



THE COMMITTEE MINUTES

for the Special meeting

Tuesday 23 March 2021

in the Colonel Light Room
Adelaide Town Hall



Present - The Right Honourable the Lord Mayor, Sandy Verschoor.

Deputy Lord Mayor, Councillor Couros (Chair).

Councillors Abrahamzadeh, Donovan, Hou, Hyde, Khera, Knoll, Mackie, Martin, Moran and Simms (Deputy Chair).

Acknowledgement of Country

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

‘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.’

Apologies and Leave of Absence

Nil

The meeting **adjourned at 6.23 pm** for until the conclusion of the Special Council meeting **and reconvened at 6.58 pm** with the following Council Members present:

The Right Honourable the Lord Mayor, Sandy Verschoor, Deputy Lord Mayor, Councillor Couros (Presiding) and Councillors Abrahamzadeh, Donovan, Hou, Hyde, Knoll and Mackie.

Councillors Khera and Martin entered the Colonel Light Room at 6.59 pm

Discussion Forum Items

Presentations

1. Item 3.1 – ACMA 2021-22 Draft Business Plan and Budget [2020/01438] [TC]

Discussion facilitators:

Theo Maras, Chair, Adelaide Central Market Authority
Jodie Kannane, General Manager, Adelaide Central Market Authority
Clare Mockler, Acting Chief Executive Officer, City of Adelaide
Tom McCready, Acting Director City Shaping, City of Adelaide

Precis of topic

Utilising the PowerPoint Slides within the Agenda, Committee Members were given an update on the Adelaide Central Market 2021-22 Draft Business Plan and Budget.

During the Presentation:

- Councillors Moran and Simms entered the Colonel Light Room at 7.00 pm.

2. Item 3.2 – AEDA 2021-22 Draft Business Plan and Budget [2021/00674] [TC]

Discussion facilitators:

Ian Hill, Managing Director, Adelaide Economic Development Agency
Nikki Govan, Chairperson, Adelaide Economic Development Agency
Johanna Williams, General Manager, Rundle Mall Management Authority

Precis of topic

Utilising the PowerPoint Slides within the Agenda, Committee Members were given an update on the Adelaide Economic Development Agency 2021-22 Draft Business Plan and Budget.

During the Presentation:

- Councillors Moran left the Colonel Light Room at 7.30 pm and re-entered at 7.36 pm.

Workshop

Strategic Alignment – Enabling Priorities

3. Item 3.3 – Business Plan and Budget – Strategic Projects and Infrastructure [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
Klinton Devenish, Director Services, Infrastructure & Operations, City of Adelaide
Matthew Morrissey, Associate Director Infrastructure, City of Adelaide

Precis of topic

Utilising PowerPoint Slides, Committee Members were given an update on the Strategic Projects and Assets and Infrastructure for the upcoming City of Adelaide Business Plan and Budget.

During the Workshop:

- Councillor Moran left the meeting at 8.09 pm
- Councillors Khera and Simms left the meeting at 8.14 pm
- Councillor Abrahamzadeh left the Colonel Light Room at 8.18 pm and re-entered at 8.27 pm
- Councillor Mackie left the meeting at 8.28 pm
- Deputy Lord Mayor (Councillor Couros) (Presiding) left the meeting at 8.33 pm, whereupon with the consent of the meeting the Lord Mayor took the Chair.

Closure

The meeting closed at 8.45 pm.

Deputy Lord Mayor, Councillor Couros
The Committee Chair

Documents attached:

Minute 3 - Item 3.3 - Business Plan and Budget – Strategic Projects and Infrastructure, PowerPoint Presentation

Enabling Priorities

21-22 Business Plan and Budget
To discuss Strategic Projects and
Assets and Infrastructure for the upcoming
City of Adelaide Business Plan and Budget

Finance & Procurement
Grace Pelle



Key Messages

Workshop outline

Approach

- Delivery timeline
- Financial Sustainability Principles
- February workshop (update)
- Reshaping our organisation (update)

BP&B Build

- Income (update)
- Draft Budget (revised)
- LTFP (update)

Strategic Projects

- Projects to be delivered
- **KEY QUESTION**

Assets and Infrastructure

- Parameter and Assumptions
- Whole of Life Approach
- Draft Budget
- Upgrades and enhancements
- **KEY QUESTION**
- Renewals and replacements
- **KEY QUESTION**
- Summary 2021 - 22 plan

Engagement

Next Steps

Appendix

- *Draft LTFP Dashboard*
- *Strategic Projects*
- *Major Projects*
- *Upgrades and enhancements*
- *Renewals*
- *Continuing Projects*

Please note: The figures provided in this workshop are Draft as of 16 March 2021 and are subject to change pending Subsidiaries board approvals of Draft Budgets and any other Council decisions.

