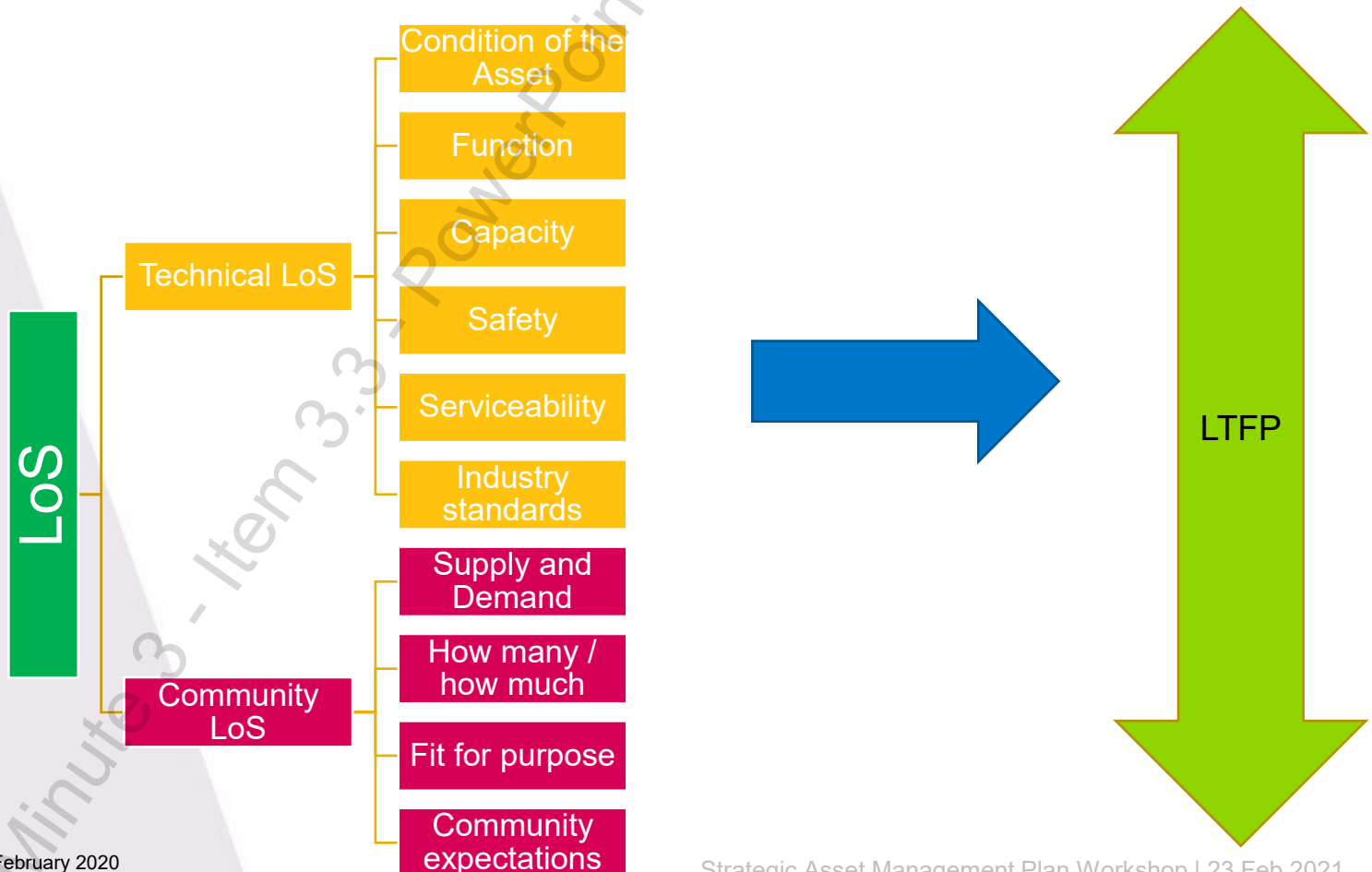
How the Lever is applied

Each asset class will have its own community LoS determined through consultation with Council and Community. Technical LoS determined through industry standards.

Impact to LTFP

Reductions in LoS would reduce the cost of ownership. The degree of the impacts are yet to be determined and approved by Council.

Level of Service(LoS) is the standard to which you want to manage the services to the community. LoS sets the expectation of the community and the performance indicators of the services we provide through the assets lifecycle.



Lever 3: Asset Sustainability Ratio

Benefits

- Sustain services
- Ensure we do not push the burden of asset renewal onto future generations.
- Measure of how sustainability the organisation is functioning

How the Lever is applied

Industry standards recommend target of 90%-110%.

Council will approve a renewal budget and respective asset sustainability ratio as part of BP&B annually.

Impact to LTFP

Delay of renewals will impact on our ability to deliver new and significant upgrades and major projects.

- Asset Sustainability indicates whether the Council is renewing or replacing existing assets at the same rate as its overall assets are wearing out.
- Indications of proper planning and continuation of service
- Renewal over the past decade has depleted the asset sustainability ratio below 40% (2019-20). Our current forecast sustainability ratio 2020-21 is 74% and 2021-22 at 67%.
- Failure to achieve the 100% measure will result in a bow wave of future spend required to correct assets, impacting on future of new and significant upgrades and major projects, as well as rates and income requirements.