Key Questions

Key Question

PROJECTS

What are Council Members' views on the prioritisation of the Strategic Projects allocation?

Key Question

ASSETS & INFRASTRUCTURE

What are Council Members' views on the 2021-22 draft budget for New, Upgrade and enhancements of Assets?

Key Question

ASSETS & INFRASTRUCTURE

What are Council Members' views on the 2021-22 draft budget for Renewal and Replacement of Assets?

Deficit position

The 2021 – 2022 Draft Budget results in an Operating Deficit position of \$4.8m, driven by:

- ACMA operating deficit of \$1.169m
- AEDA operating budget is in line with the parameter
- Removal of the 2021-22 \$5.2m operational expenditure target
- Income updates

For 2021 – 2022 (\$'000s)	Parameters	Draft Budget	Variance
Operating Income			
Rates Revenues	121,123	121,190	67
Fees and Charges	72,955	73,868	913
Grants and External Funding	3,029	3,274	245
Other Income	1,028	1,216	188
Total Income	198,134	199,548	1,414
Operating Expenses			
Service Delivery	192,835	198,966	(6,131)
Strategic Projects	5,400	5,400	-
Total Expenses	198,235	204,366	(6,131)
Operating Surplus / (Deficit)	(101)	(4,818)	(4,717)

Reshaping our Organisation:

- Council had agreed to a \$20m permanent ongoing reduction to Operating Expenditure during the 2020-21 BP&B process.
- As of January 2021, \$18m of the ongoing savings have been identified within Labour and Non-Labour expenditure.

\$'000s	Ongoing from 2021-22 (February)	Ongoing from 2021-22 (Current)
2020 – 21: \$20m Expenditure Savings		
Target	(20,000)	(20,000)
Labour	12,960	13,810
Non-Labour	5,040	6,190
Net	(2,000)	-

2021 – 22: \$5.2m Expenditure Target

Target	(5,200)	-
Net	(5,200)	-

Savings still to be Identified

Target	(7,200)	-
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Strategic Project Budget (expenditure) Parameters:

- **Strategic Project expenditure target not exceeding \$5.4m, based on 2020-21 commitments across multiple years**

Projects being delivered:

\$5.0m of that expenditure target is already committed to for those Strategic Projects which have ongoing commitments / multi-year delivery:

- Adelaide Free Wi-Fi \$0.9m
- City Wide Waste and Recycling Program \$0.5m (+\$0.5m carry forward from 20/21)
- Splash \$0.71m (+\$0.1m carry forward from 20/21)
- Shared Arts & Cultural Grants (with State Government) \$0.05m
- Brown Hill Keswick Creek (Operating Contribution) \$0.096m
- City Stimulus Event Funding (delivered by AEDA) \$1.0m
- AEDA Digital Marketplace \$0.25m*
- Melbourne, O'Connell & Hutt Street Masterplans \$0.2m*
- Energy Assessment Pilot Program \$0.185m*
- Strategic Property Investigations \$0.1m*
- Welcoming City Places & Spaces \$0.025m
- *Central Market Arcade Redevelopment \$0.272m*
- *88 O'Connell Street \$0.1m*

\$0.4m proposed to be held for emerging priorities and to be able to respond to City needs in a post-COVID recovery environment.

* Projects commenced in 2020-21 to continue in 2021-22

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Key Question

What are Council Members' views on the prioritisation of the Strategic Projects allocation?

Providing better oversight for our capital works and projects:

- Clearer, succinct reporting on the delivery of projects
- Ensures key outcomes of projects are met and aligned with Council approvals
- Improved communication with our community on projects and the implications on our finances
- Development of the Asset Management Plans over the next 12-24 months in line with the Strategic Asset Management Plan. This will inform a 3 year rolling program for renewals.

What this would look like moving forward:

- Example project (hypothetical only): *Recreational sporting fields in Park 50*

Project	Previous years	Current year	Future years	Whole of Life (WOL)
New Major Projects		\$2.9m	\$1m	\$3.9m
New Upgrades and Enhancements		\$2.8m	\$0.1m	\$2.9m
New Renewals		\$2.7m	\$0.9m	\$3.6m
Continuing Projects:				
<i>Recreational sporting fields in Park 50</i>	\$0.8m	\$1.5m	\$2m	\$4.3m

- New items for each financial year would still be listed separately and introduced so Council and the Community have oversight of new expenditure.
- Items that have previously been brought forward that have expenditure over multiple years are presented as continuing projects.

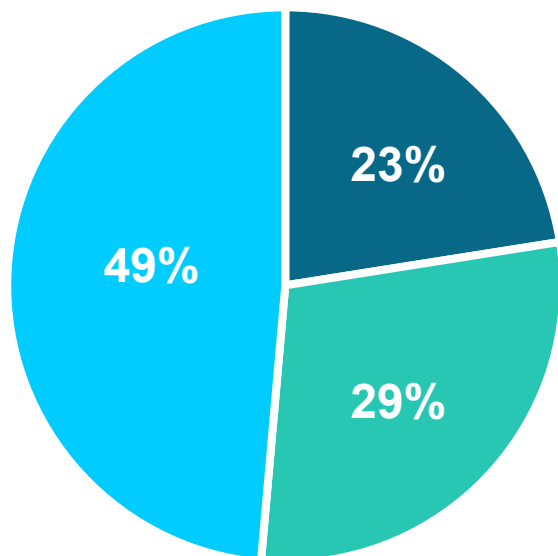
Appendix C reflects this approach for the draft Assets and Infrastructure Program

To note:

- Major projects have delivery times that do not fit into a financial year
- Projects are approved based on their full delivery and “Whole of Life” talks to the full budget required to deliver the project and achieve desired outcome
- Whole of Life reduces the confusion regarding accounting for annual budgets for projects that take multiple years to deliver
- **focusses on project delivery**

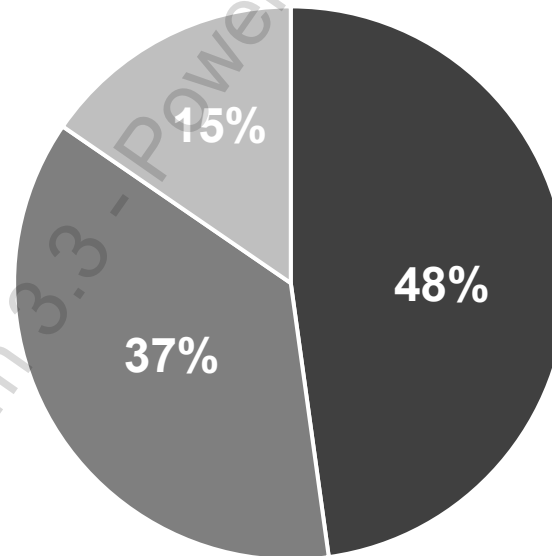
What are we spending on?

New this year	\$16.11m
New commenced previous years	\$20.69m
Renewals	\$34.80m



Funding pathways

Cashflow from operations	\$34.8m
Borrowings for new capital	\$26.7m
Cashflow from Operations funding new capital	\$11.23m



To note:

- Asset renewals are necessary to ensure sustainability
- Funding of Asset spend is important to ensure intergenerational equity
- Note this only deals with the capital spend, need to start to consider ongoing operation costs of these capital spend

What components are included in the parameter for the 2021 – 22 BP&B:

▪ CMA Redevelopment	\$14.9m
▪ Moonta Street	\$1.8m
▪ Market to Riverbank	\$2.3m
▪ Christmas funding	\$0.15m
▪ Blackspot Funding	\$0.2m
▪ WIP write-off	(\$0.2m)

How the Draft BP&B is being built for Upgrades and enhancement of assets:

▪ CMA Redevelopment	\$14.9m
▪ Moonta Street	\$1.8m
▪ Market to Riverbank	\$2.3m
▪ Christmas funding	\$0.35m*
▪ Blackspot Funding (2/3 funding)	\$0.2m
▪ Illuminate	\$0.3m*
▪ ACMA	\$0.38m*
▪ <i>Brown Hill Keswick Creek</i>	\$0.32m
▪ <i>CMAR Options</i>	\$0.23m
▪ WIP write-off	(\$0.2m)

* No current contractual obligation or Council decision

Total \$19.2m (parameter)

Expenditure Target Total \$19.2m

Total \$20.58m Draft BP&B

Draft Total - \$1.38m shortfall

+ \$18.4m continuing from 20/21

Continuing Projects are listed in Appendix C

Key Question

What are Council Members' views on the 2021-22 draft budget for New, Upgrade and enhancements of Assets?

What components are included in the parameter for the 2021 – 22 BP&B:

▪ Infrastructure renewals	\$20.0m
▪ Plant, Fleet and Equipment	\$1.7m
▪ IT renewals	\$1.6m
▪ ACMA renewals	-
▪ Corporate overhead	\$7.3m
▪ WIP write-off	(\$3.1m)

How the Draft BP&B is being built for Renewal and replacement of assets:

▪ Infrastructure renewals	\$20.251m
▪ Plant, Fleet and Equipment (including commercial)	\$5.4m
▪ IT renewals	\$1.4m
▪ ACMA renewals	\$0.865m
▪ Corporate Overhead	\$6.6m
▪ WIP write-off	(\$1.362m)