Strategic Asset Management Plan

Lever 4: Divest Assets or Accepting Assets

Benefits

- No longer maintaining assets which have no community or financial benefit
- Share financial burden of significant assets required by visitors to the city

How the Lever is applied

Divestment and partnership opportunities for impacted assets will be workshopped with Council

Impact to LTFP

Reduced infrastructure budget required for significant assets
Prioritised investment into demand driving assets

- Divesting underperforming assets which no longer serve its purpose could be a wise community strategy
- Reconsider the ownership and level of responsibility between City of Adelaide and other State/Federal departments or interested parties to share the responsibilities for the management, operation and renewal of the assets.
 - i.e. Currie/Grenfell street, the Weir, Adelaide Bridge, Traffic signals, Parklands
- Determine the optimal time to divest an asset to maximise Councils benefits
- Gifted Assets

Strategic Asset Management Plan

Lever 5: Resource Prioritisation

Benefits

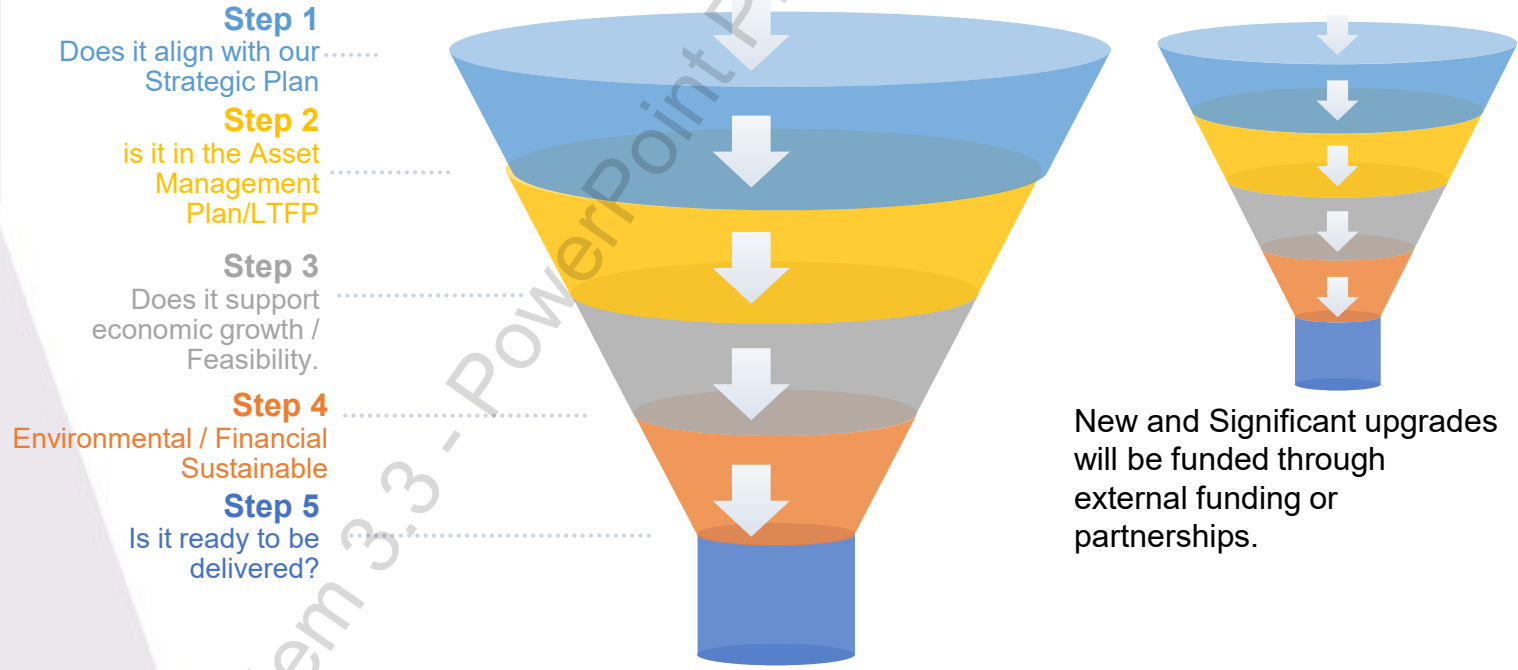
- Governance structure regarding new project requests
- Enables proactive planning approach
- Ensures consistent approach and line of sight to when new requests will be delivered

How the Lever is applied

Council determine and approve the resource prioritisation model through the SAMP and Administration will apply to project planning.

Impact to LTFP

Provide a responsible planned, understanding of future spending requirements.



Minute 3 - Item 3.3 - PowerPoint Presentation

Strategic Asset Management Plan

Next Steps – Asset Management Plan Development



Strategic Asset Management Key Questions

Asset Management Levers

Does Council Members have any views/feedback on the levers proposed?

Moving Forward

What are Council Members views/feedback on the draft Strategic Asset Management Plan?

Prioritisation

What are Council Members views/feedback on the Resource Allocation Strategy filters?

Strategic “Actions”

What are Council Members views/feedback on the Strategic actions and considerations?