Total \$27.6m (parameter)*

Expenditure Target Total \$27.6m*

**67% Asset Sustainability Ratio
adopted by Council*

Total \$33.1m Draft BP&B

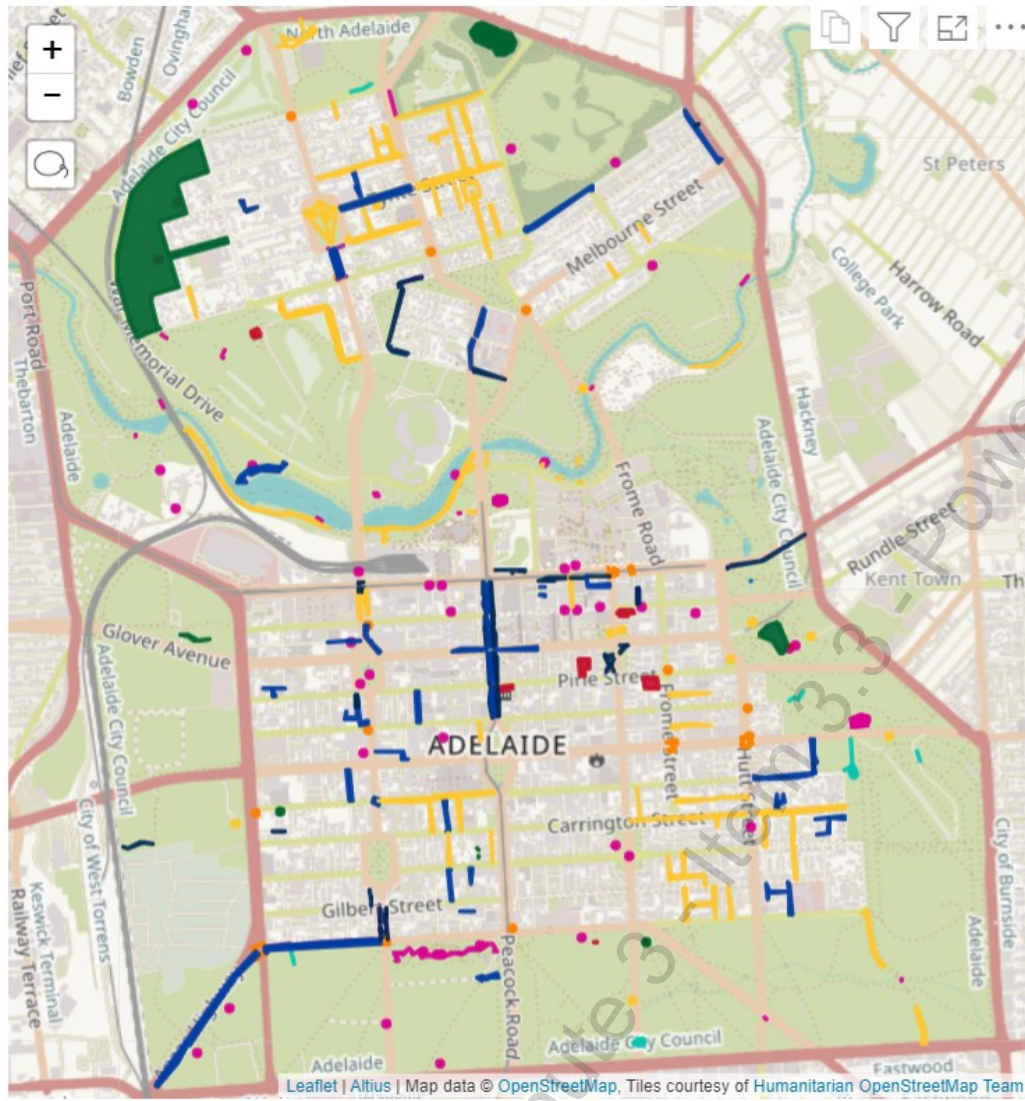
Draft Total - \$5.5m shortfall

+ \$3.0m continuing from 20/21

Continuing Projects are listed in Appendix C

Key Question

What are Council Members' views on the 2021-22 draft budget for Renewal and Replacement of Assets?



Asset Map

We will showcase the proposed 2021 – 2022 Asset and Infrastructure works delivery program through our interactive mapping software and project management tool.

(Tables provided in Appendix C of reading pack)

March – tonight

- *Subsidiary (ACMA and AEDA) Business Plans and Budgets.*
- *Strategic Projects and Infrastructure and Assets workshops.*
- *Early community engagement focused on informing the community of early budget conversations and outcomes.*

April

- Approve Draft Business Plan & Budget and Long Term Financial Plan for consultation.
- 21 Day Public Consultation on Draft Business Plan and Budget Document.
- Consultation on Rating Policy changes.

May

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

June

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

To note:

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

- **Approach to infrastructure and property within the LTFFP:** included in SAMP, Strategic Property Review and LTFFP workshops / reports.
- **Economic Policy and Investment Strategy:** proposed post adoption of the final 2021 – 2022 Business Plan and Budget